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June 29, 2012

Kenneth C. Hill, Chairman Tennessee Regulatory Authority
c/o Sharla Dillon Dockets and Records Manager
460 James Robertson Parkway
Nashville, Tennessee 37219

RE: Petition of Kentucky Utilities Company for an Order Authorizing the
Issuance of Securities and the Assumption of Liabilities

Dear Chairman Hill,

Enclosed are the original and 4 copies of the above referenced Petition of Kentucky Utilities Company seeking approval of the issuance of securities and the assumption of liabilities. The Petition is also being filed electronically. A check for the \$25 filing fee is enclosed.

Please contact me if you have any questions.

Sincerely,

D. Billye Sanders

D. Billye Sanders
Attorney for Kentucky Utilities Company

Enclosures

c: Kendrick R. Riggs, Esq., Stoll Keenon Ogden PLLC
John Wade Hendricks, Esq., Stoll Keenon Ogden PLLC
Barry L. Dunn, Esq., Stoll Keenon Ogden PLLC
Allyson K. Sturgeon, Senior Corporate Attorney, LG&E and KU Energy LLC
Office of the Tennessee Attorney General Consumer Advocate and Protection Division

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

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. 12-_____

PETITION

Kentucky Utilities Company ("KU" or the "Company") hereby requests, pursuant to T.C.A. §65-4-109 that the Tennessee Regulatory Authority ("TRA" or "Authority") authorize KU to incur debt in the form of First Mortgage Bonds in a principal amount not to exceed \$300,000,000. KU further requests authority to increase the amount of its multi-year revolving line of credit by up to an additional \$100,000,000 or, in the alternative, to enter into similar additional facilities not to exceed that amount. In support of its Petition, KU states as follows:

1. The Company's full name is Kentucky Utilities Company. The post office address of the Company is One Quality Street, Lexington, KY 40507. KU is a Kentucky and Virginia corporation, a utility as defined by T.C.A. §65-4-101(6) and, as of March 31, 2012, provides retail electric service to approximately 509,000 customers in seventy-seven counties in Kentucky, approximately 29,000 customers in southwest Virginia and four residential customers in Fork Ridge, Tennessee. A description of KU's properties is set out in **Exhibit 1** to this Petition.

2. KU obtains financing through numerous sources of capital, including the forms of debt that are the subject of this Petition. KU does not assign specific financing to any particular project or use, and does not project-finance capital projects. All components of KU's capital structure are used to fund capital expenditures. Thus, the uses cited below are general reasons

for KU's need for debt financing, rather than projects to which specific financing will be assigned.

FIRST MORTGAGE BOND DEBT

3. KU requests, pursuant to T.C.A. §65-4-109, that the Authority authorize it to incur additional long-term debt in the form of First Mortgage Bonds in a principal amount not to exceed \$300,000,000.

4. During 2012 and 2013, KU anticipates incurring up to approximately \$1.45 billion in construction costs. In Kentucky Public Service Commission ("KPSC") Case No. 2011-00375¹ by Order dated May 3, 2012, the KPSC granted KU a Certificate of Public Convenience and Necessity and a Site Compatibility Certificate to construct a new 640 MW combined cycle combustion turbine unit at the Cane Run Generating Station in Jefferson County. By Order dated December 15, 2011, in KPSC Case No. 2011-00161,² the KPSC approved KU's 2011 Amended Environmental Compliance Plan and granted KU Certificates of Public Convenience and Necessity to Construct Particulate Matter Control Systems at the Company's Brown Unit 3 and at Ghent Units 1, 2, 3 and 4. By order dated December 23, 2009, in KPSC Case No. 2009-00197,³ the KPSC among other actions, granted KU a Certificate of Public Convenience and Necessity to construct a new landfill at the Company's Ghent Station in Carroll County, Kentucky. The costs of these projects are reflected in KU's capital budget which is attached as **Exhibit 2.**

¹ *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity and Site Compatibility Certificate for the Construction of a Combined cycle Combustion Turbine of the Cane Run Generating Station and the Purchase of Existing Simple Cycle Combustion Turbine Facilities From Bluegrass Generation Company, LLC in Lexington, Kentucky.*

² *Application of Kentucky Utilities Company for Certificates of Public Convenience and Necessity and Approval of its 2011 Compliance Plan for Recovery by Environmental Surcharge.*

³ *Application of Kentucky Utilities Company for Certificates of Public Convenience and Necessity and Approval of Its 2009 Compliance Plan for Recovery by Environmental Surcharge.*

5. The Company's Mortgage Indenture (the "Indenture") authorizes it to issue, from time to time, bonds ("First Mortgage Bonds") of one or more series, with each series having such date, maturity date(s), interest rate(s), and other terms as may be established by a supplemental indenture executed by the Company in connection with such series. All bonds issued under the Indenture would be equally and ratably secured by a first mortgage lien on substantially all of the Company's permanently fixed properties in Kentucky. A copy of the form of the Indenture has been previously filed with the Authority in Docket No. 10-00119.⁴

6. The First Mortgage Bonds may be sold at various times through the remainder of 2012 and 2013 in one or more underwritten public offerings, negotiated sales, or private placement transactions utilizing the proper documentation.

7. The First Mortgage Bonds of each series would be issued and secured by the Indenture as to be further supplemented and amended by a supplemental indenture creating the bonds of such series. Such supplemental indenture would set forth the terms and provisions of such series, including without limitation, the maturity date(s), interest rate(s), redemption provisions and other applicable terms. The First Mortgage Bonds of each series may be sold in one or more underwritten public offerings, negotiated sales, or private placement transactions utilizing the proper documentation. The price, maturity date(s), interest rate(s), and the redemption provisions, and other terms and provisions of each series of First Mortgage Bonds (including, in the event all or a portion of the First Mortgage Bonds bear a variable rate of interest, the method for determining the interest rates), would be determined on the basis of negotiations among KU and the underwriters or other purchasers of such First Mortgage Bonds. The amount of compensation to be paid to underwriters or purchasers for their services would not exceed one percent (1%) of the principal amount of the First Mortgage Bonds of the series to

⁴ *Petition of Kentucky Utilities Company for An Order Authorizing the Restructure and Refinancing of Unsecured Debt and the Assumption of Obligations and for Amendment of Existing Authority.*

be sold. Based upon past experience with similar financings, KU estimates that issuance costs, excluding underwriting fees, would be approximately \$600,000.

8. Because of the historical spread between long-term fixed interest rates and short-term rates, all or a portion of the bonds could be issued with an interest rate that fluctuates on a quarterly or semi-annual basis.

9. In connection with the issuance of First Mortgage Bonds, KU may enter into one or more interest rate hedging agreements (including an interest rate cap, swap, collar, or similar agreement, collectively, the "Hedging Facility") with a PPL affiliate company, or a bank or financial institution (the "Counterparty"). The Hedging Facility would be an interest rate agreement designed to allow KU to actively manage and limit its exposure to variable interest rates on any variable rate First Mortgage Bond or manage the risk of interest rates rising significantly before the date of issuance on any fixed rate First Mortgage Bond. The estimated cost of the financing does not include the costs of any Hedging Facility which would be determined at the time of the hedge. However, based on current market conditions, the cost of a three-year hedge would be approximately 17 basis points (.17%). The Hedging Facility could also be used to lock in interest rates in advance of a debt issuance. Once again based on current market conditions, the Company could lock in current rates for six months for a cost of approximately 15 basis points (.15%).

10. The terms of each Hedging Facility will be negotiated by KU with the respective Counterparty and would be the most favorable terms that can be negotiated by the Company.

INCREASE IN AMOUNT OF MULTI-YEAR REVOLVING LINE OF CREDIT

11. KU requests authority to increase the amount of its multi-year revolving line of credit by up to an additional \$100,000,000 or, in the alternative, to enter into similar additional facilities not to exceed that amount.

12. By Order dated October 21, 2010, in TRA Docket No.10-00119, the Authority authorized KU to enter into one or more multi-year revolving credit facilities (the “Revolving Line of Credit”) with one or more financial institutions in an aggregate amount not to exceed \$400,000,000. The Revolving Line of Credit replaced similar revolving credit facilities, originally authorized in Docket No.07-00156, which the Authority approved by Order dated September 13, 2007.

13. KU subsequently entered into its Revolving Line of Credit with a termination date of December 31, 2014. Subsequently, in Docket No.11-00156 KU requested, and by Order dated October 12, 2011, the Authority authorized, KU to extend the term of its revolving credit facilities through December 31, 2016. By doing so, KU was able to pay lower on-going commitment fees immediately and incur a lower upfront fee to extend the existing facility than if it waited until the term expired in 2014. The facility was amended in October 2011, and now matures on October 19, 2016. Amending the existing facility also significantly reduced the credit spread the Company pays when it borrows under the line of credit, and the commitment fee paid under the facility for undrawn amounts.

14. The Revolving Line of Credit provides KU with the opportunity to request that the maximum debt allowed under the credit facility be increased by \$100,000,000 to \$500,000,000. While the lenders are not obligated to increase the limit under the Revolving Line of Credit, KU believes that it is likely that the lenders will agree to do so. However, in the event that the current lenders are unable or unwilling to increase the credit limit, KU proposes to obtain an additional revolving credit facility in the amount of \$100,000,000. KU anticipates that any new, additional revolving credit facility would be on similar terms as its current Revolving Line of Credit, including a term not to exceed five (5) years. **Exhibit 3** shows the anticipated additional cost of increasing the credit limit under the existing credit facility, and alternatively, of entering into an additional revolving credit facility with a credit limit of \$100,000,000.

15. The additional credit under the revolving credit facility would be available for the same purposes for which existing credit is currently available. Loan proceeds could be used to provide short-term financing for KU's general funding needs, for example, general costs of operation, costs of KU's various construction programs or other general business purposes, until permanent or long-term financing can be arranged. In addition, the additional funds could be used to provide new or expanded liquidity or credit support for KU's other debt. For example, credit could be used to ensure that KU has readily available funds with which to repay commercial paper borrowings at their maturity.

16. No contracts have been made for the disposition of any of the securities which KU proposes to issue.

17. KU shall, as soon as reasonably practicable after the issuance of each series of First Mortgage Bonds referred to herein, file with the Authority a statement setting forth the date or dates of issuance of the First Mortgage Bonds, the proceeds of such series of Bonds, the interest rates, costs or gains with any Hedging Facility and all fees and expenses associated with such issuance.

18. As soon as reasonably practicable after amendment of KU's Revolving Line of Credit to increase the debt allowed under such instrument, or, alternatively, entrance into a new and additional line of credit, KU shall file with the Authority a statement setting forth the date or dates of such action, as well as all fees and expenses.

19. **Exhibit 4** to this Petition contains KU's financial exhibit.

