

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

**ELECTRONIC APPLICATION OF)
KENTUCKY UTILITIES COMPANY)
FOR AN ORDER AUTHORIZING THE) CASE NO. 2019-00242
ISSUANCE OF SECURITIES AND THE)
ASSUMPTION OF OBLIGATIONS)**

VERIFIED APPLICATION

Kentucky Utilities Company (“KU” or the “Company”) hereby requests, pursuant to KRS 278.300 and 807 KAR 5:001, Section 18, that the Commission authorize KU to refund and replace the \$500,000,000 Series B First Mortgage Bonds with new First Mortgage Bonds not to exceed an aggregate amount of \$500,000,000. In support of this Application, KU states as follows:

1. The Company’s full name is Kentucky Utilities Company. The post office address of the Company is One Quality Street, Lexington, Kentucky 40507. KU was incorporated in Kentucky on August 17, 1912, and in Virginia on November 26, 1991 (and effective as of December 1, 1991), and is in good standing in both Kentucky and Virginia. KU can be reached at the email addresses of the counsel listed below.

2. KU is a utility as defined by KRS 278.010(3)(a) and (b) and as of May 31, 2019, provides retail electric service to approximately 527,000 customers in 77 counties in Kentucky. A description of KU’s properties is set out in Exhibit 1 to this Application.

3. KU's obligations in connection with the Series B First Mortgage Bonds were authorized by the Commission by Order dated September 30, 2010 in Case No. 2010-00206.¹ The Series B First Mortgage Bonds were issued on November 16, 2010, and bear a maturity date of November 1, 2020.² The interest rate is 3.250%. The bonds were marketed to the public and are thus owned by various mutual funds, insurance companies, pensions, and hedge funds.

4. With respect to current treasury bond rates, the current ten year and thirty year rates are the lowest experienced in over two and a half years. Given these rates, KU has the opportunity to replace the Series B First Mortgage Bonds that are maturing in 2020 with attractively priced bonds that will benefit customers with respect to KU's cost of debt.

5. The Company's Mortgage Indenture (the "Indenture") authorizes it to issue, from time to time, first mortgage bonds of one or more series, with each series having such date, maturity date(s), interest rate(s), and other terms as may be established by a supplemental indenture executed by the Company in connection with such series. All bonds issued under the Indenture would be equally and ratably secured by a first mortgage lien, subject to permitted encumbrances and exclusions, on substantially all of the Company's permanently fixed properties in Kentucky. A copy of the form of the Indenture has been previously filed with the Commission in Case No. 2015-00137.³

6. The First Mortgage Bonds may be sold at various times through the remainder of 2019 and in 2020 in one or more underwritten public offerings, negotiated sales, or private placement transactions utilizing the proper documentation.

¹ *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 an Amendment of Existing Authority* (Case No. 2010-00206) (Ky. PSC Sept. 30, 2010).

² Report of Action responding to Paragraph Report No. 12 (Case No. 2010-00206).

³ *In the Matter of: Application of Kentucky Utilities Company for an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit*, filed May 11, 2015.

7. The Series B First Mortgage Bonds have a 90 day call enabling the Company to redeem the bonds 90 days in advance of maturity. Because the Company would not issue the call on the Series B First Mortgage Bonds until replacement debt has been issued, KU may reduce commercial paper borrowing, invest the new bond proceeds, or a combination of the two actions during the period between the issuance of the new First Mortgage Bonds and calling the maturing Series B First Mortgage Bonds.

8. The First Mortgage Bonds of each series would be issued and secured by the Indenture as to be further supplemented and amended by a supplemental indenture creating the bonds of such series. Such supplemental indenture would set forth the terms and provisions of such series, including without limitation, the maturity date(s), interest rate(s), redemption provisions and other applicable terms. The price, maturity date(s), interest rate(s), and the redemption provisions, and other terms and provisions of each series of First Mortgage Bonds (including, if all or a portion of the First Mortgage Bonds bear a variable rate of interest, the method for determining the interest rates), would be determined on the basis of negotiations among KU and the underwriters, agents, or other purchasers of such First Mortgage Bonds. The amount of compensation to be paid to underwriters or agents for their services would not exceed one percent (1%) of the principal amount of the First Mortgage Bonds of the series to be sold. Based upon past experience with similar financings, KU estimates that issuance costs, excluding underwriting fees, would be approximately \$500,000.

9. Because of the historical spread between long-term fixed interest rates and short-term rates, all or a portion of the bonds could be issued with an interest rate that fluctuates on a quarterly or semi-annual basis.

10. In connection with the issuance of First Mortgage Bonds, KU may enter into one or more interest rate hedging agreements (including an interest rate cap, swap, collar, or similar agreement, collectively, the “Hedging Facility”) through an affiliate company, or directly with a bank or financial institution (the “Counterparty”). If KU elects to issue variable rate bonds, the Hedging Facility would be an interest rate agreement designed to allow KU to actively manage and limit its exposure to changes in interest rates. If a fixed rate bond is issued, the Hedging Facility would be designed to lower KU’s exposure to changes in long term rates between the date of the Hedging Facility and the bond issuance date or to lower the volatility in the value of the bond if the Hedging Facility is entered into after the bond is issued. KU requests authority to establish regulatory assets or liabilities for the losses and gains arising from a Hedging Facility and amortize the gains or losses over the remaining life of the First Mortgage Bonds.

11. The estimated cost of the financing does not include the costs of any Hedging Facility which would be determined at the time of the hedge. However, based on current market conditions, fixing the interest rate of a variable rate bond for three years would be approximately 84 basis points (.84%) below current spot rates. The Hedging Facility could also be used to lock in interest rates in advance of a debt issuance. Thus, KU anticipates that it could enter into one or more of the preceding Hedging Facilities prior to issuance of some or all of the First Mortgage Bonds for which approval is being sought. Based on current market conditions, the Company could lock in 10 year rates for twelve months for approximately 4 basis points (.04%) below current levels.

