

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS)
AND ELECTRIC COMPANY FOR AN) CASE NO. 8802
ORDER AUTHORIZING THE ISSUE)
OF SECURITIES AND ASSUMPTION)
OF OBLIGATIONS)

O R D E R

On April 8, 1983, Louisville Gas and Electric Company ("LG&E") filed its duly verified application seeking authority to issue the following securities during and subsequent to 1983:

<u>Issue</u>	<u>Amount Outstanding at December 31, 1982</u>	<u>Amount to be Issued</u>
First Mortgage Bonds	None (Each one will be a new series. There are several other series outstanding.)	Not to exceed \$50,000,000 in principal amount
First Mortgage Bonds Pollution Control Refinancing Series	None (This will be a new series.)	Not to exceed \$40,000,000 in principal amount

In connection with the issuance of the above First Mortgage Bonds, Pollution Control Refinancing Series ("Pollution Control Bonds"), LG&E also sought authority to execute, deliver and perform a loan agreement.

The net proceeds from the sale of the First Mortgage Bonds will be added to LG&E's general funds to be expended in connection with its construction program, including the

reduction of some of its then outstanding short-term borrowings incurred for interim financing of its construction program. The Pollution Control Bonds will be pledged under a loan agreement with Jefferson County, Kentucky, in connection with a new series of Pollution Control Revenue Bonds to be issued by Jefferson County, Kentucky, to refinance \$37,000,000 County of Jefferson, Kentucky, Pollution Control Revenue Bonds, 1981 Series A ("1981 Bonds").

Subject to the condition that LG&E shall only issue an amount of the above-enumerated securities to enable it to realize up to \$50,000,000 in net proceeds in addition to any proceeds realized in connection with the issuance of the Pollution Control Bonds, the Commission, after consideration of the application and being advised, is of the opinion and finds that the issuance by LG&E of the above-enumerated securities and the execution, delivery and performance by LG&E of the above-mentioned loan agreement are for lawful objects within the corporate purposes of LG&E, are necessary and appropriate for and consistent with the proper performance by LG&E 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 LG&E, subject to the aforesaid condition, be and it hereby is authorized as follows:

(a) To issue and sell at competitive bidding, one or more series of First Mortgage Bonds, not to exceed, in the aggregate, \$50,000,000 principal amount.

The price to be paid to LG&E for the new bonds should not be less than 100 percent of their face value. Such price would be determined upon the terms of competitive bidding established by LG&E. The bonds should be sold to underwriters pursuant to the terms of an underwriting agreement or purchase contract with underwriters. The underwriting commission will not exceed 1 1/2 percent of the principal amount of the bonds. The new bonds should mature not more than 30 years after the date of issuance, and would bear interest at the rate specified in the underwriting agreement or purchase contract.

(b) To issue and deliver during the 12 months subsequent to the issuance of this Order, to a corporate trustee, under an Indenture of Trust between Jefferson County, Kentucky, and such corporate trustee with an aggregate principal amount not to exceed \$40,000,000 of its Pollution Control Bonds. LG&E is also authorized to execute and deliver during 1983 a Loan Agreement with Jefferson County and to perform the transactions contemplated to be performed thereunder. The payments to be made by LG&E under the Loan Agreement will be sufficient, together with other funds available for the purpose, to pay the principal of, premium, if any and interest on the Jefferson County Pollution Control Bonds, 1983 Series A ("Jefferson County Refinancing Series"). Pursuant to the Loan Agreement, the proceeds from the sale of Jefferson County Refinancing Series will be loaned by Jefferson County to LG&E for the purpose of refinancing \$37,000,000 principal amount of the 1981 Bonds due September 15, 1984,

which were the subject of an Order in Case No. 8236 before the Commission, to pay the expenses incurred in connection with the refinancing and the interest expense during the call period for the bonds being refinanced. The 1981 Bonds were issued for interim financing of pollution control facilities, in anticipation of permanent financing during the life of or at maturity of the 1981 Bonds. The purpose of refinancing the 1981 Bonds would be to extend the maturity of the Bonds and/or to effect a lower interest cost.

The structure and documentation of this transaction will be virtually the same as for the 1981 Bonds, except that the then remaining Construction Fund for the 1981 Bonds will be transferred and utilized as part of the Jefferson County Refinancing Series and will be expended for the project facilities for which the 1981 Bonds were issued.

The Jefferson County Refinancing Series would be sold in an underwritten public offering placement transaction utilizing the proper documentation. The price, maturity date(s), interest rate(s) and redemption provisions (including sinking fund or debt retirement provisions) and other terms and provisions of the Jefferson County Refinancing Series would be determined on the basis of negotiations between LG&E, Jefferson County and the purchasers of such bonds. However, the price at which the Jefferson County Refinancing Series to be sold by Jefferson County would be not less than the principal amount thereof and the amount of compensation to be paid to underwriters for their services would not exceed 3 percent of

the principal amount of the Jefferson County Refinancing Series to be sold. The interest rate or rates applicable to the Jefferson County Refinancing Series will be at the most favorable terms and rate that can be negotiated by LG&E. The final maturity date of the Jefferson County Refinancing Series would be not more than 30 years from the date of the Jefferson County Refinancing Series.

Any series of First Mortgage Bonds that is issued for any purpose would be issued pursuant to a separate Supplemental Indenture, supplemental to the Trust Indenture dated November 1, 1949, between LG&E and Harris Trust and Savings Bank, Trustee, as heretofore amended and supplemented.

IT IS FURTHER ORDERED that LG&E shall request from the Commission, if the aforementioned bonds are to be sold in a negotiated public offering or a private placement transaction, approval of terms and interest rates.

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

IT IS FURTHER ORDERED that any issuance of securities pursuant to the authority contained in this Order shall occur during the 12 months subsequent to the issuance of this Order, unless such time be extended by further Order of the Commission.

IT IS FURTHER ORDERED that LG&E shall, as soon as reasonably possible prior to each issuance of securities referred to herein, file with this Commission a statement

setting forth the anticipated date or dates of issuances of the securities authorized herein, a range of the anticipated prices to be paid therefor, the anticipated interest rate, and fees and expenses, including underwriting discounts or commissions or other commissions or other compensation, involved in the issuance and distribution.

IT IS FURTHER ORDERED that LC&E shall, as soon as reasonably possible after each issuance of securities referred to 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 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 LC&E shall, as soon as is reasonably possible, file with this Commission a printer's proof of the Registration Statement filed with the Securities and Exchange Commission for the purpose of registering the debentures pursuant to the self registration provisions of Rule 415 under the Securities Act of 1933, as amended.

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 12th day of May, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary