

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES)	
COMPANY FOR AN ORDER AMENDING AND)	CASE NO.
EXTENDING EXISTING AUTHORITY WITH)	2015-00137
RESPECT TO REVOLVING LINE OF CREDIT)	

ORDER

On April 28, 2015, Kentucky Utilities Company ("KU") filed an application for authority to extend its existing and previously authorized \$500 million multi-year revolving line of credit for a term through December 31, 2020. On May 8, 2015, the Commission issued a letter informing KU of filing deficiencies. KU thereafter supplemented its Application, which was accepted for filing on May 11, 2015. KU responded to one Commission Staff's First Request for Information ("Staff's First Request"). There are no intervenors in this proceeding.

BACKGROUND AND DISCUSSION

KU was authorized by Commission Order in Case No. 2012-00232¹ to increase its existing revolving line of credit or enter into new lines of credit, with a term not to exceed five years, and with total aggregate amount of multi-year revolving credit facilities not to exceed \$500 million. In Case No. 2012-00409,² KU informed the Commission that, due to changes in regulation adopted by the Federal Reserve,

¹ Case No. 2012-00232, *Application of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and Assumption of Obligations* (Ky. PSC Aug. 3, 2012).

² Case No. 2012-00409, *Application of Kentucky Utilities Company for an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit* (Ky. PSC Oct. 23, 2012).

revolving lines of credit would be less readily available and current low commitment fees and interest spreads on borrowings were likely to be higher in the future. KU sought and received authority in that case to extend the term of its existing \$500 million revolving credit facilities through December 31, 2017, which was the maximum term that lenders were willing to provide. In Case No. 2013-00238,³ KU stated that market conditions and expectations continued to remain unchanged, and KU requested and was granted authority to replace, extend, or extend authority for its existing or previously authorized but not yet entered revolving credit arrangements for an additional year, through December 31, 2018. In Case No. 2014-00082,⁴ KU informed the Commission that the new regulatory requirements had not yet resulted in the expected pricing pressure, and that it had not yet elected to extend its existing revolving credit agreement beyond November 6, 2017. It also stated that market expectations remained unchanged, and it therefore requested and was granted authority to extend the term of its existing revolving line of credit through December 31, 2019. Pursuant to the Commission's Order in that proceeding, on August 4, 2014, KU filed with the Commission its Amended and Restated Revolving Credit Agreement.

In this case, KU states the same conditions and market expectations remain in effect today and again requests authority to replace, extend, or extend authority for its \$500 million in revolving credit facilities for an additional year, through December 31, 2020. KU is seeking authority for a term of approximately five years because this is the

³ Case No. 2013-00238, *Application of Kentucky Utilities Company for an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit* (Ky. PSC Aug. 7, 2013).

⁴ Case No. 2014-00082, *Application of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations* (Ky. PSC June 16, 2014).

maximum term that lenders are willing to provide.⁵ In response to a Staff request for information, KU confirmed that it has not yet experienced less readily available credit due to federal changes in regulation and seeks to avoid that circumstance by extending its current credit facility.⁶

KU states that the extended credit facility will be upon substantially the same terms as its existing credit. Loan proceeds may be used for short-term financing of general needs, including general costs of operation and construction, until permanent or long-term financing can be arranged. The additional funds could also be used to provide liquidity or credit support for other debt.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the extension of KU's authority with respect to its multi-year revolving line of credit as set out in KU's application is for lawful objects within the corporate purposes of KU's utility operations, is 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, is reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. KU is authorized to extend the term of its existing revolving line of credit for a term through December 31, 2020. Total aggregate amount of multi-year revolving credit facilities shall not exceed \$500 million.

⁵ Application at 2-3.

⁶ Response to Staff's First Request, Item 1.b.

2. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

3. KU shall agree only to such terms and prices that are consistent with the parameters set out in its application.

4. KU 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. KU shall file documentation showing the quotes that it relied upon to determine the lowest interest rate.

5. Any documents filed pursuant to ordering paragraph 4 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

6. The Executive Director is delegated authority to grant reasonable extensions of time for the filing of any documents required by this Order upon a 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.

By the Commission

ENTERED
JUL 02 2015
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2015-00137

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