



a PPL company

Jeff DeRouen, Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
Frankfort, Kentucky 40602

October 30, 2015

**RE: *Louisville Gas and Electric Company -
Gas Line Tracker for 2016***

RECEIVED

OCT 30 2015

PUBLIC SERVICE
COMMISSION

Case No. 2015-00360

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

Robert M. Conroy
Director - Rates
T 502-627-3324
F 502-627-3213
robert.conroy@lge-ku.com

Dear Mr. DeRouen:

Louisville Gas and Electric Company (“LG&E” or the “Company”), pursuant to its Gas Line Tracker (“GLT”) Adjustment Clause approved by the Commission on December 20, 2012¹, files herewith an Application for approval of revised sheets of its Tariff P.S.C. Gas No. 10, First Revision of Original Sheet No. 84 setting forth GLT charges as presented below.

RGS - Residential Gas Service	\$ 4.84
VFD - Volunteer Fire Department Service	\$ 4.84
CGS - Commercial Gas Service	\$ 25.84
IGS - Industrial Gas Service	\$ 244.82
AAGS - As-Available Gas Service	\$ 2,685.39
DGGS - Distributed Generation Gas Service	\$ 0.00

Also, enclosed in Exhibits A through F are the calculations and supporting documentation of the GLT charges proposed to become effective with LG&E’s first billing cycle for January, 2016. In addition to updating its projected

¹ Case No. 2012-00222, In the Matter of: *Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates, a Certificate of Public Convenience and Necessity, Approval of Ownership of Gas Service Lines and Risers, and a Gas Line Surcharge*, Order dated December 20, 2012.

Jeff DeRouen, Executive Director
Public Service Commission of Kentucky
October 30, 2015

program costs for 2016, LG&E is also proposing to include a new program in the GLT mechanism, the replacement of Aldyl-A pipe within the LG&E gas distribution system. A more detailed description of the program is included in the Company's Application.

We respectfully request your acceptance of this filing for implementation with the first billing cycle for January, 2016.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. M. Conroy", with a large flourish at the end.

Robert M. Conroy

Enclosures

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OCT 30 2015

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR APPROVAL OF)
REVISED RATES TO BE RECOVERED)
THROUGH ITS GAS LINE TRACKER)
BEGINNING WITH THE FIRST BILLING)
CYCLE FOR JANUARY, 2016)

CASE NO. 2015- 00360

APPLICATION

Louisville Gas and Electric Company (“LG&E” or the “Company”) hereby requests, pursuant to the Commission’s Orders in Case Nos. 2012-00222¹ and 2015-00071², that the Commission issue an order approving its revised rates for its Gas Line Tracker Adjustment Clause (“GLT”) effective with the first billing cycle for January, 2016. In support of this Application, the Company states as follows:

1. LG&E’s full name is Louisville Gas and Electric Company. LG&E’s post office address is 220 W. Main Street, Louisville, KY 40202. LG&E may be reached by electronic mail at the electronic mail address of its counsel set forth below. LG&E was incorporated in Kentucky on July 2, 1913. LG&E attests that it is in good standing in Kentucky. LG&E is a utility as defined by KRS 278.010(3)(a) and (b) and as of September 30, 2015, provides retail gas service to approximately 320,000 customers in seventeen counties in Kentucky.

¹ *In the Matter of: Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates, a Certificate of Public Convenience and Necessity, Approval of Ownership of Gas Service Lines and Risers, and a Gas Line Surcharge*, Case No. 2012-00222, Order of December 20, 2012.

² *In the Matter of: Application of Louisville Gas and Electric Company for approval of Revised Rates to be Recovered through its Gas Line Tracker Beginning with the First Billing Cycle for May 2015*, Case No. 2015-00071, Order of March 30 2015.

2. In this filing, LG&E is submitting a tariff filing, a copy of which is attached hereto as Exhibit 1, setting forth revised rates for its GLT Adjustment Clause. The Commission's Order in Case No. 2012-00222 approved the GLT program and associated rates. Subsequently, LG&E filed its original GLT tariff on January 31, 2013, with an effective date of January 1, 2013. LG&E made an October 31, 2013 filing proposing revised rates effective December 31, 2013. On December 13, 2013, the Commission approved revised GLT rates for service rendered by LG&E on and after December 31, 2013. Following the filing of revised GLT rates on February 28, 2014, the Commission approved a revised GLT tariff filing effective April 29, 2014. LG&E's next filing was its forecasted 2015 costs, filed on October 31, 2014, which also included a request to include property taxes in the GLT factor. On December 16, 2014 the Commission approved the revised GLT rates for service rendered on or after December 31, 2014 and the requested tariff modification. LG&E's most recent filing was its filing on February 27, 2015, revised on March 13, 2015, submitted in order to revise its rates which the Commission approved on March 30, 2015.³

3. LG&E proposes to change its GLT charges to the rates presented below:

RGS - Residential Gas Service	\$4.84
VFD - Volunteer Fire Department Service	\$ 4.84
CGS - Commercial Gas Service	\$ 25.84
IGS - Industrial Gas Service	\$ 244.82
AAGS - As-Available Gas Service	\$ 2,685.39
DGGS - Distributed Generation Gas Service	\$ 0.00

4. LG&E's calculations and supporting documentation of the GLT charges proposed to become effective with LG&E's first billing cycle in January 2016 are attached hereto as Exhibit 2. In addition to updating its projected program costs for 2016, LG&E is also modifying its

³ Id.

calculation of the GLT rate base to reflect investments made in 2015. Consistent with the Company's original GLT update filing, LG&E has calculated the GLT rate base on the basis of a 13-month average.

5. LG&E is proposing to add a new program, the Aldyl-A Piping Replacement Program, to the current GLT mechanism. Industry and regulatory agencies have determined issues related to this material and LG&E has taken measures to manage the risk associated with its inventory of Aldyl-A pipe appropriately over time. Aldyl-A is a trademarked name given to a piping product line manufactured by DuPont Chemical Company between 1965 and 1991. This material is a forerunner to the current plastic pipe used today. Over time DuPont determined that the material in this piping was susceptible to a phenomenon known as Low Ductility Inner Wall ("LDIW") Characteristics. More specifically, the inner wall of the piping with LDIW becomes brittle, which leads to an accelerated crack formation known as Slow Crack Growth ("SCG"). SCG from LDIW can be further accelerated by some common factors such as rock impingement, soil settlement, frost heave, squeezing off for operational activities, or other variables typically found in the field of operations.

Several significant incidents have occurred in the gas industry on Aldyl-A piping where LDIW was determined to be the primary cause of failure:

1. An incident in Waterloo, Iowa in 1994 occurred when a service failed from Slow Crack Growth, causing a tavern to explode, resulting in 6 fatalities and 7 additional injuries.
2. An incident in San Juan, Puerto Rico in 1996 in a 6-story office building resulted in 33 fatalities and 69 injuries. The failed pipeline transported propane mixed gas to a nearby restaurant. The failure was due to Slow Crack growth.

3. Two incidents in 2011 occurred only 6 weeks apart in the PG&E system in California, directly related to Slow Crack Growth leaks on their Aldyl-A piping. No fatalities occurred, but significant property damage was sustained in both incidents.

