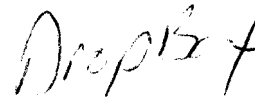


**Michael S. Beer**  
Vice President  
Rates and Regulatory

**LG&E Energy, LLC**  
220 West Main Street  
Louisville, Kentucky 40202  
502-627-3547  
502-627-4030 FAX  
mike.beer@lgeenergy.com

March 1, 2004



Mr. Thomas Dorman, Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602

Case 2004-00069

**RECEIVED**

MAR 01 2004

**PUBLIC SERVICE  
COMMISSION**

**RE: Annual Earnings Sharing Mechanism Filing**

Dear Mr. Dorman:

Please find enclosed and accept for filing the original and four copies of Louisville Gas and Electric Company's Annual Earnings Sharing Mechanism Filing for calendar year 2003.

Louisville Gas and Electric Company ("LG&E") is required to make an annual Earnings Sharing Mechanism ("ESM") filing by March 1 of each year from 2003 through 2005 pursuant to the currently effective ESM tariff issued pursuant to Commission Order of December 20, 2002 in Case No. 2002-00473. LG&E's ESM filing for calendar year 2003 is attached as Appendix A and includes calculations that are required by and consistent with the Commission's orders in Case Nos. 98-426, 2001-054, and 2003-00426. The threshold of the ESM is an 11.50 percent return on equity with a symmetrical deadband of 100 basis points above and below the threshold. The comparison of the adjusted net operating income to the upper and lower point revenue requirements of the ESM deadband indicate that LG&E's calendar year 2003 net operating income is below the equity limits and a revenue adjustment is necessary. Forty percent of the earnings deficit (grossed up for taxes) therefore will be charged to LG&E's customers. The calculated revenue adjustment is \$13,027,688 or 2.282% to be applied to customer's bills beginning April 1, 2004. Since LG&E has a current ESM factor for the prior reporting period, Form 1a the Determination of Balancing Adjustment and Earnings Sharing Mechanism Factor will be filed ten days prior to the first billing cycle of the second month of the Current Adjustment Year pursuant to the ESM tariff.

The calculation of the adjusted net operating income excludes all revenues and expenses associated with the Fuel Adjustment Clause and the Environmental Surcharge cost components as prescribed in the Commission's January 7, 2000 Order. Pursuant to the Commission's June 1, 2000 Rehearing Order, the ESM filing includes adjustments to reflect the shareholders' portion of LG&E's merger savings, the removal of advertising

Mr. Thomas Dorman  
Public Service Commission  
March 1, 2004  
Page Two

expenses consistent with the requirements of 807 KAR 5:016, and the adjustment to off-system sales revenue for environmental surcharge costs. Also, the brokered sales transactions revenues and expenses have been eliminated from the Kentucky jurisdiction consistent with the Commission's established policy. In addition, monthly average capital structures and an adjustment to reflect the VDT Settlement Surcredit net savings to shareholders are included pursuant to the October 31, 2001 Settlement Agreement approved by the Commission's December 3, 2001 Order in Case Nos. 2001-054, 2001-055, 2001-140, 2001-141, and 2001-169. On December 23, 2003, the Commission issued an Order in Case No. 2003-00426 approving an accounting adjustment related to LG&E's adoption of Statement of Financial Accounting ("SFAS") No. 143, *Accounting for Asset Retirement Obligations*. The adjustment to eliminate the impact on net operating income in the 2003 ESM caused by adopting SFAS No. 143 has been included pursuant to the Commission's Order.

Attached as Appendix B is LG&E's Company Labor and Contractor Data as of December 31, 2001, December 31, 2002, and December 31, 2003 filed pursuant to the Commission's December 3, 2001 Order, Ordering Paragraph 2. The Company Labor and Contractor Data Form compares December 31, 2002 and December 31, 2003 levels with the levels in effect as of December 31, 2001 for each group.

Yours very truly,



Michael S. Beer  
Vice President Rates and Regulatory

Enclosures

CC: Office of the Attorney General  
Kentucky Industrial Utility Customers, Inc.

# APPENDIX A

# LOUISVILLE GAS AND ELECTRIC COMPANY

## ANNUAL EARNINGS SHARING MECHANISM FILING

### Index

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Form 1	Comparison of Net Operating Income to Equity Limits and Determination of Earnings Sharing Mechanism Factor
Form 1a	Determination of Balancing Adjustment and Earnings Sharing Mechanism Factor (To be filed ten days prior to first billing cycle of the second month of Current Adjustment Year pursuant to Second Revision of Original Sheet No. 23-P, ESM, Earnings Sharing Mechanism)
Form 1b	Upper and Lower Point Rate of Return
Form 1c	Adjusted Electric Rate of Return on Common Equity
Form 1d	Gross Up Revenue Factor
Form 2	Adjusted Electric Net Operating Income
Form 2a	Adjustments to Revenues and Expenses
Form 2b	Adjustment Workpapers: (1) Off-System Sales Revenue for Environmental Surcharge Cost (2) Environmental Surcharge Factors for Calendar Year 2003 (3) Provision for Refund (4) Fuel Adjustment Clause Revenues and Expenses (5) Brokered Sales Transactions Revenues and Expenses (6) Shareholder Merger Savings (7) VDT Net Savings to Shareholders (8) Advertising Expense (9) Cumulative Effect of Asset Retirement Obligation (10) Interest Tax Expense
Form 3	Adjusted Electric Capitalization
Form 3a	Adjustments to Electric Capitalization
Form 3b	Cost of Long-Term Debt
Form 3c	Cost of Preferred Stock
Form 3d	Cost of Short-Term Debt and Accounts Receivable Securitization
Form 3e	Electric Rate Base
Form 3f	Environmental Surcharge Components - Rate Base and Operating Statement
Form 4	Balance Sheet and Statement of Income as of December 31, 2003

# LOUISVILLE GAS AND ELECTRIC COMPANY

Form 1

Comparison of Net Operating Income to Equity Limits and Determination of Earnings Sharing Mechanism Factor  
Current Reporting Period - Calendar Year 2003

