

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF KENTUCKY	)	
UTILITIES COMPANY FOR AN	)	
ORDER AUTHORIZING THE ISSUE	)	CASE NO. 8200
OF SECURITIES	)	

ORDER

On the 7th day of April 1981 Kentucky Utilities Company filed its duly verified application seeking authority to issue and sell the following securities during 1981:

<u>Issue</u>	<u>Amount Now Outstanding</u>	<u>Amount to be Issued</u>
Common Stock, par value \$10 per share	12,614,800 shares	Not to exceed 3,000,000 shares
Preferred Stock, without par value, ___% Series	None	Not to exceed \$ 30,000,000 in stated value
First Mortgage Bonds, Series P and following	None	Not to exceed \$110,000,000 in principal amount

The net proceeds from the sale of such securities will be applied, together with other funds anticipated to be available to the Company, to one or more of the following purposes:

- (a) to the payment of construction expenditures;
- (b) to the payment of sinking fund requirements on preferred stock;
- (c) to the payment of all or a portion of intermediate-term unsecured bank debt aggregating \$85,000,000;  
or,

(d) to the repayment of short-term debt.

The matter was set for hearing at the Commission's office on the 16th day of April 1981 at which hearing there appeared no party of interest other than the Applicant.

The Commission, after consideration of the application and being advised, is of the opinion and finds that the issuance and sale by the Company of the above-enumerated securities 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 purpose.

IT IS THEREFORE ORDERED, that Kentucky Utilities Company be and it hereby is authorized to issue and sell during 1981:

(a) Common Stock in one or more issues, provided that the aggregate number of shares so issued and sold (exclusive of any shares issued and sold pursuant to previous authorization of this Commission) shall not exceed 3,000,000. It is proposed that the shares will be issued in one or more underwritten public offerings pursuant to an underwriting agreement or agreements to be entered into between the Company and underwriters. The price per share to be paid to the Company by the underwriters for the shares will be determined on the basis of negotiations between the Company and the underwriters, but in no event will such price per share be less than the par value thereof (\$10 per share) or lower than an amount equal to the price at which the shares are initially offered

to the public by the underwriters less 6% of such initial public offering price. The initial public offering price per share will also be determined on the basis of negotiations between the Company and the underwriters, but in no event will such initial public offering price be less than 95% of the reported last sale (regular way) or the reported last asked price of the Common Stock of the Company on the New York Stock Exchange immediately prior to such determination, whichever is higher.

(b) Preferred Stock without par value in one or more transactions, provided that the aggregate amount of Preferred Stock so issued and sold during 1981 shall not exceed \$30,000,000 in stated value. The shares may be sold in underwritten public offerings (which may be negotiated or at competitive bidding) or in so-called "private placement" transactions. In connection with each sale of shares of such Preferred Stock, the Company's Board of Directors will, by resolution, create and establish the series of which such shares are a part and will fix and determine the stated value per share, the dividend rate, the redemption price or prices and terms and conditions, and the sinking fund provisions, if any, applicable to the shares of such series. The price per share paid to the Company for shares of such series will not be less than the stated value per share of the shares of such series. Such price, stated value, dividend rate, redemption price or prices and terms and conditions, and sinking fund provisions, if any, will be determined as follows: (i) if sold in a negotiated public offering, on the basis of negotiations between the Company and the underwriters, (ii) if sold at competitive bidding, upon the terms of competitive

bidding established by the Company and (iii) if sold in a "private placement" transaction, on the basis of negotiations between the Company and the purchasers of the shares or their agent(s). The underwriting discount or commission per share (applicable to underwritten public offerings) will not exceed 5% of the stated value per share; and the fee or other compensation paid in connection with any "private placement" transaction will not exceed an amount equal to 1% of the aggregate price at which the shares are purchased from the Company.

(c) First Mortgage Bonds of one or more series in one or more transactions, provided that the aggregate principal amount so issued and sold during 1981 (exclusive of First Mortgage Bonds, Pollution Control Series No. 5, as authorized by this Commission in Case No. 7773), shall not exceed \$110,000,000. The First Mortgage Bonds of each series so issued and sold will be issued under and secured by the Company's First Mortgage Indenture as to be further supplemented and amended by a supplemental indenture creating the bonds of such series. Such supplemental indenture will set forth the terms and provisions of such series, including, without limitation, the maturity date(s), interest rate(s) designation and redemption provisions applicable to such series. The First Mortgage Bonds of each series may be sold in an underwritten public offering (which may be negotiated or at competitive bidding) or in a so-called "private placement" transaction. The price at which the First Mortgage Bonds of each series will be sold by Applicant will be not less than the principal amount thereof. Such price, maturity date(s), interest rate(s) and redemption

provisions (including sinking fund or debt retirement provisions) and other terms and provisions of such series will be determined as follows: (i) if sold in a negotiated public offering, on the basis of negotiations between the Company and the underwriter of such bonds, (ii) if sold at competitive bidding, on the basis of the terms of competitive bidding established by the Company and (iii) if sold in a "private placement" transaction, on the basis of negotiations between the Company and the purchasers of such bonds or their agent(s). The underwriting discount or commission (applicable to underwritten public offerings) will not exceed 2% of the principal amount of First Mortgage Bonds of such series to be sold; and the fee or other compensation paid in connection with any "private placement" transaction will not exceed an amount equal to 1% of such principal amount. The interest rate applicable to the First Mortgage Bonds of each such series will not exceed 17% per annum. The final maturity date of First Mortgage Bonds of each such series will be not less than 5 years, or more than 30 years, from the nominal date of the First Mortgage Bonds of such series.

IT IS FURTHER ORDERED, that the proceeds from the sale of the securities authorized herein shall be used only for the lawful purposes as set out in the application.

IT IS FURTHER ORDERED, that any issuance and sale pursuant to the authority contained in this Order shall occur on or before December 31, 1981, unless such date be extended by further order of the Commission.

IT IS FURTHER ORDERED, that Kentucky Utilities Company shall, as soon as reasonably possible prior to each issuance of securities authorized herein, file with this Commission a statement setting forth the anticipated date or dates of issuance of the securities authorized herein, the anticipated price to be paid therefor, the anticipated interest or dividend rate, and fees and expenses, including underwriting discounts or commissions or other compensation, involved in the issuance and distribution.

IT IS FURTHER ORDERED, that Kentucky Utilities Company shall, as soon as reasonably possible after each issuance of securities authorized herein, file with this Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid therefor, the interest or dividend rate, the purchasers, and all fees and expenses, including underwriting discounts or commissions or other compensation, involved in the issuance and distribution.

IT IS FURTHER ORDERED, that failure to provide the required information before and after each issuance of securities may result in revocation of the authorization to issue further securities approved herein.

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 1st day of May 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Voth  
Chairman

Katherine Sandall  
Vice Chairman

Dee Hargis  
Commissioner

ATTEST:

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Secretary