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KENTUCKY UTILITIES CO

FORM U-3A-2

(Statement of exemption by Pubilc Utility Company)

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C.

FORM U-3A-2

STATEMENT BY HOLDING COMPANY CLAIMING EXEMPTION UNDER RULE U-3A-2

FROM THE PROVISIONS OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

To Be Filed Annually Prior to March 1

KENTUCKY UTILITIES COMPANY

hereby files with the Securities and Exchange Commission, pursuant to

Rule 2, its statement claiming exemption as a holding company from

the provisions of the Public Utility Holding Company Act of 1935, and

submits the following information:

1. Name, State of organization, location and nature of business of claimant and every subsidiary thereof, other than any exempt wholesale generator (EWG) or foreign utility company in which claimant directly or indirectly holds an interest.

(a) The Claimant. Kentucky Utilities Company (hereinafter

called "Company") is a Kentucky and Virginia corporation, and has its

principal executive office at One Quality Street, Lexington, Kentucky

40507. The Company is a public utility engaged principally in the

production and sale of electric energy. At December 31, 1994, the

Company furnished electric service to about 418,100 retail customers

in over 600 communities and adjacent suburban and rural areas,

located in 77 counties in central, southeastern and western Kentucky

and one adjoining county in Tennessee; and also sold electric energy

at wholesale in 11 municipalities, interchanged power with two

generating and transmission cooperatives and supplied at retail the

major portion of the requirements of one other municipality. The Company also supplied electric service to about 28,300 customers in about 40 communities and adjacent rural areas, located in five counties in southwestern Virginia. The territory served by the Company has an estimated population of about 1,000,000 and includes most of the "Bluegrass Region" of central Kentucky and parts of the coal mining areas in southeastern and western Kentucky and southwestern Virginia. Bituminous coal mining, automotive and related industries, the manufacture of paper and paper products and of electrical and other machinery and primary metals processing are among the principal industries in the territory served. Reference is made to the Company's Form 10-K for the year ended December 31, 1993, and Form 10-Q's for the quarters ended March 31, 1994, June 30, 1994, and September 30, 1994, for further information regarding the business of the Company.

(b) Electric Energy, Inc. The Company owns 12,400 shares of the common stock, par value $100 per share, of Electric Energy, Inc. (hereinafter called "EEI"), an Illinois corporation, constituting 20% of the outstanding voting securities of EEI. The principal executive office of EEI is located at Joppa, Illinois. EEI owns and operates a steam electric generating station having a capacity of about 1,000,000 kilowatts, located near Joppa, Illinois, and related transmission facilities, for the purpose of supplying power to a gaseous diffusion project of the Department of Energy (hereinafter called "DOE") located near Paducah, Kentucky, under a power contract with DOE expiring in 2005. The delivery commitment of EEI under its power contract with DOE is 75% of the station's annual output through

December 31, 2005, subject to reduction in certain circumstances.

Under a power supply agreement between EEI and the four sponsoring companies which own its common stock (including the Company), the Company had agreed to purchase, through 2005, a portion of the capacity of the station not sold to DOE and others. However, the Company's share of the available capacity was increased to 20% effective January 1, 1994. The Company's obligation to provide a portion of EEI's operating expenses, taxes, and certain debt service is based upon the amount of the Company's annual percentage of the EEI station capacity. At December 31, 1994 EEI had outstanding long-term indebtedness of $130,000,000.

For a description of the organization, business, financing, and properties of EEI, reference is made to the applications and declarations (and the amendments and exhibits thereto) relating to EEI heretofore filed with the Securities and Exchange Commission, under the Public Utility Holding Company Act of 1935, by EEI, the Company, and others in File Nos. 70-2540, 70-2647, 70-2973, 70-3095, 70-3120, 70-3595, and 70-3596, and to the findings, opinions, and orders of the Commission with respect thereto.

2. A brief description of the properties of claimant and each of its subsidiary public utility companies used for the generation, transmission, and distribution of electric energy for sale, or for the production, transmission, and distribution of natural or manufactured gas, indicating the location of principal generating plants, transmission lines, producing fields, gas manufacturing plants, and electric and gas distribution facilities, including all such properties which are outside the State in which claimant and its subsidiaries are organized and all transmission or pipelines which deliver or receive electric energy or gas at the borders of such State.

