

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)	CASE NO. 2001-205
ISSUANCE OF SECURITIES AND THE)	
ASSUMPTION OF OBLIGATIONS)	

O R D E R

On July 3, 2001, Louisville Gas and Electric Company ("LG&E") filed an application seeking Commission approval to issue one or more series of its First Mortgage Bonds in an aggregate principal amount not to exceed \$10,104,000 and to assume certain obligations in connection therewith, represented by a loan agreement with Jefferson County, Kentucky in connection with \$10,104,000 of Jefferson County solid waste disposal revenue bonds (the "Pollution Control Bonds"), the proceeds of which will be loaned to LG&E. The proposed LG&E First Mortgage Bonds will be used to secure and collateralize the Jefferson County revenue bonds. Proceeds from the loan will be utilized by LG&E to finance portions of solid waste recycling and abatement facilities at its Mill Creek generating station located in Jefferson County, Kentucky.

LG&E has requested and received an allocation of authority in the amount of \$10,104,000 from the Kentucky Private Activity Board for the project, allowing a portion of the costs of the project to be financed on a tax exempt basis, resulting in lower financing

costs. All, or a portion of the Pollution Control Bonds, may be issued initially with a variable interest rate with the option for LG&E to convert the bonds to a fixed rate of interest at a later date.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance of the proposed first mortgage bonds in an aggregate principal amount not to exceed \$10,104,000 and the assumption of obligations in connection with the issuance of \$10,104,000 in Jefferson County Pollution Control Bonds as set out in LG&E's application are for lawful objects within LG&E's corporate purposes, are necessary and appropriate for and consistent with the proper performance of its service to the public and will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. LG&E is authorized to issue new first mortgage bonds in an aggregate amount not to exceed \$10,104,000 as set forth in the provisions and terms in its application.
2. LG&E is authorized to perform its obligations under, inter alia, the loan agreement with Jefferson County, Kentucky, and any guaranties, remarketing agreements, hedges, auction agreements, bond insurance agreements, credit agreements and other agreements and documents as set out in its application.
3. The proceeds from the transaction authorized herein shall be used only for the lawful purpose set out in the application.

4. LG&E shall agree only to such terms and prices that are consistent with said parameters as set out in its application.

5. LG&E shall, within 30 days after the issuance of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance, the price paid, the interest rate, the terms and all fees and expenses, including underwriting discounts, commission or other compensation involved in the issuance and distribution.

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 28th day of August, 2001.

By the Commission

ATTEST:


Executive Director