



a PPL company

Dr. Talina R. Mathews
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Kentucky Utilities Company
State Regulation and Rates
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PO Box 32010
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September 9, 2016

**RE: *Application of Kentucky Utilities Company For An Order Authorizing
the Issuance of Securities and Assumption of Obligations***
Case No. 2016-00082

Dear Dr. Mathews:

Please find and accept for filing in electronic medium Kentucky Utilities Company's ("KU") statement regarding the refinancing of the Carroll County, Pollution Control Revenue Bonds, 2002 Series C in the amount of \$96,000,000 for the above referenced matter.

This information is being filed electronically pursuant to 807 KAR 5:001, Section 8. I certify that the electronically filed documents are a true representation of the documents in paper medium to be filed with the Commission within two business days from the date of this electronic filing, and that all materials in the paper documents are included in the electronic filing.

Pursuant to Ordering Paragraph No. 2 of the Commission's May 5, 2016 Order regarding amending Ordering Paragraph No. 4 of the Commission's Order dated April 7, 2016 as contained in the aforementioned proceeding, please be advised that on August 25, 2016, KU completed the refinancing of the Carroll County, Pollution Control Revenue Bonds, 2002 Series C in the amount of \$96,000,000 as contemplated in the above-referenced case. The refinancing of the bonds was negotiated among the following underwriters: Bank of America Merrill Lynch and PNC Capital Markets. Provided below is a summary of the terms for the bonds.

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| | 2016 Series A Bond |
|--------------------------|---------------------------|
| Principal: | \$96,000,000 |
| Bond Proceeds: | \$96,000,000 |
| Conversion Date: | August 25, 2016 |
| Interest Rate: | 1.05% |
| Mandatory Purchase Date: | September 1, 2019 |
| Maturity Date: | September 1, 2042 |

The long term rate mode was selected due to the low interest rates available with this type of financing for intermediate tenors (See Attachment 1: Net Present Value Analysis). The long term rate mode and mandatory purchase provisions are detailed within the enclosed Official Statement (See Attachment 2).

Total underwriter's commission and expenses of \$319,580 was paid to Bank of America Merrill Lynch and Bank of America. Merrill Lynch will deliver the amount of \$62,400 to PNC Capital Markets as Co-Manager for their portion of the Underwriting Fee. Other fees and expenses involved in the issuance and distribution (legal, printing, accounting, etc.) are estimated to be \$400,000.

Should you have any questions regarding this transaction or this information, please contact me or Don Harris at (502) 627-2021.

Sincerely,


Rick E. Lovekamp