



Kent W. Blake
Director
State Regulation and Rates

LG&E Energy LLC
220 West Main Street
Louisville, Kentucky 40202
502-627-2573
502-217-2442 FAX
kent.blake@lgeenergy.com

March 3, 2005

Ms. Elizabeth O'Donnell
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40601

RECEIVED

MAR 04 2005

PUBLIC SERVICE
COMMISSION

Re: *Certificate of Convenience and Necessity*
Kentucky Utilities Company – Case No. 2004-00518

Dear Ms. O'Donnell:

By letter dated February 10, 2004 Louisville Gas and Electric Company ("LG&E") filed an Application for a Certificate of Convenience and Necessity ("CCN") for the replacement of an electric franchise with West Point, Kentucky. The issue was assigned Case No. 2004-00043. In the order dated March 26, 2004 for that case the Public Service Commission ("PSC") found that LG&E had improperly bid on the franchise prior to obtaining the CCN. The PSC further found that LG&E was to be assessed a penalty of \$500 for its failure but that the penalty would be suspended for three years. In the event LG&E failed to follow proper protocol in those three years the penalty would immediately become due.

By letter dated December 21, 2004 Kentucky Utilities Company ("KU") filed an Application for a Certificate of Convenience and Necessity ("CCN") for the replacement of electric franchises with ten (10) cities. The issue was assigned Case No. 2004-00518. This filing resulted from an exhaustive search of all franchises held by KU and LG&E that found similar lapses in process to that in Case No. 2004-00043.

KU regrets that the statutory process for these franchise replacements was not properly adhered to by all parties. Both LG&E and KU have implemented a specific protocol to insure there will be no similar lapses in process going forward. Although the PSC order in Case No. 2004-00043 was directed to LG&E and the filing in Case No. 2004-00518 is being made by KU, LG&E is offering to pay the \$500 penalty referenced in Case No. 2004-00043 since the two companies operate under the same management. In addition, KU is offering to pay an additional \$500 penalty in this Case No. 2004-00518.

Ms. Elizabeth O'Donnell
Page 2
March 3, 2005

The Companies request the settlement of Case No. 2004-00518 with the payment by LG&E of the \$500 penalty specified in Case No. 2004-00043 and payment by KU of an additional \$500 penalty. If you have any questions regarding this matter, please feel free to contact me at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Kent W. Blake".

Kent W. Blake

IV LLC
ain Street
010 (40232)
entucky 40202



 U.S. POSTAGE
\$00.60

LOUISVILLE KY. 40202
MAR 03 2005 00600 024540
FP0595483 JMG01 00DDDEE6

RECEIVED

MAR 07 2005
PUBLIC SERVICE
COMMISSION

Ms. Elizabeth O'Donnell, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P O Box 615
Frankfort, Kentucky 40601