COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOUISVILLE GAS AND ELECTRIC COMPANY FOR AN ORDER AUTHORIZING THE ISSUANCE OF SECURITIES AND THE ASSUMPTION OF OBLIGATIONS	)))))	CASE NO. 93-087

O R D E R

On March 12, 1993, Louisville Gas and Electric Company ("LG&E") filed an application seeking authority to issue and sell Cumulative Preferred Stock in one or more transactions, without par value, the aggregate amount of which together shall not exceed $25 million in stated value. Each series of new preferred stock will have a fixed dividend rate, in which dividends are payable quarterly, and could be subject to a mandatory sinking fund requirement.

The proceeds would be used to reduce LG&E's overall cost of capital on an after-tax basis by redeeming and refunding, in whole or part, LG&E's $8.90 series of outstanding Cumulative Preferred Stock which consists of 250,000 shares with a stated value of $100 per share. The $8.90 series can be redeemed at $102.23 per share on and after July 1, 1993.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance and sale by LG&E of up to $25 million in Cumulative Preferred Stock are for lawful objects within its corporate purposes, are necessary and appropriate for and consistent with the proper performance of its service to the public, and are reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. LG&E be and it hereby is authorized to issue and sell up to $25 million of its Cumulative Preferred Stock in one or more series. The securities will be sold in a public offering with one or more purchasers or on a negotiated or competitive bid basis with one or more underwriters, investment bankers, or agents, or in a private placement transaction utilizing the proper documentation.

2. LG&E shall agree only to such terms and prices which will result in a positive net present value savings through the period of time that the new stock remains outstanding and which are consistent with said parameters as set out in its application. If new stock is issued subject to a mandatory sinking fund, LG&E shall, within 30 days after the closing of the financing approved herein, file with the Commission a net present value savings analysis through the period of time that the new stock remains outstanding showing the relationship between such sinking fund preferred stock and the $8.90 series.

3. LG&E shall, within 30 days after the issuance of each series of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the dividend rate, the purchasers, sinking fund provisions, if any, and all fees

and expenses, including underwriting discounts or commissions or other compensation, involved in the issuance and distribution.

4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes 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 2nd day of April, 1993.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Executive Director