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PUBLIC SERVICE  
COMMISSION

Jeff R. Derouen, Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
Frankfort, KY 40602

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March 4, 2009

RE: *The Application of Louisville Gas and Electric Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations* - Case No. 2008-00131

*The Application of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations* - Case No. 2008-00132

Dear Mr. Derouen:

By letter dated November 18, 2008, I advised the Commission that Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (LG&E and KU, collectively, the "Companies") expected to complete all conversions and/or refinancing transactions in connection with the above referenced cases by the end of the first quarter of 2009.

However, because of continuing general market volatility, the Companies do not now anticipate that all the transactions contemplated in their respective Applications will be completed by the end of the first quarter of 2009. The Companies still intend to proceed with the remaining transactions, but the timing will be dependent upon external market conditions.

To date, KU has refinanced four series of bonds totaling approximately \$60 million, and converted three series totaling approximately \$117 million to a new interest rate mode. LG&E has remarketed three series of bonds, totaling approximately \$96 million. KU and LG&E have approximately \$96 million and \$298 million respectively remaining to be converted or refinanced.

Jeff R. Derouen, Executive Director  
March 4, 2009

Please do not hesitate to contact the undersigned if the Commission has any questions or requires additional information.

Sincerely,

A handwritten signature in cursive script that reads "Lonnie E. Bellar". The signature is written in black ink and is positioned above the printed name.

Lonnie E. Bellar