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February 12, 2007

07-00043

VIA HAND DELIVERY

Sara Kyle, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37219

Re: In the Matter of the Petition of Kentucky Utilities
Company for an Order Authorizing the Issuance of Securities
and the Assumption of Obligations

Dear Chairman Kyle,

Enclosed are the original and thirteen copies of the above referenced Petition of Kentucky Utilities Company and a check for \$25.00 for the filing fee. Please contact me if you have any questions or need any additional information.

Sincerely,

D. Billye Sanders / hmd

D. Billye Sanders
Attorney for Kentucky Utilities
Company

DBS:hmd

Enclosures

cc: Kendrick R. Riggs, Esq.
John Wade Hendricks, Esq.
Allyson K. Sturgeon, Esq.

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

In the Matter of:

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

DOCKET NO. 07-00043

PETITION

Kentucky Utilities Company ("KU" or the "Company") hereby requests, pursuant to T.C.A. § 65-4-109 that the Tennessee Regulatory Authority ("TRA" or "Authority") authorize the issuance of securities, assumption of obligations and entrance into all necessary agreements and other documents relating thereto as more fully described herein. Specifically, KU requests authority to obtain long-term debt financing from an affiliate within the E.ON AG ("E.ON") Holding Company System. In support of this Petition, KU states as follows:

1. The Company's full name is Kentucky Utilities Company. The post office address of the Company is One Quality Street, Lexington, Kentucky 40507. KU is a Kentucky and a Virginia corporation, a utility as defined by T.C.A. § 65-4-101 and as of November 30, 2006 provides retail electric service to approximately 5 customers in Tennessee, 501,000 customers in seventy-seven counties in Kentucky, and 30,000 customers in southwestern Virginia. A description of KU's properties is set out in Exhibit 1 to this Petition.

2. KU obtains financing through numerous sources of capital, including the form of debt that is the subject of this Petition. KU does not assign specific financing to any particular project or use, and does not project finance capital projects. Thus the uses cited below are general reasons for KU's need for additional debt financing, rather than projects to which specific financing will be assigned.

3. KU anticipates incurring capital expenditures during 2007 for pollution control facilities at the Company's Ghent Generating Station in Carroll County, Kentucky (the "Pollution Control Project"). The Pollution Control Project is described in Exhibit 2 hereto.¹ During 2007, KU anticipates incurring up to \$197 million in construction costs in connection with the Pollution Control Project.

4. KU also anticipates incurring capital expenditures during 2007 for its share of construction costs for Trimble County Unit 2 in Trimble County, Kentucky. This facility is described in Exhibit 3 hereto. During 2007, KU anticipates incurring up to \$247 million in construction costs in connection with Trimble County Unit 2.

5. In addition, the Pension Protection Act of 2006 requires KU to fund its pension obligations over a significantly shorter period than previously. As a result, KU has contributed an estimated \$13 million to its pension plan during the first quarter of 2007.

6. The Authority has previously approved other, long-term debt financing between KU and an affiliate within the E.ON Holding Company System. See TRA Docket No. 06-00121, Order of June 27, 2006, TRA Docket No. 05-00095, Order of August 4 2005, TRA Docket No. 03-00522, Order of October 30, 2003 and TRA Docket No. 03-00146, Order of April 7, 2003.

Description of KU's Position Within the Holding Company and the Affiliate

7. E.ON U.S. LLC ("E.ON US") is an indirect subsidiary of E.ON. The Company is a wholly owned subsidiary of E.ON US. E.ON U.S. Holding GmbH, is also a subsidiary of

¹ The Company is making every effort to finance eligible portions of the Pollution Control Project with tax-exempt debt. See TRA Docket No. 06-00248, Order of October 30, 2006, TRA Docket No. 06-00140, Order of June 26, 2006, TRA Docket No. 05-00144, Order of June 20, 2005 and TRA Docket No. 05-00249, Order of October 19, 2005, authorizing the Company to issue securities and assume obligations in connection with private activity bond allocations from the Kentucky Private Activity Bond Allocation Committee. The Company intends to continue seeking allocations from the Kentucky ceiling for private activity bonds and the opportunity to finance additional, eligible portions of the Pollution Control Project with tax-exempt financing resulting in lower costs.

E.ON. Fidelia Corporation (“Fidelia”), a finance company subsidiary organized in Delaware, is a subsidiary of E.ON U.S. Holding GmbH.² Fidelia lends money to companies in the E.ON Holding Company System and upon request of the Company would lend money to the Company as set out in this Petition.