(a) At December 31, 1994, the Company owned and regularly operated five steam electric generating stations, two hydroelectric

generating stations and four gas/oil turbine peaking units.

The name plate ratings, effective capability and location of each of these electric generating stations is as follows:

			Nameplate Rating (KW)	Effective Capability (KW)
Steam:	Ghent	Ghent, Ky	2,226,060	2,000,000
	Green River	South Carrollton, Ky	263,636	241,000
	E.W. Brown	Burgin, Ky	739,534	661,000
	Tyrone	Tyrone, Ky	137,500	135,000
	Pineville	Four Mike, Ky	37,500	35,000
Hydro:	Dix Dam & Lock #7	Burgin, Ky	30,297	24,000
Gas/Oil Peaking:	Haefling	Lexington, Ky	62,100	59,000
	E.W. Brown	Burgin, Ky	119,000	110,000
			3,615,627	3,265,000

At December 31, 1994, the Company also owned and operated about 4,007 pole miles of transmission lines; 177 transmission substations; 472 distribution substations; about 13,183 pole miles of distribution lines located in or adjacent to the communities served by the Company, in the State of Kentucky and in a small rural area in one county in Tennessee. The Company also owned at December 31, 1994, about 245 miles of electric transmission lines serving 15 transmission substations, 54 distribution substations and about 1,013 pole miles of distribution lines located in or adjacent to the 40 communities served by it, all located in the State of Virginia.

Kentucky Utilities has major interconnection ties with the following companies:

UTILITY	LOCATION	TIE VOLTAGE
Ohio Power Company	Kenton to Hillsboro	138 kv
Kentucky Power Company	Rodburn to Morehead	69 kv
Louisville Gas & Electric	Green River Steel to Cloverport	138 kv
	Hardinsburg to Cloverport	138 kv

	Finchville to Middletown	69 kv
	Eastwood to Shelbyville	69 kv
Tennessee Valley Authority	Pocket to Phipps Bend	500 kv
	Livingston to Calvert	161 kv
	Livingston to Ky. Dam	161 kv
	Pineville to Pineville	161 kv
	KU Park to Pineville	161-69 kv
	Paducah to Ky. Dam	69 kv
	Paducah/Princeton to Ky. Dam	69 kv
East Kentucky RECC	41 ties in Kentucky	161-138-69 kv
Owensboro Municipal Utilities	Hardin County to Smith	345 kv
	Green River Steel to Smith	138 kv
	Green River Steel to Smith	69 kv
Ohio Valley Electric	Carrollton to Clifty	138 kv
Electric Energy Inc	Grahamville to C-33A	161 kv
Public Service of Indiana	Ghent to Speed	345 kv
	Ghent to Batesville	345 kv
	Ghent to Fairview	138 kv

Big Rivers Rural Elect. Coop. Hardinsburg to Hardinsburg 138 kv

Reference is made to the Company's Form 10-K for the year

ended December 31, 1993 and Form 10-Q's for the quarters ended March

31, 1994, June 30, 1994, and September 30, 1994, for additional

information with respect to the properties owned by the Company.

(b) See paragraph (b) under Item 1 above and filings with the

Securities and Exchange Commission referred to therein for a

description of the properties of EEI.

3. The following information for the last calendar year with respect to claimant and each of its subsidiary public utility companies:
(a) Number of KWH of electric energy sold (at retail or wholesale) and MCF of natural or manufactured gas distributed at retail.
(b) Number of KWH of electric energy and MCF of natural or manufactured gas distributed at retail outside of the State in which each such company is organized.
(c) Number of KWH of electric energy and MCF of natural or

manufactured gas sold at wholesale outside of the State in which each such company is organized, or at the State line.
(d) Number of KWH of electric energy and MCF of natural or manufactured gas purchased outside the State in which each such company is organized or at the State line.

The information required by this item, so far as applicable,

is included as Exhibit D. Neither the Company, nor EEI engages in

the business of selling or distributing gas.

The Company is predominantly a public utility company whose

operations as such do not extend beyond the States in which it is

organized (Kentucky and Virginia) and States contiguous thereto

(Tennessee) and, on the basis of the foregoing, is entitled to

exemption as a holding company pursuant to paragraph (2) of Section

3(a) of the Public Utility Holding Company Act of 1935 and paragraph

(a) (2) of Rule 2 of the Commission promulgated under said Act. EEI,

an Illinois corporation, owns property and operates in the State of

Illinois and supplies power to the DOE project located in Kentucky.

Reference is made to the exhibits filed herewith. In 1994, the

Company received dividends from EEI amounting to $2,720,830.31.

4. The following information for the reporting period with respect to claimant and each interest it holds directly or indirectly in an EWG or a foreign utility company, stating monetary amounts in United States dollars:
(a) Name, location, business address and description of the facilities used by the EWG or foreign utility company for the generation, transmission and distribution of electric energy for sale or for the distribution at retail of natural or manufactured gas.
(b) Name of each system company that holds an interest in such EWG or foreign utility company; and description of the interest held.
(c) Type and amount of capital invested, directly or indirectly, by the holding company claiming exemption; any direct or indirect guarantee of the security of the EWG or foreign utility company by the holding company claiming exemption; and any debt or other financial obligation for which there is recourse, directly or indirectly, to the holding company claiming exemption or another system company, other than the EWG or foreign utility company.
(d) Capitalization and earnings of the EWG or foreign utility

company during the reporting period.
(e) Identify any service, sales or construction contract(s) between the EWG or foreign utility company and a system company, and describe the services to be rendered or goods sold and fees or revenues under such agreement(s).

The Company did not hold directly or indirectly any interest

in an EWG or a foreign utility company during the reporting period

and therefore, has no information to report under this item.

* * * * * * *

In making and filing this statement, Kentucky Utilities Company specifically reserves the right to apply at any time in the future to the Securities and Exchange Commission (a) pursuant to Section 2 (a)(7) of the Public Utility Holding Company Act of 1935, for an order declaring it is not a holding company under clause (a) of said section by reason of its investment in EEI, and/or (b) for an order exempting it from the provisions of the Public Utility Holding Company Act of 1935 pursuant to Section 3(a) or any other provision of said Act or any rule or regulation of the Commission thereunder. Neither the making and filing of this statement nor anything contained herein shall constitute or be construed to be an admission that Kentucky Utilities Company is not entitled to any such order.

The above-named claimant has caused this statement to be duly executed on its behalf by its authorized officer on this 24th day of February, 1995.

KENTUCKY UTILITIES COMPANY

By /s/ John Newton
John Newton
Chairman and Chief Executive Officer

(Corporate Seal)

Attest:

/s/ George S. Brooks II
George S. Brooks II, Corporate Secretary

Names and addresses of persons to whom notices and correspondence concerning this statement should be addressed:

John T. Newton Chairman of the Board and Chief Executive Officer Kentucky Utilities Company One Quality Street Lexington, Kentucky 40507

Robert A. Yolles Jones, Day, Reavis & Pogue 77 West Wacker Chicago, Illinois 60601-1692

Exhibit A-1	Balance Sheet of Kentucky Utilities Company as of December 31, 1994.
Exhibit A-2	Statement of Income of Kentucky Utilities Company for the year 1994.
Exhibit A-3	Statement of Surplus of Kentucky Utilities Company for the year 1994.
Exhibit A-4	Balance Sheet of Electric Energy, Inc., as of December 31, 1994.
Exhibit A-5	Statement of Income and Surplus of Electric Energy, Inc., for the year 1994.
Exhibit B	Not required at this time
Exhibit C	Not applicable
Exhibit D	Statement showing sales and purchases of electric energy for the calendar year 1994 by Kentucky Utilities Company and Electric Energy, Inc.

