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March 28, 2014

Docket No. 14-00033

James M. Allison, Chairman Tennessee Regulatory Authority
c/o Sharla Dillon Dockets and Records Manager
Tennessee Regulatory Authority
502 Deaderick Street 4th Floor
Nashville, TN 37243

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

Dear Chairman Allison,

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
Attorney for Kentucky Utilities Company

Enclosures

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

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

**THE PETITION OF KENTUCKY)
UTILITIES COMPANY FOR)
AN ORDER AUTHORIZING THE)
ISSUANCE OF SECURITIES AND THE)
ASSUMPTION OF OBLIGATIONS)**

DOCKET NO. 14-_____

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 \$500,000,000. KU further requests that the TRA amend and extend KU's existing authority to allow for replacing or extending the term of KU's multi-year revolving line of credit through December 31, 2019. 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. KU is a public utility as defined by T.C.A. §65-4-101(6) and as of December 31, 2013, provides retail electric service to approximately 514,000 customers in seventy-seven counties in Kentucky, approximately 29,000 customers in southwest Virginia and four (4) 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 \$500,000,000 (the "First Mortgage Bonds").

4. During 2014 and 2015, KU anticipates incurring up to approximately \$1.1 billion in construction costs. In Kentucky Public Service ("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. In addition to these

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 at 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.*

construction costs, a portion of the First Mortgage Bond proceeds will be used to refinance First Mortgage Bonds that are scheduled to mature on November 1, 2015.

5. On November 1, 2015 KU's outstanding First Mortgage Bonds, Series A, in principal amount of \$250,000,000 will mature. The Series A First Mortgage Bonds were issued on November 16, 2010 under authority granted by the TRA by Order dated October 21, 2010 in TRA Docket No. 10-00119.⁴ Proceeds from the Series A First Mortgage Bonds were used to repay outstanding debt to an affiliate within the E.ON AG holdings company systems, which became due upon consummation of the transaction authorized by the TRA in Docket No. 10-00118,⁵ or in lieu of previously authorized, but not yet issued debt to such affiliate. The Series A First Mortgage Bonds bear interest at 1.625%, were sold at 99.65% of par, had commission fees of \$1,500,000 and net proceeds to the Company of \$247,625,000.

6. 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. 10-00119.⁶

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 Financing Authority.*

⁵ *Joint Petition of PPL Corporation, E.ON AG., E.ON US Investments Company, E.ON U.S. LLC and Kentucky Utilities Company for Approval of a Transfer of Control of Kentucky Utilities Company.*

⁶ *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 Financing Authority.*

7. The First Mortgage Bonds may be sold at various times through the remainder of 2014 and 2015 in one or more underwritten public offerings, negotiated sales, or private placement transactions utilizing the proper documentation.

8. 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 be sold. Based upon past experience with similar financings, KU estimates that issuance costs, excluding underwriting fees, would be approximately \$1,000,000.

9. 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.

10. 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”) through an affiliate company, or directly with a bank or financial institution (the “Counterparty”). If KU elects to issue variable rate bonds, the Hedging Facility would be an interest rate agreement designed to allow KU to actively manage and limit its exposure to changes in interest rates. If a fixed rate bond is issued, the Hedging Facility would be designed to lower KU’s exposure to changes in long term rates between the date of the Hedging Facility and the bond issuance date or to lower the volatility in the value of the bond if the Hedging Facility is entered into after the bond is issued. 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 to fix the interest rate of a variable rate bond for three years would be approximately 59 basis points (.59%). The Hedging Facility could also be used to lock in interest rates in advance of a debt issuance. Thus, KU anticipates that it could enter into one or more of the preceding Hedging Facilities prior to issuance of some or all of the First Mortgage Bonds for which approval is being sought. Based on current market conditions, the Company could lock in 10 year rates for six months for a cost of approximately 24 basis points (.24%).

11. 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 TERM OF MULTI-YEAR REVOLVING LINE OF CREDIT

12. KU requests that the TRA amend and extend KU’s authority to allow for extending the term of its multi-year revolving line of credit through December 31, 2019.

