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Via Electronic Filing

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8/23/10

Mary Freeman
Chairman, Tennessee Regulatory Authority
c/o Sharla Dillion, Dockets and Records Manager
460 James Robertson Parkway
Nashville, TN 37219

RE: Petition of Kentucky Utilities Company for an Order Authorizing the Restructure and Refinancing of Unsecured Debt, the Assumption of Obligations and for Amendment of Existing Financing Authority
Docket No. 10-00119

Dear Ms. Freeman:

Enclosed for filing in the above referenced docket, please find the original and four copies of a revised Exhibit 3 to KU's Petition. KU's Petition correctly noted the current outstanding principal balance of the Company's debt to Fidelia Corporation (\$1,331,000,000), and the table in paragraph 8 of the Petition included the November 25, 2009 Note. However, that Note was omitted from section I. of the original Exhibit 3.

Should the TRA staff have any questions, please contact me at your convenience.

Sincerely,



D. Billye Sanders

cc: Allyson K. Sturgeon, Senior Corporate Attorney, E.ON U.S. LLC
John Knox Walkup, Esq., Wyatt, Tarrant & Combs, LLP
Richard Northern, Esq., Wyatt, Tarrant & Combs, LLP
Paul E. Russell, Associate General Counsel, PPL Corporation
Kendrick R. Riggs, Stoll Keenon Ogden PLLC

EXHIBIT 3 (REVISED)

PROMISSORY NOTES TO FIDELIA

Please note that KU does not “project finance,” and utilizes all sources of funds, including internally generated funds, capital, and debt for its various projects. Thus, the uses cited are general reasons for KU’s need for funds at the time the debt was incurred rather than specific uses to which specific debt was assigned.

A. By Written Order dated April 7, 2003 in Docket No. 03-00146 (*In the Matter of The Petition of Kentucky Utilities Company For an Order Authorizing the Issuance of Securities and the Assumption of Obligations*), the Authority memorialized action taken at public conference and authorized KU to obtain long-term debt financing from Fidelity in an amount not to exceed \$250,000,000. Among the causes for KU’s need for additional long-term financing were the maturity on June 15, 2003 of KU’s 6.32% First Mortgage Bonds, Series Q in the principal amount of \$62,000,000. In addition, financing in an amount not to exceed \$70,000,000 was needed for combustion turbines at the Trimble County generating station, for which a Certificate of Public Convenience and Necessity was granted by the Kentucky Public Service Commission (“KPSC”) in Case No. 2002-00381 (*In the Matter of: The Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity for the Acquisition of Four Combustion Turbines and a Site Compatibility Certificate for the Facility*). Additional financing was needed for the costs of KU’s pollution control program, in an amount not to exceed \$125,000,000, as approved by the KPSC by Orders dated May 14, 2001 and April 18, 2001 in KPSC Case No. 2000-439 (*In the Matter of: The Application of Kentucky Utilities Company for Approval of an Amended Compliance Plan for Purposes of Recovering the Cost of New and Additional Control Facilities*

and to Amend its Environmental Surcharge Tariff). Long-term financing was further necessary to reduce the Company's short-term debt and reduce its exposure to the risk of rising short-term interest rates.

Pursuant to the authority granted in Docket No. 03-00146, the Company issued the following notes:

<u>Payee</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Fidelia	04/30/03	04/30/13	4.550%	\$100,000,000
Fidelia	08/15/03	08/15/13	5.310%	\$ 75,000,000
Fidelia (Matured)	12/18/03	12/19/05	2.29%	\$ 75,000,000 (Matured)

B. By Written Order dated October 30, 2003 in Docket No. 03-00522 (*In the Matter of The Petition of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations*), the Authority memorialized action taken at public conference and authorized KU to obtain long-term debt financing from Fidelia in an amount not to exceed \$100,000,000. Among the causes for KU's need for additional long-term financing were the refunding of KU's 8.55% First Mortgage Bonds, Series P in the principal amount of \$33,000,000. In addition, financing was needed for the costs of KU's pollution control program as approved by the KPSC by Orders dated May 14, 2001 and April 18, 2001 in KPSC Case No. 2000-439 (*In the Matter of: The Application of Kentucky Utilities Company for Approval of an Amended Compliance Plan for Purposes of Recovering the Cost of New and Additional Pollution Control Facilities and to Amend its Environment Surcharge Tariff*) in an amount not to exceed \$46,000,000. Additional financing was also needed in an amount of up to \$50,000,000 to replace the working capital generated by KU's Accounts Receivable Program which was being terminated.

