

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**AN ADJUSTMENT OF THE ELECTRIC)
RATES, TERMS AND CONDITIONS OF)
KENTUCKY UTILITIES COMPANY)**

CASE NO: 2003-00434

VOLUME 2 OF 6

**RESPONSE TO FILING REQUIREMENTS listed in 807 KAR 5:001
SECTION 10(6)(l) through 807 KAR 5:001 SECTION 10(6)(r)**

Filed: December 29, 2003

Kentucky Utilities Company
Case No. 2003-00434
Historical Test Year Filing Requirements
Table of Contents

Volume Number	Description of Contents
	Statutory Notice
	Application
1	Financial Exhibit pursuant to 807 KAR 5:001 Section 6
	Table of Contents
	Response to Filing Requirements listed in 807 KAR 5:001 Section 10(1)(a) through 807 KAR 5:001 Section 10(6)(k)
2	Response to Filing Requirements listed in 807 KAR 5:001 Section 10(6)(l) through 807 KAR 5:001 Section 10(6)(r)
3	Response to Filing Requirements listed in 807 KAR 5:001 Section 10(6)(s) through 807 KAR 5:001 Section 10(7)(e)
4	Testimony
5	Seelye Exhibit - Cost-of-Service Study
6	Robinson Appendix C - Depreciation Study

Kentucky Utilities Company
Case No. 2003-00434
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(6)(l)
Sponsoring Witness: Valerie L. Scott

Description of Filing Requirement:

*The most recent Federal Energy Regulatory Commission or
Federal Communication Commission audit reports.*

Response:

The most recent Federal Energy Regulatory Commission audit report relating to KU's electric business is attached. The Federal Communication Commission does not audit KU and, therefore, no such audit reports exist.

FERC Audit Report – July 29, 1999

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

Office of Finance, Accounting
and Operations

In Reply Refer To:
FAO-DE/HO
Docket No. FA99-6-000

JUL 29 1999

Kentucky Utilities Company
Attention: Mr. Michael Robinson
Vice President and Controller
220 West Main Street, 15th Floor
Louisville, KY 40232

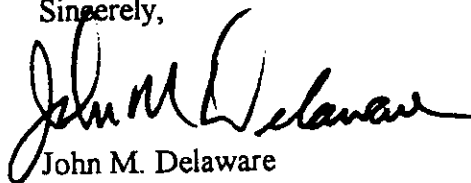
We have completed an audit of Kentucky Utilities Company for the period January 1, 1995, through December 31, 1998. Our examination of Kentucky Utilities' books and records, as they relate to the fuel adjustment clause, did not identify any deficiencies.

The Commission delegated authority to act in this matter to the Chief Accountant under 18 C.F.R. § 375.303. This letter order constitutes final agency action on the matters in this report. Within 30 days of the date of this order, your Company may file a request for rehearing with the Commission under 18 C.F.R. § 385.713.

This letter order is without prejudice to the Commission's right to require hereafter any adjustments it may consider proper from additional information that may come to its attention.

I appreciate the courtesies extended to the auditors. If you have any questions, please contact Thomas McLaughlin, Projects Manager, at 202-219-2612 or Tim Smith, Team Leader, at 202-208-0918.

Sincerely,



John M. Delaware
Chief Accountant

Enclosure

FEDERAL ENERGY REGULATORY COMMISSION

Audit Period: January 1, 1995, through December 31, 1998

Audit of Kentucky Utilities Company Fuel Adjustment Clause



**OFFICE OF FINANCE, ACCOUNTING AND OPERATIONS
DIVISION OF ELECTRIC AND HYDROPOWER OPERATIONS**

Table of Contents

Summary	1
Overview	1
Conclusions	1
Introduction	2
Background	2
Objective	2
Scope and Methodology	3

Summary

Overview

As authorized in the Federal Power Act, we examined the books and records of Kentucky Utilities Company for the period January 1, 1995, through December 31, 1998. This was a financial-related audit to evaluate the Company's compliance with the Commission's fuel clause regulations, Section 35.14, accounting and reporting regulations contained in the Uniform System of Accounts and other Federal Energy Regulatory Commission (FERC) policies and procedures as they relate to the Commission's fuel clause regulations.

Conclusions

We did not find any instances of noncompliance with the Commission's fuel adjustment clause regulations, Section 35.14, accounting and reporting regulations contained in the Uniform System of Accounts and other FERC policies and procedures as they relate to the Commission's fuel clause regulations.

Introduction

Background

Kentucky Utilities Company is a subsidiary of Louisville Gas and Electric Energy Corporation. The Company's business is the generation, transmission, distribution, and sale of electric energy. Overall, Kentucky Utilities provides electric service to over 470,000 customers in Kentucky and southwestern Virginia.

The Company's properties consist of coal-fired generation units, substations, and transmission and distribution lines.

Kentucky Utilities is subject to regulation by the Federal Energy Regulatory Commission (FERC), the Kentucky Public Service Commission, and the Virginia State Corporation Commission.

The FERC has approved a Fuel Adjustment Clause (FAC) for the Company. The FAC allows the Company to pass through to its wholesale customers increases and decreases in the cost of economic power purchases, the fuel component of non-economic power purchases and fuel costs incurred to generate power internally. The pass through of the increases and decreases does not require a separate filing with the FERC nor does it require prior FERC approval. Excess billings resulting from noncompliance with FAC requirements are subject to refunds.

For the years 1995 through 1998, the Company reported in the FERC Form 1, Annual Report of Major Electric Utilities, Licensees and Others, a total of \$779,144,427 for fuel burned (Account 501) and \$331,195,044 for power purchased (Account 555).

Objective

Our objective was to evaluate Kentucky Utilities's compliance with the Commission's fuel clause regulations set forth in Section 35.14 of its regulations, accounting and reporting regulations contained in the Uniform System of Accounts, and other FERC policies and procedures as they relate to the Commission's fuel clause regulations.

Scope and Methodology

We conducted the audit from October 21, 1998, to July 29, 1999. We reviewed financial transactions, invoices, and other documents for the period January 1, 1995, to December 31, 1998. The examination included selective tests of the accounting records and a review of the adequacy of internal controls. Specifically, we reviewed Kentucky Utilities' accounting policies and procedures related to purchased power, fuel cost, fuel inventory, and tariff billings. We also selectively tested the Company's compliance with the Code of Federal Regulations and FERC orders and guidance as they relate to fuel adjustment clauses.

The audit was conducted using generally accepted government auditing standards as implemented by the Chief Accountant.

Kentucky Utilities Company
Case No. 2003-00434
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(6)(m)
Sponsoring Witness: Valerie L. Scott

Description of Filing Requirement:

The most recent Federal Energy Regulatory Commission Form 1 (electric), Federal Energy Regulatory Commission Form 2 (gas), or Automated Reporting Management Information System Report (telephone) and Public Service Commission Form T (telephone);

Response:

KU's most recent FERC Form 1 for the year ended December 31, 2002, is attached.

KU FERC Form 1 - December 31, 2002

THIS FILING IS (CHECK ONE BOX FOR EACH ITEM)

Item 1: An Initial (Original) Submission

OR Resubmission No. _____

Item 2: An Original Signed Form OR Conformed Copy

Form Approved
OMB No. 1902-0021
(Expires 3/31/2005)



FERC Form No. 1: ANNUAL REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHERS

This report is mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company)

Kentucky Utilities Company

Year of Report

Dec. 31, 2002

Report of Independent Accountants

To the Shareholders of Kentucky Utilities Company:

We have audited the accompanying balance sheets of Kentucky Utilities Company as of December 31, 2002 and 2001 and the related statements of income, of retained earnings and of cash flows for the years then ended, included on pages 110 through 123.20 of the accompanying Federal Energy Regulatory Commission (FERC) Form No. 1. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared in accordance with the accounting requirements of the FERC as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kentucky Utilities Company as of December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with the accounting requirements of the FERC as set forth in its applicable Uniform System of Accounts and published accounting releases.

This report is intended solely for the information and use of the shareholders and management of Kentucky Utilities Company and for filing with the FERC and should not be used for any other purpose.

PricewaterhouseCoopers LLP

January 21, 2003

INSTRUCTIONS FOR FILING THE
FERC FORM NO. 1

GENERAL INFORMATION

I. Purpose

This form is a regulatory support requirement (18 CFR 141.1). It is designed to collect financial and operational information from major electric utilities, licensees and others subject to the jurisdiction of the Federal Energy Regulatory Commission. This report is also secondarily considered to be a nonconfidential public utility form supporting a statistical publication (Financial Statistics of Selected Electric Utilities), published by the Energy Information Administration.

II. Who Must Submit

Each major electric utility, licensee, or other, as classified in the Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of The Federal Power Act (18 CFR 101), must submit this form.

Note: Major means having, in each of the three previous calendar years, sales or transmission service that exceeds

one of the following:

- (1) one million megawatt hours of total annual sales,
- (2) 100 megawatt hours of annual sales for resale,
- (3) 500 megawatt hours of annual power exchanges delivered, or
- (4) 500 megawatt hours of annual wheeling for others (deliveries plus Losses).

III. What and Where to Submit

(a) Submit this form electronically through the Form 1 Submission Software and an original and six (6) conformed paper copies, properly filed in and attested, to:

Office of the Secretary
Federal Energy Regulatory Commission
888 First Street, NE.
Room 1A
Washington, DC 20426

Retain one copy of this report for your files.

Include with the original and each conformed paper copy of this form the subscription statement required by 18 C.F.R. 385.2011(c)(5). Paragraph (c)(5) of 18 C.F.R. 385.2011 requires each respondent submitting data electronically to file a subscription stating that the paper copies contain the same information as the electronic filing, that the signer knows the contents of the paper copies and electronic filing, and that the contents as stated in the copies and electronic filing are true to the best knowledge and belief of the signer.

(b) Submit, immediately upon publication, four (4) copies of the Latest annual report to stockholders and any annual financial or statistical report regularly prepared and distributed to bondholders, security analysts, or industry associations. (Do not include monthly and quarterly reports. Indicate by checking the appropriate box on Page 4, List of Schedules, if the reports to stockholders will be submitted or if no annual report to stockholders is prepared.) Mail these reports to:

Chief Accountant
Federal Energy Regulatory Commission
888 First Street, NE.
Washington, DC 20426

(c) For the CPA certification, submit with the original submission, or within 30 days after the filing date for this form, a Letter or report (not applicable to respondents classified as Class C or Class D prior to January 1, 1984):

(i) Attesting to the conformity, in all material aspects, of the below listed (schedules and) pages with the Commission's applicable Uniform Systems of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

(ii) Signed by independent certified public accountants or an independent Licensed public accountant certified or Licensed by a regulatory authority of a State or other political subdivision of the U. S. (See 18 CFR 41.10-41.12 for specific qualifications.)

What and Where to Submit (Continued)
(c) Continued

Schedules	Reference Pages
Comparative Balance Sheet	110-113
Statement of Income	114-117
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122-123

When accompanying this form, insert the Letter or report immediately following the cover sheet. When submitting after the filing date for this form, send the letter or report to the office of the Secretary at the address indicated at III (a).

Use the following format for the Letter or report unless unusual circumstances or conditions, explained in the Letter or report, demand that it be varied. Insert parenthetical phrases only when exceptions are reported.

In connection with our regular examination of the financial statements of _____ for the year ended on _____ which we have reported separately under date of _____. We have also reviewed schedules _____ of FERC Form No. 1 for the year filed with the Federal Energy Regulatory Commission, for conformity in all material respects with the requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Our review for this purpose included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (except as noted below) conform in all material respects with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

State in the letter or report, which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

(d) Federal, State and Local Governments and other authorized users may obtain additional blank copies to meet their requirements free of charge from:

Public Reference and Files Maintenance Branch
Federal Energy Regulatory Commission
888 First Street, NE. Room 2A ES-1
Washington, DC 20426
(202) 208-2474

IV. When to Submit

Submit this report form on or before April 30th of the year following the year covered by this report.

V. Where to Send Comments on Public Reporting Burden

The public reporting burden for this collection of information is estimated to average 1,217 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any aspect of this collection of information, including suggestions for reducing this burden, to the Federal Energy Regulatory Commission, 888 First Street N.E., Washington, DC 20426 (Attention: Mr. Michael Miller, CI-1); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission). No person shall be subject to any penalty if this collection of information does not display a valid control number. (44 U.S.C. 3512(a)).

GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 101) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U. S. of A.
- II. Enter in whole numbers (dollars or MWH) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required.) The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2, 3, and 4.
- V. Enter the month, day, and year for all dates. Use customary abbreviations. The "Date of Report" included in the header of each page is to be completed only for resubmissions (see VII. below). The date of the resubmission must be reported in the header for all form pages, whether or not they are changed from the previous filing.
- VI. Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by enclosing the numbers in parentheses.
- VII. For any resubmissions, submit the electronic filing using the Form 1 Submission Software and an original and six (6) conformed paper copies of the entire form, as well as the appropriate number of copies of the subscription statement indicated at instruction III (a). Resubmissions must be numbered sequentially on the cover page of the paper copies of the form. In addition, the cover page of each paper copy must indicate that the filing is a resubmission. Send the resubmissions to the address indicated at instruction III (a).
- VIII. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- IX. Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.

DEFINITIONS

- I. Commission Authorization (Comm. Auth.) -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.
- II. Respondent -- The person, corporation, licensee, agency, authority, or other Legal entity or instrumentality in whose behalf the report is made.

EXCERPTS FROM THE LAW

Federal Power Act, 16 U.S.C. 791a-825r)

Sec. 3. The words defined in this section shall have the following meanings for purposes of this Act, to wit:

(3) "Corporation" means any corporation, joint-stock company, partnership, association, business trust, organized group of persons, whether incorporated or not, or a receiver or receivers, trustee or trustees of any of the foregoing. It shall not include 'municipalities, as hereinafter defined;

(4) "Person" means an individual or a corporation;

(5) "Licensee" means any person, State, or municipality licensed under the provisions of section 4 of this Act, and any assignee or successor in interest thereof;

(7) "Municipality" means a city, county, irrigation district, drainage district, or other political subdivision or agency of a State competent under the Laws thereof to carry on the business of developing, transmitting, generating, or distributing power;..."

(11) "Project" means a complete unit of improvement or development, consisting of a power house, all water conduits, all dams and appurtenant works and structures (including navigation structures) which are a part of said unit, and all storage, diverting, or forebay reservoirs directly connected therewith, the primary line or Lines transmitting power therefrom to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any part thereof, and all water rights, rights-of-way, ditches, dams, reservoirs, Lands, or interest in Lands the use and occupancy of which are necessary or appropriate in the maintenance and operation of such unit;

Sec. 4. The Commission is hereby authorized and empowered:

(a) To make investigations and to collect and record data concerning the utilization of the water 'resources of any region to be developed, the water-power industry and its relation to other industries and to interstate or foreign commerce, and concerning the location, capacity, development costs, and relation to markets of power sites; ... to the extent the Commission may deem necessary or useful for the purposes of this Act."

Sec. 304. (a) Every Licensee and every public utility shall file with the Commission such annual and other periodic or special reports as the Commission may by rules and regulations or other prescribe as necessary or appropriate to assist the Commission in the proper administration of this Act. The Commission may prescribe the manner and form in which such reports shall be made, and require from such persons specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and Liabilities, capitalization, net investment, and reduction thereof, gross receipts, interest due and paid, depreciation, and other reserves, cost of project and other facilities, cost of maintenance and operation of the project and other facilities, cost of renewals and replacement of the project works and other facilities, depreciation, generation, transmission, distribution, delivery, use, and sale of electric energy. The Commission may require any such person to make adequate provision for currently determining such costs and other facts. Such reports shall be made under oath unless the Commission otherwise specifies."

Sec. 309. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, and rescind such orders, rules and regulations as it may find necessary or appropriate to carry out the provisions of this Act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this Act; and may prescribe the form or forms of all statements, declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and the time within which they shall be filed..."

General Penalties

Sec. 315. (a) Any licensee or public utility which willfully fails, within the time prescribed by the Commission, to comply with any order of the Commission, to file any report required under this Act or any rule or regulation of the Commission thereunder, to submit any information of document required by the Commission in the course of an investigation conducted under this Act ... shall forfeit to the United States an amount not exceeding \$1,000 to be fixed by the Commission after notice and opportunity for hearing..."

**FERC FORM NO. 1:
ANNUAL REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER**

IDENTIFICATION		
01 Exact Legal Name of Respondent Kentucky Utilities Company	02 Year of Report Dec. 31, <u>2002</u>	
03 Previous Name and Date of Change (if name changed during year) / /		
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 220 W. Main Street, P.O. Box 32010, Louisville, KY 40232		
05 Name of Contact Person J. Scott Williams	06 Title of Contact Person Mgr-Fin. Reporting & Control	
07 Address of Contact Person (Street, City, State, Zip Code) P.O. Box 32010, Louisville, KY 40232		
08 Telephone of Contact Person, including Area Code (502) 627-2530	09 This Report Is (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) 03/28/2003
ATTESTATION		
The undersigned officer certifies that he/she has examined the accompanying report: that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 to and including December 31 of the year of the report.		
01 Name S. Bradford Rives	03 Signature S. B. Rives /s/	04 Date Signed (Mo, Da, Yr) 03/28/2003
02 Title Sr VP - Finance and Controller		
Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.		

LIST OF SCHEDULES (Electric Utility)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
1	General Information	101	
2	Control Over Respondent	102	
3	Corporations Controlled by Respondent	103	
4	Officers	104	
5	Directors	105	
6	Important Changes During the Year	108-109	
7	Comparative Balance Sheet	110-113	
8	Statement of Income for the Year	114-117	
9	Statement of Retained Earnings for the Year	118-119	
10	Statement of Cash Flows	120-121	
11	Notes to Financial Statements	122-123	
12	Statement of Accum Comp Income, Comp Income, and Hedging Activities	122(a)(b)	
13	Summary of Utility Plant & Accumulated Provisions for Dep, Amort & Dep	200-201	
14	Nuclear Fuel Materials	202-203	None
15	Electric Plant in Service	204-207	
16	Electric Plant Leased to Others	213	None
17	Electric Plant Held for Future Use	214	None
18	Construction Work in Progress-Electric	216	
19	Accumulated Provision for Depreciation of Electric Utility Plant	219	
20	Investment of Subsidiary Companies	224-225	
21	Materials and Supplies	227	
22	Allowances	228-229	
23	Extraordinary Property Losses	230	None
24	Unrecovered Plant and Regulatory Study Costs	230	None
25	Other Regulatory Assets	232	
26	Miscellaneous Deferred Debits	233	
27	Accumulated Deferred Income Taxes	234	
28	Capital Stock	250-251	
29	Other Paid-in Capital	253	
30	Capital Stock Expense	254	
31	Long-Term Debit	256-257	
32	Reconciliation of Reported Net Income with Taxable Inc for Fed Inc Tax	261	
33	Taxes Accrued, Prepaid and Charged During the Year	262-263	
34	Accumulated Deferred Investment Tax Credits	266-267	
35	Other Deferred Credits	269	
36	Accumulated Deferred Income Taxes-Accelerated Amortization Property	272-273	None

Name of Respondent

Kentucky Utilities Company

This Report Is:

(1) An Original(2) A ResubmissionDate of Report
(Mo, Da, Yr)

03/28/2003

Year of Report

Dec. 31, 2002

LIST OF SCHEDULES (Electric Utility) (continued)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
37	Accumulated Deferred Income Taxes-Other Property	274-275	
38	Accumulated Deferred Income Taxes-Other	276-277	
39	Other Regulatory Liabilities	278	
40	Electric Operating Revenues	300-301	
41	Sales of Electricity by Rate Schedules	304	
42	Sales for Resale	310-311	
43	Electric Operation and Maintenance Expenses	320-323	
44	Purchased Power	326-327	
45	Transmission of Electricity for Others	328-330	
46	Transmission of Electricity by Others	332	
47	Miscellaneous General Expenses-Electric	335	
48	Depreciation and Amortization of Electric Plant	336-337	
49	Regulatory Commission Expenses	350-351	
50	Research, Development and Demonstration Activities	352-353	None
51	Distribution of Salaries and Wages	354-355	
52	Common Utility Plant and Expenses	356	None
53	Electric Energy Account	401	
54	Monthly Peaks and Output	401	
55	Steam Electric Generating Plant Statistics (Large Plants)	402-403	
56	Hydroelectric Generating Plant Statistics (Large Plants)	406-407	
57	Pumped Storage Generating Plant Statistics (Large Plants)	408-409	None
58	Generating Plant Statistics (Small Plants)	410-411	
59	Transmission Line Statistics	422-423	
60	Transmission Lines Added During Year	424-425	None
61	Substations	426-427	
62	Footnote Data	450	
	Stockholders' Reports Check appropriate box: <input type="checkbox"/> Four copies will be submitted <input checked="" type="checkbox"/> No annual report to stockholders is prepared		

Blank Page

Name of Respondent

Kentucky Utilities Company

This Report Is:

(1) An Original

(2) A Resubmission

Date of Report

(Mo, Da, Yr)

03/28/2003

Year of Report

Dec. 31, 2002

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

S. B. Rives
220 West Main Street
Louisville, KY 40202

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Kentucky, August 17, 1912
Virginia, December 1, 1991

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not applicable

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Electric Service - Kentucky
Electric Service - Tennessee
Electric Service - Virginia

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) Yes...Enter the date when such independent accountant was initially engaged:
(2) No

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, <u>2002</u>
--	---	--	--

CONTROL OVER RESPONDENT

1. If any corporation, business trust, or similar organization or a combination of such organizations jointly held control over the respondent at the end of the year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for whom trust was maintained, and purpose of the trust.

On April 9, 2001, a German company, E.ON AG ("E.ON"), announced a pre-conditional cash offer of 5.1 billion pounds sterling (\$7.3 billion) to acquire Powergen. The final regulatory approval needed was received on June 14, 2002 from the SEC. Effective July 1, 2002, the acquisition of Powergen was completed by E.ON. Following this acquisition, KU became an indirect subsidiary of E.ON and E.ON became a registered holding company under PUCHA, and subject to regulation thereunder. No costs associated with the E.ON acquisition nor any of the effects of purchase accounting have been reflected in the financial statements of KU.

KU is a wholly owned subsidiary of LG&E Energy Corp. On December 11, 2000, LG&E Energy Corp. and Powergen Limited successfully completed a merger transaction involving the two companies. Pursuant to the acquisition agreement, LG&E Energy became a wholly owned subsidiary of Powergen and, as a result KU became an indirect subsidiary of Powergen.

LG&E Energy and KU Energy merged on May 4, 1998, with LG&E Energy as the surviving corporation. LG&E Energy became the parent company of KU. The preferred stock and debt securities of KU were not affected by the merger.

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

Definitions

1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line No.	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
1	KU Receivables LLC	Limited Liability Company	100%	See Note 1 page 123
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.

2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	CURRENT OFFICERS AT DECEMBER 31, 2002:		
2			
3	Chairman of the Board, President and	Victor A. Staffieri	
4	Chief Executive Officer		
5			
6	Chief Financial Officer	Richard Aitken-Davies	
7			
8	Executive Vice President, General Counsel	John R. McCall	
9	and Corporate Secretary		
10			
11	Senior Vice President - Finance and Controller	S. Bradford Rives	
12			
13	Senior Vice President - Energy Services	Paul W. Thompson	
14			
15	Senior Vice President - Distribution Operations	Chris Hermann	
16			
17	Senior Vice President - Information Technology	Wendy C. Welsh	
18			
19	Senior Vice President - Energy Marketing	Martyn Gallus	
20			
21	Senior Vice President - Project Engineering	A. Roger Smith	
22			
23	Vice President - Retail Services	David A. Vogel	
24			
25	Treasurer	Daniel K. Arbough	
26			
27	Vice President - Independent Power Operations	Bruce D. Hamilton	
28			
29	Vice President - Regulated Generation	Robert E. Henriques	
30			
31	Vice President - Rates and Regulatory	Michael S. Beer	
32			
33	Vice President - External Affairs	George R. Siemens	
34			
35	Vice President - Human Resources	Paula H. Pottinger	
36			
37	Vice President - Power Operations WKE	D. Ralph Bowling	
38			
39	Vice President - Communications	R. W. Chip Keeling	
40			
41			
42			
43			
44			

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 104 Line No.: 1 Column: c

Salary information for all officers is on file in the office of the respondent.

DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.

2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

Line No.	Name (and Title) of Director (a)	Principal Business Address (b)
1	Current Board of Directors at December 31, 2002:	
2		
3	Victor A. Staffieri, Chairman and CEO	Louisville, KY 40202
4	Michael Soehlke	Coventry, U. K.
5	Edmund Wallis	Coventry, U. K.
6		
7		
8	Board Directors Resigning during the Year 2002:	
9		
10	Sidney Gillbrand	Coventry, U. K.
11	Sir Frederick Crawford	Coventry, U. K.
12	Dr. David K-P Li	Coventry, U. K.
13	David Jackson	Coventry, U. K.
14	Nick Baldwin	Coventry, U. K.
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46		
47		
48		

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

- Schedule Page: 105 Line No.: 4 Column: a**
Michael Soehlke's addition to the Board was effective June 28, 2002.
- Schedule Page: 105 Line No.: 10 Column: a**
Sidney Gillbrand's resignation from the Board was effective June 28, 2002.
- Schedule Page: 105 Line No.: 11 Column: a**
Sir Frederick Crawford's resignation from the Board was effective June 28, 2002.
- Schedule Page: 105 Line No.: 12 Column: a**
Dr. David K-P Li's resignation from the Board was effective June 28, 2002.
- Schedule Page: 105 Line No.: 13 Column: a**
David Jackson's resignation from the Board was effective June 28, 2002.
- Schedule Page: 105 Line No.: 14 Column: a**
Nick Baldwin's resignation from the Board was effective June 28, 2002.

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 03/28/2003	Year of Report Dec. 31, 2002
--	---	------------------------------	---------------------------------

IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION.

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
IMPORTANT CHANGES DURING THE YEAR (Continued)			

1. None.
2. None.
3. None.
4. None.
5. None.
6. The Company is authorized by FERC Docket ES03-2-000 to issue short-term debt not to exceed \$400 million at any one time on or before November 30, 2004 with a final maturity no later than November 30, 2005.
7. None.
8. None of a material nature.
9. None.
10. None.
12. None.

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
	UTILITY PLANT			
1				
2	Utility Plant (101-106, 114)	200-201	2,960,818,493	3,089,528,659
3	Construction Work in Progress (107)	200-201	103,402,029	191,233,222
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		3,064,220,522	3,280,761,881
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	200-201	1,457,754,337	1,536,657,953
6	Net Utility Plant (Enter Total of line 4 less 5)		1,606,466,185	1,744,103,928
7	Nuclear Fuel (120.1-120.4, 120.6)	202-203	0	0
8	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
9	Net Nuclear Fuel (Enter Total of line 7 less 8)		0	0
10	Net Utility Plant (Enter Total of lines 6 and 9)		1,606,466,185	1,744,103,928
11	Utility Plant Adjustments (116)	122	0	0
12	Gas Stored Underground - Noncurrent (117)		0	0
	OTHER PROPERTY AND INVESTMENTS			
13				
14	Nonutility Property (121)	221	1,027,089	1,027,089
15	(Less) Accum. Prov. for Depr. and Amort. (122)		129,691	130,101
16	Investments in Associated Companies (123)		1,795,932	7,178,012
17	Investment in Subsidiary Companies (123.1)	224-225	3,000,000	3,000,000
18	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
19	Noncurrent Portion of Allowances	228-229	0	0
20	Other Investments (124)		1,056,424	975,750
21	Special Funds (125-128)		5,879,587	5,307,541
22	TOTAL Other Property and Investments (Total of lines 14-17,19-21)		12,629,341	17,358,291
	CURRENT AND ACCRUED ASSETS			
23				
24	Cash (131)		3,108,881	5,288,007
25	Special Deposits (132-134)		183,579	102,929
26	Working Fund (135)		119,591	93,373
27	Temporary Cash Investments (136)		2,299	0
28	Notes Receivable (141)		0	0
29	Customer Accounts Receivable (142)		-13,785,165	-20,665,295
30	Other Accounts Receivable (143)		7,143,413	4,174,376
31	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		280,000	280,000
32	Notes Receivable from Associated Companies (145)		15,674,682	26,807,991
33	Accounts Receivable from Assoc. Companies (146)		0	0
34	Fuel Stock (151)	227	43,381,741	46,090,087
35	Fuel Stock Expenses Undistributed (152)	227	0	0
36	Residuals (Elec) and Extracted Products (153)	227	0	0
37	Plant Materials and Operating Supplies (154)	227	21,092,437	21,328,529
38	Merchandise (155)	227	0	0
39	Other Materials and Supplies (156)	227	0	0
40	Nuclear Materials Held for Sale (157)	202-203/227	0	0
41	Allowances (158.1 and 158.2)	228-229	150,947	74,853
42	(Less) Noncurrent Portion of Allowances		0	0
43	Stores Expense Undistributed (163)	227	5,095,226	5,079,045
44	Gas Stored Underground - Current (164.1)		0	0
45	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
46	Prepayments (165)		4,710,363	6,423,766
47	Advances for Gas (166-167)		0	0
48	Interest and Dividends Receivable (171)		25,000	22,500
49	Rents Receivable (172)		0	0
50	Accrued Utility Revenues (173)		33,383,000	36,408,000
51	Miscellaneous Current and Accrued Assets (174)		80,809	0
52	Derivative Instrument Assets (175)		0	85,530

Name of Respondent

Kentucky Utilities Company

This Report Is:

(1) An Original(2) A Resubmission

Date of Report

(Mo, Da, Yr)

03/28/2003

Year of Report

Dec. 31, 2002

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
53	Derivative Instrument Assets - Hedges (176)		0	0
54	TOTAL Current and Accrued Assets (Enter Total of lines 24 thru 53)		120,086,803	131,033,691
55	DEFERRED DEBITS			
56	Unamortized Debt Expenses (181)		4,316,446	4,991,162
57	Extraordinary Property Losses (182.1)	230	0	0
58	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0
59	Other Regulatory Assets (182.3)	232	81,007,886	66,622,644
60	Prelim. Survey and Investigation Charges (Electric) (183)		578,608	888,852
61	Prelim. Sur. and Invest. Charges (Gas) (183.1, 183.2)		0	0
62	Clearing Accounts (184)		0	0
63	Temporary Facilities (185)		0	0
64	Miscellaneous Deferred Debits (186)	233	20,711,642	48,949,052
65	Def. Losses from Disposition of Utility Plt. (187)		0	0
66	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
67	Unamortized Loss on Reaquired Debt (189)		6,142,011	9,456,436
68	Accumulated Deferred Income Taxes (190)	234	84,907,546	80,797,845
69	Unrecovered Purchased Gas Costs (191)		0	0
70	TOTAL Deferred Debits (Enter Total of lines 56 thru 69)		197,664,139	211,705,991
71	TOTAL Assets and Other Debits (Enter Total of lines 10,11,12,22,54,70)		1,936,846,468	2,104,201,901

Blank Page

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 110 Line No.: 29 Column: c
 Negative balance reflects sale of accounts receivable from accounts 142 and 173 to KU Receivables LLC , an afflicated company. (See Note 1 of Notes to Financial Statements)

Schedule Page: 110 Line No.: 29 Column: d
 Negative balance reflects sale of accounts receivable from accounts 142 and 173 to KU Receivables LLC , an afflicated company. (See Note 1 of Notes to Financial Statements)

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
	PROPRIETARY CAPITAL			
1				
	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	308,139,978	308,139,978
3	Preferred Stock Issued (204)	250-251	40,000,000	40,000,000
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	0	0
7	Other Paid-In Capital (208-211)	253	15,000,000	15,000,000
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	594,394	594,394
10	(Less) Capital Stock Expense (214)	254	410,389,832	496,125,503
11	Retained Earnings (215, 215.1, 216)	118-119	500,132	5,882,211
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Required Capital Stock (217)	250-251	1,588,424	-10,462,375
14	Accumulated Other Comprehensive Income (219)	122(a)(b)	775,023,972	854,090,923
15	TOTAL Proprietary Capital (Enter Total of lines 2 thru 13)			
	LONG-TERM DEBT			
16				
	LONG-TERM DEBT			
17	Bonds (221)	256-257	488,505,762	500,492,329
18	(Less) Required Bonds (222)	256-257	0	0
19	Advances from Associated Companies (223)	256-257	0	0
20	Other Long-Term Debt (224)	256-257	0	0
21	Unamortized Premium on Long-Term Debt (225)		0	0
22	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		488,505,762	500,492,329
23	TOTAL Long-Term Debt (Enter Total of lines 16 thru 21)			
	OTHER NONCURRENT LIABILITIES			
24				
	OTHER NONCURRENT LIABILITIES			
25	Obligations Under Capital Leases - Noncurrent (227)		0	0
26	Accumulated Provision for Property Insurance (228.1)		0	0
27	Accumulated Provision for Injuries and Damages (228.2)		55,131,381	59,892,049
28	Accumulated Provision for Pensions and Benefits (228.3)		0	0
29	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
30	Accumulated Provision for Rate Refunds (229)		55,131,381	59,892,049
31	TOTAL OTHER Noncurrent Liabilities (Enter Total of lines 24 thru 29)			
	CURRENT AND ACCRUED LIABILITIES			
32				
	CURRENT AND ACCRUED LIABILITIES			
33	Notes Payable (231)		109,805,593	124,374,589
34	Accounts Payable (232)		47,789,650	119,489,650
35	Notes Payable to Associated Companies (233)		18,963,106	27,837,412
36	Accounts Payable to Associated Companies (234)		10,848,396	12,081,091
37	Customer Deposits (235)		20,515,311	4,944,128
38	Taxes Accrued (236)	262-263	5,667,552	2,626,705
39	Interest Accrued (237)		188,000	188,000
40	Dividends Declared (238)		0	0
41	Matured Long-Term Debt (239)		0	0
42	Matured Interest (240)		1,636,113	2,792,612
43	Tax Collections Payable (241)		5,445,718	6,304,439
44	Miscellaneous Current and Accrued Liabilities (242)		0	0
45	Obligations Under Capital Leases-Current (243)			

Name of Respondent

Kentucky Utilities Company

This Report Is:

(1) An Original

(2) A Resubmission

Date of Report

(Mo, Da, Yr)

03/28/2003

Year of Report

Dec. 31, 2002

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
46	Derivative Instrument Liabilities (244)		0	241,104
47	Derivative Instrument Liabilities - Hedges (245)		0	0
48	TOTAL Current & Accrued Liabilities (Enter Total of lines 32 thru 44)		220,859,439	300,879,730
49	DEFERRED CREDITS			
50	Customer Advances for Construction (252)		1,526,310	1,501,311
51	Accumulated Deferred Investment Tax Credits (255)	266-267	11,454,622	8,499,850
52	Deferred Gains from Disposition of Utility Plant (256)		0	0
53	Other Deferred Credits (253)	269	1,296,193	1,939,834
54	Other Regulatory Liabilities (254)	278	58,937,078	54,924,049
55	Unamortized Gain on Reaquired Debt (257)		0	0
56	Accumulated Deferred Income Taxes (281-283)	272-277	324,111,711	321,981,826
57	TOTAL Deferred Credits (Enter Total of lines 47 thru 53)		397,325,914	388,846,870
58			0	0
59			0	0
60			0	0
61			0	0
62			0	0
63			0	0
64			0	0
65			0	0
66			0	0
67			0	0
68			0	0
69			0	0
70			0	0
71	TOTAL Liab and Other Credits (Enter Total of lines 14,22,30,45,54)		1,936,846,468	2,104,201,901

STATEMENT OF INCOME FOR THE YEAR

Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another Utility column (i, m, o) in a similar manner to a utility department. Spread the amount(s) over Lines 02 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.

Report amounts in account 414, Other Utility Operating income, in the same manner as accounts 412 and 413 above.

Report data for lines 7,9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

Use pages 122-123 for important notes regarding the statement of income or any account thereof.

Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.

Give concise explanations concerning significant amounts of any refunds made or received during the year

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	888,219,072	859,472,065
3	Operating Expenses			
4	Operation Expenses (401)	320-323	555,594,515	519,690,211
5	Maintenance Expenses (402)	320-323	59,782,089	57,020,597
6	Depreciation Expense (403)	336-337	92,266,731	87,253,799
7	Amort. & Depl. of Utility Plant (404-405)	336-337	3,195,030	3,045,554
8	Amort. of Utility Plant Acq. Adj. (406)	336-337		
9	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)			
10	Amort. of Conversion Expenses (407)			
11	Regulatory Debits (407.3)			
12	(Less) Regulatory Credits (407.4)			
13	Taxes Other Than Income Taxes (408.1)	262-263	14,983,221	13,927,560
14	Income Taxes - Federal (409.1)	262-263	38,518,669	58,334,059
15	- Other (409.1)	262-263	10,492,859	13,463,626
16	Provision for Deferred Income Taxes (410.1)	234, 272-277	55,898,707	40,416,143
17	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	50,884,825	54,736,506
18	Investment Tax Credit Adj. - Net (411.4)	266		
19	(Less) Gains from Disp. of Utility Plant (411.6)			
20	Losses from Disp. of Utility Plant (411.7)			
21	(Less) Gains from Disposition of Allowances (411.8)		277,302	317,036
22	Losses from Disposition of Allowances (411.9)			
23	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 22)		779,569,694	738,098,007
24	Net Util Oper Inc (Enter Tot line 2 less 23) Carry fwd to P117,line 25		108,649,378	121,374,058

STATEMENT OF INCOME FOR THE YEAR (Continued)

resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be included on pages 122-123.

B. Enter on pages 122-123 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information in the blank space on pages.122-123 or in a footnote.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
888,219,072	859,472,065					1
						2
555,594,515	519,690,211					3
59,782,089	57,020,597					4
92,266,731	87,253,799					5
3,195,030	3,045,554					6
						7
						8
						9
						10
						11
14,983,221	13,927,560					12
38,518,669	58,334,059					13
10,492,859	13,463,626					14
55,898,707	40,416,143					15
50,884,825	54,736,506					16
						17
						18
						19
277,302	317,036					20
						21
779,569,694	738,098,007					22
108,649,378	121,374,058					23
						24

Blank Page

STATEMENT OF INCOME FOR THE YEAR (Continued)

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 114)		108,649,378	121,374,056
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)			
30	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		248,892	
31	Revenues From Nonutility Operations (417)			
32	(Less) Expenses of Nonutility Operations (417.1)		2,475	30,243
33	Nonoperating Rental Income (418)		-620	-4,133
34	Equity in Earnings of Subsidiary Companies (418.1)	119	6,967,101	1,802,856
35	Interest and Dividend Income (419)		640,956	1,367,881
36	Allowance for Other Funds Used During Construction (419.1)		86,847	47,476
37	Miscellaneous Nonoperating Income (421)		-131	7,652
38	Gain on Disposition of Property (421.1)		157,202	1,843,985
39	TOTAL Other Income (Enter Total of lines 29 thru 38)		7,599,988	5,035,474
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)			
42	Miscellaneous Amortization (425)	340		
43	Miscellaneous Income Deductions (426.1-426.5)	340	1,068,996	-329,273
44	TOTAL Other Income Deductions (Total of lines 41 thru 43)		1,068,996	-329,273
45	Taxes Applic. to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	262-263	10,000	10,000
47	Income Taxes-Federal (409.2)	262-263	-684,544	-947,832
48	Income Taxes-Other (409.2)	262-263	-194,933	-267,820
49	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	745,117	1,317,169
50	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	818,612	232,993
51	Investment Tax Credit Adj.-Net (411.5)			
52	(Less) Investment Tax Credits (420)		2,954,772	3,446,059
53	TOTAL Taxes on Other Income and Deduct. (Total of 46 thru 52)		-3,897,744	-3,567,535
54	Net Other Income and Deductions (Enter Total lines 39, 44, 53)		10,428,736	8,932,282
55	Interest Charges			
56	Interest on Long-Term Debt (427)		20,013,002	27,868,496
57	Amort. of Debt Disc. and Expense (428)		347,865	334,701
58	Amortization of Loss on Reaquired Debt (428.1)		882,089	869,759
59	(Less) Amort. of Premium on Debt-Credit (429)			
60	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)			
61	Interest on Debt to Assoc. Companies (430)	340	1,076,303	973,640
62	Other Interest Expense (431)	340	3,424,371	4,007,246
63	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		39,273	19,322
64	Net Interest Charges (Enter Total of lines 56 thru 63)		25,704,357	34,034,520
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		93,373,757	96,271,820
66	Extraordinary Items			
67	Extraordinary Income (434)			1,322,892
68	(Less) Extraordinary Deductions (435)			1,186,715
69	Net Extraordinary Items (Enter Total of line 67 less line 68)			136,177
70	Income Taxes-Federal and Other (409.3)	262-263		
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)			136,177
72	Net Income (Enter Total of lines 65 and 71)		93,373,757	96,407,997

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

- 1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
- 2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 439 inclusive). Show the contra primary account affected in column (b)
- 3. State the purpose and amount of each reservation or appropriation of retained earnings.
- 4. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
- 5. Show dividends for each class and series of capital stock.
- 6. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
- 7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
- 8. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)		410,275,097
1	Balance-Beginning of Year		
2	Changes		
3	Adjustments to Retained Earnings (Account 439)		
4			
5			
6			
7			
8			
9	TOTAL Credits to Retained Earnings (Acct. 439)		
10			
11			
12			
13			
14			
15	TOTAL Debits to Retained Earnings (Acct. 439)		86,406,656
16	Balance Transferred from Income (Account 433 less Account 418.1)		
17	Appropriations of Retained Earnings (Acct. 436)		
18			
19			
20			
21			
22	TOTAL Appropriations of Retained Earnings (Acct. 436)		
23	Dividends Declared-Preferred Stock (Account 437)		-950,007
24	4.75% Cumulative, Stated Value \$100 per share		-1,306,000
25	6.53% Cumulative, Stated Value \$100 per share		
26			
27			
28			-2,256,007
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)		
30	Dividends Declared-Common Stock (Account 438)		
31			
32			
33			
34			
35			
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		1,585,022
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings		496,010,768
38	Balance - End of Year (Total 1,9,15,16,22,29,36,37)		
	APPROPRIATED RETAINED EARNINGS (Account 215)		

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

- Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
- Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
- State the purpose and amount of each reservation or appropriation of retained earnings.
- List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
- Show dividends for each class and series of capital stock.
- Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
- Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
- If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
39			
40			
41			
42			
43			
44			
45	TOTAL Appropriated Retained Earnings (Account 215)		
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)		
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)		114,735
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)		114,735
48	TOTAL Retained Earnings (Account 215, 215.1, 216) (Total 38, 47)		496,125,503
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)		
49	Balance-Beginning of Year (Debit or Credit)		500,132
50	Equity in Earnings for Year (Credit) (Account 418.1)		6,967,101
51	(Less) Dividends Received (Debit)		1,585,022
52			
53	Balance-End of Year (Total lines 49 thru 52)		5,882,211

Blank Page

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 118 Line No.: 1 Column: c

UNAPPROPRIATED RETAINED EARNINGS -- 2001

BALANCE - BEGINNING OF YEAR	346,365,406
BALANCE TRANSFERRED FROM INCOME	94,605,141
DIVIDENDS DECLARED - COMMON STOCK	
4.75% CUMULATIVE, STATED VALUE \$100 PER SHARE	(950,003)
6.53% CUMULATIVE, STATED VALUE \$100 PER SHARE	(1,306,000)
TOTAL DIVIDENDS DECLARED - PREFERRED STOCK	(2,256,003)
DIVIDENDS DECLARED - COMMON STOCK	(30,500,000)
TOTAL DIVIDENDS DECLARED - COMMON STOCK	(30,500,000)
TRANSFERS FROM ACCT 216.1, UNAPPROP. UNDISTRIB. SUB. EARNINGS	2,060,553
BALANCE - END OF YEAR	410,275,097

Schedule Page: 118 Line No.: 46 Column: c

APPROPRIATED RETAINED EARNINGS - AMORTIZATION RESERVE, FEDERAL (ACCT. 215-1) -- 2001

TOTAL APPROPRIATED RETAINED EARNINGS - AMORTIZATION RESERVE FEDERAL	114,735
TOTAL APPROPRIATED RETAINED EARNINGS	114,735
TOTAL RETAINED EARNINGS	410,389,832
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	
BALANCE - BEGINNING OF YEAR	757,829
EQUITY IN EARNINGS FOR YEAR (CREDIT)	1,802,856
(LESS) DIVIDENDS RECEIVED (DEBIT)	2,060,553
BALANCE - END OF YEAR	500,132

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

STATEMENT OF CASH FLOWS

If the notes to the cash flow statement in the respondents annual stockholders report are applicable to this statement, such notes should be included on page 122-123. Information about non-cash investing and financing activities should be provided on Page 122-123. Provide also on pages 122-123 a reconciliation between "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.

Under "Other" specify significant amounts and group others.

Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on Page 122-123 the amount of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	Description (See Instruction No. 5 for Explanation of Codes) (a)	Amounts (b)
1	Net Cash Flow from Operating Activities:	
2	Net Income	93,373,757
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	92,266,731
5	Amortization of Intangible Assets	3,195,030
6		
7		
8	Deferred Income Taxes (Net)	1,979,817
9	Investment Tax Credit Adjustment (Net)	-2,954,772
10	Net (Increase) Decrease in Receivables	-4,280,424
11	Net (Increase) Decrease in Inventory	-2,928,256
12	Net (Increase) Decrease in Allowances Inventory	76,094
13	Net Increase (Decrease) in Payables and Accrued Expenses	8,320,290
14	Net (Increase) Decrease in Other Regulatory Assets	14,385,242
15	Net Increase (Decrease) in Other Regulatory Liabilities	-4,013,029
16	(Less) Allowance for Other Funds Used During Construction	126,120
17	(Less) Undistributed Earnings from Subsidiary Companies	5,382,080
18	Other: Depreciation Charged to Clearing Accounts	2,607,069
19	Net (Increase) in Other Deferred Debits	-28,547,654
20	Net Decrease in Other Deferred Credits	643,641
21	Other	1,945,564
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	170,560,900
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (including land):	
26	Gross Additions to Utility Plant (less nuclear fuel)	-238,035,246
27	Gross Additions to Nuclear Fuel	
28	Gross Additions to Common Utility Plant	
29	Gross Additions to Nonutility Plant	-126,120
30	(Less) Allowance for Other Funds Used During Construction	
31	Other (provide details in footnote):	
32		
33		-237,909,126
34	Cash Outflows for Plant (Total of lines 26 thru 33)	
35		
36	Acquisition of Other Noncurrent Assets (d)	410
37	Proceeds from Disposal of Noncurrent Assets (d)	
38		
39	Investments in and Advances to Assoc. and Subsidiary Companies	
40	Contributions and Advances from Assoc. and Subsidiary Companies	
41	Disposition of Investments in (and Advances to)	
42	Associated and Subsidiary Companies	
43		
44	Purchase of Investment Securities (a)	
45	Proceeds from Sales of Investment Securities (a)	

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

STATEMENT OF CASH FLOWS

4. Investing Activities include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on pages 122-123. Do not include on this statement the dollar amount of Leases capitalized per US of A General Instruction 20; instead provide a reconciliation of the dollar amount of Leases capitalized with the plant cost on pages 122-123.

5. Codes used:

(a) Net proceeds or payments.

(c) Include commercial paper.

(b) Bonds, debentures and other long-term debt.

(d) Identify separately such items as investments, fixed assets, intangibles, etc.

6. Enter on pages 122-123 clarifications and explanations.

Line No.	Description (See Instruction No. 5 for Explanation of Codes) (a)	Amounts (b)
46	Loans Made or Purchased	
47	Collections on Loans	
48		
49	Net (Increase) Decrease in Receivables	
50	Net (Increase) Decrease in Inventory	
51	Net (Increase) Decrease in Allowances Held for Speculation	
52	Net Increase (Decrease) in Payables and Accrued Expenses	
53	Other (provide details in footnote):	
54		
55		
56	Net Cash Provided by (Used in) Investing Activities	
57	Total of lines 34 thru 55)	-237,908,716
58		
59	Cash Flows from Financing Activities:	
60	Proceeds from Issuance of:	
61	Long-Term Debt (b)	133,930,000
62	Preferred Stock	
63	Common Stock	
64	Other (provide details in footnote):	
65		
66	Net Increase in Short-Term Debt (c)	
67	Other (provide details in footnote):	
68		
69		
70	Cash Provided by Outside Sources (Total 61 thru 69)	133,930,000
71		
72	Payments for Retirement of:	
73	Long-term Debt (b)	-133,930,000
74	Preferred Stock	
75	Common Stock	
76	Other (provide details in footnote):	
77		
78	Net Decrease in Short-Term Debt (c)	71,700,000
79		
80	Dividends on Preferred Stock	-2,256,007
81	Dividends on Common Stock	
82	Net Cash Provided by (Used in) Financing Activities	
83	(Total of lines 70 thru 81)	69,443,993
84		
85	Net Increase (Decrease) in Cash and Cash Equivalents	
86	(Total of lines 22,57 and 83)	2,096,177
87		
88	Cash and Cash Equivalents at Beginning of Year	3,294,759
89		
90	Cash and Cash Equivalents at End of Year	5,390,936

Blank Page

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 120 Line No.: 2 Column: b

STATEMENT OF CASH FLOWS - PREVIOUS YEAR (2001)

Net Cash Flows from Operating Activities:

Net Income (line 72(d) on page 117)	\$ 96,407,997
Depreciation and depletion	87,253,799
Amortization of intangible assets	3,045,554
Deferred income taxes (net)	(7,475,369)
Investment tax credit	(3,446,059)
Net decrease in receivables	48,138,514
Net (increase) in inventory	31,262,710
Net decrease in allowances inventory	135,674
Net increase in payable and accrued expenses	31,418,886
Net (increase) in other regulatory assets	(44,803,553)
Net (decrease) in other regulatory liabilities	(4,502,252)
Less allowance for other funds used during construction	63,330
Less undistributed earnings from subsidiary companies	(257,697)
Net (increase) in other deferred debits	(4,547,947)
Net (increase) in other deferred credits	(3,174,553)
Other: depreciation charged to clearing accounts	3,634,280
Net increase in other operating activities	20,961,861

Net Cash Provided by Operating Activities 191,978,489

Cash Flows from Investment Activities:

Gross additions to utility plant	(142,713,811)
Less allowance for funds used during construction	(63,330)

Cash outflows for plant	(142,650,481)
Proceeds from disposal of noncurrent assets	2,858,414
Investments in adn advances to assoc. and subsidiary companies	(3,000,000)

Net Cash Used in Investing Activities (142,792,067)

Cash Flows from Financing Activities:

Net decrease in short-term debt	(13,449,840)
---------------------------------	--------------

Cash provided by outside sources	(13,449,840)
Dividends on preferred stock	(2,256,005)
Dividends on common stock	(30,500,000)

Net Cash Used in Financing Activities (46,205,845)

Net Increase in Cash and Cash Equivalents	2,980,577
Cash and Cash Equivalents at Beginning of Year	314,182

Cash and Cash Equivalents at End of Year \$ 3,294,759

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 03/28/2003	Year of Report Dec. 31, <u>2002</u>
--	---	------------------------------	--

NOTES TO FINANCIAL STATEMENTS

Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.

Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.

For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.

Where Accounts 189, Unamortized Loss on Recquired Debt, and 257, Unamortized Gain on Recquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.

Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.

If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK
SEE PAGE 123 FOR REQUIRED INFORMATION.

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

INDEX OF ABBREVIATIONS

Capital Corp.	LG&E Capital Corp.
Clean Air Act	The Clean Air Act, as amended in 1990
CCN	Certificate of Public Convenience and Necessity
CT	Combustion Turbines
DSM	Demand Side Management
ECR	Environmental Cost Recovery
EEL	Electric Energy, Inc.
EITF	Emerging Issues Task Force Issue
E.ON	E.ON AG
EPA	U.S. Environmental Protection Agency
ESM	Earnings Sharing Mechanism
F	Fahrenheit
FAC	Fuel Adjustment Clause
FERC	Federal Energy Regulatory Commission
FPA	Federal Power Act
FT and FT-A	Firm Transportation
GSC	Gas Supply Clause
IBEW	International Brotherhood of Electrical Workers
IMEA	Illinois Municipal Electric Agency
IMPA	Indiana Municipal Power Agency
Kentucky Commission	Kentucky Public Service Commission
KIUC	Kentucky Industrial Utility Consumers, Inc.
KU	Kentucky Utilities Company
KU Energy	KU Energy Corporation
KU R	KU Receivables LLC
kV	Kilovolts
Kva	Kilovolt-ampere
KW	Kilowatts
Kwh	Kilowatt hours
LEM	LG&E Energy Marketing Inc.
LG&E	Louisville Gas and Electric Company
LG&E Energy	LG&E Energy Corp.
LG&E R	LG&E Receivables LLC
LG&E Services	LG&E Energy Services Inc.
Mcf	Thousand Cubic Feet
MGP	Manufactured Gas Plant
MISO	Midwest Independent System Operator
Mmbtu	Million British thermal units
Moody's	Moody's Investor Services, Inc.
Mw	Megawatts
Mwh	Megawatt hours
NNS	No-Notice Service
NOPR	Notice of Proposed Rulemaking
NOx	Nitrogen Oxide
OATT	Open Access Transmission Tariff
OMU	Owensboro Municipal Utilities
OVEC	Ohio Valley Electric Corporation

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

PBR	Performance-Based Ratemaking
PJM	Pennsylvania, New Jersey, Maryland Interconnection
Powergen	Powergen Limited (formerly Powergen plc)
PUHCA	Public Utility Holding Company Act of 1935
ROE	Return on Equity
RTO	Regional Transmission Organization
S&P	Standard & Poor's Rating Services
SCR	Selective Catalytic Reduction
SEC	Securities and Exchange Commission
SERP	Supplemental Employee Retirement Plan
SFAS	Statement of Financial Accounting Standards
SIP	State Implementation Plan
SMD	Standard Market Design
SO ₂	Sulfur Dioxide
Tennessee Gas	Tennessee Gas Pipeline Company
Texas Gas	Texas Gas Transmission Corporation
TRA	Tennessee Regulatory Authority
Trimble County	LG&E's Trimble County Unit 1
USWA	United Steelworkers of America
Utility Operations	Operations of LG&E and KU
VDT	Value Delivery Team Process
Virginia Commission	Virginia State Corporation Commission
Virginia Staff	Virginia State Corporation Commission Staff

Note 1 - Summary of Significant Accounting Policies

KU, a subsidiary of LG&E Energy and an indirect subsidiary of Powergen and E.ON, is a regulated public utility engaged in the generation, transmission, distribution, and sale of electric energy. LG&E Energy is an exempt public utility holding company with wholly owned subsidiaries including LG&E, KU, Capital Corp., LEM, and LG&E Services. All of the KU's Common Stock is held by LG&E Energy. KU has one wholly owned consolidated subsidiary, KU R.

On December 11, 2000, LG&E Energy was acquired by Powergen. On July 1, 2002, E.ON, a German company, completed its acquisition of Powergen plc (now Powergen Limited). E.ON had announced its pre-conditional cash offer of £5.1 billion (\$7.3 billion) for Powergen on April 9, 2001. Powergen and E.ON are registered public utility holding companies under PUHCA. No costs associated with these acquisitions nor any of the effects of purchase accounting have been reflected in the financial statements of KU.

Certain reclassification entries have been made to the previous year's financial statements to conform to the 2002 presentation with no impact on the balance sheet totals or previously reported income.

Presentation. The accompanying financial statements are prepared on the regulatory basis of accounting in accordance with the requirements of FERC, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of accounting reflects the accounting and ratemaking treatment authorized by FERC and the Kentucky Commission and the Virginia Commission in KU's historical rate proceedings.

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

Utility Plant. KU's utility plant is stated at original cost, which includes payroll-related costs such as taxes, fringe benefits, and administrative and general costs. Construction work in progress has been included in the rate base for determining retail customer rates. KU has not recorded any significant allowance for funds used during construction.

The cost of plant retired or disposed of in the normal course of business is deducted from plant accounts and such cost, plus removal expense less salvage value, is charged to the reserve for depreciation. When complete operating units are disposed of, appropriate adjustments are made to the reserve for depreciation and gains and losses, if any, are recognized.

Depreciation and Amortization. Depreciation is provided on the straight-line method over the estimated service lives of depreciable plant. Pursuant to a final order of the Kentucky Commission dated December 3, 2001, KU implemented new depreciation rates effective January 1, 2001. The amounts provided were approximately 3.1% in 2002, 3.1% in 2001 and 3.5% in 2000, of average depreciable plant. Of the amount provided for depreciation at December 31, 2002, 2001 and 2000, respectively, approximately 0.7% was related to the retirement, removal and disposal costs of long lived assets.

Cash and Temporary Cash Investments. KU considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Temporary cash investments are carried at cost, which approximates fair value.

Fuel Inventories. Fuel inventories of \$46.1 million and \$43.4 million at December 31, 2002 and 2001, respectively, are included in Fuel in the balance sheet. The inventory is accounted for using the average-cost method.

Financial Instruments. KU uses over-the-counter interest-rate swap agreements to hedge its exposure to interest rates. Gains and losses on interest-rate swaps used to hedge interest rate risk are reflected in interest charges monthly. See Note 4 - Financial Instruments.

Unamortized Debt Expense. Debt expense is capitalized in deferred debits and amortized over the lives of the related bond issues, consistent with regulatory practices.

Deferred Income Taxes. Deferred income taxes are recognized at currently enacted tax rates for all material temporary differences between the financial reporting and income tax basis of assets and liabilities.

Investment Tax Credits. Investment tax credits resulted from provisions of the tax law that permitted a reduction of KU's tax liability based on credits for certain construction expenditures. Deferred investment tax credits are being amortized to income over the estimated lives of the related property that gave rise to the credits.

Revenue Recognition. Revenues are recorded based on service rendered to customers through month-end. KU accrues an estimate for unbilled revenues from each meter reading date to the end of the accounting period. The unbilled revenue estimates included in accounts receivable were approximately \$36.4 million and \$33.4 million at December 31, 2002, and 2001, respectively. KU recorded electric revenues that resulted from sales to a related party, LG&E, of \$34.6 million, \$31.1 million and \$22.1 million for years ended December 31, 2002, 2001 and 2000, respectively. See Note 3, Rates and Regulatory Matters.

Fuel Costs. The cost of fuel for electric generation is charged to expense as used.

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

Management's Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. See Note 11, Commitments and Contingencies, for a further discussion.

Accounts Receivable Securitization. SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, and provides accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities. SFAS No. 140 was adopted in the first quarter of 2001, when KU entered into an accounts receivable securitization transaction.

On February 6, 2001, KU implemented an accounts receivable securitization program. The purpose of this program is to enable KU to accelerate the receipt of cash from the collection of retail accounts receivable, thereby reducing dependence upon more costly sources of working capital. The securitization program allows for a percentage of eligible receivables to be sold. Eligible receivables are generally all receivables associated with retail sales that have standard terms and are not past due. KU is able to terminate this program at any time without penalty. If there is a significant deterioration in the payment record of the receivables by the retail customers or if KU fails to meet certain covenants regarding the program, the program may terminate at the election of the financial institutions. In this case, payments from retail customers would first be used to repay the financial institutions participating in the program, and would then be available for use by KU.

As part of the program, KU sold retail accounts receivables to a wholly owned subsidiary, KU R. Simultaneously, KU R entered into two separate three-year accounts receivable securitization facilities with two financial institutions and their affiliates whereby KU R can sell, on a revolving basis, an undivided interest in certain of its receivables and receive up to \$50 million from an unrelated third party purchaser. The effective cost of the receivables programs is comparable to KU's lowest cost source of capital, and is based on prime rated commercial paper. KU retains servicing rights of the sold receivables through two separate servicing agreements with the third party purchaser. KU has obtained an opinion from independent legal counsel indicating these transactions qualify as a true sale of receivables. As of December 31, 2002, the outstanding program balance was \$49.3 million. KU is considering unwinding its accounts receivable securitization arrangements involving KU R during 2003.

The allowance for doubtful accounts associated with the eligible securitized receivables was \$520,000 at December 31, 2002. This allowance is based on historical experience of KU. Each securitization facility contains a fully funded reserve for uncollectible receivables.

New Accounting Pronouncements. The following accounting pronouncements were issued that affected KU in 2002:

SFAS No. 143, *Accounting for Asset Retirement Obligations* was issued in 2001. SFAS No. 143 establishes accounting and reporting standards for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs.

The effective implementation date for SFAS No. 143 is January 1, 2003. Management has calculated the impact of SFAS No. 143 and the recently released FERC NOPR No. RM02-7, *Accounting, Financial Reporting, and Rate Filing Requirements for Asset Retirement Obligations*. As of January 1, 2003, KU recorded asset retirement obligation (ARO) assets in the amount of \$8.6 million and liabilities in the amount of \$18.5 million. KU also recorded a cumulative effect adjustment in the amount of \$9.9 million to reflect the accumulated depreciation and accretion of ARO assets at the transition date less amounts previously accrued under regulatory depreciation. KU recorded offsetting regulatory assets of \$9.9 million, pursuant to regulatory treatment prescribed under SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation*. Also pursuant to SFAS No. 71, KU recorded regulatory liabilities in the amount of \$888,000 offsetting removal costs previously accrued under regulatory accounting in excess of amounts allowed under SFAS No. 143.

KU also expects to record ARO accretion expense of approximately \$1.2 million, ARO depreciation expense of approximately \$176,000 and an offsetting regulatory credit in the income statement of approximately \$1.4 million in 2003, pursuant to regulatory

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

treatment prescribed under SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation*. The accretion, depreciation and regulatory credit will be annual adjustments. SFAS No. 143 will have no impact on the results of the operation of KU.

KU asset retirement obligations are primarily related to the final retirement of generating units. KU transmission and distribution lines largely operate under perpetual property easement agreements which do not generally require restoration upon removal of the property. Therefore, under SFAS No. 143, no material asset retirement obligations will be recorded for transmission and distribution assets.

KU adopted EITF No. 98-10, *Accounting for Energy Trading and Risk Management Activities*, effective January 1, 1999. This pronouncement required that energy trading contracts be marked to market on the balance sheet, with the gains and losses shown net in the income statement. In October 2002, the Emerging Issues Task Force reached a consensus to rescind EITF 98-10. The effective date for the full rescission will be for fiscal periods beginning after December 15, 2002. With the recession of EITF No. 98-10, energy trading contracts that do not also meet the definition of a derivative under SFAS No. 133 must be accounted for as executory contracts. Contracts previously recorded at fair value under EITF No. 98-10 that are not also derivatives under SFAS No. 133 must be restated to historical cost through a cumulative effect adjustment. KU does not expect the rescission of this standard to have a material impact on financial position or results of operations.

In January 2003, the Financial Accounting Standards Board issued Financial Accounting Standards Board Interpretation No. 46, *Consolidation of Variable Interest Entities*, an Interpretation of ARB No. 51 (FIN 46). FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective immediately for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after June 15, 2003. KU does not expect the adoption of this standard to have any impact on the financial position or results of operations.

Note 2 – Mergers and Acquisitions

On July 1, 2002, E.ON completed its acquisition of Powergen, including LG&E Energy, for approximately £5.1 billion (\$7.3 billion). As a result of the acquisition, LG&E Energy became a wholly owned subsidiary (through Powergen) of E.ON and, as a result, KU also became an indirect subsidiary of E.ON. KU has continued its separate identity and serves customers in Kentucky, Virginia and Tennessee under its existing names. The preferred stock and debt securities of KU were not affected by this transaction and the utilities continue to file SEC reports. Following the acquisition, E.ON became, and Powergen remained, a registered holding company under PUHCA. KU, as a subsidiary of a registered holding company, is subject to additional regulations under PUHCA. As contemplated in their regulatory filings in connection with the E.ON acquisition, E.ON, Powergen and LG&E Energy completed an administrative reorganization to move the LG&E Energy group from an indirect Powergen subsidiary to an indirect E.ON subsidiary. This reorganization was effective in March 2003.

LG&E Energy and KU Energy merged on May 4, 1998, with LG&E Energy as the surviving corporation. Management accounted for the merger as a pooling of interests and as a tax-free reorganization under the Internal Revenue Code. Following these acquisitions, KU has continued to maintain its separate identity and serve customers under its present name.

Note 3 - Rates and Regulatory Matters

Accounting for the regulated utility business conforms with generally accepted accounting principles as applied to regulated public utilities and as prescribed by FERC, the Kentucky Commission and the Virginia Commission. KU is subject to SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation*, under which certain costs that would otherwise be charged to expense are deferred as regulatory assets based on expected recovery from customers in future rates. Likewise, certain credits that would otherwise be reflected as income are deferred as regulatory liabilities based on expected return to customers in future rates. KU's current or expected recovery of deferred costs and expected return of deferred credits is generally based on specific ratemaking decisions or

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
Kentucky Utilities Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	03/28/2003	Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

precedent for each item. The following regulatory assets and liabilities were included in KU's balance sheets as of December 31 (in thousands of \$):

	<u>2002</u>	<u>2001</u>
VDT costs	\$ 38,375	\$ 48,811
Unamortized loss on bonds	9,456	6,142
LG&E/KU merger costs	2,046	6,139
One utility costs	873	4,365
ESM provision	13,500	-
Other	<u>1,154</u>	<u>1,010</u>
Total regulatory assets	<u>65,404</u>	<u>66,467</u>
Deferred income taxes - net	(28,854)	(32,872)
Other	<u>(1,022)</u>	<u>(1,017)</u>
Total regulatory liabilities	<u>(29,876)</u>	<u>(33,889)</u>
Regulatory assets - net	<u>\$ 35,528</u>	<u>\$ 32,578</u>

Kentucky Commission Settlement Order - VDT Costs. During the first quarter 2001, KU recorded a \$64 million charge for a workforce reduction program. Primary components of the charge were separation benefits, enhanced early retirement benefits, and health care benefits. The result of this workforce reduction was the elimination of approximately 300 positions, accomplished primarily through a voluntary enhanced severance program.

On June 1, 2001, KU filed an application (VDT case) with the Kentucky Commission to create a regulatory asset relating to these first quarter 2001 charges. The application requested permission to amortize these costs over a four-year period. The Kentucky Commission also opened a case to review a new depreciation study and resulting depreciation rates implemented in 2001.

KU reached a settlement in the VDT case as well as the other cases involving depreciation rates and ESM with all intervening parties. The settlement agreement was approved by the Kentucky Commission on December 3, 2001. The order allowed KU to set up a regulatory asset of \$54 million for the workforce reduction costs and begin amortizing these costs over a five year period starting in April 2001. The first quarter 2001 charge of \$64 million represented all employees who had accepted a voluntary enhanced severance program. Some employees rescinded their participation in the voluntary enhanced severance program and, along with the non-recurring charge of \$6.9 million for FERC and Virginia jurisdictions, thereby decreasing the original charge of the regulatory asset from \$64 million to \$54 million. The settlement will also reduce revenues approximately \$11 million through a surcredit on future bills to customers over the same five year period. The surcredit represents net savings stipulated by KU. The agreement also established KU's new depreciation rates in effect December 2001, retroactive to January 1, 2001. The new depreciation rates decreased depreciation expense by \$6.0 million in 2001.

PUHCA. LG&E Energy was purchased by Powergen on December 11, 2000. Effective July 1, 2002, Powergen was acquired by E.ON, which became a registered holding company under PUHCA. As a result, E.ON, its utility subsidiaries, including KU, and certain of its non-utility subsidiaries are subject to extensive regulation by the SEC under PUHCA with respect to issuances and sales of securities, acquisitions and sales of certain utility properties, and intra-system sales of certain goods and services. In addition, PUHCA generally limits the ability of registered holding companies to acquire additional public utility systems and to acquire and retain businesses unrelated to the utility operations of the holding company. KU believes that it has adequate authority (including financing authority) under existing SEC orders and regulations to conduct its business. KU will seek additional authorization when necessary.

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

Environmental Cost Recovery. In June 2000, the Kentucky Commission approved KU's application for a CCN to construct up to four SCR NOx reduction facilities. The construction and subsequent operation of the SCRs is intended to reduce NOx emission levels to meet the EPA's mandated NOx emission level of 0.15 lbs./Mmbtu by May 2004. In its order, the Kentucky Commission ruled that KU's proposed plan for construction was "reasonable, cost-effective and will not result in the wasteful duplication of facilities." In October 2000, KU filed an application with the Kentucky Commission to amend its Environmental Compliance Plan to reflect the addition of the proposed NOx reduction technology projects and to amend its ECR Tariff to include an overall rate of return on capital investments. Approval of KU's application in April 2001 allowed KU to begin to recover the costs associated with these new projects, subject to Kentucky Commission oversight during normal six-month and two-year reviews.

In August 2002, KU filed an application with the Kentucky Commission to amend its compliance plan to allow recovery of the cost of a new and additional environmental compliance facility. The estimated capital cost of the additional facilities is \$17.3 million. The Kentucky Commission conducted a public hearing on the case on December 20, 2002, final briefs were filed on January 15, 2003, and a final order was issued February 11, 2003. The final order approved recovery of the new environmental compliance facility totaling \$17.3 million. Cost recovery through the environmental surcharge of the approved project will begin with bills rendered in April 2003.

ESM. KU's electric rates are subject to an ESM. The ESM, initially in place for three years beginning in 2000, sets an upper and lower point for rate of return on equity, whereby if KU's rate of return for the calendar year falls within the range of 10.5% to 12.5%, no action is necessary. If earnings are above the upper limit, the excess earnings are shared 40% with ratepayers and 60% with shareholders; if earnings are below the lower limit, the earnings deficiency is recovered 40% from ratepayers and 60% from shareholders. By order of the Kentucky Commission, rate changes prompted by the ESM filing go into effect in April of each year subject to a balancing adjustment in successive periods. KU made its second ESM filing on March 1, 2002 for the calendar year 2001 reporting period. KU is in the process of refunding \$1 million to customers for the 2001 reporting period. KU estimated that the rate of return will fall below the lower limit, subject to Kentucky Commission approval, for the year ended December 31, 2002. The 2002 financial statements include an accrual to reflect the earnings deficiency of \$13.5 million to be recovered from customers commencing in April 2003.

On November 27, 2002, KU filed a revised ESM tariff which proposed continuance of the existing ESM through December 2005. The Kentucky Commission issued an order suspending the ESM tariff one day making the effective date January 2, 2003. In addition, the Kentucky Commission is conducting a management audit to review the ESM plan and reassess its reasonableness in 2003. KU and interested parties will have the opportunity to provide recommendations for modification and continuance of the ESM or other forms of alternative or incentive regulation.

DSM. In May 2001, the Kentucky Commission approved a plan that would expand LG&E's current DSM programs into the service territory served by KU. The filing included a rate mechanism that provided for concurrent recovery of DSM costs, provided an incentive for implementing DSM programs, and recovered revenues from lost sales associated with the DSM program based on program planning engineering estimates and post-implementation evaluation.

FAC. KU employs a FAC mechanism which allows KU to recover from customers' fuel costs associated with retail electric sales. In July 1999, the Kentucky Commission issued a series of orders requiring KU to refund approximately \$10.1 million resulting from reviews of the FAC from November 1994 to October 1998. In August 1999, after a rehearing request by KU, the Kentucky Commission issued a final order that reduced the refund obligation to \$6.7 million (\$5.8 million on a Kentucky jurisdictional basis) from the original order amount of \$10.1 million. KU implemented the refund from October 1999 through September 2000. Both KU and the KIUC appealed the order. Pending a decision on this appeal, a comprehensive settlement was reached by all parties and approved by the Kentucky Commission on May 17, 2002. Thereunder, KU agreed to credit its fuel clause in the amount of \$954,000 (refund made in June and July 2002), and the parties agreed on a prospective interpretation of the state's FAC regulation to ensure consistent and mutually acceptable application on a going-forward basis.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
Kentucky Utilities Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

In December 2002, the Kentucky Commission initiated a two year review of the operation of KU's FAC for the period November 2000 through October 2002. Testimony in the review case was filed on January 20, 2003 and a public hearing was held February 18, 2003. Issues addressed at that time included the establishment of the current base fuel factor to be included in KU's base rates, verification of proper treatment of purchased power costs during unit outages, and compliance with fuel procurement policies and practices.

Kentucky Commission Administrative Case for Affiliate Transactions. In December 1997, the Kentucky Commission opened Administrative Case No. 369 to consider Kentucky Commission policy regarding cost allocations, affiliate transactions and codes of conduct governing the relationship between utilities and their non-utility operations and affiliates. The Kentucky Commission intended to address two major areas in the proceedings: the tools and conditions needed to prevent cost shifting and cross-subsidization between regulated and non-utility operations; and whether a code of conduct should be established to assure that non-utility segments of the holding company are not engaged in practices that could result in unfair competition caused by cost shifting from the non-utility affiliate to the utility. During the period September 1998 to February 2000, the Kentucky Commission issued draft codes of conduct and cost allocation guidelines. In early 2000, the Kentucky General Assembly enacted legislation, House Bill 897, which authorized the Kentucky Commission to require utilities that provide nonregulated activities to keep separate accounts and allocate costs in accordance with procedures established by the Kentucky Commission. In the same Bill, the General Assembly set forth provisions to govern a utility's activities related to the sharing of information, databases, and resources between its employees or an affiliate involved in the marketing or the provision of nonregulated activities and its employees or an affiliate involved in the provision of regulated services. The legislation became law in July 2000 and KU has been operating pursuant thereto since that time. On February 14, 2001, the Kentucky Commission published notice of their intent to promulgate new administrative regulations under the auspices of this new law. This effort is still on-going.

Kentucky Commission Administrative Case for System Adequacy. On June 19, 2001, Kentucky Governor Paul E. Patton issued Executive Order 2001-771, which directed the Kentucky Commission to review and study issues relating to the need for and development of new electric generating capacity in Kentucky. The issues to be considered included the impact of new power plants on the electric supply grid, facility citing issues, and economic development matters, with the goal of ensuring a continued, reliable source of supply of electricity for the citizens of Kentucky and the continued environmental and economic vitality of Kentucky and its communities. In response to that Executive Order, in July 2001 the Kentucky Commission opened Administrative Case No. 387 to review the adequacy of Kentucky's generation capacity and transmission system. Specifically, the items reviewed were the appropriate level of reliance on purchased power, the appropriate reserve margins to meet existing and future electric demand, the impact of spikes in natural gas prices on electric utility planning strategies, and the adequacy of Kentucky's electric transmission facilities. KU, as a party to this proceeding, filed written testimony and responded to two requests for information. Public hearings were held October 2001 and KU filed a final brief in the case. In December 2001, the Kentucky Commission issued an order in which it noted that KU is responsibly addressing the long-term supply needs of native load customers and that current reserve margins are appropriate. However, due to the rapid pace of change in the industry, the order also requires KU to provide an annual assessment of supply resources, future demand, reserve margin, and the need for new resources.

Regarding the transmission system, the Kentucky Commission concluded that the transmission system within Kentucky can reliably serve native load and a significant portion of the proposed new unregulated power plants. However, it will not be able to handle the volume of transactions envisioned by FERC without future upgrades, the costs of which should be borne by those for whom the upgrades are required.

The Kentucky Commission pledged to continue to monitor all relevant issues and advocate Kentucky's interests at all opportunities.

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

FERC SMD NOPR. On July 31, 2002, the FERC issued a NOPR in Docket No. RM01-12-000 which would substantially alter the regulations governing the nation's wholesale electricity markets by establishing a common set of rules -- SMD. The SMD NOPR would require each public utility that owns, operates, or controls interstate transmission facilities to become an Independent Transmission Provider (ITP), belong to an RTO that is an ITP, or contract with an ITP for operation of its transmission assets. It would also establish a standardized congestion management system, real-time and day-ahead energy markets, and a single transmission service for network and point-to-point transmission customers. Review of the proposed rulemaking is underway and a final rule is expected during 2003. While it is expected that the SMD final rule will affect KU revenues and expenses, the specific impact of the rulemaking is not known at this time.

MISO. KU is a member of the MISO, which began commercial operations on February 1, 2002. MISO now has operational control over KU's high-voltage transmission facilities (100 kV and greater), while KU continues to control and operate the lower voltage transmission subject to the terms and conditions of the MISO OATT. As a transmission-owning member of MISO, KU also incurs administrative costs of MISO pursuant to Schedule 10 of the MISO OATT.

MISO also proposed to implement a congestion management system. FERC directed the MISO to coordinate its efforts with FERC's Rulemaking on SMD. On September 24, 2002, the MISO filed new rate schedules designated as Schedules 16 and 17, which provide for the collection of costs incurred by the MISO to establish day-ahead and real-time energy markets. The MISO proposed to recover these costs under Schedules 16 and 17 once service commences. If approved by FERC, these schedules will cause KU to incur additional costs. KU opposes the establishment of Schedules 16 and 17. This effort is still on-going and the ultimate impact of the two schedules, if approved, is not known at this time.

ARO. In 2003, KU expects to record approximately \$11.3 million in regulatory assets and approximately \$888,000 in regulatory liabilities related to SFAS No. 143, *Accounting for Asset Retirement Obligations*.

Merger Surcredit. As part of the LG&E Energy merger with KU Energy, KU estimated non-fuel savings over a ten-year period following the merger. Costs to achieve these savings for KU of \$42.3 million were recorded in the second quarter of 1998, \$20.5 million of which was deferred and amortized over a five-year period pursuant to regulatory orders. Primary components of the merger costs were separation benefits, relocation costs, and transaction fees, the majority of which were paid by December 31, 1998. KU expensed the remaining costs associated with the merger (\$21.8 million) in the second quarter of 1998.

In approving the merger, the Kentucky Commission adopted KU's proposal to reduce its retail customers' bills based on one-half of the estimated merger-related savings, net of deferred and amortized amounts, over a five year period. The surcredit mechanism provides that 50% of the net non-fuel cost savings estimated to be achieved from the merger would be provided to ratepayers through a monthly bill credit, and 50% retained by the Companies, over a five-year period. The surcredit was allocated 53% to KU and 47% to LG&E. In that same order, the Commission required LG&E and KU, after the end of the five-year period, to present a plan for sharing with customers the then-projected non-fuel savings associated with the merger. The Companies submitted this filing on January 13, 2003, proposing to continue to share with customers, on a 50%/50% basis, the estimated fifth-year gross level of non-fuel savings associated with the merger. The filing is currently under review.

Any fuel cost savings are passed to Kentucky customers through the fuel adjustment clauses. See FAC above.

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

Note 4 - Financial Instruments

The cost and estimated fair values of the KU's non-trading financial instruments as of December 31, 2002, and 2001 follow (in thousands of \$):

	<u>2002</u>		<u>2001</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Long-term debt (including current portion)	\$484,830	\$503,194	\$484,830	\$499,618
Interest-rate swaps	-	16,928	-	6,906

All of the above valuations reflect prices quoted by exchanges except for the swaps. The fair values of the swaps reflect price quotes from dealers or amounts calculated using accepted pricing models.

Interest Rate Swaps. KU uses interest rate swaps to hedge exposure to market fluctuations in certain of its debt instruments. Pursuant to policy, use of these financial instruments is intended to mitigate risk and earnings volatility and is not speculative in nature. Management has designated all of the interest rate swaps as hedge instruments. Financial instruments designated as fair value hedges are periodically marked to market with the resulting gains and losses recorded directly into net income to correspond with income or expense recognized from changes in market value of the items being hedged.

As of December 31, 2002 and 2001, KU was party to various interest rate swap agreements with aggregate notional amounts of \$153 million in 2002 and 2001. Under these swap agreements, KU paid variable rates based on either LIBOR or the Bond Market Association's municipal swap index averaging 2.36% and 2.54%, and received fixed rates averaging 7.13% and 7.13% at December 31, 2002 and 2001, respectively. The swap agreements in effect at December 31, 2002 have been designated as fair value hedges and mature on dates ranging from 2007 to 2025. For 2002, the effect of marking these financial instruments and the underlying debt to market resulted in immaterial pretax gains recorded in interest expense.

Interest rate swaps hedge interest rate risk on the underlying debt under SFAS 133, in addition to swaps being marked to market, the item being hedged must also be marked to market, consequently at December 31, 2002, KU's debt reflects a \$15.7 million mark to market adjustment.

Energy Trading & Risk Management Activities. KU conducts energy trading and risk management activities to maximize the value of power sales from physical assets it owns, in addition to the wholesale sale of excess asset capacity. Certain energy trading activities are accounted for on a mark-to-market basis in accordance with EITF 98-10, *Accounting for Contracts Involved in Energy Trading and Risk Management Activities*, SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*. Wholesale sales of excess asset capacity and wholesale purchases are treated as normal sales and purchases under SFAS No. 133 and SFAS No. 138 and are not marked-to-market.

The rescission of EITF 98-10, effective for fiscal years after December 15, 2002, will have no impact on KU's energy trading and risk management reporting as all contracts marked to market under EITF 98-10 are also within the scope of SFAS No. 133.

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

The table below summarizes KU's energy trading and risk management activities for 2002 and 2001 (in thousands of \$).

	<u>2002</u>	<u>2001</u>
Fair value of contracts at beginning of period, net liability	\$ (186)	\$ (17)
Fair value of contracts when entered into during the period	(65)	3,441
Contracts realized or otherwise settled during the period	448	(2,894)
Changes in fair values due to changes in assumptions	<u>(353)</u>	<u>(716)</u>
Fair value of contracts at end of period, net liability	<u>\$ (156)</u>	<u>\$ (186)</u>

No changes to valuation techniques for energy trading and risk management activities occurred during 2002. Changes in market pricing, interest rate and volatility assumptions were made during both years. All contracts outstanding at December 31, 2002, have a maturity of less than one year and are valued using prices actively quoted for proposed or executed transactions or quoted by brokers.

KU maintains policies intended to minimize credit risk and revalues credit exposures daily to monitor compliance with those policies. At December 31, 2002, 86% of the trading and risk management commitments were with counterparties rated BBB- equivalent or better.

Note 5 - Concentrations of Credit and Other Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed to perform as contracted. Concentrations of credit risk (whether on- or off-balance sheet) relate to groups of customers or counterparties that have similar economic or industry characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

KU's customer receivables and revenues arise from deliveries of electricity to approximately 477,000 customers in over 600 communities and adjacent suburban and rural areas in 77 counties in central, southeastern and western Kentucky, to approximately 30,000 customers in five counties in southwestern Virginia and less than ten customers in Tennessee. For the year ended December 31, 2002, 100% of total utility revenue was derived from electric operations.

In August 2001, KU and its employees represented by IBEW Local 2100 entered into a two-year collective bargaining agreement. KU and its employees represented by USWA Local 9447-01 entered into a three-year collective bargaining agreement effective August 2002 and expiring August 2005. The employees represented by these two bargaining units comprise approximately 17% of KU's workforce.

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
--	---	--	--------------------------------

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 6 - Pension Plans and Retirement Benefits

KU sponsors qualified and non-qualified pension plans and other postretirement benefit plans for its employees. The following tables provide a reconciliation of the changes in the plans' benefit obligations and fair value of assets over the three-year period ending December 31, 2002, and a statement of the funded status as of December 31 for each of the last three years (in thousands of \$):

	<u>2002</u>	<u>2001</u>	<u>2000</u>
<u>Pension Plans:</u>			
Change in benefit obligation			
Benefit obligation at beginning of year	\$244,472	\$233,034	\$219,628
Service cost	2,637	2,761	4,312
Interest cost	16,598	17,534	17,205
Plan amendment	28	4	11,757
Change due to transfers	-	(16,827)	-
Curtailement loss	-	1,400	-
Special termination benefits	-	24,274	-
Benefits paid	(23,291)	(29,166)	(16,512)
Actuarial (gain) or loss and other	<u>7,283</u>	<u>11,458</u>	<u>(3,356)</u>
Benefit obligation at end of year	<u>\$247,727</u>	<u>\$244,472</u>	<u>\$233,034</u>
Change in plan assets			
Fair value of plan assets at beginning of year	\$216,947	\$244,677	\$274,109
Actual return on plan assets	(13,767)	18,155	(10,943)
Employer contributions and plan transfers	(99)	(15,300)	(994)
Benefits paid	(23,291)	(29,166)	(16,512)
Administrative expenses	<u>(1,256)</u>	<u>(1,419)</u>	<u>(983)</u>
Fair value of plan assets at end of year	<u>\$178,534</u>	<u>\$216,947</u>	<u>\$244,677</u>
Reconciliation of funded status			
Funded status	\$ (69,193)	\$ (27,525)	\$ 11,643
Unrecognized actuarial (gain) or loss	36,233	(20,581)	(36,435)
Unrecognized transition (asset) or obligation	(532)	(664)	(847)
Unrecognized prior service cost	<u>10,106</u>	<u>11,027</u>	<u>14,176</u>
Net amount recognized at end of year	<u>\$ (23,386)</u>	<u>\$ (37,743)</u>	<u>\$ (11,463)</u>
<u>Other Benefits:</u>			
Change in benefit obligation			
Benefit obligation at beginning of year	\$ 83,223	\$ 64,213	\$ 54,201
Service cost	610	495	757
Interest cost	6,379	5,433	4,781
Plan amendments	-	-	7,127
Curtailement loss	-	6,381	-
Special termination benefits	-	3,824	-
Benefits paid net of retiree contributions	(4,640)	(5,446)	(4,318)
Actuarial (gain) or loss	<u>19,030</u>	<u>8,323</u>	<u>1,665</u>
Benefit obligation at end of year	<u>\$104,602</u>	<u>\$ 83,223</u>	<u>\$ 64,213</u>

Name of Respondent	This Report is:	Date of Report	Year of Report
Kentucky Utilities Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 03/28/2003	Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

Change in plan assets			
Fair value of plan assets at beginning of year	\$ 14,330	\$ 23,762	\$ 28,720
Actual return on plan assets	(2,698)	(4,404)	(1,162)
Employer contributions and plan transfers	1,648	473	522
Benefits paid net of retiree contributions	<u>(5,337)</u>	<u>(5,501)</u>	<u>(4,318)</u>
Fair value of plan assets at end of year	<u>\$ 7,943</u>	<u>\$ 14,330</u>	<u>\$ 23,762</u>
Reconciliation of funded status			
Funded status	\$(96,659)	\$(68,893)	\$(40,451)
Unrecognized actuarial (gain) or loss	22,667	(437)	(23,561)
Unrecognized transition (asset) or obligation	11,209	12,290	21,871
Unrecognized prior service cost	<u>2,891</u>	<u>3,548</u>	<u>6,109</u>
Net amount recognized at end of year	<u>\$(59,892)</u>	<u>\$(53,492)</u>	<u>\$(36,032)</u>

There are no plan assets in the non-qualified plan due to the nature of the plan.

KU made a contribution to the pension plan of \$3.5 million in January 2003.

The following tables provide the amounts recognized in the balance sheet and information for plans with benefit obligations in excess of plan assets as of December 31, 2002, 2001 and 2000 (in thousands of \$):

	<u>2002</u>	<u>2001</u>	<u>2000</u>
<u>Pension Plans:</u>			
Amounts recognized in the balance sheet consisted of:			
Accrued benefit liability	\$ (51,035)	\$(37,743)	\$(11,463)
Intangible asset	10,106	-	-
Accumulated other comprehensive income	<u>17,543</u>	<u>-</u>	<u>-</u>
Net amount recognized at year-end	<u>\$(23,386)</u>	<u>\$(37,743)</u>	<u>\$(11,463)</u>
Additional year-end information for plans with accumulated benefit obligations in excess of plan assets (1):			
Projected benefit obligation	\$247,727	\$244,472	\$ 1,505
Accumulated benefit obligation	229,569	224,261	336
Fair value of plan assets	178,534	216,947	-

(1) 2002 and 2001 includes all plans. 2000 includes SERPs only.

Other Benefits:

Amounts recognized in the balance sheet consisted of:

Accrued benefit liability	<u>\$(59,892)</u>	<u>\$(53,492)</u>	<u>\$(36,032)</u>
---------------------------	-------------------	-------------------	-------------------

Additional year-end information for plans with benefit obligations in excess of plan assets:

Projected benefit obligation	\$104,602	\$ 83,223	\$ 64,213
Fair value of plan assets	7,943	14,330	23,762

Name of Respondent	This Report is:	Date of Report	Year of Report
Kentucky Utilities Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 03/28/2003	Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

The following table provides the components of net periodic benefit cost for the plans for 2002, 2001 and 2000 (in thousands of \$):

	<u>2002</u>	<u>2001</u>	<u>2000</u>
<u>Pension Plans:</u>			
Components of net periodic benefit cost			
Service cost	\$ 2,637	\$ 2,761	\$ 4,312
Interest cost	16,598	17,534	17,205
Expected return on plan assets	(18,406)	(19,829)	(25,170)
Amortization of transition (asset) or obligation	(133)	(136)	(141)
Amortization of prior service cost	956	962	1,145
Recognized actuarial (gain) or loss	<u>1</u>	<u>(120)</u>	<u>(3,410)</u>
Net periodic benefit cost	<u>\$ 1,653</u>	<u>\$ 1,172</u>	<u>\$ (6,059)</u>
Special charges			
Prior service cost recognized	\$ -	\$ 1,238	\$ -
Special termination benefits	<u>-</u>	<u>24,274</u>	<u>-</u>
Total charges	<u>\$ -</u>	<u>\$ 25,512</u>	<u>\$ -</u>
<u>Other Benefits:</u>			
Components of net periodic benefit cost			
Service cost	\$ 610	\$ 495	\$ 757
Interest cost	6,379	5,433	4,781
Expected return on plan assets	(1,022)	(1,313)	(1,768)
Amortization of prior service cost	691	740	1,018
Amortization of transition (asset) or obligation	1,081	1,193	1,823
Recognized actuarial (gain) or loss	<u>343</u>	<u>(40)</u>	<u>(820)</u>
Net periodic benefit cost	<u>\$ 8,082</u>	<u>\$ 6,508</u>	<u>\$ 5,791</u>
Special charges			
Transition obligation recognized	\$ -	\$ 7,638	\$ -
Prior service cost recognized	<u>-</u>	<u>1,613</u>	<u>-</u>
Special termination benefits	<u>-</u>	<u>3,824</u>	<u>-</u>
Total charges	<u>\$ -</u>	<u>\$ 13,075</u>	<u>\$ -</u>

The assumptions used in the measurement of KU's pension benefit obligation are shown in the following table:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Weighted-average assumptions as of December 31:			
Discount rate	6.75%	7.25%	7.75%
Expected long-term rate of return on plan assets	9.00%	9.50%	9.50%
Rate of compensation increase	3.75%	4.25%	4.75%

For measurement purposes, a 12.00% annual increase in the per capita cost of covered health care benefits was assumed for 2003. The rate was assumed to decrease gradually to 5.00% for 2014 and remain at that level thereafter.

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A 1% change in assumed health care cost trend rates would have the following effects (in thousands of \$):

	<u>1% Decrease</u>	<u>1% Increase</u>
Effect on total of service and interest cost components for 2002	(422)	479
Effect on year-end 2002 postretirement benefit obligations	(7,010)	7,972

Thrift Savings Plans. KU has a thrift savings plan under section 401(k) of the Internal Revenue Code. Under the plan, eligible employees may defer and contribute to the plan a portion of current compensation in order to provide future retirement benefits. KU makes contributions to the plan by matching a portion of the employee contributions. The costs of this matching were approximately \$1.5 million for 2002, \$1.4 million for 2001 and \$2.5 million for 2000.

Note 7 - Income Taxes

Components of income tax expense are shown in the table below (in thousands of \$):

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Included in operating expenses:			
Current - federal	\$38,524	\$58,337	\$44,927
- state	10,494	13,465	9,333
Deferred - federal - net	3,467	(12,980)	(3,254)
- state - net	<u>1,547</u>	<u>(1,340)</u>	<u>957</u>
Total	<u>54,032</u>	<u>57,482</u>	<u>51,963</u>
Included in other income - net:			
Current - federal	(685)	(948)	349
- state	15	(268)	67
Deferred - federal - net	(195)	863	(122)
- state - net	(88)	222	(30)
Amortization of investment tax credit	<u>(2,955)</u>	<u>(3,446)</u>	<u>(3,674)</u>
Total	<u>(3,908)</u>	<u>(3,577)</u>	<u>(3,410)</u>
Total income tax expense	<u>\$50,124</u>	<u>\$53,905</u>	<u>\$48,553</u>

Components of net deferred tax liabilities included in the balance sheet are shown below (in thousands of \$):

	<u>2002</u>	<u>2001</u>
Deferred tax liabilities:		
Depreciation and other plant-related items	\$271,792	\$269,752
Other liabilities	<u>30,378</u>	<u>33,376</u>
	<u>302,170</u>	<u>303,128</u>

Name of Respondent	This Report is:	Date of Report	Year of Report
Kentucky Utilities Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 03/28/2003	Dec 31, 2002

NOTES TO FINANCIAL STATEMENTS (Continued)

Deferred tax assets:		
Investment tax credit	3,431	4,623
Income taxes due to customers	11,609	13,263
Pensions	15,861	4,595
Accrued liabilities not currently deductible and other	<u>30,085</u>	<u>41,443</u>
	<u>60,986</u>	<u>63,924</u>
Net deferred income tax liability	<u>\$241,184</u>	<u>\$239,204</u>

A reconciliation of differences between the statutory U.S. federal income tax rate and KU's effective income tax rate follows:

	<u>2002</u>	<u>2001</u>	
Statutory federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	5.5	5.4	4.9
Amortization of investment tax credit	(2.4)	(2.3)	(2.6)
Other differences – net	<u>(3.2)</u>	<u>(2.2)</u>	<u>(3.6)</u>
Effective income tax rate	<u>34.9%</u>	<u>35.9%</u>	<u>33.7%</u>

The change in other differences is due to increased non-taxable earnings from an unconsolidated KU investment.

Note 8 - Other Income - net

Other income – net consisted of the following at December 31 (in thousands of \$):

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Equity in earnings - subsidiary company	\$ 6,697	\$ 1,803	\$ 2,242
Interest and dividend income	641	1,368	1,206
Gains on fixed asset disposals	157	1,844	5
Income taxes and other	<u>2,934</u>	<u>3,917</u>	<u>3,390</u>
Other income -- net	<u>\$10,429</u>	<u>\$ 8,932</u>	<u>\$ 6,843</u>

Note 9 - First Mortgage Bonds and Pollution Control Bonds Long-term debt and the current portion of long-term debt, summarized below (in thousands of \$), consists primarily of first mortgage bonds and pollution control bonds. Interest rates and maturities in the table below are for the amounts outstanding at December 31, 2002.

	Stated	Weighted		Principal
	Interest Rates	Average	Maturities	Amounts
		Interest		
		Rate		
Noncurrent portion	Variable - 8.55%	5.21%	2006-2032	\$346,562
Current portion	Variable - 6.32%	3.58%	2003-2032	\$153,930

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
Kentucky Utilities Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	03/28/2003	Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

Under the provisions for KU's variable-rate pollution control bonds Series PCS 10, 12, 13, 14, and 15, the bonds are subject to tender for purchase at the option of the holder and to mandatory tender for purchase upon the occurrence of certain events, causing the bonds to be classified as current portion of long-term debt in the consolidated balance sheets. The average annualized interest rate for these bonds during 2002 was 1.58%.

In September 2002, KU issued \$96 million variable rate pollution control Series 16 due October 1, 2032, and exercised its call option on \$96 million, 7.45% pollution control Series 8 due September 15, 2016.

In May 2002, KU issued \$37.9 million variable rate pollution control Series 12, 13, 14 and 15 due February 1, 2032, and exercised its call option on \$37.9 million, 6.25% pollution control Series 1B, 2B, 3B, and 4B due February 1, 2018.

In May 2000, KU issued the Mercer County Solid Waste Disposal Facility Revenue Bonds, 2000 Series A variable rate debt, for \$12.9 million. These proceeds were used to redeem \$4 million PCB Series 7, 7.38% bonds and \$8.9 million of PCB Series 7, 7.6% bonds. In June 2000, \$61.5 million Series Q, 5.95% First Mortgage Bond matured and was paid in full.

KU's First Mortgage Bond, 6.32% Series Q of \$62 million is scheduled to mature in June 2003, KU's First Mortgage Bond, 5.99% Series S of \$36 million matures in 2006, and KU's First Mortgage Bond, 7.92% Series P of \$53 million matures in 2007. There are no scheduled maturities of Pollution Control Bonds for the five years subsequent to December 31, 2002.

Substantially all of KU's utility plant is pledged as security for its First Mortgage Bonds.

Note 10 - Notes Payable to Parent

KU participates in an intercompany money pool agreement wherein LG&E Energy can make funds available to KU at market based rates up to \$400 million. The money pool loan from LG&E Energy was \$119.5 million at a rate of 1.61% and \$47.8 million at an average rate of 2.37% at December 31, 2002 and 2001, respectively. The remaining money pool availability at December 31, 2002, was \$280.5 million. LG&E Energy maintains facilities of \$450 million with affiliates to ensure funding availability for the money pool. The outstanding balance under these facilities as of December 31, 2002 was \$230 million, and availability of \$220 million remained.

Note 11 - Commitments and Contingencies

Construction Program. KU had approximately \$6.2 million of commitments in connection with its construction program at December 31, 2002. Construction expenditures for the years 2003 and 2004 are estimated to total approximately \$550.0 million; although all of this is not currently committed, including the purchase of four jointly owned CTs, \$152.0 million, and construction of NOx equipment, \$177.0 million.

Operating Leases. KU leases office space, office equipment, and vehicles. KU accounts for these leases as operating leases. Total lease expense for 2002, 2001, and 2000, was \$2.6 million, \$2.8 million and \$2.3 million, respectively.

In December 1999, LG&E and KU entered into an 18-year cross-border lease of its two jointly owned combustion turbines recently installed at KU's Brown facility (units 6 and 7). KU's obligation was defeased upon consummation of the cross-border lease. The transaction produced a pre-tax gain of approximately \$1.9 million which was recorded in other income on the income statement in 2000, pursuant to a Kentucky Commission order.

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

Environmental. The Clean Air Act imposed stringent new SO₂ and NO_x emission limits on electric generating units. KU met its Phase I SO₂ requirements primarily through installation of a scrubber on Ghent Unit 1. KU's strategy for Phase II SO₂ reductions, which commenced January 1, 2000, is to use accumulated emissions allowances to delay additional capital expenditures and may also include fuel switching or the installation of additional scrubbers. KU met the NO_x emission requirements of the Act through installation of low-NO_x burner systems. KU's compliance plans are subject to many factors including developments in the emission allowance and fuel markets, future regulatory and legislative initiatives, and advances in clean air control technology. KU will continue to monitor these developments to ensure that its environmental obligations are met in the most efficient and cost-effective manner.

In September 1998, the EPA announced its final "NO_x SIP Call" rule requiring states to impose significant additional reductions in NO_x emissions by May 2003, in order to mitigate alleged ozone transport impacts on the Northeast region. The Commonwealth of Kentucky is currently in the process of revising its SIP to require reductions in NO_x emissions from coal-fired generating units to the 0.15 lb./Mmbtu level on a system-wide basis. In related proceedings in response to petitions filed by various Northeast states, in December 1999, EPA issued a final rule pursuant to Section 126 of the Clean Air Act directing similar NO_x reductions from a number of specifically targeted generating units including all KU units in the eastern half of Kentucky. Additional petitions currently pending before EPA may potentially result in rules encompassing KU's remaining generating units. As a result of appeals to both rules, the compliance date was extended to May 2004. All KU generating units are subject to the May 2004 compliance date under these NO_x emissions reduction rules.

KU is currently implementing a plan for adding significant additional NO_x controls to its generating units. Installation of additional NO_x controls will proceed on a phased basis, with installation of controls commencing in late 2000 and continuing through the final compliance date. In addition, KU will incur additional operation and maintenance costs in operating new NO_x controls. KU believes its costs in this regard to be comparable to those of similarly situated utilities with like generation assets. KU had anticipated that such capital and operating costs are the type of costs that are eligible for recovery from customers under its environmental surcharge mechanism and believed that a significant portion of such costs could be recovered. In April 2001, the Kentucky Commission granted recovery of these costs for KU.

KU is also monitoring several other air quality issues which may potentially impact coal-fired power plants, including the appeal of the D.C. Circuit's remand of the EPA's revised air quality standards for ozone and particulate matter, measures to implement EPA's regional haze rule, and EPA's December 2000 determination to regulate mercury emissions from power plants.

KU owns or formerly owned several properties that contained past MGP operations. Various contaminants are typically found at such former MGP sites and environmental remediation measures are frequently required. KU has completed the cleanup of a site owned by KU. With respect to other former MGP sites no longer owned by KU, KU is unaware of what, if any, additional exposure or liability it may have.

In October 1999, approximately 38,000 gallons of diesel fuel leaked from a cracked valve in an underground pipeline at KU's E.W. Brown Station. Under the oversight of EPA and state officials, KU commenced immediate spill containment and recovery measures which prevented the spill from reaching the Kentucky River. KU ultimately recovered approximately 34,000 gallons of diesel fuel. In November 1999, the Kentucky Division of Water issued a notice of violation for the incident. KU is currently negotiating with the state in an effort to reach a complete resolution of this matter. KU incurred costs of approximately \$1.8 million and received insurance reimbursement of \$1.2 million. In December 2002, the Department of Justice (DOJ) sent correspondence to KU regarding a potential per-day fine for failure to timely submit a spill control plan and a per-gallon fine for the amount of oil discharged. KU and the DOJ have commenced settlement discussions using existing DOJ settlement guidelines on this matter.

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

In April 2002, the EPA sent correspondence to KU regarding potential exposure in connection with \$1.5 million in completed remediation costs associated with a transformer scrap-yard. KU believes it is one of the more remote among a number of potentially responsible parties and has entered into settlement discussions with the EPA on this matter.

Purchased Power. KU has purchase power arrangements with OMU, EEI and other parties. Under the OMU agreement, which expires on January 1, 2020, KU purchases all of the output of a 400-Mw generating station not required by OMU. The amount of purchased power available to KU during 2003-2007, which is expected to be approximately 8% of KU's total kWh native load energy requirements, is dependent upon a number of factors including the units' availability, maintenance schedules, fuel costs and OMU requirements. Payments are based on the total costs of the station allocated per terms of the OMU agreement, which generally follow delivered kWh. Included in the total costs is KU's proportionate share of debt service requirements on \$149.6 million of OMU bonds outstanding at December 31, 2002. The debt service is allocated to KU based on its annual allocated share of capacity, which averaged approximately 50% in 2002.

KU has a 20% equity ownership in EEI, which is accounted for on the equity method of accounting. KU's entitlement is 20% of the available capacity of a 1,000 Mw station. Payments are based on the total costs of the station allocated per terms of an agreement among the owners, which generally follow delivered kWh.

KU has several other contracts for purchased power of various Mw capacities.

The estimated future minimum annual payments under purchased power agreements for the years subsequent to December 31, 2002, are as follows (in thousands of \$):

2003	\$ 34,317
2004	39,653
2005	39,653
2006	39,884
2007	39,994
Thereafter	<u>643,946</u>
Total	<u>\$837,447</u>

Note 12 – Jointly Owned Electric Utility Plant

LG&E and KU jointly own the following combustion turbines (in thousands of \$):

		<u>LG&E</u>	<u>KU</u>	<u>Total</u>
Paddy's Run 13	Ownership %	53%	47%	100%
	Mw capacity	84	74	158
	Cost	\$33,919	\$29,973	\$63,892
	Depreciation	<u>1,711</u>	<u>1,499</u>	<u>3,210</u>
	Net book value	<u>\$32,208</u>	<u>\$28,474</u>	<u>\$60,682</u>

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

E.W. Brown 5	Ownership %	53%	47%	100%
	Mw capacity	71	63	134
	Cost	\$23,973	\$21,106	\$45,079
	Depreciation	<u>1,206</u>	<u>1,052</u>	<u>2,258</u>
	Net book value	<u>\$22,767</u>	<u>\$20,054</u>	<u>\$42,821</u>
E.W. Brown 6	Ownership %	38%	62%	100%
	Mw capacity	59	95	154
	Cost	\$23,696	\$36,957	\$60,653
	Depreciation	<u>1,770</u>	<u>4,201</u>	<u>5,971</u>
	Net book value	<u>\$21,926</u>	<u>\$32,756</u>	<u>\$54,682</u>
E.W. Brown 7	Ownership %	38%	62%	100%
	Mw capacity	59	95	154
	Cost	\$23,607	\$44,792	\$68,399
	Depreciation	<u>4,054</u>	<u>4,502</u>	<u>8,556</u>
	Net book value	<u>\$19,553</u>	<u>\$40,290</u>	<u>\$59,843</u>
Trimble 5	Ownership %	29%	71%	100%
	Mw capacity	45	110	155
	Cost	\$15,970	\$39,045	\$55,015
	Depreciation	<u>251</u>	<u>614</u>	<u>865</u>
	Net book value	<u>\$15,719</u>	<u>\$38,431</u>	<u>\$54,150</u>
Trimble 6	Ownership %	29%	71%	100%
	Mw capacity	45	110	155
	Cost	\$15,961	\$39,025	\$54,986
	Depreciation	<u>251</u>	<u>614</u>	<u>865</u>
	Net book value	<u>\$15,710</u>	<u>\$38,411</u>	<u>\$54,121</u>
Trimble CT Pipeline	Ownership %	29%	71%	100%
	Cost	\$1,835	\$4,475	\$6,310
	Depreciation	<u>39</u>	<u>96</u>	<u>135</u>
	Net book value	<u>\$1,796</u>	<u>\$4,379</u>	<u>\$6,175</u>

See also Note 11, Construction Program, for KU's planned purchase of four jointly owned CTs in 2004.

Note 13 - Notes to Statement of Cash Flows

Supplemental Disclosures of Cash Flow Information	<u>2002</u>	<u>2001</u>
Cash paid during the year for:		
Income taxes	\$59,579,894	\$72,432,010
Interest on borrowed money	\$37,865,611	\$39,829,190

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
Kentucky Utilities Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	03/28/2003	Dec 31, 2002
NOTES TO FINANCIAL STATEMENTS (Continued)			

Note 14 – Subsequent Events

In January 2003, the Kentucky Commission reviewed the FAC of KU for the six month period ended October 31, 2001. The Kentucky Commission ordered KU to reduce its fuel costs for purposes of calculating its FAC by \$673,000. At issue was the purchase of approximately 102,000 tons of coal from Western Kentucky Energy Corporation, a non-regulated affiliate, for use at KU's Ghent Facility. The Kentucky Commission further ordered that an independent audit be conducted to examine operational and management aspects of KU's fuel procurement functions.

On February 15, 2003, KU experienced a severe ice storm in Lexington, Kentucky, and surrounding service area causing over 140,000 customers to lose power. KU is still in the process of accumulating the costs of the storm. Costs relate to repair of transmission and distribution system, property damage, and significant labor costs, including contractor costs. A portion of the costs may be offset by insurance proceeds.

On March 18, 2003, the Kentucky Commission approved LG&E and KU's joint application for the acquisition of four CTs from an unregulated affiliate, LG&E Capital Corp. The total projected construction cost for the turbines, expected to be available for June 2004 in-service, is \$227.4 million. The requested ownership share of the turbines is 63% for KU and 37% for LG&E.

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

1. Report in columns (b) (c) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.
2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.
3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year				
2	Preceding yr. Reclassification from Account 219 Net Income				
3	Preceding Year Changes in Fair Value				1,588,424
4	Total (lines 2 and 3)				1,588,424
5	Balance of Account 219 at End of Preceding Yr/Beginning of Current Yr				1,588,424
6	Current Year Reclassification From Account 219 to Net Income				
7	Current Year Changes in Fair Value		(10,462,375)		(1,588,424)
8	Total (lines 6 and 7)		(10,462,375)		(1,588,424)
9	Balance of Account 219 at End of Current Year		(10,462,375)		

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

Line No.	Other Cash Flow Hedges [Specify] (f)	Other Cash Flow Hedges [Specify] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 72) (i)	Total Comprehensive Income (j)
1					
2					
3			1,588,424		
4			1,588,424	96,407,997	97,996,421
5			1,588,424		
6					
7			(12,050,799)		
8			(12,050,799)	93,373,757	81,322,958
9			(10,462,375)		

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 122(a)(b) Line No.: 3 Column: e
Cumulative effect of change in accounting principle -- Accounting for derivative instruments and hedging activities.

Schedule Page: 122(a)(b) Line No.: 7 Column: e
Reversal of prior year cumulative effect of change in accounting principle -- Accounting for derivative instruments and hedging activities.

Name of Respondent Kentucky Utilities Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION				
Line No.	Classification (a)	Total (b)	Electric (c)	
1	Utility Plant			
2	In Service			
3	Plant in Service (Classified)	3,089,528,659	3,089,528,659	
4	Property Under Capital Leases			
5	Plant Purchased or Sold			
6	Completed Construction not Classified			
7	Experimental Plant Unclassified			
8	Total (3 thru 7)	3,089,528,659	3,089,528,659	
9	Leased to Others			
10	Held for Future Use			
11	Construction Work in Progress	191,233,222	191,233,222	
12	Acquisition Adjustments			
13	Total Utility Plant (8 thru 12)	3,280,761,881	3,280,761,881	
14	Accum Prov for Depr, Amort, & Depl	1,536,657,953	1,536,657,953	
15	Net Utility Plant (13 less 14)	1,744,103,928	1,744,103,928	
16	Detail of Accum Prov for Depr, Amort & Depl			
17	In Service:			
18	Depreciation	1,526,996,931	1,526,996,931	
19	Amort & Depl of Producing Nat Gas Land/Land Right			
20	Amort of Underground Storage Land/Land Rights			
21	Amort of Other Utility Plant	9,661,022	9,661,022	
22	Total In Service (18 thru 21)	1,536,657,953	1,536,657,953	
23	Leased to Others			
24	Depreciation			
25	Amortization and Depletion			
26	Total Leased to Others (24 & 25)			
27	Held for Future Use			
28	Depreciation			
29	Amortization			
30	Total Held for Future Use (28 & 29)			
31	Abandonment of Leases (Natural Gas)			
32	Amort of Plant Acquisition Adj			
33	Total Accum Prov (equals 14) (22,26,30,31,32)	1,536,657,953	1,536,657,953	

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

- Report below the original cost of electric plant in service according to the prescribed accounts.
- In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
- Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
- Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
- Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year of unclassified retirements. Show in a footnote the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization	44,456	
3	(302) Franchises and Consents	81,350	
4	(303) Miscellaneous Intangible Plant	15,050,153	2,247,234
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	15,175,959	2,247,234
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights	10,198,525	280,000
9	(311) Structures and Improvements	157,006,517	442,008
10	(312) Boiler Plant Equipment	784,401,213	12,465,338
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units	191,891,246	2,001,754
13	(315) Accessory Electric Equipment	81,802,434	
14	(316) Misc. Power Plant Equipment	20,540,750	384,397
15	TOTAL Steam Production Plant (Enter Total of lines 8 thru 14)	1,245,840,685	15,573,497
16	B. Nuclear Production Plant		
17	(320) Land and Land Rights		
18	(321) Structures and Improvements		
19	(322) Reactor Plant Equipment		
20	(323) Turbogenerator Units		
21	(324) Accessory Electric Equipment		
22	(325) Misc. Power Plant Equipment		
23	TOTAL Nuclear Production Plant (Enter Total of lines 17 thru 22)		
24	C. Hydraulic Production Plant		
25	(330) Land and Land Rights	892,791	
26	(331) Structures and Improvements	497,428	
27	(332) Reservoirs, Dams, and Waterways	8,142,176	
28	(333) Water Wheels, Turbines, and Generators	532,629	
29	(334) Accessory Electric Equipment	349,869	
30	(335) Misc. Power PLant Equipment	163,126	
31	(336) Roads, Railroads, and Bridges	48,146	
32	TOTAL Hydraulic Production Plant (Enter Total of lines 25 thru 31)	10,626,165	
33	D. Other Production Plant		
34	(340) Land and Land Rights	275,012	
35	(341) Structures and Improvements	14,032,746	7,142,211
36	(342) Fuel Holders, Products, and Accessories	13,370,299	4,955,592
37	(343) Prime Movers	190,515,549	60,763,475
38	(344) Generators	39,998,131	7,481,801
39	(345) Accessory Electric Equipment	15,780,949	3,335,846

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
			44,456	2
			81,350	3
			17,297,387	4
			17,423,193	5
				6
				7
			10,478,525	8
2,737,193			154,711,332	9
6,669,047			790,197,504	10
				11
2,170,155			191,722,845	12
513,319			81,289,115	13
206,066			20,719,081	14
12,295,780			1,249,118,402	15
				16
				17
				18
				19
				20
				21
				22
				23
				24
			892,791	25
			497,428	26
			8,142,176	27
			532,629	28
			349,869	29
			163,126	30
			48,146	31
			10,626,165	32
				33
			275,012	34
			21,174,957	35
			18,325,891	36
			251,279,024	37
			47,479,932	38
			19,116,795	39

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
40	(346) Misc. Power Plant Equipment	4,675,622	5,379
41	TOTAL Other Prod. Plant (Enter Total of lines 34 thru 40)	278,648,308	83,684,304
42	TOTAL Prod. Plant (Enter Total of lines 15, 23, 32, and 41)	1,535,115,158	99,257,801
43	3. TRANSMISSION PLANT		
44	(350) Land and Land Rights	24,153,961	
45	(352) Structures and Improvements	7,610,957	
46	(353) Station Equipment	159,914,423	1,225,178
47	(354) Towers and Fixtures	60,089,737	463,928
48	(355) Poles and Fixtures	72,450,837	2,189,875
49	(356) Overhead Conductors and Devices	120,504,453	1,558,228
50	(357) Underground Conduit	432,475	3,452
51	(358) Underground Conductors and Devices	1,114,762	
52	(359) Roads and Trails		
53	TOTAL Transmission Plant (Enter Total of lines 44 thru 52)	446,271,605	5,440,661
54	4. DISTRIBUTION PLANT		
55	(360) Land and Land Rights	3,008,008	
56	(361) Structures and Improvements	3,658,203	141,181
57	(362) Station Equipment	88,975,761	4,031,374
58	(363) Storage Battery Equipment		
59	(364) Poles, Towers, and Fixtures	161,132,889	6,801,993
60	(365) Overhead Conductors and Devices	154,582,389	6,132,802
61	(366) Underground Conduit	1,551,967	
62	(367) Underground Conductors and Devices	44,212,350	5,638,013
63	(368) Line Transformers	204,225,785	6,169,559
64	(369) Services	78,519,504	3,223,282
65	(370) Meters	60,491,938	2,106,846
66	(371) Installations on Customer Premises	18,304,311	
67	(372) Leased Property on Customer Premises		
68	(373) Street Lighting and Signal Systems	42,086,354	3,513,078
69	TOTAL Distribution Plant (Enter Total of lines 55 thru 68)	860,749,459	37,758,128
70	5. GENERAL PLANT		
71	(389) Land and Land Rights	2,826,347	
72	(390) Structures and Improvements	29,594,046	87,811
73	(391) Office Furniture and Equipment	24,602,116	3,661,874
74	(392) Transportation Equipment	27,484,854	200,417
75	(393) Stores Equipment	571,859	
76	(394) Tools, Shop and Garage Equipment	3,113,928	586,792
77	(395) Laboratory Equipment	3,188,445	118,441
78	(396) Power Operated Equipment	200,677	
79	(397) Communication Equipment	11,466,691	844,891
80	(398) Miscellaneous Equipment	457,349	
81	SUBTOTAL (Enter Total of lines 71 thru 80)	103,506,312	5,500,226
82	(399) Other Tangible Property		
83	TOTAL General Plant (Enter Total of lines 81 and 82)	103,506,312	5,500,226
84	TOTAL (Accounts 101 and 106)	2,960,818,493	150,204,050
85	(102) Electric Plant Purchased (See Instr. 8)		
86	(Less) (102) Electric Plant Sold (See Instr. 8)		
87	(103) Experimental Plant Unclassified		
88	TOTAL Electric Plant in Service (Enter Total of lines 84 thru 87)	2,960,818,493	150,204,050

ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
			4,681,001	40
			362,332,612	41
12,295,780			1,622,077,179	42
				43
			24,153,961	44
			7,610,957	45
12,798	-314,550		160,812,253	46
20,206			60,533,459	47
39,322	314,550		74,915,940	48
32,588			122,030,093	49
			435,927	50
			1,114,762	51
				52
104,914			451,607,352	53
				54
			3,008,008	55
1,055			3,798,329	56
493,067			92,514,068	57
				58
376,388			167,558,494	59
203,570			160,511,621	60
			1,551,967	61
46,298			49,804,065	62
690,257			209,705,087	63
62,090			81,680,696	64
8,955			62,589,829	65
34,007			18,270,304	66
				67
192,809			45,406,623	68
2,108,496			896,399,091	69
				70
			2,826,347	71
			29,681,857	72
2,300,080			25,963,910	73
3,936,032			23,749,239	74
			571,859	75
			3,700,720	76
			3,306,886	77
			200,677	78
748,582			11,563,000	79
			457,349	80
6,984,694			102,021,844	81
				82
6,984,694			102,021,844	83
21,493,884			3,089,528,659	84
				85
				86
				87
21,493,884			3,089,528,659	88

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or \$100,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	PRODUCTION PLANT	
2	KU NOx COMPLIANCE	61,539,409
3	GH ASH POND PHASE 2	5,972,875
4	TC CT SUBSTATION	3,560,458
5	GH4 18TH STAGE BUCKET REPLACEMENT 01	1,557,532
6	GR3 GENERATOR REWIND	1,208,579
7	BR2 TURBINE CONTROLS 02	1,189,880
8	GH4 UP ARCH TUBE REPLACEMENT 01	854,204
9	GH3 CT CELL REBUILD 02	833,525
10	TY3 ID FANS 01	729,703
11	BR2 CONDENSER RETUBE 02	722,122
12	GH4 CT CELL & LOUVER REBUILD	697,109
13	GH4 CT CELL REBUILD 03	570,267
14	BARCODING	452,017
15	GH1 CT CELL REBUILD	551,990
16	GH1 CT CELL REBUILD 02	527,607
17	GH4 PRECIP WIRE REPLACEMENT	478,407
18	BR1 CONDENSER RETUBE 02	441,204
19	GH4 GENERATOR FIELD REWIND 01	432,645
20	GH4 SH/RH CONTROL 02	418,378
21	GH BU BKT DRIVE UPGRADE	413,105
22	GR BOILER 4 CASING REPAIR	362,786
23	GH3 SH/RH CONTROL 02	354,058
24	SL CEM FLOW MONITORS - KU	315,623
25	GHENT 2 FGD SYSTEM	307,970
26	GH4 1ST STG BKT REPLACEMENT	305,193
27	BR 1/2 WATER INDUCT PROT 01	299,083
28	GR 2002 U1/2 I.D. FAN HSG	297,214
29	GH1 SUPPORT FUEL PIPING	295,589
30	GH1 SUPPORT FUEL PIPING 02	293,731
31	GH4 CT CELL & LOUVER REPLACEMENT 02	286,860
32	GH4 HP/IP PACKING REPLACEMENT 01	271,526
33	GH4 BOILER TUBE REPLACEMENT 01	267,566
34	GH CONVEYOR BELT REPLACEMENT 02	233,363
35	GH BARGE MOORING CELL REBUILD	225,862
36	5-2 PULVERIZER OVERHAUL	212,159
37	GH3 BOILER REFRACT REM	209,090
38	GH1 REPLACE COAL PIPE W/CERAM 02	207,289
39	GH2 SUPERHEAT DMW 02	197,004
40	GR SO2 STACK REFRACTORY REPLACEMENT	194,350
41	GH4 8TH STG BKT REPLACEMENT	190,808
42	GH3 REPL INSUL ESP & DUCT	189,925
43	TOTAL	191,233,222

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

CONSTRUCTION WORK IN PROGRESS -- ELECTRIC (Account 107)

- Report below descriptions and balances at end of year of projects in process of construction (107)
- Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
- Minor projects (5% of the Balance End of the Year for Account 107 or \$100,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	GH1 ASBESTOS REMOVAL 00	182,877
2	GR CONDENSATE STORAGE TANK	180,049
3	BR2 PENTHOUSE ABATEMENT	179,067
4	GH CONV BELT REPLACEMENT 00	170,687
5	GH4 7TH STAGE BKT REPLACEMENT	170,111
6	BR1 BOILER INSULATION 01	152,950
7	GH1 REPLACE FIRE PROTECTION PIPING	151,831
8	GH1 ASBESTOS REMOVAL 01	149,790
9	GH BU BKT/CHAIN REPLACEMENT	147,062
10	GH1 TURB INE CONTROL STABE BLADES	140,226
11	GH CONVEYOR FIRE PROTECTION SYSTEM 02	139,749
12	GH1 UP ARCH TUBE REPLACEMENT 01	139,397
13	GH2 ASP UPGRADE	137,152
14	DX NORTH WALL 01	136,422
15	GR COAL HANDLING CONTROL UPGRADE	134,478
16	GH4 CE AIR HEATER BASKETS	130,995
17	GH2 REHEAT DMW REPLACEMENT 02	130,921
18	GH2 AUX SUMP PUMP REPLACEMENT 00	130,776
19	CT 11N2 SPARE BLADING 02	1,136,445
20	TC CT5 CONSTRUCT	623,203
21	TC CT6 CONSTRUCT	588,766
22	CT5 LWR COMBUSTOR INSUL	258,529
23	CT CONST TC PIPELINE KU	226,955
24	CT #7 GT 24	143,366
25	GHENT 1 ID FAN EXPANSION JOINT	129,149
26	GHENT 4 SUPER HEATER PANEL	126,743
27	GREEN RIVER PULVERIZER OVERHAUL	119,636
28	TYRONE INSULATION AND LAGGING	116,751
29	CSMS ENHANCEMENTS	116,401
30	BROWN 2 ASH HOPPER	109,565
31	GHENT 4 RETAINING RING	108,486
32	SPECTROMENTER	108,485
33	BROWN DEMENERIALIZER	107,369
34	BROWN 1 TRANSMITTER	103,824
35	GREEN RIVER PULVERIZER OVERHAUL	101,194
36	GREEN RIVER NO 6 BOILER FEED PUMP OVERHAUL	107,239
37	MINOR PRODUCTION PROJECTS	2,880,409
38		
39	TRANSMISSION PLANT	
40	GHENT N.A.S. 345 KV CNST	2,651,095
41	GHENT TRANSF #2	2,027,902
42	W. CLIFF XFMR #2	1,575,087
43	TOTAL	191,233,222

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

CONSTRUCTION WORK IN PROGRESS -- ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or \$100,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	LEX-PAR 69KV HWY RELOCATION PHASE 3	789,878
2	LEX-PAR 69 KV HWY RELOCATION PHASE 4	740,141
3	138KV TRANSFORMER	685,146
4	TYRONE GSU REPLACEMENT	672,285
5	SPARE TRANSFORMER	654,799
6	ROCKY - POCKET 69KV HWY RELOCATION	593,961
7	PARIS 69 KV STATION	581,423
8	BARDSTOWN-ETOWN 138KV LINE	505,538
9	INSTALL 161 KV TRANSFORMER GRPP	418,561
10	PRIORITY REPLACEMENT TRANSMISSION LINES	426,368
11	WINCHESTER HWY RELOCATION	368,525
12	OHIO ROS LET 69KV P2	341,619
13	ARNLD-HARLN REPLACE STR 84-85	308,592
14	PENN VA 161 KV RELOCATION	306,362
15	2000 EAR N - LIV 161 KV P2	289,124
16	GRAHAMVILLE REPLACE 161KV BREAKERS	271,164
17	RECONDUCTOR WINCHESTER-PKSEAL 69 KV	264,476
18	2002 PHASE 2 GRA - WIC 161 KV	255,395
19	PHASE 2 REPLACE LONDON-SWT HL -FAR - WOF	249,627
20	FRANKFORT CAPACITOR BANK	230,546
21	TRANSFORMER PWO	220,016
22	BROWN N. TIE TO C.T.	201,090
23	LAKE REBA TAP/EKP 138 INTERTIE	200,000
24	EASTWOOD SIMPSONVILLE 69 KV RE-CONDUCTOR	199,545
25	CHANGE OUT P-2 POLES	194,747
26	W. CLIFF DANV. E 69 KV UPGRADE	187,792
27	LOND-PITTS 69KV RELOCATION	186,698
28	RELOC IMB-DOR 69 KV	185,461
29	WALMART RELOCATION	180,108
30	PURCHASE RTU'S	176,822
31	LAKE REBA 138-69 KV TRANSF	167,821
32	BROMLEY CAPACITOR BANK	161,554
33	AEC 161KV	161,503
34	HAEFLING CAPACITOR BANK	157,895
35	LANCASTER CAPACITOR BANK	155,405
36	TEXAS GAS 69 KV TAP	154,261
37	EAL -PAD 161 OPGW PROJECT	153,913
38	NAS - 345 KN METERING	144,984
39	MANCHESTER CAPACTER BANK	139,925
40	GHENT 345 BREAKER CAPACITOR	137,866
41	DORCH ESSERLE PARAMETERS	137,634
42	KU SECURITY UPGRADE	130,971
43	TOTAL	191,233,222

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or \$100,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	ST PAUL 10.8 MVAR CAPAITOR	137,207
2	GHENT ADAMS SYS PARAMETERS	134,410
3	DIX-EN-MOR 69 KV LWALL ADJ	134,405
4	OSI SIMPACT FEP CONVERSION	123,919
5	POLE REPLACEMENT LONDON-MANCHESTER	123,644
6	ELIHU-ALC. 161 KV TWR 223A	120,683
7	69 KV RECONDUCTOR LANCASTER-BOYLE COUNTY	119,864
8	FAWKES-RICHMOND 69KV	119,629
9	WC TO BONDS MILL UPGRADE	119,527
10	GE D20 RTU PURCHASE	114,559
11	LEX-MLLBURG 69 KV PARIS SW STA	111,948
12	BARLOW - INSTALL 69 KV	111,200
13	UPGRADE TRANSMISSION LINE	110,309
14	BROWN TO FAWKES 138 KV PHASE 2	107,933
15	TRANSMISSION LINE PWO	105,980
16	HWY RELOCATION BN-LEB 138 KV	104,957
17	LANSDOWNE-LOUD AVE. 69KV DC	103,667
18	OHIO CO. REPLACE 138 KV TRANSFORMER	102,846
19	BROWN-TYRONE 138 KV TIE	101,358
20	ELIHU-BURNSIDE 69KV RELOCATION	101,135
21	GHENT - NAS 345 KV EXIT	837,379
22	MINOR TRANSMISSION PROJECTS	6,817,768
23	DISTRIBUTION PLANT	
24	CITY STREET LIGHT PROGRAM	2,939,729
25	UNDERATED DISTRIBUTION BREAKERS	2,001,817
26	TRANSFORMER PURCHASES	1,190,605
27	DISTRIBUTION LINE TRANSFORMER	931,962
28	SUB TRANSFORMER	751,986
29	OPERATIONS INFRASTRUCTURE	658,922
30	LEX LIMESTONE OVERHEAD TO UNDERGROUND	631,263
31	REPLACE SUB TRANSFORMERS 2002	622,341
32	LEX WATER SOUTH 12MVA	618,443
33	LEX INST 12MVA BRYANT	588,783
34	METER PURCHASES	586,302
35	METER TRANSFORMER LABOR REPLACEMENT 108915	578,635
36	AUGUSTA SUB TRANSFORMER REPLACEMENT	488,052
37	LEXINGTON UDERGROUND NEW BUSINESS SERVICE	413,447
38	EARLINGTON OVERHEAD NEW BUSINESS RESIDENTIAL	313,961
39	UPGRADE MT STERLING AREA SUBS	294,404
40	METER TRANSFORMER LABOR REPLACEMENT 108916	289,317
41	RICHMOND ROAD HWY RELOCATION	287,105
42	DAYS BRANCH SUB TRANSFORMER REPLACEMENT	280,119
43	TOTAL	191,233,222

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or \$100,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	SCADA DANVILLE	268,414
2	MAYSVILLE NEW BUSINESS OVERHEAD	265,772
3	UPGRADE OWINGSVILLE SUB	257,264
4	LEX PARIS 12 KV HWY REPLACEMENT	256,483
5	RICHMOND NEW BUSINESS UNDERGROUND	246,961
6	LEXINGTON NEW BUSINESS COMMERCIAL OVERHEAD	242,429
7	PARIS HWY RELOCATION PHASE 3	235,512
8	SHELBYVILLE NEW BUSINESS RESIDENTIAL OVERHEAD	233,148
9	EARLINGTON NEW BUSINESS SERVICES UNDERGROUND	232,231
10	LEX BEAUMONT UNIT 8	219,081
11	WINCHESTER BYPASS	216,941
12	OUTDOOR LIGHTING 315	216,449
13	PINEVILLE NEW BUSINESS COMMERCIAL OVERHEAD	207,908
14	MCKEE ROAD SUB TRANSFORMER REPLACEMENT	205,586
15	NORTON NEW BUSINESS RESIDENTIAL OVERHEAD	204,855
16	LEXINGTON NEW BUSINESS COMMERCIAL UNDERGROUND	195,649
17	EARLINGTON NEW BUSINESS SERV - OVERHEAD	191,487
18	RCM DIAGNOSTIC EQUIPMENT	190,199
19	STORM 7/8/01	189,574
20	TAY ELKCREEK RECONDUCTOR	188,742
21	MH37 REMOVAL	187,625
22	PAR IN 10 MVA MILLERSBURG	186,757
23	OWENTON IN 3.75MVA 4 KV	180,530
24	MAYSVILLE NEW ELECTRIC SERVICE OVERHEAD	176,561
25	E-TOWN NEW BUSINESS SERVICES	175,624
26	LEXINGTON NEW BUSINESS RESIDENTIAL UNDERGROUND	174,579
27	REPLACE ROOF ON LIMESTONE ACE	172,528
28	LEX 795SPACR WESTHICK	171,284
29	DAN RPL OH/UG MAIN STREET	169,329
30	SHELBY CITY SUB TRANSF REPLACEMENT	165,801
31	SYS ENHAN EXIST CUST NORTON	165,004
32	NORTON NEW ELECTRIC SERVICE OVERHEAD	163,116
33	PNG E27 HIGHWAY PROJECT	162,215
34	NEW BUSINESS RES 216	156,923
35	571 CAPITAL BUDGET 2000	155,596
36	TRANSFORMER CUTOFF DISCONNECT - DISTRIBUTION	154,809
37	MAYSVILLE NEW BUSINESS SERVICES UNDERGROUND	152,234
38	CUSTOMER REQUESTED RELOCATIONS 315	151,907
39	PINEVILLE NEW BUSINESS OVERHEAD	149,662
40	E-TOWN NEW BUSINESS COMMERCIAL OVERHEAD	149,016
41	SHELBYVILLE NEW BUSINESS UNDERGROUND	147,736
42	LEXINGTON NEW BUSINESS RESIDENTIAL OVERHEAD	145,673
43	TOTAL	191,233,222

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or \$100,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	REYNOLDS AT TARGET RELOCATION	142,494
2	CARDINAL CLUB STREET LIGHTS	141,573
3	REPLACE LIVERMORE TRANSFORMER EARLINGTON	136,928
4	LEX IN 2 BAY RACE 12 UG	136,643
5	SHELBYVILLE NEW BUSINESS RESIDENTIAL UNDERGROUND	133,379
6	DISTRIBUTION RELIABILITY 246	132,750
7	POWER FACTOR IMPROVEMENT	130,168
8	SHELBYVILLE NEW BUSINESS SERVICES OVERHEAD	127,516
9	NEW ELECTRIC SERVICES - OVERHEAD	127,176
10	E-TOWN NEW BUSINESS RESIDENTIAL OVERHEAD	126,481
11	DISTRIBUTION RELIABILITY 416	124,106
12	RICHMOND NEW BUSINESS UNDERGROUND	121,801
13	PMT WJMM TV HLN	121,488
14	LONDON NEW BUSINESS COMMERCIAL OVERHEAD	119,757
15	DANVILLE NEW BUSINESS RESIDENTIAL UNDERGROUND	118,977
16	PINEVILLE NEW ELECTRIC SERVICES OVERHEAD	117,942
17	SADDLEBROOK	117,777
18	STREET LIGHTING 315	117,660
19	SHELBYVILLE NEW BUSINESS UNDERGROUND SERVICE	116,471
20	SHELBYVILLE - REPLACE DEFECTIVE OVERHEAD EQUIPMENT	115,669
21	HODGENVILLE 31E HWY PROJECT	115,226
22	OUTDOOR LIGHTING 156	109,925
23	IN BUS INSULATING MAT	109,889
24	REPLACE DEFECTIVE EQUIPMENT- OHIO- LEXINGTON	109,813
25	HLN US 421 BARN BR - CAWOOD	108,702
26	PARKERS MILL DOUBLE CIRCUIT	108,670
27	PURCHASE TRANSFORMERS 256	107,697
28	CALHOUN BRIDGE	107,111
29	NORTINVILLE SYSTEM ENHANCEMENTS	106,773
30	BREAKER/RECLOSER CHANGERS AND ADDITIONS	106,754
31	TROUBLE ORDERS 366	106,354
32	NEW BUSINESS RESIDENTIAL 366	104,601
33	CARDINAL CLUB UNDERGROUND	104,051
34	NEW ELECTRIC SERVICES OVERHEAD	103,182
35	NEW BUSINESS SERVICES UNDERGROUND - DANVILLE	102,506
36	SMITHFIELD RECONDUCTOR	101,922
37	REXAM UG	100,839
38	MINOR DISTRIBUTION PROJECTS	21,185,305
39		
40	GENERAL PLANT	
41	IT CAPITAL 2001 FROM SERVCO KU	7,236,251
42	KRB-SERVICE-KU	1,817,841
43	TOTAL	191,233,222

Blank Page

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts)
3. Minor projects (5% of the Balance End of the Year for Account 107 or \$100,000, whichever is less) may be grouped.

Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)
1	ONE QUALITY CONST REMODEL	499,628
2	ITRONS	497,612
3	ETHERNET LAN MIGRATION	404,935
4	OFFICE REMODEL ONE QUALITY	383,678
5	ORACLE 11I UPGRADE	300,810
6	CS BACKUP SYSTEMS	197,701
7	MAXIMO	177,807
8	CUSTOMER SELF SERVE	167,114
9	LONDON OPERATIONS WORK CENTER	145,523
10	ENTERPRISE BILL PRINT	142,057
11	EMS UPGRADE	128,540
12	REPLACE HVAC ONE QUALITY	123,060
13	CALL RECORD - KRB	122,647
14	PURCHASE USED FORKLIFTS	102,957
15	FIRE ALARM & PA - ONE QUALITY	100,271
16	RELIABILITY CENTER SOFTWARE	100,231
17	MINOR GENERAL PLANT	3,019,024
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43	TOTAL	191,233,222

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	1,451,288,344	1,451,288,344		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	92,266,731	92,266,731		
4	(413) Exp. of Elec. Plt. Leas. to Others				
5	Transportation Expenses-Clearing	1,877,803	1,877,803		
6	Other Clearing Accounts				
7	Other Accounts (Specify, details in footnote):				
8	(151) Fuel Stock	729,267	729,267		
9	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 8)	94,873,801	94,873,801		
10	Net Charges for Plant Retired:				
11	Book Cost of Plant Retired	21,493,887	21,493,887		
12	Cost of Removal	2,079,232	2,079,232		
13	Salvage (Credit)	596,374	596,374		
14	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 11 thru 13)	22,976,745	22,976,745		
15	Other Debit or Cr. Items (Describe, details in footnote):	3,811,531	3,811,531		
16					
17	Balance End of Year (Enter Totals of lines 1, 9, 14, 15, and 16)	1,526,996,931	1,526,996,931		

Section B. Balances at End of Year According to Functional Classification

18	Steam Production	794,854,593	794,854,593		
19	Nuclear Production				
20	Hydraulic Production-Conventional	8,323,904	8,323,904		
21	Hydraulic Production-Pumped Storage				
22	Other Production	50,312,905	50,312,905		
23	Transmission	249,396,209	249,396,209		
24	Distribution	371,679,813	371,679,813		
25	General	52,429,507	52,429,507		
26	TOTAL (Enter Total of lines 18 thru 25)	1,526,996,931	1,526,996,931		

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 219 Line No.: 15 Column: c

Customer payments related to construction projects.

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1)

- Report below investments in Accounts 123.1, investments in Subsidiary Companies.
- Provide a subheading for each company and List there under the information called for below. Sub - TOTAL by company and give a TOTAL in columns (e),(f),(g) and (h)
 (a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity and interest rate.
 (b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
- Report separately the equity in undistributed subsidiary earnings since acquisition. The TOTAL in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date Of Maturity (c)	Amount of Investment at Beginning of Year (d)
1	KU Receivables LLC	9/2000		3,000,000
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42	Total Cost of Account 123.1 \$	0	TOTAL	3,000,000

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1) (Continued)

4. For any securities, notes, or accounts that were pledged designate such securities, notes, or accounts in a footnote, and state the name of pledgee and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if difference from cost) and the selling price thereof, not including interest adjustment includible in column (f).
8. Report on Line 42, column (a) the TOTAL cost of Account 123.1

Equity in Subsidiary Earnings of Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
		3,000,000		1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
				35
				36
				37
				38
				39
				40
				41
		3,000,000		42

Blank Page

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

MATERIALS AND SUPPLIES

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.
2. Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected debited or credited. Show separately debit or credits to stores expense clearing, if applicable.

Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Department or Departments which Use Material (d)
1	Fuel Stock (Account 151)	43,381,741	46,090,087	Electric
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials and Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)			
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)	13,326,459	13,548,429	Electric
8	Transmission Plant (Estimated)	1,352,619	6,046,447	Electric
9	Distribution Plant (Estimated)	6,413,359	1,733,653	Electric
10	Assigned to - Other (provide details in footnote)			
11	TOTAL Account 154 (Enter Total of lines 5 thru 10)	21,092,437	21,328,529	
12	Merchandise (Account 155)			
13	Other Materials and Supplies (Account 156)			
14	Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util)			
15	Stores Expense Undistributed (Account 163)	5,095,226	5,079,045	Electric
16				
17				
18				
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)	69,569,404	72,497,661	

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

Allowances (Accounts 158.1 and 158.2)

1. Report below the particulars (details) called for concerning allowances.
2. Report all acquisitions of allowances at cost.
3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.
4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).
5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

Line No.	Allowances Inventory (Account 158.1) (a)	Current Year		2003	
		No. (b)	Amt. (c)	No. (d)	Amt. (e)
1	Balance-Beginning of Year	221,603.00	150,947	83,343.00	
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)				
5	Returned by EPA				
6					
7					
8	Purchases/Transfers:				
9	Adjustment	-628.00			
10					
11					
12					
13					
14					
15	Total	-628.00			
16					
17	Relinquished During Year:				
18	Charges to Account 509	108,165.00	76,076		
19	Other:				
20	Charges to Account 549	29.00	18		
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year	112,781.00	74,853	83,343.00	
30					
31	Sales:				
32	Net Sales Proceeds (Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld (Acct 158.2)				
36	Balance-Beginning of Year	1,112.00		1,112.00	
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales	1,112.00			
40	Balance-End of Year			1,112.00	
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)	1,112.00	186,202		
45	Gains		186,202		
46	Losses				

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transferrors of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

2004		2005		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
83,343.00		83,343.00		2,039,142.00		2,510,774.00	150,947	1
								2
								3
								4
								5
								6
								7
								8
						-628.00		9
								10
								11
								12
								13
								14
						-628.00		15
								16
								17
						108,165.00	76,076	18
								19
						29.00	18	20
								21
								22
								23
								24
								25
								26
								27
								28
83,343.00		83,343.00		2,039,142.00		2,401,952.00	74,853	29
								30
								31
								32
								33
								34
								35
1,112.00		1,112.00		54,231.00		58,679.00		36
								37
								38
				1,109.00		2,221.00		39
1,112.00		1,112.00		53,122.00		56,458.00		40
								41
								42
								43
				1,109.00	91,101	2,221.00	277,303	44
					91,101		277,303	45
								46

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

OTHER REGULATORY ASSETS (Account 182.3)

1. Report below the particulars (details) called for concerning other regulatory assets which are created through the rate making actions of regulatory agencies (and not includable in other accounts)
2. For regulatory assets being amortized, show period of amortization in column (a)
3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$50,000, whichever is less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Debits (b)	CREDITS		Balance at End of Year (e)
			Account Charged (c)	Amount (d)	
1	Management Audit Expenses				491,945
2	Pension	143,889	926.1	505	661,496
3	SFAS 109 - Income Taxes				25,047,599
4	Cost to Achieve Merger with LG&E		930.2	4,092,660	2,046,330
5	VDT Workforce Reduction Costs	1,064,034	930.2	11,500,000	38,375,274
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44	TOTAL	1,207,923		15,593,165	66,622,644

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

MISCELLANEOUS DEFFERED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a)
3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than \$50,000, whichever is less) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	One Utility Costs	4,365,013		930.2	3,492,010	873,003
2						
3	OMU Emission Allowances	8,059,734	269,412	555	134,288	8,194,858
4						
5	Pitcairn Power Contract	187,500		916	64,286	123,214
6						
7	Financing Expense	23,278	8,129,416	181	8,152,694	
8						
9	General American Life Ins.	2,333,031		165	966,027	1,367,004
10						
11	Long Term Derivative Asset	6,326,870	10,601,350			16,928,220
12						
13	Demand Side Management -					
14	Collectible from Customers	-476,923	1,459,761	142	2,611,115	-1,628,277
15						
16	Earnings Sharing Mechanism Rev					
17	Collectible from Customers		13,500,000			13,500,000
18						
19	Minimum Pension Asset		10,106,240			10,106,240
20						
21	Minor Items		103,808		96,506	7,302
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47	Misc. Work in Progress	-106,861				-522,512
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	20,711,642				48,949,052

Blank Page

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Description and Location (a)	Balance of Beginning of Year (b)	Balance at End of Year (c)
1	Electric		
2	Provision for Pension Expense	4,595,011	8,780,440
3	Other Post Retirement Benefits	13,191,136	20,505,195
4	Transmission Tariff Refund	556,415	556,415
5	VDT Workforce Reduction Costs	18,085,889	
6			
7	Other *See Notes for Detail	48,214,291	50,991,246
8	TOTAL Electric (Enter Total of lines 2 thru 7)	84,642,742	80,833,296
9	Gas		
10			
11			
12			
13			
14			
15	Other		
16	TOTAL Gas (Enter Total of lines 10 thru 15)		
17	Other (Specify) * See Notes for Detail	264,804	-35,451
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	84,907,546	80,797,845

Notes

	Bal. at Beg. of Year	Bal. at End of Year
Pay. Taxes Acc. Adj. & Other	51,728	-99,481
Refundable Advances (CAFC)	627,418	626,148
Vacation Pay Accr. Adj.	1,209,371	1,305,007
Bad Debt Allowance	322,900	322,900
Post Employment Benefits	1,745,543	2,047,590
OMU Excess Construction Funds	472,639	214,432
Over/Under Collection VA Fuel Clause & Kentucky Env. Sur.	-176,919	-636,103
Workers Compensation	1,190,694	1,422,004
Fuel Adjustment Clause Refund	385,361	124,099
State Tax Reserve	2,188,953	2,242,473
Mark to Market	75,127	62,793
Medical Plan	153,378	495,652
FAS 133	881,243	371,805
FAS 109	38,869,702	34,851,171
Public Utility Reserve	0	363,263
Minimum Pension Liability	0	7,080,905
Other	217,153	196,588
	-----	-----
Total Electric Line 7	48,214,291	50,991,246
	=====	=====
<Page 234 Line 17 Column a>		
Non-Qualified Thrift	138,063	153,720
Other	126,741	-189,171
	-----	-----
Total Other Line 17	264,804	-35,451
	=====	=====

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

CAPITAL STOCKS (Account 201 and 204)

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

Line No.	Class and Series of Stock and Name of Stock Series (a)	Number of shares Authorized by Charter (b)	Par or Stated Value per share (c)	Call Price at End of Year (d)
1	Common Stock			
2	Without par value	80,000,000		
3	Total Common	80,000,000		
4				
5	Preferred Stock, Cumulative			
6	\$100 Stated Value	5,300,000		
7	4.75%		100.00	101.00
8	6.53%		100.00	
9	Total Preferred	5,300,000		
10				
11				
12	Note:			
13	There is no Call Price for Common Stock,			
14	Without par value			
15				
16				
17	The Common Stock of Kentucky Utilities is			
18	owned by its parent company,			
19	LG&E Energy Corp.			
20				
21	The Preferred Stock is traded in the			
22	over-the-counter-market			
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

CAPITAL STOCKS (Account 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
- Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT				Line No.
Shares (e)	Amount (f)	AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
		Shares (g)	Cost (h)	Shares (i)	Amount (j)	
						1
37,817,878	308,139,978					2
37,817,878	308,139,978					3
						4
						5
						6
200,000	20,000,000					7
200,000	20,000,000					8
400,000	40,000,000					9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
						38
						39
						40
						41
						42

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, Page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.

- (a) Donations Received from Stockholders (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.
- (b) Reduction in Par or Stated value of Capital Stock (Account 209): State amount and give brief explanation of the capital change which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.
- (c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210): Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.
- (d) Miscellaneous Paid-in Capital (Account 211)-Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1		
2	Accounts 211:	
3	Contributed Capital -Misc.	15,000,000
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40	TOTAL	15,000,000

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, <u>2002</u>
--	---	--	--

CAPITAL STOCK EXPENSE (Account 214)

1. Report the balance at end of the year of discount on capital stock for each class and series of capital stock.
2. If any change occurred during the year in the balance in respect to any class or series of stock, attach a statement giving particulars (details) of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1	Expenses on 4.75% Preferred Stock, Cumulative	136,552
2	Expenses on 6.53% Preferred Stock, Cumulative	136,553
3	Expenses on Common Stock	321,289
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22	TOTAL	594,394

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

LONG-TERM DEBT (Account 221, 222, 223 and 224)

1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
2. In column (a), for new issues, give Commission authorization numbers and dates.
3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
5. For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)
1	ACCOUNT 221:		
2			
3	First Mortgage Bonds		
4	Series P, due 5/15/2007, 7.92%	53,000,000	618,416
5	Series P, due 5/15/2027, 8.55%	33,000,000	425,742
6	Series Q, due 6/15/2003, 6.32%	62,000,000	498,333
7	Series R, due 6/1/2025, 7.55%	50,000,000	547,982
8	Series S, due 1/15/2006, 5.99%	36,000,000	384,415
9			
10	Pollution Control Bonds		
11	Series 1B, due 2/1/2018, 6.25% (5)	20,930,000	399,422
12	Series 2B, due 2/1/2018, 6.25% (5)	2,400,000	43,573
13	Series 3B, due 2/1/2018, 6.25% (5)	7,200,000	137,982
14	Series 4B, due 2/1/2018, 6.25% (5)	7,400,000	145,243
15	Series 8, due 9/15/2016, 7.45% (5)	96,000,000	1,851,493
16	Series 9, due 12/1/2023, 5.75%	50,000,000	968,516
17	Series 10, due 11/1/2024, Variable	54,000,000	614,989
18	Series 11, due 5/1/2023, Variable	12,900,000	426,389
19	Series 12, due 2/1/2032, Variable (5)	20,930,000	120,138
20	Series 13, due 2/1/2032, Variable (5)	2,400,000	83,078
21	Series 14, due 2/1/2032, Variable (5)	7,400,000	92,678
22	Series 15, due 2/1/2032, Variable (5)	7,200,000	93,078
23	Series 16, due 10/1/2032, Variable (5)	96,000,000	2,128,245
24			
25	Long-Term Debt Marked To Market (3)		
26			
27	TOTAL ACCOUNT 221	618,760,000	9,579,712
28			
29			
30			
31	INTEREST RATE SWAPS (2)		
32			
33	TOTAL	618,760,000	9,579,712

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
						2
						3
5/15/1992	5/15/2007	5/15/1992	5/15/2007	53,000,000	4,197,600	4
5/15/1992	5/15/2027	5/15/1992	5/15/2027	33,000,000	2,821,500	5
6/15/1993	6/15/2003	6/15/1993	6/15/2003	62,000,000	3,918,400	6
6/1/1995	6/1/2025	6/1/1995	6/1/2025	50,000,000	3,775,000	7
1/15/1996	1/15/2006	1/15/1996	1/15/2006	36,000,000	2,156,400	8
						9
						10
8/1/1992	2/1/2018	8/1/1992	5/22/2002		628,627	11
8/1/1992	2/1/2018	8/1/1992	5/22/2002		72,083	12
8/1/1992	2/1/2018	8/1/1992	5/22/2002		216,250	13
8/1/1992	2/1/2018	8/1/1992	5/22/2002		222,257	14
9/15/1992	9/15/2016	9/15/1992	10/2/2002		5,918,175	15
12/1/1993	12/1/2023	12/1/1993	12/1/2023	50,000,000	2,875,000	16
11/23/1994	11/1/2024	11/23/1994	11/1/2024	54,000,000	862,003	17
5/19/2000	5/1/2023	5/19/2000	5/1/2023	12,900,000	194,288	18
05/23/2002	02/01/2032	05/23/2002	02/01/2032	20,930,000	197,401	19
05/23/2002	02/01/2032	05/23/2002	02/01/2032	2,400,000	22,636	20
05/23/2002	02/01/2032	05/23/2002	02/01/2032	7,400,000	69,793	21
05/23/2002	02/01/2032	05/23/2002	02/01/2032	7,200,000	67,907	22
10/03/2002	10/01/2032	10/03/2002	10/01/2032	96,000,000	361,120	23
						24
				15,662,329	-1,262,156	25
						26
				500,492,329	27,314,284	27
						28
						29
						30
					-7,301,282	31
						32
				500,492,329	20,013,002	33

Blank Page

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 256 Line No.: 1 Column: a

Notes to FERC Form No.1 page 256:

(1) Debt premium and expenses are being amortized over the lives of the related issues.

(2) As of December 31, 2002, the Company had in effect three interest-rate swap agreements to hedge the fair value of certain bonds related to fixed rate Pollution Control Bonds. The Company's positions under the swap agreements are to pay variable rates based on the Bond Market Association Municipal Swap Index (BMA Index) or London Interbank Offered Rate (LIBOR) and receive a fixed rate. The specifics for each swap agreement related to notional amounts, maturity dates, payable and receivable positions are as follows:

<u>Notional Amount</u>	<u>Maturity</u>	<u>Payable</u>	<u>Receivable</u>
\$53,000,000	05/15/2007	3 mo. LIBOR + 207bps	Fixed 7.920%
\$50,000,000	12/01/2023	BMA Index	Fixed 5.873%
\$50,000,000	06/01/2025	3 mo. LIBOR - 24bps	Fixed 7.550%

(3) Effective January 1, 2001, the Company adopted SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. SFAS No. 133 requires that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded on the balance sheet as either an asset or a liability measured at its fair value. See Notes to Financial Statements on page 123.

(4) Substantially all of the Company's utility plant is pledged as security for its First Mortgage Bonds.

(5) During 2002, the Company executed the refinancing of the following Pollution Control Bonds for their full face value:

<u>Issued</u>	<u>Redeemed</u>
Series 12, due 2/1/2032	Series 1B, due 2/1/2018
Series 13, due 2/1/2032	Series 2B, due 2/1/2018
Series 14, due 2/1/2032	Series 3B, due 2/1/2018
Series 15, due 2/1/2032	Series 4B, due 2/1/2018
Series 16, due 10/1/2032	Series 8, due 9/15/2016

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group member, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
3. A substitute page, designed to meet a particular need of a company, may be used as long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 117)	93,373,757
2		
3		
4	Taxable Income Not Reported on Books	
5	See Footnote	3,850,658
6		
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10	See Footnote	165,699,457
11		
12		
13		
14	Income Recorded on Books Not Included in Return	
15	See Footnote	27,654,766
16		
17		
18		
19	Deductions on Return Not Charged Against Book Income	
20	See Footnote	114,729,376
21		
22		
23		
24		
25		
26		
27	Federal Tax Net Income	120,539,730
28	Show Computation of Tax:	
29		
30	Federal Taxable Net Income	120,539,730
31	35% Rounded	43,188,906
32	Adjustments of Prior Years' Taxes to Actual and Other	-4,354,781
33		
34		
35	Total	37,834,125
36		
37		
38		
39		
40		
41		
42		
43		
44		

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 261 Line No.: 5 Column: b

Contributions in Aid of Construction	1,500,000
Customer Advances for Construction	24,998
Over/Under Collections Env. Surcharge	2,325,660

	3,850,658
	=====

Schedule Page: 261 Line No.: 10 Column: b

Federal Income Taxes:	
Utility Operating Income	38,518,669
Other Income and Deductions	(684,544)
Book Depreciation	95,841,000
VDT - PowerGen Merger	6,014,049
FAS 106 Cost Write-Off (Post Retirement)	5,046,007
Provision for Deferred Income Taxes	4,940,387
Amortization Merger Expenses Ratepayer Portion	4,092,660
Capitalized Interest	4,000,000
One Utility Cost	3,492,010
Public Utility Reserve	900,000
Medical Plan	848,000
Vacation Pay	609,864
Workers Compensation	546,908
FAS 112 Post Employment Benefits	537,000
SERP	512,480
Other	484,967

	165,699,457
	=====

Schedule Page: 261 Line No.: 15 Column: b

Earnings Sharing Mechanism	13,500,000
Equity in Subsidiary Earnings - EEI	5,573,681
Over/Under Collections - VA	3,463,317
Investment Tax Credit	2,954,772
Life Insurance	1,366,600
OMU Excess Construction Fund	639,719
Other	156,677

	27,654,766
	=====

Schedule Page: 261 Line No.: 20 Column: b

Tax Depreciation	98,144,603
Repair Allowance	5,000,000
Loss on Reacquired Debt - Amortization	3,314,425
Pensions	2,183,592
Cost of Removal	2,000,000
FAS 133	1,262,156
EEI Investment	1,076,416
State Income Tax Deduction	1,004,416
Other	743,768

	114,729,376
	=====

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR		Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)			
1	Property Taxes	4,652,270		9,043,273	13,306,710	
2	Public Service Commission		390,777	1,293,490	1,293,490	
3	Unemployment	14,321		144,118	107,191	
4	FICA	129,991		5,329,889	5,035,532	
5	Federal Income	1,995,705		37,834,124	40,841,581	
6	State Income	13,212,607		10,297,927	18,681,684	
7	Gross Revenue	-362			56,629	
8	Sales & Use	422,623		2,172,361	2,318,161	
9	Miscellaneous	88,156		15,000	60,387	
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	20,515,311	390,777	66,130,182	81,701,365	

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (i) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
388,833		8,990,494			52,779	1
	390,777	1,293,490				2
51,248		186,358			-42,240	3
424,348		4,541,741			788,148	4
-1,011,752		38,518,669			-684,545	5
4,828,850		10,492,859			-194,932	6
-56,991						7
276,823					2,172,361	8
42,769		-28,862			43,862	9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
						38
						39
4,944,128	390,777	63,994,749			2,135,433	41

Blank Page

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 262 Line No.: 1 Column: 1

Other accounts include Other Income and Deductions and Balance Sheet accounts.

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustments to the account balance shown in column (g). Include in column (i) the average period over which the tax credits are amortized.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year		Allocations to Current Year's Income		Adjustments (g)
			Account No. (c)	Amount (d)	Account No. (e)	Amount (f)	
1	Electric Utility						
2	3%						
3	4%						
4	7%						
5	10%	7,639,054			420	2,390,916	
6	8%	3,815,568			420	563,856	
7							
8	TOTAL	11,454,622				2,954,772	
9	Other (List separately and show 3%, 4%, 7%, 10% and TOTAL)						
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44							
45							
46							
47							
48							

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (continued)

Balance at End of Year (h)	Average Period of Allocation to Income (i)	ADJUSTMENT EXPLANATION	Line No.
			1
			2
			3
			4
5,248,138	25 years		5
3,251,712	25 years		6
			7
8,499,850			8
			9
			10
			11
			12
			13
			14
			15
			16
			17
			18
			19
			20
			21
			22
			23
			24
			25
			26
			27
			28
			29
			30
			31
			32
			33
			34
			35
			36
			37
			38
			39
			40
			41
			42
			43
			44
			45
			46
			47
			48

Blank Page

OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (5% of the Balance End of Year for Account 253 or amounts less than \$10,000, whichever is greater) may be grouped by classes.

Line No.	Description and Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	OMU Excess Construction Funds	1,170,984	555,128	1,170,984		
2						
3	VA Fuel Cost Recovery	-1,239,684	449	3,463,317		-4,703,001
4						
5	Revenue Subject to Refund	1,108,817	449		2,325,660	3,434,477
6						
7	Clearing Account from other					
8	Deferred Debits	255,576			2,952,782	3,208,358
9						
10	Minor Items	500	456	500		
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47	TOTAL	1,296,193		4,634,801	5,278,442	1,939,834

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, <u>2002</u>
--	---	--	--

ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes rating to property not subject to accelerated amortization
2. For other (Specify), include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric	290,961,841	27,045,813	26,177,337
3	Gas			
4				
5	TOTAL (Enter Total of lines 2 thru 4)	290,961,841	27,045,813	26,177,337
6				
7				
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru 8)	290,961,841	27,045,813	26,177,337
10	Classification of TOTAL			
11	Federal Income Tax	234,016,169	22,476,778	22,297,386
12	State Income Tax	56,945,672	4,569,035	3,879,951
13	Local Income Tax			

NOTES

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
						291,830,317	2
							3
							4
						291,830,317	5
							6
							7
							8
						291,830,317	9
							10
						234,195,561	11
						57,634,756	12
							13

NOTES (Continued)

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)

- Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
- For other (Specify), include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	OMU & Other Emission Allowance	3,313,114	54,539	30,714
4	Loss on Reacquired Debt	2,479,035	1,337,821	
5	One Utility Cost	1,855,010		1,502,644
6	FAS 109 Adjustments	-226,611		
7	VDT Regulatory Asset	20,987,961		5,928,213
8	Other	4,692,968	5,448,937	1,677,847
9	TOTAL Electric (Total of lines 3 thru 8)	33,101,477	6,841,297	9,139,418
10	Gas			
11				
12				
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)			
18	Other	48,394		
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	33,149,871	6,841,297	9,139,418
20	Classification of TOTAL			
21	Federal Income Tax	25,355,193	5,442,952	7,271,342
22	State Income Tax	7,794,678	1,398,345	1,868,076
23	Local Income Tax			

NOTES

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
						3,336,939	1
						3,816,856	2
						352,366	3
						-226,611	4
						15,059,748	5
		221	2,909,209	214	1,850,261	7,405,110	6
			2,909,209		1,850,261	29,744,408	7
							8
							9
							10
							11
							12
							13
							14
							15
							16
							17
376,746	18,039					407,101	18
376,746	18,039		2,909,209		1,850,261	30,151,509	19
							20
376,746	18,039		2,327,367		1,480,209	23,038,352	21
			581,842		370,052	7,113,157	22
							23

NOTES (Continued)

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 276 Line No.: 8 Column: b

Merger Expenses Ratepayer Portion	2,477,850
FASB 133	1,940,877
Pitcairn Contract	75,680
Management Audit	198,561

Total	4,692,968
	=====

Schedule Page: 276 Line No.: 8 Column: c

Earnings Sharing Mechanism	5,448,937

Total	5,448,937
	=====

Schedule Page: 276 Line No.: 8 Column: d

Merger Expenses Ratepayer Portion	1,651,900
Pitcairn Contract	25,947

Total	1,677,847
	=====

Schedule Page: 276 Line No.: 8 Column: h

FASB 133	2,909,209

Total	2,909,209
	=====

Schedule Page: 276 Line No.: 8 Column: j

FASB 133	1,850,261

Total	1,850,261
	=====

Schedule Page: 276 Line No.: 8 Column: k

Merger Expenses Ratepayer Portion	825,950
FASB 133	881,929
Pitcairn Contract	49,733
Management Audit	198,561
Earnings Sharing Mechanism	5,448,937

Total	7,405,110
	=====

Schedule Page: 276 Line No.: 18 Column: b

Equity in Subsidiary - EEI	53,048
Method/Life Non-Oper. Property	(4,654)

Total	48,394
	=====

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 276 Line No.: 18 Column: e	
Equity in Subsidiary - EEI	376,746 -----
Total	376,746 =====

Schedule Page: 276 Line No.: 18 Column: f	
Equity in Subsidiary - EEI	18,039 -----
Total	18,039 =====

Blank Page

Name of Respondent Kentucky Utilities Company	This Report Is:	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		

OTHER REGULATORY LIABILITIES (Account 254)

- Reporting below the particulars (Details) called for concerning other regulatory liabilities which are created through the rate-making actions of regulatory agencies (and not includable in other amounts)
- For regulatory Liabilities being amortized show period of amortization in column (a).
- Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is Less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	DEBITS		Credits (d)	Balance at End of Year (e)
		Account Credited (b)	Amount (c)		
1	Spare Parts			5,502	1,022,221
2	SFAS 109 - Income Taxes	190	4,480,602	462,071	53,901,828
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41	TOTAL		4,480,602	467,573	54,924,049

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

ELECTRIC OPERATING REVENUES (Account 400)

- Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
- Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
- If increases or decreases from previous year (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
1	Sales of Electricity		
2	(440) Residential Sales	274,660,054	243,630,045
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	178,694,395	165,252,615
5	Large (or Ind.) (See Instr. 4)	192,035,585	174,963,721
6	(444) Public Street and Highway Lighting	6,768,161	6,668,796
7	(445) Other Sales to Public Authorities	55,721,979	52,056,438
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	707,880,174	642,571,615
11	(447) Sales for Resale	143,807,346	203,181,162
12	TOTAL Sales of Electricity	851,687,520	845,752,777
13	(Less) (449.1) Provision for Rate Refunds	-15,480,764	199,143
14	TOTAL Revenues Net of Prov. for Refunds	867,168,284	845,553,634
15	Other Operating Revenues		
16	(450) Forfeited Discounts		
17	(451) Miscellaneous Service Revenues	896,881	631,958
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	1,694,384	2,836,849
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	18,459,523	10,449,624
22			
23			
24			
25			
26	TOTAL Other Operating Revenues	21,050,788	13,918,431
27	TOTAL Electric Operating Revenues	888,219,072	859,472,065

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

ELECTRIC OPERATING REVENUES (Account 400)

4. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
5. See pages 108-109, Important Changes During Year, for important new territory added and important rate increase or decreases.
6. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
7. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Amount for Year (d)	Amount for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	
				1
6,197,768	5,678,175	414,676	410,289	2
				3
4,161,466	3,989,696	76,774	74,600	4
5,741,260	5,487,659	2,129	2,140	5
55,964	56,608	1,498	1,477	6
1,476,681	1,424,180	7,621	7,482	7
				8
				9
17,633,139	16,636,318	502,698	495,988	10
5,780,249	7,712,830	61	66	11
23,413,388	24,349,148	502,759	496,054	12
				13
23,413,388	24,349,148	502,759	496,054	14

Line 12, column (b) includes \$ 3,025,000 of unbilled revenues.
 Line 12, column (d) includes 61,107 MWH relating to unbilled revenues

Blank Page

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 300 Line No.: 4 Column: b

Small Category includes Rural Commercial and Commercial Lighting and Power accounts.

Schedule Page: 300 Line No.: 5 Column: b

Large category includes Industrial Lighting and Power and Mine Power accounts.

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

SALES OF ELECTRICITY BY RATE SCHEDULES

- Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
- Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
- Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
- The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
- For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
- Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Account 440					
2						
3	Residential Service - KY	2,763,194	126,174,038	226,733	12,187	0.0457
4	Full Electric Res. Service - KY	2,928,267	123,420,992	161,134	18,173	0.0421
5	Combination Water Heating - KY	13,720	447,471	7,921	1,732	0.0326
6	Outdoor Lighting - KY	24,185	2,711,426	38,568	627	0.1121
7	Residential Service - TN	10	234	1	10,000	0.0234
8	Full Electric Res. Service - TN	122	1,870	4	30,500	0.0153
9	Outdoor Lighting - TN	3	144	3	1,000	0.0480
10	Residential Service - VA	401,955	18,779,340	24,930	16,123	0.0467
11	Outdoor Lighting - VA	3,414	418,539	4,114	830	0.1226
12						
13						
14	Duplicate Customers			-48,732		
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39	Unbilled	62,898	2,706,000			0.0430
40	Total for Account 440	6,197,768	274,660,054	414,676	14,946	0.0443
41	TOTAL Billed	17,572,032	704,855,174	502,698	34,955	0.0401
42	Total Unbilled Rev.(See Instr. 6)	61,107	3,025,000	0	0	0.0495
43	TOTAL	17,633,139	707,880,174	502,698	35,077	0.0401

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Account 442					
2						
3	General Service - KY	1,033,043	57,266,815	61,649	16,757	0.0554
4	Net Metering Service - KY	2	174	1	2,000	0.0870
5	Combination Water Heating - KY	73	2,843	80	913	0.0389
6	All Electric School - KY	7,065	270,672	59	119,746	0.0383
7	Space Heating - KY	13,445	526,435	891	15,090	0.0392
8	Outdoor Lighting - KY	42,915	3,838,158	17,734	2,420	0.0894
9	Combined Lighting & Power - KY	4,196,716	158,761,098	11,621	361,132	0.0378
10	Large Comm./Ind. T.O.D. - KY	2,261,619	68,772,766	26	86,985,346	0.0304
11	High Load Factor - KY	1,085,892	33,992,106	83	13,083,036	0.0313
12	Water Pumping Service - KY	89	4,099	1	89,000	0.0461
13	Mine Power - KY	244,827	8,870,861	30	8,160,900	0.0362
14	Mine Power T.O.D. - KY	222,461	7,296,601	9	24,717,889	0.0328
15	West VA Pulp/Paper - KY	250,153	6,727,031	1	250,153,000	0.0269
16	No. American Stainless - KY	108,848	6,775,102	1	108,848,000	0.0622
17	Curtailment Service - KY		-1,859,978	6		
18	General Service - TN	10	338	1	10,000	0.0338
19	General Service - VA	77,402	4,561,059	3,383	22,880	0.0589
20	Outdoor Lighting - VA	1,104	149,336	729	1,514	0.1353
21	Large Power Service - VA	346,979	13,993,690	284	1,221,757	0.0403
22	Curtailment Service - VA		-18,226	1		
23						
24						
25	Duplicate Customers			-17,687		
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39	Unbilled	10,083	799,000			0.0792
40	Total for Account 442	9,902,726	370,729,980	78,903	125,505	0.0374
41	TOTAL Billed	17,572,032	704,855,174	502,698	34,955	0.0401
42	Total Unbilled Rev.(See Instr. 6)	61,107	3,025,000	0	0	0.0495
43	TOTAL	17,633,139	707,880,174	502,698	35,077	0.0401

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

SALES OF ELECTRICITY BY RATE SCHEDULES

- Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
- Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
- Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
- The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
- For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
- Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Account 444					
2						
3	General Service - KY	7,032	448,514	900	7,813	0.0638
4	Outdoor Lighting - KY	14	1,419	9	1,556	0.1014
5	Street Lighting - KY	42,654	5,976,909	480	88,863	0.1401
6	Combined Lighting & Power - KY	5,566	235,978	78	71,359	0.0424
7	General Service - VA	50	3,602	7	7,143	0.0720
8	Street Lighting - VA	1,585	187,739	26	60,962	0.1184
9						
10						
11	Duplicate Customers			-2		
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39	Unbilled	-937	-86,000			0.0918
40	Total for Account 444	55,964	6,768,161	1,498	37,359	0.1209
41	TOTAL Billed	17,572,032	704,855,174	502,698	34,955	0.0401
42	Total Unbilled Rev.(See Instr. 6)	61,107	3,025,000	0	0	0.0495
43	TOTAL	17,633,139	707,880,174	502,698	35,077	0.0401

SALES OF ELECTRICITY BY RATE SCHEDULES

1. Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Account 445					
2						
3	Residential Service - KY	1,676	79,936	208	8,058	0.0477
4	Full Electric Res. Service - KY	1,033	47,036	116	8,905	0.0455
5	Volunteer Fire Dept. Service - KY	67	2,922	4	16,750	0.0436
6	General Service - KY	96,044	5,261,579	4,610	20,834	0.0548
7	Combination Water Heating - KY	4	201	8	500	0.0503
8	All Electric School - KY	87,141	3,349,603	234	372,397	0.0384
9	Space Heating - KY	2,152	82,359	83	25,928	0.0383
10	Outdoor Lighting - KY	4,302	415,543	1,635	2,631	0.0966
11	Combined Lighting & Power - KY	786,848	29,963,569	1,561	504,067	0.0381
12	Large Comm./Ind. T.O.D. - KY	405,526	12,399,140	4	101,381,500	0.0306
13	High Load Factor - KY	22,894	729,693	3	7,631,333	0.0319
14	Water Pumping Service - KY	17,134	708,280	95	180,358	0.0413
15	Floodwall Water Pumping - KY			4		
16	Residential Service - VA	131	6,174	9	14,556	0.0471
17	General Service - VA	9,827	568,780	339	28,988	0.0579
18	School Service - VA	26,370	1,272,618	168	156,964	0.0483
19	Outdoor Lighting - VA	294	39,669	114	2,579	0.1349
20	Large Power Service - VA	25,464	1,157,049	33	771,636	0.0454
21	Water Pumping Service - VA	711	31,828	12	59,250	0.0448
22						
23						
24	Duplicate Customers			-1,619		
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39	Unbilled	-10,937	-394,000			0.0360
40	Total for Account 445	1,476,681	55,721,979	7,621	193,765	0.0377
41	TOTAL Billed	17,572,032	704,855,174	502,698	34,955	0.0401
42	Total Unbilled Rev.(See Instr. 6)	61,107	3,025,000	0	0	0.0495
43	TOTAL	17,633,139	707,880,174	502,698	35,077	0.0401

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 304 Line No.: 3 Column: c

Includes Fuel Adjustment Clause of 6,126,945

Schedule Page: 304 Line No.: 4 Column: c

Includes Fuel Adjustment Clause of 5,946,297

Schedule Page: 304 Line No.: 5 Column: c

Includes Fuel Adjustment Clause of 27,110

Schedule Page: 304 Line No.: 6 Column: c

Includes Fuel Adjustment Clause of 52,072

Schedule Page: 304 Line No.: 14 Column: d

Number of duplicate customers included on:

Line 5 7,920

Line 6 37,013

Line 9 3

Line 11 3,796

Schedule Page: 304.1 Line No.: 3 Column: c

Includes Fuel Adjustment Clause of 2,221,999

Schedule Page: 304.1 Line No.: 4 Column: c

Includes Fuel Adjustment Clause of 7

Schedule Page: 304.1 Line No.: 5 Column: c

Includes Fuel Adjustment Clause of 143

Schedule Page: 304.1 Line No.: 6 Column: c

Includes Fuel Adjustment Clause of 15,407

Schedule Page: 304.1 Line No.: 7 Column: c

Includes Fuel Adjustment Clause of 22,018

Schedule Page: 304.1 Line No.: 8 Column: c

Includes Fuel Adjustment Clause of 92,679

Schedule Page: 304.1 Line No.: 9 Column: c

Includes Fuel Adjustment Clause of 9,030,158

Schedule Page: 304.1 Line No.: 10 Column: c

Includes Fuel Adjustment Clause of 4,897,035

Schedule Page: 304.1 Line No.: 11 Column: c

Includes Fuel Adjustment Clause of 2,330,789

Schedule Page: 304.1 Line No.: 12 Column: c

Includes Fuel Adjustment Clause of 184

Schedule Page: 304.1 Line No.: 13 Column: c

Includes Fuel Adjustment Clause of 502,437

Schedule Page: 304.1 Line No.: 14 Column: c

Includes Fuel Adjustment Clause of 453,058

Schedule Page: 304.1 Line No.: 15 Column: c

Includes Fuel Adjustment Clause of 543,380

Schedule Page: 304.1 Line No.: 16 Column: c

Includes Fuel Adjustment Clause of 298,687

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 304.1 Line No.: 25 Column: d

Number of duplicate customers included on:

Line 5	78
Line 7	455
Line 8	16,461
Line 17	6
Line 20	686
Line 22	1

Schedule Page: 304.2 Line No.: 3 Column: c

Includes Fuel Adjustment Clause of 14,882

Schedule Page: 304.2 Line No.: 4 Column: c

Includes Fuel Adjustment Clause of 30

Schedule Page: 304.2 Line No.: 5 Column: c

Includes Fuel Adjustment Clause of 91,765

Schedule Page: 304.2 Line No.: 6 Column: c

Includes Fuel Adjustment Clause of 11,720

Schedule Page: 304.2 Line No.: 11 Column: d

Number of duplicate customers included on:

Line 4	2
--------	---

Schedule Page: 304.3 Line No.: 3 Column: c

Includes Fuel Adjustment Clause of 3,790

Schedule Page: 304.3 Line No.: 4 Column: c

Includes Fuel Adjustment Clause of 2,070

Schedule Page: 304.3 Line No.: 5 Column: c

Includes Fuel Adjustment Clause of 216

Schedule Page: 304.3 Line No.: 6 Column: c

Includes Fuel Adjustment Clause of 205,685

Schedule Page: 304.3 Line No.: 7 Column: c

Includes Fuel Adjustment Clause of 8

Schedule Page: 304.3 Line No.: 8 Column: c

Includes Fuel Adjustment Clause of 179,457

Schedule Page: 304.3 Line No.: 9 Column: c

Includes Fuel Adjustment Clause of 3,560

Schedule Page: 304.3 Line No.: 10 Column: c

Includes Fuel Adjustment Clause of 9,334

Schedule Page: 304.3 Line No.: 11 Column: c

Includes Fuel Adjustment Clause of 1,712,133

Schedule Page: 304.3 Line No.: 12 Column: c

Includes Fuel Adjustment Clause of 888,091

Schedule Page: 304.3 Line No.: 13 Column: c

Includes Fuel Adjustment Clause of 49,095

Schedule Page: 304.3 Line No.: 14 Column: c

Includes Fuel Adjustment Clause of 36,083

Schedule Page: 304.3 Line No.: 24 Column: d

Number of duplicate customers included on:

Line 7	8
Line 9	38
Line 10	1,469
Line 19	104

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).

2. Enter the name of the purchaser in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
 RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
 LF - for long-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.
 IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
 SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
 LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
 IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	City of Bardwell	RQ	186	2	2	2
2	City of Madisonville-S/N	RQ	191	7	7	7
3	City of Madisonville-West	RQ	193	16	15	15
4	City of Madisonville-East	RQ	194	8	8	8
5	City of Madisonville-GE Sub.	RQ	192	8	8	6
6	City of Madisonville-Hosp. Sub.	RQ	161	9	9	9
7	City of Madisonville-McCoy Ave.	RQ	162	9	9	9
8	City of Providence	RQ	195	4	3	3
9	City of Providence-East	RQ	196	2	2	2
10	City of Bardstown	RQ	185	32	32	31
11	City of Frankfort	RQ	190	127	127	124
12	City of Nicholasville- #2	RQ	157	2	2	1
13	City of Nicholasville-#3	RQ	163	4	4	4
14	City of Nicholasville-#4 & #5	RQ	198	16	16	16
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			0	0	0

Name of Respondent Kentucky Utilities Company	This Report Is:		Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
	(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission		

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.

AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)

5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.

6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)

demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.

8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401, line 24.

10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total (\$) (h+i+j) (k)	Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)		
9,478	164,557	220,828	-59,807	325,578	1
36,612	615,036	853,059	-248,013	1,220,082	2
100,848	1,391,912	2,349,758	-620,361	3,121,309	3
47,066	748,572	1,096,647	-279,603	1,565,616	4
51,030	681,330	1,188,999	-317,045	1,553,284	5
56,784	807,517	1,323,068	-363,307	1,767,278	6
46,493	798,115	1,083,282	-295,368	1,586,029	7
18,387	315,616	428,422	-119,349	624,689	8
13,536	217,867	315,389	-88,667	444,589	9
190,685	2,833,117	4,442,965	-1,197,912	6,078,170	10
760,368	11,230,618	17,716,574	-4,775,832	24,171,360	11
8,605	113,874	200,500	-67,149	247,225	12
22,615	367,539	526,916	-155,182	739,273	13
94,641	1,417,577	2,205,126	-596,879	3,025,824	14
1,925,863	28,558,896	45,046,310	-12,010,116	61,595,090	
3,854,386	1,210,128	81,002,128	0	82,212,256	
5,780,249	29,769,024	126,048,438	-12,010,116	143,807,346	

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).

2. Enter the name of the purchaser in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
 RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
 LF - for long-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.
 IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
 SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
 LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
 IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	City of Nicholasville-#6	RQ	216	5	5	4
2	City of Nicholasville-#7	RQ	217	5	5	5
3	City of Paris	RQ	83	8	8	4
4	City of Falmouth	RQ	189	4	4	4
5	City of Barbourville	RQ	184	19	18	18
6	City of Corbin	RQ	188	15	15	15
7	City of Benham	RQ	187	2	1	1
8	Berea College	RQ	197	24	24	24
9	Borough of Pitcairn, PA	RQ	SA87 Vol.2	3	NA	NA
10	Alabama Electric Coop, Inc.	OS	(1)			
11	Allegheny Energy Supply Company, LLC	OS	(1)			
12	Ameren Energy, Inc.	OS	(1)			
13	American Electric Power Service Corp	OS	(1)			
14	Aquila Merchant Services, Inc.	OS	(1)			
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			0	0	0

Name of Respondent Kentucky Utilities Company	This Report Is:		Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
	(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission		

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.

AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)

5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.

6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)

demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.

8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401, line 24.

10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total (\$) (h+i+j) (k)	Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)		
33,854	420,009	788,797	-194,127	1,014,679	1
25,851	433,623	602,317	-145,365	890,575	2
40,868		1,171,697	-251,436	920,261	3
21,027	341,597	489,934	-135,627	695,904	4
102,984	1,635,621	2,399,527	-651,024	3,384,124	5
82,296	1,350,122	1,917,497	-516,106	2,751,513	6
6,890	134,657	160,546	-46,457	248,746	7
141,077	2,139,238	3,287,102	-885,500	4,540,840	8
13,868	400,782	277,360		678,142	9
1,013		34,313		34,313	10
81,620		2,580,724		2,580,724	11
51,966		1,492,470		1,492,470	12
173,911		4,700,566		4,700,566	13
134,399		3,666,425		3,666,425	14
1,925,863	28,558,896	45,046,310	-12,010,116	61,595,090	
3,854,386	1,210,128	81,002,128	0	82,212,256	
5,780,249	29,769,024	126,048,438	-12,010,116	143,807,346	

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="checked" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	--	--	---------------------------------

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).

2. Enter the name of the purchaser in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
 RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
 LF - for long-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.
 IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
 SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
 LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
 IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Associated Electric Coop, Inc.	OS	(1)			
2	Big Rivers Electric Corp	OS	(1)			
3	Bluegrass Generation Company, LLC	OS	(1)			
4	BP Energy Company	OS	(1)			
5	Cargill Power Markets, LLC	OS	(1)			
6	Cincinnati Gas & Electric Company	OS	(1)			
7	CMS Marketing, Services & Trading Corp.	OS	(1)			
8	Conoco, Inc	OS	(1)			
9	Constellation Power Source Inc.	OS	(1)			
10	Coral Power LLC	OS	(1)			
11	Dayton Power & Light Company	OS	(1)			
12	Detroit Edison Company	OS	(1)			
13	DTE Energy Trading, Inc.	OS	(1)			
14	Duke Energy Trading & Marketing LLC	OS	(1)			
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			0	0	0

Name of Respondent Kentucky Utilities Company	This Report Is:		Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
	(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission		

SALES FOR RESALE (Account 447) (Continued)

- OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.
- AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.
4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)
5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.
6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.
8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.
9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401, line 24.
10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total (\$) (h+i+j) (k)	Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)		
4,626		90,553		90,553	1
4,288		180,649		180,649	2
834		45,141		45,141	3
35,030		1,079,988		1,079,988	4
11,056		272,840		272,840	5
104,324		2,802,887		2,802,887	6
112,027	914,500	3,284,230		4,198,730	7
77		2,035		2,035	8
26,371		787,730		787,730	9
31,980		1,213,281		1,213,281	10
25,775		735,767		735,767	11
10,500		261,079		261,079	12
45,089		1,164,656		1,164,656	13
131,288		3,676,086		3,676,086	14
1,925,863	28,558,896	45,046,310	-12,010,116	61,595,090	
3,854,386	1,210,128	81,002,128	0	82,212,256	
5,780,249	29,769,024	126,048,438	-12,010,116	143,807,346	

Name of Respondent Kentucky Utilities Company	This Report Is:		Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
	(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission		

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).

2. Enter the name of the purchaser in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
 RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
 LF - for long-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.
 IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
 SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
 LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
 IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Dynegy Power Marketing, Inc.	OS	(1)			
2	East Kentucky Power Cooperative, Inc.	OS	(1)			
3	EL Paso Merchant Energy, L.P.	OS	(1)			
4	Electric Energy, Inc.	OS				
5	Engage Energy America, LLC	OS	(1)			
6	Entergy-Koch Trading, LP	OS	(1)			
7	Exelon Generation Company, LLC	OS	(1)			
8	Hoosier Energy Rural Electric Coop.	OS	(1)			
9	Illinois Municipal Electric Agency	OS	(1)			
10	Indiana Municipal Power Agency	OS	(1)			
11	Indianapolis Power & Light Co.	OS	(1)			
12	LG&E Energy Marketing Inc.	OS	(1)			
13	Louisville Gas & Electric Co.	IF	(3)			
14	Mirant Americas Energy Marketing, LP	OS	(1)			
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			0	0	0

Name of Respondent Kentucky Utilities Company	This Report Is:		Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
	(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission		

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.

AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)

5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.

6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)

demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.

8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401, line 24.

10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total (\$) (h+i+j) (k)	Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)		
20,438		490,735		490,735	1
36,258		974,014		974,014	2
75,611		2,598,326		2,598,326	3
58,572	181,680	1,290,742		1,472,422	4
17		318		318	5
5,204		118,212		118,212	6
26,224		688,705		688,705	7
141		2,930		2,930	8
4,564		102,056		102,056	9
8,548		200,343		200,343	10
1,453		42,810		42,810	11
131,246		3,580,862		3,580,862	12
2,145,417		33,248,913		33,248,913	13
1,003		23,609		23,609	14
1,925,863	28,558,896	45,046,310	-12,010,116	61,595,090	
3,854,386	1,210,128	81,002,128	0	82,212,256	
5,780,249	29,769,024	126,048,438	-12,010,116	143,807,346	

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).

2. Enter the name of the purchaser in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
 RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
 LF - for long-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.
 IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
 SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
 LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
 IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Morgan Stanley Capital Group, Inc.	OS	(1)			
2	Northern Indiana Public Service Co.	OS	(1)			
3	Northern States Power Company	OS	(1)			
4	Oglethorpe Power Corporation	OS	(1)			
5	Ohio Valley Electric Corporation	OS	(1)			
6	Owensboro Municipal Utilites	OS	(1)			
7	PPL Electric Utilities Corp	OS	(1)			
8	PG&E Energy Trading-Power, L.P.	OS	(1)			
9	Powerex Corp.	OS	(1)			
10	PSEG Energy Resources & Trade LLC	OS	(1)			
11	Rainbow Energy Marketing Corporation	OS	(1)			
12	Reliant Energy Services, Inc.	OS	(1)			
13	Sempra Energy Trading Corp.	OS	(1)			
14	Southeastern Power Administration	OS	(1)			
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			0	0	0

Name of Respondent Kentucky Utilities Company	This Report Is:		Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
	(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission		

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.

AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)

5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.

6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)

demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.

8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401, line 24.

10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total (\$) (h+i+j) (k)	Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)		
22,563		581,954		581,954	1
3,540		101,727		101,727	2
44		1,302		1,302	3
1,131		30,334		30,334	4
438	113,948	9,202		123,150	5
48,463		987,764		987,764	6
342		9,000		9,000	7
14		302		302	8
13		267		267	9
964		26,542		26,542	10
523		20,071		20,071	11
26,214		670,017		670,017	12
6,551		175,816		175,816	13
13,275		312,917		312,917	14
1,925,863	28,558,896	45,046,310	-12,010,116	61,595,090	
3,854,386	1,210,128	81,002,128	0	82,212,256	
5,780,249	29,769,024	126,048,438	-12,010,116	143,807,346	

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).

2. Enter the name of the purchaser in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
 RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
 LF - for long-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.
 IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
 SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
 LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
 IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Southern Company Services, Inc.	OS	(1)			
2	Southern Illinois Power Cooperative	OS	(1)			
3	Southern Indiana Gas & Electric Co.	OS	(1)			
4	Tennessee Valley Authority	OS	(1)			
5	The Energy Authority	OS	(1)			
6	TXU Energy Trading Company, LP	OS	(1)			
7	Virginia Electric and Power Company	OS	(1)			
8	Wabash Valley Power Association	OS	(1)			
9	Westar Energy, Inc.	OS	(1)			
10	Western Resources Inc.	OS	(1)			
11	Williams Energy Marketing & Trading Co.	OS	(1)			
12						
13	Note:					
14	The balance stated in account 447					
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			0	0	0

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.

AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)

5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.

6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)

demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.

8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401, line 24.

10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total (\$) (h+i+j) (k)	Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)		
4,288		168,839		168,839	1
55		1,567		1,567	2
16,267		512,091		512,091	3
80,422		2,044,326		2,044,326	4
1,538		37,238		37,238	5
7,807		179,933		179,933	6
16,568		392,694		392,694	7
4,340		131,921		131,921	8
1,939		60,418		60,418	9
4,087		89,529		89,529	10
92,130		3,022,362		3,022,362	11
					12
					13
					14
1,925,863	28,558,896	45,046,310	-12,010,116	61,595,090	
3,854,386	1,210,128	81,002,128	0	82,212,256	
5,780,249	29,769,024	126,048,438	-12,010,116	143,807,346	

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).

2. Enter the name of the purchaser in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
LF - for long-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.
IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	includes \$998,498 of imputed					
2	transmission services and \$82,402					
3	ancillary service revenue under the					
4	Open Access Transmission Tariff from					
5	certain sales for resale.					
6						
7						
8						
9						
10						
11						
12						
13						
14						
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			0	0	0

Name of Respondent Kentucky Utilities Company	This Report Is:		Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
	(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission		

SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.

AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)

5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.

6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)

demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.

8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401, line 24.

10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total (\$) (h+i+j) (k)	Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)		
					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
1,925,863	28,558,896	45,046,310	-12,010,116	61,595,090	
3,854,386	1,210,128	81,002,128	0	82,212,256	
5,780,249	29,769,024	126,048,438	-12,010,116	143,807,346	

Blank Page

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

- Schedule Page: 310.1 Line No.: 10 Column: b**
Non-Displacement Energy
- Schedule Page: 310.1 Line No.: 10 Column: c**
(1) FERC Electric Tariff, Original Volume No. 2.
- Schedule Page: 310.1 Line No.: 11 Column: b**
Non-Displacement Energy
- Schedule Page: 310.1 Line No.: 11 Column: c**
(1) FERC Electric Tariff, Original Volume No. 2.
- Schedule Page: 310.1 Line No.: 12 Column: b**
Non-Displacement Energy
- Schedule Page: 310.1 Line No.: 12 Column: c**
(1) FERC Electric Tariff, Original Volume No. 2.
- Schedule Page: 310.1 Line No.: 13 Column: b**
Non-Displacement Energy
- Schedule Page: 310.1 Line No.: 13 Column: c**
(1) FERC Electric Tariff, Original Volume No. 2.
- Schedule Page: 310.1 Line No.: 14 Column: b**
Non-Displacement Energy
- Schedule Page: 310.1 Line No.: 14 Column: c**
(1) FERC Electric Tariff, Original Volume No. 2.
- Schedule Page: 310.2 Line No.: 1 Column: b**
Non-Displacement Energy
- Schedule Page: 310.2 Line No.: 1 Column: c**
(1) FERC Electric Tariff, Original Volume No. 2.
- Schedule Page: 310.2 Line No.: 2 Column: b**
Non-Displacement Energy
- Schedule Page: 310.2 Line No.: 2 Column: c**
(1) FERC Electric Tariff, Original Volume No. 2.
- Schedule Page: 310.2 Line No.: 3 Column: b**
Non-Displacement Energy
- Schedule Page: 310.2 Line No.: 3 Column: c**
(1) FERC Electric Tariff, Original Volume No. 2.
- Schedule Page: 310.2 Line No.: 4 Column: b**
Non-Displacement Energy
- Schedule Page: 310.2 Line No.: 4 Column: c**
(1) FERC Electric Tariff, Original Volume No. 2.
- Schedule Page: 310.2 Line No.: 5 Column: b**
Non-Displacement Energy
- Schedule Page: 310.2 Line No.: 5 Column: c**
(1) FERC Electric Tariff, Original Volume No. 2.
- Schedule Page: 310.2 Line No.: 6 Column: b**
Non-Displacement Energy
- Schedule Page: 310.2 Line No.: 6 Column: c**
(1) FERC Electric Tariff, Original Volume No. 2.
- Schedule Page: 310.2 Line No.: 7 Column: b**
Non-Displacement Energy
- Schedule Page: 310.2 Line No.: 7 Column: c**
(1) FERC Electric Tariff, Original Volume No. 2.

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
--	---	--	--------------------------------

FOOTNOTE DATA

Schedule Page: 310.2 Line No.: 8 Column: b

Non-Displacement Energy

Schedule Page: 310.2 Line No.: 8 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.2 Line No.: 9 Column: b

Non-Displacement Energy

Schedule Page: 310.2 Line No.: 9 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.2 Line No.: 10 Column: b

Non-Displacement Energy

Schedule Page: 310.2 Line No.: 10 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.2 Line No.: 11 Column: b

Non-Displacement Energy

Schedule Page: 310.2 Line No.: 11 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.2 Line No.: 12 Column: b

Non Displacement Energy

Schedule Page: 310.2 Line No.: 12 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.2 Line No.: 13 Column: b

Non-Displacement Energy

Schedule Page: 310.2 Line No.: 13 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.2 Line No.: 14 Column: b

Non-Displacement Energy

Schedule Page: 310.2 Line No.: 14 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.3 Line No.: 1 Column: b

Non-Displacement Energy

Schedule Page: 310.3 Line No.: 1 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.3 Line No.: 2 Column: b

Non-Displacement Energy

Schedule Page: 310.3 Line No.: 2 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.3 Line No.: 3 Column: b

Non-Displacement Energy

Schedule Page: 310.3 Line No.: 3 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.3 Line No.: 4 Column: a

The company owns 20% of the common stock of Electric Energy, Inc.

Schedule Page: 310.3 Line No.: 4 Column: b

Non-Displacement Energy

Schedule Page: 310.3 Line No.: 4 Column: c

Sales of power pursuant to the Inter-Company Agreement among Electric Energy, Inc. and Sponsoring Companies dated May 1951.

Schedule Page: 310.3 Line No.: 5 Column: b

Non-Displacement Energy

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
--	---	--	--------------------------------

FOOTNOTE DATA

Schedule Page: 310.3 Line No.: 5 Column: c (1) FERC Electric Tariff, Original Volume No.2.
Schedule Page: 310.3 Line No.: 6 Column: b Non-Displacement Energy
Schedule Page: 310.3 Line No.: 6 Column: c (1) FERC Electric Tariff, Original Volume No.2.
Schedule Page: 310.3 Line No.: 7 Column: b Non-Displacement Energy
Schedule Page: 310.3 Line No.: 7 Column: c (1) FERC Electric Tariff, Original Volume No.2.
Schedule Page: 310.3 Line No.: 8 Column: b Non-Displacement Energy
Schedule Page: 310.3 Line No.: 8 Column: c (1) FERC Electric Tariff, Original Volume No. 2.
Schedule Page: 310.3 Line No.: 9 Column: b Non-Displacement Energy
Schedule Page: 310.3 Line No.: 9 Column: c (1) FERC Electric Tariff, Original Volume No. 2.
Schedule Page: 310.3 Line No.: 10 Column: b Non-Displacement Energy
Schedule Page: 310.3 Line No.: 10 Column: c (1) FERC Electric Tariff, Original Volume No. 2.
Schedule Page: 310.3 Line No.: 11 Column: b Non-Displacement Energy
Schedule Page: 310.3 Line No.: 11 Column: c (1) FERC Electric Tariff, Original Volume No. 2.
Schedule Page: 310.3 Line No.: 12 Column: a LG&E Energy Marketing is a wholly owned subsidiary of LG&E Energy Corp.
Schedule Page: 310.3 Line No.: 12 Column: b Non-Displacement Energy
Schedule Page: 310.3 Line No.: 12 Column: c (1) FERC Electric Tariff, Original Volume No. 2.
Schedule Page: 310.3 Line No.: 13 Column: a Louisville Gas & Electric Company and Kentucky Utilities Company are both owned by LG&E Energy Corp.
Schedule Page: 310.3 Line No.: 13 Column: c FERC Rate Schedule No 1, The Power Supply System Agreement FERC Docket NO ER98-111-000.
Schedule Page: 310.3 Line No.: 14 Column: b Non-Displacement Energy
Schedule Page: 310.3 Line No.: 14 Column: c (1) FERC Electric Tariff, Original Volume No.2.
Schedule Page: 310.4 Line No.: 1 Column: b Non-Displacement Energy
Schedule Page: 310.4 Line No.: 1 Column: c (1) FERC Electric Tariff, Original Volume No. 2.
Schedule Page: 310.4 Line No.: 2 Column: b Non-Displacement Energy
Schedule Page: 310.4 Line No.: 2 Column: c (1) FERC Electric Tariff, Original Volume No.2.

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 310.4 Line No.: 3 Column: b

Non-Displacement Energy

Schedule Page: 310.4 Line No.: 3 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.4 Line No.: 4 Column: b

Non-Displacement Energy

Schedule Page: 310.4 Line No.: 4 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.4 Line No.: 5 Column: a

The company owns 2.5% of the common stock of Ohio Valley Electric Corporation.

Schedule Page: 310.4 Line No.: 5 Column: b

Non Displacement and Supplemental Energy

Schedule Page: 310.4 Line No.: 5 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.4 Line No.: 6 Column: b

Non-Displacement Energy

Schedule Page: 310.4 Line No.: 6 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.4 Line No.: 7 Column: b

Non-Displacement Energy

Schedule Page: 310.4 Line No.: 7 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.4 Line No.: 8 Column: b

Non-Displacement Energy

Schedule Page: 310.4 Line No.: 8 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.4 Line No.: 9 Column: b

Non-Displacement Power

Schedule Page: 310.4 Line No.: 9 Column: c

(1) FERC Electric Tariff, Original Volume No. 2

Schedule Page: 310.4 Line No.: 10 Column: b

Non-Displacement Energy

Schedule Page: 310.4 Line No.: 10 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.4 Line No.: 11 Column: b

Non-Displacement Energy

Schedule Page: 310.4 Line No.: 11 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.4 Line No.: 12 Column: b

Non-Displacement Energy

Schedule Page: 310.4 Line No.: 12 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.4 Line No.: 13 Column: b

Non-Displacement Energy

Schedule Page: 310.4 Line No.: 13 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.4 Line No.: 14 Column: b

Non-Displacement Energy

Schedule Page: 310.4 Line No.: 14 Column: c

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.5 Line No.: 1 Column: b

Non-Displacement Energy

Schedule Page: 310.5 Line No.: 1 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.5 Line No.: 2 Column: b

Non-Displacement Energy

Schedule Page: 310.5 Line No.: 2 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.5 Line No.: 3 Column: b

Non-Displacement Energy

Schedule Page: 310.5 Line No.: 3 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.5 Line No.: 4 Column: b

Non-Displacement Energy

Schedule Page: 310.5 Line No.: 4 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.5 Line No.: 5 Column: b

Non-Displacement Energy

Schedule Page: 310.5 Line No.: 5 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.5 Line No.: 6 Column: b

Non-Displacement Energy

Schedule Page: 310.5 Line No.: 6 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.5 Line No.: 7 Column: b

Non-Displacement Energy

Schedule Page: 310.5 Line No.: 7 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.5 Line No.: 8 Column: b

Non-Displacement Energy

Schedule Page: 310.5 Line No.: 8 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.5 Line No.: 9 Column: b

Non-Displacement Energy

Schedule Page: 310.5 Line No.: 9 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.5 Line No.: 10 Column: b

Non-Displacement Energy

Schedule Page: 310.5 Line No.: 10 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Schedule Page: 310.5 Line No.: 11 Column: b

Non-Displacement Energy

Schedule Page: 310.5 Line No.: 11 Column: c

(1) FERC Electric Tariff, Original Volume No. 2.

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	2,238,634	2,030,308
5	(501) Fuel	232,323,658	227,678,154
6	(502) Steam Expenses	8,259,969	8,307,149
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses	5,079,752	5,228,114
10	(506) Miscellaneous Steam Power Expenses	4,619,842	4,627,423
11	(507) Rents		
12	(509) Allowances	76,076	135,603
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	252,597,931	248,006,751
14	Maintenance		
15	(510) Maintenance Supervision and Engineering	3,761,102	3,794,379
16	(511) Maintenance of Structures	3,572,373	3,592,992
17	(512) Maintenance of Boiler Plant	20,107,275	16,775,632
18	(513) Maintenance of Electric Plant	8,903,276	6,311,132
19	(514) Maintenance of Miscellaneous Steam Plant	884,905	646,159
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)	37,228,931	31,120,294
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	289,826,862	279,127,045
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses	2,150	4,146
47	(538) Electric Expenses	2,357	2,886
48	(539) Miscellaneous Hydraulic Power Generation Expenses	11,236	65
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)	15,743	7,097

Name of Respondent Kentucky Utilities Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)				
If the amount for previous year is not derived from previously reported figures, explain in footnote.				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
51	C. Hydraulic Power Generation (Continued)			
52	Maintenance			
53	(541) Maintenance Supervision and Engineering	84,888	76,291	
54	(542) Maintenance of Structures	92,084	102,539	
55	(543) Maintenance of Reservoirs, Dams, and Waterways			
56	(544) Maintenance of Electric Plant	22,647	17,075	
57	(545) Maintenance of Miscellaneous Hydraulic Plant	40,838	29,518	
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)	240,457	225,423	
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)	256,200	232,520	
60	D. Other Power Generation			
61	Operation			
62	(546) Operation Supervision and Engineering	239,370	50,242	
63	(547) Fuel	17,792,980	9,307,402	
64	(548) Generation Expenses	137,256	4,688	
65	(549) Miscellaneous Other Power Generation Expenses	69,803	58,240	
66	(550) Rents		1,761	
67	TOTAL Operation (Enter Total of lines 62 thru 66)	18,239,409	9,422,333	
68	Maintenance			
69	(551) Maintenance Supervision and Engineering	74,768	68,362	
70	(552) Maintenance of Structures	12,316	1,103,913	
71	(553) Maintenance of Generating and Electric Plant	1,220,029	674,081	
72	(554) Maintenance of Miscellaneous Other Power Generation Plant	606,896	366,592	
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	1,914,009	2,212,948	
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	20,153,418	11,635,281	
75	E. Other Power Supply Expenses			
76	(555) Purchased Power	157,955,563	157,160,999	
77	(556) System Control and Load Dispatching	1,199,539	1,169,853	
78	(557) Other Expenses	22,316	34,345	
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	159,177,418	158,365,197	
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	469,413,898	449,360,043	
81	2. TRANSMISSION EXPENSES			
82	Operation			
83	(560) Operation Supervision and Engineering	699,300	787,182	
84	(561) Load Dispatching	1,110,956	1,118,628	
85	(562) Station Expenses	626,632	315,895	
86	(563) Overhead Lines Expenses	325,557	259,192	
87	(564) Underground Lines Expenses			
88	(565) Transmission of Electricity by Others	4,195,912	1,818,359	
89	(566) Miscellaneous Transmission Expenses	5,477,989	710,878	
90	(567) Rents	65,486	83,987	
91	TOTAL Operation (Enter Total of lines 83 thru 90)	12,501,832	5,094,121	
92	Maintenance			
93	(568) Maintenance Supervision and Engineering	211		
94	(569) Maintenance of Structures		1,748	
95	(570) Maintenance of Station Equipment	1,093,971	1,295,562	
96	(571) Maintenance of Overhead Lines	3,460,838	3,700,364	
97	(572) Maintenance of Underground Lines			
98	(573) Maintenance of Miscellaneous Transmission Plant	247,699	339,973	
99	TOTAL Maintenance (Enter Total of lines 93 thru 98)	4,802,719	5,337,647	
100	TOTAL Transmission Expenses (Enter Total of lines 91 and 99)	17,304,551	10,431,768	
101	3. DISTRIBUTION EXPENSES			
102	Operation			
103	(580) Operation Supervision and Engineering	913,216	1,253,457	

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
104	3. DISTRIBUTION Expenses (Continued)		
105	(581) Load Dispatching		
106	(582) Station Expenses	926,155	1,007,991
107	(583) Overhead Line Expenses	3,201,864	1,799,978
108	(584) Underground Line Expenses	138,124	-55,598
109	(585) Street Lighting and Signal System Expenses	20,829	25,852
110	(586) Meter Expenses	202,214	382,288
111	(587) Customer Installations Expenses	-77,435	-9,770
112	(588) Miscellaneous Expenses	3,904,814	4,220,791
113	(589) Rents	18,365	28,757
114	TOTAL Operation (Enter Total of lines 103 thru 113)	9,248,146	8,653,746
115	Maintenance		
116	(590) Maintenance Supervision and Engineering	40,398	333,290
117	(591) Maintenance of Structures		7
118	(592) Maintenance of Station Equipment	502,190	462,613
119	(593) Maintenance of Overhead Lines	14,012,978	11,968,137
120	(594) Maintenance of Underground Lines	255,252	386,393
121	(595) Maintenance of Line Transformers	90,841	354,511
122	(596) Maintenance of Street Lighting and Signal Systems	383,554	722,230
123	(597) Maintenance of Meters	226,468	161,109
124	(598) Maintenance of Miscellaneous Distribution Plant	1,190	6,650
125	TOTAL Maintenance (Enter Total of lines 116 thru 124)	15,512,871	14,394,940
126	TOTAL Distribution Exp (Enter Total of lines 114 and 125)	24,761,017	23,048,686
127	4. CUSTOMER ACCOUNTS EXPENSES		
128	Operation		
129	(901) Supervision	482,611	608,254
130	(902) Meter Reading Expenses	4,577,116	3,909,149
131	(903) Customer Records and Collection Expenses	5,824,785	5,716,908
132	(904) Uncollectible Accounts	1,349,153	1,499,753
133	(905) Miscellaneous Customer Accounts Expenses	5,512,855	5,228,234
134	TOTAL Customer Accounts Expenses (Total of lines 129 thru 133)	17,746,520	16,962,298
135	5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
136	Operation		
137	(907) Supervision		1,428
138	(908) Customer Assistance Expenses	2,591,517	788,564
139	(909) Informational and Instructional Expenses	344,661	395,474
140	(910) Miscellaneous Customer Service and Informational Expenses	12,365	34,200
141	TOTAL Cust. Service and Information. Exp. (Total lines 137 thru 140)	2,948,543	1,219,666
142	6. SALES EXPENSES		
143	Operation		
144	(911) Supervision		
145	(912) Demonstrating and Selling Expenses		30,585
146	(913) Advertising Expenses	67,050	135,631
147	(916) Miscellaneous Sales Expenses	64,344	66,535
148	TOTAL Sales Expenses (Enter Total of lines 144 thru 147)	131,394	232,751
149	7. ADMINISTRATIVE AND GENERAL EXPENSES		
150	Operation		
151	(920) Administrative and General Salaries	1,238,937	734,782
152	(921) Office Supplies and Expenses	1,004,254	491,500
153	(Less) (922) Administrative Expenses Transferred-Credit	1,191,415	946,361

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
154	7. ADMINISTRATIVE AND GENERAL EXPENSES (Continued)		
155	(923) Outside Services Employed	37,376,934	32,452,076
156	(924) Property Insurance	4,947,713	2,181,333
157	(925) Injuries and Damages	2,510,515	1,609,827
158	(926) Employee Pensions and Benefits	16,624,301	15,085,264
159	(927) Franchise Requirements	2,199	2,244
160	(928) Regulatory Commission Expenses	375,820	
161	(929) (Less) Duplicate Charges-Cr.	2,199	2,244
162	(930.1) General Advertising Expenses	570,089	137,349
163	(930.2) Miscellaneous General Expenses	19,326,212	19,617,881
164	(931) Rents	204,219	362,601
165	TOTAL Operation (Enter Total of lines 151 thru 164)	82,987,579	71,726,252
166	Maintenance		
167	(935) Maintenance of General Plant	83,102	3,729,344
168	TOTAL Admin & General Expenses (Total of lines 165 thru 167)	83,070,681	75,455,596
169	TOTAL Elec Op and Maint Expn (Tot 80, 100, 126, 134, 141, 148, 168)	615,376,604	576,710,808

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

**PURCHASED POWER (Account 555)
(Including power exchanges)**

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Allegheny Energy Supply Company, LLC	OS	(1)			
2	Ameren Energy, Inc.	OS	(1)			
3	American Electric Power Service Corp	OS	(1)			
4	Aquila Merchant Services, Inc	OS	(1)			
5	Associated Electric Coop, Inc.	OS	(1)			
6	Avista Energy, Inc.	OS	(1)			
7	Big Rivers Electric Corp.	OS	(1)			
8	Bluegrass Generation Company, LLC	OS	(1)			
9	BP Energy Company	OS	(1)			
10	Cargill Power Markets, LLC	OS	(1)			
11	Cincinnati Gas & Electric Company	OS	(1)			
12	CMS Marketing, Services & Trading Corp	OS	(1)			
13	Conective Energy Supply, Inc.	OS	(1)			
14	Conoco, Inc.	OS	(1)			
	Total					

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

PURCHASED POWER (Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j+k+l) of Settlement (\$) (m)	
55,839				1,861,620		1,861,620	1
27,442				882,870		882,870	2
235,392				6,139,166		6,139,166	3
135,330				3,704,710		3,704,710	4
3,151				107,072		107,072	5
				-8,055		-8,055	6
1,003			81	33,492		33,573	7
1,870				31,201		31,201	8
10,045				202,928		202,928	9
14,079				360,231		360,231	10
96,404				2,532,991		2,532,991	11
13,009				338,427		338,427	12
2				56		56	13
374				17,701		17,701	14
7,882,935		9,097	37,008,281	120,947,282		157,955,563	

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

**PURCHASED POWER (Account 555)
(Including power exchanges)**

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.

2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Constellation Power Source Inc.	OS	(1)			
2	Coral Power LLC	OS	(1)			
3	Dayton Power & Light Company	OS	(1)			
4	Detroit Edison Company	OS	(1)			
5	DTE Energy Trading, Inc.	OS	(1)			
6	Duke Energy Trading & Marketing LLC	OS	(1)			
7	Dynegy Power Marketing, Inc.	OS	(1)			
8	East Kentucky Power Cooperative, Inc.	OS	96			
9	Edison Mission Marketing & Trading	OS	(1)			
10	El Paso Merchant Energy, L.P.	OS	(1)			
11	Electric Energy, Inc.	RQ	199	200		
12	Entergy-Koch Trading, LP	OS	(1)			
13	Exelon Generation Company, LLC	OS	(1)			
14	Indianapolis Power & Light Co.	OS	(1)			
	Total					

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

PURCHASED POWER (Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j+k+l) of Settlement (\$) (m)	
44,927				1,270,532		1,270,532	1
14,197				405,667		405,667	2
13,142				451,608		451,608	3
1,683				45,129		45,129	4
19,973				512,918		512,918	5
176,134				4,854,883		4,854,883	6
23,769				667,753		667,753	7
2,279				49,258		49,258	8
1,600				39,420		39,420	9
22,400				596,000		596,000	10
1,564,312			17,070,513	15,592,644		32,663,157	11
30,277				654,453		654,453	12
18,048				586,424		586,424	13
29,757				731,908		731,908	14
7,882,935		9,097	37,008,281	120,947,282		157,955,563	

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	LG&E Energy Marketing, Inc	OS	(1)			
2	Louisville Gas & Electric Co.	IF				
3	Michigan Electric Coordinated System	OS	(1)			
4	Mirant Americas Energy Marketing, LP	OS	(1)			
5	Morgan Stanley Capital Group, Inc.	OS	(1)			
6	Northern Indiana Public Service Co.	OS	(1)			
7	Northern States Power Company	OS	(1)			
8	Ohio Valley Electric Corporation	OS	13			
9	Owensboro Municipal Utilities	RQ	74	203		
10	Owensboro Municipal Utilities	IF	74	25		
11	PG&E Energy Trading - Power, LP	OS	(1)			
12	PPL Electric Utilities Corp	OS	(1)			
13	PSEG Energy Resources & Trade LLC	OS	(1)			
14	Rainbow Energy Marketing Corporation	OS	(1)			
	Total					

Name of Respondent Kentucky Utilities Company	This Report Is:		Date of Report (Mo, Da, Yr)	Year of Report
	(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	03/28/2003	Dec. 31, 2002

PURCHASED POWER (Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j+k+l) of Settlement (\$) (m)	
54,000				912,600		912,600	1
3,326,207				41,480,086		41,480,086	2
				-181		-181	3
4,134				110,730		110,730	4
3,251			8,865	78,707		87,572	5
13,782				373,535		373,535	6
577				16,849		16,849	7
356,578			3,302,172	6,080,478		9,382,650	8
1,325,342			15,724,494	22,844,932		38,569,426	9
45,000			363,772	1,302,492		1,666,264	10
1,662				36,145		36,145	11
319				5,954		5,954	12
1,200				23,400		23,400	13
575				17,250		17,250	14
7,882,935		9,097	37,008,281	120,947,282		157,955,563	

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

**PURCHASED POWER (Account 555)
(Including power exchanges)**

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.

2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Reliant Energy Services, Inc.	OS	(1)			
2	Sempra Energy Trading Corp.	OS	(1)			
3	Southern Company Services, Inc.	OS	(1)			
4	Southern Illinois Power Cooperative	OS	(1)			
5	Southern Indiana Gas & Electric Co	OS	(1)			
6	Tenaska Power Services Co.	OS	(1)			
7	Tennessee Valley Authority	OS	93			
8	TXU Energy Trading Company, LP	OS	(1)			
9	Virginia Electric and Power Company	OS	(1)			
10	Wabash Valley Power Association	OS	(1)			
11	Westar Energy, Inc.	OS	(1)			
12	Western Resources, Inc	OS	(1)			
13	Williams Energy Marketing & Trading Co	OS	(1)			
14	Other					
	Total					

PURCHASED POWER(Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j+k+l) of Settlement (\$) (m)	
23,131				581,710		581,710	1
800				39,000		39,000	2
2,118				85,327		85,327	3
401				10,248		10,248	4
15,659				359,170		359,170	5
19,475				233,700		233,700	6
2,917				74,023		74,023	7
17,600				500,000		500,000	8
5,233				153,944		153,944	9
7,704				234,268		234,268	10
1,400				54,269		54,269	11
499				22,446		22,446	12
30,333				724,906		724,906	13
				600		600	14
7,882,935		9,097	37,008,281	120,947,282		157,955,563	

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

**PURCHASED POWER (Account 555)
(Including power exchanges)**

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.

2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Barbourville Electric	IF	184	2	NA	NA
2	City of Bardstown	IF	185	2	NA	NA
3	Bardwell Electric	IF	186	1	NA	NA
4	Electric Plant Board of Benham	IF	187	0	NA	NA
5	City Utilities Comm. of Corbin	IF	188	3	NA	NA
6	City of Falmouth	IF	189	1	NA	NA
7	Frankfort Elec. & Whle. Plant Board	IF	190	16	NA	NA
8	Municipal Light & Water - Madisonville	IF		8	NA	NA
9	City of Nicholasville	IF		3	NA	NA
10	City of Paris	IF	83	1	NA	NA
11	City of Providence	IF		1	NA	NA
12	Inadvertant Interchange					
13						
14						
	Total					

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

PURCHASED POWER (Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j+k+l) of Settlement (\$) (m)	
3,960			32,012	114,619		146,631	1
4,045			32,696	117,068		149,764	2
976			7,887	28,238		36,125	3
446			3,609	12,920		16,529	4
4,676			37,803	135,355		173,158	5
1,062			8,585	30,739		39,324	6
28,118			227,300	813,849		1,041,149	7
14,045			113,541	406,533		520,074	8
4,601			37,192	133,167		170,359	9
2,455			19,847	71,064		90,911	10
2,216			17,912	64,135		82,047	11
		9,097					12
							13
							14
7,882,935		9,097	37,008,281	120,947,282		157,955,563	

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 326 Line No.: 1 Column: b
Non-Displacement Energy

Schedule Page: 326 Line No.: 1 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326 Line No.: 2 Column: b
Non-Displacement Energy

Schedule Page: 326 Line No.: 2 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326 Line No.: 3 Column: b
Non-Displacement Energy

Schedule Page: 326 Line No.: 3 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326 Line No.: 4 Column: b
Non-Displacement Energy

Schedule Page: 326 Line No.: 4 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326 Line No.: 5 Column: b
Non-Displacement Energy

Schedule Page: 326 Line No.: 5 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326 Line No.: 6 Column: b
Non-Displacement Energy

Schedule Page: 326 Line No.: 6 Column: c

(1) FERC - approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326 Line No.: 7 Column: b
Non-Displacement Energy

Schedule Page: 326 Line No.: 7 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326 Line No.: 8 Column: b
Non-Displacement Energy

Schedule Page: 326 Line No.: 8 Column: c

(1) FERC - approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326 Line No.: 9 Column: b
Non-Displacement Energy

Schedule Page: 326 Line No.: 9 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326 Line No.: 10 Column: b
Non-Displacement Energy

Schedule Page: 326 Line No.: 10 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326 Line No.: 11 Column: b
Non-Displacement Energy

Schedule Page: 326 Line No.: 11 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326 Line No.: 12 Column: b
Non-Displacement Energy

Schedule Page: 326 Line No.: 12 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 326 Line No.: 13 Column: b
Non-Displacement Energy
Schedule Page: 326 Line No.: 13 Column: c
(1) FERC - approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326 Line No.: 14 Column: b
Non-Displacement Energy
Schedule Page: 326 Line No.: 14 Column: c
(1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.1 Line No.: 1 Column: b
Non-Displacement Energy
Schedule Page: 326.1 Line No.: 1 Column: c
(1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.1 Line No.: 2 Column: b
Non-Displacement Energy
Schedule Page: 326.1 Line No.: 2 Column: c
(1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.1 Line No.: 3 Column: b
Non-Displacement Energy
Schedule Page: 326.1 Line No.: 3 Column: c
(1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.1 Line No.: 4 Column: b
Non-Displacement Energy
Schedule Page: 326.1 Line No.: 4 Column: c
(1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.1 Line No.: 5 Column: b
Non-Displacement Energy
Schedule Page: 326.1 Line No.: 5 Column: c
(1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.1 Line No.: 6 Column: b
Non-Displacement Energy
Schedule Page: 326.1 Line No.: 6 Column: c
(1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.1 Line No.: 7 Column: b
Non-Displacement Energy
Schedule Page: 326.1 Line No.: 7 Column: c
(1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.1 Line No.: 8 Column: b
Non-Displacement Energy
Schedule Page: 326.1 Line No.: 9 Column: b
Non-Displacement Energy
Schedule Page: 326.1 Line No.: 9 Column: c
(1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.1 Line No.: 10 Column: b
Non-Displacement Energy
Schedule Page: 326.1 Line No.: 10 Column: c
(1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.1 Line No.: 11 Column: a
The Company owns 20% of the common stock of Electric Energy, Inc.
Schedule Page: 326.1 Line No.: 11 Column: c

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Purchase of Power pursuant to Inter-Company Agreement among Electric Energy, Inc. and Sponsoring Companies dated May 1951.

Schedule Page: 326.1 Line No.: 12 Column: b

Non-Displacement Energy

Schedule Page: 326.1 Line No.: 12 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326.1 Line No.: 13 Column: b

Non-Displacement Energy

Schedule Page: 326.1 Line No.: 13 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326.1 Line No.: 14 Column: b

Non-Displacement Energy

Schedule Page: 326.1 Line No.: 14 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326.2 Line No.: 1 Column: a

LG&E Energy Marketing is a wholly owned subsidiary of LG&E Energy Corp.

Schedule Page: 326.2 Line No.: 1 Column: b

Non-Displacement Energy

Schedule Page: 326.2 Line No.: 1 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326.2 Line No.: 2 Column: a

Louisville Gas & Electric Company and Kentucky Utilities Company are both owned by LG&E Energy Corp.

Schedule Page: 326.2 Line No.: 2 Column: c

FERC Rate Schedule No. 1, The Power Supply System Agreement, FERC Docket No. ER98-111-000

Schedule Page: 326.2 Line No.: 3 Column: b

Non-Displacement Energy

Schedule Page: 326.2 Line No.: 3 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326.2 Line No.: 4 Column: b

Non-Displacement Energy

Schedule Page: 326.2 Line No.: 4 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326.2 Line No.: 5 Column: b

Non-Displacement Energy

Schedule Page: 326.2 Line No.: 5 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326.2 Line No.: 6 Column: b

Non-Displacement Energy

Schedule Page: 326.2 Line No.: 6 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326.2 Line No.: 7 Column: b

Non-Displacement Energy

Schedule Page: 326.2 Line No.: 7 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission

Schedule Page: 326.2 Line No.: 8 Column: a

Purchase of Surplus power pursuant to Article 6 of the Inter-Company Agreement among OVEC and Sponsoring Companies dated July 10, 1953.

The company owns 2.5% of the common stock of Ohio Valley Electric Corporation.

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 326.2 Line No.: 8 Column: b Non-Displacement Energy and Non-Firm Energy
Schedule Page: 326.2 Line No.: 11 Column: b Non-Displacement Energy
Schedule Page: 326.2 Line No.: 11 Column: c (1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.2 Line No.: 12 Column: b Non-Displacement Energy
Schedule Page: 326.2 Line No.: 12 Column: c (1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.2 Line No.: 13 Column: b Non-Displacement Energy
Schedule Page: 326.2 Line No.: 13 Column: c (1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.2 Line No.: 14 Column: b Non-Displacement Energy
Schedule Page: 326.2 Line No.: 14 Column: c (1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.3 Line No.: 1 Column: b Non-Displacement Energy
Schedule Page: 326.3 Line No.: 1 Column: c (1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.3 Line No.: 2 Column: b Non-Displacement Energy
Schedule Page: 326.3 Line No.: 2 Column: c (1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.3 Line No.: 3 Column: b Non-Displacement Energy
Schedule Page: 326.3 Line No.: 3 Column: c (1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.3 Line No.: 4 Column: b Non-Displacement Energy
Schedule Page: 326.3 Line No.: 4 Column: c (1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.3 Line No.: 5 Column: b Non-Displacement Energy
Schedule Page: 326.3 Line No.: 5 Column: c (1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.3 Line No.: 6 Column: b Non-Displacement Energy
Schedule Page: 326.3 Line No.: 6 Column: c (1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.3 Line No.: 7 Column: b Non-Displacement Energy
Schedule Page: 326.3 Line No.: 8 Column: b Non-Displacement Energy
Schedule Page: 326.3 Line No.: 8 Column: c (1) FERC-approved tariff and/or rate schedule as on file with the commission.
Schedule Page: 326.3 Line No.: 9 Column: b

Blank Page

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Non-Displacement Energy

Schedule Page: 326.3 Line No.: 9 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326.3 Line No.: 10 Column: b

Non-Displacement Energy

Schedule Page: 326.3 Line No.: 10 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326.3 Line No.: 11 Column: b

Non-Displacement Energy

Schedule Page: 326.3 Line No.: 11 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326.3 Line No.: 12 Column: b

Non-Displacement Energy

Schedule Page: 326.3 Line No.: 12 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326.3 Line No.: 13 Column: b

Non-Displacement Energy

Schedule Page: 326.3 Line No.: 13 Column: c

(1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 326.4 Line No.: 4 Column: d

Less than 1 MW.

Schedule Page: 326.4 Line No.: 8 Column: c

Tariff Nos. 161, 162, 191, 192, 193 and 194

Schedule Page: 326.4 Line No.: 9 Column: c

Tariff Nos. 157, 163, 198, 216 and 217

Schedule Page: 326.4 Line No.: 11 Column: c

Tariff Nos. 195 and 196

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)
(Including transactions referred to as 'wheeling')

1. Report all transmission of electricity, i. e., wheeling, provided for other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers.

2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).

3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)

4. In column(d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows:
 LF - for Long-term firm transmission service. "Long-term" means one year or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.
 SF - for short-term firm transmission service. Use this category for all firm services, where the duration of each period of commitment for service is less than one year.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classification (d)
1	Aquila Power Corp	Aquila Power Corp	Aquila Power Corp	OS
2				
3				
4	Cinergy	Cinergy	Cinergy	LF
5				OS
6	EKPC (TS for Gallatin Steel):			
7	East Kentucky Power Coop	East Kentucky Power Coop	East Kentucky Power Coop	
8	EKPC (TS for EKPC Area Load):			
9	East Kentucky Power Coop	East Kentucky Power Coop	East Kentucky Power Coop	
10	East Kentucky Power Coop	East Kentucky Power Coop	East Kentucky Power Coop	SF
11	Hoosier Energy	Hoosier Energy	Hoosier Energy	SF
12	LG&E Energy Marketing Inc.	LG&E Energy Marketing Inc.	LG&E Energy Marketing Inc.	OS
13				SF
14	LGE (Trans. Sys. Operator Rev.):			
15	Louisville Gas and Electric Company	Louisville Gas and Electric Comp	Louisville Gas and Electric Comp	LF
16	TVA (TS for TVA Area Loads):			
17	Tennessee Valley Authority	Tennessee Valley Authority	Tennessee Valley Authority	
	TOTAL			

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions referred to as 'wheeling')

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all nonfirm service regardless of the length of the contract and service from, designated units of less than one year. Describe the nature of the service in a footnote for each adjustment.
AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.
5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Substation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
SA 12 Vol 1	CIN/LGEE	LGEE/TVA		107	106	1
	AEP/LGEE	LGEE/SIGE				2
	TVA/LGEE					3
SA 201 Vol 1	CIN/LGEE	LGEE/TVA		24,709	23,615	4
SA 161 Vol 1	CIN/LGEE	LGEE/TVA		62,343	60,413	5
						6
FPC 213	EKPC/LGEE&KU Interf	EKPC/LGEE&KU Interf	120	856,782	856,782	7
						8
FPC 96	EKPC/LGEE&KU Interf	EKPC/LGEE&KU Interf	146	1,204,796	1,202,117	9
SA 51 Vol 1	EKPC/LGEE	Long Run	4	836	836	10
SA 135 Vol 1	CIN/LGEE	Bridgeport		1,577	1,577	11
SA 17 Vol 1	AEP/LGEE	LGEE/BREC		53	52	12
SA 70 Vol 1	BREC/LGEE	LGEE/EKPC		854	846	13
						14
2	System	System				15
						16
FPC 93	TVA/LGEE&KU Interf	TVA/LGEE&KU Interf	74	317,790	314,073	17
			344	2,472,336	2,462,906	

Blank Page

Name of Respondent Kentucky Utilities Company	This Report Is:		Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
	(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission		

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions referred to as 'wheeling')

8. Report in column (i) and (j) the total megawatthours received and delivered.
9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
10. Provide total amounts in column (i) through (n) as the last Line. Enter "TOTAL" in column (a) as the Last Line. The total amounts in columns (i) and (j) must be reported as Transmission Received and Delivered on Page 401, Lines 16 and 17, respectively.
11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges (\$) (k)	Energy Charges (\$) (l)	(Other Charges) (\$) (m)	Total Revenues (\$) (k+l+m) (n)	Line No.
	400		400	1
				2
				3
	167,298		167,298	4
				5
				6
1,557,758			1,557,758	7
				8
2,064,771	4,862		2,069,633	9
1,349			1,349	10
	1,275		1,275	11
	94,068		94,068	12
				13
				14
3,185,996			3,185,996	15
				16
706,387			706,387	17
7,516,261	9,836,097	650,644	18,003,002	

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)
(Including transactions referred to as 'wheeling')

- Report all transmission of electricity, i. e., wheeling, provided for other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers.
- Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
- Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)
- In column(d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows:
 LF - for Long-term firm transmission service. "Long-term" means one year or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.
 SF - for short-term firm transmission service. Use this category for all firm services, where the duration of each period of commitment for service is less than one year.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classification (d)
1	Williams Energy Services Co	Williams Energy Services Co	Williams Energy Services Co	OS
2	Midwest ISO	Midwest ISO	Midwest ISO	OS
3				
4	Transmission for Resale:			
5	Cargill Power Markets, LLC	Cargill Power Markets, LLC	Cargill Power Markets, LLC	OS
6	Detroit Edison Co	Detroit Edison Co	Detroit Edison Co	OS
7	Dayton Power and Light Co	Dayton Power and Light Co	Dayton Power and Light Co	OS
8	DTE Energy Trading, Inc.	DTE Energy Trading, Inc	DTE Energy Trading, Inc	OS
9	Dynegy Power Marketing, Inc	Dynegy Power Marketing, Inc	Dynegy Power Marketing, Inc	OS
10	Reliant Energy Services, Inc.	Reliant Energy Services, Inc	Reliant Energy Services, Inc	OS
11	Williams Energy Marketing & Trading Co	Williams Energy Marketing & Tradi	Williams Energy Marketing & Tradi	OS
12				
13				
14				
15				
16				
17				
	TOTAL			

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions referred to as 'wheeling')

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all nonfirm service regardless of the length of the contract and service from, designated units of less than one year. Describe the nature of the service in a footnote for each adjustment.

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.

6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.

7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Substation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
SA 16 Vol 1	CIN/LGEE	LGEE/BREC		72	72	1
	Midwest ISO	NA				2
						3
						4
1				501	501	5
1				1,007	1,007	6
1				127	127	7
1				650	650	8
1				61	61	9
1				9	9	10
1				62	62	11
						12
						13
						14
						15
						16
						17
			344	2,472,336	2,462,906	

Blank Page

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued) (Including transactions referred to as 'wheeling')			
<p>8. Report in column (i) and (j) the total megawatthours received and delivered.</p> <p>9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.</p> <p>10. Provide total amounts in column (i) through (n) as the last Line. Enter "TOTAL" in column (a) as the Last Line. The total amounts in columns (i) and (j) must be reported as Transmission Received and Delivered on Page 401, Lines 16 and 17, respectively.</p> <p>11. Footnote entries and provide explanations following all required data.</p>			

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges (\$) (k)	Energy Charges (\$) (l)	(Other Charges) (\$) (m)	Total Revenues (\$) (k+l+m) (n)	Line No.
	118		118	1
	9,563,431	650,644	10,214,075	2
				3
				4
	752		752	5
	1,996		1,996	6
	355		355	7
	1,229		1,229	8
	182		182	9
	19		19	10
	112		112	11
				12
				13
				14
				15
				16
				17
7,516,261	9,836,097	650,644	18,003,002	

Blank Page

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 328 Line No.: 1 Column: m
 "Other Charges" consist of Service Schedule 1 (Scheduling, System Control and Dispatch) and Service Schedule 2 (Reactive Supply and Voltage Control from Generation Sources Service).

Schedule Page: 328 Line No.: 7 Column: d
 Contract termination date is no earlier than June 1, 2005.

Schedule Page: 328 Line No.: 9 Column: d
 Contract termination date is August 8, 2006.

Schedule Page: 328 Line No.: 15 Column: a
 Louisville Gas and Electric Company and Kentucky Utilities Company are both owned by LG&E Energy Corp.

Schedule Page: 328 Line No.: 15 Column: d
 Contract termination date no earlier than May 5, 2003.

Schedule Page: 328 Line No.: 15 Column: e
 Pursuant to the Transmission Coordination Agreement between LG&E and KU.

Schedule Page: 328 Line No.: 17 Column: d
 Contract termination date no earlier than December 31, 2006.

Schedule Page: 328.1 Line No.: 2 Column: e
 Midwest ISO FERC Electric Tariff, First Revised Rate Schedule No. 1.

Schedule Page: 328.1 Line No.: 2 Column: n
 Revenues received from the Midwest ISO are pursuant to the Midwest ISO OATT Schedules 1, 2, 7, 8, and 9, of which KU received only a portion of the total invoices. Revenues received by each transmission owner were based upon the revenue distribution formulas of Appendix C of the Midwest ISO Transmission Owners Agreement.

Schedule Page: 328.1 Line No.: 5 Column: e
 (1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 328.1 Line No.: 6 Column: e
 (1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 328.1 Line No.: 7 Column: e
 (1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 328.1 Line No.: 8 Column: e
 (1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 328.1 Line No.: 9 Column: e
 (1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 328.1 Line No.: 10 Column: e
 (1) FERC-approved tariff and/or rate schedule as on file with the commission.

Schedule Page: 328.1 Line No.: 11 Column: e
 (1) FERC-approved tariff and/or rate schedule as on file with the commission.

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
(Including transactions referred to as "wheeling")

- Report all transmission, i.e., wheeling of electricity provided to respondent by other electric utilities, cooperatives, municipalities, or other public authorities during the year.
- In column (a) report each company or public authority that provide transmission service. Provide the full name of the company; abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider.
- Provide in column (a) subheadings and classify transmission service purchased from other utilities as: "Delivered Power to Wheeler" or "Received Power from Wheeler."
- Report in columns (b) and (c) the total Megawatthours received and delivered by the provider of the transmission service.
- In columns (d) through (g), report expenses as shown on bills or vouchers rendered to the respondent. In column (d), provide demand charges. In column (e), provide energy charges related to the amount of energy transferred. In column (f), provide the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (f). Report in column (g) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero ("0") column (g). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
- Enter "TOTAL" in column (a) as the last Line. Provide a total amount in columns (b) through (g) as the last Line. Energy provided by the respondent for the wheeler's transmission losses should be reported on the Electric Energy Account, Page 401. If the respondent received power from the wheeler, energy provided to account for Losses should be reported on Line 19. Transmission By Others Losses, on Page 401. Otherwise, Losses should be reported on line 27, Total Energy Losses, Page 401.
- Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
		Megawatt-hours Received (b)	Megawatt-hours Delivered (c)	Demand Charges (\$) (d)	Energy Charges (\$) (e)	Other Charges (\$) (f)	Total Cost of Transmission (\$) (g)
1	Allegheny Energy Supply	21,944	21,944		42,614		42,614
2	Ameren Energy, Inc	990	990		2,859		2,859
3	American Mun. Pwr.-Ohio	13,391	13,391		26,400		26,400
4	Big Rivers Elec. Corp.	19	19		41		41
5	Cincinnati Gas & Elec.	472	462		1,164		1,164
6	Constellation Power	212	212		637		637
7	Duquesne Light Co.	13,391	13,391		65,471		65,471
8	East KY Power Coop.	486,209	488,239	1,205,828	29,775		1,235,603
9	Midwest Indep Sys Op	822,902	807,432		2,740,860		2,740,860
10	Ohio Valley Elec. Corp.	1,632	1,614		18,472		18,472
11	Reliant Energy Svcs.	90	90		158		158
12	Tennessee Valley Auth.	26,359	25,616		61,633		61,633
13							
14							
15							
16							
	TOTAL	1,387,611	1,373,400	1,205,828	2,990,084		4,195,912

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	2,000
2	Nuclear Power Research Expenses	96,704
3	Other Experimental and General Research Expenses	
4	Pub & Dist Info to Stkhldrs...expn servicing outstanding Securities	
5	Oth Expn >=5,000 show purpose, recipient, amount. Group if < \$5,000	4,092,660
6	Amortization of Merger Regulatory Asset	3,492,010
7	Amortization of One Utility Costs	11,500,000
8	Amortization of Value Delivery Team Workforce Reduct	98,000
9	Broker Fees	44,838
10	Miscellaneous Debits and Credits	
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46	TOTAL	19,326,212

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)
(Except amortization of acquisition adjustments)

- Report in Section A for the year the amounts for: (a) Depreciation Expense (Account 403); (b) Amortization of Limited-Term Electric Plant (Account 404); and (c) Amortization of Other Electric Plant (Account 405).
- Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.
- Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.
Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant included in any sub-account used.
In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances, state the method of averaging used.
For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant. If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.
- If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization of Limited Term Electric Plant (Acc 404) (c)	Amortization of Other Electric Plant (Acc 405) (d)	Total (e)
1	Intangible Plant		3,195,030		3,195,030
2	Steam Production Plant	34,235,542			34,235,542
3	Nuclear Production Plant				
4	Hydraulic Production Plant-Conventional	163,552			163,552
5	Hydraulic Production Plant-Pumped Storage				
6	Other Production Plant	10,294,436			10,294,436
7	Transmission Plant	13,302,808			13,302,808
8	Distribution Plant	26,704,539			26,704,539
9	General Plant	7,565,854			7,565,854
10	Common Plant-Electric				
11	TOTAL	92,266,731	3,195,030		95,461,761

B. Basis for Amortization Charges

DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)

C. Factors Used in Estimating Depreciation Charges

Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44							
45							
46							
47							
48							
49							
50							

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to format cases before a regulatory body, or cases in which such a body was a party.
2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	FEDERAL ENERGY REGULATORY COMMISSION				
2	Annual Fee for Omnibus Reconciliation Act	375,820		375,820	
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46	TOTAL	375,820		375,820	

REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than \$25,000) may be grouped.

EXPENSES INCURRED DURING YEAR			AMORTIZED DURING YEAR				Line No.
CURRENTLY CHARGED TO			Deferred to Account 182.3 (i)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 End of Year (l)	
Department (f)	Account No. (g)	Amount (h)					
Electric	928	375,820					1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13
							14
							15
							16
							17
							18
							19
							20
							21
							22
							23
							24
							25
							26
							27
							28
							29
							30
							31
							32
							33
							34
							35
							36
							37
							38
							39
							40
							41
							42
							43
							44
							45
		375,820					46

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production			
4	Transmission	10,537,016		
5	Distribution	349,576		
6	Customer Accounts	3,520,841		
7	Customer Service and Informational	4,876,610		
8	Sales			
9	Administrative and General			
10	TOTAL Operation (Enter Total of lines 3 thru 9)	706,337		
11	Maintenance	19,990,380		
12	Production			
13	Transmission	8,109,333		
14	Distribution	311,060		
15	Administrative and General	4,112,267		
16	TOTAL Maint. (Total of lines 12 thru 15)	49,990		
17	Total Operation and Maintenance	12,582,650		
18	Production (Enter Total of lines 3 and 12)			
19	Transmission (Enter Total of lines 4 and 13)	18,646,349		
20	Distribution (Enter Total of lines 5 and 14)	660,636		
21	Customer Accounts (Transcribe from line 6)	7,633,108		
22	Customer Service and Informational (Transcribe from line 7)	4,876,610		
23	Sales (Transcribe from line 8)			
24	Administrative and General (Enter Total of lines 9 and 15)	756,327		
25	TOTAL Oper. and Maint. (Total of lines 18 thru 24)	32,573,030		
26	Gas		5,480,514	38,053,544
27	Operation			
28	Production-Manufactured Gas			
29	Production-Nat. Gas (Including Expl. and Dev.)			
30	Other Gas Supply			
31	Storage, LNG Terminaling and Processing			
32	Transmission			
33	Distribution			
34	Customer Accounts			
35	Customer Service and Informational			
36	Sales			
37	Administrative and General			
38	TOTAL Operation (Enter Total of lines 28 thru 37)			
39	Maintenance			
40	Production-Manufactured Gas			
41	Production-Natural Gas			
42	Other Gas Supply			
43	Storage, LNG Terminaling and Processing			
44	Transmission			
45	Distribution			
46	Administrative and General			
47	TOTAL Maint. (Enter Total of lines 40 thru 46)			

DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
48	Total Operation and Maintenance			
49	Production-Manufactured Gas (Enter Total of lines 28 and 40)			
50	Production-Natural Gas (Including Expl. and Dev.) (Total lines 29,			
51	Other Gas Supply (Enter Total of lines 30 and 42)			
52	Storage, LNG Terminating and Processing (Total of lines 31 thru			
53	Transmission (Lines 32 and 44)			
54	Distribution (Lines 33 and 45)			
55	Customer Accounts (Line 34)			
56	Customer Service and Informational (Line 35)			
57	Sales (Line 36)			
58	Administrative and General (Lines 37 and 46)			
59	TOTAL Operation and Maint. (Total of lines 49 thru 58)			
60	Other Utility Departments			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59, and 61)	32,573,030	5,480,514	38,053,544
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant	9,589,560	4,099,479	13,689,039
66	Gas Plant			
67	Other (provide details in footnote):			
68	TOTAL Construction (Total of lines 65 thru 67)	9,589,560	4,099,479	13,689,039
69	Plant Removal (By Utility Departments)			
70	Electric Plant	804,330	223,178	1,027,508
71	Gas Plant			
72	Other (provide details in footnote):			
73	TOTAL Plant Removal (Total of lines 70 thru 72)	804,330	223,178	1,027,508
74	Other Accounts (Specify, provide details in footnote):			
75	Accounts Receivable (work done for others)	647,138	151,055	798,193
76	Deferred Debits	54,547	5,629	60,176
77				
78				
79				
80				
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	701,685	156,684	858,369
96	TOTAL SALARIES AND WAGES	43,668,605	9,959,855	53,628,460

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

ELECTRIC ENERGY ACCOUNT

Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged and wheeled during the year.

Line No.	Item (a)	MegaWatt Hours (b)	Line No.	Item (a)	MegaWatt Hours (b)
1	SOURCES OF ENERGY		21	DISPOSITION OF ENERGY	
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	17,633,139
3	Steam	16,267,508	23	Requirements Sales for Resale (See instruction 4, page 311.)	1,925,863
4	Nuclear		24	Non-Requirements Sales for Resale (See instruction 4, page 311.)	3,854,386
5	Hydro-Conventional	63,920	25	Energy Furnished Without Charge	53
6	Hydro-Pumped Storage		26	Energy Used by the Company (Electric Dept Only, Excluding Station Use)	17,873
7	Other	390,697	27	Total Energy Losses	1,174,079
8	Less Energy for Pumping		28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	24,605,393
9	Net Generation (Enter Total of lines 3 through 8)	16,722,125			
10	Purchases	7,882,935			
11	Power Exchanges:				
12	Received				
13	Delivered	9,097			
14	Net Exchanges (Line 12 minus line 13)	-9,097			
15	Transmission For Other (Wheeling)				
16	Received	2,472,336			
17	Delivered	2,462,906			
18	Net Transmission for Other (Line 16 minus line 17)	9,430			
19	Transmission By Others Losses				
20	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)	24,605,393			

Name of Respondent Kentucky Utilities Company	This Report Is:		Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
	(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission		

MONTHLY PEAKS AND OUTPUT

1. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
2. Report in column (b) the system's energy output for each month such that the total on Line 41 matches the total on Line 20.
3. Report in column (c) a monthly breakdown of the Non-Requirements Sales For Resale reported on Line 24. include in the monthly amounts any energy losses associated with the sales so that the total on Line 41 exceeds the amount on Line 24 by the amount of losses incurred (or estimated) in making the Non-Requirements Sales for Resale.
4. Report in column (d) the system's monthly maximum megawatt Load (60-minute integration) associated with the net energy for the system defined as the difference between columns (b) and (c)
5. Report in columns (e) and (f) the specified information for each monthly peak load reported in column (d).

NAME OF SYSTEM:

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Requirements Sales for Resale & Associated Losses (c)	MONTHLY PEAK		
				Megawatts (See Instr. 4) (d)	Day of Month (e)	Hour (f)
29	January	2,373,426	562,071	3,491	4	9:00 AM
30	February	2,107,548	493,161	3,420	27	11:00 AM
31	March	2,166,094	517,450	3,448	4	11:00 AM
32	April	1,824,124	347,248	2,986	18	5:00 PM
33	May	1,881,406	328,658	3,243	31	4:00 PM
34	June	1,990,632	180,647	3,694	4	2:00 PM
35	July	2,193,500	180,865	3,788	29	4:00 PM
36	August	2,199,531	187,204	3,899	5	4:00 PM
37	September	2,007,583	266,524	3,695	3	4:00 PM
38	October	1,847,762	280,528	3,225	3	4:00 PM
39	November	1,858,267	218,486	3,087	18	8:00 AM
40	December	2,155,520	291,544	3,338	4	7:00 PM
41	TOTAL	24,605,393	3,854,386			

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a term basis report the Btu content or the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 37) and average cost per unit of fuel burned (Line 40) must be consistent with charges to expense accounts 501 and 547 (Line 41) as show on Line 19. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: TYRONE (b)	Plant Name: GREEN RIVER (c)
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear)	STEAM	STEAM
2	Type of Constr (Conventional, Outdoor, Boiler, etc)	CONVENTIONAL	CONVENTIONAL
3	Year Originally Constructed	1947	1950
4	Year Last Unit was Installed	1971	1959
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)	137.50	263.63
6	Net Peak Demand on Plant - MW (60 minutes)	72	232
7	Plant Hours Connected to Load	5110	6552
8	Net Continuous Plant Capability (Megawatts)	0	0
9	When Not Limited by Condenser Water	129	212
10	When Limited by Condenser Water	0	0
11	Average Number of Employees	26	66
12	Net Generation, Exclusive of Plant Use - KWh	251363000	719410000
13	Cost of Plant: Land and Land Rights	53142	31036
14	Structures and Improvements	6689004	10706356
15	Equipment Costs	19634597	58138166
16	Total Cost	26376743	68875558
17	Cost per KW of Installed Capacity (line 5)	191.8309	261.2584
18	Production Expenses: Oper, Supv, & Engr	37423	466342
19	Fuel	5190898	13667665
20	Coolants and Water (Nuclear Plants Only)	0	0
21	Steam Expenses	452127	1661128
22	Steam From Other Sources	0	0
23	Steam Transferred (Cr)	0	0
24	Electric Expenses	446253	1174539
25	Misc Steam (or Nuclear) Power Expenses	210212	776910
26	Rents	0	0
27	Allowances	1701	8902
28	Maintenance Supervision and Engineering	383879	513230
29	Maintenance of Structures	274795	306831
30	Maintenance of Boiler (or reactor) Plant	905823	2197886
31	Maintenance of Electric Plant	125864	1832362
32	Maintenance of Misc Steam (or Nuclear) Plant	78168	176122
33	Total Production Expenses	8107143	22781917
34	Expenses per Net KWh	0.0323	0.0317
35	Fuel: Kind (Coal, Gas, Oil, or Nuclear)	COAL	COAL
36	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)	TONS	TONS
37	Quantity (units) of Fuel Burned	0	0
38	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	134412	395949
39	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	0	0
40	Average Cost of Fuel per Unit Burned	12272	11705
41	Average Cost of Fuel Burned per Million BTU	0.000	33.419
42	Average Cost of Fuel Burned per KWh Net Gen	33.986	0.000
43	Average BTU per KWh Net Generation	0.000	0.018

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)(Continued)

9. Items under Cost of Plant are based on U. S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses. 10. For IC and GT plants, report Operating Expenses, Account Nos. 547 and 549 on Line 24 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on Line 31, "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants. 11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant. 12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.

Plant Name: <i>EW BROWN</i> (d)	Plant Name: <i>KU PARK/PINEVILLE</i> (e)	Plant Name: <i>GHENT</i> (f)	Line No.
		STEAM	1
STEAM	STEAM	CONVENTIONAL	2
CONVENTIONAL	CONVENTIONAL	CONVENTIONAL	3
1957	1923	1973	4
1971	1951	1984	5
739.53	37.50	2226.00	6
0	0	1822	7
8747	0	8760	8
0	0	0	9
701	0	1966	10
0	0	0	11
122	5	183	12
3763084000	0	11533651000	13
680022	47604	9666721	14
17619690	0	119696282	15
179558033	226833	826370916	16
197857745	274437	955733919	17
267.5453	7.3183	429.3504	18
646442	20031	1068396	19
54793353	9340	158662402	20
0	0	0	21
1980696	10717	4155301	22
0	0	0	23
0	0	0	24
974505	41591	2442864	25
1252472	603631	1776617	26
0	0	0	27
32637	0	32836	28
1218042	18353	1627598	29
1089214	18766	1882767	30
5361764	26702	11615100	31
2099230	61112	4784708	32
143321	0	487294	33
69591676	810243	188535883	34
0.0185	0.0000	0.0163	35
	COAL	COAL	36
	TONS	TONS	37
0	1627940	0	0
0	12016	0	0
0.000	33.562	0.000	0.000
0.000	32.904	0.000	0.000
0.000	1.399	0.000	0.000
0.000	0.014	0.000	0.000
0.000	10407.000	0.000	0.000
		120183976	0
		11429	0
		30.527	0.000
		29.568	0.000
		1.318	0.000
		0.014	0.000
		10438.000	0.000

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) (Continued)

1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a term basis report the Btu content or the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 37) and average cost per unit of fuel burned (Line 40) must be consistent with charges to expense accounts 501 and 547 (Line 41) as show on Line 19. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.

Line No.	Item (a)	Plant Name: HAEFLING (b)	Plant Name: BROWN CT (c)
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear)	GAS TURBINE	GAS TURBINE
2	Type of Constr (Conventional, Outdoor, Boiler, etc)	FULL OUTDOOR	CONVENTIONAL
3	Year Originally Constructed	1970	1994
4	Year Last Unit was Installed	1970	2001
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)	62.10	861.00
6	Net Peak Demand on Plant - MW (60 minutes)	0	0
7	Plant Hours Connected to Load	0	2663
8	Net Continuous Plant Capability (Megawatts)	0	0
9	When Not Limited by Condenser Water	36	773
10	When Limited by Condenser Water	0	0
11	Average Number of Employees	0	0
12	Net Generation, Exclusive of Plant Use - KWH	-390000	229270390
13	Cost of Plant: Land and Land Rights	0	275012
14	Structures and Improvements	434853	11699205
15	Equipment Costs	4861147	232544619
16	Total Cost	5296000	244518836
17	Cost per KW of Installed Capacity (line 5)	85.2818	283.9940
18	Production Expenses: Oper, Supv, & Engr	0	236808
19	Fuel	3796	10902809
20	Coolants and Water (Nuclear Plants Only)	0	0
21	Steam Expenses	0	0
22	Steam From Other Sources	0	0
23	Steam Transferred (Cr)	0	0
24	Electric Expenses	0	54089
25	Misc Steam (or Nuclear) Power Expenses	150	52604
26	Rents	0	0
27	Allowances	0	0
28	Maintenance Supervision and Engineering	0	74768
29	Maintenance of Structures	0	12316
30	Maintenance of Boiler (or reactor) Plant	0	0
31	Maintenance of Electric Plant	17515	1184621
32	Maintenance of Misc Steam (or Nuclear) Plant	0	586138
33	Total Production Expenses	21461	13104153
34	Expenses per Net KWh	-0.0550	0.0572
35	Fuel: Kind (Coal, Gas, Oil, or Nuclear)	GAS	OIL
36	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)	MCF	BARREL
37	Quantity (units) of Fuel Burned	1362	14
38	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	1037	140000
39	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	2.520	26.787
40	Average Cost of Fuel per Unit Burned	2.520	26.787
41	Average Cost of Fuel Burned per Million BTU	2.431	4.552
42	Average Cost of Fuel Burned per KWh Net Gen	0.000	0.073
43	Average BTU per KWh Net Generation	0.000	16000.000

STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)(Continued)

9. Items under Cost of Plant are based on U. S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses. 10. For IC and GT plants, report Operating Expenses, Account Nos. 547 and 549 on Line 24 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on Line 31, "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants. 11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant. 12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.

Plant Name: PADDY'S RUN 13 CT (d)	Plant Name: TRIMBLE COUNTY CT (e)	Plant Name: (f)	Line No.
			1
GAS TURBINE	GAS TURBINE		2
CONVENTIONAL	CONVENTIONAL		3
2001	2002		4
2001	2002	0.00	5
84.00	332.00		6
0	0		7
0	1455		8
0	0		9
74	220		10
0	0		11
0	0		12
50893000	110923000		13
0	0		14
1910328	7130571		15
28062777	75414100		16
29973105	82544671		17
356.8227	248.6285	0.0000	18
2562	0		19
1923469	4962906		20
0	0		21
0	0		22
0	0		23
0	0		24
0	83167		25
548	16501		26
0	0		27
0	0		28
0	0		29
0	0		30
0	0		31
17893	0		32
20758	0		33
1965230	5062574		34
0.0386	0.0456	0.0000	35
			36
			37
0	516560	0	38
0	1025	0	39
0.000	3.724	0.000	40
0.000	3.724	0.000	41
0.000	3.633	0.000	42
0.000	0.038	0.000	43
0.000	10404.000	0.000	

Blank Page

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 402 Line No.: -1 Column: e

Plant retired December 2002.

Schedule Page: 402.1 Line No.: 5 Column: c

The figure for the Name Plate Rating for Brown CT represents a 47% ownership of unit #5 a 123 MW unit and 62% ownership of units #6 and #7 each being a 170 MW unit.

Schedule Page: 402.1 Line No.: 5 Column: d

The figure for the Name Plate Rating for Paddy's Run 13 CT represents 47% ownership for Kentucky Utilities Company. Total Name Plate Rating for the unit is 178 MW.

Schedule Page: 402.1 Line No.: 5 Column: e

The figure for the Name Plate Rating for Trimble County CT represents 71% ownership of Units #5 and #6 each being 234 MW units.

Schedule Page: 402.1 Line No.: 11 Column: c

Employees at the Brown Plant include those assigned to the steam plant and the Brown CT site.

Schedule Page: 402.1 Line No.: 11 Column: d

There are no production/operation employees at Paddy's Run assigned just to the CT's.

Schedule Page: 402.1 Line No.: 11 Column: e

There are no production/operation employees at Trimble County assigned solely to the CT portion of the plant.

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants)

1. Large plants are hydro plants of 10,000 Kw or more of installed capacity (name plate ratings)
2. If any plant is leased, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, indicate such facts in a footnote. If licensed project, give project number.
3. If net peak demand for 60 minutes is not available, give that which is available specifying period.
4. If a group of employees attends more than one generating plant, report on line 11 the approximate average number of employees assignable to each plant.

Line No.	Item (a)	FERC Licensed Project No. 0 Plant Name: DIX DAM (b)	FERC Licensed Project No. 0 Plant Name: (c)
1	Kind of Plant (Run-of-River or Storage)		
2	Plant Construction type (Conventional or Outdoor)	STORAGE	
3	Year Originally Constructed	CONVENTIONAL	
4	Year Last Unit was Installed	1923	
5	Total installed cap (Gen name plate Rating in MW)	1924	
6	Net Peak Demand on Plant-Megawatts (60 minutes)	28.25	0.00
7	Plant Hours Connect to Load	0	0
8	Net Plant Capability (in megawatts)	0	0
9	(a) Under Most Favorable Oper Conditions		
10	(b) Under the Most Adverse Oper Conditions	24	0
11	Average Number of Employees	0	0
12	Net Generation, Exclusive of Plant Use - Kwh	0	0
13	Cost of Plant	63,944,000	0
14	Land and Land Rights		
15	Structures and Improvements	892,791	0
16	Reservoirs, Dams, and Waterways	497,427	0
17	Equipment Costs	8,674,805	0
18	Roads, Railroads, and Bridges	512,996	0
19	TOTAL cost (Total of 14 thru 18)	48,146	0
20	Cost per KW of Installed Capacity (line 5)	10,626,165	0
21	Production Expenses	376,1474	0.0000
22	Operation Supervision and Engineering		
23	Water for Power	0	0
24	Hydraulic Expenses	0	0
25	Electric Expenses	0	0
26	Misc Hydraulic Power Generation Expenses	2,357	0
27	Rents	11,236	0
28	Maintenance Supervision and Engineering	0	0
29	Maintenance of Structures	84,888	0
30	Maintenance of Reservoirs, Dams, and Waterways	81,000	0
31	Maintenance of Electric Plant	0	0
32	Maintenance of Misc Hydraulic Plant	21,220	0
33	Total Production Expenses (total 22 thru 32)	21,121	0
34	Expenses per net KWh	221,822	0
		0.0035	0.0000

HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants) (Continued)

5. The items under Cost of Plant represent accounts or combinations of accounts prescribed by the Uniform System of Accounts. Production Expenses do not include Purchased Power, System control and Load Dispatching, and Other Expenses classified as "Other Power Supply Expenses."
 6. Report as a separate plant any plant equipped with combinations of steam, hydro, internal combustion engine, or gas turbine equipment.

FERC Licensed Project No. 0 Plant Name: (d)	FERC Licensed Project No. 0 Plant Name: (e)	FERC Licensed Project No. 0 Plant Name: (f)	Line No.
			1
			2
			3
			4
		0.00	5
0.00		0.00	6
0		0	7
0		0	8
		0	9
0		0	10
0		0	11
0		0	12
0		0	13
		0	14
0		0	15
0		0	16
0		0	17
0		0	18
0		0	19
0		0.0000	20
0.0000		0.0000	21
		0	22
0		0	23
0		0	24
0		0	25
0		0	26
0		0	27
0		0	28
0		0	29
0		0	30
0		0	31
0		0	32
0		0	33
0		0.0000	34
0.0000		0.0000	

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

GENERATING PLANT STATISTICS (Small Plants)

1. Small generating plants are steam plants of, less than 25,000 Kw; internal combustion and gas turbine-plants, conventional hydro plants and pumped storage plants of less than 10,000 Kw installed capacity (name plate rating). 2. Designate any plant leased from others, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, and give a concise statement of the facts in a footnote. If licensed project, give project number in footnote.

Line No.	Name of Plant (a)	Year Orig. Const. (b)	Installed Capacity Name Plate Rating (In MW) (c)	Net Peak Demand MW (60 min.) (d)	Net Generation Excluding Plant Use (e)	Cost of Plant (f)
1	USG LOCK #7 PROJECT 539	1927	2.04		-24,000	851,364
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						

GENERATING PLANT STATISTICS (Small Plants) (Continued)

3. List plants appropriately under subheadings for steam, hydro, nuclear, internal combustion and gas turbine plants. For nuclear, see instruction 11, Page 403. 4. If net peak demand for 60 minutes is not available, give the which is available, specifying period. 5. If any plant is equipped with combinations of steam, hydro internal combustion or gas turbine equipment, report each as a separate plant. However, if the exhaust heat from the gas turbine is utilized in a steam turbine regenerative feed water cycle, or for preheated combustion air in a boiler, report as one plant.

Plant Cost Per MW Inst Capacity (g)	Operation Exc'l. Fuel (h)	Production Expenses		Kind of Fuel (k)	Fuel Costs (in cents per Million Btu) (l)	Line No.
		Fuel (i)	Maintenance (j)			
417	2,150		32,228			1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
						38
						39
						40
						41
						42
						43
						44
						45
						46

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

TRANSMISSION LINE STATISTICS

- Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
- Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
- Report data by individual lines for all voltages if so required by a State commission.
- Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
- Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction. If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
- Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting Structure (e)	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Number Of Circuits (h)
	From (a)	To (b)	Operating (c)	Designed (d)		On Structure of Line Designated (f)	On Structures of Another Line (g)	
1	Pocket	Pineville						
2	Pocket	Phipps Bend	500.00	500.00	ST	35.48		
3			500.00	500.00	ST	21.39		
4	Ghent	Brown	345.00	345.00	ST			
5	Ghent	Batesville	345.00	345.00	ST	90.47		
6	Brown North	K.U. Park	345.00	345.00	ST	4.18		
7	Brown	Elmer Smith	345.00	345.00	ST	102.47		2
8					HF & ST	135.31		
9	Green River	AEC Bus	161.00	161.00	HF, ST & WP			
10	Elihu	Dorchester	161.00	161.00	HF & ST	181.29		
11	Lake Reba	Dorchester	161.00	161.00	HF & ST	86.06		
12	K.U. Park	Harlan	161.00	161.00	HF & ST	99.15		1
13	Pineville 149	Pineville 192	161.00	161.00	HF & WP	48.34		
14	Green River	Morganfield	161.00	161.00	HF	0.12		1
15	E. Ky. Power	Taylor County	161.00	161.00	HF & WP	55.38		
16	Imboden	Harlan	161.00	161.00	SP	3.97		1
17					HF, SP, ST,	43.82		
18	Brown	Green River	138.00	138.00	HF, SP, ST,			
19	Kenton	Rodburn	138.00	138.00	HF	169.18		
20	Green River	Brown North	138.00	138.00	HF & ST	45.74		1
21	Fawkes	Rodburn	138.00	138.00	HF & ST	166.58		
22	Clifty Creek	Carrollton	138.00	138.00	HF, ST & WP	64.52		1
23	Brown Plant	Lake Reba	138.00	138.00	HF, SP, ST,	144.62		
24	Brown Plant	Haefling	138.00	138.00	HF	28.60		1
25	Ghent	Brown North	138.00	138.00	SP, ST & WP	29.32		
26	Ghent	Kenton Station	138.00	138.00	ST	113.87		
27	Ghent	Adams	138.00	138.00	HF & WF	72.78		1
28	Hardin County	Rodgersville	138.00	138.00	HF, SP & ST	56.77		
29					HF	10.24		1
30	69 KV Lines		69.00	69.00	Various	2,213.14		
31	34 KV Lines		34.00	34.00	HF, SP & WP	206.76		
32								
33								
34								
35	Exp. Applicable to All Lns							
36					TOTAL	4,229.55		10

Name of Respondent Kentucky Utilities Company	This Report Is:		Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
	(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission		

TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)
8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.
9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.
10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way)			EXPENSES, EXCEPT DEPRECIATION AND TAXES				Line No.
	Land (j)	Construction and Other Costs (k)	Total Cost (l)	Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	
954 mcm	1,385,561	15,452,581	16,838,142					1
954 mcm	280,371	7,941,279	8,221,650					2
								3
954 mcm	419,701	5,830,853	6,250,554					4
954 mcm	113,032	2,472,969	2,586,001					5
954 mcm	1,111,580	21,482,963	22,594,543					6
954 mcm	1,615,764	16,938,569	18,554,333					7
								8
556 mcm	1,283,902	9,491,646	10,775,548					9
556 mcm	270,147	3,827,550	4,097,697					10
556 mcm	559,988	3,796,753	4,356,741					11
795 mcm	300,849	5,528,196	5,829,045					12
954 mcm		14,306	14,306					13
556 mcm	268,660	1,427,503	1,696,163					14
556 mcm	261,988	307,188	569,176					15
795 mcm	84,143	2,862,709	2,946,852					16
								17
556 mcm	381,153	6,285,319	6,666,472					18
397 mcm	98,119	1,242,693	1,340,812					19
795 mcm	732,412	5,502,980	6,235,392					20
556 mcm	579,168	1,899,238	2,478,406					21
795 mcm	824,816	7,474,953	8,299,769					22
556 mcm	80,240	764,995	845,235					23
795 mcm	191,989	4,009,470	4,201,459					24
795 mcm	2,495,681	16,982,353	19,478,034					25
795 mcm	446,858	2,793,800	3,240,658					26
795 mcm	245,501	4,992,602	5,238,103					27
795 mcm	245,093	919,472	1,164,565					28
								29
Various	9,343,823	101,822,517	111,166,340					30
Various	533,423	6,964,725	7,498,148					31
								32
								33
								34
				325,557	3,460,838	65,486	3,851,881	35
	24,153,962	259,030,182	283,184,144	325,557	3,460,838	65,486	3,851,881	36

Blank Page

Name of Respondent Kentucky Utilities Company	This Report is:	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		

FOOTNOTE DATA

- Schedule Page: 422 Line No.: 1 Column: h**
Contains both single and double circuitry.
- Schedule Page: 422 Line No.: 2 Column: h**
Contains both single and double circuitry.
- Schedule Page: 422 Line No.: 4 Column: h**
Contains both single and double circuitry.
- Schedule Page: 422 Line No.: 5 Column: h**
Contains both single and double circuitry.
- Schedule Page: 422 Line No.: 7 Column: h**
Contains both single and double circuitry.
- Schedule Page: 422 Line No.: 9 Column: h**
Contains both single and double circuitry.
- Schedule Page: 422 Line No.: 10 Column: h**
Contains both single and double circuitry.
- Schedule Page: 422 Line No.: 12 Column: h**
Contains both single and double circuitry.
- Schedule Page: 422 Line No.: 14 Column: h**
Contains both single and double circuitry.
- Schedule Page: 422 Line No.: 16 Column: h**
Contains both single and double circuitry.
- Schedule Page: 422 Line No.: 18 Column: h**
Contains both single and double circuitry.
- Schedule Page: 422 Line No.: 20 Column: h**
Contains both single and double circuitry.
- Schedule Page: 422 Line No.: 22 Column: h**
Contains both single and double circuitry.
- Schedule Page: 422 Line No.: 24 Column: h**
Contains both single and double circuitry.
- Schedule Page: 422 Line No.: 25 Column: h**
Contains both single and double circuitry.
- Schedule Page: 422 Line No.: 27 Column: h**
Contains both single and double circuitry.
- Schedule Page: 422 Line No.: 30 Column: h**
Contains both single and double circuitry.
- Schedule Page: 422 Line No.: 31 Column: h**
Contains both single and double circuitry.

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVA except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (in MVA)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Beaver Dam-Beaver Dam	Distr.	69.00	12.50	
2	Beaver Dam No.-Beaver Dam	Distr.	69.00	12.50	
3	Borg Warner-Earlington	Distr.	69.00	12.50	
4	Corydon-Henderson	Trans.	161.00	69.00	13.20
5	Crittendon Co.-Marion	Trans.	161.00	69.00	13.20
6	Dawson Ind.-Earlington	Distr.	69.00	4.20	
7	Earlington No.-Earlington	Trans.	161.00	69.00	13.20
8	Earlington-Earlington	Trans.	69.00	34.50	2.40
9	Earlington-Earlington	Distr.	69.00	12.50	
10	Grahamville-Barlow	Trans.	161.00	69.00	13.20
11	Green River P-Greenville	*Trans. (G)	13.20	69.00	
12	Green River P-Greenville	*Trans. (G)	13.20	69.00	
13	Green River P-Greenville	*Trans. (G)	13.20	138.00	
14	Green River P-Greenville	Trans.	161.00	138.00	13.20
15	Green River P-Greenville	Trans.	138.00	69.00	13.20
16	Green River P-Greenville	Trans.	69.00	34.50	2.40
17	Green River Steel-Greenville	Trans.	138.00	69.00	13.20
18	Greenville North-Muhlenberg	Distr.	69.00	12.50	
19	Greenville 12 KV-Muhlenberg	Distr.	69.00	12.50	
20	Hanson-Earlington	Distr.	69.00	12.50	
21	Hardesty-Earlington	Trans.	69.00	34.50	2.40
22	Marion So.-Marion	Distr.	69.00	12.50	
23	Matanzas-Beaver Dam	Trans.	138.00	69.00	13.20
24	Morganfield-Morganfield	Trans.	161.00	69.00	13.20
25	Morganfield Ind.-Morganfield	Distr.	69.00	12.50	
26	Muhlenberg Prison-Muhlenberg	Distr.	69.00	12.50	
27	Oak Hill-Earlington	Trans.	69.00	34.50	2.40
28	Ohio County-Beaver Dam	Trans.	138.00	69.00	13.20
29	Paducah South-Barlow	Trans.	161.00	69.00	13.20
30	Powderly-Muhlenberg	Distr.	69.00	12.50	
31	Princeton-Earlington	Trans.	69.00	34.50	2.40
32	River Queen-Muhlenberg	Trans.	161.00	69.00	13.20
33	Simmons-Muhlenberg	Trans.	69.00	34.50	2.40
34	Walker-Earlington	Trans.	161.00	69.00	13.20
35	Wickliffe-Barlow	Trans.	161.00	69.00	13.20
36	Mt. Vernon-Mt. Vernon	Distr.	69.00	12.50	
37	Bardstown-Campbellsville	Trans.	138.00	69.00	13.20
38	Beattyville-Richmond	Trans.	161.00	69.00	13.20
39	Bonnieville-Horse Cave	Trans.	138.00	69.00	13.20
40	Boston-Elizabethtown	Distr.	69.00	12.50	

Name of Respondent
Kentucky Utilities Company

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
03/28/2003

Year of Report
Dec. 31, 2002

SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership or lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (l)	Number of Units (j)	Total Capacity (In MVA) (k)	
			NONE			1
10	1		NONE			2
12	1		NONE			3
20	1		NONE			4
100	1		NONE			5
100	1		NONE			6
12	1		NONE			7
200	1		NONE			8
20	1		NONE			9
12	1		NONE			10
50	1		NONE			11
40	3		NONE			12
40	3		NONE			13
120	1		NONE			14
200	2		NONE			15
233	2		NONE			16
20	1		NONE			17
83	1		NONE			18
12	1		NONE			19
12	1		NONE			20
22	2		NONE			21
12	1		NONE			22
12	1		NONE			23
20	1		NONE			24
100	1		NONE			25
12	1		NONE			26
12	1		NONE			27
20	1		NONE			28
50	3		NONE			29
50	1		NONE			30
12	1		NONE			31
10	1		NONE			32
50	1		NONE			33
13	1		NONE			34
100	1		NONE			35
83	1		NONE			36
12	1		NONE			37
83	1		NONE			38
30	1		NONE			39
33	1		NONE			40
12	1		NONE			41

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVA except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVA)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Brown CT 6-Harrodsburg	*Trans. (G)			
2	Brown North-Harrodsburg	Trans.	13.80	138.00	
3	Brown Plant-Harrodsburg	*Trans. (G)	345.00	138.00	13.20
4	Brown Plant-Harrodsburg	*Trans. (G)	13.20	138.00	
5	Brown Plant-Harrodsburg	*Trans. (G)	17.10	138.00	
6	Campbellsville-Campbellsville	*Trans. (G)	24.00	138.00	
7	Columbia-Columbia	Distr.	69.00	12.50	
8	Danville West-Danville	Distr.	69.00	12.50	
9	Danville East-Danville	Distr.	69.00	12.50	
10	Danville Indust.-Danville	Distr.	69.00	12.50	
11	Danville North-Danville	Distr.	69.00	12.50	
12	Danville North-Danville	Trans.	138.00	69.00	13.20
13	Dark Hollow-Richmond	Distr.	69.00	12.50	
14	Dix Dam Plant-Harrodsburg	Distr.	69.00	12.50	
15	Elizabethtown Ind.- Elizabethtown	*Trans. (G)	13.20	69.00	
16	Elizabethtown-Elizabethtown	Distr.	69.00	12.50	
17	Elizabethtown W.-Elizabethtown	Trans.	138.00	69.00	13.20
18	Elizabethtown #2-Elizabethtown	Distr.	69.00	12.50	
19	Elizabethtown #4-Elizabethtown	Distr.	69.00	12.50	
20	Elizabethtown #5-Elizabethtown	Distr.	69.00	12.50	
21	Eminence-Shelbyville	Distr.	69.00	12.50	
22	Fawkes-Richmond	Distr.	69.00	12.50	
23	Florida Tile-Lawrenceburg	Trans.	138.00	69.00	13.20
24	Frankfort W.-Shelbyville	Distr.	69.00	12.50	
25	Frankfort W.-Shelbyville	Trans.	345.00	138.00	13.20
26	Greensburg-Campbellsville	Trans.	138.00	69.00	13.20
27	Hardin Co.-Elizabethtown	Distr.	69.00	12.50	
28	Hardin Co.-Elizabethtown	Trans.	345.00	138.00	13.20
29	Harrodsburg #2-Harrodsburg	Trans.	138.00	69.00	13.20
30	Harrodsburg #3-Harrodsburg	Distr.	69.00	12.50	
31	Horse Cave-Horse Cave	Distr.	69.00	12.50	
32	Horse Cave Ind.-Horse Cave	Distr.	69.00	12.50	
33	Irvine-Richmond	Distr.	69.00	12.50	
34	LaGrange East-LaGrange	Distr.	69.00	12.50	
35	LaGrange Penal-LaGrange	Distr.	69.00	12.50	
36	Lake Reba-Richmond	Distr.	69.00	12.50	
37	Lake Reba Tap-Richmond	Trans.	138.00	69.00	13.20
38	Lawrenceburg-Lawrenceburg	Trans.	161.00	138.00	13.20
39	Lebanon-Lebanon	Distr.	69.00	12.50	
40	Lebanon-Lebanon	Distr.	69.00	12.50	
		Trans.	138.00	69.00	13.20

Name of Respondent
Kentucky Utilities Company

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
03/28/2003

Year of Report
Dec. 31, 2002

SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
			NONE			1
190	1		NONE			2
400	1		NONE			3
120	1		NONE			4
185	1		NONE			5
504	1		NONE			6
40	2		NONE			7
12	1		NONE			8
20	1		NONE			9
20	1		NONE			10
40	2		NONE			11
100	1		NONE			12
12	1		NONE			13
12	1		NONE			14
22	3		NONE			15
20	1		NONE			16
133	1		NONE			17
20	1		NONE			18
40	2		NONE			19
20	1		NONE			20
12	1		NONE			21
12	1		NONE			22
133	1		NONE			23
12	1		NONE			24
400	1		NONE			25
83	1		NONE			26
22	2		NONE			27
400	1		NONE			28
133	1		NONE			29
12	1		NONE			30
12	1		NONE			31
25	2		NONE			32
32	2		NONE			33
12	1		NONE			34
32	2		NONE			35
20	1		NONE			36
83	1		NONE			37
100	1		NONE			38
40	2		NONE			39
22	2		NONE			40
100	6		NONE			41

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

SUBSTATIONS

- Report below the information called for concerning substations of the respondent as of the end of the year.
- Substations which serve only one industrial or street railway customer should not be listed below.
- Substations with capacities of Less than 10 MVA except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
- Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVA)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Lebanon W.-Lebanon	Distr.			
2	Leitchfield East-Leitchfield	Distr.	138.00	12.50	
3	Leitchfield-Leitchfield	Trans.	69.00	12.50	
4	Leitchfield-Leitchfield	Distr.	138.00	69.00	13.20
5	Okonite-Richmond	Distr.	69.00	12.50	
6	Radcliff-Radcliff	Distr.	69.00	12.50	
7	Richmond E.-Richmond	Distr.	69.00	12.50	
8	Richmond Ind.-Richmond	Distr.	69.00	12.50	
9	Richmond S.-Richmond	Distr.	69.00	12.50	
10	Richmond T.-Richmond	Distr.	69.00	12.50	
11	Rogersville-Radcliff	Distr.	69.00	12.50	
12	Rogersville SW.-Radcliff	Trans.	69.00	12.50	
13	Shelbyville E.-Shelbyville	Distr.	138.00	69.00	13.20
14	Shelbyville S.-Shelbyville	Distr.	69.00	12.50	
15	Shelbyville 12KV-Shelbyville	Distr.	69.00	12.50	
16	Stanford-Stanford	Distr.	69.00	12.50	
17	Taylor County-Campbellsville	Trans.	69.00	12.50	
18	Union Underwear-Russell Springs	Distr.	161.00	69.00	13.20
19	West Cliff-Harrodsburg	Trans.	69.00	12.50	
20	West Irvine-Irvine	Trans.	138.00	69.00	13.20
21	Wise-Norton	Distr.	161.00	69.00	13.20
22	A. O. Smith-Mt. Sterling	Distr.	69.00	12.50	
23	Adams-Georgetown	Trans.	69.00	12.50	
24	Adams-Georgetown	Trans.	138.00	69.00	13.20
25	Alexander-Versailles	Distr.	69.00	34.50	2.40
26	American Ave.-Lexington	Trans.	69.00	12.50	
27	American Ave.-Lexington	Distr.	138.00	69.00	13.20
28	Ashland Ave.-Lexington	Distr.	69.00	4.20	
29	Ashland Pipe-Lexington	Distr.	69.00	4.20	
30	Belt Line-Lexington	Distr.	69.00	12.50	
31	Boone Ave.-Winchester	Distr.	69.00	12.50	
32	Boonesboro N.-Winchester	Trans.	69.00	12.50	
33	Buchanan-Lexington	Distr.	138.00	69.00	13.20
34	Camargo-Mt. Sterling	Distr.	69.00	4.20	
35	Carntown-Augusta	Trans.	69.00	12.50	
36	Carntown-Augusta	Distr.	138.00	69.00	13.20
37	Carrollton-Carrollton	Trans.	69.00	12.50	
38	Carrollton-Carrollton	Distr.	138.00	69.00	13.20
39	Clark Co.-Winchester	Trans.	69.00	12.50	
40	Cynthiana-Cynthiana	Distr.	138.00	69.00	13.20
			69.00	12.50	

Name of Respondent
Kentucky Utilities Company

This Report is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
03/28/2003

Year of Report
Dec. 31, 2002

SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership or lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
			NONE			1
12	1		NONE			2
10	1		NONE			3
50	1		NONE			4
12	1		NONE			5
12	1		NONE			6
20	1		NONE			7
20	1		NONE			8
20	1		NONE			9
20	1		NONE			10
20	1		NONE			11
20	1		NONE			12
83	1		NONE			13
20	1		NONE			14
32	2		NONE			15
20	1		NONE			16
12	1		NONE			17
50	1		NONE			18
12	1		NONE			19
233	2		NONE			20
50	1		NONE			21
12	1		NONE			22
12	1		NONE			23
83	1		NONE			24
20	1		NONE			25
12	1		NONE			26
133	1		NONE			27
12	1		NONE			28
25	2		NONE			29
12	1		NONE			30
20	1		NONE			31
20	1		NONE			32
83	1		NONE			33
12	1		NONE			34
10	1		NONE			35
50	1		NONE			36
12	1		NONE			37
166	2		NONE			38
12	1		NONE			39
50	1		NONE			40
12	1		NONE			41

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

SUBSTATIONS

- Report below the information called for concerning substations of the respondent as of the end of the year.
- Substations which serve only one industrial or street railway customer should not be listed below.
- Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
- Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Dayton Walther-Carrollton	Distr.			
2	Delaplain-Georgetown	Distr.	138.00	12.50	
3	Delaplain-Georgetown	Distr.	69.00	12.50	
4	Detroit Harvester-Paris	Distr.	69.00	13.80	
5	Donerail-Lexington	Distr.	69.00	12.50	
6	Dow Corning-Carrollton	Distr.	69.00	12.50	
7	Farmers-Morehead	Trans.	69.00	12.50	
8	FMC-Lexington	Distr.	138.00	69.00	13.20
9	Forks of Elkhorn-Georgetown	Distr.	69.00	12.50	
10	Frankfort-Frankfort	Trans.	34.50	12.50	
11	Frankfort East-Frankfort	Trans.	69.00	34.50	2.40
12	GE Lamp Works-Lexington	Distr.	138.00	69.00	13.20
13	Georgetown-Georgetown	Distr.	69.00	4.20	
14	Ghent Plant-Carrollton	Distr.	69.00	12.50	
15	Ghent Plant-Carrollton	*Trans. (G)	18.00	138.00	
16	Ghent Plant-Carrollton	*Trans. (G)	21.00	345.00	
17	Ghent Plant-Carrollton	*Trans. (G)	21.00	345.00	
18	Ghent Plant-Carrollton	*Trans. (G)	21.00	345.00	
19	Haefling-Lexington	Trans.	345.00	138.00	13.20
20	Haefling-Lexington	Trans.	138.00	69.00	13.20
21	Haefling-Lexington	*Trans. (G)	13.20	69.00	
22	Haley-Lexington	Distr.	138.00	12.50	
23	Higby Mill-Lexington	Distr.	69.00	12.50	
24	Higby Mill 12kV-Lexington	Trans.	69.00	12.50	
25	Higby Mill 12kV-Lexington	Distr.	138.00	69.00	13.20
26	Hoover #1-Georgetown	Distr.	69.00	12.50	
27	Hughes Lane-Lexington	Distr.	69.00	12.50	
28	IBM-Lexington	Distr.	69.00	12.50	
29	Joyland-Lexington	Distr.	69.00	12.50	
30	Kawneer-Cynthiana	Distr.	69.00	12.50	
31	Kenton-Maysville	Distr.	69.00	12.50	
32	Kenton-Maysville	Trans.	138.00	69.00	13.20
33	Lakeshore-Lexington	Distr.	69.00	12.50	
34	Lansdowne Switch-Lexington	Distr.	69.00	12.50	
35	Lemons Mill-Georgetown	Distr.	69.00	12.50	
36	Lexington Water Co.-Lexington	Distr.	69.00	12.50	
37	Lexington Pl.-Lexington	Distr.	69.00	12.50	
38	Liberty Rd.-Lexington	Distr.	69.00	4.20	
39	Loudon Avenue-Lexington	Distr.	69.00	12.50	
40	Loudon Avenue-Lexington	Trans.	138.00	69.00	13.20
		Trans.	138.00	12.50	

Name of Respondent
Kentucky Utilities Company

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
03/28/2003

Year of Report
Dec. 31, 2002

SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership or lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	
			NONE			1
12	1		NONE			2
12	1		NONE			3
20	1		NONE			4
12	1		NONE			5
12	1		NONE			6
32	3		NONE			7
30	3		NONE			8
20	1		NONE			9
12	1		NONE			10
20	1		NONE			11
200	2		NONE			12
12	1		NONE			13
12	1		NONE			14
550	1		NONE			15
604	1		NONE			16
604	1		NONE			17
604	1		NONE			18
400	1		NONE			19
133	1		NONE			20
58	1		NONE			21
35	1		NONE			22
12	1		NONE			23
200	2		NONE			24
20	1		NONE			25
20	1		NONE			26
12	1		NONE			27
12	1		NONE			28
66	2		NONE			29
32	2		NONE			30
12	1		NONE			31
133	2		NONE			32
26	2		NONE			33
33	1		NONE			34
66	2		NONE			35
12	1		NONE			36
20	1		NONE			37
25	2		NONE			38
33	1		NONE			39
200	2		NONE			40
33	1					

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

SUBSTATIONS

- Report below the information called for concerning substations of the respondent as of the end of the year.
- Substations which serve only one industrial or street railway customer should not be listed below.
- Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
- Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Maysville Mid-Maysville	Distr.			
2	Metal & Thermit-Carrollton	Distr.	69.00	4.20	
3	Midway-Versailles	Distr.	69.00	12.50	
4	Morehead-Morehead	Distr.	138.00	12.50	
5	Mt. Sterling-Mt. Sterling	Distr.	69.00	12.50	
6	Oxford-Georgetown	Distr.	69.00	12.50	
7	Paris-Paris	Distr.	69.00	12.50	
8	Parker Seal-Winchester	Distr.	69.00	12.50	
9	Parkers Mill-Lexington	Distr.	69.00	12.50	
10	Pepper Pike-Georgetown	Distr.	69.00	12.50	
11	Picadome-Lexington	Distr.	34.50	12.50	
12	Pisgah-Lexington	Trans.	69.00	12.50	
13	Portable Sub 3	Distr.	138.00	69.00	13.20
14	Race Street-Lexington	Distr.	138.00	13.20	
15	Reynolds-Lexington	Distr.	69.00	12.50	
16	Rockwell-Winchester	Distr.	138.00	12.50	
17	Rodburn-Morehead	Trans.	69.00	12.50	
18	Spencer Rd.-Mount Sterling	Trans.	138.00	69.00	13.20
19	Stonewall-Lexington	Distr.	138.00	69.00	13.20
20	Sylvania-Winchester	Distr.	69.00	12.50	
21	Trafton Ave.-Lexington	Distr.	69.00	12.50	
22	Trafton Ave.-Lexington	Distr.	69.00	4.20	
23	Tyrone-Versailles	Distr.	69.00	12.50	
24	Tyrone-Versailles	*Trans. (G)	13.20	69.00	
25	Tyrone-Versailles	*Trans. (G)	13.20	69.00	
26	Tyrone-Versailles	*Trans. (G)	13.20	69.00	
27	UK Medical Center-Lexington	Trans.	138.00	69.00	13.20
28	Versailles Bypass-Versailles	Distr.	69.00	12.50	
29	Versailles West-Versailles	Distr.	69.00	12.50	
30	Viley Road-Lexington	Distr.	69.00	12.50	
31	Vine St.-Lexington	Distr.	138.00	12.50	
32	West High St.-Lexington	Distr.	69.00	12.50	
33	West Lexington-Lexington	Trans.	69.00	12.50	
34	Wilson Downing-Lexington	Distr.	345.00	138.00	13.20
35	Wichester ind.-Winchester	Distr.	69.00	12.50	
36	Pocket No.-Pennington Gap	Trans.	69.00	12.50	
37	Alcalde-Somerset	Trans.	500.00	161.00	
38	Arnold-Cumberland	Trans.	345.00	161.00	13.20
39	Artemus-Pineville	Trans.	161.00	69.00	13.20
40	Burnside-Somerset	Distr.	69.00	12.50	

Name of Respondent
Kentucky Utilities Company

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
03/28/2003

Year of Report
Dec. 31, 2002

SUBSTATIONS (Continued)

5. Show in columns (i), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership or lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVa) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVa) (k)	
			NONE			1
12	1		NONE			2
12	1		NONE			3
12	1		NONE			4
12	1		NONE			5
12	1		NONE			6
12	1		NONE			7
12	1		NONE			8
12	1		NONE			9
20	1		NONE			10
52	3		NONE			11
12	1		NONE			12
20	1		NONE			13
100	1		NONE			14
30	1		NONE			15
12	1		NONE			16
68	2		NONE			17
42	3		NONE			18
33	1		NONE			19
52	1		NONE			20
33	1		NONE			21
32	2		NONE			22
12	1		NONE			23
12	1		NONE			24
37	3		NONE			25
37	3		NONE			26
80	1		NONE			27
100	1		NONE			28
78	3		NONE			29
40	2		NONE			30
20	1		NONE			31
35	1		NONE			32
12	1		NONE			33
25	2		NONE			34
400	1		NONE			35
40	2		NONE			36
20	1		NONE			37
400	1		NONE			38
400	1		NONE			39
83	1		NONE			40
50	1		NONE			
12	1		NONE			

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

SUBSTATIONS

- Report below the information called for concerning substations of the respondent as of the end of the year.
- Substations which serve only one industrial or street railway customer should not be listed below.
- Substations with capacities of Less than 10 MVA except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
- Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (in MVA)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Caron-London	Distr.			
2	Cawood-Harlan	Distr.	69.00	12.50	
3	Corbin E.-Corbin	Distr.	69.00	12.50	
4	Denham St.-Somerset	Distr.	69.00	12.50	
5	Elihu-Somerset	Trans.	69.00	12.50	
6	Farley-Corbin	Trans.	161.00	69.00	13.20
7	Ferguson South-Somerset	Trans.	161.00	69.00	13.20
8	Harlan-Harlan	Distr.	69.00	12.50	
9	Harlan Wye-Harlan	Distr.	69.00	12.50	
10	Harlan Wye-Harlan	Trans.	69.00	12.50	
11	Harlan Wye-Harlan	Trans.	161.00	69.00	13.20
12	Highsplint-Harlan	Distr.	69.00	34.50	2.40
13	Hopewell-Corbin	Distr.	69.00	12.50	
14	KU Park Plant-Pineville	*Trans. (G)	69.00	12.50	
15	Liberty-Liberty	Distr.	13.20	69.00	
16	London-London	Trans.	69.00	12.50	
17	London-London	Distr.	69.00	69.00	
18	Manchester S.-Manchester	Distr.	69.00	12.50	
19	Meldrum-Middlesboro	Distr.	69.00	12.50	
20	Middlesboro East-Middlesboro	Distr.	69.00	12.50	
21	Middlesboro-Middlesboro	Distr.	67.00	12.50	
22	Middlesboro 2-Middlesboro	Distr.	69.00	12.50	
23	Pineville-Pineville	Trans.	69.00	12.50	
24	Pineville-Pineville	Trans.	500.00	345.00	
25	Pineville-Pineville	Trans.	345.00	161.00	13.20
26	Pineville-Pineville	Distr.	161.00	69.00	13.20
27	Pittsburg-London	Trans.	69.00	12.50	
28	Somerset S.-Somerset	Distr.	161.00	69.00	13.20
29	Somerset #2-Somerset	Distr.	69.00	12.50	
30	Somerset #3-Somerset	Distr.	69.00	4.20	
31	Verda-Harlan	Distr.	69.00	12.50	
32	Williamsburg S.-Williamsburg	Distr.	69.00	12.50	
33	Andover-Big Stone Gap	Trans.	69.00	12.50	
34	Big Stone Gap-Big Stone Gap	Distr.	69.00	34.50	2.40
35	Bond-Coeburn	Trans.	69.00	12.50	
36	Bond-Coeburn	Distr.	69.00	22.00	2.40
37	Clinch Valley-Norton	Distr.	69.00	12.50	
38	Dorchester-Norton	Trans.	69.00	12.50	
39	Dorchester-Norton	Trans.	161.00	69.00	13.20
40	Dorchester-Norton	Trans.	69.00	34.50	2.40
		Trans.	69.00	22.00	2.40

Name of Respondent
Kentucky Utilities Company

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
03/28/2003

Year of Report
Dec. 31, 2002

SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
			NONE			1
20	1		NONE			2
12	1		NONE			3
32	2		NONE			4
10	1		NONE			5
166	2		NONE			6
133	1		NONE			7
12	1		NONE			8
12	1		NONE			9
12	1		NONE			10
100	1		NONE			11
13	1		NONE			12
12	1		NONE			13
20	2		NONE			14
37	3		NONE			15
12	1		NONE			16
35	6		NONE			17
32	2		NONE			18
12	1		NONE			19
12	1		NONE			20
10	1		NONE			21
12	1		NONE			22
28	2		NONE			23
550	1		NONE			24
500	1		NONE			25
213	2		NONE			26
22	2		NONE			27
100	1		NONE			28
12	1		NONE			29
12	1		NONE			30
12	1		NONE			31
12	1		NONE			32
10	1		NONE			33
20	1		NONE			34
37	3		NONE			35
20	1		NONE			36
12	1		NONE			37
20	1		NONE			38
166	2		NONE			39
12	1		NONE			40
20	1		NONE			41

Name of Respondent Kentucky Utilities Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec. 31, 2002
--	---	--	---------------------------------

SUBSTATIONS

- Report below the information called for concerning substations of the respondent as of the end of the year.
- Substations which serve only one industrial or street railway customer should not be listed below.
- Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
- Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Dorchester-Norton	Distr.			
2	Esserville-Norton	Distr.	69.00	12.50	
3	Hamblin-Pennington Gap	Distr.	69.00	12.50	
4	Imboden-Big Stone Gap	Trans.	69.00	12.50	
5	Imboden-Big Stone Gap	Trnas.	161.00	69.00	13.20
6	Norton East-Norton	Distr.	69.00	34.50	2.40
7	Pocket-Pennington Gap	Trans.	69.00	12.50	
8	Pocket-Pennington Gap	Trans.	161.00	69.00	13.20
9	Bryant Road-Lexington	Distr.	69.00	34.50	2.40
10	Campbellsville-Campbellsville	Distr.	69.00	12.50	
11	Danville 1-Danville	Distr.	69.00	12.50	
12	Ewington-Mount Sterling	Distr.	69.00	12.50	
13	Waitsboro-Somerset	Distr.	69.00	12.50	
14	Warsaw East-Owenton	Distr.	69.00	12.50	
15	St. Paul-St. Paul	Distr.	69.00	12.50	
16	Sharon-Augusta	Distr.	69.00	12.50	
17	Clays Mill-Lexington	Distr.	69.00	12.50	
18	Eastland-Lexington	Distr.	138.00	12.50	
19	Wilmore-Versailles	Distr.	69.00	12.50	
20	East Bernstadt-London	Distr.	69.00	12.50	
21	Poor Valley-Pennington Gap	Distr.	69.00	12.50	
22	Ghent Plant-Carrollton	Trans.	69.00	12.50	
23	Ghent Plant-Carrollton	Trans.	138.00	13.20	
24	Lebanon S.-Lebanon	Distr.	138.00	13.20	
25	Springfield-Campbellsville	Distr.	69.00	12.50	
26	Shannon Run-Versailles	Distr.	69.00	12.50	
27	Toyota South-Georgetown	Distr.	69.00	12.50	
28	West Hickman-Lexington	Distr.	138.00	13.20	
29	East Stone Gap-Big Stone Gap	Distr.	69.00	12.50	
30	Brown CT 7-Harrodsburg	Trans. (G)	69.00	12.50	
31	Brown CT 8-Harrodsburg	Trans. (G)	138.00	13.80	
32	Brown CT 9-Harrodsburg	Trans. (G)	138.00	13.80	
33	Brown CT 10-Harrodsburg	Trans. (G)	138.00	13.80	
34	Brown CT 11-Harrodsburg	Trans. (G)	138.00	13.80	
35	Fairston	Trans. (G)	138.00	13.80	
36	Bond - Wise	Distr.	67.00	13.09	
37	*See Footnote Page for Summary Data	Trans.	69.00	12.50	
38					
39					
40					

Name of Respondent
Kentucky Utilities Company

This Report Is:
(1) An Original
(2) A Resubmission

Date of Report
(Mo, Da, Yr)
03/28/2003

Year of Report
Dec. 31, 2002

SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.
6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
			NONE			1
			NONE			2
22	2		NONE			3
20	1		NONE			4
12	1		NONE			5
133	1		NONE			6
33	1		NONE			7
12	1		NONE			8
167	1		NONE			9
20	1		NONE			10
20	1		NONE			11
20	1		NONE			12
20	1		NONE			13
35	3		NONE			14
10	1		NONE			15
14	1		NONE			16
40	2		NONE			17
12	1		NONE			18
33	1		NONE			19
20	1		NONE			20
10	1		NONE			21
10	1		NONE			22
12	1		NONE			23
28	1		NONE			24
28	1		NONE			25
12	1		NONE			26
12	1		NONE			27
12	1		NONE			28
48	2		NONE			29
32	2		NONE			30
22	2		NONE			31
190	1		NONE			32
145	1		NONE			33
145	1		NONE			34
145	1		NONE			35
145	1		NONE			36
10	1		NONE			37
24	2		NONE			38
						39
						40
						41
						42
						43
						44
						45
						46
						47
						48
						49
						50

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
FOOTNOTE DATA			

Schedule Page: 426	Line No.: 11	Column: b
(G) - Generation		
Schedule Page: 426	Line No.: 12	Column: b
(G) - Generation		
Schedule Page: 426	Line No.: 13	Column: b
(G) - Generation		
Schedule Page: 426.1	Line No.: 1	Column: b
(G) - Generation		
Schedule Page: 426.1	Line No.: 3	Column: b
(G) - Generation		
Schedule Page: 426.1	Line No.: 4	Column: b
(G) - Generation		
Schedule Page: 426.1	Line No.: 5	Column: b
(G) - Generation		
Schedule Page: 426.1	Line No.: 14	Column: b
(G) - Generation		
Schedule Page: 426.3	Line No.: 14	Column: b
(G) - Generation		
Schedule Page: 426.3	Line No.: 15	Column: b
(G) - Generation		
Schedule Page: 426.3	Line No.: 16	Column: b
(G) - Generation		
Schedule Page: 426.3	Line No.: 17	Column: b
(G) - Generation		
Schedule Page: 426.3	Line No.: 20	Column: b
(G) - Generation		
Schedule Page: 426.4	Line No.: 23	Column: b
(G) - Generation		
Schedule Page: 426.4	Line No.: 24	Column: b
(G) - Generation		
Schedule Page: 426.4	Line No.: 25	Column: b
(G) - Generation		
Schedule Page: 426.5	Line No.: 14	Column: b
(G) - Generation		
Schedule Page: 426.6	Line No.: 30	Column: b
(G) - Generation		
Schedule Page: 426.6	Line No.: 31	Column: b
(G) - Generation		
Schedule Page: 426.6	Line No.: 32	Column: b
(G) - Generation		
Schedule Page: 426.6	Line No.: 33	Column: b
(G) - Generation		
Schedule Page: 426.6	Line No.: 34	Column: b
(G) - Generation		

Name of Respondent Kentucky Utilities Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/28/2003	Year of Report Dec 31, 2002
--	---	--	--------------------------------

FOOTNOTE DATA

Schedule Page: 426.6		Line No.: 37	Column: a	Total Capacity, MVA
10,000 KVA and Above	Summary			14,841.79
	Trans	103		3,483.83
	Distr.	248		13.61
Below 10,000 KVA	Trans.	9		1,562.51
	Distr.	216		

INDEX

Schedule

Page No.

Accrued and prepaid taxes	262-263
Accumulated Deferred Income Taxes	234
Accumulated provisions for depreciation of common utility plant	272-277
utility plant	356
utility plant (summary)	219
Advances from associated companies	200-201
Allowances	256-257
Amortization miscellaneous	228-229
of nuclear fuel	340
Appropriations of Retained Earnings	202-203
Associated Companies advances from	118-119
corporations controlled by respondent	256-257
control over respondent	103
interest on debt to	102
Attestation	256-257
Balance sheet comparative	i
notes to	110-113
Bonds	122-123
Capital Stock	256-257
expense	251
premiums	254
reacquired	252
subscribed	251
Cash flows, statement of	252
Changes important during year	120-121
Construction work in progress - common utility plant	108-109
work in progress - electric	356
work in progress - other utility departments	216
Control corporations controlled by respondent	200-201
over respondent	103
Corporation controlled by	102
incorporated	103
CPA, background information on	101
CPA Certification, this report form	101
	i-ii

Schedule

Deferred	269
credits, other	233
debits, miscellaneous	
income taxes accumulated - accelerated	272-273
amortization property	274-275
income taxes accumulated - other property	276-277
income taxes accumulated - other	234
income taxes accumulated - pollution control facilities	iii
Definitions, this report form	356
Depreciation and amortization	219
of common utility plant	336-337
of electric plant	105
Directors	256-257
Discount - premium on long-term debt	354-355
Distribution of salaries and wages	118-119
Dividend appropriations	118-119
Earnings, Retained	401
Electric energy account	320-323
Expenses	
electric operation and maintenance	323
electric operation and maintenance, summary	256
unamortized debt	230
Extraordinary property losses	101
Filing requirements, this report form	i-iv
General information	
Instructions for filing the FERC Form 1	406-407
Generating plant statistics	
hydroelectric (large)	408-409
pumped storage (large)	410-411
small plants	402-403
steam-electric (large)	406-407
Hydro-electric generating plant statistics	101
Identification	108-109
Important changes during year	114-117
Income	
statement of, by departments	114-117
statement of, for the year (see also revenues)	340
deductions, miscellaneous amortization	340
deductions, other income deduction	340
deductions, other interest charges	101
Incorporation information	

INDEX (continued)

Schedule

Page No.

Interest	
charges, paid on long-term debt, advances, etc	256-257
Investments	
nonutility property	221
subsidiary companies	224-225
Investment tax credits, accumulated deferred	266-267
Law, excerpts applicable to this report form	iv
List of schedules, this report form	2-4
Long-term debt	256-257
Losses-Extraordinary property	230
Materials and supplies	227
Miscellaneous general expenses	335
Notes	
to balance sheet	122-123
to statement of changes in financial position	122-123
to statement of income	122-123
to statement of retained earnings	122-123
Nonutility property	221
Nuclear fuel materials	202-203
Nuclear generating plant, statistics	402-403
Officers and officers' salaries	104
Operating	
expenses-electric	320-323
expenses-electric (summary)	323
Other	
paid-in capital	253
donations received from stockholders	253
gains on resale or cancellation of reacquired capital stock	253
miscellaneous paid-in capital	253
reduction in par or stated value of capital stock	253
regulatory assets	232
regulatory liabilities	278
Peaks, monthly, and output	401
Plant, Common utility	
accumulated provision for depreciation	356
acquisition adjustments	356
allocated to utility departments	356
completed construction not classified	356
construction work in progress	356
expenses	356
held for future use	356
in service	356
leased to others	356
Plant data	336-337
	401-429

Schedule

Plant - electric	219
accumulated provision for depreciation	216
construction work in progress	214
held for future use	204-207
in service	213
leased to others	201
Plant - utility and accumulated provisions for depreciation	201
amortization and depletion (summary)	234
Pollution control facilities, accumulated deferred	326-327
income taxes	256
Power Exchanges	251
Premium and discount on long-term debt	262-263
Premium on capital stock	230
Prepaid taxes	408-409
Property - losses, extraordinary	326-327
Pumped storage generating plant statistics	250
Purchased power (including power exchanges)	256-257
Reacquired capital stock	256-257
Reacquired long-term debt	261
Receivers' certificates	233
Reconciliation of reported net income with taxable income	350-351
from Federal income taxes	352-353
Regulatory commission expenses deferred	119
Regulatory commission expenses for year	118-119
Research, development and demonstration activities	118-119
Retained Earnings	300-301
amortization reserve Federal	105
appropriated	354-355
statement of, for the year	104
unappropriated	304
Revenues - electric operating	310-311
Salaries and wages	202-203
directors fees	2-4
distribution of	120-121
officers'	114-117
Sales of electricity by rate schedules	118-119
Sales - for resale	402-403
Salvage - nuclear fuel	426
Schedules, this report form	227
Securities	
exchange registration	250-251
Statement of Cash Flows	120-121
Statement of income for the year	114-117
Statement of retained earnings for the year	118-119
Steam-electric generating plant statistics	402-403
Substations	426
Supplies - materials and	227

INDEX (continued)

Schedule

	<u>Page No.</u>
Taxes	
accrued and prepaid	262-263
charged during year	262-263
on income, deferred and accumulated	234
reconciliation of net income with taxable income for	272-277
Transformers, line - electric	261
Transmission	
lines added during year	429
lines statistics	424-425
of electricity for others	422-423
of electricity by others	328-330
Unamortized	332
debt discount	256-257
debt expense	256-257
premium on debt	256-257
Unrecovered Plant and Regulatory Study Costs	230

Kentucky Utilities Company
Case No. 2003-00434
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(6)(n)
Sponsoring Witness: Valerie L. Scott/Earl Robinson

Description of Filing Requirement:

A summary of the utility's latest depreciation study with schedules by major plant accounts, except that telecommunications utilities that have adopted the commission's average depreciation rates shall provide a schedule that identifies the current and test period depreciation rates used by major plant accounts. If the required information has been filed in another commission case a reference to that case's number and style will be sufficient.

Response:

Please refer to Volume 4, the testimony of Earl Robinson. Also, please refer to Volume 6 for Mr. Robinson's Appendix C.





Kentucky Utilities Company
Case No. 2003-00434
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(6)(o)
Sponsoring Witness: Valerie L. Scott

Description of Filing Requirement:

A list of all commercially available or in-house developed computer software, programs, and models used in the development of the schedules and work papers associated with the filing of the utility's application. This list shall include each software, program, or model; what the software, program, or model was used for; identify the supplier of each software, program, or model; a brief description of the software, program, or model; the specifications for the computer hardware and the operating system required to run the program.

Response:

See attached.



Computer Software, Programs, and Models

List of Software, Programs and Models Used

- Microsoft Excel 2000 and 2002. These Applications were used to prepare the spreadsheet documents utilized in this filing.
 - Personal or multimedia computer with a 486 or higher processor
 - Microsoft Office XP, Microsoft Windows 95 or higher operating system

- Microsoft Word 2000 and 2002. These Applications were the word processors used to prepare the majority of this filing.
 - Personal or multimedia computer with a 486 or higher processor
 - Microsoft Office XP, Microsoft Windows 95 or higher operating system

- Word Perfect 10 and Office XP-Word. These Applications were the word processors used to prepare the depreciation study reports and testimony.
 - Personal or multimedia computer with a 486 or higher processor
 - Microsoft Office XP operating system

- Microsoft PowerPoint 97 and 2000. These applications were the presentation applications used to prepare some of the graphs in the testimony.
 - Personal or multimedia computer with a 486 or higher processor
 - Microsoft Office XP, Microsoft Windows 95 or higher operating system

- Proprietary Model prepared by The Prime Group, LLC. This model was used to prepare the cost of service study.
 - Personal or multimedia computer with a 486 or higher processor
 - Microsoft Windows 95 or higher operating system

- PCD&VS – Proprietary Depreciation Analysis System prepared by AUS Consultant-WFW Division. This model was used to prepare certain depreciation study reports.
 - Personal or multimedia computer with a 486 or higher processor
 - Operates with Microsoft Access 2000 / Visual Basic
 - Microsoft Office XP operating system



Kentucky Utilities Company
Case No. 2003-00434
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(6)(p)
Sponsoring Witness: S. Bradford Rives

Description of Filing Requirement:

Prospectuses of the most recent stock or bond offerings.

Response:

See attached.

KU Prospectus – Pollution Control Revenue Bonds
Prospectus Dated: September 26, 2002

NEW ISSUE—BOOK-ENTRY-ONLY

Subject to the conditions and exceptions set forth under the caption "TAX TREATMENT," Bond Counsel is of the opinion that, under current law, interest on the Bonds (as hereinafter defined) offered hereby (i) will be excludable from the gross income of the recipients thereof for federal income tax purposes, except that no opinion will be expressed regarding such exclusion from gross income with respect to any Bond during any period in which it is held by a "substantial user" or a "related person" of the Project as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) will not be an item of tax preference in determining alternative minimum taxable income for individuals and corporations under the Code. Such interest may be subject to certain federal income taxes imposed on certain corporations, including imposition of the corporate alternative minimum tax on a portion of such interest and the branch profits tax on a portion of such interest. Bond Counsel is further of the opinion that interest on the Bonds will be excludable from the gross income of the recipients thereof for Kentucky income tax purposes and that, under current law, the principal of the Bonds will be exempt from ad valorem taxes in Kentucky. Issuance of the Bonds is subject to receipt of a favorable tax opinion of Bond Counsel as of the date of delivery of the Bonds. See "TAX TREATMENT" herein.

\$96,000,000

**County of Carroll, Kentucky
Pollution Control Revenue Bonds, 2002 Series C
(Kentucky Utilities Company Project)**

Dated: Date of Original Issuance

Due: October 1, 2032

The Pollution Control Revenue Bonds, 2002 Series C (Kentucky Utilities Company Project) (the "Bonds") will be special and limited obligations of Carroll County, Kentucky (the "Issuer"), payable by the Issuer solely from and secured by payments to be received by the Issuer pursuant to a Loan Agreement with

Kentucky Utilities Company

(the "Company"), except as payable from proceeds of such Bonds or investment earnings thereon. Until the Release Date (generally, the date upon which the Bond Insurer consents to the release of first mortgage bond collateral of the Company as security for the Bonds, provided that in no event shall that date be later than the date that all of the prior first mortgage bonds of the Company (other than the First Mortgage Bonds securing the Bonds and the First Mortgage Bonds, Pollution Control Series No. 11, No. 12, No. 13, No. 14 and No. 15) have been retired), principal of, and interest on, the Bonds will be further secured by the delivery to the Trustee of First Mortgage Bonds of the Company. See "SUMMARY OF THE BONDS—Security; Release Date; Limitation on Liens" and "SUMMARY OF THE FIRST MORTGAGE BONDS" for a description of the circumstances in which the First Mortgage Bonds will be released. On the Release Date, the Bonds will cease to be secured by First Mortgage Bonds and will be secured solely by payments to be made by the Company under the Loan Agreement, which will become unsecured general obligations of the Company, and will rank on a parity with other unsecured indebtedness of the Company. From and after the Release Date, the Company will covenant not to incur, assume or guarantee any secured indebtedness other than as permitted in the Loan Agreement. See "SUMMARY OF THE BONDS—Security; Release Date; Limitation on Liens."

Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Bonds.

Ambac

The Bonds will accrue interest from the date of original issuance and will initially bear interest at a Dutch Auction Rate determined pursuant to the Dutch Auction Procedures described in APPENDIX B hereto. The Bonds will continue to bear interest at the Dutch Auction Rate until their Conversion to a different Interest Rate Mode or until maturity. Prospective purchasers of the Bonds should carefully review the Dutch Auction Procedures and should note that such procedures provide that (i) a Bid or Sell Order constitutes a commitment to purchase or sell Bonds based upon the results of an Auction, (ii) Auctions will be conducted through telephone communications and (iii) settlement for purchases and sales will be made on the Business Day following an Auction. Beneficial interests in Bonds bearing interest at a Dutch Auction Rate may be transferred only pursuant to a Bid or Sell Order placed in an Auction or to or through a Broker-Dealer.

The Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Purchases of beneficial ownership interests in the Bonds bearing interest at the Dutch Auction Rate will be made in book-entry only form in denominations of \$25,000 and integral multiples thereof. Purchasers will not receive certificates representing their beneficial interest in the Bonds. See the information contained under the caption "SUMMARY OF THE BONDS—Book-Entry-Only System" herein. The principal of, premium, if any, and interest on the Bonds will be paid by Deutsche Bank Trust Company Americas, as Trustee, to Cede & Co., as long as Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to the purchasers of beneficial ownership interests is the responsibility of DTC's Direct and Indirect Participants, as more fully described herein.

THE BONDS WILL NOT CONSTITUTE GENERAL OBLIGATIONS OF THE ISSUER OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS THEREOF OR OF THE COMMONWEALTH OF KENTUCKY OR ANY OTHER POLITICAL SUBDIVISION OF KENTUCKY.

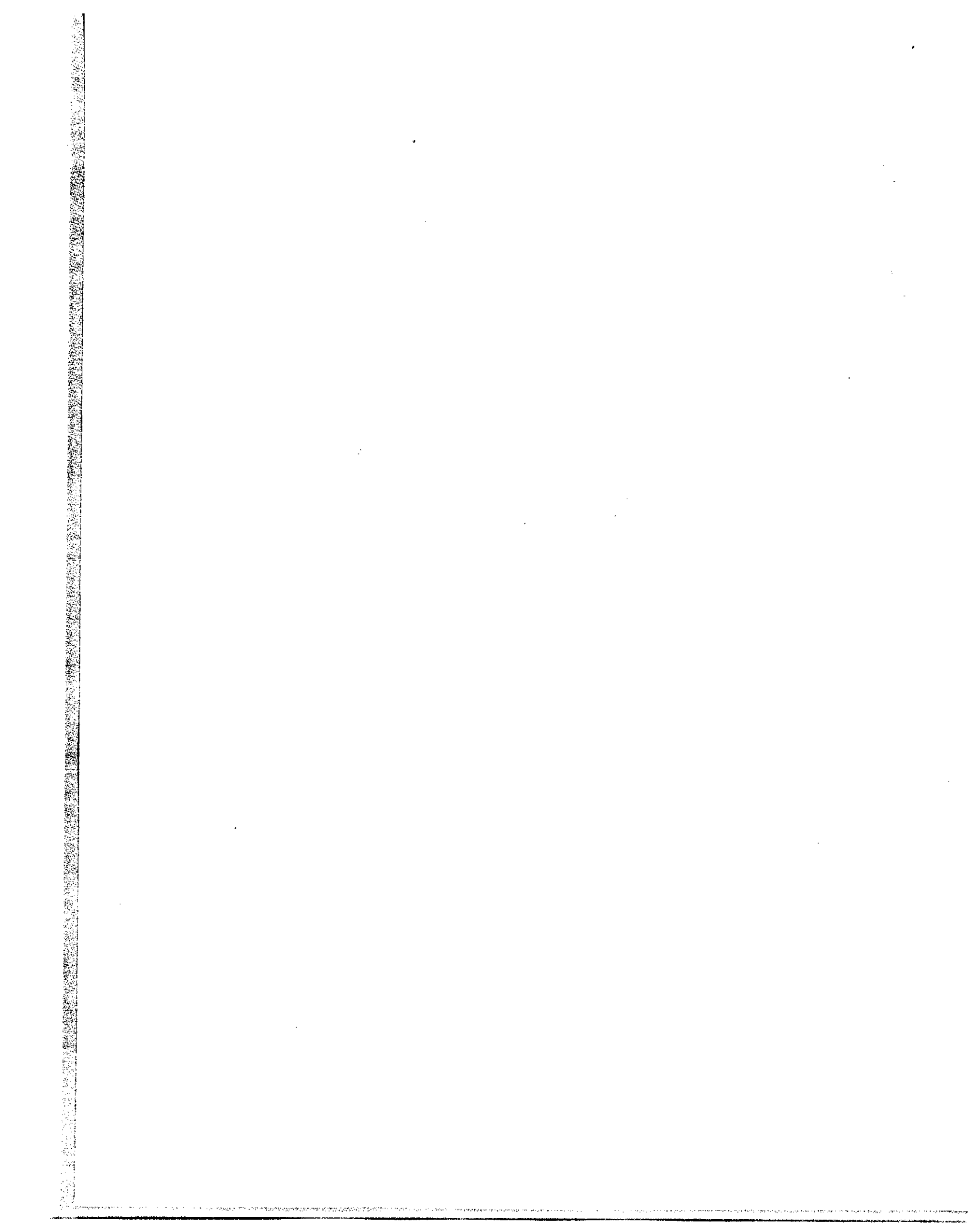
PRICE: 100%

The Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, and to the approval of legality by Harper, Ferguson & Davis, a division of Ogden Newell & Welch PLLC, Louisville, Kentucky, as Bond Counsel and upon satisfaction of certain conditions. Certain legal matters will be passed upon for the Company by its counsel, Jones, Day, Reavis & Pogue, Chicago, Illinois and John R. McCall, Esq., Executive Vice President, General Counsel and Corporate Secretary of the Company, for the Issuer by its County Attorney, and for the Underwriters by their counsel, Winston & Strawn, Chicago, Illinois. It is expected that the Bonds will be available for delivery to DTC in New York, New York on or about October 3, 2002.

Salomon Smith Barney

Banc of America Securities LLC

Dated: September 26, 2002



No dealer, broker, salesman or other person has been authorized by the Issuer, the Company or the Underwriters to give any information or to make any representation with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof. Although the Issuer has consented to the use of this Official Statement in connection with the initial issuance and sale of the Bonds, the Issuer makes no representation with respect to the accuracy or completeness hereof, except for the information under the caption "THE ISSUER."

In connection with the offering of the Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of such Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

TABLE OF CONTENTS

INTRODUCTORY STATEMENT.....	1
THE ISSUER	3
THE PROJECT.....	3
USE OF PROCEEDS.....	3
SUMMARY OF THE BONDS.....	4
THE BOND INSURANCE POLICY	23
SUMMARY OF THE LOAN AGREEMENT.....	25
SUMMARY OF THE FIRST MORTGAGE BONDS	29
SUMMARY OF THE INDENTURE.....	33
ENFORCEABILITY OF REMEDIES	38
TAX TREATMENT.....	38
LEGAL MATTERS	40
RATINGS.....	40
UNDERWRITING.....	40
CONTINUING DISCLOSURE.....	41
APPENDIX A - The Company	
APPENDIX B - Dutch Auction Procedures	
APPENDIX C - Form of Opinion of Bond Counsel	
APPENDIX D - Form of Bond Insurance Policy	

(This page has been left blank intentionally.)

OFFICIAL STATEMENT

\$96,000,000

**County of Carroll, Kentucky
Pollution Control Revenue Bonds, 2002 Series C
(Kentucky Utilities Company Project)**

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and Appendices, is provided to furnish information in connection with the offer and sale of \$96,000,000 Pollution Control Revenue Bonds, 2002 Series C (Kentucky Utilities Company Project) (the "Bonds"), by the County of Carroll, Kentucky (the "Issuer").

The Bonds will be issued pursuant to an Indenture of Trust, dated as of July 1, 2002 (the "Indenture"), between the Issuer and Deutsche Bank Trust Company Americas (the "Trustee"), as Trustee, Paying Agent and Bond Registrar.

Pursuant to a Loan Agreement by and between Kentucky Utilities Company (the "Company") and the Issuer, dated as of July 1, 2002 (the "Loan Agreement"), proceeds from the sale of the Bonds, other than accrued interest, if any, paid by the initial purchasers thereof, will be loaned by the Issuer to the Company. The Loan Agreement is a separate undertaking by and between the Company and the Issuer.

The proceeds (other than any accrued interest) of Bonds will be applied in full, together with other funds made available by the Company, to pay and discharge \$96,000,000 in outstanding principal amount of "County of Carroll, Kentucky, Collateralized Pollution Control Revenue Bonds (Kentucky Utilities Company Project) 1992 Series A," dated June 17, 1992 (the "1992 Bonds") previously issued by the Issuer to refinance certain pollution control facilities (the "Project") owned by the Company.

It is a condition to the Underwriters' obligations to purchase the Bonds that the Company irrevocably instruct the trustee in respect of the 1992 Bonds, on or prior to the date of issuance of the Bonds, to call the 1992 Bonds, for redemption.

The Company is an operating subsidiary of LG&E Energy Corp., Powergen plc and E.ON AG (the "Parents"). The Parents will have no obligation to make any payments due under the Loan Agreement or First Mortgage Bonds (as defined herein) or any other payments of principal, interest, premium or purchase price of the Bonds.

The Company will repay the loan under the Loan Agreement by making payments to the Trustee in sufficient amount to pay the principal of and interest and any premium on, and purchase price of, the Bonds. See "SUMMARY OF THE LOAN AGREEMENT — General." Pursuant to the Indenture, the Issuer's rights under the Loan Agreement (other than with respect to certain indemnification and expense payments) will be assigned to the Trustee as security for the Bonds.

For the purpose of further securing the Bonds, the Company will issue and deliver to the Trustee the Company's First Mortgage Bonds, Pollution Control Series No. 16 (the "First Mortgage Bonds"). The principal amount, maturity date and interest rate (or method of determining interest rates) of the First Mortgage Bonds will be identical to the principal amount, maturity date and interest rate (or method of determining interest rates) of the Bonds. The First Mortgage Bonds will only be payable, and interest thereon will only accrue, as described herein. See "SUMMARY OF THE LOAN AGREEMENT — Issuance and Delivery of First Mortgage Bonds; Limitation on Liens" and "SUMMARY OF THE FIRST MORTGAGE BONDS." The First Mortgage Bonds will not provide a direct source of liquidity to pay the purchase price of Bonds tendered for purchase in accordance with the Indenture. On the Release Date (as defined herein), the Bonds will cease to be secured by the First Mortgage Bonds and will be secured solely by payments to be made by the Company under the Loan Agreement, which at that time will become an unsecured general obligation of the Company and will rank on a parity with other unsecured

indebtedness of the Company. See "SUMMARY OF THE BONDS — Security; Release Date; Limitation on Liens" and "-- Remarketing and Purchase of Bonds."

The Bonds are special and limited obligations of the Issuer and the Issuer's obligation to pay the principal of and interest and any premium on, and purchase price of, the Bonds is limited solely to the revenues and other amounts received by the Trustee under the Indenture pursuant to the Loan Agreement and amounts payable under the First Mortgage Bonds. The Bonds will not constitute an indebtedness, general obligation or pledge of the faith and credit or taxing power of the Issuer, the Commonwealth of Kentucky or any political subdivision thereof.

Ambac Assurance Corporation ("Ambac Assurance" or the "Bond Insurer") will, concurrently with the issuance of the Bonds, issue a Financial Guaranty Insurance Policy in respect of the Bonds (the "Bond Insurance Policy"), insuring the payment of regularly scheduled payments of the principal of the Bonds and interest thereon that has become "Due for Payment" (as this term is defined in the Bond Insurance Policy), but in either case shall be unpaid by reason of nonpayment by the Issuer. The Bond Insurance Policy will be issued pursuant to an Insurance Agreement between the Company and Ambac Assurance to be dated the date of issuance of the Bonds (the "Insurance Agreement"). The Bond Insurance Policy will not insure payment of the purchase price of Bonds subject to mandatory purchase or purchase on the demand of the Bondholders thereof or payment of the principal, premium or interest on the Bonds as a result of an acceleration, redemption (other than special mandatory redemption upon occurrence of a Determination of Taxability as hereinafter described) or other advancement of maturity. Certain information with respect to the Bond Insurance Policy and the Bond Insurer is included in this Official Statement. See "THE BOND INSURANCE POLICY" and APPENDIX D. So long as the Bond Insurer is not in default under the Bond Insurance Policy, the Indenture and Loan Agreement may not be amended or supplemented, if such action requires the consent or approval of the Bondholders, without the prior written consent of the Bond Insurer. Upon the occurrence of an Event of Default under the Indenture, Ambac Assurance will be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Trustee. See "SUMMARY OF THE INDENTURE — Rights of Bond Insurer."

The Bonds initially will bear interest at a Dutch Auction Rate accruing from the date of original issuance of the Bonds (the "Issue Date"). Thereafter, while the Bonds bear interest at a Dutch Auction Rate, the rate of interest, subject to a maximum interest rate of 14% per annum, will be determined pursuant to the Dutch Auction Procedures on the Business Day preceding the first day of the related Auction Period by the Auction Agent and will remain in effect until the end of the Auction Period. The initial Dutch Auction Rate will be established by the Underwriters on or prior to the Issue Date. The first Auction shall occur on November 5, 2002 and the first Interest Payment Date will be November 6, 2002. See "APPENDIX B — Dutch Auction Procedures."

Deutsche Bank Trust Company Americas will be appointed Auction Agent under the Indenture. Its principal office is at 100 Plaza One, Jersey City, New Jersey 07311. The Auction Agent may be removed or replaced by the Company in accordance with the terms of the Indenture.

Salomon Smith Barney Inc. and Banc of America Securities LLC will be appointed as Broker-Dealers with respect to the Bonds on the Issue Date. One or more other Broker-Dealers may be appointed, and any Broker-Dealer may be removed or replaced, by the Company. Salomon Smith Barney Inc. has also been appointed the initial Market Agent.

Salomon Smith Barney Inc. and Banc of America Securities LLC will be appointed under the Indenture to serve as Remarketing Agents for the Bonds. The Remarketing Agents may resign or be removed and a successor Remarketing Agent or Remarketing Agents may be appointed in accordance with the terms of the Indenture and the Remarketing Agreement for the Bonds between the Remarketing Agents and the Company.

Brief descriptions of the Company, the Issuer, the Bonds, the Loan Agreement, the Indenture and the First Mortgage Bonds (including the First Mortgage Indenture) are included in this Official Statement. Such descriptions and information do not purport to be complete, comprehensive or definitive and are not

to be construed as a representation or a guaranty of accuracy or completeness. All references herein to the documents are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the definitive form thereof included in the Indenture. Copies of the Loan Agreement and the Indenture will be available for inspection at the principal corporate trust office of the Trustee and, until the issuance of the Bonds, may be obtained from the Underwriters. The First Mortgage Indenture (including the forms of the First Mortgage Bonds) is available for inspection at the office of the Company in Lexington, Kentucky, and at the corporate trust office of the First Mortgage Trustee, in Chicago, Illinois. Certain information relating to The Depository Trust Company ("DTC") and the book-entry-only system has been furnished by DTC. APPENDIX A to this Official Statement and all information contained under the headings "THE PROJECT" and "USE OF PROCEEDS" has been furnished by the Company. The Issuer and Bond Counsel assume no responsibility for the accuracy or completeness of such APPENDIX A or such information. APPENDIX B to this Official Statement contains a description of the Dutch Auction Procedures. APPENDIX C to this Official Statement contains the proposed form of opinion of Bond Counsel to be delivered in connection with the issuance and delivery of the Bonds. APPENDIX D to this Official Statement contains the proposed form of Bond Insurance Policy to be issued by Ambac Assurance in connection with the issuance and delivery of the Bonds.

THE ISSUER

The Issuer is a public body corporate and politic duly created and existing as a county and political subdivision under the Constitution and laws of the Commonwealth of Kentucky. The Issuer is authorized by Section 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes (the "Act") to (a) issue the Bonds to pay and discharge the 1992 Bonds, (b) lend the proceeds from the sale of such Bonds to the Company for such purpose and (c) enter into and perform its obligations under the Loan Agreement and the Indenture. The Issuer, through its legislative body, the Fiscal Court, has adopted one or more ordinances authorizing the issuance of the Bonds and the execution and delivery of the related documents.

THE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS PAYABLE SOLELY AND ONLY FROM CERTAIN SOURCES, INCLUDING AMOUNTS TO BE RECEIVED BY OR ON BEHALF OF THE ISSUER UNDER THE LOAN AGREEMENT AND OTHER AMOUNTS RECEIVED FROM PAYMENTS MADE UNDER THE FIRST MORTGAGE BONDS. THE BONDS WILL NOT CONSTITUTE AN INDEBTEDNESS, GENERAL OBLIGATION OR PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE ISSUER, THE COMMONWEALTH OF KENTUCKY OR ANY POLITICAL SUBDIVISION THEREOF, AND WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS.

THE PROJECT

The Project has been completed and is the property of the Company, subject to the lien of the First Mortgage Indenture.

The Department for Natural Resources and Environmental Protection of the Commonwealth of Kentucky, the agency exercising jurisdiction with respect to the Project, has certified that the Project, as designed, is in furtherance of the purposes of controlling atmospheric pollutants or contaminants and water pollutants and contaminants, as applicable.

The Project consists of certain air, solid waste and water pollution control facilities at the Company's Ghent Generating Station located in Carroll County (the "Generating Station").

USE OF PROCEEDS

The proceeds from the sale of the Bonds (exclusive of accrued interest, if any) will be used, together with funds to be provided by the Company, to pay and discharge, at a redemption price of 102%

of the principal amount thereof plus accrued interest, the issue of the 1992 Bonds on the date of issuance of the Bonds. The 1992 Bonds bear interest at 7.45% per annum and mature on September 1, 2016.

SUMMARY OF THE BONDS

General

The Bonds will be issued in the aggregate principal amount set forth on the cover page of this Official Statement and will mature on October 1, 2032. The Bonds are also subject to redemption prior to maturity as described herein.

From and after the date of the issuance and delivery of the Bonds, the Bonds will bear interest at the Dutch Auction Rate and will continue to bear interest at the Dutch Auction Rate until a Conversion to another Interest Rate Mode is specified by the Company or until the maturity of the Bonds. The permitted Interest Rate Modes are (i) the "Flexible Rate," (ii) the "Daily Rate," (iii) the "Weekly Rate," (iv) the "Semi-Annual Rate," (v) the "Annual Rate," (vi) the "Long Term Rate" and (vii) the "Dutch Auction Rate." Changes in the Interest Rate Mode will be effected, and notice of such changes will be given, as described below in "Conversion of Interest Rate Modes and Changes of Long Term Rate Periods."

During each Rate Period for an Interest Rate Mode (other than a Dutch Auction Rate), the interest rate or rates for the Bonds in that Interest Rate Mode, and Flexible Rate Periods for Bonds accruing interest at a Flexible Rate, will be determined by the Remarketing Agents in accordance with the Indenture; provided that the interest rate or rates borne by any Bonds may not exceed the lesser of (i) the maximum interest rate permitted by applicable law or (ii) 14% per annum.

Interest on the Bonds which bear interest at a Dutch Auction Rate will be computed on the basis of a 360-day year for the number of days actually elapsed. Interest on the Bonds which bear interest at a Flexible Rate, Daily Rate or Weekly Rate will be computed on the basis of a year of 365 or 366 days, as appropriate, and paid for the actual number of days elapsed. Interest on the Bonds which bear interest at a Semi-Annual Rate, Annual Rate or Long Term Rate will be computed on the basis of a 360-day year of twelve 30-day months. Interest payable on any Interest Payment Date will be payable to the registered owner of the Bond as of the Record Date for such payment; provided that in the case of Bonds bearing interest at the Flexible Rate, interest will be payable to the registered owner of such Bond on the Interest Payment Date therefor. The Record Date, in the case of interest accrued at a Daily Rate or Weekly Rate, will be the close of business on the Business Day immediately preceding each Interest Payment Date, in the case of interest accrued at a Dutch Auction Rate, will be the close of business on the second Business Day immediately preceding each Interest Payment Date, and in the case of interest accrued at a Semi-Annual Rate, Annual Rate or Long Term Rate, will be the close of business on the fifteenth day (whether or not a Business Day) of the month preceding each Interest Payment Date.

The Bonds initially will be issued solely in book-entry-only form through DTC (or its nominee, Cede & Co.). So long as the Bonds are held in the book-entry-only system, DTC or its nominee will be the registered owner or holder of the Bonds for all purposes of the Indenture, the Bonds and this Official Statement. See "SUMMARY OF THE BONDS — Book-Entry-Only System" below. Individual purchases of book-entry interests in the Bonds will be made in book-entry-only form in (i) denominations of \$25,000 and integral multiples thereof, if bearing interest at the Dutch Auction Rate, (ii) denominations of \$100,000 and integral multiples thereof, if bearing interest at the Daily Rate or the Weekly Rate; (iii) denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000, if bearing interest at Flexible Rates; or (iv) denominations of \$5,000 and integral multiples thereof, if bearing interest at the Semi-Annual Rate, the Annual Rate or the Long Term Rate.

Except as otherwise described below for Bonds held in DTC's book-entry-only system, the principal or redemption price of the Bonds is payable at the designated corporate trust office in New York, New York of the Trustee, as paying agent (the "Paying Agent"). Except as otherwise described below for Bonds held in DTC's book-entry-only system, interest on the Bonds is payable by check mailed to the owner of record; provided that interest payable on each Bond will be payable in immediately

available funds by wire transfer within the continental United States or by deposit into a bank account maintained with the Paying Agent (i) if the Interest Rate Mode is the Daily Rate, the Weekly Rate, the Dutch Auction Rate or the Flexible Rate, or (ii) at the written request of any owner of record holding at least \$1,000,000 aggregate principal amount of the Bonds, if the Interest Rate Mode is the Semi-Annual Rate, Annual Rate or Long Term Rate, received by the Trustee, as bond registrar (the "Bond Registrar"), at least one Business Day prior to any Record Date. Except as otherwise described below for Bonds held in DTC's book-entry-only system, if the Interest Rate Mode is the Flexible Rate, interest payable on each Bond will be paid only upon presentation and surrender of such Bond.

Bonds may be transferred or exchanged for an equal total amount of Bonds of other authorized denominations upon surrender of such Bonds at the principal office of the Bond Registrar, accompanied by a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the registered owner or the owner's duly authorized attorney. Except as provided in the Indenture, the Bond Registrar will not be required to register the transfer or exchange of any Bond (i) during the fifteen days before any mailing of a notice of redemption of Bonds, (ii) after such Bond has been called for redemption or (iii) for which a registered owner has submitted a demand for purchase (see "Purchases of Bonds on Demand of Owner" below), or which has been purchased (see "Payment of Purchase Price" below). Registration of transfers and exchanges will be made without charge to the registered owners of Bonds, except that the Bond Registrar may require any registered owner requesting registration of transfer or exchange to pay any required tax or governmental charge.

Tender Agent

Owners may tender their Bonds, and in certain circumstances will be required to tender their Bonds, to the Tender Agent for purchase at the times and in the manner described herein under "Summary of Certain Provisions of the Bonds." So long as the Bonds are held in DTC's book-entry-only system, the Trustee will act as Tender Agent under the Indenture. Any successor Tender Agent appointed pursuant to the Indenture will also be a Paying Agent.

Remarketing Agents

Salomon Smith Barney Inc. and Banc of America Securities LLC will act as the Remarketing Agents with respect to the Bonds (the "Remarketing Agents"). The Remarketing Agents may be removed by the Issuer, if so directed by the Company, upon seven days' notice, and may resign in accordance with the Remarketing Agreement upon 10 days' notice.

Certain Definitions

As used herein, each of the following terms will have the meaning indicated:

"Annual Rate Period" means the period beginning on, and including, the Conversion Date to the Annual Rate and ending on, and including, the day next preceding the second Interest Payment Date thereafter, and each successive twelve-month period (or portion thereof) thereafter until the day preceding the earlier of the Conversion to a different Interest Rate Mode or the maturity of the Bonds.

"Beneficial Owner" means the person in whose name a Bond is recorded as such upon the systems of DTC and each Participant (as defined herein) or the registered holder of such Bonds if such Bond is not then registered in the name of Cede & Co.

"Business Day" means any day other than (i) a Saturday or Sunday or legal holiday or a day on which banking institutions in the city in which the principal office of the Trustee, the Bond Registrar, the Tender Agent, the Paying Agent, the Auction Agent, the Company or the Remarketing Agents are located are authorized by law or executive order to close or (ii) a day on which the New York Stock Exchange is closed.

"*Conversion*" means any conversion from time to time in accordance with the terms of the Indenture of the Bonds from one Interest Rate Mode to another Interest Rate Mode.

"*Conversion Date*" means initially the date of original issuance of the Bonds, and thereafter means the date on which any Conversion becomes effective.

"*Daily Rate Period*" means the period beginning on, and including, the Conversion Date to the Daily Rate and ending on and including the day preceding the next Business Day and each period thereafter beginning on and including a Business Day and ending on and including the day preceding the next succeeding Business Day until the day preceding the earlier of the Conversion to a different Interest Rate Mode or the maturity of the Bonds.

"*Dutch Auction Rate Period*" means the period during which the Bonds bear interest at a Dutch Auction Rate determined in accordance with the Dutch Auction Procedures set forth in APPENDIX B.

"*Flexible Rate*" means the Interest Rate Mode for the Bonds in which the interest rate for each Bond is determined with respect to that Bond during each Flexible Rate Period applicable to that Bond, as provided in the Indenture.

"*Flexible Rate Period*" means with respect to any Bond, each period (which may be from one day to 270 days, or such lower maximum number of days as is then permitted under the Indenture) determined for such Bond, as provided in the Indenture.

"*Interest Payment Date*" means (i) if the Interest Rate Mode is the Daily Rate or the Weekly Rate, the first Business Day of each calendar month, (ii) if the Interest Rate Mode is the Flexible Rate, for each Bond the last day of each Flexible Rate Period for such Bond (or if such day is not a Business Day, the next succeeding Business Day), (iii) if the Interest Rate Mode is the Semi-Annual Rate, the Annual Rate or the Long Term Rate, April 1 and October 1, and, in the case of the Long Term Rate, the effective date of a change to a new Long Term Rate Period; (iv) if the Interest Rate Mode is the Dutch Auction Rate Mode (a) for an Auction Period of 91 days or less, the Business Day immediately succeeding the last day of such Auction Period and (b) for an Auction Period of more than 91 days, each 13th Wednesday after the first day of such Auction Period and the Business Day immediately succeeding the last day of such Auction Period (in each case it being understood that in those instances where the immediately preceding Auction Date falls on a day that is not a Business Day, the Interest Payment Date with respect to the succeeding Auction Period shall be one Business Day immediately succeeding the next Auction Date); and (v) any Conversion Date (including the date of a failed Conversion). In any case, the final Interest Payment Date will be the maturity date of the Bonds.

"*Interest Period*" means for all Bonds (or for any Bond if the Interest Rate Mode is the Flexible Rate) the period from and including each Interest Payment Date to and including the day immediately preceding the next Interest Payment Date, provided, however that the first Interest Period for the Bonds will begin on (and include) the date of issuance of the Bonds and the final Interest Period will end on September 30, 2032.

"*Interest Rate Mode*" means the Dutch Auction Rate, the Flexible Rate, the Daily Rate, the Weekly Rate, the Semi-Annual Rate, the Annual Rate and the Long Term Rate.

"*Long Term Rate Period*" means any period established by the Company as hereinafter set forth under "Determination of Interest Rates for Interest Rate Modes — Long Term Rates and Long Term Rate Periods" and beginning on, and including, the Conversion Date to the Long Term Rate and ending on, and including, the day preceding the last Interest Payment Date for such period and, thereafter, each successive period of the same duration as the Long Term Rate Period previously established until the day preceding the earliest of the change to a different Long Term Rate Period, the Conversion to a different Interest Rate Mode or the maturity of the Bonds.

"*Prevailing Market Conditions*" means, without limitation, the following factors: existing short-term or long-term market rates for securities, the interest on which is excluded from gross income

for federal income tax purposes; indexes of such short-term or long-term rates and the existing market supply and demand for securities bearing such short-term or long-term rates; existing yield curves for short-term or long-term securities for obligations of credit quality comparable to the Bonds, the interest on which is excluded from gross income for federal income tax purposes; general economic conditions; industry economic and financial conditions that may affect or be relevant to the Bonds; and such other facts, circumstances and conditions as the Remarketing Agents, in their sole discretion, determine to be relevant.

"*Purchase Date*" means any date on which Bonds are to be purchased on the demand of the registered owners thereof or are subject to mandatory purchase as described in the Indenture.

"*Semi-Annual Rate Period*" means the period beginning on, and including, the Conversion Date to the Semi-Annual Rate, and ending on, and including, the day preceding the first Interest Payment Date thereafter and each successive six-month period thereafter beginning on and including an Interest Payment Date and ending on and including the day next preceding the next Interest Payment Date until the day preceding the earlier of the Conversion to a different Interest Rate Mode or the maturity of the Bonds.

"*Weekly Rate Period*" means the period beginning on, and including, the Conversion Date to the Weekly Rate, and ending on, and including, the next Tuesday, and thereafter the period beginning on, and including, each Wednesday and ending on, and including, the earliest of the next Tuesday, the day preceding the Conversion to a different Interest Rate Mode or the maturity of the Bonds.

Summary of Certain Provisions of the Bonds

The following table summarizes, for each of the permitted Interest Rate Modes (except the Dutch Auction Rate): the dates on which interest will be paid (*Interest Payment Dates*); the dates on which each interest rate will be determined (*Interest Rate Determination Dates*); the period of time (*Interest Rate Periods*) each interest rate will be in effect (provided that the initial Interest Rate Period for each Interest Rate Mode may begin on a different date from that specified, which date will be the Conversion Date or the date of a change in the Long Term Rate, as applicable); the dates on which registered owners may tender their Bonds for purchase to the Tender Agent and the notice requirements therefor (provided that while the Bonds are held in book-entry-only form, all notices of tender for purchase will be given by Beneficial Owners in the manner described under "SUMMARY OF THE BONDS — Purchases of Bonds on Demand of Owner — Notice Required for Purchases") (*Purchase on Demand of Owner; Required Notice*); the dates on which Bonds are subject to mandatory tender for purchase (*Mandatory Purchase Dates*); the redemption provisions applicable to the Bonds (*Redemption*); the notice requirements for redemption and mandatory tender for purchase (*Notices of Redemption and Mandatory Purchases*); and the manner by which registered owners will receive payments of principal, interest, redemption price and purchase price (*Manner of Payment*). All times stated are New York City time. For a summary of the Dutch Auction Procedures, see APPENDIX B.

	<u>FLEXIBLE RATE</u>	<u>DAILY RATE</u>	<u>WEEKLY RATE</u>
Interest Payment Dates	With respect to any Bond, the last day of each Flexible Rate Period (or if such day is not a Business Day, the next succeeding Business Day).	The first Business Day of each calendar month.	The first Business Day of each calendar month.
Interest Rate Determination Dates	For each Bond, not later than 12:00 noon on the first day of each Flexible Rate Period for such Bond.	Not later than 9:30 a.m. on each Business Day.	Not later than 4:00 p.m. on the day preceding each Weekly Rate Period or, if not a Business Day, on the next preceding Business Day.
Interest Rate Periods	For each Bond, each Flexible Rate Period will be of a duration designated by the Remarketing Agents of one day to 270 days (or lower maximum number as specified in the Indenture); must end on a day immediately prior to a Business Day.	From and including each Business Day to but not including the next Business Day.	From and including each Wednesday to and including the following Tuesday.
Purchase on Demand of Owner; Required Notice*	No purchase on demand of the owner.	Any Business Day; by written or telephonic notice, promptly confirmed in writing, to the Tender Agent by 11:00 a.m. on such Business Day.	Any Business Day; by written notice to the Tender Agent not later than 5:00 p.m. on a Business Day at least seven days prior to the Purchase Date.
Mandatory Purchase Dates	Any Conversion Date; and with respect to each Bond, on each Interest Payment Date for such Bond.	Any Conversion Date.	Any Conversion Date.
Redemption	Optional at par on any Interest Payment Date; Extraordinary Optional and Mandatory at par, on any Business Day (other than extraordinary optional redemption as a result of damage, destruction or condemnation which will be on an Interest Payment Date).	Optional, Extraordinary Optional and Mandatory at par on any Business Day.	Optional, Extraordinary Optional and Mandatory at par on any Business Day.
Notices of Redemption and Mandatory Purchases	No notice of mandatory purchase following the end of each Flexible Rate Period; otherwise not fewer than 15 days (not fewer than 30 days notice of mandatory purchase on a Conversion Date if Conversion to the Semi-Annual, Annual or Long Term Rate) or greater than 45 days.	Not fewer than 15 days (30 days notice of mandatory purchase if Conversion to the Semi-Annual, Annual or Long Term Rate) or greater than 45 days.	Not fewer than 15 days (30 days notice of mandatory purchase if Conversion to the Semi-Annual, Annual or Long Term Rate) or greater than 45 days.
Manner of Payment	Principal or redemption price upon surrender of the Bond to the Paying Agent; purchase price upon surrender of the Bond to the Tender Agent.	Principal or redemption price upon surrender of the Bond to the Paying Agent; purchase price upon surrender of the Bond to the Tender Agent.	Principal or redemption price upon surrender of the Bond to the Paying Agent; purchase price upon surrender of the Bond to the Tender Agent.

* So long as DTC or its nominee is the registered owner of the Bonds, notices of redemption and mandatory purchases shall be sent to Cede & Co., and payments of principal, redemption and purchase price of and interest on the Bonds will be paid through the facilities of DTC. See "-- Book-Entry-Only System" below.

	<u>SEMI-ANNUAL</u>	<u>ANNUAL</u>	<u>LONG-TERM</u>
Interest Payment Date	Each April 1 and October 1.	Each April 1 and October 1.	Each April 1 and October 1; any Conversion Date; and the effective date of any change to a new Long Term Rate Period.
Interest Rate Determination Dates	Not later than 2:00 p.m. on the Business Day preceding the first day of the Semi-Annual Rate Period.	Not later than 12:00 noon on the Business Day preceding the first day of the Annual Rate Period.	Not later than 12:00 noon on the Business Day preceding the first day of the Long Term Rate Period.
Interest Rate Periods	Each six-month period from and including each April 1 and October 1 to and including the day preceding the next Interest Payment Date.	Each period from and including the Conversion Date to the Annual Rate to and including the day immediately preceding the second Interest Payment Date thereafter and each successive twelve month period thereafter.	Each period designated by the Company of more than one year in duration and which is an integral multiple of six months, from and including the first day of such period (April 1 and October 1) to and including the day immediately preceding the last Interest Payment Date for that period.
Purchase on Demand of Owner; Required Notice	On any Interest Payment Date; by written notice to the Tender Agent on any Business Day not later than the fifteenth day prior to the Purchase Date.	On the final Interest Payment Date for the Annual Rate Period; by written notice to the Tender Agent on any Business Day not later than the fifteenth day prior to the Purchase Date.	On the final Interest Payment Date for the Long Term Rate Period; by written notice to the Tender Agent on a Business Day not later than the fifteenth day prior to the Purchase Date.
Mandatory Purchase Dates	Any Conversion Date; the first Business Day after the end of each Semi-Annual Rate Period.	Any Conversion Date; the first Business Day after the end of each Annual Rate Period.	Any Conversion Date; the first Business Day after the end of each Long Term Rate Period; the effective date of a change of Long Term Rate Period.
Redemption	Optional at par on any Interest Payment Date; Extraordinary Optional and Mandatory at par, on any Business Day (other than extraordinary optional redemption as a result of damage, destruction or condemnation which will be on an Interest Payment Date).	Optional at par on the final Interest Payment Date; Extraordinary Optional and Mandatory at par, on any Business Day.	Optional at times and prices dependent on the length of the Long Term Rate Period; Extraordinary Optional and Mandatory at par, on any Business Day.
Notices of Redemption and Mandatory Purchases	Not fewer than 30 days or greater than 45 days.	Not fewer than 30 days or greater than 45 days.	Not fewer than 30 days or greater than 45 days.
Manner of Payment	Principal or redemption price upon surrender of the Bond to the Paying Agent; interest by check mailed to the registered owners or, upon request of registered owner, of \$1,000,000 or more of an individual issue of Bonds, in immediately available funds; purchase price upon surrender of the Bond to the Tender Agent.	Principal or redemption price upon surrender of the Bond to the Paying Agent; interest by check mailed to the registered owners or, upon request of registered owner, of \$1,000,000 or more of an individual issue of Bonds, in immediately available funds; purchase price upon surrender of the Bond to the Tender Agent.	Principal or redemption price upon surrender of the Bond to the Paying Agent; interest by check mailed to the registered owners or, upon request of registered owner, of \$1,000,000 or more of an individual issue of Bonds, in immediately available funds; purchase price upon surrender of the Bond to the Tender Agent.

So long as DTC or its nominee is the registered owner of the Bonds, notices of redemption and mandatory purchases shall be sent to Cede & Co., and payments of principal, redemption and purchase price of and interest on the Bonds will be paid through the facilities of DTC. See "-- Book-Entry-Only System" below.

Determination of Interest Rates for Interest Rate Modes

For any Rate Period other than a Dutch Auction Rate Period, interest rates shall be established by one or both of the Remarketing Agents as follows (see APPENDIX B hereto for a description of how the interest rate will be established during the Dutch Auction Rate Period):

Daily Rate. If the Interest Rate Mode for the Bonds is the Daily Rate, the interest rate on the Bonds for any Business Day will be the rate established by the Remarketing Agents no later than 9:30 a.m. (New York City time) on such Business Day as the minimum rate of interest necessary, in the judgment of the Remarketing Agents taking into account then Prevailing Market Conditions, to enable the Remarketing Agents to sell the Bonds on such Business Day at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. For any day which is not a Business Day or if the Remarketing Agents do not give notice of a change in the interest rate, the interest rate on the Bonds will be the interest rate in effect for the immediately preceding Business Day.

Weekly Rate. If the Interest Rate Mode for the Bonds is the Weekly Rate, the interest rate on the Bonds for a particular Weekly Rate Period will be the rate established by the Remarketing Agents no later than 4:00 p.m. (New York City time) on the day preceding such Weekly Rate Period or, if such day is not a Business Day, on the next preceding Business Day, as the minimum rate of interest necessary, in the judgment of the Remarketing Agents taking into account then Prevailing Market Conditions, to enable the Remarketing Agents to sell the Bonds on such first day at a price equal to the principal amount thereof, plus accrued interest, if any, thereon.

Flexible Rates and Flexible Rate Periods. If the Interest Rate Mode for the Bonds is the Flexible Rate, the interest rate on a Bond for a specific Flexible Rate Period will be the rate established by the Remarketing Agents no later than 12:00 noon (New York City time) on the first day of that Flexible Rate Period as the minimum rate of interest necessary, in the judgment of the Remarketing Agents taking into account then Prevailing Market Conditions, to enable the Remarketing Agents to sell such Bond on that day at a price equal to the principal amount thereof. Each Flexible Rate Period applicable for a Bond will be determined separately by the Remarketing Agents on or prior to the first day of such Flexible Rate Period as being the Flexible Rate Period permitted under the Indenture which, in the judgment of the Remarketing Agents, taking into account then Prevailing Market Conditions, will, with respect to such Bond, ultimately produce the lowest overall interest cost on the Bonds while the Interest Rate Mode for the Bonds is the Flexible Rate. Each Flexible Rate Period will be from one day to 270 days in length and will end on a day preceding a Business Day. If the Remarketing Agents fail to set the length of a Flexible Rate Period for any Bond, a new Flexible Rate Period lasting to, but not including, the next Business Day (or until the earlier Conversion or maturity of the Bonds) will be established automatically in accordance with the Indenture.

Semi-Annual Rate. If the Interest Rate Mode for the Bonds is the Semi-Annual Rate, the interest rate on the Bonds for a particular Semi-Annual Rate Period will be the rate established by the Remarketing Agents no later than 2:00 p.m. (New York City time) on the Business Day immediately preceding the first day of such Semi Annual Rate Period as the minimum rate of interest necessary, in the judgment of the Remarketing Agents taking into account then Prevailing Market Conditions, to enable the Remarketing Agents to sell the Bonds on such first day at a price equal to the principal amount thereof.

Annual Rate. If the Interest Rate Mode for the Bonds is the Annual Rate, the interest rate on the Bonds for a particular Annual Rate Period will be the rate of interest established by the Remarketing Agents no later than 12:00 noon (New York City time) on the Business Day preceding the first day of such Annual Rate Period as the minimum rate of interest necessary, in the judgment of the Remarketing Agents taking into account then Prevailing Market Conditions, to enable the Remarketing Agents to sell the Bonds on such first day at a price equal to the principal amount thereof.

Long Term Rates and Long Term Rate Periods. If the Interest Rate Mode for the Bonds is the Long Term Rate, the interest rate on the Bonds for a particular Long Term Rate Period will be the rate established by the Remarketing Agents no later than 12:00 noon (New York City time) on the Business Day preceding the first day of such Long Term Rate Period as the minimum rate of interest necessary, in

the judgment of the Remarketing Agents taking into account then Prevailing Market Conditions, to enable the Remarketing Agents to sell the Bonds on such first day at a price equal to the principal amount thereof. The Company will establish the duration of the Long Term Rate Period at the time that it directs the Conversion of the Interest Rate Mode to the Long Term Rate, and thereafter each successive Long Term Rate Period will be the same as the Long Term Rate Period so established by the Company until a different Long Term Rate Period is specified by the Company in accordance with the Indenture (in which case the duration of that Long Term Rate Period will control succeeding Long Term Rate Periods), subject in all cases to the occurrence of a Conversion Date or the maturity of the Bonds. Each Long Term Rate Period will be more than one year in duration, will be for a period which is an integral multiple of six months and will end on the day next preceding an Interest Payment Date; provided that if a Long Term Rate Period commences on a date other than an April 1 or October 1, such Long Term Rate Period may be for a period which is not an integral multiple of six months but will be of a duration as close as possible to (but not in excess of) such Long Term Rate Period established by the Company and will terminate on a day preceding an Interest Payment Date, and each successive Long Term Rate Period thereafter will be for the full period established by the Company until a different Long Term Rate Period is specified by the Company in accordance with the Indenture or until the occurrence of a Conversion Date or the maturity of the Bonds; provided further that no Long Term Rate Period will extend beyond the final maturity date of the Bonds.

Failure to Determine Rate. If for any reason the interest rate for a Bond is not determined by the Remarketing Agents, except as described below under "Conversion of Interest Rate Modes and Changes of Long Term Rate Periods — Change of Long Term Rate Period" and "-- Cancellation of Conversion of Interest Rate Mode," the interest rate for such Bond for the next succeeding interest rate period will be the interest rate in effect for such Bond for the preceding interest rate period and, pursuant to the terms of the Indenture, there will be no change in the then applicable Long Term Rate Period or any Conversion from the then applicable Interest Rate Mode. Notwithstanding the foregoing, if for any reason the interest rate for a Bond bearing interest at a Flexible Rate is not determined by the Remarketing Agents, the interest rate for such Bond for the next succeeding Interest Period will be equal to The Bond Market Association Municipal Swap Index™ (the "Municipal Index") as defined in the Indenture and the Interest Period for such Bond will extend through the day preceding the next Business Day, until the Trustee is notified of a new Flexible Rate and Flexible Rate Period determined for such Bond by the Remarketing Agents.

Conversion of Interest Rate Modes and Changes of Long Term Rate Periods

Method of Conversion. The Interest Rate Mode for the Bonds is subject to Conversion from time to time, in whole but not in part, on the dates specified below under "Limitations on Conversion," at the option of the Company, upon notice from the Bond Registrar to the registered owners of the Bonds, as described below. With any notice of Conversion, the Company must also deliver to the Bond Registrar an opinion of Bond Counsel stating that such Conversion is authorized or permitted by the Act and is authorized by the Indenture and will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes, other than a Conversion from the Daily Rate Period to the Weekly Rate Period or from the Weekly Rate Period to the Daily Rate Period.

Limitations on Conversion. Any Conversion of the Interest Rate Mode for the Bonds must be in compliance with the following conditions: (i) the Conversion Date must be a date on which the Bonds are subject to optional redemption (see "Redemptions — Optional Redemption" below); provided that any Conversion from the Daily Rate Period to a Weekly Rate Period or from the Weekly Rate Period to the Daily Rate Period must be on a Wednesday and, if the Conversion is to or from a Dutch Auction Rate Period, the Conversion Date must be the last Interest Payment Date in respect of that Dutch Auction Rate Period; (ii) if the proposed Conversion Date would not be an Interest Payment Date but for the Conversion, the Conversion Date must be a Business Day; (iii) if the Conversion is from the Flexible Rate, (a) the Conversion Date may be no earlier than the latest Interest Payment Date established prior to the giving of notice to the Remarketing Agents of such proposed Conversion and (b) no further Interest Payment Date may be established while the Interest Rate Mode is then the Flexible Rate if such Interest Payment Date would occur after the effective date of that Conversion; and (iv) after a determination is made requiring mandatory redemption of all Bonds pursuant to the Indenture (see "Redemptions" below), no change in the Interest Rate Mode may be made prior to such mandatory redemption. Before the

Company may convert the Interest Rate Mode for Bonds from the Dutch Auction Rate to any other Interest Rate Mode, the Company must first obtain the written consent of the Bond Insurer to that Conversion.

Change of Long Term Rate Period. The Company may change from one Long Term Rate Period to another Long Term Rate Period on any Business Day on which the Bonds are subject to optional redemption as described under "Redemptions — Optional Redemption" below upon notice from the Bond Registrar to the owners of Bonds as described below. With any notice of such change, the Company must also deliver an opinion of Bond Counsel stating that such change is authorized or permitted by the Act and is authorized by the Indenture and will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. Notwithstanding the foregoing, the Long Term Rate Period will not be changed to a new Long Term Rate Period if (A) the Remarketing Agents have not determined the interest rate for the new Long Term Rate Period in accordance with the terms of the Indenture or (B) the Bond Registrar receives written notice from Bond Counsel prior to the effective date of the change to the effect that the opinion of such Bond Counsel required under the Indenture has been rescinded. Upon the occurrence of any of the events described in the preceding sentence, the Bonds will bear interest at the Weekly Rate commencing on the date which would have been the effective date of the proposed change of Long Term Rate Period, subject to the provisions described below under "--Cancellation of Conversion of Interest Rate Mode."

Notice to Owners of Conversion of Interest Rate Mode or of Change of Long Term Rate Period. The Bond Registrar will notify each registered owner of the Conversion or change of Long Term Rate Period, as applicable, by first class mail at least 15 days (30 days in the case of Conversion from or to the Semi-Annual Rate, the Annual Rate or a Long Term Rate or in the case of a change in the Long Term Rate Period) but not more than 45 days before each Conversion Date or each effective date of a change in the Long Term Rate Period. The notice will state those matters required to be set forth therein under the Indenture.

Cancellation of Conversion of Interest Rate Mode. Notwithstanding the foregoing, no Conversion will occur if (A) the Remarketing Agents have not determined the initial interest rate for the new Interest Rate Mode in accordance with the terms of the Indenture, (B) the Bonds that are to be purchased are not remarketed or sold by the Remarketing Agents, or (C) the Bond Registrar receives written notice from Bond Counsel prior to the opening of business on the effective date of Conversion to the effect that the opinion of such Bond Counsel required under the Indenture has been rescinded. If such Conversion fails to occur, such Bonds in the Dutch Auction Rate shall remain in such Interest Rate Mode and Bonds in any other Interest Rate Mode will automatically be converted to the Weekly Rate (with the first period adjusted in length so that the last day of such period will be a Tuesday) at the rate determined by the Remarketing Agents on the failed Conversion Date; provided, that there must be delivered to the Issuer, the Trustee, the Tender Agent, the Company and the Remarketing Agents an opinion of Bond Counsel to the effect that determining the interest rate to be borne by the Bonds at a Weekly Rate is authorized or permitted by the Act and is authorized under the Indenture and will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. If such opinion is not delivered on the failed Conversion Date, the Bonds will bear interest for a Rate Period of the same type and of substantially the same length as the Rate Period in effect prior to the failed Conversion Date at a rate of interest determined by the Remarketing Agents on the failed Conversion Date (or if shorter, the Rate Period ending on the date before the maturity date); provided that if the Bonds then bear interest at the Long Term Rate, and if such opinion is not delivered on the date which would have been the effective date of a new Long Term Rate Period, the Bonds will bear interest at the Annual Rate, commencing on such date, at an Annual Rate determined by the Remarketing Agents on such date. If the proposed Conversion of Bonds fails as described herein, any mandatory purchase of such Bonds will remain effective.

Purchases of Bonds on Demand of Owner

As initially issued, the Bonds will bear interest at the Dutch Auction Rate and as a result will not be subject to purchase on demand of the owners thereof. When the Interest Rate Mode is other than the Dutch Auction Rate, the Bonds are subject to purchase on the demand of the owners thereof as described

below. If the Bonds are in the book-entry-only system, demands for purchase may be made by Beneficial Owners only through such Beneficial Owner's Direct Participant (as defined under the caption "Book-Entry-Only System"). If the Bonds are in certificated form, demands for purchase may be made only by registered owners.

Daily Rate. If the Interest Rate Mode for the Bonds is the Daily Rate, any Bond will be purchased on the demand of the registered owner thereof on any Business Day during a Daily Rate Period at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the Purchase Date upon written notice or telephonic notice to the Tender Agent at its principal office not later than 11:00 a.m. (New York City time) on such Business Day.

Weekly Rate. If the Interest Rate Mode for the Bonds is the Weekly Rate, any Bond will be purchased on the demand of the registered owner thereof on any Business Day during a Weekly Rate Period at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the Purchase Date upon written notice to the Tender Agent at its principal office at or before 5:00 p.m. (New York City time) on a Business Day not later than the seventh day prior to the Purchase Date.

Semi-Annual Rate. If the Interest Rate Mode for the Bonds is the Semi-Annual Rate, any Bond will be purchased on the demand of the registered owner thereof on any Interest Payment Date for a Semi-Annual Rate Period at a purchase price equal to the principal amount thereof upon written notice to the Tender Agent at its principal office on a Business Day not later than the fifteenth day prior to such Purchase Date.

Annual Rate. If the Interest Rate Mode for the Bonds is the Annual Rate, any Bond will be purchased on the demand of the registered owner thereof on the final Interest Payment Date for such Annual Rate Period at a purchase price equal to the principal amount thereof upon written notice to the Tender Agent at its principal office on a Business Day not later than the fifteenth day prior to such Purchase Date.

Long Term Rate. If the Interest Rate Mode for the Bonds is the Long Term Rate, any Bond will be purchased on the demand of the registered owner thereof on the final Interest Payment Date for such Long Term Rate Period (unless such date is the final maturity date) at a purchase price equal to the principal amount thereof upon written notice to the Tender Agent at its principal office on a Business Day not later than the fifteenth day prior to such Purchase Date.

Limitations on Purchases on Demand of Owner. Notwithstanding the foregoing, there will be no purchase of (a) a portion of any Bond unless the portion to be purchased and the portion to be retained each will be in an authorized denomination or (b) any Bond upon the demand of the registered owner if an Event of Default under the Indenture with respect to the payment of principal of, interest on, or purchase price of, the Bonds has occurred and is continuing. Also, if the Interest Rate Mode for the Bonds is the Flexible Rate, the Bonds will not be subject to purchase on the demand of the registered owners thereof, but each Bond will be subject to mandatory purchase on each Conversion Date and on the Interest Payment Date with respect to such Bond, as described below under the caption "Mandatory Purchases of Bonds."

Notice Required for Purchases. Any written notice delivered to the Tender Agent by an owner demanding the purchase of Bonds must (A) be delivered by the time and dates specified above, (B) state the number and principal amount (or portion thereof) of such Bond to be purchased, (C) state the Purchase Date on which such Bond is to be purchased, (D) irrevocably request such purchase and state that the owner agrees to deliver such Bond, duly endorsed in blank for transfer, with all signatures guaranteed, to the Tender Agent at or prior to 11:00 a.m. (1:00 p.m. if a tender during a Daily Rate Period and 12:00 noon if a tender during a Weekly Rate Period) (New York City time) on such Purchase Date.

Mandatory Purchases of Bonds

Mandatory Purchase on Conversion Dates or Change by the Company in Long Term Rate Period. The Bonds will be subject to mandatory purchase at a purchase price equal to the principal

amount thereof, plus, if the Interest Rate Mode is the Long Term Rate, the redemption premium, if any, which would be payable as described under "Redemptions — Optional Redemption" below, if the Bonds were redeemed on the Purchase Date (A) on each Conversion Date and (B) on the effective date of any change by the Company of the Long Term Rate Period. Such tender and purchase will be required even if the change in Long Term Rate Period or the Conversion is canceled pursuant to the Indenture.

Mandatory Purchase on Each Interest Payment Date for Flexible Rate Period. Whenever the Interest Rate Mode for the Bonds is the Flexible Rate, each Bond will be subject to mandatory purchase at a purchase price equal to the principal amount thereof, without premium, on each Interest Payment Date that interest on such Bond is payable at an interest rate determined for the Flexible Rate. Owners of Bonds will receive no notice of such mandatory purchase.

Mandatory Purchase on Day after End of the Semi-Annual Rate Period, the Annual Rate Period or the Long Term Rate Period. Whenever the Interest Rate Mode for the Bonds is the Semi-Annual Rate, the Annual Rate or the Long Term Rate, such Bonds will be subject to mandatory purchase on the Business Day following the end of each Semi-Annual Rate Period, Annual Rate Period or Long Term Rate Period, as the case may be, for such Bond at a purchase price equal to the principal amount thereof plus accrued interest, if any, to such date.

Notice to Owners of Mandatory Purchases. Notice to owners of a mandatory purchase of Bonds on a Conversion Date or upon a change in Long Term Rate Period will be given by the Bond Registrar, together with the notice of such Conversion or change of Long Term Rate Period, as applicable, by first class mail at least 15 days (30 days in the case of Conversion from or to the Dutch Auction Rate, the Semi-Annual Rate, the Annual Rate or the Long Term Rate or in the case of a change in the Long Term Rate Period) but not more than 45 days before each Conversion Date or each effective date of a change in the Long Term Rate Period. Notice to owners of a mandatory purchase of Bonds after the end of each Semi-Annual Rate Period, Annual Rate Period and Long Term Rate Period will be given by the Bond Registrar by first class mail at least 30 days prior to the end of such period. The notice of mandatory purchase will state those matters required to be set forth therein under the Indenture. No notice of mandatory purchase will be given in connection with a mandatory purchase on an Interest Payment Date for a Flexible Rate Period.

Remarketing and Purchase of Bonds

The Indenture provides that, subject to the terms of a Remarketing Agreement with the Company, the Remarketing Agents will use their commercially reasonable best efforts to offer for sale Bonds purchased upon demand of the owners thereof and, unless otherwise instructed by the Company, upon mandatory purchase, provided that Bonds will not be remarketed upon the occurrence and continuance of certain Events of Default under the Indenture, except in the sole discretion of the Remarketing Agents. Each such sale will be at a price equal to the principal amount thereof, plus interest accrued to the date of sale. The Remarketing Agents, the Trustee, the Paying Agent, the Bond Registrar or the Tender Agent each may purchase any Bonds offered for sale for its own account.

The purchase price of Bonds tendered for purchase will be paid by the Tender Agent from moneys derived from the remarketing of such Bonds by the Remarketing Agents and, if such remarketing proceeds are insufficient, from moneys made available by the Company. The Company is obligated to purchase any Bonds tendered for purchase to the extent such Bonds have not been remarketed. Any such purchases by the Company will not result in the extinguishment of the purchased Bonds. The Company currently maintains lines of credit or other liquidity facilities in amounts determined by it to be sufficient to meet its current needs and expects to continue to maintain such lines of credit or other liquidity facilities from time to time to the extent determined by it to be necessary to meet its then-current needs. The Trustee, any Paying Agent, the Tender Agent and the owners of the Bonds have no right to draw under any line of credit or other liquidity facility maintained by the Company. There is no provision in the Indenture or the Loan Agreement requiring the Company to maintain such financing arrangements which may be discontinued at any time without notice. The First Mortgage Bonds and the Bond Insurance Policy are not intended to provide a direct source of liquidity to pay the purchase price of Bonds tendered for purchase pursuant to the Indenture.

Any deficiency in purchase price payments resulting from the Remarketing Agents' failure to deliver remarketing proceeds of all Bonds with respect to which the Remarketing Agents notified the Tender Agent were remarketed will not result in an Event of Default under the Indenture until the opening of business on the next succeeding Business Day unless the Company fails to provide sufficient funds to pay such purchase price by the opening of business on such next succeeding Business Day. If sufficient funds are not available for the purchase of all tendered Bonds, no purchase of Bonds will be consummated, but failure to consummate such purchase will not be deemed to be an Event of Default under the Indenture if sufficient funds have been provided in a timely manner by the Company to the Tender Agent for such purpose.

Payment of Purchase Price

When a book-entry-only system is not in effect, payment of the purchase price of any Bond will be payable (and delivery of a replacement Bond in exchange for the portion of any Bond not purchased if such Bond is purchased in part will be made) on the Purchase Date upon delivery of such Bond to the Tender Agent on such Purchase Date; provided that such Bond must be delivered to the Tender Agent: (i) at or prior to 12:00 noon (New York City time), in the case of Bonds delivered for purchase during a Weekly Rate Period or Flexible Rate Period, (ii) at or prior to 1:00 p.m. (New York City time), in the case of Bonds delivered for purchase during a Daily Rate Period or (iii) at or prior to 11:00 a.m. (New York City time), in the case of Bonds delivered for purchase during a Semi-Annual Rate Period, Annual Rate Period or Long Term Rate Period. If the date of such purchase is not a Business Day, the purchase price will be payable on the next succeeding Business Day.

Any Bond delivered for payment of the purchase price must be accompanied by an instrument of transfer thereof in form satisfactory to the Tender Agent executed in blank by the registered owner thereof and with all signatures guaranteed. The Tender Agent may refuse to accept delivery of any Bond for which an instrument of transfer satisfactory to it has not been provided and has no obligation to pay the purchase price of such Bond until a satisfactory instrument is delivered.

If the registered owner of any Bond (or portion thereof) that is subject to purchase pursuant to the Indenture fails to deliver such Bond with an appropriate instrument of transfer to the Tender Agent for purchase on the Purchase Date, and if the Tender Agent is in receipt of the purchase price therefor, such Bond (or portion thereof) nevertheless will be deemed purchased on the Purchase Date thereof. Any owner who so fails to deliver such Bond for purchase on (or before) the Purchase Date will have no further rights thereunder, except the right to receive the purchase price thereof from those moneys deposited with the Tender Agent in the Purchase Fund pursuant to the Indenture upon presentation and surrender of such Bond to the Tender Agent properly endorsed for transfer in blank with all signatures guaranteed.

When a book-entry-only system is in effect, the requirement for physical delivery of the Bonds will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on the records of DTC to the participant account of the Tender Agent.

Redemptions

Optional Redemption.

(i) Whenever the Interest Rate Mode for the Bonds is the Daily Rate or the Weekly Rate, the Bonds will be subject to redemption at the option of the Issuer, upon the written direction of the Company, in whole or in part, at a redemption price of 100% of the principal amount thereof, plus interest accrued, if any, to the redemption date, on any Business Day.

(ii) Whenever the Interest Rate Mode for a Bond is the Flexible Rate, such Bond will be subject to redemption at the option of the Issuer, upon the written direction of the Company, in whole or in part, at a redemption price of 100% of the principal amount thereof on any Interest Payment Date for that Bond.

(iii) Whenever the Interest Rate Mode for the Bonds is the Dutch Auction Rate, the Bonds will be subject to redemption at the option of the Issuer, upon the written direction of the Company, in whole or in part, on the Business Day immediately succeeding any Auction Date (as defined in APPENDIX B attached hereto), at a redemption price of 100% of the principal amount thereof, together with accrued interest to the redemption date.

(iv) Whenever the Interest Rate Mode for the Bonds is the Semi-Annual Rate, the Bonds will be subject to redemption at the option of the Issuer, upon the written direction of the Company, in whole or in part, at a redemption price of 100% of the principal amount thereof on any Interest Payment Date.

(v) Whenever the Interest Rate Mode for the Bonds is the Annual Rate, the Bonds will be subject to redemption at the option of the Issuer, upon the written direction of the Company, in whole or in part, at a redemption price of 100% of the principal amount thereof on the final Interest Payment Date for each Annual Rate Period.

(vi) Whenever the Interest Rate Mode for the Bonds is the Long Term Rate, the Bonds will be subject to redemption at the option of the Issuer, upon the written direction of the Company, in whole or in part, (A) on the final Interest Payment Date for the then current Long Term Rate Period at a redemption price of 100% of the principal amount thereof and (B) prior to the end of the then current Long Term Rate Period at any time during the redemption periods and at the redemption prices set forth below, plus in each case interest accrued, if any, to the redemption date:

Original Length of Current Long Term Rate Period (Years)	Commencement of Redemption Period	Redemption Price as Percentage of Principal
More than or equal to 11 years	First Interest Payment Date on or after the tenth anniversary of commencement of Long Term Rate Period	101%, declining by 1% on the next succeeding anniversary of the first day of the redemption period and thereafter 100%
Less than 11 years	Non-callable	Non-callable

Subject to certain conditions, including provision of an opinion of Bond Counsel that a change in the redemption provisions of the Bonds will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes, the redemption periods and redemption prices may be revised, effective as of the Conversion Date, the date of a change in the Long Term Rate Period or a Purchase Date on the final Interest Payment Date during a Long Term Rate Period, to reflect Prevailing Market Conditions on such date as determined by the Remarketing Agents in their judgment.

Extraordinary Optional Redemption in Whole. The Bonds may be redeemed by the Issuer in whole at any time at 100% of the principal amount thereof plus accrued interest to the redemption date upon the exercise by the Company of an option under the Loan Agreement to prepay the loan if any of the following events shall have occurred within 180 days preceding the giving of written notice by the Company to the Trustee of such election:

- (i) if in the judgment of the Company, unreasonable burdens or excessive liabilities have been imposed upon the Company after the issuance of the Bonds with respect to the Project or the operation thereof, including without limitation federal, state or other ad valorem property, income or other taxes not imposed on the date of the Loan Agreement, other than ad valorem taxes levied upon privately owned property used for the same general purpose as the Project;
- (ii) if the Project or a portion thereof or other property of the Company in connection with which the Project is used has been damaged or destroyed to such an extent so as, in the

judgment of the Company, to render the Project or such other property of the Company in connection with which the Project is used unsatisfactory to the Company for its intended use, and such condition continues for a period of six months;

(iii) there has occurred condemnation of all or substantially all of the Project or the taking by eminent domain of such use or control of the Project or other property of the Company in connection with which the Project is used so as, in the judgment of the Company, to render the Project or such other property of the Company unsatisfactory to the Company for its intended use;

(iv) in the event changes, which the Company cannot reasonably control, in the economic availability of materials, supplies, labor, equipment or other properties or things necessary for the efficient operation of the Generating Station have occurred, which, in the judgment of the Company, render the continued operation of such Generating Station or any generating unit at such station uneconomical; or changes in circumstances after the issuance of the Bonds, including but not limited to changes in clean air or other air and water pollution control requirements or solid waste disposal requirements, have occurred such that the Company determines that use of the Project is no longer required or desirable;

(v) the Loan Agreement has become void or unenforceable or impossible of performance by reason of any changes in the Constitution of the Commonwealth of Kentucky or the Constitution of the United States of America or by reason of legislative or administrative action (whether state or federal) or any final decree, judgment or order of any court or administrative body, whether state or federal; or

(vi) a final order or decree of any court or administrative body after the issuance of the Bonds requires the Company to cease a substantial part of its operation at the Generating Station to such extent that the Company will be prevented from carrying on its normal operations at such Generating Station for a period of six months.

Extraordinary Optional Redemption in Whole or in Part. The Bonds are also subject to redemption in whole or in part at 100% of the principal amount thereof plus accrued interest to the redemption date at the option of the Company in an amount not to exceed the net proceeds received from insurance or any condemnation award received by the Issuer, the Company or the First Mortgage Trustee in the event of damage, destruction or condemnation of all or a portion of the Project, subject to receipt of an opinion of Bond Counsel that such redemption will not adversely affect the exclusion of interest on any of the Bonds from gross income for federal income tax purposes. See "SUMMARY OF THE LOAN AGREEMENT — Maintenance; Damage, Destruction and Condemnation." Such redemption may occur at any time, provided that if such event occurs while the Interest Rate Mode for the Bonds is the Daily Rate, Weekly Rate, Flexible Rate or Semi-Annual Rate, such redemption must occur on a date on which the Bonds are otherwise subject to optional redemption as described above.

Mandatory Redemption; Determination of Taxability. The Bonds are required to be redeemed by the Issuer, in whole, or in such part as described below, at a redemption price equal to 100% of the principal amount thereof, without redemption premium, plus accrued interest, if any, to the redemption date, within 180 days following a "Determination of Taxability." As used herein, a "Determination of Taxability" means the receipt by the Trustee of written notice from a current or former registered owner of a Bond or from the Company or the Issuer of (i) the issuance of a published or private ruling or a technical advice memorandum by the Internal Revenue Service in which the Company participated or has been given the opportunity to participate, and which ruling or memorandum the Company, in its discretion, does not contest or from which no further right of administrative or judicial review or appeal exists, or (ii) a final determination from which no further right of appeal exists of any court of competent jurisdiction in the United States in a proceeding in which the Company has participated or has been a party, or has been given the opportunity to participate or be a party, in each case, to the effect that as a result of a failure by the Company to perform or observe any covenant or agreement or the inaccuracy of any representation contained in the Loan Agreement or any other agreement or certificate delivered in connection with the Bonds, the interest on the Bonds is included in the gross income of the owners

thereof for federal income tax purposes, other than with respect to a person who is a "substantial user" or a "related person" of a substantial user within the meaning of the Section 147 of Internal Revenue Code of 1986, as amended (the "Code"); provided, however, that no such Determination of Taxability shall be considered to exist as a result of the Trustee receiving notice from a current or former registered owner of a Bond or from the Issuer unless (i) the Issuer or the registered owner or former registered owner of the Bond involved in such proceeding or action (A) gives the Company and the Trustee prompt notice of the commencement thereof, and (B) (if the Company agrees to pay all expenses in connection therewith) offers the Company the opportunity to control unconditionally the defense thereof, and (ii) either (A) the Company does not agree within 30 days of receipt of such offer to pay such expenses and liabilities and to control such defense, or (B) the Company shall exhaust or choose not to exhaust all available proceedings for the contest, review, appeal or rehearing of such decree, judgment or action which the Company determines to be appropriate. No Determination of Taxability described above will result from the inclusion of interest on any Bond in the computation of minimum or indirect taxes. All of the Bonds are required to be redeemed upon a Determination of Taxability as described above unless, in the opinion of Bond Counsel, redemption of a portion of such Bonds would have the result that interest payable on the remaining Bonds outstanding after the redemption would not be so included in any such gross income.

In the event any of the Issuer, the Company or the Trustee has been put on notice or becomes aware of the existence or pendency of any inquiry, audit or other proceedings relating to the Bonds being conducted by the Internal Revenue Service, the party so put on notice is required to give immediate written notice to the other parties of such matters. Promptly upon learning of the occurrence of a Determination of Taxability (whether or not the same is being contested), or any of the events described above, the Company is required to give notice thereof to the Trustee and the Issuer.

If the Internal Revenue Service or a court of competent jurisdiction determines that the interest paid or to be paid on any Bond (except to a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code) is or was includable in the gross income of the recipient for federal income tax purposes for reasons other than as a result of a failure by the Company to perform or observe any of its covenants, agreements or representations in the Loan Agreement or any other agreement or certificate delivered in connection therewith, the Bonds are not subject to redemption. In such circumstances, Bondholders would continue to hold their Bonds, receiving principal and interest at the applicable rate as and when due, but would be required to include such interest payments in gross income for federal income tax purposes. Also, if the lien of the Indenture is discharged or defeased prior to the occurrence of a final Determination of Taxability, Bonds will not be redeemed as described herein.

General Redemption Terms. Notice of redemption will be given by mailing a redemption notice by first class mail to the registered owners of the Bonds to be redeemed not less than 30 days (15 days if the Interest Rate Mode for the Bonds is the Dutch Auction Rate, Flexible Rate, Daily Rate or Weekly Rate) but not more than 45 days prior to the redemption date. Any notice mailed as provided in the Indenture will be conclusively presumed to have been given, irrespective of whether the owner receives the notice. Failure to give any such notice by mailing or any defect therein in respect of any Bond will not affect the validity of any proceedings for the redemption of any other Bond. No further interest will accrue on the principal of any Bond called for redemption after the redemption date if funds sufficient for such redemption have been deposited with the Paying Agent as of the redemption date. So long as the Bonds are held in book-entry-only form, all redemption notices will be sent only to Cede & Co.

Book-Entry-Only System

Portions of the following information concerning DTC and DTC's book-entry-only system have been obtained from DTC. The Issuer, the Company and the Underwriters make no representation as to the accuracy of such information.

Initially, DTC will act as securities depository for the Bonds and the Bonds initially will be issued solely in book-entry-only form to be held under DTC's book-entry-only system, registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered bond in the aggregate principal amount of the Bonds will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporations, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and, together with "Direct Participants," "Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If fewer than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer and the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the Company or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner may give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Tender Agent, and will effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds on DTC's records to the Tender Agent. The requirement for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer, the Company, the Tender Agent and the Trustee, or the Issuer, at the request of the Company, may remove DTC as the securities depository for the Bonds. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be delivered as described in the Indenture (see "SUMMARY OF THE BONDS — Book-Entry-Only System — Revision of Book-Entry-Only System; Replacement Bonds" below). The Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the registered owner of the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners. Under the Indenture, payments made by the Trustee to DTC or its nominee will satisfy the Issuer's obligations under the Indenture, the Company's obligations under the Loan Agreement and the First Mortgage Bonds, to the extent of the payments so made. Beneficial Owners will not be, and will not be considered by the Issuer or the Trustee to be, and will not have any rights as, owners of Bonds under the Indenture.

The Trustee and the Issuer, so long as a book-entry-only system is used for the Bonds, will send any notice of redemption or of proposed document amendments requiring consent of registered owners and any other notices required by the document (including notices of Conversion and mandatory purchase) to be sent to registered owners only to DTC (or any successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or Indirect Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption, the document amendment, the Conversion, the mandatory purchase or any other action premised on that notice.

The Issuer, the Company, the Trustee and the Underwriters cannot and do not give any assurances that DTC will distribute payments on the Bonds made to DTC or its nominee as the registered owner or any redemption or other notices, to the Participants, or that the Participants or others will distribute such payments or notices to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

THE ISSUER, THE COMPANY, THE UNDERWRITERS AND THE TRUSTEE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A REGISTERED OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT OF ANY AMOUNT

DUE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR REDEMPTION OR PURCHASE PRICE OF OR INTEREST ON THE BONDS; (3) THE DELIVERY OF ANY NOTICE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED TO BE GIVEN TO REGISTERED OWNERS UNDER THE TERMS OF THE INDENTURE; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER.

Revision of Book-Entry-Only System; Replacement Bonds. In the event that DTC determines not to continue as securities depository or is removed by the Issuer, at the direction of the Company, as securities depository, the Issuer, at the direction of the Company, may appoint a successor securities depository reasonably acceptable to the Trustee. If the Issuer does not or is unable to appoint a successor securities depository, the Issuer will issue and the Trustee will authenticate and deliver fully registered Bonds, in authorized denominations, to the assignees of DTC or their nominees.

In the event that the book-entry-only system is discontinued, the following provisions will apply. The Bonds may be issued in denominations of \$25,000 and integral multiples thereof, if the Interest Rate Mode is the Dutch Auction Rate; in denominations of \$5,000 and integral multiples thereof, if the Interest Rate Mode is the Semi-Annual Rate, the Annual Rate or the Long Term Rate; in denominations of \$100,000 and integral multiples of \$5,000 in excess thereof, if the Interest Rate Mode is the Flexible Rate; and in denominations of \$100,000 and integral multiples thereof, if the Interest Rate Mode for the Bonds is the Daily Rate or the Weekly Rate. Bonds may be transferred or exchanged for an equal total amount of Bonds of other authorized denominations upon surrender of such Bonds at the principal office of the Bond Registrar, accompanied by a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the registered owner or the owner's duly authorized attorney. Except as provided in the Indenture, the Bond Registrar will not be required to register the transfer or exchange of any Bond during the fifteen days before any mailing of a notice of redemption, after such Bond has been called for redemption in whole or in part, or after such Bond has been tendered or deemed tendered for optional or mandatory purchase as described under "Purchases of Bonds." Registration of transfers and exchanges will be made without charge to the owners of Bonds, except that the Bond Registrar may require any owner requesting registration of transfer or exchange to pay any required tax or governmental charge.

Security; Release Date; Limitation on Liens

Payment of the principal of and interest and any premium on the Bonds will be secured by an assignment by the Issuer to the Trustee of the Issuer's interest in and to the Loan Agreement and all payments to be made pursuant thereto (other than certain indemnification and expense payments). Pursuant to the Loan Agreement, the Company will agree to pay, among other things, amounts sufficient to pay the aggregate principal amount of and premium, if any, on the Bonds, together with interest thereon as and when the same become due. The Company further will agree to make payments of the purchase price of the Bonds tendered for purchase to the extent that funds are not otherwise available therefor under the provisions of the Indenture.

Until the Release Date, the payment of the principal of and interest and any premium on the Bonds will be further secured by a principal amount of First Mortgage Bonds of the Company which will equal the principal amount of the Bonds. In the event of a default under the Loan Agreement or default in payment of the principal of or interest or any premium on, or purchase price of, the Bonds, and upon receipt by the First Mortgage Trustee of a written demand from the Trustee for redemption of the First Mortgage Bonds, such First Mortgage Bonds will bear interest at the same interest rate or rates borne by the Bonds and the principal of such First Mortgage Bonds, together with interest accrued thereon from the last date or dates to which interest on the Bonds has been paid in full, will be payable in accordance with the Supplemental Indenture. See "SUMMARY OF THE FIRST MORTGAGE BONDS."

The First Mortgage Bonds are not intended to provide a direct source of liquidity to pay the purchase price of Bonds tendered for purchase in accordance with the Indenture. The Company is not required under the Loan Agreement or Indenture to provide any letter of credit or liquidity support for the Bonds. The First Mortgage Bonds are secured by a lien on certain property owned by the Company. In certain circumstances prior to the Release Date, the Company is permitted to reduce the aggregate principal amount of its First Mortgage Bonds held by the Trustee, but in no event to an amount lower than the aggregate outstanding principal amount of the Bonds. See "SUMMARY OF THE BONDS — Remarketing and Purchase of Bonds."

The Release Date will be the date that the Bond Insurer, at the request of the Company, consents to the release of the First Mortgage Bonds as security for the Bonds, provided that in no event shall that date be later than the date as of which all first mortgage bonds of the Company issued prior to the date of the Bonds (other than the First Mortgage Bonds and the First Mortgage Bonds, Pollution Control Series No. 11, No. 12, No. 13, No. 14 and No. 15) have been retired through payment, redemption or otherwise (including those first mortgage bonds "deemed to be paid" within the meaning of that term as used in Article XII of the First Mortgage Indenture). Excluding the First Mortgage Bonds and the First Mortgage Bonds, Pollution Control Series No. 11, No. 12, No. 13, No. 14 and No. 15, as of June 30, 2002, 7 series of first mortgage bonds in an aggregate principal amount of \$338 million currently are outstanding under the First Mortgage Indenture. As of the date of this Official Statement, the earliest date that all of such first mortgage bonds could be redeemed is May 15, 2007. The Bond Insurer's consent to a release of the First Mortgage Bonds may be given without the consent of any holder of Bonds.

On the Release Date, the Trustee will deliver to the Company for cancellation all First Mortgage Bonds and the Company will cause the Trustee to provide notice to all holders of Bonds of the occurrence of the Release Date. As a result, on the Release Date, such First Mortgage Bonds shall cease to secure the Bonds, and the obligations of the Company under the Loan Agreement will become unsecured general obligations of the Company.

In the Loan Agreement the Company will covenant that, from and after the Release Date and so long as any Bonds are outstanding, it will not issue, assume or guarantee any debt for borrowed money secured by any mortgage, security interest, pledge, or lien ("mortgage") on any of the Company's operating property (as defined below), whether the Company owns it at the date hereof or acquires it later, unless the Company similarly secures its obligations under the Loan Agreement to make payments to the Trustee in sufficient amounts to pay the principal of, premium, if any, and interest required to be paid on the Bonds. This restriction will not apply to:

- mortgages on any property existing at the time the Company acquires the property or at the time the Company acquires the corporation owning the property;
- purchase money mortgages;
- specified governmental mortgages; or
- any extension, renewal or replacement (or successive extensions, renewals or replacements) of any mortgage referred to in the three clauses listed above, so long as the principal amount of indebtedness secured under this clause and not otherwise authorized by the clauses listed above, does not exceed the principal amount of indebtedness secured at the time of the extension, renewal or replacement.

In addition, the Company can also issue secured debt so long as the amount of the secured debt does not exceed the greater of 10% of net tangible assets or 10% of capitalization.

For purposes of this limitation on liens, "operating property" means (i) any interest in real property owned by the Company, and (ii) any asset owned by the Company that is depreciable in accordance with generally accepted accounting principles.

THE BOND INSURANCE POLICY

The information relating to Ambac Assurance contained herein has been furnished solely by Ambac Assurance. No representation is made by the Underwriters, the Remarketing Agents, the Issuer or the Company as to the accuracy or adequacy of such information or as to the absence of material adverse changes in the condition of Ambac Assurance subsequent to the date hereof. The following discussion does not purport to be complete and is qualified in its entirety by reference to the Bond Insurance Policy, a specimen of the form of which is attached hereto as APPENDIX D.

Payment Pursuant to Bond Insurance Policy

Ambac Assurance has made a commitment to issue the Bond Insurance Policy relating to the Bonds effective as of the date of issuance of the Bonds. Under the terms of the Bond Insurance Policy, Ambac Assurance will pay to The Bank of New York, New York, New York, or any successor thereto (the "Insurance Trustee"), that portion of the principal of and interest on the Bonds which shall become "Due for Payment" but shall be unpaid by reason of "Nonpayment" by the Issuer (as such terms are defined in the Bond Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes "Due for Payment" or within one Business Day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Bonds and, once issued, cannot be cancelled by Ambac Assurance.

The Bond Insurance Policy will insure payment only on the stated maturity date or upon special mandatory redemption on determination of taxability, in the case of principal, and on stated dates for payment, in the case of interest. If the Bonds become subject to other redemption and insufficient funds are available for redemption of all outstanding Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Bonds on the originally scheduled interest and principal payment dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Bond Insurance Policy does **not** insure any risk other than Nonpayment. Specifically, the Bond Insurance Policy does **not** cover:

- (a) payment on acceleration, as a result of a call for redemption (other than a special mandatory redemption upon the occurrence of a determination of taxability as provided in the Bond Insurance Policy) or as a result of any other advancement of maturity;
- (b) payment of any redemption, prepayment or acceleration premium;
- (c) nonpayment of principal or interest caused by the insolvency or negligence of the Trustee, Paying Agent or Bond Registrar, if any;
- (d) loss relating to payments of the purchase price of Bonds upon tender thereof or any preferential transfer relating to payments of the purchase price of Bonds upon tender thereof; or
- (e) loss relating to payments made in connection with the sale of Bonds in connection with an Auction or losses suffered as a result of a Bondholder's inability to sell Bonds.

Under the Bond Insurance Policy, the definition of Due for Payment is expanded to include date of redemption pursuant to a final determination of taxability as described herein under "SUMMARY OF THE BONDS — Redemptions — *Mandatory Redemption; Determination of Taxability.*"

If it becomes necessary to call upon the Bond Insurance Policy, payment of principal requires surrender of Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Bond Insurance Policy. Payment of interest pursuant to the Bond Insurance Policy requires proof of entitlement to interest payments and an appropriate assignment of the Bondholder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Bond or right to payment of principal or interest on such Bonds and will be fully subrogated to the surrendering Bondholder's rights to payment.

Insurance Agreement with Company

Ambac Assurance has agreed to issue the Bond Insurance Policy pursuant to the Insurance Agreement. Under the Insurance Agreement, the Company is obligated to reimburse Ambac Assurance, immediately and unconditionally upon demand, for all payments made by Ambac Assurance under the terms of the Insurance Policy. The Company is also obligated to deliver certain collateral to Ambac Assurance and comply with certain financial and other covenants specified therein. The Insurance Agreement includes certain events of default, including the failure of the Company to pay amounts owed thereunder to Ambac Assurance, any breach by the Company of representations, warranties and covenants set forth therein and certain events of bankruptcy. If any such event of default should occur and be continuing, Ambac Assurance may, among other things, notify the Trustee of such an event of default which would result in an "Event of Default" under the Indenture. See "SUMMARY OF THE INDENTURE — Defaults and Remedies."

Ambac Assurance Corporation

Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately \$5,587,000,000 (unaudited) and statutory capital of approximately \$3,453,000,000 (unaudited) as of June 30, 2002. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service, Inc. ("Moody's") and Fitch, Inc. have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Issuer of the Bonds.

Ambac Assurance makes no representation regarding the Bonds or the advisability of investing in the Bonds and makes no representation regarding, nor has it participated in the preparation of, this Official Statement other than the information supplied by Ambac Assurance and presented under the heading "THE BOND INSURANCE POLICY" and in APPENDIX D.

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. ("AFG"), is subject to the informational requirements of the Exchange Act, and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These

reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including AFG. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the "NYSE") at 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by AFG with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement.

- 1) AFG's Current Report on Form 8-K dated January 23, 2002 and filed on January 25, 2002;
- 2) AFG's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and filed on March 26, 2002;
- 3) AFG's Current Report on Form 8-K dated April 17, 2002 and filed on April 18, 2002;
- 4) AFG's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2002 and filed on May 13, 2002;
- 5) AFG's Current Report on Form 8-K dated July 17, 2002 and filed on July 19, 2002;
- 6) AFG's Current Report on Form 8-K dated August 14, 2002 and filed on August 14, 2002; and
- 7) AFG's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2002 and filed on August 14, 2002.

All documents subsequently filed by AFG pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "Available Information."

SUMMARY OF THE LOAN AGREEMENT

The following, in addition to the provisions contained elsewhere in this Official Statement, is a brief description of certain provisions of the Loan Agreement. Reference is made to the Loan Agreement for the detailed provisions thereof.

General

The term of the Loan Agreement shall commence as of its date and end on the earliest to occur of October 1, 2032, or the date on which all of the Bonds shall have been fully paid or provision has been made for such payment pursuant to the Indenture. See "SUMMARY OF THE INDENTURE — Discharge of Indenture."

The Company has agreed to repay the loan pursuant to the Loan Agreement by making timely payments to the Trustee in sufficient amounts to pay the principal of, premium, if any, and interest required to be paid on the Bonds on each date upon which any such payments are due. The Company has also agreed to pay (a) the agreed upon fees and expenses of the Trustee, the Bond Registrar, any Tender Agent and any Paying Agent appointed under the Indenture, (b) the expenses in connection with any redemption of the Bonds and (c) the reasonable expenses of the Issuer.

The Company covenants and agrees with the Issuer that it will cause the purchase of tendered Bonds that are not remarketed in accordance with the Indenture and, to that end, the Company shall cause funds to be made available to the Tender Agent at the times and in the manner required to effect such purchases in accordance with the Indenture (see "SUMMARY OF THE BONDS — Remarketing and Purchase of Bonds").

All payments to be made by the Company to the Issuer pursuant to the Loan Agreement (except the reasonable out-of-pocket expenses of the Issuer, the Trustee, the Paying Agent, the Bond Registrar, the Tender Agent and amounts related to indemnification) have been assigned by the Issuer to the Trustee, and the Company will pay such amounts directly to the Trustee. The obligations of the Company to make the payments pursuant to the Loan Agreement are absolute and unconditional.

Maintenance of Tax Exemption

The Company and the Issuer have agreed not to take any action that would result in the interest paid on the Bonds being included in gross income of any Bondholder (other than a holder who is a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code) for federal income tax purposes or that adversely affects the validity of the Bonds.

Issuance and Delivery of First Mortgage Bonds; Limitation on Liens

For the purpose of providing security for the Bonds until the Release Date, the Company will execute and deliver to the Trustee on the Issue Date the First Mortgage Bonds. The principal amount of the First Mortgage Bonds executed and delivered to the Trustee will be not less than the aggregate principal amount of the Bonds. Prior to the Release Date, in the event of a default under the Loan Agreement or default in payment of the principal of, premium, if any, or interest on the Bonds, and upon receipt by the First Mortgage Trustee of a written demand from the Trustee for redemption of the First Mortgage Bonds ("Redemption Demand"), the First Mortgage Bonds will bear interest at the same rate borne by the Bonds and the principal of the First Mortgage Bonds, together with interest accrued thereon from the last date to which interest on the Bonds shall have been paid in full, will be payable in accordance with the Supplemental Indenture for such First Mortgage Bonds. See, however, "SUMMARY OF THE INDENTURE — Waiver of Events of Default."

Prior to the Release Date, upon payment of the principal of, premium, if any, and interest on any of the Bonds, and the surrender to and cancellation thereof by the Trustee, or upon provision for the payment thereof having been made in accordance with the Indenture, First Mortgage Bonds with corresponding principal amounts equal to the aggregate principal amount of the Bonds so surrendered and canceled or for the payment of which provision has been made, will be surrendered by the Trustee to the First Mortgage Trustee and will be canceled by the First Mortgage Trustee. The First Mortgage Bonds will be registered in the name of the Trustee and will be non-transferable, except to effect transfers to any successor trustee under the Indenture. The Bond Insurer's consent to a release of the First Mortgage Bonds may be given without consent of any holder of Bonds. (See "SUMMARY OF THE BONDS — Security; Release Date; Limitation on Liens.")

The Company will covenant, from and after the Release Date, that it will not create, assume or guarantee debt for borrowed money secured by any mortgage, except as described above under "SUMMARY OF THE BONDS — Security; Release Date; Limitation on Liens."

Payment of Taxes

The Company has agreed to pay certain taxes and other governmental charges that may be lawfully assessed, levied or charged against or with respect to the Project (see, however, subparagraph (i) under "SUMMARY OF THE BONDS — Redemptions — *Extraordinary Optional Redemption in Whole*"). The Company may contest such taxes or other governmental charges unless the security provided by the Indenture would be materially endangered.

Maintenance; Damage, Destruction and Condemnation

So long as any Bonds are outstanding, the Company will maintain the Project or cause the Project to be maintained in good working condition and will make or cause to be made all proper repairs, replacements and renewals necessary to continue to constitute the Project as air and water pollution control and abatement facilities and solid waste disposal facilities, as applicable, under Section 103(b)(4)(E) and (F) of the Internal Revenue Code of 1954, as amended. However, the Company will have no obligation to maintain, repair, replace or renew any portion of the Project, the maintenance, repair, replacement or renewal of which becomes uneconomical to the Company because of certain events, including damage or destruction by a cause not within the Company's control, condemnation of the Project, change in government standards and regulations, economic or other obsolescence or termination of operation of generating facilities to the Project.

The Company, at its own expense, may remodel the Project or make substitutions, modifications and improvements to the Project as it deems desirable, which remodeling, substitutions, modifications and improvements shall be deemed, under the terms of the Loan Agreement to be a part of the Project. The Company may not, however, change or alter the basic nature of the Project or cause it to lose its status under Section 103(b)(4)(E) and (F) of the Internal Revenue Code of 1954, as amended.

If, prior to the payment of all Bonds outstanding, the Project or any portion thereof is destroyed, damaged or taken by the exercise of the power of eminent domain and the Issuer, the Company or the First Mortgage Trustee receives net proceeds from insurance or a condemnation award in connection therewith, the Company shall (i) cause such net proceeds to be used to repair or restore the Project or (ii) take any other action, including the redemption of the Bonds in whole or in part at their principal amount, which, by the opinion of Bond Counsel, will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes. See "SUMMARY OF THE BONDS — Redemptions — *Extraordinary Optional Redemption in Whole or in Part.*"

Insurance

For the period prior to the Release Date, the Company has agreed to insure the Project in accordance with the provisions of the First Mortgage Indenture. From and after the Release Date, the Company will insure the Project in a manner consistent with general industry practice.

Assignment, Merger and Release of Obligations of the Company

The Company may assign the Loan Agreement, pursuant to an opinion of Bond Counsel that such assignment will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes, without obtaining the consent of either the Issuer or the Trustee. Such assignment, however, shall not relieve the Company from primary liability for any of its obligations under the Loan Agreement and performance and observance of the other covenants and agreements to be performed by the Company unless consented to by the Bond Insurer. The Company may dispose of all or substantially all of its assets or consolidate with or merge into another corporation, provided the acquirer of the Company's assets or the corporation with which it shall consolidate with or merge into shall be a corporation organized and existing under the laws of one of the states of the United States of America, shall be qualified and admitted to do business in the Commonwealths of Kentucky and Virginia, and shall assume in writing all of the obligations of the Company under the Loan Agreement.

Release and Indemnification Covenant

The Company will indemnify and hold the Issuer harmless against any expense or liability incurred, including attorneys' fees, resulting from any loss or damage to property or any injury to or death of any person occurring on or about or resulting from any defect in the Project or from any action commenced in connection with the financing thereof.

Events of Default

Each of the following events constitutes an "event of default" under the Loan Agreement:

(1) failure by the Company to pay the amounts required for payment of the principal of, including purchase price for tendered Bonds and redemption and acceleration prices, and interest accrued, on the Bonds, at the times specified therein taking into account any periods of grace provided in the Indenture and the Bonds for the applicable payment of interest on the Bonds (see "SUMMARY OF THE INDENTURE — Defaults and Remedies");

(2) failure by the Company to observe and perform any covenant, condition or agreement, other than as referred to in paragraph (1) above, for a period of thirty days after written notice by the Issuer or Trustee, provided, however, that if such failure is capable of being corrected, but cannot be corrected in such 30-day period, it will not constitute an event of default under the Loan Agreement if corrective action with respect thereto is being diligently pursued;

(3) all first mortgage bonds outstanding under the First Mortgage Indenture, if not already due, shall have become immediately due and payable, whether by declaration or otherwise, and such acceleration shall not have been rescinded by the First Mortgage Trustee; or

(4) certain events of bankruptcy, dissolution, liquidation, reorganization or insolvency of the Company.

Under the Loan Agreement, certain of the Company's obligations (other than the Company's obligation (i) not to permit any action which would result in interest paid on the Bonds being included in gross income for federal and Kentucky income taxes, (ii) to execute and deliver the First Mortgage Bonds to the Trustee on the date of issuance of the Bonds in an aggregate principal amount not less than the aggregate principal amount of the Bonds; and (iii) to make loan payments and certain other payments under the provisions of the Loan Agreement) may be suspended if by reason of force majeure (as defined in the Loan Agreement) the Company is unable to carry out such obligations.

Remedies

Upon the happening of an event of default under the Loan Agreement, the Issuer may, among other things, take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company, under the Loan Agreement.

In the event of a default under the Loan Agreement or a default in payment of the principal of, premium, if any, or interest on the Bonds, the Trustee may, prior to the Release Date, demand redemption of the First Mortgage Bonds. See "SUMMARY OF THE FIRST MORTGAGE BONDS" and "SUMMARY OF THE INDENTURE — Defaults and Remedies." Any amounts collected upon the happening of any such event of default shall be applied in accordance with the Indenture or, if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture), made available to the Company.

Options to Prepay, Obligation to Prepay

The Company may prepay the loan pursuant to the Loan Agreement, in whole or in part, on certain dates, at the prepayment prices as shown under the captions "SUMMARY OF THE BONDS —

Redemptions — Optional Redemption," Extraordinary Optional Redemption in Whole" and Extraordinary Optional Redemption in Whole or in Part." Upon the occurrence of the event described under the caption "SUMMARY OF THE BONDS — Redemptions — Mandatory Redemption: Determination of Taxability," the Company shall be obligated to prepay the loan in an aggregate amount sufficient to redeem the required principal amount of the Bonds.

In each instance, the loan prepayment price shall be a sum sufficient, together with other funds deposited with the Trustee and available for such purpose, to redeem the requisite amount of the Bonds at a price equal to the applicable redemption price plus accrued interest to the redemption date, and to pay all reasonable and necessary fees and expenses of the Trustee, the Paying Agent and all other liabilities of the Company under the Loan Agreement accrued to the redemption date.

Amendments and Modifications

No amendment or modification of the Loan Agreement is permissible without the written consent of the Trustee and the Bond Insurer. The Issuer and the Trustee may, however, without the consent of or notice to any Bondholders, enter into any amendment or modification of the Loan Agreement (i) which may be required by the provisions of the Loan Agreement or the Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) in connection with any modification or change necessary to conform the Loan Agreement with changes and modifications in the Indenture or (iv) in connection with any other change which, in the judgment of the Trustee, does not adversely affect the Trustee or the Bondholders. Except for such amendments, the Loan Agreement may be amended or modified only with the consent of the Bond Insurer and the Bondholders holding a majority in principal amount of the Bonds then outstanding (see "SUMMARY OF THE INDENTURE — Supplemental Indentures" for an explanation of the procedures necessary for Bondholder consent); provided, however, that the approval of the Bondholders holding 100% in principal amount of the Bonds then outstanding is necessary to effectuate an amendment or modification with respect to the Loan Agreement of the type described in clauses (i) through (iv) of the first sentence of the second paragraph of "SUMMARY OF THE INDENTURE — Supplemental Indentures."

SUMMARY OF THE FIRST MORTGAGE BONDS

The following, in addition to the provisions contained elsewhere in this Official Statement, is a brief description of certain provisions of the First Mortgage Bonds and the First Mortgage Indenture. Reference is made to the First Mortgage Indenture and to the form of the First Mortgage Bonds for the detailed provisions thereof.

General

The First Mortgage Bonds will be issued as a new series of first mortgage bonds under the First Mortgage Indenture (see "SUMMARY OF THE LOAN AGREEMENT — Issuance and Delivery of First Mortgage Bonds"). The First Mortgage Bonds will mature on the same date and bear interest at the same rate or rates as the Bonds. The statements herein made (being for the most part summaries of certain provisions of the First Mortgage Indenture) are subject to the detailed provisions of the First Mortgage Indenture, which is incorporated herein by this reference.

The First Mortgage Bonds will be issued under, and secured by, an Indenture of Mortgage dated as of May 1, 1947, as amended and supplemented, and as to be further amended and supplemented by a Supplemental Indenture dated as of September 1, 2002 between the Company and U.S. Bank National Association, Chicago, Illinois, as successor trustee, and an individual successor co-trustee (collectively the "First Mortgage Trustee") (the "Indenture of Mortgage, as so supplemented is referred to herein as the "First Mortgage Indenture").

The principal of and interest on the First Mortgage Bonds will not be payable other than upon the occurrence of an event of default under the Loan Agreement. Upon the occurrence of any of the events of default described under the caption "SUMMARY OF THE LOAN AGREEMENT — Events of Default", the First Mortgage Bonds will be redeemable within 120 days following receipt by the First Mortgage

Trustee of a Redemption Demand from the Trustee for redemption, at a redemption price equal to the principal amount thereof plus accrued interest at the rates borne by the Bonds from the last date to which interest on the Bonds has been paid.

The First Mortgage Bonds at all times will be in fully registered form registered in the name of the Trustee, will be non-negotiable, and will be non-transferable except to any successor trustee under the Indenture. Upon payment and cancellation of Bonds by the Trustee or the Paying Agent (other than any Bond or portion thereof that was canceled by the Trustee or the Paying Agent and for which one or more Bonds were delivered and authenticated pursuant to the Indenture), whether at maturity, by redemption or otherwise, or upon provision for the payment of the Bonds having been made in accordance with the Indenture, an equal principal amount of First Mortgage Bonds will be deemed fully paid and the obligations of the Company thereunder will cease.

Security

In the opinion of counsel for the Company, the First Mortgage Bonds, when issued, will be secured by the First Mortgage Indenture which constitutes a first mortgage lien, subject only to permissible encumbrances, upon substantially all of the property of the Company (except as summarized in this paragraph) for the equal pro-rata security of all first mortgage bonds issued or to be issued thereunder, subject to the provisions relating to any sinking fund or similar fund for the benefit of first mortgage bonds of any particular series. The opinion does not cover title to easements or rights-of-way. The First Mortgage Indenture excepts or excludes from the lien thereof all cash, securities, accounts and bills receivable, choses in action and certain judgments not deposited or pledged with the First Mortgage Trustee, certain personal property held for sale, lease, rental or consumption in the ordinary course of business, the last day of each term under any lease of property, all gas, oil and other minerals under any property subject thereto, and certain real estate described therein. One small hydroelectric generating station is located on land owned by the United States and is operated under an annually renewable license; a few small substations are maintained on land over which the Company holds easements; and certain of the electric transmission lines and distribution lines are installed on public streets, alleys and highways or are located on easements or rights-of-way. With respect to property located in Virginia, no examination of underlying titles as to easements or rights-of-way for transmission or distribution lines has been made, but, should the rights of the Company in this respect be questioned, valid easements and rights-of-way in Virginia may, in the opinion of counsel, be acquired from private property owners by condemnation proceedings. The First Mortgage Indenture contains provisions subjecting after-acquired property, other than excepted property, to the lien thereof. Such provisions might not be effective as to proceeds, products, rents, issues or profits of the property subject to the lien of the First Mortgage Indenture realized, and additional property acquired, within 90 days prior and subsequent to the filing of a case with respect to the Company under the United States Bankruptcy Code, state insolvency laws or other similar laws affecting the enforcement of creditors' rights and with respect to property located in Virginia, as to property not so affixed to other property as to become subject to the lien of the First Mortgage Indenture without resort to the after-acquired property provisions, in which case the lien may be defeated, until recordation of a further supplemental indenture conveying such property to the First Mortgage Trustees after its acquisition, (a) by the intervention of bankruptcy or (b) by the attachment of a judgment lien or sale to purchasers for value without notice.

Issuance of Additional First Mortgage Bonds

The First Mortgage Indenture does not fix an overall dollar limitation on the principal amount of first mortgage bonds that may be issued or outstanding thereunder. The Company's first mortgage bonds may be issued from time to time under the First Mortgage Indenture in a principal amount equal to (i) 60% of eligible net expenditures made by the Company for bondable property constructed or acquired by it and on which the First Mortgage Indenture is a mortgage lien, subject only to permitted encumbrances and liens and prepaid liens, (ii) the principal amount of previously authenticated first mortgage bonds of the Company which have been retired or for the retirement of which the First Mortgage Trustee holds the necessary funds, other than certain first mortgage bonds not usable for the purpose under the terms of the First Mortgage Indenture, and (iii) the amount of money deposited with the First Mortgage Trustee, which

money may be applied to the retirement of the Company's first mortgage bonds or may be withdrawn in lieu of the authentication of an equivalent principal amount of first mortgage bonds under the First Mortgage Indenture provisions referred to in clauses (i) and (ii). Net expenditures for bondable property are determined as provided in the First Mortgage Indenture. In general, bondable property means any utility plant, property or equipment owned by the Company and used or useful in its utility business.

No additional first mortgage bonds may be authenticated under the First Mortgage Indenture as provided in clauses (i) and (iii) in the preceding paragraph, or authenticated as provided in clause (ii) of the preceding paragraph bearing a higher rate of interest than the first mortgage bonds to be retired (unless such first mortgage bonds to be retired would mature within 5 years), unless the net earnings (as determined pursuant to the provisions of the First Mortgage Indenture) of the Company for a 12-month period ending within 90 days next preceding such authentication were at least equal to twice the interest for one year on (i) all first mortgage bonds to be outstanding under the First Mortgage Indenture immediately after such authentication (other than first mortgage bonds for the retirement of which the First Mortgage Trustee holds the necessary funds), and (ii) all other indebtedness then secured by a lien equal or prior to the lien of the First Mortgage Indenture on property of the Company, with certain exceptions.

At December 31, 2001, the Company had outstanding \$484.83 million of first mortgage bonds issued under the First Mortgage Indenture. The principal amount of retired first mortgage bonds available as a basis for authenticating additional first mortgage bonds aggregated \$76 million at June 30, 2002 and available net expenditures for bondable property aggregated not less than \$945.0 million at December 31, 2001.

Maintenance and Repair

The First Mortgage Indenture provides that (i) the Company shall maintain its properties in good working order and condition, (ii) the First Mortgage Trustee may, and if requested by holders of a majority in principal amount of all outstanding first mortgage bonds and furnished with the necessary funds therefor shall, cause such properties to be inspected by an independent engineer (not more often than at five-year intervals) to determine whether they have been so maintained and whether any property, not retired on the Company's books, should be so classified for the purpose of computing net expenditures for bondable property or otherwise, and (iii) the Company shall make good any deficiency in maintenance disclosed by such engineer's report as rendered or as modified by arbitration.

The First Mortgage Bonds are not entitled to the benefits of a maintenance and renewal fund, or sinking fund. There are, however, maintenance and renewal fund provisions for the benefit of other series of the Company's first mortgage bonds.

Provisions Limiting Dividends on Common Stock

The First Mortgage Bonds are not entitled to any covenant restricting the payment of dividends on the Company's common stock.

Modification of First Mortgage Indenture

The terms and provisions of the First Mortgage Indenture may be modified or amended from time to time by a supplemental indenture executed by the Company and the First Mortgage Trustee and without the consent of the holders of the Company's first mortgage bonds for any one or more of the purposes provided in the First Mortgage Indenture. Such purposes include, among others, (i) any change or modification of any of the terms or conditions of the First Mortgage Indenture, provided that such change or modification would not adversely affect the first mortgage bonds then outstanding under the First Mortgage Indenture and is made effective only with respect to first mortgage bonds authenticated under the First Mortgage Indenture after the execution of such supplemental indenture and (ii) any other change or modification of such terms or conditions which is not inconsistent with the terms, and which shall not impair the security, of the First Mortgage Indenture.

By supplemental indenture dated August 1, 1979, the First Mortgage Indenture was amended to provide that with the consent of the holders of not less than 66 2/3% in principal amount of all of the Company's first mortgage bonds of all series then outstanding under the First Mortgage Indenture that would be affected thereby, the First Mortgage Indenture may be amended from time to time in any respect, except that, without the consent of the holder of each outstanding first mortgage bond affected thereby, no such amendment shall, among other things (i) extend the time or times or otherwise affect the terms of payment of the principal, interest or premium in respect of any first mortgage bond, or reduce the principal amount of any first mortgage bond or any premium thereon or the rate of interest thereon, (ii) impair the right of any bondholder to institute suit for the enforcement of any such payment in respect of his first mortgage bonds, (iii) permit the creation of any lien ranking prior to, or on a parity with, the lien of the First Mortgage Indenture, other than permitted encumbrances and liens or prepaid liens, (iv) deprive any nonassenting bondholder of a lien on the mortgaged property for the security of his first mortgage bonds, or (v) reduce the percentage in principal amount of first mortgage bonds, the consent of the holders which is required for any such amendment. Such amendment is binding upon holders of all currently outstanding and subsequent series of the Company's first mortgage bonds (including the First Mortgage Bonds).

By supplemental indenture dated May 15, 1992, the First Mortgage indenture was further amended to provide that, upon the effectiveness of the amendment as described below, the percentage of bondholders necessary to consent to amendments shall be 51% (instead of 66 2/3% as described above). Such amendment will be effective upon the retirement or with the consent of the holders of certain series of outstanding first mortgage bonds. The First Mortgage Bonds will be bound by the foregoing amendment when it becomes effective as described.

Default

The First Mortgage Indenture provides that the following shall constitute events of default: (i) failure to pay the principal of any first mortgage bond of the Company when due at maturity or otherwise, (ii) failure to pay interest on any first mortgage bond of the Company within 60 days after its due date, (iii) failure to pay principal of, or interest on, any prior lien bond continued beyond the grace period (if any) specified in the lien securing such bond and also continued beyond 30 days after written notice to the Company of such failure, (iv) failure of the Company for a period of 90 days after written demand to comply with any other covenant or condition in the First Mortgage Indenture, the first mortgage bonds of the Company or any prior lien bond or lien, and (v) certain events relating to insolvency, bankruptcy, assignment or receivership involving the Company. The First Mortgage Trustee is required to give notice to the Bondholders of defaults known to the First Mortgage Trustees, within 90 days after the occurrence thereof; provided that, except with respect to default in the payment of principal of or interest on any first mortgage bond of the Company or of any sinking or purchase fund installment, the First Mortgage Trustee may withhold giving such notice if the First Mortgage Trustee determines in good faith that such withholding is in the interest of the first mortgage bondholders. Upon default, the First Mortgage Trustee may, among other remedies, and upon written notice from the holders of a majority in principal amount of first mortgage bonds then outstanding under the First Mortgage Indenture shall, declare the principal of all first mortgage bonds to be immediately due and payable. Upon certain terms and conditions, the declaration of acceleration may be rescinded and waived.

The holders of a majority in principal amount of first mortgage bonds secured by the First Mortgage Indenture have the right to direct the time, method and place of conducting proceedings for remedies available to, or exercising any trust or power of, the First Mortgage Trustee. However, the First Mortgage Trustee may decline to follow such directions under certain circumstances specified in the First Mortgage Indenture; the First Mortgage Trustees is not required to exercise its power of entry or sale under the First Mortgage Indenture; and the First Mortgage Trustees are entitled to be indemnified against expenditures incurred in connection with the taking of any directed action or proceeding.

Miscellaneous

Whenever all indebtedness secured thereby has been paid, including all proper charges of the First Mortgage Trustee thereunder, the First Mortgage Trustee will, upon request of the Company, cancel

and discharge the lien of the First Mortgage Indenture and execute and deliver to the Company such deeds and instruments as will be requisite to satisfy said lien and reconvey and transfer to the Company the mortgaged and pledged property. The Company is also required to furnish to the First Mortgage Trustee officers' certificates, certificates of an engineer, appraiser, or other expert and, in certain cases, accountant's certificates in connection with the authentication of first mortgage bonds, the release or release and substitution of property, compliance with all conditions and covenants under the First Mortgage Indenture, and certain other matters, and opinions of counsel as to the lien of the First Mortgage Indenture and certain other matters.

SUMMARY OF THE INDENTURE

The following, in addition to the provisions contained elsewhere in this Official Statement, is a brief description of certain provisions of the Indenture. Reference is made to the Indenture for the detailed provisions thereof.

Security

Pursuant to the Indenture, the Issuer will assign and pledge to the Trustee its interest in and to the Loan Agreement, including payments and other amounts due the Issuer thereunder, together with all moneys, property and securities from time to time held by the Trustee under the Indenture (with certain exceptions, including moneys held in or earnings on the Rebate Fund and the Purchase Fund). The Bonds will be further secured by the First Mortgage Bonds delivered to the Trustee (see "SUMMARY OF THE LOAN AGREEMENT — Issuance and Delivery of First Mortgage Bonds; Limitation on Liens"). The First Mortgage Bonds will be registered in the name of the Trustee and will be nontransferable, except to effect a transfer to any successor trustee. The Bonds will not be directly secured by the Project (although the Project is subject to the lien of the First Mortgage Indenture).

No Pecuniary Liability of the Issuer

No provision, covenant or agreement contained in the Indenture or in the Loan Agreement, nor any breach thereof, shall give rise to any pecuniary liability of the Issuer or any charge upon its general credit or taxing powers. The Issuer has not obligated itself by making the covenants, agreements or provisions contained in the Indenture or in the Loan Agreement, except with respect to the Project and the application of the amounts assigned to payment of the principal of, premium, if any, and interest on the Bonds.

The Bond Fund

The payments to be made by the Company pursuant to the Loan Agreement to the Issuer and certain other amounts specified in the Indenture will be deposited into a Bond Fund established pursuant to the Indenture (the "Bond Fund") and will be maintained in trust by the Trustee. Moneys in the Bond Fund will be used solely for the payment of the principal of, premium, if any, and interest on the Bonds, for the redemption of Bonds prior to maturity and for the payment of the reasonable and necessary fees and expenses to which the Trustee, Paying Agent and the Issuer are entitled pursuant to the Indenture or the Loan Agreement. Any moneys held in the Bond Fund will be invested by the Trustee at the specific written direction of the Company in certain Governmental Obligations, investment-grade corporate obligations and other investments permitted under the Indenture.

The Rebate Fund

A Rebate Fund has been created by the Indenture (the "Rebate Fund") and will be maintained as a separate fund free and clear of the lien of the Indenture. The Issuer, the Trustee and the Company have agreed to comply with all rebate requirements of the Code and, in particular, the Company has agreed that if necessary, it will deposit in the Rebate Fund any such amount as is required under the Code. However, the Issuer, the Trustee and the Company may disregard the Rebate Fund provisions to the extent that they shall receive an opinion of Bond Counsel that such failure to comply will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

Discharge of Indenture

When all the Bonds and all fees and charges accrued and to accrue of the Trustee and the Paying Agent have been paid or provided for, and when proper notice has been given to the Bondholders or the Trustee that the proper amounts have been so paid or provided for, and if the Issuer is not in default in any other respect under the Indenture, the Indenture shall become null and void. The Bonds shall be deemed to have been paid and discharged when there shall have been irrevocably deposited with the Trustee moneys sufficient to pay the principal, premium, if any, and accrued interest on such Bonds to the due date (whether such date be by reason of maturity or upon redemption) or, in lieu thereof, Governmental Obligations shall have been deposited which mature in such amounts and at such times as will provide the funds necessary to so pay such Bonds, and when all reasonable and necessary fees and expenses of the Trustee, the Authenticating Agent, the Bond Registrar and the Paying Agent have been paid or provided for.

Surrender of First Mortgage Bonds

On the Release Date, the Trustee will deliver to the Company for cancellation all First Mortgage Bonds and the Company will cause the Trustee to provide notice to all holders of Bonds of the occurrence of the Release Date. As a result, on the Release Date, the First Mortgage Bonds shall cease to secure the Bonds, and the obligations of the Company under the Loan Agreement will become unsecured general obligations of the Company. After the Release Date, the Bond Insurance Policy will continue to provide security for the Bonds.

In addition, upon payment of any principal of, premium, if any, and interest on any of the Bonds which reduces the principal amount of Bonds outstanding, or upon provision for the payment thereof having been made in accordance with the Indenture (see "Discharge of Indenture" above), First Mortgage Bonds in a principal amount equal to the principal amount of the Bonds so paid, or for the payment of which such provision has been made, shall be surrendered by the Trustee to the First Mortgage Trustee. The First Mortgage Bonds so surrendered shall be deemed fully paid and the obligations of the Company thereunder terminated.

Defaults and Remedies

As long as the Bond Insurance Policy is in full force and effect with respect to the Bonds and the Bond Insurer is not in default thereunder, upon the occurrence and continuance of an Event of Default, and subject to certain indemnification provisions, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the registered owners or the Trustee for the benefit of the registered owners under the Indenture including, without limitation, the right to accelerate the principal of the Bonds and the right to annul any declaration of acceleration, and the Bond Insurer shall also be entitled to approve all waivers of Events of Default. (See "Rights of Bond Insurer" below.)

Each of the following events constitutes an "Event of Default" under the Indenture:

- (a) Failure to make payment of any installment of interest on any Bond (i) if such Bond bears interest at other than the Long Term Rate, within a period of one Business Day from the due date and (ii) if such Bond bears interest at the Long Term Rate, within a period of five Business Days from the date due;
- (b) Failure to make punctual payment of the principal of, or premium, if any, on any Bond, whether at the stated maturity thereof, or upon proceedings for redemption, or upon the maturity thereof by declaration or if payment of the purchase price of any Bond required to be purchased pursuant to the Indenture is not made when such payment has become due and payable, provided that no event of default shall have occurred in respect of failure to receive such purchase price for any Bond if the Company shall have made the payment on the next Business Day as described in the last paragraph under "SUMMARY OF THE BONDS — Remarketing and Purchase of Bonds" above;

(c) Failure of the Issuer to perform or observe any other of the covenants, agreements or conditions in the Indenture or in the Bonds which failure continues for a period of 30 days after written notice by the Trustee, provided, however, that if such failure is capable of being cured, but cannot be cured in such 30-day period, it will not constitute an event of default under the Indenture if corrective action in respect of such failure is being diligently pursued;

(d) The occurrence of an "event of default" under the Loan Agreement (see "SUMMARY OF THE LOAN AGREEMENT — Events of Default");

(e) Written notice from the Bond Insurer to the Trustee that an event of default has occurred and is continuing under the Insurance Agreement; or

(f) Prior to the Release Date, all first mortgage bonds outstanding under the First Mortgage Indenture, if not already due, shall have become immediately due and payable, whether by declaration or otherwise, and such acceleration shall not have been rescinded by the First Mortgage Trustee.

Upon the occurrence of an Event of Default under the Indenture, the Trustee may, and upon the written request of the registered owners holding not less than 25% in principal amount of Bonds then outstanding and upon receipt of indemnity satisfactory to it shall: (i) if prior to the Release Date, enforce each and every right granted to the Trustee as a holder of the First Mortgage Bonds (see "SUMMARY OF THE FIRST MORTGAGE BONDS"), (ii) declare the principal of all Bonds and interest accrued thereon to be immediately due and payable and (iii) declare all payments under the Loan Agreement to be immediately due and payable and enforce each and every other right granted to the Issuer under the Loan Agreement for the benefit of the Bondholders. In exercising such rights, the Trustee shall take any action that, in the judgment of the Trustee, would best serve the interests of the registered owners. Upon the occurrence of an Event of Default under the Indenture, the Trustee may also proceed to pursue any available remedy by suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds then outstanding and, if prior to the Release Date, may also issue a Redemption Demand for such First Mortgage Bonds to the First Mortgage Trustee.

Prior to the Release Date, if an Event of Default under paragraph (a), (b), (d) or (f) above shall occur and be continuing, the Trustee may, and upon the written request of the registered owners holding not less than 25% in principal amount of all Bonds then outstanding and upon receipt of indemnity satisfactory to it shall, exercise such rights as it shall possess under the First Mortgage Indenture as a holder of the First Mortgage Bonds. In the event the First Mortgage Bonds become due and payable, the principal of and all accrued interest on the Bonds shall be deemed to be paid solely to the extent of the moneys realized on the First Mortgage Bonds and any other moneys realized by the Trustee pursuant to any remedy exercised by it.

If the Trustee recovers any moneys following an Event of Default, unless the principal of the Bonds shall have been declared due and payable, all such moneys shall be applied in the following order: (i) to the payment of the fees, expenses, liabilities and advances incurred or made by the Trustee and the Paying Agent, (ii) to the payment of all interest then due on the Bonds, and (iii) to the payment of unpaid principal and premium, if any, of the Bonds. If the principal of the Bonds has become due or has been accelerated, such moneys shall be applied in the following order: (i) to the payment of the fees, expenses, liabilities and advances incurred or made by the Trustee and the Paying Agent and (ii) to the payment of principal of and interest then due and unpaid on the Bonds.

No Bondholder may institute any suit or proceeding in equity or at law for the enforcement of the Indenture unless an Event of Default has occurred of which the Trustee has been notified or is deemed to have notice, and registered owners holding not less than 25% in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee to proceed to exercise the powers granted under the Indenture or to institute such action in their own name and the Trustee shall fail or refuse to exercise its powers within a reasonable time after receipt of indemnity satisfactory to it.

Any judgment against the Issuer pursuant to the exercise of rights under the Indenture shall be enforceable only against specific assigned payments, funds and accounts under the Indenture in the hands of the Trustee. No deficiency judgment shall be authorized against the general credit of the Issuer.

No default under paragraph (c) above shall constitute an Event of Default until actual notice is given to the Issuer and the Company by the Trustee, or to the Issuer, the Company and the Trustee by the registered owners holding not less than 25% in aggregate principal amount of all Bonds outstanding and the Issuer and the Company shall have had thirty days after such notice to correct the default and failed to do so. If the default is such that it cannot be corrected within the applicable period but is capable of being cured, it will not constitute an Event of Default if corrective action is instituted within the applicable period.

Waiver of Events of Default

As long as the Bond Insurance Policy is in full force and effect with respect to the Bonds and the Bond Insurer is not in default thereunder, upon the occurrence and continuance of an Event of Default, and subject to certain indemnification provisions, the Bond Insurer shall be entitled to control and direct the right to annul any declaration of acceleration, and the Bond Insurer shall also be entitled to approve all waivers of Events of Default. (See "Rights of Bond Insurer" below.)

Except as provided below, the Trustee may in its discretion waive any Event of Default under the Indenture and shall do so upon the written request of the registered owners holding a majority in principal amount of all Bonds then outstanding. If, after the principal of all Bonds then outstanding shall have been declared to be due and payable and prior to any judgment or decree for the appointment of a receiver or for the payment of the moneys due shall have been entered, (i) the Company has caused to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds and the principal of and premium, if any, on any and all Bonds which shall have become due otherwise than by reason of such declaration and the expenses of the Trustee in connection with such default (with interest thereon as provided in the Indenture) and (ii) all Events of Default under the Indenture (other than nonpayment of the principal of Bonds due by said declaration) shall have been remedied, then such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled by the Trustee. Such waiver, rescission and annulment shall be binding upon all Bondholders. No such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

Upon any waiver or rescission as described above or any discontinuance or abandonment of proceedings under the Indenture, the Trustee shall immediately rescind in writing any Redemption Demand of First Mortgage Bonds previously given to the First Mortgage Trustee. The rescission under the First Mortgage Indenture of a declaration that all first mortgage bonds outstanding under the First Mortgage Indenture are immediately due and payable shall also constitute a waiver of an Event of Default described in paragraph (f) under the subcaption "Defaults and Remedies" above and a waiver and rescission of its consequences.

Notwithstanding the foregoing, nothing in the Indenture shall affect the right of a registered owner to enforce the payment of principal of, premium, if any, and interest on the Bonds after the maturity thereof.

Voting of First Mortgage Bonds Held by Trustee

The Trustee, as holder of the First Mortgage Bonds, shall attend any meeting of holders of first mortgage bonds outstanding under the First Mortgage Indenture as to which it receives due notice. The Trustee shall vote the First Mortgage Bonds held by it, or shall consent with respect thereto, proportionally in the way in which the Trustee reasonably believes will be the vote or consent of all other holders of first mortgage bonds outstanding under the First Mortgage Indenture then eligible to vote or consent.

Notwithstanding the foregoing, the Trustee may not vote the First Mortgage Bonds in favor of, or give consent to, any action which, in the Trustee's opinion, would materially adversely affect the First Mortgage Bonds in a manner not generally shared by all other series of first mortgage bonds, except upon notification by the Trustee to the registered owners of all Bonds then outstanding of such proposal and consent thereto of the registered owners of at least 66 2/3% in principal amount of all Bonds then outstanding.

Supplemental Indentures

The Issuer and the Trustee may enter into indentures supplemental to the Indenture without the consent of or notice to, the Bondholders in order (i) to cure any ambiguity or formal defect or omission in the Indenture, (ii) to grant to the Trustee, as may lawfully be granted, additional rights for the benefit of the Bondholders, (iii) to subject to the Indenture additional revenues, properties or collateral, (iv) to permit qualification of the Indenture under any federal statute or state blue sky law, (v) to add additional covenants and agreements of the Issuer for the protection of the Bondholders or to surrender or limit any rights reserved to the Issuer, (vi) to make any modification or change to the Indenture which, in the sole judgment of the Trustee, does not adversely affect the Trustee or any Bondholder, (vii) to make amendments to provisions relating to federal income tax matters under the Code or other relevant provisions if, in the opinion of Bond Counsel, those amendments would not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes, (viii) to make any modification or change to the Indenture necessary to provide liquidity or credit support for the Bonds, or (ix) to permit the issuance of the Bonds in other than book-entry-only form or to provide changes to or for the book-entry system.

Exclusive of supplemental indentures for the purposes set forth in the preceding paragraph, the consent of registered owners holding a majority in principal amount of all Bonds then outstanding is required to approve any supplemental indenture, except no such supplemental indenture shall permit, without the consent of all of the registered owners of the Bonds then outstanding, (i) an extension of the maturity of the principal of or the interest on any Bond issued under the Indenture or a reduction in the principal amount of any Bond or the rate of interest or time of redemption or redemption premium thereon, (ii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (iii) a reduction in the principal amount of the Bonds required for consent to such supplemental indenture, or (iv) the deprivation of any registered owners of the lien of the Indenture.

If at any time the Issuer shall request the Trustee to enter into any supplemental indenture requiring the consent of the registered owners of the Bonds, the Trustee, upon being satisfactorily indemnified with respect to expenses, must notify all such registered owners. Such notice shall set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection. If, within sixty days (or such longer period as shall be prescribed by the Issuer or the Company) following the mailing of such notice, the registered owners holding the requisite amount of the Bonds outstanding shall have consented to the execution thereof, no Bondholder shall have any right to object or question the execution thereof.

No supplemental indenture shall become effective unless the Company consents to the execution and delivery of such supplemental indenture. The Company shall be deemed to have consented to the execution and delivery of any supplemental indenture if the Trustee does not receive a notice of protest or objection signed by the Company on or before 4:30 p.m., local time in the city in which the principal office of the Trustee is located, on the fifteenth day after the mailing to the Company of a notice of the proposed changes and a copy of the proposed supplemental indenture.

Rights of Bond Insurer

The Indenture grants certain rights to the Bond Insurer. In addition to those rights, the Bond Insurer shall, to the extent it makes payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy. If an Event of Default occurs, the Bond Insurer shall have the right to institute any suit, action or

proceeding at law or in equity under the same terms as a registered owner may institute any action under the Indenture.

To the extent that the Indenture confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of the Indenture, the Bond Insurer is explicitly recognized under the Indenture as being a third-party beneficiary thereof and may enforce any such right, remedy or claim conferred, given or granted thereunder.

As long as the Bond Insurance Policy is in full force and effect with respect to the Bonds and the Bond Insurer is not in default thereunder: (a) any provision of the Indenture expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer thereunder without the prior written consent of the Bond Insurer; (b) any action under the Indenture which requires the consent or approval of the registered owners shall, in addition to such approval, be subject to the prior written consent of the Bond Insurer; (c) upon the occurrence and continuance of an Event of Default, and subject to certain indemnification provisions, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the registered owners or the Trustee for the benefit of the registered owners under the Indenture including, without limitation, (i) the right to accelerate the principal of the Bonds and (ii) the right to annul any declaration of acceleration, and the Bond Insurer shall also be entitled to approve all waivers of Events of Default, and (d) the Bond Insurer shall be entitled to receive copies of notices, certificates and other documents received by the Trustee pursuant to the Indenture and notification of any failure to provide any such document as required by the Indenture or the Loan Agreement.

Notwithstanding anything in the Indenture or the Loan Agreement to the contrary, in the event that the principal or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Bonds shall remain outstanding for all purposes, shall not be defeased or otherwise satisfied and shall not be considered paid by the Issuer, and the assignment and pledge of the revenues and security of the Company under the Loan Agreement and all covenants, agreements and other obligations of the Issuer to the Bondholders shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of the Bondholders.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee, the Issuer and the owners upon an event of default under the Loan Agreement, the Indenture or the First Mortgage Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by the Loan Agreement, the Indenture and the First Mortgage Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by principles of equity, bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the rights of creditors generally.

TAX TREATMENT

In the opinion of Bond Counsel, under existing law, including current statutes, regulations, administrative rulings and official interpretations, subject to the qualifications and exceptions set forth below, interest on the Bonds (i) will be excluded from the gross income of the recipients thereof for federal income tax purposes, except that no opinion will be expressed regarding such exclusion from gross income with respect to any Bond during any period in which it is held by a "substantial user" of the Project or a "related person" as such terms are used in Section 147(a) of the Code and (ii) will not be an item of tax preference in determining alternative minimum taxable income for individuals and corporations under the Code. It is Bond Counsel's further opinion that, subject to the assumptions stated in the preceding sentence, (i) interest on the Bonds will be excluded from gross income of the owners thereof for Kentucky income tax purposes and (ii) the Bonds will be exempt from all ad valorem taxes in Kentucky.

The opinion of Bond Counsel as to the excludability of interest from gross income for federal income tax purposes will be based upon and will assume the accuracy of certain representations of facts and circumstances, including with respect to the Project, which are within the knowledge of the Company and compliance by the Company with certain covenants and undertakings set forth in the proceedings authorizing the Bonds which are intended to assure that the Bonds are and will remain obligations the interest on which is not includable in gross income of the recipients thereof under the law in effect on the date of such opinion. Bond Counsel will not independently verify the accuracy of the certifications and representations made by the Company and the Issuer. On the date of the opinion and subsequent to the original delivery of the Bonds, such representations of facts and circumstances must be accurate and such covenants and undertakings must continue to be complied with in order that interest on the Bonds be and remain excludable from gross income of the recipients thereof for federal income tax purposes under existing law. Bond Counsel will express no opinion (i) regarding the exclusion of interest on any Bond from gross income for federal income tax purposes on or after the date on which any change, including any interest rate conversion, permitted by the documents other than with the approval of Bond Counsel is taken which adversely affects the tax treatment of the Bonds or (ii) as to the treatment for purposes of federal income taxation of interest on the Bonds upon a Determination of Taxability.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which, including provisions for potential payments by the Issuer to the federal government, require future or continued compliance after issuance of the Bonds in order for the interest to be and to continue to be so excluded from the date of issuance. Noncompliance with certain of these requirements by the Company or the Issuer with respect to the Bonds (or with respect to certain other bonds issued by the Issuer at substantially the same time as the Bonds) subsequent to the issuance of the Bonds could cause the interest on the Bonds to be included in gross income for federal income tax purposes and to be subject to federal income taxation retroactively to the date of their issuance. The Company and the Issuer will each covenant to take all actions required of each to assure that the interest on the Bonds shall be and remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion.

The opinion of Bond Counsel as to the exclusion of interest on the Bonds from gross income for federal income tax purposes and federal tax treatment of interest on the Bonds will be subject to the following exceptions and qualifications:

(a) Provisions of the Code applicable to corporations (as defined for federal income tax purposes) which impose an alternative minimum tax on a portion of the excess of adjusted current earnings over other alternative minimum taxable income may subject a portion of the interest on the Bonds earned by certain corporations to such corporate alternative minimum tax. Such corporate alternative minimum tax does not apply to any S corporation, regulated investment company, real estate investment trust or REMIC.

(b) The Code also provides for "branch profits tax" which subjects to tax, at a rate of 30%, the effectively connected earnings and profits of a foreign corporation which engages in a United States trade or business. Interest on the Bonds would be includable in the amount of effectively connected earnings and profits and thus would increase the branch profits tax liability.

(c) The Code also provides that passive investment income, including interest on the Bonds, may be subject to taxation for any S corporation with Subchapter C earnings and profits at the close of its taxable year if greater than 25% of its gross receipts is passive investment income.

Except as stated above, Bond Counsel will express no opinion as to any federal or Kentucky tax consequences resulting from the receipt of interest on the Bonds.

Owners of the Bonds should be aware that the ownership of the Bonds may result in collateral federal income tax consequences. For instance, the Code provides that property and casualty insurance companies will be required to reduce their loss reserve deductions by 15% of the tax-exempt interest received on certain obligations, such as the Bonds, acquired after August 7, 1986. (For purposes of the

immediately preceding sentence, a portion of dividends paid to an affiliated insurance company may be treated as tax-exempt interest.) The Code further provides for the disallowance of any deduction for interest expenses incurred by banks and certain other financial institutions allocable to carrying certain tax-exempt obligations, such as the Bonds, acquired after August 7, 1986. The Code also provides that, with respect to taxpayers other than such financial institutions, such taxpayers will be unable to deduct any portion of the interest expenses incurred or continued to purchase or carry the Bonds. The Code also provides, with respect to individuals, that interest on tax-exempt obligations, including the Bonds, is included in modified adjusted gross income for purposes of determining the taxability of social security and railroad retirement benefits. Furthermore, the earned income tax credit is not allowed for individuals with an aggregate amount of disqualified income within the meaning of Section 32 of the Code, which exceeds \$2,200. Interest on the Bonds will be taken into account in the calculation of disqualified income. Prospective purchasers of the Bonds should consult their own tax advisors regarding such matters and any other tax consequences of holding the Bonds.

From time to time, there are legislative proposals in Congress which, if enacted, could alter or amend one or more of the federal tax matters referred to above or could adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment.

A draft of the opinion of Bond Counsel relating to the Bonds in substantially the form in which it is expected to be delivered on the date of issuance of the Bonds is attached as APPENDIX C.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale by the Issuer of the Bonds are subject to the approving opinion of Bond Counsel. Bond Counsel is a division of the law firm of Ogden Newell & Welch PLLC, which has in the past, and may in the future, act as counsel to the Company with respect to certain matters. Certain legal matters will be passed upon for the Issuer by its County Attorney. Certain legal matters will be passed upon for the Company by Jones, Day, Reavis & Pogue, Chicago, Illinois, and John R. McCall, Esq., Executive Vice President, General Counsel and Corporate Secretary for the Company. Certain legal matters will be passed upon for the Underwriters by their counsel, Winston & Strawn, Chicago, Illinois.

RATINGS

It is expected that Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies ("Standard & Poor's") will assign the Bonds a rating of "AAA" and Moody's will assign the Bonds a rating of "Aaa" on the basis of the Bond Insurance Policy. Any desired further explanation of the significance of these ratings should be obtained from Moody's or Standard & Poor's, respectively. The Company has furnished the Bond Insurer, Standard & Poor's and Moody's with certain information and materials respecting the Bonds and the Company. Generally, rating agencies base their ratings on the information and materials so furnished to them and on their own investigations, studies and assumptions. There is no assurance that such ratings will continue for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Any such change in or withdrawal of such ratings could have an adverse effect on the market price of the Bonds. The Company has not applied for a rating with respect to the Bonds from any other credit rating agency.

UNDERWRITING

Salomon Smith Barney Inc. and Banc of America Securities LLC (the "Underwriters") have agreed to purchase the Bonds from the Issuer at the public offering price set forth on the cover page of this Official Statement. The Underwriters are committed to purchase all of the Bonds if any of the Bonds are purchased. In connection with the underwriting of the Bonds, Salomon Smith Barney Inc. and Banc of America Securities LLC will be paid by the Company underwriting commissions in the amounts of \$201,600 and \$134,400, respectively, for the Bonds. Also, the Underwriters will receive from the Company reimbursement for certain out-of-pocket expenses, including attorneys' fees.

In connection with the offering of the Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of such bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

In the ordinary course of their business, the Underwriters and certain of their affiliates have in the past and may in the future engage in investment and commercial banking transactions with the Company, including the provision of certain advisory services to the Company.

CONTINUING DISCLOSURE

Because the Bonds will be special and limited obligations of the Issuer, the Issuer is not an "obligated person" for purposes of Rule 15c2-12 (the "Rule") promulgated by the SEC under the Exchange Act, or has any continuing obligations thereunder. Accordingly, the Issuer will not provide any continuing disclosure information with respect to the Bonds or the Issuer.

In order to enable the Underwriters to comply with the requirements of the Rule, the Company will covenant in a continuing disclosure undertaking agreement delivered to the Trustee for the benefit of the holders of the Bonds (the "Continuing Disclosure Agreement") to provide certain continuing disclosure for the benefit of the holders of the Bonds. Under its Continuing Disclosure Agreement, the Company will covenant to take the following actions:

(a) The Company will file with the SEC, with respect to each fiscal year ending after January 1, 2002, a report on Form 10-K required under Section 13 or 15(d) of the Exchange Act, including any successor provisions thereto (the "Form 10-K"), not later than the date required thereunder, and shall provide to each nationally recognized municipal securities information repository ("NRMSIR"), recognized by the SEC pursuant to the Rule, and the state information depository, if any, of the Commonwealth of Kentucky (a "SID" and, together with the NRMSIR, a "Repository") recognized by the SEC either (i) a copy of such Form 10-K within 10 days thereof or (ii) notice on an annual basis that the Form 10-K constitutes the annual financial information with respect to the Company required under the Rule.

In the event that the Company is not required to file a Form 10-K under the Exchange Act at any time during the term of the Continuing Disclosure Agreement, then for any year for which a Form 10-K is not filed, the Company will provide to each Repository (1) annual financial information of the type set forth in Appendix A to this Official Statement (including any information incorporated by reference therein) and (2) audited financial statements prepared in accordance with generally accepted accounting principles, in each case not later than 120 days after the end of the Company's fiscal year.

(b) The Company will file in a timely manner with each Repository notice of the occurrence of any of the following events (if applicable) with respect to the Bonds, if material: (i) principal and interest payment delinquencies; (ii) non-payment related defaults; (iii) any unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancement facilities reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (vii) modifications to rights of the holders of the Bonds; (viii) the giving of notice of optional or unscheduled redemption of any Bonds; (ix) defeasance of the Bonds or any portion thereof; (x) release, substitution, or sale of property securing repayment of the Bonds; and (xi) rating changes with respect to the Bonds or the Company or any obligated person, within the meaning of the Rule.

(c) The Company will file in a timely manner with each Repository notice of a failure by the Company to file any of the notices or reports referred to in paragraph (a) above by the due date.

The Company may amend its Continuing Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Company that does not change the duties of the Trustee thereunder) or waive any provision thereof, but only with a change in circumstances that arises from a change in legal requirements, change in law, or change in the nature or status of the Company with respect to the Bonds or the type of business conducted by the Company; provided that the undertaking, as amended or following such waiver, would have complied with the requirements of the Rule on the date of issuance of the Bonds, after taking into account any amendments to the Rule as well as any change in circumstances, and the amendment or waiver does not materially impair the interests of the holders of the Bonds to which such undertaking relates, in the opinion of the Trustee or counsel expert in federal securities laws acceptable to both the Company and the Trustee, or is approved by the Beneficial Owners of a majority in aggregate principal amount of the outstanding Bonds. The Company acknowledges that its undertakings pursuant to the Rule described under this heading are intended to be for the benefit for the holders of the Bonds and shall be enforceable by the holders of those Bonds or by the Trustee on behalf of such holders. Any breach by the Company of these undertakings pursuant to the Rule will not constitute an event of default under the Indenture, the Loan Agreement or the Bonds.

As described in Appendix A under the caption "AVAILABLE INFORMATION", the Company is subject to the information requirements of the Exchange Act and, accordingly, files reports, proxy or information statements and other information with the Securities and Exchange Commission.

This Official Statement has been duly approved, executed and delivered by the County Judge/Executive of the Issuer, on behalf of the Issuer. However, the Issuer neither has nor assumes any responsibility as to the accuracy or completeness of any of the information in this Official Statement except for information furnished by the Issuer under the caption "THE ISSUER."

COUNTY OF CARROLL, KENTUCKY

By: /s/ Gene McMurry
County Judge/Executive

(This page has been left blank intentionally.)

THE COMPANY

Kentucky Utilities Company ("KU") is a regulated public utility that provides electric services to approximately 471,000 customers in over 600 communities and adjacent suburban and rural areas in 77 counties in central, southeastern and western Kentucky, and to about 30,000 customers in five counties in southwestern Virginia. In Virginia, KU operates under the name Old Dominion Power Company. KU also sells wholesale electric energy to 12 municipalities.

Coal-fired generating units provided approximately 98% of KU's net kilowatt-hour generation for the year ended June 30, 2002. The remainder of net generation was provided by a hydroelectric plant and natural gas and oil fueled combustion turbine peaking units. KU does not have any nuclear generating stations and has no plan to build any in the foreseeable future.

KU is a subsidiary of LG&E Energy Corp. ("LG&E Energy"), a diversified energy-services holding company headquartered in Louisville, Kentucky and an indirect subsidiary of Powergen plc, an international integrated energy company with its principal operations in the U.K. and the U.S.

Powergen plc acquired LG&E Energy in December 2000. As a result of the acquisition, LG&E Energy became a wholly owned subsidiary of Powergen. KU continued its separate identity and continues to serve customers in Kentucky and Virginia under its present name. The preferred stock and debt securities of KU were not affected by this merger transaction. Also as a result of the merger, Powergen registered as a holding company under the Public Utility Holding Company Act of 1935 ("PUHCA") and, accordingly, KU became a subsidiary of a registered holding company.

Effective July 1, 2002, E.ON AG, a Germany company, completed its acquisition of Powergen, following receipt of the final necessary regulatory approval on June 14, 2002 from the Securities and Exchange Commission. E.ON AG had announced its pre-conditional cash offer of 5.1 billion pounds sterling (\$7.3 billion) for Powergen on April 9, 2001. Following this acquisition, E.ON became a registered holding company under PUHCA and subject to regulation thereunder.

KU's executive offices are located at One Quality Street, Lexington, Kentucky, 40507, telephone: (859) 255-2100.

Selected Consolidated Financial Data

(Dollars in thousands)

	12 Months Ended June 30, 2002 (unaudited)	2001	Year Ended December 31, 2000	1999
Income Statement Information:				
Operating Revenues	\$847,043	\$859,472	\$851,941	\$937,310
Net Income	119,438(1)	96,414	95,524	106,558
Ratio of Earnings to Fixed Charges (2)	7.30x	5.40x	4.58x	5.16x
		<u>June 30, 2002</u>	<u>% of Capitalization</u>	
Capitalization:				
Long-Term Debt and Notes Payable (3) (including current portion)		\$509,843		38.6%
Preferred Stock		40,000		3.0
Common Stock Equity		<u>772,107</u>		<u>58.4</u>
Total Capitalization (including current portion)		<u>\$1,321,950</u>		<u>100.0%</u>

- (1) Includes \$33.9 million (after-tax) related to the reversal of a non-recurring charge. See below.
- (2) For purposes of this ratio, "Earnings" consist of the aggregate of Income Before Cumulative Effect of a Change in Accounting Principle, taxes on income, investment tax credit (net) and "Fixed Charges." "Fixed Charges" consist of interest charges and one-third of rentals charged to operating expenses.
- (3) Includes \$19.6 million notes payable to associated companies.

Certain information in the table above is derived from KU's financial statements for the years ended December 31, 2001, 2000 and 1999. PricewaterhouseCoopers LLP acted as independent certifying accountants for KU for the year ended December 31, 2001. Arthur Andersen LLP audited KU's respective financial statements for each of the years ended December 31, 2000 and 1999.

Recent Financial Results and Developments

KU's net income decreased \$8.4 million for the quarter ended June 30, 2002, as compared to the quarter ended June 30, 2001. The decrease was primarily due to increased other operation expense and decreased electric revenues partially offset by decreased interest expense. KU's net income increased \$23.0 million for the six months ended June 30, 2002, as compared to the six months ended June 30, 2001. The increase was primarily due to a non-recurring charge of \$38.0 million, net of tax, made in the first quarter of 2001 for costs associated with KU's workforce reduction program. Excluding this one-

time charge, net income decreased \$15.0 million, due largely to increased operation expenses and lower electric revenues, partially offset by lower interest expense.

As a result of the December 3, 2001 settlement of the workforce reduction program case (VDT case), KU reversed the first quarter charge by recording a regulatory asset for the workforce reduction costs and began amortizing these costs over a five-year period starting in April 2001. Other effects of the settlement of the VDT case include a reduction in rates from net VDT program savings stipulated by KU for KU's customers totaling \$11 million over a five-year period beginning in April 2001 and a modification of certain assumptions used in the calculation of depreciation rates retroactive to January 1, 2001, resulting in a reduction in depreciation expense of approximately \$6.0 million in 2001.

Available Information

KU is subject to the information requirements of the Securities Exchange Act of 1934 and, accordingly, files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). Such reports, proxy statements and other information, as well as reports and other information regarding Powergen, on file can be inspected and copied at the public reference facilities of the SEC, currently at Room 1024, 450 Fifth Street, N.W., Washington, DC 20549; and copies of such material can be obtained from the Public Reference Section of the SEC at its principal office at 450 Fifth Street, N.W., Washington, DC 20549 at prescribed rates or from the SEC's Web Site (<http://www.sec.gov>). Please call the SEC at 1-800-SEC-0330 for further information on the public reference room.

Documents Incorporated By Reference

The following documents, as filed by KU with the SEC, are incorporated herein by reference:

1. Form 10-K Annual Report of KU for the year ended December 31, 2001;
2. Form 10-Q Quarterly Reports of KU for the quarters ended March 31, 2002 and June 30, 2002; and
3. Form 8-K Current Report of KU filed with the SEC on August 14, 2002.

All documents filed by KU with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 subsequent to the date of this Official Statement and prior to the termination of the offering of the Bonds shall be deemed to be incorporated by reference in this Appendix and to be made a part hereof from their respective dates of filing. Any statement contained in a document incorporated or deemed to be incorporated by reference in this Official Statement shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained in this Official Statement or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this Official Statement modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

KU hereby undertakes to provide without charge to each person (including any beneficial owner) to whom a copy of this Official Statement has been delivered, on the written or oral request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Official Statement by reference, other than certain exhibits to such documents. Requests for such copies should be directed to Dan Arbough, Kentucky Utilities Company, One Quality Street, Lexington, Kentucky 40507, telephone: (859) 255-2100.

(This page has been left blank intentionally.)

DUTCH AUCTION PROCEDURES

The following is a summary of definitions of certain terms relating to the Dutch Auction Procedures:

"*Agent Member*" shall mean a member of, or participant in, DTC.

"*Applicable Percentage*" shall mean, on any date of determination, the percentage of the Index (in effect on such Auction Date) determined in accordance with the Indenture, based on the Prevailing Rating of the Bonds in effect at the close of business on the Business Day immediately preceding such Auction Date:

<u>Prevailing Rating</u>	<u>Applicable Percentage</u>
AAA/Aaa	150%
AA/Aa	150%
A/A	200%
Below A/A	250%

"*Auction*" shall mean each periodic implementation of the Dutch Auction Procedures.

"*Auction Agent Agreement*" shall mean the Auction Agent Agreement dated as of September 1, 2002 between the Company and the Auction Agent as amended and supplemented from time to time.

"*Auction Agent*" shall mean the auction agent appointed in accordance with the Indenture.

"*Auction Date*" means during any period in which the Auction procedures described in this Appendix B are not suspended in accordance with the provisions of the Indenture, (i) if the Bonds are in a daily Auction Period, each Business Day, and (ii) if the Bonds are in any other Auction Period, the Business Day next preceding each Interest Payment Date for such Bonds (whether or not an Auction will be conducted on such date); provided, however, that the last Auction Date with respect to the Bonds in an Auction Period other than a daily Auction Period will be the earlier of (a) the Business Day next preceding the Interest Payment Date next preceding the Conversion Date for the Bonds and (b) the Business Day next preceding the Interest Payment Date next preceding the final maturity date for the Bonds; and provided, further, that if the Bonds are in a daily Auction Period, the last Auction Date will be the earlier of (x) the Business Day next preceding the Conversion Date for the Bonds and (y) the Business Day next preceding the final maturity date for the Bonds. On the Business Day preceding the conversion from a daily Auction Period to another Auction Period, there will be two Auctions, one for the last daily Auction Period and one for the first Auction Period following the conversion. The first Auction Date for the Bonds is November 5, 2002.

"*Auction Period*" shall mean, (i) with respect to Bonds in a daily mode, a period beginning on each Business Day and extending to but not including the next succeeding Business Day, (ii) with respect to Bonds in a seven-day mode, a period of generally seven days beginning on a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iii) with respect to Bonds in a 28-day mode, a period of generally 28 days beginning on a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the fourth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iv) with respect to Bonds in a 35-day mode, a

period of generally 35 days beginning on a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the fifth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (v) with respect to Bonds in a three-month mode, a period of generally three months (or shorter period upon a conversion from another Auction Period) beginning on the day following the last day of the prior Auction Period and ending on the first day of the month that is the third calendar month following the beginning date of such Auction Period, and (vi) with respect to Bonds in a semiannual mode, a period of generally six months (or shorter period upon a conversion from another Auction Period) beginning on the day following the last day of the prior Auction Period and ending on the next succeeding April 1 or October 1; provided, however, that if there is a conversion of Bonds from a daily Auction Period to a seven-day Auction Period, the next Auction Period will begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and will end on the next succeeding Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), if there is a conversion from a daily Auction Period to a 28-day Auction Period, the next Auction Period will begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and will end on the Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and, if there is a conversion from a daily Auction Period to a 35-day Auction Period, the next Auction Period will begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and will end on the Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but not more than 35 days from such date of conversion.

"Available Auction Bonds" shall have the meaning set forth below under "Determination of Sufficient Clearing Bids, Winning Bid Rate and Dutch Auction Rate."

"Bid" shall have the meaning set forth below under "Orders by Existing Holders and Potential Holders."

"Bidder" shall have the meaning set forth below under "Orders by Existing Holders and Potential Holders."

"Broker-Dealer" shall mean any entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Dutch Auction Procedures (i) that is an Agent Member (or an affiliate of an Agent Member), (ii) that has been selected by the Company with the consent of the Auction Agent, and (iii) that has entered into a Broker-Dealer Agreement with the Auction Agent that remains effective.

"Broker-Dealer Agreement" shall mean, if the Bonds are in the Dutch Auction Rate Mode, each agreement between a Broker-Dealer and the Auction Agent substantially in the form of Exhibit A to the Auction Agent Agreement pursuant to which a Broker-Dealer, among other things, agrees to participate in Auctions as set forth in the Dutch Auction Procedures, as from time to time amended and supplemented.

"Commercial Paper Dealers" shall mean Salomon Smith Barney Inc. and Banc of America Securities LLC, or, in lieu thereof, their affiliates or successors which are commercial paper dealers or such other commercial paper dealers as may be selected from time to time by the Paying Agent, at the direction of the Company.

"DTC" shall mean The Depository Trust Company, New York, New York, its successors and their assigns or if The Depository Trust Company or its successor or assign resigns from its functions as depository for the Bonds, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Issuer, at the direction of the Company, with the consent of the Market Agent.

"*Dutch Auction Procedures*" shall mean the procedures set forth in this APPENDIX B.

"*Dutch Auction Rate*" shall mean the interest rate to be determined for the Bonds pursuant to the Dutch Auction Procedures.

"*Dutch Auction Rate Period*" shall mean each period during which the Bonds bear interest at a Dutch Auction Rate.

"*Event of Default*" shall mean any of the events set forth in the body of this Official Statement under the caption "SUMMARY OF THE INDENTURE — Defaults and Remedies."

"*Existing Holder*" shall mean, for purposes of each Auction, a person who is listed as the beneficial owner of Bonds in the records of the Auction Agent as of the Regular Record Date in respect of the last Interest Payment Date for the Auction Period then ending.

"*Failure to Deposit*" shall mean any failure to make the deposits required (i) no later than 12:00 noon (New York City time) on the Business Day next preceding each Interest Payment Date in funds available on the next Business Day in New York, New York for the payment of principal of and interest on the Bonds, or (ii) no later than 12:00 noon (New York City time) on the second Business Day preceding each redemption date in funds available on the next Business Day in New York, New York for the redemption of any Bonds.

"*Hold Order*" shall have the meaning set forth below under "Orders by Existing Holders and Potential Holders."

"*Index*" shall mean on any Auction Date (i) with respect to Bonds in any Auction Period of 40 days or less, the Thirty-Day "AA" Composite Commercial Paper Rate on such date, (ii) with respect to Bonds in any Auction Period greater than 40 days but less than 95 days, the Three-Month Treasury Bill Rate, as last published in *The Wall Street Journal*, and (iii) with respect to Bonds in any Auction Period greater than 95 days, the rate on United States Treasury Securities having a maturity which most closely approximates the length of the Auction Period, as last published in *The Wall Street Journal*. If any such rate is unavailable, the Index will be an index or rate agreed to by all Broker-Dealers and consented to by the Company.

"*Market Agent*" shall mean the market agent appointed in accordance with the Indenture and its successors and their assigns.

"*Maximum Dutch Auction Rate*" shall mean on any date of determination, the lesser of (i) the product of the Index multiplied by the Applicable Percentage or (ii) 14%.

"*Minimum Dutch Auction Rate*" shall mean on any date of determination the interest rate per annum equal to the lesser of (i) 14% or (ii) 45% of the Index on such date.

"*No Auction Rate*" means, as of any Auction Date, the rate determined by multiplying the Percentage of Index set forth below, based on the Prevailing Rating of the Bonds in effect at the close of business on the Business Day immediately preceding such Auction Date, by the Index:

<u>Prevailing Rating</u>	<u>Percentage of Index</u>
AAA/Aaa	65%
AA/Aa	70%
A/A	85%
Below A/A	100%

provided, however that in no event will the No Auction Rate exceed the Maximum Dutch Auction Rate.

"Order" shall have the meaning set forth below under "Orders by Existing Holders and Potential Holders."

"Overdue Rate" shall mean, on any date of determination, the lesser of (i) 14% and (ii) the Applicable Percentage (determined as if the Bonds had a prevailing rating of Below A/A) of the Index on such date.

"Potential Holder" shall mean any person, including any Existing Holder, who may be interested in acquiring the beneficial ownership of Bonds during a Dutch Auction Rate Period or, in the case of an Existing Holder thereof, the beneficial ownership of an additional principal amount of Bonds during a Dutch Auction Rate Period.

"Prevailing Rating" means (a) AAA/Aaa, if the Bonds will have a rating of AAA or better by S&P and a rating of Aaa or better by Moody's, (b) if not AAA/Aaa, AA/Aa if the Bonds will have a rating of AA- or better by S&P and a rating of Aa3 or better by Moody's, (c) if not AAA/Aaa or AA/Aa, A/A if the Bonds will have a rating of A- or better by S&P and a rating of A3 or better by Moody's, and (d) if not AAA/Aaa, AA/Aa or A/A, then below A/A, whether or not the Bonds are rated by any securities rating agency. For purposes of this definition, S&P's rating categories of "AAA," "AA," and "A-" and Moody's rating categories of "Aaa," "Aa3" and "A3," will be deemed to refer to and include the respective rating categories correlative thereto in the event that any such Rating Agencies will have changed or modified their generic rating categories or if any successor thereto appointed in accordance with the definitions thereof will use different rating categories. If the Bonds are not rated by a Rating Agency, the requirement of a rating by such Rating Agency will be disregarded. If the ratings for the Bonds are split between two of the foregoing categories, the lower rating will determine the Prevailing Rating. If there is no rating, then the Dutch Auction Rate will be the Maximum Dutch Auction Rate.

"Sell Order" shall have the meaning set forth below under "Orders by Existing Holders and Potential Holders."

"Standard Auction Period" initially shall mean an Auction Period of 35 days and after the establishment of a different period as described below under "Change of Auction Period" shall mean such different period.

"Submission Deadline" shall mean 1:00 p.m. (New York City time) on any Auction Date or such other time on any Auction Date by which Broker-Dealers are required to submit Orders to the Auction Agent as specified by the Auction Agent from time to time.

"Submitted Bid" shall have the meaning set forth below under "Determination of Sufficient Clearing Bids, Winning Bid Rate and Dutch Auction Rate."

"Submitted Hold Order" shall have the meaning set forth below under "Determination of Sufficient Clearing Bids, Winning Bid Rate and Dutch Auction Rate."

"Submitted Order" shall have the meaning set forth below under "Determination of Sufficient Clearing Bids, Winning Bid Rate and Dutch Auction Rate."

"Submitted Sell Order" shall have the meaning set forth below under "Determination of Sufficient Clearing Bids, Winning Bid Rate and Dutch Auction Rate."

"Substitute Commercial Paper Dealer" shall mean J.P. Morgan Securities Inc. or its affiliates or successors if such person is a commercial paper dealer or such other commercial paper dealers selected by the Paying Agent (who shall be under no liability for such selection), at the direction of the Company, provided that neither such person nor any of its affiliates or successors shall be a Commercial Paper Dealer.

"Sufficient Clearing Bids" shall have the meaning set forth below under "Determination of Sufficient Clearing Bids, Winning Bid Rate and Dutch Auction Rate."

"Thirty-Day 'AA' Composite Commercial Paper Rate" on any date of determination, means the interest equivalent of the thirty-day rate on commercial paper placed on behalf of non-financial issuers whose corporate bonds are rated AA by S&P, or the equivalent of such rating by S&P, as made available on a discount basis or otherwise by the Federal Reserve Bank of New York for the Business Day immediately preceding such date of determination, or if the Federal Reserve Bank of New York does not make available any such rate, then the arithmetic average of such rates, as quoted on a discount basis or otherwise, by the Commercial Paper Dealers to the Auction Agent for the close of business on the Business Day immediately preceding such date of determination.

For purposes of this definition, the "interest equivalent" means the equivalent yield on a 360-day basis of a discount-basis security to an interest-bearing security. If any Commercial Paper Dealer does not quote a commercial paper rate required to determine the Thirty-Day "AA" Composite Commercial Paper Rate, the Thirty-Day "AA" Composite Commercial Paper Rate shall be determined on the basis of the quotation or quotations furnished by the remaining Commercial Paper Dealer or Commercial Paper Dealers and any Substitute Commercial Paper Dealer not included within the definition of Commercial Paper Dealers above, or, if there are no Substitute Commercial Paper Dealers, by the remaining Commercial Paper Dealer or Commercial Paper Dealers.

"Winning Bid Rate" shall have the meaning set forth below under "Determination of Sufficient Clearing Bids, Winning Bid Rate and Dutch Auction Rate."

The following are the procedures to be used in conducting Dutch Auctions. As a summary, it does not purport to be complete and is qualified in its entirety by reference to the Dutch Auction Procedures set forth in the Indenture.

Auction Period — General

During any Dutch Auction Rate Period, the Bonds shall bear interest at the Dutch Auction Rate determined as set forth below. The Dutch Auction Rate for any initial Auction Period immediately after either any conversion to a Dutch Auction Rate Period or a mandatory purchase of Bonds pursuant to the Indenture shall be the rate of interest per annum determined and certified to the Trustee (with a copy to the Bond Registrar, Paying Agent and the Company) by the Market Agent on a date not later than the effective date of such conversion or the date of such mandatory purchase, as the case may be, as the minimum rate of interest which, in the opinion of the Market Agent, would be necessary as of the date of such conversion or the date of such mandatory purchase, as the case may be, to market Bonds in a secondary market transaction at a price equal to the principal amount thereof, provided that such interest rate shall not exceed 14% per annum. Except for the initial Auction Period, which commences on the date of original issuance of the Bonds, and as otherwise provided in the Indenture for any other Auction Period, the Dutch Auction Rate shall be the rate of interest per annum that results from implementation of the Dutch Auction Procedures; provided that such interest rate shall not exceed 14% per annum. Except as provided below, if on any Auction Date for any reason an Auction is not held, the Dutch Auction Rate for the next succeeding Auction Period shall equal the No Auction Rate on and as of such Auction Date.

Determination of the Dutch Auction Rate pursuant to the Dutch Auction Procedures shall be suspended upon the occurrence of a Failure to Deposit or an Event of Default described under clause (a) or (b) of "SUMMARY OF THE INDENTURE — Defaults and Remedies" in the body of this Official Statement. Upon the occurrence of a Failure to Deposit or an Event of Default described under clause (a) or (b) of "SUMMARY OF THE INDENTURE — Defaults and Remedies" in the body of this Official Statement, on any Auction Date, no Auction will be held, all Submitted Bids and Submitted Sell Orders shall be rejected, the existence of Sufficient Clearing Bids shall be of no effect and the Dutch Auction Rate shall be equal to the Overdue Rate as determined on and as of the immediately preceding Auction Date for each Auction Period commencing after the occurrence of such Failure to Deposit or Event of Default to and including the Auction Period, if any, during which or commencing less than two Business Days after the earlier of (A) such Failure to Deposit or Event of Default has been cured or waived and (B) the first date on which all of the following conditions shall have been satisfied:

- (1) no default shall have occurred and be continuing under the Bond Insurance Policy (the satisfaction of such condition to be conclusively evidenced, absent manifest error, to each of the Trustee and the Auction Agent by a certificate of a duly authorized officer of the Bond Insurer to such effect delivered to such entity);
- (2) the Bond Insurer shall have delivered to the Auction Agent an instrument, satisfactory in form and substance to the Auction Agent, containing (x) an unconditional agreement of the Bond Insurer to furnish to the Auction Agent amounts sufficient to pay all fees of the Broker-Dealers, as provided in the Broker-Dealer Agreements, and of the Auction Agent, (y) such other agreements and representations as the Auction Agent shall reasonably require and (z) a direction not to suspend, or resume, the implementation of the Dutch Auction Procedures, as the case may be; and
- (3) the Auction Agent shall have advised the Trustee that the Auction Agent has been directed by the Bond Insurer not to suspend, or to resume, the implementation of the Dutch Auction Procedures.

The Dutch Auction Rate for any Auction Period commencing after certificates representing the Bonds have been distributed as described below under "DTC Required During Dutch Auction Rate Mode; Limitations on Transfer" shall be equal to the Maximum Dutch Auction Rate on each Auction Date.

Auction Periods may be changed at any time as described below under "Change of Auction Period" unless a Failure to Deposit or an Event of Default has occurred and has not been cured or waived. Each Auction Period shall be a Standard Auction Period unless a different Auction Period is established and each Auction Period which immediately succeeds an Auction Period that is not a Standard Auction Period shall be a Standard Auction Period unless a different Auction Period is established as described below under "Change of Auction Period."

The Market Agent shall from time to time increase any or all of the percentages set forth in the definition of "Applicable Percentage" or the percentage set forth in the definition of "Minimum Dutch Auction Rate" in order that such percentages take into account any amendment to the Code or other statute enacted by the Congress of the United States or any temporary, proposed or final regulation promulgated by the United States Treasury, after the date of the Indenture which (a) changes or would change any deduction, credit or other allowance allowable in computing liability for any federal tax with respect to, or (b) imposes, or would impose or increases or would increase any federal tax (including, but not limited to, preference or excise taxes) upon, any interest on a governmental obligation the interest on which is excluded from federal gross income under Section 103 of the Code. The Market Agent shall give notice of any such increase by means of a written notice delivered at least two Business Days prior to the Auction Date on which such increase is proposed to be effective to the Trustee, the Auction Agent, the Company and DTC.

Change of Auction Period

During a Dutch Auction Rate Period, the Company may change the length of the then applicable Auction Period by means of a written notice delivered at least 10 days prior to the Auction Date for such Auction Period to the Trustee, the Bond Insurer, the Auction Agent, the Issuer and DTC. Any Auction Period or Standard Auction Period established pursuant to the Dutch Auction Procedures may not exceed 364 days in duration. If such Auction Period will be less than 35 days, such notice shall be effective only if it is accompanied by a written statement of the Bond Registrar and Paying Agent, the Trustee, the Auction Agent and DTC to the effect that they are capable of performing their duties under the Indenture and the Auction Agent Agreement with respect to such Auction Period. The length of an Auction Period or the Standard Auction Period may not be changed as described herein unless Sufficient Clearing Bids existed at both the Auction immediately preceding the date the notice of such change was given and the Auction immediately preceding such changed Auction Period.

The change in length of an Auction Period or the Standard Auction Period shall take effect only if (i) the Trustee and the Auction Agent receive, by 11:00 a.m. (New York City time) on the Business Day immediately preceding the Auction Date for such Auction Period, a certificate from the Company by telecopy or similar means, authorizing the change in the Auction Period or the Standard Auction Period, which shall be specified in such certificate, (ii) the Trustee shall not have delivered to the Auction Agent by 12:00 noon (New York City time) on the Auction Date for such Auction Period notice that a Failure to Deposit has occurred, and (iii) Sufficient Clearing Bids exist at the Auction on the Auction Date for such Auction Period. If the condition referred to in (i) above is not met, the Dutch Auction Rate for the next succeeding Auction Period shall be determined pursuant to the Dutch Auction Procedures and the next succeeding Auction Period shall be an Auction Period of 35 days. If any of the conditions referred to in (ii) or (iii) above is not met, the Dutch Auction Rate for the next succeeding Auction Period shall equal the Maximum Dutch Auction Rate as determined as of the Auction Date for an Auction Period of 35 days.

Orders by Existing Holders and Potential Holders

Subject to the provisions described above under "Auction Period — General", Auctions shall be conducted on each Auction Date in the manner described under this heading and in the remainder of this APPENDIX B prior to the Submission Deadline on each Auction Date during a Dutch Auction Rate Period:

- (i) each Existing Holder may submit to the Broker-Dealer information as to:
 - (A) the principal amount of Bonds, if any, held by such Existing Holder which such Existing Holder desires to continue to hold without regard to the Dutch Auction Rate for the next succeeding Auction Period;
 - (B) the principal amount of Bonds, if any, held by such Existing Holder which such Existing Holder offers to sell if the Dutch Auction Rate for the next succeeding Auction Period shall be less than the rate per annum specified by such Existing Holder; and
 - (C) the principal amount of Bonds, if any, held by such Existing Holder which such Existing Holder offers to sell without regard to the Dutch Auction Rate for the next succeeding Auction Period;
- (ii) one or more Broker-Dealers may contact Potential Holders to determine the principal amount of Bonds which each such Potential Holder offers to purchase if the Dutch Auction Rate for the next succeeding Auction Period shall not be less than the interest rate per annum specified by such Potential Holder.

For the purposes of the Dutch Auction Procedures, the communication to a Broker-Dealer of information referred to in clause (i)(A), (i)(B) or (i)(C) or clause (ii) above is hereinafter referred to as an "Order" and each Existing Holder and Potential Holder placing an Order is hereinafter referred to as a "Bidder"; an Order containing the information referred to in clause (i)(A) above is hereinafter referred to as a "Hold Order"; an Order containing the information referred to in clause (i)(B) or clause (ii) above is hereinafter referred to as a "Bid"; and an Order containing the information referred to in clause (i)(C) above is hereinafter referred to as a "Sell Order":

(i) Subject to the provisions of "Submission of Orders by Broker — Dealers to Auction Agent" below, a Bid by an Existing Holder shall constitute an irrevocable offer to sell:

(A) the principal amount of Bonds specified in such Bid if the Dutch Auction Rate determined pursuant to the Dutch Auction Procedures on such Auction Date shall be less than the interest rate per annum specified therein; or

(B) such principal amount or a lesser principal amount of Bonds to be determined as set forth in clause (iv) below under "Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of Auction Bonds" below if the Dutch Auction Rate determined pursuant to the Dutch Auction Procedures on such Auction Date shall be equal to the interest rate per annum specified therein; or

(C) such principal amount if the interest rate per annum specified therein shall be higher than the Maximum Dutch Auction Rate or such principal amount or a lesser principal amount of Bonds to be determined in clause (iii) below under "Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of Auction Bonds" below if such specified rate shall be higher than the Maximum Dutch Auction Rate and Sufficient Clearing Bids do not exist.

(ii) Subject to the provisions set forth below under "Submission of Orders by Broker — Dealers to Auction Agent", a Sell Order by an Existing Holder shall constitute an irrevocable offer to sell:

(A) the principal amount of Bonds specified in such Sell Order; or

(B) such principal amount or a lesser principal amount of Bonds as set forth in clause (iii) below under "Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of Auction Bonds" if Sufficient Clearing Bids do not exist.

(iii) Subject to the provisions described in "Submission of Orders by Broker — Dealers to Auction Agent" below, a Bid by a Potential Holder shall constitute an irrevocable offer to purchase:

(A) the principal amount of Bonds specified in such Bid if the Dutch Auction Rate determined on such Auction Date shall be higher than the rate specified therein; or

(B) such principal amount or a lesser principal amount of Bonds as set forth in clause (v) below under "Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of Auction Bonds" if the Dutch Auction Rate determined on such Auction Date shall be equal to such specified rate.

Submission of Orders by Broker-Dealers to Auction Agent

During a Dutch Auction Rate Period each Broker-Dealer shall submit in writing or by such other method as shall be reasonably acceptable to the Auction Agent prior to the Submission Deadline on each

Auction Date during the Dutch Auction Rate Period, all Orders obtained by such Broker-Dealer and shall specify with respect to each such Order:

- (i) the aggregate principal amount of Bonds that are subject to such Order;
- (ii) to the extent that such Bidder is an Existing Holder:
 - (A) the principal amount of Bonds, if any, subject to any Hold Order placed by such Existing Holder;
 - (B) the principal amount of Bonds, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and
 - (C) the principal amount of Bonds, if any, subject to any Sell Order placed by such Existing Holder; and
- (iii) to the extent such Bidder is a Potential Holder, the rate specified in such Potential Holder's Bid.

If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth (.001) of 1%.

If an Order or Orders covering all Bonds held by an Existing Holder is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the principal amount of Bonds held by such Existing Holder and not subject to Orders submitted to the Auction Agent. None of the Issuer, the Company, the Trustee or the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder or Potential Holder.

If any Existing Holder submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal amount of Bonds held by such Existing Holder, such Orders shall be considered valid as follows and in the following order of priority:

(i) all Hold Orders shall be considered valid, but only up to and including the principal amount of Bonds held by such Existing Holder, and, if the aggregate principal amount of Bonds subject to such Hold Orders exceeds the aggregate principal amount of Bonds held by such Existing Holder, the aggregate principal amount of Bonds subject to each such Hold Order shall be reduced pro rata so that such Hold Orders cover the aggregate principal amount of Bonds held by such Existing Holder;

(ii) (A) any Bid shall be considered valid up to and including the excess of the principal amount of Bonds held by such Existing Holder over the aggregate principal amount of Bonds subject to any Hold Orders referred to in paragraph (i) above;

(B) subject to clause (A) above, if more than one Bid with the same rate is submitted on behalf of such Existing Holder and the aggregate principal amount of Bonds subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess, and the principal amount of Bonds subject to each Bid with the same rate shall be reduced pro rata so that such Bids cover the principal amount of Bonds equal to such excess;

(C) subject to clauses (A) and (B) above, if more than one Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered valid in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess; and

(D) in any such event, the aggregate principal amount of Bonds, if any, subject to Bids not valid under this paragraph (ii) shall be treated as the subject of a Bid by a Potential Holder at the rate therein specified; and

(iii) all Sell Orders shall be considered valid up to and including the excess of the principal amount of Bonds held by such Existing Holder over the aggregate principal amount of Bonds subject to valid Hold Orders referred to in paragraph (i) and valid Bids referred to in paragraph (ii) above.

If more than one Bid for Bonds is submitted on behalf of any Potential Holder, each Bid submitted will be a separate Bid for Bonds with the rate and principal amount therein specified.

Any Bid or Sell Order submitted by an Existing Holder covering an aggregate principal amount of Bonds not equal to \$25,000 or an integral multiple thereof shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate principal amount of Bonds not equal to \$25,000 or an integral multiple thereof will be rejected.

Any Bid submitted by an Existing Holder or Potential Holder specifying a rate lower than the Minimum Dutch Auction Rate will be treated as a Bid specifying the Minimum Dutch Auction Rate.

Any Order submitted in an Auction by a Broker-Dealer to the Auction Agent prior to the Submission Deadline on any Auction Date shall be irrevocable.

Determination of Sufficient Clearing Bids, Winning Bid Rate and Dutch Auction Rate

Not earlier than the Submission Deadline on each Auction Date during the Dutch Auction Rate Period, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, or as a "Submitted Order") and shall determine:

(i) the excess of the total principal amount of Bonds over the aggregate principal amount of Bonds subject to Submitted Hold Orders (such excess being hereinafter referred to as the "Available Auction Bonds"); and

(ii) from the Submitted Orders whether the aggregate principal amount of Bonds subject to Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the Maximum Dutch Auction Rate exceeds or is equal to the sum of:

(A) the aggregate principal amount of Bonds subject to Submitted Bids by Existing Holders specifying one or more rates higher than the Maximum Dutch Auction Rate; and

(B) the aggregate principal amount of Bonds subject to Submitted Sell Orders;

(in the event of such excess or such equality exists (other than because the sum of the principal amounts of Bonds in clauses (A) and (B) above is zero because all of the Bonds are subject to Submitted Hold Orders), such Submitted Bids in clause (ii) above are hereinafter referred to collectively as "Sufficient Clearing Bids"); and

(iii) if Sufficient Clearing Bids exist, the lowest rate specified in the Submitted Bids (the "Winning Bid Rate") which if:

(A)(y) each Submitted Bid from Existing Holders specifying such lowest rate and (z) all other Submitted Bids from Existing Holders specifying lower rates were rejected, thus entitling such Existing Holders to continue to hold the principal amount of Bonds subject to such Submitted Bids; and

(B)(y) each Submitted Bid from Potential Holders specifying such lowest rate and (z) all other Submitted Bids from Potential Holders specifying lower rates were accepted,

would result in such Existing Holders described in clause (A) above continuing to hold an aggregate principal amount of Bonds which, when added to the aggregate principal amount of Bonds to be purchased by such Potential Holders described in clause (B) above, would equal not less than the Available Auction Bonds.

Promptly after the Auction Agent has made the determinations pursuant to the first paragraph of this section, the Auction Agent by telecopy, confirmed in writing, shall advise the Company and the Trustee of the Maximum Dutch Auction Rate and the Minimum Dutch Auction Rate and the components thereof on the Auction Date and, based on such determinations, the Dutch Auction Rate for the next succeeding Auction Period as follows:

- (i) if Sufficient Clearing Bids exist, that the Dutch Auction Rate for the next succeeding Auction Period therefor shall be equal to the Winning Bid Rate so determined;
- (ii) if Sufficient Clearing Bids do not exist (other than because all of the Bonds are the subject of Submitted Hold Orders), that the Dutch Auction Rate for the next succeeding Auction Period therefor shall be equal to the Maximum Dutch Auction Rate; and
- (iii) if all of the Bonds are subject to Submitted Hold Orders, that the Dutch Auction Rate for the next succeeding Auction Period therefor shall be equal to the Minimum Dutch Auction Rate.

Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of Auction Bonds

During a Dutch Auction Rate Period, Existing Holders shall continue to hold the principal amounts of Bonds that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to the first paragraph of "Determination of Sufficient Clearing Bids, Winning Bid Rate and Dutch Auction Rate", the Submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Agent shall take such other actions as are set forth below:

If Sufficient Clearing Bids have been made, all Submitted Sell Orders shall be accepted and, subject to the provisions of the fifth and sixth paragraphs of this section, Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

- (i) Existing Holders' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to sell the aggregate principal amount of Bonds subject to such Submitted Bids;
- (ii) Existing Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of Bonds subject to such Submitted Bids;

(iii) Potential Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Holder to purchase the aggregate principal amount of Bonds subject to such Submitted Bids;

(iv) each Existing Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Holder to continue to hold the aggregate principal amount of Bonds subject to such Submitted Bid, unless the aggregate principal amount of Bonds subject to all such Submitted Bids shall be greater than the principal amount of Bonds (the "remaining principal amount") equal to the excess of the Available Auction Bonds over the aggregate principal amount of the Bonds subject to Submitted Bids described in paragraphs (ii) and (iii) immediately above, in which event such Submitted Bid of such Existing Holder shall be rejected in part, and such Existing Holder shall be entitled to continue to hold the principal amount of Bonds subject to such Submitted Bid, but only in an amount equal to the principal amount of Bonds obtained by multiplying the remaining principal amount by a fraction, the numerator of which shall be the principal amount of Bonds held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the principal amounts of Bonds subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate; and

(v) each Potential Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the principal amount of Bonds obtained by multiplying the excess of the Available Auction Bonds over the aggregate principal amount of Bonds subject to Submitted Bids described in paragraphs (ii), (iii) and (iv) immediately above, by a fraction the numerator of which shall be the aggregate principal amount of Bonds subject to such Submitted Bid of such Potential Holder and the denominator of which shall be the sum of the principal amount of Bonds subject to Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate.

If Sufficient Clearing Bids have not been made (other than because all of the Bonds are subject to Submitted Hold Orders), subject to the provisions of the fifth paragraph of this section, Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(i) Existing Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Dutch Auction Rate shall be rejected, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of Bonds subject to such Submitted Bids;

(ii) Potential Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Dutch Auction Rate shall be accepted, thus requiring each such Potential Holder to purchase the aggregate principal amount of Bonds subject to such Submitted Bids; and

(iii) each Existing Holder's Submitted Bid specifying any rate that is higher than the Maximum Dutch Auction Rate and the Submitted Sell Orders of each Existing Holder shall be accepted, thus entitling each Existing Holder that submitted any such Submitted Bid or Submitted Sell Order to sell the Bonds subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of Bonds obtained by multiplying the aggregate principal amount of Bonds subject to Submitted Bids described above in subparagraph (ii) by a fraction, the numerator of which shall be the aggregate principal amount of Bonds held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Outstanding Auction Bonds subject to all such Submitted Bids and Submitted Sell Orders.

If all Bonds are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

If, as a result of the procedures described in the second or third paragraphs of this section, any Existing Holder would be required to sell, or any Potential Holder would be required to purchase, a principal amount of Bonds that is not equal to \$25,000 or an integral multiple thereof, the Auction Agent shall, in such manner as, in its sole discretion, it shall determine, round up or down the principal amount of such Bonds to be purchased or sold by any Existing Holder or Potential Holder so that the principal amount purchased or sold by each Existing Holder or Potential Holder shall be equal to \$25,000 or an integral multiple thereof.

If, as a result of the procedures described in the second paragraph of this section, any Potential Holder would be required to purchase less than \$25,000 in aggregate principal amount of Bonds, the Auction Agent shall, in such manner as, in its sole discretion it shall determine, allocate Bonds for purchase among Potential Holders so that only Bonds in principal amounts of \$25,000 or an integral multiple thereof are purchased by any Potential Holder, even if such allocation results in one or more of such Potential Holders not purchasing any Bonds.

Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amounts of Bonds to be purchased and the aggregate principal amounts of Bonds to be sold by Potential Holders and Existing Holders on whose behalf each Broker-Dealer submitted Bids or Sell Orders and, with respect to each Broker-Dealer, to the extent that such amounts differ, determine to which other Broker-Dealer or Broker-Dealers acting for one or more purchasers of Bonds such Broker-Dealer shall deliver, or from which other Broker-Dealer or Broker-Dealers acting for one or more sellers of Bonds such Broker-Dealer shall receive, as the case may be, Bonds.

None of the Issuer, the Company or any Affiliate thereof may submit an Order in any Auction except as set forth in the next sentence. Any Broker-Dealer that is an Affiliate of the Company or the Issuer may submit Orders in an Auction but only if such Orders are not for its own account, except that if such affiliated Broker-Dealer holds Bonds for its own account, it must submit a Sell Order on the next Auction Date with respect to such Bonds. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the provisions of this paragraph.

Settlement Procedures Set Forth in Exhibit A to the Broker Dealer Agreement

(a) Not later than 3:00 p.m. (New York City time) on each Auction Date, the Auction Agent shall notify by telephone each Broker-Dealer that participated in the Auction held on such Auction Date and submitted an Order on behalf of an Existing Holder or Potential Holder of:

- (i) the Dutch Auction Rate fixed for the next Auction Period;
- (ii) whether there were Sufficient Clearing Bids in such Auction;
- (iii) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Holder (a "Seller's Broker-Dealer"), whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Bonds, if any, to be sold by such Existing Holder;
- (iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Holder (a "Buyer's Broker-Dealer"), whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Bonds, if any, to be purchased by such Potential Holder;
- (v) if the aggregate principal amount of Bonds to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order exceeds the aggregate principal amount of Bonds to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more Buyer's Broker-Dealers (and the name of the Agent Member, if any, of each such Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Bonds and the principal amount of Bonds to be purchased from

one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such Buyer's Broker-Dealers acted;

(vi) if the principal amount of Bonds to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the principal amount of Bonds to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the Agent Member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Bonds and the principal amount of Bonds to be sold to one or more Potential Holders on whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted; and

(vii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) in the case of a Broker-Dealer that is a Buyer's Broker-Dealer, advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Holder's Agent Member to pay to such Broker-Dealer (or its Agent Member) through DTC the amount necessary to purchase the principal amount of Bonds to be purchased pursuant to such Bid against receipt of such Bonds;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through DTC the principal amount of Bonds to be sold pursuant to such Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Auction Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Dutch Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it in connection with such Auction pursuant to paragraph (b)(ii) above, and any Bonds received by it in connection with such Auction pursuant to paragraph (b)(iii) above among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders in such Auction, and any Broker-Dealer identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Dates shall instruct its Agent Member as provided in (b)(ii) or (iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not an Agent Member of DTC shall instruct its Agent Member to (A) pay through DTC to the Agent Member of the Existing Holder delivering Bonds to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary to purchase such Bonds against receipt of such Bonds, and (B) deliver such Bonds through DTC to a Buyer's Broker-Dealer (or its Agent Member) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not an Agent Member of DTC shall instruct its Agent Member to (A) pay through DTC to a Seller's Broker-Dealer (or its Agent Member) identified following such Auction pursuant to (a)(vi) above the amount necessary to purchase the Bonds to be purchased pursuant to (b)(ii) above against receipt of such Bonds, and (B) deliver such Bonds through DTC to the Agent Member of the purchaser thereof against payment therefor.

(e) On the Business Day following each Auction Date:

(i) each Agent Member for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under (b)(ii) or (iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Agent Member shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Agent Member shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling Bonds in an Auction fails to deliver such Bonds (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Bonds that is less than the principal amount of Bonds that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Bonds to be delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Bonds shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or non-delivery of Bonds which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the provisions of the Auction Agent Agreement and the Broker-Dealer Agreements.

DTC Required During Dutch Auction Rate Mode; Limitations on Transfer

Except as otherwise provided in the Indenture, the Bonds accruing interest at a Dutch Auction Rate shall be registered in the name of DTC or its nominee and ownership thereof shall be maintained in book-entry-only form by DTC for the account of the Agent Members thereof.

If at any time DTC notifies the Issuer and the Company that it is unwilling or unable to continue as owner of Bonds or if at any time DTC shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor to DTC is not appointed by the Issuer at the direction of the Company, the Trustee and the Auction Agent, within 90 days after the Issuer and the Company receive notice or become aware of such condition, as the

case may be, the Issuer shall execute and the Trustee shall authenticate and deliver certificates representing the Bonds. Bonds issued as described herein shall be registered in such names and authorized denominations as DTC, pursuant to instructions from the Agent Members or otherwise, shall instruct the Issuer and the Trustee. The Trustee shall deliver the Bonds to the persons in whose names such Bonds are so registered on the Business Day immediately preceding the first day of an Auction Period.

So long as the ownership of the Bonds is maintained in book-entry-only form by DTC, an Existing Holder may sell, transfer or otherwise dispose of Bonds only pursuant to a Bid or Sell Order placed in an Auction or to or through a Broker-Dealer, provided that, in the case of all transfers other than pursuant to Auctions, such Existing Holder, its Broker-Dealer or its Agent Member advises the Auction Agent of such transfer.

The Auction Agent shall calculate the Maximum Dutch Auction Rate and the Minimum Dutch Auction Rate on each Auction Date. If the ownership of the Bonds is no longer maintained in book-entry-only form by DTC, the Auction Agent shall calculate the Maximum Dutch Auction Rate on the Business Day immediately preceding the first day of each Auction Period commencing after the delivery of certificates representing the Bonds. If a Failure to Deposit or Event of Default shall have occurred, the Trustee, upon notice thereof, shall calculate the Overdue Rate on the first day of each Auction Period commencing after the occurrence of such Failure to Deposit or Event of Default to and including the Auction Period, if any, commencing less than two Business Days after all such Failure to Deposit and Events of Default are cured.

APPENDIX C

(FORM OF OPINION OF BOND COUNSEL)

_____, 2002

Re: \$96,000,000 "County of Carroll, Kentucky, Pollution Control Revenue Bonds, 2002 Series C (Kentucky Utilities Company Project)"

We hereby certify that we have examined certified copies of the proceedings of record of the County of Carroll, Kentucky (the "County"), acting by and through its Fiscal Court as its duly authorized governing body, preliminary to and in connection with the issuance by the County of its Pollution Control Revenue Bonds, 2002 Series C (Kentucky Utilities Company Project), dated their date of issuance, in the aggregate principal amount of \$96,000,000 (the "Bonds"). The Bonds are issued under the provisions of Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes (the "Act"), for the purpose of providing funds which will be used, with other funds provided by Kentucky Utilities Company (the "Company") for the current refunding of \$96,000,000 aggregate principal amount of the County's Collateralized Pollution Control Revenue Bonds (Kentucky Utilities Company Project) 1992 Series A, dated June 17, 1992 (the "Prior Bonds"), the proceeds of which were loaned to the Company to currently refund a portion of the costs of construction of air and water pollution control facilities and solid waste disposal facilities to serve certain electric generating units of the Company in Carroll County, Kentucky (the "Project") in order to provide for the control, containment, reduction and abatement of atmospheric and liquid pollutants and contaminants and for the disposal of solid wastes, as provided by the Act.

The Bonds mature on October 1, 2032, and bear interest initially at the Dutch Auction Rate, as defined in the Indenture hereinafter described, subject to change as provided in such Indenture. The Bonds will be subject to optional and mandatory redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the Bonds. From such examination of the proceedings of the Fiscal Court of the County referred to above and from an examination of the Act, we are of the opinion that the County is duly authorized and empowered to issue the Bonds under the laws of the Commonwealth of Kentucky now in force.

We have examined an executed counterpart of a certain Loan Agreement, dated as of July 1, 2002 (the "Loan Agreement"), between the County and the Company and a certified copy of the proceedings of record of the Fiscal Court of the County preliminary to and in connection with the execution and delivery of the Loan Agreement, pursuant to which the County has agreed to issue the Bonds and to lend the proceeds thereof to the Company to provide funds to pay and discharge, with other funds provided by the Company, the Prior Bonds and the Company has agreed to make Loan payments to the Trustee at times and in amounts fully adequate to pay

maturing principal of, interest on and redemption premium, if any, on the Bonds as same become due and payable. From such examination, we are of the opinion that such proceedings of the Fiscal Court of the County show lawful authority for the execution and delivery of the Loan Agreement; that the Loan Agreement has been duly authorized, executed and delivered by the County; and that the Loan Agreement is a legal, valid and binding obligation of the County, enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency or other similar laws affecting creditors' rights generally, including equitable provisions where equitable remedies are sought.

We have also examined an executed counterpart of a certain Indenture of Trust, dated as of July 1, 2002 (the "Indenture"), by and between the County and Deutsche Bank Trust Company Americas, as trustee (the "Trustee"), securing the Bonds and setting forth the covenants and undertakings of the County in connection with the Bonds and a certified copy of the proceedings of record of the Fiscal Court of the County preliminary to and in connection with the execution and delivery of the Indenture. Pursuant to the Indenture, certain of the County's rights under the Loan Agreement, including the right to receive payments thereunder, and all moneys and securities held by the Trustee in accordance with the Indenture (except moneys and securities in the Rebate Fund created thereby) have been assigned to the Trustee, as security for the holders of the Bonds. From such examination, we are of the opinion that such proceedings of the Fiscal Court of the County show lawful authority for the execution and delivery of the Indenture; that the Indenture has been duly authorized, executed and delivered by the County; and that the Indenture is a legal, valid and binding obligation upon the parties thereto according to its terms, subject to the qualification that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency or other similar laws affecting creditors' rights generally, including equitable provisions where equitable remedies are sought.

In our opinion the Bonds have been validly authorized, executed and issued in accordance with the laws of the Commonwealth of Kentucky now in full force and effect, and constitute legal, valid and binding special obligations of the County entitled to the benefit of the security provided by the Indenture and enforceable in accordance with their terms, subject to the qualification that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency or other similar laws affecting creditors' rights generally, including equitable provisions where equitable remedies are sought. The Bonds are payable by the County solely and only from payments and other amounts derived from the Loan Agreement and as provided in the Indenture.

In our opinion, under existing laws, including current statutes, regulations, administrative rulings and official interpretations by the Internal Revenue Service, subject to the exceptions and qualifications contained in the succeeding paragraphs, (i) interest on the Bonds is excluded from the gross income of the recipients thereof for federal income tax purposes, except that no opinion is expressed regarding such exclusion from gross income with respect to any Bond during any period in which it is held by a "substantial user" of the Project or a "related person," as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Bonds is not an item of tax preference in determining alternative minimum taxable income for individuals and corporations under the Code. In arriving at this opinion, we have relied upon representations, factual statements and certifications of the Company with respect to certain material facts which are solely within the Company's knowledge in reaching our conclusion, inter alia, that all of the proceeds of the Prior Bonds were used to currently refinance certain bonds, the proceeds of which were used to finance or

refinance air and water pollution control facilities and solid waste disposal facilities qualified for financing under Section 103(b)(4)(E) and (F) of the Internal Revenue Code of 1954, as amended, and Section 1313(a) of the Tax Reform Act of 1986. Further, in arriving at the opinion set forth in this paragraph as to the exclusion from gross income of interest on the Bonds, we have assumed and this opinion is conditioned on, the accuracy of and continuing compliance by the Company and the County with representations and covenants set forth in the Loan Agreement and the Indenture which are intended to assure compliance with certain tax-exempt interest provisions of the Code. Such representations and covenants must be accurate and must be complied with subsequent to the issuance of the Bonds in order that interest on the Bonds be excluded from gross income for federal income tax purposes. Failure to comply with certain of such representations and covenants in respect of the Bonds subsequent to the issuance of the Bonds could cause the interest thereon to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion (i) regarding the exclusion of interest on any Bond from gross income for federal income tax purposes on or after the date on which any change, including any interest rate conversion, permitted by the documents (other than with approval of this firm) is taken which adversely affects the tax treatment of the Bonds or (ii) as to the treatment for purposes of federal income taxation of interest on the Bonds upon a Determination of Taxability. We are further of the opinion that interest on the Bonds is excluded from gross income of the recipients thereof for Kentucky income tax purposes and that the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all political subdivisions thereof.

Our opinion as to the exclusion of interest on the Bonds from gross income for federal income tax purposes and federal tax treatment of interest on the Bonds is subject to the following exceptions and qualifications:

(a) Provisions of the Code applicable to corporations (as defined for federal income tax purposes) which impose an alternative minimum tax on a portion of the excess of adjusted current earnings over other alternative minimum taxable income may subject a portion of the interest on the Bonds earned by certain corporations to such corporate alternative minimum tax. Such corporate alternative minimum tax does not apply to any S corporation, regulated investment company, real estate investment trust or REMIC.

(b) The Code provides for a "branch profits tax" which subjects to tax, at a rate of 30%, the effectively connected earnings and profits of a foreign corporation which engages in a United States trade or business. Interest on the Bonds would be includable in the amount of effectively connected earnings and profits and thus would increase the branch profits tax liability.

(c) The Code also provides that passive investment income, including interest on the Bonds, may be subject to taxation for any S corporation with Subchapter C earnings and profits at the close of its taxable year if greater than 25% of its gross receipts is passive investment income.

Except as stated above, we express no opinion as to any federal or Kentucky tax consequences resulting from the receipt of interest on the Bonds.

Holders of the Bonds should be aware that the ownership of the Bonds may result in collateral federal income tax consequences. For instance, the Code provides that, for taxable years beginning after December 31, 1986, property and casualty insurance companies will be

required to reduce their loss reserve deductions by 15% of the tax-exempt interest received on certain obligations, such as the Bonds, acquired after August 7, 1986. (For purposes of the immediately preceding sentence, a portion of dividends paid to an affiliated insurance company may be treated as tax-exempt interest.) The Code further provides for the disallowance of any deduction for interest expenses incurred by banks and certain other financial institutions allocable to carrying certain tax-exempt obligations, such as the Bonds, acquired after August 7, 1986. The Code also provides that, with respect to taxpayers other than such financial institutions, such taxpayers will be unable to deduct any portion of the interest expenses incurred or continued to purchase or carry the Bonds. The Code also provides, with respect to individuals, that interest on tax-exempt obligations, including the Bonds, is included in modified adjusted gross income for purposes of determining the taxability of social security and railroad retirement benefits. Furthermore, the earned income credit is not allowed for individuals with an aggregate amount of disqualified income within the meaning of section 32 of the Code, which exceeds \$2,200. Interest on the Bonds will be taken into account in the calculation of disqualified income.

We have received opinions of John R. McCall, Esq., General Counsel of the Company and Jones, Day, Reavis & Pogue, Chicago, Illinois, counsel to the Company, of even date herewith. In rendering this opinion, we have relied upon said opinions with respect to the matters therein. We have also received an opinion of even date herewith of Hon. James C. Monk, County Attorney of the County, and relied upon said opinion with respect to the matters therein. Said opinions are in forms satisfactory to us as to both scope and content.

We express no opinion as to the title to, the description of, or the existence or priority of any liens, charges or encumbrances on, the Project.

In rendering the foregoing opinions, we are passing upon only those matters specifically set forth in such opinions and are not passing upon the investment quality of the Bonds or the accuracy or completeness of any statements made in connection with any sale thereof. The opinions herein are expressed as of the date hereof and we assume no obligation to supplement or update such opinions to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We are members of the Bar of the Commonwealth of Kentucky and do not purport to be experts on the laws of any jurisdiction other than the Commonwealth of Kentucky and the United States of America, and we express no opinion as to the laws of any jurisdiction other than those specified.

HARPER, FERGUSON & DAVIS
Division of Ogden Newell & Welch PLLC

By: _____
SPENCER E. HARPER, JR.

APPENDIX D

FORM OF BOND INSURANCE POLICY

(This page has been left blank intentionally.)

Ambac

Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

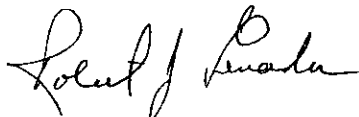
In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and therefore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

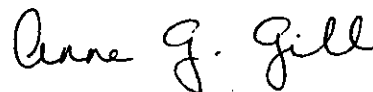
As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.



President

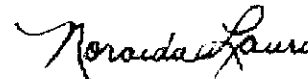


Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.



Form No.: 2B-0012 (1/01)

Authorized Officer of Insurance Trustee



Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Endorsement

Policy for:

Attached to and forming part of Policy No.:

Effective Date of Endorsement:

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the term "Due for Payment" shall also mean, when referring to the principal of and interest on a Bond, any date on which the Bonds shall have been duly called for mandatory redemption as a result of a Determination of Taxability pursuant to (i) Section 10.3 (a) of the Loan Agreement dated as of July 1, 2002 by and between the Issuer and the Company and (ii) Section 4.01 (1) of the Indenture of Trust dated as of July 1, 2002 by and between the Issuer and the Trustee.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

In Witness Whereof, Ambac has caused this Endorsement to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

Ambac Assurance Corporation

President



Secretary

Authorized Representative







Kentucky Utilities Company
Case No. 2003-00434
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(6)(q)
Sponsoring Witness: S. Bradford Rives

Description of Filing Requirement:

Annual report to shareholders, or members, and statistical supplements covering the two (2) most recent years from the utility's application filing date.

Response:

KU has not issued an annual report to shareholders since the acquisition of KU Energy Corporation by LG&E Energy Corp. and is not required to do so by the rules and regulations of the Securities and Exchange Commission or any other regulatory authority. KU's last annual reports were filed with Commission.





Kentucky Utilities Company
Case No. 2003-00434
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(6)(r)
Sponsoring Witness: Valerie L. Scott

Description of Filing Requirement:

The monthly managerial reports providing financial results of operations for the twelve (12) months in the test period.

Response:

See attached.

