



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

January 25, 2006

RECEIVED

JAN 25 2006

PUBLIC SERVICE
COMMISSION

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RE: *In the Matter of: The Application of Kentucky Utilities Company Regarding The Transfer of Any Real Property Associated with the Lock No. 7 Hydroelectric Project, Project No. 539 to Lock 7 Hydro Partners, LLC, Case No. 2005-00405*

Dear Ms. O'Donnell:

Please be advised that pursuant to the Commission's Final Order dated December 22, 2005, in the aforementioned docket, and pursuant to the Order of the Federal Energy Regulatory Commission ("FERC") dated November 23, 2005 in Project No. 539-006, 113 FERC ¶62,150, Kentucky Utilities Company ("KU") and Lock 7 Hydro Partners, LLC ("L7HP") closed on the Lock 7 Hydro Facility transaction on Thursday, December 29, 2005.

On behalf of L7HP, KU subsequently filed certified copies of the final closing documents with FERC on Monday, January 23, 2006. A copy of the FERC filing is attached for your convenience.

Please contact me if you have any questions concerning this filing.

Sincerely,

John Wolfram
Manager, Regulatory Affairs

Enclosures

TROUTMAN SANDERS LLP

A T T O R N E Y S A T L A W
A LIMITED LIABILITY PARTNERSHIP

401 9TH STREET, N.W. - SUITE 1000
WASHINGTON, D.C. 20004-2134
www.troutmansanders.com
TELEPHONE: 202-274-2950

Eileen M. Moorhead
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Phone: 202-274-2943
Fax: 202-654-5620

FILED
OFFICE OF THE
SECRETARY
2006 JAN 23 P 4: 12
FEDERAL ENERGY
REGULATORY COMMISSION

January 23, 2006

Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First St., N.E.
Washington, D.C. 20426

**RE: Kentucky Utilities Company and Lock 7 Hydro Partners
Transfer of License for Lock No. 7 Hydroelectric Project No. 539**

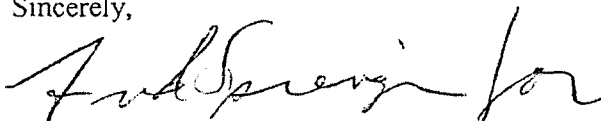
Dear Ms. Salas:

On November 23, 2005 (113 FERC ¶ 62,150), the Federal Energy Regulatory Commission approved a request by Kentucky Utilities Company ("KU") to transfer the license for the Lock No. 7 Hydroelectric Project No. 539 from KU to Lock 7 Hydro Partners, LLC.

The Commission's approval of the transfer was contingent upon KU transferring title of the property under the license, and delivering all license instruments, to Lock 7 Hydro Partners, and upon Lock 7 Hydro Partners submitting to the Commission (1) certified copies of all instruments of conveyance and (2) a signed acceptance sheet. On behalf of Lock 7 Hydro Partners, KU hereby encloses certified copies of the documents transferring title to all property included under the license to Lock 7 Hydro Partners, and the acceptance sheet signed by Lock 7 Hydro Partners. We request that, pursuant to its practice, the Commission staff issue an order declaring that transfer of the Lock No. 7 Project license is effective.

Thank you for your attention to this matter.


Sincerely,




Eileen M. Moorhead, Esq.
On behalf of Kentucky Utilities

Project No. 539-006

As provided in the Federal Energy Regulatory Commission's order issued November 23, 2005, Lock 7 Hydro Partners, LLC hereby submits copies of all instruments of conveyance for the above referenced project. This 12th day of January, 2006, Lock 7 Hydro Partners, LLC, by causing its name to be signed hereto by David Brown Kinloch, its President/CEO, and its seal affixed to by Edward Boone, its secretary, certifies that copies of the conveyance documents for the above referenced project are attached hereto.

By: 
David Brown Kinloch

Attest:


Secretary
(Executed in quadruplicate)

REGINA:LOCK7-PROJECT539-006

Project No. 539-006

IN TESTIMONY of its acknowledgment of acceptance of all of the terms and conditions of this order, Lock 7 Hydro Partners, LLC, this 13th day of January, 2006, has caused its name to be signed hereto by David Brown Kenlock, its Pres. CEO, and its seal to be affixed hereto and attested by Edward Boone, its Secretary, pursuant to a resolution of its Board Members, duly adopted on the 13th day of January, 2006, a certified copy of the record of which is attached hereto.

By David Brown Kenlock

Attest:

Edward Boone
Secretary
(Executed in quadruplicate)

REGINA:L9CK 7 PROJECT 539-006 ACKNOWLEDGMENT

Resolution of
Lock 7 Hydro Partners, LLC

January 13, 2006

Whereas the United States of America Federal Energy Regulatory Commission has issued an Order dated November 23, 2005 in regard to transfer of the license for Lock 7 Hydroelectric, Project No. 539 to Lock 7 Hydro Partners, LLC.

NOW THEREFORE IT BE RESOLVED THAT Lock 7 Hydro Partners, LLC acknowledges acceptance of said order and accepts the terms and conditions of the November 23, 2005 order, a copy attached hereto.



David Brown Kinloch
President/CEO

Attest:



Eddie Boone, Secretary

REGINA:Lock 7 Hydro Partners special meeting

**CERTIFICATE OF THE SECRETARY
OF
LOCK 7 HYDRO PARTNERS, LLC**

I, Edward Boone, hereby certify that:

(1) I am the duly elected, qualified and acting secretary of Lock 7 Hydro Partners, LLC, a Kentucky limited liability company (the "Company").

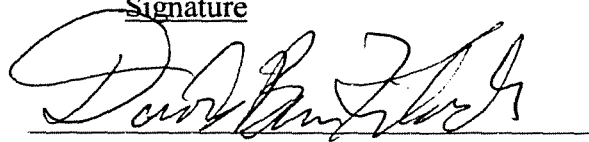
(2) Attached hereto as Exhibit A is a true and complete copy of the resolutions adopted by the Members and Managers of the Company effective as of January 13, 2006. Such resolutions have not been altered, amended or rescinded and are still in full force and effect on the date hereof.

(3) The following individuals are, on the date hereof, duly qualified and acting managers of the Company and are severally authorized to execute and deliver documents and to effect other transactions on behalf of the Company pursuant to or contemplated by the aforesaid resolutions and the signature set forth opposite each such officer's name is his or her true and genuine signature:

Name

Signature

David Brown Kinloch



IN WITNESS WHEREOF, I have hereunto set my signature as of this 13th day of January, 2006.



Secretary

The undersigned, the President/CEO of the Company, certifies that Edward Boone is the Secretary of the Company and that the above signature is his genuine signature.

Executed this 13th day of January, 2006

LOCK 7 HYDRO PARTNERS, LLC



President/CEO

Lock 7 Hydro Partners, LLC
Special Meeting
January 13, 2006

A special meeting was called and held on January 13, 2006 10:30 a.m. EST at the offices of Salt River Electric in Bardstown, Kentucky.

Attendees: Larry Hicks, Eddie Boone,
David Brown Kinloch (via telephone)
David Coyte (via telephone)

AGENDA ITEM

This special meeting was called to review and discuss the FERC Order issued November 23, 2005 approving the transfer of the license for Lock No. 7 Hydroelectric Project, FERC Project No. 539 from Kentucky Utilities Company to Lock 7 Hydro Partners, LLC. The FERC order was reviewed by the members and discussed. After discussion a motion was made by Larry Hicks and seconded by Eddie Boone to adopt the following resolution:


Whereas the United States of America Federal Energy Regulatory Commission has issued an Order dated November 23, 2005 in regards to the transfer of the license for Lock 7 Hydroelectric, Project No. 539 to Lock 7 Hydro Partners, LLC.

NOW THEREFORE, IT BE RESOLVED THAT Lock 7 Hydro Partners, LLC acknowledges acceptance of said order and accepts the terms and conditions of the November 23, 2005 Order, a copy attached hereto.

