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2007 NOV -7 AM 10:36

T.R.A. DOCKET ROOM

Ms. Sara Kyle
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Kentucky Utilities Company
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.eon-us.com

Rick E. Lovekamp
Manager - Regulatory Affairs
T 502-627-3780
F 502-627-3213
rick.lovekamp@eon-us.com

VIA UPS OVERNIGHT DELIVERY

November 6, 2007

**RE: Petition of Kentucky Utilities Company for an Order Authorizing the
Issuance of Securities and the Assumption of Obligations**
Docket No. 07-00043

Dear Ms. Kyle:

Pursuant to Ordering Paragraph No. 3 of the Commission's Order in the aforementioned proceeding, Kentucky Utilities Company ("KU") hereby files an original and thirteen (13) copies of all correspondence submitted to the Virginia State Corporation Commission ("VSCC") under said Order.

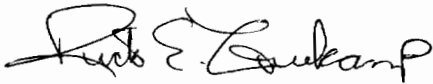
On November 2, 2007, KU, d/b/a Old Dominion Power ("ODP") filed pursuant to the VSCC Order Authorizing the Issuance of Securities and the Assumption of Obligations, a Preliminary Report of Action as stipulated in the order.

Additionally, on November 6, 2007, pursuant to the KPSC Order Authorizing the Issuance of Securities and the Assumption of Obligations, a report setting forth the loan provisions of a \$70,000,000 borrowing from Fidelia Corporation was provided.

Ms. Sara Kyle
November 6, 2007

Attached are copies of all correspondence submitted to the VSCC and the KPSC. Please confirm your receipt of this information by placing the File Stamp of your Office on the enclosed additional copy. Should you have any questions regarding this transaction or this information, please contact Don Harris at (502) 627-2021 or me.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick E. Lovekamp". The signature is fluid and cursive, with the first name "Rick" being more prominent.

Rick E. Lovekamp

cc: Ron Jones – Tennessee Regulatory Authority
Pat Miller – Tennessee Regulatory Authority
Dan Arbough
Kendrick Riggs – Stoll · Keenon · Ogden



Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

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State Regulation and Rates
220 West Main Street
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Louisville, Kentucky 40232
www.eon-us.com

Rick E. Lovekamp
Manager - Regulatory Affairs
T 502-627-3780
F 502-627-3213
rick.lovekamp@eon-us.com

November 6, 2007

**RE: The application of Kentucky Utilities Company for an Order
Authorizing the Issuance of Securities and the Assumption of
Obligations (Case No. 2007-00024)**

Dear Ms. O'Donnell:

Pursuant to Ordering Paragraph No. 8 of the Commission's Order in the
aforementioned proceeding, Kentucky Utilities Company ("KU") hereby files
an original and three (3) copies of information related to an issuance under said
Order.

On October 25, 2007, KU borrowed \$70 million from Fidelity Corporation in
accordance with the order issued March 19, 2007 in the above-referenced case.
The details of the loan are shown below:

Borrower:	Kentucky Utilities Company
Lender:	Fidelity Corporation
Amount:	\$70 million
Maturity Date:	October 25, 2019
Interest Rate:	5.71%
Price Paid:	100%
Proceeds:	\$70 million
Commissions Paid:	None
Legal Costs:	None
Security for Loan:	None
Interest Payments:	April 25 and October 25 commencing April 25, 2008

The proceeds of the loan were used to fund capital projects described in the
application. The issuance of this \$70 million completes the debt issued under
the authority granted in this order.

Ms. Elizabeth O'Donnell

November 6, 2007

The interest rate was set using the lowest rate quoted to KU at 1.28% above the yield on the ten-year treasury bond (4.43%). The supporting price indications from the investment banks are attached along with a copy of pages from Bloomberg showing the yield on the treasury bond. The lowest rate quoted to KU by the investment banks was lower than the average bid quoted to E. ON A.G. Once again, the supporting price indications are attached. The bids are summarized in the table below:

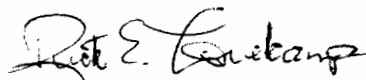
	KU Pricing	E.ON AG Pricing
Low bid above ten-year treasury	1.28%	
Ten-year treasury rate	4.43%	
All-in cost	5.71%	
Average bid above ten-year treasury		1.32%
Ten-year treasury rate		4.43%
All-in cost		5.75%

The 128 basis point spread for this 12 year borrowing is favorable to recent ten-year debt issuances from other energy companies, one with a similar credit rating and one with a lower rating. (See table below along with attached support documentation).

Issuer	Moody's / S&P	Maturity	Spread
EDP Finance	A2 / A-	02/02/2018	+ 163 bps
Centerpoint Energy Resources	Baa3/BBB	11/01/2017	+ 165 bps

Please confirm your receipt of this information by placing the File Stamp of your Office on the enclosed additional copy and returning it in the envelope provided. Should you have any questions regarding this transaction or this information, please contact me or Don Harris at (502) 627-2021.

Sincerely,



Rick E. Lovekamp

cc: Dan Arbough
Kendrick Riggs – Stoll · Keenon · Ogden

U.S. debt capital markets update

Utility & Pipeline sectors

For distribution to issuer clients only

New York
Week ending
October 19, 2007

Peter Madonia, MD (212) 834-0808
Anisha Mehra, ED (212) 834-4618
Heather Towner, VP (212) 834-4871
Steve Learner, Assoc (212) 834-4084
Stephanie Wai, Analyst (212) 834-3117
Sarah Chessin, VP Hybrids (212) 834-4073

Economic and Treasury market update

- Poor Q3'07 earnings led by the bank sector, weak housing data, dovish Fed commentary among other negative headlines fueled a flight-to-quality move last week
 - US Treasury yields fell by 22-42 bps across the curve, led by front-end maturities
 - Notably, 2-year yields rallied by 42 bps (the steepest weekly drop in 5 years), and the 2/30s curve steepened by 20 bps
 - Equity markets fell sharply on the week, with the DJIA, S&P and Nasdaq declining 4.1%, 3.9% and 2.9% on the week, respectively
 - Credit markets also experienced a softer tone, as high grade credit spreads gave up nearly half of the gains made since the Fed's rate cut
- While JPMorgan acknowledges that there is an increased chance of a 25bp ease at the October 30/31st Fed meeting (market expectations of a Fed ease has increased to 92%), we maintain our view that the Fed will stay on hold for several reasons:
 - Although there were numerous headlines that caused last week's flight-to-quality, the majority of these risks have been well known for some time and should not have resulted in such an abrupt reaction
 - Bank balance sheet pressures have begun to show some signs of lessening
 - Despite negative headlines about Structured Investment Vehicles (SIVs) last week, the risk of a fire sale of SIV assets seems to be small
- Higher energy prices, renewed caution in the credit markets, and recent spate of weaker-than-expected economic data add downside risk to the growth outlook
 - Crude oil prices hit a record \$90 last week, which is likely to weigh on consumer spending in Q4 as household purchasing power gets pinched
 - The first reports for the September housing market indicate that supply continued to weaken, as housing starts plummeted and homebuilder sentiment hit fresh lows

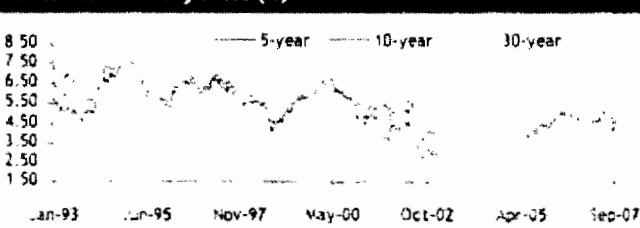
JPMorgan interest rate forecast (%)

	19-Oct-07	4Q-07	1Q-08	2Q-08	3Q-08
Fed funds rate	4.75%	4.75%	4.75%	4.75%	4.75%
3m LIBOR	5.15%	5.10%	5.05%	5.00%	5.10%
2yr UST	3.80%	4.30%	4.45%	4.60%	4.75%
5yr UST	4.04%	4.55%	4.65%	4.70%	4.85%
10yr UST	4.40%	4.70%	4.85%	4.95%	5.10%
30yr UST*	4.69%	4.85%	5.00%	5.35%	5.15%
2x/10x curve	60 bps	40 bps	40 bps	35 bps	35 bps
10x/30x curve	29 bps	15 bps	15 bps	10 bps	5 bps

JPMorgan forecast as of 10/19/07. Forecasts are for quarter-end

* 4.750% Treasury due Feb-2027

Historical treasury rates (%)



Source: Bloomberg

Investment grade primary and secondary market update

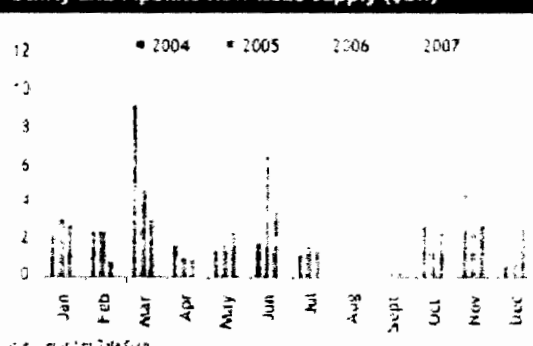
- In a sharp reversal of the month-long trend of credit market stabilization, risk aversion became the headline theme this past week in the credit markets
 - The JULI high grade corporate bond index widened by 6bps last week with the bank and financial services sectors feeling the brunt of the pain widening by 10+bps, however the utility and energy sectors outperformed only widening 3bp and 1bp respectively
- Q3'07 earnings reporting season has gotten off to a disappointing start, led by the bank sector. With 26% of the S&P 500 companies having reported as of last Friday, on a share-weighted basis, year-over-year growth is down 1.8% for the index
- Last week the Treasury and several major banks unveiled a preliminary plan to establish a master liquidity enhancement conduit ("M-LEC"), up to \$80-100bn in estimated size in order to accelerate the return of the asset-backed commercial paper market to some semblance of normalcy
 - Though the details have yet to be finalized, M-LEC will buy highly rated assets from certain existing SIVs that elect to access this new form of liquidity, which will be a positive for the market if the plan succeeds
- Despite the softer market tone observed last week, a robust \$25bn in supply priced in the new issue market, bringing October's month-to-date volume to \$57bn
 - Supply for the remainder of October is expected to remain modest in the midst of Q3 earnings season, however new issue activity is expected to accelerate in November
- Though high grade credit spreads widened last week and new issue premiums may have increased slightly for near-term issuers, the strong rally in US Treasury yields helps to mitigate these factors from an overall coupon perspective

Selected recent investment grade new issuance

Date	Issuer	Rating	Size	Coupon	Maturity	Spread
10/15	Trillia Power Corp	A3/A	150	6.250	10/15/2037	135
10/15	McDonald's Corp	A3/A	650	5.800	10/15/2017	115
10/15	McDonald's Corp	A3/A	250	6.300	10/15/2037	140
10/16	Kumon Brands Inc	Baa2/BBB-	600	6.250	03/15/2018	165
10/16	Kumon Brands Inc	Baa2/BBB-	400	6.375	11/15/2037	200
10/16	Marriott International	Baa2/BBB	400	5.625	02/15/2013	135
10/16	American Water	Baa2/A+	750	6.085	10/15/2037	143
10/16	American Water	Baa2/A+	750	6.593	10/15/2037	168
10/16	General Electric Capital Corp	Aaa/AAA	2,500	5.250	10/19/2012	72
10/17	IBM International Group Cap	A1/A+	1,500	5.150	10/22/2012	87
10/17	Coviden International	Baa1/A-	250	5.150	10/15/2010	120
10/17	Coviden International	Baa1/A-	500	5.450	10/15/2012	128
10/17	Coviden International	Baa1/A-	1,150	6.000	10/15/2017	147
10/17	Coviden International	Baa1/A-	550	6.550	10/15/2037	177
10/17	Vodafone Group Plc (Tab)	Baa1/A+	500	6.150	02/27/2037	156
10/18	Centerpoint Energy Resources	Baa3/BBB	250	6.125	11/01/2017	165
10/18	Centerpoint Energy Resources	Baa3/BBB	250	6.525	11/01/2037	190

Source: JPMorgan Fixed Income

Utility and Pipeline new issue supply (\$Bn)



Source: JPMorgan Fixed Income

JPMorgan

GRAB

Govt YAS

Enter 12<G0> for Comparable Bond Spread Analysis

YIELD & SPREAD ANALYSIS

CUSIP912828HA PCS BGN

US TREASURY N/B T 4 ³/₄ 08/15/17 102-16 /102-17 (4.43 /43) BGN @14:01

SETTLE 10/24/07 FACE AMT 1000 M or PROCEEDS 1,034,191.58

1) YA

YIELDS

2) YASD

RISK & HEDGE RATIOS

T 4 ³/₄ 08/15/17

PRICE 102-16+ No Rounding N

YIELD 4.430 Wst

SPRD -27.30 bp yld-decimals E

versus

T 5 05/15/37 Consensus BENCHMARK

PRICE 104-23 Save Delete

YIELD 4.703 % sd: 10/24/07

Yields are: Semi-Annual

3) OAS

SPREADS

4) ASW

OAS: 0.2 CRV# CMT VOL Opt

OAS: CRV# TFD: 72.0

ASW (A/A) -63.1 ZSPR -64.2 11) History

CRV# 152 US \$ SWAP 30/360

ISPRD -61.9 DSPRD -62.6

Yield Curve: 125 US TREASURY ACTIVES

+ 0 v 9.8yr (4.430 %) INTERPOLATED

+ 33 v 5yr (4.10) T 4 ¹/₄ 09/30/12+ 0 v 10yr (4.43) T 4 ³/₄ 08/15/17

- 27 v 30yr (4.70) T 5 05/15/37

Australia 61 2 9777 8600

Brazil 5511 3048 4500

Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212

Europe 44 20 7330 7500

Germany 49 69 920410
Copyright 2007 Bloomberg L.P.
G433-111-0 23-Oct-07 14:03:16

12) CBS

5) FPA FINANCING

Repo: 14.300 (360/365) 360 Days 1

Int Income 129.08 Carry P&L

Fin Cost -123.53 5.55

Amortiz -5.92<-> -0.38

Forwrd Prc 102.515070

Prc Drop 0.000555

Drop (bp) 0.00

Accrued Interest /100 0.903533

Number Of Days Accrued 70

Kentucky Utilities indicative 12-year new issue pricing as of Oct 22nd, 2007

Kentucky Utilities fixed rate pricing - A1/A, first mortgage bonds	
Maturity	12
Reference Treasury	4.750% 08/17
Treasury Yield	4.41
Reoffer Spread (bps) ¹	125A
Coupon (%)	5.66
Amortized fees (bps)	7
All-in Cost (%)	5.73
Coupon swapped to 3mSL (bps) ²	54

Indicative New Issue Pricing – Kentucky Utilities FMBs (A1/A)

Issuer	Ratings		Amt (\$mm)	Cpn	Maturity	10/10/07	
	Moodys	S&P				T+	T+
Florida Power & Light*	Aa3	A	300	5.550%	11/17	+95	+31
Florida Power & Light*	Aa3	A	300	5.850%	05/37	+118	+58
Progress Energy Florida*	A2	A-	250	5.800%	09/17	+102	+39
Progress Energy Florida*	A2	A-	500	6.350%	09/37	+123	+63
PacifiCorp*	A3	A-	200	4.950%	08/14	+95	+48
PacifiCorp*	A3	A-	600	6.250%	10/37	+127	+67
Public Service Colorado*	A3	A-	600	7.875%	10/12	+100	+34
Public Service Colorado*	A3	A-	350	6.250%	09/37	+129	+69
Con Edison Co of NY	A1	A ↓	250	5.300%	12/16	+112	+52
Con Edison Co of NY	A1	A ↓	525	6.300%	08/37	+136	+76
Wisconsin Electric Power	A1	A-	300	4.500%	05/13	+99	+28
Wisconsin Electric Power	A1	A-	300	5.700%	12/36	+140	+80
Georgia Power	A2	A	450	5.700%	06/17	+112	+50
Georgia Power	A2	A	250	5.650%	03/37	+132	+72
MidAmerican Energy	A2	A-	250	5.950%	07/17	+110	+47
MidAmerican Energy	A2	A-	350	5.800%	10/36	+130	+70

↓ negative outlook ◊ negative watch ++ outlook forming † positive outlook ‡ positive watch * FMBs

Fixed Rate Issuance		12 Years
Benchmark		4.75% 8/17
Benchmark Yield		4.410%
Reoffer Spread		+125 - 130
Reoffer Yield		5.66% - 5.71%
Underwriting Commission		0.675%
All-in Yield		5.74% - 5.79%
Swapped to LIBOR Levels		
Swap Spread		+71
Reoffer versus LIBOR		\$L + 54 - 59
All-in versus LIBOR		\$L + 62 - 67

Benchmark and reoffer spreads as of 10/22/2007

Indicative First Mortgage Bond Pricing for Kentucky Utilities

Indicative First Mortgage Bond Pricing for Kentucky Utilities

12 MONTH

Benchmark UST 4.75% Aug 2017

Benchmark Yield 4.41%

Reoffer Spread T+120 bp area

Reoffer Yield 5.61%

Offering Price 100.000%

Underwriting Commission 0.675%

Proceeds to the Company 99.325%

All-In Cost of Funds 5.69%

All-In Spread +128 bp

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All valuations are as of the valuation date indicated and represent an estimated mid-market value for each transaction listed herein. Mid-market valuations may be derived from broker quotations or from proprietary models that take into consideration estimates about relevant present and future market conditions as well as the size and liquidity of the position and any related actual or potential hedging transactions. Although the information is derived from sources believed to be reliable, we have not assumed any responsibility to independently verify. Valuations based upon other models or assumptions or calculated as of another date and time may yield significantly different results. Any of the valuations may be affected by our transactions either in similar or the underlying securities or other instrument(s) and/or be based on our own quotations. All valuations are provided for information purposes only as an accommodation without charge and are intended solely for your use.



Deutsche Punk

From: Heintzen, Lioba [Lioba.Heintzen@eon.com]
Sent: Tuesday, October 23, 2007 7:49 AM
To: Wiedmar, John
Subject: WG: indication on a E.ON PP

Mit freundlichen Grüßen/Kind re-vises

1000 3010 2010

[illegible]

E.ON AG
 E.ON-Platz 1
 40479 Düsseldorf
 www.eon.com

E.ON AG, Sitz/Registered Office Düsseldorf Amtsgericht-District Court Düsseldorf HRB 23715
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 Vorstand, Board of Management: Dr. Wolf H. Bernotat, Vorsitzender, Chairman, Dr. Burkhard
 Bergmann, Christoph Tanner-Vanotti, Lutz Felkmann, Dr. Marcus Schenck, Dr. Johannes
 Düssgen

-----Trasparenz ohne Nachricht-----
 Von: Hasso Spielberg; <mailto:hasso.spielberg@eb.com>
 Gesendet: Mittwoch, 10. Oktober 2007 11:21
 An: Heintzen, Edda
 Betreff: endalderan 10.10.2007

2-15 Mrs. HEINTZING,

Please note that this "sticker" is a purely indicative and no tradeable price.

[illegible]

* 1980, 1981, 1982, 1983

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[illegible]

Attn: John Wiedmar

001502 627 4742

<HELP> for explanation, <MENU> for similar functions.

CurrencyH P

C L O S E / V A L U E
USSP12 USD SWAP SPREAD SEMI 12Y PRICE 70.00

Page 1 / 1
Composite (10m)
HI 90.50 ON 9/16/07
AVE 69.08
LOW 57.75 ON 5/ 8/07

Range 4/23/07 to 10/23/07 Period D Daily
Market M mid/trd

DATE	PRICE	DATE	PRICE	DATE	PRICE
F 10/23	70.00	F 10/ 5	69.88	F 9/24	74.13
M 10/22	71.13	T 10/ 4	69.38	T 9/23	73.83
		W 10/ 3	69.13	W 9/22	72.75
		T 10/ 2	69.75	T 9/21	73.75
		M 10/ 1	70.38	M 9/20	73.25
F 10/19	71.25	F 9/28	70.38	F 9/ 7	69.13
T 10/18	71.63	T 9/27	70.25	T 9/ 6	75.75
W 10/17	70.25	W 9/26	71.75	W 9/ 5	78.00
T 10/16	69.88	T 9/25	73.13	T 9/ 4	71.75
M 10/15	69.25	M 9/24	72.63	M 9/ 3	76.25
F 10/12	66.63	F 9/21	72.63	F 8/31	76.25
T 10/11	66.25	T 9/20	72.13	T 8/30	71.75
W 10/10	68.25	W 9/19	69.00	W 8/29	70.50
T 10/ 9	69.50	T 9/18	74.50	T 8/28	72.83
M 10/ 8	70.00	M 9/17	75.13	M 8/27	71.50

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Kind regards
Lidag

by ~~our~~ ~~6/28~~ 5.5
Total Spread 7.0
Total Spread 12.5 bp

Wiedmar, John

2-2-2007

From: Heintzen, Lioba [Lioba.Heintzen@eon.com]
Sent: Tuesday, October 23, 2007 7:49 AM
To: Wiedmar, John
Subject: WG: USPP Indication

-----Ursprungliche Nachricht-----

Von: Martin.Sohns@barclayscapital.com
Gesendet: Dienstag, 12. Oktober 2007 11:14
An: Heintzen, Lioba
Betreff: USPP Indication

Hallo Fred Heintzen

As discussed on the phone, for a 10y USPP for B.N we would indicatively quote Benchmark + 125 Basispoints including all fees. Based on current Swapspreed of 71 Basispoints this roughly equates Miniswaps - 34 Basispoints.

Benchmark is the 4.75% Treasury Bond (oA.g.A.).

Kind Regards, Martin Sohn

Martin Sohn

Barclays Capital Frankfurt Branch
Bockenheimer Landstrasse 3-47
D-60323 Frankfurt am Main
• Phone: +49 (0) 69 7161 1504
• Fax: +49 (0) 69 7161 2399
• Mobil: +49 172 213 6333
• E-Mail: martin.sohns@bcap.com

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Wiedmar, John

10/23/2007 7:48 AM

From: Heintzen, Lioba [Lioba.Heintzen@eon.com]
Sent: Tuesday, October 23, 2007 7:48 AM
To: Wiedmar, John
Subject: WG: Spread

-----Supplementäre Nachschicht-----
Von: Schrage, Roderoy [mailto:Roderoy.Schrage@ebs.com]
Gesendet: Dienstag, 23. Oktober 2007 13:45
An: Heintzen, Lioba
Cc: Merkel, Jens
Betreff: FW: Spread

Dear Lioba,

We find the indicative pricing for a USD private placement of 10m dollars with 10 year maturity:

UST + 147 area all-in.

Reference Treasury: On the run 10 year US Treasury 4.5 coupon 8/17 yielding 4.43%.

Many thanks,
ES Team

Soliman Sachs International
Peterborough Court 133 Fleet Street London EC1A 3AB
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Fax: +44(0)20 7714 4177
E-mail: roderoy.schrage@ebs.com

Roderoy, Schrage
Investment Banking Division

From: Heintzen, Lioba [mailto:Lioba.Heintzen@eon.com]
Sent: 23 October 2007 13:48
To: Schrage, Roderoy
Cc: Merkel, Jens
Subject: Spread

Dear Lioba,

We find the indicative pricing for a USD private placement of 10m dollars with 10 year maturity:

UST + 147 area all-in.

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VIA UPS OVERNIGHT DELIVERY

November 2, 2007

**RE: Kentucky Utilities Company (Case No. PUE-2007-00007)
Preliminary Report of Action**

Dear Mr. Peck:

Pursuant to the Commission's Order, Ordering Paragraph No. 3, dated March 1, 2007, in the aforementioned proceeding, Kentucky Utilities Company, d/b/a Old Dominion Power Company ("KU/ODP or "the Company") hereby submits a Preliminary Report of Action.

On October 25, 2007 KU/ODP borrowed \$70 million from Fidelity Corporation in accordance with the order issued March 1, 2007 in the above-referenced case. The details of the loan are shown below:

Borrower:	Kentucky Utilities Company
Lender:	Fidelity Corporation
Amount:	\$70 million
Maturity Date:	October 25, 2019
Interest Rate:	5.71%
Price Paid:	100%
Proceeds:	\$70 million
Commissions Paid:	None
Legal Costs:	None
Security for Loan:	None
Interest Payments:	April 25 and October 25 commencing April 25, 2008

Mr. Joel Peck
November 2, 2007

The proceeds of the loan were used to fund capital projects described in the application. KU elected to issue a 12 year loan to lock in historically attractive long-term rates, while avoiding a significant increase in the all-in pricing for maturities beyond 12 years. The cumulative principal amount of debt issued under the authority granted in this order is \$225 million. The issuance of this \$70 million completes the debt issued under the authority granted in this order.

The interest rate was set using the lowest rate quoted to KU at 1.28% above the yield on the ten-year treasury bond (4.43%). The supporting price indications from the investment banks are attached along with a copy of pages from Bloomberg showing the yield on the treasury bond. The lowest rate quoted to KU by the investment banks was lower than the average bid quoted to E.ON A.G. Once again, the supporting price indications are attached. The bids are summarized in the table below:

	KU Pricing	E.ON AG Pricing
Low bid above ten-year treasury	1.28%	
Ten-year treasury rate	4.43%	
All-in cost	5.71%	
Average bid above ten-year treasury		1.32%
Ten-year treasury rate		4.43%
All-in cost		5.75%

The 128 basis point spread for this 12 year borrowing is favorable to recent ten-year debt issuances from other energy companies, one with a similar credit rating and one with a lower rating. (See table below)

Issuer	Moody's / S&P	Maturity	Spread
EDP Finance	A2 / A-	02/02/2018	+ 163 bps
Centerpoint Energy Resources	Baa3/BBB	11/01/2017	+ 165 bps

Mr. Joel Peck
November 2, 2007

Please confirm your receipt of this information by placing the File Stamp of your Office on the enclosed additional copy and returning it in the enclosed self-addressed, stamped envelope. Should you have any questions regarding the information filed herewith, please contact me or Don Harris at (502) 627-2021.

Sincerely,

A handwritten signature in black ink that reads "Rick E. Lovekamp". The signature is written in a cursive, flowing style.

Rick E. Lovekamp

cc: Dan Arbough
Kendrick Riggs – Stoll · Keenon · Ogden

U.S. debt capital markets update

Utility & Pipeline sectors

For distribution to issuer clients only

New York
Week ending
October 19, 2007

Peter Madonia, MD (212) 834-3808
Anisha Mehra, ED (212) 834-4918
Heather Townner, VP (212) 834-4871
Steve Leamer, Assoc (212) 834-4084
Stephanie Wai, Analyst (212) 834-3117

Sarah Chessin, VP Hybrids (212) 834-4073

Economic and Treasury market update

- Poor Q3'07 earnings led by the bank sector, weak housing data, dovish Fed commentary among other negative headlines fueled a flight-to-quality move last week
 - US Treasury yields fell by 22-42 bps across the curve, led by front-end maturities
 - Notably, 2-year yields rallied by 42 bps (the steepest weekly drop in 5 years), and the 2/30s curve steepened by 20 bps
 - Equity markets fell sharply on the week, with the DJIA, S&P and Nasdaq declining 4.1%, 3.9% and 2.9% on the week, respectively
 - Credit markets also experienced a softer tone, as high grade credit spreads gave up nearly half of the gains made since the Fed's rate cut
- While JPMorgan acknowledges that there is an increased chance of a 25bp ease at the October 30/31st Fed meeting (market expectations of a Fed ease has increased to 92%), we maintain our view that the Fed will stay on hold for several reasons:
 - Although there were numerous headlines that caused last week's flight-to-quality, the majority of these risks have been well known for some time and should not have resulted in such an abrupt reaction
 - Bank balance sheet pressures have begun to show some signs of lessening
 - Despite negative headlines about Structured Investment Vehicles (SIVs) last week, the risk of a fire sale of SIV assets seems to be small
- Higher energy prices, renewed caution in the credit markets, and recent spate of weaker-than-expected economic data add downside risk to the growth outlook
 - Crude oil prices hit a record \$90 last week, which is likely to weigh on consumer spending in Q4 as household purchasing power gets pinched
 - The first reports for the September housing market indicate that supply continued to weaken, as housing starts plummeted and homebuilder sentiment hit fresh lows

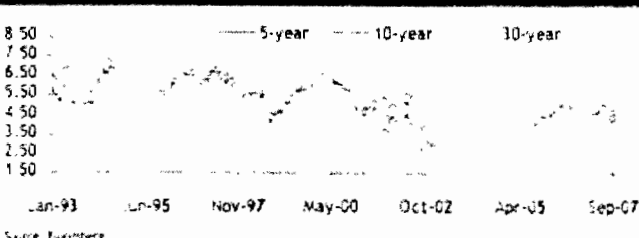
JPMorgan interest rate forecast (%)

	19-Oct-07	4Q07	1Q08	2Q08	3Q08
Fed funds rate	4.75%	4.75%	4.75%	4.75%	4.75%
3m LIBOR	5.15%	5.10%	5.05%	5.00%	5.10%
2yr UST	3.80%	4.30%	4.45%	4.60%	4.75%
5yr UST	4.04%	4.55%	4.65%	4.70%	4.85%
10yr UST	4.40%	4.70%	4.85%	4.95%	5.10%
30yr UST	4.69%	4.85%	5.00%	5.05%	5.15%
2s/10s curve	50 bps	40 bps	40 bps	35 bps	35 bps
10s/30s curve	29 bps	15 bps	15 bps	10 bps	5 bps

JPMorgan forecasts as of 10/19/07. Forecasts are for quarter-end

* 4.750% Treasury due Feb 2027

Historical treasury rates (%)



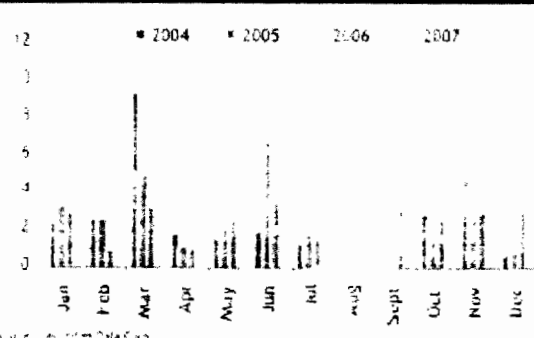
Investment grade primary and secondary market update

- In a sharp reversal of the month-long trend of credit market stabilization, risk aversion became the headline theme this past week in the credit markets
 - The JULI high grade corporate bond index widened by 6bps last week with the bank and financial services sectors feeling the brunt of the pain widening by 10-bps, however the utility and energy sectors outperformed only widening 3bp and 1bp respectively
- Q3'07 earnings reporting season has gotten off to a disappointing start, led by the bank sector. With 26% of the S&P 500 companies having reported as of last Friday, on a share-weighted basis, year-over-year growth is down 1.8% for the index
- Last week the Treasury and several major banks unveiled a preliminary plan to establish a master liquidity enhancement conduit ("M-LEC"), up to \$80-100bn in estimated size in order to accelerate the return of the asset-backed commercial paper market to some semblance of normalcy
 - Though the details have yet to be finalized, M-LEC will buy highly rated assets from certain existing SIVs that elect to access this new form of liquidity, which will be a positive for the market if the plan succeeds
- Despite the softer market tone observed last week, a robust \$25bn in supply priced in the new issue market, bringing October's month-to-date volume to \$57bn
 - Supply for the remainder of October is expected to remain modest in the midst of Q3 earnings season, however new issue activity is expected to accelerate in November
- Though high grade credit spreads widened last week and new issue premiums may have increased slightly for near-term issuers, the strong rally in US Treasury yields helps to mitigate these factors from an overall coupon perspective

Selected recent investment grade new issuance

Date	Issuer	Rating	Size	Coupon	Maturity	Spread
10/15	Edison Power Corp	A3/A	100	6.150	10/15/2037	135
10/15	McDonald's Corp	A3/A	650	5.500	10/15/2017	15
10/15	McDonald's Corp	A3/A	650	6.100	10/15/2037	10
10/16	Unilever Brands Inc	Baa2/BBB-	100	6.250	03/15/2018	63
10/16	Unilever Brands Inc	Baa2/BBB-	100	6.375	03/15/2037	11
10/16	Marriott International	Baa2/BBB	100	5.25	02/15/2013	15
10/16	American Water	Baa2/A-	750	6.185	10/15/2017	13
10/16	American Water	Baa2/A-	750	6.593	03/15/2037	168
10/16	General Electric Capital Corp	Aaa/Aaa	2,340	5.250	03/15/2012	12
10/17	BM International Group Cap	A1/A+	1,000	5.500	10/22/2012	67
10/17	Coviden International	Baa1/A-	250	5.500	11/15/2010	120
10/17	Coviden International	Baa1/A-	500	5.450	10/15/2012	28
10/17	Coviden International	Baa1/A-	1,100	4.700	10/15/2017	17
10/17	Coviden International	Baa1/A-	250	6.550	10/15/2037	177
10/17	Vodafone Group PLC (Tab)	Baa1/A-	500	5.500	02/27/2037	156
10/18	Centerpoint Energy Resources	Baa1/BBB	250	6.125	11/01/2017	165
10/18	Centerpoint Energy Resources	Baa1/BBB	250	6.625	11/01/2037	190

Utility and Pipeline new issue supply (\$Bn)



U.S. debt capital markets update

Utility & Pipeline sectors

For distribution to issuer clients only

New York
Week ending
October 26, 2007

Peter Madonia, MD (212) 834-3608
Anisha Mehra, ED (212) 834-4918
Heather Towner, VP (212) 834-4871
Steve Leamer, Assoc (212) 834-4084
Stephanie Wan, Analyst (212) 834-3117

Sarah Chessin, VP-Hybrids (212) 834-4073

Economic and Treasury market update

- JPMorgan's forecast of a 25bp rate cut was reinstated due to volatile credit markets, reduced growth prospects and the tone of recent Fed speeches
 - Market participants are pricing in a small probability of a 50bp cut
- Recent very weak housing activity indicators and rising oil prices are expected to have an impact on consumer spending causing JPMorgan to revise down our 4Q07 GDP growth forecast to only 1.0% increasing the likelihood of an ease at the December FOMC meeting as well
 - Existing homes sales dropped 8% (an all-time low) in September, while the report reflects activity from August, the height of the credit crunch, financial conditions are still tight and is expected to fall further in the months ahead, but the pace of declines should start to ease
 - Manufacturing data was negative as the Richmond Fed manufacturing index declined to -5 and September durable goods orders declined 1.7%, both lower than forecasted
 - Uncertainty remains elevated and we still forecast a 30% probability of a US recession but our best guess remains that the US economy will not break as healthy corporate and EM fundamentals counterbalance the negative force of US housing
- Market fundamentals are becoming less relevant in the corporate bond market as negative headlines are the significant driver of spread widening and flight to quality trades

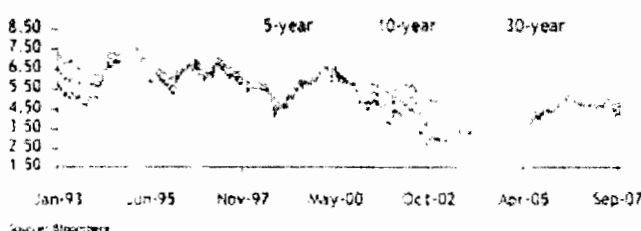
JPMorgan interest rate forecast (%)

	26-Oct-07	4Q-07	1Q-08	2Q-08	3Q-08
Fed funds rate	4.75%	4.50%	4.50%	4.50%	4.50%
3m LIBOR	4.46%	4.35%	4.30%	4.25%	4.40%
1yr UST	3.76%	3.75%	3.45%	4.15%	4.20%
5yr UST	4.03%	4.05%	4.20%	4.45%	4.60%
10yr UST	4.29%	4.40%	4.65%	4.80%	4.90%
30yr UST	4.68%	4.75%	4.95%	5.05%	5.10%
2x10s curve	63 bps	55 bps	70 bps	65 bps	60 bps
10x30s curve	28 bps	35 bps	30 bps	25 bps	20 bps

JPMorgan forecast as of 10/26/07. Forecasts are for audited and

* = 100% Treasury due Feb-2027

Historical treasury rates (%)



Investment grade primary and secondary market update

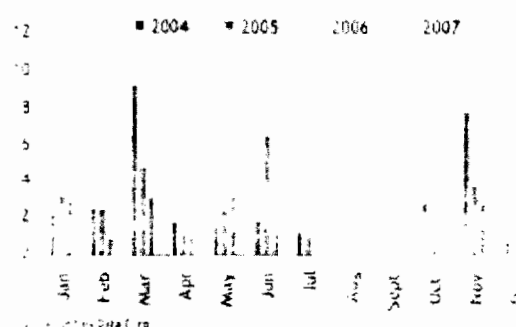
- News headlines are giving investors reasons to re-assess their views toward the challenges facing the economy and financial markets. There are some key drivers that are creating a return to risk aversion
 - SIV refinancing concerns
 - A flurry of disappointing 3Q07 earnings from the financial sector and expectation of further corporate balance sheet writedowns
 - The aforementioned weak housing data that continues to plague the market
 - The surge in crude oil prices
 - Geopolitical tensions in the Middle East
- New issue supply was lighter last week at around \$12Bn as many issuers remained in earnings related blackout periods
 - In the utility and pipeline sector, JPMorgan led a \$300MM 10-year offering for Panhandle Eastern Pipe Line (Baa3/BBB-) which received a positive reception from the market and priced at -182bp
 - EDP (A2/A-), a Portuguese utility, issued \$1Bn of a 5yr at +140bp and \$1Bn of a 10yr at +163bp. The offering included a change of control put
- On Friday, Puget Energy announced that it had signed a merger agreement with a consortium of infrastructure investors led by Macquarie who will acquire 100% of the equity in a transaction with an enterprise value of approximately \$7.4Bn
 - Spread widening on Puget's FMB operating company bonds was limited to roughly 20bp given the significant equity contribution from the consortium, regulated nature of the utility and expectation of maintenance of investment grade ratings

Selected recent investment grade new issuance

Date	Issuer	Rating	Size	Coupon	Maturity	Spread
09-23	Chicago Capital	A3/A-	\$50	5.200	04-30-2013	117
09-23	Chicago Capital	A3/A-	\$100	5.150	10-23-2017	107
09-23	Panhandle Eastern Pipe Line	Baa3/BBB	\$300	6.250	10-31-2017	81
09-23	Peach Third Capital Trust	A1/A-	\$50	7.250	11-15-2007	-
09-23	JPMorgan Chase	A2/A+	\$50	5.175	11-01-2012	115
09-23	Argent Technologies	Baa1/BBB	\$50	6.500	11-30-2017	127
09-23	Unicredit	Aaa/A	\$50	6.500	01-01-2017	10
09-23	Union Pacific	Baa2/BBB	\$100	5.750	10-20-2017	48
09-23	Washington Mutual	A1/BBB+	\$100	7.250	11-01-2017	10
10-23	Bank of New York Mellon	Aa2/A+	\$100	4.450	11-01-2012	110
10-23	JPMorgan Chase	Aa2/A+	\$50	5.900	11-01-2010	194+22
10-23	EDP Finance	A2/A-	\$100	5.175	11-01-2012	40
09-23	EDP Finance	A2/A-	\$100	6.200	12-02-2018	157

Source: JPMorgan's public website

Utility and Pipeline new issue supply (\$Bn)



JPMorgan

GRAB

Govt YAS

Enter 12<60> for Comparable Bond Spread Analysis

YIELD & SPREAD ANALYSIS

CUSIP912828HA PCS BGN

US TREASURY N/B T 4 3/4 08/15/17 102-16 /102-17 (4.43 /43) BGN @14:01

SETTLE 10/24/07 FACE AMT 1000 M or PROCEEDS 1,034,191.58

1) YA	YIELDS	2) YASD	RISK & HEDGE RATIOS	T 4 3/4 08/15/17 workout 8/15/17 OAS	HEDGE BOND OAS
PRICE 102-16+	No Rounding	N			
YIELD 4.430	Mst				
SPRD -27.30	bp yld-decimals	E			
	versus	Consensus			
T 5 05/15/37		BENCHMARK			
PRICE 104-23	Save	Delete			
YIELD 4.703	%	sd: 10/24/07			

Yields are: Semi-Annual

3) OAS	SPREADS	4) ASW	5) FPA	FINANCING	12) CBS
OAS: 0.2	CRV# CMT VOL	Opt	Repo% 4.300	(360/365) 360	Days 1
OAS: CRV#	TED: 72.0		Int Income	129.08	Carry P&L
ASW (A/A) -63.1	ZSPR -64.2	11) History	Fin Cost	-123.53	5.55
CRV# I52	US \$ SWAP 30/360		Amortiz	-5.92<->	-0.38
ISPRD -61.9	DSPRD -62.6		Forwrd Prc	102.515070	
Yield Curve: I25	US TREASURY ACTIVES		Prc Drop	0.000555	
+ 0 v 9.8yr (4.430 %)	INTERPOLATED		Drop (bp)	0.00	
+ 33 v 5yr (4.10) T 4 3/4 09/30/12			Accrued Interest /100	0.903533	
+ 0 v 10yr (4.43) T 4 3/4 08/15/17			Number Of Days Accrued	70	
- 27 v 30yr (4.70) T 5 05/15/37					

Australia 61 2 9777 8600

Brazil 5511 3048 4500

Europe 44 20 7330 7500

Germany 49 69 920410

Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212

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6436-111-0 23-Oct-07 14:03:16

Kentucky Utilities indicative 12-year new issue pricing as of Oct 22nd, 2007

Kentucky Utilities fixed rate pricing - A1/A, first mortgage bonds		
Maturity	12	
Reference Treasury	4.750% 08/17	
Treasury Yield	4.41	
Reoffer Spread (bps) ¹	125A	
Coupon (%)	5.66	
Amortized fees (bps)	7	
All-in Cost (%)	5.73	
Coupon swapped to 3m\$ _L (bps) ²	54	

Indicative New Issue Pricing – Kentucky Utilities FMBs (A1/A)

Issuer	Ratings		Amt (\$mm)	Cpn	Mty	10/10/07	
	Moody's	S&P				T+	L+
Florida Power & Light*	Aa3	A	300	5.550%	11/17	+95	+31
Florida Power & Light*	Aa3	A	300	5.850%	05/37	+118	+58
Progress Energy Florida*	A2	A-	250	5.800%	09/17	+102	+39
Progress Energy Florida*	A2	A-	500	6.350%	09/37	+123	+63
Pacificorp*	A3	A-	200	4.950%	08/14	+95	+48
Pacificorp*	A3	A	600	6.250%	10/37	+127	+67
Public Service Colorado*	A3	A-	600	7.875%	10/12	+100	+34
Public Service Colorado*	A3	A-	350	6.250%	09/37	+129	+69
Con Edison Co of NY	A1	A+	250	5.300%	12/16	+112	+52
Con Edison Co of NY	A1	A+	525	6.300%	08/37	+136	+76
Wisconsin Electric Power	A1	A-	300	4.500%	05/13	+99	+28
Wisconsin Electric Power	A1	A-	300	5.700%	12/36	+140	+80
Georgia Power	A2	A	450	5.700%	06/17	+112	+50
Georgia Power	A2	A	250	5.650%	03/37	+132	+72
MidAmerican Energy	A2	A-	250	5.950%	07/17	+110	+47
MidAmerican Energy	A2	A-	350	5.800%	10/36	+130	+70

↓ negative outlook ↓ negative watch → outlook forming ↑ positive outlook ↑ positive watch * FMBs

Fixed Rate Issuance		12 Years
Benchmark		4.75% 8/17
Benchmark Yield		4.410%
Reoffer Spread		+125 - 130
Reoffer Yield		5.66% - 5.71%
Underwriting Commission		0.675%
All-in Yield		5.74% - 5.79%
Swap Spread		+71
Reoffer versus LIBOR		\$L+ 54 - 59
All-in versus LIBOR		\$L+ 62 - 67

Benchmark and reoffer spreads as of 10/22/2007

Indicative First Mortgage Bond Pricing for Kentucky Utilities

Indicative First Mortgage Bond Pricing for Kentucky Utilities

12 NOV

Benchmark UST 4.75% Aug 2017

Benchmark Yield 4.41%

Reoffer Spread T+120 bp area

Reoffer Yield 5.61%

Offering Price 100.000%

Underwriting Commission 0.675%

Proceeds to the Company 99.325%

All-In Cost of Funds 5.69%

All-In Spread +128 bp

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All valuations are as of the valuation date indicated and represent an estimated mid-market value for each transaction listed herein. Mid-market valuations may be derived from broker quotations or from proprietary models that take into consideration estimates about relevant present and future market conditions as well as the size and liquidity of the position and any related actual or potential hedging transactions. Although the information is derived from sources believed to be reliable, we have not assumed any responsibility to independently verify. Valuations based upon other models or assumptions or calculated as of another date and time may yield significantly different results. Any of the valuations may be affected by our transactions either in similar or the underlying securities or other instrument(s) and/or be based on our own quotations. All valuations are provided for information purposes only as an accommodation without charge and are intended solely for your use.



Wiedmar, John

Deutsche Bank

From: Heintzen, Lioba [Lioba.Heintzen@eon.com]
Sent: Tuesday, October 23, 2007 7:49 AM
To: Wiedmar, John
Subject: WG: Indication on a E.ON PP

Sehr freundlichen Guten/Kind regards

Lioba Heintzen

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F +43 2 11-43 73-600
lioba.heintzen@eon.com

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Vorstand: Aufsichtsrats/Chairman of the Supervisory Board: Ulrich Hartmann
Vorstand/Board of Management: Dr. Wulf H. Bernotat (Vorsitzender/Chairman), Dr. Burkhard
Beckmann, Christofh. Canner-Vanotti, Lutz Feldmann, Dr. Marcus Schenck, Dr. Johannes
Tegeder

-----Ursprüngliche Nachricht-----
Von: Haseo Spielberg [mailto:haseo.spielberg@db.com]
Gesendet: Mittwoch, 17. Oktober 2007 14:18
An: Heintzen, Lioba
Betreff: Indication on a E.ON PP

Dear Mrs. Heintzen,

Re: your e-mail of 10/17/07, letter, in which we would expect a USD 1.5 billion E.ON
PP, the volume of which we will approach at **approximately 55bp over Libor**.
Please note that this information is purely indicative and no tradeable order.

Best regards

Haseo Spielberg

Deutsche Bank AG

100 Wall Street

New York, NY 10038

USA

Phone: +1 212 261 1000

Fax: +1 212 261 1000

E-Mail: haseo.spielberg@db.com

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Arthur John Windward

001502 627 4742

<HELP> for explanation, <MENU> for similar functions.

CurrencyH P

C L O S E / V A L U E

USSP12 USD SWAP SPREAD SEMI 12Y PRICE 70.00

Page 1 / 1
Composite (1/1)

Range 4/23/07 to 10/23/07

Period D Daily
Market M mid/trd

HI 90.50 ON 8/16/07
AVE 69.08
LOW 57.75 ON 5/ 8/07

DATE	PRICE	DATE	PRICE	DATE	PRICE
F 10/23	70.00	F 10/ 5	69.88	F 9/24	74.13
M 10/22	71.13	T 10/ 4	69.38	T 9/23	70.88
		W 10/ 3	69.13	W 9/22	72.75
F 10/19	71.25	T 10/ 2	69.75	T 9/21	73.25
T 10/18	71.63	M 10/ 1	70.38	M 9/20	73.25
W 10/17	70.25				
T 10/16	69.68	F 9/28	70.18	F 9/ 7	69.13
M 10/15	69.28	T 9/27	70.25	T 9/ 6	75.75
		W 9/26	71.75	W 9/ 5	78.00
F 10/12	66.63	T 9/25	73.13	T 9/ 4	71.75
T 10/11	66.25	M 9/24	72.63	M 9/ 3	76.25
W 10/10	68.25				
T 10/ 9	69.50	F 9/21	72.63	F 8/31	78.25
M 10/ 8	70.00	T 9/20	72.73	T 8/30	71.75
		W 9/19	69.00	W 8/29	77.50
		T 9/18	74.50	T 8/28	72.88
		M 9/17	75.13	M 8/27	71.50

Kind regards
Linda

Sp. on Libor 1.55
Swap Spread 7.0
Total Spread 12.5 bp

Wiedmar, John

22-29

From: Heintzen, Lioba [Lioba.Heintzen@eon.com]
Sent: Tuesday, October 23, 2007 7:49 AM
To: Wiedmar, John
Subject: WG: USPP Indication

-----Traps ing. and discarded-----
 to: Martin.Schneiders@post.und.nyu.edu
 From: Martin.Schneiders@post.und.nyu.edu
 Subject: Dismissal, 11. October 2011
 to: martin.schneiders@post.und.nyu.edu
 Date: 2011.10.11.15

[illegible]

As discussed on the phone, for a 100 US\$P for 30.00 we would indicatively quote Benchmark + 125 Basispoints including all fees. Based on current Swapspread of 71 Basispoints this roughly equates Miniswap + 54 Basispoints.

[illegible]

Kind Regards, Martin Jones

Vol. 24

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 • eMail: backstage@backstagebc.com

SECRET

[illegible]

1. The first step in the process of the investigation is the identification of the problem. This is done by the investigator who is responsible for the study. The investigator must first identify the problem that is being studied. This is done by the investigator who is responsible for the study. The investigator must first identify the problem that is being studied.

Wiedmar, John

From: Heintzen, Lioba [Lioba.Heintzen@eon.com]
Sent: Tuesday, October 23, 2007 7:48 AM
To: Wiedmar, John
Subject: WG: Spread

----- Original Message -----
From: Schrage, Gregory mailto:Gregory.Schrage@ebs.com
Sent: Tuesday, 23. October 2007 13:41
At: Heintzen, Lioba
Cc: Meckel, Jan
Subject: WG: Spread

Dear Lioba,

We find the indicative pricing for a USD private placement of 10m dollars with 12 year maturity:

UST + 147 area all-in.

Reference Treasury: On the run 10 y US Treasury 4.75% coupon & 17 yielding 4.43%.

Many thanks,
JS Team

Goldman Sachs International
Peterborough Court 133 Fleet Street London EC1A 3AB
Tel: +44 (0)20 7714 1000 Direct: +44 (0)20 7714 4444
Fax: +44 (0)20 7714 4477
E-mail: gregory.schrage@ebs.com

Gregory Schrage
Investment Banking Division

From: Heintzen, Lioba mailto:Lioba.Heintzen@eon.com
Sent: Wednesday, 24 October 2007
To: Schrage, Gregory
Cc: Meckel, Jan
Subject: Spread

Dear Lioba,

As discussed, we have prepared the indicative pricing for a USD private placement of 10m dollars with 12 year maturity. The indicative pricing is based on the assumption that the spread is 147 bps all-in. The reference Treasury is the on the run 10 y US Treasury 4.75% coupon & 17 yielding 4.43%.

Best regards,
JS Team

JS

Gregory Schrage
Investment Banking Division
Goldman Sachs International
Peterborough Court 133 Fleet Street London EC1A 3AB