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MAY 05 2009

PUBLIC SERVICE
COMMISSION

Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Kentucky Utilities Company
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
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rick.lovekamp@eon-us.com

May 4, 2009

RE: The application of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations (Case No. 2008-00426)

Dear Mr. DeRouen:

Pursuant to Ordering Paragraph No. 8 of the Commission's Order in the aforementioned proceeding, Kentucky Utilities Company ("KU") hereby files an original and three (3) copies of information related to an issuance under said Order.

On April 24, 2009, KU borrowed \$50 million from Fidelity Corporation in accordance with the order issued November 5, 2008 in the above-referenced case. The details of the loan are shown below:

Borrower:	Kentucky Utilities Company
Lender:	Fidelity Corporation
Amount:	\$50 million
Maturity Date:	April 24, 2017
Interest Rate:	5.28%
Price Paid:	100%
Proceeds:	\$50 million
Commissions Paid:	None
Legal Costs:	None
Security for Loan:	None
Interest Payments:	October 24 and April 24 of each year commencing October 26, 2009

The proceeds of the loan were used to fund capital projects described in the application.

Mr. Jeff DeRouen
May 4, 2009

The interest rate was set using the lowest rate quoted to KU at 2.85% above the yield on the seven-year treasury bond (2.43%). The supporting price indications from the investment banks are attached along with a copy of pages from Bloomberg showing the yield on seven and ten year treasury bonds. The lowest rate quoted to KU by the investment banks was lower than the average bid quoted to E. ON A.G. Once again, the supporting price indications are attached. The bids are summarized in the table below:

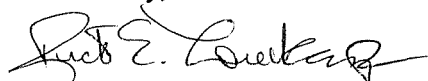
	KU Pricing	E.ON AG Pricing
Low bid above seven-year treasury	2.85%	
Seven-year treasury rate	2.43%	
All-in cost	5.28%	
Average bid above ten-year treasury		3.533%
Ten-year treasury rate		2.890%
All-in cost		6.423%

The 285 basis point spread for this eight year borrowing is comparable to that of recent five and ten year issuances from other energy companies with similar credit ratings. (See table below along with attached support documentation).

Issuer	Moody's / S&P	Maturity	Spread
S. California Edison Co.	A2 / A	9/15/2014	+ 220 bps
PECO Energy Co.	A2/ A-	10/1/2014	+ 340 bps
Duke Energy Ohio	A3/A	4/1/2019	+250 bps
Idaho Power Co.	A3/A-	4/1/2019	+340 bps

Please confirm your receipt of this information by placing the File Stamp of your Office on the enclosed additional copy and returning it in the envelope provided. 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

Indicative First Mortgage Bond Pricing for Kentucky Utilities

Ratings (Moody's/S&P): A1/A

As of April 21, 2009

	8 NC/L
Benchmark UST	2.75% due Feb 2019
Benchmark Yield	2.90%
Reoffer Spread	T+275 bp area
Reoffer Yield	5.65%
Offering Price	100.000%
Underwriting Commission	0.625%
Proceeds to the Company	99.375%
All-In Cost of Funds	5.75%
All-In Spread	+285 bp
Swap Spread (Mid)	0 bp
Reoffer Spread to LIBOR	L + 275 bp



Indicative New Issue Pricing – Kentucky Utilities

Indicative New Issue Pricing

\$50 Million First Mortgage Bonds for Kentucky Utilities (A1/A)

Fixed Rate Issuance	8 Years
Benchmark	2.75% 2/19
Benchmark Yield	2.900%
Reoffer Spread	+230 - 235 + 10 bp AMORTIZATION FEES = 240 - 245 bps
Reoffer Yield	5.20% - 5.25%
Underwriting Commission	0.625%
All-in Yield	5.30% - 5.35%
Swapped to LIBOR Levels	
Swap Spread	-+1
Reoffer versus LIBOR	SL+231 - 236
All-in versus LIBOR	SL+241 - 246