The resolution was passed with a unanimous vote.

There being no further business Larry Hicks entered motion to adjourn, seconded by Eddie Boone. All were in favor and motion passed.

I hereby certify that this is a true and accurate copy of the minutes of the Special Meeting held on January 13, 2006.



David Brown Kinloch

Attest:



Eddie Boone

COPY

BILL OF SALE AND ASSIGNMENT

This **BILL OF SALE AND ASSIGNMENT** ("Bill of Sale") is entered into and effective as of December 29, 2005, by and between **KENTUCKY UTILITIES COMPANY**, a Kentucky corporation ("Seller"), and **LOCK 7 HYDRO PARTNERS, LLC**, a Kentucky limited liability company ("Buyer").

RECITALS:

A. Pursuant to an Asset Purchase Agreement dated September 26, 2005, as amended, between Seller and Buyer, which is incorporated herein by reference ("Agreement"), Buyer has on this date purchased and acquired from Seller, and Seller has sold to Buyer, all of Seller's Acquisition Assets.

B. In order that Buyer shall be in possession of an instrument vesting title to the Acquisition Assets in Buyer, the Agreement requires the execution and delivery of this Bill of Sale by Seller at the Closing under the Agreement.

AGREEMENT:

NOW, THEREFORE, the parties hereby agree as follows:

1. DEFINITIONS; CONSTRUCTION. Capitalized terms not expressly defined in this Bill of Sale shall have the meaning ascribed to them in the Agreement, and all references to Exhibits and Schedules herein shall be deemed to be to those that are part of the Agreement. As used in this Bill of Sale, the word "including" does not limit the preceding words or terms, unless otherwise expressly provided. In the event of any conflict between any provisions of this Bill of Sale and the Agreement, the Agreement shall control.

2. TRANSFER OF ASSETS. Seller hereby sells, transfers, conveys, assigns and delivers unto Buyer, its successors and assigns, all of Seller's right, title and interest under, in and to the Acquisition Assets, including the following:

(a) A concrete structure about one hundred sixteen (116) feet long, with a thirty-six (36) foot long solid concrete section and an eighty (80) foot long hollow

dam/spillway, containing trashracks, six (6) intake gates, three (3) turbines, and discharge facilities;

(b) A ninety-three (93) foot long, twenty-five (25) foot wide, and sixteen and one-half (16.5) foot high superstructure/powerhouse located above the spillway, supported by hollow concrete piers, with three (3) six hundred eighty (680 kilowatt generating units having a total capacity of two thousand forty (2,040) kW;

(c) A forebay about one hundred twenty (120) feet long and one hundred (100) feet wide;

(d) A substation located on the west bank of the Kentucky River;

(e) A foot bridge, about eighty-five (85) feet long, connecting the substation with the powerhouse;

(f) All of those parts and materials formerly constituting an approximately one hundred seventy (170) foot long trash boom;

(g) A gantry crane located on top of the powerhouse;

(h) Appurtenant facilities;

(i) All documents, drawings, manuals, photos, software (but only to the extent assignable and directly related to Lock 7 and its operations);

(j) A thirty-four and one half (34.5) kV, eighty-sixth hundredths (0.86) mile long transmission line, with a right-of-way ranging from fifty (50) feet to two hundred (200) feet wide, as depicted on Schedule 2.1(j), but only so much of such line that extends from (but not including) Structure #9 to Lock 7 shown on Schedule 2.1(k);

(k) Seller's pontoon boat bearing registration number E053067 and Kentucky license KY007-HM; and"

(l) Miscellaneous equipment, tools and spare parts.

STATE OF Kentucky)
)SS:
COUNTY OF Jefferson)

The foregoing instrument was acknowledged before me this 29th day of Dec, 2005, by Daniel Brown Kenloch of Lock 7 Hydro Partners, LLC, a Kentucky limited liability company for and on behalf of said company.