	1	2	3	4
		Return on Capital <small>(From Form 1b)</small>	Electric Capitalization <small>(From Form 3)</small>	Revenue Requirement
<b>1</b> Upper Limit of Net Operating Income based on Return on Equity of 12.5%		7.42%	\$1,467,756,217	\$108,907,511 (a)
<b>2</b> Actual Electric Net Operating Income				\$76,016,095 (b)
<b>3</b> Lower Limit of Net Operating Income based on Return on Equity of 10.5%		6.50%	\$1,467,756,217	\$95,404,154 (a)
<b>4</b> Net Operating Income is Less Than the Lower Equity Limit. Earnings Deficit				\$19,388,059 (c)
<b>5</b> Sharing of Earnings Deficit at 40% to the Customer				\$7,755,224 (d)
<b>6</b> Gross Up Revenue Factor				0.595288 (e)
<b>7</b> Revenue Adjustment				\$13,027,688 (f)
<b>8</b> Actual Electric Revenues for the Current Reporting Period (Excluding ESM Revenues)				\$570,967,505
<b>9</b> Earnings Sharing Mechanism Factor				<b>2.282%</b> (g)

Notes:

- (a) - Column 2 times Column 3
- (b) - From Form 2
- (c) - Line 2 minus Line 3
- (d) - Line 4 times 40%
- (e) - From Form 1d
- (f) - Line 5 divided by Line 6
- (g) - Line 7 divided by Line 8

# LOUISVILLE GAS AND ELECTRIC COMPANY

Form 1b

Upper and Lower Point Rate of Return  
Weighted Average Cost of Capital  
13-Month Average for 2003

Upper Limit					
1	2	3	4	5	
	Adjusted Electric Capitalization <small>(From Form 3, Col 7)</small>	Percent of Total	Annual Cost Rate	Weighted Cost of Capital <small>(Col 3 x Col 4)</small>	
1	Short Term Debt	\$120,390,661	8.20%	1.19% (a)	0.10%
2	A/R Securitization	\$48,670,676	3.32%	1.54% (a)	0.05%
3	Long Term Debt	\$556,721,663	37.93%	3.59% (b)	1.36%
4	Preferred Stock	\$67,107,939	4.57%	3.49% (c)	0.16%
5	Common Equity	\$674,865,278	45.98%	12.50% (d)	5.75%
6		\$1,467,756,217			7.42%

Lower Limit					
1	2	3	4	5	
	Adjusted Electric Capitalization <small>(From Form 3, Col 7)</small>	Percent of Total	Annual Cost Rate	Weighted Cost of Capital <small>(Col 3 x Col 4)</small>	
1	Short Term Debt	\$120,390,661	8.20%	1.19% (a)	0.10%
2	A/R Securitization	\$48,670,676	3.32%	1.54% (a)	0.05%
3	Long Term Debt	\$556,721,663	37.93%	3.59% (b)	1.36%
4	Preferred Stock	\$67,107,939	4.57%	3.49% (c)	0.16%
5	Common Equity	\$674,865,278	45.98%	10.50% (e)	4.83%
6		\$1,467,756,217			6.50%

Notes: (a) - From Form 3d  
 (b) - From Form 3b  
 (c) - From Form 3c  
 (d) - Baseline Return on Equity of 11.5% plus 100 basis points  
 (e) - Baseline Return on Equity of 11.5% minus 100 basis points

# LOUISVILLE GAS AND ELECTRIC COMPANY

Form 1c

## Adjusted Electric Rate of Return on Common Equity Weighted Average Cost of Capital 13-Month Average for 2003

1	2	3	4	5	
	Adjusted Electric Capitalization <small>(From Form 3, Col 7)</small>	Percent of Total	Annual Cost Rate	Weighted Cost of Capital <small>(Col 3 x Col 4)</small>	
1	Short Term Debt	\$120,390,661	8.20%	1.19% (a)	0.10%
2	A/R Securitization	\$48,670,676	3.32%	1.54% (a)	0.05%
3	Long Term Debt	\$556,721,663	37.93%	3.59% (b)	1.36%
4	Preferred Stock	\$67,107,939	4.57%	3.49% (c)	0.16%
5	Common Equity	\$674,865,278	45.98%	7.63% (d)	3.51% (e)
6		\$1,467,756,217			5.18%
7	Net Operating Income			\$76,016,095	(f)
8	Net Operating Income / Total Capitalization			5.18%	(g)

- Notes:
- (a) - From Form 3d
  - (b) - From Form 3b
  - (c) - From Form 3c
  - (d) - Column 5 / Column 3
  - (e) - Column 5, Line 6 - Line 1 - Line 2 - Line 3 - Line 4
  - (f) - From Form 2
  - (g) - Column 5, Line 7 divided by Column 2, Line 6

# LOUISVILLE GAS AND ELECTRIC COMPANY

Form 1d

## Gross Up Revenue Factor

	1	2	3
	Tax Description	Tax Rate	Tax Effect
1	Assume Pre-Tax Income of		\$ 100.0000
2	PSC Assessment	0.18230%	<u>\$ 0.1823</u>
3	Taxable Income for State Income Tax		\$ 99.8177
4	State Income Tax	8.25000%	<u>\$ 8.2350</u>
5	Taxable Income for Federal Income Tax		\$ 91.5827
6	Federal Income Tax	35.00000%	<u>\$ 32.0540</u>
7	After-Tax Income of		\$ 59.5288
8	Gross Up Revenue Factor (Line 7 / 100)		<b>0.595288</b>



# LOUISVILLE GAS AND ELECTRIC COMPANY

Form 2

Adjusted Electric Net Operating Income  
Current Reporting Period - Calendar Year 2003

	1	2	3	4	5	6
Title of Account	No.	Total Company (From Form 4)	Electric (From Form 4)	Adjustments (From Form 2a)	Adjusted Electric (Col 4 + Col 5)	
<b>Operating Income</b>						
1	440-445	885,649,582	580,931,574	(\$21,628,527)	\$559,303,047	
2		182,060,088	169,781,888	(\$1,570,286)	\$168,211,602	
3		<u>\$1,067,709,670</u>	<u>\$750,713,462</u>	<u>(\$23,198,813)</u>	<u>\$727,514,649</u>	
4		411,888	411,888	(411,888)	\$0	
5		<u>\$1,067,297,782</u>	<u>\$750,301,574</u>	<u>(\$22,786,925)</u>	<u>\$727,514,649</u>	
6		26,222,993	17,885,935		\$17,885,935	
7		<u>\$1,093,520,775</u>	<u>\$768,187,509</u>	<u>(\$22,786,925)</u>	<u>\$745,400,584</u>	
<b>Operating Expenses</b>						
8		727,470,280	453,473,720	\$28,844,571	\$482,318,291	
9		57,170,121	49,359,884		\$49,359,884	
10		113,404,803	96,603,941	(\$1,479,599)	\$95,124,343	
11		Included Above				
12		(6,014,913)	(6,014,913)	\$5,280,910	(\$734,003)	
13		17,065,308	13,049,013	(\$230,694)	\$12,818,319	
14		30,601,341	Total			
15		11,007,708	Income Taxes			
16		67,376,916	55,553,538	(\$21,483,085)	\$34,070,453	
17		(46,577,191)	(4,008,756)		(\$4,008,756)	
18		(4,207,167)	(223,921)	\$43,187	(\$180,734)	
19		(223,921)	616,692	\$0	\$616,692	
20		616,692				
21		<u>967,689,977</u>	<u>658,409,198</u>	<u>10,975,291</u>	<u>669,384,489</u>	
22		<u>\$125,830,798</u>	<u>\$109,778,311</u>	<u>(\$33,762,216)</u>	<u>\$76,016,095</u>	

