



an eon company

Stephanie L. Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

Louisville Gas and
Electric Company
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.eon-us.com

RECEIVED

OCT 10 2008

PUBLIC SERVICE
COMMISSION

October 10, 2008

Lonnie E. Bellar
Vice President
T 502-627-4830
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lonnie.bellar@eon-us.com

Re: Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Base Rates - Case No. 2008-00252

Application of Louisville Gas and Electric Company to File Depreciation Study - Case No. 2007-00564

Dear Ms. Stumbo:

Enclosed please find and accept for filing the original and ten copies of Louisville Gas and Electric Company's Amended Response to the Commission's Staff's Third Data Request Item No. 4 in the above-referenced matters. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies.

Due to S. Bradford Rives unavailability to sign his verification page, the Company will file his verification page the week of October 13, 2008.

Should you have any questions please contact me at your convenience.

Sincerely,

Lonnie E. Bellar

cc: Parties of Record

Counsel of Record

Allyson K. Sturgeon, Senior Corporate Attorney – E.ON U.S. LLC
Kendrick R. Riggs – Stoll Keenon Ogden PLLC (Louisville Gas and Electric)
W. Duncan Crosby – Stoll Keenon Ogden PLLC (Louisville Gas and Electric)
Robert M. Watt – Stoll Keenon Ogden PLLC (Louisville Gas and Electric)
Dennis Howard II – Office of the Attorney General (AG)
Lawrence W. Cook – Office of the Attorney General (AG)
Paul D. Adams – Office of the Attorney General (AG)
Michael L. Kurtz – Boehm, Kurtz & Lowry (KIUC)
Lisa Kilkelly – Legal Aid Society, Inc. (ACM and POWER)
David C. Brown – Stites and Harbison (Kroger)
Joe F. Childers (CAK)

Consultants to the Parties

Steve Seelye – The Prime Group (E.ON U.S. LLC)
William A. Avera – FINCAP, Inc (E.ON U.S. LLC)
John Spanos – Gannett Fleming, Inc. (E.ON U.S. LLC)
Robert Henkes (AG)
Michael Majoros – Snively King Majoros O'Connor & Lee (AG)
Glenn Watkins – Technical Associates (AG)
Dr. J. Randall Woolridge – Smeal College of Business (AG)
Lane Kollen – Kennedy and Associates (KIUC)
Kevin C. Higgins – Energy Strategies, LLC (Kroger)

VERIFICATION

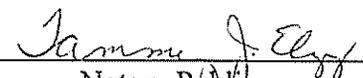
STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says that he is the Vice President, State Regulation and Rates for Louisville Gas and Electric Company, that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



LONNIE E. BELLAR

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of October, 2008.

 (SEAL)

Notary Public

My Commission Expires:

November 9, 2010

VERIFICATION

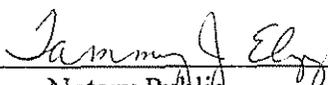
STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Valerie L. Scott**, being duly sworn, deposes and says that she is the Controller, for Louisville Gas and Electric Company, that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge and belief.



VALERIE L. SCOTT

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of October, 2008.

 (SEAL)

Notary Public

My Commission Expires:

November 9, 2010

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Amended Response to Third Data Request of Commission Staff
Dated September 24, 2008

Question No. 4

Responding Witness: S. Bradford Rives / Lonnie E. Bellar / Valerie L. Scott

- Q-4. Refer to LG&E's responses to Items 23, 24, and 91(f)(1)(c) of Staff's Second Request, all of which reference the correction of errors or changes LG&E intends to make to its original filing. Based on these corrections and adjustments, provide the revised amounts of LG&E's proposed electric and gas base rate increases.
- A-4. The summary provided below identifies the revisions necessary to correct the original application. The overall rate increase impact of these revisions is a decrease of \$950,991 (electric) and decrease of \$252,417 (gas) to LG&E's overall revenue deficiency as shown on the attached Revised Exhibit 8. The Company notes that these revisions do not include the impact of the monthly updates for cost of capital, rate case expenses, vehicle fuel costs, and bank credit facilities. These monthly update items should be finalized with the most recent data available prior to the hearing in this proceeding.

