

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY)
UTILITIES COMPANY FOR AN)
ORDER AUTHORIZING THE)
ISSUANCE OF SECURITIES AND THE)
ASSUMPTION OF OBLIGATIONS)

CASE NO. 2006-00235

O R D E R

On August 23, 2006, Kentucky Utilities Company ("KU") applied to the Commission for authority to obtain long-term unsecured debt financing from Fidelia, an affiliate within the E.ON AG holding company system. The parties have participated in one informal conference and one round of information requests.

KRS 278.300(2) provides that the Commission shall have 60 days after filing to consider applications for authority to issue or assume securities or evidences of indebtedness unless it is necessary for good cause to continue the application. As the Commission does not expect to complete its investigation of KU's proposal within 60 days, the Commission finds that good cause exists to continue the financing application beyond the 60-day period specified in KRS 278.300(2).

IT IS THEREFORE ORDERED that:

1. KU's application for authority to obtain long-term unsecured debt financing is continued beyond the 60-day period specified in KRS 278.300(2).
2. KU shall file within 10 days of the date of this Order an original and five copies of its responses to the data request set forth in Appendix A attached hereto.

Each copy of the data responses should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible.

Done at Frankfort, Kentucky, this 19th day of October, 2006.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00390 DATED October 19, 2006

1. Refer to KU's application, Exhibit 7, pages 2 and 3 of 9. Explain which debt comprises the \$87.1 million of non-insured floating rate debt referenced in the application at page 10.

2. For each note listed in KU's application, Exhibit 7, page 3 of 3, paragraph 6, explain why the interest rate would not have been lower if either: (a) the note had been secured by a first mortgage lien on KU's property; or (b) KU had issued a bond secured by a first mortgage lien in lieu of the note.

3. Refer to KU's application, Exhibit 5, page 1. For each line, beginning November 1, 2007 through August 1, 2028, explain the derivation of the figure shown in the column labeled "net periodic (cost) or savings."

4. Does there currently exist a draft copy of the bond documents for the proposed \$54 million of pollution control refunding bonds? If yes, provide copies.

5. Does there currently exist, in either final or draft form, a memorandum of agreement between Carroll County, Kentucky and KU and a resolution of the Fiscal Court of Carroll County, Kentucky relating to the construction of pollution control equipment and the issuance of revenue bonds? If yes, provide copies of each document.

6. Does KU anticipate issuing any new long-term debt within the next 5 years? If yes, provide an estimate of the total amount of new debt and the difference in the cost over the life of that debt if it is unsecured rather than secured by a first mortgage lien.