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July 11, 2018

**VIA EMAIL AND OVERNIGHT COURIER**

Ms. Sharla Dillon  
Docket Room Manager  
Tennessee Public Utility Commission  
502 Deaderick Street, 4th Floor  
Nashville, TN 37243

**RE: Docket 18-00057: *Petition of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations and an Order Amending and Extending Existing Authority With Respect to Revolving Line of Credit***

Dear Ms. Dillon:

This letter is in response to Mr. Kettles' letter dated May 21, 2018 seeking the status of and periodic updates of the above-referenced *Petition* filed by Kentucky Utilities Company ("KU"), including approvals of the similar filings pending before the Kentucky Public Service Commission ("KPSC") and the Virginia State Corporation Commission ("VSCC").

KU's application has been approved in Kentucky and Virginia. On June 27, 2018, the KPSC issued an order in Case No. 2018-00153 authorizing KU to issue securities and assume obligations as described in its application and extend the term of its existing revolving line of credit. On July 3, 2018, KU filed a motion requesting that the KPSC correct a minor error in the order. The motion did not request amendment of the ordering paragraphs. Likewise, on July 5, 2018, the VSCC issued an order in Case No. PUR-2018-00076 authorizing KU to issue securities and assume obligations as described in its application and extend the term of its existing revolving line of credit. Copies of the KPSC and VSCC orders are enclosed.

As provided in Mr. Kettles' letter, KU is sending the original and four copies of this letter to Ms. Dillon. KU will also email an electronic file of this letter to Sharla.Dillon@tn.gov.

Ms. Sharla Dillon  
July 11, 2018  
Page 2

Should you have any questions or need additional information, please contact me at your convenience.

Very truly yours,

A handwritten signature in blue ink, appearing to be 'TJ Eifler', with a large loop at the start and a long horizontal stroke at the end.

Timothy J. Eifler

TJE:mew  
Enclosures

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY	)	
UTILITIES COMPANY FOR AN ORDER	)	
AUTHORIZING THE ISSUANCE OF SECURITIES	)	CASE NO.
AND ASSUMPTION OF OBLIGATIONS AND AN	)	2018-00153
ORDER AMENDING AND EXTENDING EXISTING	)	
AUTHORITY WITH RESPECT TO REVOLVING LINE	)	
OF CREDIT	)	

ORDER

On May 11, 2018, Kentucky Utilities Company ("KU") filed an application for authority to refund and refinance the Carroll County, Kentucky Environmental Facilities Revenue Bonds, 2007 Series A ("Carroll County 2007 Series A Bonds"). KU further requests authority to incur debt in the form of First Mortgage Bonds in a principal amount not to exceed \$400 million. KU finally requests an order extending its existing and previously multi-year revolving line of credit for up to five years from the effective date of the amendment.

BACKGROUND AND DISCUSSION

REFUNDING AND REFINANCING ENVIRONMENTAL FACILITIES BONDS

KU was authorized by Commission Order in Case No. 2007-00115<sup>1</sup> to issue and deliver the Carroll County 2007 Series A Bonds and Trimble County Pollution Control Bonds ("Trimble County 2007 Series A Bonds") in one or more series in an aggregate

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<sup>1</sup> Case No. 2007-00115, *Application of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations* (Ky. PSC Apr. 30, 2007).

principal amount not to exceed \$26,803,258 as was set forth in its application. In the instant case, KU is seeking authority to refinance the Carroll County 2007 Series A Bonds in the amount of \$17,875,000.

KU requests authority to assume certain obligations under various agreements not to exceed \$17,875,000, these funds are to be used to refund one or more series of Carroll County, Kentucky Environmental Facilities Refunding Revenue Bonds ("Carroll County Refunding Bonds"). Carroll County has the authority under KRS 103.200 to 103.285 to issue these refunding bonds and then loan these funds to KU to repurchase, redeem and discharge a corresponding amount of the Carroll County 2007 Series A Bonds.

