

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR AN ORDER)
AMENDING AND EXTENDING EXISTING)
AUTHORITY WITH RESPECT TO)
REVOLVING LINE OF CREDIT) **CASE NO. 2015-00138**

APPLICATION FOR AMENDMENT AND EXTENSION OF AUTHORITY WITH
RESPECT TO REVOLVING CREDIT

Louisville Gas and Electric Company (“LG&E”) hereby requests that the Commission amend and extend LG&E’s existing authority to allow for extending the term of its multi-year revolving credit line. In support of this Application, LG&E states as follows:

1. LG&E’s full name is Louisville Gas and Electric Company. The post office address of LG&E is 220 West Main Street, Louisville, Kentucky 40202. LG&E was incorporated in Kentucky on July 2, 1913 and LG&E is currently in good standing.

2. LG&E was first granted authority to enter into multi-year revolving credit facilities in Case No. 2007-00232¹ by Orders dated August 2, 2007, and August 9, 2007. In Case No. 2007-00232, the Commission found that granting LG&E authority to enter into multi-year revolving credit facilities under which LG&E could incur short-term debt from time to time would reduce the time and cost of negotiating and renewing short-term debt arrangements.²

¹*(Application of Louisville Gas and Electric Company for an Order Authorizing the Issuance of Securities and Assumption of Obligations).*

² *Case No. 2007-00232, Order of August 2, 2007.*

3. By Order dated June 16, 2014, in Case No. 2014-00089,³ the Commission authorized LG&E to extend the term of its existing revolving credit line, which had a term ending November 6, 2017, through December 31, 2019. Subsequently, LG&E entered into an Amended and Restated Revolving Credit Agreement, with a term that now ends July 28, 2019.

4. In Case No. 2014-00089, LG&E stated that based upon its discussions with providers of credit facilities, LG&E believed that it was likely that in the future changing market conditions and interest rates would mean that revolving credit facilities would no longer be available on terms as favorable as found in LG&E's current facility. In part, this was due to the new Basel III regulations, which began to be phased in starting in 2013 and will be fully implemented in 2019. Basel III is a new regulatory framework created by the Bank for International Settlements, and adopted by the Federal Reserve. These regulations are intended to prevent another banking crisis and establish more stringent requirements for banks with respect to capitalization, leverage and liquidity. As a result, not only are revolving lines of credit likely to be less readily available, but the current historically low commitment fees and interest spreads on actual borrowings are likely to be higher in the future.

5. These same conditions and market expectations remain in effect today. LG&E therefore seeks authorization to replace, extend, and extend authority for, in one or more installments from time to time, its existing revolving credit arrangements through December 31, 2020. LG&E is seeking authority for an approximately five-year term because this is the

³(Application of Louisville Gas and Electric Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations). In addition to the current extension granted in Case No. 2014-00089, LG&E's authority was previously extended by Order dated October 18, 2012 in Case No. 2012-00410 (Application of Louisville Gas and Electric Company for an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit), which extended authority granted by Order dated October 10, 2011, in Case No. 2011-00308 (Application of Louisville Gas and Electric Company for an Order Authorizing the Issuance of Securities and Assumption of Obligations), which extended authority granted by Order dated September 30, 2010, in Case No. 2010-00205 (Application of Louisville Gas and Electric Company for an Order Authorizing the Restructure and Refinancing of Unsecured Debt and the Assumption of Obligations and for Amendment of Existing Authority.) Also, by Order dated August 3, 2012, in Case No. 2012-00233 (Application of Louisville Gas and Electric Company for an Order Authorizing the Issuance of Securities and Assumption of Obligations), LG&E was authorized to increase the total aggregate amount of its revolving credit facilities to \$500 million.

maximum term that lenders are willing to provide. LG&E also seeks to maintain the previously authorized total aggregate limit on its revolving credit facilities of \$500 million.

6. The extended credit facilities would be on substantially the same terms as LG&E's existing revolving credit and would be available for the same purposes for which revolving credit is currently available. Loan proceeds could be used to provide short-term financing for LG&E's general financing needs, for example, general costs of operation or costs of LG&E's various construction programs or other obligations, until permanent or long-term financing can be arranged. In addition, the extended credit facilities could be used to provide liquidity or credit support for LG&E's other debt, for example, ensuring that LG&E has readily available funds with which to make payments with respect to variable rate bonds that could be tendered for purchase and not remarketed. However, LG&E does not assign specific financing to any particular capital project or operating or fiscal use and does not project finance projects. Thus, these are general reasons that LG&E might need short-term financing rather than uses to which such financing would be assigned.

7. By replacing or extending, and extending the authority for, its existing credit facilities, LG&E will be able to ensure that favorable terms for such facilities are available for as long as possible. While LG&E believes that the conditions and fees on similar credit facilities are likely to be less favorable to the borrower in 2019 than today, LG&E is not able to quantify such differences. However, LG&E believes that the costs of a one-year extension of its existing revolving credit line would be approximately 15 basis points.

8. Attached as Exhibits 1 and 2, respectively, are a Description of LG&E's Property and a Financial Exhibit pursuant to 807 KAR 5:001, Sections 18(1)(b) and 18(2)(a), and 807 KAR 5:001, Section 12.

THEREFORE, Louisville Gas and Electric Company respectfully requests that the Commission enter its Order authorizing LG&E to enter into such agreements and amendments as are necessary for LG&E to replace, extend, and extend authority for, its existing multi-year revolving credit facilities, in the previously authorized total aggregate amount not to exceed \$500 million, for a term through December 31, 2020.

Dated: April 28, 2015.

Respectfully Submitted,



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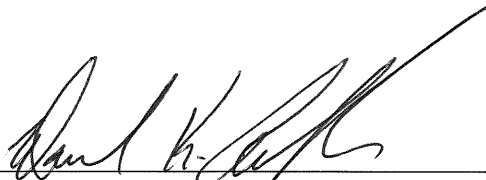
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*Counsel for Louisville Gas and Electric
Company*

VERIFICATION


COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Daniel K. Arbough**, being duly sworn, deposes and says that he is the Treasurer for Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, that he has personal knowledge of the matters set forth in the foregoing Application and that the material contained therein is true and correct to the best of his information, knowledge, and belief.

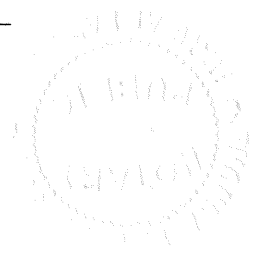


DANIEL K. ARBOUGH

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 28th day of April, 2015.



Notary Public




My Commission Expires: August 31, 2015

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Application was served on the following persons on the 28th day of April 2015, U.S. mail, postage prepaid:

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