KU Monthly Report to KPSC-September 30,2003

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
SEPTEMBER 30, 2003

	CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	72,851,964.94	71,101,265.86	1,750,699.08 2.46
Rate Refunds.....	(2,450,545.88)	1,059,985.00	(3,510,530.88) (331.19)
Total Operating Revenues.....	<u>70,401,419.06</u>	<u>72,161,250.86</u>	<u>(1,759,831.80)</u> (2.44)
Operating Expenses			
Fuel	21,316,170.47	24,848,166.98	(3,531,996.51) (14.21)
Power Purchased.....	10,687,446.48	10,216,527.03	470,919.45 4.61
Other Operation Expenses.....	9,808,177.31	11,666,248.19	(1,858,070.88) (15.93)
Maintenance.....	5,343,458.27	4,331,213.13	1,012,245.14 23.37
Depreciation.....	7,341,564.57	8,313,857.51	(972,292.94) (11.69)
Amortization Expense.....	551,802.92	290,985.90	260,817.02 89.63
Regulatory Credits.....	(116,374.02)	-	(116,374.02) -
Taxes			
Federal Income	5,998,030.25	11,699,984.95	(5,701,954.70) (48.73)
State Income.....	3,231,081.46	2,503,087.25	727,994.21 29.08
Deferred Federal Income - Net.....	8,353,983.35	1,368,174.66	6,985,808.69 510.59
Deferred State Income - Net.....	600,961.12	1,079,347.78	(478,386.66) (44.32)
Federal Income - Estimated.....	(10,361,897.05)	(9,790,666.32)	(571,230.73) 5.83
State Income - Estimated.....	(2,970,410.48)	(2,806,657.68)	(163,752.80) 5.83
Property and Other.....	1,369,085.85	1,151,739.22	217,346.63 18.87
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	101,776.00	-	101,776.00 -
Total Operating Expenses.....	<u>61,254,856.50</u>	<u>64,872,008.60</u>	<u>(3,617,152.10)</u> (5.58)
Net Operating Income.....	9,146,562.56	7,289,242.26	1,857,320.30 25.48
Other Income Less Deductions			
Interest and Dividend Income.....	75,781.63	40,037.10	35,744.53 89.28
Other Income Less Deductions.....	354,050.27	1,684,977.34	(1,330,927.07) (78.99)
AFUDC - Equity.....	168,480.78	5,731.72	162,749.06 -
Total Other Income Less Deductions.....	<u>598,312.68</u>	<u>1,730,746.16</u>	<u>(1,132,433.48)</u> (65.43)
Income Before Interest Charges.....	9,744,875.24	9,019,988.42	724,886.82 8.04
Interest on Long Term Debt.....	705,993.87	192,106.09	513,887.78 267.50
Amortization of Debt Expense - Net.....	83,964.22	100,955.01	(16,990.79) (16.83)
Other Interest Expenses.....	349,846.46	407,919.18	(58,072.72) (14.24)
AFUDC - Borrowed Funds.....	(13,714.74)	(4,053.57)	(9,661.17) 238.34
Total Interest Charges.....	<u>1,126,089.81</u>	<u>696,926.71</u>	<u>429,163.10</u> 61.58
Net Inc Before Cumulative Effect of Acctg Chg.....	8,618,785.43	8,323,061.71	295,723.72 3.55
Cumulative Effect of Accounting Chg Net of Tax.....	-	-	-
Net Income.....	8,618,785.43	8,323,061.71	295,723.72 3.55
Preferred Dividend Requirements.....	188,001.65	188,000.00	1.65 0.00
Earnings Available for Common.....	<u>8,430,783.78</u>	<u>8,135,061.71</u>	<u>295,722.07</u> 3.64

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
SEPTEMBER 30, 2003

	YEAR TO DATE		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	671,919,267.09	655,591,548.70	16,327,718.39 2.49
Rate Refunds.....	(14,336,485.25)	2,152,509.00	(16,488,994.25) (766.04)
Total Operating Revenues.....	657,582,781.84	657,744,057.70	(161,275.86) (0.02)
Operating Expenses			
Fuel.....	201,264,058.20	196,018,477.52	5,245,580.68 2.68
Power Purchased.....	106,549,474.96	112,844,495.98	(6,295,021.02) (5.58)
Other Operation Expenses.....	112,909,070.99	109,151,200.30	3,757,870.69 3.44
Maintenance.....	49,399,978.50	39,384,612.80	10,015,365.70 25.43
Depreciation.....	73,158,661.63	68,700,674.14	4,457,987.49 6.49
Amortization Expense.....	3,636,124.36	2,322,026.66	1,314,097.70 56.59
Regulatory Credits.....	(10,973,572.45)	-	(10,973,572.45) -
Taxes			
Federal Income.....	15,347,069.64	30,700,330.84	(15,353,261.20) (50.01)
State Income.....	6,810,281.34	8,697,246.57	(1,886,965.23) (21.70)
Deferred Federal Income - Net.....	12,655,948.79	(920,960.94)	13,576,909.73 (1,474.21)
Deferred State Income - Net.....	1,448,227.24	269,134.83	1,179,092.41 438.10
Federal Income - Estimated	-	-	-
State Income - Estimated	-	-	-
Property and Other.....	12,230,547.03	11,564,603.03	665,944.00 5.76
Loss (Gain) from Disposition of Utility Plant.....	(286,165.87)	(277,302.50)	(8,863.37) 3.20
Loss (Gain) from Disposition of Allowances.....	915,983.50	-	915,983.50 -
Accretion Expense.....	-	-	-
Total Operating Expenses.....	585,065,687.86	578,454,539.23	6,611,148.63 1.14
Net Operating Income.....	72,517,093.98	79,289,518.47	(6,772,424.49) (8.54)
Other Income Less Deductions			
Interest and Dividend Income.....	284,767.48	475,575.82	(190,808.34) (40.12)
Other Income Less Deductions.....	5,685,110.16	8,293,967.42	(2,608,857.26) (31.45)
AFUDC - Equity.....	977,980.30	19,663.93	958,316.37 -
Total Other Income Less Deductions.....	6,947,857.94	8,789,207.17	(1,841,349.23) (20.95)
Income Before Interest Charges.....	79,464,951.92	88,078,725.64	(8,613,773.72) (9.78)
Interest on Long Term Debt.....	12,860,528.09	15,655,700.18	(2,795,172.09) (17.85)
Amortization of Debt Expense - Net.....	842,804.75	928,624.52	(85,819.77) (9.24)
Other Interest Expenses.....	3,600,489.77	3,342,218.07	258,271.70 7.73
AFUDC - Borrowed Funds.....	(76,916.19)	(20,997.91)	(55,918.28) 266.30
Total Interest Charges.....	17,226,906.42	19,905,544.86	(2,678,638.44) (13.46)
Net Inc Before Cumulative Effect of Acctg Chg.....	62,238,045.50	68,173,180.78	(5,935,135.28) (8.71)
Cumulative Effect of Accounting Chg Net of Tax.....	5,919,827.00	-	5,919,827.00 -
Net Income.....	56,318,218.50	68,173,180.78	(11,854,962.28) (17.39)
Preferred Dividend Requirements.....	1,692,006.59	1,692,005.12	1.47 0.00
Earnings Available for Common.....	54,626,211.91	66,481,175.66	(11,854,963.75) (17.83)

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
SEPTEMBER 30, 2003

	YEAR ENDED CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	889,066,026.16	867,036,187.96	22,029,838.20 2.54
Rate Refunds.....	<u>(1,008,230.25)</u>	<u>2,657,538.00</u>	<u>(3,665,768.25)</u> <u>(137.94)</u>
Total Operating Revenues.....	<u>888,057,795.91</u>	<u>869,693,725.96</u>	<u>18,364,069.95</u> <u>2.11</u>
Operating Expenses			
Fuel	255,362,217.76	255,907,696.20	(545,478.44) (0.21)
Power Purchased.....	151,660,541.65	153,959,183.68	(2,298,642.03) (1.49)
Other Operation Expenses.....	151,280,186.81	85,691,816.29	65,588,370.52 76.54
Maintenance.....	69,797,454.24	54,742,293.79	15,055,160.45 27.50
Depreciation.....	96,724,718.80	86,433,135.24	10,291,583.56 11.91
Amortization Expense.....	4,509,127.62	3,083,953.13	1,425,174.49 46.21
Regulatory Credits.....	<u>(10,973,572.45)</u>	<u>-</u>	<u>(10,973,572.45)</u> <u>-</u>
Taxes			
Federal Income.....	23,165,407.69	43,465,233.54	(20,299,825.85) (46.70)
State Income.....	8,605,894.13	10,822,505.53	(2,216,611.40) (20.48)
Deferred Federal Income - Net.....	17,043,461.39	15,391,174.43	1,652,286.96 10.74
Deferred State Income - Net.....	2,726,422.42	4,977,552.61	(2,251,130.19) (45.23)
Federal Income - Estimated.....	<u>-</u>	<u>-</u>	<u>-</u> <u>-</u>
State Income - Estimated.....	<u>-</u>	<u>-</u>	<u>-</u> <u>-</u>
Property and Other.....	15,649,164.79	13,203,347.90	2,445,816.89 18.52
Loss (Gain) from Disposition of Utility Plant.....	(286,165.87)	(277,302.50)	(8,863.37) 3.20
Loss (Gain) from Disposition of Allowances.....	915,983.50	<u>-</u>	915,983.50 <u>-</u>
Accretion Expense.....	<u>-</u>	<u>-</u>	<u>-</u> <u>-</u>
Total Operating Expenses.....	<u>786,180,842.48</u>	<u>727,400,589.84</u>	<u>58,780,252.64</u> <u>8.08</u>
Net Operating Income.....	101,876,953.43	142,293,136.12	(40,416,182.69) (28.40)
Other Income Less Deductions			
Interest and Dividend Income.....	450,147.59	898,764.30	(448,616.71) (49.91)
Other Income Less Deductions.....	7,092,075.67	11,083,892.04	(3,991,816.37) (36.01)
AFUDC - Equity.....	1,045,163.58	40,433.20	1,004,730.38 2,484.91
Total Other Income Less Deductions.....	<u>8,587,386.84</u>	<u>12,023,089.54</u>	<u>(3,435,702.70)</u> <u>(28.58)</u>
Income Before Interest Charges.....	110,464,340.27	154,316,225.66	(43,851,885.39) (28.42)
Interest on Long Term Debt.....	17,217,829.81	24,897,328.82	(7,679,499.01) (30.84)
Amortization of Debt Expense - Net.....	1,144,134.64	1,229,579.75	(85,445.11) (6.95)
Other Interest Expenses.....	4,758,945.31	4,002,594.07	756,351.24 18.90
AFUDC - Borrowed Funds.....	<u>(95,191.20)</u>	<u>(27,700.20)</u>	<u>(67,491.00)</u> <u>243.65</u>
Total Interest Charges.....	<u>23,025,718.56</u>	<u>30,101,802.44</u>	<u>(7,076,083.88)</u> <u>(23.51)</u>
Net Inc Before Cumulative Effect of Acctg Chg.....	87,438,621.71	124,214,423.22	(36,775,801.51) (29.61)
Cumulative Effect of Accounting Chg Net of Tax.....	<u>5,919,827.00</u>	<u>-</u>	<u>5,919,827.00</u> <u>-</u>
Net Income.....	<u>81,518,794.71</u>	<u>124,214,423.22</u>	<u>(42,695,628.51)</u> <u>(34.37)</u>
Preferred Dividend Requirements.....	<u>2,256,008.25</u>	<u>2,256,006.87</u>	<u>1.38</u> <u>0.00</u>
Earnings Available for Common.....	<u>79,262,786.46</u>	<u>121,958,416.35</u>	<u>(42,695,629.89)</u> <u>(35.01)</u>

KENTUCKY UTILITIES COMPANY
ANALYSIS OF RETAINED EARNINGS
SEPTEMBER 30, 2003

	Year to Date				Year Ended Current Month	
	Unappropriated		Appropriated		Total	Undistributed
	Retained Earnings	Retained Earnings	Retained Earnings	Retained Earnings	Retained Earnings	Subsidiary Earnings
Retained Earnings and Undistributed Earnings						
Balance Beginning of Period.....	496,010,767.63	114,735.25	496,125,502.88	5,882,211.68	472,059,012.33	5,312,127.68
Net Income To Date.....	56,318,218.50		56,318,218.50		81,518,794.71	
Adjust for Equity in Subsidiary Earnings for Year						
-EE Inc.....	(3,061,067.32)		(3,061,067.32)	3,061,067.32	(3,631,151.32)	3,631,151.32
Dividends Rec'd Current Year						
-EE Inc.....	-		-	-	-	-
Preferred Stock Dividends.....	(1,692,006.59)		(1,692,006.59)		(2,256,008.25)	
Common Stock Dividends.....	-		-		-	
Balance End of Period.....	<u>547,575,912.22</u>	<u>114,735.25</u>	<u>547,690,647.47</u>	<u>8,943,279.00</u>	<u>547,690,647.47</u>	<u>8,943,279.00</u>
Combined Retained Earnings	12 MONTHS 09/30/03	12 MONTHS 09/30/02				
Retained Earnings Beginning of Period.....	477,371,140.01	385,912,723.66				
Add Net Income.....	81,518,794.71	124,214,423.22				
Subtotal.....	<u>558,889,934.72</u>	<u>510,127,146.88</u>				
Deduct						
Dividends on Preferred Stock.....	2,256,008.25	2,256,006.87				
Dividends on Common Stock.....	-	30,500,000.00				
Perferred Stock Redemption Exp and Other.....	-	-				
Retained Earnings End of Period.....	<u>556,633,926.47</u>	<u>477,371,140.01</u>				

KENTUCKY UTILITIES COMPANY
COMPARATIVE BALANCE SHEETS AS OF SEPTEMBER 30, 2003 AND 2002

ASSETS AND OTHER DEBITS	THIS YEAR	LAST YEAR	LIABILITIES AND OTHER CREDITS	THIS YEAR	LAST YEAR
Utility Plant			Capitalization		
Utility Plant at Original Cost.....	3,527,901,229.10	3,224,033,705.02	Common Stock.....	308,139,977.56	308,139,977.56
Less Reserves for Depreciation & Amortization.....	1,600,238,254.68	1,528,492,305.16	Common Stock Expense.....	(594,394.29)	(594,394.29)
Total.....	1,927,662,974.42	1,695,541,399.86	Paid-In Capital.....	15,000,000.00	15,000,000.00
Investments - At Cost			Other Comprehensive Income.....	(10,158,966.50)	4,363,814.60
Nonutility Property-Less Reserve.....	896,680.16	897,090.58	Retained Earnings.....	547,690,647.47	472,059,012.33
Investments in Subsidiary Companies.....	10,239,079.00	6,607,927.68	Unappropriated Undistributed Subsidiary Earnings.....	8,943,279.00	5,312,127.68
Investments in KU-R.....	3,000,000.00	3,000,000.00	Total Common Equity.....	869,020,543.24	804,280,537.88
Ohio Valley Electric Corporation.....	250,000.00	250,000.00	Preferred Stock.....	40,000,000.00	40,000,000.00
Other.....	548,053.13	837,899.66	First Mortgage Bonds.....	422,830,000.00	484,830,000.00
Special Funds.....	5,242,439.10	5,173,190.58	Other Long-Term Debt.....	175,000,000.00	-
Total.....	20,176,251.39	16,766,108.50	L.T. Notes Payable to Associated Companies.....	15,882,167.00	9,665,600.00
Current and Accrued Assets			Long-Term Debt Marked to Market.....	613,712,167.00	494,495,600.00
Cash.....	9,085,680.49	6,687,347.37	Total Long-Term Debt.....	1,522,732,710.24	1,338,776,137.88
Special Deposits.....	246,616.37	102,929.26	Total Capitalization.....	1,522,732,710.24	1,338,776,137.88
Temporary Cash Investments.....	1,173,057.35	7,083,490.70	Current and Accrued Liabilities		
Accounts Receivable-Less Reserve.....	36,538,156.00	33,457,130.00	Advances from Associated Companies.....	-	-
Notes Receivable from Assoc. Companies.....	10,325,288.89	11,019,706.29	Long-Term Debt Due in 1 Year.....	-	-
Notes Receivable from KU-R.....	33,559,694.22	33,980,866.20	Notes Payable.....	98,730,541.95	87,689,649.91
Accounts Receivable from Assoc Companies.....	22,073,546.17	22,039,199.66	Accounts Payable.....	43,280,523.27	33,673,751.07
Materials & Supplies-At Average Cost			Accounts Payable to Associated Companies.....	24,912,999.77	39,653,939.41
Fuel.....	5,156,409.00	4,756,697.43	Customer Deposits.....	12,940,956.22	11,650,791.74
Plant Materials & Operating Supplies.....	69,415.36	89,371.12	Taxes Accrued.....	10,539,547.13	12,637,032.95
Stores Expense.....	2,901,731.05	2,722,583.49	Interest Accrued.....	5,458,770.83	4,767,068.77
Allowance Inventory.....	461,045.82	1,692,981.37	Dividends Declared.....	188,001.65	188,000.00
Prepayments.....	121,590,640.72	123,632,302.89	Misc. Current & Accrued Liabilities.....	6,177,048.80	6,582,975.13
Miscellaneous Current & Accrued Assets.....	4,832,022.42	3,976,968.29	Total.....	202,228,389.62	196,843,208.98
Total.....	2,265,162,692.13	2,020,140,610.10	Deferred Credits and Other		
Deferred Debits and Other			Accumulated Deferred Income Taxes.....	325,260,086.79	318,579,479.13
Unamortized Debt Expense.....	8,835,282.07	6,693,194.30	Investment Tax Credit.....	6,519,139.00	9,238,543.00
Unamortized Loss on Bonds.....	64,893,528.76	75,669,056.13	Regulatory Liabilities.....	52,934,445.00	54,943,455.00
Accumulated Deferred Income Taxes.....	73,823,744.07	69,429,300.30	Customer Advances for Construction.....	1,504,616.25	1,492,333.42
Deferred Regulatory Assets.....	43,368,248.28	28,432,279.83	Asset Retirement Obligations.....	19,392,583.50	-
Other Deferred Debits.....	195,752,825.60	184,200,798.85	Other Deferred Credits.....	28,999,862.03	14,605,191.26
Total.....	2,265,162,692.13	2,020,140,610.10	Misc. Long-Term Liabilities.....	50,115,629.00	31,583,087.61
Total Assets and Other Debits.....	2,265,162,692.13	2,020,140,610.10	Misc. Long-Term Liab. Due to Assoc. Co.....	-	-
			Accum Provision for Post-Retirement Benefits.....	55,475,230.70	54,079,173.82
			Total.....	540,201,592.27	484,521,263.24
			Total Liabilities and Other Credits.....	2,265,162,692.13	2,020,140,610.10

KENTUCKY UTILITIES COMPANY
STATEMENT OF CAPITALIZATION AND SHORT-TERM DEBT
SEPTEMBER 30, 2003

	AUTHORIZED SHARES	ISSUED & OUTSTANDING SHARES	AMOUNT	PERCENT OF TOTAL CAPITAL & S/T DEBT	CAPITAL
Common Equity					
Common Stock - Without Par.....	80,000,000	37,817,878	308,139,977.56		
Common Stock Expense.....			(321,288.87)		
Preferred Stock Expense.....			(273,105.42)		
Paid-In Capital.....			15,000,000.00		
Other Comprehensive Income.....			(10,158,966.50)		
Retained Earnings.....			547,690,647.47		
Unappropriated Undistributed Subsidiary Earnings.....			8,943,279.00		
Total Common Equity.....			869,020,543.24	53.59	57.07
Preferred Stock, Cumulative	5,300,000				
4 3/4% Series.....		200,000	20,000,000.00		
6.53% Series.....		200,000	20,000,000.00		
Total Preferred Stock.....			40,000,000.00	2.47	2.63
Total Stockholder's Equity.....			909,020,543.24	56.06	59.70
Long-Term Debt					
FM Series P, 7.92%.....			53,000,000.00		
FM Series P, 8.55%.....			33,000,000.00		
FM Series R, 7.55%.....			50,000,000.00		
FM Series S, 5.99%.....			36,000,000.00		
PCB 9 DUE 12/01/23 5 3/4%.....			50,000,000.00		
PCB 10 DUE 11/01/24 Variable%.....			54,000,000.00		
PCB 11 DUE 5/1/23 Variable%.....			12,900,000.00		
PCB 12 DUE 2/1/32 Variable%.....			20,930,000.00		
PCB 13 DUE 2/1/32 Variable%.....			2,400,000.00		
PCB 14 DUE 2/1/32 Variable%.....			7,400,000.00		
PCB 15 DUE 2/1/32 Variable%.....			7,200,000.00		
PCB 16 DUE 10/1/32 Variable%.....			96,000,000.00		
Long-Term Debt Marked to Market.....			15,882,167.00		
Total Long-Term Debt.....			438,712,167.00	27.06	28.81
LT Notes Payable to Associated Companies.....			175,000,000.00	10.79	11.49
Total Capitalization.....			1,522,732,710.24	93.91	100.00
Notes Payable to Associated Companies.....			98,730,541.95	6.09	
Total Capitalization and Short-Term Debt.....			1,621,463,252.19	100.00	

**KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
SEPTEMBER 30, 2003**

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
UTILITY PLANT		
At Original Cost.....	3,527,901,229.10	3,527,901,229.10
Reserves for Depreciation and Amortization.....		(1,600,258,254.68)
Accum Depreciation - Steam Power Generation.....	(813,422,462.97)	
Accum Depreciation - Hydro Power Generation.....	(8,449,171.24)	
Accum Depreciation - Other Power Generation.....	(57,600,033.18)	
Accum Depreciation - Transmission.....	(260,436,702.77)	
Accum Depreciation - Distribution.....	(389,550,340.77)	
Accum Depreciation - General.....	(33,403,382.84)	
Transportation.....	(21,674,375.24)	
Retirement - RWIP.....	(2,433,418.03)	
Amortization of Plant		
Limited - Term Plant.....	(13,288,367.64)	
INVESTMENTS - AT COST.....		20,176,251.39
Nonutility Property - less reserve (\$130,408.90).....	896,680.16	
Investments in Subsidiary Companies.....	10,239,079.00	
Investments in KU-R.....	3,000,000.00	
Ohio Valley Electric Corporation.....	250,000.00	
Other.....	548,053.13	
Special Funds.....	1,579.50	
OMU-Interest on Reserve, New.....	740,398.68	
OMU-R&I on Maintenance Reserve.....	644,771.11	
OMU-R&I on Additions and Replacements.....	120,000.00	
OMU-R&I on Operations.....	538,258.48	
OMU-R&I Interest on Purchase Power.....	112,000.00	
OMU-Purchase Power, Coal Reserve.....	3,085,431.33	
CASH.....		9,085,680.49
Cash Clearing.....	(18,763,986.21)	
Cash Accounts.....	27,849,666.70	
SPECIAL DEPOSITS.....		246,616.37
Special Deposits.....	246,616.37	
ACCOUNTS RECEIVABLE - LESS RESERVE.....		1,173,057.35
Working Funds.....	94,873.08	
Customers-Active.....	50,602,587.89	
Customer Accounts Receivable Sold to KU-R.....	(50,693,000.00)	
Wholesale Sales.....	4,535,974.97	
Transmission Sales.....	2,744,185.76	
Unbilled Revenues.....	(8,553,000.00)	
PC Purchase Program.....	195,715.85	
Pitcairn Receivable.....	291,646.28	
Unbilled Projects.....	21,387.77	
Damage Claims.....	127,968.05	
RAR Settlements.....	107,082.37	
Tax Refunds.....	290,786.46	
Insurance Claims.....	18,193.99	
Miscellaneous.....	1,821,620.49	
Uncollectible Accounts - Accrual.....	(1,366,119.75)	
Uncollectible Accounts - Charged Off.....	1,880,699.62	
Uncollectible Accounts - Recovery.....	(514,579.87)	
Uncollectible Accounts - Accrual Sold to KU-R.....	520,000.00	
Uncollectible Accounts - Other.....	(952,965.61)	
NOTES RECEIVABLE FROM KU-R.....		36,538,156.00
Notes Receivable form KU-R.....	36,538,156.00	
ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES.....		10,325,288.89
LG&E Energy Corp.....	10,300,360.75	
LG&E Energy Marketing Inc. (LEM)-Power Marketing.....	24,928.14	

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
SEPTEMBER 30, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
FUEL.....		33,559,694.22
Coal 852,007 Tons @ \$35.71; MMBTU 20,809,192 @ 146.20¢.....	30,423,424.43	
Fuel Oil 3,340,959 Gallons @ 81.80¢.....	2,732,830.23	
Gas Pipeline 21,899 MCF @ \$18.42.....	403,439.56	
PLANT MATERIALS AND OPERATING SUPPLIES.....		22,073,546.17
Regular Materials and Supplies.....	21,997,072.83	
Limestone 13,447 Tons @ \$5.69.....	76,473.34	
STORES EXPENSE.....		5,156,409.00
Stores Expense Undistributed.....	5,156,409.00	
ALLOWANCE INVENTORY.....		69,415.36
Allowance Inventory.....	69,415.36	
PREPAYMENTS.....		2,901,731.05
Insurance.....	1,695,051.39	
Taxes.....	549,701.53	
Interest.....	468,054.72	
Company Owned Life Insurance.....	188,923.41	
MISCELLANEOUS CURRENT ASSETS.....		461,045.82
Derivative Asset - Non-Hedging.....	118,865.32	
Derivative Asset - Hedging.....	342,180.50	
UNAMORTIZED DEBT EXPENSE.....		4,832,022.42
First Mortgage Bonds		
KU Series P 7.92%.....	152,387.48	
KU Series P 8.55%.....	287,706.52	
KU Series R 7.55%.....	393,937.53	
KU Series S 5.99%.....	86,078.18	
Pollution Control Bonds		
KU Series 9, 5 3/4%, Due 12/01/23.....	650,618.80	
KU Series 10, Variable%, Due 10/01/24.....	433,384.82	
KU Series 11, Variable%, Due 5/01/23.....	338,607.29	
KU Series 12, Variable%, Due 2/01/32.....	114,595.46	
KU Series 13, Variable%, Due 2/01/32.....	79,230.01	
KU Series 14, Variable%, Due 2/01/32.....	88,391.14	
KU Series 15, Variable%, Due 2/01/32.....	88,772.72	
KU Series 16, Variable%, Due 10/01/32.....	2,118,312.47	
UNAMORTIZED LOSS ON BONDS.....		8,835,282.07
Reacquired Debt.....	8,835,282.07	
ACCUMULATED DEFERRED INCOME TAXES.....		64,893,528.76
Federal.....	50,746,521.31	
State.....	14,147,007.45	
DEFERRED REGULATORY ASSET.....		73,823,744.07
VDT Expenses.....	29,389,015.66	
Asset Retirement Obligations.....	10,973,572.45	
FASB 109 - Deferred Taxes.....	32,075,687.00	
Pension FERC FAS 87 > Than Funding.....	893,523.93	
Other.....	491,945.03	
OTHER DEFERRED DEBITS.....		43,368,248.28
Long-Term Derivative Asset.....	15,916,585.00	
OMU Emission Allowance Inventory.....	8,326,438.52	
Other.....	19,125,224.76	
Total Assets and Other Debits.....	2,265,162,692.13	2,265,162,692.13

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
SEPTEMBER 30, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
COMMON EQUITY.....		869,020,543.24
Common Stock.....	308,139,977.56	
Common Stock Expense.....	(321,288.87)	
Preferred Stock Expense.....	(273,105.42)	
Paid-In Capital.....	15,000,000.00	
Other Comprehensive Income.....	(10,158,966.50)	
Retained Earnings.....	547,690,647.47	
Unappropriated Undistributed Subsidiary Earnings.....	8,943,279.00	
PREFERRED STOCK.....		40,000,000.00
Preferred Stock.....	40,000,000.00	
BONDS.....		422,830,000.00
First Mortgage Bonds		
KU Series P 7.92%.....	53,000,000.00	
KU Series P 8.55%.....	33,000,000.00	
KU Series R 7.55%.....	50,000,000.00	
KU Series S 5.99%.....	36,000,000.00	
Pollution Control Bonds		
KU Series 9, 5 3/4%, Due 12/01/23.....	50,000,000.00	
KU Series 10, Variable%, Due 10/01/24.....	54,000,000.00	
KU Series 11, Variable%, Due 05/01/23.....	12,900,000.00	
KU Series 12, Variable%, Due 2/01/32.....	20,930,000.00	
KU Series 13, Variable%, Due 2/01/32.....	2,400,000.00	
KU Series 14, Variable%, Due 2/01/32.....	7,400,000.00	
KU Series 15, Variable%, Due 2/01/32.....	7,200,000.00	
KU Series 16, Variable%, Due 10/01/32.....	96,000,000.00	
LT NOTES PAYABLE TO ASSOCIATED COMPANIES.....	175,000,000.00	175,000,000.00
LONG-TERM DEBT MARKED TO MARKET.....		15,882,167.00
Long-term Debt Marked to Market.....	15,882,167.00	
NOTES PAYABLE TO ASSOCIATED COMPANIES.....	98,730,541.95	98,730,541.95
ACCOUNTS PAYABLE.....		43,280,523.27
Regular.....	39,125,733.32	
Salaries and Wages Accrued.....	1,217,012.40	
Employee Withholdings Payable.....	17,277.55	
Tax Collections - Payable.....	2,920,500.00	
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES.....		24,912,999.77
LG&E Energy Corp.....	24,912,999.77	
CUSTOMERS' DEPOSITS.....		12,940,956.22
Customers' Deposits.....	12,940,956.22	
TAXES ACCRUED.....		10,539,547.13
Taxes Accrued.....	10,539,547.13	
INTEREST ACCRUED.....		5,458,770.83
Interest on Long-Term Debt		
First Mortgage Bonds		
KU Series P 7.92%.....	1,574,100.00	
KU Series P 8.55%.....	1,058,062.50	
KU Series R 7.55%.....	1,258,333.37	
KU Series S 5.99%.....	449,250.00	

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
SEPTEMBER 30, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
INTEREST ACCRUED (Continued)		
Pollution Control Bonds		
KU Series 9, 5 3/4%, Due 12/01/23.....	958,333.37	
KU Series 10, Variable%, Due 10/01/24.....	45,064.27	
KU Series 11, Variable%, Due 05/01/23.....	1,934.96	
KU Series 12, Variable%, Due 2/01/32.....	4,214.67	
KU Series 13, Variable%, Due 2/01/32.....	483.29	
KU Series 14, Variable%, Due 2/01/32.....	1,490.17	
KU Series 15, Variable%, Due 2/01/32.....	1,449.87	
KU Series 16, Variable%, Due 10/01/32.....	30,575.99	
Other		
Interest Rate Swaps.....	(2,808,219.70)	
Customer Deposits.....	490,052.22	
Fidelia.....	2,393,645.85	
DIVIDENDS DECLARED.....		188,001.65
Preferred Stock.....	188,001.65	
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES.....		6,177,048.80
Vacation Pay Accrued.....	4,035,726.30	
Revenue Subject to Refund.....	(548,681.00)	
Escheated Deposits.....	101,922.30	
Franchise Fee Payable.....	2,498,842.29	
Derivative Liabilities - Non-Hedging.....	38,526.66	
Derivative Liabilities - Hedging.....	41,198.50	
Other.....	9,513.75	
ACCUMULATED DEFERRED INCOME TAXES.....		325,260,086.79
Federal.....	260,748,461.28	
State.....	64,511,625.51	
INVESTMENT TAX CREDIT.....		6,519,139.00
Job Development Credit.....	6,519,139.00	
REGULATORY LIABILITIES.....		52,934,445.00
Asset Retirement Obligations.....	909,900.00	
Deferred Taxes - FAS 109.....	52,024,545.00	
CUSTOMERS' ADVANCES FOR CONSTRUCTION.....		1,504,616.25
Line Extensions.....	676,580.39	
Other.....	828,035.86	
ASSET RETIREMENT OBLIGATIONS.....	19,392,583.50	19,392,583.50
OTHER DEFERRED CREDITS.....		28,999,862.03
Other Deferred Credits.....	11,737,750.61	
Clearing Accounts Transferred from Other Deferred Debits.....	17,262,111.42	
MISCELLANEOUS LONG-TERM LIABILITIES.....		50,115,629.00
Pension Payable.....	41,519,546.68	
Workers' Compensation.....	3,523,082.32	
Post Employment Benefits - FAS 112.....	5,073,000.00	
ACCUMULATED PROVISION FOR BENEFITS.....		55,475,230.70
Post Retirement Benefits - FAS 106.....	55,475,230.70	
Total Liabilities and Other Credits.....	2,265,162,692.13	2,265,162,692.13

KENTUCKY UTILITIES COMPANY
STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2003

	Year to Date	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income.....	56,318,218.50	68,173,180.78
Items not requiring cash currently:		
Depreciation and amortization.....	76,794,785.99	71,022,700.80
Deferred income taxes - net.....	10,277,205.05	729,353.55
Investment tax credit - net.....	(1,980,711.00)	(2,216,079.00)
Other.....	25,403,299.89	15,449,411.69
(Increase) decrease in certain net current assets:		
Accounts receivable.....	(1,475,557.77)	(9,279,806.41)
Materials and supplies.....	11,708,011.87	8,792,641.18
Accounts payable.....	(27,180,141.11)	(11,820,880.98)
Accrued taxes.....	5,595,419.09	(7,878,278.36)
Accrued interest.....	2,832,065.48	(900,483.41)
Prepayments and other.....	3,643,330.28	2,376,835.89
Other.....	18,236,421.15	(3,278,345.51)
Net cash provided from operating activities.....	<u>180,172,347.42</u>	<u>131,170,250.22</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction expenditures.....	(263,899,402.13)	(164,765,674.66)
Long term investment in securities.....	<u>(2,817,960.86)</u>	-
Net cash used for investing activities.....	<u>(266,717,362.99)</u>	<u>(164,765,674.66)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings from parent company.....	(20,759,107.96)	39,900,000.00
Long-term borrowings from parent company.....	175,000,000.00	-
Issuance of long-term debt.....	(62,511.12)	36,812,947.07
Retirement of long-term debt.....	(62,000,000.00)	(37,930,000.00)
Payment of dividends.....	<u>(1,692,004.94)</u>	<u>(1,692,005.12)</u>
Net cash used for financing activities.....	<u>90,486,375.98</u>	<u>37,090,941.95</u>
NET INCREASE (DECREASE) IN CASH AND TEMP. CASH INVESTMENTS.....	<u>3,941,360.41</u>	<u>3,495,517.51</u>
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD....	<u>5,390,936.45</u>	<u>3,294,759.12</u>
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD.....	<u><u>9,332,296.86</u></u>	<u><u>6,790,276.63</u></u>

KENTUCKY UTILITIES COMPANY
ANALYSIS OF INTEREST CHARGES
SEPTEMBER 30, 2003

	CURRENT MONTH		YEAR TO DATE		YEAR ENDED CURRENT MONTH	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
Interest On Long-Term Debt						
First Mortgage Bonds						
Series P 7.92%	349,800.00	349,800.00	3,148,200.00	3,148,200.00	4,197,600.00	4,197,600.00
Series P 8.55%	235,125.00	235,125.00	2,116,125.00	2,116,125.00	2,821,500.00	2,821,500.00
Series Q 6.32%	-	326,533.33	1,795,933.35	2,938,800.17	2,775,533.34	3,918,400.16
Series R 7.55%	314,583.34	314,583.33	2,831,250.06	2,831,249.99	3,775,000.05	3,774,999.98
Series S 5.99%	179,700.00	179,700.00	1,617,300.00	1,617,300.00	2,156,400.00	2,156,400.00
Loan Agreement - Poll. Control Bonds						
Series 1B (6.25%)	-	-	-	628,626.85	-	955,658.09
Series 2B (6.25%)	-	-	-	72,083.33	-	109,583.33
Series 3B (6.25%)	-	-	-	216,250.00	-	328,750.00
Series 4B (6.25%)	-	-	-	222,257.03	-	337,882.04
Series 8 (7.45%)	-	596,000.00	-	5,364,000.00	554,174.52	7,152,000.00
Series 9 (5.3/4%)	239,583.34	239,583.33	2,156,250.06	2,156,249.99	2,875,000.05	2,874,999.98
Series 10 (VARIABLE%)	46,499.18	81,591.82	458,304.80	642,526.15	677,781.51	905,942.60
Series 11 (VARIABLE%)	9,245.00	15,121.67	101,595.93	146,092.50	149,791.76	214,050.41
Series 12 (VARIABLE%)	17,403.44	25,746.77	181,689.62	116,835.30	262,255.78	116,835.30
Series 13 (VARIABLE%)	1,995.62	2,952.33	20,833.98	13,397.27	30,072.33	13,397.27
Series 14 (VARIABLE%)	6,153.15	9,973.43	64,238.11	41,308.24	92,723.04	41,308.24
Series 15 (VARIABLE%)	5,986.85	7,986.58	62,501.92	40,191.80	90,216.99	40,191.80
Series 16 (VARIABLE%)	64,709.33	714,166.92	-	-	1,075,286.92	-
Interest Rate Swaps	(691,265.05)	(625,235.50)	(6,032,980.51)	(5,466,852.44)	(7,867,410.33)	(6,957,167.38)
Marked to Market	(784,567.00)	(1,567,356.00)	1,231,473.00	(1,188,941.00)	1,158,258.00	1,894,997.00
Fidélia	711,041.67	-	2,393,645.85	-	2,393,645.85	-
Total	705,993.87	192,106.09	12,860,528.09	15,655,700.18	17,217,829.81	24,897,328.82
Amortization of Debt Expense - Net						
Amortization of Debt Expense	23,109.22	26,750.01	221,650.34	269,176.79	300,338.81	352,714.79
Amort. of Loss on reacquired Debt	60,855.00	74,205.00	621,154.41	659,447.73	843,795.83	876,864.96
Total	83,964.22	100,955.01	842,804.75	928,624.52	1,144,134.64	1,229,579.75
Other Interest Charges						
Note Payable	-	-	-	-	-	-
Customers' Deposits	54,449.96	47,134.40	491,073.09	439,070.67	656,363.38	591,891.60
Deferred Compensation	6,278.85	6,638.29	18,737.62	19,226.96	25,575.26	21,918.93
Interest on Debt to Associated Companies	62,684.76	120,673.15	1,007,170.95	735,739.61	1,347,733.92	847,048.51
Other Interest Expense	156,018.26	156,435.00	1,404,164.34	1,410,943.12	1,873,469.60	1,836,908.85
Intercompany Interest	-	-	-	-	-	-
Federal RAR Interest Reserve	-	-	-	-	-	-
AFUDC Borrowed Funds	(13,714.74)	(4,053.57)	(76,916.19)	(20,997.91)	(95,191.20)	(27,700.20)
Interest Costs from A/R Securitization	70,414.63	77,038.34	679,343.77	737,237.71	855,803.15	704,826.18
Total	336,131.72	403,865.61	3,523,573.58	3,321,220.16	4,663,754.11	3,974,893.87
Total Interest	1,126,089.81	696,926.71	17,226,906.42	19,905,544.86	23,025,718.56	30,101,802.44

KENTUCKY UTILITIES COMPANY
ANALYSIS OF TAXES CHARGED
SEPTEMBER 30, 2003

Kind of Taxes	Current Month		Year To Date	
	This Year	Last Year	This Year	Last Year
Taxes Charged to Accounts 408.1 and 409.1				
Property Taxes.....	790,833.33	749,166.67	7,117,499.97	6,742,993.61
Unemployment.....	33,907.63	12,760.43	332,167.63	190,017.73
Federal Old Age and Survivors Insurance.....	359,861.05	313,805.45	3,574,004.18	3,656,808.03
Public Service Commission Fee.....	183,233.84	95,364.67	1,195,625.25	1,007,396.03
Federal Income.....	(4,363,866.80)	1,909,318.63	15,347,069.64	30,700,330.84
State Income.....	260,670.98	(303,570.43)	6,810,281.34	8,697,246.57
Miscellaneous.....	1,250.00	(19,358.00)	11,250.00	(32,612.37)
Total Charged to Operating Expense.....	(2,734,109.97)	2,757,487.42	34,387,898.01	50,962,180.44
Taxes Charged to Other Accounts.....	(655,220.47)	(1,390,553.68)	1,842,454.84	1,395,435.83
Taxes Accrued on Intercompany Accounts.....	(121,935.03)	(110,317.22)	(1,186,098.82)	(1,165,690.00)
Total Taxes Charged.....	(3,511,265.47)	1,256,616.52	35,044,254.03	51,191,926.27

ANALYSIS OF TAXES ACCRUED - ACCOUNT 236

Kind of Taxes	Taxes Accrued	Accruals	Payments	Taxes Accrued
	At Beginning Of Year	To Date This Year	To Date This Year	At End Of Month
Property Taxes.....	388,832.83	7,102,882.40	4,451,847.41	3,039,867.82
Unemployment.....	51,248.65	260,562.93	112,739.54	199,072.04
Federal Old Age and Survivors.....	424,348.23	3,535,564.68	3,551,571.33	408,341.58
Public Service Commission Fee.....	-	804,849.93	804,849.93	-
Federal Income.....	(1,011,751.50)	15,151,400.18	13,558,254.00	581,394.68
State Income.....	4,771,857.94	6,761,954.78	5,453,362.00	6,080,450.72
Kentucky Sales and Use Tax.....	276,821.97	1,343,435.20	1,442,005.15	178,252.02
Miscellaneous.....	42,769.92	83,603.93	74,205.58	52,168.27
Totals.....	4,944,128.04	35,044,254.03	29,448,834.94	10,539,547.13

KENTUCKY UTILITIES COMPANY
SUMMARY OF UTILITY PLANT
SEPTEMBER 30, 2003

UTILITY PLANT	NET BALANCE FIRST OF YEAR	ADDITIONS	RETIREMENTS	TRANSFER/ADJUSTMENT	NET ADDITIONS	BALANCE TO DATE
Plant In Service						
Intangibles.....	17,423,192.98	4,336,005.60	-	-	4,336,005.60	21,759,198.58
Steam Production.....	1,249,118,401.86	30,397,971.19	(5,889,735.87)	(70,990.01)	24,437,245.31	1,273,555,647.17
Hydro Production.....	10,626,165.04	139,504.46	-	2,143.99	141,648.45	10,767,813.49
Other Production.....	362,332,612.45	1,772,466.78	(1,776,053.64)	(5,913,379.15)	(5,916,966.01)	356,415,646.44
Transmission.....	451,607,350.80	21,358,908.06	(931,820.06)	933,000.00	21,360,088.00	472,967,438.80
Distribution.....	896,399,091.37	46,445,001.13	(4,067,130.08)	-	42,377,871.05	938,776,962.42
General.....	78,272,605.83	11,372,626.55	(232,258.40)	-	11,140,368.15	89,412,973.98
Transportation.....	23,749,238.51	-	-	-	-	23,749,238.51
Total Electric Plant In Service.....	3,089,528,658.84	115,822,483.77	(12,896,998.05)	(5,049,225.17)	97,876,260.55	3,187,404,919.39
Plant Purchased or Sold.....	-	(229,792.98)	-	131,272.98	-	(98,520.00)
Total Plant.....	3,089,528,658.84	115,592,690.79	(12,896,998.05)	(4,917,952.19)	-	3,187,306,399.39
Construction Work In Progress.....	191,233,221.88	149,361,607.83	-	-	-	340,594,829.71
Total Utility Plant at Original Cost.....	3,280,761,880.72	264,954,298.62	(12,896,998.05)	(4,917,952.19)	-	3,527,901,229.10

RESERVE FOR DEPRECIATION OF UTILITY	NET BALANCE FIRST OF YEAR	ACCRUAL	RETIREMENTS	COST OF REMOVAL	SALVAGE	OTHERS CREDITS	BALANCE TO DATE
Plant In Service							
Steam Production.....	794,854,592.77	26,366,541.22	(5,889,735.87)	(1,803,774.84)	61,336.05	(166,496.36)	813,422,462.97
Hydro Production.....	8,323,904.23	125,136.79	-	-	-	130.22	8,449,171.24
Other Production.....	50,312,904.75	9,063,312.29	(1,776,053.64)	-	-	(130.22)	57,600,033.18
Transmission.....	249,396,208.56	11,016,199.50	(931,820.06)	2,120,107.85	114,017.28	(1,278,010.36)	260,436,702.77
Distribution.....	371,679,812.59	21,855,572.09	(4,067,130.08)	2,110,395.63	55,271.69	(2,083,581.15)	389,550,340.77
General.....	28,370,592.95	5,326,384.57	(223,479.23)	(70,115.45)	-	-	33,403,382.84
Transportation.....	20,582,770.31	1,091,604.93	-	-	-	-	21,674,375.24
Total Reserve For Depreciation Of Utility Plant In Service.....	1,523,520,786.16	74,844,751.39	(12,888,218.88)	2,356,613.19	230,625.02	(3,528,087.87)	1,584,536,469.01
Retirement of Work in Progress.....	3,476,144.28	-	-	(6,501,493.76)	114,019.14	5,344,748.37	2,433,418.03
Subtotal.....	1,526,996,930.44	74,844,751.39	(12,888,218.88)	(4,144,880.57)	344,644.16	1,816,660.50	1,586,969,887.04
Intangibles.....	9,157,504.73	3,605,666.40	-	-	-	-	12,763,171.13
Leaseholds.....	503,517.72	30,457.96	(8,779.17)	-	-	-	525,196.51
Total Reserve For Depreciation and Amortization - Utility Plant In Service.....	1,536,657,952.89	78,480,875.75	(12,896,998.05)	(4,144,880.57)	344,644.16	1,816,660.50	1,600,258,254.68
Utility Plant at Original Cost Less Reserve For Depreciation and Amortization.....	1,744,103,927.83	-	-	-	-	-	1,927,642,974.42

KU Monthly Report to KPSC-August 31,2003

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
AUGUST 31, 2003

	CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	82,769,204.66	83,618,935.90	(849,731.24) (1.02)
Rate Refunds.....	1,595,109.47	232,280.00	1,272,829.47 547.97
Total Operating Revenues.....	84,274,314.13	83,851,215.90	423,098.23 0.50
Operating Expenses			
Fuel	27,683,592.50	27,695,698.59	(12,106.09) (0.04)
Power Purchased.....	11,133,996.47	10,232,336.48	921,659.99 9.01
Other Operation Expenses.....	14,204,626.20	14,252,950.95	(48,324.75) (0.34)
Maintenance.....	3,718,615.11	3,838,919.53	(120,304.42) (3.13)
Depreciation.....	7,913,603.49	7,630,233.94	283,369.55 3.71
Amortization Expense.....	446,742.13	253,532.01	193,210.12 76.21
Regulatory Credits.....	(116,374.02)	-	(116,374.02) -
Taxes			
Federal Income.....	-	-	-
State Income.....	-	-	-
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	-	-	-
Federal Income - Estimated.....	4,950,166.44	4,971,189.54	(21,023.10) (0.42)
State Income - Estimated.....	1,419,047.71	1,425,074.34	(6,026.63) (0.42)
Property and Other.....	1,387,999.39	1,339,585.03	48,414.36 3.61
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	101,776.00	-	101,776.00 -
Total Operating Expenses.....	72,863,791.42	71,639,520.41	1,224,271.01 1.71
Net Operating Income.....	11,410,522.71	12,211,695.49	(801,172.78) (6.56)
Other Income Less Deductions			
Interest and Dividend Income.....	(85,469.19)	(99,318.88)	13,849.69 (13.94)
Other Income Less Deductions.....	2,396,642.88	548,677.76	1,847,965.12 336.80
AFUDC - Equity.....	156,267.05	4,672.27	151,594.78 -
Total Other Income Less Deductions.....	2,467,440.74	454,031.15	2,013,409.59 443.45
Income Before Interest Charges.....	13,877,963.45	12,665,726.64	1,212,236.81 9.57
Interest on Long Term Debt.....	1,334,670.94	1,763,758.39	(429,087.45) (24.33)
Amortization of Debt Expense - Net.....	82,908.74	100,955.01	(18,046.27) (17.88)
Other Interest Expenses.....	425,232.93	462,937.13	(37,704.20) (8.14)
AFUDC - Borrowed Funds.....	(12,712.89)	(3,304.37)	(9,408.52) 284.73
Total Interest Charges.....	1,830,999.72	2,324,346.16	(494,246.44) (21.26)
Net Inc Before Cumulative Effect of Acctg Chg.....	12,047,863.73	10,341,380.48	1,706,483.25 16.50
Cumulative Effect of Accounting Chg Net of Tax.....	-	-	-
Net Income.....	12,047,863.73	10,341,380.48	1,706,483.25 16.50
Preferred Dividend Requirements.....	188,001.65	188,001.68	(0.03) -
Earnings Available for Common.....	11,859,862.08	10,153,378.80	1,706,483.28 16.81

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
AUGUST 31, 2003

	YEAR TO DATE		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	599,067,302.15	584,490,282.84	14,577,019.31 2.49
Rate Refunds.....	(11,885,939.37)	1,092,524.00	(12,978,463.37) (1,187.93)
Total Operating Revenues.....	587,181,362.78	585,582,806.84	1,598,555.94 0.27
Operating Expenses			
Fuel.....	179,947,887.73	171,170,310.54	8,777,577.19 5.13
Power Purchased.....	95,862,028.48	102,627,968.95	(6,765,940.47) (6.59)
Other Operation Expenses.....	103,100,893.68	97,484,932.11	5,615,961.57 5.76
Maintenance.....	44,056,520.23	35,053,399.67	9,003,120.56 25.68
Depreciation.....	65,817,097.06	60,386,816.63	5,430,280.43 8.99
Amortization Expense.....	3,084,321.44	2,031,040.76	1,053,280.68 51.86
Regulatory Credits.....	(10,857,198.43)	-	(10,857,198.43) -
Taxes			
Federal Income.....	9,349,039.39	19,000,345.89	(9,651,306.50) (50.80)
State Income.....	3,579,199.88	6,194,159.32	(2,614,959.44) (42.22)
Deferred Federal Income - Net.....	4,301,965.44	(2,289,135.60)	6,591,101.04 (287.93)
Deferred State Income - Net.....	847,266.12	(810,212.95)	1,657,479.07 (204.57)
Federal Income - Estimated.....	10,361,897.05	9,790,666.32	571,230.73 -
State Income - Estimated.....	2,970,410.48	2,806,657.68	163,752.80 -
Property and Other.....	10,861,461.18	10,412,863.81	448,597.37 4.31
Loss (Gain) from Disposition of Utility Plant.....	(286,165.87)	(277,302.50)	(8,863.37) 3.20
Loss (Gain) from Disposition of Allowances.....	814,207.50	-	814,207.50 -
Accretion Expense.....	-	-	-
Total Operating Expenses.....	523,810,831.36	513,582,530.63	10,228,300.73 1.99
Net Operating Income.....	63,370,531.42	72,000,276.21	(8,629,744.79) (11.99)
Other Income Less Deductions			
Interest and Dividend Income.....	208,985.85	435,538.72	(226,552.87) (52.02)
Other Income Less Deductions.....	5,331,059.89	6,608,990.08	(1,277,930.19) (19.34)
AFUDC - Equity.....	809,499.52	13,932.21	795,567.31 -
Total Other Income Less Deductions.....	6,349,545.26	7,058,461.01	(708,915.75) (10.04)
Income Before Interest Charges.....	69,720,076.68	79,058,737.22	(9,338,660.54) (11.81)
Interest on Long Term Debt.....	12,154,534.22	15,463,594.09	(3,309,059.87) (21.40)
Amortization of Debt Expense - Net.....	758,840.53	827,669.51	(68,828.98) (8.32)
Other Interest Expenses.....	3,250,643.31	2,934,298.89	316,344.42 10.78
AFUDC - Borrowed Funds.....	(63,201.45)	(16,944.34)	(46,257.11) 272.99
Total Interest Charges.....	16,100,816.61	19,208,618.15	(3,107,801.54) (16.18)
Net Inc Before Cumulative Effect of Acctg Chg.....	53,619,260.07	59,850,119.07	(6,230,859.00) (10.41)
Cumulative Effect of Accounting Chg Net of Tax.....	5,919,827.00	-	5,919,827.00 -
Net Income.....	47,699,433.07	59,850,119.07	(12,150,686.00) (20.30)
Preferred Dividend Requirements.....	1,504,004.94	1,504,005.12	(0.18) -
Earnings Available for Common.....	46,195,428.13	58,346,113.95	(12,150,685.82) (20.83)

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
AUGUST 31, 2003

	YEAR ENDED CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	887,315,327.08	861,211,975.16	26,103,351.92 3.03
Rate Refunds.....	2,502,300.63	1,954,989.00	547,311.63 28.00
Total Operating Revenues.....	<u>889,817,627.71</u>	<u>863,166,964.16</u>	<u>26,650,663.55</u> 3.09
Operating Expenses			
Fuel.....	258,894,214.27	250,505,675.71	8,388,538.56 3.35
Power Purchased.....	151,189,622.20	153,356,113.34	(2,166,491.14) (1.41)
Other Operation Expenses.....	153,138,257.69	84,784,821.98	68,353,435.71 80.62
Maintenance.....	68,785,209.10	53,840,278.12	14,944,930.98 27.76
Depreciation.....	97,697,011.74	85,916,696.61	11,780,315.13 13.71
Amortization Expense.....	4,248,310.60	3,046,922.36	1,201,388.24 39.43
Regulatory Credits.....	(10,857,198.43)	-	(10,857,198.43) -
Taxes			
Federal Income.....	28,867,362.39	49,558,669.57	(20,691,307.18) (41.75)
State Income.....	7,877,899.92	12,510,835.83	(4,632,935.91) (37.03)
Deferred Federal Income - Net.....	10,057,652.70	8,956,853.33	1,100,799.37 12.29
Deferred State Income - Net.....	3,204,809.08	3,175,547.95	29,261.13 0.92
Federal Income - Estimated.....	571,230.73	1,352,024.51	(780,793.78) -
State Income - Estimated.....	163,752.80	387,580.37	(223,827.57) -
Property and Other.....	15,431,818.16	12,885,170.44	2,546,647.72 19.76
Loss (Gain) from Disposition of Utility Plant.....	(286,165.87)	(277,302.50)	(8,863.37) -
Loss (Gain) from Disposition of Allowances.....	814,207.50	-	814,207.50 -
Accretion Expense.....	-	-	-
Total Operating Expenses.....	<u>789,797,994.58</u>	<u>719,999,887.62</u>	<u>69,798,106.96</u> 9.69
Net Operating Income.....	100,019,633.13	143,167,076.54	(43,147,443.41) (30.14)
Other Income Less Deductions			
Interest and Dividend Income.....	414,403.06	942,765.94	(528,362.88) (56.04)
Other Income Less Deductions.....	8,423,002.74	9,557,808.31	(1,134,805.57) (11.87)
AFUDC - Equity.....	882,414.52	38,891.94	843,522.58 2,168.89
Total Other Income Less Deductions.....	<u>9,719,820.32</u>	<u>10,539,466.19</u>	<u>(819,645.87)</u> (7.78)
Income Before Interest Charges.....	109,739,453.45	153,706,542.73	(43,967,089.28) (28.60)
Interest on Long Term Debt.....	16,703,942.03	24,214,403.20	(7,510,461.17) (31.02)
Amortization of Debt Expense - Net.....	1,161,125.43	1,228,943.15	(67,817.72) (5.52)
Other Interest Expenses.....	4,817,018.03	3,599,298.59	1,217,719.44 33.83
AFUDC - Borrowed Funds.....	(85,530.03)	(25,380.21)	(60,149.82) 237.00
Total Interest Charges.....	<u>22,596,555.46</u>	<u>29,017,264.73</u>	<u>(6,420,709.27)</u> (22.13)
Net Inc Before Cumulative Effect of Acctg Chg.....	87,142,897.99	124,689,278.00	(37,546,380.01) (30.11)
Cumulative Effect of Accounting Chg Net of Tax.....	5,919,827.00	-	5,919,827.00 -
Net Income.....	<u>81,223,070.99</u>	<u>124,689,278.00</u>	<u>(43,466,207.01)</u> (34.86)
Preferred Dividend Requirements.....	2,256,006.60	2,256,006.87	(0.27) -
Earnings Available for Common.....	<u>78,967,064.39</u>	<u>122,433,271.13</u>	<u>(43,466,206.74)</u> (35.50)

KENTUCKY UTILITIES COMPANY
ANALYSIS OF RETAINED EARNINGS
AUGUST 31, 2003

	Year to Date			Year Ended Current Month		
	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total Retained Earnings	Total Retained Earnings	Undistributed Subsidiary Earnings	Undistributed Subsidiary Earnings
Retained Earnings and Undistributed Earnings						
Balance Beginning of Period.....	496,010,767.63	114,735.25	496,125,502.88	464,142,521.62	5,093,556.68	5,093,556.68
Net Income To Date.....	47,699,433.07		47,699,433.07	81,223,070.99		81,223,070.99
Adjust for Equity in Subsidiary Earnings for Year						
-EE Inc.....	(2,797,304.32)		(2,797,304.32)	(3,585,959.32)	3,585,959.32	3,585,959.32
Dividends Rec'd Current Year						
-EE Inc.....	-		-	-	-	-
Preferred Stock Dividends.....	(1,504,004.94)		(1,504,004.94)	(2,256,006.60)		(2,256,006.60)
Common Stock Dividends.....	-		-	-		-
Balance End of Period.....	<u>539,408,891.44</u>	<u>114,735.25</u>	<u>539,523,626.69</u>	<u>539,523,626.69</u>	<u>8,679,516.00</u>	<u>8,679,516.00</u>
Combined Retained Earnings	12 MONTHS 08/31/03	12 MONTHS 08/31/02				
Retained Earnings Beginning of Period.....	469,236,078.30	377,302,807.17				
Add Net Income.....	81,223,070.99	124,689,278.00				
Subtotal.....	550,459,149.29	501,992,085.17				
Deduct						
Dividends on Preferred Stock.....	2,256,006.60	2,256,006.87				
Dividends on Common Stock.....	-	30,500,000.00				
Perferred Stock Redemption Exp and Other.....	-	-				
Retained Earnings End of Period.....	<u>548,203,142.69</u>	<u>469,236,078.30</u>				

KENTUCKY UTILITIES COMPANY
COMPARATIVE BALANCE SHEETS AS OF AUGUST 31, 2003 AND 2002

	THIS YEAR	LAST YEAR		THIS YEAR	LAST YEAR
ASSETS AND OTHER DEBITS					
Utility Plant			Capitalization		
Utility Plant at Original Cost	3,513,122,455.35	3,208,645,673.25	Common Stock	308,139,977.56	308,139,977.56
Less Reserves for Depreciation & Amortization	1,595,946,521.10	1,518,363,849.25	Common Stock Expense	(594,394.29)	(594,394.29)
Total	1,917,175,934.25	1,690,281,824.00	Paid-In Capital	15,000,000.00	15,000,000.00
Investments - At Cost			Other Comprehensive Income	(10,576,110.00)	2,685,174.20
Nonutility Property-Less Reserve	896,714.36	897,124.78	Retained Earnings	539,523,626.69	464,142,521.62
Investments in Subsidiary Companies	9,975,316.00	6,389,356.68	Unappropriated Undistributed Subsidiary Earnings	8,679,516.00	5,093,556.68
Investments in KU-R	3,000,000.00	3,000,000.00	Total Common Equity	860,172,615.96	794,466,835.77
Ohio Valley Electric Corporation	250,000.00	250,000.00	Preferred Stock	40,000,000.00	40,000,000.00
Other	548,053.13	837,899.66	First Mortgage Bonds	422,830,000.00	484,830,000.00
Special Funds	5,206,158.67	5,194,207.03	Other Long-Term Debt	-	-
Total	19,876,242.16	16,568,588.15	LT Notes Payable to Associated Companies	175,000,000.00	-
			Long-Term Debt Marked to Market	17,857,870.00	5,422,800.00
Current and Accrued Assets			Total Long-Term Debt	615,687,870.00	490,252,800.00
Cash	2,888,326.90	5,475,719.69	Total Capitalization	1,515,860,485.96	1,324,719,635.77
Special Deposits	102,929.26	183,579.04	Current and Accrued Liabilities		
Temporary Cash Investments	-	-	Advances from Associated Companies	-	-
Accounts Receivable-Less Reserve	11,722,399.05	16,973,441.10	Long-Term Debt Due in 1 Year	-	-
Notes Receivable from Assoc. Companies	33,281,724.00	34,374,067.00	Notes Payable	88,630,541.95	97,289,649.91
Notes Receivable from KU-R	13,168,137.44	10,361,506.98	Notes Payable to Associated Companies	45,041,022.17	42,572,424.42
Accounts Receivable from Assoc Companies	38,896,636.69	42,088,896.22	Accounts Payable	42,448,921.09	18,352,686.66
Materials & Supplies-At Average Cost	22,024,807.50	21,967,515.58	Accounts Payable to Associated Companies	12,709,235.00	11,387,487.02
Fuel	4,848,935.98	4,881,612.66	Customer Deposits	24,104,137.82	37,527,128.25
Plant Materials & Operating Supplies	75,629.26	96,236.44	Taxes Accrued	4,120,630.59	6,723,308.23
Stores Expense	3,868,974.76	3,499,189.22	Interest Accrued	6,376,557.47	-
Allowance Inventory	187,823.96	1,491,058.09	Misc. Current & Accrued Liabilities	223,431,046.09	219,961,024.57
Prepayments	131,066,324.80	141,392,822.02	Total	326,781,842.87	324,244,845.09
Miscellaneous Current & Accrued Assets	4,823,631.64	3,831,953.39	Investment Tax Credit	6,739,218.00	9,448,774.00
Total	2,269,860,472.01	2,031,133,796.77	Regulatory Liabilities	53,560,206.00	56,068,946.00
			Customer Advances for Construction	1,508,948.64	1,500,051.00
Deferred Debits and Other			Asset Retirement Obligations	19,290,807.50	-
Unamortized Debt Expense	8,896,137.07	6,767,399.30	Other Deferred Credits	17,097,057.25	9,529,951.30
Unamortized Loss on Bonds	75,833,573.55	85,565,001.02	Misc. Long-Term Liabilities	50,115,629.00	31,581,395.22
Accumulated Deferred Income Taxes	74,661,038.35	70,713,510.17	Misc. Long-Term Liab. Due to Assoc. Co.	55,475,230.70	54,079,173.82
Deferred Regulatory Assets	37,527,570.19	16,012,698.72	Accum Provision for Post-Retirement Benefits	530,568,939.96	486,453,136.43
Other Deferred Debits	201,741,970.80	182,890,562.60	Total	2,269,860,472.01	2,031,133,796.77
Total	2,269,860,472.01	2,031,133,796.77	Total Liabilities and Other Credits	2,269,860,472.01	2,031,133,796.77

KENTUCKY UTILITIES COMPANY
STATEMENT OF CAPITALIZATION AND SHORT-TERM DEBT
AUGUST 31, 2003

	<u>AUTHORIZED SHARES</u>	<u>ISSUED & OUTSTANDING SHARES</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL CAPITAL & S/T DEBT</u>	<u>CAPITAL</u>
Common Equity					
Common Stock - Without Par.....	80,000,000	37,817,878	308,139,977.56		
Common Stock Expense.....			(321,288.87)		
Preferred Stock Expense.....			(273,105.42)		
Paid-In Capital.....			15,000,000.00		
Other Comprehensive Income.....			(10,576,110.00)		
Retained Earnings.....			539,523,626.69		
Unappropriated Undistributed Subsidiary Earnings.....			8,679,516.00		
Total Common Equity.....			<u>860,172,615.96</u>	53.61	56.74
Preferred Stock, Cumulative					
4 3/4% Series.....	5,300,000	200,000	20,000,000.00		
6.53% Series.....		200,000	20,000,000.00		
Total Preferred Stock.....			<u>40,000,000.00</u>	2.49	2.64
Total Stockholder's Equity.....			<u>900,172,615.96</u>	56.10	59.38
Long-Term Debt					
FM Series P, 7.92%.....			53,000,000.00		
FM Series P, 8.55%.....			33,000,000.00		
FM Series R, 7.55%.....			50,000,000.00		
FM Series S, 5.99%.....			36,000,000.00		
PCB 9 DUE 12/01/23 5 3/4%.....			50,000,000.00		
PCB 10 DUE 11/01/24 Variable%.....			54,000,000.00		
PCB 11 DUE 5/1/23 Variable%.....			12,900,000.00		
PCB 12 DUE 2/1/32 Variable%.....			20,930,000.00		
PCB 13 DUE 2/1/32 Variable%.....			2,400,000.00		
PCB 14 DUE 2/1/32 Variable%.....			7,400,000.00		
PCB 15 DUE 2/1/32 Variable%.....			7,200,000.00		
PCB 16 DUE 10/1/32 Variable%.....			96,000,000.00		
Long-Term Debt Marked to Market.....			17,857,870.00		
Total Long-Term Debt.....			<u>440,687,870.00</u>	27.47	29.07
L.T. Notes Payable to Associated Companies.....			<u>175,000,000.00</u>	10.91	11.55
Total Capitalization.....			<u>1,515,860,485.96</u>	94.48	100.00
Notes Payable to Associated Companies.....			<u>88,630,541.95</u>	5.52	
Total Capitalization and Short-Term Debt.....			<u>1,604,491,027.91</u>	100.00	

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
AUGUST 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
UTILITY PLANT		
At Original Cost.....	3,513,122,455.35	3,513,122,455.35
Reserves for Depreciation and Amortization.....		(1,595,946,521.10)
Accum Depreciation - Steam Power Generation.....	(814,267,691.32)	
Accum Depreciation - Hydro Power Generation.....	(8,435,354.74)	
Accum Depreciation - Other Power Generation.....	(56,568,215.70)	
Accum Depreciation - Transmission.....	(258,164,250.11)	
Accum Depreciation - Distribution.....	(389,224,202.24)	
Accum Depreciation - General.....	(32,852,926.55)	
Transportation.....	(21,555,762.09)	
Retirement - RWIP.....	(2,141,553.63)	
Amortization of Plant		
Limited - Term Plant.....	(12,736,564.72)	
INVESTMENTS - AT COST.....		19,876,242.16
Nonutility Property - less reserve (\$130,374.70).....	896,714.36	
Investments in Subsidiary Companies.....	9,975,316.00	
Investments in KU-R.....	3,000,000.00	
Ohio Valley Electric Corporation.....	250,000.00	
Other.....	548,053.13	
Special Funds.....	1,579.50	
OMU-Interest on Reserve, New.....	732,118.25	
OMU-R&I on Maintenance Reserve.....	644,771.11	
OMU-R&I on Additions and Replacements.....	120,000.00	
OMU-R&I on Operations.....	538,258.48	
OMU-R&I Interest on Purchase Power.....	84,000.00	
OMU-Purchase Power, Coal Reserve.....	3,085,431.33	
CASH.....		2,888,326.90
Cash Clearing.....	(15,500,683.87)	
Cash Accounts.....	18,389,010.77	
SPECIAL DEPOSITS.....		102,929.26
Special Deposits.....	102,929.26	
ACCOUNTS RECEIVABLE - LESS RESERVE.....		11,722,399.05
Working Funds.....	116,873.08	
Customers-Active.....	50,579,831.10	
Customers-Suspense CIS.....	(21,929.38)	
Customer Accounts Receivable Sold to KU-R.....	(55,464,000.00)	
Wholesale Sales.....	2,865,830.18	
Transmission Sales.....	2,794,102.03	
Unbilled Revenues.....	7,894,000.00	
PC Purchase Program.....	203,683.74	
Pitcairn Receivable.....	284,478.30	
Unbilled Projects.....	24,805.99	
Damage Claims.....	146,468.22	
RAR Settlements.....	107,082.37	
Tax Refunds.....	290,786.46	
Insurance Claims.....	18,243.99	
Miscellaneous.....	2,162,143.17	
Uncollectible Accounts - Accrual.....	(1,296,264.01)	
Uncollectible Accounts - Charged Off.....	1,766,025.12	
Uncollectible Accounts - Recovery.....	(469,761.11)	
Uncollectible Accounts - Accrual Sold to KU-R.....	659,462.00	
Uncollectible Accounts - Other.....	(939,462.20)	
NOTES RECEIVABLE FROM KU-R.....		33,281,724.00
Notes Receivable form KU-R.....	33,281,724.00	
ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES.....		13,168,137.44
LG&E Energy Corp.....	13,154,196.61	
LG&E Energy Marketing Inc. (LEM)-Power Marketing.....	13,940.83	

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
AUGUST 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance</u> <u>Subsidiary Account</u>	<u>Balance as Shown</u> <u>On Balance Sheet</u>
FUEL.....		38,896,636.69
Coal 1,019,428 Tons @ \$35.27; MMBTU 24,668,332 @ 145.76¢.....	35,957,643.15	
Fuel Oil 3,460,055 Gallons @ 82.12¢.....	2,841,379.16	
Gas Pipeline 12,827 MCF @ \$7.61.....	97,614.38	
PLANT MATERIALS AND OPERATING SUPPLIES.....		22,024,807.50
Regular Materials and Supplies.....	21,915,254.16	
Limestone 19,338 Tons @ \$5.67.....	109,553.34	
STORES EXPENSE.....		4,848,935.98
Stores Expense Undistributed.....	4,848,935.98	
ALLOWANCE INVENTORY.....		75,629.26
Allowance Inventory.....	75,629.26	
PREPAYMENTS.....		3,868,974.76
Insurance.....	2,260,068.53	
Taxes.....	732,935.37	
Interest.....	624,072.98	
Company Owned Life Insurance.....	251,897.88	
MISCELLANEOUS CURRENT ASSETS.....		187,823.96
Derivative Asset - Non-Hedging.....	187,823.96	
UNAMORTIZED DEBT EXPENSE.....		4,823,631.64
First Mortgage Bonds		
KU Series P 7.92%.....	155,811.48	
KU Series P 8.55%.....	288,717.52	
KU Series R 7.55%.....	395,452.53	
KU Series S 5.99%.....	89,266.18	
Pollution Control Bonds		
KU Series 9, 5 3/4%, Due 12/01/23.....	653,307.80	
KU Series 10, Variable%, Due 10/01/24.....	435,090.82	
KU Series 11, Variable%, Due 5/01/23.....	340,048.29	
KU Series 12, Variable%, Due 2/01/32.....	114,932.51	
KU Series 13, Variable%, Due 2/01/32.....	79,463.04	
KU Series 14, Variable%, Due 2/01/32.....	88,651.11	
KU Series 15, Variable%, Due 2/01/32.....	89,033.82	
KU Series 16, Variable%, Due 10/01/32.....	2,093,856.54	
UNAMORTIZED LOSS ON BONDS.....		8,896,137.07
Reacquired Debt.....	8,896,137.07	
ACCUMULATED DEFERRED INCOME TAXES.....		75,833,573.55
Federal.....	60,340,041.44	
State.....	15,493,532.11	
DEFERRED REGULATORY ASSET.....		74,661,058.35
VDT Expenses.....	30,368,475.66	
Asset Retirement Obligations.....	10,857,198.43	
FASB 109 - Deferred Taxes.....	32,075,687.00	
Pension FERC FAS 87 > Than Funding.....	867,752.23	
Other.....	491,945.03	
OTHER DEFERRED DEBITS.....		37,527,570.19
Long-Term Derivative Asset.....	17,107,721.00	
OMU Emission Allowance Inventory.....	8,308,965.36	
Other.....	12,110,883.83	
Total Assets and Other Debits.....	2,269,860,472.01	2,269,860,472.01

**KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
AUGUST 31, 2003**

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
COMMON EQUITY.....		860,172,615.96
Common Stock.....	308,139,977.56	
Common Stock Expense.....	(321,288.87)	
Preferred Stock Expense.....	(273,105.42)	
Paid-In Capital	15,000,000.00	
Other Comprehensive Income.....	(10,576,110.00)	
Retained Earnings	539,523,626.69	
Unappropriated Undistributed Subsidiary Earnings	8,679,516.00	
PREFERRED STOCK.....		40,000,000.00
Preferred Stock.....	40,000,000.00	
BONDS.....		422,830,000.00
First Mortgage Bonds		
KU Series P 7.92%.....	53,000,000.00	
KU Series P 8.55%.....	33,000,000.00	
KU Series R 7.55%.....	50,000,000.00	
KU Series S 5.99%.....	36,000,000.00	
Pollution Control Bonds		
KU Series 9, 5 3/4%, Due 12/01/23.....	50,000,000.00	
KU Series 10, Variable%, Due 10/01/24.....	54,000,000.00	
KU Series 11, Variable%, Due 05/01/23.....	12,900,000.00	
KU Series 12, Variable%, Due 2/01/32.....	20,930,000.00	
KU Series 13, Variable%, Due 2/01/32.....	2,400,000.00	
KU Series 14, Variable%, Due 2/01/32.....	7,400,000.00	
KU Series 15, Variable%, Due 2/01/32.....	7,200,000.00	
KU Series 16, Variable%, Due 10/01/32.....	96,000,000.00	
LT NOTES PAYABLE TO ASSOCIATED COMPANIES.....	175,000,000.00	175,000,000.00
LONG-TERM DEBT MARKED TO MARKET.....		17,857,870.00
Long-term Debt Marked to Market.....	17,857,870.00	
NOTES PAYABLE TO ASSOCIATED COMPANIES.....	88,630,541.95	88,630,541.95
ACCOUNTS PAYABLE.....		45,041,022.17
Regular.....	41,131,140.60	
Salaries and Wages Accrued.....	1,240,849.94	
Employee Withholdings Payable.....	14,960.02	
Tax Collections - Payable.....	2,654,071.61	
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES.....		42,448,921.09
LG&E Energy Corp.....	42,448,921.09	
CUSTOMERS' DEPOSITS.....		12,709,235.00
Customers' Deposits.....	12,709,235.00	
TAXES ACCRUED.....		24,104,137.82
Taxes Accrued	24,104,137.82	
INTEREST ACCRUED.....		4,120,630.59
Interest on Long-Term Debt		
First Mortgage Bonds		
KU Series P 7.92%.....	1,224,300.00	
KU Series P 8.55%.....	822,937.50	
KU Series R 7.55%.....	943,750.03	
KU Series S 5.99%.....	269,550.00	

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
AUGUST 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
INTEREST ACCRUED (Continued)		
Pollution Control Bonds		
KU Series 9, 5 3/4%, Due 12/01/23.....	718,750.03	
KU Series 10, Variable%, Due 10/01/24.....	41,853.87	
KU Series 11, Variable%, Due 05/01/23.....	3,350.38	
KU Series 12, Variable%, Due 2/01/32.....	23,510.42	
KU Series 13, Variable%, Due 2/01/32.....	2,695.89	
KU Series 14, Variable%, Due 2/01/32.....	8,312.37	
KU Series 15, Variable%, Due 2/01/32.....	8,087.68	
KU Series 16, Variable%, Due 10/01/32.....	40,533.33	
Other		
Interest Rate Swaps.....	(2,116,954.65)	
Customer Deposits.....	447,349.56	
Fidelia.....	1,682,604.18	
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES.....		6,376,557.47
Vacation Pay Accrued.....	4,495,077.18	
Revenue Subject to Refund.....	(73,968.00)	
Escheated Deposits.....	101,922.30	
Franchise Fee Payable.....	1,706,579.12	
Derivative Liabilities - Non-Hedging.....	18,887.39	
Derivative Liabilities - Hedging.....	122,052.50	
Other.....	6,006.98	
ACCUMULATED DEFERRED INCOME TAXES.....		326,781,842.87
Federal.....	261,282,203.56	
State.....	65,499,639.31	
INVESTMENT TAX CREDIT.....		6,739,218.00
Job Development Credit.....	6,739,218.00	
REGULATORY LIABILITIES.....		53,560,206.00
Asset Retirement Obligations.....	909,900.00	
Deferred Taxes - FAS 109.....	52,650,306.00	
CUSTOMERS' ADVANCES FOR CONSTRUCTION.....		1,508,948.64
Line Extensions.....	672,989.39	
Other.....	835,959.25	
ASSET RETIREMENT OBLIGATIONS.....	19,290,807.50	19,290,807.50
OTHER DEFERRED CREDITS.....		17,097,057.25
Other Deferred Credits.....	5,367,615.83	
Clearing Accounts Transferred from Other Deferred Debits.....	11,729,441.42	
MISCELLANEOUS LONG-TERM LIABILITIES.....		50,115,629.00
Pension Payable.....	41,519,546.68	
Workers' Compensation.....	3,523,082.32	
Post Employment Benefits - FAS 112.....	5,073,000.00	
ACCUMULATED PROVISION FOR BENEFITS.....		55,475,230.70
Post Retirement Benefits - FAS 106.....	55,475,230.70	
Total Liabilities and Other Credits.....	2,269,860,472.01	2,269,860,472.01

KENTUCKY UTILITIES COMPANY
STATEMENT OF CASH FLOWS
AUGUST 31, 2003

	Year to Date	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income.....	47,699,433.07	59,850,119.07
Items not requiring cash currently:		
Depreciation and amortization.....	68,901,418.50	62,417,857.39
Deferred income taxes - net.....	1,484,677.34	(2,375,734.38)
Investment tax credit - net.....	(1,760,632.00)	(2,005,848.00)
Other.....	22,833,734.78	16,331,703.41
(Increase) decrease in certain net current assets:		
Accounts receivable.....	(11,611,316.02)	(19,428,494.50)
Materials and supplies.....	6,727,281.09	631,380.01
Accounts payable.....	(7,883,720.89)	(24,223,460.38)
Accrued taxes.....	19,160,009.78	17,011,816.94
Accrued interest.....	1,493,925.24	1,055,756.05
Prepayments and other.....	2,722,880.33	869,348.35
Other.....	14,582,010.81	(5,507,001.36)
Net cash provided from operating activities.....	<u>164,349,702.03</u>	<u>104,627,442.60</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction expenditures.....	(244,649,306.67)	(149,125,609.85)
Long term investment in securities.....	<u>(2,517,951.63)</u>	<u>-</u>
Net cash used for investing activities.....	<u>(247,167,258.30)</u>	<u>(149,125,609.85)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings from parent company.....	(30,859,107.96)	49,500,000.00
Long-term borrowings from parent company.....	175,000,000.00	-
Issuance of long-term debt.....	(31,011.12)	36,984,711.98
Retirement of long-term debt.....	(62,000,000.00)	(37,930,000.00)
Payment of dividends.....	<u>(1,692,004.94)</u>	<u>(1,692,005.12)</u>
Net cash used for financing activities.....	<u>80,417,875.98</u>	<u>46,862,706.86</u>
NET INCREASE (DECREASE) IN CASH AND TEMP. CASH INVESTMENTS.....	<u>(2,399,680.29)</u>	<u>2,364,539.61</u>
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD.....	<u>5,390,936.45</u>	<u>3,294,759.12</u>
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD.....	<u><u>2,991,256.16</u></u>	<u><u>5,659,298.73</u></u>

KENTUCKY UTILITIES COMPANY
ANALYSIS OF INTEREST CHARGES
AUGUST 31, 2003

	CURRENT MONTH		YEAR TO DATE		YEAR ENDED CURRENT MONTH	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
Interest On Long-Term Debt						
First Mortgage Bonds						
Series P 7.92%.....	349,800.00	349,800.00	2,798,400.00	2,798,400.00	4,197,600.00	4,197,600.00
Series P 8.55%.....	235,125.00	235,125.00	1,881,000.00	1,881,000.00	2,821,500.00	2,821,500.00
Series Q 6.32%.....	-	326,533.33	1,795,933.35	2,612,266.84	3,102,066.67	3,918,400.17
Series R 7.55%.....	314,583.34	314,583.33	2,516,666.72	2,516,666.66	3,775,000.04	3,774,999.99
Series S 5.99%.....	179,700.00	179,700.00	1,437,600.00	1,437,600.00	2,156,400.00	2,156,400.00
Loan Agreement - Poll. Control Bonds						
Series 1B (6.25%).....	-	-	-	628,626.85	-	1,064,668.51
Series 2B (6.25%).....	-	-	-	72,083.33	-	122,083.33
Series 3B (6.25%).....	-	-	-	216,250.00	-	366,250.00
Series 4B (6.25%).....	-	-	-	222,257.03	-	376,423.72
Series 8 (7.45%).....	-	596,000.00	-	4,768,000.00	1,150,174.52	7,152,000.00
Series 9 (5 3/4%).....	239,583.34	239,583.33	1,916,666.72	1,916,666.66	2,875,000.04	2,874,999.99
Series 10 (VARIABLE%).....	41,853.71	70,273.97	411,805.62	560,934.33	712,874.15	938,712.43
Series 11 (VARIABLE%).....	9,442.08	16,107.08	92,350.93	130,970.83	155,668.43	225,696.24
Series 12 (VARIABLE%).....	17,776.17	25,775.45	164,286.18	91,088.53	270,599.11	91,088.53
Series 13 (VARIABLE%).....	2,038.36	2,955.62	18,838.36	10,444.94	31,029.04	10,444.94
Series 14 (VARIABLE%).....	6,284.94	8,866.85	58,084.96	31,334.81	96,543.32	31,334.81
Series 15 (VARIABLE%).....	6,115.07	9,113.15	56,515.07	32,205.22	92,216.72	32,205.22
Series 16 (VARIABLE%).....	67,733.33	-	649,457.59	-	1,010,577.59	-
Interest Rate Swaps	(680,468.57)	(610,658.72)	(5,341,715.46)	(4,841,616.94)	(7,801,380.78)	(6,763,417.68)
Marked to Market	-	-	2,016,040.00	378,415.00	375,469.00	823,013.00
Fidelity.....	545,104.17	-	1,682,604.18	-	1,682,604.18	-
Total.....	1,334,670.94	1,763,758.39	12,154,534.22	15,463,594.09	16,703,942.03	24,214,403.20
Amortization of Debt Expense - Net						
Amortization of Debt Expense.....	22,058.74	26,750.01	198,541.12	242,426.78	303,979.60	353,810.78
Amort. of Loss on Reacquired Debt.....	60,850.00	74,205.00	560,299.41	585,242.73	857,145.83	875,132.37
Total.....	82,908.74	100,955.01	758,840.53	827,669.51	1,161,125.43	1,228,943.15
Other Interest Charges						
Note Payable.....	-	-	-	-	-	-
Customers' Deposits.....	58,558.45	53,635.05	436,623.13	391,936.27	649,047.82	587,742.31
Deferred Compensation.....	-	-	12,458.77	12,588.67	25,934.70	16,120.57
Interest on Debt to Associated Companies	97,120.53	136,469.23	944,486.19	615,066.46	1,405,722.31	802,694.96
Other Interest Expense.....	156,018.26	156,435.00	1,248,146.08	1,254,508.12	1,873,886.34	1,456,508.96
Intercompany Interest.....	-	-	-	-	-	-
Federal RAR Interest Reserve.....	-	-	-	-	-	-
AFUDC Borrowed Funds.....	(12,712.89)	(3,304.37)	(63,201.45)	(16,944.34)	(85,530.03)	(25,380.21)
Interest Costs from A/R Securitization.....	113,533.69	116,397.85	608,929.14	660,199.37	862,426.86	736,231.79
Total.....	412,520.04	459,632.76	3,187,441.86	2,917,354.55	4,731,488.00	3,573,918.38
Total Interest.....	1,830,099.72	2,324,346.16	16,100,816.61	19,208,618.15	22,596,555.46	29,017,264.73

KENTUCKY UTILITIES COMPANY
ANALYSIS OF TAXES CHARGED
AUGUST 31, 2003

Kind of Taxes	Current Month		Year To Date	
	This Year	Last Year	This Year	Last Year
Taxes Charged to Accounts 408.1 and 409.1				
Property Taxes.....	790,833.33	749,166.67	6,326,666.64	5,993,826.94
Unemployment.....	35,557.30	10,030.79	298,260.00	177,257.30
Federal Old Age and Survivors Insurance.....	377,124.92	483,772.90	3,214,143.13	3,343,002.58
Public Service Commission Fee.....	183,233.84	95,364.67	1,012,391.41	912,031.36
Federal Income.....	4,950,166.44	4,971,189.54	19,710,936.44	28,791,012.21
State Income.....	1,419,047.71	1,425,074.34	6,549,610.36	9,000,817.00
Miscellaneous.....	1,250.00	1,250.00	10,000.00	(13,254.37)
Total Charged to Operating Expense.....	7,757,213.54	7,735,848.91	37,122,007.98	48,204,693.02
Taxes Charged to Other Accounts.....	1,662,569.87	123,918.16	2,497,675.31	2,785,989.51
Taxes Accrued on Intercompany Accounts.....	(127,864.48)	(124,980.78)	(1,064,163.79)	(1,055,372.78)
Total Taxes Charged.....	9,291,918.93	7,734,786.29	38,555,519.50	49,935,309.75

ANALYSIS OF TAXES ACCRUED - ACCOUNT 236

Kind of Taxes	Taxes Accrued		Payments		Taxes Accrued	
	At Beginning Of Year	To Date This Year	To Date This Year	At End Of Month		
Property Taxes.....	388,832.83	6,310,348.07	353,863.14	6,345,317.76		
Unemployment.....	51,248.65	233,893.61	112,739.54	172,402.72		
Federal Old Age and Survivors.....	424,348.23	3,174,074.55	3,233,998.97	364,423.81		
Public Service Commission Fee.....	-	621,616.09	621,616.09	-		
Federal Income.....	(1,011,751.50)	20,249,124.92	9,822,541.00	9,414,832.42		
State Income.....	4,771,857.94	6,754,360.10	3,940,144.00	7,586,074.04		
Kentucky Sales and Use Tax.....	276,821.97	1,165,183.18	1,236,497.40	205,507.75		
Miscellaneous.....	42,769.92	46,918.98	74,109.58	15,579.32		
Totals.....	4,944,128.04	38,555,519.50	19,395,509.72	24,104,137.82		

KENTUCKY UTILITIES COMPANY
SUMMARY OF UTILITY PLANT
AUGUST 31, 2003

	NET BALANCE FIRST OF YEAR	ADDITIONS	RETIREMENTS	TRANSFER/ADJUSTMENT	NET ADDITIONS	BALANCE TO DATE
UTILITY PLANT						
Plant In Service	17,423,192.98	3,629,958.85	-	-	3,629,958.85	21,053,151.83
Intangibles	1,249,118,401.86	26,963,577.84	(3,019,101.65)	-	23,944,476.19	1,273,062,878.05
Steam Production	10,626,165.04	136,421.67	(1,776,033.64)	2,143.99	138,565.66	10,764,730.70
Hydro Production	362,332,612.45	1,623,038.42	(798,971.70)	(5,984,369.16)	(6,137,384.38)	356,195,228.07
Other Production	451,607,350.80	20,640,904.86	(2,285,822.45)	933,000.00	20,774,933.16	472,382,283.96
Transmission	896,399,091.37	38,382,796.00	(232,258.40)	-	36,096,973.55	932,496,064.92
Distribution	78,272,605.83	10,779,160.02	-	-	10,546,901.62	88,819,507.45
General	23,749,238.51	-	-	-	-	23,749,238.51
Transportation	-	-	-	-	-	-
Total Electric Plant In Service	3,089,528,658.84	102,155,857.66	(8,112,207.84)	(5,049,225.17)	88,994,424.65	3,178,523,083.49
Plant Purchased or Sold	-	(131,272.98)	-	-	-	(131,272.98)
Total Plant	3,089,528,658.84	102,024,584.68	(8,112,207.84)	(5,049,225.17)	-	3,178,391,810.51
Construction Work In Progress	191,233,221.88	143,497,422.96	-	-	-	334,730,644.84
Total Utility Plant at Original Cost	3,280,761,880.72	245,522,007.64	(8,112,207.84)	(5,049,225.17)	-	3,513,122,455.35

	NET BALANCE FIRST OF YEAR	ACCRUAL	RETIREMENTS	COST OF REMOVAL	SALVAGE	OTHERS CREDITS	BALANCE TO DATE
RESERVE FOR DEPRECIATION OF UTILITY							
Plant In Service	794,854,592.77	23,397,778.30	(3,019,101.65)	(859,593.53)	40,659.20	(166,496.36)	814,247,838.73
Steam Production	8,323,904.23	111,320.29	(1,776,033.64)	-	-	130.22	8,435,354.74
Hydro Production	50,312,904.75	8,051,347.40	(798,971.70)	1,003,577.95	17,659.41	(130.22)	56,588,068.29
Other Production	249,396,208.56	9,817,786.25	(2,285,822.45)	1,349,954.27	41,344.88	(1,272,010.36)	258,164,250.11
Transmission	371,679,812.59	20,187,869.18	(223,479.23)	(70,115.45)	-	(1,748,956.23)	389,224,202.24
Distribution	28,370,592.95	4,775,928.28	-	-	-	-	32,852,926.55
General	20,582,770.31	972,991.78	-	-	-	-	21,555,762.09
Transportation	-	-	-	-	-	-	-
Total Reserve For Depreciation Of Utility Plant	1,523,520,786.16	67,315,021.48	(8,103,428.67)	1,423,823.24	99,663.49	(3,187,462.95)	1,581,068,402.75
In Service	3,476,144.28	-	-	(5,374,168.38)	226,517.36	3,813,060.37	2,141,553.63
Retirement of Work in Progress	1,526,996,930.44	67,315,021.48	(8,103,428.67)	(3,950,345.14)	326,180.85	625,597.42	1,583,209,956.38
Subtotal	9,157,504.73	3,075,663.94	(8,779.17)	-	-	-	12,233,168.67
Leaseholds	503,517.72	8,657.50	-	-	-	-	503,396.05
Total Reserve For Depreciation and Amortization	1,536,657,952.89	70,399,342.92	(8,112,207.84)	(3,950,345.14)	326,180.85	625,597.42	1,595,946,521.10
- Utility Plant In Service	-	-	-	-	-	-	-
Utility Plant at Original Cost Less Reserve For Depreciation and Amortization	1,744,103,927.83	-	-	-	-	-	1,917,175,934.25

KU Monthly Report to KPSC-July 31,2003

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
JULY 31, 2003

	CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	66,225,995.05	83,410,629.37	(17,184,634.32) (20.60)
Rate Refunds.....	(2,140,585.00)	(402,729.00)	(1,737,856.00) 431.52
Total Operating Revenues.....	<u>64,085,410.05</u>	<u>83,007,900.37</u>	<u>(18,922,490.32)</u> (22.80)
Operating Expenses			
Fuel.....	26,299,793.45	27,835,890.02	(1,536,096.57) (5.52)
Power Purchased.....	(6,804,499.99)	11,424,396.76	(18,228,896.75) (159.56)
Other Operation Expenses.....	11,590,833.41	12,231,387.49	(640,554.08) (5.24)
Maintenance.....	3,968,832.89	4,269,285.03	(300,452.14) (7.04)
Depreciation.....	8,175,785.32	7,706,627.58	469,157.74 6.09
Amortization Expense.....	365,633.80	253,824.47	111,809.33 44.05
Regulatory Credits.....	(116,374.13)	-	(116,374.13) -
Taxes			
Federal Income.....	-	278,000.00	(278,000.00) (100.00)
State Income.....	-	69,000.00	(69,000.00) (100.00)
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	-	-	-
Federal Income - Estimated.....	5,411,730.61	4,819,476.78	592,253.83 12.29
State Income - Estimated.....	1,551,362.77	1,381,583.34	169,779.43 12.29
Property and Other.....	1,310,432.79	1,197,468.25	112,964.54 9.43
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	101,776.00	-	101,776.00 -
Total Operating Expenses.....	<u>51,855,306.92</u>	<u>71,466,939.72</u>	<u>(19,611,632.80)</u> (27.44)
Net Operating Income.....	12,230,103.13	11,540,960.65	689,142.48 5.97
Other Income Less Deductions			
Interest and Dividend Income.....	46,954.01	51,138.65	(4,184.64) (8.18)
Other Income Less Deductions.....	(1,116,299.17)	3,225,605.93	(4,341,905.10) (134.61)
AFUDC - Equity.....	148,717.59	3,998.04	144,719.55 -
Total Other Income Less Deductions.....	<u>(920,627.57)</u>	<u>3,280,742.62</u>	<u>(4,201,370.19)</u> (128.06)
Income Before Interest Charges.....	11,309,475.56	14,821,703.27	(3,512,227.71) (23.70)
Interest on Long Term Debt.....	1,180,234.83	1,763,473.32	(583,238.49) (33.07)
Amortization of Debt Expense - Net.....	82,907.74	124,232.59	(41,324.85) (33.26)
Other Interest Expenses.....	432,859.55	536,315.27	(103,455.72) (19.29)
AFUDC - Borrowed Funds.....	(12,098.70)	(2,827.54)	(9,271.16) 327.89
Total Interest Charges.....	<u>1,683,903.42</u>	<u>2,421,193.64</u>	<u>(737,290.22)</u> (30.45)
Net Inc Before Cumulative Effect of Acctg Chg.....	9,625,572.14	12,400,509.63	(2,774,937.49) (22.38)
Cumulative Effect of Accounting Chg Net of Tax.....	-	-	-
Net Income.....	9,625,572.14	12,400,509.63	(2,774,937.49) (22.38)
Preferred Dividend Requirements.....	188,000.00	188,000.00	-
Earnings Available for Common.....	<u>9,437,572.14</u>	<u>12,212,509.63</u>	<u>(2,774,937.49)</u> (22.72)

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
JULY 31, 2003

	YEAR TO DATE		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	516,298,097.49	500,871,346.94	15,426,750.55 3.08
Rate Refunds.....	(13,391,048.84)	860,244.00	(14,251,292.84) (1,656.66)
Total Operating Revenues.....	502,907,048.65	501,731,590.94	1,175,457.71 0.23
Operating Expenses			
Fuel.....	152,264,295.23	143,474,611.95	8,789,683.28 6.13
Power Purchased.....	84,708,032.01	92,395,632.47	(7,687,600.46) (8.32)
Other Operation Expenses.....	88,896,267.48	83,232,001.16	5,664,266.32 6.81
Maintenance.....	40,337,905.12	31,214,480.14	9,123,424.98 29.23
Depreciation.....	57,903,493.57	52,756,582.69	5,146,910.88 9.76
Amortization Expense.....	2,637,579.31	1,777,508.75	860,070.56 48.39
Regulatory Credits.....	(10,740,824.41)	-	(10,740,824.41) -
Taxes			
Federal Income.....	9,349,039.39	19,000,345.89	(9,651,306.50) (50.80)
State Income.....	3,579,199.88	6,194,159.32	(2,614,959.44) (42.22)
Deferred Federal Income - Net.....	4,301,965.44	(2,289,135.60)	6,591,101.04 (287.93)
Deferred State Income - Net.....	847,266.12	(810,212.95)	1,657,479.07 (204.57)
Federal Income - Estimated.....	5,411,730.61	4,819,476.78	592,253.83 -
State Income - Estimated.....	1,551,362.77	1,381,583.34	169,779.43 -
Property and Other.....	9,473,461.79	9,073,278.78	400,183.01 4.41
Loss (Gain) from Disposition of Utility Plant.....	(286,165.87)	(277,302.50)	(8,863.37) 3.20
Loss (Gain) from Disposition of Allowances.....	712,431.50	-	712,431.50 -
Accretion Expense.....	-	-	-
Total Operating Expenses.....	450,947,039.94	441,943,010.22	9,004,029.72 2.04
Net Operating Income.....	51,960,008.71	59,788,580.72	(7,828,572.01) (13.09)
Other Income Less Deductions			
Interest and Dividend Income.....	294,455.04	534,857.60	(240,402.56) (44.95)
Other Income Less Deductions.....	2,934,417.01	6,060,312.32	(3,125,895.31) (51.58)
AFUDC - Equity.....	653,232.47	9,259.94	643,972.53 -
Total Other Income Less Deductions.....	3,882,104.52	6,604,429.86	(2,722,325.34) (41.22)
Income Before Interest Charges.....	55,842,113.23	66,393,010.58	(10,550,897.35) (15.89)
Interest on Long Term Debt.....	10,819,863.28	13,699,835.70	(2,879,972.42) (21.02)
Amortization of Debt Expense - Net.....	675,931.79	726,714.50	(50,782.71) (6.99)
Other Interest Expenses.....	2,825,410.38	2,471,361.76	354,048.62 14.33
AFUDC - Borrowed Funds.....	(50,488.56)	(13,639.97)	(36,848.59) 270.15
Total Interest Charges.....	14,270,716.89	16,884,271.99	(2,613,555.10) (15.48)
Net Inc Before Cumulative Effect of Acctg Chg.....	41,571,396.34	49,508,738.59	(7,937,342.25) (16.03)
Cumulative Effect of Accounting Chg Net of Tax.....	5,919,827.00	-	5,919,827.00 -
Net Income.....	35,651,569.34	49,508,738.59	(13,857,169.25) (27.99)
Preferred Dividend Requirements.....	1,316,003.29	1,316,003.44	(0.15) -
Earnings Available for Common.....	34,335,566.05	48,192,735.15	(13,857,169.10) (28.75)

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
JULY 31, 2003

	YEAR ENDED CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	888,165,058.32	857,676,216.36	30,488,841.96 3.55
Rate Refunds.....	1,229,471.16	1,678,037.00	(448,565.84) (26.73)
Total Operating Revenues.....	<u>889,394,529.48</u>	<u>859,354,253.36</u>	<u>30,040,276.12</u> <u>3.50</u>
Operating Expenses			
Fuel.....	258,906,320.36	246,782,990.61	12,123,329.75 4.91
Power Purchased.....	150,267,962.21	154,235,696.53	(3,967,734.32) (2.57)
Other Operation Expenses.....	153,186,582.44	80,950,326.66	72,236,255.78 89.24
Maintenance.....	68,905,513.52	55,961,345.51	12,944,168.01 23.13
Depreciation.....	97,413,642.19	86,069,890.73	11,343,751.46 13.18
Amortization Expense.....	4,055,100.48	3,047,345.48	1,007,755.00 33.07
Regulatory Credits.....	(10,740,824.41)	-	(10,740,824.41) -
Taxes			
Federal Income.....	28,867,362.39	49,558,669.57	(20,691,307.18) (41.75)
State Income.....	7,877,899.92	12,510,835.83	(4,632,935.91) (37.03)
Deferred Federal Income - Net.....	10,057,652.70	8,956,853.33	1,100,799.37 12.29
Deferred State Income - Net.....	3,204,809.08	3,175,547.95	29,261.13 0.92
Federal Income - Estimated.....	592,253.83	1,460,611.32	(868,357.49) -
State Income - Estimated.....	169,779.43	418,708.59	(248,929.16) -
Property and Other.....	15,383,403.80	12,802,068.12	2,581,335.68 20.16
Loss (Gain) from Disposition of Utility Plant.....	(286,165.87)	(277,302.50)	(8,863.37) 3.20
Loss (Gain) from Disposition of Allowances.....	712,431.50	-	712,431.50 -
Accretion Expense.....	-	-	-
Total Operating Expenses.....	<u>788,573,723.57</u>	<u>715,653,587.73</u>	<u>72,920,135.84</u> <u>10.19</u>
Net Operating Income.....	<u>100,820,805.91</u>	<u>143,700,665.63</u>	<u>(42,879,859.72)</u> <u>(29.84)</u>
Other Income Less Deductions			
Interest and Dividend Income.....	400,533.37	1,206,594.06	(806,040.69) (66.80)
Other Income Less Deductions.....	6,575,037.62	9,392,089.64	(2,817,052.02) (29.99)
AFUDC - Equity.....	730,819.74	38,640.64	692,179.10 1,791.32
Total Other Income Less Deductions.....	<u>7,706,410.73</u>	<u>10,637,324.34</u>	<u>(2,930,913.61)</u> <u>(27.55)</u>
Income Before Interest Charges.....	<u>108,527,216.64</u>	<u>154,337,989.97</u>	<u>(45,810,773.33)</u> <u>(29.68)</u>
Interest on Long Term Debt.....	17,133,029.48	24,647,976.15	(7,514,946.67) (30.49)
Amortization of Debt Expense - Net.....	1,179,171.70	1,228,274.55	(49,102.85) (4.00)
Other Interest Expenses.....	4,854,722.23	3,571,539.02	1,283,183.21 35.93
AFUDC - Borrowed Funds.....	(76,121.51)	(23,904.82)	(52,216.69) 218.44
Total Interest Charges.....	<u>23,090,801.90</u>	<u>29,423,884.90</u>	<u>(6,333,083.00)</u> <u>(21.52)</u>
Net Inc Before Cumulative Effect of Acctg Chg.....	<u>85,436,414.74</u>	<u>124,914,105.07</u>	<u>(39,477,690.33)</u> <u>(31.60)</u>
Cumulative Effect of Accounting Chg Net of Tax.....	<u>5,919,827.00</u>	<u>-</u>	<u>5,919,827.00</u> <u>-</u>
Net Income.....	<u>79,516,587.74</u>	<u>124,914,105.07</u>	<u>(45,397,517.33)</u> <u>(36.34)</u>
Preferred Dividend Requirements.....	<u>2,256,006.63</u>	<u>2,256,006.98</u>	<u>(0.35)</u> <u>-</u>
Earnings Available for Common.....	<u>77,260,581.11</u>	<u>122,658,098.09</u>	<u>(45,397,516.98)</u> <u>(37.01)</u>

KENTUCKY UTILITIES COMPANY
ANALYSIS OF RETAINED EARNINGS
JULY 31, 2003

	Year to Date			Year Ended Current Month	
	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total Retained Earnings	Total Retained Earnings	Undistributed Subsidiary Earnings
Retained Earnings and Undistributed Earnings					
Balance Beginning of Period.....	496,010,767.63	114,735.25	496,125,502.88	453,714,434.23	5,368,265.27
Net Income To Date.....	35,651,569.34		35,651,569.34	79,516,587.74	
Adjust for Equity in Subsidiary Earnings for Year					
-EE Inc.....	(2,551,934.00)		(2,551,934.00)	(3,553,834.00)	3,553,834.00
Dividends Rec'd Current Year					
-EE Inc.....	-		-	487,953.59	(487,953.59)
Preferred Stock Dividends.....	(1,316,003.29)		(1,316,003.29)	(2,256,006.63)	
Common Stock Dividends.....	-		-	-	
Balance End of Period.....	<u>527,794,399.68</u>	<u>114,735.25</u>	<u>527,909,134.93</u>	<u>527,909,134.93</u>	<u>8,434,145.68</u>
Combined Retained Earnings	12 MONTHS 07/31/03	12 MONTHS 07/31/02			
Retained Earnings Beginning of Period.....	459,082,699.50	366,924,601.41			
Add Net Income.....	79,516,587.74	124,914,105.07			
Subtotal.....	<u>538,599,287.24</u>	<u>491,838,706.48</u>			
Deduct					
Dividends on Preferred Stock.....	2,256,006.63	2,256,006.98			
Dividends on Common Stock.....	-	30,500,000.00			
Perferred Stock Redemption Exp and Other.....	-	-			
Retained Earnings End of Period.....	<u>536,343,280.61</u>	<u>459,082,699.50</u>			

KENTUCKY UTILITIES COMPANY
COMPARATIVE BALANCE SHEETS AS OF JULY 31, 2003 AND 2002

ASSETS AND OTHER DEBITS	THIS YEAR	LAST YEAR	LIABILITIES AND OTHER CREDITS	THIS YEAR	LAST YEAR
Utility Plant			Capitalization		
Utility Plant at Original Cost	3,474,174,805.04	3,199,918,403.64	Common Stock	308,139,977.56	308,139,977.56
Less Reserves for Depreciation & Amortization	1,588,592,715.02	1,509,415,351.92	Common Stock Expense	(594,394.29)	(594,394.29)
Total	1,885,582,090.02	1,690,503,051.72	Paid-in Capital	15,000,000.00	15,000,000.00
Investments - At Cost			Other Comprehensive Income	(10,481,105.50)	2,685,174.20
Nonutility Property-Less Reserve	896,748.56	897,158.98	Retained Earnings	527,909,134.93	453,714,434.23
Investments in Subsidiary Companies	9,729,945.68	6,664,065.27	Unappropriated Undistributed Subsidiary Earnings	8,434,145.68	5,368,265.27
Investments in K-U-R	3,000,000.00	3,000,000.00	Total Common Equity	848,407,758.38	784,313,456.97
Ohio Valley Electric Corporation	250,000.00	250,000.00	Preferred Stock	40,000,000.00	40,000,000.00
Other	546,793.25	837,899.66	First Mortgage Bonds	422,830,000.00	484,830,000.00
Special Funds	5,624,411.89	6,272,659.01	Other Long-Term Debt	-	-
Total	20,047,899.38	17,921,782.92	LT Notes Payable to Associated Companies	100,000,000.00	-
Current and Accrued Assets			Long-Term Debt Marked to Market	17,857,870.00	5,422,800.00
Cash	3,661,041.47	1,071,294.91	Total Long-Term Debt	540,687,870.00	490,252,800.00
Special Deposits	102,929.26	183,579.04	Total Capitalization	1,429,095,628.38	1,314,566,256.97
Temporary Cash Investments	18,779,663.25	19,803,538.48	Current and Accrued Liabilities		
Accounts Receivable-Less Reserve	24,177,031.00	29,124,653.00	Advances from Associated Companies	-	-
Notes Receivable from Assoc. Companies	9,237,035.62	10,612,479.02	Long-Term Debt Due in 1 Year	-	-
Notes Receivable from K-U-R	21,842,240.18	21,780,217.04	Notes Payable	167,830,541.95	107,389,649.91
Accounts Receivable from Assoc Companies	9,237,035.62	10,612,479.02	Accounts Payable	43,803,406.92	48,770,800.09
Materials & Supplies-At Average Cost	37,870,490.35	41,665,453.67	Accounts Payable to Associated Companies	18,172,874.47	21,863,594.83
Fuel	21,842,240.18	5,165,105.91	Customer Deposits	12,522,750.69	11,124,297.81
Plant Materials & Operating Supplies	6,494,519.67	104,122.78	Taxes Accrued	15,665,178.89	25,993,041.18
Stores Expense	83,423.20	4,275,794.95	Interest Accrued	2,866,346.74	5,005,908.42
Allowance Inventory	4,836,218.47	1,714,813.05	Dividends Declared	376,000.00	376,000.00
Prepayments	307,705.05	135,501,051.85	Misc. Current & Accrued Liabilities	10,523,831.67	7,423,514.04
Miscellaneous Current & Accrued Assets	127,392,297.52	186,051,552.97	Total	271,760,931.33	227,946,806.28
Total	127,392,297.52	135,501,051.85	Deferred Credits and Other		
Deferred Debits and Other			Accumulated Deferred Income Taxes	326,781,842.87	324,244,845.09
Unamortized Debt Expense	4,845,690.38	3,845,796.03	Investment Tax Credit	6,959,297.00	9,713,005.00
Unamortized Loss on Bonds	8,956,987.07	6,841,604.30	Regulatory Liabilities	53,560,206.00	56,068,946.00
Accumulated Deferred Income Taxes	75,833,373.55	85,565,001.02	Customer Advances for Construction	1,524,370.60	1,484,924.72
Deferred Regulatory Assets	75,498,407.09	71,995,795.72	Asset Retirement Obligations	19,189,031.50	-
Other Deferred Debits	39,535,296.85	17,803,355.90	Other Deferred Credits	16,535,463.48	10,292,028.75
Total	204,669,954.94	186,051,552.97	Misc. Long-Term Liabilities	56,258,240.00	31,581,452.83
Total Assets and Other Debits	2,237,692,241.86	2,029,977,439.46	Misc. Long-Term Liab. Due to Assoc. Co	-	-
			Accum Provision for Post-Retirement Benefits	56,027,230.70	54,079,173.82
			Total	536,835,682.15	487,464,376.21
			Total Liabilities and Other Credits	2,237,692,241.86	2,029,977,439.46

KENTUCKY UTILITIES COMPANY
STATEMENT OF CAPITALIZATION AND SHORT-TERM DEBT
JULY 31, 2003

	<u>AUTHORIZED SHARES</u>	<u>ISSUED & OUTSTANDING SHARES</u>	<u>AMOUNT</u>	<u>PERCENT OF TOTAL CAPITAL & S/T DEBT</u>	<u>CAPITAL</u>
Common Equity					
Common Stock - Without Par	80,000,000	37,817,878	308,139,977.56		
Common Stock Expense			(321,288.87)		
Preferred Stock Expense			(273,105.42)		
Paid-in Capital			15,000,000.00		
Other Comprehensive Income			(10,481,105.50)		
Retained Earnings			527,909,134.93		
Unappropriated Undistributed Subsidiary Earnings			8,434,145.68		
Total Common Equity			<u>848,407,758.38</u>	53.13	59.37
Preferred Stock, Cumulative	5,300,000		20,000,000.00		
4.3/4% Series		200,000	20,000,000.00		
6.53% Series					
Total Preferred Stock			<u>40,000,000.00</u>	2.50	2.80
Total Stockholder's Equity			<u>888,407,758.38</u>	55.63	62.17
Long-Term Debt					
FM Series P, 7.92%			53,000,000.00		
FM Series P, 8.55%			33,000,000.00		
FM Series R, 7.55%			50,000,000.00		
FM Series S, 5.99%			36,000,000.00		
PCB 9 DUE 12/01/23 5 3/4%			50,000,000.00		
PCB 10 DUE 11/01/24 Variable%			54,000,000.00		
PCB 11 DUE 5/1/23 Variable%			12,900,000.00		
PCB 12 DUE 2/1/32 Variable%			20,930,000.00		
PCB 13 DUE 2/1/32 Variable%			2,400,000.00		
PCB 14 DUE 2/1/32 Variable%			7,400,000.00		
PCB 15 DUE 2/1/32 Variable%			7,200,000.00		
PCB 16 DUE 10/1/32 Variable%			96,000,000.00		
Long-Term Debt Marked to Market			17,857,870.00		
Total Long-Term Debt			<u>440,687,870.00</u>	27.60	30.83
L.T. Notes Payable to Associated Companies			<u>100,000,000.00</u>	6.26	7.00
Total Capitalization			<u>1,429,095,628.38</u>	89.49	100.00
Long-Term Debt Due Within 1 Year			0.00	0.00	
Notes Payable to Associated Companies			167,830,541.95	10.51	
Total Capitalization and Short-Term Debt			<u>1,596,926,170.33</u>	100.00	

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
JULY 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
UTILITY PLANT		
At Original Cost.....	3,474,174,805.04	3,474,174,805.04
Reserves for Depreciation and Amortization.....		(1,588,592,715.02)
Accum Depreciation - Steam Power Generation.....	(811,405,299.75)	
Accum Depreciation - Hydro Power Generation.....	(8,419,461.55)	
Accum Depreciation - Other Power Generation.....	(55,560,695.59)	
Accum Depreciation - Transmission.....	(256,832,285.29)	
Accum Depreciation - Distribution.....	(387,253,223.23)	
Accum Depreciation - General.....	(32,227,401.83)	
Transportation.....	(21,437,148.94)	
Retirement - RWIP.....	(3,167,376.25)	
Amortization of Plant		
Limited - Term Plant.....	(12,289,822.59)	
		20,047,899.38
INVESTMENTS - AT COST		
Nonutility Property - less reserve (\$130,340.50).....	896,748.56	
Investments in Subsidiary Companies.....	9,729,945.68	
Investments in KU-R.....	3,000,000.00	
Ohio Valley Electric Corporation.....	250,000.00	
Other.....	546,793.25	
Special Funds.....	1,579.50	
OMU-Interest on Reserve, New.....	723,371.47	
OMU-R&I on Maintenance Reserve.....	644,771.11	
OMU-R&I on Additions and Replacements.....	120,000.00	
OMU-R&I on Operations.....	538,258.48	
OMU-R&I Interest on Purchase Power.....	511,000.00	
OMU-Purchase Power, Coal Reserve.....	3,085,431.33	
		3,661,041.47
CASH		
Cash Clearing.....	(15,918,917.32)	
Cash Accounts.....	19,579,958.79	
		102,929.26
SPECIAL DEPOSITS		
Special Deposits.....	102,929.26	
		18,779,663.25
ACCOUNTS RECEIVABLE - LESS RESERVE		
Working Funds.....	116,873.08	
Customers-Active.....	55,234,155.85	
Customers-Suspense CIS.....	(18,493.09)	
Customer Accounts Receivable Sold to KU-R.....	(47,089,000.00)	
Wholesale Sales.....	3,993,266.30	
Transmission Sales.....	2,777,550.96	
Unbilled Revenues.....	781,000.00	
PC Purchase Program.....	218,903.06	
Pitcairn Receivable.....	291,591.95	
Unbilled Projects.....	23,464.97	
Damage Claims.....	118,607.17	
RAR Settlements.....	107,082.37	
Tax Refunds.....	290,786.46	
Insurance Claims.....	18,293.99	
Miscellaneous.....	2,195,580.38	
Uncollectible Accounts - Accrual.....	(1,131,099.10)	
Uncollectible Accounts - Charged Off.....	1,547,346.46	
Uncollectible Accounts - Recovery.....	(416,247.36)	
Uncollectible Accounts - Accrual Sold to KU-R.....	659,462.00	
Uncollectible Accounts - Other.....	(939,462.20)	
		24,177,031.00
NOTES RECEIVABLE FROM KU-R		
Notes Receivable form KU-R.....	24,177,031.00	
		9,237,035.62
ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES		
LG&E Energy Corp.....	9,208,215.65	
LG&E Energy Marketing Inc. (LEM)-Power Marketing.....	28,819.97	

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
JULY 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
FUEL.....		37,870,490.35
Coal 1,004,557 Tons @ \$34.85; MMBTU 23,928,851 @ 146.32¢.....	35,013,286.70	
Fuel Oil 3,407,189 Gallons @ 81.50¢.....	2,776,743.11	
Gas Pipeline 12,847 MCF @ \$6.26.....	80,460.54	
PLANT MATERIALS AND OPERATING SUPPLIES.....		21,842,240.18
Regular Materials and Supplies.....	21,772,384.30	
Limestone 12,524 Tons @ \$5.58.....	69,855.88	
STORES EXPENSE.....		6,494,519.67
Stores Expense Undistributed.....	6,494,519.67	
ALLOWANCE INVENTORY.....		83,423.20
Allowance Inventory.....	83,423.20	
PREPAYMENTS.....		4,836,218.47
Insurance.....	2,825,085.67	
Taxes.....	916,169.21	
Interest.....	780,091.24	
Company Owned Life Insurance.....	314,872.35	
MISCELLANEOUS CURRENT ASSETS.....		307,705.05
Derivative Asset - Non-Hedging.....	286,123.05	
Derivative Asset - Hedging.....	21,582.00	
UNAMORTIZED DEBT EXPENSE.....		4,845,690.38
First Mortgage Bonds		
KU Series P 7.92%.....	159,235.48	
KU Series P 8.55%.....	289,728.52	
KU Series R 7.55%.....	396,967.53	
KU Series S 5.99%.....	92,454.18	
Pollution Control Bonds		
KU Series 9, 5 3/4%, Due 12/01/23.....	655,996.80	
KU Series 10, Variable%, Due 10/01/24.....	436,796.82	
KU Series 11, Variable%, Due 5/01/23.....	341,483.29	
KU Series 12, Variable%, Due 2/01/32.....	115,269.56	
KU Series 13, Variable%, Due 2/01/32.....	79,696.07	
KU Series 14, Variable%, Due 2/01/32.....	88,911.08	
KU Series 15, Variable%, Due 2/01/32.....	89,294.92	
KU Series 16, Variable%, Due 10/01/32.....	2,099,856.13	
UNAMORTIZED LOSS ON BONDS.....		8,956,987.07
Reacquired Debt.....	8,956,987.07	
ACCUMULATED DEFERRED INCOME TAXES.....		75,833,573.55
Federal.....	60,340,041.44	
State.....	15,493,532.11	
DEFERRED REGULATORY ASSET.....		75,498,407.09
VDT Expenses.....	31,347,935.66	
Asset Retirement Obligations.....	10,740,824.41	
FASB 109 - Deferred Taxes.....	32,075,687.00	
Pension FERC FAS 87 > Than Funding.....	842,014.99	
Other.....	491,945.03	
OTHER DEFERRED DEBITS.....		39,535,296.85
Long-Term Derivative Asset.....	17,107,721.00	
Other.....	22,427,575.85	
Total Assets and Other Debits.....	2,237,692,241.86	2,237,692,241.86

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
JULY 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
		848,407,758.38
COMMON EQUITY.....		
Common Stock.....	308,139,977.56	
Common Stock Expense.....	(321,288.87)	
Preferred Stock Expense.....	(273,105.42)	
Paid-In Capital.....	15,000,000.00	
Other Comprehensive Income.....	(10,481,105.50)	
Retained Earnings.....	527,909,134.93	
Unappropriated Undistributed Subsidiary Earnings.....	8,434,145.68	
		40,000,000.00
PREFERRED STOCK.....	40,000,000.00	
Preferred Stock.....		422,830,000.00
BONDS.....		
First Mortgage Bonds		
KU Series P 7.92%.....	53,000,000.00	
KU Series P 8.55%.....	33,000,000.00	
KU Series R 7.55%.....	50,000,000.00	
KU Series S 5.99%.....	36,000,000.00	
Pollution Control Bonds		
KU Series 9, 5 3/4%, Due 12/01/23.....	50,000,000.00	
KU Series 10, Variable%, Due 10/01/24.....	54,000,000.00	
KU Series 11, Variable%, Due 05/01/23.....	12,900,000.00	
KU Series 12, Variable%, Due 2/01/32.....	20,930,000.00	
KU Series 13, Variable%, Due 2/01/32.....	2,400,000.00	
KU Series 14, Variable%, Due 2/01/32.....	7,400,000.00	
KU Series 15, Variable%, Due 2/01/32.....	7,200,000.00	
KU Series 16, Variable%, Due 10/01/32.....	96,000,000.00	
		100,000,000.00
LT NOTES PAYABLE TO ASSOCIATED COMPANIES.....	100,000,000.00	100,000,000.00
LONG-TERM DEBT MARKED TO MARKET.....		17,857,870.00
Long-term Debt Marked to Market.....	17,857,870.00	
NOTES PAYABLE TO ASSOCIATED COMPANIES.....	167,830,541.95	167,830,541.95
ACCOUNTS PAYABLE.....		43,803,406.92
Regular.....	38,059,335.30	
Salaries and Wages Accrued.....	2,848,116.79	
Employee Withholdings Payable.....	425.46	
Tax Collections - Payable.....	2,895,529.37	
		18,172,874.47
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES.....	18,172,874.47	
LG&E Energy Corp.....		12,522,750.69
CUSTOMERS' DEPOSITS.....		15,665,178.89
Customers' Deposits.....	12,522,750.69	
TAXES ACCRUED.....		2,866,346.74
Taxes Accrued.....	15,665,178.89	
INTEREST ACCRUED.....		
Interest on Long-Term Debt		
First Mortgage Bonds		
KU Series P 7.92%.....	874,500.00	
KU Series P 8.55%.....	587,812.50	
KU Series R 7.55%.....	629,166.69	
KU Series S 5.99%.....	89,850.00	

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
JULY 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
INTEREST ACCRUED (Continued)		
Pollution Control Bonds	479,166.69	
KU Series 9, 5 3/4%, Due 12/01/23.....	37,297.15	
KU Series 10, Variable%, Due 10/01/24.....	4,568.72	
KU Series 11, Variable%, Due 05/01/23.....	5,734.25	
KU Series 12, Variable%, Due 2/01/32.....	657.53	
KU Series 13, Variable%, Due 2/01/32.....	2,027.43	
KU Series 14, Variable%, Due 2/01/32.....	1,972.61	
KU Series 15, Variable%, Due 2/01/32.....	52,133.33	
KU Series 16, Variable%, Due 10/01/32.....		
Other	(1,436,486.08)	
Interest Rate Swaps.....	400,445.91	
Customer Deposits.....	1,137,500.01	
Fidelia.....		376,000.00
DIVIDENDS DECLARED.....	376,000.00	
Preferred Stock.....		10,523,831.67
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES.....	4,495,077.18	
Vacation Pay Accrued.....	3,136,243.00	
Revenue Subject to Refund.....	101,922.30	
Escheated Deposits.....	2,711,577.05	
Franchise Fee Payable.....	23,801.49	
Derivative Liabilities - Non-Hedging.....	47,560.00	
Derivative Liabilities - Hedging.....	7,650.65	
Other.....		326,781,842.87
ACCUMULATED DEFERRED INCOME TAXES.....	261,282,203.56	
Federal.....	65,499,639.31	
State.....		6,959,297.00
INVESTMENT TAX CREDIT.....	6,959,297.00	
Job Development Credit.....		53,560,206.00
REGULATORY LIABILITIES.....	909,900.00	
Asset Retirement Obligations.....	52,650,306.00	
Deferred Taxes - FAS 109.....		1,524,370.60
CUSTOMERS' ADVANCES FOR CONSTRUCTION.....	688,130.76	
Line Extensions.....	836,239.84	
Other.....		19,189,031.50
ASSET RETIREMENT OBLIGATIONS.....	19,189,031.50	19,189,031.50
OTHER DEFERRED CREDITS.....	4,806,022.06	16,535,463.48
Other Deferred Credits.....	11,729,441.42	
Clearing Accounts Transferred from Other Deferred Debits.....		56,258,240.00
MISCELLANEOUS LONG-TERM LIABILITIES.....	47,662,157.68	
Pension Payable.....	3,523,082.32	
Workers' Compensation.....	5,073,000.00	
Post Employment Benefits - FAS 112.....		56,027,230.70
ACCUMULATED PROVISION FOR BENEFITS.....	56,027,230.70	
Post Retirement Benefits - FAS 106.....		
Total Liabilities and Other Credits.....	2,237,692,241.86	2,237,692,241.86

KENTUCKY UTILITIES COMPANY
STATEMENT OF CASH FLOWS
JULY 31, 2003

	Year to Date	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income.....	35,651,569.34	49,508,738.59
Items not requiring cash currently:		
Depreciation and amortization.....	60,541,072.88	54,534,091.44
Deferred income taxes - net.....	2,394,577.34	(2,375,734.38)
Investment tax credit - net.....	(1,540,553.00)	(1,741,617.00)
Other.....	21,817,856.85	14,418,541.74
(Increase) decrease in certain net current assets:		
Accounts receivable.....	(5,632,785.40)	(17,260,149.92)
Materials and supplies.....	6,290,411.06	958,627.85
Accounts payable.....	(33,397,382.76)	(14,514,176.54)
Accrued taxes.....	10,721,050.85	5,477,729.87
Accrued interest.....	239,641.39	(661,643.76)
Prepayments and other.....	5,964,751.48	1,289,086.07
Other.....	18,348,436.72	(9,077,343.41)
Net cash provided from operating activities.....	<u>121,398,646.75</u>	<u>80,556,150.55</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction expenditures.....	(205,517,881.25)	(140,135,651.63)
Long term investment in securities.....	<u>(2,689,608.85)</u>	<u>-</u>
Net cash used for investing activities.....	<u>(208,207,490.10)</u>	<u>(140,135,651.63)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings from parent company.....	48,340,892.04	59,600,000.00
Long-term borrowings from parent company.....	100,000,000.00	-
Issuance of long-term debt.....	(31,011.12)	36,997,619.35
Retirement of long-term debt.....	(62,000,000.00)	(37,930,000.00)
Payment of dividends.....	(1,128,003.29)	(1,128,003.44)
Net cash used for financing activities.....	<u>85,181,877.63</u>	<u>57,539,615.91</u>
NET INCREASE (DECREASE) IN CASH AND TEMP. CASH INVESTMENTS.....	<u>(1,626,965.72)</u>	<u>(2,039,885.17)</u>
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD.....	<u>5,390,936.45</u>	<u>3,294,759.12</u>
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD.....	<u><u>3,763,970.73</u></u>	<u><u>1,254,873.95</u></u>

KENTUCKY UTILITIES COMPANY
ANALYSIS OF INTEREST CHARGES
JULY 31, 2003

	CURRENT MONTH		YEAR TO DATE		YEAR ENDED CURRENT MONTH	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
Interest On Long-Term Debt						
First Mortgage Bonds						
Series P 7.92%	349,800.00	349,800.00	2,448,600.00	2,448,600.00	4,197,600.00	4,197,600.00
Series P 8.55%	235,125.00	235,125.00	1,645,875.00	1,645,875.00	2,821,500.00	2,821,500.00
Series Q 6.32%	-	326,533.53	1,795,933.35	2,285,733.51	3,428,600.00	3,918,400.17
Series R 7.55%	314,583.34	314,583.35	2,202,083.38	2,202,083.33	3,775,000.03	3,774,999.99
Series S 5.99%	179,700.00	179,700.00	1,257,900.00	1,257,900.00	2,156,400.00	2,156,400.00
Loan Agreement - Poll Control Bonds						
Series 1B (6.25%)	-	-	628,626.85	628,626.85	-	1,173,678.93
Series 2B (6.25%)	-	-	72,083.33	72,083.33	-	134,583.33
Series 3B (6.25%)	-	-	216,250.00	216,250.00	-	403,750.00
Series 4B (6.25%)	-	-	222,257.03	222,257.03	-	414,965.39
Series 8 (7.45%)	-	596,000.00	4,172,000.00	4,172,000.00	1,746,174.52	7,152,000.00
Series 9 (5.3/4%)	239,583.34	239,583.35	1,677,083.38	1,677,083.33	2,875,000.03	2,874,999.99
Series 10 (VARIABLE%)	37,296.99	70,939.73	369,951.91	490,660.36	741,294.41	979,249.42
Series 11 (VARIABLE%)	10,875.42	16,107.08	82,908.85	114,863.75	162,333.43	239,545.83
Series 12 (VARIABLE%)	20,184.55	28,413.20	146,510.01	65,313.08	278,598.39	65,313.08
Series 13 (VARIABLE%)	2,314.52	3,258.08	16,800.00	7,489.32	31,946.30	7,489.32
Series 14 (VARIABLE%)	7,136.44	9,774.25	51,800.02	22,467.96	95,214.80	22,467.96
Series 15 (VARIABLE%)	6,943.56	10,045.76	50,400.00	23,092.07	942,844.26	23,092.07
Series 16 (VARIABLE%)	74,533.33	-	581,724.26	(4,230,958.22)	(7,731,570.93)	(6,535,072.33)
Interest Rate Swaps	(677,008.33)	(616,390.01)	2,016,040.00	378,415.00	375,469.00	823,013.00
Marked to Market	379,166.67	-	1,137,500.01	-	1,137,500.01	-
Fidelia	1,180,234.83	1,763,473.32	10,819,863.28	13,699,835.70	17,133,029.48	24,647,976.15
Total	22,058.74	50,027.59	176,482.38	215,676.77	308,670.87	354,874.77
Amortization of Debt Expense - Net	60,849.00	74,205.00	499,449.41	511,037.73	870,500.83	873,399.78
Amort. of Loss on Reacquired Debt	82,907.74	124,232.59	675,931.79	726,714.50	1,179,171.70	1,228,274.55
Total	143,765.48	224,442.59	1,175,421.58	1,244,429.73	1,958,142.33	2,102,479.30
Other Interest Charges						
Note Payable	55,933.06	49,622.12	378,064.68	338,301.22	644,124.42	587,706.23
Customers' Deposits	-	-	12,458.77	12,588.67	25,934.70	16,120.57
Deferred Compensation	120,582.19	102,059.18	847,365.66	478,597.23	1,445,071.01	804,152.66
Interest on Debt to Associated Companies	156,018.26	156,435.00	1,092,127.82	1,098,073.12	1,874,303.08	1,440,779.07
Other Interest Expense	-	-	-	-	-	-
Intercompany Interest	-	-	-	-	-	-
Federal RAR Interest Reserve	(12,098.70)	(2,827.54)	(50,488.56)	(13,639.97)	(76,121.51)	(23,904.82)
AFUDC Borrowed Funds	100,326.04	228,198.97	495,393.45	543,801.52	865,289.02	722,780.49
Interest Costs from A/R Securitization	420,760.85	533,487.73	2,774,921.82	2,457,721.79	4,778,600.72	3,547,634.20
Total	1,683,903.42	2,421,193.64	14,270,716.89	16,884,271.99	23,090,801.90	29,423,884.90
Total Interest	1,827,668.90	2,645,636.23	15,441,433.78	18,768,543.98	25,041,644.23	32,547,369.20

KENTUCKY UTILITIES COMPANY
ANALYSIS OF TAXES CHARGED
JULY 31, 2003

Kind of Taxes	Current Month		Year To Date	
	This Year	Last Year	This Year	Last Year
	Taxes Charged to Accounts 408.1 and 409.1			
Property Taxes.....	790,833.33	749,166.67	5,535,833.31	5,244,660.27
Unemployment.....	35,230.51	15,418.78	262,702.70	167,226.51
Federal Old Age and Survivors Insurance.....	378,040.17	314,966.13	2,837,018.21	2,859,229.68
Public Service Commission Fee.....	105,078.78	116,666.67	829,157.57	816,666.69
Federal Income.....	5,411,730.61	5,097,476.78	14,760,770.00	23,819,822.67
State Income.....	1,551,362.77	1,450,583.34	5,130,562.65	7,575,742.66
Miscellaneous.....	1,250.00	1,250.00	8,750.00	(14,504.37)
Total Charged to Operating Expense.....	8,273,526.17	7,745,528.37	29,364,794.44	40,468,844.11
Taxes Charged to Other Accounts.....	(616,587.00)	1,958,337.38	835,105.44	2,662,071.35
Taxes Accrued on Intercompany Accounts.....	(121,327.97)	(116,086.80)	(936,299.31)	(930,392.00)
Total Taxes Charged.....	7,535,611.20	9,587,778.95	29,263,600.57	42,200,523.46

ANALYSIS OF TAXES ACCRUED - ACCOUNT 236

Kind of Taxes	Taxes Accrued		Accruals		Payments		Taxes Accrued	
	At Beginning		To Date		To Date		At End	
	Of Year	This Year	This Year	This Year	This Year	This Year	Of Month	Of Month
Property Taxes.....	388,832.83	5,574,805.47	309,497.25	5,654,141.05	112,739.54	143,046.59	455,182.19	143,046.59
Unemployment.....	51,248.65	204,537.48	2,745,343.39	455,182.19	438,382.25	-	-	455,182.19
Federal Old Age and Survivors.....	424,348.23	2,776,177.35	438,382.25	3,471,160.03	9,822,541.00	3,471,160.03	5,825,229.56	3,471,160.03
Public Service Commission Fee.....	(1,011,751.50)	14,305,452.53	3,940,144.00	5,825,229.56	1,105,358.74	133,443.10	(17,023.63)	133,443.10
Federal Income.....	4,771,857.94	4,993,515.62	1,105,358.74	133,443.10	68,543.55	133,443.10	(17,023.63)	133,443.10
State Income.....	276,821.97	961,979.87	8,750.00	133,443.10	18,542,549.72	133,443.10	(17,023.63)	133,443.10
Kentucky Sales and Use Tax.....	42,769.92	8,750.00	18,542,549.72	133,443.10	18,542,549.72	133,443.10	(17,023.63)	133,443.10
Miscellaneous.....	4,944,128.04	29,263,600.57	18,542,549.72	15,665,178.89	18,542,549.72	15,665,178.89	(17,023.63)	15,665,178.89
Totals.....	4,944,128.04	29,263,600.57	18,542,549.72	15,665,178.89	18,542,549.72	15,665,178.89	(17,023.63)	15,665,178.89

KENTUCKY UTILITIES COMPANY
SUMMARY OF UTILITY PLANT
JULY 31, 2003

	NET BALANCE FIRST OF YEAR	ADDITIONS	RETIREMENTS	TRANSFERS	RECLASSIFICATIONS	BALANCE TO DATE
UTILITY PLANT						
Plant In Service	17,423,192.98	3,379,417.32	(2,843,375.76)	-	3,379,417.32	20,802,610.30
Intangibles	1,249,118,401.86	20,545,589.60	-	-	17,702,213.84	1,266,820,615.70
Steam Production	10,626,165.04	1,302,050.80	(1,776,033.64)	2,143.99	(6,458,372.00)	355,874,240.45
Hydro Production	362,332,612.45	17,955,145.67	(672,529.97)	(5,984,369.16)	18,215,615.70	469,822,966.50
Other Production	451,607,350.80	30,364,627.33	(2,235,235.02)	933,000.00	28,129,392.31	924,528,483.68
Transmission	896,399,091.37	10,304,117.11	(232,258.40)	-	10,071,858.71	88,344,464.54
Distribution	78,272,605.83	-	-	-	-	23,749,238.51
General	23,749,238.51	-	-	-	-	-
Transportation	-	83,850,947.83	(7,759,452.79)	(5,049,225.17)	71,042,269.87	3,160,570,928.71
Total Electric Plant In Service	3,089,528,658.84	(131,272.98)	-	-	(131,272.98)	-
Plant Purchased or Sold	3,089,528,658.84	83,719,674.85	(7,759,452.79)	(5,049,225.17)	-	3,160,439,655.73
Total Plant	191,233,221.88	122,501,927.43	-	-	-	313,735,149.31
Construction Work In Progress	3,280,761,880.72	206,221,602.28	(7,759,452.79)	(5,049,225.17)	-	3,474,174,805.04
Total Utility Plant at Original Cost						

	NET BALANCE FIRST OF YEAR	ACCRUAL	RETIREMENTS	COST OF REMOVAL	SALVAGE	OTHERS CREDITS	BALANCE TO DATE
RESERVE FOR DEPRECIATION OF UTILITY							
Plant In Service	794,854,592.77	20,370,388.17	(2,843,375.76)	(850,564.63)	40,659.20	(166,400.00)	811,405,299.75
Steam Production	8,323,904.23	95,427.10	(1,776,053.64)	-	-	130.22	8,419,461.55
Hydro Production	50,312,904.75	7,023,974.70	(672,529.97)	857,255.82	12,542.14	(130.22)	55,560,695.59
Other Production	249,396,208.56	8,510,819.10	(2,235,235.02)	959,736.62	33,793.77	(1,272,010.36)	256,832,285.29
Transmission	371,679,812.59	18,211,797.00	(223,479.23)	(70,115.45)	-	(1,396,681.73)	387,253,223.23
Distribution	28,370,592.95	4,150,403.56	-	-	-	-	32,227,401.83
General	20,582,770.31	854,378.63	-	-	-	-	21,437,148.94
Transportation	-	59,217,188.26	(7,750,673.62)	896,312.36	86,995.11	(2,835,092.09)	1,573,135,516.18
Total Reserve For Depreciation Of Utility Plant In Service	1,523,520,786.16	59,217,188.26	(7,750,673.62)	(4,282,917.98)	229,162.99	3,744,986.96	3,167,376.25
Retirement of Work in Progress	3,476,144.28	-	(7,750,673.62)	(3,386,605.62)	316,158.10	909,894.87	1,576,302,892.43
Subtotal	1,526,996,930.44	59,217,188.26	(8,779.17)	-	-	-	11,787,116.24
Intangibles	9,157,504.73	2,629,611.51	-	-	-	-	502,706.35
Leaseholds	503,517.72	7,967.80	-	-	-	-	-
Total Reserve For Depreciation and Amortization - Utility Plant In Service	1,536,657,952.89	61,854,767.57	(7,759,452.79)	(3,386,605.62)	316,158.10	909,894.87	1,588,592,715.02
Utility Plant at Original Cost Less Reserve For Depreciation and Amortization	1,744,103,927.83	-	-	-	-	-	1,885,582,090.02

KU Monthly Report to KPSC-June 30,2003

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
JUNE 30, 2003

	CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	74,943,516.78	74,435,361.32	508,155.46 0.68
Rate Refunds.....	(5,929,668.89)	990,155.00	(6,919,823.89) (698.86)
Total Operating Revenues.....	<u>69,013,847.89</u>	<u>75,425,516.32</u>	<u>(6,411,668.43)</u> (8.50)
Operating Expenses			
Fuel.....	19,741,041.71	21,717,001.57	(1,975,959.86) (9.10)
Power Purchased.....	13,566,468.90	14,938,105.39	(1,371,636.49) (9.18)
Other Operation Expenses.....	8,620,167.85	12,066,567.32	(3,446,399.47) (28.56)
Maintenance.....	(5,451,750.75)	5,569,788.95	(11,021,539.70) (197.88)
Depreciation.....	8,580,006.61	7,805,575.84	774,430.77 9.92
Amortization Expense.....	386,125.07	253,943.05	132,182.02 52.05
Regulatory Credits.....	(116,374.21)	-	(116,374.21) -
Taxes			
Federal Income.....	5,103,184.16	5,497,707.44	(394,523.28) (7.18)
State Income.....	1,899,727.82	2,589,322.75	(689,594.93) (26.63)
Deferred Federal Income - Net.....	476,955.21	2,053.84	474,901.37 23,122.61
Deferred State Income - Net.....	(6,440.52)	(694,998.77)	688,558.25 (99.07)
Federal Income - Estimated.....	(369,012.03)	(3,269,285.08)	2,900,273.05 (88.71)
Federal Income - Estimated.....	(105,783.45)	(937,195.05)	831,411.60 (88.71)
State Income - Estimated.....	1,286,049.70	1,138,561.02	147,488.68 12.95
Property and Other.....	101,776.00	-	101,776.00 -
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	53,712,142.07	66,677,148.27	(12,965,006.20) (19.44)
Total Operating Expenses.....	<u>15,301,705.82</u>	<u>8,748,368.05</u>	<u>6,553,337.77</u> 74.91
Net Operating Income.....	31,713.98	186,888.59	(155,174.61) (83.03)
Other Income Less Deductions			
Interest and Dividend Income.....	1,625,509.36	632,990.40	992,518.96 156.80
Other Income Less Deductions	126,688.08	1,555.58	125,132.50 -
AFUDC - Equity.....	1,783,911.42	821,434.57	962,476.85 117.17
Total Other Income Less Deductions.....	<u>17,085,617.24</u>	<u>9,569,802.62</u>	<u>7,515,814.62</u> 78.54
Income Before Interest Charges.....	3,577,337.68	4,077,955.10	(500,617.42) (12.28)
Interest on Long Term Debt.....	90,866.10	100,758.42	(9,892.32) (9.82)
Amortization of Debt Expense - Net.....	393,235.53	124,445.71	268,789.82 215.99
Other Interest Expenses.....	(3,782.69)	(2,240.92)	(1,541.77) 68.80
AFUDC - Borrowed Funds.....	4,057,656.62	4,300,918.31	(243,261.69) (5.66)
Total Interest Charges.....	<u>13,027,960.62</u>	<u>5,268,884.31</u>	<u>7,759,076.31</u> 147.26
Net Inc Before Cumulative Effect of Accg Chg.....	13,027,960.62	5,268,884.31	7,759,076.31 147.26
Cumulative Effect of Accounting Chg Net of Tax.....	13,027,960.62	188,000.00	12,839,960.62 152.71
Net Income.....	<u>188,000.00</u>	<u>188,000.00</u>	<u>-</u> -
Preferred Dividend Requirements.....	-	-	-
Earnings Available for Common.....	<u>188,000.00</u>	<u>188,000.00</u>	<u>-</u> -

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
JUNE 30, 2003

	YEAR TO DATE		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	450,072,102.44	417,460,717.57	32,611,384.87 7.81
Rate Refunds.....	(11,250,463.84)	1,262,973.00	(12,513,436.84) (990.79)
Total Operating Revenues.....	<u>438,821,638.60</u>	<u>418,723,690.57</u>	<u>20,097,948.03</u> <u>4.80</u>
Operating Expenses			
Fuel.....	125,964,501.78	115,638,721.93	10,325,779.85 8.93
Power Purchased.....	91,512,532.00	80,971,235.71	10,541,296.29 13.02
Other Operation Expenses.....	77,305,434.07	71,000,613.67	6,304,820.40 8.88
Maintenance.....	36,369,072.23	26,945,195.11	9,423,877.12 34.97
Depreciation.....	49,727,708.25	45,049,955.11	4,677,753.14 10.38
Amortization Expense.....	2,271,945.51	1,523,684.28	748,261.23 49.11
Regulatory Credits	(10,624,450.28)	-	(10,624,450.28)
Taxes			
Federal Income.....	9,349,039.39	18,722,345.89	(9,373,306.50) (50.06)
State Income.....	3,579,199.88	6,125,159.32	(2,545,959.44) (41.57)
Deferred Federal Income - Net.....	4,301,965.44	(2,289,135.60)	6,591,101.04 (287.93)
Deferred State Income - Net.....	847,266.12	(810,212.95)	1,657,479.07 (204.57)
Federal Income - Estimated			
State Income - Estimated			
Property and Other.....	8,163,029.00	7,875,810.53	287,218.47 3.65
Loss (Gain) from Disposition of Utility Plant.....	(286,165.87)	(277,302.50)	(8,863.37) 3.20
Loss (Gain) from Disposition of Allowances.....	610,655.50	-	610,655.50
Accretion Expense.....	399,091,733.02	370,476,070.50	28,615,662.52 7.72
Total Operating Expenses.....	<u>39,729,905.58</u>	<u>48,247,620.07</u>	<u>(8,517,714.49)</u> <u>(17.65)</u>
Net Operating Income.....	247,501.03	483,718.95	(236,217.92) (48.83)
Other Income Less Deductions			
Interest and Dividend Income.....	4,050,716.18	2,894,706.39	1,216,009.79 42.90
Other Income Less Deductions.....	504,514.88	5,261.90	499,252.98
AFUDC - Equity.....	4,802,732.09	3,323,687.24	1,479,044.85 44.50
Total Other Income Less Deductions.....	<u>44,532,637.67</u>	<u>51,571,307.31</u>	<u>(7,038,669.64)</u> <u>(13.65)</u>
Income Before Interest Charges.....	9,639,628.45	11,936,362.38	(2,296,733.93) (19.24)
Interest on Long Term Debt.....	593,024.05	602,481.91	(9,457.86) (1.57)
Amortization of Debt Expense - Net.....	2,392,550.83	1,935,046.49	457,504.34 23.64
Other Interest Expenses.....	(38,389.86)	(10,812.43)	(27,577.43) 255.05
AFUDC - Borrowed Funds.....	12,586,813.47	14,463,078.55	(1,876,264.88) (12.97)
Total Interest Charges.....	<u>31,945,824.20</u>	<u>37,108,228.96</u>	<u>(5,162,404.76)</u> <u>(13.91)</u>
Net Income Before Cumulative Effect of Acctg Chg.....	5,919,827.00	-	5,919,827.00
Cumulative Effect of Accounting Chg Net of Tax.....	26,025,997.20	37,108,228.96	(11,082,231.76) (29.86)
Net Income.....	<u>1,128,003.29</u>	<u>1,128,003.44</u>	<u>(0.15)</u>
Preferred Dividend Requirements.....	24,897,993.91	24,897,993.91	-
Earnings Available for Common.....	<u>(23,769,990.62)</u>	<u>(23,769,990.50)</u>	<u>(0.12)</u> <u>(30.80)</u>

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
JUNE 30, 2003

	YEAR ENDED CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	908,349,692.64	845,363,316.06	59,986,376.58 7.10
Rate Refunds.....	2,967,327.16	1,679,680.00	1,287,647.16 76.66
Total Operating Revenues.....	<u>908,317,019.80</u>	<u>847,042,996.06</u>	<u>61,274,023.74</u> 7.23
Operating Expenses			
Fuel.....	260,442,416.93	241,173,776.09	19,268,640.84 7.99
Power Purchased.....	168,496,858.96	153,224,692.85	15,272,166.11 9.97
Other Operation Expenses.....	153,827,136.52	78,478,154.92	75,348,981.60 96.01
Maintenance.....	69,205,965.66	56,446,412.04	12,759,553.62 22.60
Depreciation.....	96,944,484.45	86,179,106.55	10,765,377.90 12.49
Amortization Expense.....	3,943,291.15	3,047,476.14	895,815.01 29.40
Regulatory Credits.....	(10,624,450.28)	-	(10,624,450.28) (40.86)
Taxes			
Federal Income.....	29,145,362.39	49,280,669.57	(20,135,307.18) (36.13)
State Income.....	7,946,899.92	12,441,835.83	(4,494,935.91) 12.29
Deferred Federal Income - Net.....	10,057,652.70	8,956,853.33	1,100,799.37 0.92
Deferred State Income - Net.....	3,204,809.08	3,175,547.95	29,261.13 -
Federal Income - Estimated.....	-	-	-
State Income - Estimated.....	15,270,439.26	13,371,664.65	1,898,774.61 14.20
Property and Other.....	(286,165.87)	(277,302.50)	(8,863.37) 3.20
Loss (Gain) from Disposition of Utility Plant.....	610,655.50	-	610,655.50 -
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	808,185,356.37	705,498,887.42	102,686,468.95 14.56
Total Operating Expenses.....	<u>100,131,663.43</u>	<u>141,544,108.64</u>	<u>(41,412,445.21)</u> (29.26)
Net Operating Income.....	404,738.01	1,239,290.19	(834,552.18) (67.34)
Other Income Less Deductions			
Interest and Dividend Income.....	10,916,942.72	6,563,894.34	4,353,048.38 66.32
Other Income Less Deductions.....	586,100.19	38,911.15	547,189.04 1,406.25
AFUDC - Equity.....	11,907,780.92	7,842,095.68	4,065,685.24 51.84
Total Other Income Less Deductions.....	<u>112,039,444.35</u>	<u>149,386,204.32</u>	<u>(37,346,759.97)</u> (25.00)
Income Before Interest Charges.....	17,716,267.97	25,120,989.84	(7,404,721.87) (29.48)
Interest on Long Term Debt.....	1,220,496.55	1,204,360.37	16,136.18 1.34
Amortization of Debt Expense - Net.....	4,958,177.95	3,616,783.70	1,341,394.25 37.09
Other Interest Expenses.....	(66,850.35)	(22,843.18)	(44,007.17) 192.65
AFUDC - Borrowed Funds.....	23,828,092.12	29,919,290.73	(6,091,198.61) (20.36)
Total Interest Charges.....	<u>88,211,352.23</u>	<u>119,466,913.59</u>	<u>(31,255,561.36)</u> (26.16)
Net Inc Before Cumulative Effect of Acctg Chg.....	5,919,827.00	119,466,913.59	5,919,827.00 -
Cumulative Effect of Accounting Chg Net of Tax.....	82,291,525.23	-	(37,175,388.36) (31.12)
Net Income.....	<u>2,256,006.63</u>	<u>2,256,006.98</u>	<u>(0.35)</u> -
Preferred Dividend Requirements.....	80,035,518.60	117,210,906.61	(37,175,388.01) (31.72)
Earnings Available for Common.....	<u>3</u>	<u>3</u>	<u>3</u> -