Correction Summary

The following revised exhibits are attached:

- Revised Exhibit 1, Adjustments to Operating Revenues, Operating Expenses and Net Operating Income: Corrected for revisions to Reference Schedules 1.15, 1.16, 1.17 and new Reference Schedule 1.43.
- Revised Exhibit 1, Reference Schedule 1.15, Adjustment to Reflect Increases in Labor and Labor-Related Costs: Corrected an error in the calculation of the O&M percentage ratio. See response to PSC-2 Question No. 89(a). A correction was also made to the union wage increase applied to union overtime on line 17, Revised Exhibit 1, Reference Schedule 1.15, page 2 of 4. The original calculation was made using general ledger accounting periods. The correction accurately reflects the overtime increase applied to the overtime paid by pay period.

- Revised Exhibit 1, Reference Schedule 1.16, To Adjust for Pension and Post-Retirement: Corrected an error in the calculation of the O&M percentage ratio. See response to PSC-2 Question No. 23.
- Revised Exhibit 1, Reference Schedule 1.17, Adjustment for Post-Employment Benefits: Corrected an error in the calculation of the O&M percentage ratio. See response to PSC-2 Question No. 24. In addition, errors in data collection and spreadsheet formula have been corrected.
- Revised Exhibit 1, Reference Schedule 1.43, Adjustment to Remove Other Compensation Expenses: New proposed adjustment to remove other compensation booked above-the-line that should have been below-the-line. See response to PSC-2 Question No. 91(f)(2).
- Revised Exhibit 2, Capitalization at April 30, 2008: Corrected capitalization adjustment for Investments in OVEC and Other. See response to AG-2 Question No. 1.
- Revised Exhibit 8, Calculation of Overall Revenue Deficiency/ (Sufficiency) at April 30, 2008: Corrected to reflect revisions to Exhibit 1 and Exhibit 2.

LOUISVILLE GAS AND ELECTRIC COMPANY

Adjustments to Electric and Gas Operating Revenues, Operating Expenses and Net Operating Income
For the Twelve Months Ended April 30, 2008
Revised Reference Schedules 1.15, 1.16, 1.17 and New Reference Schedule 1.43

	Electric Department			Gas Department			
	Reference Schedule (1)	Operating Revenues (2)	Operating Expenses (3)	Net Operating Income (4)	Operating Revenues (5)	Operating Expenses (6)	Net Operating Income (7)
1. Amount per books		932,384,516	787,392,382	\$144,992,134	392,391,112	373,070,824	\$19,320,288
2. Adjustments for known changes and to eliminate unrepresentative conditions:							
3. Adjustment to eliminate unbilled revenues	1.00	(785,000)	-	(785,000)	(1,203,000)	-	(1,203,000)
4. Adjustment to eliminate Merger Surcredit	1.01	19,476,242	-	19,476,242	-	-	-
5. Adjustment to eliminate Value Delivery Surcredit	1.02	7,375,580	-	7,375,580	1,903,311	-	1,903,311
6. To adjust mismatch in fuel cost recovery	1.03	(50,610,166)	(50,792,206)	182,040	-	-	-
7. To adjust base rates and FAC to reflect a full year of the FAC roll-in	1.04	31,805	-	31,805	-	-	-
8. Adjustment to eliminate Environmental Surcharge revenues and expenses	1.05	(10,158,132)	(10,942,070)	783,938	-	-	-
9. To adjust base rate revenues and expenses to reflect a full year of the ECR roll-in	1.06	1,215,475	8,811,442	(7,595,967)	-	-	-
10. Off-system sales revenue adjustment for the ECR calculation	1.07	(748,947)	-	(748,947)	-	-	-
11. To eliminate electric brokered/swap sales revenues and expenses	1.08	2,000,584	(78,168)	2,078,752	-	-	-
12. To eliminate ECR, MSR, VDT, FAC, and GSC accruals	1.09	9,763,357	-	9,763,357	(352,260)	-	(352,260)
13. To eliminate DSM revenue and expenses	1.10	(4,381,617)	(3,860,848)	(520,769)	(1,453,819)	(1,921,602)	467,783
14. To reflect weather normalized electric sales margins	1.11	(14,374,348)	(4,751,178)	(9,623,170)	-	-	-
15. Adjustment to annualize year-end customers	1.12	(764,511)	(427,934)	(336,577)	526,355	190,929	335,426
16. To adjust for customer rate switching	1.13	-	-	-	(29,168)	-	(29,168)
17. Adjustment to reflect annualized depreciation expenses under proposed rates	1.14	-	16,722,648	(16,722,648)	-	3,488,855	(3,488,855)
18. REVISED-Adjustment to reflect increases in labor and labor related costs	1.15	-	2,473,737	(2,473,737)	-	657,577	(657,577)
19. REVISED-Adjustment for pension and post retirement costs	1.16	-	683,397	(683,397)	-	181,662	(181,662)
20. REVISED-Adjustment for post-employment benefits	1.17	-	597,746	(597,746)	-	158,895	(158,895)
21. Adjustment to reflect normalized storm damage expense	1.18	-	(1,213,974)	1,213,974	-	-	-
22. Adjustment for injuries and damages FERC account 925	1.19	-	(74,301)	74,301	-	225,412	(225,412)

