

D. Billye Sanders

Attorney-at Law
3514 Geneva Circle
Nashville, Tennessee 32709
(615) 500-7749
sanders.billye@gmail.com

November 29, 2016

Mr. Jerry Kettles, Chief, Economic Analysis & Policy Division
c/o Ms. Sharla Dillon, Dockets and Records Manager
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, TN 37243

RE: Petition of Kentucky Utilities Company for an Order Amending and Extending Authority
with Respect to Revolving Line of Credit, Docket No. 16-00119; Second Response to Data Request

Dear Mr. Kettles:


This letter is in response to your letter dated October 25, 2016 seeking the status of 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").

On November 21, 2016, the VSCC issued an Order Extending Authority Granted in Case No. PUE-2014-00031. A copy of the VSCC's Order is attached.

KU's Application before the KPSC in Case No. 2016-00360 is still pending.

Please contact me if you have any questions or need additional information.

Sincerely,



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
Monica Braun, Esq., Stoll Keenon Ogden PLLC
Allyson K. Sturgeon, Esq., LG&E and KU Energy LLC

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, NOVEMBER 21, 2016

APPLICATION OF

KENTUCKY UTILITIES COMPANY
d/b/a OLD DOMINION POWER

SCC-CLERK'S OFFICE
DOCUMENT CONTROL CENTER
2016 NOV 21 A 11:27
CASE NO. PUE-2014-00031

161130156

For authority to issue securities and assume obligations under Chapter 3 of Title 56 of the Code of Virginia and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia

ORDER EXTENDING AUTHORITY GRANTED

On April 16, 2014, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or the "Company")¹ filed an application with the State Corporation Commission ("Commission") for authority under Chapter 3 of Title 56 of the Code of Virginia² to, among other things, replace or extend the term of its multi-year revolving line of credit ("Revolving Line of Credit") through December 31, 2019.

On May 8, 2014, the Commission entered its Order Granting Authority ("May 2014 Order")³ that, among other things, authorized the Company to amend 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 million and a term not to exceed December 31, 2019.

On June 2, 2015, KU/ODP filed a request for authority to extend the existing authority for borrowings under its Revolving Line of Credit through December 31, 2020.

¹ KU/ODP is a wholly owned subsidiary of LG&E and KU Energy, LLC, which, in turn, is a wholly owned subsidiary of PPL Corporation.

² Code § 56-55 *et seq.*

³ 2014 S.C.C. Ann. Rept. 411.

On June 18, 2015, the Commission entered its Order Extending Authority Granted that, among other things, authorized the Company to extend its Revolving Line of Credit facilities with an aggregate principal amount not to exceed \$500 million and a term not to exceed December 31, 2020.⁴

On October 19, 2016, KU/ODP filed a request to amend its existing authority in three ways. First, KU/ODP requests extension of its existing authority for Revolving Line of Credit borrowings of up to \$500 million through January 31, 2022. Second, KU/ODP requests authority to replace any such borrowing capacity not extended or implemented under its existing Revolving Line of Credit by entering into one or more new credit agreements to provide revolving borrowing capacity up to the aggregate limit of \$500 million with terms comparable to the existing Revolving Line of Credit. Third, KU/ODP requests authority to exercise subsequent extensions in 2017 and 2018, respectively, for periods of up to five years from the date of any amendments to its revolving credit borrowing agreements to the extent such options are available. Accordingly, KU/ODP's requested authority for aggregate revolving credit borrowings of up to \$500 million may not extend beyond December 31, 2023, under the last day that a borrowing agreement extension could be exercised in 2018.

The Company's request is premised upon the same reasons expressed in the original application, namely that the costs associated with revolving credit facilities in the future are likely to be higher than costs associated with current facilities due to changing banking regulations and market conditions. KU/ODP believes that by extending its borrowing capacity under terms comparable with existing credit facilities, it will be able to secure favorable terms for such borrowings for as long as possible.

⁴ 2015 S.C.C. Ann. Rept. 212.

Borrowings under any extended or new credit facilities would be on substantially the same terms as KU/ODP's existing revolving credit facilities and would be available for the same purposes for which revolving credit is currently available. For example, loan proceeds could be used to provide short-term financing for KU/ODP's general financing needs, general costs of operation or costs of KU/ODP's various construction programs, or other obligations, 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 KU/ODP's other debt.

NOW THE COMMISSION, upon consideration of the matter and having been advised by its Staff, is of the opinion and finds that the Company's request should be approved and that the Company should be authorized to further amend and extend its borrowing capacity granted by the May 2014 Order through December 31, 2023.

Accordingly, IT IS ORDERED THAT:

(1) KU/ODP is hereby authorized to amend and extend its current Revolving Line of Credit facilities up to an aggregate principal amount not to exceed \$500 million through the initial extension period ending January 31, 2022.

(2) KU/ODP is hereby authorized to enter into a new revolving credit facility under terms comparable to its current Revolving Line of Credit for any portion of the \$500 million authority not exercised or extended under the current facility.

(3) KU/ODP is hereby authorized to exercise subsequent extensions of its revolving credit facilities in 2017 and 2018, respectively, for multi-year periods of up to five (5) years from the date of the amendments, with a final term not to exceed December 31, 2023.

(4) KU/ODP shall provide the Staff of the Commission's Division of Utility Accounting and Finance with a copy of any extensions for existing revolving line of credit agreements and any new revolving line of credit agreements promptly after they become available.

(5) KU/ODP shall file with the Commission a final report on or before March 1, 2024, to include a term sheet of all revolving line of credit agreements executed during the period of authority, and the Company shall provide a detailed account of all fees incurred each year for all respective line of credit agreements executed during the period of authority.

(6) Except to the extent modified herein, all of the other provisions of the Commission's May 2014 Order shall remain in full force and effect.

(7) This matter is continued, subject to the continued review, audit, and appropriate directive of the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Robert M. Conroy, Vice President, State Regulation and Rates, Kentucky Utilities Company, 220 West Main Street, Louisville, Kentucky 40202; Daniel K. Arbough, Treasurer, Kentucky Utilities Company, 220 West Main Street, Louisville, Kentucky 40202; Allyson K. Sturgeon, Senior Corporate Attorney, LG&E and KU Energy, LLC, 220 West Main Street, Louisville, Kentucky 40202; Kendrick R. Riggs, Stoll Keenon Ogden PLLC, 2000 PNC Plaza, 500 West Jefferson Street, Louisville, Kentucky 40202; and a copy shall be delivered to the Commission's Office of General Counsel and Division of Utility Accounting and Finance.