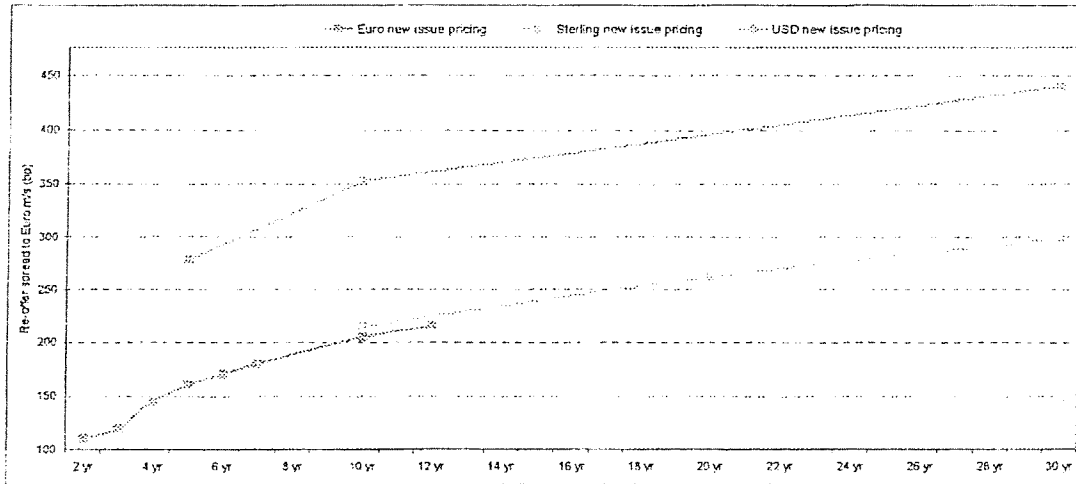
Benchmark and reoffer spreads as of 4/21/2009.

Kentucky Utilities indicative new issue pricing

Kentucky Utilities fixed rate pricing - A1/A, first mortgage bonds	
Maturity	8
Reference Treasury	2.375% 03/16
Treasury Yield	2.42
Reoffer Spread (bps)	275A
Coupon (%)	5.17
Amortized fees (bps)	10
All-in Cost (%)	5.27
Coupon swapped to 3mSL (bps)	239



Indicative cross currency pricing



Euro pricing history (vs. 3m/6)

	5 year	7 year	10 year	12 year
14-Apr	+185 area	+181 area	+210 area	+230 area
09-Apr	+170 area	+150 area	+210 area	+230 area
30-Mar	+170 area	+190 area	+210 area	+230 area
23-Mar	+170 area	+190 area	+210 area	+230 area
19-Mar	+170 area	+190 area	+210 area	+230 area
09-Mar	+170 area	+190 area	+210 area	+230 area

Sterling pricing history (vs. Gilt)

	10 year	15 year	20 year	30 year
14-Jan	+245 area		+240 area	+240 area
08-Apr	+245 area	+245 area	+240 area	+240 area
30-Mar	+250 area	+250 area	+245 area	+245 area
25-Mar		+255 area	+250 area	+250 area
23-Mar		+265 area	+265 area	+265 area
16-Mar		+260 area	+260 area	+260 area

USD pricing history (vs. Treasury)

	5 year	10 year	30 year
08-Apr	+400 to +412.5	+400 to +412.5	+412.5 to +425
30-Mar	+413 area	+413 area	+425.0 area
23-Mar	+400 area	+400 area	+413 area
08-Mar	+392.5 to +375	+392.5 to +375	+375 area
01-Mar	+393 area	+350 to +392.5	+383 area
23-Feb	+350 area	+350 area	+335 to +352

Spread vs. Euro (bp)	+130 area	+120 area	+145 area	+160 area	+170 area	+150 area	+200 area	+225 area
Spread vs. Gilt (bp)						+245 area	+235 area	+235 area
Spread vs. Euro (bp)						+210 area	+210 area	+290 area
Spread vs. US (bp)			+362.5 to +375			+387.5 area		+387.5 area
Spread vs. Euro (bp)			+272.5 to +284			+355 area		+480 area

Source: Barclays Capital 22 Apr 09

Yield 368.75

87-380 bp interpolated

Indicative Pricings in Euro, STG und US\$ for E.ON

Indicative Pricing Update as of April 21st 2009

EUR	Govt Yield	Mid-Swap Yield	Spread vs. Govt	Spread vs. Mid-Swaps	Yield	Coupon (annual)	Re-Offer vs. EURO Mid-Swaps	Fees	All-in Spread vs. 3m-Euribor
3-yr	1,759%	2,258%	+170 bps area	+120 bps area	3,458%	3,375%	+120 bps area	0,175%	+127 bp area
5-yr	2,321%	2,738%	+197 bps area	+155 bps area	4,288%	4,250%	+155 bps area	0,225%	+160 bp area
7-yr	2,745%	3,081%	+209 bps area	+175 bps area	4,831%	4,750%	+175 bps area	0,250%	+179 bp area
10-yr	3,115%	3,410%	+240 bps area	+210 bps area	5,510%	5,500%	+210 bps area	0,275%	+214 bp area

STG	Govt Yield	Mid-Swap Yield	Spread vs. Govt	Spread vs. Mid-Swaps	Yield (ann.)	Coupon (annual)	Re-Offer vs. EURO Mid-Swaps	Fees	All-in Spread vs. 3m-Euribor
5-yr	2,355%	3,173%	+215 bps area	+133 bps area	4,556%	4,500%	+139 bp area	0,225%	+144 bp area
7-yr	2,647%	3,453%	+235 bps area	+154 bps area	5,059%	5,000%	+158 bp area	0,250%	+162 bp area
10-yr	3,235%	3,693%	+225 bps area	+179 bps area	5,560%	5,500%	+182 bp area	0,275%	+186 bp area
12-yr	3,410%	3,853%	+235 bps area	+191 bps area	5,843%	5,750%	+193 bp area	0,300%	+197 bp area
15-yr	4,180%	4,003%	+225 bps area	+243 bps area	6,533%	6,500%	+247 bp area	0,325%	+251 bp area
20-yr	4,110%	4,008%	+230 bps area	+240 bps area	6,513%	6,500%	+246 bp area	0,325%	+249 bp area
25-yr	4,170%	3,910%	+225 bps area	+251 bps area	6,523%	6,500%	+257 bp area	0,325%	+260 bp area
30-yr	4,360%	3,865%	+235 bps area	+285 bps area	6,823%	6,750%	+288 bp area	0,325%	+290 bp area

USD	UST Yield	Mid-Swap Yield	Spread vs. UST	Spread vs. Mid-Swaps	Yield (semi-ann.)	Coupon (semi-annual)	Re-Offer vs. EURO Mid-Swaps	Fees	All-in Spread vs. 3m-Euribor
5-yr	1,770%	2,358%	+325 bps area	+267-267 bps	5,020%	5,000%	+248 bp area	0,350%	+256 bp area
10-yr	2,799%	2,936%	+350 bps area	+337-337 bps	6,299%	6,250%	+329 bp area	0,450%	+335 bp area
30-yr	3,690%	3,290%	+375 bps area	+415-415 bps	7,440%	7,375%	+439 bp area	0,875%	+447 bp area

* all swap indications at mid market execution and excluding any credit charges or related costs

87 = 340 bps linear interpolation

Cibbank

E.ON

Market Update - Selected Deals

• EUR/GBP market

- The week has been calm due to the Easter holiday weekend
- Today, Veolia Environment (A3/BBB+) priced a 5yr €1.25bn bond at m/s + 250 bps and a 10yr €750m bond at m/s + 330 bps
- Michelin (Baa2/BBB) brought a €750m bond at m/s + 501 bps to the market

• USD

- Yesterday, Rio Tinto (Baa1/BBB) issued a dual tranche 3 benchmark:
 - 5yr \$2bn at T + 750 bps
 - 10yr \$1.5bn at T + 658 bps
- Morgan Stanley was an active bookrunner on the transaction
- Emerson Electric (A2/A) issued a 5yr \$250m at T + 245 bps, a 10yr \$250m at T + 233 bps and a 30yr \$250m at T + 250 bps
- In the USD, the current market tone has proven to be an opportunistic and attractive window for 'BBB' credits that would have otherwise had limited access to the market

