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**PUBLIC SERVICE
COMMISSION**

Mr. Michael F. Buford
Director, Division of Filings
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

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SEP 06 2006

**PUBLIC SERVICE
COMMISSION**

Kentucky Utilities Company
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.eon-us.com

Rick E. Lovekamp
Manager - Regulatory Affairs
T 502-627-3780
F 502-627-3213
rick.lovekamp@eon-us.com

September 6, 2006

**RE: The Application of Kentucky Utilities Company for an Order Authorizing
the Issuance of Securities and the Assumption of Obligations
(Case No. 2005-00357)**

Dear Mr. Buford:

Please be advised that on November 17, 2005, Kentucky Utilities Company (the "Company") completed the sale of \$13,266,950 Environmental Facilities Revenue Bonds (Kentucky Utilities Company Project) as contemplated in the above-referenced Case. The Company inadvertently omitted, and apologizes for, not filing this within the 30 days pursuant to Ordering Paragraph No. 5 of the Commission's Order in the aforementioned proceeding. The Company hereby files an original and three (3) copies of information related to an issuance under said Order. The details of the bond issue are as follows:

\$13,266,950 County of Carroll, Kentucky,
Environmental Facilities Revenue Bonds, 2005 Series B

The sale of the securities was negotiated with Banc of America Securities LLC and was completed as shown in the table below:

<u>Face Value</u>	<u>Initial Interest Rate</u>	<u>Rate Adjustment Date</u>	<u>Maturity</u>
\$13,266,950	2.88%	11/30/2005	6/1/2035

The interest rate on this bond issuance will be reset every 7 days through an auction mechanism that will reflect existing market conditions. The auction rate mode allows the Company to take advantage of the currently prevailing, historically low interest rates in the variable rate market. At the time of the transaction, the yield curve for tax-

exempt bonds was extremely steep with long-term rates very near those for taxable bonds. In such an environment, the Company did not feel issuing fixed rate bonds was an attractive alternative. The company will continue to monitor the market for opportunities to enter into an interest rate swap to fix the rate of interest on all or some portion of the bond.

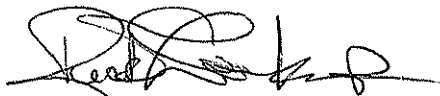
The auction rate option was selected among the short-term alternatives because it does not require bank liquidity support, which eliminates future uncertainty of cost and availability of bank liquidity. It is less costly than a bank letter of credit backed issue. The auction rate procedures are detailed in Appendix B of the enclosed Official Statement. Banc of America Securities LLC will act as the Remarketing Agents with respect to the bonds.

Total underwriter's commission of \$47,882.35 was paid to Banc of America Securities, LLC. An insurance premium in the amount of \$155,220.04 was paid at closing to Ambac Assurance Corporation covering the entire life of the bond. Other fees and expenses involved in the issuance and distribution (legal, printing, accounting, etc.) are estimated to be \$300,000.

Enclosed are three copies of the Official Statement and information related to the issuance of these securities. Please confirm your receipt of this information by placing the File Stamp of your Office on the enclosed additional copies of this letter and the Official Statement.

Please contact me if you have any questions regarding this transaction at (502)627-3780 or contact Don Harris at (502)627-2021.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Lovekamp", with a horizontal line extending to the left.

Rick Lovekamp

cc: Beth Cocanougher
Dan Arbough
Kendrick Riggs – Stoll · Keenon · Ogden



Ernie Fletcher
Governor

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

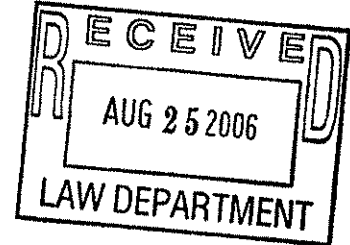
Christopher L. Lilly
Commissioner
Department of Public Protection

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Mark David Goss
Chairman

Teresa J. Hill
Vice Chairman

August 23, 2006



Ms. Elizabeth L. Cocanougher
Senior Corporate Attorney
Kentucky Utilities Company
220 W. Main Street
P.O. Box 32010
Louisville, Kentucky 40232

RE: Case No. 2005-00357
Status Request

Dear Ms. Cocanougher:

The Commission entered the enclosed Final Order in this case on October 14, 2005. It was ordered that "KU shall, within 30 days from the date of issuance, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, 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. In addition, 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. The explanation shall include a description of the specific interest rate management techniques and interest rate management agreements used by KU for each issuance, as well as copies of any executed interest rate management agreements. If a variable rate is chosen, KU shall file a detailed description of the criteria to be periodically applied in determining whether the variable rate should be converted to a fixed rate."

To date, this information has not been received. This letter is to request a status on the information requested in said Order. We would appreciate receiving a response to this letter within 15 days. Please mail this response to Michael F. Burford, Director of Filings Division, Public Service Commission, 211 Sower Blvd., Post Office Box 615, Frankfort, Kentucky 40602.

Sincerely,

Michael F. Burford
Director
Division of Filings

Enclosure
/mb

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