

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY)
UTILITIES COMPANY FOR AN ORDER)
AUTHORIZING THE ISSUANCE OF) CASE NO. 2008-00309
SECURITIES AND THE ASSUMPTION)
OF OBLIGATIONS)

FIRST DATA REQUEST OF COMMISSION STAFF TO
KENTUCKY UTILITIES COMPANY

Kentucky Utilities Company ("KU"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 4 copies of the following information, with a copy to all parties of record. The information requested herein is due 10 days after the date of this Order. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

KU shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which KU fails or

refuses to furnish all or part of the requested information, KU shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to page 2 of the application.

a. KU states that the Kentucky Private Activity Bond Allocation Committee awarded it \$18,026,265 of the state cap for private activity bonds. Provide a brief description of the Kentucky Private Activity Bond Allocation Committee ("Committee"), private activity bonds, and the reason why KU can receive an allocation from the Committee.

b. Explain why this type of financing results in tax-exempt financing.

2. Refer to page 3 of the application. KU requests authority to assume certain obligations under agreements it will enter into in connection with the issuance of one or more series of Carroll County Environmental Facilities Revenue Bonds ("Pollution Control Bonds").

a. Does the allocation of \$18,026,265 from the Committee determine the amount of Pollution Control Bonds that Carroll County will issue on behalf of KU?

b. Provide the dollar amount of the Initial Facility that KU may use to replace bond insurance for the pollution control bond issuance.

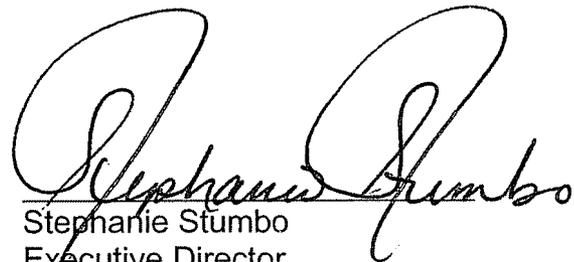
3. Refer to page 8 of the application.

a. Explain how entering into hedging agreements will limit KU's exposure to variable interest rates or lower the overall borrowing costs on fixed rate Pollution Control Bonds.

b. KU states that the estimated cost of financing does not include the costs of any hedging facility, although currently there is no cost for a 3-year hedge. Will KU use only 3-year hedges?

c. If the answer to 3(b) is no, explain why the cost for a 3-year hedge is relevant.

4. Refer to the second and fourth pages of Tab 2. Explain the basis for the discount rates.



Stephanie Stumbo
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40601

Dated: August 19, 2008

cc: Parties of Record