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September 6, 2012

VIA HAND-DELIVERY

Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

RECEIVED

SEP 06 2012

**PUBLIC SERVICE
COMMISSION**

**Re: Application of Louisville Gas and Electric Company for an Order Amending
and Extending Existing Authority with Respect to Revolving Line of Credit**

Dear Mr. DeRouen:

Enclosed for filing, please find the original and ten (10) copies of the Application of Louisville Gas and Electric Company for an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit. An extra copy of the Application is enclosed to be filed stamped and returned to the undersigned.

Please do not hesitate to contact me should you have any questions or require additional information.

Very truly yours,

J. Wade Hendricks

JWH/dvg
Enclosures

cc: Dennis G. Howard, II

400001 141072/848159 1

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

SEP 06 2012

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF LOUISVILLE GAS)
AND ELECTRIC COMPANY FOR AN ORDER)
AMENDING AND EXTENDING EXISTING)
AUTHORITY WITH RESPECT TO REVOLVING) CASE NO. 2012-_____
LINE OF CREDIT)

**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. A certified copy of LG&E’s Articles of Incorporation was filed with the Commission in Case No. 2010-00204.¹

2. By Order dated August 3, 2012 in Case No. 2012-00233², along with granting LG&E authority to issue certain First Mortgage Bonds, the Commission authorized LG&E to increase its existing revolving credit line or enter into new revolving credit arrangements in an aggregate amount of up to an additional \$100 million, with a term not to exceed five (5) years. This is in addition to LG&E’s existing, \$400 million revolving line of credit, which has a term

¹(Joint Application of PPL Corporation, E.ON AG, E.ON US Investment Corp., E.ON LLC, Louisville Gas and Electric Company, and Kentucky Utilities Company for approval of an acquisition of ownership and control of utilities).

² (Application of Louisville Gas and Electric Company for an Order authorizing the issuance of securities and assumption of obligations).

ending October 19, 2016, and which was originally authorized by Order dated September 30, 2010 in Case No. 2010-00205³ with a term through December 31, 2014. The Commission authorized LG&E to extend the original term by Order dated October 10, 2011 in Case No. 2011-00308⁴.

3. LG&E was first granted authority to enter into multi-year revolving credit facilities in Case No. 2007-00232⁵ 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 alleviate the time and cost of annually negotiating and renewing short-term debt arrangements.⁶

4. Based upon its discussions with providers of credit facilities, LG&E believes that it is likely that in the near future changing market conditions and interest rates will mean that revolving credit facilities will no longer be available on terms as favorable as found in LG&E's current facility. In part, this is due to the new Basel III regulations, which will be phased in starting in 2013 and 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 today's historically low

³ *(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).*

⁴ *(Application of Louisville Gas and Electric Company for an Order authorizing the issuance of securities and assumption of obligations).*

⁵ *(Application of Louisville Gas and Electric Company for an Order authorizing the issuance of securities and assumption of obligations).*

⁶ Case No. 2007-00232 Order of August 2, 2007.

commitment fees and interest spreads on actual borrowings are likely to be higher. LG&E therefore seeks authorization to extend, in one or more installments from time-to-time, its existing or previously authorized revolving credit arrangements through December 31, 2017. LG&E is seeking authority for an approximately five year term because this is the maximum term that lenders are willing to provide.

5. The extended credit facilities would be upon 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, 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 had 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 use, and does not project finance projects. Thus, these are general reasons that LG&E might have need for short-term financing, rather than uses to which such financing would be assigned.

6. By extending its existing and previously authorized credit facilities, LG&E will be able to ensure that the current, 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 2016 than today, LG&E is not able to quantify such differences. However, by way of comparison, LG&E believes that the costs of a one year extension of its existing revolving credit line would be approximately 10 basis points, while

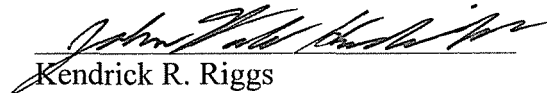
today's cost of entering into a new, one year revolving credit facility would be approximately 17 ½ basis points.

7. 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, Section 11(2)(1) as described by 807 KAR 5:001, Section 11(2)(b).