13. KU was first granted authority to enter into multi-year revolving credit facilities in TRA Docket No. 07-00156⁷ by Order dated September 13, 2007.

14. Subsequently, the TRA has authorized KU to renew or extend its multi-year revolving credit arrangement on numerous occasions.⁸ Most recently, by Order dated September 18, 2013, in Docket No. 13-00096,⁹ the TRA authorized KU to extend the term of its existing revolving credit line, which has a term ending November 6, 2017, through December 31, 2018.

15. In Docket No.13-00096, KU stated that based upon its discussions with providers of credit facilities, KU believed that it was likely that in the future changing market conditions and interest rates would mean that revolving credit facilities would no longer be available on terms as favorable as found in KU's current facility. In part, this was due to the new Basel III regulations, which are being phased in beginning in 2013 and will be fully implemented in 2019. Basel III is a new regulatory framework created by the Bank for International Settlements, and adopted by the Federal Reserve. These regulations are intended to prevent another banking crisis and establish more stringent requirements for banks with respect to capitalization, leverage and liquidity. As a result, not only are revolving lines of credit likely to be less readily available, but the current historically low commitment fees and interest spreads on actual borrowings are likely to be higher in the future. However, to date, the market has not yet exhibited signs of the pricing pressure that is expected to develop as a result of the new requirements. Therefore, KU has not yet elected to extend its existing revolving credit agreement beyond November 6, 2017.

⁷ *Petition of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and Assumption of Obligations.*

⁸ See Order dated October 29, 2012 in Docket No. 12-00108 (*Petition of Kentucky Utilities Company for an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit*); Order dated October 12, 2011 in Docket No. 11-00156 (*Petition of Kentucky Utilities Company for an Order Approving Amendment of Existing Financing Authority*); Order dated October 21, 2010, in Docket No. 10-00119 (*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 Financing Authority*).

⁹ *Petition of Kentucky Utilities Company for an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit.*

16. Nevertheless, these market expectations remain in effect today. KU therefore seeks authorization to replace, extend, or extend authority for, in one or more installments from time to time, its existing, or previously authorized but not yet entered, revolving credit arrangements through December 31, 2019. KU is seeking authority for an approximately five-year term because this is the maximum term that lenders are willing to provide. KU also seeks to maintain the previously authorized total aggregate limit on its revolving credit facilities of \$500 million.¹⁰

17. The extended credit facilities would be on substantially the same terms as KU's existing revolving credit and would be available for the same purposes for which revolving credit is currently available. Loan proceeds could be used to provide short-term financing for KU's general financing needs, for example, general costs of operation or costs of KU's various construction programs or other obligations, until permanent or long-term financing can be arranged. In addition, the extended credit facilities could be used to provide liquidity or credit support for KU's other debt, for example, ensuring that KU has readily available funds with which to make payments with respect to variable rate bonds that could be tendered for purchase and not remarketed.

18. By replacing or extending, and extending the authority for, its existing or previously authorized but not presently entered into, credit facilities, KU will be able to ensure that the current, favorable terms for such facilities are available for as long as possible. While KU believes that the conditions and fees on similar credit facilities are likely to be less favorable to the borrower in 2017 than today, KU is not able to quantify such differences. However, KU

¹⁰ By Order dated September 27, 2012, in Docket No. 12-00067 (*Petition of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations*), KU was authorized to increase the total aggregate amount of its revolving credit facilities to \$500 million.

believes that the costs of an extension of its existing revolving credit line would be approximately 15 basis points.

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

20. KU shall, as soon as reasonably practicable after the issuance of each series of First Mortgage Bonds referred to herein, file with the TRA 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.

21. As soon as reasonably practicable after action to extend the term under KU's Revolving Line of Credit, KU shall file with the TRA a statement setting forth the date or dates of such action, as well as all fees and expenses.

22. Exhibit 3 to this Petition contains the financial exhibit.

23. Exhibit 4 to this Petition is a certified copy of KU's Board of Directors' Resolution authorizing the issuance of the First Mortgage Bonds, the extension of KU's revolving credit facilities, and the transactions related thereto as discussed in this Petition.

24. Notices and Communications regarding this Petition should be sent to the counsel for KU 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 \$500,000,000 and to extend authority for its previously authorized line of credit through December 31, 2019, all as set forth in this Petition. KU further requests that the Order of the TRA 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 2014 through 2015, in an aggregate principal amount not to exceed \$500,000,000 in the manner set forth in its Petition.

2. KU is authorized to execute an amendment to its existing revolving line of credit, or enter into one or more new revolving lines of credit, with an aggregate principal amount not to exceed \$500,000,000 and a term not to exceed December 31, 2019.

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.

Respectfully submitted,

Kentucky Utilities Company

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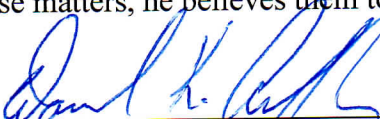
Counsel for Kentucky Utilities Company

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 26th day of March, 2014.

My Commission Expires: August 31, 2015



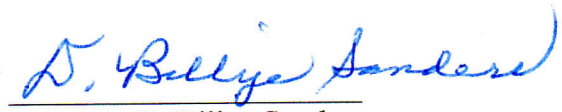
NOTARY PUBLIC, STATE AT LARGE



CERTIFICATE OF SERVICE

I hereby certify that on this 28th day of March 2014, 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	KU's Financial Exhibit
Exhibit 4	KU's Board of Directors' Resolution Authorizing Transactions Subject to this Petition

Exhibit 1

Description of KU's Properties

EXHIBIT 1

KENTUCKY UTILITIES COMPANY

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

December 31, 2013

The Petitioner's generating, transmission and distribution systems described herein are calculated annually. As of December 31, 2013, the Petitioner owned 12 and operated 10 coal fired steam electric generating units having a total capacity of 3,273 Mw; a hydroelectric generating station having a total capacity of 24 Mw; and 16 gas/oil peaking units having a total capacity of 1,442 Mw.

The Petitioner's owned electric transmission system included 137 substations (57 of which are shared with the distribution system) with a total capacity of 14 million kVA and 4,079 pole miles of lines. The electric distribution system included 480 substations (57 of which are shared with the transmission system) with a total capacity of 7 million kVA, 14,116 circuit miles of overhead lines, and 2,288 underground cable miles.

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 December 31, 2013, was:

	<u>Utility Plant</u>	
Original Cost		
Production Plant	\$	4,483,890,139
Distribution Plant		1,535,280,293
Transmission Plant		728,201,202
General Plant		152,500,654
Intangible Plant		70,120,324
Construction Work in Progress		1,138,612,872
Total Plant at Original Cost	\$	8,108,605,484
Less Reserve for Depreciation		<u>2,259,318,820</u> *
Net Original Cost	\$	<u><u>5,849,286,664</u></u>

* Excludes \$388,774,663 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's Capital Budget

KU

	(\$ millions) Projected				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Construction expenditures (a) (b)					
Generating facilities	\$ 143	\$ 136	\$ 249	\$ 154	\$ 111
Distribution facilities	79	85	84	91	99
Transmission facilities	37	40	59	79	49
Environmental	314	206	125	214	234
Other	37	41	31	36	29
Total Construction Expenditures	<u>\$ 610</u>	<u>\$ 508</u>	<u>\$ 548</u>	<u>\$ 574</u>	<u>\$ 522</u>

(a) Construction expenditures include AFUDC, which is not expected to be significant for the years 2012 through 2016.

(b) The 2014 total excludes amounts included in accounts payable as of December 31, 2013.

Exhibit 3

KU's Financial Exhibit

KENTUCKY UTILITIES COMPANY

FINANCIAL EXHIBIT

December 31, 2013

(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, November 1, 2010 and November 1, 2013.)