12. The terms of each Hedging Facility will be negotiated by KU with the respective Counterparty and would be subject to market conditions.

13. Exhibit 2 to this Application contains the financial exhibit required by 807 KAR 5:001, Section 18(2)(a), as described by 807 KAR 5:001, Section 12. It also contains information required by 807 KAR 5:001, Section 18(2)(b).

14. Copies of KU's mortgages were filed with the Commission in Case No. 2015-00137,⁴ and the most recently executed supplemental indenture is attached as Exhibit 3.

15. No contracts have been made for the disposition of any of the securities which KU proposes to issue, or for the proceeds of such sale.

16. A certified copy of KU's Board of Directors resolutions authorizing the assumption of obligations and all transactions related to the refunding and issuance of first mortgage bond debt as discussed in this Application will be filed as soon as it is available.

17. Other requirements of the Commission's regulations regarding this Application, 807 KAR 5:001, Section 18, including (1)(c) regarding the amount and kind of notes, etc., (1)(d) regarding the use to be made of the proceeds, (1)(e) regarding the intended use of the proceeds, and (1)(f) regarding the obligations being refunded have been supplied in the preceding paragraphs of this Application.

WHEREFORE, Kentucky Utilities Company respectfully requests that the Commission enter its Order authorizing it to incur debt in the form of First Mortgage Bonds in a principal amount not to exceed \$500,000,000 by refunding and replacing the Series B First Mortgage Bonds maturing in November 2020. Kentucky Utilities Company further requests that the Order of the Commission specifically include provisions stating:

1. KU is authorized to issue long-term debt in the form of First Mortgage Bonds in one or more series at one or more times during the remainder of 2019, and in 2020, in an aggregate

⁴ The copy was filed with the Commission on May 11, 2015.

principal amount not to exceed \$500,000,000 in the manner set forth in its Application, including the establishment of regulatory assets or liabilities for the losses or gains arising from a Hedging Facility and amortize the losses and gains over the remaining life of the First Mortgage Bonds, all as described in this Application.

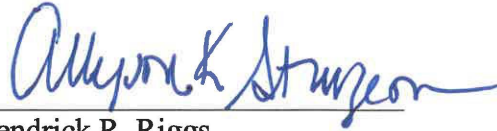
2. KU is authorized to execute, deliver and perform the obligations of KU under all such agreements and documents as set out in its Application, and to perform the transactions contemplated by such agreements.

3. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the Application.

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

5. KU shall, within 30 days from the date of issuance, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate or rates, and all fees and expenses, including underwriting discounts or commissions, or other compensation, involved in the issuance and distribution thereof.

Respectfully submitted,



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Counsel for Kentucky Utilities Company

CERTIFICATE OF COMPLIANCE

This is to certify that Kentucky Utilities Company's July 15, 2019 electronic filing of this Application is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on July 15, 2019; that there are currently no parties the Commission has excused from participation by electronic means; and that an original in paper medium of the Application will be filed with the Commission within two business days from the date of the electronic filing.



Counsel for Kentucky Utilities Company

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Daniel K. Arbough**, being duly sworn, deposes and says that he is the Treasurer for Kentucky Utilities Company and an employee of LG&E and KU Services Company, that he has personal knowledge of the matters set forth in the foregoing Verified Application and that the material contained therein is true and correct to the best of his information, knowledge, and belief.



DANIEL K. ARBOUGH

Subscribed and sworn to before me, a Notary Public in and before said County and State,
this 15th day of July, 2019.



Notary Public

Judy Schooler
Notary Public, ID No. 603967
State at Large, Kentucky
Commission Expires 7/11/2022

My Commission Expires: _____

KENTUCKY UTILITIES COMPANY
(807 KAR 5:001, SEC. 18(1)(b))

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

May 31, 2019

The applicant's generating, transmission and distribution systems described herein are calculated annually. As of May 31, 2019, the applicant had ownership in 8 and operated 5 coal fired steam electric generating units having a total capacity of 2,826 Mw; owned and operated a hydroelectric generating station having a total capacity of 32 Mw; had ownership in and operated a solar powered generating station having a total capacity of 5 Mw; and had ownership in 17 and operated 9 gas/oil peaking units having a total capacity of 1,962 Mw.

The applicant's owned electric transmission system included 142 substations (61 of which are shared with the distribution system) with a total capacity of 14 million kVA and 4,067 pole miles of lines. The electric distribution system included 469 substations (61 of which are shared with the transmission system) with a total capacity of 8 million kVA, 14,017 circuit miles of overhead lines, and 2,543 underground cable miles.

KU's service area includes an additional 11 miles of gas transmission pipeline providing gas supply to natural gas combustion turbine electricity generating units.

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 May 31, 2019, was:

	<u>Utility Plant</u>
Original Cost	
Production Plant	\$ 6,268,294,622
Distribution Plant	1,975,179,408
Transmission Plant	1,075,992,587
General Plant	213,780,903
Intangible Plant	88,236,476
Construction Work in Progress	<u>476,533,980</u>
Total Plant at Original Cost	\$ 10,098,017,976
Less Reserve for Depreciation	<u>2,979,391,947 *</u>
Net Original Cost	<u><u>\$ 7,118,626,029</u></u>

* Excludes \$396,251,487 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. 18(2)(a) and SEC. 12)

May 31, 2019

(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, November 1, 2010, November 1, 2013, September 1, 2015, August 1, 2016 and March 1, 2019.) Mortgagor: Kentucky Utilities Company
Trustee: The Bank of New York Mellon
Amount of Authorized Debt: One quintillion dollars
Amount of Debt Secured: \$2,641,852,405
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 the amount of interest paid thereon during the last fiscal year.

