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

August 7, 2008

VIA HAND DELIVERY

Tre Hargett, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37219

filed electronically in docket office on 08/07/08

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. 08-00144

Dear Chairman Hargett,

I inadvertently left out a portion of Exhibit 2 to the Petition that was filed in the above referenced docket. Exhibit 2 is a comparison of taxable vs. tax-exempt financing. The portion of the exhibit that was filed with the Petition was a comparison of a tax-exempt fixed vs. taxable fixed interest rate. The enclosed addition to Exhibit 2 is a comparison of a tax-exempt floating vs. taxable floating interest rate.

I have also enclosed the original verification page for the Petition. The verification page that was filed with the Petition was a copy.

The original and four copies of this filing are attached and this filing has also been made electronically. Please contact me if you have any questions.

Sincerely,

D. Billye Sanders

D. Billye Sanders
Attorney for Kentucky Utilities Company

2196985.1

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

ADDITION TO EXHIBIT 2

KENTUCKY UTILITIES
Debt Analysis

Kentucky Utilities $18.0MM
Comparison: Tax Exempt Floating vs. Taxable Floating (Intercompany)
Impact on Cash Flow

TAX EXEMPT POLLUTION CONTROL BONDS — PROPOSED FINANCING: Comparison: Tax Exempt Floating vs. Taxable Floating (Intercompany) — PRESENT VALUE ANALYSIS

