

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES)	
COMPANY FOR AN ORDER AUTHORIZING THE)	CASE NO.
RESTRUCTURE AND REFINANCING OF UNSECURED)	2010-00206
DEBT AND THE ASSUMPTION OF OBLIGATIONS AND)	
FOR AMENDMENT OF EXISTING AUTHORITY)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
FROM KENTUCKY UTILITIES COMPANY

Kentucky Utilities Company ("KU"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than July 6, 2010. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

KU shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which KU fails or

refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Explain the change in KU's financing model resulting from the proposed transfer of control to PPL Corporation ("PPL"). Specifically, explain why it will be preferable for KU to obtain all of its financing from outside sources rather than a holding company pool, as it has through E.ON and Fidelia Corporation ("Fidelia") in the past.

2. Refer to the application at pages 7 and 8, paragraphs 9-11, and footnote 5. KU states, "PPL Corporation will cause KU to refinance the loans from Fidelia with proceeds of replacement notes issued to PPL Corporation or to a subsidiary of PPL Corporation on substantially the same terms and conditions as the existing Fidelia notes, including the same maturity dates and same interest rates."

a. Explain why PPL Corporation is loaning KU funds to refinance the Fidelia notes at the same terms and conditions and not at lower interest rates based on current market conditions.

b. In paragraph 10, KU proposes to refund PPL notes that may be issued to PPL in order to refinance Fidelia loans. Confirm that, in paragraph 9, PPL is committing to continue holding those notes, on the same terms and conditions as the

existing Fidelia notes, if it is more cost-effective for KU that PPL do so. If PPL is not making such a commitment, explain why.

c. In paragraph 11, explain the timing and favorable market conditions that would allow KU to potentially refinance the PPL Corporation notes at lower interest rates.

3. Provide a summary of the expected terms of the proposed financing contemplated in KU's application, assuming present market conditions.

4. Provide all PPL presentations made to investment bankers and others relating to the proposed acquisition of KU and Louisville Gas and Electric Company, along with any reports and opinions from rating agencies regarding the proposed acquisition.



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Public Service Commission
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DATED: **JUN 23 2010**

cc: Parties of Record

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