KENTUCKY UTILITIES COMPANY
ANALYSIS OF RETAINED EARNINGS
JUNE 30, 2003

	Year to Date			Year Ended Current Month	
	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total Retained Earnings	Total Retained Earnings	Undistributed Subsidiary Earnings
Retained Earnings and Undistributed Earnings					
Balance Beginning of Period.....	496,010,767.63	114,735.25	496,125,502.88	446,279,553.60	590,636.27
Net Income To Date.....	26,025,997.20		26,025,997.20	82,291,525.23	
Adjust for Equity in Subsidiary Earnings for Year			(1,688,745.00)	(7,468,274.00)	7,468,274.00
-EE Inc.....					
Dividends Rec'd Current Year				487,953.59	(487,953.59)
-EE Inc.....					
Preferred Stock Dividends.....	(1,128,003.29)		(1,128,003.29)	(2,256,006.63)	
Common Stock Dividends.....					
Balance End of Period.....	<u>519,220,016.54</u>	<u>114,735.25</u>	<u>519,334,751.79</u>	<u>519,334,751.79</u>	<u>7,570,956.68</u>
	12 MONTHS 06/30/03	12 MONTHS 06/30/02			
Combined Retained Earnings					
Retained Earnings Beginning of Period.....	446,870,189.87	360,159,283.26			
Add Net Income.....	82,291,525.23	119,466,913.59			
Subtotal.....	<u>529,161,715.10</u>	<u>479,626,196.85</u>			
Deduct					
Dividends on Preferred Stock.....	2,256,006.63	2,256,006.98			
Dividends on Common Stock.....	-	30,500,000.00			
Perferred Stock Redemption Exp and Other.....	-				
Retained Earnings End of Period.....	<u>526,905,708.47</u>	<u>446,870,189.87</u>			

KENTUCKY UTILITIES COMPANY
COMPARATIVE BALANCE SHEETS AS OF JUNE 30, 2003 AND 2002

	THIS YEAR	LAST YEAR	LIABILITIES AND OTHER CREDITS	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
ASSETS AND OTHER DEBITS				
Utility Plant	3,450,964,452.69	3,108,339,617.77	308,139,977.56	308,139,977.56
Utility Plant at Original Cost	1,581,895,512.64	1,501,947,137.83	(594,394.29)	(594,394.29)
Less Reserves for Depreciation & Amortization	1,869,068,940.05	1,606,392,479.94	15,000,000.00	15,000,000.00
Total	896,782.76	897,193.18	(10,462,375.00)	1,588,424.00
Investments - At Cost	8,866,756.68	3,000,000.00	519,334,751.79	446,279,553.60
Nonutility Property-Less Reserve	3,000,000.00	250,000.00	7,570,956.68	590,636.27
Investments in Subsidiary Companies	250,000.00	837,899.66	838,988,916.74	771,004,197.14
Investments in KU-R	555,487.97	6,217,310.81	40,000,000.00	40,000,000.00
Ohio Valley Electric Corporation	5,375,575.33	13,088,839.92	422,830,000.00	484,830,000.00
Other	19,144,602.74	1,088,839.92	100,000,000.00	5,422,800.00
Special Funds	6,595,290.63	3,329,197.53	17,857,870.00	490,252,800.00
Total	102,929.26	183,579.04	540,687,870.00	1,301,256,997.14
Current and Accrued Assets	12,698,637.50	28,324,093.19	1,419,676,786.74	-
Cash	6,595,290.63	3,329,197.53	-	-
Special Deposits	102,929.26	183,579.04	-	-
Temporary Cash Investments	-	-	-	-
Accounts Receivable-Less Reserve	-	-	-	-
Notes Receivable from Assoc. Companies	21,313,667.00	16,622,523.00	146,430,541.95	19,589,649.91
Notes Receivable from KU-R	9,222,627.12	6,089,106.81	43,209,638.26	42,973,331.45
Notes Receivable from Assoc. Companies	-	-	42,753,600.30	34,528,721.18
Materials & Supplies-At Average Cost	41,437,861.14	42,237,867.22	12,438,560.49	10,956,787.38
Fuel	21,843,647.67	21,971,113.64	8,689,152.86	16,863,738.14
Plant Materials & Operating Supplies	6,044,143.53	5,088,816.33	2,954,912.13	4,451,536.40
Stores Expense	53,279.90	110,770.30	188,000.00	188,000.00
Allowance Inventory	5,725,307.12	4,821,999.01	9,197,892.57	5,665,392.28
Prepayments	353,279.60	1,588,807.67	265,862,298.56	135,217,176.74
Miscellaneous Current & Accrued Assets	125,390,670.47	130,367,873.74	-	-
Total	4,867,749.12	3,842,910.54	376,781,842.87	323,513,678.29
Deferred Debits and Other	9,017,836.07	6,915,809.30	7,179,376.00	9,977,236.00
Unamortized Debt Expense	75,833,573.55	85,565,001.02	53,560,206.00	56,068,946.00
Unamortized Loss on Bonds	76,330,017.32	73,280,336.51	1,535,432.10	1,510,746.50
Accumulated Deferred Income Taxes	43,116,964.98	17,952,555.55	19,087,255.50	10,522,341.59
Deferred Regulatory Assets	209,166,141.04	187,556,612.92	16,115,478.71	45,259,510.44
Other Deferred Debits	-	-	56,115,629.00	54,079,173.82
Total	2,222,770,354.30	1,937,405,806.52	56,856,048.82	500,931,632.64
Current and Accrued Liabilities	3,329,197.53	183,579.04	537,231,269.00	1,937,405,806.52
Advances from Associated Companies	-	-	2,222,770,354.30	-
Long-Term Debt Due in 1 Year	-	-	-	-
Notes Payable	146,430,541.95	19,589,649.91	-	-
Notes Payable to Associated Companies	43,209,638.26	42,973,331.45	-	-
Accounts Payable	42,753,600.30	34,528,721.18	-	-
Accounts Payable to Associated Companies	12,438,560.49	10,956,787.38	-	-
Customer Deposits	8,689,152.86	16,863,738.14	-	-
Taxes Accrued	2,954,912.13	4,451,536.40	-	-
Interest Accrued	188,000.00	188,000.00	-	-
Dividends Declared	9,197,892.57	5,665,392.28	-	-
Misc. Current & Accrued Liabilities	265,862,298.56	135,217,176.74	-	-
Total	376,781,842.87	323,513,678.29	-	-
Deferred Credits and Other	7,179,376.00	9,977,236.00	-	-
Accumulated Deferred Income Taxes	53,560,206.00	56,068,946.00	-	-
Investment Tax Credit	1,535,432.10	1,510,746.50	-	-
Regulatory Liabilities	19,087,255.50	10,522,341.59	-	-
Customer Advances for Construction	16,115,478.71	45,259,510.44	-	-
Asset Retirement Obligations	56,115,629.00	54,079,173.82	-	-
Other Deferred Credits	56,856,048.82	500,931,632.64	-	-
Misc. Long-Term Liabilities	-	-	-	-
Misc. Long-Term Liab. Due to Assoc. Co.	-	-	-	-
Accum Provision for Post-Retirement Benefits	537,231,269.00	1,937,405,806.52	-	-
Total	2,222,770,354.30	1,937,405,806.52	-	-
Total Liabilities and Other Credits	2,222,770,354.30	1,937,405,806.52	-	-

KENTUCKY UTILITIES COMPANY
COMPARATIVE BALANCE SHEETS AS OF JUNE 30, 2003 AND 2002

	THIS YEAR	LAST YEAR	LIABILITIES AND OTHER CREDITS	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
ASSETS AND OTHER DEBITS				
Utility Plant	3,450,964,452.69	3,108,339,617.77	308,139,977.56	308,139,977.56
Less Reserves for Depreciation & Amortization	(1,581,895,512.64)	(1,501,947,137.83)	(594,394.29)	(594,394.29)
Total	<u>1,869,068,940.05</u>	<u>1,606,392,479.94</u>	<u>7,570,956.68</u>	<u>590,636.27</u>
Investments - At Cost	897,193.18	897,193.18	838,988,916.74	771,004,197.14
Nonutility Property-Less Reserve	896,782.76	1,886,436.27	40,000,000.00	40,000,000.00
Investments in Subsidiary Companies	8,866,756.68	3,000,000.00	484,830,000.00	484,830,000.00
Investments in KU-R	3,000,000.00	250,000.00	422,830,000.00	-
Ohio Valley Electric Corporation	250,000.00	837,899.66	100,000,000.00	5,422,800.00
Other	555,487.97	6,217,310.81	17,857,870.00	-
Special Funds	5,575,575.53	13,088,839.92	540,687,870.00	490,252,800.00
Total	<u>19,144,602.74</u>	<u>13,088,839.92</u>	<u>1,419,676,786.74</u>	<u>1,301,256,997.14</u>
Current and Accrued Assets				
Cash	6,595,290.63	3,329,197.53	-	-
Special Deposits	102,929.26	183,579.04	-	-
Temporary Cash Investments	12,698,637.50	28,324,093.19	146,430,541.95	19,589,649.91
Accounts Receivable from Assoc. Companies	21,313,667.00	16,622,523.00	43,209,638.26	42,973,331.45
Notes Receivable from KU-R	9,222,627.12	6,089,106.81	42,753,600.30	34,528,721.18
Accounts Receivable from Assoc. Companies	41,437,861.14	42,237,867.22	12,438,560.49	10,956,787.38
Materials & Supplies-At Average Cost	21,843,647.67	21,971,113.64	8,689,152.86	16,863,738.14
Fuel	6,044,143.53	5,088,816.33	2,954,912.13	4,451,556.40
Plant Materials & Operating Supplies	53,279.90	110,770.30	188,000.00	188,000.00
Stores Expense	5,725,307.12	4,821,999.01	9,197,892.57	5,665,397.28
Allowance Inventory	353,279.60	1,588,807.67	265,862,398.56	135,217,176.74
Prepayments	125,390,670.47	130,367,873.74	326,781,842.87	323,513,678.29
Miscellaneous Current & Accrued Assets	-	-	7,179,376.00	9,977,236.00
Total	<u>209,166,141.04</u>	<u>187,556,612.92</u>	<u>53,560,206.00</u>	<u>56,068,946.00</u>
Deferred Debits and Other	4,867,749.12	3,842,910.54	1,535,432.10	1,510,746.50
Unamortized Debt Expense	9,017,836.07	6,915,809.30	19,087,255.50	10,522,341.59
Unamortized Loss on Bonds	75,833,573.55	85,565,001.02	16,115,478.71	45,259,510.44
Accumulated Deferred Income Taxes	76,330,017.32	73,280,336.51	56,115,629.00	-
Deferred Regulatory Assets	43,116,964.98	17,952,555.55	56,856,048.82	54,079,173.82
Other Deferred Debits	209,166,141.04	187,556,612.92	537,231,269.09	500,931,632.64
Total	<u>2,222,770,354.30</u>	<u>1,937,405,806.52</u>	<u>2,222,770,354.30</u>	<u>1,937,405,806.52</u>

KENTUCKY UTILITIES COMPANY
STATEMENT OF CAPITALIZATION AND SHORT-TERM DEBT
JUNE 30, 2003

	AUTHORIZED SHARES	ISSUED & OUTSTANDING SHARES	AMOUNT	PERCENT OF TOTAL CAPITAL & S/T DEBT	CAPITAL
Common Equity					
Common Stock - Without Par		37,817,878	308,139,977.56		
Common Stock Expense			(321,288.87)		
Preferred Stock Expense			(273,105.42)		
Paid-in Capital			15,000,000.00		
Other Comprehensive Income			(10,462,375.00)		
Retained Earnings			519,334,751.79		
Unappropriated Undistributed Subsidiary Earnings			7,570,956.68		
			838,988,916.74	53.57	59.10
Total Common Equity	80,000,000				
Preferred Stock, Cumulative		200,000	20,000,000.00		
4 3/4% Series		200,000	20,000,000.00		
6.53% Series			40,000,000.00	2.55	2.82
Total Preferred Stock			878,988,916.74	56.12	61.92
Total Stockholder's Equity					
Long-Term Debt					
FM Series P, 7.92%			53,000,000.00		
FM Series P, 8.55%			33,000,000.00		
FM Series R, 7.55%			50,000,000.00		
FM Series S, 5.99%			36,000,000.00		
PCB 9 DUE 12/01/23 5 3/4%			50,000,000.00		
PCB 10 DUE 11/01/24 Variable%			12,900,000.00		
PCB 11 DUE 5/1/23 Variable%			20,930,000.00		
PCB 12 DUE 2/1/32 Variable%			2,400,000.00		
PCB 13 DUE 2/1/32 Variable%			7,400,000.00		
PCB 14 DUE 2/1/32 Variable%			7,200,000.00		
PCB 15 DUE 2/1/32 Variable%			96,000,000.00		
PCB 16 DUE 10/1/32 Variable%			17,857,870.00		
Long-Term Debt Marked to Market				28.14	31.04
Total Long-Term Debt			440,687,870.00	6.39	7.04
I.T. Notes Payable to Associated Companies			100,000,000.00		
Total Capitalization			1,419,676,786.74	90.65	100.00
Long-Term Debt Due Within 1 Year			0.00		
Notes Payable to Associated Companies			146,430,541.95	9.35	
Total Capitalization and Short-Term Debt			1,566,107,328.69	100.00	

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
JUNE 30, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
	3,450,964,452.69	3,450,964,452.69
UTILITY PLANT		(1,581,895,512.64)
At Original Cost.....		
Reserves for Depreciation and Amortization.....	(810,173,884.32)	
Accum Depreciation - Steam Power Generation.....	(8,405,827.85)	
Accum Depreciation - Hydro Power Generation.....	(54,544,040.14)	
Accum Depreciation - Other Power Generation.....	(255,580,078.37)	
Accum Depreciation - Transmission.....	(385,498,114.52)	
Accum Depreciation - Distribution.....	(31,655,080.89)	
Accum Depreciation - General.....	(21,318,535.79)	
Transportation.....	(2,795,761.97)	
Retirement - RWIP.....		
Amortization of Plant		
Limited - Term Plant.....	(11,924,188.79)	19,144,602.74
INVESTMENTS - AT COST		
Nonutility Property - less reserve (\$130,306.30).....	896,782.76	
Investments in Subsidiary Companies.....	8,866,756.68	
Investments in KU-R.....	3,000,000.00	
Ohio Valley Electric Corporation.....	250,000.00	
Other.....	555,487.97	
Special Funds.....	1,579.50	
OMU-Interest on Reserve, New.....	711,034.91	
OMU-R&I on Maintenance Reserve.....	644,771.11	
OMU-R&I on Additions and Replacements.....	120,000.00	
OMU-R&I on Operations.....	538,258.48	
OMU-R&I Interest on Purchase Power.....	474,500.00	
OMU-Purchase Power, Coal Reserve.....	3,085,431.33	6,595,290.63
CASH	(19,466,487.07)	
Cash Clearing.....	26,061,777.70	
Cash Accounts.....		102,929.26
SPECIAL DEPOSITS		
Special Deposits.....	102,929.26	12,698,637.50
ACCOUNTS RECEIVABLE - LESS RESERVE		
Working Funds.....	116,873.08	
Customers-Active.....	46,230,636.51	
Customers-Suspense CIS.....	(15,036.60)	
Customer Accounts Receivable Sold to KU-R.....	(46,553,000.00)	
Wholesale Sales.....	4,713,880.57	
Transmission Sales.....	2,807,262.48	
Unbilled Revenues.....	2,473,000.00	
PC Purchase Program.....	301,784.30	
Pitcairn Receivable.....	150,747.28	
Unbilled Projects.....	93,257.39	
Damage Claims.....	117,568.60	
RAR Settlements.....	107,082.37	
Tax Refunds.....	290,786.46	
Insurance Claims.....	18,864.16	
Miscellaneous.....	2,264,393.10	
Uncollectible Accounts - Accrual.....	(813,384.33)	
Uncollectible Accounts - Charged Off.....	1,179,258.34	
Uncollectible Accounts - Recovery.....	(365,874.01)	
Uncollectible Accounts - Accrual Sold to KU-R.....	520,000.00	
Uncollectible Accounts - Other.....	(939,462.20)	21,313,667.00
NOTES RECEIVABLE FROM KU-R	21,313,667.00	
Notes Receivable form KU-R.....		9,222,627.12
ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES		
LG&E Energy Corp.....	9,163,568.67	
LG&E Energy Marketing Inc. (LEM)-Power Marketing.....	59,058.45	

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
JUNE 30, 2003

<u>Account - Subsidiary Account</u>	<u>Balance</u> <u>Subsidiary Account</u>	<u>Balance as Shown</u> <u>On Balance Sheet</u>
FUEL.....	38,612,040.57	
Coal 1,110,828 Tons @ \$34.76; MMBTU 26,383,289 @ 146.35¢.....	2,737,023.14	
Fuel Oil 3,355,638 Gallons @ 81.56¢.....	88,797.43	
Gas Pipeline 12,033 MCF @ \$7.38.....		21,843,647.67
PLANT MATERIALS AND OPERATING SUPPLIES.....	21,773,981.56	
Regular Materials and Supplies.....	69,666.11	
Limestone 12,385 Tons @ \$5.63.....		6,044,143.53
STORES EXPENSE.....	6,044,143.53	
Stores Expense Undistributed.....		53,279.90
ALLOWANCE INVENTORY.....	53,279.90	
Allowance Inventory.....		5,725,307.12
PREPAYMENTS.....	3,390,102.81	
Insurance.....	1,021,247.99	
Taxes.....	936,109.50	
Interest.....	377,846.82	
Company Owned Life Insurance.....		353,279.60
MISCELLANEOUS CURRENT ASSETS.....	353,279.60	
Mark to Market Assets.....		4,867,749.12
UNAMORTIZED DEBT EXPENSE.....		
First Mortgage Bonds.....	162,659.48	
KU Series P 7.92%.....	290,739.52	
KU Series P 8.55%.....	398,482.53	
KU Series R 7.55%.....	95,642.18	
KU Series S 5.99%.....		
Pollution Control Bonds.....	658,685.80	
KU Series 9, 5 3/4%, Due 12/01/23.....	438,502.82	
KU Series 10, Variable%, Due 10/01/24.....	342,918.29	
KU Series 11, Variable%, Due 5/01/23.....	115,606.61	
KU Series 12, Variable%, Due 2/01/32.....	79,929.10	
KU Series 13, Variable%, Due 2/01/32.....	89,171.05	
KU Series 14, Variable%, Due 2/01/32.....	89,556.02	
KU Series 15, Variable%, Due 2/01/32.....	2,105,855.72	
KU Series 16, Variable%, Due 10/01/32.....		9,017,836.07
UNAMORTIZED LOSS ON BONDS.....	9,017,836.07	
Reacquired Debt.....		75,833,573.55
ACCUMULATED DEFERRED INCOME TAXES.....	60,340,041.44	
Federal.....	15,493,532.11	
State.....		76,330,017.32
DEFERRED REGULATORY ASSET.....	32,322,038.66	
VDT Expenses.....	10,624,450.28	
Asset Retirement Obligations.....	32,075,687.00	
FASB 109 - Deferred Taxes.....	815,896.35	
Pension FERC FAS 87 > Than Funding.....	491,945.03	
Other.....		43,116,964.98
OTHER DEFERRED DEBITS.....	17,107,721.00	
Long-Term Derivative Asset.....	26,009,243.98	
Other.....		
	<u>2,222,770,354.30</u>	<u>2,222,770,354.30</u>
Total Assets and Other Debits.....		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
JUNE 30, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
		838,988,916.74
COMMON EQUITY	308,139,977.56	
Common Stock.....	(321,288.87)	
Common Stock Expense.....	(273,105.42)	
Preferred Stock Expense.....	15,000,000.00	
Paid-In Capital.....	(10,462,375.00)	
Other Comprehensive Income.....	519,334,751.79	
Retained Earnings.....	7,570,956.68	
Unappropriated Undistributed Subsidiary Earnings.....		40,000,000.00
PREFERRED STOCK	40,000,000.00	
Preferred Stock.....		422,830,000.00
BONDS		
First Mortgage Bonds.....	53,000,000.00	
KU Series P 7.92%.....	33,000,000.00	
KU Series P 8.55%.....	50,000,000.00	
KU Series R 7.55%.....	36,000,000.00	
KU Series S 5.99%.....		
Pollution Control Bonds.....	50,000,000.00	
KU Series 9, 5 3/4%, Due 12/01/23.....	54,000,000.00	
KU Series 10, Variable%, Due 10/01/24.....	12,900,000.00	
KU Series 11, Variable%, Due 05/01/23.....	20,930,000.00	
KU Series 12, Variable%, Due 2/01/32.....	2,400,000.00	
KU Series 13, Variable%, Due 2/01/32.....	7,400,000.00	
KU Series 14, Variable%, Due 2/01/32.....	7,200,000.00	
KU Series 15, Variable%, Due 2/01/32.....	96,000,000.00	
KU Series 16, Variable%, Due 10/01/32.....	100,000,000.00	100,000,000.00
LT NOTES PAYABLE TO ASSOCIATED COMPANIES		17,857,870.00
LONG-TERM DEBT MARKED TO MARKET	17,857,870.00	
Long-term Debt Marked to Market.....	146,430,541.95	146,430,541.95
NOTES PAYABLE TO ASSOCIATED COMPANIES		43,209,638.26
ACCOUNTS PAYABLE	38,138,130.48	
Regular.....	2,282,244.11	
Salaries and Wages Accrued.....	14,068.24	
Employee Withholdings Payable.....	2,775,195.43	
Tax Collections - Payable.....		42,753,600.30
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	42,753,600.30	
LG&E Energy Corp.....		12,438,560.49
CUSTOMERS' DEPOSITS	12,438,560.49	
Customers' Deposits.....		8,689,152.86
TAXES ACCRUED	8,689,152.86	
Taxes Accrued.....		2,954,912.13
INTEREST ACCRUED		
Interest on Long-Term Debt.....		
First Mortgage Bonds.....	524,700.00	
KU Series P 7.92%.....	352,687.50	
KU Series P 8.55%.....	314,583.35	
KU Series R 7.55%.....	988,350.00	
KU Series S 5.99%.....		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
JUNE 30, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
INTEREST ACCRUED (Continued)		
Pollution Control Bonds	239,583.35	
KU Series 9, 5 3/4%, Due 12/01/23.....	47,771.67	
KU Series 10, Variable%, Due 10/01/24.....	7,489.13	
KU Series 11, Variable%, Due 05/01/23.....	27,524.40	
KU Series 12, Variable%, Due 2/01/32.....	3,156.16	
KU Series 13, Variable%, Due 2/01/32.....	9,731.54	
KU Series 14, Variable%, Due 2/01/32.....	9,468.51	
KU Series 15, Variable%, Due 2/01/32.....	75,600.00	
KU Series 16, Variable%, Due 10/01/32.....	(759,477.75)	
Other	355,410.93	
Interest Rate Swaps.....	758,333.34	
Customer Deposits.....		188,000.00
Fidelia.....		
DIVIDENDS DECLARED.....	188,000.00	9,197,892.57
Preferred Stock.....		
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES.....		
Vacation Pay Accrued.....	4,495,077.18	
Revenue Subject to Refund.....	2,643,605.00	
Escheated Deposits.....	101,922.30	
Franchise Fee Payable.....	1,900,644.34	
Mark to Market Liabilities.....	35,485.49	
Other.....	21,158.26	
ACCUMULATED DEFERRED INCOME TAXES.....	261,282,203.56	326,781,842.87
Federal.....	65,499,639.31	
State.....		7,179,376.00
INVESTMENT TAX CREDIT.....		
Job Development Credit.....	7,179,376.00	53,560,206.00
REGULATORY LIABILITIES.....		
Asset Retirement Obligations.....	909,900.00	
Deferred Taxes - FAS 109.....	52,650,306.00	1,535,432.10
CUSTOMERS' ADVANCES FOR CONSTRUCTION.....		
Line Extensions.....	684,805.76	
Other.....	850,626.34	
ASSET RETIREMENT OBLIGATIONS.....	19,087,255.50	19,087,255.50
OTHER DEFERRED CREDITS.....		
Other Deferred Credits.....	4,386,037.29	
Clearing Accounts Transferred from Other Deferred Debits.....	11,729,441.42	56,115,629.00
MISCELLANEOUS LONG-TERM LIABILITIES.....		
Pension Payable.....	47,519,546.68	
Workers' Compensation.....	3,523,082.32	
Post Employment Benefits - FAS 112.....	5,073,000.00	56,856,048.82
ACCUMULATED PROVISION FOR BENEFITS.....		
Post Retirement Benefits - FAS 106.....	56,856,048.82	
Total Liabilities and Other Credits.....	2,222,770,354.30	2,222,770,354.30

KENTUCKY UTILITIES COMPANY
STATEMENT OF CASH FLOWS
JUNE 30, 2003

	Year to Date	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income.....	26,025,997.20	37,108,228.96
Items not requiring cash currently:		
Depreciation and amortization.....	51,999,653.76	46,573,639.39
Deferred income taxes - net.....	1,484,677.34	(3,106,901.18)
Investment tax credit - net.....	(1,320,474.00)	(1,477,386.00)
Other.....	22,629,960.39	13,237,406.96
(Increase) decrease in certain net current assets:		
Accounts receivable.....	3,326,012.85	(8,755,202.42)
Materials and supplies.....	3,172,008.92	271,607.28
Accounts payable.....	(9,410,425.59)	(7,646,518.83)
Accrued taxes.....	3,745,024.82	(3,651,573.17)
Accrued interest.....	328,206.78	(1,215,995.78)
Prepayments and other.....	3,462,102.28	(1,251,392.32)
Other.....	9,376,006.53	8,206,427.67
Net cash provided from operating activities.....	<u>114,818,751.28</u>	<u>78,292,340.56</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction expenditures.....	(175,507,033.26)	(47,843,574.52)
Long term investment in securities.....	(1,786,312.21)	-
Net cash used for investing activities.....	<u>(177,293,345.47)</u>	<u>(47,843,574.52)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings from parent company.....	26,940,892.04	(28,200,000.00)
Long-term borrowings from parent company.....	100,000,000.00	-
Issuance of long-term debt.....	(31,011.12)	37,027,254.85
Retirement of long-term debt.....	(62,000,000.00)	(37,930,000.00)
Payment of dividends.....	(1,128,003.29)	(1,128,003.44)
Net cash used for financing activities.....	<u>63,781,877.63</u>	<u>(30,230,748.59)</u>
NET INCREASE (DECREASE) IN CASH AND TEMP. CASH INVESTMENTS.....	<u>1,307,283.44</u>	<u>218,017.45</u>
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD.....	<u>5,390,936.45</u>	<u>3,294,759.12</u>
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD.....	<u><u>6,698,219.89</u></u>	<u><u>3,512,776.57</u></u>

KENTUCKY UTILITIES COMPANY
ANALYSIS OF INTEREST CHARGES
JUNE 30, 2003

	CURRENT MONTH		YEAR TO DATE		YEAR ENDED CURRENT MONTH	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
Interest On Long-Term Debt						
First Mortgage Bonds						
Series P 7.92%	349,800.00	349,800.00	2,098,800.00	2,098,800.00	4,197,600.00	4,197,600.00
Series P 8.55%	235,125.00	235,125.00	1,410,750.00	1,410,750.00	2,821,500.00	2,821,500.00
Series Q 6.32%	163,266.65	326,533.33	1,795,933.35	1,959,199.98	3,755,133.53	3,918,399.97
Series R 7.55%	314,583.34	314,583.33	1,887,499.98	1,887,499.98	3,775,000.04	3,774,999.97
Series S 5.99%	179,700.00	179,700.00	1,078,200.00	1,078,200.00	2,156,400.00	2,156,400.00
Loan Agreement - Poll Control Bonds						
Series 1B (6.25%)	-	83,574.80	628,626.85	628,626.85	1,282,689.35	1,282,689.35
Series 2B (6.25%)	-	9,583.33	72,083.33	72,083.33	147,083.33	147,083.33
Series 3B (6.25%)	-	28,750.00	216,250.00	216,250.00	441,250.00	441,250.00
Series 4B (6.25%)	-	29,548.73	222,257.03	222,257.03	453,507.06	453,507.06
Series 8 (7.45%)	-	596,000.00	3,576,000.00	3,576,000.00	7,152,000.00	7,152,000.00
Series 9 (5.3/4%)	239,583.34	239,583.33	1,437,499.98	1,437,499.98	2,875,000.04	2,874,999.97
Series 10 (VARIABLE%)	49,916.73	71,013.71	419,720.63	419,720.63	774,937.15	1,035,764.46
Series 11 (VARIABLE%)	14,163.65	16,985.00	98,756.67	98,756.67	167,565.09	255,724.58
Series 12 (VARIABLE%)	20,643.30	28,384.52	126,325.46	126,325.46	286,827.04	36,899.88
Series 13 (VARIABLE%)	2,367.12	3,254.80	4,485.48	4,231.24	32,889.86	4,231.24
Series 14 (VARIABLE%)	7,298.63	9,764.39	44,663.58	12,693.71	101,763.04	12,693.71
Series 15 (VARIABLE%)	84,160.00	7,101.37	43,456.44	13,046.31	868,310.93	13,046.31
Series 16 (VARIABLE%)	(675,544.12)	(620,169.79)	(3,984,238.56)	(3,614,568.21)	(7,670,952.61)	(6,280,812.99)
Interest Rate Swaps	2,206,006.00	2,165,905.00	2,016,040.00	378,415.00	375,469.00	823,013.00
Marked to Market	379,166.67	-	758,333.34	-	758,333.34	-
Fidella						
Total	3,577,337.68	4,077,955.10	9,639,628.45	11,936,362.38	17,716,267.97	25,120,989.84
Amortization of Debt Expense - Net						
Amortization of Debt Expense	23,333.69	26,750.01	154,423.64	165,649.18	336,639.72	332,693.18
Amort. of Loss on Reacquired Debt	67,532.41	74,008.41	438,600.41	436,832.73	883,856.83	871,667.19
Total	90,866.10	100,758.42	593,024.05	602,481.91	1,220,496.55	1,204,360.37
Other Interest Charges						
Note Payable	51,828.67	44,024.44	322,131.62	288,679.10	637,813.48	584,771.51
Customers' Deposits	6,054.31	6,392.60	12,458.77	12,588.67	25,934.70	16,120.57
Deferred Compensation	111,965.88	43,533.64	726,783.47	376,538.05	1,426,548.00	843,712.66
Interest on Debt to Associated Companies	156,018.26	156,435.00	936,109.56	941,638.12	1,874,719.82	1,425,049.18
Other Interest Expense	-	-	-	-	-	-
Intercompany Interest	(3,782.69)	(2,240.92)	(38,389.86)	(10,812.43)	(66,850.35)	(22,843.18)
Federal RAR Interest Reserve	67,368.41	(125,939.97)	395,067.41	315,602.55	993,161.95	747,129.78
AFUDC Borrowed Funds	389,452.84	122,204.79	2,354,160.97	1,924,234.06	4,891,327.60	3,593,940.52
Interest Costs from A/R Securitization	4,057,656.62	4,300,918.31	12,586,813.47	14,463,078.35	23,828,092.12	29,919,290.73
Total	4,057,656.62	4,300,918.31	12,586,813.47	14,463,078.35	23,828,092.12	29,919,290.73

KENTUCKY UTILITIES COMPANY
ANALYSIS OF TAXES CHARGED
JUNE 30, 2003

Kind of Taxes	Current Month		Year To Date	
	This Year	Last Year	This Year	Last Year
Taxes Charged to Accounts 408.1 and 409.1				
Property Taxes.....	790,833.33	749,166.67	4,744,999.98	4,495,493.60
Unemployment.....	33,488.71	12,219.25	227,472.19	151,807.73
Federal Old Age and Survivors Insurance.....	355,398.88	259,258.43	2,458,978.04	2,544,263.55
Public Service Commission Fee.....	105,078.78	116,666.67	724,078.79	700,000.02
Federal Income.....	4,734,172.13	2,228,422.36	9,349,039.39	18,722,345.89
State Income.....	1,793,944.37	1,652,127.70	3,579,199.88	6,125,159.32
Miscellaneous.....	1,250.00	1,250.00	7,500.00	(15,754.37)
	7,814,166.20	5,019,111.08	21,091,268.27	32,723,315.74
Total Charged to Operating Expense.....			1,451,692.44	703,733.97
Taxes Charged to Other Accounts.....	440,327.32	(70,426.30)	(814,971.34)	(814,305.20)
Taxes Accrued on Intercompany Accounts.....	(120,160.40)	(92,580.61)		
Total Taxes Charged.....	8,134,333.12	4,856,104.17	21,727,989.37	32,612,744.51

ANALYSIS OF TAXES ACCRUED - ACCOUNT 236

Kind of Taxes	Taxes Accrued At Beginning Of Year		Accruals To Date This Year		Payments To Date This Year		Taxes Accrued At End Of Month	
Property Taxes.....	388,832.83	4,782,271.14	309,465.95	4,861,638.02	115,690.89	393,543.51	(1,266,057.04)	4,467,227.33
Unemployment.....	51,248.65	176,650.53	112,208.29	112,208.29	2,429,087.77	333,303.47	4,131,138.66	131,138.66
Federal Old Age and Survivors.....	424,348.23	2,398,283.05	9,822,541.00	9,822,541.00	3,940,144.00	971,915.64	(14,028.51)	8,689,152.86
Public Service Commission Fee.....	(1,011,751.50)	333,303.47	7,500.00	7,500.00	64,298.43			
Federal Income.....	4,771,857.94	9,568,235.46	21,727,989.37	21,727,989.37				
State Income.....	276,821.97	3,635,513.39						
Kentucky Sales and Use Tax.....	42,769.92	826,232.33						
Miscellaneous.....		7,500.00						
Totals.....	4,944,128.04	21,727,989.37	17,982,964.55	17,982,964.55				

KENTUCKY UTILITIES COMPANY
SUMMARY OF UTILITY PLANT
JUNE 30, 2003

	NET BALANCE FIRST OF YEAR	ADDITIONS	RETIREMENTS	TRANSFERS	RECLASSIFICATIONS	BALANCE TO DATE
UTILITY PLANT						
Plant In Service	17,423,192.98	3,013,732.25	(1,453,923.95)	-	-	20,436,925.23
Intangibles	1,249,118,401.86	17,416,532.05	-	-	-	1,265,081,009.96
Steam Production	10,626,165.04	(5,816,619.32)	(1,776,053.64)	-	-	10,626,165.04
Hydro Production	362,332,612.45	17,769,086.93	(601,328.56)	-	-	354,739,939.49
Other Production	451,607,350.80	25,147,684.22	(1,783,801.48)	-	-	468,775,109.17
Transmission	896,399,091.37	9,701,121.07	(232,258.40)	-	-	919,762,974.11
Distribution	78,272,605.83	-	-	-	-	87,741,468.50
General	23,749,238.51	-	-	-	-	23,749,238.51
Transportation	-	67,231,537.20	(5,847,366.03)	-	-	3,150,912,830.01
Total Electric Plant In Service	3,089,528,658.84	(131,272.98)	(5,847,366.03)	-	-	(131,272.98)
Plant Purchased or Sold	3,089,528,658.84	67,100,264.22	(5,847,366.03)	-	-	3,150,781,557.03
Total Plant	191,233,221.88	108,949,673.78	(5,847,366.03)	-	-	300,182,895.66
Construction Work In Progress	3,280,761,880.72	176,049,938.00	(5,847,366.03)	-	-	3,450,964,452.69
Total Utility Plant at Original Cost	3,280,761,880.72	176,049,938.00	(5,847,366.03)	-	-	3,450,964,452.69
RESERVE FOR DEPRECIATION OF UTILITY						
Plant In Service	794,854,592.77	17,380,063.47	(1,453,923.95)	(440,447.97)	-	810,173,884.32
Steam Production	8,323,904.23	81,793.40	(1,776,053.64)	-	-	8,405,827.85
Hydro Production	50,312,904.75	6,007,319.25	(601,328.56)	734,521.61	(130.22)	54,544,040.14
Other Production	249,396,208.56	7,298,937.31	(1,783,801.48)	1,157,060.13	(1,258,172.21)	255,580,078.37
Transmission	371,679,812.59	15,775,211.68	(223,479.23)	(70,115.45)	(1,347,408.32)	385,498,114.52
Distribution	28,370,592.95	3,578,082.62	-	-	-	31,655,080.89
General	20,582,770.31	735,765.48	-	-	-	21,318,535.79
Transportation	-	50,857,173.21	(5,838,586.86)	1,381,018.32	27,151.58	1,567,175,561.88
Total Reserve For Depreciation Of Utility Plant	1,523,520,786.16	50,857,173.21	(5,838,586.86)	(4,458,100.32)	309,983.92	2,795,761.97
In Service	3,476,144.28	-	(3,077,082.00)	-	-	1,569,971,323.85
Retirement of Work in Progress	1,526,996,930.44	50,857,173.21	(5,838,586.86)	(3,077,082.00)	337,135.50	11,422,172.14
Subtotal	9,157,504.73	2,264,667.41	(8,779.17)	-	-	502,016.65
Intangibles	503,517.72	7,278.10	-	-	-	-
Leaseholds	-	-	-	-	-	-
Total Reserve For Depreciation and Amortization	1,536,657,952.89	53,129,118.72	(5,847,366.03)	(3,077,082.00)	337,135.50	1,581,895,512.64
- Utility Plant In Service	-	-	-	-	-	695,753.56
Utility Plant at Original Cost Less Reserve For Depreciation and Amortization	1,744,103,927.83	-	-	-	-	1,869,068,940.05

KU Monthly Report to KPSC-May 31,2003

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
MAY 31, 2003

	CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	67,434,075.16	66,688,471.43	745,603.73 1.12
Rate Refunds.....	<u>(1,220,196.89)</u>	<u>92,394.00</u>	<u>(1,312,590.89)</u> <u>(1,420.65)</u>
Total Operating Revenues.....	66,213,878.27	66,780,865.43	(566,987.16) (0.85)
Operating Expenses			
Fuel.....	19,773,732.32	16,468,622.46	3,305,109.86 20.07
Power Purchased.....	13,504,627.24	14,811,868.61	(1,307,241.37) (8.83)
Other Operation Expenses.....	16,650,316.15	12,710,171.34	3,940,144.81 31.00
Maintenance.....	6,132,301.85	5,180,906.07	951,395.78 18.36
Depreciation.....	9,535,061.11	7,487,640.57	2,047,420.54 27.34
Amortization Expense.....	437,421.78	253,943.05	203,478.73 80.13
Regulatory Credits.....	(116,374.21)	-	(116,374.21) -
Taxes			
Federal Income.....	-	-	-
State Income.....	-	-	-
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	(822,730.74)	1,952,521.22	(2,775,251.96) (142.14)
Federal Income - Estimated.....	(235,849.48)	559,722.74	(795,572.22) (142.14)
State Income - Estimated.....	1,361,454.42	1,189,652.31	171,802.11 14.44
Property and Other.....	(286,165.87)	(277,302.50)	(8,863.37) -
Loss (Gain) from Disposition of Allowances.....	101,776.00	-	101,776.00 -
Accretion Expense.....	66,055,570.57	60,337,745.87	5,717,824.70 9.48
Total Operating Expenses.....	158,307.70	6,443,119.56	(6,284,811.86) (97.54)
Net Operating Income.....	37,341.66	50,721.86	(13,380.20) (26.38)
Other Income Less Deductions			
Interest and Dividend Income.....	(251,288.58)	325,765.03	(577,053.61) (177.14)
Other Income Less Deductions.....	112,767.43	1,138.09	111,629.34 -
AFUDC - Equity.....	(101,179.49)	377,624.98	(478,804.47) (126.79)
Total Other Income Less Deductions.....	57,128.21	6,820,744.54	(6,763,616.33) (99.16)
Income Before Interest Charges.....	1,567,199.31	1,970,994.72	(403,795.41) (20.49)
Interest on Long Term Debt.....	100,431.39	100,449.85	(18.46) (0.02)
Amortization of Debt Expense - Net.....	324,863.87	256,167.19	68,696.68 26.82
Other Interest Expenses.....	(3,367.02)	(1,639.47)	(1,727.55) 105.37
AFUDC - Borrowed Funds.....	1,989,127.55	2,325,972.29	(336,844.74) (14.48)
Total Interest Charges.....	(1,931,999.34)	4,494,772.25	(6,426,771.59) (142.98)
Net Inc Before Cumulative Effect of Acctg Chg.....	(1,931,999.34)	4,494,772.25	(6,426,771.59) (142.98)
Cumulative Effect of Accounting Chg Net of Tax.....	(1,931,999.34)	4,494,772.25	(6,426,771.59) (142.98)
Net Income.....	188,001.65	188,001.71	(0.06) -
Preferred Dividend Requirements.....	(2,120,000.99)	4,306,770.54	(6,426,771.53) (149.22)
Earnings Available for Common.....	188,001.65	188,001.71	(0.06) -

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
MAY 31, 2003

	YEAR TO DATE		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	375,128,585.66	343,025,356.25	9.36 (2,050.31)
Rate Refunds.....	(5,320,794.95)	272,818.00	7.72
Total Operating Revenues.....	<u>369,807,790.71</u>	<u>343,298,174.25</u>	
Operating Expenses			
Fuel.....	106,223,460.07	93,921,720.36	13.10
Power Purchased.....	77,946,063.10	66,033,130.32	18.04
Other Operation Expenses.....	68,685,266.22	58,934,046.35	16.55
Maintenance.....	41,820,822.98	21,375,406.16	95.65
Depreciation.....	41,147,701.64	37,244,379.27	10.48
Amortization Expense.....	1,885,820.44	1,269,741.23	48.52
Regulatory Credits.....	(10,508,076.07)	-	-
Taxes			
Federal Income.....	4,245,855.23	13,224,638.45	(67.89)
State Income.....	1,679,472.06	3,535,836.57	(52.50)
Deferred Federal Income - Net.....	3,825,010.23	(2,291,189.44)	(266.94)
Deferred State Income - Net.....	853,706.64	(115,214.18)	(840.97)
Federal Income - Estimated.....	369,012.03	3,269,285.08	-
State Income - Estimated.....	105,783.45	937,195.05	2.07
Property and Other.....	6,876,979.30	6,737,249.51	-
Loss (Gain) from Disposition of Utility Plant.....	(286,165.87)	(277,302.50)	-
Loss (Gain) from Disposition of Allowances.....	508,879.50	-	-
Accretion Expense.....	345,379,590.95	303,798,922.23	13.69
Total Operating Expenses.....	<u>24,428,199.76</u>	<u>39,499,252.02</u>	(38.16)
Net Operating Income.....	215,787.05	296,830.36	(27.30)
Other Income Less Deductions.....	2,425,206.82	2,201,715.99	10.15
Interest and Dividend Income.....	377,826.80	3,706.32	-
AFUDC - Equity.....	3,018,820.67	2,502,252.67	20.64
Total Other Income Less Deductions.....	<u>27,447,020.43</u>	<u>42,001,504.69</u>	(34.65)
Income Before Interest Charges.....	6,062,290.77	7,858,407.28	(22.86)
Interest on Long Term Debt.....	502,157.95	501,723.49	0.09
Amortization of Debt Expense - Net.....	1,999,315.30	1,810,600.78	10.42
Other Interest Expenses.....	(34,607.17)	(8,571.51)	303.75
AFUDC - Borrowed Funds.....	8,529,156.85	10,162,160.04	(16.07)
Total Interest Charges.....	18,917,863.58	31,839,344.65	(40.58)
Net Inc Before Cumulative Effect of Acctg Chg.....	5,919,827.00	5,919,827.00	-
Cumulative Effect of Accounting Chg Net of Tax.....	12,998,036.58	31,839,344.65	(59.18)
Net Income.....	940,003.29	940,003.44	-
Preferred Dividend Requirements.....	12,058,033.29	12,058,033.29	(60.98)
Earnings Available for Common.....	<u>12,058,033.29</u>	<u>12,058,033.29</u>	-

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
MAY 31, 2003

	YEAR ENDED CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	904,841,537.18	851,738,412.39	53,103,124.79 6.23
Rate Refunds.....	9,887,151.05	826,443.00	9,060,708.05 7.29
Total Operating Revenues.....	<u>914,728,688.23</u>	<u>852,564,855.39</u>	<u>62,163,832.84</u>
Operating Expenses			
Fuel.....	262,418,376.79	238,288,214.33	24,130,162.46 10.13
Power Purchased.....	169,868,495.45	159,677,249.31	10,191,246.14 6.38
Other Operation Expenses.....	157,273,533.99	75,523,964.35	81,749,571.64 108.24
Maintenance.....	80,227,503.36	56,417,476.87	23,810,028.49 42.20
Depreciation.....	96,170,053.68	86,109,575.06	10,060,478.62 11.68
Amortization Expense.....	3,811,109.13	3,047,488.22	763,620.91 25.06
Regulatory Credits	(10,508,076.07)	(10,508,076.07)	-
Taxes			
Federal Income.....	29,539,885.67	53,254,293.92	(23,714,408.25) (44.53)
State Income.....	8,636,494.85	12,291,338.66	(3,654,843.81) (29.74)
Deferred Federal Income - Net.....	9,582,751.33	8,992,068.75	590,682.58 6.57
Deferred State Income - Net.....	2,516,250.83	4,328,964.00	(1,812,713.17) (41.87)
Federal Income - Estimated	(2,900,273.05)	(2,699,099.77)	(201,173.28)
State Income - Estimated	(831,411.60)	(773,741.93)	(57,669.67)
Property and Other.....	15,122,950.58	13,664,082.45	1,458,868.13 10.68
Loss (Gain) from Disposition of Utility Plant.....	(286,165.87)	(277,302.50)	(8,863.37)
Loss (Gain) from Disposition of Allowances.....	508,879.50	508,879.50	-
Accretion Expense.....	821,150,362.57	707,844,571.72	113,305,790.85 16.01
Total Operating Expenses.....	<u>93,578,325.66</u>	<u>144,720,283.67</u>	<u>(51,141,958.01)</u> (35.34)
Net Operating Income.....	559,912.62	1,170,318.98	(610,406.36) (52.16)
Other Income Less Deductions	9,924,423.76	7,403,876.76	2,520,547.00 34.04
Interest and Dividend Income.....	460,967.69	41,229.02	419,738.67 1,018.07
Other Income Less Deductions	10,945,304.07	8,615,424.76	2,329,879.31 27.04
AFUDC - Equity.....	104,523,629.73	153,335,708.43	(48,812,078.70) (31.85)
Total Other Income Less Deductions.....	<u>18,216,885.39</u>	<u>24,945,309.64</u>	<u>(6,728,424.25)</u> (26.97)
Income Before Interest Charges	1,230,388.87	1,203,951.36	26,437.51 2.20
Interest on Long Term Debt.....	4,689,388.13	3,956,397.32	732,990.81 18.53
Amortization of Debt Expense - Net	(65,308.58)	(22,204.70)	(43,103.88) 194.12
Other Interest Expenses.....	24,071,353.81	30,083,453.62	(6,012,099.81) (19.98)
AFUDC - Borrowed Funds.....	80,452,275.92	123,252,254.81	(42,799,978.89) (34.73)
Total Interest Charges.....	<u>5,919,827.00</u>	<u>5,919,827.00</u>	<u>-</u>
Net Inc Before Cumulative Effect of Acctg Chg.....	74,532,448.92	123,252,254.81	(48,719,805.89) (39.53)
Cumulative Effect of Accounting Chg Net of Tax.....	2,256,006.63	2,256,006.98	(0.35)
Net Income.....	<u>72,276,442.29</u>	<u>120,996,247.83</u>	<u>(48,719,805.54)</u> (40.27)
Preferred Dividend Requirements.....			
Earnings Available for Common.....			

KENTUCKY UTILITIES COMPANY
ANALYSIS OF RETAINED EARNINGS
MAY 31, 2003

	Year to Date		Year Ended Current Month	
	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total Retained Earnings	Undistributed Subsidiary Earnings
Retained Earnings and Undistributed Earnings				
Balance Beginning of Period.....	496,010,767.63	114,735.25	496,125,502.88	5,882,211.68
Net Income To Date.....	12,998,036.58		12,998,036.58	
Adjust for Equity in Subsidiary Earnings for Year			(887,974.00)	887,974.00
-EE Inc.....				
Dividends Rec'd Current Year				
-EE Inc.....				
Preferred Stock Dividends.....	(940,003.29)		(940,003.29)	
Common Stock Dividends.....				
Balance End of Period.....	<u>507,180,826.92</u>	<u>114,735.25</u>	<u>507,295,562.17</u>	<u>6,770,185.68</u>
Combined Retained Earnings				
Retained Earnings Beginning of Period.....	441,789,305.56	351,293,057.73		
Add Net Income.....	74,532,448.92	123,252,254.81		
Subtotal.....	<u>516,321,754.48</u>	<u>474,545,312.54</u>		
Deduct				
Dividends on Preferred Stock.....	2,256,006.63	2,256,006.98		
Dividends on Common Stock.....	-	30,500,000.00		
Preferred Stock Redemption Exp and Other.....	-	-		
Retained Earnings End of Period.....	<u>514,065,747.85</u>	<u>441,789,305.56</u>		
			<u>507,295,562.17</u>	<u>6,770,185.68</u>
			<u>(6,852,826.00)</u>	<u>405,313.27</u>
			<u>487,953.59</u>	<u>(487,953.59)</u>
			<u>(2,256,006.63)</u>	

KENTUCKY UTILITIES COMPANY
COMPARATIVE BALANCE SHEETS AS OF MAY 31, 2003 AND 2002

	THIS YEAR	LAST YEAR		THIS YEAR	LAST YEAR
ASSETS AND OTHER DEBITS					
Utility Plant	3,424,959,390.53	3,098,314,645.11		308,139,977.56	(594,394.29)
Less Reserves for Depreciation & Amortization	1,574,761,368.27	1,494,085,094.74		15,000,000.00	1,588,424.00
Total	<u>1,850,198,022.26</u>	<u>1,604,229,550.37</u>		<u>507,295,562.17</u>	<u>441,383,992.29</u>
Investments - At Cost	896,816.96	897,227.38		6,770,185.68	765,923,312.83
Nonutility Property-Less Reserve	8,065,985.68	1,701,113.27		40,000,000.00	40,000,000.00
Investments in Subsidiary Companies	3,000,000.00	3,000,000.00		422,830,000.00	484,830,000.00
Investments in KU-R	250,000.00	250,000.00		100,000,000.00	2,061,900.00
Ohio Valley Electric Corporation	552,249.66	837,899.66		16,974,312.00	2,061,900.00
Other	5,530,925.22	6,159,208.63		539,804,312.00	486,891,900.00
Special Funds	18,295,977.52	12,845,448.94		1,405,953,268.12	1,292,815,212.83
Total	<u>18,295,977.52</u>	<u>12,845,448.94</u>		<u>1,405,953,268.12</u>	<u>1,292,815,212.83</u>
LIABILITIES AND OTHER CREDITS					
Capitalization					
Common Stock				308,139,977.56	(594,394.29)
Common Stock Expense				15,000,000.00	1,588,424.00
Paid-In Capital				(10,462,375.00)	441,383,992.29
Other Comprehensive Income				507,295,562.17	405,313.27
Retained Earnings				6,770,185.68	405,313.27
Unappropriated Undistributed Subsidiary Earnings				826,148,956.12	765,923,312.83
Total Common Equity				40,000,000.00	40,000,000.00
Preferred Stock				422,830,000.00	484,830,000.00
First Mortgage Bonds				100,000,000.00	2,061,900.00
Other Long-Term Debt				16,974,312.00	2,061,900.00
LT Notes Payable to Associated Companies				539,804,312.00	486,891,900.00
Long-Term Debt Marked to Market				1,405,953,268.12	1,292,815,212.83
Total Long-Term Debt				1,405,953,268.12	1,292,815,212.83
Total Capitalization				62,000,000.00	53,489,649.91
Current and Accrued Liabilities					
Advances from Associated Companies				88,230,541.95	37,817,839.26
Long-Term Debt Due in 1 Year				52,996,616.13	14,239,116.35
Notes Payable				25,140,646.16	10,862,013.95
Notes Payable to Associated Companies				12,288,431.31	31,653,394.96
Accounts Payable to Associated Companies				12,357,835.11	5,325,262.77
Customer Deposits				4,218,005.15	4,526,721.73
Taxes Accrued				5,266,920.18	157,913,998.93
Interest Accrued				262,498,995.99	320,993,311.31
Dividends Declared				326,469,792.85	10,187,467.00
Misc. Current & Accrued Liabilities				7,399,455.00	56,994,651.00
Total				1,507,139.68	1,530,964.32
Deferred Credits and Other				18,985,479.50	6,961,426.27
Accumulated Deferred Income Taxes				9,688,855.97	45,257,318.05
Investment Tax Credit				56,115,638.34	54,079,173.82
Regulatory Liabilities				57,270,048.82	496,004,311.77
Customer Advances for Construction				531,336,211.29	1,946,733,523.53
Asset Retirement Obligations				2,199,788,475.40	1,946,733,523.53
Other Deferred Credits				184,421,959.73	184,421,959.73
Misc. Long-Term Liabilities				3,725,515.40	3,725,515.40
Misc. Long-Term Liab. Due to Assoc. Co.				6,989,817.71	6,989,817.71
Accum Provision for Post-Retirement Benefits				83,269,841.48	83,269,841.48
Total				74,567,646.53	74,567,646.53
Total Liabilities and Other Credits				40,974,235.43	15,869,138.61
Total	<u>209,171,177.31</u>	<u>184,421,959.73</u>		<u>2,199,788,475.40</u>	<u>1,946,733,523.53</u>
Total Assets and Other Debits	<u>2,199,788,475.40</u>	<u>1,946,733,523.53</u>		<u>2,199,788,475.40</u>	<u>1,946,733,523.53</u>

KENTUCKY UTILITIES COMPANY
STATEMENT OF CAPITALIZATION AND SHORT-TERM DEBT
MAY 31, 2003

	AUTHORIZED SHARES	ISSUED & OUTSTANDING SHARES	AMOUNT	PERCENT OF TOTAL CAPITAL & S/T DEBT	CAPITAL
Common Equity					
Common Stock - Without Par	80,000,000	37,817,878	308,139,977.56 (321,288.87)		
Common Stock Expense			(273,105.42)		
Preferred Stock Expense			15,000,000.00		
Paid-In Capital			(10,462,375.00)		
Other Comprehensive Income			507,295,562.17		
Retained Earnings			6,770,185.68		
Unappropriated Undistributed Subsidiary Earnings			826,148,956.12	53.09	58.76
Total Common Equity			20,000,000.00		
Preferred Stock, Cumulative	5,300,000	200,000	20,000,000.00		
4 3/4% Series		200,000	20,000,000.00		
6.53% Series			40,000,000.00	2.57	2.85
Total Preferred Stock			866,148,956.12	55.66	61.61
Total Stockholder's Equity			53,000,000.00		
Long-Term Debt			33,000,000.00		
FM Series P, 7.92%			50,000,000.00		
FM Series P, 8.55%			36,000,000.00		
FM Series R, 7.55%			50,000,000.00		
FM Series S, 5.99%			54,000,000.00		
PCB 9 DUE 12/01/23 5 3/4%			12,900,000.00		
PCB 10 DUE 11/01/24 Variable%			20,930,000.00		
PCB 11 DUE 5/1/23 Variable%			2,400,000.00		
PCB 12 DUE 2/1/32 Variable%			7,400,000.00		
PCB 13 DUE 2/1/32 Variable%			7,200,000.00		
PCB 14 DUE 2/1/32 Variable%			96,000,000.00		
PCB 15 DUE 2/1/32 Variable%			16,974,312.00		
PCB 16 DUE 10/1/32 Variable%			439,804,312.00	28.26	31.28
Long-Term Debt Marked to Market			100,000,000.00	6.43	7.11
Total Long-Term Debt			1,405,953,268.12	90.35	100.00
LT Notes Payable to Associated Companies			62,000,000.00	3.98	
Total Capitalization			88,230,541.95	5.67	
Long-Term Debt Due Within 1 Year			1,556,183,810.07	100.00	
Notes Payable to Associated Companies					
Total Capitalization and Short-Term Debt					

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
MAY 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
	3,424,959,390.53	3,424,959,390.53
UTILITY PLANT		(1,574,761,368.27)
At Original Cost.....		
Reserves for Depreciation and Amortization.....	(807,835,455.28)	
Accum Depreciation - Steam Power Generation.....	(8,392,194.15)	
Accum Depreciation - Hydro Power Generation.....	(53,532,354.16)	
Accum Depreciation - Other Power Generation.....	(254,788,327.97)	
Accum Depreciation - Transmission.....	(383,192,628.83)	
Accum Depreciation - Distribution.....	(31,246,094.01)	
Accum Depreciation - General Transportation.....	(21,199,922.64)	
Retirement - RWIP.....	(3,027,548.34)	
Amortization of Plant Limited - Term Plant.....	(11,546,842.89)	
		18,295,977.52
INVESTMENTS - AT COST	896,816.96	
Nonutility Property - less reserve (\$130,272.10).....	8,065,985.68	
Investments in Subsidiary Companies.....	3,000,000.00	
Investments in KU-R.....	250,000.00	
Ohio Valley Electric Corporation.....	552,249.66	
Other.....	1,579.50	
Special Funds.....	702,884.80	
OMU-Interest on Reserve, New.....	644,771.11	
OMU-R&I on Maintenance Reserve.....	120,000.00	
OMU-R&I on Additions and Replacements.....	538,258.48	
OMU-R&I on Operations.....	438,000.00	
OMU-R&I Interest on Purchase Power.....	3,085,431.33	
OMU-Purchase Power, Coal Reserve.....		4,549,025.65
	(21,506,406.81)	
CASH	26,055,432.46	
Cash Clearing.....		102,929.26
Cash Accounts.....		
	102,929.26	
SPECIAL DEPOSITS		11,366,579.06
Special Deposits.....		
ACCOUNTS RECEIVABLE - LESS RESERVE	116,873.08	
Working Funds.....	45,861,033.33	
Customers-Active.....	(14,851.46)	
Customers-Suspense CIS.....	(48,008,000.00)	
Customer Accounts Receivable Sold to KU-R.....	5,097,953.55	
Wholesale Sales.....	2,328,845.48	
Transmission Sales.....	1,854,000.00	
Unbilled Revenues.....	296,550.78	
PC Purchase Program.....	189,468.77	
Pitcairn Receivable.....	91,241.78	
Unbilled Projects.....	243,276.16	
Damage Claims.....	32,157.57	
RAR Settlements.....	146,547.63	
Tax Refunds.....	305,617.84	
Insurance Claims.....	3,105,864.55	
Miscellaneous.....	(684,525.48)	
Uncollectible Accounts - Accrual.....	1,000,144.98	
Uncollectible Accounts - Charged Off.....	(315,619.50)	
Uncollectible Accounts - Recovery.....	520,000.00	
Uncollectible Accounts - Accrual Sold to KU-R.....	(800,000.00)	
Uncollectible Accounts - Other.....		20,914,580.00
NOTES RECEIVABLE FROM KU-R	20,914,580.00	
Notes Receivable form KU-R.....		10,104,559.85
ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	10,068,346.57	
LG&E Energy Corp.....	36,213.28	
LG&E Energy Marketing Inc. (LEM)-Power Marketing.....		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
MAY 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
		42,031,813.98
FUEL	39,136,510.40	
Coal 1,138,728 Tons @ \$34.37; MMBTU 27,016,442 @ 144.86¢.....	2,816,469.41	
Fuel Oil 3,418,421 Gallons @ 82.39¢.....	78,834.17	
Gas Pipeline 12,124 MCF @ \$6.50.....		21,768,361.64
PLANT MATERIALS AND OPERATING SUPPLIES	21,664,515.67	
Regular Materials and Supplies.....	103,845.97	
Limestone 18,487 Tons @ \$5.62.....		5,156,519.99
STORES EXPENSE	5,156,519.99	
Stores Expense Undistributed.....		56,734.48
ALLOWANCE INVENTORY	56,734.48	
Allowance Inventory.....		5,488,069.01
PREPAYMENTS	3,955,119.96	
Insurance.....	1,092,127.76	
Interest.....	440,821.29	
Company Owned Life Insurance.....		584,125.39
MISCELLANEOUS CURRENT ASSETS	584,125.39	
Mark to Market Assets.....		4,891,292.06
UNAMORTIZED DEBT EXPENSE		
First Mortgage Bonds.....	166,083.48	
KU Series P 7.92%.....	291,750.52	
KU Series P 8.55%.....	2,076.14	
KU Series Q 6.32%.....	399,997.53	
KU Series R 7.55%.....	98,830.18	
KU Series S 5.99%.....		
Pollution Control Bonds.....	661,374.80	
KU Series 9, 5 3/4%, Due 12/01/23.....	440,208.82	
KU Series 10, Variable%, Due 10/01/24.....	344,353.29	
KU Series 11, Variable%, Due 5/01/23.....	114,964.20	
KU Series 12, Variable%, Due 2/01/32.....	79,628.93	
KU Series 13, Variable%, Due 2/01/32.....	89,228.93	
KU Series 14, Variable%, Due 2/01/32.....	89,628.91	
KU Series 15, Variable%, Due 2/01/32.....	2,113,166.33	
KU Series 16, Variable%, Due 10/01/32.....		9,085,368.48
UNAMORTIZED LOSS ON BONDS	9,085,368.48	
Reacquired Debt.....		76,718,758.59
ACCUMULATED DEFERRED INCOME TAXES	61,405,615.93	
Federal.....	15,313,142.66	
State.....		77,501,522.75
DEFERRED REGULATORY ASSET	341,055.00	
Merger Expenses.....	33,294,231.66	
VDT Expenses.....	10,508,076.07	
Asset Retirement Obligations.....	32,075,687.00	
FASB 109 - Deferred Taxes.....	790,527.99	
Pension FERC FAS 87 > Than Funding.....	491,945.03	
Other.....		40,974,235.43
OTHER DEFERRED DEBITS	18,430,169.00	
Long-Term Derivative Asset.....	22,544,066.43	
Other.....		
	<u>2,199,788,475.40</u>	<u>2,199,788,475.40</u>
Total Assets and Other Debits		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
MAY 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
		826,148,956.12
COMMON EQUITY	308,139,977.56	
Common Stock	(321,288.87)	
Common Stock Expense	(273,105.42)	
Preferred Stock Expense	15,000,000.00	
Paid-In Capital	(10,462,375.00)	
Other Comprehensive Income	507,295,562.17	
Retained Earnings	6,770,185.68	
Unappropriated Undistributed Subsidiary Earnings		40,000,000.00
PREFERRED STOCK	40,000,000.00	
Preferred Stock		422,830,000.00
BONDS		
First Mortgage Bonds	53,000,000.00	
KU Series P 7.92%	33,000,000.00	
KU Series P 8.55%	50,000,000.00	
KU Series R 7.55%	36,000,000.00	
KU Series S 5.99%		
Pollution Control Bonds	50,000,000.00	
KU Series 9, 5 3/4%, Due 12/01/23	54,000,000.00	
KU Series 10, Variable%, Due 10/01/24	12,900,000.00	
KU Series 11, Variable%, Due 05/01/23	20,930,000.00	
KU Series 12, Variable%, Due 2/01/32	2,400,000.00	
KU Series 13, Variable%, Due 2/01/32	7,400,000.00	
KU Series 14, Variable%, Due 2/01/32	7,200,000.00	
KU Series 15, Variable%, Due 2/01/32	96,000,000.00	
KU Series 16, Variable%, Due 10/01/32	100,000,000.00	100,000,000.00
LT NOTES PAYABLE TO ASSOCIATED COMPANIES		62,000,000.00
LONG-TERM DEBT DUE WITHIN ONE YEAR	62,000,000.00	
Mandatory Redemption-FMB due June 15, 2003		16,974,312.00
LONG-TERM DEBT MARKED TO MARKET	16,974,312.00	
Long-term Debt Marked to Market	88,230,541.95	88,230,541.95
NOTES PAYABLE TO ASSOCIATED COMPANIES		52,996,616.13
ACCOUNTS PAYABLE	48,423,428.40	
Regular	2,136,294.08	
Salaries and Wages Accrued	17,417.13	
Employee Withholdings Payable	2,419,476.52	
Tax Collections - Payable		25,140,646.16
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	25,140,646.16	
LG&E Energy Corp		12,288,431.31
CUSTOMERS' DEPOSITS	12,288,431.31	
Customers' Deposits		12,357,835.11
TAXES ACCRUED	12,357,835.11	
Taxes Accrued		4,218,005.15
INTEREST ACCRUED		
Interest on Long-Term Debt		
First Mortgage Bonds	174,900.00	
KU Series P 7.92%	117,562.50	
KU Series P 8.55%	1,795,933.35	
KU Series Q 6.32%	1,887,500.01	
KU Series R 7.55%	808,650.00	
KU Series S 5.99%		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
MAY 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
INTEREST ACCRUED (Continued)		
Pollution Control Bonds	1,437,500.01	
KU Series 9, 5 3/4%, Due 12/01/23.....	60,968.36	
KU Series 10, Variable%, Due 10/01/24.....	7,748.40	
KU Series 11, Variable%, Due 05/01/23.....	6,881.10	
KU Series 12, Variable%, Due 2/01/32.....	789.04	
KU Series 13, Variable%, Due 2/01/32.....	2,432.91	
KU Series 14, Variable%, Due 2/01/32.....	2,367.14	
KU Series 15, Variable%, Due 2/01/32.....	91,306.67	
KU Series 16, Variable%, Due 10/01/32.....	(2,866,259.52)	
Other	310,558.51	
Interest Rate Swaps.....	379,166.67	
Customer Deposits.....		5,266,920.18
Fidelia.....		
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES		
Vacation Pay Accrued.....	4,365,954.85	
Revenue Subject to Refund.....	(997,568.00)	
Escheated Deposits.....	101,922.30	
Franchise Fee Payable.....	1,243,637.23	
Mark to Market Liabilities.....	289,655.24	
Other.....	263,318.56	
		326,469,792.85
ACCUMULATED DEFERRED INCOME TAXES		
Federal.....	260,914,671.72	
State.....	65,555,121.13	
		7,399,455.00
INVESTMENT TAX CREDIT		
Job Development Credit.....	7,399,455.00	
		53,899,801.13
REGULATORY LIABILITIES		
Asset Retirement Obligations.....	909,900.00	
Deferred Taxes - FAS 109.....	52,989,901.13	
		1,507,139.68
CUSTOMERS' ADVANCES FOR CONSTRUCTION		
Line Extensions.....	682,393.87	
Other.....	824,745.81	
	18,985,479.50	18,985,479.50
ASSET RETIREMENT OBLIGATIONS		
Other Deferred Credits.....	1,889,321.49	
Clearing Accounts Transferred from Other Deferred Debits.....	7,799,534.48	
		9,688,855.97
MISCELLANEOUS LONG-TERM LIABILITIES		
Pension Payable.....	47,519,556.02	
Workers' Compensation.....	3,523,082.32	
Post Employment Benefits - FAS 112.....	5,073,000.00	
		57,270,048.82
ACCUMULATED PROVISION FOR BENEFITS		
Post Retirement Benefits - FAS 106.....	57,270,048.82	
	2,199,788,475.40	2,199,788,475.40
Total Liabilities and Other Credits.....	2,199,788,475.40	2,199,788,475.40

KENTUCKY UTILITIES COMPANY
STATEMENT OF CASH FLOWS
MAY 31, 2003

	Year to Date	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income.....	12,998,036.58	31,839,344.65
Items not requiring cash currently:		
Depreciation and amortization.....	43,033,522.08	38,514,120.50
Deferred income taxes - net.....	627,037.41	(2,406,403.62)
Investment tax credit - net.....	(1,100,395.00)	(1,267,155.00)
Other.....	19,827,301.96	3,121,809.61
(Increase) decrease in certain net current assets:		
Accounts receivable.....	4,175,225.56	(26,094,026.95)
Materials and supplies.....	3,540,965.65	(2,400,949.30)
Accounts payable.....	(17,236,401.86)	(33,091,615.85)
Accrued taxes.....	7,413,707.07	11,138,083.65
Accrued interest.....	1,591,299.80	(342,289.41)
Prepayments and other.....	(804,061.55)	(554,675.67)
Other.....	6,929,460.78	12,564,643.69
Net cash provided from operating activities.....	<u>80,995,698.48</u>	<u>31,020,886.30</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction expenditures.....	(148,378,661.41)	(37,640,795.14)
Long term investment in securities.....	(937,686.99)	-
Net cash used for investing activities.....	<u>(149,316,348.40)</u>	<u>(37,640,795.14)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings from parent company.....	(31,259,107.96)	5,700,000.00
Long-term borrowings from parent company.....	100,000,000.00	-
Issuance of long-term debt.....	(31,220.37)	37,171,400.00
Retirement of long-term debt.....	-	(37,930,000.00)
Payment of dividends.....	(1,128,003.29)	(1,128,003.44)
Net cash used for financing activities.....	<u>67,581,668.38</u>	<u>3,813,396.56</u>
NET INCREASE (DECREASE) IN CASH AND TEMP. CASH INVESTMENTS.....	<u>(738,981.54)</u>	<u>(2,806,512.28)</u>
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD.....	5,390,936.45	3,294,759.12
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD.....	<u>4,651,954.91</u>	<u>488,246.84</u>

KENTUCKY UTILITIES COMPANY
ANALYSIS OF INTEREST CHARGES
MAY 31, 2003

	CURRENT MONTH		YEAR TO DATE		YEAR ENDED CURRENT MONTH	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
Interest On Long-Term Debt						
First Mortgage Bonds						
Series P 7.92%	349,800.00	349,800.00	1,749,000.00	1,749,000.00	4,197,600.00	4,611,789.20
Series P 8.55%	235,125.00	235,125.00	1,175,625.00	1,175,625.00	2,821,500.00	2,821,500.00
Series Q 6.32%	326,533.34	326,533.33	1,632,666.70	1,632,666.65	3,918,400.21	3,918,399.98
Series R 7.55%	314,583.34	314,583.33	1,572,916.70	1,572,916.65	3,774,999.03	3,774,999.98
Series S 5.99%	179,700.00	179,700.00	898,500.00	898,500.00	2,156,400.00	2,156,400.00
Loan Agreement - Poll. Control Bonds						
Series 1B (6.25%)	-	109,010.41	-	545,052.05	83,574.80	1,308,124.98
Series 2B (6.25%)	-	12,500.00	-	62,500.00	9,583.33	150,000.00
Series 3B (6.25%)	-	37,500.00	-	187,500.00	28,750.00	450,000.00
Series 4B (6.25%)	-	38,541.66	-	192,708.30	29,548.73	462,500.01
Series 8 (7.45%)	-	596,000.00	-	2,980,000.00	2,938,174.52	7,152,000.00
Series 9 (5.3/4%)	239,583.34	239,583.33	1,197,916.70	1,197,916.65	2,875,000.03	2,874,999.98
Series 10 (VARIABLE%)	60,968.22	79,002.77	348,706.92	348,706.92	796,034.13	1,105,076.74
Series 11 (VARIABLE%)	8,366.03	17,773.33	57,869.78	81,771.67	170,386.44	273,677.08
Series 12 (VARIABLE%)	20,729.30	8,515.36	105,682.16	8,515.36	294,568.26	8,515.36
Series 13 (VARIABLE%)	2,376.99	976.44	12,118.36	976.44	33,777.54	976.44
Series 14 (VARIABLE%)	7,329.04	2,929.32	37,364.95	2,929.32	104,228.80	2,929.32
Series 15 (VARIABLE%)	88,453.33	3,010.69	423,030.93	3,010.69	101,251.25	3,010.69
Series 16 (VARIABLE%)	(652,646.25)	(580,090.25)	(3,308,694.44)	(2,994,398.42)	(7,615,578.28)	(6,028,282.12)
Interest Rate Swaps						
Marked to Market	379,166.67	-	379,166.67	(1,787,490.00)	379,166.67	(101,308.00)
Fidelta						
Total	1,567,199.31	1,970,994.72	6,062,290.77	7,858,407.28	18,216,885.39	24,945,309.64
Amortization of Debt Expense - Net						
Amortization of Debt Expense	26,218.39	27,515.17	131,089.95	138,899.17	340,056.04	333,820.17
Amort. of Loss on Recquired Debt	74,213.00	72,934.68	371,068.00	362,824.32	890,332.83	870,131.19
Total	100,431.39	100,449.85	502,157.95	501,723.49	1,230,388.87	1,203,951.36
Other Interest Charges						
Note Payable	56,248.20	52,767.09	270,302.95	244,654.66	630,009.25	588,685.77
Customers Deposits	-	-	6,404.46	6,196.07	26,272.99	17,027.97
Deferred Compensation	72,905.11	55,346.35	614,817.59	333,004.41	1,358,115.76	954,137.41
Interest on Debt to Associated Companies	156,018.26	156,435.00	780,091.30	785,203.12	1,875,136.56	1,409,319.29
Other Interest Expense	-	-	-	-	-	-
Intercompany Interest	-	-	(34,607.17)	(8,571.51)	(65,308.58)	(22,204.70)
Federal RAR Interest Reserve	(3,367.02)	(1,639.47)	327,699.00	441,542.52	799,853.57	987,226.88
AFUDC Borrowed Funds	39,692.30	(8,381.25)	1,964,708.13	1,802,029.27	4,624,079.55	3,934,192.62
Interest Costs from A/R Securitization	321,496.85	254,527.72	8,529,156.85	10,162,160.04	24,071,353.81	30,083,453.62
Total	1,989,127.55	2,325,972.29	8,529,156.85	10,162,160.04	24,071,353.81	30,083,453.62

KENTUCKY UTILITIES COMPANY
ANALYSIS OF TAXES CHARGED
MAY 31, 2003

Kind of Taxes	Current Month		Year To Date	
	This Year	Last Year	This Year	Last Year
	Taxes Charged to Accounts 408.1 and 409.1	790,833.33	749,166.67	3,954,166.65
Property Taxes.....	37,495.38	13,399.14	193,983.48	139,588.48
Unemployment.....	407,875.71	323,209.83	2,103,579.16	2,285,005.12
Federal Old Age and Survivors Insurance.....	124,000.00	116,666.67	619,000.01	583,333.35
Public Service Commission Fee.....	(822,730.74)	1,952,521.22	4,614,867.26	16,493,923.53
Federal Income.....	(235,849.48)	559,722.74	1,785,255.51	4,473,031.62
State Income.....	1,250.00	(12,790.00)	6,250.00	(17,004.37)
Miscellaneous.....	302,874.20	3,701,896.27	13,277,102.07	27,704,204.66
Total Charged to Operating Expense.....	252,233.29	168,928.16	1,011,365.12	774,160.27
Taxes Charged to Other Accounts.....	(122,648.85)	(107,471.28)	(694,810.94)	(721,724.59)
Taxes Accrued on Intercompany Accounts.....	432,458.64	3,763,353.15	13,593,656.25	27,756,640.34
Total Taxes Charged.....	462,642.74	3,763,353.15	13,593,656.25	27,756,640.34

ANALYSIS OF TAXES ACCRUED - ACCOUNT 236

Kind of Taxes	Taxes Accrued		Payments		Taxes Accrued At End Of Month
	At Beginning Of Year	Accruals To Date This Year	To Date This Year	Of Month	
Property Taxes.....	388,832.83	3,970,771.65	305,763.71	4,053,840.77	89,626.48
Unemployment.....	51,248.65	150,586.12	112,208.29	355,434.46	228,224.69
Federal Old Age and Survivors.....	424,348.23	2,045,096.89	2,114,010.66	1,689,579.56	5,804,502.11
Public Service Commission Fee.....	(1,011,751.50)	4,689,825.06	1,988,494.00	151,696.30	(15,069.26)
Federal Income.....	4,771,857.94	1,807,808.17	775,164.00	820,219.34	64,089.18
State Income.....	276,821.97	695,093.67	820,219.34	64,089.18	6,179,949.18
Kentucky Sales and Use Tax.....	42,769.92	6,250.00	64,089.18	6,179,949.18	12,357,835.11
Miscellaneous.....	4,944,128.04	13,593,656.25	6,179,949.18	12,357,835.11	
Totals.....	4,944,128.04	13,593,656.25	6,179,949.18	12,357,835.11	

KENTUCKY UTILITIES COMPANY
SUMMARY OF UTILITY PLANT
MAY 31, 2003

	NET BALANCE FIRST OF YEAR	ADDITIONS	RETIREMENTS	TRANSFERS	RECLASSIFICATIONS	BALANCE TO DATE	
UTILITY PLANT							
Plant In Service	17,423,192.98	2,864,499.91	-	-	-	20,287,692.89	
Intangibles	1,249,118,401.86	11,516,139.76	(1,049,563.28)	-	-	1,259,584,978.34	
Steam Production	10,626,165.04	(5,879,165.81)	(1,776,033.64)	-	-	10,626,165.04	
Hydro Production	362,332,612.45	13,120,198.32	(187,711.46)	-	-	354,677,393.00	
Other Production	451,607,350.80	16,023,897.68	(1,503,798.16)	-	-	464,539,837.66	
Transmission	896,399,091.37	7,929,896.32	(76,459.03)	-	-	910,919,190.89	
Distribution	78,272,605.83	-	-	-	-	78,272,605.83	
General	23,749,238.51	-	-	-	-	23,749,238.51	
Transportation	3,089,528,658.84	45,575,466.18	(4,593,585.57)	-	(131,272.98)	3,130,510,539.45	
Total Electric Plant In Service	3,089,528,658.84	(131,272.98)	(4,593,585.57)	-	-	(131,272.98)	
Plant Purchased or Sold	3,089,528,658.84	45,444,193.20	(4,593,585.57)	-	-	3,130,379,266.47	
Total Plant	191,233,221.88	103,346,902.18	-	-	-	294,580,124.06	
Construction Work In Progress	3,280,761,880.72	148,791,095.38	(4,593,585.57)	-	-	3,424,959,390.53	
Total Utility Plant at Original Cost	3,280,761,880.72	148,791,095.38	(4,593,585.57)	-	-	3,424,959,390.53	
RESERVE FOR DEPRECIATION OF UTILITY	NET BALANCE FIRST OF YEAR	ACCURUAL	RETIREMENTS	COST OF REMOVAL	SALVAGE	OTHERS CREDITS	BALANCE TO DATE
Plant In Service	794,854,592.77	14,453,099.68	(1,049,563.28)	(256,273.89)	-	(166,400.00)	807,835,455.28
Steam Production	8,323,904.23	68,159.70	(1,776,033.64)	-	-	130.22	8,392,194.15
Hydro Production	50,312,904.75	4,995,633.27	(187,711.46)	911,082.66	1,517.70	(130.22)	53,532,354.16
Other Production	249,396,208.56	5,925,402.72	(1,503,798.16)	771,146.23	10,627.88	(827,825.77)	254,788,327.97
Transmission	371,679,812.59	13,062,666.06	(76,459.03)	(18,863.02)	-	-	383,192,628.83
Distribution	28,370,592.95	2,970,823.11	-	-	-	-	31,246,094.01
General	20,582,770.31	617,152.33	-	-	-	-	21,199,922.64
Transportation	1,523,520,786.16	42,092,936.87	(4,593,585.57)	1,407,091.98	12,145.58	(2,252,397.98)	1,560,186,977.04
Total Reserve For Depreciation Of Utility Plant In Service	3,476,144.28	-	(4,593,585.57)	(4,188,764.78)	311,036.02	3,429,132.82	3,027,548.34
Retirement of Work in Progress	1,526,996,930.44	42,092,936.87	(4,593,585.57)	(2,781,672.80)	323,181.60	1,176,734.84	1,563,214,525.38
Subtotal	9,157,504.73	1,885,693.51	-	-	-	-	11,043,198.24
Intangibles	503,517.72	126.93	-	-	-	-	503,644.65
Leaseholds	1,536,657,952.89	43,978,757.31	(4,593,585.57)	(2,781,672.80)	323,181.60	1,176,734.84	1,574,761,368.27
Total Reserve For Depreciation and Amortization - Utility Plant In Service	1,536,657,952.89	43,978,757.31	(4,593,585.57)	(2,781,672.80)	323,181.60	1,176,734.84	1,574,761,368.27
Utility Plant at Original Cost Less Reserve For Depreciation and Amortization	1,744,103,927.83	-	-	-	-	-	1,850,198,022.26

KU Monthly Report to KPSC-April 30,2003

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
APRIL 30, 2003

	CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	68,565,278.69	61,297,103.31	7,268,175.38 11.86
Rate Refunds.....	881,610.94	51,607.00	830,003.94 1,608.32
Total Operating Revenues.....	69,446,889.63	61,348,710.31	8,098,179.32 13.20
Operating Expenses			
Fuel.....	20,126,659.83	19,181,935.34	944,724.49 4.93
Power Purchased.....	14,077,895.30	10,161,003.85	3,916,891.45 38.55
Other Operation Expenses.....	13,145,474.72	11,701,433.54	1,444,041.18 12.34
Maintenance.....	6,722,584.65	4,635,802.66	2,086,781.99 45.01
Depreciation.....	8,464,221.37	7,459,814.54	1,004,406.83 13.46
Amortization Expense.....	383,070.28	253,943.05	129,127.23 50.85
Regulatory Credits.....	(116,374.36)	-	(116,374.36)
Taxes			
Federal Income.....	-	-	-
State Income.....	-	-	-
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	1,191,742.77	1,316,763.86	(125,021.09) (9.49)
Federal Income - Estimated.....	341,632.93	377,472.31	(35,839.38) (9.49)
State Income - Estimated.....	1,320,584.51	1,433,680.52	(113,096.01) (7.89)
Property and Other.....	-	-	-
Loss (Gain) from Disposition of Allowances.....	101,776.00	-	101,776.00
Accretion Expense.....	-	-	-
Total Operating Expenses.....	65,759,268.00	56,521,849.67	9,237,418.33 16.34
Net Operating Income.....	3,687,621.63	4,826,860.64	(1,139,239.01) (23.60)
Other Income Less Deductions			
Interest and Dividend Income.....	48,556.96	38,024.50	10,532.46 27.70
Other Income Less Deductions.....	859,043.19	446,486.45	412,556.74 92.40
AFUDC - Equity.....	103,469.38	986.13	102,483.25
Total Other Income Less Deductions.....	1,011,069.53	485,497.08	525,572.45 108.25
Income Before Interest Charges.....	4,698,691.16	5,312,357.72	(613,666.56) (11.55)
Interest on Long Term Debt.....	1,161,893.65	1,925,706.78	(763,813.13) (39.66)
Amortization of Debt Expense - Net.....	100,431.39	100,318.41	112.98 0.11
Other Interest Expenses.....	350,066.08	257,480.09	92,585.99 35.96
AFUDC - Borrowed Funds.....	(3,089.35)	(1,420.60)	(1,668.75) 117.47
Total Interest Charges.....	1,609,301.77	2,282,084.68	(672,782.91) (29.48)
Net Inc Before Cumulative Effect of Accg Chg.....	3,089,389.39	3,030,273.04	59,116.35 1.95
Cumulative Effect of Accounting Chg Net of Tax.....	-	-	-
Net Income.....	3,089,389.39	3,030,273.04	59,116.35 1.95
Preferred Dividend Requirements.....	188,000.00	188,000.00	-
Earnings Available for Common.....	2,901,389.39	2,842,273.04	59,116.35 2.08

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
APRIL 30, 2003

	YEAR TO DATE		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	307,694,510.50	276,336,884.82	31,357,625.68 11.35
Rate Refunds.....	(4,100,598.06)	180,424.00	(4,281,022.06) (2,372.76)
Total Operating Revenues.....	<u>303,593,912.44</u>	<u>276,517,308.82</u>	<u>27,076,603.62</u> <u>9.79</u>
Operating Expenses			
Fuel.....	86,449,777.75	77,453,097.90	8,996,629.85 11.62
Power Purchased.....	64,441,435.86	51,221,261.71	13,220,174.15 25.81
Other Operation Expenses.....	52,034,950.07	46,223,875.01	5,811,075.06 12.57
Maintenance.....	35,688,521.13	16,194,500.09	19,494,021.04 120.37
Depreciation.....	31,612,640.53	29,756,738.70	1,855,901.83 6.24
Amortization Expense.....	1,428,398.66	1,015,798.18	412,600.48 40.62
Regulatory Credits.....	(10,391,701.86)	-	(10,391,701.86) -
Taxes			
Federal Income.....	4,245,855.23	13,224,638.45	(8,978,783.22) (67.89)
State Income.....	1,679,472.06	3,535,836.57	(1,856,364.51) (52.50)
Deferred Federal Income - Net.....	3,825,010.23	(2,291,189.44)	6,116,199.67 (266.94)
Deferred State Income - Net.....	853,706.64	(115,214.18)	968,920.82 (840.97)
Federal Income - Estimated.....	1,191,742.77	1,316,763.86	(125,021.09) -
State Income - Estimated.....	341,632.93	377,472.31	(35,839.38) -
Property and Other.....	5,515,524.88	5,547,597.20	(32,072.32) (0.58)
Loss (Gain) from Disposition of Utility Plant.....	407,103.50	-	407,103.50 -
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	-	-	-
Total Operating Expenses.....	<u>279,324,020.38</u>	<u>243,461,176.36</u>	<u>35,862,844.02</u> <u>14.73</u>
Net Operating Income.....	24,269,892.06	33,056,132.46	(8,786,240.40) (26.58)
Other Income Less Deductions			
Interest and Dividend Income.....	178,445.39	246,108.50	(67,663.11) (27.49)
Other Income Less Deductions.....	2,676,495.40	1,875,950.96	800,544.44 42.67
AFUDC - Equity.....	265,059.37	2,568.23	262,491.14 -
Total Other Income Less Deductions.....	<u>3,120,000.16</u>	<u>2,124,627.69</u>	<u>995,372.47</u> <u>46.85</u>
Income Before Interest Charges.....	27,389,892.22	35,180,760.15	(7,790,867.93) (22.15)
Interest on Long Term Debt.....	4,495,091.46	5,887,412.56	(1,392,321.10) (23.65)
Amortization of Debt Expense - Net.....	401,726.56	401,273.64	452.92 0.11
Other Interest Expenses.....	1,674,451.43	1,554,433.59	120,017.84 7.72
AFUDC - Borrowed Funds.....	(31,240.15)	(6,932.04)	(24,308.11) 350.66
Total Interest Charges.....	<u>6,540,029.30</u>	<u>7,836,187.75</u>	<u>(1,296,158.45)</u> <u>(16.54)</u>
Net Inc Before Cumulative Effect of Acctg Chg.....	20,849,862.92	27,344,572.40	(6,494,709.48) (23.75)
Cumulative Effect of Accounting Chg Net of Tax.....	5,919,827.00	-	5,919,827.00 -
Net Income.....	<u>14,930,035.92</u>	<u>27,344,572.40</u>	<u>(12,414,536.48)</u> <u>(45.40)</u>
Preferred Dividend Requirements.....	752,001.64	752,001.73	(0.09) -
Earnings Available for Common.....	<u>14,178,034.28</u>	<u>26,592,570.67</u>	<u>(12,414,536.39)</u> <u>(46.68)</u>

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
APRIL 30, 2003

	YEAR ENDED CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	904,095,933.45	856,347,653.89	47,748,279.56 5.58
Rate Refunds.....	11,199,741.94	(437,055.00)	11,636,796.94 6.94
Total Operating Revenues.....	915,295,675.39	855,910,598.89	59,385,076.50
Operating Expenses			
Fuel.....	259,113,266.93	240,436,963.54	18,676,303.39 7.77
Power Purchased.....	171,175,736.82	161,053,807.83	10,121,928.99 6.28
Other Operation Expenses.....	153,333,391.18	72,851,353.00	80,482,038.18 110.47
Maintenance.....	79,276,109.58	56,697,433.68	22,578,675.90 39.82
Depreciation.....	94,122,633.14	86,287,786.44	7,834,846.70 9.08
Amortization Expense.....	3,607,630.40	3,047,500.30	560,130.10 18.38
Regulatory Credits.....	(10,391,701.86)	-	(10,391,701.86)
Taxes			
Federal Income.....	29,539,885.67	53,254,293.92	(23,714,408.25) (44.53)
State Income.....	8,636,494.85	12,291,338.66	(3,654,843.81) (29.74)
Deferred Federal Income - Net.....	9,582,751.33	8,992,068.75	590,682.58 6.57
Deferred State Income - Net.....	2,516,230.83	4,328,964.00	(1,812,713.17) (41.87)
Federal Income - Estimated.....	(125,021.09)	(2,347,395.16)	2,222,374.07
State Income - Estimated.....	(35,839.38)	(672,919.94)	637,080.56
Property and Other.....	14,951,148.47	14,001,378.17	949,770.30 6.78
Loss (Gain) from Disposition of Utility Plant.....	(277,302.50)	(317,036.15)	39,733.65 (12.53)
Loss (Gain) from Disposition of Allowances.....	407,103.50	-	407,103.50
Accretion Expense.....	815,432,537.87	709,905,537.04	105,527,000.83 14.86
Total Operating Expenses.....	99,863,137.52	146,005,061.85	(46,141,924.33) (31.60)
Net Operating Income.....	573,292.82	1,207,228.34	(633,935.52) (52.51)
Other Income Less Deductions			
Interest and Dividend Income.....	10,501,477.37	7,491,917.97	3,009,559.40 40.17
Other Income Less Deductions.....	349,338.35	42,912.16	306,426.19 714.08
AFUDC - Equity.....	11,424,108.54	8,742,058.47	2,682,050.07 30.68
Total Other Income Less Deductions.....	111,287,246.06	154,747,120.32	(43,459,874.26) (28.08)
Income Before Interest Charges.....	18,620,680.80	25,389,624.97	(6,768,944.17) (26.66)
Interest on Long Term Debt.....	1,230,407.33	1,203,959.92	26,447.41 2.20
Amortization of Debt Expense - Net.....	4,620,691.45	4,050,335.15	570,356.30 14.08
Other Interest Expenses.....	(63,581.03)	(22,177.55)	(41,403.48) 186.69
AFUDC - Borrowed Funds.....	24,408,198.55	30,621,742.49	(6,213,543.94) (20.29)
Total Interest Charges.....	86,879,047.51	124,125,377.83	(37,246,330.32) (36.01)
Net Inc Before Cumulative Effect of Acctg Chg.....	5,919,827.00	124,125,377.83	5,919,827.00 (34.78)
Cumulative Effect of Accounting Chg Net of Tax.....	80,959,220.51	2,256,005.27	(43,166,157.32) 0.00
Net Income.....	2,256,006.69	121,869,372.56	(43,166,158.74) (35.42)
Preferred Dividend Requirements.....	78,703,213.82	-	78,703,213.82
Earnings Available for Common.....	-	-	-

KENTUCKY UTILITIES COMPANY
COMPARATIVE BALANCE SHEETS AS OF APRIL 30, 2003 AND 2002

	THIS YEAR	LAST YEAR	LIABILITIES AND OTHER CREDITS	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
ASSETS AND OTHER DEBITS				
Utility Plant	3,405,281,658.89	3,091,133,460.26	308,139,977.56	308,139,977.56
Utility Plant at Original Cost	1,564,976,266.30	1,482,800,820.95	(594,394.29)	(594,394.29)
Less Reserves for Depreciation & Amortization	1,840,305,392.59	1,605,332,639.31	15,000,000.00	15,000,000.00
Total	1,840,305,392.59	1,605,332,639.31	1,588,424.00	1,588,424.00
Investments - At Cost	896,851.16	897,261.58	436,680,186.67	436,680,186.67
Nonutility Property-Less Reserve	7,856,581.68	2,098,148.35	802,348.35	802,348.35
Investments in Subsidiary Companies	3,000,000.00	3,000,000.00	6,560,781.68	6,560,781.68
Investments in K-U-R	250,000.00	250,000.00	828,268,957.11	828,268,957.11
Ohio Valley Electric Corporation	550,999.66	837,899.66	40,000,000.00	40,000,000.00
Other	5,486,275.11	6,103,257.43	422,830,000.00	422,830,000.00
Special Funds	18,040,707.61	13,186,567.02	100,000,000.00	100,000,000.00
Total	18,040,707.61	13,186,567.02	16,974,312.00	16,974,312.00
Current and Accrued Assets	4,775,664.40	4,959,988.82	539,804,312.00	539,804,312.00
Cash	102,929.26	183,579.04	1,408,073,269.11	1,408,073,269.11
Special Deposits	11,055,180.63	8,503,744.38	Total Long-Term Debt	1,288,508,442.29
Temporary Cash Investments	24,914,520.00	50,113,873.00	Total Capitalization	-
Accounts Receivable from Assoc. Companies	7,845,247.12	8,092,717.21	Current and Accrued Liabilities	62,000,000.00
Notes Receivable from K-U-R	44,369,953.43	21,873,383.15	Advances from Associated Companies	-
Materials & Supplies-At Average Cost	21,537,637.54	5,042,029.01	Long-Term Debt Due in 1 Year	-
Fuel	4,715,906.94	122,791.54	Notes Payable	74,630,541.95
Plant Materials & Operating Supplies	60,412.12	5,063,451.00	Notes Payable to Associated Companies	59,740,012.24
Stores Expense	6,275,424.99	(0.54)	Accounts Payable	25,631,549.31
Allowance Inventory	1,139,196.98	-	Accounts Payable to Associated Companies	12,212,167.06
Prepayments	126,792,073.41	148,818,137.79	Customer Deposits	12,354,954.84
Miscellaneous Current & Accrued Assets	-	-	Taxes Accrued	5,077,310.70
Total	126,792,073.41	148,818,137.79	Interest Accrued	376,000.00
Deferred Debits and Other	4,917,510.45	4,205,061.54	Dividends Declared	6,113,627.10
Unamortized Debt Expense	9,159,581.48	83,269,841.48	Misc. Current & Accrued Liabilities	258,136,163.20
Unamortized Loss on Bonds	76,718,758.59	75,854,725.87	Total	168,948,702.59
Accumulated Deferred Income Taxes	78,731,844.61	17,447,710.34	Deferred Credits and Other	326,469,792.85
Deferred Regulatory Assets	43,808,115.35	186,629,460.65	Accumulated Deferred Income Taxes	10,451,698.00
Other Deferred Debits	213,335,810.48	1,953,966,804.77	Investment Tax Credit	56,994,651.00
Total	2,198,473,984.09	1,953,966,804.77	Regulatory Liabilities	1,541,710.99
Current and Accrued Assets	4,775,664.40	4,959,988.82	Customer Advances for Construction	1,504,625.07
Cash	102,929.26	183,579.04	Asset Retirement Obligations	18,883,703.50
Special Deposits	11,055,180.63	8,503,744.38	Other Deferred Credits	9,801,242.20
Temporary Cash Investments	24,914,520.00	50,113,873.00	Misc. Long-Term Liabilities	56,115,638.34
Accounts Receivable from Assoc. Companies	7,845,247.12	8,092,717.21	Misc. Long-Term Liab. Due to Assoc. Co.	-
Notes Receivable from K-U-R	44,369,953.43	21,873,383.15	Misc. Long-Term Liab. Due to Assoc. Co.	54,079,173.82
Materials & Supplies-At Average Cost	21,537,637.54	5,042,029.01	Accum. Provision for Post-Retirement Benefits	496,509,659.89
Fuel	4,715,906.94	122,791.54	Total	1,953,966,804.77
Plant Materials & Operating Supplies	60,412.12	5,063,451.00	Total Liabilities and Other Credits	2,198,473,984.09
Stores Expense	6,275,424.99	(0.54)	Total Assets and Other Debits	2,198,473,984.09
Allowance Inventory	1,139,196.98	-	Total	1,953,966,804.77
Prepayments	126,792,073.41	148,818,137.79	Total	1,953,966,804.77
Miscellaneous Current & Accrued Assets	-	-	Total	1,953,966,804.77

KENTUCKY UTILITIES COMPANY
STATEMENT OF CAPITALIZATION AND SHORT-TERM DEBT

APRIL 30, 2003

	AUTHORIZED SHARES	ISSUED & OUTSTANDING SHARES	AMOUNT	PERCENT OF TOTAL CAPITAL & S/T DEBT	CAPITAL
Common Equity					
Common Stock - Without Par	80,000,000	37,817,878	308,139,977.56 (321,288.87)		
Common Stock Expense			(273,103.42)		
Preferred Stock Expense			15,000,000.00		
Paid-In Capital			(10,462,375.00)		
Other Comprehensive Income			509,624,967.16		
Retained Earnings			6,560,781.68		
Unappropriated Undistributed Subsidiary Earnings			828,268,957.11	53.62	58.82
Total Common Equity				53.62	
Preferred Stock, Cumulative	5,300,000	200,000	20,000,000.00		
4 3/4% Series		200,000	20,000,000.00	2.59	2.84
6.53% Series			40,000,000.00		
Total Preferred Stock			868,268,957.11	56.21	61.66
Total Stockholder's Equity					
Long-Term Debt					
FM Series P, 7.92%			53,000,000.00		
FM Series P, 8.55%			33,000,000.00		
FM Series R, 7.55%			50,000,000.00		
FM Series S, 5.99%			36,000,000.00		
FM Series S, 5.99%			50,000,000.00		
PCB 9 DUE 12/01/23 5 3/4%			54,000,000.00		
PCB 10 DUE 11/01/24 Variable%			12,900,000.00		
PCB 11 DUE 5/1/23 Variable%			20,930,000.00		
PCB 12 DUE 2/1/32 Variable%			2,400,000.00		
PCB 13 DUE 2/1/32 Variable%			7,400,000.00		
PCB 14 DUE 2/1/32 Variable%			7,200,000.00		
PCB 15 DUE 2/1/32 Variable%			96,000,000.00		
PCB 16 DUE 10/1/32 Variable%			16,974,312.00		
Long-Term Debt Marked to Market			439,804,312.00	28.47	31.24
Total Long-Term Debt			100,000,000.00	6.48	7.10
Total Long-Term Debt to Associated Companies			1,408,073,269.11	91.16	100.00
LT Notes Payable to Associated Companies			62,000,000.00	4.01	
Total Capitalization			74,630,541.95	4.83	
Long-Term Debt Due Within 1 Year			1,544,703,811.06	100.00	
Notes Payable to Associated Companies					
Total Capitalization and Short-Term Debt					

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
APRIL 30, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
UTILITY PLANT		
At Original Cost.....	3,405,281,658.89	3,405,281,658.89
Reserves for Depreciation and Amortization.....	(804,854,869.47)	(1,564,976,266.30)
Accum Depreciation - Steam Power Generation.....	(8,378,560.45)	
Accum Depreciation - Hydro Power Generation.....	(52,527,123.43)	
Accum Depreciation - Other Power Generation.....	(253,570,617.16)	
Accum Depreciation - Transmission.....	(380,504,499.34)	
Accum Depreciation - Distribution.....	(30,198,642.38)	
Accum Depreciation - General.....	(21,078,663.91)	
Transportation.....	(2,773,869.05)	
Retirement - RWIP.....		
Amortization of Plant Limited - Term Plant.....	(11,089,421.11)	18,040,707.61
INVESTMENTS - AT COST		
Nonutility Property - less reserve (\$130,237.90).....	896,851.16	
Investments in Subsidiary Companies.....	7,856,581.68	
Investments in KU-R.....	3,000,000.00	
Ohio Valley Electric Corporation.....	250,000.00	
Other.....	550,999.66	
Special Funds.....	1,579.50	
OMU-Interest on Reserve, New.....	694,734.69	
OMU-R&I on Maintenance Reserve.....	644,771.11	
OMU-R&I on Additions and Replacements.....	120,000.00	
OMU-R&I on Operations.....	538,258.48	
OMU-R&I Interest on Purchase Power.....	401,500.00	
OMU-Purchase Power, Coal Reserve.....	3,085,431.33	4,775,664.40
CASH	(27,632,385.13)	
Cash Clearing.....	32,408,049.53	
Cash Accounts.....		102,929.26
SPECIAL DEPOSITS	102,929.26	
Special Deposits.....		11,055,180.63
ACCOUNTS RECEIVABLE - LESS RESERVE		
Working Funds.....	116,873.08	
Customers-Active.....	47,381,952.24	
Customers-Suspense CIS.....	(14,666.32)	
Customer Accounts Receivable Sold to KU-R.....	(51,713,000.00)	
Wholesale Sales.....	6,684,204.16	
Transmission Sales.....	3,679,373.11	
Unbilled Revenues.....	(321,000.00)	
PC Purchase Program.....	300,434.50	
Pitcairn Receivable.....	145,837.54	
Unbilled Projects.....	86,626.64	
Damage Claims.....	219,624.01	
RAR Settlements.....	373,691.50	
Tax Refunds.....	1,086,670.43	
Insurance Claims.....	305,752.84	
Miscellaneous.....	3,002,806.90	
Uncollectible Accounts - Accrual.....	(531,027.45)	
Uncollectible Accounts - Charged Off.....	789,690.23	
Uncollectible Accounts - Recovery.....	(258,662.78)	
Uncollectible Accounts - Accrual Sold to KU-R.....	520,000.00	
Uncollectible Accounts - Other.....	(800,000.00)	24,914,520.00
NOTES RECEIVABLE FROM KU-R	24,914,520.00	
Notes Receivable form KU-R.....		7,845,247.12
ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES		
LG&E Energy Corp.....	7,814,148.53	
LG&E Energy Marketing Inc. (LEM)-Power Marketing.....	31,098.59	

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
APRIL 30, 2003

<u>Account - Subsidiary Account</u>	<u>Balance</u> <u>Subsidiary Account</u>	<u>Balance as Shown</u> <u>On Balance Sheet</u>
		44,369,953.43
FUEL.....	41,556,959.43	
Coal 1,207,933 Tons @ \$34.40; MMBTU 28,569,205 @ 145.46¢.....	2,742,975.57	
Fuel Oil 3,307,607 Gallons @ 82.93¢.....	70,018.43	
Gas Pipeline 11,991 MCF @ \$5.84.....		21,537,637.54
PLANT MATERIALS AND OPERATING SUPPLIES.....	21,404,581.92	
Regular Materials and Supplies.....	133,055.62	
Limestone 23,687 Tons @ \$5.62.....		4,715,906.94
STORES EXPENSE.....	4,715,906.94	
Stores Expense Undistributed.....		60,412.12
ALLOWANCE INVENTORY.....	60,412.12	
Allowance Inventory.....		6,275,424.99
PREPAYMENTS.....	4,523,483.21	
Insurance.....	1,248,146.02	
Interest.....	503,795.76	
Company Owned Life Insurance.....		1,139,196.98
MISCELLANEOUS CURRENT ASSETS.....	1,139,196.98	
Mark to Market Assets.....		4,917,510.45
UNAMORTIZED DEBT EXPENSE.....		
First Mortgage Bonds.....	169,507.48	
KU Series P 7.92%.....	292,761.52	
KU Series P 8.55%.....	6,229.14	
KU Series Q 6.32%.....	401,512.53	
KU Series R 7.55%.....	102,018.18	
KU Series S 5.99%.....		
Pollution Control Bonds.....	664,063.80	
KU Series 9, 5 3/4%, Due 12/01/23.....	441,914.82	
KU Series 10, Variable%, Due 10/01/24.....	345,788.29	
KU Series 11, Variable%, Due 5/01/23.....	115,385.20	
KU Series 12, Variable%, Due 2/01/32.....	79,909.60	
KU Series 13, Variable%, Due 2/01/32.....	89,509.60	
KU Series 14, Variable%, Due 2/01/32.....	89,909.58	
KU Series 15, Variable%, Due 2/01/32.....	2,119,000.71	
KU Series 16, Variable%, Due 10/01/32.....		9,159,581.48
UNAMORTIZED LOSS ON BONDS.....	9,159,581.48	
Reacquired Debt.....		76,718,758.59
ACCUMULATED DEFERRED INCOME TAXES.....	61,405,615.93	
Federal.....	15,313,142.66	
State.....		78,731,844.61
DEFERRED REGULATORY ASSET.....	682,110.00	
Merger Expenses.....	34,327,652.53	
VDT Expenses.....	10,391,701.86	
Asset Retirement Obligations.....	32,075,687.00	
FASB 109 - Deferred Taxes.....	762,748.19	
Pension FERC FAS 87 > Than Funding.....	491,945.03	
Other.....		43,808,115.35
OTHER DEFERRED DEBITS.....	18,430,169.00	
Long-Term Derivative Asset.....	25,377,946.35	
Other.....		
	<u>2,198,473,984.09</u>	<u>2,198,473,984.09</u>
Total Assets and Other Debits.....		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
APRIL 30, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
		828,268,957.11
COMMON EQUITY	308,139,977.56	
Common Stock.....	(321,288.87)	
Common Stock Expense.....	(273,105.42)	
Preferred Stock Expense.....	15,000,000.00	
Paid-In Capital.....	(10,462,375.00)	
Other Comprehensive Income.....	509,624,967.16	
Retained Earnings.....	6,560,781.68	
Unappropriated Undistributed Subsidiary Earnings.....		40,000,000.00
PREFERRED STOCK	40,000,000.00	
Preferred Stock.....		422,830,000.00
BONDS		
First Mortgage Bonds.....	53,000,000.00	
KU Series P 7.92%.....	33,000,000.00	
KU Series P 8.55%.....	50,000,000.00	
KU Series R 7.55%.....	36,000,000.00	
KU Series S 5.99%.....		
Pollution Control Bonds.....	50,000,000.00	
KU Series 9, 5 3/4%, Due 12/01/23.....	54,000,000.00	
KU Series 10, Variable%, Due 10/01/24.....	12,900,000.00	
KU Series 11, Variable%, Due 05/01/23.....	20,930,000.00	
KU Series 12, Variable%, Due 2/01/32.....	2,400,000.00	
KU Series 13, Variable%, Due 2/01/32.....	7,400,000.00	
KU Series 14, Variable%, Due 2/01/32.....	7,200,000.00	
KU Series 15, Variable%, Due 2/01/32.....	96,000,000.00	
KU Series 16, Variable%, Due 10/01/32.....	100,000,000.00	100,000,000.00
LT NOTES PAYABLE TO ASSOCIATED COMPANIES		62,000,000.00
LONG-TERM DEBT DUE WITHIN ONE YEAR	62,000,000.00	
Mandatory Redemption-FMB due June 15, 2003.....		16,974,312.00
LONG-TERM DEBT MARKED TO MARKET	16,974,312.00	
Long-term Debt Marked to Market.....	74,630,541.95	74,630,541.95
NOTES PAYABLE TO ASSOCIATED COMPANIES		59,740,012.24
ACCOUNTS PAYABLE	55,880,867.96	
Regular.....	1,518,658.88	
Salaries and Wages Accrued.....	16,024.29	
Employee Withholdings Payable.....	2,324,461.11	
Tax Collections - Payable.....		25,631,549.31
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	25,631,549.31	
LG&E Energy Corp.....		12,212,167.06
CUSTOMERS' DEPOSITS	12,212,167.06	
Customers' Deposits.....		12,354,954.84
TAXES ACCRUED	12,354,954.84	
Taxes Accrued.....		5,077,310.70
INTEREST ACCRUED		
Interest on Long-Term Debt.....		
First Mortgage Bonds.....	1,923,900.00	
KU Series P 7.92%.....	1,293,187.50	
KU Series P 8.55%.....	1,469,400.01	
KU Series Q 6.32%.....	1,572,916.67	
KU Series R 7.55%.....	628,950.00	
KU Series S 5.99%.....		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
APRIL 30, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
INTEREST ACCRUED (Continued)		
Pollution Control Bonds	1,197,916.67	
KU Series 9, 5 3/4%, Due 12/01/23.....	57,180.96	
KU Series 10, Variable%, Due 10/01/24.....	13,178.20	
KU Series 11, Variable%, Due 05/01/23.....	28,355.85	
KU Series 12, Variable%, Due 2/01/32.....	3,251.50	
KU Series 13, Variable%, Due 2/01/32.....	10,025.51	
KU Series 14, Variable%, Due 2/01/32.....	9,754.53	
KU Series 15, Variable%, Due 2/01/32.....	2,853.34	
KU Series 16, Variable%, Due 10/01/32.....	(3,393,797.78)	
Other	260,237.74	
Interest Rate Swaps.....		376,000.00
Customer Deposits.....		
DIVIDENDS DECLARED.....	376,000.00	
Preferred Stock.....		6,113,627.10
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES.....		
Vacation Pay Accrued.....	4,365,954.85	
Revenue Subject to Refund.....	(1,593,045.00)	
Escheated Deposits.....	101,922.30	
Franchise Fee Payable.....	2,833,648.86	
Mark to Market Liabilities.....	138,549.54	
Other.....	266,596.55	
		326,469,792.85
ACCUMULATED DEFERRED INCOME TAXES.....		
Federal.....	260,914,671.72	
State.....	65,555,121.13	
		7,619,534.00
INVESTMENT TAX CREDIT.....		
Job Development Credit.....	7,619,534.00	
		54,185,967.00
REGULATORY LIABILITIES.....		
Asset Retirement Obligations.....	909,900.00	
Deferred Taxes - FAS 109.....	53,276,067.00	
		1,504,625.07
CUSTOMERS' ADVANCES FOR CONSTRUCTION.....		
Line Extensions.....	677,974.61	
Other.....	826,650.46	
	18,883,703.50	18,883,703.50
		9,801,242.20
ASSET RETIREMENT OBLIGATIONS.....		
Other Deferred Credits.....	2,001,707.72	
Clearing Accounts Transferred from Other Deferred Debits.....	7,799,534.48	
		56,115,638.34
MISCELLANEOUS LONG-TERM LIABILITIES.....		
Pension Payable.....	47,519,556.02	
Workers' Compensation.....	3,523,082.32	
Post Employment Benefits - FAS 112.....	5,073,000.00	
		57,684,048.82
ACCUMULATED PROVISION FOR BENEFITS.....		
Post Retirement Benefits - FAS 106.....	57,684,048.82	
	<u>2,198,473,984.09</u>	<u>2,198,473,984.09</u>
Total Liabilities and Other Credits.....		

KENTUCKY UTILITIES COMPANY
STATEMENT OF CASH FLOWS
APRIL 30, 2003

	Year to Date	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income.....	14,930,035.92	27,344,572.40
Items not requiring cash currently:		
Depreciation and amortization.....	33,041,039.19	30,772,536.88
Deferred income taxes - net.....	913,203.28	(2,406,403.62)
Investment tax credit - net.....	(880,316.00)	(1,002,924.00)
Other.....	18,971,104.66	2,174,381.70
(Increase) decrease in certain net current assets:		
Accounts receivable.....	2,745,996.72	(24,429,814.01)
Materials and supplies.....	1,874,163.35	(2,208,588.87)
Accounts payable.....	(10,002,102.60)	(21,863,402.23)
Accrued taxes.....	7,410,826.80	8,035,731.18
Accrued interest.....	2,450,605.35	1,161,276.50
Prepayments and other.....	(1,003,724.09)	667,775.28
Other.....	3,537,004.77	9,087,116.11
Net cash provided from operating activities.....	<u>73,987,837.35</u>	<u>27,332,257.32</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction expenditures.....	(128,363,433.09)	(30,019,446.85)
Long term investment in securities.....	(682,417.08)	
Net cash used for investing activities.....	<u>(129,045,850.17)</u>	<u>(30,019,446.85)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings from parent company.....	(44,859,107.96)	5,100,000.00
Long-term borrowings from parent company.....	100,000,000.00	-
Issuance of long-term debt.....	(31,220.37)	-
Payment of dividends.....	(564,001.64)	(564,001.73)
Net cash used for financing activities.....	<u>54,545,670.03</u>	<u>4,535,998.27</u>
NET INCREASE (DECREASE) IN CASH AND TEMP. CASH INVESTMENTS.....	(512,342.79)	1,848,808.74
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD.....	5,390,936.45	3,294,759.12
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD.....	<u><u>4,878,593.66</u></u>	<u><u>5,143,567.86</u></u>

**KENTUCKY UTILITIES COMPANY
ANALYSIS OF INTEREST CHARGES
APRIL 30, 2003**

	CURRENT MONTH		YEAR TO DATE		YEAR ENDED CURRENT MONTH	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
Interest On Long-Term Debt						
First Mortgage Bonds						
Series P 7.92%	349,800.00	349,800.00	1,399,200.00	1,399,200.00	4,197,600.00	4,611,789.20
Series P 8.55%	235,125.00	235,125.00	940,500.00	940,500.00	2,821,500.00	2,821,500.00
Series Q 6.32%	326,533.34	326,533.33	1,306,133.36	1,306,133.32	3,918,400.20	3,918,399.98
Series R 7.55%	314,583.34	314,583.33	1,258,333.36	1,258,333.32	3,775,000.02	3,774,999.98
Series S 5.99%	179,700.00	179,700.00	718,800.00	718,800.00	2,156,400.00	2,156,400.00
Loan Agreement - Pol. Control Bonds						
Series 1B (6.25%)	-	109,010.41	-	436,041.64	192,585.21	1,308,124.99
Series 2B (6.25%)	-	12,500.00	-	50,000.00	22,083.33	150,000.00
Series 3B (6.25%)	-	37,500.00	-	150,000.00	66,250.00	450,000.00
Series 4B (6.25%)	-	38,541.66	-	154,166.64	68,090.39	462,500.02
Series 8 (7.45%)	-	596,000.00	-	2,384,000.00	3,534,174.52	7,152,000.00
Series 9 (5.3/4%)	239,583.34	239,583.33	958,333.36	958,333.32	2,875,000.02	2,882,773.18
Series 10 (VARIABLE%)	57,180.82	72,049.35	221,769.97	269,704.15	814,068.68	1,185,410.91
Series 11 (VARIABLE%)	11,825.00	15,981.67	49,503.75	63,998.34	179,793.74	298,563.33
Series 12 (VARIABLE%)	19,783.15	-	84,952.86	-	282,354.32	-
Series 13 (VARIABLE%)	2,268.49	-	9,741.37	-	32,376.99	-
Series 14 (VARIABLE%)	6,994.52	-	30,035.91	-	99,829.08	-
Series 15 (VARIABLE%)	6,805.48	-	29,224.11	-	97,130.98	-
Series 16 (VARIABLE%)	74,364.26	-	334,577.60	-	695,697.60	-
Interest Rate Swaps	(662,653.09)	(601,201.30)	(2,656,048.19)	(2,414,308.17)	(7,543,022.28)	(5,681,528.62)
Marked to Market	1,161,893.65	1,925,706.78	4,495,091.46	5,887,412.56	18,620,680.80	25,389,624.97
Total	26,217.39	27,846.00	104,871.56	111,384.00	341,352.82	334,261.00
Amortization of Debt Expense - Net	74,214.00	72,472.41	296,855.00	289,889.64	889,054.51	869,698.92
Amort. of Loss on Reacquired Debt	100,431.39	100,318.41	401,726.56	401,273.64	1,230,407.33	1,203,959.92
Total	52,180.62	47,233.19	214,054.75	191,887.57	626,528.14	584,035.86
Other Interest Charges						
Note Payable	165,203.81	156,018.26	640,438.73	619,968.06	1,340,557.00	1,045,600.13
Customers' Deposits	156,018.26	156,018.26	624,073.04	628,768.12	1,875,553.30	1,393,589.40
Deferred Compensation	(3,089.35)	(15,626.83)	(31,240.15)	(6,932.04)	(63,581.03)	(22,177.55)
Interest on Debt to Associated Companies	(23,336.61)	(15,626.83)	288,006.70	449,923.77	751,780.02	1,010,081.79
Other Interest Expense	346,976.73	256,059.49	1,643,211.28	1,547,501.55	4,557,110.42	4,028,157.60
Interestcompany Interest						
Federal RAR Interest Reserve						
AFUDC Borrowed Funds						
Interest Costs from A/R Securitization						
Total	1,609,301.77	2,282,084.68	6,540,029.30	7,836,187.75	24,408,198.55	30,621,742.49
Total Interest						

KENTUCKY UTILITIES COMPANY
ANALYSIS OF TAXES CHARGED
APRIL 30, 2003

	Current Month		Year To Date	
	This Year	Last Year	This Year	Last Year
<u>Kind of Taxes</u>				
Taxes Charged to Accounts 408.1 and 409.1	790,833.33	749,166.67	3,163,333.32	2,997,160.26
Property Taxes.....	34,586.44	40,367.20	156,488.10	126,189.34
Unemployment.....	369,914.74	526,229.98	1,695,703.45	1,961,795.29
Federal Old Age and Survivors Insurance.....	124,000.00	116,666.67	495,000.01	466,666.68
Public Service Commission Fee.....	1,191,742.77	1,316,763.86	5,437,598.00	14,541,402.31
Federal Income.....	341,632.93	377,472.31	2,021,104.99	3,913,308.88
State Income.....	1,250.00	1,250.00	5,000.00	(4,214.37)
Miscellaneous.....	2,853,960.21	3,127,916.69	12,974,227.87	24,002,308.39
Total Charged to Operating Expense.....	352,859.88	195,479.53	759,131.83	605,232.11
Taxes Charged to Other Accounts.....	(120,736.90)	(315,185.20)	(572,162.09)	(614,253.31)
Taxes Accrued on Intercompany Accounts.....	3,086,083.19	3,008,211.02	13,161,197.61	23,993,287.19
Total Taxes Charged.....				

ANALYSIS OF TAXES ACCRUED - ACCOUNT 236

	Taxes Accrued		Payments		Taxes Accrued	
	At Beginning Of Year	Accruals To Date This Year	To Date This Year	At End Of Month	At End Of Month	Of Month
<u>Kind of Taxes</u>						
Property Taxes.....	388,832.83	3,178,237.32	301,256.70	3,265,813.45	59,144.18	3,265,813.45
Unemployment.....	51,248.65	120,103.82	112,208.29	273,992.21	273,992.21	273,992.21
Federal Old Age and Survivors.....	424,348.23	1,632,034.92	1,782,390.94	104,224.69	104,224.69	104,224.69
Public Service Commission Fee.....	(1,011,751.50)	104,224.69	1,988,494.00	2,529,397.89	2,529,397.89	2,529,397.89
Federal Income.....	4,771,857.94	5,529,643.39	775,164.00	6,045,250.04	6,045,250.04	6,045,250.04
State Income.....	276,821.97	2,048,556.10	729,700.46	90,518.88	90,518.88	90,518.88
Kentucky Sales and Use Tax.....	42,769.92	543,397.37	61,156.42	(13,386.50)	(13,386.50)	(13,386.50)
Miscellaneous.....	4,944,128.04	5,000.00	5,750,370.81	12,354,954.84	12,354,954.84	12,354,954.84
Totals.....						