In response to these incidents, both the National Transportation Safety Board (“NTSB”) and the Pipeline and Hazardous Materials Safety Administration (“PHMSA”) conducted studies and released multiple safety advisories describing the risks associated with Aldyl-A piping.⁴ This material is identified by the manufacturer, government agencies, and the industry as a high-risk material due to the potential for failures to occur from the LDIW characteristics.

Several utilities are now undertaking pipeline replacement initiatives aimed at replacing their Aldyl-A piping. Aldyl-A replacement programs are very similar in nature to replacement programs that target cast iron, wrought iron, and bare steel piping. Some utilities with significant Aldyl-A pipe inventory in their system are using accelerated, large scale programs to replace it.

LG&E has identified 13.7 miles of Aldyl-A mains and 1,152 Aldyl-A services on its gas distribution system, which exist in isolated pockets scattered throughout its service territory. Some of the Aldyl-A piping is being replaced in connection with other projects, thereby reducing the targeted pipe to only 11.5 miles of main and 1,126 services. The relatively small amount of Aldyl-A piping in the system allows for a manageable replacement program, removing associated risks from this material from the LG&E system.

⁴ ADB-07-01 Updated Notification of the Susceptibility to Premature Brittle-Like Cracking of Older Plastic Pipe – Issued 9/6/2007.
ADB-02-07 Notification of the Susceptibility to Premature Brittle-Like Cracking of Older Plastic Pipe; Notice; correction – Issued 12/3/2002.
ADB-99-01 Potential failures due to cracking of plastic pipe manufactured by Century Utility Products, Inc. – Issued 9/1/1999.
ADB-99-02 Potential failures due to cracking of plastic pipe in natural gas systems – 10/1/1999.

LG&E is proposing to replace the balance of these facilities through an Aldyl-A Replacement Program. This targeted pipe would be replaced over a two-year period, from 2016 to 2017. The associated work would follow the same process as LG&E's Large Scale Main Replacement program, which was planned and proposed in four phases:

- Phase 1 will consist of new main installation.
- Phase 2 will consist of new gas service installation.
- Phase 3 will consist of retirement of the Aldyl-A piping.
- Phase 4 will consist of permanent restoration.

The current structure in place to manage and execute the existing main replacement program approved through the GLT mechanism would be utilized to efficiently manage and execute the proposed Aldyl-A replacement program.

Upon program approval, affected customers would be notified via mailing about upcoming work. Door tag notifications would then be distributed immediately prior to both phase 1 and phase 2 work. Direct contact would be made with customers during phase 2 work to review the impact to the property, and if necessary, schedule the service outage.

LG&E estimates the cost of this program will be \$7.6 million in capital expenditures. The Company anticipates spending approximately \$3.6 million in 2016; the rest of the budgeted amount, which includes a 10% contingency, would be spent in 2017. The Company can incorporate the proposed Aldyl-A program into the GLT mechanism with little effect on customers. Compared to the customer charges proposed when the Commission originally

approved the GLT mechanism, some customers should experience a lower charge than expected for 2016.⁵

WHEREFORE, Louisville Gas and Electric Company respectfully requests the Commission to enter an order approving the revised rates for its GLT mechanism effective with the first billing cycle for January, 2016.

Dated: October 20, 2015

Respectfully submitted,



Allyson K. Sturgeon
Senior Corporate Attorney
LG&E and KU Energy LLC
220 West Main Street
Louisville, KY 40202
Telephone: (502) 627-2088
Fax: (502)627-3367
Allyson.sturgeon@lge-ku.com

Counsel for Louisville Gas and Electric Company

⁵ *In the Matter of: Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates, a Certificate of Public Convenience and Necessity, Approval of Ownership of Gas Service Lines and Risers, and a Gas Line Surcharge, Order of December 20, 2012.*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Application was served on the following persons on the 30 day of October, 2015, U.S. mail, postage prepaid:

Lawrence W. Cook
Assistant Attorney General
Office of the Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204


Counsel for Louisville Gas and Electric
Company

EXHIBIT 1

Louisville Gas and Electric Company

P.S.C. Gas No. 10, First Revision of Original Sheet No. 84
Canceling P.S.C. Gas No. 10, Original Sheet No. 84

Adjustment Clause

GLT Gas Line Tracker

APPLICABLE

Applicable to all customers receiving service under the Company's Rate Schedules RGS, VFD, CGS, IGS, AAGS, and DGGS.

CALCULATION OF THE GAS LINE TRACKER REVENUE REQUIREMENT

The GLT Revenue Requirement includes the following:

- a. GLT related Plant In-Service not included in base gas rates minus the associated GLT related accumulated depreciation and accumulated deferred income taxes;
- b. Retirement and removal of plant related to GLT construction;
- c. The rate of return on the net rate base is the overall rate of return on capital authorized in the Company's latest base gas rate case, grossed up for federal and state income taxes;
- d. Depreciation expense on the GLT-related Plant In-Service less retirement and removals; and
- e. Incremental Operation and Maintenance
- f. Property Taxes

GLT PROGRAM FACTORS

All customers receiving service under rate schedules RGS, VFD, CGS, IGS, AAGS, and DGGS shall be assessed an adjustment to their applicable rate schedule that will enable the Company to recover the costs associated with the GLT program. After the Company replaces a gas service riser or a gas service line under this program, it will assume ownership and responsibility for the plant and equipment. The allocation of the program cost to customers will be in proportion to their relative base revenue share approved in Case No. 2014-00372.

A filing to update the projected program costs will be submitted annually at least two (2) months prior to the beginning of the effective period. The filing will reflect the anticipated impact on the Company's revenue requirements of net plant additions expected during the upcoming year. After the completion of a plan year, the Company will submit a balancing adjustment to true up the actual costs with the projected program costs for the preceding year. Such adjustment to the GLT will become effective with the first billing cycle on or after the effective date of such change.

GLT RATES

The charges for the respective gas service schedules are:

RGS – Residential Gas Service	\$ 4.84	I
VFD – Volunteer Fire Department Service	\$ 4.84	I
CGS – Commercial Gas Service	\$ 25.84	I
IGS – Industrial Gas Service	\$ 244.82	I
AAGS – As-Available Gas Service	\$ 2,685.39	I
DGGS – Distributed Generation Gas Service	\$ 0.00	

DATE OF ISSUE: October 30, 2015

DATE EFFECTIVE: December 31, 2015

ISSUED BY: /s/ Edwin R. Staton, Vice President
State Regulation and Rates
Louisville, Kentucky

EXHIBIT 2

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
CLASS ALLOCATION AND BILL IMPACT**

Line No.	Rate Schedule	Total Forecasted Revenue in Case No. 2014-00372	Allocation Percent	Revenue Requirement	Number of Bills	Year 2016	Year 2014	Net
						Monthly Rate Per Bill	Over-Recovery Trueup Monthly Rate Per Bill	Monthly Rate Reflecting Trueup
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2016								
1	Residential Gas Service - Rate RGS	\$224,938,107	67.44%	\$17,235,938	3,535,390	\$4.88	(\$0.04)	\$4.84
2	Commercial Gas Service - Rate CGS	\$96,486,702	28.93%	\$7,393,317	284,365	\$26.00	(\$0.16)	\$25.84
3	Industrial Gas Service - Rate IGS	\$9,700,703	2.91%	\$743,319	3,019	\$246.21	(\$1.40)	\$244.82
4	As-Available Gas Service - Rate AAGS	\$2,425,098	0.73%	\$185,824	69	\$2,693.10	(\$7.71)	\$2,685.39
5	Distributed Generation Gas Service - Rate DGGS	\$0	0.00%	\$0.00	-	\$0.00	\$0.00	\$0.00
6	Total	<u>\$333,550,610</u>	<u>100.00%</u>	<u>\$ 25,558,398</u>	<u>3,822,843</u>			