Pursuant to the authority granted in Docket No. 03-00522, the Company issued the following notes:

<u>Payee</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Fidelia	11/24/03	11/24/10	4.240%	\$ 33,000,000
Fidelia	01/15/04	01/16/12	4.390%	\$ 50,000,000

C. By Written Order dated August 4, 2005 in Docket No. 05-00095 (*In the Matter of The Petition of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations*), the Authority memorialized action taken at public conference and authorized KU to obtain long-term debt financing from Fidelia in an amount not to exceed \$125,000,000. Among the causes for KU's need for additional long-term financing were the Redemption of KU's 7.55% First Mortgage Bonds, Series R, in \$50,000,000 principal amount. In addition, an existing \$75,000,000 intercompany loan from Fidelia, authorized by the TRA in Docket No. 03-00146, matured on December 19, 2005.

Pursuant to the authority granted in Docket No. 05-00095, the Company issued the following notes:

<u>Payee</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Fidelia	07/08/05	07/08/15	4.735%	\$ 50,000,000
Fidelia	12/19/05	12/21/15	5.360%	\$ 75,000,000

D. By Written Order dated June 27, 2006 in Docket No. 06-00121 (*In the Matter of The Petition of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations*), the Authority memorialized action taken at public conference and authorized KU to obtain long-term debt financing from Fidelia in an amount not to exceed \$100,000,000. Among the reasons cited for KU's need for debt financing were routine

and ongoing upgrades and expansion related to its distribution and transmission system and other capital projects including but not limited to pollution control facilities at the Company's Ghent Generating Station. The KPSC granted KU a Certificate of Public Convenience and Necessity for those facilities by Order dated June 20, 2005 in KPSC Case No. 2004-00426 (*In the Matter of: The Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity to Construct Flue Gas Desulfurization Systems and Approval of its 2004 Compliance Plan for Recovery by Environmental Surcharge*), which was subsequently modified by Order dated December 22, 2006, in KPSC Case No. 2006-00493 (*In the Matter of: Application of Kentucky Utilities Company to Modify Certain Certificates of Public Convenience and Necessity to Construct Ductwork for Two Flue Gas Desulfurization Units at the Ghent Power Station*).

Pursuant to the authority granted in Docket No. 06-00121, the Company issued the following notes:

<u>Payee</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Fidelia	06/23/06	06/23/36	6.33%	\$ 50,000,000
Fidelia	10/25/06	10/25/16	5.675%	\$ 50,000,000

E. By Written Order dated February 13, 2007 in Docket 06-00235 (*In the Matter of The Petition of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations*), the Authority memorialized action taken at public conference and authorized KU to obtain long-term debt from Fidelia for the purpose of defeasing and discharging \$53,000,000 in principal amount of KU's 7.92% First Mortgage Bonds, Series P.

Pursuant to the authority granted in Docket No. 06-00235, the Company issued the following note:

<u>Payee</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Fidelia	02/07/07	02/07/22	5.69%	\$ 53,000,000

F. By Written Order dated May 18, 2007 in Docket No. 07-00043 (*In the Matter of The Petition of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations*), the Authority memorialized action taken at public conference and authorized KU to obtain long-term debt financing from Fidelia in an amount not to exceed \$295,000,000. Among the causes for KU's need for additional long-term financing were capital expenditures for pollution control facilities at the Ghent Generating station, authorized by Orders dated June 20, 2005 in the previously referenced KPSC Case No. 2004-00426 and December 21, 2006 in KPSC Case No. 2006-00206 (*In the Matter of: The Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity to Construct a Selective Catalytic Reduction System and Approval of its 2006 Compliance Plan for Recovery by Environmental Surcharge*). In addition, KU needed financing for its share of construction costs for Trimble County Unit 2 in Trimble County. The KPSC granted a Certificate of Public Convenience and Necessity and a Site Compatibility Certificate for that facility by Orders dated November 1, 2005 and November 9, 2005 in KPSC Case No. 2004-00507 (*In the Matter of: The Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity and a Site Compatibility Certificate for Expansion of the Trimble County Generating Station*).