EXHIBIT A-1

KENTUCKY UTILITIES COMPANY

BALANCE SHEET
AS OF DECEMBER 31, 1994
(in thousands of dollars)

ASSETS

UTILITY PLANT

Original Cost of Plant in Service	$ 2,238,926
Construction Work in Progress	104,385
Total	2,343,311
Less: Reserves for Depreciation	933,394
Total	1,409,917
INVESTMENTS AND FUNDS (1)	
Ohio Valley Electric Corporation	250
Property Not Used in Operations, less Accumulated Depreciation	4,485
Investment in Associated Companies	
Electric Energy, Inc.	2,244
Lexington Utilities Co.	1
Other Investments	483
Special Funds	5,882
	13,345
CURRENT ASSETS	
Cash and Cash Equivalents	28,575
Accounts Receivable Less Reserve of $457	41,502
Receivables from Associated Companies	158
Fuel, Principally Coal, at Average Cost	35,652
Materials and Supplies, at Average Cost	20,081
Prepaid Expense and Other	10,616
Accrued Utility Revenues	24,227
	160,811
DEFERRED DEBITS	34,027
	$ 1,618,100

(1) Investments and funds are stated at cost except for Electric Energy, Inc., which is stated at equity in underlying book value.

EXHIBIT A-1

KENTUCKY UTILITIES COMPANY

BALANCE SHEET
AS OF DECEMBER 31, 1994
(in thousands of dollars)

LIABILITIES & EQUITY

CAPITALIZATION

Common Stock Equity	
Common Stock	$ 308,140
Retained Earnings	256,708
Unappropriated Undistributed Subsidiary Earnings	948
Capital Stock Expense	(595)
Total Common Stock Equity	565,201
Preferred Stock	40,000
Long-Term Debt	496,012
Total Capitalization	1,101,213
CURRENT LIABILITIES	
Long-Term Debt Due Within One Year	21
Short-term Borrowings	76,300
Accounts Payable	49,517
Customers' Deposits	6,423
Accrued Taxes	9,422
Accrued Interest	7,328
Other	21,391
	170,402
DEFERRED CREDITS AND OPERATING RESERVES	
Investment Tax Credit, Being Amortized Over Twenty-Five Years	38,275
Deferred Income Taxes	214,892
Regulatory Tax Liability	60,788
Other	32,530
	346,485
	$ 1,618,100

EXHIBIT A-2

KENTUCKY UTILITIES COMPANY

STATEMENT OF INCOME
AS OF DECEMBER 31, 1994
(in thousands of dollars)

ELECTRIC OPERATING REVENUES	$ 636,652
OPERATING EXPENSES AND TAXES	
Electric Power Purchased	61,442
Fuel, Materials, Labor, etc., Used in Operations	283,366
Maintenance of Utility Plant	66,134
Provision for Depreciation	65,259
Federal and State Income Taxes	44,683
Property and Other Taxes	14,582
Total Operating Expenses and Taxes	535,466
NET OPERATING INCOME	101,186
OTHER INCOME AND DEDUCTIONS	
Allow. for Funds Used Dur. Const.	1,094
Interest and Other (Net)	6,539
Equity in Earnings of Subsidiary Companies	2,760
GROSS INCOME	111,579
INTEREST CHARGES	
Interest on Long-Term Debt	32,147
Other Interest Charges	2,411
Allowance for Borrowed Funds Used During Construction	(491)
Total Interest Charges	34,067
NET INCOME	$ 77,512

EXHIBIT A-3

KENTUCKY UTILITIES COMPANY

STATEMENT OF SURPLUS
AS OF DECEMBER 31, 1994
(in thousands of dollars)

EARNED SURPLUS

Balance December 31, 1993	$	244,429
Add:		
Net Income for 1994		77,512
Less:		
Dividends:		
Preferred Stock 4 3/4%		950
Preferred Stock 7.84%		131
Preferred Stock 6.53%		1,303
Common Stock		61,644
Preferred Stock Redemption Expense		257
		64,285
Balance December 31, 1994	$	257,656

EXHIBIT A-4

ELECTRIC ENERGY, INC.

BALANCE SHEET
AS OF DECEMBER 31, 1994
(in thousands of dollars)

ASSETS

	Unaudited
UTILITY PLANT	
Utility Plant in Service	$ 321,408
Construction Work in Progress	7,795
Total	329,203
Less: Accumulated Depreciation of Utility Plant	218,578
Total Utility Plant, Net	110,625
CURRENT ASSETS	
Cash	91
Working Funds	38
Receivables:	
Accounts Receivable	23,210
Receivables from Associated Companies	17,183
Total Receivables	40,393
Fuel Inventory	5,173
Plant Materials and Supplies Inventory	5,656
Prepayments	533
Total Current Assets	51,884
OTHER ASSETS	
Unamortized Debt Expense	723
Other Deferred Debits	27,854
Total Other Assets	28,577
Total Assets	$ 191,086

EXHIBIT A-4

ELECTRIC ENERGY, INC.