Note: Rate Schedule VFD is included in Rate RGS

Line No.	Rate Schedule	Total Revenue for YE 3/31/12 in Case No. 2012- 00222	Allocation Percent	Revenue Requirement	Number of Bills	Year 2014
						Over-Recovery Trueup Monthly Rate Per Bill
2014 - (Over)/Under recovery						
1	Residential Gas Service - Rate RGS	\$157,968,420	69.65%	(\$122,990)	3,492,362	(\$0.04)
2	Commercial Gas Service - Rate CGS	\$62,664,972	27.63%	(\$48,789)	308,576	(\$0.16)
3	Industrial Gas Service - Rate IGS	\$4,668,469	2.06%	(\$3,635)	2,599	(\$1.40)
4	As-Available Gas Service - Rate AAGS	\$1,505,655	0.66%	(\$1,172)	152	(\$7.71)
5	Distributed Generation Gas Service - Rate DGGS	\$0	0.00%	\$0.00	-	\$0.00
6	Total	<u>\$226,807,515</u>	<u>100.00%</u>	<u>\$ (176,586)</u>	<u>3,803,689</u>	

Note: Rate Schedule VFD is included in Rate RGS

LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
REVENUE REQUIREMENT

Line No.	Description (1)	2015 December (2)	2016 January (3)	2016 February (4)	2016 March (5)	2016 April (6)	2016 May (7)	2016 June (8)	2016 July (9)	2016 August (10)	2016 September (11)	2016 October (12)	2016 November (13)	2016 December (14)	2016 Year (a) (15)
Rate Base															
1	Gas Plant Investment	153,402,121	157,873,040	162,673,680	167,552,101	172,347,240	177,326,849	182,321,630	187,253,011	192,330,364	197,334,548	201,940,088	203,137,537	207,479,281	181,767,038
2	Cost of Removal	3,567,967	3,668,739	3,773,378	3,882,103	3,981,746	4,089,022	4,199,629	4,299,814	4,409,507	4,521,289	4,622,775	4,731,038	4,841,678	4,199,130
3	Accumulated Depreciation Reserve	(1,702,292)	(2,142,471)	(2,593,852)	(3,056,965)	(3,531,803)	(4,018,520)	(4,517,415)	(5,028,394)	(5,551,569)	(6,087,057)	(6,634,158)	(5,399,027)	(5,967,891)	(4,325,493)
4	Net Gas Plant	155,267,796	159,399,307	163,853,206	168,377,240	172,797,184	177,397,350	182,003,845	186,524,431	191,188,302	195,768,780	199,928,705	202,469,547	206,353,068	181,640,674
5	Accumulated Deferred Taxes	(21,057,378)	(21,659,214)	(22,305,810)	(22,961,213)	(23,600,966)	(24,252,092)	(24,899,240)	(25,530,224)	(26,179,127)	(26,814,024)	(27,437,933)	(27,821,320)	(28,363,450)	(24,837,076)
6	Net Rate Base	134,210,418	137,740,093	141,547,396	145,416,027	149,196,217	153,145,258	157,104,605	160,994,207	165,009,175	168,954,756	172,490,772	174,648,227	177,989,618	156,803,598
7	Rate of Return	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	10.44%
8	Return on Net Rate Base	1,168,165	1,198,888	1,232,026	1,265,699	1,298,602	1,332,974	1,367,436	1,401,291	1,436,237	1,470,580	1,501,357	1,520,135	1,549,219	16,377,792
Operating Expenses															
9	Depreciation	395,259	404,390	415,592	427,324	439,049	450,929	463,106	475,190	487,387	499,699	511,313	516,985	522,414	5,613,378
10	Incremental Operation & Maintenance	115,144	110,017	111,658	115,266	112,285	115,192	123,115	116,388	130,031	124,478	120,776	122,583	117,915	1,419,707
11	Property Taxes	106,049	178,960	178,960	178,960	178,960	178,960	178,960	178,960	178,960	178,960	178,960	178,960	178,960	2,147,520
12	Total Operating Expenses	616,452	693,368	706,210	721,551	730,294	745,081	765,181	770,539	796,378	803,137	811,049	818,529	819,289	9,180,606
13	Total Revenue Requirement	1,784,617	1,892,255	1,938,237	1,987,249	2,028,896	2,078,055	2,132,617	2,171,830	2,232,615	2,273,717	2,312,406	2,338,664	2,368,508	25,558,398

(a) 2016 Year Rate Base amounts based upon thirteen-month average (December 2015 - December 2016).

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
RATE OF RETURN**

Line No.	<u>Capital Structure</u> (1)	<u>Ratio</u> (2)	<u>Cost</u> (3)	<u>Weighted Cost</u> (4)	<u>Tax Gross-up @ 38.9%</u> (5)	<u>Rate of Return Adjusted for Income Taxes</u> (6)
1	Short term debt	4.47%	0.90%	0.04%		0.04%
2	Long term debt	42.77%	4.14%	1.77%		1.77%
3	Common equity	<u>52.75%</u>	10.00%	<u>5.28%</u>	<u>3.36%</u>	<u>8.63%</u>
4	Total	100.00%		7.09%	3.36%	10.44%

Note: Capital structure and cost rates pursuant to Case No. 2014-00372

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
CAPITAL AND OPERATING COSTS**

Line No.	Description	TOTAL 2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(1)	(2)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	Main Capex	\$26,595,712	\$2,108,651	\$2,236,453	\$2,251,133	\$2,234,155	\$2,257,846	\$2,257,595	\$2,277,615	\$2,281,171	\$2,276,569	\$2,221,949	\$2,188,439	\$2,004,136
2	Service Line Capex	\$2,050,716	\$164,314	\$165,860	\$166,827	\$170,972	\$173,636	\$180,269	\$158,908	\$185,597	\$174,120	\$172,729	\$171,977	\$165,506
3	Riser Capex	\$23,520,066	\$1,759,050	\$1,979,920	\$2,017,888	\$1,976,136	\$2,108,256	\$2,110,078	\$2,077,619	\$2,132,203	\$2,095,007	\$1,763,077	\$1,753,222	\$1,747,611
4	Customer Service Capex	\$5,286,226	\$438,904	\$418,407	\$442,574	\$413,876	\$439,869	\$446,839	\$417,239	\$478,382	\$458,488	\$447,785	\$459,371	\$424,492
5	Gas Plant Investment	\$57,452,720	\$4,470,918	\$4,800,640	\$4,878,422	\$4,795,139	\$4,979,608	\$4,994,782	\$4,931,381	\$5,077,353	\$5,004,184	\$4,605,540	\$4,573,009	\$4,341,745
6	Main Retirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Service Line Retirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Riser Retirements	(\$3,375,560)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,375,560)	\$0
9	Total Retirements	(\$3,375,560)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,375,560)	\$0
10	Reserve Retirements	(\$1,793,236)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,793,236)	\$0
11	Main Cost of Removal	\$921,174	\$71,840	\$76,475	\$79,951	\$71,840	\$78,792	\$81,110	\$71,840	\$77,634	\$81,110	\$71,840	\$77,634	\$81,110
12	Service Line Cost of Removal	\$352,536	\$28,932	\$28,164	\$28,774	\$27,802	\$28,484	\$29,498	\$28,344	\$32,060	\$30,672	\$29,647	\$30,629	\$29,530
13	Riser Cost of Removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Cost of Removal	\$1,273,711	\$100,772	\$104,639	\$108,725	\$99,642	\$107,276	\$110,608	\$100,184	\$109,694	\$111,781	\$101,487	\$108,263	\$110,639
15	Incremental Operation & Maintenance	\$1,419,707	\$110,017	\$111,658	\$115,266	\$112,285	\$115,192	\$123,115	\$116,388	\$130,031	\$124,478	\$120,776	\$122,583	\$117,915
16	Property Taxes	\$2,147,520	\$178,960	\$178,960	\$178,960	\$178,960	\$178,960	\$178,960	\$178,960	\$178,960	\$178,960	\$178,960	\$178,960	\$178,960

