

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

August 3, 2015

IN RE:

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

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**DOCKET NO.
15-00056**

ORDER APPROVING FINANCING TRANSACTIONS

This matter came before the Tennessee Regulatory Authority (the “Authority” or “TRA”) at a regularly scheduled Authority Conference held on July 20, 2015 for consideration of the *Petition* filed on May 18, 2015, by Kentucky Utilities Company (“KU” or the “Company”) requesting an Order authorizing the extension or amendment of the Company’s multi-year revolving line of credit pursuant to Tenn. Code Ann. § 65-4-109.¹

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 fewer than ten (10) residential customers in Tennessee, approximately 515,000 customers in seventy-seven counties in Kentucky, and approximately 28,000 customers in southwest Virginia. KU seeks approval to: (1) extend its existing multi-year revolving line of credit in the previously authorized financing transactions in principal amount not to exceed \$500,000,000; and (2) increase the term of its multi-year line of credit through December 31, 2020.

¹ This matter was assigned to a voting panel consisting of Chairman Herbert H. Hilliard, Vice Chairman David F. Jones and Director Kenneth C. Hill. Director Hill could not be present at the July 20, 2015, Authority Conference. Chairman Hilliard and Vice Chairman Jones were present and constituted a quorum for the hearing panel assigned to this matter pursuant to the requirements of Tenn. Code Ann. § 65-1-104.

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 in an amount not to exceed \$100 million each with a term not to exceed five (5) years.² In TRA Docket No. 13-00096, the Authority granted KU's Petition to amend and extend in one or more installments from time-to-time, its existing or previously authorized revolving line of credit arrangements through December 31, 2018.³ In TRA Docket 14-00033, the Authority granted KU's Petition to amend and extend in one or more installments from time-to-time, its existing or previously authorized revolving line of credit arrangements through December 31, 2019.⁴

In the *Petition* filed in this Docket on May 18, 2015, KU stated that the same conditions and market expectations remain in effect that existed when it sought the last amendment. Therefore, based 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.⁵ 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 not to exceed a total aggregate limit of \$500

² 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).

³ See *In re: Petition of Kentucky Utilities Company for an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit*, TRA Docket No. 13-00096, *Order Approving Amendment to Existing Financing Authority* (September 18, 2013).

⁴ See *In re: Petition of Kentucky Utilities Company for an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit*, TRA Docket No. 14-00033, *Order Approving Amendment to Existing Financing Authority* (June 24, 2014).

⁵ *Petition*, pp. 2-3 (May 18, 2015).

million through December 31, 2020. The loan proceeds would be used for the same purposes for which revolving credit is currently available and as set forth in KU's *Petition*.⁶

KU's request for approval of an amendment and extension of the financing authority that is the subject of this Docket has been approved by the Virginia State Corporation Commission ("VSCC") by Order dated June 18, 2015 in Case No. PUE-2014-00031 and by the Kentucky Public Service Commission ("KPSC") by Order dated July 2, 2015 in Case No. 2015-00137.

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.

At the regularly scheduled Authority Conference held on July 20, 2015, 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;
3. The transactions are in the public interest because they allow KU to finance its operations; and
4. KU shall be bound by the same filing requirements imposed by the Kentucky Public Service Commission and the Virginia State Corporation Commission.

⁶ *Id.* at 3-4.

IT IS THEREFORE ORDERED THAT:

1. Kentucky Utilities Company is authorized to execute an amendment to its existing revolving line of credit, or enter into one or more new revolving lines of credit, with an aggregate principal amount not to exceed \$500,000,000 and a term not to exceed December 31, 2020.

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

4. 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 risks involved.

5. This decision is not intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee or any political subdivision thereof.

Chairman Herbert H. Hilliard and Director David F. Jones concur.⁷

ATTEST:



Earl R. Taylor, Executive Director

⁷ Director Kenneth C. Hill could not be present at the Authority Conference on July 20, 2015, and did not vote on this matter.