20. **Exhibit 5** to this Petition is a certified copy of KU's Board of Directors' Resolution authorizing the issuance of the First Mortgage Bonds, the increase in the debt limit under the revolving credit facility, and the transactions related thereto as discussed in this Petition.

21. Copies of all orders, pleadings and other communications related to this Petition should be directed to the attorneys listed at the end of this Petition.

THEREFORE, Kentucky Utilities Company respectfully requests that the TRA enter its Order authorizing KU to issue securities in the form of First Mortgage Bonds in a total amount not to exceed \$300,000,000 and to increase the credit limit under its existing revolving line of credit by up to an additional \$100,000,000, or in the alternative, to enter into one or more new revolving credit facilities in addition to its existing credit facility provided that the total revolving credit limit increase, whether under the existing line of credit, under the new revolving credit facility or facilities or in combination of both, shall not exceed an additional \$100,000,000 all as set forth in this Petition. KU further requests that the Order of the Authority specifically include provisions stating:

1. KU is authorized to issue long-term debt in the form of First Mortgage Bonds in one or more series at one or more times during the remainder of 2012 through 2013, in an aggregate principal amount not to exceed \$300,000,000 in the manner set forth in its Petition.

2. KU is authorized to execute an amendment to its existing revolving line of credit increasing the total principal amount of debt under said line or in the alternative, to enter into one or more new additional revolving credit facilities with a term not to exceed five (5) years, such increases in the existing line of credit and/or new facilities to not exceed, in total a combined additional aggregate principal amount of \$100,000,000.

3. KU is authorized to execute, deliver and perform the obligations of KU under all such agreements and documents as set out in its Petition, and to perform the transactions

contemplated by such agreements.

Dated: June 29, 2012.

Respectfully submitted,

Kentucky Utilities Company

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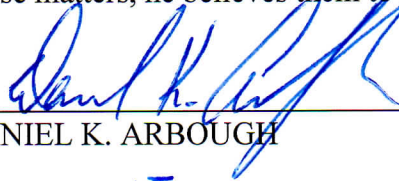
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Counsel for Kentucky Utilities Company

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 28th day of June, 2012.

My Commission Expires: August 31, 2015

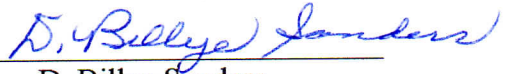


NOTARY PUBLIC, STATE AT LARGE

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of June 2012, a true and correct copy of the forgoing Petition was served on the entity below by placing same in the U.S. mail, postage pre-paid addressed to:

Office of Attorney General & Reporter
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, Tennessee 37202



D. Billye Sanders

Exhibits to Petition

Exhibit 1	Description of KU's Properties
Exhibit 2	KU's Capital Budget
Exhibit 3	Estimated Cost of Increasing Current Credit Facility and Estimated Cost of Additional New \$100 Million Credit Facility
Exhibit 4	KU's Financial Exhibit
Exhibit 5	KU's Board of Directors' Resolution Authorizing Transactions Subject to this Petition

Exhibit 1

KENTUCKY UTILITIES COMPANY

A DESCRIPTION OF PETITION'S PROPERTY, INCLUDING A
STATEMENT OF THE NET ORIGINAL COST OF THE PROPERTY
AND THE COST THEREOF TO PETITIONER

March 31, 2012

The Petitioner's generating, transmission and distribution systems described herein are calculated annually. As of December 31, 2011, the Petitioner owned 13 and operated 11 coal fired steam electric generating units having a total capacity of 3,355 Mw; a hydroelectric generating station having a total capacity of 24 Mw; and 17 gas/oil peaking units having a total capacity of 1,454 Mw.

The Petitioner's owned electric transmission system included 133 substations (55 of which are shared with the distribution system) with a total capacity of 13 million kVA and 4,078 miles of lines. The electric distribution system included 478 substations (55 of which are shared with the transmission system) with a transformer capacity of 7 million kVA, 14,112 miles of overhead lines, and 2,265 miles of underground conduit.

KU's service area includes an additional 11 miles of gas transmission pipeline providing gas supply to natural gas combustion turbine electrical generating units.

Other properties include office buildings, service centers, warehouses, garages and other structures and equipment.

The net original cost of the property and cost thereof to the Petitioner at March 31, 2012, was:

	Utility Plant
Original Cost	
Production Plant	\$ 4,189,773,098
Distribution Plant	1,434,552,256
Transmission Plant	667,945,984
General Plant	140,094,552
Intangible Plant	60,204,133
Construction Work in Progress	345,238,438
Total Plant at Original Cost	\$ 6,837,808,461
Less Reserve for Depreciation	2,052,590,028 *
Net Original Cost	\$ 4,785,218,433

* Excludes \$367,106,725 related to cost of removal reserves that is not included in the reserve in the Financial Statements and Additional Information, but instead is included as a regulatory liability.

Exhibit 2

KU

(\$ millions) Projected

	2012	2013	2014	2015	2016
Construction expenditures (a)					
Generating facilities (b)	\$ 129	\$ 177	\$ 217	\$ 173	\$ 65
Distribution facilities	78	95	86	103	100
Transmission facilities (c)	57	49	53	43	40
Environmental	379	453	411	233	51
Other	13	21	21	24	22
Total Construction Expenditures	<u>\$ 656</u>	<u>\$ 795</u>	<u>\$ 788</u>	<u>\$ 576</u>	<u>\$ 278</u>

- (a) Construction expenditures include AFUDC, which is not expected to be significant for the years 2012 through 2016.
- (b) Includes approximately \$500 million of currently estimable costs related to replacement generation units due to BPA regulations not recoverable through the ECR mechanism. KU expects to recover these costs over a period equivalent to the related depreciable lives of the assets through future rate proceedings.
- (c) Includes approximately \$30 million of currently estimable transmission costs related to replacement generation units. KU expects to recover these costs over a period equivalent to the related depreciable lives of the assets through future rate proceedings.