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

Kentucky Utilities Company

<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>Authorized</u>	<u>Outstanding at May 31, 2019</u>	<u>Interest Expense Year Ended May 31, 2019</u>
Pollution Control Bonds					
05/19/00	05/01/23	Variable	\$ 12,900,000	\$ 12,900,000	\$ 206,754
05/23/02	02/01/32	Variable	20,930,000	20,930,000	338,189
05/23/02	02/01/32	Variable	2,400,000	2,400,000	38,812
05/23/02	02/01/32	Variable	7,400,000	7,400,000	123,104
05/23/02	02/01/32	Variable	7,200,000	2,400,000	38,812
08/25/16	09/01/42	1.050%	96,000,000	96,000,000	1,008,000
10/20/04	10/01/34	Variable	50,000,000	50,000,000	803,177
02/23/07	10/01/34	Variable	54,000,000	54,000,000	864,189
05/24/07	02/01/26	5.75%	17,875,000	0	402,560
09/15/18	02/01/26	3.375%	17,875,000	17,875,000	445,758
10/17/08	02/01/32	Variable	<u>77,947,405</u>	<u>77,947,405</u>	<u>1,245,711</u>
			<u>\$ 364,527,405</u>	<u>\$ 341,852,405</u>	<u>\$ 5,515,066</u>
First Mortgage Bonds					
11/16/10	11/01/20	3.250%	500,000,000	500,000,000	16,250,000
09/28/15	10/01/25	3.300%	250,000,000	250,000,000	9,655,380
11/16/10	11/01/40	5.125%	750,000,000	750,000,000	38,437,500
11/14/13	11/15/43	4.650%	250,000,000	250,000,000	10,196,694
09/28/15	10/01/45	4.375%	<u>550,000,000</u>	<u>550,000,000</u>	<u>14,111,056</u>
			<u>\$ 2,300,000,000</u>	<u>\$ 2,300,000,000</u>	<u>\$ 88,650,630</u>

(6) There was no commercial paper outstanding or any other additional notes outstanding as of May 31, 2018.¹

(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.

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

2014	\$148,000,000
2015	\$153,000,000
2016	\$248,000,000
2017	\$226,000,000
2018	\$246,000,000

The amount of total proprietary capital on which dividends were paid as of Dec. 31st

2014	\$2,599,430,441
2015	\$2,679,352,744
2016	\$2,716,574,965
2017	\$2,749,496,925
2018	\$2,835,126,676

(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 May 31, 2019.

¹ KU maintains a syndicated revolving credit facility of \$400 million. Although there isn't any outstanding balance on the revolver, KU has executed notes under the multiyear revolving credit program.

Kentucky Utilities Company
Comparative Statement of Income
May 31, 2019

	Year Ended Current Month
	This Year Amount
Electric Operating Revenues.....	1,733,396,867.13
Total Operating Revenues.....	1,733,396,867.13
Fuel for Electric Generation.....	465,191,568.91
Power Purchased.....	48,145,835.57
Other Operation Expenses.....	285,566,211.26
Maintenance.....	143,720,839.85
Depreciation.....	261,154,982.56
Amortization Expense.....	18,434,084.28
Regulatory Debits.....	7,578,294.32
Taxes	
Federal Income.....	9,163,528.10
State Income.....	3,856,081.28
Deferred Federal Income - Net.....	52,667,503.24
Deferred State Income - Net.....	12,276,264.27
Property and Other.....	44,216,693.84
Investment Tax Credit.....	-
Loss (Gain) from Disposition of Allowances.....	(90,063.71)
Total Operating Expenses.....	1,351,881,823.77
Net Operating Income.....	381,515,043.36
Other Income Less Deductions	
Amortization of Investment Tax Credit.....	2,200,933.00
Other Income Less Deductions.....	(3,195,527.97)
AFUDC - Equity.....	854,906.47
Total Other Income Less Deductions.....	(139,688.50)
Income Before Interest Charges.....	381,375,354.86
Interest on Long-Term Debt.....	94,264,384.73
Amortization of Debt Expense - Net.....	3,332,532.15
Other Interest Expenses.....	6,055,260.51
AFUDC - Borrowed Funds.....	(547,428.78)
Total Interest Charges.....	103,104,748.61
Net Income.....	\$ 278,270,606.25

Kentucky Utilities Company
Comparative Balance Sheets as of May 31, 2019

Assets		Liabilities and Proprietary Capital	
Utility Plant		Proprietary Capital	
Utility Plant at Original Cost.....	\$ 10,130,632,610.48	Common Stock.....	\$ 308,139,977.56
Less: Reserves for Depreciation and Amortization.....	<u>3,365,067,688.48</u>	Less: Common Stock Expense.....	321,288.87
Total.....	<u>6,765,564,922.00</u>	Paid-In Capital.....	656,858,083.00
		Other Comprehensive Income.....	0.01
		Retained Earnings.....	<u>1,972,430,495.53</u>
		Total Proprietary Capital.....	<u>2,937,107,267.23</u>
Investments		Other Long-Term Debt.....	<u>2,639,547,264.67</u>
Ohio Valley Electric Company.....	250,000.00	Total Long-Term Debt.....	<u>2,639,547,264.67</u>
Nonutility Property-Less Reserve.....	645,995.29	Total Capitalization.....	<u>5,576,654,531.90</u>
Special Fund.....	<u>-</u>		
Total.....	<u>895,995.29</u>		
		Current and Accrued Liabilities	
Current and Accrued Assets		Notes Payable.....	-
Cash.....	5,539,142.70	Accounts Payable.....	123,629,407.91
Temporary Cash Investments.....	349,493.13	Accounts Payable to Associated Companies.....	35,661,357.93
Accounts Receivable-Less Reserve.....	217,529,509.15	Customer Deposits.....	32,966,041.92
Accounts Receivable from Associated Companies.....	2,475.60	Taxes Accrued.....	26,229,149.96
Notes Receivable from Associated Companies.....	11,729,000.00	Interest Accrued.....	11,744,643.53
Materials and Supplies-At Average Cost		Miscellaneous Current and Accrued Liabilities.....	<u>31,278,688.13</u>
Fuel.....	64,690,674.66	Total.....	<u>261,509,289.38</u>
Plant Materials and Operating Supplies.....	56,289,433.82		
Stores Expense.....	8,075,102.53	Deferred Credits and Other	
Emission Allowances.....	126,883.87	Accumulated Deferred Income Taxes.....	1,088,306,392.52
Prepayments.....	<u>21,567,311.37</u>	Investment Tax Credit.....	90,726,165.57
Total.....	<u>385,899,026.83</u>	Regulatory Liabilities.....	754,088,320.51
		Customer Advances for Construction.....	1,300,974.63
		Asset Retirement Obligations.....	186,615,941.70
		Other Deferred Credits.....	2,065,095.45
		Miscellaneous Long-Term Liabilities.....	29,106,327.16
		Accum Provision for Pension & Postretirement Benefits.....	<u>31,483,597.07</u>
		Total.....	<u>2,183,692,814.61</u>
Deferred Debits and Other			
Unamortized Debt Expense.....	19,479,120.29		
Unamortized Loss on Bonds.....	8,275,164.98		
Accumulated Deferred Income Taxes.....	333,831,678.35		
Deferred Regulatory Assets.....	452,835,539.06		
Other Deferred Debits.....	<u>55,075,189.09</u>		
Total.....	<u>869,496,691.77</u>		
Total Assets	<u>\$ 8,021,856,635.89</u>	Total Liabilities and Stockholders Equity	<u>\$ 8,021,856,635.89</u>

