

# 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

September 4, 2008

## **VIA HAND DELIVERY**

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

electronically filed 9/4/08

Re: In the Matter of the Petition of Kentucky Utilities  
Company for an Order Authorizing the Issuance of Securities  
and the Assumption of Obligations  
TRA Docket No. 08-00144

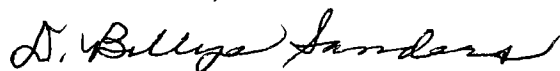
Dear Chairman Hargett,

Enclosed you will find an original and four copies of the certified Kentucky Utilities ("KU") Board Resolutions authorizing KU's obligations in connection with the new pollution control financing. The Petition indicated that these resolutions would be filed as a supplement to the Petition as soon as they became available (see page 9, paragraph number 23 of the Petition).

I have also enclosed 5 copies of the Order of the Virginia State Corporation Commission approving the issuance of the securities that are the subject of this docket. The enclosed documents have also been filed electronically.

The Order of the Kentucky Public Service Commission will be filed as soon as it becomes available.

Sincerely,



D. Billye Sanders  
Attorney for Kentucky Utilities  
Company

September 4, 2008

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DBS:hmd

Enclosures

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

### **SECRETARY'S CERTIFICATE**

I, John R. McCall, certify that I am Executive Vice President, General Counsel and Corporate Secretary of Kentucky Utilities Company, a Kentucky and Virginia 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 August 18, 2008, and that the same are in full force and effect as of the date hereof.

**IN WITNESS WHEREOF**, I have signed this Certificate this 25<sup>th</sup> day of August 2008.

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

John R. McCall  
Corporate Secretary

**ACTION OF THE BOARD OF DIRECTORS  
OF  
KENTUCKY UTILITIES COMPANY  
TAKEN BY WRITTEN CONSENT**

**August 18, 2008**

**ISSUANCE OF CERTAIN TAX-EXEMPT REVENUE BONDS**

**WHEREAS**, the Company has expended or will expend funds to acquire and construct certain pollution control facilities (the "Project") in connection with its Ghent generating station in Carroll County, Kentucky; and

**WHEREAS**, the Commonwealth of Kentucky has granted a portion or portions of the state's allocation for the issuance of private activity bonds to the County of Carroll, Kentucky for the benefit of the Company in connection with the financing of the Ghent project not to exceed \$18,026,265 principal amount of tax exempt pollution control bonds (the "2008 Bonds") to fund, or reimburse the Company for funds already expended for, a portion of its expenditures relating to the Project; and

**WHEREAS**, the County of Carroll, Kentucky is referred to herein as the "Issuer"; and

**WHEREAS**, following receipt of such allocations from the Commonwealth of Kentucky, the Company will have only 90 days to complete the issuance of such 2008 Bonds, and that it is appropriate and in the best interests of the Company that action be taken at this time to authorize such an undertaking and facilitate the offering of such 2008 Bonds; and

**WHEREAS**, it is noted that the Company has recently completed five similar tax-exempt bond financing transactions also related to its on-going Ghent flue gas desulphurization project during July and November 2005, July and December 2006, and May 2007, which transactions were approved by this Board of Directors; and

**WHEREAS**, on April 28, 2008, the Board of Directors of the Company authorized and approved, among other things, the redemption, conversion, reissuance or refinancing of the following series of pollution control bonds: (i) the \$13,266,950 County of Carroll, Kentucky Environmental Facilities Revenue Bonds, 2005 Series A (Kentucky Utilities Company Project), (ii) \$13,266,950 County of Carroll, Kentucky Environmental Facilities Revenue Bonds, 2005 Series B (Kentucky Utilities Company Project), (iii) the \$16,693,620 County of Carroll, Kentucky Environmental Facilities Revenue Bonds, 2006 Series A (Kentucky Utilities Company Project), and (iv) the \$16,693,620 County of Carroll, Kentucky Environmental Facilities Revenue Bonds, 2006 Series C (Kentucky Utilities Company Project) (collectively, the "Existing Bonds"); and

**WHEREAS**, the Company may optionally desire to combine the issuance of the 2008 Bonds with the refinancing of all, with a portion of, or with none of the Existing Bonds, and it is appropriate and in the best interests of the Company that action be taken at this time to authorize such an undertaking; and

**WHEREAS**, in connection with the issuance of the 2008 Bonds and the refinancing of all of, a portion of, or none of the Existing Bonds, the Company may secure its payment obligations under one or more loan agreements with the Issuer and may further include the purchasing of bond insurance or providing for liquidity and/or credit support; and

