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September 1, 2004

**HAND DELIVERY**

Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

**RECEIVED**

SEP 1 2004

**PUBLIC SERVICE  
COMMISSION**

**RE: Termination of Louisville Gas and Electric Company's Pay As You Go Program**

Dear Ms. O'Donnell:

Pursuant to Section 3.18 of the Partial Settlement Agreement, Stipulation and Recommendation approved by the Commission's Order dated June 30, 2004 in Case No. 2003-00433, Louisville Gas and Electric Company ("LG&E") hereby notifies the Kentucky Public Service Commission ("Commission") that it will begin terminating its Pay As You Go program on November 1, 2004.

As of August 30, 2004, 254 customers remained on the Pay As You Go program. LG&E plans to begin notifying those customers of the program termination within the next week. LG&E will work with customers to minimize any adverse impact that may result from a change in service. Additionally, Pay As You Go customers will have ample opportunity before the winter heating season to seek available energy assistance if necessary.

Should you have any questions or need any additional information, please contact me at your convenience.

Very truly yours,



Michael S. Beer

Elizabeth O'Donnell  
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cc: Elizabeth Blackford  
Joe Childers  
Lisa Kilkelly