

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY UTILITIES )  
COMPANY FOR AN ORDER AUTHORIZING ) CASE NO. 93-076  
THE ISSUANCE OF SECURITIES )

O R D E R

On March 4, 1993, Kentucky Utilities Company ("KU") filed an application seeking authority to issue and sell long-term debt in the form of First Mortgage Bonds in one or more transactions during the twelve months following the Commission's Order authorizing such issuance, the aggregate principal amount of which together shall not exceed \$125,000,000. The interest rate, either fixed or variable, applicable to the bonds of each such series would not exceed 8 percent per annum, with a maturity of not more than 40 years from the nominal date of each series.

The proceeds would be used to reduce KU's overall cost of capital on an after-tax basis by discharging or refunding KU's securities as follows:

1. To redeem all of the outstanding Series H, 7.625% First Mortgage Bonds issued in May 1969 at 101.483 percent of face value. The entire bond issue will be redeemed at the call price of 101.58 percent for a total cost of \$25,395,000 plus accrued interest to the date of redemption.

2. To redeem all of the outstanding Series I, 8.75% First Mortgage Bonds issued in April 1970 at 101.604 percent face value.

The entire bond issue will be redeemed at the call price of 102.15 percent for a total cost of \$30,645,000 plus accrued interest to the date of redemption.

3. To redeem all of the outstanding Series J, 7.625% First Mortgage Bonds issued in September 1971 at 102.087 percent face value. The entire bond issue will be redeemed at the call price of 102.68 percent for a total cost of \$35,938,000 plus accrued interest to the date of redemption.

4. To redeem all of the outstanding Series N, 8.5% First Mortgage Bonds issued in April 1977 at 101.642 percent face value. The entire bond issue will be redeemed at the call price of 104.55 percent for a total cost of \$31,365,000 plus accrued interest to the date of redemption.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance and sale by KU of up to \$125,000,000 in First Mortgage Bonds are for lawful objects within its corporate purposes, are necessary and appropriate for and consistent with the proper performance of its service to the public, and are reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. KU be and it hereby is authorized to issue and sell up to \$125,000,000 of its First Mortgage Bonds at interest not to exceed 8 percent in one or more transactions during the twelve months

following the date of this Order. The securities will be sold in a public offering which may be made directly by KU with one or more purchasers or on a negotiated or competitive bid basis with one or more underwriters, investment bankers or agents, or in a private placement transaction utilizing the proper documentation.

2. KU shall agree only to such terms and prices which will result in a positive net present value savings and which are consistent with said parameters as set out in its application.

3. KU shall, within 30 days after the issuance of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts or commissions or other compensation, involved in the issuance and distribution.

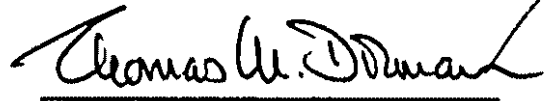
4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

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.

Done at Frankfort, Kentucky, this 30th day of March, 1993.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director