Kentucky Utilities Company
Analysis of Retained Earnings
May 31, 2019

		Year Ended Current Month
		This Year
Retained Earnings and Undistributed Earnings		
Balance at Beginning of Period.....	\$	1,900,159,889.28
Add:		
Net Income for Period.....		278,270,606.25
Deduct:		
Common Dividends		
Common Stock Without Par Value.....		206,000,000.00
Adjust for Equity in Subsidiary		
Earnings for Year		
EEI Inc.....		-
Balance at End of Period.....	\$	1,972,430,495.53

KENTUCKY UTILITIES COMPANY

TO

THE BANK OF NEW YORK MELLON,

Trustee

**Supplemental Indenture No. 7
dated as of March 1, 2019**

**Supplemental to the Indenture
dated as of October 1, 2010**

**Increasing the Aggregate Principal Amount
of the Securities of Series 7 under the Indenture
designated**

First Mortgage Bonds, 4.375% Series due 2045

SUPPLEMENTAL INDENTURE NO. 7

SUPPLEMENTAL INDENTURE No. 7, dated as of the first day of March, 2019, made and entered into by and between KENTUCKY UTILITIES COMPANY, a corporation duly organized and existing under the laws of the Commonwealths of Kentucky and Virginia, having its principal corporate offices at One Quality Street, Lexington, Kentucky 40507 (hereinafter sometimes called the "Company"), and THE BANK OF NEW YORK MELLON, a New York banking corporation, having its principal place of business and corporate trust office at 240 Greenwich Street, 7E, New York, New York 10286 (hereinafter sometimes called the "Trustee"), as Trustee under the Indenture, dated as of October 1, 2010 (hereinafter called the "Original Indenture"), between the Company and said Trustee, as heretofore supplemented, this Supplemental Indenture No. 7 being supplemental thereto. The Original Indenture, as heretofore supplemented, and this Supplemental Indenture No. 7 are hereinafter sometimes, collectively, called the "Indenture."

Recitals of the Company

The Original Indenture was authorized, executed and delivered by the Company to provide for the issuance from time to time of its Securities (such term and all other capitalized terms used herein without definition having the meanings assigned to them in the Original Indenture), to be issued in one or more series as contemplated therein, and to provide security for the payment of the principal of and premium, if any, and interest, if any, on such Securities.

The Company has heretofore executed and delivered supplemental indentures for the purpose of creating series of Securities as set forth in Exhibit A hereto.

The Original Indenture and Supplemental Indentures Nos. 1 through 5, and financing statements in respect thereof, have been duly recorded and filed in the various official records in the Commonwealth of Kentucky as set forth in Supplemental Indenture No. 6.

Supplemental Indenture No. 6 has been duly recorded and filed in the various official records in the Commonwealth of Kentucky as set forth in Exhibit B hereto.

Pursuant to Article Three of the Original Indenture and Supplemental Indenture No. 4 dated as of September 1, 2015 ("Supplemental Indenture No. 4"), the Company established a series of Securities, such series of Securities hereinafter sometimes called the "Securities of Series No. 7".

As contemplated in Section 301 of the Original Indenture and Section 102 of Supplemental Indenture No. 4, the Company wishes to increase the limitation on the aggregate principal amount of the Securities of Series No. 7 and provide for the issuance of additional Securities of such series. The Company has duly authorized the execution and delivery of this Supplemental Indenture No. 7 to increase such limitation, provide for the issuance of additional Securities ("Additional Securities") of such series and specify certain provisions to be applicable to the Additional Securities, and has duly authorized the issuance of such Additional Securities; and all acts necessary to make this Supplemental Indenture No. 7 a valid agreement of the Company, and to make the Additional Securities of Series No. 7 valid obligations of the Company, have been performed.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE NO. 7 WITNESSETH, that, for and in consideration of the premises and of the purchase of the Additional Securities by the Holders thereof and in order to secure the payment of the principal of and premium, if any, and interest, if any, on all Securities from time to time Outstanding and the performance of the covenants therein and in the Indenture contained, the Company hereby grants, bargains, sells, conveys, assigns, transfers, mortgages,

pledges, sets over and confirms to the Trustee, and grants to the Trustee a security interest in and lien on (a) the Company's right, title and interest in the real property specifically referred to in Exhibit C attached hereto and incorporated herein by reference and all right, title and interest of the Company in and to all property personal and mixed located thereon (other than Excepted Property) and (b) the Company's right, title and interest in the generating stations described in Exhibit D hereto, as and to the extent, and subject to the terms and conditions, set forth in the Original Indenture; and it is further mutually covenanted and agreed as follows:

ARTICLE ONE

ADDITIONAL SECURITIES OF SERIES NO. 7

SECTION 101. Additional Securities of Series No. 7.