Description of the New Long-Term Debt

8. This Petition relates to the issuance of long-term unsecured debt by KU to Fidelia. The Company proposes to borrow money from Fidelia in an amount not to exceed \$295,000,000 at various times during the period ending December 31, 2007. The Company anticipates issuing unsecured notes to Fidelia with final maturity not to exceed thirty years. The Company anticipates utilizing a range of maturities that are reflective of operating and market conditions and cash flow requirements. Such borrowings would only occur if the interest rate on the loan would result in an equal or lower cost of borrowing than the Company could obtain in a loan from E.ON or in the capital markets on its own. All borrowings from Fidelia would be at the lowest of 1) E.ON’s effective cost of capital; 2) Fidelia’s effective cost of capital; and 3) the Company’s effective cost of capital determined by reference to the effective cost of a direct borrowing by the Company from an independent third party for a comparable term loan that could be obtained at the time of the loan (the “Best Rate Method”). The Best Rate Method assures the Company that it will not pay more for a loan from Fidelia than it would pay in the capital markets for a similar loan. The Company’s treasury group has evaluated its capital requirements through December 31, 2007, and the appropriate sources of capital available to it (both existing and potential). The Company has determined that it is cost effective to borrow money from Fidelia through this intercompany loan facility and desires to take advantage of this opportunity.

² It is possible that the ownership structure of Fidelia could change through a potential corporate restructure of portions of the E.ON system. However, the direct and indirect ownership of KU would not be affected, and both KU and Fidelia would remain wholly owned subsidiaries of E.ON.

9. The interest rates will be set at the time of issuance of each note and would depend on the maturity of the notes. The interest rate on each note would be the lower of (a) the average of three quotes obtained by the affiliate company from international investment banks for an unsecured bond issued by E.ON for the applicable term of the loan; and (b) the lowest of three quotes obtained by the Company from international investment banks for a secured bond issued by the Company with the applicable term of the loan. This method complies with the Best Rate Method because this rate would be determined using the lower of the average of actual quotes obtained based upon the credit of E.ON or the lowest of three actual quotes obtained by the Company.

10. The interest rate would be determined as described in Paragraph 9 herein. A note would be executed by the Company each time a loan was made by Fidelia to the Company stating the interest rate, maturity date and payment terms. Attached to the Petition as Exhibit 4 is the form of the intercompany loan agreement and note. Issuance expenses for the intercompany loans described herein will not exceed, in total, the sum of \$50,000. In connection with the issuance of the debt, KU may enter into one or more interest rate hedging agreements (T-bill lock, swap or similar agreement, collectively the "Hedging Facility") either with an E.ON affiliate or with a bank or financial institution. The Hedging Facility would be an interest rate agreement designed to allow the Company to lock in the underlying interest rate on the loan in advance of the closing of the loan. The Hedging Facility will set forth the specific terms under which the Company will agree to make payments, and the other terms and conditions of any rights or obligations thereunder.

11. No contracts have been made for the disposition of any of the securities which KU proposes to issue.

12. KU shall, as soon as reasonably practicable after the issuance of each note referred to herein, file with the Authority a statement setting forth the date or dates of issuance of the notes, the proceeds of such notes, the interest rates, costs or gains with the Hedging Facility, and all fees and expenses involved in such issuance.

13. Exhibit 5 to this Petition contains a financial exhibit in support of the Petition.

14. Exhibit 6 to this Petition is a certified copy of KU's Board of Directors resolution authorizing the issuance of the notes, and the transactions related thereto as discussed in this Petition.

WHEREFORE, Kentucky Utilities Company respectfully requests that the Authority enter its Order, authorizing it to issue securities and to execute, deliver and perform the obligations of KU under the intercompany loan agreement and the notes, as set forth in this Petition. KU further requests that the Order of the Authority specifically include provisions stating:

1. KU is authorized to issue and deliver its unsecured notes in an aggregate principal amount not to exceed \$295,000,000 in the manner set forth in its Petition.

2. KU is authorized to execute, deliver and perform the obligations of KU under, *inter alia* the loan agreement with Fidelia Corporation, the notes, and such other agreements and documents as set out in its Petition, and to perform the transactions contemplated by such agreements.

Respectfully submitted,

Kentucky Utilities Company

BY: D. Billye Sanders ^{by hand}
D. Billye Sanders ^{with} ^{permission}

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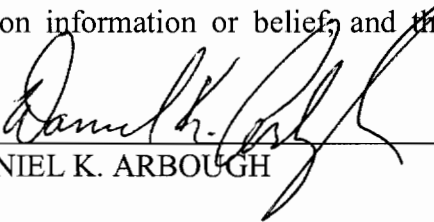
Counsel for Kentucky Utilities Company

VERIFICATION

COMMONWEALTH OF KENTUCKY

COUNTY OF JEFFERSON

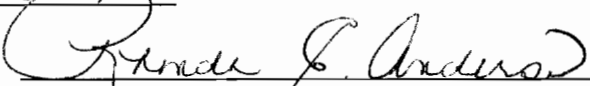
Daniel K. Arbough being first duly sworn, deposes and says that he is Director, Corporate Finance and Treasurer for Kentucky Utilities Company, that he has read the foregoing Application and knows the contents thereof, and that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and that as to these matters, he believes them to be true.



DANIEL K. ARBOUGH

Subscribed and sworn before me this 8th day of February, 2007.

My Commission Expires: August 31, 2007



NOTARY PUBLIC, STATE AT LARGE

KENTUCKY UTILITIES COMPANY

A DESCRIPTION OF PETITIONER'S PROPERTY, INCLUDING A
STATEMENT OF THE NET ORIGINAL COST OF THE PROPERTY
AND THE COST THEREOF TO PETITIONER

November 30, 2006

The Petitioner owns and operates four coal fired steam electric generating stations having an estimated total effective capacity, with all equipment in service, of about 2,934 Mw; a hydroelectric generating station having an estimated total effective capability of about 24 MW; and seventeen gas/oil peaking units having an estimated total effective capability of about 1,499 Mw.

The Petitioner's owned electric transmission system includes 110 substations with a total capacity of approximately 16,978 Mva and approximately 4,031 miles of lines. The electric distribution system includes 492 substations with a total capacity of approximately 6,322 Mva, 13,746 miles of overhead lines, and 1,704 miles of underground conduit.

Other properties include office buildings, service centers, warehouses, garages, and other structures and equipment.

The net original cost of the property and cost thereof to the Petitioner at November 30, 2006, was:

	Utility Plant
Original Cost	
Intangible Plant	22,587,298
Production Plant	2,671,493,745
Transmission Plant	379,471,287
Distribution Plant	1,006,424,288
General Plant	90,977,353
Transportation Plant	22,440,354
Construction Work in Progress	402,355,108
Total Plant and Original Cost	4,443,493,375
Less Reserves for Depreciation	2,611,815,791
Net Original Cost	1,831,677,584

**Kentucky Utilities Company
Ghent Station
Pollution Control Projects**

- a. Project No. 24: Installation of Sorbent Injection equipment at Ghent Units 1, 3 and 4

Project Description: Project No. 24 pertains to the mitigation of SO₃ on generating units where high sulfur coal is burned and NO_x emissions are controlled using a selective catalytic reduction (SCR) system during the ozone season. The installation of low SO₂ to SO₃ conversion catalyst and sorbent injection technology provides the lowest cost and least risk operational alternative for effective NO_x compliance and to remain within established opacity limits.

- b. Project No. 25: Installation of Mercury Monitors

Project Description: The United States Environmental Protection Agency has enacted regulations requiring continuous monitoring of mercury emissions from US power plants. In compliance with the Clean Air Mercury Rule (CAMR), mercury monitors are required to be installed and certified prior to January 1, 2009. Project No. 25 provides the only means of compliance with the CAMR which requires monitoring, tracking, and reporting of mercury emissions.

- c. Project No. 26: Installation of Selective Catalytic Reduction equipment at Ghent Unit 2

Project Description: Project No. 26 consists of installing an SCR at Ghent Unit 2. This project is the least cost option to control NO_x emissions and is required to comply with the Clean Air Act as Amended and Clear Air Interstate Rule regulations and Ghent's Title V Operating Permit V-97-025.

DESCRIPTION OF TRIMBLE COUNTY UNIT 2

Trimble County Unit 2 is a 750 MW nominal net (732 MW summer rating) super-critical pulverized coal-fired base load generating unit being constructed adjacent to the existing generating unit ("TC1") at the Trimble County Generating Station ("Trimble Station"), in Trimble County, Kentucky. The Trimble Station was originally designed to be a multi-unit site and significant plant infrastructure (limestone barge unloader, limestone handling system, limestone grinding and slurry systems, coal barge unloader, coal handling system, site fire protection, site fuel oil storage, administrative offices, maintenance shops, warehousing facilities, site development, barge mooring cells, and raw river water supply systems) were placed into operation when TCI was constructed. Those systems were built to handle the operation of additional units with little or no modification. TC2 will be a "super-critical" unit, in that its boiler is designed to operate above the critical pressure of water, meaning that within the boiler the water turns to steam with no phase change, resulting in shorter start-up times and load ramp rates that are faster. In addition, it is anticipated that TC2 will employ state of the art air pollution control equipment consisting of a Selective Catalytic Reduction system, Baghouse, Wet Flue Gas Desulphurization system and Wet Electrostatic Precipitator with provisions for the addition of future controls for acid mist and mercury engineered in the design should air regulations change in the future.

