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PUBLIC SERVICE
COMMISSION

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602-0615

E.ON U.S. LLC
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
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Rick E. Lovekamp
Manager - Regulatory Affairs
T 502-627-3780
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rick.lovekamp@eon-us.com

December 20, 2007

Re: ***E.ON AG, E.ON U.K. LTD (formerly Powergen LTD), E.ON U.S. LLC (formerly LG&E Energy LLC), Louisville Gas and Electric Company, and Kentucky Utilities Company - Case No. 2001-104***

Dear Ms. O'Donnell:

As we advised in our letter of August 31, 2007, Kentucky Utilities Company ("KU") filed an Application with the Virginia State Corporation Commission ("VSCC") for Authority to Issue Securities Under Chapter 3 and to Engage in Transactions with Affiliates under Chapter 4 of Title 56 of the Code of Virginia. On September 21, 2007, the VSCC approved the application allowing KU to issue short-term debt and participate in a money pool arrangement. For informational purposes, KU is providing a copy of its Amended Utility Money Pool Agreement, which was executed on December 17, 2007. Should you have any questions regarding this information, please contact me or Don Harris at 502-627-2021.

Sincerely,

Rick E. Lovekamp

cc: Daniel K. Arbough, E.ON U.S. Services, Inc.

AMENDED UTILITY MONEY POOL AGREEMENT

This Amended Utility Money Pool Agreement (the "Agreement"), dated as of December 17, 2007, is made and entered into by and among E.ON U.S. LLC ("E.ON US"), a Kentucky limited liability company and a holding company under the Federal Power Act ("FPA") and the Public Utility Holding Company Act of 2005 ("PUHCA 2005"), each as amended, E.ON U.S. Services Inc. ("E.ON US Services"), a Kentucky corporation and a non-utility subsidiary of E.ON US and a service company under PUHCA 2005, (in its role as administrator of the money pool), Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (each a "Party" and collectively, the "Parties").

WITNESSETH:

WHEREAS, pursuant to an Utility Money Pool Agreement dated September 1, 2002, (the "Prior Agreement") the Parties previously established a Money Pool (the "Utility Money Pool") to coordinate and provide for certain of their short-term cash and working capital requirements; and

WHEREAS, in accordance with recent changes in law and regulations under the FPA and PUHCA 2005, the parties desire to terminate the Prior Agreement and enter into this Agreement to govern the Utility Money Pool; and

WHEREAS, the utility subsidiaries that will participate in the Utility Money Pool (each a "Utility Subsidiary" and collectively, the "Utility Subsidiaries") will from time to time have need to borrow funds on a short-term basis, and certain of the Parties will from time to time have funds available to loan on a short-term basis;

NOW, THEREFORE, in consideration of the premises and the mutual agreements, covenants and provisions contained herein, the Parties hereto agree as follows:

ARTICLE I CONTRIBUTIONS AND BORROWINGS

Section 1.01 Contributions to Utility Money Pool.

Each Party will determine each day, on the basis of cash flow projections and other relevant factors, in such Party's sole discretion, the amount of funds it has available for contribution to the Utility Money Pool, and will contribute such funds to the Utility Money Pool. The determination of whether a Party at any time has surplus funds to lend to the Utility Money Pool or shall lend funds to the Utility Money Pool will be made by such Party's chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such Party's sole discretion. Each Party may withdraw any of its funds at any time upon notice to E.ON US Services as administrative agent of the Utility Money Pool.

Section 1.02 Rights to Borrow.

Subject to the provisions of Section 1.04(c) of this Agreement, short-term borrowing needs of the Utility Subsidiaries will be met by funds in the Utility Money Pool to the extent such funds are available. Each Utility Subsidiary shall have the right to make short-term borrowings from the Utility Money Pool from time to time, subject to the availability of funds ~~and the limitations and conditions set forth herein~~, in the FPA and PUHCA 2005 and in the applicable orders of the Federal Energy Regulatory Commission ("FERC") thereunder. Each Utility Subsidiary may request loans from the Utility Money Pool from time to time during the period from the date hereof until this Agreement is terminated by written agreement of the Parties; provided, however, that the aggregate amount of all loans requested by any Utility Subsidiary hereunder shall not exceed the applicable borrowing limits set forth in applicable orders of the FERC and other regulatory authorities, resolutions of such Utility Subsidiary's Board of Directors, such Utility Subsidiary's governing corporate documents, and agreements binding upon such Utility Subsidiary. No loans through the Utility Money Pool will be made to, and no borrowings through the Utility Money Pool will be made by, E.ON US or E.ON US Services.