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 extend its existing and previously authorized multi-year revolving credit facilities for a term through December 31, 2017.

Dated: September 6, 2012.

Respectfully Submitted,



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LG&E and LG&E Energy LLC
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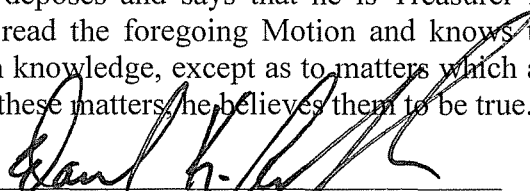
*Counsel for Louisville Gas and Electric
Company*

VERIFICATION

COMMONWEALTH OF KENTUCKY

COUNTY OF JEFFERSON

Daniel K. Arbough being first duly sworn, deposes and says that he is Treasurer for Louisville Gas and Electric Company, that he has read the foregoing Motion and knows the contents thereof, and that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and that as to these matters, he believes them to be true.



DANIEL K. ARBOUGH

Subscribed and sworn before me this 4th that day of September, 2012.

My Commission Expires: August 31, 2015




NOTARY PUBLIC, STATE AT LARGE

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 6th day of September 2012, U.S. mail, postage prepaid:

Dennis G. Howard II
Lawrence W. Cook
Assistant Attorneys General
Office of the Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204


Counsel for Louisville Gas and Electric Company

400001.141072/845917.3

LOUISVILLE GAS AND ELECTRIC COMPANY
(807 KAR 5:001, Section 11, Item 1 (a))

A DESCRIPTION OF APPLICANT'S PROPERTY, INCLUDING A
STATEMENT OF THE NET ORIGINAL COST OF THE PROPERTY
AND THE COST THEREOF TO APPLICANT

June 30, 2012

The applicant's generating, transmission and distribution systems described herein are calculated annually. As of December 31, 2011, the applicant owned 11 and operated 9 coal fired steam electric generating units having a total capacity of 2,656 Mw; 14 combustion turbine generating units having a total capacity of 644 Mw; and 1 hydroelectric generating station, the operation of which is affected by the water level and flow of the Ohio River, having a total capacity of 52 Mw.

The applicant's owned electric transmission system included 45 substations (32 of which are shared with the distribution system) with a total capacity of 7 million kVA and 916 circuit miles of lines. The distribution system included 97 substations (32 of which are shared with the transmission system) with a total capacity of 5 million kVA, 3,887 miles of overhead lines and 2,371 miles of underground wires.

The applicant's natural gas transmission system includes 4,290 miles of gas distribution mains and 386 miles of gas transmission mains, consisting of 254 miles of gas transmission pipeline, 123 miles of gas transmission storage lines, 6 miles of gas combustion turbine lines, and 3 miles of gas transmission pipeline in regulator facilities. Five underground natural gas storage fields, with a total working natural gas capacity of approximately 15 Bcf, are used in providing natural gas service to ultimate consumers.

Other properties include an office building, service centers, warehouses, garages and other structures and equipment, the use of which is common to both the electric and gas departments.

The net original cost of the property and cost thereof to the applicant at June 30, 2012, was:

	<u>Electric</u>	<u>Gas</u>	<u>Common</u>	<u>Total</u>
Original Cost	\$ 3,936,368,195	\$ 797,137,826	\$ 241,377,403	\$ 4,974,883,424
Less Reserve for				
Depreciation	1,588,031,876	184,410,022	105,857,616	1,878,299,514 *
Net Original Cost	2,348,336,319	612,727,804	135,519,787	3,096,583,910
Allocation of Common				
To Electric and Gas	107,074,184	28,445,603	(135,519,787)	-
Total	<u>\$ 2,455,410,503</u>	<u>\$ 641,173,407</u>	<u>\$ -</u>	<u>\$ 3,096,583,910</u>

* Excludes \$289,496,374 related to cost of removal reserves that is not included in the reserve in the Financial Statements and Additional Information, but instead is included as a regulatory liability.

LOUISVILLE GAS AND ELECTRIC COMPANY

FINANCIAL EXHIBIT
(807 KAR 5:001 SEC. 6)

June 30, 2012

- (1) Amount and kinds of stock authorized.

