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October 24, 2012

Mr. Jerry Kettles, Chief Economic Analysis & Policy Division
c/o Ms. Sharla Dillon, Docket Room Manager
460 James Robertson Parkway
Nashville, Tennessee 37219

RE: Petition of Kentucky Utilities Company for an Order Amending And Extending Existing Authority With Respect to Revolving Line of Credit, Docket No. 12-00108; Third Response to Data Request

Dear Mr. Kettles,

This letter is in response to your data request dated October 3, 2012 seeking the status and periodic updates on the similar filings of Kentucky Utilities Company ("KU") pending before the Kentucky Public Service Commission ("KPSC") and the Virginia State Corporation Commission (VSCC).

Attached is the Order of the KPSC entered October 23, 2012 in Case No.2012-00409 approving KU's Application for approval of an extension of its authority with respect to the revolving line of credit that is the subject of the current Docket before the TRA.

Sincerely,

D. Billye Sanders

D. Billye Sanders
Attorney for Kentucky Utilities Company

c: Kendrick R. Riggs, Esq., Stoll Keenon Ogden PLLC
John Wade Hendricks, Esq., Stoll Keenon Ogden PLLC
Allyson K. Sturgeon, Senior Corporate Attorney, LG&E and KU Energy LLC

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)	2012-00409
RESPECT TO REVOLVING LINE OF CREDIT)	

ORDER

On September 6, 2012, 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, 2017. There are no intervenors in this proceeding.

BACKGROUND AND DISCUSSION

KU was authorized by Commission Order in Case No. 2010-00206¹ to enter into one or more credit facilities with one or more financial institutions in an aggregate amount not to exceed \$400 million. In Case No. 2011-00307,² the term of KU's existing revolving \$400 million credit line was extended from December 31, 2014 to December 31, 2016. In Case No. 2012-00232,³ KU was authorized to increase by an amount not to exceed \$100 million 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-

¹ Case No. 2010-00206, Application of Kentucky Utilities Company for an Order Authorizing the Restructure and Refinancing of Unsecured Debt and the Assumption of Obligations and for Amendment of Existing Authority (Ky. PSC Sept. 30, 2010).

² Case No. 2011-00307, Application of Kentucky Utilities Company for an Order Authorizing the Restructure and Refinancing of Unsecured Debt and the Assumption of Obligations and for Amendment of Existing Authority (Ky. PSC Oct. 10, 2011).

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

year revolving credit facilities not to exceed \$500 million. KU states that, due to changes in regulation adopted by the Federal Reserve, revolving lines of credit will be less readily available, and current low commitment fees and interest spreads on borrowings are likely to be higher. KU is, therefore, seeking authority to extend the term of its existing \$500 million revolving credit facilities through December 31, 2017, which is the maximum term that lenders are willing to provide. While it states that it cannot quantify the differences in conditions and fees on similar credit facilities in 2016 as opposed to today, KU believes that the cost of extending its credit line for one year would be approximately 10 basis points, while today's cost of entering into new, one-year revolving credit facilities would be approximately 17.5 basis points.

KU states that the extended credit facility will be upon substantially the same terms as existing credit. Loan proceeds may be used for general funding needs, costs of operation and construction, or other business purposes until permanent or long-term financing can be arranged. The additional funds could also be used to provide new or expanded 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, 2017. Total aggregate amount of multi-year revolving credit facilities shall not exceed \$500 million.

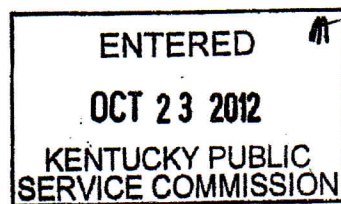
2. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

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 also file documentation showing the quotes that it relied upon to determine the lowest interest rate.

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



ATTEST:



Executive Director

Case No. 2012-00409