

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

October 29, 2012

IN RE:

**PETITION OF KENTUCKY UTILITIES COMPANY
FOR AN ORDER AMENDING AND EXTENDING
EXISTING AUTHORITY WITH RESPECT TO
REVOLVING LINE OF CREDIT**

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**DOCKET NO.
12-00108**

ORDER APPROVING AMENDMENT TO EXISTING FINANCING AUTHORITY

This matter came before Chairman Kenneth C. Hill, Director Herbert H. Hilliard and Director James M. Allison of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on October 15, 2012 for consideration of the *Petition for Amendment and Extension of Authority with Respect to Revolving Credit* (“*Petition*”) filed by Kentucky Utilities Company (“KU” or the “Company”) requesting an Order amending and extending its existing authority with respect to revolving line of credit transactions pursuant to Tenn. Code Ann. § 65-4-109.

THE PETITION

KU is a Kentucky and a Virginia corporation, and a public utility as defined by Tenn. Code Ann. § 65-4-101(6), which provides retail electric service to five (5) residential customers in Tennessee, approximately 509,000 customers in seventy-seven counties in Kentucky, and approximately 29,000 customers in southwest Virginia. In TRA Docket No. 12-00067, the Authority granted KU’s petition to, among other things, amend its current multi-year revolving line of credit up to an additional \$100 million, for a total amount not to exceed \$500 million or,

in the alternative, to enter into one or more new revolving credit facilities with a term not to exceed five (5) years in an amount not to exceed \$100 million.¹

In the *Petition* filed in this Docket on September 14, 2012, KU stated that “[b]ased upon its discussions with providers of credit facilities, KU 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 KU’s current facility.”² KU further represented that it is seeking authority for an approximate five year term because this is the maximum term that lenders are willing to provide. Therefore, KU seeks authorization to extend, in one or more installments from time-to-time, its existing or previously authorized revolving line of credit arrangements through December 31, 2017.

FINDINGS AND CONCLUSIONS

Tenn. Code Ann § 65-4-109 provides:

No public utility shall issue any stocks, stock certificates, bonds debenture, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the [A]uthority for such proposed issue. It shall be the duty of the [A]uthority after hearing to approve any such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the [A]uthority.

The panel unanimously approved the *Petition* pursuant to Tenn. Code Ann. § 65-4-109 based upon the following findings:

- (1) the proposed financing transactions are subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109;
- (2) the transactions are being made in accordance with the laws enforceable by this agency;

¹ See *In re: Petition of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations*, TRA Docket No. 12-00067, *Amended Order* (September 27, 2012).

² *Petition for Amendment and Extension of Authority with Respect to Revolving Credit*, p. 2 (September 14, 2012).

(3) the transactions are in the public interest because they allow KU to finance with low cost debt;

(4) the refinancing transactions as set forth in the *Petition* shall be approved contingent upon approval by the Kentucky Public Service Commission ("KPSC") and the Virginia State Corporation Commission ("VSCC"); and

(5) KU shall be bound by the same filings requirements imposed by the KPSC and the VSCC.

IT IS THEREFORE ORDERED THAT:

1. Kentucky Utilities Company is authorized to amend and extend the terms of its existing authority granted in TRA Docket No. 12-00067, as more specifically described in the *Petition* and may enter into such agreements and amendments as are necessary for Kentucky Utilities Company to extend its existing and previously authorized multi-year revolving credit facilities for a term(s) through December 31, 2017.

2. Kentucky Utilities Company is authorized to execute, deliver and perform its obligations under all such agreements and documents as set forth in the *Petition*, and to perform the transactions contemplated by all such agreements.

3. Except to the extent modified herein, all other provisions of the Authority's September 27, 2012 Order in Docket No. 12-00067 shall remain in full force and effect.

4. Approval of the refinancing transactions as set forth in the *Petition* is contingent upon approval by the Kentucky Public Service Commission and the Virginia State Corporation Commission.

5. Copies of the Orders of the Kentucky Public Service Commission and the Virginia State Corporation Commission approving the financing transactions shall be filed with the Authority as evidence of such approval.

6. Kentucky Utilities Company shall be bound by the same filing requirements imposed by the Kentucky Public Service Commission and the Virginia State Corporation Commission.

7. The authorization and approval given hereby shall not be used by any party, including but not limited to, any lending party, for the purpose of inferring an analysis or assessment of the risk involved to a purchaser of securities for Kentucky Utilities Company or any of its affiliates discussed herein. Nothing herein creates or is intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee, or any political subdivision thereof for the transactions approved herein.

Chairman Kenneth C. Hill, Director Herbert H. Hilliard and Director James M. Allison concur.

ATTEST:



Earl R. Taylor, Executive Director