The Additional Securities of Series No. 7, which is designated "First Mortgage Bonds, 4.375% Series due 2045," shall:

(a) be issued in the aggregate principal amount of \$300,000,000 so that the aggregate principal amount of Securities of Series No. 7 shall be limited to \$550,000,000 (except as contemplated in Section 301(b) of the Original Indenture); provided, however, that, as contemplated in the last paragraph of Section 301 of the Original Indenture, additional Securities of such series may be subsequently issued from time to time, without any consent of Holders of the Securities of such series, if and to the extent that, prior to each such subsequent issuance, the aggregate principal amount of the additional Securities then to be issued shall have been set forth in a Supplemental Indenture, and, thereupon, the Securities of such series shall be limited to such aggregate principal amount as so increased (except as aforesaid and subject to further such increases);

(b) be dated September 28, 2015;

(c) have a Stated Maturity of October 1, 2045, subject to prior redemption or purchase by the Company; and

(d) have such additional terms and be in such form, as were established for the Securities of Series No. 7 in the Officer's Certificate dated September 28, 2015 as contemplated in Sections 201 and 301 of the Original Indenture (the "Original Officer's Certificate"), and such additional provisions as shall be set forth herein and in an Officer's Certificate supplemental to the Original Officer's Certificate as contemplated by Section 301 of the Original Indenture and such Original Officer's Certificate.

ARTICLE TWO

MISCELLANEOUS PROVISIONS

SECTION 201. Single Instrument.

This Supplemental Indenture No. 7 is an amendment and supplement to the Original Indenture as heretofore amended and supplemented. As amended and supplemented by this Supplemental Indenture No. 7, the Original Indenture, as heretofore supplemented, is in all respects ratified, approved and confirmed, and the Original Indenture, as heretofore supplemented, and this Supplemental Indenture No. 7 shall together constitute the Indenture.

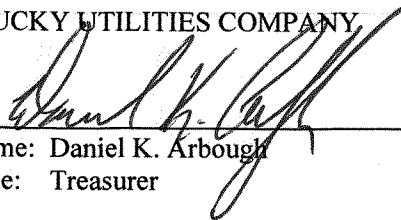
SECTION 202. Effect of Headings.

The Article and Section headings in this Supplemental Indenture No. 7 are for convenience only and shall not affect the construction hereof.

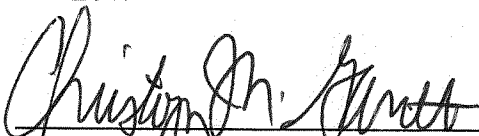
This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture No. 7 to be duly executed as of the day and year first written above.

KENTUCKY UTILITIES COMPANY

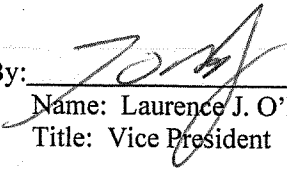
By: 
Name: Daniel K. Arbough
Title: Treasurer

ATTEST:


Name: Christopher M. Garrett
Title: Controller

THE BANK OF NEW YORK MELLON, as Trustee

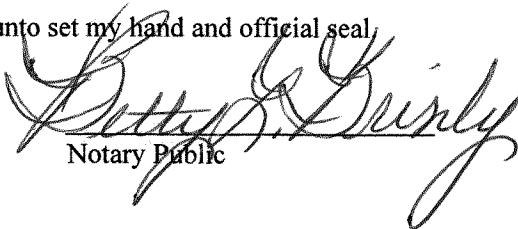
By: _____

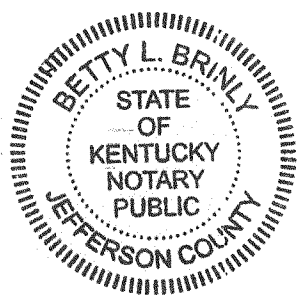

Name: Laurence J. O'Brien
Title: Vice President

COMMONWEALTH OF KENTUCKY)
)
) ss.:
COUNTY OF JEFFERSON)

On this 30 day of March, 2019, before me, a notary public, the undersigned, personally appeared Daniel K. Arbough, who acknowledged himself to be the Treasurer of KENTUCKY UTILITIES COMPANY, a corporation of the Commonwealths of Kentucky and Virginia and that he, as such Treasurer, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Treasurer.

In witness whereof, I hereunto set my hand and official seal,


Notary Public

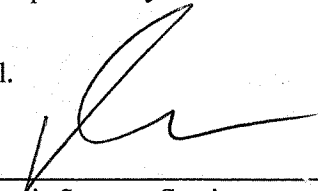


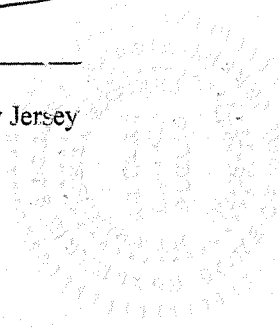
MY COMMISSION EXPIRES:
JUNE 21, 2022

STATE OF NEW JERSEY)
) ss.:
COUNTY OF PASSAIC)

On this 19th day of March, 2019, before me, a notary public, the undersigned, personally appeared Laurence J. O'Brien, who acknowledged himself to be a Vice President of THE BANK OF NEW YORK MELLON, a corporation and that he, as Vice President, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President.

In witness whereof, I hereunto set my hand and official seal.

