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Eddie Roberson  
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Tennessee Regulatory Authority  
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Nashville, Tennessee 37219

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March 17, 2008

**RE: Docket No. 06-00248 (Petition of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations)**

**Docket No. 00-00364 (Petition of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations)**

Dear Chairman Roberson:

By letter dated March 3, 2008, I advised the Authority regarding actions that Kentucky Utilities Company was preparing to take to mitigate the impact of recent market conditions on certain of KU's variable rate pollution control bonds. Specifically, I informed the Authority that KU planned to convert its Carroll County 2007 Series A and Trimble County 2007 Series A Pollution Control Bonds from variable rate to fixed rate to maturity. Both series of bonds were approved by the Authority in Docket No. 07-00083.

I also informed the Authority that, in consultation with its legal and financial advisors and depending upon the developing situation in the financial markets, KU might also decide to take action with respect to other series of outstanding debt. This is to inform the Authority that KU is now preparing to take action with regard to two additional series of tax exempt pollution control bonds. These are the KU Carroll County 2006 Series C (\$16,693,630) approved by the Authority in Docket No. 06-00248 and the KU Mercer County 2000 Series A (\$12,900,000) approved by the Authority in Docket No. 00-00364.

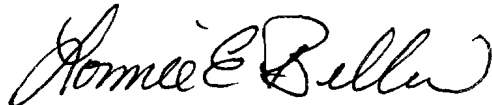
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KU will convert both series of bonds from auction mode to 7 day variable mode. KU has authority under the Authorities' Orders in the respective cases cited above to undertake these actions, and the procedures to effect these conversions of interest rate modes are set out in the documentation for each bond series. In addition, following the conversions it is anticipated that the bonds would be temporarily repurchased and held by KU (but not retired) with a view to refinancing with new debt in the future. Prior to any such refinancing, or other action requiring Authority approval, a Petition seeking authority for the proposed action will be filed with the Authority.

As was the case with the actions cited in my March 3 letter, KU is taking this action in response to conditions in the financial markets. These are conditions affecting the financial markets generally, and are not specific to KU nor reflective of its financial condition.

Please do not hesitate to contact the undersigned if the Authority has any questions or requires additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Lonnie E. Bellar". The signature is fluid and cursive, with the first name "Lonnie" and last name "Bellar" clearly distinguishable.

Lonnie E. Bellar

cc: D. Billye Sanders, Esq.