LG&E ENERGY

LG&E Energy LLC
220 West Main Street (40202)
P.O. Box 32030
Louisville, Kentucky 40232

November 3, 2004

VIA HAND DELIVERY

RECEIVED
NOV 0 3 2004
PUBLIC SERVICE COMMISSION

Ms. Elizabeth O'Donnell
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

RE: Case No. 2004-00305

Dear Ms. O'Donnell:

Pursuant to Ordering Paragraph No. 5 of the Commission's Order in the aforementioned docket, Kentucky Utilities Company (the "Company") hereby advises the Commission that, on October 20, 2004, the Company completed the sale of $50,000,000 Environmental Facilities Revenue Bonds (Kentucky Utilities Company Project). The details of the bond issue are as follows:

$50,000,000 County of Carroll, Kentucky,
Environmental Facilities Revenue Bonds, 2004 Series A

The sale of the securities was negotiated with Merrill Lynch and Morgan Stanley and was completed as shown in the table below:

Face Value	Initial Interest Rate	Rate Adjustment Date	Maturity
$50,000,000	1.65%	11/23/2004	10/1/2034

The interest rate on this bond issuance will be reset every 35 days through an auction mechanism that will reflect existing market conditions. The auction rate mode allows the Company to take advantage of the currently prevailing, historically low interest rates in the variable rate market, while achieving a significant cost savings as compared to the fixed rate prior to refinancing. The yield curve for tax-exempt bonds is currently extremely steep with long-term rates very near those for taxable bonds. In such an environment, Kentucky Utilities did not feel issuing fixed rate bonds was an attractive alternative. The company will continue to monitor the market for opportunities to enter into an interest rate swap to fix the rate of interest on all or some portion of the bond.

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
November 3, 2004

The auction rate option was selected among the short-term alternatives because it does not require bank liquidity support, which eliminates future uncertainty of cost and availability of bank liquidity. It is less costly than a bank letter of credit backed issue. The auction rate procedures are detailed in Appendix B of the enclosed Official Statement. Merrill Lynch and Morgan Stanley will act as the Remarketing Agents with respect to the bonds.

Total underwriter's commission paid to the following: Merrill Lynch - $105,000, Morgan Stanley - $70,000. A two percent call premium in the amount of $1,000,000 was paid at closing. An insurance premium in the amount of $659,678.95 was paid at closing to Financial Guaranty Insurance Company (FGIC) covering the entire life of the bond. Other fees and expenses involved in the issuance and distribution (legal, printing, accounting, etc.) are estimated to be $300,000.

Enclosed herewith are three (3) copies of the Official Statement related to this financing. Please confirm your receipt of this filing by placing the File Stamp of your Office on the enclosed additional copy of this letter and returning it in the envelope provided.

Should you have any questions about this filing, or require any additional information related thereto, please contact me at 502-627-4110, contact Roger Hickman at 502-627-4031, or contact Don Harris at 502-627-2021.

Sincerely yours,

John Wolfram
Manager, Regulatory Affairs

Enclosures

Cc: Elliott Horne, Senior Financial Analyst, Corporate Finance (LG&E Energy)

NEW ISSUE—BOOK-ENTRY-ONLY

RECEIVED

NOV 03 2004

PUBLIC SERVICE COMMISSION

$50,000,000 COUNTY OF CARROLL, KENTUCKY, ENVIRONMENTAL FACILITIES REVENUE BONDS, 2004 SERIES A, DUE OCTOBER 1, 2034 (KENTUCKY UTILITIES COMPANY PROJECT)

DATED: Date of Original Issuance

The County of Carroll, Kentucky, Environmental Facilities Revenue Bonds, 2004 Series A (Kentucky Utilities Company Project) (the "Bonds") will be special and limited obligations of the County of Carroll, Kentucky (the "Issuer"), payable by the Issuer solely from and secured by payments to be received by the Issuer pursuant to a Loan Agreement with

KENTUCKY UTILITIES COMPANY

(the "Company"), except as payable from proceeds of such Bonds or investment earnings thereon. The Bonds will not constitute general obligations of the Issuer or a charge against the general credit or taxing powers thereof or of the Commonwealth of Kentucky or any other political subdivision of Kentucky.

