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Ms. Stephanie L. Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

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**PUBLIC SERVICE
COMMISSION**

Kentucky Utilities Company
State Regulation and Rates
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Lonnie E. Bellar
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June 6, 2008

Re: ***Kentucky Utilities Company - Report of Certain Material Changes***
Case No. 2006-00390

Dear Ms. Stumbo:

Pursuant to the Commission's Order, dated January 22, 2007, in the aforementioned case, Kentucky Utilities Company ("KU") hereby files a report of material changes that KU would have had to disclose to the Securities and Exchange Commission ("SEC") on a Form 8-K if the company had continued to have publicly held secured debt.

In compliance with this Commission order, KU is submitting this letter as its report. With respect to May 2008, KU converted its Mercer County 2000 Series A tax exempt bonds from an auction rate mode to a weekly rate mode and purchased the bonds from a remarketing agent. The Company expects to hold the bonds until a permanent solution is determined for mitigating the additional interest expense caused by auction rate market disruptions resulting from credit concerns about the monoline bond insurers.

KU also entered into a new loan with Fidelity Corporation, an affiliated company. The new loan, in the amount of \$75 million, matures in May 2023 and carries an interest rate of 5.85%.

Should you have any questions in this regard, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Lonnie E. Bellar".

Lonnie E. Bellar