Exhibit 3

Estimated Cost of Increasing Current Credit Facility by \$100 Million

Costs:

Upfront fees:

\$ 50,000

Assumes Lenders are paid 5bp upfront fee to commit

\$ 125,000

Annual Utilization Fee: \$100 million x 0.125%

Estimated Tax Rate 40.363%

Estimated Discount Rate 0.82%

	Undrawn		Upfront Cost Taxes		Total Cash Outlay (Aftertax)		Present Value	
NPV	Cost of Borrowing	Amortization						
Year 0			\$ 50,000		\$	50,000	\$	50,000
Year 1	\$ 125,000	\$ 16,667		\$ (57,180)	\$	67,820	\$	67,268
Year 2	\$ 125,000	\$ 16,667		\$ (57,180)	\$	67,820	\$	66,721
Year 3	\$ 125,000	\$ 16,667		\$ (57,180)	\$	67,820	\$	66,178
							\$	250,168

Income Statement View	
Interest Expense	Undrawn
Amortization	\$ (125,000)
Income Before Taxes	\$ (16,667)
Taxes	\$ (141,667)
Net Income	\$ 57,180
	\$ (84,486)

Estimated Cost of Additional New \$100 Million Credit Facility

Costs:

Upfront fees: Assumes one time upfront fee of 25bps.
 Estimated Legal fees \$ 250,000
 Total estimated upfront fees 50,000
 \$ 300,000

Annual Utilization Fee: \$100 million x 0.125% \$ 125,000

Estimated Tax Rate 40.363%

Estimated Discount Rate 0.82%

NPV	Undrawn	Cost of Borrowing	Amortization	Upfront Cost	Taxes	Total Cash Outlay (Aftertax)	Present Value
Year 0				\$ 300,000		\$ 300,000	\$ 300,000
Year 1		\$ 125,000	\$ 100,000		\$ (90,816)	\$ 34,184	\$ 33,906
Year 2		\$ 125,000	\$ 100,000		\$ (90,816)	\$ 34,184	\$ 33,631
Year 3		\$ 125,000	\$ 100,000		\$ (90,816)	\$ 34,184	\$ 33,357
							\$ 400,894

Income Statement View	
	Undrawn
Interest Expense	\$ (125,000)
Amortization	\$ (100,000)
Income Before Taxes	\$ (225,000)
Taxes	\$ 90,816
Net Income	\$ (134,184)

0
1
2
3

Exhibit 4

KENTUCKY UTILITIES COMPANY

FINANCIAL EXHIBIT

March 31, 2012

- (1) Amount and kinds of stock authorized.

80,000,000 shares of Common Stock, without par value
5,300,000 shares of Cumulative Preferred Stock, without par value -- authorized, but unissued
2,000,000 shares of Preferred Stock, without par value -- authorized, but unissued

- (2) Amount and kinds of stock issued and outstanding.

Common Stock:

37,817,878 shares issued and outstanding, without par value, recorded at
\$307,818,689.

- (3) Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets otherwise.

None

- (4) Brief description of each mortgage on property of Petitioner, giving date of execution name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of the indebtedness actually secured, together with any sinking fund provisions.

Date of Execution: As of October 1, 2010 (Supplemental Indentures were executed on October 15, 2010 and November 1, 2010.)

Mortgagor: Kentucky Utilities Company

Trustee: The Bank of New York Mellon

Amount of Authorized Debt: One quintillion dollars

Amount of Debt Secured: \$1,850,779,405

Sinking Fund Provisions: None

Pledged Assets: Substantially all assets of Kentucky Utilities located in Kentucky

- (5) Amount of bonds authorized, and amount issued giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with an amount of interest paid thereon during the last 12-month period.

Secured by first mortgage lien on substantially all assets in Kentucky.

Kentucky Utilities Company

Date of Issue	Date of Maturity	Rate of Interest	Principal Amount		Interest Expense
			Authorized	Outstanding at March 31, 2012	Year Ended March 31, 2012
Pollution Control Bonds					
05/01/00	05/01/23	Variable	\$ 12,900,000	\$ 12,900,000	\$ 19,922
02/01/02	02/01/32	Variable	20,930,000	20,930,000	150,526
02/01/02	02/01/32	Variable	2,400,000	2,400,000	16,905
02/01/02	02/01/32	Variable	7,200,000	2,400,000	207,152
02/01/02	02/01/32	Variable	7,400,000	7,400,000	52,094
07/01/02	10/01/32	Variable	96,000,000	96,000,000	16,895
10/01/04	10/01/34	Variable	50,000,000	50,000,000	81,942
02/23/07	10/01/34	Variable	54,000,000	54,000,000	89,148
05/24/07	02/01/26	5.75%	17,875,000	17,875,000	1,027,813
05/24/07	03/01/37	6.00%	8,927,000	8,927,000	535,620
10/17/08	02/01/32	Variable	77,947,405	77,947,405	128,318
			<u>\$ 355,579,405</u>	<u>\$ 350,779,405</u>	<u>\$ 2,326,335</u>
First Mortgage Bonds					
11/16/10	11/01/15	1.63%	\$ 250,000,000	\$ 250,000,000	\$ 4,062,500
11/16/10	11/01/20	3.25%	500,000,000	500,000,000	16,250,000
11/16/10	11/01/40	5.13%	750,000,000	750,000,000	38,437,500
			<u>\$ 1,500,000,000</u>	<u>\$ 1,500,000,000</u>	<u>\$ 58,750,000</u>

- (6) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest in whose favor, together with amount of interest paid thereon during the last 12-month period.