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Company as follows:

- (a) That the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, Treasurer, or any other officer of the Company be, and each of them hereby is, authorized and directed to cause the preparation of, and to approve, the following documents in connection with the issuance of all or a portion of the 2008 Bonds and the optional refinancing of all of, a portion of, or none of the Existing Bonds referred to above: (i) a loan agreement or loan agreements to be entered into between the Company and the Issuer whereby such Issuer will issue one or more series of Environmental Facilities Revenue Bonds in an amount to be determined by the Chief Executive Officer, Chief Financial Officer or Treasurer, which amount shall not exceed \$77,947,405 (collectively, the "Environmental Facilities Bonds") and loan the proceeds to the Company to acquire and construct the Project and to be used to refund, pay and discharge all or a portion of its Existing Bonds and pursuant to which the Company will be obligated to make loan payments sufficient to pay the principal of, premium, if any, and interest on such Environmental Facilities Bonds to be issued by such Issuer, and any related expenses, (ii) one or more guaranties from the Company in favor of a trustee or trustees chosen or appointed by such officers of the Company (the "Trustee") for the benefit of the holders of the Environmental Facilities Bonds guaranteeing repayment of all or a part of the obligations under such Environmental Facilities Bonds, (iii) such contracts of purchase, underwriting agreements or similar contracts or agreements with the Issuer and with other appropriate parties relating to the issuance of the Environmental Facilities Bonds, (iv) a preliminary official statement or preliminary official statements and a final official statement or final official statements which will describe the Company, the Issuer, the Project, the Environmental Facilities Bonds, the loan agreements and indentures of trust pursuant to which such Environmental Facilities Bonds are to be issued, and which will be used by the underwriter or underwriters chosen by such officers of the Company (the "Underwriters") in connection with the sale of such Environmental Facilities Bonds to the public, (v) such reimbursement agreements, remarketing agreements, broker-dealer agreements, credit agreements, bond insurance documents or agreements or other similar documents or agreements as may be reasonably required, in the event the Environmental Facilities Bonds, or any of them are issued as variable rate

demand or similar instruments, in the discretion of such officers, (vi) one or more Notes which the Company may issue to secure the transaction, (vii) a form or forms of escrow agreement, or such other documents as may be deemed appropriate, by and between the Issuer and the trustee under the indenture pursuant to which any applicable Existing Bonds were issued and pursuant to which certain securities may be held by such trustee in order to provide for the payment and discharge of any applicable Existing Bonds, and (viii) such other related documents, forms, certificates or agreements as shall be necessary or appropriate to effectuate such financing and refinancing (if any).

- (b) That, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, Treasurer, or any other officer of the Company be, and each of them hereby is, authorized and empowered (i) to execute and file, or cause to be filed, on behalf of the Company such applications or petitions with any federal, state, or local commission, court, agency or body having jurisdiction as may be required to obtain any approvals, consents, orders or rulings as such officers or counsel for the Company may deem to be necessary or desirable in connection with the Company's participation in such financing and the transactions and documents contemplated thereby, and (ii) to execute and deliver or file such amendments or supplements to said applications or petitions as may be required by law or as may be deemed to be proper or appropriate in their judgment or in the judgment of counsel for the Company in connection with the foregoing.
- (c) That, and subject to receipt of all necessary regulatory authorizations and other approvals, the Company shall borrow the sum of not to exceed \$77,947,405 from the Issuer, in accordance with the terms of the loan agreements, and the proceeds of such borrowings shall be used by the Company for qualifying expenditures or to reimburse the Company for funds already expended on qualifying expenditures on the Project, to pay and discharge all or a portion of the Existing Bonds and for such other purposes, if any, as may be provided in any of the agreements and documents required to be executed and delivered in connection with the issuance of the Environmental Facilities Bonds.
- (d) That subject to the receipt of all necessary regulatory authorizations and other approvals, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, Treasurer or any other officer of the Company be, and each of them hereby is, authorized to approve offers for the purchase from the Issuer of not to exceed \$77,947,405 principal amount of Environmental Facilities Bonds. Such purchase may be through negotiation, competitive bidding, or private placement transaction, as determined to be reasonable. The proceeds will be loaned to the Company at such purchase prices, which shall not be less than the principal amount thereof plus accrued interest from the date of such Environmental Facilities Bonds to the date of closing, and at such interest rate or rates, as determined to be reasonable.