Date	Principal Outstanding	Interest @ 3.740%	Debt Expense Amortization	Issue Expenses	Taxes	Total Cash Outlay	Present Value	Interest @ 3.990%	Debt Expense Amortization (1)	Call Premium	Issue Expenses[3]	Taxes (2)	Total Cash Outlay	Present Value	Periodic (Cost) or SAVINGS from Refunding	Present Value Factor	Present Value SAVINGS
01-Oct-08	$ 18,026,265			$353,592		$353,592				$0	$0		$0		$353,592	1.0000	$353,592
01-Apr-09	18,026,265	337,091	5,893		(138,437)	198,654	196,332	359,624				(145,153)	214,471	211,964	(15,817)	0.9883	(15,632)
01-Oct-09	18,026,265	337,091	5,893		(138,437)	198,654	194,037	359,624				(145,153)	214,471	209,486	(15,817)	0.9768	(15,449)
01-Apr-10	18,026,265	337,091	5,893		(138,437)	198,654	191,769	359,624				(145,153)	214,471	207,037	(15,817)	0.9653	(15,268)
01-Oct-10	18,026,265	337,091	5,893		(138,437)	198,654	189,527	359,624				(145,153)	214,471	204,617	(15,817)	0.9541	(15,090)
01-Apr-11	18,026,265	337,091	5,893		(138,437)	198,654	187,312	359,624				(145,153)	214,471	202,225	(15,817)	0.9429	(14,914)
01-Oct-11	18,026,265	337,091	5,893		(138,437)	198,654	185,122	359,624				(145,153)	214,471	199,861	(15,817)	0.9319	(14,739)
01-Apr-12	18,026,265	337,091	5,893		(138,437)	198,654	182,958	359,624				(145,153)	214,471	197,525	(15,817)	0.9210	(14,567)
01-Oct-12	18,026,265	337,091	5,893		(138,437)	198,654	180,819	359,624				(145,153)	214,471	195,216	(15,817)	0.9102	(14,397)
01-Apr-13	18,026,265	337,091	5,893		(138,437)	198,654	178,706	359,624				(145,153)	214,471	192,934	(15,817)	0.8996	(14,228)
01-Oct-13	18,026,265	337,091	5,893		(138,437)	198,654	176,617	359,624				(145,153)	214,471	190,679	(15,817)	0.8891	(14,062)
01-Apr-14	18,026,265	337,091	5,893		(138,437)	198,654	174,552	359,624				(145,153)	214,471	188,450	(15,817)	0.8787	(13,898)
01-Oct-14	18,026,265	337,091	5,893		(138,437)	198,654	172,512	359,624				(145,153)	214,471	186,247	(15,817)	0.8684	(13,735)
01-Apr-15	18,026,265	337,091	5,893		(138,437)	198,654	170,495	359,624				(145,153)	214,471	184,070	(15,817)	0.8583	(13,575)
01-Oct-15	18,026,265	337,091	5,893		(138,437)	198,654	168,502	359,624				(145,153)	214,471	181,918	(15,817)	0.8482	(13,416)
01-Apr-16	18,026,265	337,091	5,893		(138,437)	198,654	166,532	359,624				(145,153)	214,471	179,792	(15,817)	0.8383	(13,259)
01-Oct-16	18,026,265	337,091	5,893		(138,437)	198,654	164,586	359,624				(145,153)	214,471	177,690	(15,817)	0.8285	(13,104)
01-Apr-17	18,026,265	337,091	5,893		(138,437)	198,654	162,662	359,624				(145,153)	214,471	175,613	(15,817)	0.8188	(12,951)
01-Oct-17	18,026,265	337,091	5,893		(138,437)	198,654	160,760	359,624				(145,153)	214,471	173,560	(15,817)	0.8092	(12,800)
01-Apr-18	18,026,265	337,091	5,893		(138,437)	198,654	158,881	359,624				(145,153)	214,471	171,531	(15,817)	0.7998	(12,650)
01-Oct-18	18,026,265	337,091	5,893		(138,437)	198,654	157,024	359,624				(145,153)	214,471	169,526	(15,817)	0.7904	(12,502)
01-Apr-19	18,026,265	337,091	5,893		(138,437)	198,654	155,188	359,624				(145,153)	214,471	167,544	(15,817)	0.7812	(12,356)
01-Oct-19	18,026,265	337,091	5,893		(138,437)	198,654	153,374	359,624				(145,153)	214,471	165,586	(15,817)	0.7721	(12,212)
01-Apr-20	18,026,265	337,091	5,893		(138,437)	198,654	151,582	359,624				(145,153)	214,471	163,650	(15,817)	0.7630	(12,069)
01-Oct-20	18,026,265	337,091	5,893		(138,437)	198,654	149,810	359,624				(145,153)	214,471	161,737	(15,817)	0.7541	(11,928)
01-Apr-21	18,026,265	337,091	5,893		(138,437)	198,654	148,058	359,624				(145,153)	214,471	159,847	(15,817)	0.7453	(11,788)
01-Oct-21	18,026,265	337,091	5,893		(138,437)	198,654	146,328	359,624				(145,153)	214,471	157,978	(15,817)	0.7366	(11,650)
01-Apr-22	18,026,265	337,091	5,893		(138,437)	198,654	144,617	359,624				(145,153)	214,471	156,131	(15,817)	0.7280	(11,514)
01-Oct-22	18,026,265	337,091	5,893		(138,437)	198,654	142,927	359,624				(145,153)	214,471	154,306	(15,817)	0.7195	(11,380)
01-Apr-23	18,026,265	337,091	5,893		(138,437)	198,654	141,256	359,624				(145,153)	214,471	152,503	(15,817)	0.7111	(11,247)
01-Oct-23	18,026,265	337,091	5,893		(138,437)	198,654	139,605	359,624				(145,153)	214,471	150,720	(15,817)	0.7028	(11,115)
01-Apr-24	18,026,265	337,091	5,893		(138,437)	198,654	137,973	359,624				(145,153)	214,471	148,958	(15,817)	0.6945	(10,985)
01-Oct-24	18,026,265	337,091	5,893		(138,437)	198,654	136,360	359,624				(145,153)	214,471	147,217	(15,817)	0.6864	(10,857)
01-Apr-25	18,026,265	337,091	5,893		(138,437)	198,654	134,766	359,624				(145,153)	214,471	145,496	(15,817)	0.6784	(10,730)
01-Oct-25	18,026,265	337,091	5,893		(138,437)	198,654	133,191	359,624				(145,153)	214,471	143,795	(15,817)	0.6705	(10,605)
01-Apr-26	18,026,265	337,091	5,893		(138,437)	198,654	131,634	359,624				(145,153)	214,471	142,114	(15,817)	0.6626	(10,481)
01-Oct-26	18,026,265	337,091	5,893		(138,437)	198,654	130,095	359,624				(145,153)	214,471	140,453	(15,817)	0.6549	(10,358)
01-Apr-27	18,026,265	337,091	5,893		(138,437)	198,654	128,574	359,624				(145,153)	214,471	138,811	(15,817)	0.6472	(10,237)
01-Oct-27	18,026,265	337,091	5,893		(138,437)	198,654	127,071	359,624				(145,153)	214,471	137,189	(15,817)	0.6397	(10,117)
01-Apr-28	18,026,265	337,091	5,893		(138,437)	198,654	125,586	359,624				(145,153)	214,471	135,585	(15,817)	0.6322	(9,999)
01-Oct-28	18,026,265	337,091	5,893		(138,437)	198,654	124,118	359,624				(145,153)	214,471	134,000	(15,817)	0.6248	(9,882)
01-Apr-29	18,026,265	337,091	5,893		(138,437)	198,654	122,667	359,624				(145,153)	214,471	132,434	(15,817)	0.6175	(9,767)
01-Oct-29	18,026,265	337,091	5,893		(138,437)	198,654	121,233	359,624				(145,153)	214,471	130,886	(15,817)	0.6103	(9,652)
01-Apr-30	18,026,265	337,091	5,893		(138,437)	198,654	119,816	359,624				(145,153)	214,471	129,356	(15,817)	0.6031	(9,540)
01-Oct-30	18,026,265	337,091	5,893		(138,437)	198,654	118,415	359,624				(145,153)	214,471	127,843	(15,817)	0.5961	(9,428)
01-Apr-31	18,026,265	337,091	5,893		(138,437)	198,654	117,031	359,624				(145,153)	214,471	126,349	(15,817)	0.5891	(9,318)
01-Oct-31	18,026,265	337,091	5,893		(138,437)	198,654	115,663	359,624				(145,153)	214,471	124,872	(15,817)	0.5822	(9,209)
01-Apr-32	18,026,265	337,091	5,893		(138,437)	198,654	114,311	359,624				(145,153)	214,471	123,412	(15,817)	0.5754	(9,101)
01-Oct-32	18,026,265	337,091	5,893		(138,437)	198,654	112,975	359,624				(145,153)	214,471	121,970	(15,817)	0.5687	(8,995)
01-Apr-33	18,026,265	337,091	5,893		(138,437)	198,654	111,654	359,624				(145,153)	214,471	120,544	(15,817)	0.5621	(8,890)
01-Oct-33	18,026,265	337,091	5,893		(138,437)	198,654	110,349	359,624				(145,153)	214,471	119,135	(15,817)	0.5555	(8,786)
01-Apr-34	18,026,265	337,091	5,893		(138,437)	198,654	109,059	359,624				(145,153)	214,471	117,742	(15,817)	0.5490	(8,683)
01-Oct-34	18,026,265	337,091	5,893		(138,437)	198,654	107,784	359,624				(145,153)	214,471	116,366	(15,817)	0.5426	(8,582)
01-Apr-35	18,026,265	337,091	5,893		(138,437)	198,654	106,524	359,624				(145,153)	214,471	115,006	(15,817)	0.5362	(8,481)
01-Oct-35	18,026,265	337,091	5,893		(138,437)	198,654	105,279	359,624				(145,153)	214,471	113,661	(15,817)	0.5300	(8,382)
01-Apr-36	18,026,265	337,091	5,893		(138,437)	198,654	104,048	359,624				(145,153)	214,471	112,333	(15,817)	0.5238	(8,284)
01-Oct-36	18,026,265	337,091	5,893		(138,437)	198,654	102,832	359,624				(145,153)	214,471	111,020	(15,817)	0.5176	(8,187)
01-Apr-37	18,026,265	337,091	5,893		(138,437)	198,654	101,630	359,624				(145,153)	214,471	109,722	(15,817)	0.5116	(8,092)
01-Oct-37	18,026,265	337,091	5,893		(138,437)	198,654	100,442	359,624				(145,153)	214,471	108,439	(15,817)	0.5056	(7,997)
01-Apr-38	18,026,265	337,091	5,893		(138,437)	198,654	99,268	359,624				(145,153)	214,471	107,172	(15,817)	0.4997	(7,904)
01-Oct-38	18,026,265	337,091	5,893		(138,437)	198,654	98,108	359,624				(145,153)	214,471	105,919	(15,817)	0.4939	(7,811)
TOTAL		$20,225,469	$353,592	$353,592	($8,306,224)	$12,272,838		$21,577,439	$0	$0	$0	($8,709,194)	$12,868,245		($595,408)		($323,243)
NPV							8,500,907							9,177,742			