KU anticipates that the refinancing will involve KU's First Mortgage Bonds as defined and limited to the section of the application concerning and to collateralize and secure the Carroll County Refunding Bonds. The structure and documentation for the issuance of KU's First Mortgage Bonds and agreements would be similar to the structure and documentation of other solid waste disposal financing of KU approved by the Commission in the past.

KU's First Mortgage Bonds would be issued pursuant to one or more supplements to the Indenture, dated October 1, 2010, between KU and The Bank of New York Mellon as Trustee, as heretofore amended and supplemented. KU's First Mortgage Bonds would have a maturity date not to exceed 30 years from date of issuance.

The Carroll County Refunding Bonds would be sold in one or more underwritten public offerings, negotiated sales, or private placement transactions utilizing the proper documentation. The price, maturity date(s), interest rate(s), and the redemption provisions and other terms and provisions of each series of Carroll County Refunding

Bonds would be determined on the basis of negotiations between KU, Carroll County, and the purchasers of such bonds.

KU anticipates that the amount of compensation to be paid to underwriters for their services would not exceed three-quarters of one percent of the principal amount of the Carroll County Refunding Bonds of each series to be sold. KU estimates that the issuance costs, excluding underwriting fees, would be approximately \$350,000. This is based on experience by KU.<sup>2</sup>

KU anticipates the Carroll County Refunding Bonds to bear a fixed rate to maturity, however, all or a portion may be issued initially with an interest rate that may fluctuate as determined by KU. In the event that the Carroll County Refunding Bonds are issued with variable interest rates, KU reserves the right to authorize the Carroll County Refunding Bonds as Variable Rate Environmental Facilities Refunding Bonds ("Variable Rate Bonds"). These Variable Rate Bonds would be sold in amounts to obtain the total par value of the Refunding Bonds.

With the issuance of the Carroll County Refunding Bonds, KU states that it may enter into one or more interest rate hedging agreements ("Hedging Facility") with a bank or financial institution. The Hedging Facility would be an interest rate agreement designed to allow KU to actively manage and limit its exposure to variable interest rates or to lower its overall borrowing costs on any fixed rate Carroll County Refunding Bond. KU is requesting to establish regulatory assets or liabilities for accounting purposes for the losses or gains arising from a Hedging Facility and amortize the losses or gains of the Carroll County Refunding Bonds. Currently the estimated cost of the financing does not

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<sup>2</sup> Application at Paragraph 12.

include the costs of the Hedge Facility, this would be determined at the time of the utilization of the Hedging Facility, and KU estimates the cost to fix the interest rate of a variable rate bond for three years to be approximately 31 basis points (0.31%). KU provided a cash flow analysis which indicates that the refinancing would save \$1,666,128 over the life of the proposed loan. Based on the interest rate of 3.625 percent, the net present value of the interest savings for the refinancing of the Carroll County Refunding Bonds is \$1,446,412.<sup>3</sup>

### FIRST MORTGAGE BOND DEBT

KU in the instant case is seeking authorization from the Commission to incur additional long-term debt in the form of First Mortgage Bonds in the principal amount not to exceed \$400,000,000 ("First Mortgage Bonds", as hereinafter defined and limited to this section of the application.)

KU anticipates the First Mortgage Bonds will be used to pay down KU's short-term debt balance and to fund construction projects KU anticipates incurring.<sup>4</sup> KU's short-term debt includes approximately \$111 million in commercial paper that is outstanding, and a portion is to refund \$9 million to KU that was incurred to refund the Trimble County 2007 Series A Bonds.

KU's Mortgage Indenture<sup>5</sup> ("Indenture") authorizes it to issue from time to time, First Mortgage Bonds of one or more series, with each series having such date, maturity date(s), interest rate(s), and other terms as may be established by a supplemental

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<sup>3</sup> Application, Exhibit 3.