- (e) That subject to the receipt of all necessary regulatory authorizations and other approvals, the appropriate officers of the Company be, and each of them hereby is, authorized to execute, on behalf of the Company, one or more loan agreements with the Issuer, providing for the loan to the Company of the proceeds of not to exceed \$77,947,405 principal amount of Environmental Facilities Bonds, each in accordance with the terms and provisions thereof.
- (f) That, subject to the receipt of all other necessary regulatory approvals, the appropriate officers of the Company be, and each of them hereby is, authorized to execute, on behalf of the Company, one or more guarantees in favor of the Trustee for the benefit of the holders of the Environmental Facilities Bonds guaranteeing the payment of all or any part of the obligations under such Environmental Facilities Bonds.
- (g) That, subject to the receipt of all other necessary regulatory approvals, the appropriate officers of the Company be, and each of them hereby is, authorized to execute, on behalf of the Company, one or more contracts of purchase, underwriting agreements or similar contracts or agreements with the Issuer and other appropriate parties relating to the sale of not to exceed \$77,947,405 principal amount of Environmental Facilities Bonds.
- (h) That, subject to receipt of all other necessary regulatory approvals, the officers of the Company be, and each of them hereby is, authorized by and on behalf of the Company, to negotiate and enter into one or more bond insurance or similar agreements with a bond insurer to be selected by the Chief Executive Officer, the President, Chief Financial Officer, any Vice President or the Treasurer, each in substantially the form presented to and approved by any such officer with such changes thereto as the officer executing each of such documents shall deem necessary or advisable, the execution of such documents thereby to conclusively evidence such officer's approval and the approval of this Board of Directors.
- (i) That in the event all or a portion of the Environmental Facilities Bonds bear a variable rate of interest, the appropriate officers of the Company be, and each of them hereby is, authorized to execute on behalf of the Company one or more remarketing agreements, auction agreements, reimbursement agreements or similar agreements with appropriate parties providing for the remarketing of such Environmental Facilities Bonds, a credit agreement or credit agreements or similar agreements and any promissory notes to be issued pursuant to such agreements for the purpose of providing a source of funds upon tender of such bonds, and any other agreements in order to consummate the transactions contemplated by the loan agreement or loan agreements.
- (j) That the appropriate officers of the Company be, and each of them hereby is, authorized to execute on behalf of the Company: (i) one or more interest rate swap, collar, or cap agreements or similar agreements with one or more underwriters, banks or other financial institutions providing for the hedging of the interest rate on the Environmental

Facilities Bonds and (ii) any other agreement, document or instrument that may be necessary or appropriate in connection with any such transaction.

- (k) That the officers of the Company be, and each of them hereby is, authorized in the name and on behalf of the Company and under its corporate seal or otherwise, to take care or cause to be taken all such further actions and to execute and deliver or cause to be executed and delivered all such further documents, bond insurance documents or agreements, certificates and agreements (including without limitation, instruments authorizing or consenting to amendment, modifications or waivers to any of the agreements or disclosure documents executed in connection with the issuance, execution and delivery of the notes or bonds, and the execution and delivery of the bond insurance documents or agreements) as such persons may deem necessary, advisable or appropriate in connection with the transactions contemplated thereby and hereby, and to incur all such fees and expenses as shall be necessary, advisable or appropriate in their judgment in order to carry into effect the purpose and intent of any and all of these resolutions.
- (l) That the Chief Executive Officer, the President, Chief Financial Officer, any Vice President, Treasurer or any other officer of the Company be and they are hereby authorized and empowered to take all steps or actions, and to execute and deliver any other documents, certificates or other instruments, deemed necessary, proper or appropriate in their judgment or in the judgment of counsel for the Company in connection with the financing referred to above and to carry out the purposes of these resolutions, including (i) calling one or more series of the Existing Bonds for redemption or otherwise effecting the payment and discharge of such Existing Bonds.
- (m) That Daniel K. Arbough is hereby appointed as "Company Representative" and S. Bradford Rives and Paul W. Thompson are hereby appointed as "Alternate Company Representatives," respectively, under the provisions of the indentures and the loan agreements. The President and any Vice President, the Chief Financial Officer or the Treasurer of the Company are authorized to appoint from time to time other persons (who may be employees of the Company) to act as "Company Representative" or Alternate Company Representative" under the indentures and the loan agreements.
- (n) That any acts of the officers of this Company, which acts would have been authorized by the foregoing resolutions except that such acts were taken prior to the adoption of such resolutions, are hereby severally ratified, confirmed, approved and adopted as acts in the name of and on behalf of this Company.
- (o) That the Board of Directors does hereby adopt, as if fully set out herein, the form of any resolutions with respect to the Environmental Facilities Bonds as may be required by the Underwriters, and any other entities requiring such resolutions to effect the intent of these resolutions.