Pursuant to the authority granted in Docket No. 07-00043, the Company issued the following notes:

<u>Payee</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Fidelia	03/30/07	03/30/37	5.86%	\$ 75,000,000
Fidelia	06/20/07	06/20/17	5.98%	\$ 50,000,000
Fidelia	09/14/07	09/14/28	5.96%	\$100,000,000
Fidelia	10/25/07	10/25/19	5.71%	\$ 70,000,000

G. By Written Order dated January 10, 2008 in Docket No. 07-00244 (*In the Matter of The Petition of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations*), the Authority memorialized action taken at public conference and authorized KU to obtain long-term debt financing from Fidelia in an amount not to exceed \$100,000,000. Among the causes for KU's need for additional long-term financing were capital expenditures for pollution control facilities at KU's Ghent and E.W. Brown Generating Stations as authorized by the KPSC in the previously cited Case Nos. 2004-00426 and 2006-00493. In addition, favorable weather and a compressed construction schedule resulted in accelerated capital expenditures for KU's share of transmission facilities, approved by the KPSC by Order of May 26, 2006 in KPSC Case No. 2005-00467 (*In the Matter of: The Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky*).

Pursuant to the authority granted in Docket No. 07-00244, the Company issued the following note:

<u>Payee</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Fidelia	12/20/07	12/19/14	5.45%	\$100,000,000

H. By Written Order dated February 22, 2008 in Docket No. 08-00009 (*In The Matter of The Petition of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations*), the Authority memorialized action taken at public conference and authorized KU to obtain long-term debt financing from Fidelia in an amount not to exceed \$275,000,000. Among the causes for KU's need for additional long-term financing were capital expenditures for pollution control facilities, at KU's Ghent and E.W. Brown Generating Stations, as authorized by the KPSC in the previously cited Case Nos. 2004-00426 and 2006-00493. In addition, KU required financing for its share of the construction costs for Trimble County Unit 2, for which the KPSC granted a Certificate of Public Convenience and Necessity and a Site Compatibility Certificate in the previously cited Case No. 2004-00507.

Pursuant to the authority granted in Docket No. 08-00009, the Company issued the following notes:

<u>Payee</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Fidelia	05/20/08	05/22/23	5.85%	\$ 75,000,000
Fidelia	07/25/08	07/25/18	6.16%	\$ 50,000,000
Fidelia	08/26/08	08/27/18	5.645%	\$ 50,000,000
Fidelia	12/15/08	12/17/18	7.035%	\$ 75,000,000

I. By Written Order dated November 25, 2008 in Docket No. 08-00193 (*In the Matter of The Petition of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations*), the Authority memorialized action taken at public conference and authorized KU to obtain long-term debt financing from Fidelia in an amount not

to exceed \$275,000,000. Among the causes for KU's need for additional capital expenditures for pollution control facilities at KU's Ghent and E.W. Brown Generating Stations, as authorized by the KPSC in the previously cited Case Nos. 2004-00426 and 2006-00493. In addition, KU required financing for its share of the construction costs for Trimble County Unit 2, for which the KPSC granted a certificate of Public Convenience and Necessity and a Site Compatibility Certificate in the previously cited Case No. 2004-00507.

Pursuant to the authority granted in Docket No. 08-00193, the Company issued the following notes:

<u>Payee</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Fidelia	04/24/09	04/24/17	5.28%	\$ 50,000,000
Fidelia	07/27/09	07/29/19	4.81%	\$ 50,000,000
Fidelia	11/25/09	11/25/19	4.445%	\$50,000,000

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