

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF LOUISVILLE GAS )  
AND ELECTRIC COMPANY FOR AN ORDER )  
AUTHORIZING THE ISSUE OF FIRST )  
MORTGAGE BONDS AND THE EXECUTION ) CASE NO. 8236  
AND DELIVERY OF A LOAN AGREEMENT )  
BETWEEN THE COMPANY AND THE COUNTY )  
OF JEFFERSON, KENTUCKY )

SECOND AMENDED ORDER

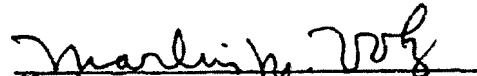
On September 11, 1981, the Commission received a letter from Louisville Gas and Electric Company ("Company") stating that unless market conditions change for the better, the interest rate on the 1981 Series A Bonds could well exceed 11%. The letter further states that the significant deterioration in the tax exempt market is apparently being caused to a large extent by the anticipation of the "All-Savers Certificates" which will be issued by financial institutions October 1, 1981. These Certificates will be tax exempt and will initially be issued to yield well in excess of 12%. The letter states that this development is causing other exempt market instruments to produce higher yields.

The Company requests that the Commission either amend its Order issued August 26, 1981, increasing the maximum allowable interest rate to 11% per annum or remove the interest rate ceiling and authorize the Company to negotiate in good faith with the underwriters and make a prudent business decision.


The Commission, having considered the request and being advised, HEREBY ORDERS that its Order entered August 26, 1981, is hereby amended to the extent that the interest rate ceiling of 11% is rescinded and Louisville Gas and Electric Company is authorized to obtain the proposed funds at the lowest possible interest rate; provided, however, that Louisville Gas and Electric Company shall notify the Commission as to the effective interest rate prior to the consummation of the negotiations.

Done at Frankfort, Kentucky, this 14th day of September 1981.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary