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TN REGULATORY AUTHORITY
UTILITIES DIVISION

D. Billye Sanders
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August 9, 2007

VIA HAND DELIVERY

Ms. Sharla Dillon
Docket Room Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

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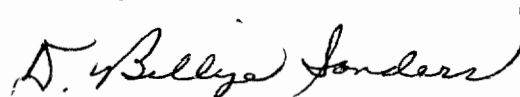
Re: In the Matter of the Petition of Kentucky Utilities Company for
an Order Authorizing the Issuance of Securities and the
Assumption of Obligations

Dear Ms. Dillon:

This letter is in response to the letter of Jerry Kettles, Chief Economic Analysis and Policy Division, requesting the status of Kentucky Utilities' Application before the Virginia State Corporation Commission and the Kentucky Public Service Commission with respect to granting approval to issue the securities that are the subject of the Petition in this docket. Enclosed you will find the original and thirteen copies of the Order of Virginia State Corporation Commission approving the issuance of the securities that are the subject of this docket.

The Kentucky Public Service Commission has also approved Kentucky Utilities' Application and the Order should be forth coming shortly.

Sincerely,



D. Billye Sanders
Attorney for Kentucky Utilities Company

WALLER LANSDEN DORTCH & DAVIS, LLP

August 9, 2007

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DBS/hmd

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

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

070810082

AT RICHMOND, AUGUST 3, 2007

APPLICATION OF

KENTUCKY UTILITIES COMPANY
d/b/a OLD DOMINION POWER COMPANY

CASE NO. PUE-2007-000056

For authority to issue securities under
Chapter 3 of Title 56 of the Code of
Virginia

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DOCUMENT CONTROL

ORDER GRANTING AUTHORITY

On June 21, 2007, Kentucky Utilities Company, d/b/a/ Old Dominion Power Company ("Applicant" or the "Company"), filed an Application with the State Corporation Commission ("Commission") requesting authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia ("Code"). Applicant paid the requisite fee of \$250.

Applicant requests authority to structure a Revolving Credit Facility ("RCF") by entering agreements and assuming obligations necessary to establish one or more credit facilities between the Company and one or more banks or other financial institutions ("Bank") to provide up to \$35,000,000 of aggregate short-term borrowings. Applicant states that the committed source of funds under the RCF will provide credit support, enhance the marketability, and eliminate the need for bond insurance on its variable rate, external, long-term debt. In addition, borrowings under the RCF could also be used to provide funds for general financing needs on a short-term basis until permanent financing can be arranged.

While the RCF would provide a committed source of short-term debt, Applicant states that funds available under the RCF may not necessarily be drawn. By Commission Order dated September 21, 2004, in Case No. PUE-2002-00644, Applicant was granted authority to issue up to \$400,000,000 in short-term debt in the form of unsecured promissory notes and/or commercial paper through December 31, 2007. This alternative source of short-term debt, while not

committed, may offer a more cost effective source of funds. Applicant states that its aggregate short-term borrowings from all sources, inclusive of the RCF, will not exceed the \$400,000,000 limit established in Case No. PUE-2002-00644.

The term of any funds borrowed under the RCF would not exceed 364 days. However, the term of the RCF could extend to five (5) years. Applicant believes that market conditions are favorable for a multi-year RCF, which will also avoid the time and cost to negotiate renewal of committed funds. Applicant expects that an origination fee to establish the RCF would not exceed five basis points or 0.05% of the amount of funds committed. Applicant further expects that the annual facility fee for the RCF will not exceed seven basis points or 0.07% of the amount of funds committed. Applicant intends to negotiate for interest rate options on RCF borrowings that can be converted from one rate to another. Based on current market conditions, the Company believes that interest rates on RCF borrowings would not exceed 40 basis points above the current London Inter-Bank Offered Rate ("LIBOR").

THE COMMISSION, upon consideration of the Application and having been advised by Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to structure a RCF for a term of up to five (5) years by entering agreements and assuming obligations necessary to establish one or more credit facilities between the Company and one or more Banks to provide up to \$35,000,000 of committed short-term borrowing capacity.

2) The aggregate principal amount of RCF borrowings shall not exceed \$35,000,000 and the Company's aggregate short-term indebtedness, inclusive of RCF borrowings, shall not exceed the \$400,000,000 limit authorized by Commission Order dated September 21, 2004, in Case No. PUE-2002-00644.

3) Applicant shall submit a Preliminary Report of Action within thirty (30) days of its entrance into any RCF, to include a copy of the underlying agreement(s) that explain the terms, conditions, and available borrowing rate options.

4) Applicant shall file a final Report of Action on or before January 31, 2013, to include a summary of all origination, commitment, and facility fees paid during the term of the RCF.

5) Approval of the Application shall have no implications for ratemaking purposes.

6) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Kendrick R. Riggs, Esquire, Stoll Keenon Ogden PLLC, 2000 PNC Plaza, 500 West Jefferson Street, Louisville, Kentucky 40202; Daniel K. Arbough, Director, Corporate Finance and Treasurer, Kentucky Utilities Company, 220 West Main Street, Louisville, Kentucky 40202; and to the Commission's Division of Economics and Finance.

A True Copy
Teste:


Clerk of the
State Corporation Commission