

WALLER LANSDEN DORTCH & DAVIS, LLP

NASHVILLE CITY CENTER
511 UNION STREET, SUITE 2700
NASHVILLE, TENNESSEE 37219-8966
(615) 244-6380
FAX: (615) 244-6804
www.wallerlaw.com

1901 SIXTH AVENUE NORTH, SUITE 1400
BIRMINGHAM, ALABAMA 35203-2623
(205) 214-6380

520 SOUTH GRAND AVENUE, SUITE 800
LOS ANGELES, CALIFORNIA 90071
(213) 362-3680

D. Billye Sanders
(615) 850-8951
billye.sanders@wallerlaw.com

January 17, 2008

VIA HAND DELIVERY

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

filed electronically in docket office on 01/17/08

Re: 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. 08-00009

Dear Ms. Dillon:

This letter comes in response to the letter dated January 16, 2008 from Jerry Kettles, Chief Economic Analysis and Policy Division, regarding the status of Kentucky and Virginia proceedings relative to the securities that are the subject of this docket. Attached you will find a copy of the Order of the Virginia State Corporation Commission granting authority to issue the securities in question.

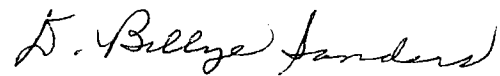
We will forward the order from the Kentucky Public Service Commission when it is issued.

I have also enclosed the original verification page and the original Secretary's Certificate for Exhibit 4 to the Petition. The signature pages filed with the application were copies. Please place these pages with the original Petition in the docket file.

January 17, 2008

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Sincerely,

A handwritten signature in cursive script that reads "D. Billye Sanders".

D. Billye Sanders

DBS/hmd

cc: Kendrick Riggs
John Wade Hendricks
Allyson Sturgeon

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 16, 2008

APPLICATION OF

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

CASE NO. PUE-2007-00118

For authority to issue securities under
Chapter 3 of Title 56 of the Code of
Virginia and to engage in an affiliate
transaction under Chapter 4 of Title
56 of the Code of Virginia

2008 JAN 16 A 10:05

ORDER GRANTING AUTHORITY

On December 27, 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") and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code. Applicant paid the requisite fee of \$250.

Applicant requests authority to issue up to \$275,000,000 of long-term debt ("Proposed Debt") during the 2008 calendar year to Fidelia Corporation ("Fidelia"). The proposed transaction constitutes an affiliate transaction under Chapter 4 of Title 56 of the Code since Fidelia is the finance company subsidiary of E.ON AG ("E.ON"), the parent holding company of Applicant. The rate of interest on the Proposed Debt will depend on market conditions at the time of issuance and the term of maturity. The interest rate may be fixed or variable; however the term of maturity will not exceed thirty years. Applicant further states that the interest rate on all borrowings will be at the lowest of: i) the effective cost of capital for E.ON; ii) the effective cost of capital for Fidelia Corporation ("Fidelia"); or iii) the Company's effective cost of capital as determined by reference to the Company's cost of a direct borrowing from an independent third party for a comparable term loan (the "Best Rate Method").

The Proposed Debt will be in the form of unsecured notes to Fidelia, subject to the terms of the loan agreement as set forth in Exhibit 1 attached to the Application. Applicant further requests authority to enter into one or more interest rate hedging agreements that may be in the form of a T-bill lock, swap, or similar agreement ("Hedging Facility") designed to lock in the underlying interest rate on Proposed Debt in advance of closing on the loan.

The Company states that proceeds from the Proposed Debt will be used during 2008 for routine and ongoing upgrades and expansions related to its distribution and transmission systems and other capital projects including, but not limited to, pollution control facilities.

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 issue and deliver the Proposed Debt in the form of unsecured notes in an aggregate principal amount not to exceed \$275,000,000 in the manner and for the purposes as set forth in its application, through the period ending December 31, 2008.
- 2) Applicant is authorized to execute and deliver and perform the obligations of the Company under *inter alia*, the loan agreement with Fidelia, the Proposed Debt authorized in Ordering Paragraph (1), and such other agreements and documents as set out in its Application, and to perform the transactions contemplated by such agreements.
- 3) Applicant shall submit a Preliminary Report of Action within ten (10) days after the issuance of any securities pursuant to Ordering Paragraph (1), to include the type of security, the issuance date, amount of the issue, the interest rate, the maturity date, and a brief explanation of reasons for the term of maturity chosen.
- 4) Within sixty (60) days after the end of each calendar quarter in which any of the Proposed Debt is issued pursuant to Ordering Paragraph (1), Applicant shall file with the Commission a detailed Report of Action with respect to all Proposed Debt issued during the calendar quarter to include:

- (a) The issuance date, type of security, amount issued, interest rate, date of maturity, issuance expenses realized to date, net proceeds to Applicant, and an updated cost/benefit analysis that reflects the impact of any Hedging Facility for any Proposed Debt issued to refund other outstanding debt prior to maturity, if an update is applicable;
- (b) A summary of the specific terms and conditions of each Hedging Facility and an explanation of how it functions to lock in the interest rate on an associated issuance of Proposed Debt; and
- (c) The cumulative principal amount of Proposed Debt issued under the authority granted herein and the amount remaining to be issued.

5) Applicant shall file a final Report of Action on or before March 31, 2009, to include all information required in Ordering Paragraph (3) along with a balance sheet that reflects the capital structure following the issuance of the Proposed Debt. Applicant's final Report of Action shall further provide a detailed account of all the actual expenses and fees paid to date for the Proposed Debt with an explanation of any variances from the estimated expenses contained in the Financing Summary attached to the application.

6) Approval of the application shall have no implications for ratemaking purposes.

7) 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, Stolle Kenon Ogden, PLLC, 1700 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.

VERIFICATION

COMMONWEALTH OF KENTUCKY

COUNTY OF JEFFERSON

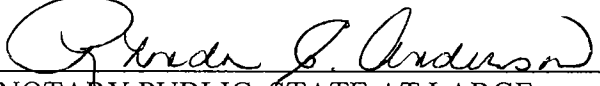
Daniel K. Arbough being first duly sworn, deposes and says that he is Treasurer for Kentucky Utilities Company, that he has read the foregoing Petition and knows the contents thereof, and that the same is true of his own knowledge, except as to matters which are therein stated on information or belief,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



DANIEL K. ARBOUGH

Subscribed and sworn before me this 10th day of January, 2008.

My Commission Expires: August 31, 2011



NOTARY PUBLIC, STATE AT LARGE

SECRETARY'S CERTIFICATE

I, John R. McCall, certify that I am Executive Vice President, General Counsel and Corporate Secretary of Louisville Gas and Electric Company, a Kentucky 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 December 17, 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 December, 2007.

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

John R. McCall
Corporate Secretary

APPROVAL OF 2008 INTERCOMPANY LOAN FACILITIES

WHEREAS, the Company desires to enter into intercompany long-term loans with Fidelia Corporation or other affiliates of E.ON North America, Inc. (collectively, "Fidelia"), in the amount of up to approximately \$25 million during 2008 (the "Intercompany Loans"), and

WHEREAS, the Intercompany Loans will provide the Company with funds in connection with capital expenditures associated with the construction of Trimble County 2 and for general operational expenditures.

NOW, THEREFORE, BE IT RESOLVED, that the Company is hereby authorized and directed to proceed with the Intercompany Loans as generally 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 and to 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.