There are no notes outstanding as of March 31, 2012.

- (7) Other indebtedness, giving same by classes and describing security, if any with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.

None, other than current and accrued liabilities.

- (8) Rate and amount of dividends paid during the five previous fiscal years, and amount of capital stock on which dividends were paid. (1)

Dividends on Common Stock, without par value (not based on rate per share)

2007	-
2008	-
2009	-
2010	\$50,000,000
2011	\$123,500,000

- (1) On November 1, 2010, PPL Corporation completed its acquisition of E.ON U.S. LLC, the Company's parent. Upon completion of the acquisition, E.ON U.S. LLC was renamed LG&E and KU Energy LLC. The 37,817,878 shares are currently owned by LG&E and KU Energy LLC. From May 1998 to October 31, 2010, the 37,817,878 shares were all owned by E.ON U.S. LLC (formerly LG&E Energy LLC) and all dividends declared by KU's Board of Directors were paid to E.ON U.S. LLC. Subsequent to October 31, 2010, all dividends declared by KU's Board of Directors were paid to LG&E and KU Energy LLC. During the 1st quarter of 2012 KU declared and paid a dividend on common stock of \$24,000,000.

- (9) Detailed Income Statement, Balance Sheet and Statement of Retained Earnings

Attached are detailed Statements of Income, Balance Sheets and Retained Earnings for the Company for the period ending March 31, 2012.

Kentucky Utilities Company
Balance Sheet as of March 31, 2012

Exhibit 4 - p. 4 of 6

Assets

Utility Plant

Utility Plant at Original Cost..... \$ 6,837,808,460.84
Less: Reserves for Depreciation and Amortization..... 2,419,286,203.27

Total..... 4,418,522,257.57

Investments

Electric Energy, Inc..... 6,465,195.55
Ohio Valley Electric Company..... 250,000.00
Nonutility Property-Less Reserve..... 179,120.94

Total..... 6,894,316.49

Current and Accrued Assets

Cash..... 26,666,148.67
Special Deposits.....
Temporary Cash Investments..... 19,049,263.40
Accounts Receivable-Less Reserve..... 153,471,798.55
Accounts Receivable from Associated Companies..... 3,237,051.00
Materials and Supplies At Average Cost
Fuel..... 86,500,323.28
Plant Materials and Operating Supplies..... 34,275,059.84
Stores Expense..... 10,207,802.39
Emission Allowances..... 415,494.53
Prepayments..... 5,995,929.86
Miscellaneous Current and Accrued Assets..... 886.52

Total..... 339,849,758.04

Deferred Debits and Other

Unamortized Debt Expense..... 20,993,395.72
Unamortized Loss on Bonds..... 11,623,874.20
Accumulated Deferred Income Taxes..... 85,241,359.67
Deferred Regulatory Assets..... 267,700,866.01
Other Deferred Debits..... 45,907,397.34

Total..... 431,466,892.94

Total Assets..... \$ 5,196,733,225.04

Liabilities and Proprietary Capital

Proprietary Capital

Common Stock..... \$ 308,139,977.56
Less: Common Stock Expense..... 321,288.87
Paid-In Capital..... 315,858,083.00
Other Comprehensive Income..... (5,681,776.49)
Retained Earnings..... 1,506,021,217.35
Unappropriated Undistributed Subsidiary Earnings..... 14,468,538.75

Total Proprietary Capital..... 2,138,484,751.30

Pollution Control Bonds..... 350,779,405.00

First Mortgage Bonds..... 1,489,970,968.75

LT Notes Payable to Associated Companies.....

Total Long-Term Debt..... 1,840,750,373.75

Total Capitalization..... 3,979,235,125.05

Current and Accrued Liabilities

ST Notes Payable to Associated Companies.....
Accounts Payable..... 89,650,512.28
Accounts Payable to Associated Companies..... 35,561,724.97
Customer Deposits..... 23,057,677.96
Taxes Accrued..... 15,423,195.66
Interest Accrued..... 26,028,639.20
Dividends Declared.....
Miscellaneous Current and Accrued Liabilities..... 20,585,090.84

Total..... 210,306,840.91

Deferred Credits and Other

Accumulated Deferred Income Taxes..... 581,925,806.57
Investment Tax Credit..... 100,707,740.58
Regulatory Liabilities..... 108,999,483.67
Customer Advances for Construction..... 3,147,887.16
Asset Retirement Obligations..... 62,573,225.51
Other Deferred Credits..... 12,482,364.45
Miscellaneous Long-Term Liabilities..... 2,630,529.78
Accum Provision for Postretirement Benefits..... 134,724,221.36