Until the Release Date (generally, the date upon which the Bond Insurer consents to the release of first mortgage bond collateral of the Company as security for the Bonds, provided that in no event shall that date be later than the date that all of the prior first mortgage bonds of the Company (other than the First Mortgage Bonds securing the Bonds and the First Mortgage Bonds, Pollution Control Series Nos. 11, 12, 13, 14, 15 and 16) have been retired), principal of, and interest on, the Bonds will be further secured by the delivery to the Trustee of First Mortgage Bonds of the Company. See "SUMMARY OF THE BONDS—Security; Release Date; Limitation on Liens" and "SUMMARY OF THE FIRST MORTGAGE BONDS" for a description of the circumstances in which the First Mortgage Bonds will be released. **On the Release Date, the Bonds will cease to be secured by First Mortgage Bonds and will be secured solely by payments to be made by the Company under the Loan Agreement, which will become an unsecured general obligation of the Company, and will rank on a parity with other unsecured indebtedness of the Company. From and after the Release Date, the Company will covenant not to incur, assume or guarantee any secured indebtedness other than as permitted in the Loan Agreement. See "SUMMARY OF THE BONDS—Security; Release Date; Limitation on Liens."**

Payment of the principal of and interest on the Bonds when due will be insured by a municipal bond new issue insurance policy to be issued by Financial Guaranty Insurance Company ("Financial Guaranty") simultaneously with the delivery of the Bonds.

FGIC Financial Guaranty Insurance Company

The Bonds will accrue interest from the date of original issuance, will initially be issued in a 35-day Auction Period, and will initially bear interest at a Dutch Auction Rate determined pursuant to the Dutch Auction Procedures described in APPENDIX B hereto. The first Auction will occur on November 23, 2004 and the first Interest Payment Date on the Bonds will be November 24, 2004. The Bonds will continue to bear interest at the Dutch Auction Rate until their Conversion to a different Interest Rate Mode or until maturity. While the Bonds bear interest at the Dutch Auction Rate, the Bonds will not be subject to purchase on demand of the owners thereof. Prospective purchasers of the Bonds should carefully review the Dutch Auction Procedures and should note that such procedures provide that (i) a Bid or Sell Order constitutes a commitment to purchase or sell Bonds based upon the results of an Auction, (ii) Auctions will be conducted through telephone communications and (iii) settlement for purchases and sales will be made on the Business Day following an Auction. Beneficial interests in Bonds bearing interest at a Dutch Auction Rate may be transferred only pursuant to a Bid or Sell Order placed in an Auction or to or through a Broker-Dealer.

The Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Purchases of beneficial ownership interests in the Bonds bearing interest at the Dutch Auction Rate will be made in book-entry only form in denominations of $25,000 and integral multiples thereof. Purchasers will not receive certificates representing their beneficial interest in the Bonds. See the information contained under the caption "SUMMARY OF THE BONDS—Book-Entry-Only System" herein. The principal of, premium, if any, and interest on the Bonds will be paid by Wachovia Bank of Delaware, National Association, as Trustee, to Cede & Co., as long as Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to the purchasers of beneficial ownership interests is the responsibility of DTC's Direct and Indirect Participants, as more fully described herein.

PRICE: 100%

Subject to the conditions and exceptions set forth under the caption "TAX TREATMENT," Bond Counsel is of the opinion that, under current law, interest on the Bonds offered hereby will be excludable from the gross income of the recipients thereof for federal income tax purposes, except that no opinion will be expressed regarding such exclusion from gross income with respect to any Bond during any period in which it is held by a "substantial user" or a "related person" of the Project as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will be an item of tax preference in determining alternative minimum taxable income for individuals and corporations under the Code. Such interest may be subject to certain federal income taxes imposed on certain corporations, including imposition of the branch profits tax on a portion of such interest. Bond Counsel is further of the opinion that interest on the Bonds will be excludable from the gross income of the recipients thereof for Kentucky income tax purposes and that, under current law, the principal of the Bonds will be exempt from ad valorem taxes in Kentucky. Issuance of the Bonds is subject to receipt of a favorable tax opinion of Bond Counsel as of the date of delivery of the Bonds. See "TAX TREATMENT" herein.

The Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, and to the approval of legality by Harper, Ferguson & Davis, a division of Ogden Newell & Welch PLLC, Louisville, Kentucky, as Bond Counsel and upon satisfaction of certain conditions. Certain legal matters will be passed upon for the Company by its counsel, Jones Day, Chicago, Illinois and John R. McCall, Esq., Executive Vice President, General Counsel and Corporate Secretary of the Company, for the Issuer by its County Attorney, and for the Underwriters by their counsel, Winston & Strawn LLP, Chicago, Illinois. It is expected that the Bonds will be available for delivery to DTC in New York, New York on or about October 20, 2004.

Merrill Lynch & Co. **Morgan Stanley**

October 13, 2004