



Louisville Gas and Electric Company
 P. O. Box 32010
 Louisville, Kentucky 40232

July 1, 1987

Louisville Water Company
 435 South Third Street
 Louisville, Kentucky 40202

Attention: Mr. Foster S. Burba, President

Gentlemen:

On December 11, 1986, the Public Service Commission of Kentucky established a case (9781) for the purpose of determining the effects of the Tax Reform Act of 1986 on the rates of Louisville Gas and Electric Company.

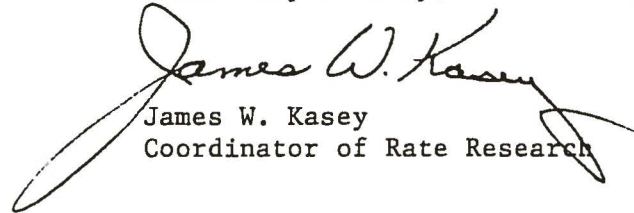
The Commission issued its Order in Case No. 9781 on June 11, 1987, prescribing a reduction of rates for electric service. The reduced rates are effective July 2, 1987, and are set forth below:

Demand Charge
 \$7.47 per Kw of billing demand per month

Energy Charge
 2.171¢ per Kwh

If you have any further questions regarding this matter, please contact me.

Yours respectfully,


 James W. Kasey
 Coordinator of Rate Research

JWK:mlg



PUBLIC SERVICE COMMISSION
 OF KENTUCKY
 EFFECTIVE

JUL 02 1987

PURSUANT TO 807 KAR 5:011,
 SECTION 9(1)

BY: 
 PUBLIC SERVICE COMMISSION MANAGER