Senior Bond Pricing Update

Morgan Stanley, 15 April 2009

Δ7 = 340bp

E.ON Pricing Indications
in bps

Maturity	Euro Market		USD Market		GBP Market	
	€ m/s +	T +	€ m/s +	G +	€ m/s +	
3y (2012)	120 area					
5y (2014)	155 area	325 area	230 area	215 area	162 area	
7y (2016)	175 area					
10y (2019)	205 area	350 area	309 area	230 area	196 area	
12y (2021)	220 area					
15y (2024)				225 area	250 area	
20y (2029)				220 area	252 area	
30y (2039)		350 - 362.5 area	400 - 412.5 area	215 area	273 area	
Secondaries						
EOANGR 5.000% Sep-11s	82					
EOANGR 5.125% Oct-12s	96					
EOANGR 5.125% May-13s	130					
EOANGR 4.875% Jan-14s	135					
EOANGR 5.250% Sep-15s	145					
EOANGR 5.500% Jan-16s	148					
EOANGR 5.500% Oct-17s	163					
EOANGR 5.750% May-20s	190					
EOANGR 5.800% Apr-18s		320				
EOANGR 6.650% Apr-38s		325				
EOANGR 5.125% Jan-14s				185		
EOANGR 6.000% Oct-19s				200		
EOANGR 6.375% Jun-32s				195		
EOANGR 5.875% Oct-37s				190		
EOANGR 6.750% Jan-39s				185		

KU Fidelia Borrowing
E.ON AG Rate Quotes
4/22/2009

<u>Bank</u>	<u>5 Year Spread</u>	<u>10 Year Spread</u>	<u>8 Year Interpolated Spread</u>
Citi	325	350	340
MS	325	350	340
Barclay's	369	388	380
Average Spread			353

<HELP> for explanation, <MENU> for similar functions.

CurrencyPX6

* - yield calculations are done to call.

4 TO 7 YEAR NOTE PRICES

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1) 2 ¹ / ₂	3/13	↑103-24 /24+	1.51 + 01	23) 4 ¹ / ₄	11/14	↑112-00 /02	1.95 + 01+
2) 3 ¹ / ₈	4/13	↑106-03 /05	1.54 + 00+	24) 11 ¹ / ₄	2/15	↑149-17 /19	2.13 - 01+
3) 3 ⁵ / ₈	5/13	↑108-00 /02	1.57 + 01	25) 4	2/15	↑110-13 /15	2.08 + 01
4) 3 ¹ / ₂	5/13	↑107-17+ /19+	1.58 + 01	26) 4 ¹ / ₈	5/15	↓111-10+ /12+	2.11 + 01+
5) 3 ³ / ₈	6/13	↑107-05 /07	1.59 + 01	27) 10 ⁵ / ₈	8/15	↑148-29 /31	2.26 + 01
6) 3 ³ / ₈	7/13	↑107-05 /07	1.62 + 01+	28) 4 ¹ / ₄	8/15	↓112-10 /12	2.14 + 02
7) 4 ¹ / ₄	8/13	↑110-30 /00	1.60 + 01	29) 9 ⁷ / ₈	11/15	↑145-14 /16	2.35 - 02
8) 3 ¹ / ₈	8/13	↓106-01 /03	1.67 --	30) 4 ¹ / ₂	11/15	↓114-04+ /06+	2.17 --
9) 3 ¹ / ₈	9/13	↑106-01+ /03+	1.69 + 00+	31) 9 ¹ / ₄	2/16	↓142-09+ /11+	2.46 --
10) 2 ³ / ₄	10/13	↑104-13 /15	1.72 + 01	32) 4 ¹ / ₂	2/16	↑113-23+ /25+	2.30 + 04+
11) 4 ¹ / ₄	11/13	↑111-01+ /03+	1.71 + 01	33) 2 ⁵ / ₈	2/16	↓101-13+ /15+	2.39 + 02
12) 2	11/13	↑101-02+ /04+	1.74 + 01+	34) 2 ³ / ₈	3/16	↓ 99-21 /21+	2.43 + 02+
13) 1 ¹ / ₂	12/13	↑ 98-24 /26	1.76 + 01	OTHER MARKETS			
14) 1 ³ / ₄	1/14	↑ 99-21+ /23+	1.81 + 01	35) US Long(CBT)	15:12 ↑	125-23	+ 02
15) 4	2/14	↑110-02 /04	1.80 + 00+	36) 10Y Fut(CBT)	15:12 ↓	122-17+	+ 04+
16) 1 ⁷ / ₈	2/14	↑100-05 /07	1.83 + 01	37) EURO\$ (IMM)	15:12 ↑	98.900	+ .040
17) 1 ³ / ₄	3/14	↑ 99-16+ /17	1.85 + 01	38) S&P 500 Ind	yd	850.08	--
18) 13 ¹ / ₄	5/14*	↓100-24+ /26+	-.35 - 01	39) NASDAQ Comp	yd	1643.85	--
19) 4 ³ / ₄	5/14	↑114-01 /03	1.82 + 01	40) DowJones Ind	yd	7969.56	--
20) 12 ¹ / ₂	8/14*	↓103-26 /28	.18 - 01+	41) Gold (CMX)	15:22 ↑	887.20	+3.40
21) 4 ¹ / ₄	8/14	↑111-25+ /27+	1.89 + 01	42) NYM WTI Crd	14:52 ↑	48.39	-.16
22) 11 ³ / ₄	11/14*	↑106-08+ /10+	.44 - 00+				