# LOUISVILLE GAS AND ELECTRIC COMPANY

Form 2a

Adjustments to Revenues and Expenses  
Current Reporting Period - Calendar Year 2003

	1 Description	2 Source	3 Total Company	4 Allocator	5 Electric
	<b>Operating Revenues:</b>				
1	Elimination of Environmental Surcharge Revenue	Form 3f	(\$10,570,991)	100.00%	(\$10,570,991)
2	Revenue Adjustment for Off-System Sales Environmental Surcharge	Form 2b(1)	(\$2,018,642)	100.00%	(\$2,018,642)
3	Elimination of Provision for Refund - FAC, ECR and ESM	Form 2b(3)	\$411,888	100.00%	\$411,888
4	Elimination of Actual ESM Revenue		(\$9,964,069)	100.00%	(\$9,964,069)
5	Elimination of FAC Revenues	Form 2b(4)	(\$1,093,467)	100.00%	(\$1,093,467)
6	Elimination of Brokered Sales Transactions-Net	Form 2b(5)	\$448,356	100.00%	\$448,356
7	<b>TOTAL OPERATING REVENUES</b>		(\$22,786,925)		(\$22,786,925)
	<b>Operating Expenses:</b>				
8	Elimination of Environmental Surcharge Operation & Maintenance Expense	Form 3f	(\$154,651)	100.00%	(\$154,651)
9	Elimination of Environmental Surcharge Depreciation Expense	Form 3f	(\$1,479,599)	100.00%	(\$1,479,599)
10	Elimination of Environmental Surcharge Property Taxes	Form 3f	(\$230,694)	100.00%	(\$230,694)
11	Elimination of Environmental Surcharge Insurance Expense	Form 3f	(\$2,555)	100.00%	(\$2,555)
12	Elimination of Proceeds from Allowance Sales	Form 3f	\$43,187	100.00%	\$43,187
13	Elimination of Proceeds from By-Product Sales	Form 3f	\$0	100.00%	\$0
14	Elimination of FAC Expenses	Form 2b(4)	\$3,918,827	100.00%	\$3,918,827
15	Shareholder Merger Savings	Form 2b(6)	\$18,332,116	100.00%	\$18,332,116
16	VDT Net Savings to Shareholders	Form 2b(7)	\$6,960,000	100.00%	\$6,960,000
17	Elimination of Advertising Expense	Form 2b(8)	(\$279,732)	74.77%	(\$209,166)
18	Elimination of Cumulative Effect included in Account 407, Regulatory Credit	Form 2b(9)	\$5,280,910	100.00%	\$5,280,910
19	<b>TOTAL OPERATING EXPENSES</b>		\$32,387,810		\$32,458,376
	<b>Income Taxes:</b>				
20	Federal and State Income Taxes on above adjustments @40.3625% effective rate	Calculated			(\$22,298,384)
21	Federal and State Income Taxes Interest Tax Expense Adjustment	Form 2b(10)			\$815,300
22	<b>TOTAL INCOME TAXES</b>				(\$21,483,085)

**Louisville Gas and Electric Company**  
**Off-System Sales Revenue for the ECR Calculation**

	(1) LG&E Off-System Sales Revenue	(2) Average Environmental Surcharge Factor (From Form 2b(2))	(3) Off-System Sales Environmental Cost (Col 1 x Col 2)
<b>Jan-03</b>	\$ 12,301,509	1.73%	\$ 213,226
<b>Feb-03</b>	\$ 10,322,340	1.73%	\$ 178,921
<b>Mar-03</b>	\$ 16,236,901	1.73%	\$ 281,440
<b>Apr-03</b>	\$ 11,866,455	1.73%	\$ 205,685
<b>May-03</b>	\$ 3,566,235	1.73%	\$ 61,815
<b>Jun-03</b>	\$ 7,190,589	1.73%	\$ 124,637
<b>Jul-03</b>	\$ 7,575,155	1.73%	\$ 131,303
<b>Aug-03</b>	\$ 8,369,451	1.73%	\$ 145,070
<b>Sep-03</b>	\$ 10,541,912	1.73%	\$ 182,726
<b>Oct-03</b>	\$ 10,780,581	1.73%	\$ 186,863
<b>Nov-03</b>	\$ 5,555,780	1.73%	\$ 96,300
<b>Dec-03</b>	\$ 12,153,187	1.73%	\$ 210,655
<b>Total</b>	\$116,460,096	1.73%	<b>\$ 2,018,642</b>

LOUISVILLE GAS AND ELECTRIC COMPANY

Form 2b(2)

**Enviromental Surcharge Factors  
Calendar Year 2003**

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<b>Expense Months</b>	<b>Louisville Gas &amp; Electric Company</b>	
	<b>As Filed</b>	<b>Less Refunds</b>
Jan	1.79%	1.79%
Feb	3.01%	3.01%
Mar	0.09%	0.09%
Apr	0.33%	0.33%
May	1.04%	1.04%
Jun	1.01%	1.01%
Jul	2.81%	2.81%
Aug	2.60%	2.60%
Sep	2.14%	2.14%
Oct	2.10%	2.10%
Nov	2.30%	2.30%
Dec	1.58%	1.58%
	Average =	1.73%

**LOUISVILLE GAS & ELECTRIC COMPANY**

Account 449 Provision for Refund for Calendar Year 2003

<u>DESCRIPTION</u>	<u>Total</u>	<u>Elimination</u>
LG&E FAC Refund Settlement	\$ (1,896,633)	\$ 1,896,633
LG&E ECR Refund - True-up	\$ 1,400,226	\$ (1,400,226)
LG&E ESM Refund - True-up	\$ (8,815,481)	\$ 8,815,481
LG&E ESM Revenue Recovery	<u>\$ 8,900,000</u>	<u>\$ (8,900,000)</u>
TOTAL	\$ (411,888)	\$ 411,888

## LOUISVILLE GAS & ELECTRIC COMPANY

### Kentucky Retail Fuel Adjustment Clause Recoverable Expenses and Revenues - 2003

Expense Month	<u>Revenue</u> Form A Page 5 of 5 Line 3	<u>Expense</u> Form A* Page 5 of 5 Line 7
Jan	\$1,005,630	\$316,830
Feb	\$1,382,975	(\$1,814,647)
Mar	\$285,052	(\$638,034)
Apr	(\$1,686,216)	(\$217,553)
May	(\$700,415)	\$1,138,920
Jun	(\$235,672)	\$40,070
Jul	\$1,434,845	(\$416,817)
Aug	\$45,639	\$425,355
Sep	(\$387,633)	(\$9,755)
Oct	\$288,430	(\$310,725)
Nov	(\$8,275)	(\$1,514,655)
Dec	(\$330,893)	(\$917,816)
	<u>\$1,093,467</u>	<u>(\$3,918,827)</u>

\*Note : Expenses are shown on the second succeeding month. For example, January 2003 would be reflected in March 2003 expense month filing.

**Louisville Gas and Electric Company**  
**Brokered Sales Transactions Revenues and Expenses**

	(1) LG&E Brokered Revenues Acct. 447100	(2) LG&E Brokered Purchases Acct. 447200	(3) LG&E Brokered Labor Expense (1) (Total / 12)	(4) LG&E Net Brokered Transactions (Col 1-Col 2-Col 3)
<b>Jan-03</b>	\$ 2,528,337	\$ 3,611,564	\$ 3,294	\$ (1,086,522)
<b>Feb-03</b>	\$ 1,983,044	\$ 2,314,196	\$ 3,294	\$ (334,446)
<b>Mar-03</b>	\$ 2,087,155	\$ 2,347,973	\$ 3,294	\$ (264,112)
<b>Apr-03</b>	\$ 1,361,370	\$ 1,624,970	\$ 3,294	\$ (266,894)
<b>May-03</b>	\$ 3,138,675	\$ 3,624,087	\$ 3,294	\$ (488,706)
<b>Jun-03</b>	\$ 1,333,811	\$ 1,470,799	\$ 3,294	\$ (140,283)
<b>Jul-03</b>	\$ 324,968	\$ 249,122	\$ 3,294	\$ 72,551
<b>Aug-03</b>	\$ 697,034	\$ 595,702	\$ 3,294	\$ 98,038
<b>Sep-03</b>	\$ 1,655,271	\$ 1,381,033	\$ 3,294	\$ 270,944
<b>Oct-03</b>	\$ 2,560,790	\$ 1,897,647	\$ 3,294	\$ 659,848
<b>Nov-03</b>	\$ 2,552,009	\$ 1,842,905	\$ 3,294	\$ 705,810
<b>Dec-03</b>	\$ 2,391,216	\$ 2,062,506	\$ 3,294	\$ 325,416
<b>Total</b>	\$ 22,613,678	\$ 23,022,503	\$ 39,530	\$ (448,356)

(1) Based upon total labor from off-system sales of \$988,262 times 4%.

# LOUISVILLE GAS AND ELECTRIC COMPANY

Form 2b(6)

Shareholders' Non-Fuel Savings From Merger  
Pursuant to Commission Order and Settlement Agreement in Case No. 2002-00430

	2	3	4	5	6	7
	2003	2004	2005	2006	2007	2008
<b>1</b> Shareholders' Savings:						
<b>2</b> January 1 thru June 30	\$9,166,058	\$10,261,343	\$9,713,701	\$9,713,701	\$9,713,701	\$9,713,701
<b>3</b> July 1 thru December 31	\$9,166,058	\$9,713,701	\$9,713,701	\$9,713,701	\$9,713,701	\$0
<b>4</b> Total Shareholders' Savings	\$18,332,116	\$19,975,044	\$19,427,402	\$19,427,402	\$19,427,402	\$9,713,701



**LOUISVILLE GAS AND ELECTRIC COMPANY**

Form 2b(7)

VDT Savings  
Determination of VDT Net Savings to Shareholder Adjustment

	1	2	3	4	5	6	7	8
		Dec 2001	2002	2003	2004	2005	Jan-Mar 2006	Total
<b>LG&amp;E ELECTRIC</b>								
<b>1</b>	Estimated Savings	\$12,700,000	\$26,700,000	\$35,500,000	\$38,000,000	\$40,600,000	\$10,500,000	\$164,000,000
<b>2</b>	Cost Amortization	\$10,000,000	\$23,900,000	\$23,900,000	\$23,900,000	\$23,900,000	\$6,100,000	\$111,700,000
<b>3</b>	Net Amount	\$2,700,000	\$2,800,000	\$11,600,000	\$14,100,000	\$16,700,000	\$4,400,000	\$52,300,000
<b>4</b>	VDT Net Savings to Customers (40%)	\$1,080,000	\$1,120,000	\$4,640,000	\$5,640,000	\$6,680,000	\$1,760,000	\$20,920,000
<b>5</b>	VDT Net Savings to Shareholders (60%)	\$1,620,000	\$1,680,000	\$6,960,000	\$8,460,000	\$10,020,000	\$2,640,000	\$31,380,000

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Adjustment to Eliminate Advertising Expenses  
Pursuant to Commission Rule 807 KAR 5:016  
As Applied to the 12 Months Ended December 31, 2003**

	<u>Electric</u>	<u>Gas</u>	<u>Total</u>
1. Uniform System of Accounts - Account No. 930.1 General Advertising Expenses (a)	\$207,669	\$69,223	\$276,893
2. Account No. 913 Advertising Expenses (b)	<u>1,497</u>	<u>1,343</u>	<u>2,840</u>
3. Total	<u>\$209,166 (c)</u>	<u>\$70,566 (c)</u>	<u>\$279,732</u>

Note (a): Properly includible in this account is the cost of advertising activities of a goodwill or institutional nature, which is primarily designed to improve the image of the utility or the industry, including advertisements which inform the public concerning matters affecting the Company's operations, such as, the cost of providing service, the Company's efforts to improve the quality of service, the Company's efforts to improve and protect the environment, etc.

Note (b): Properly includible in this account is the cost of advertising activities which set forth the value or advantages of utility service and is designed to promote or retain the use of utility service.

Note (c): Source - Louisville Gas and Electric Company records. Some costs are directly assigned to the electric or gas department, rather than allocated.

**Louisville Gas and Electric Company**  
**Determination of Cumulative Effect Adjustment of Asset Retirement Obligation**  
**In Accordance with Commission Order dated December 23, 2003 in Case No. 2003-00426**

	<b>Debit/(Credit)</b>
1 Gross pre-tax cumulative effect in account 435	5,280,910
2 Add income tax impact on cumulative effect	(2,131,508)
3 Balance in account 435, Cumulative Effects	<u>3,149,402</u>
4 Cumulative effect included in account 407, Regulatory Credit	<u>(5,280,910)</u>
5 ESM adjustment for cumulative effect included account 407, Regulatory Credit	<u>5,280,910</u>

# LOUISVILLE GAS AND ELECTRIC COMPANY

Form 2b(10)

## Interest Tax Expense Adjustment Current Reporting Period - Calendar Year 2003

	1	2	3	4
		From Form 3a		
1	Investments Capitalization Adjustment to Short-Term Debt Component	(\$10,194,899)		
2	Applicable Cost of Debt Rate		1.19% (a)	
3	Interest Expense Increase (Decrease) (Line 1 x Line 2)			<u>(\$120,937)</u>
4	Investments Capitalization Adjustment to A/R Securitization Component	(\$4,042,361)		
5	Applicable Cost of Debt Rate		1.54% (a)	
6	Interest Expense Increase (Decrease) (Line 4 x Line 5)			<u>(\$62,288)</u>
7	Investments Capitalization Adjustment to Long-Term Debt Component	(\$44,705,662) (b)		
8	Applicable Cost of Debt Rate		3.64% (c)	
9	Interest Expense Increase (Decrease) (Line 7 x Line 8)			<u>(\$1,628,311)</u>
10	Environmental Surcharge Capitalization Adjustment to Long-Term Debt Component	\$5,615,620		
11	Applicable Cost of Debt Rate		-3.71% (c)	
12	Interest Expense Increase (Decrease) (Line 10 x Line 11)			<u>(\$208,408)</u>
13	TOTAL INTEREST EXPENSE INCREASE (DECREASE)			<u>(\$2,019,944)</u>
14	INCREASE (DECREASE) TO ELECTRIC INCOME TAXES (@40.3625% effective rate)			<u><u>\$815,300</u></u>

Notes: (a) - From Form 3d  
 (b) - Form 3, Line 3, Col 6 - Line 10  
 (c) - From Form 3b (Annual Interest/Principal Amount)

# LOUISVILLE GAS AND ELECTRIC COMPANY

Form 3

## Adjusted Electric Capitalization 13-Month Average for 2003

1	2	3	4	5	6	7	8
	Total Company 13-Month Average <small>(Form 3a, Page 2)</small>	Total Co. Capital Structure <small>(Col 2 / Col 2, Line 12)</small>	Electric Rate Base Percentage <small>(From Form 3e)</small>	Electric Capitalization <small>(Col 2 x Col 4)</small>	Adjustments to Electric Capitalization <small>(Form 3a, Page 2)</small>	Adjusted Electric Capitalization <small>(Col 5 + Col 6)</small>	Adj. Electric Capital Structure <small>(Col 7 / Col 7, Line 12)</small>
1	\$156,803,026	8.26%	83.28%	\$130,585,560	(\$10,194,899)	\$120,390,661	8.20%
2	\$63,296,154	3.33%	83.28%	\$52,713,037	(\$4,042,361)	\$48,670,676	3.32%
3	\$715,431,924	37.67%	83.28%	\$595,811,706	(\$39,090,043)	\$556,721,663	37.93%
4	\$87,343,192	4.60%	83.28%	\$72,739,411	(\$5,631,472)	\$67,107,939	4.57%
5	\$876,355,176	46.14%	83.28%	\$729,828,591	(\$54,963,312)	\$674,865,278	45.98%
6	<u>\$1,899,229,473</u>	<u>100.00%</u>		<u>\$1,581,678,304</u>	<u>(\$113,922,087)</u>	<u>\$1,467,756,217</u>	<u>100.00%</u>

LOUISVILLE GAS AND ELECTRIC COMPANY

13-Month Average Capitalization Schedule  
Adjustments to Electric Capitalization