KENTUCKY UTILITIES COMPANY
SUMMARY OF UTILITY PLANT
APRIL 30, 2003

	NET BALANCE FIRST OF YEAR	ADDITIONS	RETIREMENTS	TRANSFERS	RECLASSIFICATIONS	BALANCE TO DATE
UTILITY PLANT						
Plant In Service	17,423,192.98	2,424,971.00	-	-	-	19,848,163.98
Intangibles	1,249,118,401.86	9,574,211.37	(1,049,563.28)	-	-	1,257,643,049.95
Steam Production	10,626,165.04	(8,935,848.98)	(1,776,033.64)	-	-	351,620,709.83
Hydro Production	362,332,612.45	7,990,669.01	(172,144.55)	-	-	459,425,875.26
Other Production	451,607,350.80	10,211,354.12	(1,028,029.68)	-	-	905,582,415.81
Transmission	896,399,091.37	4,292,664.62	(930.00)	-	-	82,564,340.45
Distribution	78,272,605.83	-	-	-	-	23,749,238.51
General	23,749,238.51	-	-	-	-	3,111,059,958.83
Transportation	-	-	(4,026,721.15)	-	-	(131,272.98)
Total Electric Plant In Service	3,089,528,658.84	25,558,021.14	(4,026,721.15)	-	-	3,110,928,685.85
Plant Purchased or Sold	-	(131,272.98)	-	-	-	294,352,973.04
Total Plant	3,089,528,658.84	25,426,748.16	(4,026,721.15)	-	-	3,405,281,658.89
Construction Work In Progress	191,233,221.88	103,119,751.16	(4,026,721.15)	-	-	-
Total Utility Plant at Original Cost	3,280,761,880.72	128,546,499.32	(4,026,721.15)	-	-	-
RESERVE FOR DEPRECIATION OF UTILITY						
Plant In Service	794,854,592.77	11,472,513.87	(1,049,563.28)	(256,273.89)	-	804,854,869.47
Steam Production	8,323,904.23	54,526.00	(1,776,053.64)	-	-	8,378,560.45
Hydro Production	50,312,904.75	3,990,402.54	(172,144.55)	961,353.50	(130.22)	52,527,123.43
Other Production	249,396,208.56	4,642,197.27	(1,028,029.68)	783,633.00	1,174.59	253,570,617.16
Transmission	371,679,812.59	9,886,334.89	(930.00)	(152.85)	(827,825.77)	380,504,499.34
Distribution	28,370,592.95	1,829,132.28	-	-	-	30,198,642.38
General	20,582,770.31	495,893.60	-	-	-	21,078,663.91
Transportation	-	-	(4,026,721.15)	1,488,559.76	11,748.90	1,551,112,976.14
Total Reserve For Depreciation Of Utility Plant	1,523,520,786.16	32,371,000.45	(4,026,721.15)	1,488,559.76	305,088.04	2,773,869.05
In Service	3,476,144.28	-	(4,026,721.15)	(4,275,651.95)	316,836.94	1,553,886,845.19
Retirement of Work in Progress	1,526,996,930.44	32,371,000.45	(4,026,721.15)	(2,787,092.19)	-	10,585,792.14
Subtotal	9,157,504.73	1,428,287.41	-	-	-	503,628.97
Intangibles	503,517.72	111.25	-	-	-	1,564,976,266.30
Leaseholds	-	-	-	-	316,836.94	-
Total Reserve For Depreciation and Amortization	1,536,657,952.89	33,799,399.11	(4,026,721.15)	(2,787,092.19)	1,015,890.70	1,840,305,392.59
Utility Plant In Service	-	-	-	-	-	-
Utility Plant at Original Cost Less Reserve For Depreciation and Amortization	1,744,103,927.83	-	-	-	-	-

KU Monthly Report to KPSC-March 31, 2003

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
MARCH 31, 2003

	CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	73,682,939.55	72,599,265.38	1,083,673.97 1.49
Rate Refunds.....	(429,007.00)	575,557.00	(1,004,564.00) (174.34)
Total Operating Revenues.....	<u>73,253,932.55</u>	<u>73,174,822.58</u>	<u>79,109.97</u> <u>0.11</u>
Operating Expenses			
Fuel.....	17,314,384.12	20,351,280.12	(3,036,896.00) (14.92)
Power Purchased.....	17,191,024.21	12,119,016.88	5,072,007.33 41.85
Other Operation Expenses.....	12,640,463.34	12,860,742.44	(220,279.10) (1.71)
Maintenance.....	4,737,122.86	4,655,671.05	81,451.81 1.75
Depreciation.....	7,864,450.50	7,439,376.11	425,074.39 5.71
Amortization Expense.....	463,880.11	253,951.73	209,928.38 82.66
Regulatory Credits.....	108,987.52		108,987.52 -
Taxes			
Federal Income.....	4,245,855.23	13,224,638.45	(8,978,783.22) (67.89)
State Income.....	1,679,472.06	3,535,836.57	(1,856,364.51) (52.50)
Deferred Federal Income - Net.....	3,823,010.23	(2,291,189.44)	6,116,199.67 (266.94)
Deferred State Income - Net.....	853,706.64	(115,214.18)	968,920.82 (840.97)
Federal Income - Estimated.....	(4,894,780.50)	(7,308,044.04)	2,413,263.54 (33.02)
State Income - Estimated.....	(1,374,651.89)	(2,094,972.62)	720,320.73 (34.38)
Property and Other.....	1,361,816.36	1,502,375.46	(140,559.10) (9.36)
Loss (Gain) from Disposition of Allowances.....	98,164.16	98,164.16	-
Accretion Expense.....	66,114,904.95	64,133,468.53	1,981,436.42 3.09
Total Operating Expenses.....	<u>71,139,027.60</u>	<u>9,041,354.05</u>	<u>(1,902,326.45)</u> <u>(21.04)</u>
Net Operating Income.....	37,962.89	75,959.97	(37,997.08) (50.02)
Other Income Less Deductions			
Interest and Dividend Income.....	(1,618,910.81)	619,804.55	(2,238,715.36) (361.20)
Other Income Less Deductions.....	56,616.48	339.73	56,276.75 -
AFUDC - Equity.....	(1,524,331.44)	696,104.25	(2,220,435.69) (318.98)
Total Other Income Less Deductions.....	<u>5,614,696.16</u>	<u>9,737,458.30</u>	<u>(4,122,762.14)</u> <u>(42.34)</u>
Income Before Interest Charges.....	(1,860,863.21)	136,721.93	(1,997,585.14) (1,461.06)
Interest on Long Term Debt.....	100,431.39	100,318.41	112.98 0.11
Amortization of Debt Expense - Net.....	404,822.19	536,042.08	(131,219.89) (24.48)
Other Interest Expenses.....	(9,863.19)	(1,183.56)	(8,679.63) 733.35
AFUDC - Borrowed Funds.....	(1,365,472.82)	771,898.86	(2,137,371.68) (276.90)
Total Interest Charges.....	6,980,168.98	8,965,559.44	(1,985,390.46) (22.14)
Net Inc Before Cumulative Effect of Acctg Chg.....	(131,971.81)	-	(131,971.81) -
Cumulative Effect of Accounting Chg Net of Tax.....	7,112,140.79	8,965,559.44	(1,853,418.65) (20.67)
Net Income.....	<u>188,000.00</u>	<u>188,000.00</u>	<u>-</u> <u>-</u>
Preferred Dividend Requirements.....	6,924,140.79	8,777,559.44	(1,853,418.65) (21.12)
Earnings Available for Common.....	<u>113,855.81</u>	<u>110,440.56</u>	<u>3,415.25</u> <u>3.13</u>

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
MARCH 31, 2003

	YEAR TO DATE		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	239,129,231.81	215,039,781.51	24,089,450.30 11.20
Rate Refunds.....	(4,982,209.00)	128,817.00	(5,111,026.00) (3,967.66)
Total Operating Revenues.....	<u>234,147,022.81</u>	<u>215,168,598.51</u>	<u>18,978,424.30</u> <u>8.82</u>
Operating Expenses			
Fuel.....	66,323,067.92	58,271,162.56	8,051,905.36 13.82
Power Purchased.....	50,363,540.56	41,060,257.86	9,303,282.70 22.66
Other Operation Expenses.....	38,889,475.35	34,522,441.47	4,367,033.88 12.65
Maintenance.....	28,965,936.48	11,558,697.43	17,407,239.05 150.60
Depreciation.....	23,148,419.16	22,296,924.16	851,495.00 3.82
Amortization Expense.....	1,045,328.38	761,855.13	283,473.25 37.21
Regulatory Credits.....	(10,275,327.50)	-	(10,275,327.50) -
Taxes			
Federal Income.....	4,245,855.23	13,224,638.45	(8,978,783.22) (67.89)
State Income.....	1,679,472.06	3,535,836.57	(1,856,364.51) (52.50)
Deferred Federal Income - Net.....	3,825,010.23	(2,291,189.44)	6,116,199.67 (266.94)
Deferred State Income - Net.....	853,706.64	(115,214.18)	968,920.82 (840.97)
Federal Income - Estimated.....	-	-	-
State Income - Estimated.....	4,194,940.37	4,113,916.68	81,023.69 1.97
Property and Other.....	-	-	-
Loss (Gain) from Disposition of Utility Plant.....	-	-	-
Loss (Gain) from Disposition of Allowances.....	305,327.50	-	305,327.50 -
Accretion Expense.....	213,564,752.38	186,939,326.69	26,625,425.69 14.24
Total Operating Expenses.....	<u>20,582,270.43</u>	<u>28,229,271.82</u>	<u>(7,647,001.39)</u> <u>(27.09)</u>
Net Operating Income.....	129,888.43	208,084.00	(78,195.57) (37.58)
Other Income Less Deductions.....	1,817,452.21	1,429,464.51	387,987.70 27.14
Interest and Dividend Income.....	161,589.99	1,582.10	160,007.89 -
Other Income Less Deductions.....	2,108,930.63	1,639,130.61	469,800.02 28.66
AFUDC - Equity.....	22,691,201.06	29,868,402.43	(7,177,201.37) (24.03)
Total Other Income Less Deductions.....	<u>3,333,197.81</u>	<u>3,961,705.78</u>	<u>(628,507.97)</u> <u>(15.86)</u>
Income Before Interest Charges.....	301,295.17	300,953.23	339.94 0.11
Interest on Long Term Debt.....	1,324,385.35	1,296,953.50	27,431.85 2.12
Amortization of Debt Expense - Net.....	(28,150.80)	(5,511.44)	(22,639.36) 410.77
Other Interest Expenses.....	4,930,727.53	5,554,103.07	(623,375.54) (11.22)
AFUDC - Borrowed Funds.....	17,760,473.53	24,314,299.36	(6,553,825.83) (26.95)
Total Interest Charges.....	<u>5,919,827.00</u>	<u>24,314,299.36</u>	<u>5,919,827.00</u> <u>-</u>
Net Inc Before Cumulative Effect of Acctg Chg.....	11,840,646.53	24,314,299.36	(12,473,652.83) (51.30)
Cumulative Effect of Accounting Chg Net of Tax.....	564,001.64	-	564,001.64 -
Net Income.....	<u>11,276,644.89</u>	<u>23,750,297.63</u>	<u>(12,473,652.74)</u> <u>(52.52)</u>
Preferred Dividend Requirements.....	-	-	-
Earnings Available for Common.....	<u>11,276,644.89</u>	<u>23,750,297.63</u>	<u>(12,473,652.74)</u> <u>(52.52)</u>

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
MARCH 31, 2003

	YEAR ENDED CURRENT MONTH		
	THIS YEAR	LAST YEAR	INCREASE OR DECREASE
	AMOUNT	AMOUNT	AMOUNT %
Electric Operating Revenues.....	896,827,758.07	863,717,029.87	33,110,728.20 3.83
Rate Refunds.....	10,369,738.00	(869,175.00)	11,238,913.00 5.14
Total Operating Revenues.....	907,197,496.07	862,847,854.87	44,349,641.20
Operating Expenses			
Fuel.....	258,168,542.44	239,329,012.24	18,839,530.20 7.87
Power Purchased.....	167,258,845.37	165,336,325.45	1,922,519.92 1.16
Other Operation Expenses.....	151,889,350.00	69,659,847.00	82,229,503.00 118.04
Maintenance.....	77,189,327.59	56,609,558.87	20,579,768.72 36.35
Depreciation.....	93,118,226.31	86,482,432.81	6,635,793.50 7.67
Amortization Expense.....	3,478,503.17	3,047,702.46	430,800.71 14.14
Regulatory Credits.....	(10,275,327.50)	-	(10,275,327.50) -
Taxes			
Federal Income.....	29,539,885.67	53,254,293.92	(23,714,408.25) (44.53)
State Income.....	8,636,494.85	12,291,338.66	(3,654,843.81) (29.74)
Deferred Federal Income - Net.....	9,582,751.33	8,992,068.75	590,682.58 6.57
Deferred State Income - Net.....	2,516,250.83	4,328,964.00	(1,812,713.17) (41.87)
Federal Income - Estimated.....	-	-	-
State Income - Estimated.....	15,064,244.48	13,886,077.17	1,178,167.31 8.48
Property and Other.....	(277,302.50)	(317,036.15)	39,733.65 (12.53)
Loss (Gain) from Disposition of Utility Plant.....	305,327.50	-	305,327.50 -
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	806,195,119.54	712,900,585.18	93,294,534.36 13.09
Total Operating Expenses.....	101,002,376.53	149,947,269.69	(48,944,893.16) (32.64)
Net Operating Income.....	562,760.36	1,277,234.60	(714,474.24) (55.94)
Other Income Less Deductions.....	10,088,920.63	7,456,585.86	2,632,334.77 35.30
Interest and Dividend Income.....	246,855.10	44,197.51	202,657.59 458.53
Other Income Less Deductions.....	10,898,536.09	8,778,017.97	2,120,518.12 24.16
AFUDC - Equity.....	111,900,912.62	158,725,287.66	(46,824,375.04) (29.50)
Total Other Income Less Deductions.....	19,384,493.93	24,442,873.19	(5,058,379.26) (20.69)
Income Before Interest Charges.....	1,230,294.35	1,204,099.92	26,194.43 2.18
Interest on Long Term Debt.....	4,528,105.46	4,345,943.95	182,161.51 4.19
Amortization of Debt Expense - Net.....	(61,912.28)	(22,055.10)	(39,857.18) 180.72
Other Interest Expenses.....	25,080,981.46	29,970,861.96	(4,889,880.50) (16.32)
AFUDC - Borrowed Funds.....	86,819,931.16	128,754,425.70	(41,934,494.54) (32.57)
Total Interest Charges.....	5,919,827.00	-	5,919,827.00 -
Net Inc Before Cumulative Effect of Acctg Chg.....	80,900,104.16	128,754,425.70	(47,854,321.54) (37.17)
Cumulative Effect of Accounting Chg Net of Tax.....	2,256,006.69	2,256,005.27	1.42 0.00
Net Income.....	78,644,097.47	126,498,420.43	(47,854,322.96) (37.83)
Preferred Dividend Requirements.....	-	-	-
Earnings Available for Common.....	78,644,097.47	126,498,420.43	(47,854,322.96) (37.83)

KENTUCKY UTILITIES COMPANY
ANALYSIS OF RETAINED EARNINGS
MARCH 31, 2003

	Year to Date		Year Ended Current Month	
	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total Retained Earnings	Undistributed Subsidiary Earnings
Retained Earnings and Undistributed Earnings				
Balance Beginning of Period.....	496,010,767.63	114,735.25	434,085,677.63	554,584.35
Net Income To Date.....	11,840,646.53		80,900,104.16	
Adjust for Equity in Subsidiary Earnings for Year	(524,936.00)		(6,909,719.00)	6,909,719.00
-EE Inc.....			1,057,155.67	(1,057,155.67)
Dividends Rec'd Current Year				
-EE Inc.....			(2,256,006.69)	
Preferred Stock Dividends.....	(564,001.64)			
Common Stock Dividends.....				
Balance End of Period.....	<u>506,762,476.52</u>	<u>114,735.25</u>	<u>506,877,211.77</u>	<u>6,407,147.68</u>
Combined Retained Earnings	12 MONTHS 03/31/03	12 MONTHS 03/31/02		
Retained Earnings Beginning of Period.....	434,640,261.98	338,641,841.55		
Add Net Income.....	80,900,104.16	128,754,425.70		
Subtotal.....	515,540,366.14	467,396,267.25		
Deduct				
Dividends on Preferred Stock.....	2,256,006.69	2,256,005.27		
Dividends on Common Stock.....	-	30,500,000.00		
Preferred Stock Redemption Exp and Other.....	-			
Retained Earnings End of Period.....	<u>513,284,359.45</u>	<u>434,640,261.98</u>		

KENTUCKY UTILITIES COMPANY
COMPARATIVE BALANCE SHEETS AS OF MARCH 31, 2003 AND 2002

	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS	
Utility Plant	3,380,258,283.84	3,087,541,581.54	Capitalization	
Utility Plant at Original Cost	1,556,388,561.35	1,481,694,501.05	Common Stock	308,139,977.56
Less Reserves for Depreciation & Amortization	1,823,869,722.49	1,605,847,080.49	Common Stock Expense	(594,394.29)
Total	1,823,869,722.49	1,605,847,080.49	Common Stock	15,000,000.00
Investments - At Cost	896,885.36	897,295.78	Paid-In Capital	1,588,424.00
Nonutility Property-Less Reserve	7,702,947.68	1,850,384.35	Other Comprehensive Income	434,085,677.63
Investments in Subsidiary Companies	3,000,000.00	3,000,000.00	Retained Earnings	6,407,147.68
Investments in KU-R	250,000.00	250,000.00	Unappropriated Undistributed Subsidiary Earnings	758,774,269.25
Ohio Valley Electric Corporation	550,999.66	813,673.60	Total Common Equity	40,000,000.00
Other	5,441,625.00	6,047,274.71	Preferred Stock	484,830,000.00
Special Funds	17,842,457.70	12,858,628.44	First Mortgage Bonds	2,061,900.00
Total	17,842,457.70	12,858,628.44	Other Long-Term Debt	486,891,900.00
Current and Accrued Assets			Long-Term Debt Marked to Market	486,891,900.00
Cash	7,074,318.25	5,106,606.67	Total Long-Term Debt	1,285,666,169.25
Special Deposits	102,929.26	183,579.04	Total Capitalization	1,305,171,879.72
Temporary Cash Investments	(825,076.57)	2,306.31	Current and Accrued Liabilities	
Accounts Receivable-Less Reserve	37,099,237.00	48,717,946.00	Advances from Associated Companies	62,000,000.00
Notes Receivable from Assoc. Companies	21,375,994.53	11,264,078.06	Long-Term Debt Due in 1 Year	64,189,649.91
Notes Receivable from KU-R	43,228,606.35	21,803,615.67	Notes Payable	46,352,417.83
Accounts Receivable from Assoc. Companies	21,636,578.45	4,925,835.05	Notes Payable to Associated Companies	17,779,937.98
Materials & Supplies-At Average Cost	5,003,986.37	128,605.54	Accounts Payable	10,851,389.37
Fuel	7,085,911.99	5,822,286.46	Accounts Payable to Associated Companies	36,216,054.63
Plant Materials & Operating Supplies	869,313.47	106,412.69	Customer Deposits	4,946,760.10
Stores Expense	142,715,752.26	160,101,070.74	Customer Deposits	188,000.00
Allowance Inventory	4,943,727.84	5,233,795.48	Interest Accrued	188,000.00
Prepayments	76,718,758.59	77,142,045.08	Dividends Declared	6,796,370.16
Miscellaneous Current & Accrued Assets	45,729,634.27	19,193,234.22	Misc. Current & Accrued Liabilities	185,942,590.56
Total	216,591,801.09	189,762,622.15	Total	326,469,792.85
Deferred Debits and Other			Accumulated Deferred Income Taxes	7,839,613.00
Unamortized Debt Expense	9,233,795.48	5,924,593.83	Investment Tax Credit	54,185,967.00
Unamortized Loss on Bonds	4,943,727.84	83,269,841.48	Regulatory Liabilities	1,533,591.73
Accumulated Deferred Income Taxes	76,718,758.59	77,142,045.08	Customer Advances for Construction	18,781,927.50
Deferred Regulatory Assets	79,965,884.91	79,965,884.91	Asset Retirement Obligations	10,504,539.36
Other Deferred Debits	45,729,634.27	19,193,234.22	Other Deferred Credits	56,115,638.34
Total	2,201,019,733.54	1,968,569,401.82	Misc. Long-Term Liabilities	7,422,051.95
Total Assets and Other Debits	2,201,019,733.54	1,968,569,401.82	Misc. Long-Term Liab. Due to Assoc. Co.	45,257,375.66
			Accum Provision for Post-Retirement Benefits	54,079,173.82
			Total	496,960,642.01
			Total Liabilities and Other Credits	2,201,019,733.54

KENTUCKY UTILITIES COMPANY
STATEMENT OF CAPITALIZATION AND SHORT-TERM DEBT
MARCH 31, 2003

	AUTHORIZED SHARES	ISSUED & OUTSTANDING SHARES	AMOUNT	PERCENT OF TOTAL CAPITAL & S/T DEBT	CAPITAL
Common Equity					
Common Stock - Without Par	80,000,000	37,817,878	308,139,977.56		
Common Stock Expense			(321,288.87)		
Preferred Stock Expense			(273,105.42)		
Paid-In Capital			15,000,000.00		
Other Comprehensive Income			(10,462,375.00)		
Retained Earnings			506,877,211.77		
Unappropriated Undistributed Subsidiary Earnings			6,407,147.68		
			825,367,567.72	53.54	63.24
Total Common Equity					
Preferred Stock, Cumulative	5,300,000		20,000,000.00		
4 3/4% Series		200,000	20,000,000.00		
6.53% Series		200,000	40,000,000.00	2.59	3.06
Total Preferred Stock			865,367,567.72	56.13	66.30
Total Stockholder's Equity					
Long-Term Debt					
FM Series P, 7.92%			53,000,000.00		
FM Series P, 8.55%			33,000,000.00		
FM Series R, 7.55%			50,000,000.00		
FM Series S, 5.99%			36,000,000.00		
PCB 9 DUE 12/01/23 5 3/4%			50,000,000.00		
PCB 10 DUE 11/01/24 Variable%			54,000,000.00		
PCB 11 DUE 5/1/23 Variable%			12,900,000.00		
PCB 12 DUE 2/1/32 Variable%			20,930,000.00		
PCB 13 DUE 2/1/32 Variable%			2,400,000.00		
PCB 14 DUE 2/1/32 Variable%			7,400,000.00		
PCB 15 DUE 2/1/32 Variable%			7,200,000.00		
PCB 16 DUE 10/1/32 Variable%			96,000,000.00		
Long-Term Debt Marked to Market			16,974,312.00		
			439,804,312.00	28.53	33.70
Total Long-Term Debt					
			1,305,171,879.72	84.66	100.00
Total Capitalization			62,000,000.00	4.02	
Long-Term Debt Due Within 1 Year			174,530,541.95	11.32	
Notes Payable to Associated Companies			1,541,702,421.67	100.00	
Total Capitalization and Short-Term Debt			1,541,702,421.67	100.00	

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
MARCH 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
UTILITY PLANT	3,380,258,283.84	3,380,258,283.84
At Original Cost.....		(1,556,388,561.35)
Reserves for Depreciation and Amortization.....	(801,991,559.84)	
Accum Depreciation - Steam Power Generation.....	(8,364,926.75)	
Accum Depreciation - Hydro Power Generation.....	(51,537,554.50)	
Accum Depreciation - Other Power Generation.....	(252,423,356.59)	
Accum Depreciation - Transmission.....	(377,612,342.11)	
Accum Depreciation - Distribution.....	(29,739,501.83)	
Accum Depreciation - General.....	(20,957,405.15)	
Transportation.....	(3,055,563.75)	
Retirement - RWIP.....		
Amortization of Plant.....	(10,706,350.83)	
Limited - Term Plant.....		17,842,457.70
INVESTMENTS - AT COST	896,885.36	
Nonutility Property - less reserve (\$130,203.70).....	7,702,947.68	
Investments in Subsidiary Companies.....	3,000,000.00	
Investments in KU-R.....	250,000.00	
Ohio Valley Electric Corporation.....	550,999.66	
Other.....	1,579.50	
Special Funds.....	686,584.58	
OMU-Interest on Reserve, New.....	644,771.11	
OMU-R&I on Maintenance Reserve.....	120,000.00	
OMU-R&I on Additions and Replacements.....	538,258.48	
OMU-R&I on Operations.....	365,000.00	
OMU-R&I Interest on Purchase Power.....	3,085,431.33	
OMU-Purchase Power, Coal Reserve.....		7,074,318.25
CASH	(20,596,035.98)	
Cash Clearing.....	27,670,354.23	
Cash Accounts.....		102,929.26
SPECIAL DEPOSITS	102,929.26	
Special Deposits.....		(825,076.37)
ACCOUNTS RECEIVABLE - LESS RESERVE	116,873.18	
Working Funds.....	51,063,235.70	
Customers-Active.....	(14,431.58)	
Customers-Suspense CIS.....	(61,304,000.00)	
Customer Accounts Receivable Sold to KU-R.....	4,581,214.55	
Wholesale Sales.....	2,651,655.31	
Transmission Sales.....	(2,683,000.00)	
Unbilled Revenues.....	299,880.15	
PC Purchase Program.....	272,401.12	
Pitcairn Receivable.....	107,718.70	
Unbilled Projects.....	225,569.43	
Damage Claims.....	373,691.50	
RAR Settlements.....	1,086,670.43	
Tax Refunds.....	305,751.47	
Insurance Claims.....	2,371,693.67	
Miscellaneous.....	(496,989.88)	
Uncollectible Accounts - Accrual.....	701,163.99	
Uncollectible Accounts - Charged Off.....	(204,174.11)	
Uncollectible Accounts - Recovery.....	520,000.00	
Uncollectible Accounts - Accrual Sold to KU-R.....	(800,000.00)	
Uncollectible Accounts - Other.....		37,099,237.00
NOTES RECEIVABLE FROM KU-R	37,099,237.00	
Notes Receivable form KU-R.....		21,375,994.53
ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	21,128,710.57	
LG&E Energy Corp.....	247,283.96	
LG&E Energy Marketing Inc. (LEM)-Power Marketing.....		

**KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
MARCH 31, 2003**

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
		43,228,606.35
FUEL	40,404,736.27	
Coal 1,192,140 Tons @ \$33.89; MMBTU 28,116,562 @ 143.70¢.....	2,792,820.36	
Fuel Oil 3,358,194 Gallons @ 83.16¢.....	31,049.72	
Gas Pipeline 2,963 MCF @ \$10.48.....		21,636,578.45
PLANT MATERIALS AND OPERATING SUPPLIES	21,524,225.26	
Regular Materials and Supplies.....	112,353.19	
Limestone 19,777 Tons @ \$5.68.....		5,003,986.37
STORES EXPENSE	5,003,986.37	
Stores Expense Undistributed.....		63,952.96
ALLOWANCE INVENTORY	63,952.96	
Allowance Inventory.....		7,085,911.99
PREPAYMENTS	5,095,202.17	
Insurance.....	19,775.31	
Taxes.....	1,404,164.28	
Interest.....	566,770.23	
Company Owned Life Insurance.....		869,313.47
MISCELLANEOUS CURRENT ASSETS	869,313.47	
Mark to Market Assets.....		4,943,727.84
UNAMORTIZED DEBT EXPENSE		
First Mortgage Bonds.....	172,931.48	
KU Series P 7.92%.....	293,772.52	
KU Series P 8.55%.....	10,381.14	
KU Series Q 6.32%.....	403,027.53	
KU Series R 7.55%.....	105,206.18	
KU Series S 5.99%.....		
Pollution Control Bonds.....	666,752.80	
KU Series 9, 5 3/4%, Due 12/01/23.....	443,620.82	
KU Series 10, Variable%, Due 10/01/24.....	347,223.29	
KU Series 11, Variable%, Due 5/01/23.....	115,806.20	
KU Series 12, Variable%, Due 2/01/32.....	80,190.27	
KU Series 13, Variable%, Due 2/01/32.....	89,790.27	
KU Series 14, Variable%, Due 2/01/32.....	90,190.25	
KU Series 15, Variable%, Due 2/01/32.....	2,124,835.09	
KU Series 16, Variable%, Due 10/01/32.....		9,233,795.48
UNAMORTIZED LOSS ON BONDS	9,233,795.48	
Reacquired Debt.....		76,718,758.59
ACCUMULATED DEFERRED INCOME TAXES	61,405,615.93	
Federal.....	15,313,142.66	
State.....		79,965,884.91
DEFERRED REGULATORY ASSET	1,023,165.00	
Merger Expenses.....	35,362,952.53	
VDT Expenses.....	10,275,327.50	
Asset Retirement Obligations.....	32,075,687.00	
FASB 109 - Deferred Taxes.....	736,807.85	
Pension FERC FAS 87 > Than Funding.....	491,945.03	
Other.....		45,729,634.27
OTHER DEFERRED DEBITS	18,430,169.00	
Long-Term Derivative Asset.....	27,299,465.27	
Other.....		
Total Assets and Other Debits	2,201,019,733.54	2,201,019,733.54

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
MARCH 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
		825,367,567.72
COMMON EQUITY	308,139,977.56	
Common Stock.....	(321,288.87)	
Common Stock Expense.....	(273,105.42)	
Preferred Stock Expense.....	15,000,000.00	
Paid-In Capital.....	(10,462,375.00)	
Other Comprehensive Income.....	506,877,211.77	
Retained Earnings.....	6,407,147.68	
Unappropriated Undistributed Subsidiary Earnings.....		40,000,000.00
PREFERRED STOCK	40,000,000.00	
Preferred Stock.....		422,830,000.00
BONDS		
First Mortgage Bonds.....	53,000,000.00	
KU Series P 7.92%.....	33,000,000.00	
KU Series P 8.55%.....	50,000,000.00	
KU Series R 7.55%.....	36,000,000.00	
KU Series S 5.99%.....		
Pollution Control Bonds.....	50,000,000.00	
KU Series 9, 5 3/4%, Due 12/01/23.....	54,000,000.00	
KU Series 10, Variable%, Due 10/01/24.....	12,900,000.00	
KU Series 11, Variable%, Due 05/01/23.....	20,930,000.00	
KU Series 12, Variable%, Due 2/01/32.....	2,400,000.00	
KU Series 13, Variable%, Due 2/01/32.....	7,400,000.00	
KU Series 14, Variable%, Due 2/01/32.....	7,200,000.00	
KU Series 15, Variable%, Due 2/01/32.....	96,000,000.00	
KU Series 16, Variable%, Due 10/01/32.....		62,000,000.00
LONG-TERM DEBT DUE WITHIN ONE YEAR	62,000,000.00	
Mandatory Redemption-FMB due June 15, 2003.....		16,974,312.00
LONG-TERM DEBT MARKED TO MARKET	16,974,312.00	
Long-term Debt Marked to Market.....		174,530,541.95
NOTES PAYABLE TO ASSOCIATED COMPANIES	174,530,541.95	
Notes Payable to Associated Companies.....		63,002,283.06
ACCOUNTS PAYABLE	59,533,810.97	
Regular.....	805,165.31	
Salaries and Wages Accrued.....	13,338.36	
Employee Withholdings Payable.....	2,649,968.42	
Tax Collections - Payable.....		21,344,479.42
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	21,344,479.42	
LG&E Energy Corp.....		12,078,457.64
CUSTOMERS' DEPOSITS	12,078,457.64	
Customers' Deposits.....		17,875,283.16
TAXES ACCRUED	17,875,283.16	
Taxes Accrued.....		4,020,319.83
INTEREST ACCRUED		
Interest on Long-Term Debt.....		
First Mortgage Bonds.....	1,574,100.00	
KU Series P 7.92%.....	1,058,062.50	
KU Series P 8.55%.....	1,142,866.67	
KU Series Q 6.32%.....	1,258,333.33	
KU Series R 7.55%.....	449,250.00	
KU Series S 5.99%.....		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
MARCH 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
INTEREST ACCRUED (Continued)		
Pollution Control Bonds	958,333.33	
KU Series 9, 5 3/4%, Due 12/01/23.....	53,334.39	
KU Series 10, Variable%, Due 10/01/24.....	13,007.46	
KU Series 11, Variable%, Due 05/01/23.....	8,572.70	
KU Series 12, Variable%, Due 2/01/32.....	983.01	
KU Series 13, Variable%, Due 2/01/32.....	3,030.99	
KU Series 14, Variable%, Due 2/01/32.....	2,949.05	
KU Series 15, Variable%, Due 2/01/32.....	16,800.01	
KU Series 16, Variable%, Due 10/01/32.....		
Other	(2,731,144.69)	
Interest Rate Swaps.....	211,841.08	
Customer Deposits.....		188,000.00
DIVIDENDS DECLARED.....	188,000.00	
Preferred Stock.....		6,796,370.16
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES.....	4,365,954.85	
Vacation Pay Accrued.....	(681,225.00)	
Revenue Subject to Refund.....	116,772.30	
Escheated Deposits.....	2,252,347.25	
Franchise Fee Payable.....	466,313.26	
Mark to Market Liabilities.....	276,207.50	
Other.....		326,469,792.85
ACCUMULATED DEFERRED INCOME TAXES.....	260,914,671.72	
Federal.....	65,555,121.13	
State.....		7,839,613.00
INVESTMENT TAX CREDIT.....	7,839,613.00	
Job Development Credit.....		54,185,967.00
REGULATORY LIABILITIES.....	909,900.00	
Asset Retirement Obligations.....	53,276,067.00	
Deferred Taxes - FAS 109.....		1,533,591.73
CUSTOMERS' ADVANCES FOR CONSTRUCTION.....	675,805.11	
Line Extensions.....	857,786.62	
Other.....	18,781,927.50	18,781,927.50
ASSET RETIREMENT OBLIGATIONS.....		10,504,539.36
OTHER DEFERRED CREDITS.....	2,705,004.88	
Other Deferred Credits.....	7,799,534.48	
Clearing Accounts Transferred from Other Deferred Debits.....		56,115,638.34
MISCELLANEOUS LONG-TERM LIABILITIES.....	47,519,556.02	
Pension Payable.....	3,523,082.32	
Workers' Compensation.....	5,073,000.00	
Post Employment Benefits - FAS 112.....		58,581,048.82
ACCUMULATED PROVISION FOR BENEFITS.....	58,581,048.82	
Post Retirement Benefits - FAS 106.....		
Total Liabilities and Other Credits.....	2,201,019,733.54	2,201,019,733.54

KENTUCKY UTILITIES COMPANY
STATEMENT OF CASH FLOWS
MARCH 31, 2003

	Year to Date	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income.....	11,840,646.53	24,314,299.36
Items not requiring cash currently:		
Depreciation and amortization.....	24,193,747.54	23,058,779.29
Deferred income taxes - net.....	913,203.28	(2,406,403.62)
Investment tax credit - net.....	(660,237.00)	(738,693.00)
Other.....	18,111,307.58	1,233,405.96
(Increase) decrease in certain net current assets:		
Accounts receivable.....	(11,089,210.69)	(33,707,127.77)
Materials and supplies.....	2,628,490.09	(3,194,221.21)
Accounts payable.....	(11,026,901.67)	(21,016,215.65)
Accrued taxes.....	12,931,155.12	15,700,743.32
Accrued interest.....	1,393,614.48	(720,792.08)
Prepayments and other.....	(1,186,834.78)	(1,139,529.58)
Other.....	3,092,661.38	8,388,663.65
Net cash provided from operating activities.....	<u>51,141,641.86</u>	<u>9,772,908.67</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction expenditures.....	(103,316,833.66)	(23,611,174.04)
Long term investment in securities.....	(484,167.17)	
Net cash used for investing activities.....	<u>(103,801,000.83)</u>	<u>(23,611,174.04)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings-net.....	55,040,892.04	16,400,000.00
Other.....	(31,220.37)	-
Payment of dividends.....	(564,001.64)	(564,001.73)
Net cash used for financing activities.....	<u>54,445,670.03</u>	<u>15,835,998.27</u>
NET INCREASE (DECREASE) IN CASH AND TEMP. CASH INVESTMENTS.....	<u>1,786,311.06</u>	<u>1,997,732.90</u>
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD.....	<u>5,390,936.45</u>	<u>3,294,759.12</u>
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD.....	<u><u>7,177,247.51</u></u>	<u><u>5,292,492.02</u></u>

KENTUCKY UTILITIES COMPANY
ANALYSIS OF INTEREST CHARGES
MARCH 31, 2003

	CURRENT MONTH		YEAR TO DATE		YEAR ENDED CURRENT MONTH	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
Interest On Long-Term Debt						
First Mortgage Bonds						
Series P 7.92%	349,800.00	349,800.00	1,049,400.00	1,049,400.00	4,197,600.00	4,594,415.92
Series P 8.55%	235,125.00	235,125.00	705,375.00	705,375.00	2,821,500.00	2,821,500.00
Series Q 6.32%	326,533.34	326,533.33	979,600.02	979,599.99	3,918,400.19	3,918,399.98
Series R 7.55%	314,583.34	314,583.33	943,750.02	943,749.99	3,775,000.01	3,666,364.16
Series S 5.99%	179,700.00	179,700.00	539,100.00	539,100.00	2,156,400.00	2,156,400.00
Loan Agreement - Poll. Control Bonds						
Series 1B (6.25%)	-	109,010.41	-	327,031.23	301,595.62	1,308,125.00
Series 2B (6.25%)	-	12,500.00	-	37,500.00	34,583.33	150,000.00
Series 3B (6.25%)	-	37,500.00	-	112,500.00	103,750.00	450,000.00
Series 4B (6.25%)	-	38,541.66	-	115,624.98	106,632.05	462,500.03
Series 8 (7.45%)	-	596,000.00	-	1,788,000.00	4,130,174.52	7,152,000.00
Series 9 (5.3/4%)	239,583.34	239,583.33	718,750.02	718,749.99	2,875,000.01	2,796,133.36
Series 10 (VARIABLE%)	57,328.87	69,312.36	164,589.15	197,654.80	828,937.21	1,289,268.40
Series 11 (VARIABLE%)	12,219.17	15,551.67	37,678.75	48,016.67	183,950.41	322,356.66
Series 12 (VARIABLE%)	20,958.67	-	65,169.71	-	262,571.17	-
Series 13 (VARIABLE%)	2,403.29	-	7,472.88	-	30,108.50	-
Series 14 (VARIABLE%)	7,410.14	-	23,041.39	-	92,834.56	-
Series 15 (VARIABLE%)	7,209.86	-	22,418.63	-	90,325.50	-
Series 16 (VARIABLE%)	84,133.33	-	260,213.34	-	621,333.34	-
Interest Rate Swaps	(658,687.56)	(599,529.16)	(1,993,395.10)	(1,813,106.87)	(7,481,570.49)	(5,080,327.32)
Marked to Market	(3,039,164.00)	(1,787,490.00)	(189,966.00)	(1,787,490.00)	335,368.00	(1,564,263.00)
Total	(1,860,863.21)	136,721.93	3,333,197.81	3,961,705.78	19,384,493.93	24,442,873.19
Amortization of Debt Expense - Net						
Amortization of Debt Expense	26,218.39	27,846.00	78,654.17	83,538.00	342,981.43	334,371.00
Amort. of Loss on Recquired Debt	74,213.00	72,472.41	222,641.00	217,417.23	887,312.92	869,728.92
Total	100,431.39	100,318.41	301,295.17	300,955.23	1,230,294.35	1,204,099.92
Other Interest Charges						
Note Payable	51,354.62	49,602.29	161,874.13	144,654.38	621,580.71	583,087.14
Customers' Deposits	6,404.46	6,196.07	6,404.46	6,196.07	26,272.99	17,027.97
Deferred Compensation	120,995.48	78,902.05	376,708.67	208,219.33	1,244,791.92	1,130,216.77
Interest on Debt to Associated Companies	155,184.26	156,435.00	468,054.78	472,333.12	1,875,970.04	1,377,859.51
Other Interest Expense	-	-	-	-	-	-
Intercompany Interest	(9,863.19)	(1,183.56)	(28,150.80)	(5,511.44)	(61,912.28)	(22,055.10)
Federal RAR Interest Reserve	70,883.37	244,906.67	311,343.31	465,550.60	759,489.80	1,237,752.56
AFUDC Borrowed Funds	394,959.00	534,858.52	1,296,234.55	1,291,442.06	4,466,193.18	4,323,888.85
Interest Costs from A/R Securitization	(1,365,472.82)	771,898.86	4,930,727.53	5,554,103.07	25,080,981.46	29,970,861.96
Total						
Total Interest						

KENTUCKY UTILITIES COMPANY
ANALYSIS OF TAXES CHARGED
MARCH 31, 2003

Kind of Taxes	Current Month		Year To Date	
	This Year	Last Year	This Year	Last Year
	Taxes Charged to Accounts 408.1 and 409.1			
Property Taxes.....	790,833.33	749,660.25	2,372,499.99	2,247,993.59
Unemployment.....	37,830.87	17,788.02	121,901.66	85,822.14
Federal Old Age and Survivors Insurance.....	408,235.49	632,690.52	1,325,788.71	1,435,565.31
Public Service Commission Fee.....	123,666.67	116,666.67	371,000.01	350,000.01
Federal Income.....	(648,925.27)	5,916,594.41	4,245,855.23	13,224,638.45
State Income.....	304,820.17	1,440,863.95	1,679,472.06	3,535,836.57
Miscellaneous.....	1,250.00	(14,430.00)	3,750.00	(5,464.37)
Total Charged to Operating Expense.....	1,017,711.26	8,859,833.82	10,120,267.66	20,874,391.70
Taxes Charged to Other Accounts.....	4,819,414.45	(37,945.04)	406,271.95	409,752.58
Taxes Accrued on Intercompany Accounts.....	(128,666.35)	(105,536.18)	(451,425.19)	(299,068.11)
Total Taxes Charged.....	5,708,459.36	8,716,352.60	10,075,114.42	20,985,076.17

ANALYSIS OF TAXES ACCRUED - ACCOUNT 236

Kind of Taxes	Taxes Accrued	Accruals	Payments	Taxes Accrued
	At Beginning Of Year	To Date This Year	To Date This Year	At End Of Month
Property Taxes.....	388,832.83	2,385,702.99	223,983.34	2,550,552.48
Unemployment.....	51,248.65	92,633.87	486.42	143,396.10
Federal Old Age and Survivors.....	424,348.23	1,259,796.10	1,465,253.18	218,891.15
Federal Income.....	(1,011,751.50)	4,210,073.56	(5,884,833.00)	9,083,155.06
State Income.....	4,771,857.94	1,670,279.41	775,164.00	5,666,973.35
Kentucky Sales and Use Tax.....	276,821.97	452,878.49	507,076.78	222,623.68
Miscellaneous.....	42,769.92	3,750.00	56,828.58	(10,308.66)
Totals.....	4,944,128.04	10,075,114.42	(2,856,040.70)	17,875,283.16

KENTUCKY UTILITIES COMPANY
SUMMARY OF UTILITY PLANT
MARCH 31, 2003

	NET BALANCE FIRST OF YEAR	ADDITIONS	RETIREMENTS	TRANSFERS	RECLASSIFICATIONS	BALANCE TO DATE
UTILITY PLANT						
Plant In Service	17,423,192.98	2,310,704.00	-	-	-	19,733,896.98
Intangibles	1,249,118,401.86	9,843,591.04	(1,049,563.28)	-	-	1,257,912,429.62
Steam Production	10,626,165.04	-	-	-	-	10,626,165.04
Hydro Production	362,332,612.45	(788,635.30)	(1,776,053.64)	-	-	359,767,923.51
Other Production	451,607,350.80	5,744,960.31	(171,566.85)	-	-	457,180,744.26
Transmission	896,399,091.37	7,307,407.85	(898,824.27)	-	-	902,807,674.95
Distribution	78,272,605.83	3,749,206.83	(930.00)	-	-	82,020,882.66
General	23,749,238.51	-	-	-	-	23,749,238.51
Transportation	3,089,528,658.84	28,167,234.73	(3,896,938.04)	-	-	3,113,798,955.53
Total Electric Plant In Service	-	(131,272.98)	-	-	-	(131,272.98)
Plant Purchased or Sold	3,089,528,658.84	28,035,961.75	(3,896,938.04)	-	-	3,113,667,682.55
Total Plant	191,233,221.88	73,357,379.41	-	-	-	266,590,601.29
Construction Work In Progress	3,280,761,880.72	103,393,341.16	(3,896,938.04)	-	-	3,380,258,283.84
Total Utility Plant at Original Cost	-	-	-	-	-	-
RESERVE FOR DEPRECIATION OF UTILITY						
Plant In Service	794,854,592.77	8,609,204.24	(1,049,563.28)	(256,273.89)	-	801,991,559.84
Steam Production	8,323,904.23	40,892.30	-	-	-	8,364,926.75
Hydro Production	50,312,904.75	3,000,833.61	(1,776,053.64)	-	(130.22)	51,537,554.50
Other Production	249,396,208.56	3,491,773.76	(171,566.85)	963,938.74	1,174.59	252,423,356.59
Transmission	371,679,812.59	6,832,573.26	(898,824.27)	499,409.41	9,505.33	377,612,342.11
Distribution	28,370,592.95	1,369,991.73	(930.00)	(152.85)	-	29,739,501.83
General	20,582,770.31	374,634.84	-	-	-	20,957,405.15
Transportation	1,523,520,786.16	23,719,903.74	(3,896,938.04)	1,206,921.41	10,679.92	1,542,628,646.77
Total Reserve For Depreciation Of Utility Plant In Service	3,476,144.28	23,719,903.74	(3,896,938.04)	(2,793,827.08)	101,140.38	3,055,563.75
Retirement of Work in Progress	1,526,996,930.44	23,719,903.74	(3,896,938.04)	(1,586,905.67)	111,820.30	1,545,682,210.52
Subtotal	9,157,504.73	1,045,232.81	-	-	-	10,202,737.54
Intangibles	503,517.72	95.57	-	-	-	503,613.29
Leaseholds	-	-	-	-	-	-
Total Reserve For Depreciation and Amortization - Utility Plant In Service	1,536,657,952.89	24,765,232.12	(3,896,938.04)	(1,586,905.67)	111,820.30	1,556,388,561.35
Utility Plant at Original Cost Less Reserve For Depreciation and Amortization	1,744,103,927.83	-	-	-	-	1,823,869,722.49

KU Monthly Report to KPSC-February 28, 2003

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
FEBRUARY 28, 2003

	CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	73,592,034.18	66,758,259.69	6,833,774.49 10.24
Rate Refunds.....	(2,552,891.00)	23,034.00	(2,575,925.00) (11,183.14)
Total Operating Revenues.....	71,039,143.18	66,781,293.69	4,257,849.49 6.38
Operating Expenses			
Fuel.....	21,005,660.79	16,678,735.00	4,326,925.79 25.94
Power Purchased.....	15,123,552.83	15,294,945.30	(171,392.47) (1.12)
Other Operation Expenses.....	13,628,631.49	10,548,593.43	3,080,038.06 29.20
Maintenance.....	20,802,084.25	3,315,016.39	17,487,067.86 527.51
Depreciation.....	7,673,109.99	7,429,370.58	243,739.41 3.28
Amortization Expense.....	290,465.08	253,951.70	36,513.38 14.38
Regulatory Credits.....	(3,929,295.77)	-	(3,929,295.77) -
Taxes			
Federal Income.....	-	-	-
State Income.....	-	-	-
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	(4,190,897.89)	2,998,810.88	(7,189,708.77) (239.75)
Federal Income - Estimated.....	(1,179,309.52)	859,659.12	(2,038,968.64) (237.18)
State Income - Estimated.....	1,497,907.87	1,175,430.13	322,477.74 27.43
Property and Other.....	130,766.67	-	130,766.67 -
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	70,852,675.79	58,554,512.53	12,298,163.26 21.00
Total Operating Expenses.....	186,467.39	8,226,781.16	(8,040,313.77) (97.73)
Net Operating Income.....	54,529.86	64,206.88	(9,677.02) (15.07)
Other Income Less Deductions			
Interest and Dividend Income.....	2,442,303.17	402,003.67	2,040,299.50 507.53
Other Income Less Deductions.....	53,655.08	519.92	53,135.16 -
AFUDC - Equity.....	2,550,488.11	466,730.47	2,083,757.64 446.46
Total Other Income Less Deductions.....	2,736,955.50	8,693,311.63	(5,956,356.13) (68.52)
Income Before Interest Charges.....	3,984,388.54	1,888,659.43	2,095,729.11 110.96
Interest on Long Term Debt.....	100,431.39	100,318.41	112.98 0.11
Amortization of Debt Expense - Net.....	435,528.41	397,073.90	38,454.51 9.68
Other Interest Expenses.....	(9,347.33)	(1,811.21)	(7,536.12) 416.08
AFUDC - Borrowed Funds.....	4,511,001.01	2,384,240.53	2,126,760.48 89.20
Total Interest Charges.....	(1,774,045.51)	6,309,271.10	(8,083,316.61) (128.12)
Net Inc Before Cumulative Effect of Accig Chg.....	3,784,473.90	-	3,784,473.90 -
Cumulative Effect of Accounting Chg Net of Tax.....	(1,527,508.28)	-	(1,527,508.28) -
Income Taxes Applicable to Cumulative Effect.....	(4,031,011.13)	6,309,271.10	(10,340,282.23) (163.89)
Net Income.....	188,001.64	188,001.73	(0.09) -
Preferred Dividend Requirements.....	(4,219,012.77)	6,121,269.37	(10,340,282.14) (168.92)
Earnings Available for Common.....	-	-	-

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
FEBRUARY 28, 2003

	YEAR TO DATE		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	165,446,292.26	142,440,515.93	23,005,776.33 16.15
Rate Refunds.....	(4,553,202.00)	(446,740.00)	(4,106,462.00) 919.21
Total Operating Revenues.....	<u>160,893,090.26</u>	<u>141,993,775.93</u>	<u>18,899,314.33</u> 13.31
Operating Expenses			
Fuel.....	49,008,683.80	37,919,882.44	11,088,801.36 29.24
Power Purchased.....	33,172,516.35	28,941,240.98	4,231,275.37 14.62
Other Operation Expenses.....	26,249,012.01	21,661,699.03	4,587,312.98 21.18
Maintenance.....	24,228,813.62	6,903,026.38	17,325,787.24 250.99
Depreciation.....	15,283,968.66	14,857,548.05	426,420.61 2.87
Amortization Expense.....	581,448.27	507,903.40	73,544.87 14.48
Regulatory Credits.....	(10,384,315.02)	-	(10,384,315.02) -
Taxes			
Federal Income.....	-	-	-
State Income.....	-	-	-
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	4,894,780.50	7,308,044.04	(2,413,263.54) (33.02)
Federal Income - Estimated.....	1,374,651.89	2,094,972.62	(720,320.73) (34.38)
State Income - Estimated.....	2,833,124.01	2,611,541.22	221,582.79 8.48
Property and Other.....	-	-	-
Loss (Gain) from Disposition of Utility Plant.....	-	-	-
Loss (Gain) from Disposition of Allowances.....	207,163.34	-	207,163.34 20.07
Accretion Expense.....	147,449,847.43	122,805,858.16	24,643,989.27 (29.94)
Total Operating Expenses.....	<u>13,443,242.83</u>	<u>19,187,917.77</u>	<u>(5,744,674.94)</u> (30.42)
Net Operating Income.....	91,925.54	132,124.03	(40,198.49) 324.42
Other Income Less Deductions			
Interest and Dividend Income.....	3,436,363.02	809,659.96	2,626,703.06 103,731.14
Other Income Less Deductions.....	104,973.51	1,242.37	103,731.14 285.28
AFUDC - Equity.....	3,633,262.07	943,026.36	2,690,235.71 (15.17)
Total Other Income Less Deductions.....	<u>17,076,504.90</u>	<u>20,130,944.13</u>	<u>(3,054,439.23)</u> 35.79
Income Before Interest Charges.....	5,194,061.02	3,824,983.85	1,369,077.17 0.11
Interest on Long Term Debt.....	200,863.78	200,636.82	226.96 20.85
Amortization of Debt Expense - Net.....	919,563.16	760,911.42	158,651.74 322.55
Other Interest Expenses.....	(18,287.61)	(4,327.88)	(13,959.73) 31.66
AFUDC - Borrowed Funds.....	6,296,200.35	4,782,204.21	1,513,996.14 (29.76)
Total Interest Charges.....	<u>10,780,304.55</u>	<u>15,348,739.92</u>	<u>(4,568,435.37)</u> -
Net Inc Before Cumulative Effect of Acctg Chg.....	10,147,640.00	-	10,147,640.00 (4,095,841.19)
Cumulative Effect of Accounting Chg Net of Tax.....	(4,095,841.19)	-	(4,095,841.19) (69.19)
Income Taxes Applicable to Cumulative Effect.....	4,728,505.74	15,348,739.92	(10,620,234.18) -
Net Income.....	<u>376,001.64</u>	<u>376,001.73</u>	<u>(0.09)</u> (70.93)
Preferred Dividend Requirements.....	4,352,504.10	14,972,738.19	(10,620,234.09) -
Earnings Available for Common.....	-	-	-

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
FEBRUARY 28, 2003

	YEAR ENDED CURRENT MONTH		
	THIS YEAR	LAST YEAR	INCREASE OR DECREASE
	AMOUNT	AMOUNT	AMOUNT %
Electric Operating Revenues.....	895,744,084.10	865,411,580.84	30,332,503.26 3.51
Rate Refunds.....	11,374,302.00	(1,189,009.00)	12,563,311.00
Total Operating Revenues.....	907,118,386.10	864,222,571.84	42,895,814.26 4.96
Operating Expenses			
Fuel.....	261,205,438.44	240,359,707.94	20,845,730.50 8.67
Power Purchased.....	162,186,838.04	164,516,911.33	(2,330,073.29) (1.42)
Other Operation Expenses.....	152,109,629.10	129,747,621.73	22,362,007.37 17.24
Maintenance.....	77,107,875.78	56,512,711.80	20,595,163.98 36.44
Depreciation.....	92,693,151.92	86,808,420.17	5,884,731.75 6.78
Amortization Expense.....	3,268,574.79	3,050,418.84	218,155.95 7.15
Regulatory Credits.....	(10,384,315.02)	-	(10,384,315.02) -
Taxes			
Federal Income.....	38,518,668.89	58,334,058.47	(19,815,389.58) (33.97)
State Income.....	10,492,859.36	13,463,626.09	(2,970,766.73) (22.07)
Deferred Federal Income - Net.....	3,466,551.66	(12,979,940.81)	16,446,492.47 (126.71)
Deferred State Income - Net.....	1,547,330.01	(1,340,421.82)	2,887,751.83 (215.44)
Federal Income - Estimated.....	(2,413,263.54)	(2,269,209.10)	(144,054.44) 6.35
State Income - Estimated.....	(720,320.73)	(650,506.62)	(69,814.11) 10.73
Property and Other.....	15,204,803.58	14,032,082.22	1,172,721.36 8.36
Loss (Gain) from Disposition of Utility Plant.....	(277,302.50)	(317,036.15)	39,733.65 (12.53)
Loss (Gain) from Disposition of Allowances.....	207,163.34	-	207,163.34
Accretion Expense.....	804,213,683.12	749,268,444.09	54,945,239.03 7.33
Total Operating Expenses.....	102,904,702.98	114,954,127.75	(12,049,424.77) (10.48)
Net Operating Income.....	600,757.44	1,290,159.18	(689,401.74) (53.44)
Interest and Dividend Income.....	12,327,635.99	7,653,281.43	4,674,354.56 61.08
Other Income Less Deductions.....	190,578.35	45,681.61	144,896.74 317.19
AFUDC - Equity.....	13,118,971.78	8,989,122.22	4,129,849.56 45.94
Total Other Income Less Deductions.....	116,023,674.76	123,943,249.97	(7,919,575.21) (6.39)
Income Before Interest Charges.....	21,382,079.07	26,304,500.57	(4,922,421.50) (18.71)
Interest on Long Term Debt.....	1,230,181.37	1,204,239.92	25,941.45 2.15
Amortization of Debt Expense - Net.....	4,650,325.35	4,728,028.46	(68,703.11) (1.45)
Other Interest Expenses.....	(53,232.65)	(21,913.84)	(31,318.81) 142.92
AFUDC - Borrowed Funds.....	27,218,353.14	32,214,855.11	(4,996,501.97) (15.51)
Total Interest Charges.....	88,805,321.62	91,728,394.86	(2,923,073.24) (3.19)
Net Inc Before Cumulative Effect of Acctg Chg.....	10,147,640.00	(136,177.00)	10,283,817.00
Cumulative Effect of Accounting Chg Net of Tax.....	(4,095,841.19)	-	(4,095,841.19)
Income Taxes Applicable to Cumulative Effect.....	82,753,522.81	91,864,571.86	(9,111,049.05) (9.92)
Net Income.....	2,256,006.69	2,256,005.27	1.42 0.00
Preferred Dividend Requirements.....	80,497,516.12	89,608,566.59	(9,111,050.47) (10.17)
Earnings Available for Common.....	-	-	-

KENTUCKY UTILITIES COMPANY
ANALYSIS OF RETAINED EARNINGS
FEBRUARY 28, 2003

	Year to Date		Year Ended Current Month	
	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total Retained Earnings	Undistributed Subsidiary Earnings
Retained Earnings and Undistributed Earnings			Total Retained Earnings	Undistributed Subsidiary Earnings
Balance Beginning of Period.....	496,010,767.63	114,735.25	496,125,502.88	5,882,211.68
Net Income To Date.....	4,728,505.74		4,728,505.74	
Adjust for Equity in Subsidiary Earnings for Year -EE Inc.....	(356,972.00)		(356,972.00)	356,972.00
Dividends Rec'd Current Year -EE Inc.....				
Preferred Stock Dividends.....	(376,001.64)		(376,001.64)	
Common Stock Dividends.....				
Balance End of Period.....	<u>500,006,299.73</u>	<u>114,735.25</u>	<u>500,121,034.98</u>	<u>6,239,183.68</u>
Combined Retained Earnings	12 MONTHS 02/28/03	12 MONTHS 02/28/02		
Retained Earnings Beginning of Period.....	425,862,702.54	366,754,135.95		
Add Net Income.....	82,753,522.81	91,864,571.86		
Subtotal.....	<u>508,616,225.35</u>	<u>458,618,707.81</u>		
Deduct				
Dividends on Preferred Stock.....	2,256,006.69	2,256,005.27		
Dividends on Common Stock.....		30,500,000.00		
Perferred Stock Redemption Exp and Other.....				
Retained Earnings End of Period.....	<u>506,360,218.66</u>	<u>425,862,702.54</u>		
			500,121,034.98	6,239,183.68
			1,057,155.67	(1,057,155.67)
			(2,256,006.69)	
			500,121,034.98	6,239,183.68
			425,505,262.19	357,440.35
			82,753,522.81	
			(6,938,899.00)	6,938,899.00

KENTUCKY UTILITIES COMPANY
COMPARATIVE BALANCE SHEETS AS OF FEBRUARY 28, 2003 AND 2002

	THIS YEAR	LAST YEAR		THIS YEAR	LAST YEAR
ASSETS AND OTHER DEBITS					
Utility Plant	3,317,497,210.58	3,079,450,649.90	Capitalization	308,139,977.56	308,139,977.56
Utility Plant at Original Cost	1,551,149,180.18	1,473,804,912.55	Common Stock	(594,394.29)	(594,394.29)
Less Reserves for Depreciation & Amortization	1,766,348,030.40	1,605,645,737.35	Common Stock Expense	15,000,000.00	15,000,000.00
Total	896,919.56	897,329.98	Paid-In Capital	(10,462,375.00)	1,588,424.00
Investments - At Cost	7,534,983.68	1,653,240.35	Other Comprehensive Income	500,121,034.98	425,505,262.19
Nonutility Property-Less Reserve	3,000,000.00	3,000,000.00	Retained Earnings	6,239,183.68	357,440.35
Investments in Subsidiary Companies	250,000.00	250,000.00	Unappropriated Undistributed Subsidiary Earnings	818,443,426.93	749,996,709.81
Investments in KU-R	807,173.60	807,173.60	Total Common Equity	40,000,000.00	40,000,000.00
Ohio Valley Electric Corporation	5,396,974.89	5,991,323.51	Preferred Stock	422,830,000.00	484,830,000.00
Other	17,805,877.79	12,599,067.44	First Mortgage Bonds	-	-
Special Funds	4,081,511.42	183,579.04	Other Long-Term Debt	17,274,937.00	3,675,762.00
Total	102,929.26	2,306.31	Long-Term Debt Marked to Market	440,104,937.00	488,505,762.00
Temporary Cash Investments	12,778,089.43	9,001,242.94	Total Long-Term Debt	1,298,548,363.93	1,278,502,471.81
Accounts Receivable-Less Reserve	38,634,405.00	22,413,322.00	Total Capitalization	62,000,000.00	-
Notes Receivable from KU-R	11,773,883.86	12,616,123.75	Current and Accrued Liabilities	-	-
Accounts Receivable from Assoc Companies	36,809,786.31	48,181,043.73	Advances from Associated Companies	-	-
Materials & Supplies-At Average Cost	21,679,460.30	21,555,463.04	Long-Term Debt Due in 1 Year	62,000,000.00	-
Fuel	5,020,634.92	4,995,847.28	Notes Payable	131,789,649.91	49,989,649.91
Plant Materials & Operating Supplies	66,351.90	135,111.78	Notes Payable to Associated Companies	68,524,980.09	44,343,295.41
Stores Expense	5,004,602.57	6,581,121.92	Accounts Payable	18,872,905.89	12,583,014.19
Prepayments	3,719,399.90	19,722.13	Accounts Payable to Associated Companies	12,197,721.26	10,814,982.60
Miscellaneous Current & Accrued Assets	139,671,054.87	125,684,883.92	Customer Deposits	8,024,590.18	26,931,323.57
Total	125,684,883.92	125,684,883.92	Taxes Accrued	3,503,484.24	7,104,607.35
Deferred Debits and Other	4,963,922.95	4,260,753.54	Interest Accrued	8,566,020.12	5,172,709.81
Unamortized Debt Expense	9,308,008.48	5,997,066.24	Dividends Declared	-	-
Unamortized Loss on Bonds	80,797,844.61	84,907,545.77	Misc. Current & Accrued Liabilities	313,479,351.69	156,939,582.84
Accumulated Deferred Income Taxes	74,393,677.62	78,429,052.61	Total	321,981,826.59	324,111,711.22
Deferred Regulatory Assets	42,835,187.07	16,788,346.80	Accumulated Deferred Income Taxes	8,059,692.00	10,962,160.00
Other Deferred Debits	212,298,640.73	190,382,764.96	Investment Tax Credit	54,730,748.00	57,920,359.00
Total	2,136,123,603.79	1,934,312,453.67	Regulatory Liabilities	1,506,657.85	1,513,628.71
Current and Accrued Assets	4,081,511.42	183,579.04	Customer Advances for Construction	19,011,553.34	-
Cash	102,929.26	2,306.31	Asset Retirement Obligations	2,785,163.65	3,974,976.00
Special Deposits	12,778,089.43	9,001,242.94	Other Deferred Credits	56,128,197.92	45,256,183.27
Temporary Cash Investments	38,634,405.00	22,413,322.00	Misc. Long-Term Liabilities	59,892,048.82	55,131,380.82
Accounts Receivable-Less Reserve	11,773,883.86	12,616,123.75	Misc. Long-Term Liab. Due to Assoc. Co.	524,095,888.17	498,870,399.02
Notes Receivable from KU-R	36,809,786.31	48,181,043.73	Accum Provision for Post-Retirement Benefits	-	-
Accounts Receivable from Assoc Companies	21,679,460.30	21,555,463.04	Total	2,136,123,603.79	1,934,312,453.67
Materials & Supplies-At Average Cost	66,351.90	135,111.78	Current and Accrued Liabilities	-	-
Fuel	5,004,602.57	6,581,121.92	Advances from Associated Companies	-	-
Plant Materials & Operating Supplies	3,719,399.90	19,722.13	Long-Term Debt Due in 1 Year	62,000,000.00	-
Stores Expense	139,671,054.87	125,684,883.92	Notes Payable	131,789,649.91	49,989,649.91
Prepayments	4,963,922.95	4,260,753.54	Notes Payable to Associated Companies	68,524,980.09	44,343,295.41
Miscellaneous Current & Accrued Assets	125,684,883.92	125,684,883.92	Accounts Payable	18,872,905.89	12,583,014.19
Total	1,934,312,453.67	1,934,312,453.67	Accounts Payable to Associated Companies	12,197,721.26	10,814,982.60
Deferred Debits and Other	4,963,922.95	4,260,753.54	Customer Deposits	8,024,590.18	26,931,323.57
Unamortized Debt Expense	9,308,008.48	5,997,066.24	Taxes Accrued	3,503,484.24	7,104,607.35
Unamortized Loss on Bonds	80,797,844.61	84,907,545.77	Interest Accrued	8,566,020.12	5,172,709.81
Accumulated Deferred Income Taxes	74,393,677.62	78,429,052.61	Dividends Declared	-	-
Deferred Regulatory Assets	42,835,187.07	16,788,346.80	Misc. Current & Accrued Liabilities	313,479,351.69	156,939,582.84
Other Deferred Debits	212,298,640.73	190,382,764.96	Total	321,981,826.59	324,111,711.22
Total	2,136,123,603.79	1,934,312,453.67	Accumulated Deferred Income Taxes	8,059,692.00	10,962,160.00
Current and Accrued Assets	4,081,511.42	183,579.04	Investment Tax Credit	54,730,748.00	57,920,359.00
Cash	102,929.26	2,306.31	Regulatory Liabilities	1,506,657.85	1,513,628.71
Special Deposits	12,778,089.43	9,001,242.94	Customer Advances for Construction	19,011,553.34	-
Temporary Cash Investments	38,634,405.00	22,413,322.00	Asset Retirement Obligations	2,785,163.65	3,974,976.00
Accounts Receivable-Less Reserve	11,773,883.86	12,616,123.75	Other Deferred Credits	56,128,197.92	45,256,183.27
Notes Receivable from KU-R	36,809,786.31	48,181,043.73	Misc. Long-Term Liabilities	59,892,048.82	55,131,380.82
Accounts Receivable from Assoc Companies	21,679,460.30	21,555,463.04	Misc. Long-Term Liab. Due to Assoc. Co.	524,095,888.17	498,870,399.02
Materials & Supplies-At Average Cost	66,351.90	135,111.78	Accum Provision for Post-Retirement Benefits	-	-
Fuel	5,004,602.57	6,581,121.92	Total	2,136,123,603.79	1,934,312,453.67
Plant Materials & Operating Supplies	3,719,399.90	19,722.13	Current and Accrued Liabilities	-	-
Stores Expense	139,671,054.87	125,684,883.92	Advances from Associated Companies	-	-
Prepayments	4,963,922.95	4,260,753.54	Long-Term Debt Due in 1 Year	62,000,000.00	-
Miscellaneous Current & Accrued Assets	125,684,883.92	125,684,883.92	Notes Payable	131,789,649.91	49,989,649.91
Total	1,934,312,453.67	1,934,312,453.67	Notes Payable to Associated Companies	68,524,980.09	44,343,295.41
Deferred Debits and Other	4,963,922.95	4,260,753.54	Accounts Payable	18,872,905.89	12,583,014.19
Unamortized Debt Expense	9,308,008.48	5,997,066.24	Accounts Payable to Associated Companies	12,197,721.26	10,814,982.60
Unamortized Loss on Bonds	80,797,844.61	84,907,545.77	Customer Deposits	8,024,590.18	26,931,323.57
Accumulated Deferred Income Taxes	74,393,677.62	78,429,052.61	Taxes Accrued	3,503,484.24	7,104,607.35
Deferred Regulatory Assets	42,835,187.07	16,788,346.80	Interest Accrued	8,566,020.12	5,172,709.81
Other Deferred Debits	212,298,640.73	190,382,764.96	Dividends Declared	-	-
Total	2,136,123,603.79	1,934,312,453.67	Misc. Current & Accrued Liabilities	313,479,351.69	156,939,582.84
Current and Accrued Assets	4,081,511.42	183,579.04	Total	321,981,826.59	324,111,711.22
Cash	102,929.26	2,306.31	Accumulated Deferred Income Taxes	8,059,692.00	10,962,160.00
Special Deposits	12,778,089.43	9,001,242.94	Investment Tax Credit	54,730,748.00	57,920,359.00
Temporary Cash Investments	38,634,405.00	22,413,322.00	Regulatory Liabilities	1,506,657.85	1,513,628.71
Accounts Receivable-Less Reserve	11,773,883.86	12,616,123.75	Customer Advances for Construction	19,011,553.34	-
Notes Receivable from KU-R	36,809,786.31	48,181,043.73	Asset Retirement Obligations	2,785,163.65	3,974,976.00
Accounts Receivable from Assoc Companies	21,679,460.30	21,555,463.04	Other Deferred Credits	56,128,197.92	45,256,183.27
Materials & Supplies-At Average Cost	66,351.90	135,111.78	Misc. Long-Term Liabilities	59,892,048.82	55,131,380.82
Fuel	5,004,602.57	6,581,121.92	Misc. Long-Term Liab. Due to Assoc. Co.	524,095,888.17	498,870,399.02
Plant Materials & Operating Supplies	3,719,399.90	19,722.13	Accum Provision for Post-Retirement Benefits	-	-
Stores Expense	139,671,054.87	125,684,883.92	Total	2,136,123,603.79	1,934,312,453.67
Prepayments	4,963,922.95	4,260,753.54	Current and Accrued Liabilities	-	-
Miscellaneous Current & Accrued Assets	125,684,883.92	125,684,883.92	Advances from Associated Companies	-	-
Total	1,934,312,453.67	1,934,312,453.67	Long-Term Debt Due in 1 Year	62,000,000.00	-
Deferred Debits and Other	4,963,922.95	4,260,753.54	Notes Payable	131,789,649.91	49,989,649.91
Unamortized Debt Expense	9,308,008.48	5,997,066.24	Notes Payable to Associated Companies	68,524,980.09	44,343,295.41
Unamortized Loss on Bonds	80,797,844.61	84,907,545.77	Accounts Payable	18,872,905.89	12,583,014.19
Accumulated Deferred Income Taxes	74,393,677.62	78,429,052.61	Accounts Payable to Associated Companies	12,197,721.26	10,814,982.60
Deferred Regulatory Assets	42,835,187.07	16,788,346.80	Customer Deposits	8,024,590.18	26,931,323.57
Other Deferred Debits	212,298,640.73	190,382,764.96	Taxes Accrued	3,503,484.24	7,104,607.35
Total	2,136,123,603.79	1,934,312,453.67	Interest Accrued	8,566,020.12	5,172,709.81
Current and Accrued Assets	4,081,511.42	183,579.04	Dividends Declared	-	-
Cash	102,929.26	2,306.31	Misc. Current & Accrued Liabilities	313,479,351.69	156,939,582.84
Special Deposits	12,778,089.43	9,001,242.94	Total	321,981,826.59	324,111,711.22
Temporary Cash Investments	38,634,405.00	22,413,322.00	Accumulated Deferred Income Taxes	8,059,692.00	10,962,160.00
Accounts Receivable-Less Reserve					

KENTUCKY UTILITIES COMPANY
STATEMENT OF CAPITALIZATION AND SHORT-TERM DEBT
FEBRUARY 28, 2003

	AUTHORIZED SHARES	ISSUED & OUTSTANDING SHARES	AMOUNT	CAPITAL & S/T DEBT	CAPITAL
				PERCENT OF TOTAL	
Common Equity			308,139,977.56		
Common Stock - Without Par	80,000,000	37,817,878	(321,288.87)		
Common Stock Expense			(273,105.42)		
Preferred Stock Expense			15,000,000.00		
Paid-In Capital			(10,462,375.00)		
Other Comprehensive Income			500,121,034.98		
Retained Earnings			6,239,183.68		
Unappropriated Undistributed Subsidiary Earnings			818,443,426.93	54.84	63.03
Total Common Equity			818,443,426.93	54.84	63.03
Preferred Stock, Cumulative	5,300,000	200,000	20,000,000.00		
4 3/4% Series		200,000	20,000,000.00		
6.53% Series			40,000,000.00	2.68	3.08
Total Preferred Stock			858,443,426.93	57.52	66.11
Total Stockholder's Equity					
Long-Term Debt			53,000,000.00		
FM Series P, 7.92%			33,000,000.00		
FM Series P, 8.55%			50,000,000.00		
FM Series R, 7.55%			36,000,000.00		
FM Series S, 5.99%			50,000,000.00		
PCB 9 DUJE 12/01/23 5 3/4%			54,000,000.00		
PCB 10 DUJE 11/01/24 Variable%			12,900,000.00		
PCB 11 DUE 5/1/23 Variable%			20,930,000.00		
PCB 12 DUE 2/1/32 Variable%			2,400,000.00		
PCB 13 DUE 2/1/32 Variable%			7,400,000.00		
PCB 14 DUE 2/1/32 Variable%			7,200,000.00		
PCB 15 DUE 2/1/32 Variable%			96,000,000.00		
PCB 16 DUE 10/1/32 Variable%			17,274,937.00		
Long-Term Debt Marked to Market			440,104,937.00	29.49	33.89
Total Long-Term Debt			1,298,548,363.93	87.01	100.00
Total Capitalization			62,000,000.00	4.16	8.83
Long-Term Debt Due Within 1 Year			131,789,649.91	8.83	
Notes Payable to Associated Companies			100.00	100.00	
Total Capitalization and Short-Term Debt			1,492,338,013.84	100.00	100.00

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
FEBRUARY 28, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
UTILITY PLANT	3,317,497,210.58	3,317,497,210.58
At Original Cost.....		(1,551,149,180.18)
Reserves for Depreciation and Amortization.....	(799,403,720.50)	
Accum Depreciation - Steam Power Generation.....	(8,351,162.83)	
Accum Depreciation - Hydro Power Generation.....	(52,299,409.96)	
Accum Depreciation - Other Power Generation.....	(250,969,395.08)	
Accum Depreciation - Transmission.....	(375,731,975.45)	
Accum Depreciation - Distribution.....	(29,218,168.51)	
Accum Depreciation - General.....	(20,832,526.87)	
Transportation.....	(4,100,350.26)	
Retirement - RWIP.....		
Amortization of Plant	(10,242,470.72)	
Limited - Term Plant.....		17,805,877.79
INVESTMENTS - AT COST.....	896,919.56	
Nonutility Property - less reserve (\$130,169.50).....	7,534,983.68	
Investments in Subsidiary Companies.....	3,000,000.00	
Investments in KU-R.....	250,000.00	
Ohio Valley Electric Corporation.....	726,999.66	
Other.....	1,579.50	
Special Funds.....	678,434.47	
OMU-Interest on Reserve, New.....	644,771.11	
OMU-R&I on Maintenance Reserve.....	120,000.00	
OMU-R&I on Additions and Replacements.....	538,258.48	
OMU-R&I on Operations.....	328,500.00	
OMU-R&I Interest on Purchase Power.....	3,085,431.33	
OMU-Purchase Power, Coal Reserve.....		4,081,511.42
CASH.....	(12,933,467.27)	
Cash Clearing.....	17,014,978.69	
Cash Accounts.....		102,929.26
SPECIAL DEPOSITS.....	102,929.26	
Special Deposits.....		12,778,089.43
ACCOUNTS RECEIVABLE - LESS RESERVE.....	118,373.18	
Working Funds.....	60,676,635.72	
Customers-Active.....	(14,078.94)	
Customers-Suspense CIS.....	(91,707,000.00)	
Customer Accounts Receivable Sold to KU-R.....	6,123,743.31	
Wholesale Sales.....	4,088,703.75	
Transmission Sales.....	28,879,000.00	
Unbilled Revenues.....	168,191.03	
PC Purchase Program.....	298,578.39	
Pitcairn Receivable.....	90,069.95	
Unbilled Projects.....	201,789.79	
Damage Claims.....	373,691.50	
RAR Settlements.....	1,086,670.43	
Tax Refunds.....	306,611.21	
Insurance Claims.....	2,367,110.11	
Miscellaneous.....	(479,138.58)	
Uncollectible Accounts - Accrual.....	619,111.38	
Uncollectible Accounts - Charged Off.....	(139,972.80)	
Uncollectible Accounts - Recovery.....	520,000.00	
Uncollectible Accounts - Accrual Sold to KU-R.....	(800,000.00)	
Uncollectible Accounts - Other.....		38,634,405.00
NOTES RECEIVABLE FROM KU-R.....	38,634,405.00	
Notes Receivable from KU-R.....		11,773,883.86
ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES.....	11,564,023.12	
LG&E Energy Corp.....	209,860.74	
LG&E Energy Marketing Inc. (LEM)-Power Marketing.....		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
FEBRUARY 28, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
		36,809,786.31
FUEL	34,017,798.90	
Coal 1,029,518 Tons @ \$33.04; MMBTU 23,979,143 @ 141.86¢.....	2,669,636.00	
Fuel Oil 3,295,862 Gallons @ 81.00¢.....	122,351.41	
Gas Pipeline 11,978 MCF @ \$10.21.....		21,679,460.30
PLANT MATERIALS AND OPERATING SUPPLIES	21,582,862.75	
Regular Materials and Supplies.....	96,597.55	
Limestone 16,850 Tons @ \$5.73.....		5,020,634.92
STORES EXPENSE	5,020,634.92	
Stores Expense Undistributed.....		66,351.90
ALLOWANCE INVENTORY	66,351.90	
Allowance Inventory.....		5,004,602.57
PREPAYMENTS	5,300,046.13	
Insurance.....	143,441.98	
Taxes.....	(312,870.52)	
Interest.....	(126,015.02)	
Company Owned Life Insurance.....		3,719,399.90
MISCELLANEOUS CURRENT ASSETS	3,719,399.90	
Mark to Market Assets.....		4,963,922.95
UNAMORTIZED DEBT EXPENSE		
First Mortgage Bonds.....	176,355.48	
KU Series P 7.92%.....	294,783.52	
KU Series P 8.55%.....	14,534.14	
KU Series Q 6.32%.....	404,542.53	
KU Series R 7.55%.....	108,394.18	
KU Series S 5.99%.....		
Pollution Control Bonds.....	669,441.80	
KU Series 9, 5 3/4%, Due 12/01/23.....	445,326.82	
KU Series 10, Variable%, Due 10/01/24.....	348,658.29	
KU Series 11, Variable%, Due 5/01/23.....	116,227.20	
KU Series 12, Variable%, Due 2/01/32.....	80,470.94	
KU Series 13, Variable%, Due 2/01/32.....	90,070.94	
KU Series 14, Variable%, Due 2/01/32.....	90,470.92	
KU Series 15, Variable%, Due 2/01/32.....	2,124,646.19	
KU Series 16, Variable%, Due 10/01/32.....		9,308,008.48
UNAMORTIZED LOSS ON BONDS	9,308,008.48	
Reacquired Debt.....		80,797,844.61
ACCUMULATED DEFERRED INCOME TAXES	65,012,265.47	
Federal.....	15,785,579.14	
State.....		74,393,677.62
DEFERRED REGULATORY ASSET	1,364,220.00	
Merger Expenses.....	36,395,902.53	
VDT Expenses.....	10,384,315.02	
Asset Retirement Obligations.....	25,047,599.00	
FASB 109 - Deferred Taxes.....	709,696.04	
Pension FERC FAS 87 > Than Funding.....	491,945.03	
Other.....		42,835,187.07
OTHER DEFERRED DEBITS	15,691,630.00	
Long-Term Derivative Asset.....	27,143,557.07	
Other.....		
Total Assets and Other Debits	2,136,123,603.79	2,136,123,603.79

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
FEBRUARY 28, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
		818,443,426.93
COMMON STOCK AND RETAINED EARNINGS	308,139,977.56	
Common Stock.....	(321,288.87)	
Common Stock Expense.....	(273,105.42)	
Preferred Stock Expense.....	15,000,000.00	
Paid-In Capital.....	(10,462,375.00)	
Other Comprehensive Income.....	500,121,034.98	
Retained Earnings.....	6,239,183.68	
Unappropriated Undistributed Subsidiary Earnings.....		40,000,000.00
PREFERRED STOCK	40,000,000.00	
Preferred Stock.....		422,830,000.00
BONDS		
First Mortgage Bonds.....	53,000,000.00	
KU Series P 7.92%.....	33,000,000.00	
KU Series P 8.55%.....	50,000,000.00	
KU Series R 7.55%.....	36,000,000.00	
KU Series S 5.99%.....		
Pollution Control Bonds.....	50,000,000.00	
KU Series 9, 5 3/4%, Due 12/01/23.....	54,000,000.00	
KU Series 10, Variable%, Due 10/01/24.....	12,900,000.00	
KU Series 11, Variable%, Due 05/01/23.....	20,930,000.00	
KU Series 12, Variable%, Due 2/01/32.....	2,400,000.00	
KU Series 13, Variable%, Due 2/01/32.....	7,400,000.00	
KU Series 14, Variable%, Due 2/01/32.....	7,200,000.00	
KU Series 15, Variable%, Due 2/01/32.....	96,000,000.00	
KU Series 16, Variable%, Due 10/01/32.....		62,000,000.00
LONG-TERM DEBT DUE WITHIN ONE YEAR	62,000,000.00	
Mandatory Redemption-FMB due June 15, 2003.....		17,274,937.00
LONG-TERM DEBT MARKED TO MARKET	17,274,937.00	
Long-term Debt Marked to Market.....		131,789,649.91
NOTES PAYABLE TO ASSOCIATED COMPANIES	131,789,649.91	
Notes Payable to Associated Companies.....		68,524,980.09
ACCOUNTS PAYABLE	64,310,955.16	
Regular.....	1,349,740.86	
Salaries and Wages Accrued.....	97,908.07	
Employee Withholdings Payable.....	2,766,376.00	
Tax Collections - Payable.....		18,872,905.89
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	18,872,905.89	
LG&E Energy Corp.....		12,197,721.26
CUSTOMERS' DEPOSITS	12,197,721.26	
Customers' Deposits.....		8,024,590.18
TAXES ACCRUED	8,024,590.18	
Taxes Accrued.....		3,503,484.24
INTEREST ACCRUED		
Interest on Long-Term Debt.....		
First Mortgage Bonds.....	1,224,300.00	
KU Series P 7.92%.....	822,937.50	
KU Series P 8.55%.....	816,333.33	
KU Series Q 6.32%.....	943,749.99	
KU Series R 7.55%.....	269,550.00	
KU Series S 5.99%.....		

**KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
FEBRUARY 28, 2003**

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
INTEREST ACCRUED (Continued)		
Pollution Control Bonds	718,749.99	
KU Series 9, 5 3/4%, Due 12/01/23.....	48,230.18	
KU Series 10, Variable%, Due 10/01/24.....	788.29	
KU Series 11, Variable%, Due 05/01/23.....	26,148.17	
KU Series 12, Variable%, Due 2/01/32.....	2,998.35	
KU Series 13, Variable%, Due 2/01/32.....	9,244.96	
KU Series 14, Variable%, Due 2/01/32.....	8,995.08	
KU Series 15, Variable%, Due 2/01/32.....	26,933.35	
KU Series 16, Variable%, Due 10/01/32.....		
Other	(2,072,457.13)	
Interest Rate Swaps.....	656,982.18	
Customer Deposits.....		8,566,020.12
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES.....	3,970,908.31	
Vacation Pay Accrued.....	659,988.00	
Revenue Subject to Refund.....	116,772.30	
Escheated Deposits.....	1,569,420.33	
Franchise Fee Payable.....	1,981,242.47	
Mark to Market Liabilities.....	267,688.71	
Other.....		321,981,826.59
ACCUMULATED DEFERRED INCOME TAXES.....	257,233,912.79	
Federal.....	64,747,913.80	
State.....		8,059,692.00
INVESTMENT TAX CREDIT.....	8,059,692.00	
Job Development Credit.....		54,730,748.00
REGULATORY LIABILITIES.....	828,920.00	
Asset Retirement Obligations.....	53,901,828.00	
Deferred Taxes - FAS 109.....		1,506,657.85
CUSTOMERS' ADVANCES FOR CONSTRUCTION.....	672,656.36	
Line Extensions.....	834,001.49	
Other.....	19,011,553.34	19,011,553.34
ASSET RETIREMENT OBLIGATIONS.....		2,785,163.65
OTHER DEFERRED CREDITS.....	(423,194.39)	
Other Deferred Credits.....	3,208,358.04	
Clearing Accounts Transferred from Other Deferred Debits.....		56,128,197.92
MISCELLANEOUS LONG-TERM LIABILITIES.....	47,532,115.60	
Pension Payable.....	3,523,082.32	
Workers' Compensation.....	5,073,000.00	
Post Employment Benefits - FAS 112.....		59,892,048.82
ACCUMULATED PROVISION FOR BENEFITS.....	59,892,048.82	
Post Retirement Benefits - FAS 106.....		
Total Liabilities and Other Credits.....	2,136,123,603.79	2,136,123,603.79

KENTUCKY UTILITIES COMPANY
STATEMENT OF CASH FLOWS
FEBRUARY 28, 2003

	Year to Date	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income.....	4,728,505.74	15,348,739.92
Items not requiring cash currently:		
Depreciation and amortization.....	15,865,416.93	15,365,451.45
Investment tax credit - net.....	(440,158.00)	(492,462.00)
Other.....	23,519,564.65	1,906,292.22
(Increase) decrease in certain net current assets:		
Accounts receivable.....	(16,625,433.82)	(1,750,168.11)
Materials and supplies.....	8,987,779.73	(5,162,949.58)
Accounts payable.....	(7,975,778.17)	(28,222,261.86)
Accrued taxes.....	3,080,462.14	6,416,012.26
Accrued interest.....	876,778.89	1,437,055.17
Prepayments and other.....	(257,097.15)	(2,288,258.42)
Other.....	(6,632,590.38)	7,937,476.97
Net cash provided from operating activities.....	<u>25,127,450.56</u>	<u>10,494,928.02</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction expenditures.....	(38,044,747.60)	(15,239,800.06)
Net cash used for investing activities.....	<u>(38,044,747.60)</u>	<u>(15,239,800.06)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings-net.....	12,300,000.00	2,200,000.00
Issuance of long-term debt.....	(25,197.09)	-
Payment of dividends.....	(564,001.64)	(564,001.73)
Net cash used for financing activities.....	<u>11,710,801.27</u>	<u>1,635,998.27</u>
NET INCREASE (DECREASE) IN CASH AND TEMP. CASH INVESTMENTS.....	<u>(1,206,495.77)</u>	<u>(3,108,873.77)</u>
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD.....	<u>5,390,936.45</u>	<u>3,294,759.12</u>
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD.....	<u><u>4,184,440.68</u></u>	<u><u>185,885.35</u></u>

**KENTUCKY UTILITIES COMPANY
ANALYSIS OF INTEREST CHARGES
FEBRUARY 28, 2003**

	CURRENT MONTH		YEAR TO DATE		YEAR ENDED CURRENT MONTH	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
Interest On Long-Term Debt						
First Mortgage Bonds						
Series P 7.92%	349,800.00	349,800.00	699,600.00	699,600.00	4,197,600.00	4,589,522.88
Series P 8.55%	235,125.00	235,125.00	470,250.00	470,250.00	2,821,500.00	2,821,500.00
Series Q 6.32%	326,533.34	326,533.33	653,066.68	653,066.66	3,918,400.18	3,918,399.98
Series R 7.55%	314,583.34	314,583.33	629,166.68	629,166.66	3,775,000.00	3,718,172.48
Series S 5.99%	179,700.00	179,700.00	359,400.00	359,400.00	2,156,400.00	2,156,400.00
Loan Agreement - Foll. Control Bonds						
Series 1B (6.25%)	-	109,010.41	-	218,020.82	410,606.03	1,308,125.01
Series 2B (6.25%)	-	12,500.00	-	25,000.00	47,083.33	150,000.00
Series 3B (6.25%)	-	37,500.00	-	75,000.00	141,250.00	450,000.00
Series 4B (6.25%)	-	38,541.66	-	77,083.32	145,173.71	462,500.04
Series 8 (7.45%)	-	596,000.00	-	1,192,000.00	4,726,174.52	7,152,000.00
Series 9 (5 3/4%)	239,583.34	239,583.33	479,166.68	479,166.66	2,875,000.00	2,094,895.69
Series 10 (VARIABLE%)	52,668.49	58,290.41	107,260.28	128,342.44	840,920.70	1,391,646.49
Series 11 (VARIABLE%)	11,276.75	14,476.67	25,459.58	32,465.00	187,282.91	348,909.16
Series 12 (VARIABLE%)	19,267.07	-	44,211.04	-	21,612.50	-
Series 13 (VARIABLE%)	2,209.32	-	5,069.59	-	27,705.21	-
Series 14 (VARIABLE%)	6,812.07	-	15,631.25	-	85,424.42	-
Series 15 (VARIABLE%)	6,627.95	-	15,208.77	-	83,115.64	-
Series 16 (VARIABLE%)	70,336.00	-	176,080.01	-	537,200.01	-
Interest Rate Swaps	(679,332.13)	(622,984.71)	(1,334,707.54)	(1,213,577.71)	(7,422,412.09)	(4,480,798.16)
Marked to Market	2,849,198.00	-	2,849,198.00	-	1,587,042.00	223,227.00
Total	3,984,388.54	1,888,659.43	5,194,061.02	3,824,983.85	21,382,079.07	26,304,500.57
Amortization of Debt Expense - Net						
Amortization of Debt Expense	26,217.39	27,846.00	52,435.78	55,692.00	344,609.04	334,481.00
Amort. of Loss on Recquired Debt	74,214.00	72,472.41	148,428.00	144,944.82	885,572.33	869,758.92
Total	100,431.39	100,318.41	200,863.78	200,636.82	1,230,181.37	1,204,239.92
Other Interest Charges						
Note Payable	51,685.56	-	110,519.51	95,052.09	619,828.38	585,902.97
Customers Deposits	-	45,868.02	-	-	26,064.60	18,133.51
Deferred Compensation	116,644.51	63,947.07	255,713.19	129,317.28	1,202,698.49	1,059,073.82
Interest on Debt to Associated Companies	156,435.26	172,164.83	312,870.52	315,898.12	1,877,220.78	1,362,129.62
Other Interest Expense	-	-	-	-	-	-
Intercompany Interest	-	-	-	-	-	-
Federal RAR Interest Reserve	(9,347.33)	(18,287.61)	(18,287.61)	(4,327.88)	(53,232.65)	(21,913.84)
AFUDC Borrowed Funds	110,763.08	115,093.98	240,459.94	220,643.93	933,513.10	1,702,788.54
Interest Costs from A/R Securitization	426,181.08	395,262.69	901,275.55	756,583.54	4,606,092.70	4,706,114.62
Total	4,511,001.01	2,384,240.53	6,296,200.35	4,782,204.21	27,218,353.14	32,214,855.11
Total Interest						

**KENTUCKY UTILITIES COMPANY
ANALYSIS OF TAXES CHARGED
FEBRUARY 28, 2003**

Kind of Taxes	Current Month		Year To Date	
	This Year	Last Year	This Year	Last Year
Taxes Charged to Accounts 408.1 and 409.1				
Property Taxes.....	790,833.33	749,166.67	1,581,666.66	1,498,333.34
Unemployment.....	47,969.08	27,290.65	84,070.79	68,034.12
Federal Old Age and Survivors Insurance.....	534,188.79	274,590.51	917,553.22	802,874.79
Public Service Commission Fee.....	123,666.67	116,666.67	247,333.34	233,333.34
Federal Income.....	(4,190,897.89)	2,998,810.88	4,894,780.50	7,308,044.04
State Income.....	(1,179,309.52)	859,659.12	1,374,651.89	2,094,972.62
Miscellaneous.....	1,250.00	7,715.63	2,500.00	8,965.63
	(3,872,299.54)	5,033,900.13	9,102,556.40	12,014,557.88
Total Charged to Operating Expense.....	(1,831,375.70)	173,299.42	(4,413,142.50)	447,697.62
Taxes Charged to Other Accounts.....	(198,487.03)	(96,530.50)	(322,758.84)	(193,531.93)
Taxes Accrued on Intercompany Accounts.....	(5,902,162.27)	5,110,669.05	4,366,655.06	12,268,723.57
Total Taxes Charged.....				

ANALYSIS OF TAXES ACCRUED - ACCOUNT 236

Kind of Taxes	Taxes Accrued		Payments		Taxes Accrued	
	At Beginning Of Year	To Date This Year	To Date This Year	At End Of Month		
Property Taxes.....	388,832.83	1,590,514.66	59,037.59	1,920,309.90		
Unemployment.....	51,248.65	62,198.90	486.42	112,961.13		
Federal Old Age and Survivors.....	424,348.23	847,372.74	844,726.72	426,994.25		
Federal Income.....	(1,011,751.50)	1,216,603.61	-	204,852.11		
State Income.....	4,771,857.94	417,210.34	-	5,189,068.28		
Kentucky Sales and Use Tax.....	276,821.97	230,254.81	377,573.05	129,503.73		
Miscellaneous.....	42,769.92	2,500.00	4,369.14	40,900.78		
Totals.....	4,944,128.04	4,366,655.06	1,286,192.92	8,024,590.18		

KENTUCKY UTILITIES COMPANY
SUMMARY OF UTILITY PLANT
FEBRUARY 28, 2003

	NET BALANCE FIRST OF YEAR	ADDITIONS	RETIREMENTS	TRANSFERS	RECLASSIFICATIONS	BALANCE TO DATE
UTILITY PLANT						
Plant In Service	17,423,192.98	33,689.89	-	-	-	17,456,882.87
Intangibles	1,249,118,401.86	9,900,278.81	(904,715.35)	-	-	1,258,113,965.32
Steam Production	10,626,165.04	-	-	-	-	10,626,165.04
Hydro Production	362,332,612.45	(789,633.62)	-	-	-	361,542,978.83
Other Production	451,607,350.80	947,460.00	-	-	-	452,554,810.80
Transmission	896,399,091.37	1,725,153.35	(527,033.18)	-	-	897,597,211.54
Distribution	78,272,605.83	2,661,791.12	(930.00)	-	-	80,933,466.95
General	23,749,238.51	-	-	-	-	23,749,238.51
Transportation	-	14,478,739.55	(1,432,678.53)	-	-	3,102,574,719.86
Total Electric Plant In Service	3,089,528,658.84	(131,272.98)	-	-	-	(131,272.98)
Plant Purchased or Sold	3,089,528,658.84	14,347,466.57	(1,432,678.53)	-	-	3,102,443,446.88
Total Plant	191,233,221.88	23,820,541.82	(1,432,678.53)	-	-	215,053,763.70
Construction Work In Progress	3,280,761,880.72	38,168,008.39	(1,432,678.53)	-	-	3,317,497,210.58
Total Utility Plant at Original Cost						
RESERVE FOR DEPRECIATION OF UTILITY						
Plant In Service	794,854,592.77	5,746,653.81	(904,715.35)	(155,750.73)	-	799,403,720.50
Steam Production	8,323,904.23	27,258.60	-	-	-	8,351,162.83
Hydro Production	50,312,904.75	1,986,505.21	-	-	(1,190,422.21)	52,299,409.96
Other Production	249,396,208.56	2,256,156.52	-	507,452.21	(506,716.98)	250,969,395.08
Transmission	371,679,812.59	4,549,969.27	(527,033.18)	531,213.31	-	375,731,975.45
Distribution	28,370,592.95	848,658.41	(930.00)	(152.85)	-	29,218,168.51
General	20,582,770.31	249,756.56	-	-	-	20,832,526.87
Transportation	-	15,664,958.38	(1,432,678.53)	882,761.94	(1,834,199.19)	1,536,806,359.20
Total Reserve For Depreciation Of Utility Plant In Service	1,523,520,786.16	15,664,958.38	(1,432,678.53)	(1,490,792.80)	2,050,502.05	4,100,350.26
Retirement of Work in Progress	3,476,144.28	-	-	-	69,227.17	1,540,906,709.46
Subtotal	1,526,996,930.44	15,664,958.38	(1,432,678.53)	(608,030.86)	216,302.86	9,738,873.11
Intangibles	9,157,504.73	581,368.38	-	-	-	503,597.61
Leaseholds	503,517.72	79.89	-	-	-	-
Total Reserve For Depreciation and Amortization - Utility Plant In Service	1,536,657,952.89	16,246,406.65	(1,432,678.53)	(608,030.86)	69,227.17	1,551,149,180.18
Utility Plant at Original Cost Less Reserve For Depreciation and Amortization	1,744,103,927.83	-	-	-	-	1,766,348,030.40

KU Monthly Report to KPSC-January 31, 2003

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
JANUARY 31, 2003

	CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	91,854,258.08	75,682,256.24	16,172,001.84 21.37
Rate Refunds.....	(2,000,311.00)	(469,774.00)	(1,530,537.00) 325.80
Total Operating Revenues.....	<u>89,853,947.08</u>	<u>75,212,482.24</u>	<u>14,641,464.84</u> <u>19.47</u>
Operating Expenses			
Fuel.....	28,003,023.01	21,241,147.44	6,761,875.57 31.83
Power Purchased.....	18,048,963.52	13,646,295.68	4,402,667.84 32.26
Other Operation Expenses.....	12,620,380.52	11,113,105.60	1,507,274.92 13.56
Maintenance.....	3,426,729.37	3,588,009.99	(161,280.62) (4.50)
Depreciation.....	7,610,858.67	7,428,177.47	182,681.20 2.46
Amortization Expense.....	290,983.19	253,951.70	37,031.49 14.58
Regulatory Credits.....	(6,455,019.25)	-	(6,455,019.25) -
Taxes			
Federal Income.....	-	-	-
State Income.....	-	-	-
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	9,085,678.39	4,309,233.16	4,776,445.23 110.84
Federal Income - Estimated.....	2,553,961.41	1,235,313.50	1,318,647.91 106.75
State Income - Estimated.....	1,335,216.14	1,436,111.09	(100,894.95) (7.03)
Property and Other.....	-	-	-
Loss (Gain) from Disposition of Allowances.....	76,396.67	-	76,396.67 -
Accretion Expense.....	-	-	-
Total Operating Expenses.....	<u>76,597,171.64</u>	<u>64,251,345.63</u>	<u>12,345,826.01</u> <u>19.21</u>
Net Operating Income.....	13,256,775.44	10,961,136.61	2,295,638.83 20.94
Other Income Less Deductions			
Interest and Dividend Income.....	37,395.68	67,917.15	(30,521.47) (44.94)
Other Income Less Deductions.....	994,059.85	407,656.29	586,403.56 143.85
AFUDC - Equity.....	51,318.43	722.45	50,595.98 -
Total Other Income Less Deductions.....	<u>1,082,773.96</u>	<u>476,295.89</u>	<u>606,478.07</u> <u>127.33</u>
Income Before Interest Charges.....	14,339,549.40	11,437,432.50	2,902,116.90 25.37
Interest on Long Term Debt.....	1,209,672.48	1,936,324.42	(726,651.94) (37.53)
Amortization of Debt Expense - Net.....	100,432.39	100,318.41	113.98 0.11
Other Interest Expenses.....	484,034.75	363,837.52	120,197.23 33.04
AFUDC - Borrowed Funds.....	(8,940.28)	(2,516.67)	(6,423.61) 255.24
Total Interest Charges.....	<u>1,785,199.34</u>	<u>2,397,963.68</u>	<u>(612,764.34)</u> <u>(25.55)</u>
Net Inc Before Cumulative Effect of Accg Chg.....	12,554,350.06	9,039,468.82	3,514,881.24 38.88
Cumulative Effect of Accounting Chg Net of Tax.....	6,363,166.10	-	6,363,166.10 -
Income Taxes Applicable to Cumulative Effect.....	(2,568,332.91)	-	(2,568,332.91) -
Net Income.....	<u>8,759,516.87</u>	<u>9,039,468.82</u>	<u>(279,951.95)</u> <u>(3.10)</u>
Preferred Dividend Requirements.....	188,000.00	188,000.00	-
Earnings Available for Common.....	<u>8,571,516.87</u>	<u>8,851,468.82</u>	<u>(279,951.95)</u> <u>(3.16)</u>

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
JANUARY 31, 2003

	YEAR TO DATE		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	91,854,258.08	75,682,256.24	16,172,001.84 21.37
Rate Refunds.....	(2,000,311.00)	(469,774.00)	(1,530,537.00) 325.80
Total Operating Revenues.....	89,853,947.08	75,212,482.24	14,641,464.84 19.47
Operating Expenses			
Fuel.....	28,003,023.01	21,241,147.44	6,761,875.57 31.83
Power Purchased.....	18,048,963.52	13,646,295.68	4,402,667.84 32.26
Other Operation Expenses.....	12,620,380.52	11,113,105.60	1,507,274.92 13.56
Maintenance.....	3,426,729.37	3,588,009.99	(161,280.62) (4.50)
Depreciation.....	7,610,858.67	7,428,177.47	182,681.20 2.46
Amortization Expense.....	290,983.19	253,951.70	37,031.49 14.58
Regulatory Credits.....	(6,455,019.25)	-	(6,455,019.25) -
Taxes			
Federal Income.....	-	-	-
State Income.....	-	-	-
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	9,085,678.39	4,309,233.16	4,776,445.23 110.84
Federal Income - Estimated.....	2,553,961.41	1,235,313.50	1,318,647.91 106.75
State Income - Estimated.....	-	-	-
Loss (Gain) from Disposition of Utility Plant.....	76,396.67	-	76,396.67 -
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	76,597,171.64	64,251,345.63	12,345,826.01 19.21
Total Operating Expenses.....	13,256,775.44	10,961,136.61	2,295,638.83 20.94
Net Operating Income.....	37,395.68	67,917.15	(30,521.47) (44.94)
Other Income Less Deductions			
Interest and Dividend Income.....	994,059.85	407,656.29	586,403.56 143.85
Other Income Less Deductions.....	51,318.43	722.45	50,595.98 -
AFUDC - Equity.....	1,082,773.96	476,295.89	606,478.07 127.33
Total Other Income Less Deductions.....	14,339,549.40	11,437,432.50	2,902,116.90 25.37
Income Before Interest Charges.....	1,209,672.48	1,936,324.42	(726,651.94) (37.53)
Interest on Long Term Debt.....	100,432.39	100,318.41	113.98 0.11
Amortization of Debt Expense - Net.....	484,034.75	363,837.52	120,197.23 33.04
Other Interest Expenses.....	(8,940.28)	(2,516.67)	(6,423.61) 255.24
AFUDC - Borrowed Funds.....	1,785,199.34	2,397,963.68	(612,764.34) (25.55)
Total Interest Charges.....	12,554,350.06	9,039,468.82	3,514,881.24 38.88
Net Inc Before Cumulative Effect of Acctg Chg.....	6,363,166.10	-	6,363,166.10 -
Cumulative Effect of Accounting Chg Net of Tax.....	(2,568,332.91)	-	(2,568,332.91) -
Income Taxes Applicable to Cumulative Effect.....	8,759,516.87	9,039,468.82	(279,951.95) (3.10)
Net Income.....	188,000.00	188,000.00	-
Preferred Dividend Requirements.....	8,571,516.87	8,571,516.87	-
Earnings Available for Common.....	(8,383,516.87)	(8,383,516.87)	-

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
JANUARY 31, 2003

	YEAR ENDED CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	888,910,309.61	867,534,222.21	21,376,087.40 2.46
Rate Refunds.....	13,950,227.00	(1,295,307.00)	15,245,734.00
Total Operating Revenues.....	<u>902,860,536.61</u>	<u>866,238,715.21</u>	<u>36,621,821.40</u> 4.23
Operating Expenses			
Fuel	241,410,828.61	241,410,828.61	15,467,684.04 6.41
Power Purchased.....	162,358,230.51	160,943,395.34	1,414,835.17 0.88
Other Operation Expenses.....	149,029,591.04	127,880,088.02	21,149,503.02 16.54
Maintenance.....	59,620,807.92	56,882,532.93	2,738,274.99 4.81
Depreciation.....	92,449,412.51	86,993,688.41	5,455,724.10 6.27
Amortization Expense.....	3,232,061.41	3,047,986.60	184,074.81 6.04
Regulatory Credits.....	(6,455,019.25)	-	(6,455,019.25)
Taxes			
Federal Income.....	38,518,668.89	58,334,058.47	(19,815,389.58) (33.97)
State Income.....	10,492,859.36	13,463,626.09	(2,970,766.73) (22.07)
Deferred Federal Income - Net.....	3,466,551.66	(12,979,940.81)	16,446,492.47 (126.71)
Deferred State Income - Net.....	1,547,330.01	(1,340,421.82)	2,887,751.83 (215.44)
Federal Income - Estimated.....	4,776,445.23	(680,728.39)	5,457,173.62 (801.67)
State Income - Estimated.....	1,318,647.91	(195,142.15)	1,513,790.06 (775.74)
Property and Other.....	14,882,325.84	13,841,315.02	1,041,010.82 7.52
Loss (Gain) from Disposition of Utility Plant.....	(277,302.50)	(317,036.15)	39,733.65 (12.53)
Loss (Gain) from Disposition of Allowances.....	76,996.67	-	76,996.67
Accretion Expense.....	791,915,519.86	747,284,250.17	44,631,269.69 5.97
Total Operating Expenses.....	<u>110,945,016.75</u>	<u>118,934,465.04</u>	<u>(8,009,448.29)</u> (6.73)
Net Operating Income.....	610,434.46	1,307,028.80	(696,594.34) (53.30)
Other Income Less Deductions			
Interest and Dividend Income.....	10,287,336.49	7,783,100.18	2,504,236.31 32.18
Other Income Less Deductions.....	137,443.19	46,831.14	90,612.05 193.49
AFUDC - Equity.....	11,035,214.14	9,136,960.12	1,898,254.02 20.78
Total Other Income Less Deductions.....	<u>121,980,230.89</u>	<u>128,091,425.16</u>	<u>(6,111,194.27)</u> (4.77)
Income Before Interest Charges.....	19,286,349.96	27,073,204.75	(7,786,854.79) (28.76)
Interest on Long Term Debt.....	1,230,068.39	1,204,349.92	25,718.47 2.14
Amortization of Debt Expense - Net.....	4,620,870.84	4,866,049.71	(245,178.87) (5.04)
Other Interest Expenses.....	(45,696.53)	(21,056.72)	(24,639.81) 117.02
AFUDC - Borrowed Funds.....	25,091,592.66	33,122,547.66	(8,030,955.00) (24.25)
Total Interest Charges.....	96,888,638.23	94,968,877.50	1,919,760.73 2.02
Net Inc Before Cumulative Effect of Acctg Chg.....	6,363,166.10	(136,177.00)	6,499,343.10
Cumulative Effect of Accounting Chg, Net of Tax.....	(2,568,332.91)	-	(2,568,332.91)
Income Taxes Applicable to Cumulative Effect.....	93,093,805.04	95,105,054.50	(2,011,249.46) (2.11)
Net Income.....	<u>2,256,006.78</u>	<u>2,256,003.54</u>	<u>3.24</u> 0.00
Preferred Dividend Requirements.....	90,837,798.26	92,849,050.96	(2,011,252.70) (2.17)
Earnings Available for Common.....	<u>2,165,208.52</u>	<u>2,166,952.58</u>	<u>943.06</u>

KENTUCKY UTILITIES COMPANY
ANALYSIS OF RETAINED EARNINGS
JANUARY 31, 2003

	Year to Date			Year Ended Current Month	
	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total Retained Earnings	Total Retained Earnings	Undistributed Subsidiary Earnings
Retained Earnings and Undistributed Earnings					
Balance Beginning of Period.....	496,010,767.63	114,735.25	496,125,502.88	419,506,348.03	235,085.14
Net Income To Date.....	8,759,516.87		8,759,516.87	93,093,805.04	
Adjust for Equity in Subsidiary Earnings for Year -EE Inc.....	(171,066.00)		(171,066.00)	(6,941,607.00)	6,941,607.00
Dividends Rec'd Current Year -EE Inc.....	-		-	1,123,414.46	(1,123,414.46)
Preferred Stock Dividends.....	(188,000.00)		(188,000.00)	(2,256,006.78)	
Common Stock Dividends.....	-		-	-	
Balance End of Period.....	<u>504,411,218.50</u>	<u>114,735.25</u>	<u>504,525,953.75</u>	<u>504,525,953.75</u>	<u>6,053,277.68</u>
Combined Retained Earnings	12 MONTHS 01/31/03	12 MONTHS 01/31/02			
Retained Earnings Beginning of Period.....	419,741,433.17	357,392,382.21			
Add Net Income.....	93,093,805.04	95,105,054.50			
Subtotal.....	<u>512,835,238.21</u>	<u>452,497,436.71</u>			
Deduct					
Dividends on Preferred Stock.....	2,256,006.78	2,256,003.54			
Dividends on Common Stock.....	-	30,500,000.00			
Preferred Stock Redemption Exp and Other.....	-	-			
Retained Earnings End of Period.....	<u>510,579,231.43</u>	<u>419,741,433.17</u>			

KENTUCKY UTILITIES COMPANY
COMPARATIVE BALANCE SHEETS AS OF JANUARY 31, 2003 AND 2002

	THIS YEAR	LAST YEAR		THIS YEAR	LAST YEAR
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
Utility Plant	3,290,515,886.60	3,073,916,433.82	Capitalization	308,139,977.56	308,139,977.56
Utility Plant at Original Cost	1,343,053,107.93	1,465,822,373.64	Common Stock	(594,394.29)	(594,394.29)
Less Reserves for Depreciation & Amortization	1,747,462,778.67	1,608,094,060.18	Common Stock Expense	15,000,000.00	15,000,000.00
Total	<u>1,747,462,778.67</u>	<u>1,608,094,060.18</u>	Paid-In Capital	(10,462,375.00)	1,588,424.00
Investments - At Cost	896,953.76	897,364.18	Other Comprehensive Income	504,525,953.75	419,506,348.03
Nonutility Property-Less Reserve	7,349,077.68	1,530,885.14	Retained Earnings	6,053,277.68	235,085.14
Investments in Subsidiary Companies	3,000,000.00	3,000,000.00	Unappropriated Undistributed Subsidiary Earnings	822,662,439.70	743,875,440.44
Investments in K-U-R	250,000.00	250,000.00	Total Common Equity	40,000,000.00	40,000,000.00
Ohio Valley Electric Corporation	725,749.66	822,173.60	Preferred Stock	422,830,000.00	484,830,000.00
Other	5,352,324.78	5,935,372.31	First Mortgage Bonds	15,662,329.00	3,675,762.00
Special Funds	17,574,105.88	12,435,795.23	Other Long-Term Debt	438,492,329.00	488,505,762.00
Total	<u>17,574,105.88</u>	<u>12,435,795.23</u>	Long-Term Debt Marked to Market	1,301,154,768.70	1,272,381,202.44
Current and Accrued Assets	6,114,589.37	360,748.58	Total Long-Term Debt	1,301,154,768.70	1,272,381,202.44
Cash	102,929.26	183,579.04	Total Capitalization	62,000,000.00	-
Special Deposits	19,973,417.10	2,303.23	Current and Accrued Liabilities	-	-
Temporary Cash Investments	34,521,125.00	19,572,424.00	Advances from Associated Companies	137,689,649.91	60,689,649.91
Accounts Receivable-Less Reserve	9,461,184.27	6,644,432.80	Long-Term Debt Due in 1 Year	48,441,931.45	54,757,986.42
Notes Receivable from Assoc. Companies	39,598,078.07	21,241,748.29	Notes Payable	17,332,351.49	13,455,638.01
Notes Receivable from K-U-R	21,478,544.52	5,038,670.15	Accounts Payable	12,153,718.39	10,793,881.40
Notes Receivable from Assoc Companies	4,978,556.72	140,379.74	Accounts Payable to Associated Companies	14,421,963.19	22,501,672.06
Materials & Supplies-At Average Cost	66,650.62	45,397,001.89	Customer Deposits	2,502,092.68	6,457,931.91
Fuel	926,667.26	123,895.29	Taxes Accrued	376,000.00	376,000.00
Plant Materials & Operating Supplies	143,104,485.66	126,929,875.18	Interest Accrued	9,111,018.87	6,625,459.74
Stores Expense	4,990,140.34	4,288,599.54	Dividends Declared	304,028,725.98	175,658,219.45
Allowance Inventory	4,978,556.72	6,069,538.65	Misc. Current & Accrued Liabilities	-	-
Prepayments	5,882,743.47	84,907,545.77	Total	321,981,826.59	324,111,711.22
Miscellaneous Current & Accrued Assets	926,667.26	79,719,310.77	Deferred Credits and Other	8,279,771.00	11,208,391.00
Total	<u>143,104,485.66</u>	<u>126,929,875.18</u>	Accumulated Deferred Income Taxes	56,289,828.00	57,920,359.00
Deferred Debits and Other	4,990,140.34	4,288,599.54	Investment Tax Credit	1,494,886.46	1,516,030.21
Unamortized Debt Expense	9,382,222.48	6,069,538.65	Regulatory Liabilities	13,948,296.67	2,066,804.17
Unamortized Loss on Bonds	80,797,844.61	84,907,545.77	Customer Advances for Construction	2,785,163.65	45,256,183.27
Accumulated Deferred Income Taxes	73,533,696.01	79,719,310.77	Asset Retirement Obligations	59,892,048.82	55,131,380.82
Deferred Regulatory Assets	49,138,240.14	22,803,556.26	Other Deferred Credits	520,800,019.11	497,210,859.69
Other Deferred Debits	217,842,143.58	197,790,550.99	Misc. Long-Term Liab. Due to Assoc. Co.	2,125,983,513.79	1,945,250,281.58
Total	<u>217,842,143.58</u>	<u>197,790,550.99</u>	Accum Provision for Post-Retirement Benefits	-	-
Current and Accrued Assets	6,114,589.37	360,748.58	Total	2,125,983,513.79	1,945,250,281.58
Cash	102,929.26	183,579.04	Total Liabilities and Other Credits	2,125,983,513.79	1,945,250,281.58
Special Deposits	19,973,417.10	2,303.23	Total Assets and Other Debits	2,125,983,513.79	1,945,250,281.58
Temporary Cash Investments	34,521,125.00	19,572,424.00			
Accounts Receivable-Less Reserve	9,461,184.27	6,644,432.80			
Notes Receivable from Assoc. Companies	39,598,078.07	21,241,748.29			
Notes Receivable from K-U-R	21,478,544.52	5,038,670.15			
Notes Receivable from Assoc Companies	4,978,556.72	140,379.74			
Materials & Supplies-At Average Cost	66,650.62	45,397,001.89			
Fuel	926,667.26	123,895.29			
Plant Materials & Operating Supplies	143,104,485.66	126,929,875.18			
Stores Expense	4,990,140.34	4,288,599.54			
Allowance Inventory	4,978,556.72	6,069,538.65			
Prepayments	5,882,743.47	84,907,545.77			
Miscellaneous Current & Accrued Assets	926,667.26	79,719,310.77			
Total	<u>143,104,485.66</u>	<u>126,929,875.18</u>			
Deferred Debits and Other	4,990,140.34	4,288,599.54			
Unamortized Debt Expense	9,382,222.48	6,069,538.65			
Unamortized Loss on Bonds	80,797,844.61	84,907,545.77			
Accumulated Deferred Income Taxes	73,533,696.01	79,719,310.77			
Deferred Regulatory Assets	49,138,240.14	22,803,556.26			
Other Deferred Debits	217,842,143.58	197,790,550.99			
Total	<u>217,842,143.58</u>	<u>197,790,550.99</u>			
Current and Accrued Assets	6,114,589.37	360,748.58			
Cash	102,929.26	183,579.04			
Special Deposits	19,973,417.10	2,303.23			
Temporary Cash Investments	34,521,125.00	19,572,424.00			
Accounts Receivable-Less Reserve	9,461,184.27	6,644,432.80			
Notes Receivable from Assoc. Companies	39,598,078.07	21,241,748.29			
Notes Receivable from K-U-R	21,478,544.52	5,038,670.15			
Notes Receivable from Assoc Companies	4,978,556.72	140,379.74			
Materials & Supplies-At Average Cost	66,650.62	45,397,001.89			
Fuel	926,667.26	123,895.29			
Plant Materials & Operating Supplies	143,104,485.66	126,929,875.18			
Stores Expense	4,990,140.34	4,288,599.54			
Allowance Inventory	4,978,556.72	6,069,538.65			
Prepayments	5,882,743.47	84,907,545.77			
Miscellaneous Current & Accrued Assets	926,667.26	79,719,310.77			
Total	<u>143,104,485.66</u>	<u>126,929,875.18</u>			
Deferred Debits and Other	4,990,140.34	4,288,599.54			
Unamortized Debt Expense	9,382,222.48	6,069,538.65			
Unamortized Loss on Bonds	80,797,844.61	84,907,545.77			
Accumulated Deferred Income Taxes	73,533,696.01	79,719,310.77			
Deferred Regulatory Assets	49,138,240.14	22,803,556.26			
Other Deferred Debits	217,842,143.58	197,790,550.99			
Total	<u>217,842,143.58</u>	<u>197,790,550.99</u>			

KENTUCKY UTILITIES COMPANY
STATEMENT OF CAPITALIZATION AND SHORT-TERM DEBT
JANUARY 31, 2003

	AUTHORIZED SHARES	ISSUED & OUTSTANDING SHARES	AMOUNT	CAPITAL & S/T DEBT	PERCENT OF TOTAL CAPITAL
Common Equity					
Common Stock - Without Par		37,817,878	308,139,977.56		
Common Stock Expense			(321,288.87)		
Preferred Stock Expense			(273,105.42)		
Paid-In Capital			15,000,000.00		
Other Comprehensive Income			(10,462,375.00)		
Retained Earnings			504,525,953.75		
Unappropriated Undistributed Subsidiary Earnings			6,053,277.68		
Total Common Equity			822,662,439.70	54.81	63.23
Preferred Stock, Cumulative	5,300,000				
4 3/4% Series		200,000	20,000,000.00		
6.53% Series		200,000	20,000,000.00		
Total Preferred Stock			40,000,000.00	2.67	3.07
Total Stockholder's Equity			862,662,439.70	57.48	66.30
Long-Term Debt					
First Mortgage Bonds					
FM Series P, 7.92%			53,000,000.00		
FM Series P, 8.55%			33,000,000.00		
FM Series R, 7.55%			50,000,000.00		
FM Series S, 5.99%			36,000,000.00		
Total First Mortgage Bonds			172,000,000.00	11.46	13.22
Pollution Control Bonds					
PCB 9 DUE 12/01/23 5 3/4%			50,000,000.00		
PCB 10 DUE 11/01/24 Variable%			54,000,000.00		
PCB 11 DUE 5/1/23 Variable%			12,900,000.00		
PCB 12 DUE 2/1/32 Variable%			20,930,000.00		
PCB 13 DUE 2/1/32 Variable%			2,400,000.00		
PCB 14 DUE 2/1/32 Variable%			7,400,000.00		
PCB 15 DUE 2/1/32 Variable%			7,200,000.00		
PCB 16 DUE 10/1/32 Variable%			96,000,000.00		
Long-Term Debt Marked to Market			15,662,329.00		
Total PCB Long-Term Debt			266,492,329.00	17.76	20.48
Total Long-Term Debt			1,301,154,768.70	86.70	100.00
Total Capitalization			62,000,000.00	4.13	
Long-Term Debt Due Within 1 Year			137,689,649.91	9.17	
Notes Payable to Associated Companies			1,500,844,418.61	100.00	
Total Capitalization and Short-Term Debt			1,500,844,418.61		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
JANUARY 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
UTILITY PLANT	3,290,515,886.60	3,290,515,886.60
At Original Cost.....		(1,543,053,107.93)
Reserves for Depreciation and Amortization.....	(795,863,616.40)	
Accum Depreciation - Steam Power Generation.....	(8,337,533.53)	
Accum Depreciation - Hydro Power Generation.....	(51,282,649.65)	
Accum Depreciation - Other Power Generation.....	(250,544,504.03)	
Accum Depreciation - Transmission.....	(373,886,606.30)	
Accum Depreciation - Distribution.....	(28,761,478.95)	
Accum Depreciation - General.....	(20,707,648.59)	
Transportation.....	(3,717,064.84)	
Retirement - RWIP.....		
Amortization of Plant		
Limited - Term Plant.....	(9,952,005.64)	17,574,105.88
INVESTMENTS - AT COST.....	896,953.76	
Nonutility Property - less reserve (\$130,135.30).....	7,349,077.68	
Investments in Subsidiary Companies.....	3,000,000.00	
Investments in KU-R.....	250,000.00	
Ohio Valley Electric Corporation.....	725,749.66	
Other.....	1,579.50	
Special Funds.....	670,284.36	
OMU-Interest on Reserve, New.....	644,771.11	
OMU-R&I on Maintenance Reserve.....	120,000.00	
OMU-R&I on Additions and Replacements.....	538,258.48	
OMU-R&I on Operations.....	292,000.00	
OMU-R&I Interest on Purchase Power.....	3,085,431.33	
OMU-Purchase Power, Coal Reserve.....		6,114,589.37
CASH.....	(23,539,805.02)	
Cash Clearing.....	29,654,394.39	
Cash Accounts.....		102,929.26
SPECIAL DEPOSITS.....	102,929.26	
Special Deposits.....		19,973,417.10
ACCOUNTS RECEIVABLE - LESS RESERVE.....	93,373.18	
Working Funds.....	52,593,874.42	
Customers-Active.....	(7,622.90)	
Customers-Suspense CIS.....	(87,582,000.00)	
Customer Accounts Receivable Sold to KU-R.....	8,042,494.84	
Wholesale Sales.....	4,397,147.83	
Transmission Sales.....	38,436,000.00	
Unbilled Revenues.....	306,262.06	
PC Purchase Program.....	168,191.03	
Pitcairn Receivable.....	87,795.74	
Unbilled Projects.....	195,697.09	
Damage Claims.....	373,691.50	
RAR Settlements.....	1,086,670.43	
Tax Refunds.....	306,661.21	
Insurance Claims.....	1,755,180.67	
Miscellaneous.....	(70,927.73)	
Uncollectible Accounts - Accrual.....	150,995.42	
Uncollectible Accounts - Charged Off.....	(80,067.69)	
Uncollectible Accounts - Recovery.....	520,000.00	
Uncollectible Accounts - Accrual Sold to KU-R.....	(800,000.00)	
Uncollectible Accounts - Other.....		34,521,125.00
NOTES RECEIVABLE FROM KU-R.....	34,521,125.00	
Notes Receivable form KU-R.....		9,461,184.27
ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES.....	8,825,840.76	
LG&E Energy Corp., Enertech.....	635,343.51	
LG&E Energy Marketing Inc. (LEM)-Power Marketing.....		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
JANUARY 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
FUEL.....	37,031,072.02	39,598,078.07
Coal 1,147,525 Tons @ \$32.27; MMBTU 26,643,562 @ 138.99¢.....	2,475,519.27	
Fuel Oil 3,182,409 Gallons @ 77.79¢.....	91,486.78	
Gas Pipeline 13,018 MCF @ \$7.03.....		21,478,544.52
PLANT MATERIALS AND OPERATING SUPPLIES.....	21,386,228.47	
Regular Materials and Supplies.....	92,316.05	
Limestone 15,681 Tons @ \$5.89.....		4,978,556.72
STORES EXPENSE.....	4,978,556.72	
Stores Expense Undistributed.....		66,650.62
ALLOWANCE INVENTORY.....	66,650.62	
Allowance Inventory.....		5,882,743.47
PREPAYMENTS.....	5,835,077.59	
Insurance.....	267,108.65	
Taxes.....	(156,435.26)	
Interest.....	(63,007.51)	
Company Owned Life Insurance.....		926,667.26
MISCELLANEOUS CURRENT ASSETS.....	926,667.26	
Mark to Market Assets.....		4,990,140.34
UNAMORTIZED DEBT EXPENSE.....		
First Mortgage Bonds.....	179,779.48	
KU Series P 7.92%.....	295,794.52	
KU Series P 8.55%.....	18,686.14	
KU Series Q 6.32%.....	406,057.53	
KU Series R 7.55%.....	111,582.18	
KU Series S 5.99%.....		
Pollution Control Bonds.....	672,130.80	
KU Series 9, 5 3/4%, Due 12/01/23.....	447,032.82	
KU Series 10, Variable%, Due 10/01/24.....	350,093.29	
KU Series 11, Variable%, Due 5/01/23.....	116,648.20	
KU Series 12, Variable%, Due 2/01/32.....	80,751.61	
KU Series 13, Variable%, Due 2/01/32.....	90,351.61	
KU Series 14, Variable%, Due 2/01/32.....	90,751.59	
KU Series 15, Variable%, Due 2/01/32.....	2,130,480.57	
KU Series 16, Variable%, Due 10/01/32.....		9,382,222.48
UNAMORTIZED LOSS ON BONDS.....	9,382,222.48	
Reacquired Debt.....		80,797,844.61
ACCUMULATED DEFERRED INCOME TAXES.....	65,012,265.47	
Federal.....	15,785,579.14	
State.....		73,533,696.01
DEFERRED REGULATORY ASSET.....	1,705,275.00	
Merger Expenses.....	37,426,115.93	
VDT Expenses.....	8,183,019.25	
Asset Retirement Obligations.....	25,047,599.00	
FASB 109 - Deferred Taxes.....	679,741.80	
Pension FERC FAS 87 > Than Funding.....	491,945.03	
Other.....		49,138,240.14
OTHER DEFERRED DEBITS.....	16,928,220.00	
Long-Term Derivative Asset.....	32,210,020.14	
Other.....		
Total Assets and Other Debits.....	2,125,983,513.79	2,125,983,513.79

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
JANUARY 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
		822,662,439.70
COMMON STOCK AND RETAINED EARNINGS	308,139,977.56	
Common Stock.....	(321,288.87)	
Common Stock Expense.....	(273,105.42)	
Preferred Stock Expense.....	15,000,000.00	
Paid-In Capital.....	(10,462,375.00)	
Other Comprehensive Income.....	504,525,953.75	
Retained Earnings.....	6,053,277.68	
Unappropriated Undistributed Subsidiary Earnings.....		40,000,000.00
PREFERRED STOCK	40,000,000.00	
Preferred Stock.....		422,830,000.00
BONDS		
First Mortgage Bonds.....	53,000,000.00	
KU Series P 7.92%.....	33,000,000.00	
KU Series P 8.55%.....	50,000,000.00	
KU Series R 7.55%.....	36,000,000.00	
KU Series S 5.99%.....		
Pollution Control Bonds.....	50,000,000.00	
KU Series 9, 5 3/4%, Due 12/01/23.....	54,000,000.00	
KU Series 10, Variable%, Due 10/01/24.....	12,900,000.00	
KU Series 11, Variable%, Due 05/01/23.....	20,930,000.00	
KU Series 12, Variable%, Due 2/01/32.....	2,400,000.00	
KU Series 13, Variable%, Due 2/01/32.....	7,400,000.00	
KU Series 14, Variable%, Due 2/01/32.....	7,200,000.00	
KU Series 15, Variable%, Due 2/01/32.....	96,000,000.00	
KU Series 16, Variable%, Due 10/01/32.....		62,000,000.00
LONG-TERM DEBT DUE WITHIN ONE YEAR	62,000,000.00	
Mandatory Redemption-FMB due June 15, 2003.....		15,662,329.00
LONG-TERM DEBT MARKED TO MARKET	15,662,329.00	
Long-term Debt Marked to Market.....		137,689,649.91
NOTES PAYABLE TO ASSOCIATED COMPANIES	137,689,649.91	
Notes Payable to Associated Companies.....		48,441,931.45
ACCOUNTS PAYABLE	44,480,287.12	
Regular.....	1,071,407.04	
Salaries and Wages Accrued.....	95,856.71	
Employee Withholdings Payable.....	2,794,380.58	
Tax Collections - Payable.....		17,332,351.49
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	17,332,351.49	
LG&E Energy Corp., Enertech, WKE.....		12,153,718.39
CUSTOMERS' DEPOSITS	12,153,718.39	
Customers' Deposits.....		14,421,963.19
TAXES ACCRUED	14,421,963.19	
Taxes Accrued.....		2,502,092.68
INTEREST ACCRUED		
Interest on Long-Term Debt.....		
First Mortgage Bonds.....	874,500.00	
KU Series P 7.92%.....	587,812.50	
KU Series P 8.55%.....	489,799.99	
KU Series Q 6.32%.....	629,166.65	
KU Series R 7.55%.....	89,850.00	
KU Series S 5.99%.....		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
JANUARY 31, 2003

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
INTEREST ACCRUED (Continued)		
Pollution Control Bonds	479,166.65	
KU Series 9, 5 3/4%, Due 12/01/23.....	51,780.87	
KU Series 10, Variable%, Due 10/01/24.....	3,934.46	
KU Series 11, Variable%, Due 05/01/23.....	6,881.10	
KU Series 12, Variable%, Due 2/01/32.....	789.03	
KU Series 13, Variable%, Due 2/01/32.....	2,432.89	
KU Series 14, Variable%, Due 2/01/32.....	2,367.13	
KU Series 15, Variable%, Due 2/01/32.....	57,210.68	
KU Series 16, Variable%, Due 10/01/32.....		
Other	(1,393,125.00)	
Interest Rate Swaps.....	619,525.73	
Customer Deposits.....		376,000.00
DIVIDENDS DECLARED.....	376,000.00	
Preferred Stock.....		9,111,018.87
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES.....	3,970,908.31	
Vacation Pay Accrued.....	1,117,023.00	
Revenue Subject to Refund.....	116,772.30	
Escheated Deposits.....	2,951,832.52	
Franchise Fee Payable.....	685,265.52	
Mark to Market Liabilities.....	269,217.22	
Other.....		321,981,826.59
ACCUMULATED DEFERRED INCOME TAXES.....	257,233,912.79	
Federal.....	64,747,913.80	
State.....		8,279,771.00
INVESTMENT TAX CREDIT.....	8,279,771.00	
Job Development Credit.....		56,289,828.00
REGULATORY LIABILITIES.....	2,388,000.00	
Asset Retirement Obligations.....	53,901,828.00	
Deferred Taxes - FAS 109.....		1,494,886.46
CUSTOMERS' ADVANCES FOR CONSTRUCTION.....	688,245.36	
Line Extensions.....	806,641.10	
Other.....	13,948,296.67	13,948,296.67
ASSET RETIREMENT OBLIGATIONS.....		2,785,163.65
OTHER DEFERRED CREDITS.....	(423,194.39)	
Other Deferred Credits.....	3,208,358.04	
Clearing Accounts Transferred from Other Deferred Debits.....		56,128,197.92
MISCELLANEOUS LONG-TERM LIABILITIES.....	47,532,115.60	
Pension Payable.....	3,523,082.32	
Workers' Compensation.....	5,073,000.00	
Post Employment Benefits - FAS 112.....		59,892,048.82
ACCUMULATED PROVISION FOR BENEFITS.....	59,892,048.82	
Post Retirement Benefits - FAS 106.....		
Total Liabilities and Other Credits.....	2,125,983,513.79	2,125,983,513.79

KENTUCKY UTILITIES COMPANY
STATEMENT OF CASH FLOWS
JANUARY 31, 2003

	Year to Date	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income.....	8,759,516.87	9,039,468.82
Items not requiring cash currently:		
Depreciation and amortization.....	7,901,841.86	7,682,129.17
Deferred income taxes - net.....	-	-
Investment tax credit - net.....	(220,079.00)	(246,231.00)
Other.....	18,214,997.30	(2,671,269.71)
(Increase) decrease in certain net current assets:		
Accounts receivable.....	(17,394,781.90)	(7,587,213.47)
Materials and supplies.....	6,442,481.95	(2,108,015.86)
Accounts payable.....	(29,599,381.21)	(16,934,947.03)
Accrued taxes.....	9,477,835.15	1,986,360.75
Accrued interest.....	(124,612.67)	790,379.73
Prepayments and other.....	2,534,191.75	1,417,256.19
Other.....	(12,734,076.07)	2,691,869.25
Net cash provided from operating activities.....	<u>(6,742,065.97)</u>	<u>(5,940,213.16)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction expenditures.....	(10,606,154.76)	(9,707,915.11)
Net cash used for investing activities.....	<u>(10,606,154.76)</u>	<u>(9,707,915.11)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings-net.....	18,200,000.00	12,900,000.00
Issuance of long-term debt.....	(25,197.09)	-
Net cash used for financing activities.....	<u>18,174,802.91</u>	<u>12,900,000.00</u>
NET INCREASE (DECREASE) IN CASH AND TEMP. CASH INVESTMENTS.....	<u>826,582.18</u>	<u>(2,748,128.27)</u>
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD.....	<u>5,390,936.45</u>	<u>3,294,759.12</u>
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD.....	<u><u>6,217,518.63</u></u>	<u><u>546,630.85</u></u>

KENTUCKY UTILITIES COMPANY
ANALYSIS OF INTEREST CHARGES
JANUARY 31, 2003

	CURRENT MONTH		YEAR TO DATE		YEAR ENDED CURRENT MONTH	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
Interest On Long-Term Debt						
First Mortgage Bonds						
Series P 7.92%	349,800.00	349,800.00	349,800.00	349,800.00	4,197,600.00	4,571,201.07
Series P 8.55%	235,125.00	235,125.00	235,125.00	235,125.00	2,821,500.00	2,821,500.00
Series Q 6.32%	326,533.34	326,533.34	326,533.34	326,533.34	3,918,400.17	3,918,399.98
Series R 7.55%	314,583.34	314,583.34	314,583.34	314,583.34	3,774,999.99	3,648,443.32
Series S 5.99%	179,700.00	179,700.00	179,700.00	179,700.00	2,156,400.00	2,156,400.00
Loan Agreement - Poll. Control Bonds						
Series 1B (6.25%)	-	109,010.41	-	109,010.41	519,616.44	1,308,125.02
Series 2B (6.25%)	-	12,500.00	-	12,500.00	59,583.33	150,000.00
Series 3B (6.25%)	-	37,500.00	-	37,500.00	178,750.00	450,000.00
Series 4B (6.25%)	-	38,541.66	-	38,541.66	183,715.37	462,500.05
Series 8 (7.45%)	-	596,000.00	-	596,000.00	5,322,174.52	7,152,000.00
Series 9 (5.3/4%)	239,583.34	239,583.33	239,583.34	239,583.33	2,874,999.99	2,185,975.08
Series 10 (VARIABLE%)	54,591.79	70,052.03	54,591.79	70,052.03	846,542.62	1,509,558.77
Series 11 (VARIABLE%)	14,182.83	17,988.33	14,182.83	17,988.33	190,482.83	373,687.91
Series 12 (VARIABLE%)	24,943.97	-	24,943.97	-	222,345.43	-
Series 13 (VARIABLE%)	2,860.27	-	2,860.27	-	25,495.89	-
Series 14 (VARIABLE%)	8,819.18	-	8,819.18	-	78,612.35	-
Series 15 (VARIABLE%)	8,580.82	-	8,580.82	-	76,487.69	-
Series 16 (VARIABLE%)	105,744.01	-	105,744.01	-	466,864.01	-
Interest Rate Swaps	(655,375.41)	(590,593.00)	(655,375.41)	(590,593.00)	(7,366,064.67)	(3,857,813.45)
Marked to Market	-	-	-	-	(1,262,156.00)	223,227.00
Total	1,209,672.48	1,936,324.42	1,209,672.48	1,936,324.42	19,286,349.96	27,073,204.75
Amortization of Debt Expense - Net						
Amortization of Debt Expense	26,218.39	27,846.00	26,218.39	27,846.00	346,237.65	334,591.00
Amort. of Loss on Reacquired Debt	74,214.00	72,472.41	74,214.00	72,472.41	883,830.74	869,758.92
Total	100,432.39	100,318.41	100,432.39	100,318.41	1,230,068.39	1,204,349.92
Other Interest Charges						
Note Payable	58,833.95	49,184.07	58,833.95	49,184.07	614,010.84	585,657.84
Customers' Deposits	-	-	-	-	26,064.60	18,133.51
Deferred Compensation	139,068.68	65,370.21	139,068.68	65,370.21	1,150,001.05	1,039,010.56
Interest on Debt to Associated Companies	156,435.26	143,733.29	156,435.26	143,733.29	1,892,950.35	1,330,748.01
Other Interest Expense	-	-	-	-	-	-
Intercompany Interest	-	-	-	-	(45,696.53)	(21,056.72)
Federal RAR Interest Reserve	(8,940.28)	(2,516.67)	(8,940.28)	(2,516.67)	937,844.00	1,892,499.79
AFUDC Borrowed Funds	129,696.86	105,549.95	129,696.86	105,549.95	-	-
Interest Costs from A/R Securitization	475,094.47	361,320.85	475,094.47	361,320.85	4,575,174.31	4,844,992.99
Total	1,785,199.34	2,397,963.68	1,785,199.34	2,397,963.68	25,091,592.66	33,122,547.66
Total Interest	1,785,199.34	2,397,963.68	1,785,199.34	2,397,963.68	25,091,592.66	33,122,547.66