My commission expires: 9/11/2008

Kimberly M. Walters
Notary Public

(Seal)

1009238_2

ASSIGNMENT AND ASSUMPTION OF EASEMENTS

COPY

THIS ASSIGNMENT AND ASSUMPTION OF EASEMENTS (this "Assignment") is made and entered into as of the 29th day of December 2005 by and between KENTUCKY UTILITIES COMPANY, a Kentucky corporation (the "Assignor"), having a mailing address of One Quality Street, Lexington, Kentucky 40507-1462, and LOCK 7 HYDRO PARTNERS, LLC, a Kentucky limited liability company (the "Assignee"), having a mailing address at 414 S. Wenzel Street, Louisville, Kentucky 40204.

WITNESSETH:

IN EXCHANGE for good and valuable consideration, the receipt and sufficiency of which the Assignor hereby acknowledges, and pursuant to that certain Asset Purchase Agreement ("Agreement") between Assignor and Assignee, dated September 26, 2005, the Assignor and the Assignee hereby agree as follows:

1. **ASSIGNMENT.** The Assignor hereby assigns, transfers and conveys to the Assignee and its successor and assigns, all of the Assignor's rights under, interest in and title to all of the following:

(a) Transmission Line Easement Agreement by and between (i) Joe Rue and Mary J. Rue, his wife, as Grantors, and (ii) Assignor, as Grantee, which Easement Agreement is dated as of March 16, 1928, and recorded in Deed Book 41, page 79, in the office of the Jessamine County, Kentucky Clerk.

(b) Transmission Line Easement Agreement by and between Mrs. Lilly Marshall, as Grantor, and Assignor, as Grantee, which Easement Agreement is dated as of March 16, 1928, and recorded in Deed Book 40, page 81, in the office of the Jessamine County, Kentucky Clerk.

2. **ASSUMPTION.** The Assignee hereby accepts this Assignment and covenants and agrees to comply with all of the terms of the above instruments and to fully, faithfully, timely and properly satisfy and discharge all of the Assignor's covenants and obligations thereunder, arising on and after the date hereof.

3. **DELIVERED PURSUANT TO AGREEMENT.** This Assignment is delivered pursuant to the Agreement and is incorporated therein in its entirety by this reference.

IN TESTIMONY WHEREOF, the Assignor and Assignee have executed this Assignment as of the date set forth in the opening paragraph above.

KENTUCKY UTILITIES COMPANY

By: John N. Keyler

Title: Vice President Regulated Generation
("Assignor")

LOCK 7 HYDRO PARTNERS, LLC

By: David Brown Zilber

Title: President / CEO
("Assignee")

STATE OF KENTUCKY)
) SS:
COUNTY OF Jefferson)

The foregoing instrument was acknowledged before me this 20th day of Dec, 2005, by John Vayles, _____ of Kentucky Utilities Company, a Kentucky corporation, on behalf of such corporation.

Kimberly M. Walters
Notary Public

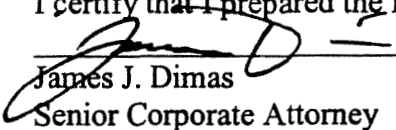
STATE OF KENTUCKY)
) SS:
COUNTY OF Jefferson)

The foregoing instrument was acknowledged before me this 27th day of Dec, 2005, by David Brown Kibler, _____ of Lock 7 Hydro Partners, a Kentucky limited liability company, on behalf of the limited liability company.

My commission expires: 9/11/2008

Kimberly M. Walters
Notary Public

I certify that I prepared the foregoing instrument.