Section 1.03 Source of Funds.

Funds will be available through the Utility Money Pool from the following sources for use by the Parties from time to time: (1) surplus funds in the treasuries of the Utility Subsidiaries, (2) surplus funds in the treasuries of E.ON US, (3) intercompany short-term loans, and (4) proceeds from bank borrowings and/or the sale of commercial paper by each of the Parties (other than E.ON US Services) ("External Funds"), in each case to the extent permitted by applicable laws and regulatory orders. Funds will be made available from such sources in such other order as E.ON US Services, as administrator of the Utility Money Pool, may determine will result in a lower cost of borrowing to companies borrowing from the Utility Money Pool, consistent with the individual borrowing needs and financial standing of the Parties providing funds to the Utility Money Pool.

Section 1.04 Authorization.

(a) Each loan shall be authorized by the lending Party's chief financial officer or treasurer, or by a designee thereof.

(b) E.ON US Services, as administrator of the Utility Money Pool, will provide each Party with periodic activity and cash accounting reports that include, among other things, reports of cash activity, the daily balance of loans outstanding and the calculation of interest charged.

(c) All borrowings from the Utility Money Pool shall be authorized by the borrowing Party's chief financial officer or treasurer, or by a designee thereof. No Party shall be required to effect a borrowing through the Utility Money Pool if such Party determines that it can (and is authorized to) effect such borrowing at lower cost directly from banks or through the sale of its own commercial paper.

Section 1.05 Interest.

The daily outstanding balance of all loans to any Utility Subsidiary during a calendar month shall accrue interest at the rates for high-grade unsecured 30-day commercial paper of major corporations sold through dealers as quoted in The Wall Street Journal (the "Average Composite") on the last business day of the prior calendar month. E.ON US Services will not charge interest or fees for managing the Utility Money Pool.

Section 1.06 Certain Costs.

The cost of compensating balances and fees paid to banks to maintain credit lines by Parties lending External Funds to the Utility Money Pool shall be paid by the Party maintaining such line.

Section 1.07 Repayment.

Each Utility Subsidiary receiving a loan from the Utility Money Pool hereunder shall repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event within 365 days of the date on which such loan was made. All loans made through the Utility Money Pool may be prepaid by the borrower without premium or penalty.

Section 1.08 Form of Loans to Utility Subsidiaries.

Loans to the Utility Subsidiaries from the Utility Money Pool shall be made as open-account advances, pursuant to the terms of this Agreement. A separate promissory note will not be required for each individual transaction. Instead, a promissory note evidencing the terms of the transactions shall be signed by the Parties to the transaction. Any such note shall: (a) be in substantially the form attached hereto as Exhibit A; (b) be dated as of the date of the initial borrowing; (c) be payable on demand; and (d) be repayable in whole at any time or in part from time to time, without premium or penalty.

ARTICLE II
OPERATION OF UTILITY MONEY POOL

Section 2.01 Operation.

Operation of the Utility Money Pool, including record keeping and coordination of loans, will be handled by E.ON US Services under the authority of the appropriate officers of the Parties. E.ON US Services shall be responsible for the determination of all applicable interest rates and charges to be applied to advances outstanding at any time hereunder, shall maintain records of all balances, advances, interest charges and accruals, maturity dates, interest and principal payments, security, restrictions, and/or methods or Parties' duties regarding the above (all, as and if applicable) for purposes hereof, and shall prepare periodic reports thereof for the Parties. E.ON US Services will not charge for managing the Utility Money Pool. Such documentation shall be maintained in accordance with the applicable documentation requirements of the FERC's Unifom System of Accounts. Separate records shall be kept by

E.ON US Services for the Utility Money Pool established by this Agreement and any other money pool administered by E.ON US Services.

Section 2.02 Investment of Surplus Funds in the Utility Money Pool.

Funds not required for the Utility Money Pool loans (with the exception of funds required to satisfy the Utility Money Pool's liquidity requirements) will ordinarily be invested in one or more short-term investments, including (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than A by a nationally recognized rating agency; (iv) commercial paper rated not less than A-1 by S&P or P-1 by Moody's, or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit; (vii) Eurodollar funds and (viii) such other investments as are permitted by Section 203 of the FPA and Rule 33 thereunder.

Section 2.03 Allocation of Interest Income and Investment Earnings.

The interest income and other investment income earned by the Utility Money Pool on loans and investment of surplus funds will be allocated among the Parties in accordance with the proportion each Party's contribution of funds in the Utility Money Pool bears to the total amount of funds in the Utility Money Pool. Interest and other investment earnings will be computed on a daily basis and settled once per month.

Section 2.04 Event of Default.

If any Utility Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any Party seeking to adjudicate it bankrupt or insolvent, then E.ON US Services, on behalf of the Utility Money Pool, may, by notice to the Utility Subsidiary, terminate the Utility Money Pool's commitment to the Utility Subsidiary and/or declare the principal amount then outstanding of, and the accrued interest on, the loans and all other amounts payable to the Utility Money Pool by the Utility Subsidiary hereunder to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by each Utility Subsidiary.

ARTICLE III MISCELLANEOUS

Section 3.01 Amendments.

No amendment to this Agreement shall be adopted except in a writing executed by a duly authorized officer of each of the Parties hereto and subject to all applicable approvals by the FERC and the applicable state utility regulatory commission.

Section 3.02 Legal Responsibility.

Nothing herein contained shall render any Party liable for the obligations of any other Party hereunder and the rights, obligations and liabilities of the Parties are several in accordance with their respective obligations, and not joint.

Section 3.03 Rules for Implementation.

The Parties may develop a set of guidelines for implementing the provisions of this Agreement, provided that the guidelines are consistent with all of the provisions of this Agreement.

Section 3.04 Governing Law.


This Agreement shall be governed by and construed in accordance with, the laws of the Commonwealth of Kentucky.

Section 3.05 Termination of Prior Agreement

Upon the effectiveness of this Agreement, including applicable FERC or state utility commission approvals, the Prior Agreement shall be deemed terminated and no further effect.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each Party hereto as of the date first above written.

E.ON U.S. LLC
E.ON U.S. SERVICES INC.

By: 
Name: S. Bradford Rives
Title: Chief Financial Officer

LOUISVILLE GAS AND ELECTRIC COMPANY
KENTUCKY UTILITIES COMPANY

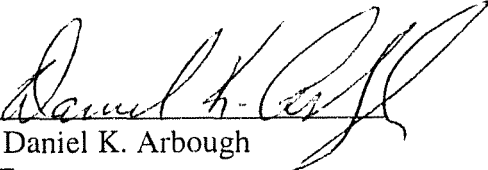
By: 
Name: Daniel K. Arbough
Title: Treasurer

Exhibit A
To Amended Utility Money Pool Agreement

FORM OF NOTE

FOR VALUE RECEIVED, the undersigned, _____ (the "Borrower"), hereby promises to pay to the order of E.ON US Services Inc., as administrator of the Utility Money Pool as defined in the Amended Utility Money Pool Agreement (as defined below), at its principal office in Louisville, Kentucky, on demand, the principal amount outstanding from time to time under that certain Amended Utility Money Pool Agreement dated as of _____, 2007 by and among E.ON U.S. LLC, E.ON U.S. Services Inc., as administrator, the undersigned, and each of the other utility subsidiaries whose name appears on the signature pages thereof (the "Money Pool Agreement"). The principal amount outstanding under this note shall bear interest at a rate determined in accordance with the Money Pool Agreement. The undersigned hereby authorizes the administrator to record on the grid on the reverse side hereof or attached hereto, or in a similar electronic record, the date and amount of each advance under the Money Pool Agreement and each payment made on account of the principal thereof. The principal amount outstanding, as set forth in such record, shall be rebuttable presumptive evidence of the principal amount owing and unpaid on this note. This note may be prepaid in full at any time or in part from time to time, without premium or penalty.

Date: _____

By: _____
Name: _____
Title: _____

