

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 IS-)
SUANCE OF NOTES)

CASE NO.
8372

O R D E R

On October 21, 1981, Kentucky Utilities Company ("KU") filed its duly verified Application, and on November 3, 1981, a Supplemental Application thereto (herein collectively called the "Application"), seeking authority to enter into a credit facility with a group of European lenders and to make borrowings pursuant thereto in an aggregate principal amount not to exceed \$50,000,000 at any time outstanding and to issue its unsecured note or notes to evidence such borrowings. The borrowings are to be made and the notes issued on substantially the terms and conditions as set forth in the Application and Exhibits filed therewith.

KU will apply \$20,000,000 of initial borrowings under the credit facility to the repayment of \$20,000,000 of unsecured notes due December 31, 1985, issued to banks pursuant to term-loan agreements in accordance with the authorization of this Commission by Order in Case No. 7995 and the remaining \$40,000,000 of such notes will be converted into a new note or notes to be repaid in four equal consecutive semi-annual installments of \$10,000,000 each, beginning June 30, 1985. In addition, \$25,000,000 of unsecured

notes issued pursuant to term-loan agreements with banks in accordance with the authorization of this Commission in Case No. 7678 will be converted into a new note or notes to be repaid in a single installment on December 31, 1985. The principal terms and conditions of such new notes issued pursuant to the restructuring of such intermediate term loans will be as described in the Application and Exhibits filed therewith.

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 KU 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 KU be and it hereby is authorized (i) to enter into the Credit Facility, to make borrowings pursuant thereto in an aggregate amount not to exceed \$50,000,000 in principal amount at any time outstanding, to issue its unsecured note or notes to evidence such borrowings and to perform its obligations under such Credit Facility and the note or notes issued pursuant thereto and (ii) to restructure its \$60,000,000 and \$25,000,000 term loans by entering into new or revised term loan agreements, to make borrowings pursuant to such Agreements in an aggregate amount not to exceed \$40,000,000 and \$25,000,000, respectively, in principal amount at any time outstanding, to issue its unsecured notes to evidence borrowings pursuant to such agreements and to perform its obligations under such agreements and the notes issued pursuant thereto, all as described in the Application.

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 13th day of November, 1981.

PUBLIC SERVICE COMMISSION

Martin M. Volk
Chairman

Katharine Randall
Vice Chairman

Jim Carigan
Commissioner

ATTEST:

Secretary