

STOLL · KEENON · OGDEN  
PLLC

2000 PNC PLAZA  
500 WEST JEFFERSON STREET  
LOUISVILLE, KENTUCKY 40202-2828  
502-333-6000  
FAX: 502-333-6099  
WWW.SKOFIRM.COM

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

January 24, 2007

**VIA HAND DELIVERY**

Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

**RECEIVED**

JAN 24 2007

PUBLIC SERVICE  
COMMISSION

**RE: The Application of Kentucky Utilities Company for an Order Authorizing  
the Issuance of Securities and the Assumption of Obligations**  
KPSC Case No. 2006-00390

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and ten copies of Kentucky Utilities Company's Motion to Correct Order in the above-referenced matter. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions or need any additional information, please contact me at your convenience.

Very truly yours,

  
Kendrick R. Riggs

KRR/ec

Enclosures

cc: John P. Fendig, Esq. (w/ enclosures)  
Allyson K. Sturgeon, Esq. (w/ enclosures)

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JAN 24 2007

PUBLIC SERVICE  
COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY )  
UTILITIES COMPANY FOR AN ORDER )  
AUTHORIZING THE ISSUANCE OF )  
SECURITIES AND THE ASSUMPTION )  
OF OBLIGATIONS )

CASE NO. 2006-00390

**MOTION TO CORRECT ORDER**

Kentucky Utilities Company ("KU") hereby respectfully moves the Public Service Commission ("Commission") to issue an Order *nunc pro tunc* correcting its January 22, 2007 Order ("Final Order") in this proceeding. The two factual corrections KU proposes herein are necessary for the Final Order to be accurate in all material respects for purposes of consummating the refinancing of the two outstanding series of secured debt to unsecured debt. This motion, however, does not take exception to the resolution of the two issues raised by the Commission or otherwise seek relief from the Commission's conditions of approval of the transactions as documented by the record in this case.

The factual error concerns the Order's characterization of KU's bonds as "unsecured" when in fact they are all still "secured" instruments at this time. All KU bonds, except First Mortgage Bond Series P and Pollution Control Bond Series 10, will become "unsecured" after KU obtains the release from the indenture contemplated as part of the filing in this case. The First Mortgage Bond Series P and Pollution Control Bond Series 10 will be replaced, consistent with the application in this case, with unsecured debt and can only be considered "unsecured" after the refinancing takes place. There are two corrections to the Order which are necessary for the Order to be consistent with these facts. The corrections are described in further detail below.

In support of its Motion, KU states as follows:

1. Page 1 of Exhibit 7 to its Application in this case provides a brief description of KU's First Mortgage Indenture. Page 2 of Exhibit 7 to KU's application provides detailed descriptions of the three First Mortgage Bonds<sup>1</sup> and ten Pollution Control Bonds<sup>2</sup> authorized for, and issued by, KU. Except for the First Mortgage Bond Series P and the Pollution Control Bond Series 10, both of which are the subject of KU's application in this case, the external debt documentation for the outstanding Pollution Control Bonds (i.e., Series 11 through 21) has included provisions that provide for the release of the security that collateralizes all outstanding bond issues upon their repayment, redemption, or refinancing, thereby rendering the bonds unsecured.<sup>3</sup> They remain "secured" bonds until the release is obtained, at which time they will become "unsecured."

2. The first sentence of the Final Order states, "On August 23, 2006, . . . [KU] filed an application for authority to refinance its only two outstanding issuances of secured debt for the purpose of converting them to unsecured debt."<sup>4</sup> As demonstrated by this record and as further explained above, all of KU's bonds are currently "secured", not just these two series. KU

---

<sup>1</sup> Series P of the First Mortgage Bonds is the subject of KU's application in this proceeding. Series R was refinanced pursuant to the Commission's Order of May 10, 2005 in Case No. 2005-001117. Series S matured on January 15, 2006.

<sup>2</sup> Series 10 of the Pollution Control Bonds is the subject of KU's application in this case. The loan documents approved for Series 11 through 19, and now Series 20 (authorized by the Commission's Order of June 16, 2006 in Case No. 2006-00187) and 21 (authorized by the Commission's Order of November 20, 2006 in Case No. 2006-00414) contain the provisions that provide for the release of the security which collateralizes tax-exempt pollution control bond issues upon repayment, redemption or refinancing of the first mortgage bonds, thereby rendering the bonds unsecured.

<sup>3</sup> KU's Amended Application at pages 1-2, states: "In recent years, KU's external debt documentation has included provisions that provide for the release of the security which collateralizes all outstanding first mortgage and tax-exempt pollution control bond issues upon repayment, redemption or refinancing of the first mortgage bonds, thereby rendering the bonds unsecured."

<sup>4</sup> Final Order at 1 (emphasis added).

moves the Commission to correct the Final Order in this case by eliminating the words “its only.”

3. KU further moves the Commission to make a related correction to the first sentence of the third full paragraph of page 2 of the Final Order: “Except for these two series of secured debt, all of KU’s outstanding debt is unsecured.” KU respectfully moves the Commission to replace the quoted sentence with the following text: “Except for these two series of secured debt, all of KU’s outstanding external debt has included provisions that provide for the release of the security that collateralizes all outstanding first mortgage and tax-exempt pollution control debt.” This proposed text is drawn largely from KU’s Amended Application at pages 1-2, which states: “In recent years, KU’s external debt documentation has included provisions that provide for the release of the security which collateralizes all outstanding first mortgage and tax-exempt pollution control bond issues upon repayment, redemption or refinancing of the first mortgage bonds, thereby rendering the bonds unsecured.”

**WHEREFORE**, Kentucky Utilities Company respectfully moves the Commission to enter an Order *nunc pro tunc* correcting the Commission’s Final Order in this proceeding, dated January 22, 2007, as follows:

1. Removing the words “its only” from the first sentence of the Final Order, which currently states: “On August 23, 2006 . . . [KU] filed an application for authority to refinance its only two outstanding issuances of secured debt for the purpose of converting them to unsecured debt.”<sup>5</sup>

2. Replacing what is currently the first sentence of the third full paragraph of page 2 of the Final Order, “Except for these two series of secured debt, all of KU’s outstanding debt is unsecured,” with: “Except for these two series of secured debt, all of KU’s outstanding external

---

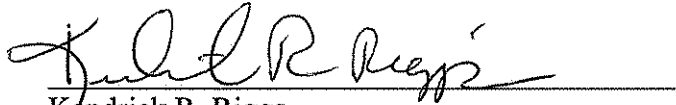
<sup>5</sup> Final Order at 1 (emphasis added).

debt has included provisions that provide for the release of the security which collateralizes all outstanding first mortgage and tax-exempt pollution control debt.”

3. KU respectfully requests the Commission to issue the order requested by this motion on or before January 31, 2007, to allow KU to consummate the proposed transactions by February 15, 2007.

Dated: January 24, 2007

Respectfully submitted,



Kendrick R. Riggs  
John Wade Hendricks  
Stoll Keenon Ogden PLLC  
2000 PNC Plaza  
500 West Jefferson Street  
Louisville, Kentucky 40202-2828  
Telephone: (502) 333-6000

Allyson K. Sturgeon  
E.ON U.S. LLC  
220 West Main Street  
Louisville, Kentucky 40202  
Telephone: (502) 627-2088

Counsel for Kentucky Utilities Company