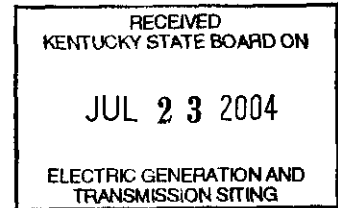


**Michael S. Beer**  
Vice President  
Rates and Regulatory

**LG&E Energy, LLC**  
220 West Main Street  
Louisville, Kentucky 40202  
502-627-3547  
502-627-4030 FAX  
mike.beer@lgeenergy.com

July 23, 2004



Ms. Elizabeth O'Donnell, Executive Director  
*On behalf of*  
The Kentucky State Board on Electric Generation and Transmission Siting  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602

**RE: *The Application of Estill County Energy Partners, LLC, for a  
Certificate to Construct a Coal Combustion/Electric Generating Facility  
Case No. 2002-00172***

Dear Ms. O'Donnell:

In your letter dated July 15, 2004, you asked whether upgrades to the Kentucky Utilities Company ("KU") transmission system would be required as a result of the Estill County Energy project in the aforementioned case. If no, please so state; if yes, provide a description and the estimated cost of the upgrades.

KU confirms that upgrades to the KU transmission system will be required to accommodate the addition of the Estill County Energy project. The upgrades are described in the *Application for Certificate to Construct Electric Generating Facility*, Exhibit O, Interconnect Operating Agreement ("IOA"), Appendix A, Paragraph 1.5, filed June 14, 2004 in this docket. The total estimated costs are approximately \$4 million in 2006 dollars as noted on page 60 of Exhibit O to the Application. Note that this cost is only an estimate and may change due to a number of factors, not the least of which are amendments to the IOA currently contemplated by Estill County Energy Partners, LLC, and KU.

Should you have any questions regarding the enclosed, please contact me at (502) 627-3547 at your convenience.

Sincerely,



Michael S. Beer