KENTUCKY UTILITIES COMPANY
ANALYSIS OF TAXES CHARGED
JANUARY 31, 2003

Kind of Taxes	Current Month		Year To Date	
	This Year	Last Year	This Year	Last Year
Taxes Charged to Accounts 408.1 and 409.1				
Property Taxes.....	790,833.33	749,166.67	790,833.33	749,166.67
Unemployment.....	36,101.71	40,743.47	36,101.71	40,743.47
Federal Old Age and Survivors Insurance.....	383,364.43	528,284.28	383,364.43	528,284.28
Public Service Commission Fee.....	123,666.67	116,666.67	123,666.67	116,666.67
Federal Income.....	9,085,678.39	4,309,233.16	9,085,678.39	4,309,233.16
State Income.....	2,553,961.41	1,235,313.50	2,553,961.41	1,235,313.50
Miscellaneous.....	1,250.00	1,250.00	1,250.00	1,250.00
Total Charged to Operating Expense.....	12,974,855.94	6,980,657.75	12,974,855.94	6,980,657.75
Taxes Charged to Other Accounts.....	(2,581,766.80)	274,398.20	(2,581,766.80)	274,398.20
Taxes Accrued on Intercompany Accounts.....	(124,271.81)	(97,001.43)	(124,271.81)	(97,001.43)
Total Taxes Charged.....	10,268,817.33	7,158,054.52	10,268,817.33	7,158,054.52
ANALYSIS OF TAXES ACCRUED - ACCOUNT 236				
Kind of Taxes	Taxes Accrued At Beginning Of Year	Accruals To Date This Year	Payments To Date This Year	Taxes Accrued At End Of Month
Property Taxes.....	388,832.83	795,257.33	49,534.70	1,134,555.46
Unemployment.....	51,248.65	28,369.38	486.42	79,131.61
Federal Old Age and Survivors.....	424,348.23	388,937.16	460,769.58	352,515.81
Federal Income.....	(1,011,751.50)	6,951,331.67	-	5,939,580.17
State Income.....	4,771,857.94	2,002,920.71	-	6,774,778.65
Kentucky Sales and Use Tax.....	276,821.97	100,751.08	276,821.97	100,751.08
Miscellaneous.....	42,769.92	1,250.00	3,369.51	40,650.41
Totals.....	4,944,128.04	10,268,817.33	790,982.18	14,421,963.19

KENTUCKY UTILITIES COMPANY
SUMMARY OF UTILITY PLANT
JANUARY 31, 2003

	NET BALANCE FIRST OF YEAR	ADDITIONS	RETIREMENTS	TRANSFERS	RECLASSIFICATIONS	BALANCE TO DATE
UTILITY PLANT						
Plant In Service	17,423,192.98	-	-	-	-	17,423,192.98
Intangibles	1,249,118,401.86	8,593,228.81	(904,715.35)	-	-	1,256,806,915.32
Steam Production	10,626,165.04	-	-	-	-	10,626,165.04
Hydro Production	362,332,612.45	(789,633.62)	-	-	-	361,542,978.83
Other Production	451,607,350.80	947,460.00	-	-	-	452,554,810.80
Transmission	896,399,091.37	1,667,634.26	(7,692.24)	-	-	898,059,033.39
Distribution	78,272,605.83	577,039.03	-	-	-	78,849,644.86
General	23,749,238.51	-	-	-	-	23,749,238.51
Transportation	3,089,528,658.84	10,995,728.48	(912,407.59)	-	-	3,099,611,979.73
Total Electric Plant In Service	3,089,528,658.84	10,995,728.48	(912,407.59)	-	-	3,099,611,979.73
Plant Purchased or Sold	3,089,528,658.84	10,995,728.48	(912,407.59)	-	-	3,099,611,979.73
Total Plant	191,233,221.88	(329,315.01)	(912,407.59)	-	-	190,903,906.87
Construction Work in Progress	3,280,761,880.72	10,666,413.47	(912,407.59)	-	-	3,290,515,886.60
Total Utility Plant at Original Cost	3,280,761,880.72	10,666,413.47	(912,407.59)	-	-	3,290,515,886.60

	NET BALANCE FIRST OF YEAR	ACCRUAL	RETIREMENTS	COST OF REMOVAL	SAVAGE	OTHERS CREDITS	BALANCE TO DATE
RESERVE FOR DEPRECIATION OF UTILITY							
Plant In Service	794,854,592.77	2,883,523.45	(904,715.35)	(155,750.73)	-	(814,033.74)	795,863,616.40
Steam Production	8,323,904.23	13,629.30	-	-	-	-	8,337,533.53
Hydro Production	50,312,904.75	969,744.90	-	-	-	3,889.84	51,282,649.65
Other Production	249,396,208.56	1,144,405.63	-	-	-	(647,895.43)	250,544,504.03
Transmission	371,679,812.59	2,274,285.97	(7,692.24)	583,364.97	4,730.44	-	373,886,606.30
Distribution	28,370,592.95	390,886.00	-	-	-	-	28,761,478.95
General	20,582,770.31	124,878.28	-	-	-	-	20,707,648.59
Transportation	1,523,520,786.16	7,801,353.53	(912,407.59)	427,614.24	4,730.44	(1,458,039.33)	1,529,384,037.45
Total Reserve For Depreciation Of Utility Plant In Service	3,476,144.28	7,801,353.53	(912,407.59)	(824,689.82)	56,472.35	1,009,138.03	3,717,064.84
Retirement of Work in Progress	1,526,996,930.44	7,801,353.53	(912,407.59)	(397,075.58)	61,202.79	(448,901.30)	1,533,101,102.29
Subtotal	9,157,504.73	290,931.56	-	-	-	-	9,448,436.29
Intangibles	503,517.72	51.63	-	-	-	-	503,569.35
Leaseholds	1,536,657,952.89	8,092,336.72	(912,407.59)	(397,075.58)	61,202.79	(448,901.30)	1,543,053,107.93
Total Reserve For Depreciation and Amortization - Utility Plant In Service	1,536,657,952.89	8,092,336.72	(912,407.59)	(397,075.58)	61,202.79	(448,901.30)	1,543,053,107.93
Utility Plant at Original Cost Less Reserve For Depreciation and Amortization	1,744,103,927.83	-	-	-	-	-	1,747,462,778.67

KU Monthly Report to KPSC-December 31, 2002

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
DECEMBER 31, 2002

	CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	77,464,095.71	72,012,103.44	5,451,992.27 7.57
Rate Refunds.....	11,624,777.00	516,507.00	11,108,270.00
Total Operating Revenues.....	89,088,872.71	72,528,610.44	16,560,262.27 22.83
Operating Expenses			
Fuel.....	20,495,604.05	18,782,925.81	1,712,678.24 9.12
Power Purchased.....	16,382,905.10	15,111,939.64	1,270,965.46 8.41
Other Operation Expenses.....	11,767,484.15	(45,659,352.35)	57,426,836.50 (125.77)
Maintenance.....	8,744,443.45	8,203,355.85	541,087.60 6.60
Depreciation.....	7,676,538.90	1,840,993.18	5,835,545.72 316.98
Amortization Expense.....	290,983.10	253,951.79	37,031.31 14.58
Taxes			
Federal Income.....	7,818,338.05	12,764,902.70	(4,946,564.65) (38.75)
State Income.....	1,795,612.79	2,125,258.96	(329,646.17) (15.51)
Deferred Federal Income - Net.....	4,387,512.60	16,312,135.37	(11,924,622.77) (73.10)
Deferred State Income - Net.....	1,278,195.18	4,708,417.78	(3,430,222.60) (72.85)
Federal Income - Estimated.....	(5,648,906.64)	(6,206,817.80)	557,911.16 (8.99)
State Income - Estimated.....	(1,619,343.25)	(1,893,954.43)	274,601.18 (14.50)
Property and Other.....	1,584,024.25	633,134.86	950,889.39 150.19
Loss (Gain) from Disposition of Allowances.....			
Total Operating Expenses.....	74,953,381.73	26,976,891.36	47,976,490.37 177.84
Net Operating Income.....	14,135,490.98	45,551,719.08	(31,416,228.10) (68.97)
Other Income Less Deductions			
Interest and Dividend Income.....	62,481.14	143,365.63	(80,884.49) (56.42)
Other Income Less Deductions.....	619,056.55	1,904,104.09	(1,285,047.54) (67.49)
AFUDC - Equity.....	30,285.16	5,057.80	25,227.36 498.78
Total Other Income Less Deductions.....	711,822.85	2,052,527.52	(1,340,704.67) (65.32)
Income Before Interest Charges.....	14,847,313.83	47,604,246.60	(32,756,932.77) (68.81)
Interest on Long Term Debt.....	1,164,043.70	5,031,298.24	(3,867,254.54) (76.86)
Amortization of Debt Expense - Net.....	100,431.39	100,318.41	112.98 0.11
Other Interest Expenses.....	419,849.30	362,292.96	57,556.34 15.89
AFUDC - Borrowed Funds.....	(8,238.04)	(1,524.59)	(6,713.45) 440.34
Total Interest Charges.....	1,676,086.35	5,492,385.02	(3,816,298.67) (69.48)
Net Inc Before Cumulative Effect of Acctg Chg.....	13,171,227.48	42,111,861.58	(28,940,634.10) (68.72)
Cumulative Effect of Accounting Chg Net of Tax.....			
Net Income.....	13,171,227.48	42,111,861.58	(28,940,634.10) (68.72)
Preferred Dividend Requirements.....	188,000.00	188,000.00	-
Earnings Available for Common.....	12,983,227.48	41,923,861.58	(28,940,634.10) (69.03)

KENTUCKY UTILITIES COMPANY
ANALYSIS OF RETAINED EARNINGS
DECEMBER 31, 2002

	Year to Date			
	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total Retained Earnings	Undistributed Subsidiary Earnings
Retained Earnings and Undistributed Earnings				
Balance Beginning of Period.....	410,275,096.96	114,735.25	410,389,832.21	500,132.14
Net Income To Date.....	93,373,756.99		93,373,756.99	
Adjust for Equity in Subsidiary Earnings for Year	(6,967,101.00)		(6,967,101.00)	6,967,101.00
-EE Inc.....				
Dividends Rec'd Current Year	1,585,021.46		1,585,021.46	(1,585,021.46)
-EE Inc.....				
Preferred Stock Dividends.....	(2,256,006.78)		(2,256,006.78)	
Common Stock Dividends.....				
Balance End of Period.....	<u>496,010,767.63</u>	<u>114,735.25</u>	<u>496,125,502.88</u>	<u>5,882,211.68</u>
Combined Retained Earnings				
	12 MONTHS	12 MONTHS		
	12/31/02	12/31/01		
Retained Earnings Beginning of Period.....	410,889,964.35	347,237,970.68		
Add Net Income.....	93,373,756.99	96,407,997.21		
Subtotal.....	<u>504,263,721.34</u>	<u>443,645,967.89</u>		
Deduct				
Dividends on Preferred Stock.....	2,256,006.78	2,256,003.54		
Dividends on Common Stock.....	-	30,500,000.00		
Perferred Stock Redemption Exp and Other.....	-	-		
Retained Earnings End of Period.....	<u>502,007,714.56</u>	<u>410,889,964.35</u>		

KENTUCKY UTILITIES COMPANY
COMPARATIVE BALANCE SHEETS AS OF DECEMBER 31, 2002 AND 2001

	THIS YEAR	LAST YEAR		THIS YEAR	LAST YEAR
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
Utility Plant	3,280,761,880.72	3,064,220,521.81	Capitalization	308,139,977.56	308,139,977.56
Utility Plant at Original Cost	1,536,657,932.89	1,457,754,336.69	Common Stock	(594,394.29)	(594,394.29)
Less Reserves for Depreciation & Amortization	1,744,103,927.83	1,606,466,185.12	Common Stock Expense	15,000,000.00	15,000,000.00
Total	896,987.96	897,398.38	Paid-In Capital	(10,462,375.00)	1,588,424.00
Investments - At Cost	7,178,011.68	1,795,932.14	Other Comprehensive Income	496,125,502.88	410,389,832.21
Nonutility Property-Less Reserve	3,000,000.00	3,000,000.00	Retained Earnings	5,882,211.68	508,132.14
Investments in Subsidiary Companies	250,000.00	250,000.00	Unappropriated Undistributed Subsidiary Earnings	814,090,922.83	735,023,971.62
Ohio Valley Electric Corporation	806,423.60	806,423.60	Total Common Equity	40,000,000.00	40,000,000.00
Other	5,879,587.05	5,879,587.05	Preferred Stock	422,830,000.00	484,830,000.00
Special Funds	17,358,290.53	12,629,341.17	First Mortgage Bonds	15,662,329.00	3,675,762.00
Total	5,288,007.19	3,108,880.55	Other Long-Term Debt	438,492,329.00	488,504,762.00
Current and Accrued Assets	102,929.26	2,299.53	Long-Term Debt Marked to Market	1,292,583,251.83	1,263,529,733.62
Cash	19,752,933.47	26,605,838.58	Total Long-Term Debt	438,492,329.00	488,504,762.00
Special Deposits	26,807,991.00	15,674,682.00	Total Capitalization	1,292,583,251.83	1,263,529,733.62
Accounts Receivable-Less Reserve	46,090,087.27	43,381,741.54	Current and Accrued Liabilities	62,000,000.00	-
Accounts Receivable from Assoc. Companies	21,328,529.30	21,092,436.86	Advances from Associated Companies	119,489,649.91	47,789,649.91
Notes Receivable from KUR	5,079,044.69	5,095,226.07	Long-Term Debt Due in 1 Year	67,536,252.64	66,185,465.49
Accounts Receivable from Assoc Companies	74,853.10	150,947.29	Notes Payable	27,837,411.51	18,963,105.97
Materials & Supplies-At Average Cost	6,423,765.95	85,530.45	Notes Payable to Associated Companies	4,944,128.04	10,848,395.61
Fuel	131,033,691.68	120,086,802.98	Accounts Payable to Associated Companies	188,000.00	20,515,311.31
Plant Materials & Operating Supplies	4,991,161.64	4,316,445.54	Customer Deposits	2,626,705.35	5,667,552.18
Stores Expense	9,456,436.48	6,142,011.06	Taxes Accrued	59,892,048.82	188,000.00
Allowance Inventory	80,797,844.61	84,907,545.77	Dividends Declared	59,630,948.53	5,445,718.20
Prepayments	66,622,644.40	81,007,886.53	Misc. Current & Accrued Liabilities	303,248,781.11	175,603,198.67
Miscellaneous Current & Accrued Assets	49,837,903.81	21,290,249.50	Deferred Credits and Other	321,981,826.59	324,111,711.22
Total	211,705,990.94	197,664,138.40	Accumulated Deferred Income Taxes	8,499,850.00	11,454,622.00
Deferred Debits and Other	4,991,161.64	4,316,445.54	Investment Tax Credit	53,901,828.00	57,920,359.00
Unamortized Debt Expense	9,456,436.48	6,142,011.06	Regulatory Liability - Deferred Taxes	1,501,311.50	1,526,309.92
Unamortized Loss on Bonds	80,797,844.61	84,907,545.77	Customer Advances for Construction	2,962,054.60	2,312,911.54
Accumulated Deferred Income Taxes	66,622,644.40	81,007,886.53	Other Deferred Credits	59,630,948.53	45,256,240.88
Deferred Regulatory Assets	49,837,903.81	21,290,249.50	Misc. Long-Term Liabilities	59,892,048.82	55,131,380.82
Other Deferred Debits	211,705,990.94	197,664,138.40	Misc. Long-Term Liab. Due to Assoc. Co	508,369,868.04	497,713,535.38
Total	2,104,201,900.98	1,936,846,467.67	Total	2,104,201,900.98	1,936,846,467.67
Total Assets and Other Debits	2,104,201,900.98	1,936,846,467.67	Total Liabilities and Other Credits	2,104,201,900.98	1,936,846,467.67

KENTUCKY UTILITIES COMPANY
STATEMENT OF CAPITALIZATION AND SHORT-TERM DEBT
DECEMBER 31, 2002

	AUTHORIZED SHARES	ISSUED & OUTSTANDING SHARES	AMOUNT	PERCENT OF TOTAL CAPITAL & S/T DEBT	CAPITAL
Common Equity					
Common Stock - Without Par		37,817,878	308,139,977.56		
Common Stock Expense			(321,288.87)		
Preferred Stock Expense			(273,105.42)		
Paid-In Capital			15,000,000.00		
Other Comprehensive Income			(10,462,375.00)		
Retained Earnings			496,125,502.88		
Unappropriated Undistributed Subsidiary Earnings			5,882,211.68		
Total Common Equity			814,090,922.83	55.23	62.98
Preferred Stock, Cumulative	5,300,000				
4 3/4% Series		200,000	20,000,000.00		
6.53% Series		200,000	20,000,000.00		
Total Preferred Stock			40,000,000.00	2.71	3.09
Total Stockholder's Equity			854,090,922.83	57.94	66.07
Long-Term Debt					
First Mortgage Bonds					
FM Series P, 7.92%			53,000,000.00		
FM Series P, 8.55%			33,000,000.00		
FM Series R, 7.55%			50,000,000.00		
FM Series S, 5.99%			36,000,000.00		
Total First Mortgage Bonds			172,000,000.00	11.67	13.31
Pollution Control Bonds					
PCB 9 DUE 12/01/23 5 3/4%			50,000,000.00		
PCB 10 DUE 11/01/24 Variable%			54,000,000.00		
PCB 11 DUE 5/1/23 Variable%			12,900,000.00		
PCB 12 DUE 2/1/32 Variable%			20,930,000.00		
PCB 13 DUE 2/1/32 Variable%			2,400,000.00		
PCB 14 DUE 2/1/32 Variable%			7,400,000.00		
PCB 15 DUE 2/1/32 Variable%			7,200,000.00		
PCB 16 DUE 10/1/32 Variable%			96,000,000.00		
Long-Term Debt Marked to Market			15,662,329.00		
Total PCB Long-Term Debt			266,492,329.00	18.08	20.62
Total Capitalization			1,292,583,251.83	87.69	100.00
Long-Term Debt Due Within 1 Year			62,000,000.00	4.20	
Notes Payable to Associated Companies			119,489,649.91	8.11	
Total Capitalization and Short-Term Debt			1,474,072,901.74	100.00	

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
DECEMBER 31, 2002

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
UTILITY PLANT	3,280,761,880.72	3,280,761,880.72
At Original Cost.....		(1,536,657,952.89)
Reserves for Depreciation and Amortization.....	(794,854,592.77)	
Accum Depreciation - Steam Power Generation.....	(8,323,904.23)	
Accum Depreciation - Hydro Power Generation.....	(50,312,904.75)	
Accum Depreciation - Other Power Generation.....	(249,396,208.56)	
Accum Depreciation - Transmission.....	(371,679,812.59)	
Accum Depreciation - Distribution.....	(28,370,592.95)	
Accum Depreciation - General.....	(20,582,770.31)	
Transportation.....	(3,476,144.28)	
Retirement - RWIP.....		
Amortization of Plant		
Limited - Term Plant.....	(9,661,022.45)	
		17,358,290.53
INVESTMENTS - AT COST	896,987.96	
Nonutility Property - less reserve (\$130,101.10).....	7,178,011.68	
Investments in Subsidiary Companies.....	3,000,000.00	
Investments in KU-R.....	250,000.00	
Ohio Valley Electric Corporation.....	725,749.66	
Other.....	1,579.50	
Special Funds.....	662,000.81	
OMU-Interest on Reserve, New.....	644,771.11	
OMU-R&I on Maintenance Reserve.....	120,000.00	
OMU-R&I on Additions and Replacements.....	538,258.48	
OMU-R&I on Operations.....	255,500.00	
OMU-R&I Interest on Purchase Power.....	3,085,431.33	
OMU-Purchase Power, Coal Reserve.....		5,288,007.19
CASH	(22,351,962.50)	
Cash Clearing.....	27,639,969.69	
Cash Accounts.....		102,929.26
SPECIAL DEPOSITS	102,929.26	
Special Deposits.....		19,752,953.47
ACCOUNTS RECEIVABLE - LESS RESERVE	93,373.18	
Working Funds.....	51,018,425.38	
Customers-Active.....	(6,844.07)	
Customers-Suspense CIS.....	(79,811,000.00)	
Customer Accounts Receivable Sold to KU-R.....	5,585,648.33	
Wholesale Sales.....	2,548,474.95	
Transmission Sales.....	36,408,000.00	
Unbilled Revenues.....	315,287.94	
PC Purchase Program.....	72,962.27	
Unbilled Projects.....	167,154.03	
Damage Claims.....	373,691.50	
RAR Settlements.....	1,086,670.43	
Tax Refunds.....	306,762.30	
Insurance Claims.....	1,851,847.23	
Miscellaneous.....	520,000.00	
Uncollectible Accounts - Accrual Sold to KU-R.....	(800,000.00)	
Uncollectible Accounts - Other.....	22,500.00	
Interest and Dividends Receivable.....		26,807,991.00
NOTES RECEIVABLE FROM KU-R	26,807,991.00	
Notes Receivable form KU-R.....		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
DECEMBER 31, 2002

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
		46,090,087.27
FUEL	43,611,198.61	
Coal 1,362,513 Tons @ \$32.01; MMBTU 31,786,508 @ 137.20¢.....	2,399,812.59	
Fuel Oil 3,146,048 Gallons @ 76.28¢.....	79,076.07	
Gas Pipeline 12,954 MCF @ \$6.10.....		21,328,529.30
PLANT MATERIALS AND OPERATING SUPPLIES	21,210,408.12	
Regular Materials and Supplies.....	118,121.18	
Limestone 19,868 Tons @ \$5.95.....		5,079,044.69
STORES EXPENSE	5,079,044.69	
Stores Expense Undistributed.....		74,853.10
ALLOWANCE INVENTORY	74,853.10	
Allowance Inventory.....		6,423,765.95
PREPAYMENTS	6,032,990.63	
Insurance.....	390,775.32	
Taxes.....		85,530.45
MISCELLANEOUS CURRENT ASSETS	85,530.45	
Mark to Market Assets.....		4,991,161.64
UNAMORTIZED DEBT EXPENSE		
First Mortgage Bonds	183,203.48	
KU Series P 7.92%.....	296,805.52	
KU Series P 8.55%.....	22,839.14	
KU Series Q 6.32%.....	407,572.53	
KU Series R 7.55%.....	114,770.18	
KU Series S 5.99%.....		
Pollution Control Bonds	674,819.80	
KU Series 9, 5 3/4%, Due 12/01/23.....	448,738.82	
KU Series 10, Variable%, Due 10/01/24.....	351,528.29	
KU Series 11, Variable%, Due 5/01/23.....	117,069.20	
KU Series 12, Variable%, Due 2/01/32.....	81,032.28	
KU Series 13, Variable%, Due 2/01/32.....	90,632.28	
KU Series 14, Variable%, Due 2/01/32.....	91,032.26	
KU Series 15, Variable%, Due 2/01/32.....	2,111,117.86	
KU Series 16, Variable%, Due 10/01/32.....		9,456,436.48
UNAMORTIZED LOSS ON BONDS	9,456,436.48	
Reacquired Debt.....		80,797,844.61
ACCUMULATED DEFERRED INCOME TAXES	65,012,265.47	
Federal.....	15,785,579.14	
State.....		66,622,644.40
DEFERRED REGULATORY ASSET	2,046,330.00	
Merger Expenses.....	38,375,273.92	
VDT Expenses.....	25,047,599.00	
FASB 109 - Deferred Taxes.....	661,496.45	
Pension FERC FAS 87 > Than Funding.....	491,945.03	
Other.....		49,837,903.81
OTHER DEFERRED DEBITS	16,928,220.00	
Long-Term Derivative Asset.....	32,909,683.81	
Other.....		
Total Assets and Other Debits	2,104,201,900.98	2,104,201,900.98

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
DECEMBER 31, 2002

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
		814,090,922.83
COMMON STOCK AND RETAINED EARNINGS	308,139,977.56	
Common Stock.....	(321,288.87)	
Common Stock Expense.....	(273,105.42)	
Preferred Stock Expense.....	15,000,000.00	
Paid-In Capital.....	(10,462,375.00)	
Other Comprehensive Income.....	496,125,502.88	
Retained Earnings.....	5,882,211.68	
Unappropriated Undistributed Subsidiary Earnings.....		40,000,000.00
PREFERRED STOCK	40,000,000.00	
Preferred Stock.....		422,830,000.00
BONDS		
First Mortgage Bonds	53,000,000.00	
KU Series P 7.92%.....	33,000,000.00	
KU Series P 8.55%.....	50,000,000.00	
KU Series R 7.55%.....	36,000,000.00	
KU Series S 5.99%.....		
Pollution Control Bonds	50,000,000.00	
KU Series 9, 5 3/4%, Due 12/01/23.....	54,000,000.00	
KU Series 10, Variable%, Due 10/01/24.....	12,900,000.00	
KU Series 11, Variable%, Due 05/01/23.....	20,930,000.00	
KU Series 12, Variable%, Due 2/01/32.....	2,400,000.00	
KU Series 13, Variable%, Due 2/01/32.....	7,400,000.00	
KU Series 14, Variable%, Due 2/01/32.....	7,200,000.00	
KU Series 15, Variable%, Due 2/01/32.....	96,000,000.00	
KU Series 16, Variable%, Due 10/01/32.....		62,000,000.00
LONG-TERM DEBT DUE WITHIN ONE YEAR	62,000,000.00	
Mandatory Redemption-FMB due June 15, 2003.....		15,662,329.00
LONG-TERM DEBT MARKED TO MARKET	15,662,329.00	
Long-term Debt Marked to Market.....		119,489,649.91
NOTES PAYABLE TO ASSOCIATED COMPANIES	119,489,649.91	
Notes Payable to Associated Companies.....		67,536,252.64
ACCOUNTS PAYABLE	62,283,334.67	
Regular.....	2,383,188.75	
Salaries and Wages Accrued.....	77,117.47	
Employee Withholdings Payable.....	2,792,611.75	
Tax Collections - Payable.....		27,837,411.51
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	27,837,411.51	
LG&E Energy Corp., Enertech, WKE.....		12,081,090.87
CUSTOMERS' DEPOSITS	12,081,090.87	
Customers' Deposits.....		4,944,128.04
TAXES ACCRUED	4,944,128.04	
Taxes Accrued.....		2,626,705.35
INTEREST ACCRUED		
Interest on Long-Term Debt		
First Mortgage Bonds	524,700.00	
KU Series P 7.92%.....	352,687.50	
KU Series P 8.55%.....	163,266.65	
KU Series Q 6.32%.....	314,583.31	
KU Series R 7.55%.....	988,350.00	
KU Series S 5.99%.....		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
DECEMBER 31, 2002

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
INTEREST ACCRUED (Continued)		
Pollution Control Bonds	239,583.31	
KU Series 9, 5 3/4%, Due 12/01/23.....	59,178.12	
KU Series 10, Variable%, Due 10/01/24.....	6,055.80	
KU Series 11, Variable%, Due 05/01/23.....	36,125.76	
KU Series 12, Variable%, Due 2/01/32.....	4,142.46	
KU Series 13, Variable%, Due 2/01/32.....	12,772.61	
KU Series 14, Variable%, Due 2/01/32.....	12,427.41	
KU Series 15, Variable%, Due 2/01/32.....	72,800.00	
KU Series 16, Variable%, Due 10/01/32.....		
Other	(737,749.59)	
Interest Rate Swaps.....	577,782.01	
Customer Deposits.....		188,000.00
DIVIDENDS DECLARED.....	188,000.00	
Preferred Stock.....		6,545,542.79
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES.....	3,970,908.31	
Vacation Pay Accrued.....	(210,288.00)	
Revenue Subject to Refund.....	116,829.53	
Escheated Deposits.....	2,158,878.23	
Franchise Fee Payable.....	241,104.08	
Mark to Market Liabilities.....	268,110.64	
Other.....		321,981,826.59
ACCUMULATED DEFERRED INCOME TAXES.....	257,233,912.79	
Federal.....	64,747,913.80	
State.....		8,499,850.00
INVESTMENT TAX CREDIT.....	8,499,850.00	
Job Development Credit.....		53,901,828.00
REGULATORY LIABILITY - DEFERRED TAXES.....	53,901,828.00	
Deferred Taxes - FAS 109.....		1,501,311.50
CUSTOMERS' ADVANCES FOR CONSTRUCTION.....	688,059.36	
Line Extensions.....	813,252.14	
Other.....		2,962,054.60
OTHER DEFERRED CREDITS.....	(246,303.44)	
Other Deferred Credits.....	3,208,358.04	
Clearing Accounts Transferred from Other Deferred Debits.....		59,630,948.53
MISCELLANEOUS LONG-TERM LIABILITIES.....	51,034,866.21	
Pension Payable.....	3,523,082.32	
Workers' Compensation.....	5,073,000.00	
Post Employment Benefits - FAS 112.....		59,892,048.82
ACCUMULATED PROVISION FOR BENEFITS.....	59,892,048.82	
Post Retirement Benefits - FAS 106.....		
Total Liabilities and Other Credits.....	2,104,201,900.98	2,104,201,900.98

KENTUCKY UTILITIES COMPANY
STATEMENT OF CASH FLOWS
DECEMBER 31, 2002

	Year to Date	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income.....	93,373,756.99	96,407,997.21
Items not requiring cash currently:		
Depreciation and amortization.....	95,461,761.23	90,299,353.67
Deferred income taxes - net.....	(2,038,714.47)	(12,086,452.10)
Investment tax credit - net.....	(2,954,772.00)	(3,446,059.00)
Other.....	(1,267,165.49)	11,776,276.40
(Increase) decrease in certain net current assets:		
Accounts receivable.....	(4,280,423.89)	48,138,514.79
Materials and supplies.....	(2,928,256.79)	(31,262,710.69)
Accounts payable.....	10,225,092.69	8,422,749.45
Accrued taxes.....	(15,571,183.27)	892,836.52
Accrued interest.....	(3,040,846.83)	(705,678.53)
Prepayments and other.....	690,489.16	(5,327,524.77)
Other.....	8,087,391.07	(11,977,259.04)
Net cash provided from operating activities.....	<u>175,757,128.40</u>	<u>191,132,043.91</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction expenditures.....	(237,909,125.94)	(142,650,480.12)
Nonutility property.....	-	3,480,169.86
Investments in Affiliated Companies.....	-	(3,000,000.00)
Other.....	-	224,688.35
Net cash used for investing activities.....	<u>(237,909,125.94)</u>	<u>(141,945,621.91)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings-net.....	71,700,000.00	(13,449,839.85)
Issuance of long-term debt.....	128,734,181.65	-
Retirement of long-term debt.....	(133,930,000.00)	-
Payment of dividends.....	(2,256,006.78)	(32,756,005.46)
Net cash used for financing activities.....	<u>64,248,174.87</u>	<u>(46,205,845.31)</u>
NET INCREASE (DECREASE) IN CASH AND TEMP. CASH INVESTMENTS.....	<u>2,096,177.33</u>	<u>2,980,576.69</u>
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD.....	<u>3,294,759.12</u>	<u>314,182.43</u>
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD.....	<u><u>5,390,936.45</u></u>	<u><u>3,294,759.12</u></u>

KENTUCKY UTILITIES COMPANY
ANALYSIS OF INTEREST CHARGES
DECEMBER 31, 2002

	CURRENT MONTH		YEAR TO DATE		YEAR ENDED CURRENT MONTH	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
Interest On Long-Term Debt						
First Mortgage Bonds						
Series P 7.92%	349,800.00	349,800.00	4,197,600.00	4,614,979.44	4,197,600.00	4,614,979.44
Series P 8.55%	235,125.00	235,125.00	2,821,500.00	2,821,500.00	2,821,500.00	2,821,500.00
Series Q 6.32%	326,533.33	326,533.33	3,918,400.16	3,918,399.98	3,918,400.16	3,918,399.98
Series R 7.55%	314,583.33	314,583.33	3,774,999.98	3,547,523.18	3,774,999.98	3,547,523.18
Series S 5.99%	179,700.00	179,700.00	2,156,400.00	2,156,400.00	2,156,400.00	2,156,400.00
Loan Agreement - Poll. Control Bonds						
Series 1B (6.25%)	-	109,010.40	628,626.85	1,308,125.03	628,626.85	1,308,125.03
Series 2B (6.25%)	-	12,500.00	72,083.33	150,000.00	72,083.33	150,000.00
Series 3B (6.25%)	-	37,500.00	216,250.00	450,000.00	216,250.00	450,000.00
Series 4B (6.25%)	-	38,541.67	37,500.00	462,500.06	222,257.03	462,500.06
Series 8 (7.45%)	-	596,000.00	5,918,174.52	7,152,000.00	5,918,174.52	7,152,000.00
Series 9 (5 3/4%)	-	239,583.33	2,874,999.98	2,312,223.93	2,874,999.98	2,312,223.93
Series 10 (VARIABLE%)	61,249.32	77,893.15	862,002.86	1,614,082.07	862,002.86	1,614,082.07
Series 11 (VARIABLE%)	15,730.83	21,105.83	194,288.33	404,755.41	194,288.33	404,755.41
Series 12 (VARIABLE%)	26,664.25	-	197,401.46	-	197,401.46	-
Series 13 (VARIABLE%)	3,057.53	-	22,635.62	-	22,635.62	-
Series 14 (VARIABLE%)	9,427.40	-	69,793.17	-	69,793.17	-
Series 15 (VARIABLE%)	9,172.60	-	67,906.87	-	67,906.87	-
Series 16 (VARIABLE%)	118,133.33	-	361,120.00	-	361,120.00	-
Interest Rate Swaps	(651,501.55)	(590,515.80)	(7,301,282.26)	(3,267,220.45)	(7,301,282.26)	(3,267,220.45)
Marked to Market	(73,215.00)	3,083,938.00	(1,262,156.00)	223,227.00	(1,262,156.00)	223,227.00
Total	1,164,043.70	5,031,298.24	20,013,001.90	27,868,495.65	20,013,001.90	27,868,495.65
Amortization of Debt Expense - Net						
Amortization of Debt Expense	26,217.39	27,846.00	347,865.26	334,701.00	347,865.26	334,701.00
Amort. of Loss on Reacquired Debt	74,214.00	72,472.41	882,089.15	869,758.92	882,089.15	869,758.92
Total	100,431.39	100,318.41	1,229,954.41	1,204,459.92	1,229,954.41	1,204,459.92
Other Interest Charges						
Note Payable	56,569.30	50,227.06	604,360.96	586,552.75	604,360.96	586,552.75
Customers' Deposits	6,837.64	6,281.06	26,064.60	18,133.51	26,064.60	18,133.51
Deferred Compensation	115,942.03	54,741.61	1,076,302.58	973,640.35	1,076,302.58	973,640.35
Interest on Debt to Associated Companies	156,435.26	140,705.17	1,880,248.38	1,327,641.72	1,880,248.38	1,327,641.72
Other Interest Expense	-	-	287,968.16	287,968.16	-	287,968.16
Intercompany Interest	-	-	-	-	-	-
Federal RAR Interest Reserve	(8,238.04)	(1,524.59)	(39,272.92)	(19,321.50)	(39,272.92)	(19,321.50)
AFUDC Borrowed Funds	84,065.07	110,338.06	913,697.09	1,786,949.84	913,697.09	1,786,949.84
Interest Costs from A/R Securitization	411,611.26	360,768.37	4,461,400.69	4,961,564.83	4,461,400.69	4,961,564.83
Total	1,676,086.35	5,492,385.02	25,704,357.00	34,034,520.40	25,704,357.00	34,034,520.40
Total Interest						

**KENTUCKY UTILITIES COMPANY
ANALYSIS OF TAXES CHARGED
DECEMBER 31, 2002**

<u>Kind of Taxes</u>	<u>Current Month</u>	<u>Year To Date</u>
Taxes Charged to Accounts 408.1 and 409.1		
Property Taxes.....	749,166.67	8,990,493.62
Unemployment.....	(26,420.51)	186,358.50
Federal Old Age and Survivors Insurance.....	764,663.42	4,541,741.00
Public Service Commission Fee.....	95,364.67	1,293,490.04
Federal Income.....	2,169,431.41	38,518,668.89
State Income.....	176,259.54	10,492,859.36
Miscellaneous.....	1,250.00	(28,862.37)
	<u>3,929,715.20</u>	<u>63,994,749.04</u>
Total Charged to Operating Expense.....	111,484.19	2,433,573.49
Taxes Charged to Other Accounts.....	(205,245.31)	(1,591,629.86)
Taxes Accrued on Intercompany Accounts.....	<u>3,835,954.08</u>	<u>64,836,692.67</u>

ANALYSIS OF TAXES ACCRUED - ACCOUNT 236

<u>Kind of Taxes</u>	<u>Taxes Accrued At Beginning Of Year</u>	<u>Accruals To Date This Year</u>	<u>Payments To Date This Year</u>	<u>Taxes Accrued At End Of Month</u>
Property Taxes.....	4,652,270.34	9,043,272.66	13,306,710.17	388,832.83
Unemployment.....	14,321.23	144,118.09	107,190.67	51,248.65
Federal Old Age and Survivors.....	129,991.19	5,329,889.41	5,035,532.37	424,348.23
Federal Income.....	1,995,704.71	37,834,124.79	40,841,581.00	(1,011,751.50)
State Income.....	13,212,244.45	10,297,926.93	18,738,313.44	4,771,857.94
Miscellaneous.....	510,779.39	2,187,360.79	2,378,548.29	319,591.89
	<u>20,515,311.31</u>	<u>64,836,692.67</u>	<u>80,407,875.94</u>	<u>4,944,128.04</u>
Totals.....				

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
NOVEMBER 30, 2002

	CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	69,509,895.86	65,591,272.90	3,918,622.96 5.97
Rate Refunds.....	460,321.00	(110,687.00)	571,008.00
Total Operating Revenues.....	<u>69,970,216.86</u>	<u>65,480,585.90</u>	<u>4,489,630.96</u> <u>6.86</u>
Operating Expenses			
Fuel.....	17,111,234.47	19,347,331.62	(2,236,097.15) (11.56)
Power Purchased.....	13,989,442.51	12,625,604.76	1,363,837.75 10.80
Other Operation Expenses.....	14,227,615.52	11,776,547.01	2,451,068.51 20.81
Maintenance.....	5,776,297.11	2,936,111.24	2,840,185.87 96.73
Depreciation.....	7,971,372.94	8,080,713.32	(109,340.38) (1.35)
Amortization Expense.....	291,034.26	254,019.55	37,014.71 14.57
Taxes			
Federal Income.....	-	-	-
State Income.....	-	-	-
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	2,540,245.15	2,420,521.28	119,723.87 4.95
Federal Income - Estimated.....	728,203.62	808,549.43	(80,345.81) (9.94)
State Income - Estimated.....	649,030.22	(159,546.41)	808,576.63 (506.80)
Property and Other.....	-	-	-
Loss (Gain) from Disposition of Allowances.....	-	-	-
Total Operating Expenses.....	<u>63,284,475.80</u>	<u>58,089,851.80</u>	<u>5,194,624.00</u> <u>8.94</u>
Net Operating Income.....	6,685,741.06	7,390,734.10	(704,993.04) (9.54)
Other Income Less Deductions			
Interest and Dividend Income.....	41,795.13	204,725.38	(162,930.25) (79.58)
Other Income Less Deductions.....	263,270.64	357,269.55	(93,998.91) (26.31)
AFUDC - Equity.....	22,034.18	11,776.86	10,257.32 87.10
Total Other Income Less Deductions.....	<u>327,099.95</u>	<u>573,771.79</u>	<u>(246,671.84)</u> <u>(42.99)</u>
Income Before Interest Charges.....	7,012,841.01	7,964,505.89	(951,664.88) (11.95)
Interest on Long Term Debt.....	1,250,628.23	2,064,761.58	(814,133.35) (39.43)
Amortization of Debt Expense - Net.....	100,432.39	100,318.41	113.98 0.11
Other Interest Expenses.....	346,899.10	82,328.34	264,570.76 321.36
AFUDC - Borrowed Funds.....	(5,993.72)	(3,549.96)	(2,443.76) 68.84
Total Interest Charges.....	<u>1,691,966.00</u>	<u>2,243,858.37</u>	<u>(551,892.37)</u> <u>(24.60)</u>
Net Inc Before Cumulative Effect of Acctg Chg.....	5,320,875.01	5,720,647.52	(399,772.51) (6.99)
Cumulative Effect of Accounting Chg Net of Tax.....	-	-	-
Net Income.....	5,320,875.01	5,720,647.52	(399,772.51) (6.99)
Preferred Dividend Requirements.....	188,001.66	188,001.75	(0.09)
Earnings Available for Common.....	<u>5,132,873.35</u>	<u>5,532,645.77</u>	<u>(399,772.42)</u> <u>(7.23)</u>

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
NOVEMBER 30, 2002

	YEAR TO DATE			INCREASE OR DECREASE AMOUNT	%
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	AMOUNT		
Electric Operating Revenues.....	795,274,212.06	787,659,105.03	7,615,107.03	0.97	
Rate Refunds.....	3,855,987.00	(715,650.00)	4,571,637.00	(638.81)	
Total Operating Revenues.....	<u>799,130,199.06</u>	<u>786,943,455.03</u>	<u>12,186,744.03</u>	<u>1.55</u>	
Operating Expenses					
Fuel.....	229,621,033.03	218,202,629.98	11,418,403.05	5.23	
Power Purchased.....	141,572,657.57	142,049,059.55	(476,401.98)	(0.34)	
Other Operation Expenses.....	135,754,831.97	171,203,007.91	(35,448,175.94)	(20.71)	
Maintenance.....	51,037,645.09	48,817,241.01	2,220,404.08	4.55	
Depreciation.....	84,590,192.41	85,412,806.13	(822,613.72)	(0.96)	
Amortization Expense.....	2,904,046.82	2,791,602.57	112,444.25	4.03	
Taxes					
Federal Income.....	30,700,330.84	45,569,155.77	(14,868,824.93)	(32.63)	
State Income.....	8,697,246.57	11,338,567.13	(2,641,120.56)	(23.29)	
Deferred Federal Income - Net.....	(920,960.94)	(29,292,076.18)	28,371,115.24	(96.86)	
Deferred State Income - Net.....	269,134.83	(6,048,839.60)	6,317,974.43	(104.45)	
Federal Income - Estimated.....	5,648,906.64	6,206,817.80	(557,911.16)	(8.99)	
State Income - Estimated.....	1,619,353.25	1,893,954.43	(274,601.18)	(14.50)	
Property and Other.....	13,399,196.54	13,294,425.29	104,771.25	0.79	
Loss (Gain) from Disposition of Allowances.....	(277,302.50)	(317,036.15)	39,733.65	(12.53)	
Total Operating Expenses.....	<u>704,616,312.12</u>	<u>711,121,115.64</u>	<u>(6,504,803.52)</u>	<u>(0.91)</u>	
Net Operating Income.....	94,513,886.94	75,822,339.39	18,691,547.55	24.65	
Other Income Less Deductions					
Interest and Dividend Income.....	578,474.79	1,224,515.32	(646,040.53)	(52.76)	
Other Income Less Deductions.....	9,081,876.38	5,612,821.03	3,469,055.35	61.81	
AFUDC - Equity.....	56,562.05	42,418.27	14,143.78	33.34	
Total Other Income Less Deductions.....	<u>9,716,913.22</u>	<u>6,879,754.62</u>	<u>2,837,158.60</u>	<u>41.24</u>	
Income Before Interest Charges.....	104,230,800.16	82,702,094.01	21,528,706.15	26.03	
Interest on Long Term Debt.....	18,848,958.20	22,837,197.41	(3,988,239.21)	(17.46)	
Amortization of Debt Expense - Net.....	1,129,523.02	1,104,141.51	25,381.51	2.30	
Other Interest Expenses.....	4,080,824.31	4,618,593.37	(537,769.06)	(11.64)	
AFUDC - Borrowed Funds.....	(31,034.88)	(17,796.91)	(13,237.97)	74.38	
Total Interest Charges.....	<u>24,028,270.65</u>	<u>28,542,135.38</u>	<u>(4,513,864.73)</u>	<u>(15.81)</u>	
Net Inc Before Cumulative Effect of Acctg Chg.....	80,202,529.51	54,159,958.63	26,042,570.88	48.08	
Cumulative Effect of Accounting Chg Net of Tax.....	-	136,177.00	(136,177.00)	(100.00)	
Net Income.....	80,202,529.51	54,296,135.63	25,906,393.88	47.71	
Preferred Dividend Requirements.....	2,068,006.78	2,068,003.54	3.24	-	
Earnings Available for Common.....	<u>78,134,522.73</u>	<u>52,228,132.09</u>	<u>25,906,390.64</u>	<u>49.60</u>	

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
NOVEMBER 30, 2002

	YEAR ENDED CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	867,286,315.50	863,773,575.60	3,512,739.90 0.41
Rate Refunds.....	4,372,494.00	689,182.00	3,683,312.00 534.45
Total Operating Revenues.....	<u>871,658,809.50</u>	<u>864,462,757.60</u>	<u>7,196,051.90</u> 0.83
Operating Expenses			
Fuel.....	248,403,958.84	239,609,152.21	8,794,806.63 3.67
Power Purchased.....	156,684,597.21	160,995,848.08	(4,311,250.87) (2.68)
Other Operation Expenses.....	90,095,479.62	172,334,256.29	(82,238,776.67) (47.72)
Maintenance.....	59,241,000.94	54,767,714.28	4,473,286.66 8.17
Depreciation.....	86,431,185.59	93,483,815.91	(7,052,630.32) (7.54)
Amortization Expense.....	3,157,998.61	3,043,122.26	114,876.35 3.78
Taxes			
Federal Income.....	43,465,233.54	57,269,135.77	(13,803,902.23) (24.10)
State Income.....	10,822,505.53	14,244,580.13	(3,422,074.60) (24.02)
Deferred Federal Income - Net.....	15,391,174.43	(29,254,975.18)	44,646,149.61 (132.61)
Deferred State Income - Net.....	4,977,552.61	(5,583,016.60)	10,560,569.21 (189.16)
Federal Income - Estimated.....	(557,911.16)	(10,001.67)	(547,909.49) -
State Income - Estimated.....	(274,601.18)	164,544.37	(439,145.55) (266.89)
Property and Other.....	14,032,331.40	14,522,493.52	(490,162.12) (3.38)
Loss (Gain) from Disposition of Allowances.....	(277,302.50)	(317,036.15)	39,733.65 (12.53)
Total Operating Expenses.....	<u>731,593,203.48</u>	<u>775,269,633.22</u>	<u>(43,676,429.74)</u> (5.63)
Net Operating Income.....	140,065,606.02	89,193,124.38	50,872,481.64 57.04
Other Income Less Deductions			
Interest and Dividend Income.....	721,840.42	1,344,663.17	(622,822.75) (46.32)
Other Income Less Deductions.....	10,985,980.47	6,138,577.16	4,847,403.31 78.97
AFUDC - Equity.....	61,619.85	44,146.21	17,473.64 39.58
Total Other Income Less Deductions.....	<u>11,769,440.74</u>	<u>7,527,386.54</u>	<u>4,242,054.20</u> 56.35
Income Before Interest Charges.....	151,835,046.76	96,720,510.92	55,114,535.84 56.98
Interest on Long Term Debt.....	23,880,256.44	25,006,772.82	(1,126,516.38) (4.50)
Amortization of Debt Expense - Net.....	1,229,841.43	1,204,569.92	25,271.51 2.10
Other Interest Expenses.....	4,443,117.27	5,260,333.98	(817,216.71) (15.54)
AFUDC - Borrowed Funds.....	(32,559.47)	(18,461.52)	(14,097.95) 76.36
Total Interest Charges.....	<u>29,520,655.67</u>	<u>31,453,215.20</u>	<u>(1,932,559.53)</u> (6.14)
Net Inc Before Cumulative Effect of Acctg Chg.....	122,314,391.09	65,267,295.72	57,047,095.37 87.41
Cumulative Effect of Accounting Chg Net of Tax.....	-	136,177.00	(136,177.00) (100.00)
Net Income.....	<u>122,314,391.09</u>	<u>65,403,472.72</u>	<u>56,910,918.37</u> 87.02
Preferred Dividend Requirements.....	2,256,006.78	2,256,005.46	1.32 -
Earnings Available for Common.....	<u>120,058,384.31</u>	<u>63,147,467.26</u>	<u>56,910,917.05</u> 90.12

KENTUCKY UTILITIES COMPANY
ANALYSIS OF RETAINED EARNINGS
NOVEMBER 30, 2002

	Year to Date		Year Ended Current Month	
	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total Retained Earnings	Undistributed Subsidiary Earnings
Retained Earnings and Undistributed Earnings				
Balance Beginning of Period.....	410,275,096.96	114,735.25	410,389,832.21	500,132.14
Net Income To Date.....	80,202,529.51		80,202,529.51	
Adjust for Equity in Subsidiary Earnings for Year -EE Inc.....	(6,796,624.00)		(6,796,624.00)	6,796,624.00
Dividends Rec'd Current Year -EE Inc.....	1,585,021.46		1,585,021.46	(1,585,021.46)
Preferred Stock Dividends.....	(2,068,006.78)		(2,068,006.78)	
Common Stock Dividends.....				
Balance End of Period.....	<u>483,198,017.15</u>	<u>114,735.25</u>	<u>483,312,752.40</u>	<u>5,711,734.68</u>
Combined Retained Earnings	12 MONTHS 11/30/02	12 MONTHS 11/30/01		
Retained Earnings Beginning of Period.....	399,466,102.77	336,318,635.51		
Add Net Income.....	122,314,391.09	65,403,472.72		
Subtotal.....	521,780,493.86	401,722,108.23		
Deduct				
Dividends on Preferred Stock.....	2,256,006.78	2,256,005.46		
Dividends on Common Stock.....	30,500,000.00			
Preferred Stock Redemption Exp and Other.....				
Retained Earnings End of Period.....	<u>489,024,487.08</u>	<u>399,466,102.77</u>		
			<u>483,312,752.40</u>	<u>5,711,734.68</u>

KENTUCKY UTILITIES COMPANY
COMPARATIVE BALANCE SHEETS AS OF NOVEMBER 30, 2002 AND 2001

	THIS YEAR	LAST YEAR	LIABILITIES AND OTHER CREDITS	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
ASSETS AND OTHER DEBITS				
Utility Plant	3,256,781,976.79	3,045,006,885.90	308,139,977.56	308,139,977.56
Less Reserves for Depreciation & Amortization	1,538,938,828.23	1,456,114,259.44	(594,394.29)	(594,394.29)
Total	1,717,823,148.56	1,588,892,626.46	15,000,000.00	15,000,000.00
Investments - At Cost	897,022.18	897,432.60	483,312,732.40	483,312,732.40
Nonutility Property-Less Reserve	7,007,534.68	1,595,580.14	5,711,734.68	299,780.14
Investments in Subsidiary Companies	3,000,000.00	3,000,000.00	811,570,070.35	723,600,110.04
Investments in KU-R	250,000.00	250,000.00	40,000,000.00	40,000,000.00
Ohio Valley Electric Corporation	724,499.66	799,657.76	422,830,000.00	484,830,000.00
Other	5,262,757.68	5,823,801.79	16,938,624.00	3,700,142.00
Special Funds	17,141,814.20	12,366,472.29	439,768,624.00	488,530,142.00
Total	3,947,327.15	183,579.04	1,291,338,694.35	1,252,130,252.04
Current and Accrued Assets	102,929.26	2,295.55	62,000,000.00	-
Cash	21,128,048.42	22,664,238.54	112,089,649.91	18,489,649.91
Special Deposits	18,258,062.00	15,094,669.42	45,371,470.83	63,624,718.87
Temporary Cash Investments	6,630,884.21	-	18,419,152.52	12,697,686.23
Accounts Receivable-Less Reserve	43,917,561.44	39,574,114.35	11,936,177.45	10,812,223.87
Notes Receivable from Assoc. Companies	21,616,180.39	21,114,236.07	10,544,183.76	19,873,106.80
Notes Receivable from KU-R	4,818,623.81	5,069,891.28	4,288,074.88	7,153,059.30
Accounts Receivable from Assoc. Companies	81,090.10	159,389.34	-	-
Accounts Receivable from Assoc. Companies	1,169,372.03	920,068.72	3,274,634.57	5,592,187.91
Materials & Supplies-At Average Cost	1,336,540.67	118,490.76	-	-
Fuel	123,006,619.48	121,250,308.07	267,923,343.92	138,242,632.89
Plant Materials & Operating Supplies	4,857,401.74	4,344,291.54	316,868,884.73	305,851,554.15
Stores Expense	21,616,180.39	6,214,483.47	8,710,081.00	11,741,789.00
Allowance Inventory	81,090.10	5,069,891.28	54,943,455.00	59,034,849.00
Prepayments	1,169,372.03	920,068.72	1,498,592.47	1,561,783.94
Miscellaneous Current & Accrued Assets	1,336,540.67	118,490.76	14,144,565.63	11,658,958.65
Total	181,053,416.07	152,721,099.81	29,978,207.39	45,095,006.14
Deferred Debits and Other	4,857,401.74	4,344,291.54	53,619,173.82	49,913,680.82
Unamortized Debt Expense	9,530,650.48	87,656,066.38	479,762,960.04	484,857,621.70
Unamortized Loss on Bonds	75,669,056.13	32,489,514.56	-	-
Accumulated Deferred Income Taxes	66,858,503.53	22,016,743.86	-	-
Deferred Regulatory Assets	24,137,804.19	-	-	-
Other Deferred Debits	181,053,416.07	152,721,099.81	-	-
Total	2,039,024,998.31	1,875,230,506.63	2,039,024,998.31	1,875,230,506.63
LIABILITIES AND OTHER DEBITS				
Utility Plant at Original Cost	3,256,781,976.79	3,045,006,885.90	316,868,884.73	305,851,554.15
Less Reserves for Depreciation & Amortization	1,538,938,828.23	1,456,114,259.44	8,710,081.00	11,741,789.00
Total	1,717,823,148.56	1,588,892,626.46	54,943,455.00	59,034,849.00
Investments - At Cost	897,022.18	897,432.60	1,498,592.47	1,561,783.94
Nonutility Property-Less Reserve	7,007,534.68	1,595,580.14	14,144,565.63	11,658,958.65
Investments in Subsidiary Companies	3,000,000.00	3,000,000.00	29,978,207.39	45,095,006.14
Investments in KU-R	250,000.00	250,000.00	-	-
Ohio Valley Electric Corporation	724,499.66	799,657.76	-	-
Other	5,262,757.68	5,823,801.79	-	-
Special Funds	17,141,814.20	12,366,472.29	-	-
Total	3,947,327.15	183,579.04	49,913,680.82	48,489,649.91
Current and Accrued Liabilities	102,929.26	2,295.55	49,913,680.82	48,489,649.91
Cash	21,128,048.42	22,664,238.54	-	-
Special Deposits	18,258,062.00	15,094,669.42	-	-
Temporary Cash Investments	6,630,884.21	-	-	-
Accounts Receivable-Less Reserve	43,917,561.44	39,574,114.35	-	-
Notes Receivable from Assoc. Companies	21,616,180.39	21,114,236.07	-	-
Notes Receivable from KU-R	4,818,623.81	5,069,891.28	-	-
Accounts Receivable from Assoc. Companies	81,090.10	159,389.34	-	-
Accounts Receivable from Assoc. Companies	1,169,372.03	920,068.72	-	-
Materials & Supplies-At Average Cost	1,336,540.67	118,490.76	-	-
Fuel	123,006,619.48	121,250,308.07	-	-
Plant Materials & Operating Supplies	4,857,401.74	4,344,291.54	-	-
Stores Expense	21,616,180.39	6,214,483.47	-	-
Allowance Inventory	81,090.10	5,069,891.28	-	-
Prepayments	1,169,372.03	920,068.72	-	-
Miscellaneous Current & Accrued Assets	1,336,540.67	118,490.76	-	-
Total	181,053,416.07	152,721,099.81	-	-
Deferred Debits and Other	4,857,401.74	4,344,291.54	-	-
Unamortized Debt Expense	9,530,650.48	87,656,066.38	-	-
Unamortized Loss on Bonds	75,669,056.13	32,489,514.56	-	-
Accumulated Deferred Income Taxes	66,858,503.53	22,016,743.86	-	-
Deferred Regulatory Assets	24,137,804.19	-	-	-
Other Deferred Debits	181,053,416.07	152,721,099.81	-	-
Total	2,039,024,998.31	1,875,230,506.63	-	-
Total Assets and Other Debits				
	2,039,024,998.31	1,875,230,506.63	2,039,024,998.31	1,875,230,506.63

KENTUCKY UTILITIES COMPANY
STATEMENT OF CAPITALIZATION AND SHORT-TERM DEBT
NOVEMBER 30, 2002

	AUTHORIZED SHARES	ISSUED & OUTSTANDING SHARES	AMOUNT	PERCENT OF TOTAL CAPITAL & S/T DEBT	CAPITAL
Common Equity					
Common Stock - Without Par		37,817,878	308,139,977.56		
Common Stock Expense			(321,288.87)		
Preferred Stock Expense			(273,105.42)		
Paid-In Capital			15,000,000.00		
Other Comprehensive Income			483,312,752.40		
Retained Earnings			5,711,734.68		
Unappropriated Undistributed Subsidiary Earnings			-		
Total Common Equity			<u>811,570,070.35</u>	55.38	62.84
Preferred Stock, Cumulative	5,300,000				
4 3/4% Series		200,000	20,000,000.00		
6.53% Series		200,000	20,000,000.00	2.73	3.10
Total Preferred Stock			<u>40,000,000.00</u>	58.11	65.94
Total Stockholder's Equity			<u>851,570,070.35</u>		
Long-Term Debt					
First Mortgage Bonds					
FM Series P, 7.92%			53,000,000.00		
FM Series P, 8.55%			33,000,000.00		
FM Series R, 7.55%			50,000,000.00		
FM Series S, 5.99%			36,000,000.00		
Total First Mortgage Bonds			<u>172,000,000.00</u>	11.74	13.32
Pollution Control Bonds					
PCB 9 DUE 12/01/23 5 3/4%			50,000,000.00		
PCB 10 DUE 11/01/24 Variable%			54,000,000.00		
PCB 11 DUE 5/1/23 Variable%			12,900,000.00		
PCB 12 DUE 2/1/32 Variable%			20,930,000.00		
PCB 13 DUE 2/1/32 Variable%			2,400,000.00		
PCB 14 DUE 2/1/32 Variable%			7,400,000.00		
PCB 15 DUE 2/1/32 Variable%			7,200,000.00		
PCB 16 DUE 10/1/32 Variable%			96,000,000.00		
Long-Term Debt Marked to Market			16,938,624.00		
Total PCB Long-Term Debt			<u>267,168,624.00</u>	18.27	20.74
Total Long-Term Debt			<u>1,291,338,694.35</u>	88.12	100.00
Total Capitalization			62,000,000.00	4.23	
Long-Term Debt Due Within 1 Year			112,089,649.91	7.65	
Notes Payable to Associated Companies			<u>1,465,428,344.26</u>	100.00	
Total Capitalization and Short-Term Debt					

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
NOVEMBER 30, 2002

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
UTILITY PLANT	3,256,781,976.79	3,256,781,976.79
At Original Cost.....		(1,538,958,828.23)
Reserves for Depreciation and Amortization.....	(800,841,208.51)	
Accum Depreciation - Steam Power Generation.....	(8,310,274.93)	
Accum Depreciation - Hydro Power Generation.....	(49,293,869.49)	
Accum Depreciation - Other Power Generation.....	(248,280,951.93)	
Accum Depreciation - Transmission.....	(369,770,154.58)	
Accum Depreciation - Distribution.....	(27,781,665.61)	
Accum Depreciation - General.....	(20,441,600.08)	
Transportation.....	(4,869,063.75)	
Retirement - RWIP.....		
Amortization of Plant		
Limited - Term Plant.....	(9,370,039.35)	17,141,814.20
INVESTMENTS - AT COST.....	897,022.18	
Nonutility Property - less reserve (\$130,066.88).....	7,007,534.68	
Investments in Subsidiary Companies.....	3,000,000.00	
Investments in KU-R.....	250,000.00	
Ohio Valley Electric Corporation.....	724,499.66	
Other.....	1,579.50	
Special Funds.....	653,717.26	
OMU-Interest on Reserve, New.....	644,771.11	
OMU-R&I on Maintenance Reserve.....	120,000.00	
OMU-R&I on Additions and Replacements.....	538,258.48	
OMU-R&I on Operations.....	219,000.00	
OMU-R&I Interest on Purchase Power.....	3,085,431.33	
OMU-Purchase Power, Coal Reserve.....		3,947,327.15
CASH.....	(25,584,834.91)	
Cash Clearing.....	29,532,162.06	
Cash Accounts.....		102,929.26
SPECIAL DEPOSITS.....	102,929.26	
Special Deposits.....		21,128,048.42
ACCOUNTS RECEIVABLE - LESS RESERVE.....	93,373.18	
Working Funds.....	40,097,841.89	
Customers-Active.....	(6,065.24)	
Customers-Suspense CIS.....	(71,242,000.00)	
Customer Accounts Receivable Sold to KU-R.....	4,761,470.52	
Wholesale Sales.....	3,732,955.68	
Transmission Sales.....	36,518,000.00	
Unbilled Revenues.....	306,856.75	
PC Purchase Program.....	(10,000.00)	
Billed Projects.....	49,005.17	
Unbilled Projects.....	200,178.85	
Damage Claims.....	373,691.50	
RAR Settlements.....	1,086,670.43	
Tax Refunds.....	307,712.30	
Insurance Claims.....	5,138,357.39	
Miscellaneous.....	(1,218,429.45)	
Uncollectible Accounts - Accrual.....	1,770,022.35	
Uncollectible Accounts - Charged Off.....	(551,592.90)	
Uncollectible Accounts - Recovery.....	520,000.00	
Uncollectible Accounts - Accrual Sold to KU-R.....	(800,000.00)	
Uncollectible Accounts - Other.....		18,258,062.00
NOTES RECEIVABLE FROM KU-R.....	18,258,062.00	
Notes Receivable form KU-R.....		6,630,884.21
ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES.....	6,603,076.25	
LG&E Energy Corp., Enertech.....	27,807.96	
LG&E Energy Marketing Inc. (LEM)-Power Marketing.....		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
NOVEMBER 30, 2002

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
		43,917,561.44
FUEL	41,343,011.75	
Coal 1,313,456 Tons @ \$31.48; MMBTU 30,778,217 @ 134.33¢.....	2,555,439.56	
Fuel Oil 3,351,112 Gallons @ 76.26¢.....	19,110.13	
Gas Pipeline 5,000 MCF @ \$3.82.....		21,616,180.39
PLANT MATERIALS AND OPERATING SUPPLIES	21,522,076.78	
Regular Materials and Supplies.....	94,103.61	
Limestone 14,497 Tons @ \$6.49.....		4,818,623.81
STORES EXPENSE	4,818,623.81	
Stores Expense Undistributed.....		81,090.10
ALLOWANCE INVENTORY	81,090.10	
Allowance Inventory.....		1,169,372.03
PREPAYMENTS	463,789.27	
Insurance.....	486,139.99	
Taxes.....	156,435.26	
Interest.....	63,007.51	
Company Owned Life Insurance.....		1,336,540.67
MISCELLANEOUS CURRENT ASSETS	1,336,540.67	
Mark to Market Assets.....		4,857,401.74
UNAMORTIZED DEBT EXPENSE		
First Mortgage Bonds	186,627.48	
KU Series P 7.92%.....	297,816.52	
KU Series P 8.55%.....	26,991.14	
KU Series Q 6.32%.....	409,087.53	
KU Series R 7.55%.....	117,958.18	
KU Series S 5.99%.....		
Pollution Control Bonds	677,508.80	
KU Series 9, 5 3/4%, Due 12/01/23.....	450,444.82	
KU Series 10, Variable%, Due 10/01/24.....	352,963.29	
KU Series 11, Variable%, Due 5/01/23.....	116,182.45	
KU Series 12, Variable%, Due 2/01/32.....	80,005.19	
KU Series 13, Variable%, Due 2/01/32.....	89,605.19	
KU Series 14, Variable%, Due 2/01/32.....	90,005.18	
KU Series 15, Variable%, Due 2/01/32.....	1,962,205.97	
KU Series 16, Variable%, Due 10/01/32.....		9,530,650.48
UNAMORTIZED LOSS ON BONDS	9,530,650.48	
Reacquired Debt.....		75,669,056.13
ACCUMULATED DEFERRED INCOME TAXES	61,231,435.28	
Federal.....	14,437,620.85	
State.....		66,858,503.53
DEFERRED REGULATORY ASSET	2,387,385.00	
Merger Expenses.....	38,269,573.37	
VDT Expenses.....	25,047,599.00	
FASB 109 - Deferred Taxes.....	662,001.13	
Pension FERC FAS 87 > Than Funding.....	491,945.03	
Other.....		24,137,804.19
OTHER DEFERRED DEBITS	1,164,003.70	
Utility Costs to Achieve.....	18,131,300.00	
Long-Term Derivative Asset.....	(525,217.42)	
Customer Orders.....	695,627.72	
Preliminary Survey and Inventory.....	4,672,090.19	
Other.....		
	2,039,024,998.31	2,039,024,998.31
Total Assets and Other Debits		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
NOVEMBER 30, 2002

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
		811,570,070.35
COMMON STOCK AND RETAINED EARNINGS	308,139,977.56	
Common Stock.....	(321,288.87)	
Common Stock Expense.....	(273,105.42)	
Preferred Stock Expense.....	15,000,000.00	
Paid-In Capital.....	-	
Other Comprehensive Income.....	483,312,752.40	
Retained Earnings.....	5,711,734.68	
Unappropriated Undistributed Subsidiary Earnings.....		40,000,000.00
PREFERRED STOCK	40,000,000.00	
Preferred Stock.....		422,830,000.00
BONDS		
First Mortgage Bonds	53,000,000.00	
KU Series P 7.92%.....	33,000,000.00	
KU Series P 8.55%.....	50,000,000.00	
KU Series R 7.55%.....	36,000,000.00	
KU Series S 5.99%.....		
Pollution Control Bonds	50,000,000.00	
KU Series 9, 5 3/4%, Due 12/01/23.....	54,000,000.00	
KU Series 10, Variable%, Due 10/01/24.....	12,900,000.00	
KU Series 11, Variable%, Due 05/01/23.....	20,930,000.00	
KU Series 12, Variable%, Due 2/01/32.....	2,400,000.00	
KU Series 13, Variable%, Due 2/01/32.....	7,400,000.00	
KU Series 14, Variable%, Due 2/01/32.....	7,200,000.00	
KU Series 15, Variable%, Due 2/01/32.....	96,000,000.00	
KU Series 16, Variable%, Due 10/01/32.....		62,000,000.00
LONG-TERM DEBT DUE WITHIN ONE YEAR	62,000,000.00	
Mandatory Redemption-FMB due June 15, 2003.....		16,938,624.00
LONG-TERM DEBT MARKED TO MARKET	16,938,624.00	
Long-term Debt Marked to Market.....		112,089,649.91
NOTES PAYABLE TO ASSOCIATED COMPANIES	112,089,649.91	
Notes Payable to Associated Companies.....		45,371,470.83
ACCOUNTS PAYABLE	41,473,489.85	
Regular.....	1,543,061.74	
Salaries and Wages Accrued.....	81,273.35	
Employee Withholdings Payable.....	2,273,645.89	
Tax Collections - Payable.....		18,419,152.52
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	18,419,152.52	
LG&E Energy Corp., Enertech, WKE.....		11,936,177.45
CUSTOMERS' DEPOSITS	11,936,177.45	
Customers' Deposits.....		10,544,183.76
TAXES ACCRUED	10,544,183.76	
Taxes Accrued.....		4,288,074.88
INTEREST ACCRUED		
Interest on Long-Term Debt		
First Mortgage Bonds	174,900.00	
KU Series P 7.92%.....	117,562.50	
KU Series P 8.55%.....	1,795,933.32	
KU Series Q 6.32%.....	1,887,499.98	
KU Series R 7.55%.....	808,650.00	
KU Series S 5.99%.....		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
NOVEMBER 30, 2002

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
INTEREST ACCRUED (Continued)		
Pollution Control Bonds	1,437,499.98	
KU Series 9, 5 3/4%, Due 12/01/23.....	69,460.31	
KU Series 10, Variable%, Due 10/01/24.....	9,137.47	
KU Series 11, Variable%, Due 05/01/23.....	9,461.51	
KU Series 12, Variable%, Due 2/01/32.....	1,084.93	
KU Series 13, Variable%, Due 2/01/32.....	3,345.21	
KU Series 14, Variable%, Due 2/01/32.....	3,254.81	
KU Series 15, Variable%, Due 2/01/32.....	113,333.34	
KU Series 16, Variable%, Due 10/01/32.....		
Other	(2,676,814.52)	
Interest Rate Swaps.....	533,766.04	
Customer Deposits.....		3,274,634.57
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES.....	3,361,043.98	
Vacation Pay Accrued.....	115,555.42	
Escheated Deposits.....	1,432,603.40	
Franchise Fee Payable.....	71,082.72	
Mark to Market Liabilities.....	(1,705,650.95)	
Other.....		316,868,884.73
ACCUMULATED DEFERRED INCOME TAXES.....	253,209,177.25	
Federal.....	63,659,707.48	
State.....		8,710,081.00
INVESTMENT TAX CREDIT.....	8,710,081.00	
Job Development Credit.....		54,943,455.00
REGULATORY LIABILITY - DEFERRED TAXES.....	54,943,455.00	
Deferred Taxes - FAS 109.....		1,498,592.47
CUSTOMERS' ADVANCES FOR CONSTRUCTION.....	686,981.01	
Line Extensions.....	811,611.46	
Other.....		14,144,565.63
OTHER DEFERRED CREDITS.....	1,198,931.13	
Other Deferred Credits.....	12,945,634.50	
Clearing Accounts Transferred from Other Deferred Debits.....		29,978,207.39
MISCELLANEOUS LONG-TERM LIABILITIES.....	22,466,033.43	
Pension Payable.....	2,976,173.96	
Workers' Compensation.....	4,536,000.00	
Post Employment Benefits - FAS 112.....		53,619,173.82
ACCUMULATED PROVISION FOR BENEFITS.....	53,619,173.82	
Post Retirement Benefits - FAS 106.....		
Total Liabilities and Other Credits.....	2,039,024,998.31	2,039,024,998.31

KENTUCKY UTILITIES COMPANY
STATEMENT OF CASH FLOWS
NOVEMBER 30, 2002

	Year to Date	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income.....	80,202,529.51	54,296,135.63
Items not requiring cash currently:		
Depreciation and amortization.....	87,494,239.23	88,204,408.70
Deferred income taxes - net.....	(981,240.85)	(31,980,639.78)
Investment tax credit - net.....	(2,744,541.00)	(3,158,892.00)
Other.....	22,184,697.11	7,488,125.42
(Increase) decrease in certain net current assets:		
Accounts receivable.....	(3,736,474.05)	36,310,792.41
Materials and supplies.....	(782,961.17)	(27,451,547.92)
Accounts payable.....	(21,357,948.11)	(403,416.91)
Accrued taxes.....	(9,971,127.55)	250,632.01
Accrued interest.....	(1,379,477.30)	779,828.59
Prepayments and other.....	1,083,814.22	(1,661,056.81)
Other.....	(2,849,001.11)	43,838,282.66
Net cash provided from operating activities.....	<u>147,162,508.93</u>	<u>166,512,652.00</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction expenditures.....	(203,415,163.80)	(122,318,031.05)
Nonutility property.....	-	3,480,169.86
Investments in Affiliated Companies.....	-	(3,000,000.00)
Other.....	-	202,746.66
Net cash used for investing activities.....	<u>(203,415,163.80)</u>	<u>(121,635,114.53)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings-net.....	64,300,000.00	(42,749,839.85)
Issuance of long-term debt.....	128,894,158.94	-
Retirement of long-term debt.....	(133,930,000.00)	-
Payment of dividends.....	(2,256,006.78)	(2,256,005.46)
Net cash used for financing activities.....	<u>57,008,152.16</u>	<u>(45,005,845.31)</u>
NET INCREASE (DECREASE) IN CASH AND TEMP. CASH INVESTMENTS.....	<u>755,497.29</u>	<u>(128,307.84)</u>
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD.....	<u>3,294,759.12</u>	<u>314,182.43</u>
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD.....	<u><u>4,050,256.41</u></u>	<u><u>185,874.59</u></u>

KENTUCKY UTILITIES COMPANY
ANALYSIS OF INTEREST CHARGES
NOVEMBER 30, 2002

	CURRENT MONTH		YEAR TO DATE		YEAR ENDED CURRENT MONTH	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
Interest On Long-Term Debt						
First Mortgage Bonds						
Series P 7.92%	349,800.00	349,800.00	3,847,800.00	4,265,179.44	4,197,600.00	4,126,317.60
Series P 8.55%	235,125.00	235,125.00	2,586,375.00	2,586,375.00	2,821,500.00	2,821,500.00
Series Q 6.32%	326,533.33	326,533.33	3,591,866.83	3,591,866.65	3,918,400.16	3,918,399.95
Series R 7.53%	314,583.33	314,583.33	3,460,416.65	3,232,939.85	3,774,999.98	3,446,603.20
Series S 5.99%	179,700.00	179,700.00	1,976,700.00	1,976,700.00	2,156,400.00	2,156,400.00
Loan Agreement - Polk Control Bonds						
Series 1B (6.25%)	-	109,010.42	628,626.85	1,199,114.63	737,637.25	1,308,125.01
Series 2B (6.25%)	-	12,500.00	72,083.33	137,500.00	84,583.33	150,000.00
Series 3B (6.25%)	-	37,500.00	216,250.00	412,500.00	253,750.00	450,000.00
Series 4B (6.25%)	-	38,541.67	222,257.03	423,958.39	260,798.70	462,500.02
Series 8 (7.45%)	(41,825.48)	596,000.00	5,918,174.52	6,556,000.00	6,514,174.52	7,152,000.00
Series 9 (5 3/4%)	239,583.33	239,583.33	2,635,416.65	2,072,640.60	2,874,999.98	2,383,688.27
Series 10 (VARIABLE%)	69,460.27	83,441.13	800,753.54	1,536,188.92	878,646.69	1,733,082.34
Series 11 (VARIABLE%)	16,125.00	21,930.00	178,557.50	383,649.58	199,663.33	435,572.08
Series 12 (VARIABLE%)	26,348.86	-	170,737.21	-	170,737.21	-
Series 13 (VARIABLE%)	3,021.37	-	19,578.09	-	19,578.09	-
Series 14 (VARIABLE%)	9,315.89	-	60,365.77	-	60,365.77	-
Series 15 (VARIABLE%)	9,064.11	-	58,734.27	-	58,734.27	-
Series 16 (VARIABLE%)	132,400.00	-	242,986.67	-	242,986.67	-
Interest Rate Swaps	(618,606.78)	(479,486.63)	(6,649,780.71)	(2,676,704.65)	(7,240,296.51)	(2,676,704.65)
Marked to Market	-	-	(1,188,941.00)	(2,860,711.00)	1,894,997.00	(2,860,711.00)
Total	1,250,628.23	2,064,761.58	18,848,958.20	22,837,197.41	23,880,256.44	25,006,772.82
Amortization of Debt Expense - Net						
Amortization of Debt Expense	26,218.39	27,846.00	321,647.87	306,855.00	349,493.87	334,811.00
Amort. of Loss on Recquired Debt	74,214.00	72,472.41	807,875.15	797,286.51	880,347.56	869,758.92
Total	100,432.39	100,318.41	1,129,523.02	1,104,141.51	1,229,841.43	1,204,569.92
Other Interest Charges						
Note Payable	55,240.42	52,821.92	547,791.66	536,325.69	598,018.72	154,040.00
Customers' Deposits	-	(3,589.09)	19,226.96	11,852.45	25,508.02	588,961.04
Deferred Compensation	115,682.85	26,233.86	960,360.55	918,898.74	1,015,102.16	39,787.34
Interest on Debt to Associated Companies	156,435.00	144,555.45	1,723,813.12	1,186,936.55	1,864,518.29	918,898.74
Other Interest Expense	-	-	287,968.16	-	-	1,327,563.46
Intercompany Interest	-	-	-	-	-	554,471.62
Federal RAR Interest Reserve	(5,993.72)	(3,549.96)	(31,034.88)	(17,796.91)	(32,559.47)	(18,461.52)
AFUDC Borrowed Funds	19,540.83	(137,693.80)	829,632.02	1,676,611.78	939,970.08	1,676,611.78
Interest Costs from A/R Securitization	340,905.38	78,778.38	4,049,789.43	4,600,796.46	4,410,557.80	5,241,872.46
Total	1,691,966.00	2,243,858.37	24,028,270.65	28,542,135.38	29,520,655.67	31,453,215.20

**KENTUCKY UTILITIES COMPANY
ANALYSIS OF TAXES CHARGED
NOVEMBER 30, 2002**

<u>Kind of Taxes</u>	<u>Current Month</u>	<u>Year To Date</u>
Taxes Charged to Accounts 408.1 and 409.1		
Property Taxes.....	749,166.67	8,241,326.95
Unemployment.....	9,181.42	212,779.01
Federal Old Age and Survivors Insurance.....	(205,932.54)	3,777,077.58
Public Service Commission Fee.....	95,364.67	1,198,125.37
Federal Income.....	2,540,245.15	36,349,237.48
State Income.....	728,203.62	10,316,599.82
Miscellaneous.....	1,250.00	(30,112.37)
	<u>3,917,478.99</u>	<u>60,065,033.84</u>
Total Charged to Operating Expense.....		
Taxes Charged to Other Accounts.....	603,480.08	2,322,089.30
Taxes Accrued on Intercompany Accounts.....	(99,663.54)	(1,386,384.55)
Total Taxes Charged.....	<u>4,421,295.53</u>	<u>61,000,738.59</u>

ANALYSIS OF TAXES ACCRUED - ACCOUNT 236

<u>Kind of Taxes</u>	<u>Taxes Accrued At Beginning Of Year</u>	<u>Accruals To Date This Year</u>	<u>Payments To Date This Year</u>	<u>Taxes Accrued At End Of Month</u>
Property Taxes.....	4,652,270.34	8,289,677.99	12,737,087.25	204,861.08
Unemployment.....	14,321.23	102,132.96	107,190.67	9,263.52
Federal Old Age and Survivors.....	129,991.19	4,226,644.19	4,239,369.95	117,265.43
Federal Income.....	1,995,704.71	36,279,257.87	30,212,480.00	8,062,482.58
State Income.....	13,212,244.45	10,193,736.76	21,457,004.44	1,948,976.77
Miscellaneous.....	510,779.39	1,909,288.82	2,218,733.83	201,334.38
Totals.....	<u>20,515,311.31</u>	<u>61,000,738.59</u>	<u>70,971,866.14</u>	<u>10,544,183.76</u>

KENTUCKY UTILITIES COMPANY
SUMMARY OF UTILITY PLANT
NOVEMBER 30, 2002

	NET BALANCE FIRST OF YEAR	ADDITIONS	RETIREMENTS	TRANSFERS	RECLASSIFICATIONS	BALANCE TO DATE
UTILITY PLANT						
Plant In Service	15,175,959.62	2,247,233.36	-	-	-	17,423,192.98
Intangibles	1,245,840,685.26	15,161,348.94	(1,946,892.62)	-	-	1,259,055,141.58
Steam Production	10,626,165.04	-	-	-	-	10,626,165.04
Hydro Production	278,648,308.50	83,684,303.95	(104,916.37)	-	-	362,332,612.45
Other Production	446,271,604.52	5,440,662.65	(1,904,802.43)	-	-	451,607,350.80
Transmission	860,749,458.83	37,491,335.08	(3,048,661.99)	-	-	896,335,991.48
Distribution	76,021,457.45	5,293,156.82	(3,936,032.34)	-	-	78,265,952.28
General	27,484,853.61	200,417.24	-	-	-	23,749,238.51
Transportation	2,960,818,492.83	149,518,458.04	(10,941,305.75)	-	-	3,099,395,645.12
Total Electric Plant In Service	2,960,818,492.83	149,518,458.04	(10,941,305.75)	-	-	3,099,395,645.12
Plant Purchased or Sold	2,960,818,492.83	149,518,458.04	(10,941,305.75)	-	-	3,099,395,645.12
Total Plant	103,402,028.98	53,984,302.69	(10,941,305.75)	-	-	157,386,331.67
Construction Work In Progress	3,064,220,521.81	203,502,760.73	(10,941,305.75)	-	-	3,256,781,976.79
Total Utility Plant at Original Cost	3,064,220,521.81	203,502,760.73	(10,941,305.75)	-	-	3,256,781,976.79

	NET BALANCE FIRST OF YEAR	ACCURAL	RETIREMENTS	COST OF REMOVAL	SALVAGE	OTHERS CREDITS	BALANCE TO DATE
RESERVE FOR DEPRECIATION OF UTILITY							
Plant In Service	771,187,270.70	31,711,615.15	(1,946,892.62)	(110,784.72)	-	-	800,841,208.51
Steam Production	8,160,352.63	149,922.30	-	-	-	-	8,310,274.93
Hydro Production	39,640,209.59	9,653,659.90	(104,916.37)	(209,341.44)	24,181.84	273,692.19	49,293,869.49
Other Production	236,109,783.95	12,187,551.76	(1,904,802.43)	(727,737.42)	195,187.28	117,749.94	248,280,951.93
Transmission	347,657,417.84	24,432,339.37	(3,048,661.99)	(75,836.70)	-	(163.72)	369,770,154.58
Distribution	23,853,400.64	6,976,926.96	(3,936,032.34)	-	-	-	27,781,665.61
General	22,604,559.07	1,736,632.36	-	-	-	-	20,441,600.08
Transportation	1,449,212,994.42	86,848,647.80	(10,941,305.75)	(1,123,700.28)	331,810.53	391,278.41	1,524,719,725.13
Total Reserve For Depreciation Of Utility Plant In Service	2,075,349.74	86,848,647.80	(10,941,305.75)	(606,924.74)	728,064.38	2,672,574.37	4,869,063.75
Retirement of Work in Progress	1,451,288,344.16	86,848,647.80	(10,941,305.75)	(1,730,625.02)	1,059,874.91	3,063,852.78	1,529,588,788.88
Subtotal	5,963,094.28	2,903,478.89	-	-	-	-	8,866,573.17
Intangibles	502,898.25	567.93	-	-	-	-	503,466.18
Leaseholds	1,457,754,336.69	89,752,694.62	(10,941,305.75)	(1,730,625.02)	1,059,874.91	3,063,852.78	1,538,958,828.23
Total Reserve For Depreciation and Amortization - Utility Plant In Service	1,457,754,336.69	89,752,694.62	(10,941,305.75)	(1,730,625.02)	1,059,874.91	3,063,852.78	1,538,958,828.23
Utility Plant at Original Cost Less Reserve For Depreciation and Amortization	1,606,466,185.12	-	-	-	-	-	1,717,823,148.56

KU Monthly Report to KPSC-October 31, 2002

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
OCTOBER 31, 2002

	CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	70,172,767.50	73,841,262.92	(3,668,495.42) (4.97)
Rate Refunds.....	1,243,157.00	99,209.00	1,143,948.00
Total Operating Revenues.....	<u>71,415,924.50</u>	<u>73,940,471.92</u>	<u>(2,524,547.42)</u> (3.41)
Operating Expenses			
Fuel.....	16,491,321.04	21,758,961.25	(5,267,640.21) (24.21)
Power Purchased.....	14,738,719.08	13,377,143.30	1,361,575.78 10.18
Other Operation Expenses.....	12,376,016.15	10,423,421.33	1,952,594.82 18.73
Maintenance.....	5,876,735.18	4,218,213.90	1,658,521.28 39.32
Depreciation.....	7,918,145.33	7,810,754.60	107,390.73 1.37
Amortization Expense.....	290,985.90	253,955.13	37,030.77 14.58
Taxes			
Federal Income.....	-	-	-
State Income.....	-	-	-
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	3,108,661.49	3,786,296.52	(677,635.03) (17.90)
Federal Income - Estimated.....	891,149.63	1,085,405.00	(194,255.37) (17.90)
State Income - Estimated.....	1,185,563.29	1,165,156.42	20,406.87 1.75
Property and Other.....	-	-	-
Loss (Gain) from Disposition of Allowances.....	-	-	-
Total Operating Expenses.....	<u>62,877,297.09</u>	<u>63,879,307.45</u>	<u>(1,002,010.36)</u> (1.57)
Net Operating Income.....	8,538,627.41	10,061,164.47	(1,522,537.06) (15.13)
Other Income Less Deductions			
Interest and Dividend Income.....	61,103.84	75,097.47	(13,993.63) (18.63)
Other Income Less Deductions.....	574,638.32	528,550.98	(3,912.66) (0.74)
AFUDC - Equity.....	14,863.94	3,934.61	10,929.33 277.77
Total Other Income Less Deductions.....	<u>600,606.10</u>	<u>607,583.06</u>	<u>(6,976.96)</u> (1.15)
Income Before Interest Charges.....	9,139,233.51	10,668,747.53	(1,529,514.02) (14.34)
Interest on Long Term Debt.....	1,942,629.79	2,145,568.82	(202,939.03) (9.46)
Amortization of Debt Expense - Net.....	100,466.11	100,318.41	147.70 0.15
Other Interest Expenses.....	391,707.14	215,754.70	175,952.44 81.55
AFUDC - Borrowed Funds.....	(4,043.25)	(1,627.74)	(2,415.51) 148.40
Total Interest Charges.....	<u>2,430,759.79</u>	<u>2,460,014.19</u>	<u>(29,254.40)</u> (1.19)
Net Inc Before Cumulative Effect of Acctg Chg.....	6,708,473.72	8,208,733.34	(1,500,259.62) (18.28)
Cumulative Effect of Accounting Chg Net of Tax.....	-	-	-
Net Income.....	<u>6,708,473.72</u>	<u>8,208,733.34</u>	<u>(1,500,259.62)</u> (18.28)
Preferred Dividend Requirements.....	188,000.00	188,000.00	-
Earnings Available for Common.....	<u>6,520,473.72</u>	<u>8,020,733.34</u>	<u>(1,500,259.62)</u> (18.70)

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
OCTOBER 31, 2002

	YEAR TO DATE		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	725,764,316.20	722,067,832.13	3,696,484.07 0.51
Rate Refunds.....	3,395,666.00	(604,963.00)	4,000,629.00 (661.30)
Total Operating Revenues.....	<u>729,159,982.20</u>	<u>721,462,869.13</u>	<u>7,697,113.07</u> <u>1.07</u>
Operating Expenses			
Fuel.....	212,509,798.56	198,855,298.36	13,654,500.20 6.87
Power Purchased.....	127,583,215.06	129,423,454.79	(1,840,239.73) (1.42)
Other Operation Expenses.....	121,527,216.45	159,426,460.90	(37,899,244.45) (23.77)
Maintenance.....	45,261,347.98	45,881,129.77	(619,781.79) (1.35)
Depreciation.....	76,618,819.47	77,332,092.81	(713,273.34) (0.92)
Amortization Expense.....	2,613,012.56	2,537,583.02	75,429.54 2.97
Taxes			
Federal Income.....	30,700,330.84	45,569,155.77	(14,868,824.93) (32.63)
State Income.....	8,697,246.57	11,338,367.13	(2,641,120.56) (23.29)
Deferred Federal Income - Net.....	(920,960.94)	(29,292,076.18)	28,371,115.24 (96.86)
Deferred State Income - Net.....	269,134.83	(6,048,839.60)	6,317,974.43 (104.45)
Federal Income - Estimated.....	3,108,661.49	3,786,296.52	(677,635.03) (17.90)
State Income - Estimated.....	891,149.63	1,085,405.00	(194,255.37) (17.90)
Property and Other.....	12,750,166.32	13,453,971.70	(703,805.38) (5.23)
Loss (Gain) from Disposition of Allowances.....	(277,302.50)	(317,036.15)	39,733.65 (12.53)
Total Operating Expenses.....	<u>641,331,836.32</u>	<u>653,031,263.84</u>	<u>(11,699,427.52)</u> <u>(1.79)</u>
Net Operating Income.....	87,828,145.88	68,431,605.29	19,396,540.59 28.34
Other Income Less Deductions			
Interest and Dividend Income.....	536,679.66	1,019,789.94	(483,110.28) (47.37)
Other Income Less Deductions.....	8,818,605.74	5,255,551.48	3,563,054.26 67.80
AFUDC - Equity.....	34,527.87	30,641.41	3,886.46 12.68
Total Other Income Less Deductions.....	<u>9,389,813.27</u>	<u>6,305,982.83</u>	<u>3,083,830.44</u> <u>48.90</u>
Income Before Interest Charges.....	97,217,959.15	74,737,588.12	22,480,371.03 30.08
Interest on Long Term Debt.....	17,598,329.97	20,772,435.83	(3,174,105.86) (15.28)
Amortization of Debt Expense - Net.....	1,029,090.63	1,003,823.10	25,267.53 2.52
Other Interest Expenses.....	3,733,925.21	4,536,265.03	(802,339.82) (17.69)
AFUDC - Borrowed Funds.....	(25,041.16)	(14,246.95)	(10,794.21) 75.77
Total Interest Charges.....	<u>22,336,304.65</u>	<u>26,298,277.01</u>	<u>(3,961,972.36)</u> <u>(15.07)</u>
Net Inc Before Cumulative Effect of Acctg Chg.....	74,881,654.50	48,439,311.11	26,442,343.39 54.59
Cumulative Effect of Accounting Chg Net of Tax.....	-	136,177.00	(136,177.00) (100.00)
Net Income.....	74,881,654.50	48,575,488.11	26,306,166.39 54.16
Preferred Dividend Requirements.....	1,880,005.12	1,880,001.79	3.33
Earnings Available for Common.....	<u>73,001,649.38</u>	<u>46,695,486.32</u>	<u>26,306,163.06</u> <u>56.34</u>

KENTUCKY UTILITIES COMPANY
COMPARATIVE STATEMENT OF INCOME
OCTOBER 31, 2002

	YEAR ENDED CURRENT MONTH		
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT %
Electric Operating Revenues.....	863,367,692.54	867,307,898.11	(3,940,205.57) (0.45)
Rate Refunds.....	3,801,486.00	(490,836.00)	4,292,322.00 (874.49)
Total Operating Revenues.....	867,169,178.54	866,817,062.11	352,116.43 0.04
Operating Expenses			
Fuel.....	250,640,055.99	237,985,253.36	12,654,802.63 5.32
Power Purchased.....	155,320,759.46	162,122,092.25	(6,801,332.79) (4.20)
Other Operation Expenses.....	87,644,411.11	169,310,541.39	(81,666,130.28) (48.23)
Maintenance.....	56,400,815.07	57,204,219.88	(803,404.81) (1.40)
Depreciation.....	86,540,525.97	93,459,642.24	(6,919,116.27) (7.40)
Amortization Expense.....	3,120,983.90	3,040,764.59	80,219.31 2.64
Taxes			
Federal Income.....	43,465,233.54	57,269,135.77	(13,803,902.23) (24.10)
State Income.....	10,822,505.53	14,244,580.13	(3,422,074.60) (24.02)
Deferred Federal Income - Net.....	15,391,174.43	(29,254,975.18)	44,646,149.61 (152.61)
Deferred State Income - Net.....	4,977,552.61	(5,583,016.60)	10,560,569.21 (189.16)
Federal Income - Estimated.....	(677,635.03)	279,614.74	(957,249.77) (342.35)
State Income - Estimated.....	(194,255.37)	109,907.68	(304,163.05) (276.74)
Property and Other.....	13,223,754.77	16,021,811.18	(2,798,056.41) (17.46)
Loss (Gain) from Disposition of Allowances.....	(277,302.50)	(317,036.15)	39,733.65 (12.53)
Total Operating Expenses.....	726,398,579.48	775,892,535.28	(49,493,955.80) (6.38)
Net Operating Income.....	140,770,599.06	90,924,526.83	49,846,072.23 54.82
Other Income Less Deductions			
Interest and Dividend Income.....	884,770.67	1,230,783.34	(346,012.67) (28.11)
Other Income Less Deductions.....	11,079,979.38	6,111,137.92	4,968,841.46 81.31
AFUDC - Equity.....	51,562.53	33,602.41	17,960.12 52.85
Total Other Income Less Deductions.....	12,016,112.58	7,375,523.67	4,640,588.91 62.92
Income Before Interest Charges.....	152,786,711.64	98,300,050.50	54,486,661.14 55.43
Interest on Long Term Debt.....	24,694,389.79	25,557,049.40	(862,659.61) (3.38)
Amortization of Debt Expense - Net.....	1,229,727.45	1,204,679.92	25,047.53 2.08
Other Interest Expenses.....	4,178,546.51	5,790,652.06	(1,612,105.55) (27.84)
AFUDC - Borrowed Funds.....	(30,115.71)	(15,385.85)	(14,729.86) 95.74
Total Interest Charges.....	30,072,548.04	32,536,995.53	(2,464,447.49) (7.57)
Net Inc Before Cumulative Effect of Acctg Chg.....	122,714,163.60	65,763,054.97	56,951,108.63 86.60
Cumulative Effect of Accounting Chg Net of Tax.....		136,177.00	(136,177.00) (100.00)
Net Income.....	122,714,163.60	65,899,231.97	56,814,931.63 86.21
Preferred Dividend Requirements.....	2,256,006.87	2,256,003.71	3.16
Earnings Available for Common.....	120,458,156.73	63,643,228.26	56,814,928.47 89.27

KENTUCKY UTILITIES COMPANY
ANALYSIS OF RETAINED EARNINGS
OCTOBER 31, 2002

	Year to Date			Year Ended Current Month	
	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total Retained Earnings	Total Retained Earnings	Undistributed Subsidiary Earnings
Retained Earnings and Undistributed Earnings					
Balance Beginning of Period.....	410,275,096.96	114,735.25	410,389,832.21	393,253,986.02	679,470.98
Net Income To Date.....	74,881,654.50		74,881,654.50	122,714,163.60	
Adjust for Equity in Subsidiary Earnings for Year					
-EE Inc.....	(6,635,661.00)		(6,635,661.00)	(6,994,860.00)	6,994,860.00
Dividends Rec'd Current Year					
-EE Inc.....	1,585,021.46		1,585,021.46	2,123,559.30	(2,123,559.30)
Preferred Stock Dividends.....	(1,880,005.12)		(1,880,005.12)	(2,256,006.87)	
Common Stock Dividends.....				(30,500,000.00)	
Balance End of Period.....	<u>478,226,106.80</u>	<u>114,735.25</u>	<u>478,340,842.05</u>	<u>478,340,842.05</u>	<u>5,550,771.68</u>
Combined Retained Earnings					
Retained Earnings Beginning of Period.....	393,933,457.00	330,290,228.74			
Add Net Income.....	122,714,163.60	65,899,231.97			
Subtotal.....	<u>516,647,620.60</u>	<u>396,189,460.71</u>			
Deduct					
Dividends on Preferred Stock.....	2,256,006.87	2,256,003.71			
Dividends on Common Stock.....	30,500,000.00	-			
Preferred Stock Redemption Exp and Other.....	-	-			
Retained Earnings End of Period.....	<u>483,891,613.73</u>	<u>393,933,457.00</u>			

KENTUCKY UTILITIES COMPANY
COMPARATIVE BALANCE SHEETS AS OF OCTOBER 31, 2002 AND 2001

	THIS YEAR	LAST YEAR	LIABILITIES AND OTHER CREDITS	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
ASSETS AND OTHER DEBITS				
Utility Plant	3,235,412,676.10	3,038,598,657.19	308,139,977.56	308,139,977.56
Utility Plant at Original Cost	1,531,615,607.52	1,447,992,920.90	(594,394.29)	(594,394.29)
Less Reserves for Depreciation & Amortization	1,703,797,068.58	1,590,605,736.29	15,000,000.00	15,000,000.00
Total	1,703,797,068.58	1,590,605,736.29	1,588,424.00	1,588,424.00
Investments - At Cost	897,056.38	897,466.80	478,340,842.05	393,253,986.02
Nonutility Property-Less Reserve	6,846,571.68	1,975,270.98	5,550,771.68	679,470.98
Investments in Subsidiary Companies	3,000,000.00	3,000,000.00	806,437,197.00	718,067,464.27
Investments in K-U-R	250,000.00	250,000.00	40,000,000.00	40,000,000.00
Ohio Valley Electric Corporation	837,899.66	798,407.76	422,830,000.00	484,830,000.00
Other	5,217,974.13	5,768,016.53	16,938,624.00	3,700,142.00
Special Funds	17,049,501.85	12,689,162.07	439,768,624.00	488,530,142.00
Total	4,979,886.90	4,859,583.60	1,286,205,821.00	1,246,597,606.27
Current and Accrued Assets	102,929.26	183,579.04	62,000,000.00	-
Cash	542,908.00	12,409,250.28	87,689,649.91	28,989,649.91
Special Deposits	28,159,506.00	41,370,482.00	44,577,693.05	60,570,826.38
Temporary Cash Investments	13,797,747.51	11,493,841.60	30,468,699.47	24,476,285.27
Accounts Receivable from Assoc. Companies	39,814,179.37	34,395,708.98	11,800,679.72	10,721,123.29
Notes Receivable from K-U-R	21,598,228.40	21,042,651.88	7,561,754.44	17,698,185.23
Notes Receivable from Assoc. Companies	4,613,415.67	5,120,854.58	5,680,547.44	8,189,152.58
Accounts Receivable from Assoc. Companies	85,741.78	168,681.59	376,000.00	376,000.00
Materials & Supplies-At Average Cost	1,945,977.76	1,329,054.80	5,655,640.82	7,155,761.38
Fuel	1,489,120.71	112,704.32	-	-
Plant Materials & Operating Supplies	117,129,641.36	132,486,392.67	255,810,664.85	158,176,984.04
Stores Expense	4,829,276.79	4,372,137.54	315,670,269.73	305,851,554.15
Allowance Inventory	9,604,864.48	6,286,955.88	8,974,312.00	12,028,961.00
Prepayments	75,669,056.13	87,656,066.38	54,943,455.00	59,034,849.00
Miscellaneous Current & Accrued Assets	26,925,773.74	32,806,808.51	1,509,189.95	1,578,270.73
Total	185,174,582.98	154,402,232.72	14,374,878.42	11,905,065.99
Deferred Debits and Other	481,134,308.92	499,133,680.82	-	-
Unamortized Debt Expense	2,023,150,794.77	1,890,183,523.75	54,079,173.82	49,913,680.82
Unamortized Loss on Bonds	-	-	481,134,308.92	485,408,933.44
Accumulated Deferred Income Taxes	-	-	2,023,150,794.77	1,890,183,523.75
Deferred Regulatory Assets	-	-	-	-
Other Deferred Debits	-	-	-	-
Total	481,134,308.92	499,133,680.82	-	-
LIABILITIES AND OTHER DEBITS				
Capitalization	308,139,977.56	308,139,977.56	308,139,977.56	308,139,977.56
Common Stock	(594,394.29)	(594,394.29)	(594,394.29)	(594,394.29)
Common Stock Expense	15,000,000.00	15,000,000.00	15,000,000.00	15,000,000.00
Paid-In Capital	-	-	-	-
Other Comprehensive Income	478,340,842.05	393,253,986.02	478,340,842.05	393,253,986.02
Retained Earnings	5,550,771.68	679,470.98	5,550,771.68	679,470.98
Unappropriated Undistributed Subsidiary Earnings	806,437,197.00	718,067,464.27	806,437,197.00	718,067,464.27
Total Common Equity	40,000,000.00	40,000,000.00	40,000,000.00	40,000,000.00
Preferred Stock	422,830,000.00	484,830,000.00	422,830,000.00	484,830,000.00
First Mortgage Bonds	16,938,624.00	3,700,142.00	16,938,624.00	3,700,142.00
Other Long-Term Debt	-	-	-	-
Long-Term Debt Marked to Market	439,768,624.00	488,530,142.00	439,768,624.00	488,530,142.00
Total Long-Term Debt	1,286,205,821.00	1,246,597,606.27	1,286,205,821.00	1,246,597,606.27
Total Capitalization	62,000,000.00	-	62,000,000.00	-
Current and Accrued Liabilities	87,689,649.91	28,989,649.91	87,689,649.91	28,989,649.91
Advances from Associated Companies	44,577,693.05	60,570,826.38	44,577,693.05	60,570,826.38
Long-Term Debt Due in 1 Year	30,468,699.47	24,476,285.27	30,468,699.47	24,476,285.27
Notes Payable	11,800,679.72	10,721,123.29	11,800,679.72	10,721,123.29
Notes Payable to Associated Companies	7,561,754.44	17,698,185.23	7,561,754.44	17,698,185.23
Accounts Payable	5,680,547.44	8,189,152.58	5,680,547.44	8,189,152.58
Accounts Payable to Associated Companies	376,000.00	376,000.00	376,000.00	376,000.00
Customer Deposits	5,655,640.82	7,155,761.38	5,655,640.82	7,155,761.38
Taxes Accrued	-	-	-	-
Interest Accrued	-	-	-	-
Dividends Declared	-	-	-	-
Misc. Current & Accrued Liabilities	255,810,664.85	158,176,984.04	255,810,664.85	158,176,984.04
Total	315,670,269.73	305,851,554.15	315,670,269.73	305,851,554.15
Deferred Credits and Other	8,974,312.00	12,028,961.00	8,974,312.00	12,028,961.00
Accumulated Deferred Income Taxes	54,943,455.00	59,034,849.00	54,943,455.00	59,034,849.00
Investment Tax Credit	1,509,189.95	1,578,270.73	1,509,189.95	1,578,270.73
Regulatory Liability - Deferred Taxes	14,374,878.42	11,905,065.99	14,374,878.42	11,905,065.99
Customer Advances for Construction	31,583,030.00	45,096,551.75	31,583,030.00	45,096,551.75
Other Deferred Credits	-	-	-	-
Misc. Long-Term Liabilities	54,079,173.82	49,913,680.82	54,079,173.82	49,913,680.82
Misc. Long-Term Liab. Due to Assoc. Co.	-	-	-	-
Accum Provision for Post-Retirement Benefits	481,134,308.92	485,408,933.44	481,134,308.92	485,408,933.44
Total	2,023,150,794.77	1,890,183,523.75	2,023,150,794.77	1,890,183,523.75
Total Liabilities and Other Credits	2,023,150,794.77	1,890,183,523.75	2,023,150,794.77	1,890,183,523.75

KENTUCKY UTILITIES COMPANY
STATEMENT OF CAPITALIZATION AND SHORT-TERM DEBT
OCTOBER 31, 2002

	AUTHORIZED SHARES	ISSUED & OUTSTANDING SHARES	AMOUNT	PERCENT OF TOTAL CAPITAL & S/T DEBT	CAPITAL
Common Equity					
Common Stock - Without Par.....		37,817,878	308,139,977.56 (321,288.87)		
Common Stock Expense.....			(273,105.42)		
Preferred Stock Expense.....			15,000,000.00		
Paid-In Capital.....			478,340,842.05		
Other Comprehensive Income.....			5,550,771.68		
Retained Earnings.....				56.16	62.70
Unappropriated Undistributed Subsidiary Earnings.....			806,437,197.00		
Total Common Equity					
Preferred Stock, Cumulative	5,300,000	200,000	20,000,000.00		
4 3/4% Series.....		200,000	20,000,000.00		
6.53% Series.....			40,000,000.00	2.79	3.11
Total Preferred Stock			846,437,197.00	58.95	65.81
Total Stockholder's Equity					
Long-Term Debt					
First Mortgage Bonds			53,000,000.00		
FM Series P, 7.92%.....			33,000,000.00		
FM Series P, 8.55%.....			50,000,000.00		
FM Series R, 7.55%.....			36,000,000.00		
FM Series S, 5.99%.....			172,000,000.00	11.98	13.37
Total First Mortgage Bonds					
Pollution Control Bonds			50,000,000.00		
PCB 9 DUE 12/01/23 5 3/4%.....			54,000,000.00		
PCB 10 DUE 11/01/24 Variable%.....			12,900,000.00		
PCB 11 DUE 5/1/23 Variable%.....			20,930,000.00		
PCB 12 DUE 2/1/32 Variable%.....			2,400,000.00		
PCB 13 DUE 2/1/32 Variable%.....			7,400,000.00		
PCB 14 DUE 2/1/32 Variable%.....			7,200,000.00		
PCB 15 DUE 2/1/32 Variable%.....			96,000,000.00		
PCB 16 DUE 10/1/32 Variable%.....			16,938,624.00		
Long-Term Debt Marked to Market.....			267,768,624.00	18.65	20.82
Total PCB Long-Term Debt					
Total Capitalization			1,286,205,821.00	89.58	100.00
Long-Term Debt Due Within 1 Year.....			62,000,000.00	4.32	
Notes Payable to Associated Companies.....			87,689,649.91	6.10	
Total Capitalization and Short-Term Debt			1,435,895,470.91	100.00	

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
OCTOBER 31, 2002

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
UTILITY PLANT	3,235,412,676.10	3,235,412,676.10
At Original Cost.....		(1,531,615,607.52)
Reserves for Depreciation and Amortization.....	(797,960,675.80)	
Accum Depreciation - Steam Power Generation.....	(8,296,645.63)	
Accum Depreciation - Hydro Power Generation.....	(48,274,834.23)	
Accum Depreciation - Other Power Generation.....	(246,884,457.54)	
Accum Depreciation - Transmission.....	(368,107,285.69)	
Accum Depreciation - Distribution.....	(27,182,297.68)	
Accum Depreciation - General.....	(20,593,862.34)	
Transportation.....	(5,236,543.52)	
Retirement - RWIP.....		
Amortization of Plant	(9,079,005.09)	
Limited - Term Plant.....		17,049,501.85
INVESTMENTS - AT COST.....	897,056.38	
Nonutility Property - less reserve (\$130,032.68).....	6,846,571.68	
Investments in Subsidiary Companies.....	3,000,000.00	
Investments in KU-R.....	250,000.00	
Ohio Valley Electric Corporation.....	837,899.66	
Other.....	1,579.50	
Special Funds.....	645,433.71	
OMU-Interest on Reserve, New.....	644,771.11	
OMU-R&I on Maintenance Reserve.....	120,000.00	
OMU-R&I on Additions and Replacements.....	538,258.48	
OMU-R&I on Operations.....	182,500.00	
OMU-R&I Interest on Purchase Power.....	3,085,431.33	
OMU-Purchase Power, Coal Reserve.....		4,979,886.90
CASH.....	(26,139,561.98)	
Cash Clearing.....	31,119,448.88	
Cash Accounts.....		102,929.26
SPECIAL DEPOSITS.....	102,929.26	
Special Deposits.....		542,908.00
ACCOUNTS RECEIVABLE - LESS RESERVE.....	93,135.77	
Working Funds.....	39,730,444.62	
Customers-Active.....	(5,366.41)	
Customers-Suspense CIS.....	(81,919,000.00)	
Customer Accounts Receivable Sold to KU-R.....	2,757,456.67	
Wholesale Sales.....	4,510,416.45	
Transmission Sales.....	31,304,000.00	
Unbilled Revenues.....	286,924.88	
PC Purchase Program.....	(10,000.00)	
Billed Projects.....	21,920.68	
Unbilled Projects.....	142,111.25	
Damage Claims.....	373,691.50	
RAR Settlements.....	1,086,670.43	
Tax Refunds.....	308,575.10	
Insurance Claims.....	2,141,925.29	
Miscellaneous.....	(1,106,361.60)	
Uncollectible Accounts - Accrual.....	1,603,302.31	
Uncollectible Accounts - Charged Off.....	(496,938.94)	
Uncollectible Accounts - Recovery.....	520,000.00	
Uncollectible Accounts - Accrual Sold to KU-R.....	(800,000.00)	
Uncollectible Accounts - Other.....		28,159,506.00
NOTES RECEIVABLE FROM KU-R.....	28,159,506.00	
Notes Receivable form KU-R.....		13,797,747.51
ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES.....	13,793,093.47	
LG&E Energy Corp., Enertech.....	4,654.04	
LG&E Energy Marketing Inc. (LEM)-Power Marketing.....		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
OCTOBER 31, 2002

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
		39,814,179.37
FUEL	37,139,147.93	
Coal 1,106,365 Tons @ \$33.57; MMBTU 26,754,609 @ 138.81¢.....	2,610,536.25	
Fuel Oil 3,439,185 Gallons @ 75.91¢.....	64,495.19	
Gas Pipeline 12,170 MCF @ \$5.30.....		21,598,228.40
PLANT MATERIALS AND OPERATING SUPPLIES	21,518,610.46	
Regular Materials and Supplies.....	79,617.94	
Limestone 14,369 Tons @ \$5.54.....		4,613,415.67
STORES EXPENSE	4,613,415.67	
Stores Expense Undistributed.....		85,741.78
ALLOWANCE INVENTORY	85,741.78	
Allowance Inventory.....		1,945,977.76
PREPAYMENTS	925,587.84	
Insurance.....	581,504.66	
Taxes.....	312,870.26	
Interest.....	126,015.00	
Company Owned Life Insurance.....		1,489,120.71
MISCELLANEOUS CURRENT ASSETS	1,489,120.71	
Mark to Market Assets.....		4,829,276.79
UNAMORTIZED DEBT EXPENSE		
First Mortgage Bonds.....	190,051.48	
KU Series P 7.92%.....	298,827.52	
KU Series P 8.55%.....	31,144.14	
KU Series Q 6.32%.....	410,602.53	
KU Series R 7.55%.....	121,146.18	
KU Series S 5.99%.....		
Pollution Control Bonds.....	680,197.80	
KU Series 9, 5 3/4%, Due 12/01/23.....	452,150.82	
KU Series 10, Variable%, Due 10/01/24.....	354,398.29	
KU Series 11, Variable%, Due 5/01/23.....	116,603.45	
KU Series 12, Variable%, Due 2/01/32.....	80,285.86	
KU Series 13, Variable%, Due 2/01/32.....	89,885.86	
KU Series 14, Variable%, Due 2/01/32.....	90,285.85	
KU Series 15, Variable%, Due 2/01/32.....	1,913,697.01	
KU Series 16, Variable%, Due 10/01/32.....		9,604,864.48
UNAMORTIZED LOSS ON BONDS	9,604,864.48	
Reacquired Debt.....		75,669,056.13
ACCUMULATED DEFERRED INCOME TAXES	61,231,435.28	
Federal.....	14,437,620.85	
State.....		68,145,611.84
DEFERRED REGULATORY ASSET	2,728,440.00	
Merger Expenses.....	39,227,906.70	
VDT Expenses.....	25,047,599.00	
FASB 109 - Deferred Taxes.....	649,721.11	
Pension FERC FAS 87 > Than Funding.....	491,945.03	
Other.....		26,925,773.74
OTHER DEFERRED DEBITS	1,455,004.57	
Utility Costs to Achieve.....	18,131,300.00	
Long-Term Derivative Asset.....	(504,438.38)	
Customer Orders.....	675,349.92	
Preliminary Survey and Inventory.....	7,168,557.63	
Other.....		
	2,023,150,794.77	2,023,150,794.77
Total Assets and Other Debits		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
OCTOBER 31, 2002

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
		806,437,197.00
COMMON STOCK AND RETAINED EARNINGS	308,139,977.56	
Common Stock.....	(321,288.87)	
Common Stock Expense.....	(273,105.42)	
Preferred Stock Expense.....	15,000,000.00	
Paid-In Capital.....	-	
Other Comprehensive Income.....	478,340,842.05	
Retained Earnings.....	5,550,771.68	
Unappropriated Undistributed Subsidiary Earnings.....		40,000,000.00
PREFERRED STOCK	40,000,000.00	
Preferred Stock.....		326,830,000.00
BONDS		
First Mortgage Bonds.....	53,000,000.00	
KU Series P 7.92%.....	33,000,000.00	
KU Series P 8.55%.....	50,000,000.00	
KU Series R 7.55%.....	36,000,000.00	
KU Series S 5.99%.....		
Pollution Control Bonds.....	50,000,000.00	
KU Series 9, 5 3/4%, Due 12/01/23.....	54,000,000.00	
KU Series 10, Variable%, Due 10/01/24.....	12,900,000.00	
KU Series 11, Variable%, Due 05/01/23.....	20,930,000.00	
KU Series 12, Variable%, Due 2/01/32.....	2,400,000.00	
KU Series 13, Variable%, Due 2/01/32.....	7,400,000.00	
KU Series 14, Variable%, Due 2/01/32.....	7,200,000.00	
KU Series 15, Variable%, Due 2/01/32.....	96,000,000.00	
KU Series 16, Variable%, Due 10/01/32.....		62,000,000.00
LONG-TERM DEBT DUE WITHIN ONE YEAR	62,000,000.00	
Mandatory Redemption-FMB due June 15, 2003.....		16,938,624.00
LONG-TERM DEBT MARKED TO MARKET	16,938,624.00	
Long-term Debt Marked to Market.....		87,689,649.91
NOTES PAYABLE TO ASSOCIATED COMPANIES	87,689,649.91	
Notes Payable to Associated Companies.....		44,577,693.05
ACCOUNTS PAYABLE	40,851,553.44	
Regular.....	1,749,605.96	
Salaries and Wages Accrued.....	75,097.27	
Employee Withholdings Payable.....	1,901,436.38	
Tax Collections - Payable.....		30,468,699.47
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	30,468,699.47	
LG&E Energy Corp., Enertech, WKE.....		11,800,679.72
CUSTOMERS' DEPOSITS	11,800,679.72	
Customers' Deposits.....		7,561,754.44
TAXES ACCRUED	7,561,754.44	
Taxes Accrued.....		5,680,547.44
INTEREST ACCRUED		
Interest on Long-Term Debt.....		
First Mortgage Bonds.....	1,923,900.00	
KU Series P 7.92%.....	1,293,187.50	
KU Series P 8.55%.....	1,469,399.99	
KU Series Q 6.32%.....	1,572,916.65	
KU Series R 7.55%.....	628,950.00	
KU Series S 5.99%.....		

KENTUCKY UTILITIES COMPANY
TRIAL BALANCE - GENERAL LEDGER
OCTOBER 31, 2002

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown On Balance Sheet</u>
INTEREST ACCRUED (Continued)		
Pollution Control Bonds	(79,466.67)	
KU Series 8, 7.45%, Due 09/15/16.....	1,197,916.65	
KU Series 9, 5 3/4%, Due 12/01/23.....	88,767.16	
KU Series 10, Variable%, Due 10/01/24.....	11,824.97	
KU Series 11, Variable%, Due 05/01/23.....	39,996.37	
KU Series 12, Variable%, Due 2/01/32.....	4,586.30	
KU Series 13, Variable%, Due 2/01/32.....	14,141.10	
KU Series 14, Variable%, Due 2/01/32.....	13,758.92	
KU Series 15, Variable%, Due 2/01/32.....	110,586.67	
KU Series 16, Variable%, Due 10/01/32.....		
Other	(3,099,490.75)	
Interest Rate Swaps.....	489,572.58	
Customer Deposits.....		376,000.00
DIVIDENDS DECLARED.....	376,000.00	
Preferred Stock.....		5,655,640.82
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES.....	3,361,043.98	
Vacation Pay Accrued.....	128,049.05	
Escheated Deposits.....	3,198,726.83	
Franchise Fee Payable.....	220,561.00	
Mark to Market Liabilities.....	(1,252,740.04)	
Other.....		315,670,269.73
ACCUMULATED DEFERRED INCOME TAXES.....	252,255,556.25	
Federal.....	63,414,713.48	
State.....		8,974,312.00
INVESTMENT TAX CREDIT.....	8,974,312.00	
Job Development Credit.....		54,943,455.00
REGULATORY LIABILITY - DEFERRED TAXES.....	54,943,455.00	
Deferred Taxes - FAS 109.....		1,509,189.95
CUSTOMERS' ADVANCES FOR CONSTRUCTION.....	684,660.47	
Line Extensions.....	824,529.48	
Other.....		14,374,878.42
OTHER DEFERRED CREDITS.....	1,429,243.92	
Other Deferred Credits.....	12,945,634.50	
Clearing Accounts Transferred from Other Deferred Debits.....		31,583,030.00
MISCELLANEOUS LONG-TERM LIABILITIES.....	24,070,856.04	
Pension Payable.....	2,976,173.96	
Workers' Compensation.....	4,536,000.00	
Post Employment Benefits - FAS 112.....		54,079,173.82
ACCUMULATED PROVISION FOR BENEFITS.....	54,079,173.82	
Post Retirement Benefits - FAS 106.....		
Total Liabilities and Other Credits.....	2,023,150,794.77	1,927,150,794.77

KENTUCKY UTILITIES COMPANY
STATEMENT OF CASH FLOWS
OCTOBER 31, 2002

	Year to Date	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income.....	74,881,654.50	48,575,488.11
Items not requiring cash currently:		
Depreciation and amortization.....	79,231,832.03	79,869,675.83
Deferred income taxes - net.....	(2,179,855.85)	(31,980,639.78)
Investment tax credit - net.....	(2,480,310.00)	(2,871,720.00)
Other.....	20,261,726.20	6,513,152.57
(Increase) decrease in certain net current assets:		
Accounts receivable.....	(219,640.93)	25,145,461.49
Materials and supplies.....	3,543,581.03	(22,252,521.66)
Accounts payable.....	(10,102,178.94)	8,321,289.64
Accrued taxes.....	(12,953,556.87)	(1,924,289.56)
Accrued interest.....	12,995.26	1,815,921.87
Prepayments and other.....	2,771,485.29	(225,075.81)
Other.....	(2,837,785.64)	42,559,927.94
Net cash provided from operating activities.....	<u>149,929,946.08</u>	<u>153,546,670.64</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction expenditures.....	(181,368,386.20)	(115,551,776.64)
Nonutility property.....	-	3,480,169.86
Investments in Affiliated Companies.....	-	(3,000,000.00)
Other.....	-	195,759.91
Net cash used for investing activities.....	<u>(181,368,386.20)</u>	<u>(114,875,846.87)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings-net.....	39,900,000.00	(32,249,839.85)
Issuance of long-term debt.....	128,948,502.28	-
Retirement of long-term debt.....	(133,930,000.00)	-
Payment of dividends.....	(1,692,005.12)	(1,692,003.71)
Net cash used for financing activities.....	<u>33,226,497.16</u>	<u>(33,941,843.56)</u>
NET INCREASE (DECREASE) IN CASH AND TEMP. CASH INVESTMENTS.....	<u>1,788,057.04</u>	<u>4,728,980.21</u>
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD.....	<u>3,294,759.12</u>	<u>314,182.43</u>
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD.....	<u><u>5,082,816.16</u></u>	<u><u>5,043,162.64</u></u>

**KENTUCKY UTILITIES COMPANY
ANALYSIS OF INTEREST CHARGES
OCTOBER 31, 2002**

	CURRENT MONTH		YEAR TO DATE		YEAR ENDED CURRENT MONTH	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
Interest On Long-Term Debt						
First Mortgage Bonds						
Series P 7.92%.....	349,800.00	349,800.00	3,498,000.00	3,915,379.44	4,197,600.00	4,166,766.88
Series P 8.55%.....	235,125.00	235,125.00	2,351,250.00	2,351,250.00	2,821,500.00	2,821,500.00
Series Q 6.32%.....	326,533.33	326,533.33	3,265,333.50	3,265,333.32	3,918,400.16	3,918,399.92
Series R 7.55%.....	314,583.33	314,583.33	3,145,833.32	2,918,356.52	3,774,999.98	3,400,353.17
Series S 5.99%.....	179,700.00	179,700.00	1,797,000.00	1,797,000.00	2,156,400.00	2,156,400.00
Loan Agreement - Poll Control Bonds						
Series 1B (6.25%).....	-	109,010.42	628,626.85	1,090,104.21	846,647.67	1,308,124.97
Series 2B (6.25%).....	-	12,500.00	72,083.33	125,000.00	97,083.33	150,000.00
Series 3B (6.25%).....	-	37,500.00	216,250.00	375,000.00	291,250.00	450,000.00
Series 4B (6.25%).....	-	38,541.67	222,257.03	385,416.72	299,340.37	462,499.98
Series 8 (7.45%).....	596,000.00	596,000.00	5,960,000.00	5,960,000.00	7,152,000.00	7,152,000.00
Series 9 (5 3/4%).....	239,583.33	239,583.33	2,395,833.32	1,833,057.27	2,874,999.98	2,318,160.29
Series 10 (VARIABLE%).....	88,767.12	102,082.17	731,293.27	1,452,747.79	892,627.55	1,849,042.80
Series 11 (VARIABLE%).....	16,340.00	24,922.08	162,432.50	361,719.58	205,468.33	461,730.41
Series 12 (VARIABLE%).....	27,553.05	-	144,388.35	-	144,388.35	-
Series 13 (VARIABLE%).....	3,159.45	-	16,556.72	-	16,556.72	-
Series 14 (VARIABLE%).....	9,741.64	-	51,049.88	-	51,049.88	-
Series 15 (VARIABLE%).....	9,478.36	-	49,670.16	-	49,670.16	-
Series 16 (VARIABLE%).....	110,586.67	-	110,586.67	-	110,586.67	-
Interest Rate Swaps	(564,321.49)	(420,312.51)	(6,031,173.93)	(2,197,218.02)	(7,101,176.36)	(2,197,218.02)
Marked to Market	-	-	(1,188,941.00)	(2,860,711.00)	1,894,997.00	(2,860,711.00)
Total.....	1,942,629.79	2,145,568.82	17,598,329.97	20,772,435.83	24,694,389.79	25,557,049.40
Amortization of Debt Expense - Net						
Amortization of Debt Expense.....	26,252.69	27,846.00	295,429.48	279,009.00	351,121.48	334,921.00
Amort. of Loss on Reacquired Debt.....	74,213.42	72,472.41	733,661.15	724,814.10	878,605.97	869,758.92
Total.....	100,466.11	100,318.41	1,029,090.63	1,003,823.10	1,229,727.45	1,204,679.92
Other Interest Charges						
Note Payable.....	53,480.57	49,771.95	492,551.24	483,503.77	595,600.22	566,600.00
Customers' Deposits.....	-	-	19,226.96	15,441.54	21,918.93	585,098.43
Deferred Compensation.....	108,938.09	30,333.43	844,677.70	892,664.88	925,653.17	43,376.43
Interest on Debt to Associated Companies	156,435.00	140,705.11	1,567,378.12	1,042,381.10	1,852,638.74	892,664.88
Other Interest Expense.....	-	-	-	287,968.16	-	1,323,634.91
Intercompany Interest.....	-	-	-	-	-	564,971.83
Federal RAR Interest Reserve.....	(4,043.25)	(1,627.74)	(25,041.16)	(14,246.95)	(30,115.71)	(15,385.85)
AFUDC Borrowed Funds.....	72,853.48	(5,055.79)	810,091.19	1,814,305.58	782,735.45	1,814,305.58
Interest Costs from A/R Securitization.....	387,663.89	214,126.96	3,708,884.05	4,522,018.08	4,148,430.80	5,775,266.21
Total.....	2,430,759.79	2,460,014.19	22,336,304.65	26,298,277.01	30,072,548.04	32,536,995.53
Total Interest.....						

**KENTUCKY UTILITIES COMPANY
ANALYSIS OF TAXES CHARGED
OCTOBER 31, 2002**

<u>Kind of Taxes</u>	<u>Current Month</u>	<u>Year To Date</u>
Taxes Charged to Accounts 408.1 and 409.1		
Property Taxes.....	749,166.67	7,492,160.28
Unemployment.....	13,579.86	203,597.59
Federal Old Age and Survivors Insurance.....	326,202.09	3,983,010.12
Public Service Commission Fee.....	95,364.67	1,102,760.70
Federal Income.....	3,108,661.49	33,808,992.33
State Income.....	891,149.63	9,588,396.20
Miscellaneous.....	1,250.00	(31,362.37)
	<u>5,185,374.41</u>	<u>56,147,554.85</u>
Total Charged to Operating Expense.....		
Taxes Charged to Other Accounts.....	323,173.39	1,718,609.22
Taxes Accrued on Intercompany Accounts.....	(121,031.01)	(1,286,721.01)
Total Taxes Charged.....	<u>5,387,516.79</u>	<u>56,579,443.06</u>

ANALYSIS OF TAXES ACCRUED - ACCOUNT 236

<u>Kind of Taxes</u>	<u>Taxes Accrued At Beginning Of Year</u>	<u>Accruals To Date This Year</u>	<u>Payments To Date This Year</u>	<u>Taxes Accrued At End Of Month</u>
Property Taxes.....	4,652,270.34	7,536,090.32	11,821,097.43	367,263.23
Unemployment.....	14,321.23	101,985.07	107,190.67	9,115.63
Federal Old Age and Survivors.....	129,991.19	3,915,094.76	3,927,820.52	117,265.43
Federal Income.....	1,995,704.71	33,795,494.92	30,212,480.00	5,578,719.63
State Income.....	13,212,244.45	9,481,724.70	21,457,004.44	1,236,964.71
Miscellaneous.....	510,779.39	1,749,053.29	2,007,406.87	252,425.81
Totals.....	<u>20,515,311.31</u>	<u>56,579,443.06</u>	<u>69,532,999.93</u>	<u>7,561,754.44</u>

**KENTUCKY UTILITIES COMPANY
SUMMARY OF UTILITY PLANT
OCTOBER 31, 2002**

	NET BALANCE FIRST OF YEAR	ADDITIONS	RETIREMENTS	TRANSFERS	RECLASSIFICATIONS	BALANCE TO DATE
UTILITY PLANT						
Plant In Service	15,175,959.62	2,247,233.36	-	-	-	17,423,192.98
Intangibles	1,245,840,685.26	14,958,253.62	(1,946,892.62)	-	-	1,258,852,046.26
Steam Production	10,626,165.04	-	-	-	-	10,626,165.04
Hydro Production	278,648,308.50	83,677,663.15	(96,535.89)	-	-	362,325,971.65
Other Production	446,271,604.52	5,440,662.65	(1,526,531.72)	-	-	451,615,731.28
Transmission	860,749,458.83	36,103,688.36	(3,048,661.99)	-	-	895,326,615.47
Distribution	76,021,457.45	5,289,411.39	(3,617,178.72)	-	-	78,262,206.85
General	27,484,853.61	200,417.24	-	-	-	24,068,092.13
Transportation		147,917,329.77	(10,235,800.94)	-	-	3,098,500,021.66
Total Electric Plant In Service	2,960,818,492.83	147,917,329.77	(10,235,800.94)	-	-	3,098,500,021.66
Plant Purchased or Sold	2,960,818,492.83	147,917,329.77	(10,235,800.94)	-	-	3,098,500,021.66
Total Plant	103,402,028.98	33,510,625.46	-	-	-	136,912,654.44
Construction Work In Progress	3,064,220,521.81	181,427,955.23	(10,235,800.94)	-	-	3,235,412,676.10
Total Utility Plant at Original Cost	771,187,270.70	28,831,082.44	(1,946,892.62)	(110,784.72)	-	797,960,675.80
RESERVE FOR DEPRECIATION OF UTILITY						
Plant In Service	8,160,352.63	136,293.00	-	-	-	8,296,645.63
Steam Production	39,640,269.59	8,634,624.64	-	-	-	48,274,834.23
Hydro Production	236,109,783.95	11,072,281.06	(96,535.89)	(209,341.44)	8,269.86	246,884,457.54
Other Production	347,657,417.84	22,161,446.21	(1,526,531.72)	(439,995.04)	137,280.69	368,107,285.69
Transmission	23,853,400.64	6,381,125.65	(3,048,661.99)	-	-	27,182,297.68
Distribution	22,604,559.07	1,570,099.62	(3,617,178.72)	(76,055.59)	-	20,593,862.34
General	1,449,212,994.42	78,786,952.62	(10,235,800.94)	(836,176.79)	258,653.06	1,517,300,058.91
Transportation	2,075,349.74	-	-	145,444.90	348,452.24	5,236,543.52
Total Reserve For Depreciation Of Utility Plant In Service	1,451,288,344.16	78,786,952.62	(10,235,800.94)	(690,731.89)	607,105.30	1,522,536,602.43
Retirement of Work in Progress	5,963,094.28	2,612,496.26	-	-	-	8,575,590.54
Subtotal	502,898.25	516.30	-	-	-	503,414.55
Intangibles	1,457,754,336.69	81,399,965.18	(10,235,800.94)	(690,731.89)	607,105.30	1,531,615,607.52
Leaseholds						
Total Reserve For Depreciation and Amortization - Utility Plant In Service	1,606,466,185.12					1,703,797,068.58