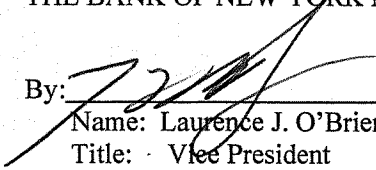
By: 
Rosemarie Socorro-Garcia
Notary Public – State of New Jersey
My Commission Expires
December 5, 2021



The Bank of New York Mellon hereby certifies that its precise name and address as Trustee hereunder are:

The Bank of New York Mellon
240 Greenwich Street, 7E
New York, New York 10286
Attn: Corporate Trust Administration

THE BANK OF NEW YORK MELLON, as Trustee

By: 
Name: Laurence J. O'Brien
Title: Vice President

CERTIFICATE OF PREPARER

The foregoing instrument was prepared by:

James J. Dimas, Senior Corporate Attorney
Kentucky Utilities Company
220 West Main Street
Louisville, Kentucky 40202


James J. Dimas

EXHIBIT A

KENTUCKY UTILITIES COMPANY

**Bonds Issued and Outstanding
under the Indenture**

<u>Supplemental Indenture No.</u>	<u>Dated as of</u>	<u>Series No.</u>	<u>Series Designation</u>	<u>Date of Securities</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Outstanding¹</u>
1	October 15, 2010	1	Collateral Series 2010	October 28, 2010	\$350,779,405	\$227,977,405
2	November 1, 2010	2	1.625% Series due 2015	November 16, 2010	\$250,000,000	\$0
		3	3.250% Series due 2020	November 16, 2010	\$500,000,000	\$500,000,000
		4	5.125% Series due 2040	November 16, 2010	\$750,000,000	\$750,000,000
3	November 1, 2013	5	4.65% Series due 2043	November 14, 2013	\$250,000,000	\$250,000,000
4	September 1, 2015	6	3.30% Series due 2025	September 28, 2015	\$250,000,000	\$250,000,000
		7	4.375% Series due 2045	September 28, 2015	\$250,000,000	\$250,000,000
5	August 1, 2016	8	Collateral Series 2016CCA	August 25, 2016	\$96,000,000	\$96,000,000
6	August 1, 2018	9	Collateral Series 2018CCA	September 5, 2018	\$17,875,000	\$17,875,000

¹ As of March 1, 2019.

EXHIBIT B

KENTUCKY UTILITIES COMPANY

**Filing and Recording
of
Supplemental Indenture No. 6, dated as of August 1, 2018,
to
Indenture, dated as of October 1, 2010**

COUNTY NAME	BOOK & PAGE NUMBER
Adair	MB 363, Pg 223
Anderson	MB 603, Pg 146
Ballard	MB 96, Pg 444
Barren	MB 619, Pg 57
Bath	MB 240, Pg 176
Bell	MB 352, Pg 245
Bourbon	MB 630, Pg 515
Boyle	MB 731, Pg 364
Bracken	MB 301, Pg 404
Bullitt	MB 792, Pg 819
Caldwell	MB 338, Pg 312
Carroll	MB 245, Pg 423
Casey	MB 260, Pg 339
Christian	MB 1527, Pg 249
Clark	MB 882, Pg 376
Clay	MB 226, Pg 436
Crittenden	MB 226, Pg 755
Estill	MB V10, Pg 19 - 38
Fayette	MB 9168, Pg 130
Fleming	MB 354, Pg 444
Franklin	MB 1464, Pg 831
Fulton	MB 188, Pg 273
Gallatin	MB 235, Pg 424
Garrard	MB 371, Pg 417
Grayson	MB 23-U, Pg 210
Green	MB 318, Pg 565
Hardin	DB 1461, Pg 1096
Harlan	MB 458, Pg 408
Harrison	MB 415, Pg 269
Hart	MB 401, Pg 226
Henry	MB 358, Pg 887
Hickman	DB 138, Pg 552

Hopkins	MB 1223, Pg 432
Jessamine	MB 1342, Pg 198
Knox	MB 454, Pg 410
Larue	MB 373, Pg 14
Laurel	MB 1182, Pg 463
Lee	MB 119, Pg 105
Lincoln	MB 459, Pg 476
Livingston	MB 314, Pg 112
Lyon	MB 250, Pg 15
Madison	M 1821, Pg 755
Marion	MB 423, Pg 519
Mason	MB 452, Pg 647
McCracken	MB 1575, Pg 607
McLean	MB 204, Pg 631
Mercer	MB 668, Pg 443
Montgomery	MB 558, Pg 505
Muhlenberg	MB 703, Pg 1252
Nelson	MB 1180, Pg 700
Nicholas	MB 165, Pg 621
Ohio	MB 550, Pg 316
Oldham	MB 2319, Pg 388
Owen	MB 278, Pg 399-418
Pendleton	DB 349, Pg 340
Pulaski	MB 1578, Pg 381
Robertson	MB 68, Pg 219
Rockcastle	MB 287, Pg 576
Rowan	MB A397, Pg 701
Russell	MB 407, Pg 579
Scott	MC 48, Pg 302
Shelby	MB 1091, Pg 432
Taylor	MB 585, Pg 381
Trimble	MB 221, Pg 768
Union	MB 436, Pg 474
Washington	MB 289, Pg 76
Webster	MB 343, Pg 405
Whitley	MB 632, Pg 633
Woodford	MB 824, Pg 60

EXHIBIT C

KENTUCKY UTILITIES COMPANY

Real Property

Schedule of real property owned in fee located in the Commonwealth of Kentucky

Carroll County, Kentucky:

Beginning at an iron pin with a plastic identifier cap stamped "PLS #1548" found in the north right-of-way line of US Hwy. 42, said iron pin being approximately 3200 feet west of Montgomery Road and a corner to the property conveyed to Kentucky Utilities Company by Deed of Record in Deed Book 71, Page 563, in the Office of the Clerk of Carroll County, Kentucky, and being further defined by Kentucky Single Zone NAD 83, coordinates 4162762.675 North and 5128934.182 East; thence leaving said north right-of-way line and running with Kentucky Utilities Company North 27°37'47" West, 451.18 feet to a found iron pin with a plastic identifier cap stamped "PLS #3118"; thence leaving Kentucky Utilities Company and running along two new lines across the parent tract North 63°26'09" East, 829.25 feet to a found iron pin with a plastic identifier cap stamped "PLS #3118" and South 29°37'34" East, 414.50 feet to a point in the aforesaid north right-of-way line of US Hwy. 42, said point being North 28° 37'07" West, 0.27 feet from a found MAG Nail with identifier disc #3118; thence with said right-of-way line, along a curve to the right having a radius of 22,883.00 feet, an arc length of 633.77 feet and a chord of South 60°42'43" West, 633.75 feet to a found 5/8" re-bar; thence continuing with said right-of-way line South 61°30'16" West, 210.08 feet to the beginning, containing 8.351 Acres.