BALANCE SHEET
AS OF DECEMBER 31, 1994
(in thousands of dollars)

STOCKHOLDERS' EQUITY AND LIABILITIES

STOCKHOLDERS' EQUITY

Common Stock	$	6,200
Retained Earnings		2,634
Total Stockholders' Equity		8,834
LONG-TERM DEBT		130,000
CURRENT LIABILITIES		
Notes Payable, Bank		16,100
Accounts Payable		12,130
Accounts Payable to Sponsoring Companies		10,209
Accrued Interest		457
Dividends Payable		3,280
Accrued Taxes Other Than Income		103
Accrued Income Taxes		2,380
Total Current Liabilities		44,659
OTHER LIABILITIES		
Provision for Injuries and Damages		678
Postretirement Benefit Liability		3,151
Pension Liability		3,350
Deferred Taxes		414
Total Other Liabilities		7,593
Total Stockholders' Equity and Liabilities	$	191,086

EXHIBIT A-5

ELECTRIC ENERGY, INC.

YEAR ENDED DECEMBER 31, 1994
(in thousands of dollars)

STATEMENT OF INCOME AND SURPLUS

OPERATING INCOME	Unaudited
Operating Revenues	
Sales to Department of Energy	$ 238,689
Sales to Other Electric Utilities	62,923
Other Electric Revenues	61
Total Operating Revenues	301,673
OPERATING EXPENSES	
Purchased Power	133,883
Fuel	78,895
Operation	19,940
Maintenance	19,076
Depreciation	13,559
Income Taxes	11,087
Taxes Other Than Income Taxes	1,929
Total Operating Expenses	278,369
Income From Operations	23,304
OTHER (INCOME) AND EXPENSE	
Interest Income	(301)
Interest Expense	9,429
Other, (Net)	285
Total Other (Income) and Expense	9,413
Net Income	$ 13,891
Retained Earnings Beginning of Year	$ 2,634
Add: Net Income	13,891
Less: Dividends Declared	13,891
Retained Earnings End of Year	$ 2,634

EXHIBIT D

SALES AND PURCHASES OF ELECTRIC ENERGY

CALENDAR YEAR 1994

	Kentucky Utilities Co.		Electric Energy, Inc.	
KWH Sold (at retail or wholesale)	17,596,389,441		15,636,124,339	
KWH Distributed at retail outside of state in which organized	127,727		12,879,400,339	(a)
KWH Sold at wholesale outside of state in which organized or at state line	668,652,000	(d)		(b)
KWH Purchased outside of state in which organized or at state line	204,490,000	(c)		

(a) Represents energy sold to Paducah, Kentucky, Project of Energy Research and Development Administration.

(b) In 1994 Electric Energy, Inc., sold to Kentucky Utilities Company 1,407,415,000 kilowatt-hours of energy, which was metered at the Joppa, Illinois, Generating Station of Electric Energy, Inc., and delivered to Kentucky Utilities Company at the Paducah, Kentucky, project of the Energy Research and Development Administration.

(c) Not including the 1,407,415,000 kilowatt-hours purchased from Electric Energy, Inc., delivery of which was received in Kentucky, as stated in footnote (b) above.

(d) Not including the 1,509,479,000 kilowatt-hours sold to Electric Energy, Inc.

ARTICLE OPUR3

This schedule contains summary financial information extracted from the Balance Sheet as of December 31, 1994 and the Income Statement for the period ended December 31, 1994 and is qualified in its entirety by reference to such Form U-3A-2 Annual Report.

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1994
PERIOD END	DEC 31 1994
BOOK VALUE	PER BOOK
TOTAL ASSETS	1,618,100
TOTAL OPERATING REVENUES	636,652
NET INCOME	77,512

End of Filing

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