Total..... 1,007,191,259.08

Total Liabilities and Stockholders Equity..... \$ 5,196,733,225.04

Kentucky Utilities Company
Statement of Income
March 31, 2012

Exhibit 4-p. 5 of 6

	Year Ended 3/31/2012
Electric Operating Revenues.....	\$ 1,522,035,957.11
Rate Refunds.....	-
Total Operating Revenues.....	<u>1,522,035,957.11</u>
Fuel for Electric Generation.....	516,817,356.17
Power Purchased.....	103,829,269.81
Other Operation Expenses.....	234,009,083.64
Maintenance.....	126,205,679.78
Depreciation.....	184,687,593.56
Amortization Expense.....	7,505,149.44
Regulatory Credits.....	(6,011,854.42)
Taxes	
Federal Income.....	(17,247,753.46)
State Income.....	1,899,319.18
Deferred Federal Income - Net.....	102,811,975.59
Deferred State Income - Net.....	11,097,503.08
Property and Other.....	29,144,074.49
Investment Tax Credit.....	-
Loss (Gain) from Disposition of Allowances.....	(886.52)
Accretion Expense.....	<u>2,934,108.65</u>
Total Operating Expenses.....	<u>1,297,680,618.99</u>
Net Operating Income.....	224,355,338.12
Other Income Less Deductions	
Amortization of Investment Tax Credit.....	2,800,110.74
Other Income Less Deductions.....	533,585.57
AFUDC - Equity.....	<u>47,125.06</u>
Total Other Income Less Deductions.....	<u>3,380,821.37</u>
Income Before Interest Charges.....	<u>227,736,159.49</u>
Interest on Long-Term Debt.....	61,076,334.12
Amortization of Debt Expense - Net.....	3,773,938.89
Other Interest Expenses.....	5,107,381.64
AFUDC - Borrowed Funds.....	<u>(13,892.09)</u>
Total Interest Charges.....	<u>69,943,762.56</u>
Net Income.....	<u><u>\$ 157,792,396.93</u></u>

Kentucky Utilities Company
Analysis of Retained Earnings
March 31, 2012

Exhibit 4 - p. 6 of 6

	<u>Year Ended 3/31/12</u>
Retained Earnings Balance at Beginning of Period.....	\$ 1,463,485,376.42
Add:	
Net Income for Period.....	157,792,396.93
Deduct:	
Common Dividends	
Common Stock Without Par Value	(116,500,000.00)
Adjust for Equity in Subsidiary	
Earnings for Year	
EE Inc.....	1,243,444.00
Dividends Received Current Year	
-EE Inc.....	-
Retained Earnings Balance at End of Period.....	<u>1,506,021,217.35</u>
Unappropriated Undistributed Subsidiary Earnings.....	<u>14,468,538.75</u>
Retained Earnings and Undistributed Subsidiary Earnings at End of Period.....	<u><u>\$ 1,520,489,756.10</u></u>

Exhibit 5

SECRETARY'S CERTIFICATE

I, Gerald A. Reynolds, do hereby certify that I am the duly qualified and acting General Counsel, Chief Compliance Officer and Corporate Secretary of Kentucky Utilities Company, a Kentucky and Virginia corporation, (the "Company"), and that as such officer, I have access to all original records of the Company and that I am authorized to make certified copies of Company records on its behalf. I further hereby certify that the attached resolutions are a true and correct copy of the resolutions of the Company adopted by unanimous written consent effective as of June 5, 2012, and that the same have not been altered, amended or repealed.

IN WITNESS WHEREOF, I have executed this Certificate this 5th day of June, 2012.

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

Gerald A. Reynolds
General Counsel, Chief Compliance Officer
And Corporate Secretary

**ACTION OF THE BOARD OF DIRECTORS
OF
KENTUCKY UTILITIES COMPANY
TAKEN BY WRITTEN CONSENT
IN LIEU OF A SPECIAL MEETING**

June 5, 2012

ISSUANCE OF FIRST MORTGAGE BONDS

WHEREAS, the Board of Directors of the Company (the "Board") has determined that it is desirable and in the best interests of the Company to issue up to \$300,000,000 aggregate principal amount of long-term debt in the form of first mortgage bonds for the purposes of providing funds for anticipated capital expenditures, operational or financial needs and other general corporate purposes.

NOW, THEREFORE, BE IT RESOLVED, by the Board as follows:

The Offering

- (a) That the Board authorizes and approves the issuance and sale by the Company from time to time, in one or more series, and in any combination, of up to \$300,000,000 aggregate principal amount of long-term debt in the form of first mortgage bonds (any of such bonds, the "Debt Securities") in one or more underwritten public offerings, negotiated sales, or private placement transactions (such offerings, sales and transactions collectively referred to herein as the "Offering"), the net proceeds of such Debt Securities to be used for general corporate purposes, including construction and other capital expenditures, operational funding requirements, and repayment, refunding or refinancing of short- or long-term debt at maturity or otherwise.
- (b) That the Company be, and it hereby is, authorized to issue and offer for sale the Debt Securities through or to one or more underwriters, selling or placement agents, or other purchasers pursuant to an underwriting, purchase or similar agreement, on and subject to such terms and conditions as may be approved by the Authorized Officers (as defined below), provided that the interest rate on such Debt Securities shall not exceed 6.65% per annum.