Unless otherwise noted, all aforesaid set iron pins are 5/8" re-bar, 18" in length, with a plastic identifier cap stamped "K. Crowe 2957".

BEING the same property conveyed to Kentucky Utilities Company by Deed dated November 13, 2018, recorded in Deed Book 210, Page 67, in the Office of the Clerk of Carroll County, Kentucky.

Hardin County, Kentucky:

Beginning at a stake in the North right of way line of Mulberry Street 219 feet Westwardly from the end of Green Hills Subdivision; thence N 37° 01' W 179 feet; thence S 74° 47' W 80.78 feet; thence S 37° 01' E 149 feet to the North right of way line of Mulberry Street; thence with said right of way line N 52° 59' E 75 feet to the beginning, and being Lot Nos 7,8,9 of Block G, of Green Hills Subdivision to Elizabethtown, Hardin County, Kentucky as per plat of said Subdivision recorded in Deed Book 102, Page 484 and transferred to Plat System 11A, in the office of the Clerk of Hardin County Court.

The above legal description is replaced by the following legal description prepared from a physical survey conducted by David L. King II, AGE Engineering Services, Inc., Ky. P.L.S. #3916, dated September 26, 2018:

BEGINNING at a ½" Rebar with No Identification Cap, said pin being:

- the southernmost corner of the property being surveyed
- the easternmost Corner of Lloyd Harlan Funkhouser (D.B. 1274, Page 485)

- having KY State Plane Coordinate System – South Zone (NAD83) coordinates of N=2139097.15, E=1611608.05
- being approximately 950' Northeast from the intersection of centerline of Panther Lane and N. Mulberry Street
- lying on the northern edge of right-of-way of N. Mulberry Street (as shown on plat of Green Hills Subdivision, Plat File 11-A)
- being 40' Northwest from the centerline of N. Mulberry Street
- lying in Elizabethtown, Nelson County, Kentucky
- and being the POINT OF BEGINNING for this description.

Thence leaving the northern edge of right-of-way of N. Mulberry Street (Plat File 11-A) and with the line of Lloyd Harlan Funkhouser (D.B. 1274, Page 485), N36°08'12"W – 150.93 feet to a 2-½" x ¼" Mag Nail Set with Washer Stamped (PLS # 3916), said Mag Nail being the Northern most corner of Lloyd Harlan Funkhouser (D.B. 1274, Page 485) and being on the southeastern boundary line of the Hardin County Water District No. 2 (D.B. 1402, Page 128);

Thence leaving the line of Lloyd Harlan Funkhouser (D.B. 1274, Page 485) and with first the line Hardin County Water District No. 2 (D.B. 1402, Page 128) and second the line of Elizabethtown Independent School District Finance Corp (D.B. 919, Page 109), N32°32'38"E – 80.27 feet to an iron pin set (5/8" x 18" rebar with aluminum cap bearing PLS-3916, as will be typical for all set corner monuments), said pin being on the southeastern line of the Elizabethtown Independent School District Finance Corp (D.B. 919, Page 109) and being the western most corner of Kentucky Utilities Company (D.B. 730, Page 265);

Thence leaving the line of the Elizabethtown Independent School District Finance Corp (D.B. 919, Page 109) and with the southwestern line of Kentucky Utilities Company (D.B. 730, Page 265), S36°08'12"E – passing an old wood post online at 95.81 feet and continuing an additional 83.81 feet for a total distance of 179.62 feet to an iron pin set, said pin set being S36°08'12"E – 0.36 feet from a ¼" Rebar found, said pin set being the Southeast Corner of Kentucky Utilities Company (D.B. 730, Page 265) and being on the northern edge of right-of-way of N. Mulberry Street (as shown on plat of Green Hills Subdivision, Plat File 11-A), said pin set being 40' Northwest from the centerline of N. Mulberry Street;

Thence leaving the line of Kentucky Utilities Company (D.B. 730, Page 265) and with the northern edge of right-of-way of N. Mulberry Street (as shown on plat of Green Hills Subdivision, Plat File 11-A), S53°28'50"W – 74.77 feet to the Point of Beginning and containing 0.284 acres by survey.

Being TRACT 1 on the survey plat attached to the Deed of record in Deed Book 1463, Page 1138, in the Office of the Clerk of Hardin County, Kentucky, and being the same property conveyed to Kentucky Utilities Company by Deed dated October 16, 2018, of record in Deed Book 1463, Page 1138 in the Office of the Clerk of Hardin County, Kentucky.

Pulaski County, Kentucky:

Ikerd Tract:

This being a landlocked parcel from that property acquired by Jerry S. Ikerd and Brenda Ikerd, Trustees of the Jerry S. and Brenda Ikerd Trust, U.T.D. October 24, 1996, by Deed dated June 22, 2017, of record in Deed Book 984, Page 602, in the Office of the Clerk of Pulaski County, Kentucky, and shown as Tract A on the Minor Severance Plat attached hereto as Exhibit A-1. Said Property being more particularly described as:

Beginning at an Iron Pin Found PLS# 2463 at the southwest corner of the Parent Tract of J.S.I. Investments Limited Partnership. This pin is approximately 413.2 feet (measured perpendicular to centerline) east of the centerline of KY Highway 39 and approximately 232.5 feet (measured perpendicular to centerline) North of the centerline of Quarry Road, in Somerset, Kentucky. Said pin having Kentucky State Plane Coordinate System (South Zone) coordinates of Northing = 1922849.92 and Easting = 1975183.18, and being on the north property line of a parcel owned by the estate of James Lee Stewart D.B. 385, PG. 322 (also see Master Commissioner's D.B. 011, PG. 329), and being the Southeast corner of Strack Apartments D.B 687, Pg. 656 and being the Point of Beginning for this description; Thence leaving the north line of the Stewart Estate and first with the east line of Strack Apartments D.B 687, Pg. 656, and secondly with the east line of Strack Apartments D.B. 939, Pg. 582 N10°06'21"E 163.95 feet to an iron pin set (18"x 5/8" iron rebar with a 2" aluminum cap stamped Douglas G. Gooch PLS #3118 as will be typical for all set corner monuments unless otherwise defined); Thence leaving the line of Strack Apartments and across the parent tract with a new line to the parent tract 574°23'23"E 153.73 feet to and iron pin set, the northeast corner of the parcel being created this day; Thence first with the parent tract and secondly with the west line of James's Towing & Recovery LLC D.B. 987, Pg. 611, Tract 2 S23°37'32"W (passing an iron pin found PLS 3630 at 1.73' and passing an iron pin found PLS 3630 at 167.33') for a total of 167.86 feet to an iron pin set on the north line of a piece of property once owned by Susie Wright D.B. 58, Pg. 396 (current ownership cannot be determined but this property may be claimed by Jerry Ikerd); Thence with the north line of Susie Wright and James Lee "Jimmie" Stewart N72°52'44"W 114.63 feet to the point of beginning and containing 0.507 acres by survey.

This description is prepared from a physical survey conducted by AGE Engineering Services Inc., on October 31, 2018. All bearings are based on Grid North of the Kentucky State Plane Coordinator System South Zone.

BEING the same property conveyed to Kentucky Utilities Company by Deed dated January 24, 2019, recorded in Deed Book 990, Page 685, in the Office of the Clerk of Pulaski County, Kentucky.

Stewart Tracts:

Parcel 1:

Being Tracts 1 and 3 on the Plat of record in Plat Cabinet F, Slide 173D, in the Office of the Clerk of Pulaski County, Kentucky.

BEING the same property conveyed to Kentucky Utilities Company by Deed dated January 23, 2019, recorded in Deed Book 991, Page 58, in the Office of the Clerk of Pulaski County, Kentucky.

Parcel 2:

Being Tract 2 on the Plat of record in Plat Cabinet F, Slide 173D, in the Office of the Clerk of Pulaski County, Kentucky.

BEING the same property conveyed to Kentucky Utilities Company by Deed dated January 23, 2019, recorded in Deed Book 991, Page 67, in the Office of the Clerk of Pulaski County, Kentucky.

Scott County, Kentucky:

BEING TRACT 1 on the Minor Subdivision Plat dated November 15, 2018, as approved by the Georgetown-Scott County Planning Commission on November 16, 2018, of record in Plat Cabinet 12, Slide 179, in the Office of the Clerk of Scott County, Kentucky.

TRACT 1 is more particularly described as follows:

COMMENCING at an 5/8" iron pin found (PLS #2536), said iron pin being a corner to the parent tract and being 20' northeast from the existing centerline of US-460 (aka Frankfort Road), said iron pin having Kentucky State Plane Coordinate System – North Zone Coordinates of N=257989.36, E=1508681.22;

Thence leaving said iron pin and running along the parent tract the following three courses: S07°13'40"W – 20.00 feet a point, said point being in the existing centerline of US-460 (aka Frankfort Road), thence along the existing centerline of US-460 (aka Frankfort Road) S86°58'41"E – 309.56 feet a set MAG Nail with Washer bearing PLS # 4048, said MAG Nail being a corner to Tract 2 (a Tract dedicated to right-of-way of US-460 as shown on the Plat of record in Plat Cabinet 12, Slide 179), thence leaving the existing centerline of US-460 (aka Frankfort Road) and along Tract 2 N07°35'34"E – 20.07 feet to an iron pin set (All corners monuments referred to herein as iron pins set are 5/8" x 18" iron rebar with 2" aluminum survey cap bearing P.L.S. #4048), said iron pin being the southwest most corner of the tract being surveyed and the northwest corner of Tract 2 (a Tract dedicated to right-of-way of US-460) and being 20.00 feet from the existing centerline of US-460 (aka Frankfort Road) and having Kentucky State Plane Coordinate System – North Zone Coordinates of N=257973.09, E=1508990.49 lying in Scott County, Kentucky and being the Point of Beginning for this description;

Thence leaving Tract 2 (a Tract dedicated to right-of-way of US-460) and along a new division line with the parent tract the following four courses: N07°35'34"E – 878.99 feet to an iron pin set, S81°51'38"E – 246.13 feet to an iron pin set, S07°52'06"W – 407.58 feet to an iron pin set and S06°54'42"W – 448.23 feet to an iron pin set, said iron pin being the southeast most corner of the tract being surveyed and the northeast corner of Tract 2 (a Tract dedicated to right-of-way of US-460) and being 20' northeast from the existing centerline of US-460 (aka Frankfort Road);

Thence along Tract 2 (a Tract dedicated to right-of-way of US-460) and 20' parallel to the existing centerline of US-460 (aka Frankfort Road) the following two courses: N87°29'15"W – 75.85 feet to a point and N87°03'39"W – 174.50 feet to the Point of Beginning and containing 4.901 acres by survey.

This description prepared from a physical survey conducted by John Henry Russell, AGE Engineering Services, Inc., Kentucky P.L.S. #4048, dated the 2nd day of October, 2018.

BEING the same property conveyed to Kentucky Utilities Company by Deed dated November 30, 2018, recorded in Deed Book 402, Page 114, in the Office of the Clerk of Scott County, Kentucky.

EXHIBIT D

KENTUCKY UTILITIES COMPANY

Generating Facilities

Schedule of additional generating stations located in the Commonwealth of Kentucky

1. An undivided 61% interest in the Brown Solar facility of the E.W. Brown Generating Station located in Mercer County, Kentucky, the remaining 39% interest in such facility being owned by Louisville Gas and Electric Company.