



June 30, 2005

LG&E Energy LLC
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P.O. Box 32030
Louisville, Kentucky 40232

Elizabeth O'Donnell
Executive Director
Kentucky State Board on Electric
Generation and Transmission Siting
211 Sower Boulevard
Frankfort, Kentucky 40601

RECEIVED

JUN 30 2005

PUBLIC SERVICE
COMMISSION

**RE: An Assessment of Kentucky's Electric Generation, Transmission and Distribution Needs
Administrative Case No. 2005-00090**

Compliance of Louisville Gas and Electric Company and Kentucky Utilities Company to Order of April 28, 2005

Dear Ms. O'Donnell:

On behalf of Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (collectively, the "Companies"), I certify that the Companies have reviewed the February 1, 2005 Assessment of Kentucky's Transmission System Vulnerability to Electrical Disturbances issued by Commonwealth Associates, Inc. ("Vulnerability Assessment"), and, except as referenced herein, that they have determined that no particular actions beyond the regular course of business are reasonably necessary at this time to address the system vulnerability to the category B contingencies and most of the category C contingencies referred to in the report. Studies of certain category C contingencies are currently being reviewed by the Companies to determine whether further investment in transmission facilities is reasonably required under North American Electric Reliability Council-East Central Area Reliability Coordination Agreement operating standards. The Companies will advise the Commission of further actions, if any, the Companies conclude are reasonably necessary to address these Category C contingencies.

It is important to also recognize, however, that other factors, including, but not limited to, the emergence of energy markets, the potential impact of regional flow patterns on base case planning assumptions, condemnation issues involving future projects, and emerging Federal Energy Regulatory Commission policies, also have the potential to impact transmission reliability. In connection with their normal planning processes, the Companies continue to evaluate and seek to address any issues that may affect the reliability of their transmission system and that of the interconnected transmission grid consistent with Kentucky law and North American Electric Reliability Council-East Central Area Reliability Coordination Agreement standards.

Additionally, LG&E's completion of the construction of the new 138 kV transmission line along Interstate 256 in Jefferson County, Kentucky (a/k/a the Gene Snyder Freeway) is presently delayed due to right-of-way acquisition issues pending in the Kentucky courts. As a result, depending on system conditions and weather this summer, there is a possibility of service interruptions for customers.

Records relating to the Companies' review of, and response to, the Vulnerability Assessment are maintained at their offices at 220 West Main Street, Louisville, Kentucky.

Please contact me if we can be of any further assistance with regard to this matter.

Very truly yours,



Mark S. Johnson
Director of Transmission

cc: Parties of Record (Attached)

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