

BEFORE THE  
ENERGY REGULATORY COMMISSION OF KENTUCKY

In the Matter of:

THE APPLICATION OF KENTUCKY )  
UTILITIES COMPANY FOR AN ) Case No. 7995  
ORDER AUTHORIZING THE IS- )  
SUANCE OF NOTES )

O R D E R

On October 14, 1980, Kentucky Utilities Company ("Applicant") filed its duly verified Application seeking authority to issue unsecured notes to Bankers Trust Company, of New York, and Continental Illinois National Bank and Trust Company of Chicago, Illinois, to evidence borrowings to be made by Applicant from such banks prior to November 14, 1980. The borrowings, which are not to exceed \$60,000,000, are to be made and the notes issued pursuant to the terms of a loan agreement with such banks (the "Agreement"), draft of which was filed with the Application in this case. Under the Agreement the borrowings will be divided equally between a domestic loan (the "Domestic Loan") and a Eurodollar loan (the "Eurodollar Loan"), subject to the provisions of the Agreement providing for the conversion of the Eurodollar Loan to a Domestic Loan. The Domestic Loan shall bear interest at a rate per annum equal to the prime lending rate of Bankers Trust Company for the first two years of the loan, and thereafter at the prime lending rate plus one-fourth of one percent per annum, with the rate to change as and when said prime lending rate changes. The Eurodollar Loan shall bear interest at a rate per annum equal to the rate quoted by Bankers Trust Company to first-class banks in the London interbank Eurodollar market two business days prior to the commencement of each successive three month interest period plus (i) one-half of one percent per annum during the first two years of the loan (ii) five-eighths of one percent per annum during the third and fourth years of the loan and (iii) three-fourths of one percent per annum during the last year of the loan. The Applicant may

convert the Eurodollar Loan to a Domestic Loan.

The net proceeds derived by the Applicant from the borrowings will be applied to the repayment of short term borrowings incurred to finance construction expenditures. It is estimated that \$88,000,000 of such borrowings will be outstanding at the time of the borrowings under the Agreement.

The matter was set for hearing at the Commission's offices on the 30th day of October, 1980, at which hearing there appeared no party in interest other than Applicant.

The Commission, after consideration of the Application and record and being advised, is of the opinion and finds that the issuance of the notes by the Applicant is for lawful objects within the corporate purposes of the utility, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED, that Kentucky Utilities Company be and it hereby is authorized to execute and deliver the Agreement in substantially the form submitted with the Application and to issue and deliver its unsecured notes as contemplated by the Agreement, to evidence borrowings made by the Applicant prior to November 14, 1980, such borrowings not to exceed the principal amount of \$60,000,000.

IT IS FURTHER ORDERED, that the proceeds from the loan authorized herein shall be used only for the lawful purposes as set out in the Application.

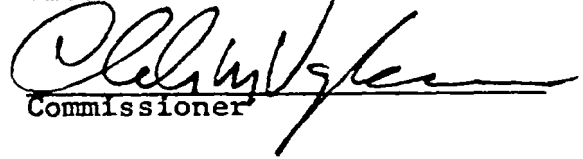
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 10th day of November,  
1980.

ENERGY REGULATORY COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary