e·on | U.S.

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

RECEIVED

AUG 31 2007

PUBLIC SERVICE
COMMISSION

E.ON U.S. LLC
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

August 31, 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:

Pursuant to the Commission's Order in the aforementioned case, Kentucky Utilities Company ("KU") hereby notifies the Commission that on August 27, 2007, KU filed an Application with the Virginia State Corporation Commission for Authority to Issues Securities Under Chapter 3 and to Engage in Transactions with Affiliates under Chapter 4 of Title 56 of the Code of Virginia. The Application relates to the participation by KU in a Money Pool arrangement involving the issuance of short-term debt. This information is submitted in response to the filing requirements contained within the aforementioned order, specifically, Appendix A Reporting Item No. 25. Should you have any questions regarding this information, please contact me or Don Harris at 502-627-2021.

Sincerely,

Rick E. Lovekamp

Rick E. Lovekamp

cc: Daniel K. Arbough, E.ON U.S. Services, Inc.
Kendrick Riggs – Stoll · Keenon · Ogden

STOLL · KEENON · OGDEN
PLLC

1700 PNC PLAZA
500 WEST JEFFERSON STREET
LOUISVILLE, KENTUCKY 40202-2874
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KENDRICK R. RIGGS
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kendrick.riggs@skofirm.com

August 27, 2007

VIA FEDERAL EXPRESS

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AUG 31 2007
PUBLIC SERVICE COMMISSION

Mr. Joel Peck, Clerk
Virginia State Corporation Commission
Document Control Center
1300 East Main Street, Tyler Building
P.O. Box 2118
Richmond, VA 23218

Re: Kentucky Utilities Company

Dear Mr. Peck:

Enclosed for filing, please find the original and 15 copies of the Application of Kentucky Utilities Company 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. Also enclosed is a check in the amount of $250.00 payable to the State Corporation Commission in payment of the filing fee. An extra copy of the Application is enclosed to be file stamped and returned to the undersigned in the enclosed stamped self-addressed envelope.

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

Very truly yours,

Kendrick R. Riggs

KRR/dvg
Enclosures
cc: Howard M. Spinner, Director (Division of Economics & Finance) via Federal Express
William F. Stephens, Director (Division of Energy Regulation) via Federal Express
Ronald A. Gibson, Director (Division of Public Utility Accounting) via Federal Express
William H. Chambliss, General Counsel (Office of General Counsel) via Federal Express

bcc: Daniel Arbough, Director, Corporate Finance
Lonnie Bellar, Vice President, State Regulation and Rates
Rick Lovekamp, Manager, Regulatory Affairs
Donald Harris, Rate and Regulatory Analyst II
Allyson K. Sturgeon, Senior Corporate Attorney
Diane Lasley, Team Leader, Cash Management
John Early, Acting Manager, Credit/Contract Administration
Joe Wiedmar, Financial Analyst

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AUG 31 2007
PUBLIC SERVICE COMMISSION

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

APPLICATION OF KENTUCKY UTILITIES COMPANY FOR AUTHORITY TO ISSUE SECURITIES UNDER CHAPTER 3 OF TITLE 56 OF THE CODE OF VIRGINIA AND TO ENGAGE IN AFFILIATE TRANSACTIONS UNDER CHAPTER 4 OF TITLE 56 OF THE CODE OF VIRGINIA	)))))))	**CASE NO.** ________

APPLICATION TO ISSUE SECURITIES AND TO ENGAGE IN TRANSACTIONS WITH AFFILIATES

Kentucky Utilities Company, a Virginia Public Service Company doing business in Virginia as Old Dominion Power Company ("KU/ODP" or the "Company") hereby applies to the State Corporation Commission of Virginia for authority, pursuant to VA Code § 56-55 et seq., to issue securities, assume obligations and enter into all necessary agreements and other documents relating thereto as more fully described herein. In addition, because the transactions described herein will involve affiliates within the E.ON AG ("E.ON") holding company system, KU/ODP also requests approval pursuant to VA Code § 56-76 et seq. In support of this Application, KU/ODP states as follows:

1. The official name of the Applicant and address of its principal business office:

    Kentucky Utilities Company
    One Quality Street
    Lexington, Kentucky 40507

KU/ODP was incorporated under the laws of Kentucky on August 17, 1912, and under the laws of Virginia on December 1, 1991, and operates in Kentucky, Virginia and Tennessee.

2. The name, address and telephone number of the persons within the Company authorized to receive notices and communications with respect to the Application are as follows:

Lonnie Bellar
Vice President, State Regulation and Rates
Kentucky Utilities Company
220 West Main Street
Louisville, Kentucky 40202

Daniel K. Arbough
Director, Corporate Finance and Treasurer
Kentucky Utilities Company
220 West Main Street
Louisville, Kentucky 40202
Telephone: (502) 627-4956

With copies to:

Kendrick R. Riggs, Esq.
Stoll Keenon Ogden, PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202
Telephone: (502) 560-4222

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

3. This Application relates to the participation by KU/ODP in a Money Pool (as hereinafter described) arrangement involving short term debt, as described herein. In addition, if the entire amount of short-term Borrowing for which authority is being requested herein, along with the Company's other short-term debt were outstanding, such debt would exceed 12% of the Company's capitalization.[1] KU/ODP is therefore seeking authority to issue short-term debt in an amount exceeding 12% of its total capitalization.

[1] Including debt under the multi-year revolving credit facility that the Commission approved by Order dated August 3, 2007 in Case No. PUE-2007-00056 (Application of Kentucky Utilities Company d/b/a Old Dominion Power Company for authority to issue securities under Chapter 3 of Title 56 of the Code of Virginia). All short-term debt of the Company, including debt under the external revolving credit facility and the Money Pool will be subject to the $400,000,000 limitation for which authority is sought herein.

Description of KU/ODP's Position Within the Holding Company and its Affiliates

4. E.ON U.S. LLC ("E.ON US") is an indirect subsidiary of E.ON. The Company is a wholly owned subsidiary of E.ON US. Louisville Gas and Electric Company ("LG&E"), a sister company of KU/ODP which has utility operations in Kentucky, is also a wholly owned subsidiary of E.ON US. E.ON U.S. Services Inc. ("E.ON US Services") is a wholly owned, non-utility subsidiary of E.ON US.

5. The Company requests authority, pursuant to Virginia Code 56-55 et seq., to issue from time to time, and as set forth in this Application, (a) its unsecured promissory note(s) to evidence borrowings of money made, and to be made, from its affiliates who participate in the Money Pool as described herein and (b) to issue its unsecured promissory notes in the form of commercial paper. The aggregate principal amount of such note(s) and/or commercial paper, along with the Company's other short-term debt, at any time outstanding shall not exceed four hundred million dollars ($400,000,000) during the years 2008 and 2009.[2]

6. The Company also applies to the Commission for authority, pursuant to Chapter 4, Title 56 of the Virginia Code, as amended, to execute an Amended Utility Money Pool Agreement ("Agreement") by which the Company may engage in affiliate transactions to (1) loan excess funds to a Money Pool administered by E.ON US Services or (2) borrow funds from the Money Pool on a short-term basis up to a maximum of $400,000,000, in accordance with changes in law and regulations under the Federal Power Act and the Public Utility Holding

[2] On December 17, 2002, in Case No. PUE-2002-00644, the Commission issued its Order granting KU/ODP authority to issue up to $400,000,000 in short-term debt and to participate in the Money Pool, through December 31, 2004. On January 30, 2004, the Commission authorized LG&E Energy LLC to replace LG&E Energy, Corp. as a lender only participant in the Money Pool. Subsequently, by Order dated September 21, 2004, the Commission extended the authority granted on December 17, 2002, as amended on January 30, 2004. This current authority will expire December 31, 2007.

Company Act of 2005. However, only KU/ODP and its sister utility, LG&E, would be borrowers under the Agreement. E.ON US would participate as a lender only and E.ON US Services would administer the Money Pool.

7. On January 24, 2006, the Federal Energy Regulatory Commission ("FERC") in Docket No. ES06-3-000 authorized the Company to issue promissory notes and other evidences of indebtedness, maturing two years or less from the date of issuance, in an amount not to exceed four hundred million dollars ($400,000,000) at any one time. The authority became effective on February 8, 2006 and terminates on November 30, 2007. KU will apply to FERC for an extension of this authority in the near future.

I. SHORT-TERM DEBT

8. The Company proposes to borrow funds ("Borrowings") from time to time from one or more banks, affiliates through the Money Pool, or other financial institutions. Each of the Borrowings by the Company will mature on a date not more than twelve (12) months from the date of origination. The Borrowings will be evidenced by one or more promissory notes or by a blanket note. Each Borrowing shall be subject to prepayment by the Company in whole at any time, or in part from time to time, without premium or penalty, upon payment of the principal amount thereof to be prepaid and the interest then accrued on the amount so prepaid; provided, however, certain notes may be subject to a prepayment penalty or premium or other charges which are typical of transactions of this type. The Borrowing may be made for general corporate purposes, including to repay or refund any Borrowings then outstanding and unpaid. The Company may enter into one or more agreements or contracts covering the issuance of the notes or the making of the proposed Borrowings (the "Credit Documents"). It is not expected that the notes will be sold or resold to the public.

9. The aggregate amount of Borrowings outstanding will not exceed four hundred million dollars ($400,000,000) at any time outstanding and unpaid during the years 2008 and 2009. If the entire requested amount of such short term Borrowings were outstanding, then short term debt would equal 15 percent (15%) of the Company's pro forma total capitalization computed as of June 30, 2007.

10. The Borrowings will be made and the notes and/or commercial paper will be issued from time to time pursuant to the terms of a resolution adopted by the Board of Directors of the Company on August 9, 2007, a copy of which resolution is filed as Exhibit A.

11. The Credit Documents will contain standard terms and conditions (including fees) typical for such agreements. Except as described below, no finder's fee or any other fee, commission or renumeration, other than interest paid on any Borrowings or commercial paper notes, is to be paid by the Company to any person in connection with the proposed transactions. It is anticipated that the Company may agree to pay commitment, upfront, or other fees to the banks and other financial institutions from which Borrowings are made. In addition, the Company may agree to pay commissions or other compensation to commercial paper dealers for their services as such, which may include a spread between the interest rate (discount rate) at which commercial paper will be offered for sale by such commercial paper dealer or dealers and the effective interest cost to the Company of such commercial paper. A fee may also be paid to any issuing and paying agent, or any other party, to directly compensate such party for actual services rendered. The amount of such fees or discount will be set by arm's length negotiation between the Company and the bank, commercial paper dealer or other party, and will be based on prevailing rates customarily charged to companies similar to the Company in similar transactions.

12. The proceeds from any Borrowings and/or commercial paper will be added to the general funds of the Company and may be used to finance, temporarily, a part of the Company's construction expenditures for the years 2008 and 2009, and/or to temporarily meet other capital requirements during that period. It is anticipated that the Company's construction expenditures will be approximately $727 million in 2008 and $397 million in 2009. Of the anticipated 2008 amount, $434 are pollution control expenditures, $165 million are generation expenditures, $42 million are transmission expenditures, and $58 million are distribution expenditures. Of the anticipated 2009 amount, $180 million are pollution control expenditures, $95 are generation expenditures, $45 million are transmission expenditures, and $62 million are distribution expenditures. If prevailing market conditions are attractive, the Company may elect to refund, repurchase, prepay, or redeem prior to maturity certain of its outstanding long-term debt in order to take advantage of lower interest or dividend rates. Issuance of notes and/or commercial paper could be used to provide funds, temporarily, for such refunding, repurchase, prepayment or redemption (including payment of any applicable premium) prior to maturity. Such use would be in addition to the capital requirements outlined above.

II. APPROVALS REQUESTED FROM THE COMMISSION

13. The Company requests approval of the Borrowings and for its entrance into the Amended Utility Money Pool Agreement. The purpose of the Amended Agreement among the Company, LG&E, E.ON US and E.ON US Services is to provide a formal arrangement between the affiliated companies to borrow and invest excess short-term funds among themselves (the "Money Pool"). Only LG&E and the Company may borrow from the Money Pool.

14. While such intercompany borrowing and lending may not meet all short-term capital needs of the Company, the use of excess funds generated internally among affiliates can

minimize the transaction costs to borrow or invest externally. Participating in the Money Pool is expected to reduce the Company's costs. Because the Company and LG&E -- the two borrowers from the Money Pool -- are of comparable credit quality (Standard & Poor rating of A-2, Moody's rating of P-1), the primary anticipated benefit of the Money Pool is the accumulated savings from avoided fees/costs to borrow or invest externally.

15. A Financing Summary, Balance Sheet, and Statement of Income and Retained Earnings as of June 30, 2007, and a Transaction Summary for affiliate transactions pursuant to Chapter 4 of Title 56 of the Virginia are attached to this Application as Exhibits B, C, D, and E. A copy of the current draft of the proposed Amended Utility Money Pool Agreement is attached as Exhibit F.

Accordingly, Kentucky Utilities Company/Old Dominion Power Company respectfully requests the Commission to enter an appropriate order, pursuant to Virginia Code §§ et seq. and Virginia §§ 56-77 et seq. approving the Borrowings and issuance by the Company of its notes as described herein; granting the Company authority to participate in the Amended Utility Money Pool and to issue short-term debt with a total aggregate limit of Four-Hundred Million Dollars ($400,000,000); and approving the Amended Utility Money Pool Agreement pursuant to Virginia Code §§ 56-77 et seq., to be effective when executed. KU/ODP requests that all such authority extend through December 31, 2009. In addition, KU/ODP respectfully request that, in order to provide continuity in the Company's existing financing arrangements, the Commission enter its order in this matter no later than November 30, 2007.

Dated: August 27, 2007.

Respectfully submitted,

Kendrick R. Riggs

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

Allyson K. Sturgeon
Senior Corporate Attorney
E.ON U.S. Services Inc.
220 West Main Street
Louisville, KY 40202
502-627-2088

Counsel for Kentucky Utilities Company

400001.358112/486566.2

VERIFICATION

COMMONWEALTH OF KENTUCKY

COUNTY OF JEFFERSON

Daniel K. Arbough being first duly sworn, deposes and says that he is Director, Corporate Finance and Treasurer for Kentucky Utilities Company and for Louisville Gas and Electric Company, that he has read the foregoing Application 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

DANIEL K. ARBOUGH

Subscribed and sworn before me this 24th day of August, 2007.

My Commission Expires: August 31, 2011

Rhonda J. Anderson

NOTARY PUBLIC, STATE AT LARGE

VERIFICATION

COMMONWEALTH OF KENTUCKY

COUNTY OF JEFFERSON

S. Bradford Rives, being first duly sworn, deposes and says that he is Chief Financial Officer for E.ON U.S. LLC and for E.ON U.S. Services Inc., that he has read the foregoing Application 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.

SBRives

S. BRADFORD RIVES

Subscribed and sworn before me this 27 day of August, 2007.

My Commission Expires: August 5, 2008

Carol A. Hardison

NOTARY PUBLIC, STATE AT LARGE

SECRETARY'S CERTIFICATE

I, John R. McCall, certify that I am Executive Vice President, General Counsel and Corporate Secretary of Kentucky Utilities Company, a Kentucky and Virginia corporation, (the "Company"); that I am one of the officers of the Company authorized to make certified copies of the corporate records; and as Corporate Secretary, I have access to all original records of the Company. I do hereby certify that attached hereto are resolutions of the Board of Directors of the Company adopted by unanimous written consent in lieu of a meeting dated August 19, 2007, and that the same are in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have signed this Certificate this 24 day of August, 2007.

John R. McCall
Corporate Secretary

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ACTION OF THE BOARD OF DIRECTORS
OF
KENTUCKY UTILITIES COMPANY
TAKEN BY WRITTEN CONSENT

August 9, 2007

SHORT TERM BORROWING APPLICATION

WHEREAS, the Federal Power Act requires utilities to apply for authorization from the Federal Energy Regulatory Commission ("FERC") and state statutes or regulations may require utilities to apply for authorization from state agencies, respectively, to issue securities or assume certain obligations or liabilities, including the issuance of short-term debt and/or debt involving affiliates, as applicable; and

WHEREAS, the Board of Directors deems it to be in the best interests of KU that it take actions necessary to obtain the required FERC and state authorizations and to authorize the issuance of such debt up to a limit of $400 million, which amount is deemed sufficient to meet all projected corporate requirements, and is within the limitations placed on such issuances by the FERC and state.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of KU, that the Chief Executive Officer, President, any Vice President, the Treasurer or the Secretary of KU be and they are hereby authorized and instructed to prepare, or cause to be prepared, to execute, and to file, or cause to be filed, at such times as they may deem appropriate, for and in the name and on behalf of KU, such applications and amendments thereof as they may deem necessary or advisable to obtain an order or orders of the FERC and state or appropriate successor Commissions or Agencies, authorizing KU to issue the promissory notes and other evidences of indebtedness hereinafter described in these resolutions; and

FURTHER RESOLVED, that the Chief Executive Officer, President, any Vice President, the Treasurer or the Secretary of KU be and they are hereby authorized and empowered, for and in the name of KU, to borrow on a short-term basis, at any time during the period ending November 30, 2009 (or for such longer or shorter period as may be requested by KU in the aforesaid applications to the FERC or to state regulatory agencies) such amount or amounts as they may deem necessary or advisable, provided that the aggregate amount of all such short-term borrowings in the name of KU outstanding and remaining unpaid at any time during this period shall not exceed $400 million; and

FURTHER RESOLVED, that to effectuate such short-term borrowings the Chief Executive Officer, President, any Vice President, the Treasurer or the Secretary of KU be and they are hereby authorized and empowered, for and in the name of KU: (1) to issue promissory notes to commercial banks and trust companies and to affiliates of E.ON AG, or E.ON U.S. LLC, provided that the note or notes or instruments of renewal evidencing each borrowing shall mature not more than two years from the date of the borrowing or renewal; (2) to issue master notes to commercial banks, trust companies and other institutional investors and to affiliates of E.ON AG, or E.ON U.S. LLC, and to issue promissory notes to institutional investors in evidence of commercial paper transactions, each such note to mature not more than nine months from the date of issuance; and (3) to issue other promissory notes and instruments provided that each note or instrument evidencing each borrowing or its renewal shall mature within two years from the date of borrowing or its renewal; and

FURTHER RESOLVED, that all such short-term borrowings shall be in conformity with (1) all requisite federal and state statutory and regulatory, limitations and conditions, including any exemptions therefrom, as may be applicable to such issuances under the laws regulating securities transactions, corporate governance and utility operations; (2) all limitations and conditions contained in any application to or approval from any regulatory agency, and (3) all limitations and conditions contained in the KU's Amended and Restated Articles of Incorporation or ByLaws; and

FURTHER RESOLVED, that the proper officers of KU be and they are hereby authorized and empowered to sign, execute and deliver, for and in the name of KU, promissory notes, other evidences of indebtedness or instruments of renewal to evidence the borrowings made pursuant to the provisions of the foregoing resolutions; and

FURTHER RESOLVED, that the officers of KU be and they hereby are authorized and empowered to do any and all other acts and things as in their judgment may be necessary or advisable to carry out the foregoing resolutions.

SECRETARY'S CERTIFICATE

I, John R. McCall, certify that I am Executive Vice President, General Counsel and Corporate Secretary of Louisville Gas and Electric Company, a Kentucky corporation, (the "Company"); that I am one of the officers of the Company authorized to make certified copies of the corporate records; and as Corporate Secretary, I have access to all original records of the Company. I do hereby certify that attached hereto are resolutions of the Board of Directors of the Company adopted by unanimous written consent in lieu of a meeting dated August 19, 2007, and that the same are in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have signed this Certificate this 24 day of August, 2007.

John R. McCall
Corporate Secretary

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ACTION OF THE BOARD OF DIRECTORS
OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TAKEN BY WRITTEN CONSENT

August 9, 2007

SHORT TERM BORROWING APPLICATION

WHEREAS, the Federal Power Act requires utilities to apply for authorization from the Federal Energy Regulatory Commission ("FERC") and state statutes or regulations may require utilities to apply for authorization from state agencies, respectively, to issue securities or assume certain obligations or liabilities, including the issuance of short-term debt and/or debt involving affiliates, as applicable; and

WHEREAS, the Board of Directors deems it to be in the best interests of LG&E that it take actions necessary to obtain the required FERC and state authorizations and to authorize the issuance of such debt up to a limit of $400 million, which amount is deemed sufficient to meet all projected corporate requirements, and is within the limitations placed on such issuances by the FERC and state.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of LG&E, that the Chief Executive Officer, President, any Vice President, the Treasurer or the Secretary of LG&E be and they are hereby authorized and instructed to prepare, or cause to be prepared, to execute, and to file, or cause to be filed, at such times as they may deem appropriate, for and in the name and on behalf of LG&E, such applications and amendments thereof as they may deem necessary or advisable to obtain an order or orders of the FERC and state or appropriate successor Commissions or Agencies, authorizing LG&E to issue the promissory notes and other evidences of indebtedness hereinafter described in these resolutions; and

FURTHER RESOLVED, that the Chief Executive Officer, President, any Vice President, the Treasurer or the Secretary of LG&E be and they are hereby authorized and empowered, for and in the name of LG&E, to borrow on a short-term basis, at any time during the period ending November 30, 2009 (or for such longer or shorter period as may be requested by LG&E in the aforesaid application to the FERC or to state regulatory agencies) such amount or amounts as they may deem necessary or advisable, provided that the aggregate amount of all such short-term borrowings in the name of LG&E outstanding and remaining unpaid at any time during this period shall not exceed $400 million; and

FURTHER RESOLVED, that to effectuate such short-term borrowings the Chief Executive Officer, President, any Vice President, the Treasurer or the Secretary of LG&E be and they are hereby authorized and empowered, for and in the name of LG&E: (1) to issue promissory notes to commercial banks and trust companies and to affiliates of E.ON AG or E.ON U.S. LLC, provided that the note or notes or instruments of renewal evidencing each borrowing shall mature not more than two years from the date of the borrowing or renewal; (2) to issue master notes to commercial banks, trust companies and other institutional investors and to affiliates of E.ON AG or E.ON U.S. LLC, and to issue promissory notes to institutional investors in evidence of commercial paper transactions, each such note to mature not more than nine months from the date of issuance; and (3) to issue other promissory notes and instruments provided that each note or instrument evidencing each borrowing or its renewal shall mature within two years from the date of borrowing or its renewal; and

FURTHER RESOLVED, that all such short-term borrowings shall be in conformity with (1) all requisite federal and state statutory and regulatory, limitations and conditions, including any exemptions therefrom, as may be applicable to such issuances under the laws regulating securities transactions, corporate governance and utility operations; (2) all limitations and conditions contained in any application to or approval from any regulatory agency, and (3) all limitations and conditions contained in LG&E's Amended and Restated Articles of Incorporation or ByLaws; and

FURTHER RESOLVED, that the proper officers of LG&E be and they are hereby authorized and empowered to sign, execute and deliver, for and in the name of LG&E, promissory notes, other evidences of indebtedness or instruments of renewal to evidence the borrowings made pursuant to the provisions of the foregoing resolutions; and

FURTHER RESOLVED, that the officers of LG&E be and they hereby are authorized and empowered to do any and all other acts and things as in their judgment may be necessary or advisable to carry out the foregoing resolutions.

KENTUCKY UTILITIES COMPANY

APPLICATION TO ISSUE SECURITIES

UNDER THE UTILITY SECURITIES ACT

FINANCING SUMMARY

Item 1: Description of Issue and Proposed Uses:

Kentucky Utilities Company (the "Company") proposes to issue up to $400,000,000 of Short Term Debt through Unsecured Promissory Note(s) ("Notes") and issues of Commercial Paper for the period through December 31, 2009. The Notes will be issued through various banks, other financial institutions, or affiliates through the Money Pool as described in the Application, and the Commercial Paper will be issued through an authorized dealer.

The proceeds obtained will be used to supplement internally generated funds to provide interim financing for the Company's construction program and other capital requirements.

Item 2: Terms of Issue:

The Company proposes to issue in varying amounts, its Notes or Commercial Paper from time to time through December 31, 2009. The Notes would mature on a date not more than twelve (12) months from the date of issue while any Commercial Paper would mature on a date not more than nine (9) months from the date of issue. No maturity will be later than December 31, 2009.

The interest rates will vary depending on the current market conditions and maturity. For purposes of this application, a 5.26% annual percentage rate was applied which is consistent with market conditions as of June 30, 2007.

The current security rating for the Company's short term debt is P-1 by Moody's and A-2 by Standard & Poor's.

KU has 37,817,878 shares of Common Stock, issued and outstanding.

Costs Of Issuance - Total costs of issuing $365 million ($400 million minus $35 million short-term debt approved in Case No. PUE-2007-00056) if all issued through commercial paper (rather than as short-term Intercompany loans).

Back-up line of credit	$200,000	Up front and annual cost.
Rating agency fees	70,000	Initial set-up.
Rating agency usage fee	168,000	Annually (assuming entire $365 million drawn all year).
Issuing and paying agent	15,000	Annually.

Item 3: Reasonableness of Financing Strategy:

On January 27, 2006 the Company received approval from FERC to issue short-term debt securities in an amount not to exceed $400,000,000 outstanding at any time. KU will apply to FERC for an extension of its current authority which terminates November 30, 2007, in the near future. At June 30, 2007, the Company had $140,309,054 in notes payable to E.ON U.S. The notes payable are due on demand and has an interest rate at June 30, 2007, of 5.26%. The rate is based on 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"). The proceeds from any Borrowings and/or commercial paper will be added to the general funds of the Company and may be used to finance, temporarily, a part of the Company's construction expenditures or other capital requirements.

If issued in its entirety, the proposed $400,000,000 of short-term debt would represent 15% of the Company's pro forma total capitalization as of June 30, 2007.

As of June 30, 2007 the Company had long-term intercompany loans of $661,000,000, all with fixed interest rates and external, pollution control debt outstanding with principal amounts totaling $332,753,140. All external, pollution control debt is variable rate.

Presently, the Company's capital structure is in line with averages of similarly rated utilities.

Item 4. Impact on Company (all values are in Millions, except percentages):

4(A) Change In Capital Structure:

	As of June 30, 2007				
CAPITALIZATION	**Actual**	**% of Total Capitalization**	**Adjustment**	**Proforma**	**% of Total Capitalization**
Short-Term Debt	140	5.82%	$260 [1]	$400	15.00%
Long-Term Debt	994 *	41.29%		$994	37.27%
Common Equity	1,273	52.89%		$1,273	47.73%
	$2,407	100.00%		$2,667	100.00%

*Includes current portion of Long-Term Debt

4(B) Change In Interest Coverage:

	As of June 30, 2007		
	Actual	**Adjustments**	**Proforma**
Net Income	$172	(10) [2]	$162
Income Taxes	87	(7) [4]	80
Net Income Before Taxes	$259		$242
Interest Charges	46	17 [3]	63
Income Before Interest & Taxes	$305		$305
Pre-Tax Interest Coverage	**6.63x**		**4.84x**

The 2005 interest coverage ratio as calculated by S&P is 5.9. The 2005 S&P median interest coverage ratio three-year average for "A" rated vertically integrated utilities is 3.3.

Notes:

1 Assumes $400 million outstanding in short-term debt (maximum amount).

2 Calculation for incremental change in net income and taxes due assuming $400 million in short-term debt securities issued at 5.26%:

Annual interest expense on $400 million @ 5.26%	$21
Less: actual interest expense on promissory notes accrued for the year ended June 30, 2007	4
Additional Interest Expense	$17
Less: reduction in income taxes	(7)
Reduction in Net Income	$10

3 Assumes all short-term debt outstanding for 12 months.

4 Based on combined federal and state income tax rates of 38.9%.

KENTUCKY UTILITIES COMPANY

BALANCE SHEET AS OF JUNE 30, 2007[1]

(all values in millions)

ASSETS

CURRENT ASSETS:		
Cash and cash equivalents	$	6
Restricted cash		46
Accounts receivable - less reserve		133
Accounts receivable from affiliated companies		32
Income tax receivable		27
Materials and supplies - at average cost:		
Fuel (predominantly coal)		67
Other		34
Prepayments and other		2
Total Current Assets		347
OTHER PROPERTY AND INVESTMENTS -		
less reserve		27
UTILITY PLANT:		
At original cost		4,488
Less: reserve for depreciation		1,581
Net Utility Plant		2,907
DEFERRED DEBITS AND OTHER ASSETS:		
Regulatory assets		163
Cash surrender value of key man life insurance		36
Other		10
Total Deferred Debits and Other Assets		209
Total Assets		$3,490

KENTUCKY UTILITIES COMPANY

BALANCE SHEET AS OF JUNE 30, 2007[1]
(all values in millions)

LIABILITIES AND EQUITY

CURRENT LIABILITIES:		
Long-term debt due within one year	$	33
Notes payable to affiliated companies		140
Accounts payable		125
Accounts payable to affiliated companies		105
Customer deposits		19
Other		18
Total Current Liabilities		440
LONG TERM DEBT:		
Long-term debt		300
Long-term debt to affiliated companies		661
Total Long-Term Debt		961
DEFERRED CREDITS AND OTHER LIABILITIES:		
Accumulated deferred income taxes - net		281
Accumulated provision for pensions and related benefits		116
Investment tax credit		33
Asset retirement obligation		29
Regulatory liabilities		339
Other		18
Total Deferred Credits and Other Liabilities		816
COMMON EQUITY		
Common stock, without par value		
Outstanding 37,817,878 shares		308
Additional paid-in capital		15
Retained earnings		933
Undistributed subsidiary earnings		17
Total Common Equity		1,273
Total Liabilities and Equity		$3,490

EXHIBIT D

KENTUCKY UTILITIES COMPANY
INCOME STATEMENT FOR THE
TWELVE MONTHS ENDED June 30, 2007[1]
(all values in millions)

OPERATING REVENUES	$ 1,259
OPERATING EXPENSES:	
Fuel for electric generation	446
Power purchased	182
Other operation and maintenance expenses	242
Depreciation and amortizaton	116
Total operating expenses	986
OPERATING INCOME	273
Other (income) - net	(32)
Interest expense	15
Interest expense to affiliated companies	31
INCOME BEFORE INCOME TAXES	259
Federal and state income taxes	87
NET INCOME	$172

Retained Earnings Beginning of Period	$ 778
Add: Net Income	172
Retained Earnings End of Period	$950

KENTUCKY UTILITIES COMPANY

TRANSACTION SUMMARY – AFFILIATE TRANSACTION

A. All applications filed for approval of affiliate transactions under the Affiliates Act:

A 1. Describe, in detail, the affiliate relationship among the parties involved.

Response:

E.ON U.S. LLC ("E.ON U.S.") is an indirect subsidiary of E.ON. The Company and Louisville Gas and Electric Company ("LG&E") are wholly owned utility subsidiaries of E.ON U.S. E.ON U.S. Services Inc. ("E.ON U.S. Services") is a Kentucky corporation and a non-utility subsidiary of E.ON U.S. (Collectively, E.ON U.S., LG&E, and E.ON U.S. Services are referred to herein as the "Money Pool Affiliates".)

KU/ODP will borrow funds from the Money Pool Affiliates, one or more banks, or other financial institutions.

A 2. Describe specific services, rights, or things to be provided.

Response:

The Company proposes to borrow funds ("Borrowings") from time to time from one or more banks, affiliates through the Money Pool, or other financial institutions. Each of the Borrowings by the Company will mature on a date not more than twelve (12) months from the date of origination. The Borrowings will be evidenced by one or more promissory notes, or by a blanket note. The Borrowings would be made for general corporate purposes, including repaying or refunding any Borrowings then outstanding and unpaid.

The aggregate amount of Borrowings outstanding will not exceed four hundred million dollars ($400,000,000) at any time outstanding and unpaid during the years 2008 and 2009.

A 3. Describe the conditions and term of the agreement, contract, or arrangement, including rights of parties to cancel and renewability. If the agreement requires the utility company to become involved in a long-term captive relationship, explain why this is necessary.

Response:

The conditions and terms of the proposed Amended Utility Money Pool Agreement are contained in the agreement, which is attached to the Joint Application as Exhibit F. In particular, the agreement expressly sets forth the terms and conditions for the lending and borrowing of excess funds by the Company, LG&E, and E.ON U.S. to and from the Money Pool. No loans through the Money Pool will be made to, and no borrowings through the Money Pool will be made by, E.ON U.S. Services or E.ON U.S. E.ON U.S. will participate only as a lender in the Amended Money Pool Agreement. E.ON U.S. Services is the administrator.

The Company's Borrowings from the Money Pool will mature on a date not more than twelve (12) months from the date of origination. The Borrowings will be evidenced by one or more promissory note(s) or by a blanket note. Each Borrowing will be subject to prepayment by the Company in whole at any time, or in part from time to time, without premium or penalty, upon payment of the principal amount thereof to be prepaid and the interest then accrued on the amount so prepaid; provided, however, certain notes may be subject to a prepayment penalty or premium or other charges which are typical of transactions of this type. The Borrowings may be made for general corporate purposes, including repaying or refunding any Borrowings then outstanding and unpaid. It is not expected that the notes will be sold or resold to the public.

From time to time, the Company may borrow funds from one or more banks, affiliates through the Money Pool, or other financial institutions. At any one time the Company will consider the relative cost, i.e., interest charges, of these alternatives and select the alternative that produces the lowest costs, including but not limited to interest charges. Alternatively, if the Company has excess cash to invest, it will compare the interest rates available from the Money Pool to those available externally, and select the alternative with the most attractive risk adjusted return.

Following approval of the proposed Amended Money Pool Agreement by the Commission, the companies will execute the Amended Money Pool Agreement. The Company will then file the executed Amended Money Pool Agreement with the Commission. The only substantive change in the Amended Money Pool Agreement, from the current Agreement, will be an extension of the maturity date.

Under Section 1.01 of the Agreement, each party may withdraw any of its funds at any time upon providing notice to E.ON U.S. Services as administrative agent. No Party shall be required to effect a borrowing through the 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.

A 4. Provide a copy of any formal agreement. If there is no formal agreement, provide a statement to that effect with a complete description of the contract or arrangement.

Response:

A copy of the proposed Amended Utility Money Pool Agreement is attached to the Joint Application as Exhibit F.

B. Goods or services provided to the utility:

(To the extent that the loan of money to KU/ODP constitutes a service.)

B. 1. Describe the utility's need for the goods or services.

Response:

The Money Pool provides the Company the ability to loan and borrow excess funds among the Money Pool Affiliates in order to increase the Company's return on excess funds and reduce its current costs of borrowing short-term funds externally. It will be more cost-effective for these funds to be loaned and borrowed among the participating companies than externally. (Where it will be more cost-effective to obtaining external financing, the Company will do so.) Further, this arrangement affords the Company the ability to provide short-term funds, when available, in lieu of committing permanent capital in the form of dividends.

B. 2. Describe the utility's current and prior arrangements for obtaining the goods or services, where applicable.

Response:

KU/ODP currently obtains short-term financing by participating in the Money Pool and by borrowing funds from other banks and financial institutions. With the Commission's approval in this proceeding, the Company will continue to do so.

B. 3. Discuss whether or not the goods or services can be provided by the utility internally. If so, quantify the costs of doing so and compare such costs to costs of obtaining such goods or services from the affiliate. If not, explain why such goods or services cannot be provided internally.

Response:

KU/ODP obtains funds for its projects both through internally generated funds, and debt and equity from outside the Company. The Company does not have the internal capability to provide up to $400 million in short-term financing at any time, thus requiring the Company to look for sources of financing other than itself.

B. 4. Discuss other alternative sources for obtaining the goods or services available to the utility. Provide specific details, quantifying the costs of obtaining such goods or services from the alternative sources and comparing those costs to the costs of obtaining the goods or services from the affiliate.

Response:

As noted previously, KU/ODP obtains project funds from a mixture of sources including debt, retained earnings and equity. When it is most cost-effective, the Company will borrow from its affiliates through the Money Pool.

B. 5. Explain how the costs of obtaining goods or services from the affiliate are to be determined. If costs to the utility are to be based on the affiliate's cost of providing the goods or services, provide those cost components. If the cost components are to include a return on investment component, state what that is and show how it is determined.

Response:

As described in the Company's response to Item A.3 above, Section 1.05 of the proposed Amended Money Pool Agreement contains the interest rate that will be charged on funds borrowed from the Money Pool and that will be earned on funds loaned to the Money Pool. The rate is defined as "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 U.S. Services will not charge for managing the Money Pool.

Provided the credit qualities of the Participating Companies are substantially the same:

1. Where funds are loaned to the Money Pool, it is anticipated that the rate earned on the funds will equal or exceed that earned on similar external investments due to (i) the reduction

in labor costs otherwise necessary to manage external investments of excess cash and (ii) to the absence of the transaction costs ordinarily incurred for placing external investments (e.g., load fees, commissions, etc.).

2. The cost of borrowing funds from the Money Pool will be less than the cost of borrowing funds externally due (i) to the absence of transaction costs ordinarily incurred to issue commercial paper (e.g., underwriting fees) and (ii) the reduction in the amount of required committed lines of credit necessary to support commercial paper programs and the related fees incurred to maintain such credit lines.

B. 6. If costs to the utility are to be based on market rates, explain, in detail, how such market rates are to be determined. Provide the dollar amount and percentage of the affiliate's revenues that are derived from providing such goods or services to non-affiliated entities. Provide supporting calculations.

Response:

The interest rate formula is set out above in response to Items A.3 and B.5, and is expected to be at or lower than the best rate available to KU/ODP on the market for Borrowings, and at or higher than the best rate available to KU/ODP for any loans made to affiliates through the Money Pool.

B. 7. If the utility is to be charged or allocated costs from the affiliate, explain how such charges or allocations are to be made, providing specific allocations methodologies. If allocation formulas are to be used, provide such formulas.

Response:

See response to Item E.1.

B. 8. If services are not proposed to be priced at the lower of cost, plus a reasonable return, or the market price, explain why this will not be done.

Response:

The interest rate formula is expected to result in the interest rate being equal to or lower than the lowest rate available to the Company on the external market.

C. Goods or services provided by the utility:

Response:

C1 – C8. This Application concerns a money pooling and borrowing arrangement between affiliates. The only affiliate to which KU could make a loan is LG&E, the participation of which is governed by the same Amended Money Pool Agreement terms that govern KU's participation therein, which terms are discussed at length in Section B above. (A copy of the Amended Money Pool Agreement is attached to the Joint Application as Exhibit F.)

D. Leasing arrangements with affiliates:

Response:

D1 – D5. This Application concerns possible loans to and from affiliates, hence the requirements of Part D are inapplicable.

E. Accounting and other issues to be provided or addressed by the utility and affiliate:

E.1. Provide a copy of the utility's or affiliate's Cost Allocation Manual (depending on which entity is providing services), which describes the accounting system (to include the chart of accounts used) and cost allocation methodologies (including factors and methods of calculation) put in place to track costs accurately relative to contracts and arrangements with affiliates.

Response:

Transaction and interest costs will be tracked through KU/ODP's uniform system of accounts. Transaction costs will be directly assigned to KU/ODP FERC Account No. 923-Outside Services. Interest costs will be directly assigned to KU/ODP Account No. 431-Other Interest Expense. KU/ODP's Cost Allocation Manual has been previously filed with the Commission as Schedule 25 to the Company's Annual Information Filing.

E.2. Describe any specific safeguards in place to ensure that no unregulated affiliate will be subsidized by the regulated company as a result of the proposed contract or arrangement.

Response:

No unregulated affiliate can borrow from the Money Pool. Because the Company and LG&E – the two borrowers from the Money Pool – are of comparable credit quality (Standard & Poor's rating of A-2, Moody's rating of P-1) the primary anticipated benefit of the Money Pool is the accumulated savings from avoided fees/costs to borrow or invest externally.

The debt/total capitalization ratios of the Company and LG&E – the two borrowers from the Money Pool -- as of June 30, 2007, are 47.10% and 48.56%, respectively.

For a discussion of the records to be kept by E.ON U.S. Services with respect to its administration of the Money Pool, see Section 2.01 of the proposed Amended Money Pool Agreement.

E.3. Compare and contrast the utility's risk exposure as a result of the proposed arrangement and show that the arrangement is in the public interest in spite of any anticipated change in risk exposure.

Response:

The Company should be exposed to less business risk by participating in the proposed Amended Money Pool Agreement compared to obtaining funds from other external sources. Funds that the Company invests in the Money Pool will subsequently be invested in one of two ways. Upon proper request, E.ON U.S. Services will lend those funds to LG&E pursuant to Section 1.02 of the proposed Amended Money Pool Agreement. Alternatively, E.ON U.S. Services pursuant to Section 2.02 of the proposed Amended Money Pool Agreement will invest the funds in one or more investments in accordance with the same investment guidelines that currently govern the Company's external investments. Any funds that the Company invests in the Money Pool will therefore either (1) be invested by the Money Pool in the same type of investments in which the Company would invest such funds were it not for the Money Pool, or (2) be loaned to LG&E.

Investments in the Money Pool should actually reduce the Company's business risk associated with the external investment of funds. Unlike investments in third-party managed funds, the Company can directly evaluate the risk of investing in the Money Pool. The Company has direct knowledge as to the financial soundness of LG&E, its management personnel, and its general business practices. When the Company invests excess funds externally, the duty of investigating these aspects of potential investments is delegated to fund managers. The Company must therefore rely upon the judgment of fund managers and their assurances that such investigations are thorough.

E.4. Discuss any anticipated cost savings for the utility as a result of the arrangement. Describe such anticipated savings and quantify to the extent possible. Provide support for anticipated savings. Include any anticipated impacts on operating efficiencies or quality of service and explain and quantify to the extent possible with supporting detail.

Response:

The proposed Amended Money Pool Agreement facilitates administration of the cash management function at lower costs. By pooling the excess cash of the Company and LG&E to meet the short-term borrowing needs of the Company and LG&E, costs are lowered which ultimately benefits both the Company and its customers.

By borrowing short-term funds from the Money Pool, the Company avoids commercial paper dealer fees. Further, lower external borrowing requirements may reduce the level of committed bank lines of credit necessary to support commercial paper programs and result in a reduction in the associated bank commitment or facility fees.

By investing short-term funds in the Money Pool, the Company avoids transaction costs on external investments such as load fees and commissions.

Investment in the Money Pool would constitute a short-term rather than a long-term commitment of funds. The Company's ability to make a short-term investment of excess cash prevents the likelihood that the Company would be required to make a permanent commitment of capital via higher dividends.

E.5. Discuss in specific terms any other anticipated positive impacts on public interest not yet addressed, including any anticipated impacts on customers' rates.

Response:

The Company does not anticipate any immediate and direct impact on customer rates, however, the reduction in administrative and operational burdens on the Company will allow KU/ODP to more productively allocate administrative resources and serve its customers.

E.6. If approval is required in other jurisdictions, provide the status of the review process in those jurisdictions and provide copies of any orders issued. Provide biweekly updates until a Commission Order is issued.

Response:

On January 24, 2006, the Federal Energy Regulatory Commission (FERC) in Docket No.

ES06-3-000 authorized the Company to issue promissory notes and other evidences of indebtedness, maturing two years or less from the date of issuance, in an amount not to exceed four hundred million dollars ($400,000,000) at any one time. The authority became effective on February 8, 2006 and terminates on November 30, 2007. KU will apply to FERC for an extension of this authority in the near future.

E.7. Descriptions of goods or services to be provided or received pursuant to affiliate contracts or arrangements must be specific. Categories such as "other" and "incidental" without description of the types of services in those categories are unacceptable and cannot be recommended for Commission approval.

Response:

The relevant Money Pool terms, including the method of determining interest rates, are discussed above.

E.8. If the proposed contract or arrangement is for the utility to provide services to an affiliate to support the affiliate providing services to other entities, the affiliate should have a separate accounting system established prior to obtaining Commission approval. If this has not been established, indicate when this will take place. A copy of the accounting procedures established for the affiliate showing how costs will be tracked should be provided to the Division of Public Utility Accounting.

Response:

Not applicable.

E.9. If the contract or arrangement involves investment by the utility company in an affiliate and the provisions of services to the affiliate to enable the affiliate to operate, describe, in specific detail, how the utility's customers (or members in the case of electric cooperatives) will be protected against any losses incurred by the affiliate.

Response:

Please see response to Items E.2 and E.3 above, particularly noting that KU/ODP and LG&E enjoy comparable credit quality ratings.

E.10. For contracts or arrangements in which services are offered to an affiliate operating in a competitive environment, describe, in specific detail, what steps are being taken to ensure that the affiliate is not being favored over competitors.

Response:

Not applicable.

E.11. Describe, in detail, how the proposed services provided by the utility company will be accounted for in the utility's financial records.

Response:

Not applicable.

AMENDED UTILITY MONEY POOL AGREEMENT

This Amended Utility Money Pool Agreement (the "Agreement"), dated as of ____________, 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: ______________________

SCHEDULE TO NOTE

Date	Amount of Loan	Loan Repayment	Principal Amount Outstanding

400001.358112/488902.1