LOUISVILLE GAS AND ELECTRIC COMPANY

**Adjustments to Electric and Gas Operating Revenues, Operating Expenses and Net Operating Income
For the Twelve Months Ended April 30, 2008
Revised Reference Schedules 1.15, 1.16, 1.17 and New Reference Schedule 1.43**

	Electric Department			Gas Department			
	Reference Schedule (1)	Operating Revenues (2)	Operating Expenses (3)	Net Operating Income (4)	Operating Revenues (5)	Operating Expenses (6)	Net Operating Income (7)
23. Adjustment to eliminate advertising expenses pursuant to Commission Rule 807 KAR 5:016	1.20	-	(280,714)	280,714	-	(108,534)	108,534
24. Adjustment to remove amortization of ESM audit expenses	1.21	-	(10,656)	10,656	-	-	-
25. Adjustment to remove out-of-period FERC assessment fee	1.22	-	(478,156)	478,156	-	-	-
26. Adjustment for MISO Exit and Schedule 10	1.23	-	1,360,429	(1,360,429)	-	-	-
27. Adjustment for EKPC settlement charges	1.24	-	(678,288)	678,288	-	-	-
28. Adjustment to reflect reallocation of OVEC demand charges	1.25	-	(3,145,310)	3,145,310	-	-	-
29. Adjustment to remove IMEA/IMPA out of period reactive power credits	1.26	-	(330,012)	330,012	-	-	-
30. Adjustment to reflect amortization of rate case expenses	1.27	-	187,842	(187,842)	-	123,722	(123,722)
31. Adjustment for out-of-period lease expenses	1.28	-	5,394,978	(5,394,978)	-	-	-
32. Adjustment to O&M expenses for IT prepaid contracts	1.29	-	880,670	(880,670)	-	309,425	(309,425)
33. Adjustment for postage rate increase	1.30	-	38,530	(38,530)	-	13,538	(13,538)
34. Adjustment to reflect annualized vehicle fuel costs	1.31	-	158,347	(158,347)	-	55,636	(55,636)
35. Adjustment for cost of new bank credit facilities	1.32	-	1,757,267	(1,757,267)	-	617,418	(617,418)
36. To adjust property tax expense	1.33	-	1,135,572	(1,135,572)	-	-	-
37. To adjust use tax expense	1.34	-	(148,930)	148,930	-	(51,331)	51,331
38. To adjust railcar property tax expense	1.35	-	(15,013)	15,013	-	-	-
39. Adjustment to revenues and expenses to eliminate gas supply cost recoveries and gas supply expenses	1.36	-	-	-	(296,850,462)	(290,872,693)	(5,977,769)
40. Adjustment to revenues for temperature normalization	1.37	-	-	-	1,645,733	-	1,645,733
41. Adjustment to revenues for special contract for gas service to electric generation	1.38	-	-	-	4,221,720	-	4,221,720
42. NEW-Adjustment to remove other compensation expenses	1.43	-	(189,564)	189,564	-	(50,391)	50,391
43. Total of above adjustments		\$ (41,959,678)	\$ (37,214,717)	\$ (4,744,961)	\$ (291,591,590)	\$ (286,981,482)	\$ (4,610,108)

LOUISVILLE GAS AND ELECTRIC COMPANY

**Adjustments to Electric and Gas Operating Revenues, Operating Expenses and Net Operating Income
For the Twelve Months Ended April 30, 2008
Revised Reference Schedules 1.15, 1.16, 1.17 and New Reference Schedule 1.43**

	Electric Department			Gas Department			
	Reference Schedule (1)	Operating Revenues (2)	Operating Expenses (3)	Net Operating Income (4)	Operating Revenues (5)	Operating Expenses (6)	Net Operating Income (7)
44. Federal and state income taxes corresponding to above adjustments	37.646875 % 1.39		(1,786,330)	1,786,330		(1,735,562)	1,735,562
45. Federal and state income taxes corresponding to annualization and adjustment of year-end interest expense	1.40		(902,218)	902,218		(86,646)	86,646
46. Prior income tax true-ups and adjustments	1.41		2,788,245	(2,788,245)		(656,377)	656,377
47. Total adjustments		<u>(41,959,678)</u>	<u>(37,115,020)</u>	<u>(4,844,658)</u>	<u>(291,591,590)</u>	<u>(289,460,067)</u>	<u>(2,131,523)</u>
48. Adjusted Net Operating income		<u>890,424,838</u>	<u>750,277,362</u>	<u>\$ 140,147,476</u>	<u>100,799,522</u>	<u>83,610,757</u>	<u>\$ 17,188,765</u>

LOUISVILLE GAS AND ELECTRIC COMPANY

Capitalization at April 30, 2008
Revised Investments in OVEC and Other (Col 4 Page 2 of 2)

	Per Books 04-30-08 (1)	Capital Structure (2)	Reacquired Bonds (not retired) (3)	Adjusted Total Company Capitalization (Col 1 + Col 3) (4)	Rate Base Percentage (Exhibit 3 Line 24) (5)	Capitalization (Col 4 + Col 5) (6)	Adjustments to Capitalization (Col 7, Pg 2) (7)	Adjusted Capitalization (Col 6 + Col 7) (8)	Adjusted Capital Structure (9)	Annual Cost Rate (10)	Cost of Capital (Col 10 + Col 9) (11)
<u>ELECTRIC</u>											
1. Short Term Debt	\$ 158,075,200	7.25%	\$ (106,200,000)	\$ 51,875,200	79.94%	\$ 41,469,035	\$ 974,469	\$ 42,443,504	2.38%	2.63%	0.06%
2. Long Term Debt	878,104,000	40.27%	106,200,000	984,304,000	79.94%	786,852,618	18,482,168	805,334,786	45.14%	5.30%	2.39%
3. Common Equity	1,144,296,135	52.48%	.	1,144,296,135	79.94%	914,750,330	21,487,466	936,237,796	52.48%	11.25%	5.90%
4. Total Capitalization	<u>\$2,180,475,335</u>	<u>100.00%</u>	<u>\$.</u>	<u>\$2,180,475,335</u>		<u>\$1,743,071,983</u>	<u>\$ 40,944,103</u>	<u>\$1,784,016,086</u>	<u>100.00%</u>		<u>8.35%</u>
<u>GAS</u>											
1. Short Term Debt	\$ 158,075,200	7.25%	\$ (106,200,000)	\$ 51,875,200	19.47%	\$ 10,100,101	\$ 26,043	\$ 10,126,144	2.38%	2.63%	0.06%
2. Long Term Debt	878,104,000	40.27%	106,200,000	984,304,000	19.47%	191,643,989	493,947	192,137,936	45.14%	5.30%	2.39%
3. Common Equity	1,144,296,135	52.48%	.	1,144,296,135	19.47%	222,794,457	574,265	223,368,722	52.48%	11.25%	5.90%
4. Total Capitalization	<u>\$2,180,475,335</u>	<u>100.00%</u>	<u>\$.</u>	<u>\$2,180,475,335</u>		<u>\$ 424,538,547</u>	<u>\$ 1,094,255</u>	<u>\$ 425,632,802</u>	<u>100.00%</u>		<u>8.35%</u>

LOUISVILLE GAS AND ELECTRIC COMPANY

Capitalization at April 30, 2008
Revised Investments in OVEC and Other (Col 4 Page 2 of 2)