75,000,000 shares of Common Stock, without par value
1,720,000 shares of Preferred Stock at \$25.00 par value – authorized, but unissued
6,750,000 shares of Preferred Stock, without par value – authorized, but unissued

- (2) Amount and kinds of stock issued and outstanding.

Common Stock:

21,294,223 shares issued and outstanding, without par value, recorded at \$424,334,535.

- (3) Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise.

None

- (4) Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking fund provisions.

Date of Execution: As of October 1, 2010 (Supplemental Indentures were executed on October 15, 2010 and November 1, 2010.)

Mortgagor: Louisville Gas and Electric Company

Trustee: The Bank of New York Mellon

Amount of Authorized Debt: One quintillion dollars

Amount of Debt Secured: \$1,109,304,000

Sinking Fund Provisions: None

Pledged Assets: Substantially all assets of Louisville Gas and Electric Company located in Kentucky

- (5) Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with an amount of interest paid thereon during the last 12-month period.

Secured by first mortgage lien on substantially all assets in Kentucky.

Louisville Gas and Electric Company

<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>Principal Amount</u>		<u>Interest Expense</u>
			<u>Authorized</u>	<u>Outstanding at June 30, 2012</u>	<u>Year Ended June 30, 2012</u>
Pollution Control Bonds					
05/19/00	05/01/27	Variable	\$ 25,000,000	\$ 25,000,000	\$ 683,662
08/09/00	08/01/30	Variable	83,335,000	83,335,000	133,753
09/11/01	09/01/27	Variable	10,104,000	10,104,000	17,065
03/06/02	09/01/26	Variable	22,500,000	22,500,000	76,383
03/06/02	09/01/26	Variable	27,500,000	27,500,000	168,035
03/22/02	11/01/27	Variable	35,000,000	35,000,000	86,383
03/22/02	11/01/27	Variable	35,000,000	35,000,000	77,268
10/23/02	10/01/32	Variable	41,665,000	41,665,000	169,569
11/20/03	10/01/33	1.650%	128,000,000	128,000,000 *	2,346,133
04/13/05	02/01/35	5.750%	40,000,000	40,000,000	2,300,000
04/26/07	06/01/33	5.625%	31,000,000	31,000,000	1,743,750
04/26/07	06/01/33	1.600%	35,200,000	35,200,000 *	658,142
04/26/07	06/01/33	4.600%	60,000,000	60,000,000	2,760,000
Interest Rate Swaps					7,836,225
			<u>\$574,304,000</u>	<u>\$ 574,304,000</u>	<u>\$ 19,056,368</u>
First Mortgage Bonds					
11/16/10	11/15/15	1.625%	\$250,000,000	\$ 250,000,000	\$ 4,062,500
11/16/10	11/15/40	5.125%	285,000,000	285,000,000	14,606,250
			<u>\$535,000,000</u>	<u>\$ 535,000,000</u>	<u>\$ 18,668,750</u>

* On January 13, 2011, Louisville Gas and Electric (LG&E) remarketed the Louisville/Jefferson County Metro Government 2003 Series A and 2007 Series B bonds. In connection with the remarketing, each bond series was converted to a mode wherein

the interest rate was fixed for an intermediate term but not the full term of the bond. The 2003 Series A bonds bore interest at the rate of 1.900% until April 2012 and the 2007 Series B bonds bore interest at the rate of 1.900% until June 2012. On April 2, 2012, the 2003 Series A bonds were remarketed wherein the interest rate is fixed for an intermediate term but not the full term of the bonds at the rate of 1.650%. On June 1, 2012, the 2007 Series B bonds were remarketed wherein the interest rate is fixed for an intermediate term but not the full term of the bonds at the rate of 1.600%. At the end of the intermediate terms, the Company must remarket the bonds or buy them back.

- (6) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last 12-month period.

There are no notes outstanding as of June 30, 2012.

- (7) Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.

None, other than current and accrued liabilities.