<HELP> for explanation, <MENU> for similar functions.

Corp PX7

7 TO 15 YEAR N/B PRICES

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1) 7 ¹ / ₄	5/16	↓129-28+/30+	2.58	+ 00+	23) 8 ³ / ₄	8/20	↑149-19 /21	3.42	+ 02
2) 5 ¹ / ₈	5/16	↑117-20+/22+	2.39	+ 05	24) 7 ⁷ / ₈	2/21	↑142-01 /03	3.49	+ 01+
3) 4 ⁷ / ₈	8/16	↑116-05+/07+	2.44	+ 04+	25) 8 ¹ / ₈	5/21	↑144-29 /31	3.52	+ 01+
4) 7 ¹ / ₂	11/16	↓132-11+/13+	2.73	- 02	26) 8 ¹ / ₈	8/21	↑145-09 /11	3.55	+ 01+
5) 4 ⁵ / ₈	11/16	↑114-21 /23	2.48	+ 03+	27) 8	11/21	↑144-16+/18+	3.57	+ 01+
6) 4 ⁵ / ₈	2/17	↑114-17 /19	2.55	+ 02	28) 7 ¹ / ₄	8/22	↑137-19 /21	3.65	+ 02
7) 8 ³ / ₄	5/17	↑142-08+/10+	2.84	+ 02	29) 7 ⁵ / ₈	11/22	↑142-04 /06	3.65	+ 02
8) 4 ¹ / ₂	5/17	↑113-15+/17+	2.62	+ 02	30) 7 ¹ / ₈	2/23	↑136-26 /28	3.69	+ 02
9) 8 ⁷ / ₈	8/17	↑143-27 /29	2.89	+ 01+	31) 6 ¹ / ₄	8/23	↑127-26+/27+	3.72	+ 03
10) 4 ³ / ₄	8/17	↑115-07+/09+	2.68	+ 02	OTHER MARKETS				
11) 4 ¹ / ₄	11/17	↑111-20 /22	2.71	+ 01	32) US Long(CBT)	15:12	↑ 125-23		+ 02
12) 3 ¹ / ₂	2/18	↑105-17+/19+	2.78	+ 01	33) 10Y Fut(CBT)	15:12	↓ 122-17+		+ 04+
13) 9 ¹ / ₈	5/18	↑149-02+/04+	2.91	+ 00+	34) EURO\$ (IMM)	15:12	↑ 98.900		+ .040
14) 3 ⁷ / ₈	5/18	↑108-17 /19	2.79	+ 01+	35) S&P 500 Ind	yd	850.08		--
15) 4	8/18	↑109-07+/09+	2.86	+ 02+	36) NASDAQ Comp	yd	1643.85		--
16) 9	11/18	↑149-04+/06+	3.03	+ 00+	37) DowJones Ind	yd	7969.56		--
17) 3 ³ / ₄	11/18	↑107-05 /07	2.88	+ 02+	38) Gold (CMX)	15:22	↑ 887.22		+3.42
18) 8 ⁷ / ₈	2/19	↑148-07+/09+	3.12	+ 02+	39) NYM WTI Crd	14:52	↑ 48.39		-.16
19) 2 ³ / ₄	2/19	↑ 98-25+/26+	2.89	+ 02+					
20) 8 ¹ / ₈	8/19	↑142-17 /19	3.23	+ 01					
21) 8 ¹ / ₂	2/20	↑146-19+/21+	3.33	+ 04					
22) 8 ³ / ₄	5/20	↑149-11 /13	3.36	+ 03					