Mortgagor: Kentucky Utilities Company

Trustee: The Bank of New York Mellon

Amount of Authorized Debt: One quintillion dollars

Amount of Debt Secured: \$2,100,779,405

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 December 31, 2013	Year Ended December 31, 2013
Pollution Control Bonds					
05/01/00	05/01/23	Variable	\$ 12,900,000	\$ 12,900,000	\$ 12,790
02/01/02	02/01/32	Variable	20,930,000	20,930,000	76,633
02/01/02	02/01/32	Variable	2,400,000	2,400,000	8,799
02/01/02	02/01/32	Variable	7,400,000	7,400,000	26,855
02/01/02	02/01/32	Variable	7,200,000	2,400,000	8,850
07/01/02	10/01/32	Variable	96,000,000	96,000,000	177,125
10/01/04	10/01/34	Variable	50,000,000	50,000,000	51,959
02/23/07	10/01/34	Variable	54,000,000	54,000,000	56,012
05/24/07	02/01/26	5.75%	17,875,000	17,875,000	1,027,812
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	81,151
Interest Rate Swaps					(173,968)
			<u>\$ 355,579,405</u>	<u>\$ 350,779,405</u>	<u>\$ 1,889,638</u>
First Mortgage Bonds					
11/16/10	11/01/15	1.625%	\$ 250,000,000	\$ 250,000,000	4,062,500
11/16/10	11/01/20	3.250%	500,000,000	500,000,000	16,250,000
11/16/10	11/01/40	5.125%	750,000,000	750,000,000	38,437,500
11/14/13	11/15/43	4.650%	250,000,000	250,000,000	1,485,417
			<u>\$ 1,750,000,000</u>	<u>\$ 1,750,000,000</u>	<u>\$ 60,235,417</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 December 31, 2013.¹

- (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)

2009	-
2010	\$50,000,000
2011	\$123,500,000
2012	\$99,500,000
2013	\$124,000,000

- (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.

- (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 December 31, 2013.

¹ KU maintains a syndicated revolving credit facility of \$400 million. Although there isn't any outstanding balance on the revolver, KU has executed notes under the multiyear revolving credit program, and also has \$150 million of short term commercial paper outstanding as of December 31, 2013.

Kentucky Utilities Company
Balance Sheet as of December 31, 2013

Assets		Liabilities and Proprietary Capital	
Utility Plant	Utility Plant at Original Cost.....	Proprietary Capital.....	
	Less: Reserves for Depreciation and Amortization.....	Common Stock.....	\$ 308,139,977.56
		Less: Common Stock Expense.....	321,288.87
		Paid-In Capital.....	472,858,083.00
Total		Other Comprehensive Income.....	(917,020.08)
		Retained Earnings.....	1,657,535,909.36
Investments		Unappropriated Undistributed Subsidiary Earnings.....	-
	Electric Energy, Inc.....	Total Proprietary Capital.....	2,437,295,660.97
	Ohio Valley Electric Company.....	Pollution Control Bonds.....	350,779,405.00
	Nonutility Property-Less Reserve.....	First Mortgage Bonds.....	1,739,290,163.21
Total		LT Notes Payable to Associated Companies.....	-
Current and Accrued Assets		Total Long-Term Debt.....	2,090,069,568.21
	Cash.....	Total Capitalization.....	4,527,365,229.18
	Temporary Cash Investments.....	Current and Accrued Liabilities.....	
	Accounts Receivable-Less Reserve.....	ST Notes Payable to Associated Companies.....	149,967,365.54
Materials and Supplies-At Average Cost		Notes Payable.....	172,652,307.41
	Fuel.....	Accounts Payable.....	25,347,064.53
	Plant Materials and Operating Supplies.....	Accounts Payable to Associated Companies.....	25,654,974.53
	Stores Expense.....	Customer Deposits.....	32,514,049.65
Prepayments	Emission Allowances.....	Taxes Accrued.....	11,524,331.28
	Prepayments.....	Interest Accrued.....	-
	Miscellaneous Current and Accrued Assets.....	Dividends Declared.....	21,425,638.87
		Miscellaneous Current and Accrued Liabilities.....	-
Total		Total.....	439,085,731.81
Deferred Debits and Other		Deferred Credits and Other.....	
	Unamortized Debt Expense.....	Accumulated Deferred Income Taxes.....	863,550,091.66
	Unamortized Loss on Bonds.....	Investment Tax Credit.....	96,736,399.57
	Accumulated Deferred Income Taxes.....	Regulatory Liabilities.....	150,443,178.54
Other Deferred Debits		Customer Advances for Construction.....	2,882,357.12
	Deferred Regulatory Assets.....	Asset Retirement Obligations.....	178,860,881.13
	Other Deferred Debits.....	Other Deferred Credits.....	34,563,218.39
		Miscellaneous Long-Term Liabilities.....	2,184,308.15
Total		Accum Provision for Postretirement Benefits.....	60,166,261.60
Total Assets		Total.....	1,389,386,696.16
		Total Liabilities and Stockholders Equity.....	\$ 6,355,837,657.15