- (8) Rate and amount of dividends paid during the five previous fiscal years, and the amount of capital stock on which dividends were paid each year. (1)

Dividends on Common Stock, without par value (not based on rate per share)

2007	\$ 65,000,000
2008	40,000,000
2009	80,000,000
2010	55,000,000
2011	83,250,000

(1) On November 1, 2010, PPL Corporation completed its acquisition of E.ON U.S. LLC., the Company's parent. Upon completion of the acquisition, E.ON U.S. LLC was renamed LG&E and KU Energy LLC. The 21,294,223 shares are currently owned by LG&E and KU Energy LLC. From May 1998 to October 31, 2010, the 21,294,223 shares were all owned by E.ON U.S. LLC (formerly LG&E Energy LLC) and all dividends declared by LG&E's Board of Directors were paid to E.ON U.S. LLC. Subsequent to October 31, 2010, all dividends declared by LG&E's Board of Directors were paid to LG&E and KU Energy LLC. During the 1st and 2nd quarters of 2012, LG&E declared and paid a dividend on common stock of \$15,000,000 and \$16,000,000, respectively.

Dividends on 5% Cumulative Preferred Stock, \$25 par value

The amount of dividends declared and paid on the 860,287 shares of 5% Cumulative Preferred Stock, \$25 par value, in the year 2007 was \$316,636. All shares were redeemed on April 16, 2007.

Dividends on \$5.875 Cumulative Preferred Stock, without par value

The preferred stock had a sinking fund requirement sufficient to retire a minimum of 12,500 shares on July 15 of each year commencing with July 15, 2003, and the remaining 187,500 shares on July 15, 2008 at \$100 per share. The Company redeemed 12,500 shares in accordance with these provisions annually on July 15, 2003 through July 15, 2006. The 200,000 remaining shares were redeemed April 16, 2007.

Annual dividends and interest on preferred stock, without par value for the previous five fiscal years were:

2007	\$ 345,972
2008	0
2009	0
2010	0
2011	0

Dividends on Auction Rate Cumulative Preferred Stock, without par value

<u>Declared Date</u>	<u>Payment Date</u>	<u>Rate Per Share</u>	<u>Amount</u>
March 2007	04/13/07	1.25000	<u>\$625,000</u>
			<u>\$625,000</u>

Dividend is based on 500,000 shares for all periods. All shares were redeemed on April 16, 2007.

(9) Detailed Income Statement, Balance Sheet and Statement of Retained Earnings

Monthly Financial and Operating Reports are filed each month with the Kentucky Public Service Commission. Attached are detailed Statements of Income, Balance Sheets and Retained Earnings for the Company for the period ending June 30, 2012.