<sup>4</sup> The list of projects KU anticipates funding can be found in the Application at Paragraph 25.

<sup>5</sup> Case No 2015-00137 *Application of Kentucky Utilities Company for an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit* (Ky. PSC July 2, 2015).

indenture executed by KU. All First Mortgage Bonds that would be issued under the Indenture would be equally and ratably secured by a first mortgage lien, subject to permitted encumbrances and exclusions, on substantially all of KU's permanently fixed properties in Kentucky.

KU expects the issuance of the First Mortgage Bonds to be sold at various times through 2018 and into 2019 in one or more underwritten public offerings, negotiated sales, or private placement transactions utilizing the proper documentation. The price, maturity date(s), interest rate(s), redemption provisions and other applicable terms would be determined by negotiations among KU and the underwriters, agents or other purchasers of the First Mortgage Bonds. KU estimates the amount of compensation to be paid to underwriters or agents for their services would not exceed one percent or approximately \$400,000.<sup>6</sup>

With the issuance of the First Mortgage Bonds, KU may enter into one or more interest rate hedging agreements through an affiliate company, or with a bank or financial institution. The Hedging Facility would be an interest rate agreement designed to allow KU to actively manage and limit its exposure to variable interest rates or to lower its overall borrowing costs on any fixed rate Refunding Bonds. KU is requesting to establish regulatory assets or liabilities for accounting purposes for the losses or gains arising from a Hedging Facility and amortize the losses or gains over the remaining life of the First Mortgage Bonds. Currently the estimated cost of the financing does not include the costs of the Hedge Facility, which would be determined at the time of the utilization of the Hedging Facility, and KU estimates the cost to fix the interest rate of a variable rate bond

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<sup>6</sup> *Id.*, Paragraph 29.

for three years would be approximately 79 basis points (0.79%). KU anticipates that it could enter into one or more of the preceding Hedging Facilities prior to the issuance of some or all of the First Mortgage Bonds for which approval is being sought. KU could lock in ten-year rates for six months for a cost of approximately 7 basis points (0.07 percent) based on current market conditions.

#### EXTENDING TERM OF REVOLVING CREDIT LINE

KU requested in Case No. 2012-00232<sup>7</sup> 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 a total aggregate amount of multi-year revolving credit facilities not to exceed \$500 million. In Case No. 2012-00409,<sup>8</sup> KU informed the Commission that, due to changes in the regulation adopted by the Federal Reserve Bank, revolving lines of credit will be less readily available and the current low commitment fees and interest spreads on borrowings would likely 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,<sup>9</sup> KU stated that market conditions and expectations continued to remain unchanged, and requested and was granted authority to replace, extend, or extend the 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-

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<sup>7</sup> 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).

<sup>8</sup> 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).

<sup>9</sup> 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).



00082,<sup>10</sup> KU informed the Commission that the new regulatory requirements had not yet resulted in the expected pricing pressure and KU 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 Case No. 2015-00137,<sup>11</sup> KU stated the same conditions and market expectations remained in effect and requested and was granted authority to replace, extend, or extend authority for its \$500 million in revolving credit facilities for an additional year through December 31, 2020.

In the most recent case, in Case No. 2016-00360<sup>12</sup> KU sought authority to extend its current revolving lines of credit from December 31, 2020, to January 31, 2022. This specific date adds an additional month to the one-year extension to synchronize the maturity dates of the credit facilities with those of KU's affiliates, PPL Electric Utilities Corporation and PPL Capital Funding Inc.<sup>13</sup>

In the instant case, KU states that the favorable market conditions under which KU

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<sup>10</sup> 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).

<sup>11</sup> Case No 2015-00137 *Application of Kentucky Utilities Company for an Order amending and Extending Existing Authority with Respect to Revolving Line of Credit* (Ky. PSC July 2, 2015).

