

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

September 13, 2007

IN RE:)	
)	
PETITION OF KENTUCKY UTILITIES COMPANY)	DOCKET NO.
FOR AN ORDER AUTHORIZING THE ISSUANCE OF)	07-00156
SECURITIES AND THE ASSUMPTION OF OBLIGATIONS)	

ORDER APPROVING FINANCING TRANSACTIONS

This matter came before Chairman Eddie Roberson, Director Sara Kyle, and Director Ron Jones of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on August 20, 2007 for consideration of the *Petition* for an order authorizing the issuance of securities and the assumption of obligations filed on June 20, 2007 by Kentucky Utilities Company.

THE *PETITION*

Kentucky Utilities Company (“KU”) is a Kentucky and Virginia corporation that provides retail electric service to five (5) customers in Tennessee, approximately 502,000 customers in 77 counties in Kentucky, and approximately 30,000 customers in southwest Virginia. KU’s *Petition* requests authority to enter into one or more multi-year revolving credit facilities (each a “Credit Facility” and collectively the “Credit Facilities”).

KU states that the aggregate maximum credit available under all Credit Facilities would not exceed \$35,000,000. Each individual draw of funds under a Credit Facility would be short-term debt with a term not to exceed 364 days. However, a Credit Facility itself would be for a term not to exceed five (5) years. The terms governing each Credit Facility would be the most favorable that can be negotiated by KU with the respective bank. KU will negotiate terms for

fees, such as commitment fees, as well as interest rates for funds borrowed under the Credit Facility. Based upon current market conditions, KU expects that the interest rate for a Credit Facility would not exceed 5.8%.

FINDINGS AND CONCLUSIONS

Tenn. Code Ann. § 65-4-109 (2004) states:

No public utility shall issue any stocks, stock certificates, bonds, debentures, or other evidences of indebtedness payable in more than one (1) year from the date thereof, until it shall have first obtained authority from the authority for such proposed issue. It shall be the duty of the authority after hearing to approve any such proposed issue maturing more than one (1) year from the date thereof upon being satisfied that the proposed issue, sale and delivery is to be made in accordance with law and the purpose of such be approved by the authority.

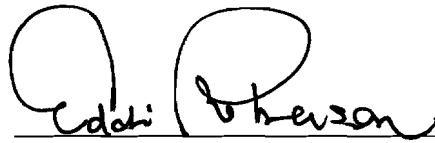
At a regularly scheduled Authority Conference held on August 20, 2007, the voting panel assigned to this docket voted unanimously to approve the *Petition* after making the following findings:

1. the proposed financing transactions are subject to Authority approval pursuant to Tenn. Code Ann. § 65-4-109 (2004),
2. the proposed financing transactions are being made in accordance with the laws enforceable by the Authority,
3. the purposes of the above-described transactions are in the public interest, and
4. Kentucky Utilities Company shall be required to file with the Authority any documentation that is required to be filed by the Kentucky Public Service Commission and the Virginia State Corporation Commission.

IT IS THEREFORE ORDERED THAT:

1. The *Petition* of Kentucky Utilities Company for an order requesting authority to enter into one or more multi-year revolving credit facilities with an aggregate maximum available credit of \$35,000,000 as discussed herein is approved.

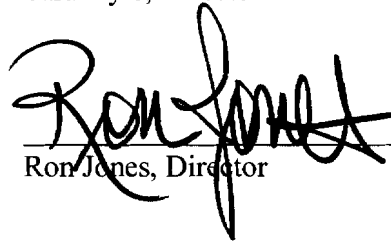
2. The authorization given hereby shall not be used by any party for the purpose of inferring an analysis or assessment of the risks involved, and the decision is not intended to create any liability on the part of the Tennessee Regulatory Authority, the State of Tennessee, or any political subdivision thereof.

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Eddie Roberson, Chairman

A handwritten signature in black ink, appearing to read "Sara Kyle", written over a horizontal line.

Sara Kyle, Director

A handwritten signature in black ink, appearing to read "Ron Jones", written over a horizontal line.

Ron Jones, Director