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
JANUARY 2016 BOOK DEPRECIATION**

<u>Line No.</u>	<u>Description</u> (1)	<u>Account No.</u> (2)	<u>January Beginning Plant Balance</u> (3)	<u>Monthly Depr Rates</u> (4)	<u>January Depr on Beginning Balance</u> (5)=(3)*(4)	<u>January Additions and Retirements</u> (6)	<u>Current Month Depr on Adds/Ret</u> (7)=(4)*(6)*50%	<u>Current Month Book Depreciation</u> (8)=(5)+(7)	<u>January Ending Plant Balance</u> (9)=(6)+(3)
<u>Additions</u>									
1	Mains	376	54,857,154	0.16%	86,400	2,108,651	1,661	88,061	56,965,805
2	Services-Lines	380	6,029,577	0.32%	19,043	164,314	259	19,303	6,193,891
3	Services-Risers	380	62,236,470	0.32%	196,564	1,759,050	2,778	199,341	63,995,520
4	Services-Customer Lines	380	42,041,525	0.32%	132,781	438,904	693	133,474	42,480,429
5	Total Additions		<u>165,164,726</u>		<u>434,788</u>	<u>4,470,918</u>	<u>5,391</u>	<u>440,179</u>	<u>169,635,644</u>
<u>Retirements</u>									
6	Mains	376	(859,927)	0.16%	(1,354)	-	-	(1,354)	(859,927)
7	Services-Lines	380	(775,996)	0.32%	(2,451)	-	-	(2,451)	(775,996)
8	Services-Risers	380	(10,126,681)	0.32%	(31,983)	-	-	(31,983)	(10,126,681)
9	Total Retirements		<u>(11,762,604)</u>		<u>(35,789)</u>	<u>-</u>	<u>-</u>	<u>(35,789)</u>	<u>(11,762,604)</u>
10	Total Plant		<u>153,402,121</u>		<u>398,999</u>	<u>4,470,918</u>	<u>5,391</u>	<u>404,390</u>	<u>157,873,040</u>
<u>Cost of Removal</u>									
11	Mains	376	2,352,704			71,840			2,424,544
12	Services-Lines	380	1,215,262			28,932			1,244,195
12	Services-Risers	380	-			-			-
14	Total Cost of Removal		<u>3,567,967</u>		<u>-</u>	<u>100,772</u>	<u>-</u>	<u>-</u>	<u>3,668,739</u>

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
FEBRUARY 2016 BOOK DEPRECIATION**

<u>Line No.</u>	<u>Description</u> (1)	<u>Account No.</u> (2)	<u>February Beginning Plant Balance</u> (3)	<u>Monthly Depr Rates</u> (4)	<u>February Depr on Beginning Balance</u> (5)=(3)*(4)	<u>February Additions and Retirements</u> (6)	<u>Current Month Depr on Adds/Ret</u> (7)=(4)*(6)*50%	<u>Current Month Book Depreciation</u> (8)=(5)+(7)	<u>February Ending Plant Balance</u> (9)=(6)+(3)
<u>Additions</u>									
1	Mains	376	56,965,805	0.16%	89,721	2,236,453	1,761	91,482	59,202,257
2	Services-Lines	380	6,193,891	0.32%	19,562	165,860	262	19,824	6,359,751
3	Services-Risers	380	63,995,520	0.32%	202,119	1,979,920	3,127	205,246	65,975,440
4	Services-Customer Lines	380	42,480,429	0.32%	134,167	418,407	661	134,828	42,898,836
5	Total Additions		<u>169,635,644</u>		<u>445,570</u>	<u>4,800,640</u>	<u>5,810</u>	<u>451,381</u>	<u>174,436,284</u>
<u>Retirements</u>									
6	Mains	376	(859,927)	0.16%	(1,354)	-	-	(1,354)	(859,927)
7	Services-Lines	380	(775,996)	0.32%	(2,451)	-	-	(2,451)	(775,996)
8	Services-Risers	380	(10,126,681)	0.32%	(31,983)	-	-	(31,983)	(10,126,681)
9	Total Retirements		<u>(11,762,604)</u>		<u>(35,789)</u>	<u>-</u>	<u>-</u>	<u>(35,789)</u>	<u>(11,762,604)</u>
10	Total Plant		<u>157,873,040</u>		<u>409,781</u>	<u>4,800,640</u>	<u>5,810</u>	<u>415,592</u>	<u>162,673,680</u>
<u>Cost of Removal</u>									
11	Mains	376	2,424,544			76,475			2,501,019
12	Services-Lines	380	1,244,195			28,164			1,272,359
12	Services-Risers	380	-			-			-
14	Total Cost of Removal		<u>3,668,739</u>		<u>-</u>	<u>104,639</u>	<u>-</u>	<u>-</u>	<u>3,773,378</u>

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
MARCH 2016 BOOK DEPRECIATION**

<u>Line No.</u>	<u>Description</u> (1)	<u>Account No.</u> (2)	<u>March Beginning Plant Balance</u> (3)	<u>Monthly Depr Rates</u> (4)	<u>March Depr on Beginning Balance</u> (5)=(3)*(4)	<u>March Additions and Retirements</u> (6)	<u>Current Month Depr on Adds/Ret</u> (7)=(4)*(6)*50%	<u>Current Month Book Depreciation</u> (8)=(5)+(7)	<u>March Ending Plant Balance</u> (9)=(6)+(3)
<u>Additions</u>									
1	Mains	376	59,202,257	0.16%	93,244	2,251,133	1,773	95,016	61,453,390
2	Services-Lines	380	6,359,751	0.32%	20,086	166,827	263	20,350	6,526,578
3	Services-Risers	380	65,975,440	0.32%	208,372	2,017,888	3,187	211,559	67,993,327
4	Services-Customer Lines	380	42,898,836	0.32%	135,489	442,574	699	136,188	43,341,410
5	Total Additions		<u>174,436,284</u>		<u>457,191</u>	<u>4,878,422</u>	<u>5,922</u>	<u>463,113</u>	<u>179,314,706</u>
<u>Retirements</u>									
6	Mains	376	(859,927)	0.16%	(1,354)	-	-	(1,354)	(859,927)
7	Services-Lines	380	(775,996)	0.32%	(2,451)	-	-	(2,451)	(775,996)
8	Services-Risers	380	(10,126,681)	0.32%	(31,983)	-	-	(31,983)	(10,126,681)
9	Total Retirements		<u>(11,762,604)</u>		<u>(35,789)</u>	<u>-</u>	<u>-</u>	<u>(35,789)</u>	<u>(11,762,604)</u>
10	Total Plant		<u>162,673,680</u>		<u>421,402</u>	<u>4,878,422</u>	<u>5,922</u>	<u>427,324</u>	<u>167,552,101</u>
<u>Cost of Removal</u>									
11	Mains	376	2,501,019			79,951			2,580,970
12	Services-Lines	380	1,272,359			28,774			1,301,133
12	Services-Risers	380	-			-			-
14	Total Cost of Removal		<u>3,773,378</u>		<u>-</u>	<u>108,725</u>	<u>-</u>	<u>-</u>	<u>3,882,103</u>