<sup>12</sup> Case No 2016-00360 *Electronic Application of Kentucky Utilities Company for an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit* (Ky. PSC Dec. 14, 2016).

<sup>13</sup> Case No 2016-00360 *Electronic Application of Kentucky Utilities Company for an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit*, Application at paragraph 6.

has been able to obtain the revolving credit facilities have not changed materially since Case No. 2016-00360. KU seeks to extend its revolving line of credit up to five years from the effective date of the amendment. KU states that the ability to extend the revolving credit line would allow KU to continue to obtain favorable short-term debt costs while avoiding higher commitment fees and related transaction costs expected in the future. Allowing KU to extend the revolving line of credit would allow KU to optimize its short-term debt costs for its customers.

Each extension extends the credit facility maturity date to up to five years from the effective date of the amendment. Each extension will be on the same terms and will allow KU to avoid repetitive applications and allow quick access to the market.<sup>14</sup>

KU expects that all of the credit service providers will agree to extend the credit facility at the current individual or aggregate participation levels. KU is requesting alternative authority to enter into separate or individual revolving credit lines to replace any non-extended portion of the credit facility, up to the maximum total aggregate sizes, dates, and terms described in the application.

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 may also be used to provide liquidity or credit support for other debt.

The Commission, having considered the evidence of record and being otherwise

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<sup>14</sup> Case No 2016-00360 *Electronic Application of Kentucky Utilities Company for an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit*, IC Memo, November 7, 2016.

sufficiently advised, finds that KU's authority to issue securities for the purpose of refunding and refinancing the Carroll County 2007 Series A Bonds approved in Case No. 2007-00115, KU's authority to issue First Mortgage Bonds, not to exceed \$400 million and the extension of KU's authority with respect to its multi-year revolving line of credit as set out in KU's application are 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 issue certain First Mortgage Bonds as defined in the application to refund and refinance the Carroll County 2007 Series A Bonds.
2. KU is authorized to enter into Hedging Facilities as necessary to issue certain First Mortgage Bonds as defined in the application to refund and refinance the Carroll County 2007 Series A Bonds.
3. KU is authorized to establish regulatory assets or liabilities for accounting purposes for the losses and gains arising from a Hedging Facility and amortize the losses and gains over the remaining life of the First Mortgage Bonds as described in the application.
4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.
5. 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.

6. KU is authorized to issue long-term debt in the form of First Mortgage Bonds, for an amount not to exceed \$400 million, from 2018 through 2019.

7. KU is authorized to enter into Hedging Facilities as necessary to issue certain First Mortgage Bonds as defined in the application for an amount not to exceed \$400 million.

8. KU is authorized to establish regulatory assets or liabilities for accounting purposes for the losses and gains arising from a Hedging Facility and amortize the losses and gains over the remaining life of the First Mortgage Bonds as described in the application.

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

10. 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.

11. KU is authorized to extend the term of its existing revolving line of credit for a term through January 31, 2024. The total aggregate amount of multi-year revolving credit facilities shall not exceed \$500 million.

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

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

14. KU is authorized to alternatively replace any credit facility not extended with similar multi-year revolving credit facilities for the same term.

15. KU is authorized to exercise extension in 2018 and 2019, respectively, to extend the facility maturity dates to five years from the date of the amendment.

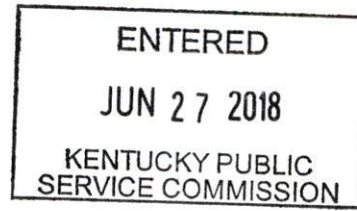
16. KU shall, within 30 days from the date of issuance, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the date of maturity, the price paid, the proceeds of such issuances, the interest rate, costs or gains from the use of hedging 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.

17. Any documents filed pursuant to ordering paragraphs 5, 10, 16 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

18. 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.