Kentucky Utilities Company
Statement of Income
December 31, 2013

	Year Ended 12/31/2013
Electric Operating Revenues.....	\$ 1,634,793,982.96
Rate Refunds.....	-
Total Operating Revenues.....	1,634,793,982.96
Fuel for Electric Generation.....	535,625,319.49
Power Purchased.....	79,098,105.54
Other Operation Expenses.....	260,213,804.39
Maintenance.....	111,758,016.29
Depreciation.....	178,119,813.18
Amortization Expense.....	7,636,866.91
Regulatory Credits.....	-
Taxes	
Federal Income.....	52,507,127.97
State Income.....	11,627,536.40
Deferred Federal Income - Net.....	61,885,106.49
Deferred State Income - Net.....	7,989,690.25
Property and Other.....	32,726,803.93
Investment Tax Credit.....	-
Loss (Gain) from Disposition of Allowances.....	(359.80)
Accretion Expense.....	-
Total Operating Expenses.....	1,339,187,831.04
Net Operating Income.....	295,606,151.92
Other Income Less Deductions	
Amortization of Investment Tax Credit.....	1,871,258.00
Other Income Less Deductions.....	358,478.18
AFUDC - Equity.....	484,690.75
Total Other Income Less Deductions.....	2,714,426.93
Income Before Interest Charges.....	298,320,578.85
Interest on Long-Term Debt.....	62,125,055.21
Amortization of Debt Expense - Net.....	4,847,585.93
Other Interest Expenses.....	3,504,474.52
AFUDC - Borrowed Funds.....	(172,131.06)
Total Interest Charges.....	70,304,984.60
Net Income.....	\$ 228,015,594.25

Kentucky Utilities Company
Analysis of Retained Earnings
December 31, 2013

	<u>Year Ended 12/31/13</u>
Retained Earnings Balance at Beginning of Period.....	\$ 1,553,520,315.11
Add:	
Net Income for Period.....	228,015,594.25
Deduct:	
Common Dividends	
Common Stock Without Par Value	(124,000,000.00)
Retained Earnings Balance at End of Period.....	<u><u>\$ 1,657,535,909.36</u></u>

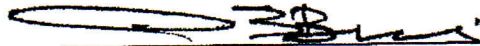
Exhibit 4

KU's Board of Directors' Resolution Authorizing Transactions Subject to this Petition

OFFICER'S CERTIFICATE

I, Dorothy E. O'Brien, do hereby certify that I am the duly qualified and acting Vice President and Deputy General Counsel, Legal and Environmental Affairs 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 March 13, 2014 and that the same have not been altered, amended or repealed.

IN WITNESS WHEREOF, I have executed this Certificate this 18th day of March 2014.



Dorothy E. O'Brien
Vice President and Deputy General Counsel,
Legal and Environmental Affairs

Exhibit 4

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

March 13, 2014

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 \$500,000,000 aggregate principal amount of long-term debt in the form of first mortgage bonds 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.

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 \$500,000,000 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 6.5% per annum.

Debt Securities or First Mortgage Bonds

- (c) That the Chief Executive Officer, President, Chief Financial Officer, Chief Administrative Officer, Chief Operating 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 and discounts thereto, 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, whether before or after issuance of the Debt Securities (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 or overall borrowing costs 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 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.