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August 22, 2016

Mr. Jerry Kettles, Chief, Economic Analysis & Policy Division
c/o Ms. 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, Docket No. 16-00024; Third Response to Data Request

Dear Mr. Kettles:

This letter is in response to your letter dated March 10, 2016 seeking the status of and periodic updates on the similar filings, regarding the issuance of securities that are the subject of this Docket, by Kentucky Utilities Company ("KU") pending before the Kentucky Public Service Commission ("KPSC") and the Virginia State Corporation Commission ("VSCC").

On April 7, 2016, the KPSC issued an Order in Case No. 2016-00082 approving the Application of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations which was filed with the TRA on April 19, 2016. At the time of filing that Order, I informed you that on April 18, 2016 KU filed with the KPSC a Motion to Reconsider and Amend Ordering Paragraph 4 of the Order and I included a copy of the Motion. The KPSC granted KU's Motion and issued an Order dated May 5, 2016 amending paragraph 4 of its April 7th Order as requested by KU. A copy of the KPSC's May 5, 2016 Order is attached.

Sincerely,

D. Billye Sanders

D. Billye Sanders
Attorney for Kentucky Utilities Company

c: Kendrick R. Riggs, Esq., Stoll Keenon Ogden PLLC
John Wade Hendricks, Esq., Stoll Keenon Ogden PLLC
Monica Braun, Esq., Stoll Keenon Ogden PLLC
Allyson K. Sturgeon, Esq., LG&E and KU Energy LLC

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES)	
COMPANY FOR AN ORDER AUTHORIZING)	CASE NO.
THE ISSUANCE OF SECURITIES AND)	2016-00082
THE ASSUMPTION OF OBLIGATIONS)	

ORDER

On April 18, 2016, Kentucky Utilities Company ("KU") filed a motion for rehearing to reconsider and amend ordering paragraph 4 of the Commission's final Order in this case, issued on April 7, 2016 ("Commission's April 7, 2016 Order"). Ordering paragraph 4 directed KU to file, within 30 days of the issuance of the First Mortgage Bonds authorized therein, among other things, documentation showing the quotes upon which it relied to determine the lowest interest rate.

In support of its motion, KU states that it would have difficulty complying with the Commission's directives regarding a demonstration that KU selected the lowest interest rate. KU maintains that it selects terms for its various debt issues with a range of maturities and interest rates that would mitigate its exposure to market volatility while maintaining a balanced capital structure and allowing for a favorable credit rating. KU notes that long-term debt will rarely have the lowest interest rates as compared to short-term debt instruments. Accordingly, KU requests the Commission to reconsider the last sentence of ordering paragraph 4 and replace it with the following: "KU shall include detailed explanation as to how the interest rate alternative chosen represents the most reasonable interest rate available at the time of issuance."

Having reviewed the motion and being otherwise sufficiently advised, the Commission finds that KU has established good cause to grant rehearing to reconsider and amend ordering paragraph 4 of the Commission's April 7, 2016 Order. The refinancing approved by the Commission's April 7, 2016 Order may be undertaken by KU in one or more transactions involving multiple debt issuances with varying maturities and varying interest rates based on market conditions at the time the debt is issued. Thus, factors other than simply the lowest interest rate will be considered by KU. The Commission recognizes that by maintaining diversified debt portfolios, KU will be better able to lessen the adverse impacts from interest rate changes and unanticipated inflation. In addition, employing a combination of debt with different maturities and interest rate modes helps KU to achieve financial stability and mitigate exposure to market volatility, while maintaining a balanced capital structure and a favorable credit rating.

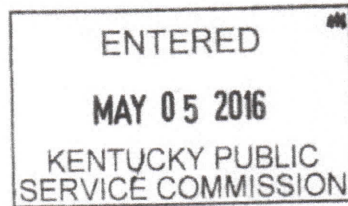
IT IS HEREBY ORDERED that:

1. KU's motion for rehearing is granted.
2. Ordering paragraph 4 of the Commission's April 7, 2016 Order is amended to read as follows:

Within 30 days of the day of issuance, KU shall file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate or rates, and all fees and expenses, including underwriting discounts or commissions, or other compensation, involved in the issuance and distribution thereof, and a net present value analysis of the savings, if any, from the refinancing. KU shall include a detailed explanation as to how the interest rate alternative chosen represents the most reasonable interest rate available at the time of issuance.

3. All other provisions of the Commission's April 7, 2016 Order that are not in conflict with the terms of this Order shall remain in full force and effect.

By the Commission



ATTEST:



Acting Executive Director

Case No. 2016-00082

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