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By the Commission



ATTEST:

  
Executive Director

\*Honorable Allyson K Sturgeon  
Senior Corporate Attorney  
LG&E and KU Energy LLC  
220 West Main Street  
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Louisville, KY 40232-2010



COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 5, 2018

SCC-CLERK'S OFFICE  
DOCUMENT CONTROL CENTER

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APPLICATION OF

KENTUCKY UTILITIES COMPANY d/b/a  
OLD DOMINION POWER COMPANY

CASE NO. PUR-2018-00076

For authority to issue securities under  
Chapters 3 and 4 of Title 56  
of the Code of Virginia

ORDER GRANTING APPROVAL

On May 14, 2018, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") requesting authority to: (1) issue up to \$17.9 million of first mortgage bonds ("Collateral Bonds") and assume obligations necessary to refinance tax-exempt revenue bonds; (2) incur debt in the form of first mortgage bonds in a principal amount not to exceed \$400 million ("New Bonds"); (3) enter into one or more hedging agreements through an affiliate or directly with a bank or financial institution; and (4) enter into successive one-year extensions of KU's existing revolving credit line in 2019 and 2020.

More specifically, the Company requests the authority to issue Collateral Bonds and assume obligations necessary for the issuance of new Carroll County, Kentucky Environmental Refunding Bonds ("Refunding Bonds") to refinance outstanding Carroll County, Kentucky Environmental Facilities Revenue Bonds, 2007 Series A ("Carroll County Bonds")<sup>1</sup> up to the

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<sup>1</sup> See *Application of Kentucky Utilities Company d/b/a Old Dominion Power Company for Authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia*, Case No. PUE-2007-00021, 2007 S.C.C. Ann. Rept. 412, Order Granting Authority (Aug. 20, 2007).

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principal amount of \$17.9 million.<sup>2</sup> Along with the Collateral Bonds, KU requests authority to issue up to an additional \$400 million New Bonds through the period ending December 31, 2019.<sup>3</sup>

With respect to the issuance of the Refunding Bonds, Collateral Bonds, and the New Bonds, the Company requests authority to enter into hedging agreements ("Hedging Agreements") either through PPL Corporation ("PPL"), an affiliate, or directly with a third-party bank or financial institution.<sup>4</sup> KU states that any such Hedging Agreements obtained through PPL would be at cost, without any markup.<sup>5</sup>

Lastly, the Company requests authority to extend successively its revolving credit line, in 2019 and 2020, for the existing multi-year term of five years from the date of each respective extension amendment. In support of this request, the Company states that extending the current revolving credit line will allow the Company to continue to obtain favorable short-term debt costs while avoiding higher commitment fees and related transaction costs expected in the future. Moreover, the Company requests additional authority to enter into separate or individual

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<sup>2</sup> The outstanding principal amount of the Carroll County Bonds to be refunded is \$17,875,000. To secure and effectuate the Refunding Bonds, the Company requests authority to issue a like amount of Collateral Bonds of similar structure and terms to the Refunding Bonds, pursuant to one or more loan agreements with Carroll County, Kentucky, along with other ancillary agreements and obligations as necessary.

<sup>3</sup> The Company states that the New Bonds would be used to pay down short-term debt, fund construction projects, and to refund approximately \$9 million of Trimble County, Kentucky Environmental Facilities Revenue Bonds, 2007 Series A.

<sup>4</sup> The Company asserts that the use of the Hedging Agreements would enable KU to actively manage and limit its exposure to changes in interest rates.

<sup>5</sup> Comparable hedging agreement authority was approved by the Commission in Case No. PUE-2014-00031. *Application of Kentucky Utilities Company d/b/a Old Dominion Power Company 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*, Case No. PUE-2014-00031, 2014 S.C.C. Ann. Rept. 411, Order Granting Authority (May 8, 2014).

revolving credit lines to replace any non-extended portions of the credit facility up to the maximum total aggregate sizes, dates, and terms of the existing revolving credit line. In response to the inquiry of the Staff of the Commission ("Staff"), the Company further clarified its request to permit some flexibility in the requested extensions of its revolving credit line by allowing an increase in the associated commitment fee from the existing 0.10% up to a maximum of 0.15%.<sup>6</sup>

NOW THE COMMISSION, upon consideration of the matter and having been advised by the Commission's Staff, is of the opinion and finds that the approval of the Application will not be detrimental to the public interest, subject to additional requirements as set forth in the Appendix attached to this Order.