(1) Debt Amortization Expense includes issuing costs of new series, remaining unamortized debt expense of the old series and call premium.
(2) Tax calculation based on interest expense and the amortization of new issue debt expense.
(3) Issuance expense for Fidelia loans are relatively immaterial. (Less than $50,000)

Kentucky Utilities $18.0MM
Comparison: Tax Exempt Floating vs. Taxable Floating (Intercompany)
Assumptions

Tax Exempt Bond				
	3.740%	$	18,026,265	Matures October 1, 2038
Unamortized Debt Expense				
			$353,592	At October 1, 2008
Remaining amortization period				
From October 1, 2008 to Maturi			360.0	months
Assuming a 30 Year Extension			360.0	months
Redemption (Call) Price			0%	
Amount of Premium			$0	

Synthetic Fixed Interest Rate Calculation	
SIFMA	2.59%
Remarketing Fee	0.10%
L/C Fee	1.00%
L/C Spread Over SIFM	0.05%
Interest Rate	3.74%

Taxable Fidelia Loan				
	3.990%	$	18,026,265	Matures October 1, 2038

Bond Issue Costs			1.96%
Underwriting		0.35%	
Bond Counsel	$	80,000.00	0.44%
Company Counse	$	70,000.00	0.39%
Underwriters Cour	$	44,000.00	0.24%
Insurance	$	-	0.00%
Ratings	$	40,000.00	0.22%
Printing	$	8,000.00	0.04%
Trustee Counsel	$	2,500.00	0.01%
Accountants	$	40,000.00	0.22%
Trustee	$	6,000.00	0.03%
FMB Trustee	$	-	0.00%
AMT			0.00%
Issuance costs			1.61%

Insurance Premium Calculation	
Par	0
RBI Coupon	4.65%
Annual	0
30 Years	0
Total Debt Serv.	0
Premium Rate	0.59%
Premium	0

Remarketing Expense (O&M Expense) 45,066

M I S C E L L A N E O U S

Tax rate	40.363%	0
Discount rate	2.38%	

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

DANIEL K. ARBOUGH

Subscribed and sworn before me this 4th day of August 2008.

My Commission Expires: June 21, 2010

Betty L. Grieler

NOTARY PUBLIC, STATE AT LARGE