Dec-02												
	Balance Sheet Capitalization	Percent of Total	Electric Rate Base Percentage	Electric Capitalization	Trimble Co. Inventories (Adjustment)	Other Investments (Adjustment)	JDIC	Environmental Surcharge 1995 Plan	Environmental Surcharge Post-1995 Plan	Total Investment Adjustments	Adjusted Electric Capitalization	
Short-Term Debt	193,052,943	10.72%	83.28%	160,774,491	(333,883)	(52,528)	5,624,480		(15,713,381)	(10,475,312)	150,299,179	
A/R Securitization	83,200,000	3.51%	83.28%	52,632,960	(109,322)	(17,199)	1,841,597		(5,144,960)	(3,429,883)	49,203,077	
Long-Term Debt	616,904,000	34.25%	83.28%	513,757,651	(1,066,743)	(167,825)	17,970,003	4,893,250	(50,203,665)	(28,574,980)	485,182,671	
Preferred Stock	95,140,347	5.28%	83.28%	79,232,881	(164,450)	(25,872)	2,770,266		(7,739,426)	(5,159,482)	74,073,399	
Common Equity	833,126,253	46.24%	83.28%	693,827,544	(1,440,181)	(226,576)	24,260,822		(67,778,612)	(45,184,547)	648,642,997	
<b>Total</b>	<b>1,801,423,543</b>	<b>100.00%</b>		<b>1,500,225,527</b>	<b>(3,114,579)</b>	<b>(490,000)</b>	<b>52,467,163</b>	<b>4,893,250</b>	<b>(146,580,043)</b>	<b>(92,824,203)</b>	<b>1,407,401,324</b>	
Jan-03												
	Balance Sheet Capitalization	Percent of Total	Electric Rate Base Percentage	Electric Capitalization	Trimble Co. Inventories (Adjustment)	Other Investments (Adjustment)	JDIC	Environmental Surcharge 1995 Plan	Environmental Surcharge Post-1995 Plan	Total Investment Adjustments	Adjusted Electric Capitalization	
Short-Term Debt	276,152,943	14.49%	83.28%	229,980,171	(442,670)	(71,001)	7,554,059		(21,269,975)	(14,229,586)	215,750,585	
A/R Securitization	75,000,000	3.94%	83.28%	62,460,000	(120,367)	(19,306)	2,054,037		(5,783,554)	(3,869,191)	58,590,809	
Long-Term Debt	616,904,000	32.37%	83.28%	513,757,651	(988,904)	(158,613)	16,875,425	5,152,404	(47,516,158)	(26,635,844)	487,121,807	
Preferred Stock	95,140,347	4.99%	83.28%	79,232,881	(152,445)	(24,451)	2,601,432		(7,324,857)	(4,900,327)	74,332,561	
Common Equity	842,693,836	44.21%	83.28%	701,795,427	(1,350,616)	(216,629)	23,047,962		(64,896,177)	(43,415,460)	658,379,967	
<b>Total</b>	<b>1,905,891,126</b>	<b>100.00%</b>		<b>1,587,226,130</b>	<b>(3,055,000)</b>	<b>(490,000)</b>	<b>52,132,915</b>	<b>5,152,404</b>	<b>(146,790,720)</b>	<b>(93,050,401)</b>	<b>1,494,175,729</b>	
Feb-03												
	Balance Sheet Capitalization	Percent of Total	Electric Rate Base Percentage	Electric Capitalization	Trimble Co. Inventories (Adjustment)	Other Investments (Adjustment)	JDIC	Environmental Surcharge 1995 Plan	Environmental Surcharge Post-1995 Plan	Total Investment Adjustments	Adjusted Electric Capitalization	
Short-Term Debt	250,252,943	13.25%	83.28%	208,410,651	(373,385)	(64,925)	6,863,396		(24,761,965)	(18,336,880)	190,073,771	
A/R Securitization	75,000,000	3.97%	83.28%	62,460,000	(111,875)	(19,453)	2,056,429		(7,419,245)	(5,494,144)	56,965,856	
Long-Term Debt	616,904,000	32.66%	83.28%	513,757,651	(920,359)	(160,034)	16,917,623	5,411,558	(61,035,908)	(39,787,120)	473,970,531	
Preferred Stock	95,140,347	5.04%	83.28%	79,232,881	(142,027)	(24,696)	2,610,880		(9,418,891)	(6,974,934)	72,257,947	
Common Equity	851,755,283	45.08%	83.28%	709,341,800	(1,270,354)	(220,892)	23,351,085		(84,246,747)	(62,386,908)	646,954,892	
<b>Total</b>	<b>1,889,052,573</b>	<b>100.00%</b>		<b>1,573,202,983</b>	<b>(2,818,000)</b>	<b>(490,000)</b>	<b>51,799,213</b>	<b>5,411,558</b>	<b>(186,882,757)</b>	<b>(132,979,986)</b>	<b>1,440,222,997</b>	
Mar-03												
	Balance Sheet Capitalization	Percent of Total	Electric Rate Base Percentage	Electric Capitalization	Trimble Co. Inventories (Adjustment)	Other Investments (Adjustment)	JDIC	Environmental Surcharge 1995 Plan	Environmental Surcharge Post-1995 Plan	Total Investment Adjustments	Adjusted Electric Capitalization	
Short-Term Debt	248,512,051	13.11%	83.28%	206,960,836	(407,721)	(64,239)	6,746,987		(24,523,705)	(18,248,679)	188,712,158	
A/R Securitization	75,000,000	3.96%	83.28%	62,460,000	(123,156)	(19,404)	2,037,991		(7,407,618)	(5,512,187)	56,947,813	
Long-Term Debt	616,904,000	32.55%	83.28%	513,757,651	(1,012,305)	(159,495)	16,751,672	5,670,703	(60,888,375)	(39,637,800)	474,119,851	
Preferred Stock	95,140,347	5.02%	83.28%	79,232,881	(156,122)	(24,598)	2,593,514		(9,390,465)	(6,987,671)	72,245,210	
Common Equity	859,419,780	45.36%	83.28%	715,724,793	(1,410,696)	(222,264)	23,344,265		(84,850,897)	(63,139,592)	652,585,201	
<b>Total</b>	<b>1,894,976,178</b>	<b>100.00%</b>		<b>1,578,136,161</b>	<b>(3,110,000)</b>	<b>(490,000)</b>	<b>51,464,429</b>	<b>5,670,703</b>	<b>(187,061,060)</b>	<b>(133,525,928)</b>	<b>1,444,610,233</b>	
Apr-03												
	Balance Sheet Capitalization	Percent of Total	Electric Rate Base Percentage	Electric Capitalization	Trimble Co. Inventories (Adjustment)	Other Investments (Adjustment)	JDIC	Environmental Surcharge 1995 Plan	Environmental Surcharge Post-1995 Plan	Total Investment Adjustments	Adjusted Electric Capitalization	
Short-Term Debt	157,212,051	8.34%	83.28%	130,926,196	(297,905)	(40,866)	4,264,280		(15,542,876)	(11,617,367)	119,308,829	
A/R Securitization	54,300,000	2.88%	83.28%	45,221,040	(102,874)	(14,112)	1,472,557		(5,367,324)	(4,011,753)	41,209,287	
Long-Term Debt	716,904,000	38.02%	83.28%	597,037,651	(1,358,074)	(186,298)	19,439,799	5,929,857	(70,856,133)	(47,030,850)	550,006,801	
Preferred Stock	95,140,347	5.05%	83.28%	79,232,881	(180,386)	(24,745)	2,582,088		(9,411,454)	(7,034,497)	72,198,384	
Common Equity	862,045,687	45.71%	83.28%	717,911,648	(1,632,761)	(223,979)	23,371,731		(85,187,634)	(63,672,644)	654,239,004	
<b>Total</b>	<b>1,885,602,085</b>	<b>100.00%</b>		<b>1,570,329,416</b>	<b>(3,572,000)</b>	<b>(490,000)</b>	<b>51,130,454</b>	<b>5,929,857</b>	<b>(186,365,422)</b>	<b>(133,367,111)</b>	<b>1,436,962,305</b>	
May-03												
	Balance Sheet Capitalization	Percent of Total	Electric Rate Base Percentage	Electric Capitalization	Trimble Co. Inventories (Adjustment)	Other Investments (Adjustment)	JDIC	Environmental Surcharge 1995 Plan	Environmental Surcharge Post-1995 Plan	Total Investment Adjustments	Adjusted Electric Capitalization	
Short-Term Debt	154,032,051	8.22%	83.28%	128,277,892	(339,815)	(40,278)	4,175,471		(15,462,802)	(11,667,424)	116,610,468	
A/R Securitization	49,200,000	2.62%	83.28%	40,973,760	(108,311)	(12,838)	1,330,868		(4,828,533)	(3,718,814)	37,254,946	
Long-Term Debt	716,904,000	38.24%	83.28%	597,037,651	(1,580,842)	(187,376)	19,424,574	6,189,011	(71,934,008)	(48,088,641)	548,949,010	
Preferred Stock	95,140,347	5.07%	83.28%	79,232,881	(209,594)	(24,843)	2,575,381		(9,537,276)	(7,198,331)	72,036,550	
Common Equity	859,488,634	45.85%	83.28%	715,782,134	(1,895,439)	(224,665)	23,290,186		(86,249,327)	(65,079,245)	650,702,889	
<b>Total</b>	<b>1,874,765,032</b>	<b>100.00%</b>		<b>1,561,304,318</b>	<b>(4,134,000)</b>	<b>(490,000)</b>	<b>50,796,479</b>	<b>6,189,011</b>	<b>(188,111,945)</b>	<b>(135,750,455)</b>	<b>1,425,553,863</b>	
Jun-03												
	Balance Sheet Capitalization	Percent of Total	Electric Rate Base Percentage	Electric Capitalization	Trimble Co. Inventories (Adjustment)	Other Investments (Adjustment)	JDIC	Environmental Surcharge 1995 Plan	Environmental Surcharge Post-1995 Plan	Total Investment Adjustments	Adjusted Electric Capitalization	
Short-Term Debt	171,732,051	9.05%	83.28%	143,018,452	(369,964)	(44,345)	4,566,783		(17,353,410)	(13,200,935)	129,817,517	
A/R Securitization	49,200,000	2.59%	83.28%	40,973,760	(105,879)	(12,891)	1,306,958		(4,966,335)	(3,777,947)	37,195,813	
Long-Term Debt	716,904,000	37.78%	83.28%	597,037,651	(1,544,446)	(185,122)	19,064,428	6,448,165	(72,443,295)	(48,660,270)	548,377,381	
Preferred Stock	95,140,347	5.01%	83.28%	79,232,881	(204,809)	(24,549)	2,528,131		(9,606,694)	(7,307,921)	71,924,960	
Common Equity	864,759,076	45.57%	83.28%	720,171,358	(1,862,902)	(223,293)	22,995,394		(87,380,650)	(66,471,450)	653,699,908	
<b>Total</b>	<b>1,897,735,474</b>	<b>100.00%</b>		<b>1,580,434,102</b>	<b>(4,088,000)</b>	<b>(490,000)</b>	<b>50,461,695</b>	<b>6,448,165</b>	<b>(191,750,383)</b>	<b>(139,418,523)</b>	<b>1,441,015,579</b>	
Jul-03												
	Balance Sheet Capitalization	Percent of Total	Electric Rate Base Percentage	Electric Capitalization	Trimble Co. Inventories (Adjustment)	Other Investments (Adjustment)	JDIC	Environmental Surcharge 1995 Plan	Environmental Surcharge Post-1995 Plan	Total Investment Adjustments	Adjusted Electric Capitalization	
Short-Term Debt	170,032,051	8.88%	83.28%	141,602,692	(340,317)	(43,512)	4,451,342		(17,446,440)	(13,378,928)	128,223,764	
A/R Securitization	58,900,000	3.08%	83.28%	49,051,920	(118,038)	(15,092)	1,543,934		(6,051,243)	(4,640,439)	44,411,481	
Long-Term Debt	716,904,000	37.45%	83.28%	597,037,651	(1,435,234)	(183,505)	18,772,831	6,707,319	(73,577,611)	(49,716,199)	547,321,452	
Preferred Stock	93,890,347	4.90%	83.28%	78,191,881	(187,788)	(24,010)	2,456,258		(9,626,977)	(7,382,516)	70,809,365	
Common Equity	874,451,299	45.69%	83.28%	728,243,041	(1,751,024)	(223,881)	22,903,355		(89,766,650)	(68,838,199)	659,404,842	
<b>Total</b>	<b>1,914,177,697</b>	<b>100.00%</b>		<b>1,594,127,185</b>	<b>(3,832,400)</b>	<b>(490,000)</b>	<b>50,127,720</b>	<b>6,707,319</b>	<b>(196,468,920)</b>	<b>(143,956,281)</b>	<b>1,450,170,904</b>	

