

EXHIBIT 7

FORM OF PROPOSED ORDER

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. 2014-00089
ISSUANCE OF SECURITIES AND THE	)	
ASSUMPTION OF OBLIGATIONS	)	

ORDER

On March 20, 2014, Louisville Gas and Electric Company ("LG&E") filed an application for authority to incur debt in the form of First Mortgage Bonds in a principal amount not to exceed \$550 million, and further for the authority to extend its multi-year revolving line of credit through December 31, 2019. There are no intervenors in this proceeding.

BACKGROUND

LG&E anticipates incurring up to \$1.3 billion in construction costs during 2014 and 2015 related to, among other items: construction of a new 640 MW combined cycle combustion turbine at the Cane Run Generating Station in Jefferson County, Kentucky<sup>1</sup>; and (2) construction of new pollution control equipment at the Mill Creek Generating Station in Jefferson, County,

<sup>1</sup> Case No. 2011-00375, *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity and Site Compatibility Certificate for the Construction of a Combined Cycle Combustion Turbine at the Cane Run Generating Station and the Purchase of Existing Simple Cycle Combustion Turbine Facilities from Bluegrass Generation Company, LLC in Lexington, Kentucky*. (Ky. PSC May 3, 2012).

penditures of \$610 million in principal amount,

in First Mortgage Bonds at and its multi-year revolving

in Case No. 2010-00205.<sup>3</sup>

issued at one or more times indenture as to be further

of bonds of such series. The

and other terms of the First among LG&E and the

to underwriters or purchases

on past experience, LG&E

deriving fees, would be

if the bonds could be issued

a long-term fixed and short-

ties, which would be interest

its exposure to changes in

rates between the hedge date

*Certificates of Public Convenience and Necessity and Site Compatibility Certificate for the Construction of a Combined Cycle Combustion Turbine at the Cane Run Generating Station and the Purchase of Existing Simple Cycle Combustion Turbine Facilities from Bluegrass Generation Company, LLC in Lexington, Kentucky*. (Ky. PSC May 3, 2012).

and bond issuance date, or lower the volatility in the value of the bond after issuance. While the estimated cost of financing does not include hedging facility cost, based on current market conditions, LG&E estimates the cost to fix a variable rate bond for three years at approximately 59 basis points or .59 percent, or approximately 24 basis points to lock in 10 year rates for six months in advance of debt issuance. LG&E states that it will negotiate the terms of each hedging facility at the most favorable terms that it can negotiate.

As to its multi-year revolving line of credit, LG&E states that the extended credit facility will have substantially the same terms as are currently in effect. Loan proceeds may be used for short-term financing of general funding needs, costs of operation and construction, or other business purposes until permanent or long-term financing can be arranged.

LG&E has informed the Commission that, due to changes in regulations adopted by the Federal Reserve, revolving lines of credit are expected to be less readily available and current low commitments fees and interest spreads on borrowings are likely to be higher in the future. LG&E has previously sought and received authority to extend the term of its existing \$500 million revolving credit facilities<sup>4</sup>. In this case, LG&E states that the market expectations remain unchanged, and it requests authority to replace, extend, or extend authority for, in one or more installments from time to time, its existing revolving credit arrangement for a term not to exceed December 31, 2019. While it cannot quantify the differences in conditions and fees on similar credit in the future as compared to today, LG&E believes that the cost of extending its credit line would be approximately 15 basis points.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed issuance of up to \$550 million in aggregate principal

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<sup>4</sup> Case No. 2013-00239, *Application of Louisville Gas and Electric Company for an Order Amending Extending Existing Authority, with Respect to Revolving Line of Credit.*

amount of long-term debt in the form of First Mortgage Bonds to be issued at one or more times during the remainder of 2014 and 2015 and the proposed extension of LG&E's authority with respect to its revolving line of credit are for lawful objects within the corporate purposes of LG&E's utility operations, are necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, are reasonably necessary and appropriate for such purposes, and should therefore be approved. LG&E should further be authorized to execute, deliver, and perform its obligations under all agreements and documents set out in its Application, and to perform the transactions contemplated by such agreements.

**IT IS THEREFORE ORDERED that:**

1. LG&E is authorized to execute, deliver, and perform its obligations under its Mortgage Indenture, whereby it may issue and sell, during 2014 and 2015, such First Mortgage Bonds as discussed in its Application up to \$550 million in aggregate principal amount
2. LG&E is authorized to extend the term of existing revolving line of credit or enter into new lines of credit with a term not to exceed December 31, 2019.
3. LG&E is authorized to deliver and perform its obligations under hedging agreements and other agreements and documents, and to perform transactions contemplated by all such agreements as described in its Application.
4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the Application.
5. LG&E shall, within 30 days from the date of issuance, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the date of maturity, the price paid, the proceeds of such issuances, the interest rate, costs or gains from the

use of hedging agreements, and all fees and expenses, including underwriting discounts or commissions or other compensation, involved in the issuance and distribution.

6. LG&E shall, within 30 days from action to replace or extend the term under LG&E's Revolving Line of Credit, file with the Commission a statement setting forth the date or dates of such action, as well as all fees and expenses.

7. Any documents filed pursuant to ordering paragraphs 5 and 6 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

8. The Executive Director is delegated authority to grant reasonable extensions of time for filing any documents required by the Order upon LG&E's showing of good cause for such extension.

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.