EXHIBIT 4

Kentucky Utilities Company
(as Borrower)

Fidelia Corporation
(as Lender)

LOAN AGREEMENT

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THIS AGREEMENT made on _____

Between

KENTUCKY UTILITIES COMPANY, a Kentucky and Virginia corporation,
as borrower (the *Borrower*); and

FIDELIA CORPORATION, a Delaware corporation, as lender (the
Lender).

Whereas

(A) The Lender and the Borrower hereby enter into an agreement for the
provision by the Lender to the Borrower of a loan in the amount of
_____ (the Loan Amount).

Now it is hereby agreed as follows:

1. Definitions

1.1 In this Agreement

Business Day means a day on which banks in New York are generally
open

Default Interest Rate means: the rate, as determined by the Lender,
applying to the principal element of an overdue amount under Clause 6.3,
calculated as the sum of the interest rate in effect immediately before the
due date of such amount, plus 1%;

Effective Date shall have the meaning given to it in Clause 2.1;

Final Repayment Date means _____;

Interest Payment Date means _____ and _____ of each year
during the term of this agreement, provided, that:

any Interest Payment Date which is not a Business Day shall be extended
to the next succeeding Business Day;

Loan Amount means _____;

Maturity Date means the Final Repayment Date;

Request means a request for the Loan Amount from the Borrower to the Lender under the terms of clause 3.1;

Termination Event means an event specified as such in Clause 7;

Value Date means the date upon which cleared funds are made available to the Borrower by the Lender pursuant to a Request made in accordance with Clause 3.1. Such date shall be a Business Day as defined herein.

2. Term Loan

- 2.1 This Agreement shall come into effect on _____ (the "Effective Date").
- 2.2 The Lender grants to the Borrower upon the terms and conditions of this Agreement a term loan in an amount of _____.
- 2.3 The new indebtedness shall be evidenced by a note in substantially the form of Exhibit "A" attached hereto.

3. Availability of Requests

- 3.1 On the Effective Date, the Borrower will submit a request (the "Request") to the Lender for the Loan Amount, such Request specifying the Value Date, the Maturity Date and the bank account to which payment is to be made. The Request shall be submitted to the Lender by the Borrower and delivered in accordance with Clause 9.3.

4. Interest

- 4.1 The rate of interest on the Loan Amount is x.xx%.
- 4.2 Interest shall accrue on the basis of a 360-day year consisting of twelve 30 day months upon the Loan Amount.
- 4.3 Interest shall be payable in arrears on each Interest Payment Date.

5. Repayment and Prepayment

- 5.1 The Borrower shall repay the Loan Amount together with all interest accrued thereon and all other amounts due from the Borrower hereunder on the Final Repayment Date, whereupon this Agreement shall be terminated.
- 5.2 On any Interest Payment Date, and with at least three business day's prior written notice, the Borrower shall be entitled to prepay any amount of the loan outstanding, provided such payment is not less than \$1,000,000 and, provided further, the Borrower shall pay a prepayment charge equal to the present value of the difference between (i) the interest payable provided in this loan agreement and (ii) the interest payable at the prevailing interest rate at the time of prepayment, for the period from the date of prepayment through the Maturity Date, which difference, if negative, shall be deemed to be zero. The present value will be determined using the prevailing interest rate at the time of the prepayment as the discount rate.
- 5.3 A certificate from the Lender as to the amount due at any time from the Borrower to the Lender under this Agreement shall, in the absence of manifest error, be conclusive.

6. Payments

- 6.1 All payments of principal to be made to the Lender by the Borrower shall be made on the Final Repayment Date, or on an Interest Payment Date under Clause (5.2) to such account as the Lender shall have specified.
- 6.2 Interest shall be payable in arrears on each Interest Payment Date.
- 6.3 If and to the extent that full payment of any amount due hereunder is not made by the Borrower on the due date then, interest shall be charged at the Default Interest Rate on such overdue amount from the date of such default to the date payment is received by the Lender.

7. Termination Events

- 7.1 The Borrower shall notify the Lender of any Event of Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of it.
- 7.2 The following shall constitute an Event of Default hereunder:
 - 7.2.1 Default is made by the Borrower in the payment of any sum due under this Agreement and such default continues for a period of 10 Business Days;
 - 7.2.2 Bankruptcy proceedings are initiated against the Borrower;
 - 7.2.3 The Borrower leaves the E.ON Group (i.e. the companies consolidated in EON AG's balance sheet);
 - 7.2.4 Securities and Exchange Commission or Public Utility Holding Company Act (PUHCA) requirements prohibit the transactions hereunder.

If a Termination Event occurs under Clause (7.2.2) of this section, the Loan Amount outstanding together with interest will become due and payable immediately.