LOUISVILLE GAS AND ELECTRIC COMPANY

13-Month Average Capitalization Schedule  
Adjustments to Electric Capitalization

Aug-03												
	Balance Sheet Capitalization	Percent of Total	Electric Rate Base Percentage	Electric Capitalization	Trimble Co. Inventories (Adjustment)	Other Investments (Adjustment)	JDIC	Environmental Surcharge 1995 Plan	Environmental Surcharge Post-1995 Plan	Total Investment Adjustments	Adjusted Electric Capitalization	
Short-Term Debt	97,532,051	5.05%	83.28%	81,224,692	(183,078)	(24,745)	2,548,316		(10,070,104)	(7,729,611)	73,495,081	
A/R Securitization	73,250,000	3.79%	83.28%	61,002,600	(137,399)	(18,571)	1,912,498		(7,557,563)	(5,801,035)	55,201,565	
Long-Term Debt	774,304,000	40.08%	83.28%	644,840,371	(1,453,020)	(196,392)	20,225,047	6,966,474	(79,922,728)	(54,380,619)	590,459,752	
Preferred Stock	93,890,347	4.86%	83.28%	78,191,881	(176,190)	(23,814)	2,452,438		(9,691,229)	(7,438,794)	70,753,087	
Common Equity	892,982,907	46.22%	83.28%	743,676,165	(1,675,614)	(226,476)	23,323,395		(92,166,379)	(70,745,076)	672,931,089	
<b>Total</b>	<b>1,931,959,305</b>	<b>100.00%</b>		<b>1,608,935,709</b>	<b>(3,625,300)</b>	<b>(490,000)</b>	<b>50,461,695</b>	<b>6,966,474</b>	<b>(199,408,004)</b>	<b>(146,095,135)</b>	<b>1,462,840,574</b>	