Debt Securities or First Mortgage Bonds

- (c) That the Chief Executive Officer, President, Chief Financial Officer, Chief Administrative Officer, General Counsel, Chief Compliance Officer and Corporate Secretary, any Vice, President, the Treasurer, and the Controller of the Company (each, an "Authorized Officer" and, collectively, the "Authorized Officers") are, and each of them hereby is, authorized by and on behalf of the Company, to negotiate, enter into, execute and deliver one or more supplemental indentures, company orders and/or officer's certificates (the "Supplemental Indentures") pursuant to the Company's Indenture dated October 1, 2010 to The Bank of New York Mellon, as trustee (such Indenture, as heretofore supplemented and as to be further supplemented and amended by any such instrument the "Indenture") relating to the creation and issuance of, and establishing the designation, form, characteristics and terms of the Debt Securities, in such form or forms and having such terms as the Authorized Officers executing the same shall approve, and to perform all of the agreements and obligations of the Company under the Supplemental Indentures and Indenture and to consummate the transactions contemplated thereby; and that each Authorized Officer be, and hereby is, authorized to execute and deliver such other agreements, certificates and documents and to take such other actions in connection with the execution and delivery of any Supplemental Indenture or other instrument pursuant to the Indenture as such Authorized Officers deem necessary, advisable or appropriate; with such changes therein, additions thereto or omissions therefrom, as any Authorized Officer executing, acknowledging or delivering the same shall approve, such Authorized Officer's execution, acknowledgement and/or delivery thereof to be conclusive evidence of such approval.
- (d) That the Authorized Officers are, and each of them hereby is, authorized, empowered and directed, in the name and on behalf of the Company, to execute, acknowledge and deliver new securities representing the Debt Securities in substantially such form and containing such terms and conditions as such Authorized Officer shall approve, with such changes therein, additions thereto or omissions therefrom as such Authorized Officer executing, acknowledging or delivering the same shall approve, such Authorized Officer's execution, acknowledgement and delivery thereof to be conclusive evidence of such approval.
- (e) That the Authorized Officers are, and each of them hereby is, authorized, empowered and directed to fix and approve the terms and conditions on which the Debt Securities are to be issued and authenticated and the final terms of the Supplemental Indentures or any other instrument pursuant to the Indenture, including, without limitation, the rights of the holders thereof, the interest rate or rates, the maturity date or dates, the sinking fund, redemption or repurchase provisions and prices, the purchase price or prices, the offering date and terms and all other matters relating thereto, and to take all such other actions as any Authorized Officer deems necessary, advisable or appropriate to consummate the transactions contemplated by the Supplemental Indentures.
- (f) That a facsimile of the corporate seal of the Company may be imprinted on the Supplemental Indentures and/or Debt Securities, which facsimile is hereby acknowledged to be the corporate seal of the Company for the purposes of sealing the Debt Securities.
- (g) That the Authorized Officers are, and each of them hereby is, authorized to execute and deliver on behalf of the Company, in the event that all or a portion of the Debt Securities

bear a fixed or variable rate of interest: (i) one or more interest rate lock or swap agreements or similar agreements with one or more underwriters, banks or other financial institutions or other counter-parties, including affiliated entities, providing for the hedging of the interest rates on such securities; and (ii) any other agreement, document or instrument that may be necessary or appropriate in connection with any such transaction.

Paying Agent and Security Registrar

- (h) That The Bank of New York Mellon is hereby appointed to act as the initial paying agent and security registrar for the Debt Securities described herein in accordance with the provisions of the Indenture; provided that any Authorized Officer may take all actions necessary or desirable, on behalf of the Company, to provide for any additional or different paying agent or security registrar for any Debt Securities, if such Authorized Officer deems such provision to be desirable, such officer's determination to be conclusively evidenced by his execution of documentation effecting such appointment or change.

Offering Documents

- (i) That, in connection with the issuance and sale of the Debt Securities, the Authorized Officers are, and each of them hereby is, authorized, empowered and directed, in the name and on behalf of the Company to: (i) prepare, or cause to be prepared, one or more prospectuses, offering memoranda or other appropriate disclosure documents (including all exhibits, annexes and other documents relating thereto) in connection with such issuance and sale of the Debt Securities, including any supplement(s) or amendment(s) thereto (the "Offering Memorandum"); (ii) execute, as such Authorized Officers or Authorized Officer deem(s) necessary, advisable or appropriate, any and all, agreements, documents and instruments in connection with such issuance and sale; and (iii) take all such other actions as such Authorized Officers or Authorized Officer deem(s) necessary, advisable or appropriate in order to effect the issuance and sale of the Debt Securities, such Authorized Officer's authority and determination to execute such documents and instruments and to take such actions being conclusively evidenced by such execution or action, as the case may be.

Authorization of Underwriting, Purchase or Similar Agreements

- (j) That the Authorized Officers are, and each of them hereby is, authorized and directed, for and on behalf of the Company, to fix and approve the terms of an underwriting, purchase or similar agreement relating to the issuance and sale of the Debt Securities to one or more underwriters, selling or placement agents or other purchasers thereof (the "Purchase Agreement") to be entered into by and among the Company and such underwriters, agents or purchasers as may agree to become parties thereto, and the Authorized Officers be, and each of them hereby is, authorized to execute and deliver the same, in such form or with such changes therein, additions thereto or omissions therefrom as such Authorized Officers may approve, such execution and delivery by any such Authorized Officer to be conclusive evidence of such authorization and approval.
- (k) That the Authorized Officers are, and each of them hereby is, authorized to execute and file such instruments, make all such payments, and do such other acts and things as, in the opinion of any Authorized Officer, may be necessary or desirable in order to comply

with the rules and regulations promulgated under the Securities Act of 1933, as amended; and to qualify the Company or any Debt Securities under the securities or "Blue Sky" laws of such states of the United States and other jurisdictions as may be necessary or desirable, and to take further necessary action for said purposes.