If a Termination Event occurs according to Clauses (7.2.1) or (7.2.3) or (7.2.4) of this Section, Lender shall at its discretion grant Borrower a reasonable grace period unless such grace period shall be detrimental to the Lender. If the Termination Event is uncured at the expiration of such period, the Loan Amount outstanding together with interest will become due and payable immediately.

8. Operational Breakdown

- 8.1 The Borrower is not liable for any damages incurred by the Lender and the Lender is not liable for any damages incurred by the Borrower caused by Acts of God or other circumstances incurred by one party for which the other party cannot be held responsible (i.e. power outages, strikes, lock-outs, domestic and foreign acts of government and the like).

9. Notices

- 9.1 Each communication to be made in respect of this Agreement shall be made in writing but, unless otherwise stated, may be made by facsimile transmission or letter.
- 9.2 Communications to the Borrower shall be addressed to: Kentucky Utilities, 220 W. Main St., Louisville, KY 40202, Attn: Treasurer fax# (502) 627-4742 and to One Quality Street, Lexington, KY 40507, except for confirmations which should be sent to the attention of Mimi Kelly.
- 9.3 Communications to the Lender shall be addressed to: Fidelity Corporation, 300 Delaware Avenue, Suite 545, Wilmington, Delaware 19801, fax# (302) 427-5913, Attn: Executive Vice President

10. Assignment

- 10.1 The Lender may at any time assign, novate or otherwise transfer all or any part of its rights and obligations under this Agreement to any affiliate of the Lender.

11. Severability

- 11.1 If any of the provisions of this Agreement becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

12. Counterparts

- 12.1 This Agreement may be executed in any number of counterparts that shall together constitute one Agreement. Any party may enter into an Agreement by signing any such counterpart.

13. Law

13.1 This Agreement shall be governed by and construed for all purposes in accordance with the laws of Delaware.

IN WITNESS whereof the parties have executed this Agreement the day and year first above written.

SIGNED by _____)
for and on behalf of)
Kentucky Utilities Company)
in the presence of:)

SIGNED by _____)
for and on behalf of)
Fidelia Corporation)
in the presence of:)

EXHIBIT "A"

PROMISSORY NOTE

U.S. _____

Louisville, KY, _____

Kentucky Utilities Company ("KU"), for value received, hereby promises to pay to the order of FIDELIA Corporation ("FIDELIA") in lawful money of the United States of America (in freely transferable U.S. dollars and in same day funds), in accordance with the method of payment specified in that certain Loan Agreement dated as of _____, between FIDELIA and KU ("the Agreement"), the principal sum of _____, which amount shall be payable at such times as provided in the Agreement.

KU promises also to pay interest on the unpaid principal amount hereof in like money and in like manner at the rates which shall be determined in accordance with the provisions of the Agreement, said interest to be payable at the times provided for in the Agreement. This Note is referred to in the Agreement and is entitled to the benefits thereof and the security contemplated thereby. This Note evidences a loan made by FIDELIA, during such time as such loan is being maintained. This Note is subject to prepayment as specified in the Agreement. In case KU defaults on the loan, the principal and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

KU hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

Kentucky Utilities Company

By: _____

KENTUCKY UTILITIES COMPANY
FINANCIAL EXHIBIT

November 30, 2006

(1) Amount and kinds of stock authorized.

80,000,000 shares of Common Stock, without par value.
5,300,000 shares of Cumulative Preferred Stock, without par value.

(2) Amount and kinds of stock issued and outstanding.

Common Stock:
37,817,878 shares issued and outstanding.

(3) Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets otherwise.

None

(4) Brief description of each mortgage on property of Petitioner, giving date of execution name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of the indebtedness actually secured, together with any sinking fund provisions.

Mortgage indenture dated May 1, 1947, executed by and between the Company and U.S. Bank National Association (the "Trustee") and Richard Prokosch, as trustees and amended by the several indentures supplemental thereto. As of November 30, 2006, the amount of indebtedness secured thereby was \$342,257,520. The indenture does not fix an overall limitation on the aggregate principal amount of bonds of all series that may be issued or outstanding thereunder.

- (5) Amount of bonds authorized, and amount issued giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with an amount of interest paid thereon during the last fiscal year.

