



Ms. Joyce Spear
Rates and Tariffs Division
Kentucky Public Service Commission
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February 14, 2008

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Re: Kentucky Utilities Company - Kentucky Jurisdictional 12-Months Ended December 31, 2007 Income Statement and Balance Sheet as of December 31, 2007 (Case Nos. 97-300, 2000-095, and 2001-104)

Dear Ms. Spear:

Enclosed is Kentucky Utilities Company's ("KU") response to the Commission's Order, dated September 12, 1997, in the Case No. 97-300, wherein the Commission directed KU to submit quarterly Twelve-Month Ended Income Statements and Balance Sheets on a Kentucky Jurisdictional and Other Jurisdictional operations basis. This information is also filed in response to the Commission's Order dated May 15, 2000, in Case No. 2000-095, *Summary of Findings, No. 8 and Appendix B, Reporting Requirements to be filed Quarterly, No. 3*. These commitments were repeated in the Commission's Order dated August 6, 2001, in Case No. 2001-104, *Appendix A, Operations and Financial, No. 1*.

Please confirm your receipt of this filing by placing the File Stamp of your Office with date received on the extra copy and returning it to me in the enclosed envelope.

Should you have any questions regarding the information filed herewith, please call me or Don Harris at (502)627-2021.

Sincerely yours,

Rick E. Lovekamp

Enclosures

cc: Isaac Scott, KPSC Division of Financial Analysis

KENTUCKY UTILITIES COMPANY

Balance Sheet
At December 31, 2007
Assets and Other Debits

Title of Account Column A	No. Col B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
<u>Utility Plant</u>				
Utility Plant	101-106	\$ 3,867,960,512	\$ 3,369,884,519	\$ 498,075,993
Plus: Construction Work in Progress	107	1,071,388,626	938,034,870	133,353,756
Total Utility Plant		\$ 4,939,349,138	\$ 4,307,919,389	\$ 631,429,749
Less: Accumulated Provision for Depreciation	108,111	1,931,454,524	1,669,631,033	261,823,491
Net Utility Plant		<u>\$ 3,007,894,614</u>	<u>\$ 2,638,288,356</u>	<u>\$ 369,606,258</u>
<u>Other Property and Investments</u>				
Non-Utility Property	121	\$ 179,121	\$ -	\$ 179,121
Less: Accum Prov for Depr and Amortization	122	(1,175)	-	(1,175)
Investment in Subsidiary Companies	123.1	22,752,868	-	22,752,868
Non-Current Portion of Allowances	158.1	-	-	-
Other Investments	124	411,140	-	411,140
Special Funds	125-128	5,915,884	-	5,915,884
Total Other Property and Investments		<u>\$ 29,260,188</u>	<u>\$ -</u>	<u>\$ 29,260,188</u>
<u>Current and Accrued Assets</u>				
Cash	131	\$ 321,021	\$ 282,306	\$ 38,715
Special Deposits	132-134	10,985,556	9,660,698	1,324,858
Working Funds	135	38,680	34,015	4,665
Temporary Cash Investments	136	17,490	15,381	2,109
Customer Accounts Receivable	142	93,443,216	70,695,284	22,747,932
Other Accounts Receivable	143	21,261,831	18,754,424	2,507,407
Less: Accum Prov for Uncollectable Accts-Credit	144	1,939,209	1,710,518	228,691
Notes Receivable from Associated Companies	145	-	-	-
Accounts Receivable from Associated Companies	146	16,983,062	15,106,773	1,876,289
Fuel	151	41,770,628	36,244,374	5,526,254
Plant Materials and Operating Supplies	154	27,370,026	22,320,950	5,049,076
Allowances	158.1	382,894	330,735	52,159
Less: Non-Current Portion of Allowances	158.1	-	-	-
Stores Expense Undistributed	163	6,454,808	5,396,398	1,058,410
Prepayments	165	5,293,879	4,655,437	638,442
Interest and Dividends Receivable	171	95,727	84,182	11,545
Accrued Utility Revenues	173	58,867,000	55,904,000	2,963,000
Miscellaneous Current Assets -- Mark to Market	174	554,124	487,296	66,828
Total Current and Accrued Assets		<u>\$ 281,900,732</u>	<u>\$ 238,261,735</u>	<u>\$ 43,638,997</u>
		\$ -		
<u>Deferred Debits</u>				
Unamortized Debt Expense	181	\$ 7,281,131	\$ 6,403,027	\$ 878,104
Unrecovered Plant and Regulatory Costs	182	-	-	-
Other Regulatory Assets	182.3	82,165,251	-	82,165,251
Preliminary Survey and Inventory	183	1,667,653	1,466,534	201,119
Clearing Accounts	184	(2,368,433)	(2,106,769)	(261,664)
Miscellaneous Deferred Debits	186	67,276,079	-	67,276,079
Unamortized Loss on Re-Acquired Debt	189	10,173,667	8,946,723	1,226,944
Accumulated Deferred Income Taxes	190	50,753,516	46,690,470	4,063,046
Total Deferred Debits		<u>\$ 216,948,864</u>	<u>\$ 61,399,985</u>	<u>\$ 155,548,879</u>
Total Assets and Other Debits		<u>\$ 3,536,004,399</u>	<u>\$ 2,937,950,077</u>	<u>\$ 598,054,322</u>

KENTUCKY UTILITIES COMPANY

Balance Sheet

At December 31, 2007

Liabilities and Other Credits

Title of Account Column A	No. Col B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
Proprietary Capital				
Common Stock Issued	201	\$ 308,139,978	\$ 270,978,296	\$ 37,161,682
Preferred Stock Issued	204	-	-	-
Premium on Capital Stock	207	-	-	-
Paid in Capital	208-211	90,000,000	79,146,000	10,854,000
Other Comprehensive Income		-	-	-
Capital Stock Expense	214	(321,289)	(282,541)	(38,748)
Retained Earnings	215-216	1,016,489,982	893,901,290	122,588,692
Unappropriated Undistributed Subsidiary Earnings	216.1	21,207,068	18,649,496	2,557,572
Total Proprietary Capital		\$ 1,435,515,739	\$ 1,262,392,541	\$ 173,123,198
Long Term Debt				
Bonds	221	\$ 332,753,140	\$ 292,623,111	\$ 40,130,029
Long Term Debt Marked to Market	221200	-	-	-
Long Term Debt To Associated Companies	233006	931,000,000	818,721,400	112,278,600
Other Long Term Debt	224	-	-	-
Unamortized Premium on Long Term Debt	225	-	-	-
Total Long Term		\$ 1,263,753,140	\$ 1,111,344,511	\$ 152,408,629
Other Non-Current Liabilities				
Accumulated Provision for Property Insurance	228.1	-	-	-
Accumulated Provision for Injuries and Damages	228.2	-	-	-
Accumulated Provision for Pensions and Benefits	228.3	87,925,008	78,211,053	9,713,955
Accumulated Miscellaneous Operating Provision	228.4	-	-	-
Total Other Non-Current Liabilities		\$ 87,925,008	\$ 78,211,053	\$ 9,713,955
Current and Accrued Liabilities				
Notes Payable	231	-	-	-
Accounts Payable	232	161,858,433	143,976,313	17,882,120
Notes Payable to Associated Companies	233	23,219,454	20,419,188	2,800,266
Accounts Payable to Associated Companies	234	38,042,956	-	38,042,956
Customer Deposits	235	19,573,318	18,762,946	810,372
Taxes Accrued	236	3,633,209	3,195,044	438,165
Interest Accrued	237	11,932,026	10,493,024	1,439,002
Dividends Declared	238	-	-	-
Matured Long Term Bonds/LTD Due in 1 Year	239	-	-	-
Tax Collections Payable	241	3,515,458	2,966,528	548,930
Miscellaneous Current and Accrued Liabilities	242	10,909,671	10,529,101	380,570
Total Current and Accrued Liabilities		\$ 272,684,524	\$ 210,342,144	\$ 62,342,380
Deferred Credits				
Customer Advances for Construction	252	\$ 2,803,337	\$ 2,788,821	\$ 14,516
Accumulated Deferred Investment Tax Credits	255	54,999,112	46,978,183	8,020,929
Other Deferred Credits	253	13,436,144	11,872,630	1,563,514
Other Regulatory Liabilities	254	37,721,036	32,607,660	5,113,376
Asset Retirement Obligation	230	30,315,059	26,185,542	4,129,517
Miscellaneous Long Term Liability Due to Associated Companies	234	3,554,519	3,125,844	428,675
Accumulated Deferred Income Taxes	281-283	333,296,781	306,614,883	26,681,898
Total Deferred Credits		\$ 476,125,987	\$ 430,173,563	\$ 45,952,424
Total Liabilities and Other Credits		\$ 3,536,004,399	\$ 3,092,463,812	\$ 443,540,586
Adjustment to Balance		-	\$ 154,513,736	\$ (154,513,736)

