

S T O L L · K E E N O N · O G D E N
P L L C

RECEIVED

MAY 18 2006

PUBLIC SERVICE
COMMISSION

1700 PNC PLAZA
500 WEST JEFFERSON STREET
LOUISVILLE, KENTUCKY 40202-2874
502-582-1601
FAX: 502-581-9564
WWW.SKOFIRM.COM

KENDRICK R. RIGGS
DIRECT DIAL 502-560-4222
DIRECT FAX 502-627-8722
kendrick.riggs@skofirm.com

May 17, 2006

Elizabeth O'Donnell
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Kentucky Utilities Company/Case No. 2006-00187

Dear Ms. O'Donnell:

Enclosed please find correspondence from the Kentucky Private Activity Bond Allocation Committee stating that Kentucky Utilities' allocation from the state ceiling for private activity bonds will expire on August 8, 2006. At the Committee Meeting on April 28, 2006, and consistent with past Committee practice, representatives of Kentucky Utilities were told that the 90 day period during which the bonds must be issued would run from the date of the Meeting. Hence an expiration date of July 27, 2006 was represented in KU's Application. However, apparently due to a change in procedures at the Committee, written notices of allocation were not mailed until May 10, 2006. The Committee made the decision to toll the commencement of the 90 day period until May 10th. KU understands that this was in order not to prejudice any applicants who were not aware that they had received allocations. Despite this extension of the expiration date for KU's allocation, KU still wishes to issue the tax-exempt debt as soon as possible and appreciates the Commission's expeditious processing of its Application.

In addition, KU has discovered an error in Item 4 to Exhibit 6 of its Application. The total amount of debt secured by KU's Mortgage Indenture did not reflect the maturity of \$36,000,000 principal amount of KU's Series S First Mortgage Bonds on January 15, 2006. The correct amount of outstanding debt should have been stated in Item 4 as \$325,563,900. The correct amount, however, did appear in the table contained in Item 5 of Exhibit 6.

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Please do not hesitate to contact me if you have any questions or require additional information.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kendrick R. Riggs". The signature is fluid and cursive, with the first name being the most prominent.

Kendrick R. Riggs

KRR/cjg

cc: Elizabeth E. Blackford, Esq.
Daniel Arbrough
Kent W. Blake
John Fendig, Esq.
Allyson K. Sturgeon, Esq.
Roger Hickman
Elliott Horne
Robert Joseph, Esq.



**Office of Financial Management
Finance and Administration Cabinet**

702 Capitol Avenue, Suite 76
Frankfort, Kentucky 40601-3453
(502) 564-2924
Fax: (502) 564-7416

Ernie Fletcher
Governor

Robbie Rudolph
Secretary

F. Thomas Howard
Executive Director

May 10, 2006

Mr. Spencer E. Harper, Jr.
Stoll Keenon Ogden PLLC
500 W. Jefferson Street, 1700 PNC Plaza
Louisville, KY 40202

Re: Private Activity Bond Allocation Committee – 2006 Local Issuer Pool Applicants

Dear Mr. Harper:

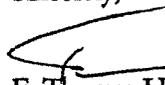
Per the attached confirmation, the Kentucky Private Activity Bond Allocation Committee ("KPABAC") has allocated a portion of the state ceiling to the identified company/issuer from the 2006 Local Issuer Pool. Pursuant to 200 KAR 15:010, the bond issue must close within 90 days (August 8, 2006) to qualify under the CY2006 cap. A Notice of Issuance must be filed with KPABAC following placement of the bonds.

Kentucky Utilities Company

\$16,693,620

Please contact the Office of Financial Management at (502) 564-2924 if you have any questions.

Sincerely,



F. Thomas Howard
Executive Director

Attachments



CONFIRMATION NO.: 4
DATE: May 10, 2006

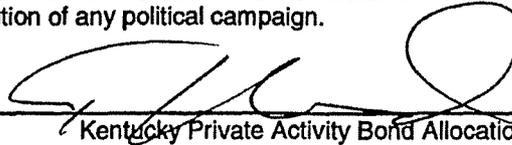
KENTUCKY PRIVATE ACTIVITY BOND ALLOCATION COMMITTEE
702 Capitol Avenue, Suite 76
Frankfort, KY 40601
(502) 564-2924

Issuer Name: County of Carroll, Kentucky
Borrower/User: Kentucky Utilities Company
Bond Counsel: Spencer E. Harper, Jr.
Address: 500 W. Jefferson Street, 1700 PNC Plaza
City: Louisville, KY 40202
Confirmation Type:
 Original
 Renewal
 Supplemental

Confirmation is hereby given that \$16,693,620 of the state ceiling for private activity bonds for the Commonwealth of Kentucky for CY2006 has been allocated to the bond issue described by the above referenced Notice of Intent Number. This Confirmation is numbered and dated and is effective only in accordance with the terms of state and federal law. This allocation has been made from the:

Local Issuer Pool
 Single Issuer Pool
 State Issuer Pool

This allocation of the state ceiling shall expire on: August 8, 2006 pursuant to the provisions of 200 KAR 15:010. The undersigned officer executing and responsible for this confirmation and allocation hereby swears and certifies under penalty of perjury that the allocation was not made in consideration of any bribe, gift, gratuity or direct or indirect contribution of any political campaign.



Kentucky Private Activity Bond Allocation Committee