Regulatory Approval

- (l) That the Authorized Officers of the Company are, and each of them hereby is, authorized and empowered to execute and file, or cause to be filed, on behalf of the Company, such applications, petitions or notices (including amendments or supplements thereto) with the Public Service Commission of the Commonwealth of Kentucky, the State Corporation Commission of the Commonwealth of Virginia, the Tennessee Regulatory Authority and any other 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 transactions contemplated hereby, 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.

General

- (m) That the Authorized Officers of the Company are, and each of them is, hereby authorized and empowered, in the name and behalf of the Company, to execute and deliver such agreements and other documents relating to electronic deposit and delivery, cash management, information services and such other matters as they shall deem necessary or desirable to otherwise facilitate the offering, issuance, sale and delivery of the Debt Securities and receive and apply the proceeds therefrom.
- (n) That the officers of the Company are, 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 or cause to be taken all such further actions and to execute and deliver or cause to be executed and delivered all such further instruments, agreements, certificates and other documents in connection with the Offering 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 the foregoing resolutions.
- (o) 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.
- (p) That the Authorized Officers are, and each of them hereby is, authorized and directed to take any and all further action to see that the intent of the above resolutions is carried forth.

This unanimous written consent may be executed in two or more counterparts, all of which taken together shall be deemed one and the same instrument.

**ACTION OF THE BOARD OF DIRECTORS
OF
KENTUCKY UTILITIES COMPANY
TAKEN BY WRITTEN CONSENT
IN LIEU OF A SPECIAL MEETING**

June 5, 2012

EXPANSION OF REVOLVING CREDIT FACILITIES

WHEREAS, the Company is borrower under a \$400 million Revolving Credit Agreement, dated as of November 1, 2010, among the Company, the Lenders party thereto and Wells Fargo Bank, National Association, as administrative agent, as amended (the "Existing Credit Agreement"), which currently is scheduled to expire in October 2016, subject to the ability to expand the facility by up to \$100 million at the Company's request, and subject to the consent of the lenders; and

WHEREAS, the Company desires to increase the amount of borrowings available under its revolving credit facilities to a total aggregate amount of up to \$500 million, through modification of the Existing Credit Agreement or by entering into additional revolving credit facilities having similar terms, such expansions or alternative facilities having a combined aggregate principal amount not to exceed \$100 million (collectively, the "Revolving Credit Facilities"); and

WHEREAS, the Board has determined that it is in the Company's best interests to amend or modify, as appropriate, the Existing Credit Agreement or negotiate and enter into additional revolving credit agreements, as appropriate, so as to effect the Revolving Credit Facilities; and

NOW, THEREFORE, BE IT RESOLVED, by the Board as follows:

Credit Agreements or Amendments

- (a) That the Chief Executive Officer, President, Chief Financial Officer, the Chief Administrative Officer, the General Counsel, Chief Compliance Officer and Corporate Secretary, any Vice President, the Treasurer, and the Controller of the Company (each, an "Authorized Officer" and, collectively, the "Authorized Officers") be, and each of them hereby is, authorized by and on behalf of the Company, authorized and empowered to negotiate, execute and enter into, on behalf of the Company, such forms of amended, modified, replacement or new promissory notes or credit agreements, whether relating to the Existing Credit Agreement or to new credit arrangements, with existing or new banks and financial institutions, that such Authorized Officer deems necessary or desirable to document and effect the Revolving Credit Facilities, together with such other agreements, instruments, notices, certificates and documents, on such terms and

conditions as the officer executing such documents deems appropriate, with such officer's execution of a definitive agreement to conclusively evidence such officer's approval and the approval of this Board of Directors.

- (b) That the Authorized Officers be, and each of them hereby is, authorized by and on behalf of the Company to: (i) request advances (including issuance of letters of credit) under the Revolving Credit Facilities; (ii) delegate to any other officers or employees of the Company, either acting individually or jointly, authority to request advances (including issuances of letters of credit) under the Revolving Credit Facilities; and (iii) execute and deliver any other agreements and documents and take any and all other action as contemplated by the Revolving Credit Facilities or as such officer may deem necessary or desirable in connection with the making of advances (including issuances of letters of credit) on account of the Company pursuant to the Revolving Credit Facilities.
- (c) That the Authorized Officers be, and each of them hereby is, authorized and directed to cause the preparation of, to approve, or consent to, and execute and deliver the necessary documents, instruments, agreements or certificates necessary to enter into the Revolving Credit Facilities.

General

- (d) That the Authorized Officers of the Company be, and each of them hereby is, authorized and empowered to execute and file, or cause to be filed, on behalf of the Company, such applications, petitions or notices (including amendments or supplements thereto) with the Public Service Commission of the Commonwealth of Kentucky, the State Corporation Commission of the Commonwealth of Virginia, the Tennessee Regulatory Authority and any other 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 transactions contemplated hereby, 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.
- (e) That any and all actions heretofore taken by the Authorized Officers within the terms of the foregoing resolutions, including any actions taken in connection with applications to the Public Service Commission of the Commonwealth of Kentucky, the Virginia State Corporation Commission and the Tennessee Regulatory Authority or any other federal, state, or local commission, court, agency or body having jurisdiction as required to obtain any approvals, consents, orders or rulings as such officers or counsel for the Company deemed to be necessary or desirable in connection with the transactions contemplated hereby, be and the same are hereby in all respects approved, ratified and confirmed.

This unanimous written consent may be executed in two or more counterparts, all of which taken together shall be deemed one and the same instrument.