Louisville Gas and Electric Company
Balance Sheet as of June 30, 2012

Assets			
Utility Plant			
Utility Plant at Original Cost.....	\$ 4,974,883,424.55		
Less: Reserves for Depreciation and Amortization.....	2,165,621,133.29		
Total.....	<u>2,809,262,291.26</u>		
Investments			
Ohio Valley Electric Corporation.....	594,286.00		
Nonutility Property - Less Reserve.....	489,420.24		
Special Funds.....	31,222,671.10		
Total.....	<u>32,306,377.34</u>		
Current and Accrued Assets			
Cash.....	1,760,996.05		
Special Deposits.....	23,340,652.93		
Temporary Cash Investments.....	129,522,191.56		
Accounts Receivable - Less Reserve.....	6,336,000.00		
Notes Receivable from Associated Companies.....	20,911,591.65		
Accounts Receivable from Associated Companies.....	81,713,136.72		
Materials and Supplies - At Average Cost.....	31,497,096.89		
Fuel.....	5,757,071.63		
Plant Materials and Operating Supplies.....	17,134,671.17		
Stores Expense.....	12,781.82		
Gas Stored Underground.....	8,474,255.83		
Emission Allowances.....	28,664.30		
Prepayments.....	326,489,110.55		
Miscellaneous Current and Accrued Assets.....	<u>13,435,346.42</u>		
Total.....	<u>20,375,002.88</u>		
Deferred Debits and Other			
Unamortized Debt Expense.....	20,590,827.55		
Unamortized Loss on Bonds.....	391,327,323.63		
Accumulated Deferred Income Taxes.....	1,519,555.11		
Deferred Regulatory Assets.....	<u>447,248,055.59</u>		
Other Deferred Debits.....	<u>3,615,305,834.74</u>		
Total.....	<u>\$ 3,615,305,834.74</u>		
Total Assets.....	<u>\$ 3,615,305,834.74</u>		
Liabilities and Proprietary Capital			
Proprietary Capital			
Common Stock.....	\$ 425,170,424.09		
Less: Common Stock Expense.....	835,888.64		
Paid-in Capital.....	83,581,499.00		
Other Comprehensive Income.....	-		
Retained Earnings.....	<u>888,274,232.93</u>		
Total Proprietary Capital.....	<u>1,396,190,267.38</u>		
Pollution Control Bonds - Net of Reacquired Bonds.....	574,304,000.00		
First Mortgage Bonds.....	531,471,472.40		
LT Notes Payable to Associated Companies.....	-		
Total Long-Term Debt.....	<u>1,105,775,472.40</u>		
Total Capitalization.....	<u>2,501,965,739.78</u>		
Current and Accrued Liabilities			
ST Notes Payable to Associated Companies.....	-		
Notes Payable.....	-		
Accounts Payable.....	96,664,918.41		
Accounts Payable to Associated Companies.....	16,094,052.20		
Customer Deposits.....	22,941,224.37		
Taxes Accrued.....	28,344,767.32		
Dividends Declared.....	-		
Interest Accrued.....	5,549,087.36		
Miscellaneous Current and Accrued Liabilities.....	<u>22,622,779.87</u>		
Total.....	<u>192,216,829.53</u>		
Deferred Credits and Other			
Accumulated Deferred Income Taxes.....	527,001,372.70		
Investment Tax Credit.....	41,378,705.16		
Regulatory Liabilities.....	53,918,978.47		
Customer Advances for Construction.....	6,986,694.49		
Asset Retirement Obligations.....	59,316,628.51		
Other Deferred Credits.....	10,593,268.77		
Miscellaneous Long-Term Liabilities.....	62,460,773.32		
Accum Provision for Postretirement Benefits.....	<u>159,466,844.01</u>		
Total.....	<u>921,123,265.43</u>		
Total Liabilities and Stockholders' Equity.....	<u>\$ 3,615,305,834.74</u>		

Louisville Gas and Electric Company
Statement of Income
June 30, 2012

	Year Ended 6/30/2012
Electric Operating Revenues.....	\$ 1,067,318,195.54
Gas Operating Revenues.....	<u>264,580,872.07</u>
 Total Operating Revenues.....	 <u>1,331,899,067.61</u>
 Fuel for Electric Generation.....	 375,168,662.48
Power Purchased.....	64,606,274.97
Gas Supply Expenses.....	126,347,479.38
Other Operation Expenses.....	236,925,391.50
Maintenance.....	123,510,234.79
Depreciation.....	143,597,947.85
Amortization Expense.....	8,608,376.78
Regulatory Credits.....	(5,326,597.45)
Taxes	
Federal Income.....	10,188,194.63
State Income.....	5,758,985.60
Deferred Federal Income - Net.....	50,580,404.17
Deferred State Income - Net.....	3,636,333.96
Property and Other.....	29,622,449.77
Amortization of Investment Tax Credit.....	(2,756,333.97)
Loss (Gain) from Disposition of Allowances.....	(693.97)
Accretion Expense.....	<u>2,788,705.46</u>
 Total Operating Expenses.....	 <u>1,173,255,815.95</u>
 Net Operating Income.....	 158,643,251.66
Other Income Less Deductions.....	<u>381,486.93</u>
 Income Before Interest Charges.....	 <u>159,024,738.59</u>
 Interest on Long-Term Debt.....	 37,725,117.10
Amortization of Debt Expense - Net.....	3,241,100.57
Other Interest Expenses.....	<u>2,616,603.16</u>
 Total Interest Charges.....	 <u>43,582,820.83</u>
 Net Income.....	 <u>\$ 115,441,917.76</u>

Louisville Gas and Electric Company
Analysis of Retained Earnings
June 30, 2012

	<u>Year Ended 6/30/12</u>
Balance at Beginning of Period.....	\$ 844,832,315.17
Add:	
Net Income for Period.....	115,441,917.76
Deduct:	
Adjustment to Retained Earnings.....	-
Common Dividends	
Common Stock Without Par Value.....	<u>72,000,000.00</u>
Balance at End of Period.....	<u><u>\$ 888,274,232.93</u></u>