First Mortgage Bonds authorized and issued by Kentucky Utilities Company at November 30, 2006, secured by a first mortgage lien, subject only to permitted encumbrances, on all or substantially all the permanent fixed properties, other than excluded property, owned by the Company:

Series	Date of Issue	Date of Maturity	Rate of Interest	Principal Amount		Interest Expense
				Authorized	Outstanding at November 30, 2006	Year Ended November 30, 2006
P	05/15/92	05/15/07	7.92%	\$ 53,000,000	\$ 53,000,000	\$ 4,197,600
S	01/15/96	01/15/06	5.99%	36,000,000	-	269,550
Pollution Control Bonds						
10	11/01/94	11/01/24	Variable	54,000,000	54,000,000	1,897,693
11	05/01/00	05/01/23	Variable	12,900,000	12,900,000	450,771
12	02/01/02	02/01/32	Variable	20,930,000	20,930,000	731,420
13	02/01/02	02/01/32	Variable	2,400,000	2,400,000	83,870
14	02/01/02	02/01/32	Variable	7,200,000	2,400,000	83,870
15	02/01/02	02/01/32	Variable	7,400,000	7,400,000	258,601
16	07/01/02	10/01/32	Variable	96,000,000	96,000,000	3,379,507
17	10/01/04	10/01/34	Variable	50,000,000	50,000,000	1,723,917
18	07/07/05	06/01/35	Variable	13,266,950	13,266,950	458,403
19	11/17/05	06/01/35	Variable	13,266,950	13,266,950	454,481
20	07/20/06	06/01/36	Variable	16,693,620	16,693,620	227,270
					342,257,520	14,216,953
Interest rate swap						(394,802)
Long term debt mark to market					539,010	(1,031,283)
Total					\$ 342,796,530	\$ 12,790,868

- (6) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest in whose favor, together with amount of interest during the last 12-month period.

<u>Payee</u>	<u>Date of Issue</u>	<u>Amount</u>	<u>Rate of Interest</u>	<u>Date of Maturity</u>	<u>Interest Expense Year Ended November 30, 2006</u>
Fidelia Corp.	04/30/03	100,000,000	4.55%	04/30/13	4,550,000
Fidelia Corp.	08/15/03	75,000,000	5.31%	08/15/13	3,982,500
Fidelia Corp.	11/24/03	33,000,000	4.24%	11/24/10	1,399,200
Fidelia Corp.	12/18/03	75,000,000	2.29%	12/19/05	81,104
Fidelia Corp.	01/15/04	50,000,000	4.39%	01/16/12	2,195,000
Fidelia Corp.	07/08/05	50,000,000	4.735%	07/08/15	2,367,500
Fidelia Corp.	12/19/05	75,000,000	5.36%	12/21/15	3,819,000
Fidelia Corp.	06/23/06	50,000,000	6.33%	06/23/36	1,389,083
Fidelia Corp.	10/25/06	50,000,000	5.675%	10/25/16	283,750

- (7) Other indebtedness, giving same by classes and describing security, if any with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.

None, other than current and accrued liabilities.

- (8) Rate and amount of dividends paid during the five previous fiscal years, and amount of capital stock on which dividends were paid. (1)

Dividends on Common Stock, without par value

2001	30,500,000
2002	-
2003	-
2004	63,000,000
2005	50,000,000

- (1) As of May 1998, the 37,817,878 shares are all owned by E.ON U.S. LLC and all dividends declared by KU's Board of Directors are paid to E.ON U.S. LLC.

EXHIBIT 5
Page 4 of 9

Dividends on 4 3/4% Cumulative Preferred Stock

For each of the quarters in the previous five fiscal years, the Company declared and paid dividends of \$1.1875 per share on the 200,000 outstanding shares of 4 3/4% Cumulative Preferred Stock, \$100 stated value, for a total of \$ 237,500 per quarter. On an annual basis the dividend amounted to \$4.75 per share, or \$950,000. This series of preferred stock was redeemed on October 24, 2005.

Dividends on 6.53% Cumulative Preferred Stock

For each of the quarters in the previous five fiscal years, the Company declared and paid dividends of \$1.6325 per share on the 200,000 outstanding shares of 6.53% Cumulative Preferred Stock, \$100 stated value, for a total of \$326,500 per quarter. On an annual basis the dividend amounted to \$6.53 per share, or \$1,306,000. This series of preferred stock was redeemed on October 24, 2005.

(9) Detailed Income Statement and Balance Sheet

Attached are detailed Statements of Income, Balance sheets and Retained Earnings for the Company for the period ending November 30, 2006.

KENTUCKY UTILITIES COMPANY

The 2005 Form 10-K Annual Report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 (combined form 10-K, separately filed by Louisville Gas and Electric Company and Kentucky Utilities Company) contains Statements of Income, Balance Sheets, Statements of Retained Earnings, Statements of Cash Flows, Statements of Capitalization, Statements of Other Comprehensive Income, Management's Discussions and Analysis of Financial Condition and Results of Operation, and Notes to Financial Statements, for Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU"). The Annual Report of KU has been previously filed with the Authority.

We have also attached the succeeding three pages, detailed Statements of Income, Balance Sheets, and Statements of Retained Earnings for KU for the period ending November 30, 2006.

KENTUCKY UTILITIES COMPANY
STATEMENT OF INCOME
NOVEMBER 30, 2006

Exhibit 5
Page 6 of 9

	YEAR ENDED CURRENT YEAR
	THIS YEAR AMOUNT
Electric Operating Revenues.....	1,227,087,803.80
Rate Refunds.....	-
Total Operating Revenues.....	1,227,087,803.80
Operating Expenses	
Fuel.....	426,393,454.78
Power Purchased.....	190,396,169.86
Other Operation Expenses.....	178,033,050.38
Maintenance.....	70,927,067.93
Depreciation.....	109,741,568.24
Amortization Expense.....	5,020,060.45
Regulatory Credits.....	(7,528,323.11)
Taxes	
Federal Income.....	60,500,664.56
State Income.....	12,187,147.99
Deferred Federal Income - Net.....	(4,528,399.25)
Deferred State Income - Net.....	(103,207.24)
Federal Income - Estimated.....	5,915,764.68
State Income - Estimated.....	1,119,049.34
Property and Other.....	18,143,518.75
Loss (Gain) from Disposition of Allowances.....	(1,283,929.13)
Accretion Expense.....	1,717,658.99
Total Operating Expenses.....	1,066,651,317.22
Net Operating Income.....	160,436,486.58
Other Income Less Deductions	
Other Income Less Deductions.....	26,290,319.28
AFUDC - Equity.....	309,608.78
Total Other Income Less Deductions.....	26,599,928.06
Income Before Interest Charges.....	187,036,414.64
Interest on Long Term Debt.....	32,858,005.73
Amortization of Debt Expense - Net.....	949,602.29
Other Interest Expenses.....	4,103,385.27
AFUDC - Borrowed Funds.....	(207,890.18)
Total Interest Charges.....	37,703,103.11
Net Inc Before Cumulative Effect of Acctg Chg	149,333,311.53
Cumulative Effect of Accounting Chg Net of Tax ..	3,337,340.49
Net Income	145,995,971.04
Preferred Dividend Requirements	-
Earnings Available for Common	145,995,971.04

KENTUCKY UTILITIES COMPANY
BALANCE SHEET AS OF NOVEMBER 30, 2006

ASSETS AND OTHER DEBITS	THIS YEAR	LIABILITIES AND OTHER CREDITS	THIS YEAR
Utility Plant		Capitalization	
Utility Plant at Original Cost	4,143,992,375.03	Common Stock	308,139,977.56
Less Reserves for Depreciation & Amortization	1,861,615,290.68	Common Stock Expense	(321,288.87)
		Paid-In Capital	15,000,000.00
Total	2,282,377,084.35	Other Comprehensive Income	(19,336,790.74)
		Retained Earnings	836,768,647.10
		Unappropriated Undistributed Subsidiary Earnings	14,224,976.80
		Total Common Equity	1,154,475,521.85
Investments - At Cost		Preferred Stock	-
Ohio Valley Electric Corporation	250,000.00	First Mortgage Bonds	289,257,520.00
Nonutility Property-Less Reserve	969,196.81	Other Long-Term Debt	-
Investments in Subsidiary Companies	15,520,776.80	LT Notes Payable to Associated Companies	483,000,000.00
Special Funds	8,100,756.47	Long-Term Debt Marked to Market	539,010.00
Other	426,140.00	Total Long-Term Debt	772,796,530.00
Total	25,266,870.08	Total Capitalization	1,927,272,051.85
Current and Accrued Assets		Current and Accrued Liabilities	
Cash	5,036,413.20	Advances from Associated Companies	-
Special Deposits	7,654,957.70	Long-Term Debt Due in 1 Year	53,000,000.00
Temporary Cash Investments	3,490.29	Notes Payable	-
Accounts Receivable-Less Reserve	118,080,730.92	Notes Payable to Associated Companies	65,186,054.00
Notes Receivable from Assoc. Companies	-	Accounts Payable	75,749,025.88
Accounts Receivable from Assoc Companies	23,546,621.15	Accounts Payable to Associated Companies	67,751,556.65
Materials & Supplies-At Average Cost		Customer Deposits	18,603,266.79
Fuel	68,945,062.47	Taxes Accrued	26,776,332.04
Plant Materials & Operating Supplies	26,564,957.73	Interest Accrued	8,163,536.56
Stores Expense	5,630,932.22	Dividends Declared	-
Allowance Inventory	2,020,836.43	Misc. Current & Accrued Liabilities	10,364,737.63
Prepayments	6,488,602.11	Total	325,594,509.55
Miscellaneous Current & Accrued Assets	2,856,968.42		
Total	266,829,572.64	Deferred Credits and Other	
		Accumulated Deferred Income Taxes	334,100,655.86
Deferred Debits and Other		Investment Tax Credit	1,113,931.32
Unamortized Debt Expense	5,499,273.80	Regulatory Liabilities	28,936,525.46
Unamortized Loss on Bonds	10,380,943.03	Customer Advances for Construction	1,712,601.98
Accumulated Deferred Income Taxes	54,390,522.51	Asset Retirement Obligations	28,335,571.54
Deferred Regulatory Assets	51,547,854.85	Other Deferred Credits	25,163,515.70
Other Deferred Debits	72,263,259.78	Misc. Long-Term Liabilities	32,077,956.49
Total	194,081,853.97	Accum Provision for Post-Retirement Benefits	64,248,061.29
		Total	515,688,819.64
Total Assets and Other Debits	2,768,555,381.04	Total Liabilities and Other Credits	2,768,555,381.04