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
APRIL 2016 BOOK DEPRECIATION**

<u>Line No.</u>	<u>Description</u> (1)	<u>Account No.</u> (2)	<u>April Beginning Plant Balance</u> (3)	<u>Monthly Depr Rates</u> (4)	<u>April Depr on Beginning Balance</u> (5)=(3)*(4)	<u>April Additions and Retirements</u> (6)	<u>Current Month Depr on Adds/Ret</u> (7)=(4)*(6)*50%	<u>Current Month Book Depreciation</u> (8)=(5)+(7)	<u>April Ending Plant Balance</u> (9)=(6)+(3)
<u>Additions</u>									
1	Mains	376	61,453,390	0.16%	96,789	2,234,155	1,759	98,548	63,687,546
2	Services-Lines	380	6,526,578	0.32%	20,613	170,972	270	20,883	6,697,550
3	Services-Risers	380	67,993,327	0.32%	214,746	1,976,136	3,121	217,866	69,969,464
4	Services-Customer Lines	380	43,341,410	0.32%	136,887	413,876	654	137,540	43,755,286
5	Total Additions		<u>179,314,706</u>		<u>469,034</u>	<u>4,795,139</u>	<u>5,804</u>	<u>474,838</u>	<u>184,109,845</u>
<u>Retirements</u>									
6	Mains	376	(859,927)	0.16%	(1,354)	-	-	(1,354)	(859,927)
7	Services-Lines	380	(775,996)	0.32%	(2,451)	-	-	(2,451)	(775,996)
8	Services-Risers	380	(10,126,681)	0.32%	(31,983)	-	-	(31,983)	(10,126,681)
9	Total Retirements		<u>(11,762,604)</u>		<u>(35,789)</u>	<u>-</u>	<u>-</u>	<u>(35,789)</u>	<u>(11,762,604)</u>
10	Total Plant		<u>167,552,101</u>		<u>433,246</u>	<u>4,795,139</u>	<u>5,804</u>	<u>439,049</u>	<u>172,347,240</u>
<u>Cost of Removal</u>									
11	Mains	376	2,580,970			71,840			2,652,810
12	Services-Lines	380	1,301,133			27,802			1,328,936
12	Services-Risers	380	-			-			-
14	Total Cost of Removal		<u>3,882,103</u>		<u>-</u>	<u>99,642</u>	<u>-</u>	<u>-</u>	<u>3,981,746</u>

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
MAY 2016 BOOK DEPRECIATION**

<u>Line No.</u>	<u>Description</u> (1)	<u>Account No.</u> (2)	<u>May Beginning Plant Balance</u> (3)	<u>Monthly Depr Rates</u> (4)	<u>May Depr on Beginning Balance</u> (5)=(3)*(4)	<u>May Additions and Retirements</u> (6)	<u>Current Month Depr on Adds/Ret</u> (7)=(4)*(6)*50%	<u>Current Month Book Depreciation</u> (8)=(5)+(7)	<u>May Ending Plant Balance</u> (9)=(6)+(3)
<u>Additions</u>									
1	Mains	376	63,687,546	0.16%	100,308	2,257,846	1,778	102,086	65,945,392
2	Services-Lines	380	6,697,550	0.32%	21,153	173,636	274	21,427	6,871,186
3	Services-Risers	380	69,969,464	0.32%	220,987	2,108,256	3,329	224,316	72,077,720
4	Services-Customer Lines	380	43,755,286	0.32%	138,194	439,869	695	138,888	44,195,155
5	Total Additions		<u>184,109,845</u>		<u>480,642</u>	<u>4,979,608</u>	<u>6,076</u>	<u>486,718</u>	<u>189,089,453</u>
<u>Retirements</u>									
6	Mains	376	(859,927)	0.16%	(1,354)	-	-	(1,354)	(859,927)
7	Services-Lines	380	(775,996)	0.32%	(2,451)	-	-	(2,451)	(775,996)
8	Services-Risers	380	(10,126,681)	0.32%	(31,983)	-	-	(31,983)	(10,126,681)
9	Total Retirements		<u>(11,762,604)</u>		<u>(35,789)</u>	<u>-</u>	<u>-</u>	<u>(35,789)</u>	<u>(11,762,604)</u>
10	Total Plant		<u>172,347,240</u>		<u>444,853</u>	<u>4,979,608</u>	<u>6,076</u>	<u>450,929</u>	<u>177,326,849</u>
<u>Cost of Removal</u>									
11	Mains	376	2,652,810			78,792			2,731,603
12	Services-Lines	380	1,328,936			28,484			1,357,419
12	Services-Risers	380	-			-			-
14	Total Cost of Removal		<u>3,981,746</u>		<u>-</u>	<u>107,276</u>	<u>-</u>	<u>-</u>	<u>4,089,022</u>

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
JUNE 2016 BOOK DEPRECIATION**

<u>Line No.</u>	<u>Description</u> (1)	<u>Account No.</u> (2)	<u>June Beginning Plant Balance</u> (3)	<u>Monthly Depr Rates</u> (4)	<u>June Depr on Beginning Balance</u> (5)=(3)*(4)	<u>June Additions and Retirements</u> (6)	<u>Current Month Depr on Adds/Ret</u> (7)=(4)*(6)*50%	<u>Current Month Book Depreciation</u> (8)=(5)+(7)	<u>June Ending Plant Balance</u> (9)=(6)+(3)
<u>Additions</u>									
1	Mains	376	65,945,392	0.16%	103,864	2,257,595	1,778	105,642	68,202,987
2	Services-Lines	380	6,871,186	0.32%	21,701	180,269	285	21,986	7,051,455
3	Services-Risers	380	72,077,720	0.32%	227,645	2,110,078	3,332	230,978	74,187,798
4	Services-Customer Lines	380	44,195,155	0.32%	139,583	446,839	706	140,289	44,641,995
5	Total Additions		189,089,453		492,794	4,994,782	6,100	498,894	194,084,235
<u>Retirements</u>									
6	Mains	376	(859,927)	0.16%	(1,354)	-	-	(1,354)	(859,927)
7	Services-Lines	380	(775,996)	0.32%	(2,451)	-	-	(2,451)	(775,996)
8	Services-Risers	380	(10,126,681)	0.32%	(31,983)	-	-	(31,983)	(10,126,681)
9	Total Retirements		(11,762,604)		(35,789)	-	-	(35,789)	(11,762,604)
10	Total Plant		177,326,849		457,005	4,994,782	6,100	463,106	182,321,630
<u>Cost of Removal</u>									
11	Mains	376	2,731,603			81,110			2,812,712
12	Services-Lines	380	1,357,419			29,498			1,386,917
12	Services-Risers	380	-			-			-
14	Total Cost of Removal		4,089,022		-	110,608	-	-	4,199,629