James J. Dimas

Senior Corporate Attorney
Kentucky Utilities Company
220 West Main Street
Louisville, Kentucky 40202
(502) 627-3712

1053243_1

DOCUMENT NO: 187320
RECORDED ON: JANUARY 05, 2006 11:31:40AM
TOTAL FEES: \$9.00
COUNTY CLERK: EVA L. MCDANIEL, CJC
COUNTY: JESSAMINE COUNTY
DEPUTY CLERK: TONNIE S COLLINS
BOOK D554 PAGES 265 - 267

JESSAMINE COUNTY
D554 PG 267

DEED TAX PAID
\$ 17.00 DATE 1-5-2006

THIS QUITCLAIM DEED is made and entered into as of the 29 day of Dec, 2005, by and between: (i) **KENTUCKY UTILITIES COMPANY**, a Kentucky corporation having an address of One Quality Street, Lexington, Kentucky 40507 ("Grantor"), and (ii) and **LOCK 7 HYDRO PARTNERS, LLC**, a Kentucky limited liability company having an address of 414 South Wenzel Street, Louisville, Kentucky 40204 ("Grantee").

WITNESSETH:

That in consideration of \$16,849.53 paid by Grantee to Grantor, the receipt and sufficiency of which is hereby acknowledged, Grantor does hereby remise, release and forever quitclaim unto Grantee any and all interest Grantor may have in and to the real property, together with all improvements located thereon and all appurtenances thereunto belonging, situated in Mercer County, Kentucky (the "Property"), more fully described as follows:

The hydroelectric plant of the Grantor located at Dam No. 7 in the Kentucky River in Mercer County, Kentucky, together with all rights-of-way, structures, buildings, property rights, privileges and easements directly comprising such hydroelectric plant; but excluding any distribution systems and transmissions lines related thereto.

Being part of the same property acquired by Grantor in Paragraph "Third" of that certain Deed dated December 31, 1928, of record in Deed Book 104, page 465, in the Office of the Clerk of Mercer County, Kentucky.

TO HAVE AND TO HOLD, in fee simple, all of the Property, together with all the rights, privileges, appurtenances and improvements thereunto belonging, unto Grantee, its heirs and assigns, forever.

As required by KRS 382.135, Grantor hereby certifies, and Grantee appears herein solely for the purpose of certifying, that the consideration reflected in the foregoing Deed is the full consideration paid for the Property.

IN TESTIMONY WHEREOF, witness the signatures of the parties on the day, month and year first above written.

KENTUCKY UTILITIES COMPANY

By:

Title:

John S. Keyles
Vice President Regulated Generation
("Grantor")

LOCK 7 HYDRO PARTNERS, LLC

By: David Brown Kinloch
Title: President / CEO
("Grantee")

COMMONWEALTH OF KENTUCKY)
)SS:
COUNTY OF JEFFERSON)

The foregoing instrument was acknowledged, subscribed and sworn to before me this 29th day of Dec, 2005, by John Voyles as _____ of Kentucky Utilities Company, by and on behalf of such corporation.

My Commission expires: 9/11/2008.

Kimberly M. Walters
NOTARY PUBLIC

(SEAL)

COMMONWEALTH OF KENTUCKY)
)SS:
COUNTY OF JEFFERSON)

The foregoing instrument was acknowledged, subscribed and sworn to before me this 29th day of Dec, 2005, by David Brown Kinloch of Lock 7 Hydro Partners, LLC, by and on behalf of such limited liability company.

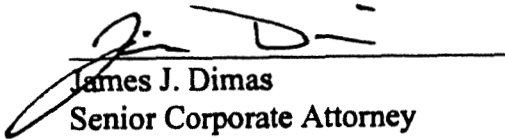
My Commission expires: 9/11/2008.

Kimberly M. Walters
NOTARY PUBLIC

(SEAL)

NO TITLE EXAMINATION MADE

The foregoing instrument was prepared by,
and after recording should be returned to:


James J. Dimas
Senior Corporate Attorney
Kentucky Utilities Company
220 West Main Street
Louisville, Kentucky 40202
(502) 627-3712

1011001_1

DOCUMENT NO: 109328
RECORDED ON: JANUARY 25, 2006 04:04:05PM
TOTAL FEES: \$12.00
TRANSFER TAX: \$17.00
COUNTY CLERK: RONNIE COMPTON
COUNTY: MERCER COUNTY
DEPUTY CLERK: FRANCES STINE
BOOK D305 PAGE 197