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September 23, 2008

VIA HAND-DELIVERY

Stephanie L. Stumbo
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
Frankfort, KY 40602

**RE: Kentucky Utilities Company
Case No. 2008-00309/Motion for Amendment of Order**

Dear Ms. Stumbo:

Enclosed for filing in the above referenced case, please find the original and ten (10) copies of Kentucky Utilities Company's Motion for Amendment of the Commission's Order of September 16, 2008. Also enclosed is an additional copy of the Motion to be returned to the undersigned. Please note that KU's allocation for use of tax free private activity bonds will expire October 21, 2008, and that numerous actions must occur prior to issuance of those bonds. Thus, Kentucky Utilities Company respectfully requests that the Commission address its motion as soon as possible.

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

Very truly yours,

J. Wade Hendricks

JWH/dvg
Enclosure
cc: Daniel Arbough
Lonnie Bellar
Rick Lovekamp
Allyson K. Sturgeon, Esq.
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PUBLIC SERVICE
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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR AN ORDER AUTHORIZING)
THE ISSUANCE OF SECURITIES AND THE) CASE NO. 2008-00309
ASSUMPTION OF OBLIGATIONS)

MOTION FOR AMENDMENT OF ORDER

Kentucky Utilities Company (“KU”) moves for amendment of the Commission’s Order of September 16, 2008. Specifically, KU requests amendment of Ordering Paragraph 3 which currently reads as follows:

KU shall agree only to such terms and prices that are consistent with the parameters set out in its application and that produce net present value savings over the existing financing.

KU does not assign specific financing to any particular project or use, and does not project finance capital projects. All components of KU’s capital structure, both debt, long- and short-term, and equity are used to fund capital expenditures.¹ Thus, KU is not able to identify any specific existing financing that the proceeds from the new tax exempt bonds will replace.²

¹ This has been recognized by the Commission in previous cases. See Case No. 2000-439 (In the Matter of: The Application of Kentucky Utilities Company for Approval of an Amended Compliance Plan for Purposes of Recovering the Costs of New and Additional Pollution Control Facilities and to Amend its Environmental Surcharge Tariff) Orders of April 18, 2001, May 14, 2001, and August 30, 2001 (“Concerning the financing of utility plant, it has long been recognized in the utility industry that capital expenditures are financed by numerous sources of capital, and that it is generally not possible to match a capital expenditure with a specific source of capital.” April 18, 2001 Order, at page 22). See also Case No. 2000-386 (In the Matter of: The Application of Louisville Gas and Electric Company for Approval of an Amended Compliance Plan for Purposes of Recovering the Costs of New and Additional Pollution Control Facilities and to Amend its Environmental Cost Recovery Surcharge Tariff) Orders of April 18, 2001, May 14, 2001 and August 30, 2001.

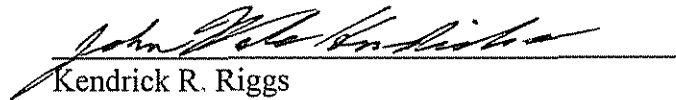
² The comparison between the cost of new debt and existing financing is appropriate in cases where the new debt will be used to refund specifically identified existing debt. See e.g., Case No. 2008-00132 (In the Matter of: The Application of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations). In Case No. 2008-00132, KU sought and received authority to refund up to eight series of existing debt impacted by market conditions affecting auction mode debt. In that case, any new debt will be tied to the specific series of existing debt that may be refunded.

Rather, the appropriate comparison, which was made in Exhibit 2 to KU's Application, is between the cost to KU of permanent financing using tax exempt debt, and the alternative of permanent financing using taxable debt. This comparison establishes that the use of tax exempt debt will produce net present value savings.

WHEREFORE, Kentucky Utilities Company respectfully requests that the Commission enter an Order amending Paragraph 3 of the Commission's Order of September 16, 2008 to read in its entirety as follows:

KU shall agree only to such terms and prices that are consistent with the parameters set out in its application.

Respectfully submitted,



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