Accordingly, IT IS ORDERED THAT:

(1) The Company is hereby authorized to issue Collateral Bonds and incur associated obligations, including guarantees and agreements as necessary, to secure and support the issuance of up to \$17,875,000 of Refunding Bonds, under the terms and conditions and for the purposes set forth in the Application.

(2) The Company is authorized to issue long-term debt in the form of the New Bonds, in one or more series at one or more times during the remainder of 2018 and in 2019, in an aggregate principal amount not to exceed \$400 million, under the terms and conditions and for the purposes set forth in the Application.

(3) The Company is authorized to enter into agreements and amendments as necessary to exercise extensions in 2019 and 2020, to extend the revolving credit facility maturity dates to

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<sup>6</sup> The Company informed Staff that an increase in its current line of credit commitment fee from 0.10% up to a maximum of 0.15% on the \$500 million facility limit would generate to an additional annual expense of \$250,000.

five years from the date of the amendment for the previously authorized total aggregate amount not to exceed \$500 million, or alternatively replace any credit facilities not extended with similar multi-year revolving credit facilities for the same term. To the extent necessary, the Company is authorized to renegotiate associated commitment fees up to a limit of 0.15% on a total aggregate amount not to exceed \$500 million.

(4) The Company is hereby authorized to engage in the affiliate transactions with regard to the Hedging Agreements as set out in its Application.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:  
Robert M. Conroy, Vice President, State Regulation & Rates, LG&E and KU Services Company, 220 West Main Street, Louisville, Kentucky 40202; and Kendrick Riggs, Esquire, Stoll Keenon Ogden PLLC, 200 PNC Plaza, 500 West Jefferson Street, Louisville, Kentucky 40202. A copy hereof shall also be delivered to the Commission's Office of General Counsel and Divisions of Utility Accounting and Finance, Public Utility Regulation, and Public Service Taxation.

## APPENDIX

- 1) Pursuant to the authority granted, KU shall execute, deliver, and perform its obligations under all agreements and documents as set out in the Application.
- 2) The proceeds from the transactions authorized herein shall be used only for the purposes set out in the Application.
- 3) KU shall agree only to the terms, conditions, and prices that are consistent with the parameters set out in the Application.
- 4) Within sixty (60) days after the end of each calendar quarter through September 30, 2019, in which any of the bonds specified above and herein are issued, the Company shall file with the Commission a detailed Report of Action with respect to all of the bonds issued during the calendar quarter to include a copy of loan agreement in the first report and thereafter:
  - a. The issuance date, type of security, amount issued, interest rate, date of maturity, issuance expenses realized to date, net proceeds to the Company; and
  - b. A summary of specific terms and conditions of each hedging facility executed and an explanation of how it functions with respect to the underlying bonds.
- 5) The Company, on or before March 30, 2020, shall file a Final Report that includes: a summary of all securities issued, any associated hedges entered into; and a summary of any changes in the terms, parties, or agreements for each one year extension of the revolving line of credit.
- 6) The pass through and the use of master hedging agreements, through the Company's affiliate, PPL, shall be at cost.
- 7) The Commission's approval shall have no accounting or ratemaking implications. Specifically, it shall not guarantee the recovery of, or accounting or ratemaking treatment provided for, any revenues, costs, or reimbursements directly or indirectly related to the Application.
- 8) The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of Code §§ 56-78 and 56-80 hereafter.
- 9) The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.
- 10) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.