- (p) That each of the Chief Executive Officer, President, Chief Financial Officer, any Vice President, the Treasurer, the Secretary or any Assistant Secretary of the Company be, and hereby is, authorized and directed to take any and all further action to see that the intent of the above resolutions are carried forth.

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
POLLUTION CONTROL  
AT RICHMOND, AUGUST 29, 2008

APPLICATION OF

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

2008 AUG 29 P 3:50  
CASE NO. PUE-2008-00077

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

ORDER GRANTING AUTHORITY

On August 7, 2008, 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 issue up to \$18,026,265 of long-term debt ("Proposed Debt") and to assume certain obligations and to enter into various agreements to collateralize tax-exempt Carroll County Environmental Facilities Revenue Bonds ("Pollution Control Bonds") issued in the same amount. Applicant has been notified by the Kentucky Private Activity Bond Allocation Committee ("Allocation Committee") that the Company has been awarded an allocation of \$18,026,265 of the 2008 state ceiling for private activity bonds. Proceeds from the Pollution Control Bonds would provide tax-exempt bond financing for a portion of the pollution control facilities to be constructed at the Ghent Generating Station in Carroll County, Kentucky ("Carroll County").

Applicant seeks to obtain expedited approval for the related tax-exempt financing to ensure that this lowest cost alternative for ratepayers is not lost. As indicated in the Company's application, the time for this financing option is limited because the Pollution Control Bonds

must be issued before October 21, 2008, when the allocation will expire. Expedited approval would also afford Applicant maximum flexibility to negotiate the most attractive terms under current market conditions and to arrange for underwriting, marketing and public notice of the Pollution Control Bonds.

Subject to one or more loan agreements ("Loan Agreement") with Carroll County, proceeds from the issuance of the Pollution Control Bonds will be loaned to the Company. Under the terms of the Loan Agreement, Applicant will issue the Proposed Debt in a form that will mirror the structure and terms of the Pollution Control Bonds. The Proposed Debt will serve as collateral to guarantee payment of the Pollution Control Bonds, in conjunction with any additional guarantee agreements, bond insurance agreements, or other similar arrangements that may be necessary or cost effective.

To obtain the most advantageous financing based on market conditions at the time of issuance, Applicant requests broad authority to negotiate terms and conditions of the Pollution Control Bonds, which will be assumed by the Proposed Debt. The Pollution Control Bonds will be sold in one or more underwritten public offerings, negotiated sales, or private placement transactions. The Pollution Control Bonds may be issued as fixed rate or variable rate debt. If a variable rate option is chosen, the Pollution Control Bonds may include provisions to convert to other interest rate modes. In addition, variable rate Pollution Control Bonds may include a tender purchase provision that would require entering into remarketing agreements with remarketing agents. Applicant may also need to enter into one or more liquidity facilities to provide immediate funding to pay for bonds tendered for purchase. Such facilities would require entering into one or more credit agreements and possibly a promissory note to each facility provider to secure repayments by Applicant. Applicant expects that the maturity of the Pollution

Control Bonds and Proposed Debt will be 30 years from the date of issuance. Including underwriting fees, Applicant estimates that issuance costs for the Proposed Debt will be approximately \$381,000. Finally, Applicant requests authority to enter into one or more interest rate hedging agreements to actively manage its exposure to variable interest rates or to lower its fixed rate borrowing costs with respect to the Proposed Debt. Applicant states that the aggregate outstanding principal amount of any credit agreements, promissory notes, hedging agreements, or similar supporting obligations that the Company may enter at any one time will not exceed \$18,026,265 plus unpaid interest and premiums.

THE COMMISSION, upon consideration of the application and having been advised by its 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 an aggregate principal amount not to exceed \$18,026,265 plus unpaid interest and premiums 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 Carroll County, Kentucky, the Proposed Debt authorized in Ordering Paragraph (1), and under any remarketing agreements, hedging agreements, auction agreements, bond insurance agreements, guaranty agreements, credit agreements and facilities, 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, the amount issued, the interest rate, and the maturity date.

(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;
- (b) A summary of the specific terms and conditions of each Hedging Facility and an explanation of how it functions with respect to the underlying 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 (4) 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, Stoll Keenon Ogden PLLC, 2000 PNC Plaza, 500 West Jefferson Street, Louisville, Kentucky 40202; Daniel K. Arbough, Treasurer, Kentucky Utilities Company, 220 West Main Street, Louisville, Kentucky 40202; and to the Commission's Division of Economics and Finance.