KENTUCKY UTILITIES COMPANY
Statement of Income
Twelve Months Ended December 31, 2007

Title of Account Column A	No. Col. B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
<u>Utility Operating Income</u>				
Operating Revenues:				
Residential Sales	440	\$ 430,071,777	\$ 404,096,025	\$ 25,975,751
Commercial and Industrial Sales:	442			
Small (or Comm) - Rural Comm & Comm L&P		293,558,427	280,992,714	12,565,714
Large (or Ind) - Industrial & Mine Power		303,223,282	291,364,327	11,858,956
Public Street and Highway Lighting	444	9,371,014	9,120,018	250,996
Other Sales to Public Authorities	445	88,231,412	83,502,097	4,729,315
Total Sales to Ultimate Consumers		\$ 1,124,455,912	\$ 1,069,075,181	\$ 55,380,731
Sales for Resale	447	140,832,475	46,237,695	94,594,779
Total Sales of Electricity		\$ 1,265,288,386	\$ 1,115,312,876	\$ 149,975,510
Less: Provision for Refund	449.1	-	-	-
Total Revenues Net of Provision for Refund		\$ 1,265,288,386	\$ 1,115,312,876	\$ 149,975,510
Other Operating Revenues:				
Miscellaneous Service Revenues	451	1,307,911	1,274,286	33,625
Rent from Electric Property	454	2,123,576	1,954,019	169,557
Other Electric Revenues	456	3,829,026	3,350,740	478,286
Total Other Operating Revenues		\$ 7,260,513	\$ 6,579,045	\$ 681,467
Total Operating Revenue		\$ 1,272,548,899	\$ 1,121,891,922	\$ 150,656,977
Operating Expenses:				
Operation Expenses	401	\$ 781,485,127	\$ 681,037,454	100,447,673
Maintenance Expenses	402	85,242,195	74,834,098	10,408,097
Depreciation Expense	403	115,264,165	100,651,331	14,612,834
Amortization of Limited-Term Electric Plant	404	5,420,545	4,720,765	699,780
Regulatory Credits	407	(2,101,203)	(1,815,931)	(285,272)
Taxes Other than Income Taxes	408.1	18,439,077	16,459,830	1,979,247
Income Taxes - Federal	409.1	27,762,416	Total Income Taxes	
Income Taxes - State	409.1	13,060,218		
Provision for Deferred Income Taxes	410.1	40,957,117		
Provision for Deferred Income Taxes - Credit	411.1	(47,805,346)		
Accretion Expense	411.1	1,861,363	1,608,739	252,624
Investment Tax Credit Adjustment - Net	411.4	42,566,647	36,768,023	5,798,624
Losses/(Gains) from Disposition of Allowances	411.8	(706,852)	(610,561)	(96,291)
Total Utility Operating Expenses		\$ 1,081,445,467	\$ 947,299,323	\$ 134,146,146
Net Utility Operating Income		\$ 191,103,432	\$ 174,592,599	\$ 16,510,831

KENTUCKY UTILITIES COMPANY
Statement of Income
Twelve Months Ended December 31, 2007

Title of Account Column A	No. Col. B	Total Kentucky Utilities Column C	Other Jurisdictional Column E
Other Income and Deductions are not separated on a jurisdictional basis.			
Other Income and Deductions			
Total Other Income		\$ 38,468,644	
Total Other Income Deductions		5,843,322	
Total Taxes on Other income and Deductions		846,935	
Net Other Income and Deductions		\$ 31,778,387	
Interest Charges			
Interest on Long Term Debt	427	\$ 48,500,484	
Amortization of Debt Discount and Expense	428	853,501	
Amortization of Loss on Re-Acquired Debt	428.1	-	
Amortization of Premium on Debt - Credit	429	-	
Amortization of Gain on Re-Acquired Debt - Credit	429.1	-	
Interest on Debt to Associated Companies	430	6,421,720	
Other Interest Expense	431	1,099,347	
Allowance for Borrowed Funds Used During Construction	432	(955,807)	
Net Interest Charges		\$ 55,919,244	\$ 5,807,078
Cumulative Effect of Accounting Change, Net of Tax		\$ -	
Net Income		\$ 166,962,574	