



a PPL company

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February 7, 2019

**RE: Electronic Application of Kentucky Utilities Company for (1) an Order Authorizing the Issuance of Securities and the Assumption of Obligations and (2) an Order Amending and Extending Existing Authority with Respect to Revolving Letter of Credit  
Case No. 2018-00153**

Dear Ms. Pinson:

Kentucky Utilities Company (“KU”) and Louisville Gas and Electric Company (“LG&E”) (collectively, the “Companies”) recently received approval from the Kentucky Public Service Commission (“Commission”) to extend their existing revolving credit agreements for five-year terms in 2019 and 2020.<sup>1</sup> KU also received comparable approvals in Virginia and Tennessee.<sup>2</sup>

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<sup>1</sup> *In the Matter of: Electronic Application of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and Assumption of Obligations and an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit*, Case No. 2018-00153, Orders (Ky. PSC June 27, 2018, Aug. 3, 2018); *In the Matter of: Electronic Application of Louisville Gas and Electric Company for (1) An Order Authorizing the Issuance of Securities and Assumption of Obligations and (2) An Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit*, Case No. 2018-00335, Order (Ky. PSC Dec. 3, 2018).

<sup>2</sup> *Application of Kentucky Utilities Company d/b/a Old Dominion Power Company For authority to issue securities under Chapters 3 and 4 of Title 56 of the Code of Virginia*, Case No. PUR-2018-00076, Order Granting Approval (Va. SCC July 5, 2018); *In Re: The Petition of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations and an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit*, Docket No. 18-00057, Order Approving Financial Transaction (Tenn. PUC Aug. 16, 2018).

The Companies sought and received approvals for revolving facility indebtedness of up to \$500 million at both KU and LG&E. The Companies' current revolving credit agreements also include an accordion feature, which allows for an optional expansion of up to \$100 million at the Companies' discretion, subject to the banks' consent and regulatory approval. The Companies, in preparing to extend the facilities for an additional five-year term, recently learned of the opportunity to increase the optional accordion feature for both LG&E and KU from \$100 million to \$250 million. This expansion would be beneficial to the Companies because it provides future flexibility and secures a potential benefit while the banks are currently willing to offer it.

Because LG&E explained in discovery in Case No. 2018-00335 that it did not anticipate amending any material terms or conditions of the existing agreement other than the term, the Companies wanted to apprise the Commission of the anticipated change in the accordion feature.

The Companies believe that the increase of the accordion feature from \$100 million to \$250 million is consistent with the regulatory approval the Companies have received from the Commission. The expansion feature, when unexercised, does not involve additional cost or expense and the unexercised accordion amounts are not indebtedness or the assumption of any obligation or liability in respect to evidence of indebtedness in any way. The Companies recognize that they cannot exercise or implement increases to the extent they would result in actual indebtedness above the existing approved maximum amounts (\$500 million for each utility) without seeking additional regulatory approval and the transactional documents will reflect this contingency as a condition precedent to the performance of any obligation.

The Companies will not exercise any increase that would result in actual indebtedness above the existing approved maximum amounts without seeking additional regulatory approval from this Commission and other applicable regulatory authorities.

In accordance with 807 KAR 5:001, Section 8, I certify that the electronically filed documents are a true and accurate copy of the same document being delivered in paper medium; that the electronic filing has been transmitted to the Commission on February 7, 2019; that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means; and that the original of this filing in paper medium will be filed with the Commission within two business days from the date of the electronic filing.

Gwen R. Pinson  
February 7, 2019

Should you have any questions, please contact me at your first convenience.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rick E. Lovekamp", with a stylized flourish at the end.

Rick E. Lovekamp