KENTUCKY UTILITIES COMPANY
ANALYSIS OF RETAINED EARNINGS
NOVEMBER 30, 2006

	Year Ended Current Month
	Total
Retained Earnings and Undistributed Earnings	Retained Earnings
Balance Beginning of Period.....	690,896,544.77
Net Income To Date.....	145,995,971.04
Adjust for Equity in Subsidiary Earnings for Year	
-EE Inc.....	(27,639,130.80)
Dividends Rec'd Current Year	
-EE Inc.....	27,500,000.00
Preferred Stock Dividends.....	-
Common Stock Dividends.....	-
Preferred Stock Redemption Exp.	15,262.09
Balance End of Period.....	836,768,647.10

KENTUCKY UTILITIES COMPANY

The Petitioner's Indenture of Mortgage or Deed of Trust dated May 1, 1947, as heretofore amended, securing Petitioner's outstanding First Mortgage Bonds has heretofore been filed with the Commission. The most recent Supplemental Indenture, dated July 1, 2006, is on file with the Authority in Docket No. 06-00140 (In the Matter of: Petition of Kentucky Utilities Company for an Order Authorizing the Issue of Securities and the Assumption of Obligations).

**ACTION OF THE BOARD OF DIRECTORS
OF
KENTUCKY UTILITIES COMPANY
TAKEN BY WRITTEN CONSENT**

January 11, 2007

APPROVAL OF INTERCOMPANY LOAN FACILITIES

WHEREAS, the Company desires to enter into new intercompany long-term loan arrangements with Fidelia Corporation or other affiliates of E.ON AG (collectively, "Fidelia"), in the amount of up to \$295 million during 2007 (the "Intercompany Loans"), and

WHEREAS, the Intercompany Loans will enable the Company to borrow funds for approved flue gas desulfurization projects, Trimble County Unit 2 and pension contribution expenditures and for use for general corporate purposes of the Company.

NOW, THEREFORE, BE IT RESOLVED, that the Company is hereby authorized and directed to proceed with the Intercompany Loans as described in these resolutions; and

FURTHER RESOLVED, that, subject to receipt of all required regulatory approvals regarding the Intercompany Loans, the Company is authorized to enter into such loans; and

FURTHER RESOLVED, that the appropriate officers of the Company be, and each of them hereby is, authorized and directed, for and on behalf of the Company to take such actions, including but not limited to, to enter into, execute, deliver and file the Intercompany Loans and such other agreements and documents, and to make changes thereto, as they shall, in their discretion, deem necessary, appropriate or advisable to consummate the transactions contemplated by these resolutions, with the taking of such actions and the execution of such agreements or documents conclusively to evidence the authorization thereof by the Board of Directors; and

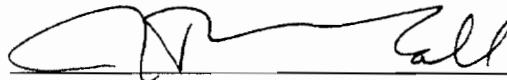
FURTHER RESOLVED, that the appropriate officers of the Company be, and each of them hereby is, authorized and directed to prepare, execute and deliver such applications, filings, or notices to governmental, commercial or financial entities as they may deem necessary or advisable in connection with the Intercompany Loans, including but not limited to, submissions to federal and state regulatory agencies; and

FURTHER RESOLVED, that all actions heretofore or hereafter taken by any officer of the Company in connection with the transactions contemplated by these resolutions be, and they hereby are, approved, ratified and confirmed in all respects.

SECRETARY'S CERTIFICATE

I, John R. McCall, certify that I am Executive Vice President, General Counsel and Corporate Secretary of Kentucky Utilities Company, a Kentucky and Virginia corporation (the "Company"); that I am one of the officers of the Company authorized to make certified copies of the corporate records; and as Corporate Secretary, I have access to all original records of the Company. I do hereby certify that attached hereto are resolutions of the Board of Directors of the Company adopted by unanimous written consent in lieu of a meeting dated January 11, 2007, and that the same are in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have signed this Certificate this 18th day of January 2007.

A handwritten signature in black ink, appearing to read 'J. R. McCall', is written over a horizontal line.

John R. McCall
Corporate Secretary