	Capitalization (Col 6, Pg 1) (1)	Capital Structure (2)	Trimble County Inventories (a) (Col 2 x Col 3 Line 4) (3)	Investments in OVEC and Other (Col 2 x Col 4 Line 4) (4)	JDIC (Col 2 x Col 5 Line 4) (5)	Advanced Coal Investment Tax Credit (Col 2 x Col 6 Line 4) (6)	Total Adjustments To Capital (7)
<u>ELECTRIC</u>							
1. Short Term Debt	\$ 41,469,035	2.38%	\$ (82,121)	\$ (14,427)	\$ 754,962	316,055	\$ 974,469
2. Long Term Debt	786,852,618	45.14%	(1,557,532)	(273,623)	14,318,900	5,994,423	18,482,168
3. Common Equity	914,750,330	52.48%	(1,810,795)	(318,116)	16,647,229	6,969,148	21,487,466
4. Total Capitalization	<u>\$1,743,071,983</u>	<u>100.00%</u>	<u>\$ (3,450,448)</u>	<u>\$ (606,166)</u>	<u>\$ 31,721,091</u>	<u>\$ 13,279,626</u>	<u>\$ 40,944,103</u>

<u>GAS</u>							
1. Short Term Debt	\$ 10,100,101	2.38%	\$ -	\$ -	\$ 26,043	\$ -	\$ 26,043
2. Long Term Debt	191,643,989	45.14%	-	-	493,947	-	493,947
3. Common Equity	222,794,457	52.48%	-	-	574,265	-	574,265
4. Total Capitalization	<u>\$ 424,538,547</u>	<u>100.00%</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,094,255</u>	<u>\$ -</u>	<u>\$ 1,094,255</u>

(a) Trimble County Inventories @ April 30, 2008	Electric
Stores	\$ 4,495,274
Stores Expense	763,517
Coal	8,126,704
Limestone	71,816
Fuel Oil	342,278
Emission Allowances	2,203
Total Trimble County Inventories	\$13,801,792
Multiplied by Disallowed Portion	25.00%
Trimble County Inv. Disallowed	<u>\$ 3,450,448</u>

Revised Exhibit 8
Sponsoring Witness: Rives
Page 1 of 2

LOUISVILLE GAS AND ELECTRIC COMPANY

Calculation of Overall Revenue Deficiency/(Sufficiency) at April 30, 2008

	ORIGINAL ELECTRIC (1)	REVISED ELECTRIC (2)	DIFFERENCE ELECTRIC (3) (2) - (1)
1 Adjusted Electric Capitalization (Exhibit 2, Col 8)	\$ 1,784,027.966	\$ 1,784,016,086	\$ (11,880)
2 Total Cost of Capital (Exhibit 2, Col 11)	8.35%	8.35%	0.00%
3 Net Operating Income Found Reasonable (Line 1 x Line 2)	\$ 148,966,335	\$ 148,965,343	\$ (992)
4 Pro-forma Net Operating Income	139,557,493	140,147,476	589,983
5 Net Operating Income Deficiency/(Sufficiency)	\$ 9,408,842	\$ 8,817,867	\$ (590,975)
6 Gross Up Revenue Factor - Exhibit 1, Reference Schedule 1 42	0.62143063	0.62143063	-
7 Overall Revenue Deficiency/(Sufficiency)	<u>\$ 15,140,615</u>	<u>\$ 14,189,624</u>	<u>\$ (950,991)</u>

Revised Exhibit 8
Sponsoring Witness: Rives
Page 2 of 2

LOUISVILLE GAS AND ELECTRIC COMPANY

Calculation of Overall Revenue Deficiency/(Sufficiency) at April 30, 2008

	ORIGINAL GAS (1)	REVISED GAS (2)	DIFFERENCE GAS (3) (2) - (1)
1 Adjusted Gas Capitalization (Exhibit 2, Col 8)	\$ 425,632,802	\$ 425,632,802	\$ -
2 Total Cost of Capital (Exhibit 2, Col 11)	8.35%	8.35%	0.00%
3 Net Operating Income Found Reasonable (Line 1 x Line 2)	\$ 35,540,339	\$ 35,540,339	\$ -
4 Pro-forma Net Operating Income	17,031,905	17,188,765	156,860
5 Net Operating Income Deficiency/(Sufficiency)	\$ 18,508,434	\$ 18,351,574	\$ (156,860)
6 Gross Up Revenue Factor - Exhibit 1. Reference Schedule 1 42	0 62143063	0 62143063	-
7 Overall Revenue Deficiency/(Sufficiency)	<u>\$ 29,783,588</u>	<u>\$ 29,531,171</u>	<u>\$ (252,417)</u>

