

EXHIBIT 3

(2002 Series C-Carroll Co.)

COUNTY OF CARROLL, KENTUCKY
AS TRUSTOR

TO

DEUTSCHE BANK TRUST COMPANY AMERICAS
AS TRUSTEE,
PAYING AGENT AND BOND REGISTRAR

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INDENTURE OF TRUST
SECURING COUNTY OF CARROLL, KENTUCKY,
POLLUTION CONTROL REVENUE BONDS
2002 SERIES C (KENTUCKY UTILITIES COMPANY PROJECT)

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Dated as of July 1, 2002

Section 3.07. Limitations on Purchase and Remarketing. Anything in this Indenture to the contrary notwithstanding, there shall be no purchase of 2002 Series C Bonds pursuant to Section 3.01(a) if there shall have occurred and be continuing an event of default under Section 9.01(a), (b) or (e) and notice of such event of default has been provided as required by Article IX hereof, and there shall be no remarketing of 2002 Series C Bonds pursuant to Section 3.02 if there shall have occurred and be continuing an event of default under Section 9.01(a) or (b) hereof.

Section 3.08. Noteline Direct Facilities. The Issuer, at the written request of the Company, may enter into and utilize the optional Noteline Direct system for transmitting instructions and/or filing or obtaining reports with respect to the 2002 Series C Bonds in the Flexible Rate Mode. Use of the Noteline Direct system is optional at the sole discretion of the Company.

ARTICLE IV

REDEMPTION OF 2002 SERIES C BONDS BEFORE MATURITY

Section 4.01. Redemption Dates and Prices.

(1) General. The 2002 Series C Bonds shall be non-callable for redemption except as provided in this Section 4.01 and except in the event and to the extent that (a) Company is required to prepay the Loan in whole or in part pursuant to Section 10.3 of the Agreement or (b) Company shall exercise any of its options to prepay the Loan in whole as provided in Section 10.1 of the Agreement, or (c) Company shall elect to redeem 2002 Series C Bonds in whole or in part pursuant to Section 6.1 of the Agreement. If called for redemption pursuant to clause (a), (b) or (c) above, the 2002 Series C Bonds shall be subject to redemption by Issuer in whole or in part as appropriate, on any redemption date established pursuant to Section 10.4 of the Agreement by lot in such manner as Trustee may determine, at 100% of the principal amount thereof plus accrued interest to the redemption date. Upon the applicable dates of redemption the Bondholders shall be paid in such funds as are stipulated in Section 2.07 of this Indenture.

(2) Additional Optional Redemption.

(i) Whenever the Interest Rate Mode for the 2002 Series C Bonds is the Daily Rate or the Weekly Rate, the 2002 Series C Bonds shall be subject to redemption at the option of the Issuer, upon the written direction of Company, in whole or in part, at a redemption price of 100% of the principal amount thereof, plus accrued interest, if any, to the redemption date, on any Business Day.

(ii) Whenever the Interest Rate Mode for 2002 Series C Bonds is the Dutch Auction Rate, such 2002 Series C Bond shall be subject to redemption at the option of the Issuer, upon the written direction of the Company, in whole or in part, at a redemption price of 100% of the principal amount thereof, plus interest accrued, if any, to the redemption date, on the Business Day immediately succeeding any Auction Date.

(iii) Whenever the Interest Rate Mode for a 2002 Series C Bond is the Flexible Rate, each 2002 Series C Bond shall be subject to redemption at the option of the Issuer, upon the written direction of the Company, in whole or in part, at a redemption price of 100% of the principal amount thereof, plus accrued interest, if any, to the redemption date, on each Interest Payment Date for that 2002 Series C Bond.

(iv) Whenever the Interest Rate Mode for the 2002 Series C Bonds is the Semi-Annual Rate, the 2002 Series C Bonds shall be subject to redemption at the option of the Issuer, upon the written direction of the Company, in whole or in part, at a redemption price of 100% of the principal amount thereof on any Interest Payment Date for each Semi-Annual Rate Period.

(v) Whenever the Interest Rate Mode for the 2002 Series C Bonds is the Annual Rate, the 2002 Series C Bonds shall be subject to redemption at the option of the Issuer, upon the written direction of Company, in whole or in part, at a redemption price of 100% of the principal amount thereof to the redemption date, on the final Interest Payment Date for each Annual Rate Period.

(vi) Whenever the Interest Rate Mode for the 2002 Series C Bonds is the Long Term Rate Period, the 2002 Series C Bonds will be subject to redemption, in whole or in part, at the option of the Issuer, upon the written direction of the Company, (A) on the final Interest Payment Date for the applicable Interest Rate Period at a redemption price of 100% of the principal amount thereof and (B) prior to the end of the then current Long Term Rate Period at any time during the redemption periods and at the redemption prices set forth below, plus accrued interest, if any, to the redemption date:

<u>Original Length of Current Long Term Rate Period (Years)</u>	<u>Commencement of Redemption Period</u>	<u>Redemption Price as Percentage of Principal</u>
More than or equal to 11 years	First Interest Payment Date on or after the tenth anniversary of commencement of Long Term Rate Period	101% declining by 1% on the next succeeding anniversary of the first day of the redemption period and thereafter 100%
Less than 11 years	Non-callable	Non-callable

If, at the time of Company's notice of a change in the Long Term Rate Period pursuant to Section 2.02(d), or its notice of Conversion of the Interest Rate Mode for the 2002 Series C Bonds to the Long Term Rate pursuant to Section 2.02(e), or, when the Interest Rate Mode for the 2002 Series C Bonds is the Long Term Rate, at least forty days prior to the Purchase Date for the 2002 Series C Bonds pursuant to Section 3.01(a)(v), Company provides a certification of the Remarketing Agents to Trustee, the Bond Registrar, the Paying Agent, the Tender Agent and Issuer that the

foregoing schedule is not consistent with Prevailing Market Conditions and an opinion of Bond Counsel that a change in the redemption provisions of the 2002 Series C Bonds will not adversely affect the exclusion from gross income of interest on the 2002 Series C Bonds for federal income tax purposes, the foregoing redemption periods and redemption prices may be revised, effective as of the date of such change in the Long Term Rate Period, the Conversion Date, or that Purchase Date, as determined by the Remarketing Agents in their judgment, taking into account the then Prevailing Market Conditions, as stipulated in such certification, which shall be appended by Trustee to its counterpart of this Indenture. Any such revision of the redemption periods and redemption prices shall not be considered an amendment of or a supplement to this Indenture and shall not require the consent of any Bondholder or any other person or entity.

(3) Redemption Procedures. The 2002 Series C Bonds shall be called for redemption by Trustee as herein provided in accordance with Section 10.4 of the Agreement.

Section 4.02. Notice of Redemption.

(1) Trustee shall, upon being satisfactorily indemnified as to expenses, cause notice of the call for any redemption, identifying the 2002 Series C Bonds or portions thereof, in Authorized Denominations to be redeemed to be sent by first class mail (postage prepaid) (i) at least thirty (30) days and not in excess of forty-five (45) days in the case of 2002 Series C Bonds bearing interest at the Semi-Annual Rate, the Annual Rate or the Long Term Rate and (ii) at least fifteen (15) days and not in excess of forty-five (45) days in the case of 2002 Series C Bonds bearing interest at the Dutch Auction Rate, Daily Rate, Weekly Rate or Flexible Rate, in each case prior to the redemption date to the Registered Owner of each 2002 Series C Bond to be redeemed.

(2) Any notice mailed as provided in this Section 4.02 shall be conclusively presumed to have been duly given, irrespective of whether the Registered Owner receives the notice. Failure to give such notice by mailing or any defect therein in respect of any 2002 Series C Bond shall not affect the validity of any proceedings for the redemption of any other 2002 Series C Bond. All 2002 Series C Bonds so called for redemption will cease to bear interest after the date fixed for redemption provided funds for their redemption are on deposit at the place of payment at that time.

Section 4.03. Cancellation. All 2002 Series C Bonds which have been redeemed shall not be reissued but shall be cancelled by Trustee.

Section 4.04. Redemption Payments. On or prior to the date fixed for redemption of 2002 Series C Bonds, funds shall be deposited by or on behalf of Issuer with Trustee in the Bond Fund to pay, and Trustee is hereby authorized and directed to apply any such funds to the payment of, the 2002 Series C Bonds or portions thereof called for redemption, together with accrued interest thereon to the redemption date and any required premium. Upon the giving of notice if, on such redemption date, funds sufficient for the payment of principal, premium, if any, and accrued interest to date of redemption are on deposit with the Trustee for such purposes, interest on the 2002 Series C Bonds or portions thereof so called for redemption shall cease to accrue after the date fixed for redemption.