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
JULY 2016 BOOK DEPRECIATION**

<u>Line No.</u>	<u>Description</u> (1)	<u>Account No.</u> (2)	<u>July Beginning Plant Balance</u> (3)	<u>Monthly Depr Rates</u> (4)	<u>July Depr on Beginning Balance</u> (5)=(3)*(4)	<u>July Additions and Retirements</u> (6)	<u>Current Month Depr on Adds/Ret</u> (7)=(4)*(6)*50%	<u>Current Month Book Depreciation</u> (8)=(5)+(7)	<u>July Ending Plant Balance</u> (9)=(6)+(3)
<u>Additions</u>									
1	Mains	376	68,202,987	0.16%	107,420	2,277,615	1,794	109,213	70,480,602
2	Services-Lines	380	7,051,455	0.32%	22,271	158,908	251	22,522	7,210,363
3	Services-Risers	380	74,187,798	0.32%	234,310	2,077,619	3,281	237,591	76,265,417
4	Services-Customer Lines	380	44,641,995	0.32%	140,994	417,239	659	141,653	45,059,234
5	Total Additions		<u>194,084,235</u>		<u>504,995</u>	<u>4,931,381</u>	<u>5,984</u>	<u>510,979</u>	<u>199,015,616</u>
<u>Retirements</u>									
6	Mains	376	(859,927)	0.16%	(1,354)	-	-	(1,354)	(859,927)
7	Services-Lines	380	(775,996)	0.32%	(2,451)	-	-	(2,451)	(775,996)
8	Services-Risers	380	(10,126,681)	0.32%	(31,983)	-	-	(31,983)	(10,126,681)
9	Total Retirements		<u>(11,762,604)</u>		<u>(35,789)</u>	<u>-</u>	<u>-</u>	<u>(35,789)</u>	<u>(11,762,604)</u>
10	Total Plant		<u>182,321,630</u>		<u>469,206</u>	<u>4,931,381</u>	<u>5,984</u>	<u>475,190</u>	<u>187,253,011</u>
<u>Cost of Removal</u>									
11	Mains	376	2,812,712			71,840			2,884,552
12	Services-Lines	380	1,386,917			28,344			1,415,261
12	Services-Risers	380	-			-			-
14	Total Cost of Removal		<u>4,199,629</u>		<u>-</u>	<u>100,184</u>	<u>-</u>	<u>-</u>	<u>4,299,814</u>

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
AUGUST 2016 BOOK DEPRECIATION**

<u>Line No.</u>	<u>Description</u> (1)	<u>Account No.</u> (2)	<u>August Beginning Plant Balance</u> (3)	<u>Monthly Depr Rates</u> (4)	<u>August Depr on Beginning Balance</u> (5)=(3)*(4)	<u>August Additions and Retirements</u> (6)	<u>Current Month Depr on Adds/Ret</u> (7)=(4)*(6)*50%	<u>Current Month Book Depreciation</u> (8)=(5)+(7)	<u>August Ending Plant Balance</u> (9)=(6)+(3)
<u>Additions</u>									
1	Mains	376	70,480,602	0.16%	111,007	2,281,171	1,796	112,803	72,761,773
2	Services-Lines	380	7,210,363	0.32%	22,773	185,597	293	23,066	7,395,960
3	Services-Risers	380	76,265,417	0.32%	240,872	2,132,203	3,367	244,239	78,397,620
4	Services-Customer Lines	380	45,059,234	0.32%	142,312	478,382	755	143,068	45,537,615
5	Total Additions		<u>199,015,616</u>		<u>516,963</u>	<u>5,077,353</u>	<u>6,212</u>	<u>523,175</u>	<u>204,092,968</u>
<u>Retirements</u>									
6	Mains	376	(859,927)	0.16%	(1,354)	-	-	(1,354)	(859,927)
7	Services-Lines	380	(775,996)	0.32%	(2,451)	-	-	(2,451)	(775,996)
8	Services-Risers	380	(10,126,681)	0.32%	(31,983)	-	-	(31,983)	(10,126,681)
9	Total Retirements		<u>(11,762,604)</u>		<u>(35,789)</u>	<u>-</u>	<u>-</u>	<u>(35,789)</u>	<u>(11,762,604)</u>
10	Total Plant		<u>187,253,011</u>		<u>481,175</u>	<u>5,077,353</u>	<u>6,212</u>	<u>487,387</u>	<u>192,330,364</u>
<u>Cost of Removal</u>									
11	Mains	376	2,884,552			77,634			2,962,186
12	Services-Lines	380	1,415,261			32,060			1,447,322
12	Services-Risers	380	-			-			-
14	Total Cost of Removal		<u>4,299,814</u>		<u>-</u>	<u>109,694</u>	<u>-</u>	<u>-</u>	<u>4,409,507</u>

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
SEPTEMBER 2016 BOOK DEPRECIATION**

<u>Line No.</u>	<u>Description</u> (1)	<u>Account No.</u> (2)	<u>September Beginning Plant Balance</u> (3)	<u>Monthly Depr Rates</u> (4)	<u>September Depr on Beginning Balance</u> (5)=(3)*(4)	<u>September Additions and Retirements</u> (6)	<u>Current Month Depr on Adds/Ret</u> (7)=(4)*(6)*50%	<u>Current Month Book Depreciation</u> (8)=(5)+(7)	<u>September Ending Plant Balance</u> (9)=(6)+(3)
<u>Additions</u>									
1	Mains	376	72,761,773	0.16%	114,600	2,276,569	1,793	116,393	75,038,342
2	Services-Lines	380	7,395,960	0.32%	23,359	174,120	275	23,634	7,570,081
3	Services-Risers	380	78,397,620	0.32%	247,606	2,095,007	3,308	250,914	80,492,627
4	Services-Customer Lines	380	45,537,615	0.32%	143,823	458,488	724	144,547	45,996,103
5	Total Additions		<u>204,092,968</u>		<u>529,387</u>	<u>5,004,184</u>	<u>6,100</u>	<u>535,488</u>	<u>209,097,152</u>
<u>Retirements</u>									
6	Mains	376	(859,927)	0.16%	(1,354)	-	-	(1,354)	(859,927)
7	Services-Lines	380	(775,996)	0.32%	(2,451)	-	-	(2,451)	(775,996)
8	Services-Risers	380	(10,126,681)	0.32%	(31,983)	-	-	(31,983)	(10,126,681)
9	Total Retirements		<u>(11,762,604)</u>		<u>(35,789)</u>	<u>-</u>	<u>-</u>	<u>(35,789)</u>	<u>(11,762,604)</u>
10	Total Plant		<u>192,330,364</u>		<u>493,599</u>	<u>5,004,184</u>	<u>6,100</u>	<u>499,699</u>	<u>197,334,548</u>
<u>Cost of Removal</u>									
11	Mains	376	2,962,186			81,110			3,043,296
12	Services-Lines	380	1,447,322			30,672			1,477,993
12	Services-Risers	380	-			-			-
14	Total Cost of Removal		<u>4,409,507</u>		<u>-</u>	<u>111,781</u>	<u>-</u>	<u>-</u>	<u>4,521,289</u>

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
OCTOBER 2016 BOOK DEPRECIATION**

<u>Line No.</u>	<u>Description</u> (1)	<u>Account No.</u> (2)	<u>October Beginning Plant Balance</u> (3)	<u>Monthly Depr Rates</u> (4)	<u>October Depr on Beginning Balance</u> (5)=(3)*(4)	<u>October Additions and Retirements</u> (6)	<u>Current Month Depr on Adds/Ret</u> (7)=(4)*(6)*50%	<u>Current Month Book Depreciation</u> (8)=(5)+(7)	<u>October Ending Plant Balance</u> (9)=(6)+(3)
<u>Additions</u>									
1	Mains	376	75,038,342	0.16%	118,185	2,221,949	1,750	119,935	77,260,290
2	Services-Lines	380	7,570,081	0.32%	23,909	172,729	273	24,182	7,742,810
3	Services-Risers	380	80,492,627	0.32%	254,223	1,763,077	2,784	257,007	82,255,704
4	Services-Customer Lines	380	45,996,103	0.32%	145,271	447,785	707	145,978	46,443,888
5	Total Additions		<u>209,097,152</u>		<u>541,588</u>	<u>4,605,540</u>	<u>5,514</u>	<u>547,102</u>	<u>213,702,692</u>
<u>Retirements</u>									
6	Mains	376	(859,927)	0.16%	(1,354)	-	-	(1,354)	(859,927)
7	Services-Lines	380	(775,996)	0.32%	(2,451)	-	-	(2,451)	(775,996)
8	Services-Risers	380	(10,126,681)	0.32%	(31,983)	-	-	(31,983)	(10,126,681)
9	Total Retirements		<u>(11,762,604)</u>		<u>(35,789)</u>	<u>-</u>	<u>-</u>	<u>(35,789)</u>	<u>(11,762,604)</u>
10	Total Plant		<u>197,334,548</u>		<u>505,799</u>	<u>4,605,540</u>	<u>5,514</u>	<u>511,313</u>	<u>201,940,088</u>
<u>Cost of Removal</u>									
11	Mains	376	3,043,296			71,840			3,115,136
12	Services-Lines	380	1,477,993			29,647			1,507,640
12	Services-Risers	380	-			-			-
14	Total Cost of Removal		<u>4,521,289</u>		<u>-</u>	<u>101,487</u>	<u>-</u>	<u>-</u>	<u>4,622,775</u>

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
NOVEMBER 2016 BOOK DEPRECIATION**

<u>Line No.</u>	<u>Description</u> (1)	<u>Account No.</u> (2)	<u>November Beginning Plant Balance</u> (3)	<u>Monthly Depr Rates</u> (4)	<u>November Depr on Beginning Balance</u> (5)=(3)*(4)	<u>November Additions and Retirements</u> (6)	<u>Current Month Depr on Adds/Ret</u> (7)=(4)*(6)*50%	<u>Current Month Book Depreciation</u> (8)=(5)+(7)	<u>November Ending Plant Balance</u> (9)=(6)+(3)
<u>Additions</u>									
1	Mains	376	77,260,290	0.16%	121,685	2,188,439	1,723	123,408	79,448,730
2	Services-Lines	380	7,742,810	0.32%	24,454	171,977	272	24,726	7,914,787
3	Services-Risers	380	82,255,704	0.32%	259,791	1,753,222	2,769	262,560	84,008,926
4	Services-Customer Lines	380	46,443,888	0.32%	146,685	459,371	725	147,411	46,903,260
5	Total Additions		<u>213,702,692</u>		<u>552,616</u>	<u>4,573,009</u>	<u>5,489</u>	<u>558,105</u>	<u>218,275,702</u>
<u>Retirements</u>									
6	Mains	376	(859,927)	0.16%	(1,354)	-	-	(1,354)	(859,927)
7	Services-Lines	380	(775,996)	0.32%	(2,451)	-	-	(2,451)	(775,996)
8	Services-Risers	380	(10,126,681)	0.32%	(31,983)	(3,375,560)	(5,331)	(37,314)	(13,502,242)
9	Total Retirements		<u>(11,762,604)</u>		<u>(35,789)</u>	<u>(3,375,560)</u>	<u>(5,331)</u>	<u>(41,119)</u>	<u>(15,138,165)</u>
10	Total Plant		<u>201,940,088</u>		<u>516,827</u>	<u>1,197,449</u>	<u>158</u>	<u>516,985</u>	<u>203,137,537</u>
<u>Cost of Removal</u>									
11	Mains	376	3,115,136			77,634			3,192,769
12	Services-Lines	380	1,507,640			30,629			1,538,269
12	Services-Risers	380	-			-			-
14	Total Cost of Removal		<u>4,622,775</u>		<u>-</u>	<u>108,263</u>	<u>-</u>	<u>-</u>	<u>4,731,038</u>

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
DECEMBER 2016 BOOK DEPRECIATION**

<u>Line No.</u>	<u>Description</u> (1)	<u>Account No.</u> (2)	<u>December Beginning Plant Balance</u> (3)	<u>Monthly Depr Rates</u> (4)	<u>December Depr on Beginning Balance</u> (5)=(3)*(4)	<u>December Additions and Retirements</u> (6)	<u>Current Month Depr on Adds/Ret</u> (7)=(4)*(6)*50%	<u>Current Month Book Depreciation</u> (8)=(5)+(7)	<u>December Ending Plant Balance</u> (9)=(6)+(3)
<u>Additions</u>									
1	Mains	376	79,448,730	0.16%	125,132	2,004,136	1,578	126,710	81,452,865
2	Services-Lines	380	7,914,787	0.32%	24,998	165,506	261	25,259	8,080,293
3	Services-Risers	380	84,008,926	0.32%	265,328	1,747,611	2,760	268,088	85,756,536
4	Services-Customer Lines	380	46,903,260	0.32%	148,136	424,492	670	148,806	47,327,751
5	Total Additions		<u>218,275,702</u>		<u>563,594</u>	<u>4,341,745</u>	<u>5,270</u>	<u>568,863</u>	<u>222,617,446</u>
<u>Retirements</u>									
6	Mains	376	(859,927)	0.16%	(1,354)	-	-	(1,354)	(859,927)
7	Services-Lines	380	(775,996)	0.32%	(2,451)	-	-	(2,451)	(775,996)
8	Services-Risers	380	(13,502,242)	0.32%	(42,645)	-	-	(42,645)	(13,502,242)
9	Total Retirements		<u>(15,138,165)</u>		<u>(46,450)</u>	<u>-</u>	<u>-</u>	<u>(46,450)</u>	<u>(15,138,165)</u>
10	Total Plant		<u>203,137,537</u>		<u>517,144</u>	<u>4,341,745</u>	<u>5,270</u>	<u>522,414</u>	<u>207,479,281</u>
<u>Cost of Removal</u>									
11	Mains	376	3,192,769			81,110			3,273,879
12	Services-Lines	380	1,538,269			29,530			1,567,799
12	Services-Risers	380	-			-			-
14	Total Cost of Removal		<u>4,731,038</u>		<u>-</u>	<u>110,639</u>	<u>-</u>	<u>-</u>	<u>4,841,678</u>

**LOUISVILLE GAS AND ELECTRIC COMPANY
ANNUAL ADJUSTMENT TO THE GAS LINE TRACKER
TAX DEPRECIATION**

Line No.	MACRS Tax Rate Life Rates	Month	2012 Year 1 Additions	2013 Year 2 Additions	2014 Year 3 Additions	2015 Year 4 Additions	2016 Year 5 Additions	Tax Depreciation	Cost of Removal	Book Depreciation	Difference	Federal Deferred Tax @ 35%	State Deferred Tax Page 2	Federal Benefit of State @ 35%	Deferred Tax on Retirements	Accumulated Deferred Taxes
1	20-year		2,280,739	34,885,573	31,937,687	44,844,330	42,869,731									
2	Repairs						14,582,989									
3	Bonus						-									
Tax Depreciation																
4	0.037500	1	10,858	179,573	177,707	269,776	1,222,498	1,860,412	100,772	440,179	1,521,005	532,352	106,899	(37,415)		21,057,378
5	0.072190	2	10,858	179,573	177,707	269,776	1,343,776	1,981,690	104,639	451,381	1,634,949	572,232	114,406	(40,042)		21,659,214
6	0.066770	3	10,858	179,573	177,707	269,776	1,375,166	2,013,081	108,725	463,113	1,658,693	580,543	115,170	(40,310)		22,305,810
7	0.061770	4	10,858	179,573	177,707	269,776	1,356,871	1,994,786	99,642	474,838	1,619,590	566,856	112,148	(39,252)		22,961,213
8	0.057130	5	10,858	179,573	177,707	269,776	1,389,354	2,027,268	107,276	486,718	1,647,826	576,739	114,441	(40,054)		23,600,966
9	0.052850	6	10,858	179,573	177,707	269,776	1,381,272	2,019,186	110,608	498,894	1,630,900	570,815	117,435	(41,102)		24,252,092
10	0.048880	7	10,858	179,573	177,707	269,776	1,360,022	1,997,936	100,184	510,979	1,587,142	555,500	116,130	(40,646)		24,899,240
11	0.045220	8	10,858	179,573	177,707	269,776	1,419,694	2,057,608	109,694	523,175	1,644,126	575,444	113,014	(39,555)		25,530,224
12	0.044620	9	10,858	179,573	177,707	269,776	1,395,707	2,033,621	111,781	535,488	1,609,915	563,470	109,887	(38,461)		26,179,127
13	0.044610	10	10,858	179,573	177,707	269,776	1,384,386	2,022,300	101,487	547,102	1,576,685	551,840	110,875	(38,806)		26,814,024
14	0.044620	11	10,858	179,573	177,707	269,776	1,374,645	2,012,559	108,263	558,105	1,562,717	546,951	109,557	(38,345)	(234,775)	27,437,933
15	0.044610	12	10,858	179,573	177,707	269,776	1,187,214	1,825,128	110,639	568,863	1,366,904	478,416	98,020	(34,307)		27,821,320
16	0.044620															28,363,450
17	0.044610															
18	0.044620															
19	0.044610															
20	0.044620															
21	0.044610															
22	0.044620															
23	0.044610															
24	0.022310															
25	-															
26	-															
27	-															
28	-															
29	-															
30	-															
31			130,299 (a)	2,154,882 (b)	2,132,479 (c)	3,237,312 (d)	16,190,604	23,845,576	1,273,711	6,058,834	19,060,452	6,671,158	1,337,983	(468,294)	(234,775)	24,837,076

- (a) 2012 20-year additions at MACRS Year 5 tax rate (0.057130)
- (b) 2013 20-year additions at MACRS Year 4 tax rate (0.061770)
- (c) 2014 20-year additions at MACRS Year 3 tax rate (0.066770)
- (d) 2015 20-year additions at MACRS Year 2 tax rate (0.072190)
- (e) 2016 20-year additions at MACRS Year 1 tax rate (0.037500) plus Repairs and Bonus

Line No.	MACRS Tax Rate Life Rates	Month	2012 Year 1 Additions	2013 Year 2 Additions	2014 Year 3 Additions	2015 Year 4 Additions	2016 Year 5 Additions	Tax Depreciation	Cost of Removal	Book Depreciation	Difference	State Deferred Tax @ 6%
1	20-year		2,280,739	44,145,661	45,777,644	44,844,330	42,869,731					
2	Repairs											
3	Bonus											
Tax Depreciation												
4	0.037500	1	10,858	227,240	254,714	269,776	1,222,498	1,985,086	103,178	306,616	1,781,649	106,899
5	0.072190	2	10,858	227,240	275,391	269,776	1,343,776	2,127,041	95,528	315,808	1,906,761	114,406
6	0.066770	3	10,858	227,240	275,391	269,776	1,375,166	2,158,431	85,898	324,822	1,919,508	115,170
7	0.061770	4	10,858	227,240	275,391	269,776	1,356,871	2,140,136	63,762	334,757	1,869,141	112,148
8	0.057130	5	10,858	227,240	275,391	269,776	1,389,354	2,172,619	82,196	347,464	1,907,351	114,441
9	0.052850	6	10,858	227,240	275,391	269,776	1,381,272	2,164,537	153,741	361,030	1,957,248	117,435
10	0.048880	7	10,858	227,240	275,391	269,776	1,360,022	2,143,287	166,450	374,235	1,935,501	116,130
11	0.045220	8	10,858	227,240	275,391	269,776	1,419,694	2,202,958	68,188	387,579	1,883,568	113,014
12	0.044620	9	10,858	227,240	275,391	269,776	1,395,707	2,178,972	52,208	399,727	1,831,453	109,887
13	0.044610	10	10,858	227,240	275,391	269,776	1,384,386	2,167,650	91,869	411,602	1,847,917	110,875
14	0.044620	11	10,858	227,240	275,391	269,776	1,374,645	2,157,909	90,614	422,575	1,825,948	109,557
15	0.044610	12	10,858	227,240	275,391	269,776	1,187,214	1,970,478	94,237	431,048	1,633,667	98,020
16	0.044620											
17	0.044610											
18	0.044620											
19	0.044610											
20	0.044620											
21	0.044610											
22	0.044620											
23	0.044610											
24	0.022310											
25	-											
26	-											
27	-											
28	-											
29	-											
30	-											
31			130,299 (a)	2,726,878 (b)	3,284,012 (c)	3,237,312 (d)	16,190,604	25,569,104	1,147,871	4,417,263	22,299,712	1,337,983

- (a) 2012 20-year additions at MACRS Year 5 tax rate (0.057130)
- (b) 2013 20-year additions at MACRS Year 4 tax rate (0.061770)
- (c) 2014 20-year additions at MACRS Year 3 tax rate (0.066770)
- (d) 2015 20-year additions at MACRS Year 2 tax rate (0.072190)
- (e) 2016 20-year additions at MACRS Year 1 tax rate (0.037500) plus Repairs