Revised Exhibit 1
 Reference Schedule 1.15
 Sponsoring Witness: Scott
 Page 1 of 4

LOUISVILLE GAS AND ELECTRIC COMPANY

Revised
 Adjustment to Reflect Increases in Labor and Labor-Related Costs
As Applied to the Twelve Months Ended April 30, 2008

	Electric (1)	Gas (2)	Total (3)
1. Wages (Page 2)	\$ 2,080,192	\$ 552,963	\$ 2,633,155
2. Payroll Taxes (Page 3)	156,942	41,719	198,661
3. 401(k) (Page 4)	236,603	62,895	299,498
4. Total	<u>\$ 2,473,737</u>	<u>\$ 657,577</u>	<u>\$ 3,131,314</u>

Revised Exhibit 1
Reference Schedule 1.15
Sponsoring Witness: Scott
Page 2 of 4

LOUISVILLE GAS AND ELECTRIC COMPANY

**Revised
Adjustment to Reflect Increases in Labor and Labor-Related Costs
As Applied to the Twelve Months Ended April 30, 2008**

	Operating	Construction/ Other	Total
1. Labor for 12 months ended April 30, 2008:			
2. Base	\$ 69,431,910	\$ 20,831,854	\$ 90,263,764
3. Overtime and Premium	9,478,680	2,318,848	11,797,528
4. TIA	7,840,288	2,237,269	10,077,557
5. Total Labor	\$ 86,750,878	\$ 25,387,971	\$ 112,138,849
6. Total Operating and Construction/Other %	77.4%	22.6%	100.0%
7. Total labor Excluding TIA	\$ 78,910,590	\$ 23,150,702	\$ 102,061,292
8. Total Operating and Construction/Other %	77.3%	22.7%	100.0%
9. Annualized base labor at April 30, 2008:		<u>Employees</u>	
10. Union		665	\$ 38,582,482
11. Exempt LGE		212	18,075,790
12. Non-Exempt LGE		87	3,772,476
13. Exempt SERVCO (allocated to LGE)	(42.1% of total)	331	28,923,371
14. Non-Exempt SERVCO (allocated to LGE)	(42.1% of total)	<u>102</u>	4,148,040
15. Total Annualized Labor		1,397	93,502,159
16. Union overtime/premiums (a)			11,208,266
17. Union wage increase applied to union overtime (05/1/07 - 11/4/07 OT labor x 3.5%)			175,946
18. Non-Exempt/SERVCO overtime/premiums (a)			589,263
19. Wage increase applied to non-exempt/SERVCO overtime (05/07 - 02/08 OT labor x 3.5%)			14,334
20. Total Annualized Labor			<u>\$ 105,489,968</u>
21. Operating Labor for 12 months ended April 30, 2008			\$ 78,910,590
22. Operating Labor based on annualized labor	\$ 105,489,968	x	77.3%
			81,543,745
23. Labor Adjustment Total			<u>\$ 2,633,155</u>
24. Electric Department (a)		79%	\$ 2,080,192
25. Gas Department (a)		21%	552,963
26. Total			<u>\$ 2,633,155</u>

(a) Represents actual numbers taken from the Company's financial records for the 12 months ended April 30, 2008.

LOUISVILLE GAS AND ELECTRIC COMPANY

Revised
Adjustments to Reflect Increases in Payroll Taxes
As Applied to the Twelve Months Ended April 30, 2008

1. Operating Labor increase (Page 2 Line 23)		\$ 2,633,155
2. Percentage of wages that do not exceed Social Security (OASDI) limit		<u>98.30%</u>
3. Operating Labor increase subject to Social Security tax		<u>\$ 2,588,391</u>
4. Medicare Tax (Line 1 x 1.45%)		\$ 38,181
5. Social Security Tax (Line 3 x 6.2%)		<u>160,480</u>
6. Payroll Tax adjustment		<u>\$ 198,661</u>
7. Electric Department	79%	\$ 156,942
8. Gas Department	21%	<u>41,719</u>
9. Total		<u>\$ 198,661</u>