Electric Utility Debt Financing in 2009

Offer Date	Company	Issue	Structure	Amt (\$MM)	Type	Moody/S&P Ratings	MW Call	Yield	Gross Spread	Reoffer Spread
04/15	Portland General Electric Co.	First Mortgage Bonds 6.100% due 04/15/2019	10 NC/L	\$300	Secured	Baa1(p)/A(n)	T+50	6.110%	0.650	+325.0
03/30	AES Corporation (144A w/RR)	Senior Unsecured Notes 9.750% due 04/15/2016	7 NC/L	\$535	Unsecured	B1/BB-	T+50	11.000%	N/A	+870.0
03/25	Idaho Power Company	Secured Medium-Term Notes 6.150% due 04/01/2019	10 NC/L	\$100	Secured	A3(n)/A-	T+50	6.175%	0.625%	+340.0
03/23	Atmos Energy Corp.	Senior Unsecured Notes 8.500% due 03/15/2019	10 NC/L	\$450	Unsecured	Baa3(P)/BBB+	T+50	8.529%	0.650%	+587.5
03/23	Northwestern Energy Corporation (144A w/RR)	First Mortgage Bonds 6.340% due 04/01/2019	10 NC/L	\$250	Secured	Baa1(p)/A-	T+50	N/A	N/A	+370.0
03/23	Consolidated Edison of NY	Debentures 5.550% due 04/01/2014	5 NC/L	\$275	Unsecured	A1(N)/A-	T+50	5.568%	0.600%	+387.5
03/23	Consolidated Edison of NY	Debentures 6.650% due 04/01/2019	10 NC/L	\$475	Unsecured	A1(N)/A-	T+50	6.670%	0.650%	+400.0
03/19	PECO Energy Company	F&R Mortgage Bonds 5.000% due 10/01/2014	5.5 NC/L	\$250	Secured	A2(N)/A-(N)	T+50	5.024%	0.600%	+340.0
03/19	Kansas City Power & Light Co.	Mortgage Bonds 7.150% due 04/01/2019	10 NC/L	\$400	Secured	A3(n)/BBB+(n)	T+50	7.165%	0.650%	+460.0
03/18	Duke Energy Indiana, Inc.	First Mortgage Bonds 6.450% due 04/01/2039	30 NC/L	\$450	Secured	A3/A(p)	T+40	6.472%	0.875%	+270.0
03/18	Duke Energy Ohio, Inc.	First Mortgage Bonds 5.450% due 04/01/2019	10 NC/L	\$450	Secured	A3(p)/A(p)	T+40	5.455%	0.650%	+250.0
03/17	Southern California Edison Co.	F&R Mortgage Bonds 4.150% due 09/15/2014	5.5 NC/L	\$250	Secured	A2/A	T+35	4.153%	0.600%	+220.0
03/17	Southern California Edison Co.	F&R Mortgage Bonds 6.050% due 03/15/2039	30 NC/L	\$500	Secured	A2/A	T+35	6.440%	0.875%	+235.0
03/16	Texas-New Mexico Power (144A)	First Mortgage Bonds 9.500% due 04/01/2019	10 NC/L	\$265	Secured	Baa2(n)/BBB-(n)	T+50	9.875%	N/A	+691.8
03/16	Progress Energy, Inc.	Senior Notes 6.050% due 03/15/2014	5 NC/L	\$300	Holdco	Baa2/BBB	T+50	6.115%	0.600%	+420.0
03/16	Progress Energy, Inc.	Senior Notes 7.050% due 03/15/2019	10 NC/L	\$450	Holdco	Baa2/BBB	T+50	7.108%	0.650%	+415.0
03/13	Union Electric Co. d/b/a AmerenUE	Senior Secured Notes 8.450% due 03/15/2039	30 NC/L	\$350	Secured	Baa1/BBB	T+50	8.481%	0.875%	+482.5

4 Ratings legend: N: Review for downgrade; P: Review for upgrade; n: negative outlook; p: positive outlook.

