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August 17, 2011

RECEIVED

AUG 17 2011

PUBLIC SERVICE
COMMISSION

Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

**RE: Application of Kentucky Utilities Company for An Order Authorizing the
Restructure and Refinancing of Unsecured Debt and the Assumption of
Obligations and for Amendment of Existing Authority
Case No. 2010-00206**

Dear Mr. DeRouen:

Enclosed please find and accept for filing an original and twelve (12) copies of the Motion of Kentucky Utilities Company ("KU") for amendment and extension of authority with respect to its revolving line of credit. An additional copy to be file stamped and returned to the undersigned is also enclosed.

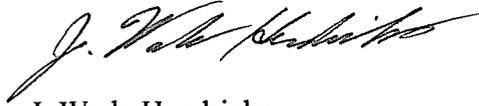
In its May 28, 2010 Application in Case No. 2010-00206, *The Application of Kentucky Utilities Company for an Order Authorizing the Restructure and Refinancing of Unsecured Debt and the Assumption of Obligations and for Amendment of Existing Authority*, KU requested authority to enter into new multi-year revolving credit facilities. In its application, KU stated the term of such facilities would not exceed five years and that the expected term would run through December 31, 2014. For the reasons set forth in its Motion, KU moves for authority to extend the term of its existing revolving credit facility beyond the term originally contemplated in its Application in Case No. 2010-00206.

Should the Commission determine that a new proceeding is necessary, KU requests that this Motion be considered an Application and that a new case be initiated.

Jeff DeRouen
August 17, 2011
Page 2

Please contact the undersigned should there be any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "J. Wade Hendricks", written in a cursive style.

J. Wade Hendricks

JWH/dvg
Enclosure

cc: Dennis G. Howard, II
Lawrence W. Cook
Michael L. Kurtz
Allyson K. Sturgeon
Kendrick R. Riggs

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 17 2011

PUBLIC SERVICE
COMMISSION

In the Matter of:

**THE APPLICATION OF KENTUCKY)
UTILITIES COMPANY FOR AN ORDER)
AUTHORIZING THE RESTRUCTURE AND)
REFINANCING OF UNSECURED DEBT AND)
THE ASSUMPTION OF OBLIGATIONS AND)
FOR AMENDMENT OF EXISTING AUTHORITY)**

CASE NO. 2010-00206

**MOTION FOR AMENDMENT AND EXTENSION OF AUTHORITY WITH RESPECT
TO REVOLVING LINE OF CREDIT**

Kentucky Utilities Company (“KU”) hereby moves for amendment and extension of KU’s existing authority with respect to its multi-year revolving line of credit. In support of this Motion, KU states as follows:

1. KU’s full name is Kentucky Utilities Company. The post office address of KU is One Quality Street, Lexington, Kentucky 40507. A certified copy of KU’s Articles of Incorporation was filed with the Commission in Case No. 2010-00204.¹

2. On May 28, 2010 in Case No. 2010-00206, along with other matters related to KU’s restructure of its debt, KU applied for authority to replace its then current revolving credit facilities (the “Application”). Original authority for the revolving credit facilities being replaced was granted in Case No. 2007-00233² by Orders dated August 2, 2007 and August 9, 2007. In Case No. 2007-00233, the Commission found that granting KU authority to enter into multi-year

¹(Joint Application of PPL Corporation, E.ON AG, E.ON US Investment Corp., E.ON LLC, Louisville Gas and Electric Company, and Kentucky Utilities Company for approval of an acquisition of ownership and control of utilities)

²(Application of Kentucky Utilities Company for an Order authorizing issuance of securities and the assumption of obligations)

revolving credit facilities under which KU could incur short-term debt from time to time would alleviate the time and cost of annually negotiating and renewing short-term debt arrangements.³

3. In its Application in Case No. 2010-00206, KU requested authority to enter into one or more new credit facilities (the “New Credit Facilities”) to replace the existing multi-year revolving credit facilities authorizing in Case No. 2007-00233. This was necessary because the credit facilities in effect at that time were to be unavailable following consummation of the change of control contemplated in Case No. 2010-00204.

4. In its Application in Case No. 2010-00206, KU stated that the term of the New Credit Facilities would not exceed five years, and that it expected the actual term of any New Credit Facility would run through December 31, 2014. By Order dated September 30, 2010, the Commission authorized KU to enter into one or more multi-year revolving New Credit Facilities with one or more financial institutions in an aggregate amount not to exceed \$400,000,000, as described in KU’s Application.

5. KU subsequently entered into such facilities. However, significant changes in the credit markets have recently occurred that have made it advantageous for KU to extend the New Credit Facilities beyond the current December 31, 2014 termination date, or the five year term contemplated in KU’s Application. KU therefore seeks authority to amend and extend the New Credit Facilities for an additional period for either five (5) years from the date of extension or through December 31, 2016.

6. The amended and extended New Credit Facilities would be available for the same purposes for which they are currently available. Loan proceeds could be used to provide short-

³ Case No. 2007-00233 Order of August 2, 2007.

term financing for KU's general financing needs, for example, general costs of operation or costs of KU's various construction programs, until permanent or long-term financing can be arranged. However, KU does not assign specific financing to any particular capital project or use, and does not project finance projects. Thus, these are general reasons that KU might have need for short-term financing, rather than uses to which such financing would be assigned. In addition, the amended and extended New Credit Facilities could be used to provide liquidity or credit support for KU's other debt, for example, ensuring that KU had readily available funds with which to make payments with respect to variable rate bonds that could be tendered for purchase and not remarketed.

7. By amending and extending the existing New Credit Facilities, KU will be able to pay lower on-going commitment fees immediately and KU anticipates paying a lower upfront fee than if it waited until the term of the current facility ended to replace the line of credit. The amendment would also significantly reduce the credit spread the Company would pay if it borrows under the line of credit. Attached to this Motion as Exhibit 1 is a net present value analysis showing significant savings to KU if it is able to amend and extend the New Credit Facilities. The model is conservative in that it assumes the current market conditions, which are very favorable, would continue to be available at the end of 2014 when the existing line of credit expires. Also attached as Exhibits 2 and 3, respectively, are a Description of KU's Property and a Financial Exhibit pursuant to 807 KAR 5:001, Section 11(2)(1) as described by 807 KAR 5:001, Section 11(2)(b).

THEREFORE, Kentucky Utilities Company respectfully requests that the Commission amend its September 30, 2010 Order in Case No. 2010-00206, as follows:

1. That Kentucky Utilities Company be authorized to amend and extend the term of its multi-year revolving credit facilities through December 31, 2016.

2. Other than as expressly set out herein, that the authority granted by the Commission in its September 30, 2010 Order in Case No. 2010-00206 remain in force and effect.

Dated: August 17, 2011

Respectfully Submitted,



Kendrick R. Riggs
John Wade Hendricks
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 W. Jefferson Street
Louisville, KY 40202
(502) 333-6000

Allyson K. Sturgeon
Senior Corporate Attorney
LG&E and KU Energy LLC
220 W. Main Street
Louisville, KY 40202
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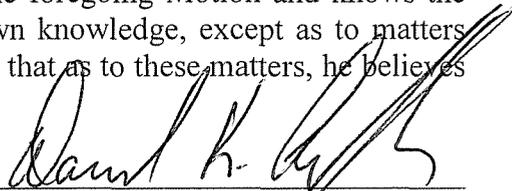
Counsel for Kentucky Utilities Company

VERIFICATION

COMMONWEALTH OF KENTUCKY

COUNTY OF JEFFERSON

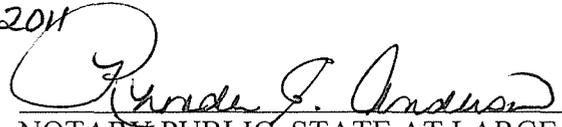
Daniel K. Arbough being first duly sworn, deposes and says that he is Treasurer for Kentucky Utilities Company, that he has read the foregoing Motion and knows the contents thereof, and that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and that as to these matters, he believes them to be true.



DANIEL K. ARBOUGH

Subscribed and sworn before me this 15th that day of August, 2011.

My Commission Expires: August 31, 2011



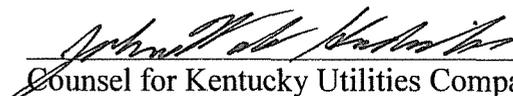
NOTARY PUBLIC, STATE AT LARGE

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Application was served on the following persons on the 17th day of August 2011, U.S. mail, postage prepaid:

Dennis G. Howard II
Lawrence W. Cook
Assistant Attorneys General
Office of the Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

Michael L. Kurtz
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202


Counsel for Kentucky Utilities Company

400001.141072/743864.4

KU 2011 Credit Facility Analysis
(Refinance in 2011 or Wait Until 2014*)

Assumptions:

Tax Rate	38.9%	Average LC Outstanding:	\$0
Discount Rate (WACC):	6.68%	Average Drawn ¹ :	\$0
Size:	\$400,000,000	Close Date:	October 1, 2011
New Rates:		2011 Unamortized Fee Write-off due to Bank Commitment Changes	\$0
5-Year Terms			
Up-Front Fee	0.375%		
Ammendment Fee	0.150%		
Arranger Fee - Now	\$125,000		
Arranger Fee - Wait	0.100%		
Grid Pricing on Attachment 1			
¹ Interest on credit facility draws calculated using credit spread only			

* Assumed that Credit Facility pricing (37.5 bps and 10 bps arranger fees) and tenor availability remain available in 2014.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
	(3 Months)					
<u>Cash Analysis</u>						
<i>Current</i>						
Upfronts/Arranger Fees				\$2,100,000		
Funded Fees	\$0	\$0	\$0	0	\$0	\$0
Unfunded Fees	200,000	800,000	800,000	800,000	600,000	600,000
LC Fees	0	0	0	0	0	0
Sub-Total (Before-Tax)	\$200,000	\$800,000	\$800,000	\$2,900,000	\$600,000	\$600,000
Total After-Tax (A)	\$122,200	\$488,800	\$488,800	\$1,771,900	\$366,600	\$366,600
<i>Proposed</i>						
Upfronts/Arranger Fees	\$925,000					
Funded	0	\$0	\$0	\$0	\$0	\$0
Unfunded	150,000	600,000	600,000	600,000	600,000	600,000
LC Fees	0	0	0	0	0	0
Sub-Total (Before-Tax)	\$1,075,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
Total After-Tax (B)	\$656,825	\$366,600	\$366,600	\$366,600	\$366,600	\$366,600
Benefit/ (Cost) - After-Tax ((A)-(B))	(\$534,625)	\$122,200	\$122,200	\$1,405,300	\$0	\$0
NPV	\$822,007					

KENTUCKY UTILITIES COMPANY
(807 KAR 5:001, Section 11, Item 1 (a))

A DESCRIPTION OF APPLICANT'S PROPERTY, INCLUDING A
STATEMENT OF THE NET ORIGINAL COST OF THE PROPERTY
AND THE COST THEREOF TO APPLICANT

June 30, 2011

The applicant's generating, transmission and distribution systems described herein are calculated annually. As of December 31, 2010, the applicant owned 12 and operated 10 coal fired steam electric generating units having a total capacity of 2,896 Mw; a hydroelectric generating station having a total capacity of 24 Mw; and 17 gas/oil peaking units having a total capacity of 1,497 Mw.

With limited exceptions the Company took care, custody and control of TC2 on January 22, 2011, and has dispatched the unit to meet customer demand since that date. KU and the contractor agreed to a further amendment of the construction agreement whereby the contractor will complete certain actions relating to identifying and completing any necessary modifications to allow operation of TC2 on all fuels in accordance with initial specifications prior to certain dates, and amending the provisions relating to liquidated damages. Unit 2 is coal-fired and has a capacity of 760 Mw, of which KU's share is 462 Mw.

The applicant's owned electric transmission system included 132 substations (54 of which are shared with the distribution system) with a transformer capacity of approximately 13,136 MVA and 4,076 miles of lines. The electric distribution system included 480 substations (54 of which are shared with the transmission system) with a total capacity of approximately 7,044 MVA, 14,123 miles of overhead lines, and 2,221 miles of underground conduit.

Other properties include office buildings, service centers, warehouses, garages and other structures and equipment.

The net original cost of the property and cost thereof to the applicant at June 30, 2011, was:

	<u>Utility Plant</u>
Original Cost	
Production Plant	\$ 4,100,819,208
Distribution Plant	1,378,390,763
Transmission Plant	637,217,239
General Plant	132,553,950
Intangible Plant	56,444,974
Construction Work in Progress	282,826,953
Total Plant at Original Cost	<u>\$ 6,588,253,087</u>
Less Reserve for Depreciation	<u>1,976,827,089</u> *
Net Original Cost	<u><u>\$ 4,611,425,998</u></u>

* Excludes \$353,163,619 related to cost of removal reserves that is not included in the reserve in the Financial Statements and Additional Information, but instead is included as a regulatory liability.

KENTUCKY UTILITIES COMPANY

FINANCIAL EXHIBIT
(807 KAR 5:001 SEC. 6)

June 30, 2011

(1) Amount and kinds of stock authorized.

80,000,000 shares of Common Stock, without par value
5,300,000 shares of Cumulative Preferred Stock, without par value -- authorized, but unissued
2,000,000 shares of Preferred Stock, without par value -- authorized, but unissued

(2) Amount and kinds of stock issued and outstanding.

Common Stock:

37,817,878 shares issued and outstanding, without par value, recorded at \$307,818,689.

(3) Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets otherwise.

None

(4) Brief description of each mortgage on property of applicant, giving date of execution name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of the indebtedness actually secured, together with any sinking fund provisions.

Date of Execution: As of October 1, 2010 (Supplemental Indentures were executed on October 15, 2010 and November 1, 2010.)

Mortgagor: Kentucky Utilities Company

Trustee: The Bank of New York Mellon

Amount of Authorized Debt: One quintillion dollars

Amount of Debt Secured: \$1,850,779,405

Sinking Fund Provisions: None

Pledged Assets: Substantially all assets of Kentucky Utilities located in Kentucky

- (5) Amount of bonds authorized, and amount issued giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with an amount of interest paid thereon during the last 12-month period.

Secured by first mortgage lien on substantially all assets in Kentucky.

Kentucky Utilities Company

Date of Issue	Date of Maturity	Rate of Interest	Principal Amount		Interest Expense
			Authorized	Outstanding at June 30, 2011	Year Ended June 30, 2011
Pollution Control Bonds					
05/01/00	05/01/23	Variable	\$ 12,900,000	\$ 12,900,000	\$ 37,926
02/01/02	02/01/32	Variable	20,930,000	20,930,000	183,834
02/01/02	02/01/32	Variable	2,400,000	2,400,000	20,578
02/01/02	02/01/32	Variable	7,200,000	2,400,000	20,960
02/01/02	02/01/32	Variable	7,400,000	7,400,000	63,447
07/01/02	10/01/32	Variable	96,000,000	96,000,000	430,901
10/01/04	10/01/34	Variable	50,000,000	50,000,000	144,520
02/23/07	10/01/34	Variable	54,000,000	54,000,000	156,807
05/24/07	02/01/26	5.75%	17,875,000	17,875,000	1,027,813
05/24/07	03/01/37	6.00%	8,927,000	8,927,000	535,620
10/17/08	02/01/32	Variable	77,947,405	77,947,405	224,489
			<u>\$ 355,579,405</u>	<u>\$ 350,779,405</u>	<u>\$ 2,846,895</u>
First Mortgage Bonds					
11/16/10	11/01/15	1.63%	\$ 250,000,000	\$ 250,000,000	\$ 2,539,063
11/16/10	11/01/20	3.25%	500,000,000	500,000,000	10,156,250
11/16/10	11/01/40	5.13%	750,000,000	750,000,000	24,023,438
			<u>\$ 1,500,000,000</u>	<u>\$ 1,500,000,000</u>	<u>\$ 36,718,751</u>

- (6) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest in whose favor, together with amount of interest paid thereon during the last 12-month period.

There are no notes outstanding as of June 30, 2011. In connection with the PPL Corporation acquisition, on November 1, 2010, KU borrowed \$1,331,000,000 from PPL Investment Corporation, a PPL subsidiary, in order to repay loans from Fidelity Corporation, a subsidiary of E.ON AG. The Company used the net proceeds received from the sale of the first mortgage bonds to repay the debt owed to PPL Investment Corporation arising from the borrowing.

Total interest paid for twelve months ending June 30, 2011:

<u>Payee</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>Amount</u>	<u>Interest Expense Year Ended June 30, 2011</u>
Fidelity Corp.	11/24/03	11/24/10	4.240%	\$ 33,000,000	\$ 466,400
Fidelity Corp.	01/15/04	01/16/12	4.390%	50,000,000	731,667
Fidelity Corp.	04/30/03	04/30/13	4.550%	100,000,000	1,516,667
Fidelity Corp.	08/15/03	08/15/13	5.310%	75,000,000	1,327,500
Fidelity Corp.	12/20/07	12/19/14	5.450%	100,000,000	1,801,528
Fidelity Corp.	07/08/05	07/08/15	4.735%	50,000,000	789,167
Fidelity Corp.	12/19/05	12/21/15	5.360%	75,000,000	1,340,000
Fidelity Corp.	10/25/06	10/25/16	5.675%	50,000,000	945,833
Fidelity Corp.	04/24/09	04/24/17	5.280%	50,000,000	887,333
Fidelity Corp.	06/20/07	06/20/17	5.980%	50,000,000	996,667
Fidelity Corp.	07/25/08	07/25/18	6.160%	50,000,000	1,026,667
Fidelity Corp.	08/26/08	08/27/18	5.645%	50,000,000	940,833
Fidelity Corp.	12/15/08	12/17/18	7.035%	75,000,000	1,773,406
Fidelity Corp.	07/27/09	07/29/19	4.810%	50,000,000	801,667
Fidelity Corp.	10/25/07	10/25/19	5.710%	70,000,000	1,321,230
Fidelity Corp.	11/25/09	11/25/19	4.445%	50,000,000	747,007
Fidelity Corp.	02/07/07	02/07/22	5.690%	53,000,000	1,005,233
Fidelity Corp.	05/20/08	05/22/23	5.850%	75,000,000	1,462,500
Fidelity Corp.	09/14/07	09/14/28	5.960%	100,000,000	1,986,667
Fidelity Corp.	06/23/06	06/23/36	6.330%	50,000,000	1,055,000
Fidelity Corp.	03/30/07	03/30/37	5.860%	75,000,000	1,465,000
					\$24,387,972

Payee	Date of Issue	Date of Maturity	Rate of Interest	Amount	Interest Expense
					Year Ended June 30, 2011
PPL Inv Corp.	11/01/10	11/24/10	4.240%	\$ 33,000,000	\$ 58,300
PPL Inv Corp.	11/01/10	01/16/12	4.390%	50,000,000	91,458
PPL Inv Corp.	11/01/10	04/30/13	4.550%	100,000,000	189,583
PPL Inv Corp.	11/01/10	08/15/13	5.310%	75,000,000	165,938
PPL Inv Corp.	11/01/10	12/19/14	5.450%	100,000,000	227,083
PPL Inv Corp.	11/01/10	07/08/15	4.735%	50,000,000	98,646
PPL Inv Corp.	11/01/10	12/21/15	5.360%	75,000,000	167,500
PPL Inv Corp.	11/01/10	10/25/16	5.675%	50,000,000	118,229
PPL Inv Corp.	11/01/10	04/24/17	5.280%	50,000,000	110,000
PPL Inv Corp.	11/01/10	06/20/17	5.980%	50,000,000	124,583
PPL Inv Corp.	11/01/10	07/25/18	6.160%	50,000,000	128,333
PPL Inv Corp.	11/01/10	08/27/18	5.645%	50,000,000	117,604
PPL Inv Corp.	11/01/10	12/17/18	7.035%	75,000,000	219,844
PPL Inv Corp.	11/01/10	07/29/19	4.810%	50,000,000	100,208
PPL Inv Corp.	11/01/10	10/25/19	5.710%	70,000,000	166,542
PPL Inv Corp.	11/01/10	11/25/19	4.445%	50,000,000	92,604
PPL Inv Corp.	11/01/10	02/07/22	5.690%	53,000,000	125,654
PPL Inv Corp.	11/01/10	05/22/23	5.850%	75,000,000	182,813
PPL Inv Corp.	11/01/10	09/14/28	5.960%	100,000,000	248,333
PPL Inv Corp.	11/01/10	06/23/36	6.330%	50,000,000	131,875
PPL Inv Corp.	11/01/10	03/30/37	5.860%	75,000,000	183,125
					\$3,048,255

- (7) Other indebtedness, giving same by classes and describing security, if any with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.

None, other than current and accrued liabilities.

- (8) Rate and amount of dividends paid during the five previous fiscal years, and amount of capital stock on which dividends were paid. (1)

Dividends on Common Stock, without par value (not based on rate per share)

2006	-
2007	-
2008	-
2009	-
2010	\$50,000,000

- (1) On November 1, 2010, PPL Corporation completed its acquisition of E.ON U.S. LLC, the Company's parent. Upon completion of the acquisition, E.ON U.S. LLC was renamed LG&E and KU Energy LLC. The 37,817,878 shares are currently owned by LG&E and KU Energy LLC. From May 1998 to October 31, 2010, the 37,817,878 shares were all owned by E.ON U.S. LLC (formerly LG&E Energy LLC) and all dividends declared by KU's Board of Directors were paid to E.ON U.S. LLC. During the 1st and 2nd quarters of 2011 KU declared and paid a dividend on common stock of \$31,000,000 and \$37,000,000, respectively.

- (9) Detailed Income Statement, Balance Sheet and Statement of Retained Earnings

Monthly Financial and Operating Reports are filed each month with the Kentucky Public Service Commission. Attached are detailed Statements of Income, Balance Sheets and Retained Earnings for the Company for the period ending June 30, 2011.

Kentucky Utilities Company
Balance Sheet as of June 30, 2011

Assets		Liabilities and Proprietary Capital	
Utility Plant			
Utility Plant at Original Cost.....	\$ 6,588,253,087.34	Proprietary Capital	
Less: Reserves for Depreciation and Amortization.....	<u>2,329,491,482.53</u>	Common Stock.....	\$ 308,139,977.56
Total.....	<u>4,258,761,604.81</u>	Less: Common Stock Expense.....	321,288.87
		Paid-In Capital.....	315,858,083.00
		Other Comprehensive Income.....	(2,489,186.63)
		Retained Earnings.....	1,456,456,761.49
		Unappropriated Undistributed Subsidiary Earnings.....	<u>15,452,284.75</u>
		Total Proprietary Capital.....	<u>2,093,096,631.30</u>
Investments			
Electric Energy, Inc.....	12,674,129.55	Pollution Control Bonds.....	350,779,405.00
Ohio Valley Electric Company.....	250,000.00	First Mortgage Bonds.....	1,489,494,531.25
Nonutility Property-Less Reserve.....	<u>179,120.94</u>	LT Notes Payable to Associated Companies.....	<u>-</u>
Total.....	<u>13,103,250.49</u>	Total Long-Term Debt.....	<u>1,840,273,936.25</u>
		Total Capitalization.....	<u>3,933,370,567.55</u>
Current and Accrued Assets			
Cash.....	6,817,643.07	Current and Accrued Liabilities	
Special Deposits.....	640,705.40	ST Notes Payable to Associated Companies.....	-
Temporary Cash Investments.....	12,114.69	Accounts Payable.....	76,456,703.25
Accounts Receivable-Less Reserve.....	165,764,056.58	Accounts Payable to Associated Companies.....	26,344,328.96
Accounts Receivable from Associated Companies.....	5,001,224.57	Customer Deposits.....	23,299,986.50
Materials and Supplies-At Average Cost		Taxes Accrued.....	11,293,906.28
Fuel.....	92,538,396.90	Interest Accrued.....	10,004,371.62
Plant Materials and Operating Supplies.....	33,129,391.71	Dividends Declared.....	-
Stores Expense.....	9,723,255.58	Miscellaneous Current and Accrued Liabilities.....	<u>21,000,490.72</u>
Emission Allowances.....	512,525.39	Total.....	<u>168,399,787.33</u>
Prepayments.....	7,923,784.79		
Miscellaneous Current and Accrued Assets.....	<u>98,710.66</u>	Deferred Credits and Other	
Total.....	<u>322,161,809.34</u>	Accumulated Deferred Income Taxes.....	491,559,670.98
		Investment Tax Credit.....	102,807,822.32
		Regulatory Liabilities.....	113,430,635.84
		Customer Advances for Construction.....	3,173,808.69
		Asset Retirement Obligations.....	55,284,494.83
		Other Deferred Credits.....	22,009,407.47
		Miscellaneous Long-Term Liabilities.....	2,805,389.46
		Accum Provision for Postretirement Benefits.....	<u>135,426,889.12</u>
		Total.....	<u>926,498,118.71</u>
		Total Liabilities and Stockholders Equity.....	<u>\$ 5,028,268,473.59</u>
Total Assets	<u>\$ 5,028,268,473.59</u>		

Kentucky Utilities Company
Statement of Income
June 30, 2011

	Year Ended 6/30/2011
Electric Operating Revenues.....	\$ 1,553,031,965.04
Rate Refunds.....	6.12
	<hr/>
Total Operating Revenues.....	1,553,031,971.16
	<hr/>
Fuel for Electric Generation.....	508,775,147.86
Power Purchased.....	138,058,940.64
Other Operation Expenses.....	225,858,095.42
Maintenance.....	121,666,418.73
Depreciation.....	163,660,075.88
Amortization Expense.....	6,789,970.66
Regulatory Credits.....	(6,754,553.20)
Taxes	
Federal Income.....	44,758,744.98
State Income.....	15,726,157.54
Deferred Federal Income - Net.....	47,456,685.15
Deferred State Income - Net.....	907,000.14
Property and Other.....	23,729,141.86
Investment Tax Credit.....	-
Loss (Gain) from Disposition of Allowances.....	(16,020.32)
Accretion Expense.....	3,763,660.83
	<hr/>
Total Operating Expenses.....	1,294,379,466.17
	<hr/>
Net Operating Income.....	258,652,504.99
Other Income Less Deductions	
Amortization of Investment Tax Credit.....	1,321,897.00
Other Income Less Deductions.....	841,449.06
AFUDC - Equity.....	630,968.57
	<hr/>
Total Other Income Less Deductions.....	2,794,314.63
	<hr/>
Income Before Interest Charges.....	261,446,819.62
	<hr/>
Interest on Long-Term Debt.....	67,001,872.68
Amortization of Debt Expense - Net.....	2,581,521.37
Other Interest Expenses.....	5,103,915.51
AFUDC - Borrowed Funds.....	(501,054.66)
	<hr/>
Total Interest Charges.....	74,186,254.90
	<hr/>
Net Income.....	\$ 187,260,564.72

Kentucky Utilities Company
Analysis of Retained Earnings
June 30, 2011

	Year Ended 6/30/11
Retained Earnings Balance at Beginning of Period.....	\$ 1,390,181,898.77
Add:	
Net Income for Period.....	187,260,564.72
Deduct:	
Common Dividends	
Common Stock Without Par Value	(118,000,000.00)
Adjust for Equity in Subsidiary	
Earnings for Year	
EE Inc.....	(2,985,702.00)
Dividends Received Current Year	
-EE Inc.....	-
Retained Earnings Balance at End of Period.....	1,456,456,761.49
Unappropriated Undistributed Subsidiary Earnings.....	15,452,284.75
Retained Earnings and Undistributed Subsidiary Earnings at End of Period.....	\$ 1,471,909,046.24