LOUISVILLE GAS AND ELECTRIC COMPANY

Revised

**Adjustment to Reflect Increases in Company Match of 401(k)
As Applied to the Twelve Months Ended April 30, 2008**

1. Direct total payroll for 12 months ended 04/30/08 (Page 2 Line 5)		\$ 112,138,849
2. Total 401(k) Company Match for 12 months ended 04/30/08		<u>\$ 3,456,722</u>
3. 401(k) Company Match as a percent of payroll		3.08%
4. Operating Labor increase (Page 2 Line 23)		<u>2,633,155</u>
5. 401(k) Company Match operating increase (Line 3 x Line 4)		\$ 81,101
6. 401(k) Company Match increase from 60% to 70% (May 2007 - October 2007)		<u>\$ 218,397</u>
7. Total 401(k) Company Match operating increase		<u><u>\$ 299,498</u></u>
8. Electric Department	79%	\$ 236,603
9. Gas Department	21%	<u>62,895</u>
10. Total		<u><u>\$ 299,498</u></u>

LOUISVILLE GAS AND ELECTRIC COMPANY

**Revised
To Adjust for Pension and Post Retirement
For the Twelve Months Ended April 30, 2008**

	<u>Pension</u>	<u>Post Retirement</u>	<u>Total</u>	<u>Proforma per Filing</u>	<u>Difference</u>
1. Pension and Post Retirement expenses in test year	\$ 7,293,474	\$ 6,819,918	\$ 14,113,392		
2. Pension and Post Retirement expenses annualized for 2008 Mercer Study	<u>7,919,735</u>	<u>7,058,716</u>	<u>14,978,451</u>		
3. Total adjustment (Line 2 - Line 1)	<u>\$ 626,261</u>	<u>\$ 238,798</u>	<u>\$ 865,059</u>	<u>\$ 1,431,731</u>	<u>\$ (566,672)</u>
4. Electric Department (a) 79%			\$ 683,397	\$ 1,131,067	\$ (447,670)
5. Gas Department (a) 21%			<u>181,662</u>	<u>300,664</u>	<u>(119,002)</u>
6. Total Adjustment			<u>\$ 865,059</u>	<u>\$ 1,431,731</u>	<u>\$ (566,672)</u>

(a) Percentages taken from Reference Schedule 1.15

LOUISVILLE GAS AND ELECTRIC COMPANY

**Revised
Adjustment for Post-Employment Benefits
For the Twelve Months Ended April 30, 2008**

	Proforma per Filing	Revised Amount	3rd Revision Amount	Difference Original less 3rd Rev.
1. Post-Employment Benefits expenses in test year	\$ (248,729)	\$ (248,729)	\$ (248,729)	\$ -
2. Post-Employment expenses per 2008 Mercer Study	535,585	508,682	507,912	27,673
3. Total adjustment (Line 2 - Line 1)	<u>\$ 784,314</u>	<u>\$ 757,411</u>	<u>\$ 756,641</u>	<u>\$ 27,673</u>
4. Electric Department (a) 79%	\$ 619,608	\$ 598,355	\$ 597,746	\$ 21,862
5. Gas Department (a) 21%	164,706	159,056	158,895	5,811
6. Total Adjustment	<u>\$ 784,314</u>	<u>\$ 757,411</u>	<u>\$ 756,641</u>	<u>\$ 27,673</u>

(a) Percentages taken from Reference Schedule 1.15

The third revision occurred as a result of the detection of a data collection error and a spreadsheet formula error:

1. The data query used to populate the worksheet on the original PSC filing and the PSC-2 Question No. 24 included all companies charging LG&E under the worksheet column "LG&E". This column should reflect only LG&E employees charging LG&E.
2. Due to an error in the layout of a supporting schedule, there were a few "below the line" accounts included in O&M expenses for FAS 112 that should not have been included. The third revision reflects the removal of these accounts for both the "LG&E" and "Servco" columns.

Revised Exhibit 1
Reference Schedule 1.43
Sponsoring Witness: Bellar

LOUISVILLE GAS AND ELECTRIC COMPANY

Adjustment to Remove Other Compensation Expenses
For the Twelve Months Ended April 30, 2008

		<u>Total</u>
1. Other Compensation expenses in test year		<u>\$ 239,955</u>
2. Total adjustment		<u>\$ (239,955)</u>
3. Electric Department (a)	79%	<u>\$ (189,564)</u>
4. Gas Department (a)	21%	<u>(50,391)</u>
5. Total Adjustment		<u>\$ (239,955)</u>

(a) Percentages taken from Reference Schedule I 15