Sep-03												
	Balance Sheet Capitalization	Percent of Total	Electric Rate Base Percentage	Electric Capitalization	Trimble Co. Inventories (Adjustment)	Other Investments (Adjustment)	JDIC	Environmental Surcharge 1995 Plan	Environmental Surcharge Post-1995 Plan	Total Investment Adjustments	Adjusted Electric Capitalization	
Short-Term Debt	75,132,051	3.90%	83.28%	62,569,972	(115,470)	(19,110)	1,928,963		(7,859,720)	(6,065,337)	56,504,635	
A/R Securitization	74,800,000	3.89%	83.28%	62,293,440	(115,173)	(19,061)	1,924,017		(7,839,567)	(6,049,784)	56,243,656	
Long-Term Debt	797,769,753	41.45%	83.28%	664,382,650	(1,227,234)	(203,105)	20,501,410	7,225,627	(83,534,713)	(57,238,014)	607,144,636	
Preferred Stock	70,424,594	3.66%	83.28%	58,649,602	(109,364)	(17,934)	1,810,257		(7,376,045)	(5,692,085)	52,957,517	
Common Equity	906,432,535	47.10%	83.28%	754,877,015	(1,394,517)	(230,790)	23,295,933		(94,921,230)	(73,250,603)	681,626,412	
<b>Total</b>	<b>1,924,558,933</b>	<b>100.00%</b>		<b>1,602,772,679</b>	<b>(2,960,758)</b>	<b>(490,000)</b>	<b>49,460,580</b>	<b>7,225,627</b>	<b>(201,531,273)</b>	<b>(148,295,824)</b>	<b>1,454,476,855</b>	

Oct-03												
	Balance Sheet Capitalization	Percent of Total	Electric Rate Base Percentage	Electric Capitalization	Trimble Co. Inventories (Adjustment)	Other Investments (Adjustment)	JDIC	Environmental Surcharge 1995 Plan	Environmental Surcharge Post-1995 Plan	Total Investment Adjustments	Adjusted Electric Capitalization	
Short-Term Debt	72,332,051	3.78%	83.28%	60,238,132	(101,262)	(18,522)	1,856,985		(7,669,961)	(5,932,760)	54,305,372	
A/R Securitization	63,000,000	3.29%	83.28%	52,466,400	(88,136)	(16,121)	1,616,265		(6,675,707)	(5,163,698)	47,302,702	
Long-Term Debt	797,769,753	41.70%	83.28%	664,382,650	(1,117,101)	(204,330)	20,485,792	7,484,781	(84,613,058)	(57,963,917)	606,418,733	
Preferred Stock	70,424,594	3.68%	83.28%	58,649,602	(98,584)	(18,032)	1,807,859		(7,467,052)	(5,775,808)	52,873,794	
Common Equity	909,625,805	47.55%	83.28%	757,536,370	(1,273,817)	(232,995)	23,359,698		(96,483,236)	(74,630,349)	682,906,021	
<b>Total</b>	<b>1,913,152,203</b>	<b>100.00%</b>		<b>1,593,273,154</b>	<b>(2,678,900)</b>	<b>(490,000)</b>	<b>49,126,600</b>	<b>7,484,781</b>	<b>(202,909,013)</b>	<b>(149,466,532)</b>	<b>1,443,806,622</b>	

Nov-03												
	Balance Sheet Capitalization	Percent of Total	Electric Rate Base Percentage	Electric Capitalization	Trimble Co. Inventories (Adjustment)	Other Investments (Adjustment)	JDIC	Environmental Surcharge 1995 Plan	Environmental Surcharge Post-1995 Plan	Total Investment Adjustments	Adjusted Electric Capitalization	
Short-Term Debt	92,132,051	4.78%	83.28%	76,727,572	(111,981)	(23,422)	2,332,286		(2,999,899)	(803,015)	75,924,557	
A/R Securitization	54,000,000	2.80%	83.28%	44,971,200	(65,596)	(13,720)	1,366,193		(1,757,263)	(470,386)	44,500,814	
Long-Term Debt	797,769,753	41.41%	83.28%	664,382,650	(970,112)	(202,909)	20,205,016	2,332,377	(25,988,661)	(4,824,289)	659,758,361	
Preferred Stock	70,424,594	3.66%	83.28%	58,649,602	(85,743)	(17,934)	1,785,809		(2,296,993)	(614,861)	58,034,741	
Common Equity	912,181,744	47.35%	83.28%	759,664,957	(1,109,286)	(232,015)	23,103,296		(29,716,568)	(7,954,555)	751,710,402	
<b>Total</b>	<b>1,926,508,142</b>	<b>100.00%</b>		<b>1,604,395,981</b>	<b>(2,342,700)</b>	<b>(490,000)</b>	<b>48,792,600</b>	<b>2,332,377</b>	<b>(62,759,383)</b>	<b>(14,467,106)</b>	<b>1,589,928,875</b>	

Dec-03												
	Balance Sheet Capitalization	Percent of Total	Electric Rate Base Percentage	Electric Capitalization	Trimble Co. Inventories (Adjustment)	Other Investments (Adjustment)	JDIC	Environmental Surcharge 1995 Plan	Environmental Surcharge Post-1995 Plan	Total Investment Adjustments	Adjusted Electric Capitalization	
Short-Term Debt	80,332,051	4.16%	83.28%	66,900,532	(102,552)	(20,384)	2,015,894		(2,740,815)	(947,857)	66,052,675	
A/R Securitization	58,000,000	3.00%	83.28%	48,302,400	(73,956)	(14,700)	1,453,770		(1,976,549)	(611,435)	47,690,965	
Long-Term Debt	797,769,753	41.33%	83.28%	664,382,650	(1,018,867)	(202,517)	20,028,105	2,591,531	(27,230,263)	(5,832,012)	658,550,638	
Preferred Stock	70,424,594	3.65%	83.28%	58,649,602	(89,980)	(17,885)	1,768,754		(2,404,802)	(743,913)	57,905,689	
Common Equity	923,654,454	47.86%	83.28%	769,219,429	(1,179,845)	(234,514)	23,192,477		(31,532,552)	(9,754,434)	759,464,995	
<b>Total</b>	<b>1,930,180,852</b>	<b>100.00%</b>		<b>1,607,454,613</b>	<b>(2,465,200)</b>	<b>(490,000)</b>	<b>48,459,000</b>	<b>2,591,531</b>	<b>(65,884,982)</b>	<b>(17,789,851)</b>	<b>1,589,664,962</b>	

13 Month Total (\$)

	Balance Sheet Capitalization	Percent of Total	Electric Rate Base Percentage	Electric Capitalization	Trimble Co. Inventories (Adjustment)	Other Investments (Adjustment)	JDIC	Environmental Surcharge 1995 Plan	Environmental Surcharge Post-1995 Plan	Total Investment Adjustments	Adjusted Electric Capitalization
Short-Term Debt	2,038,439,339	8.26%	83.28%	1,697,612,281	(3,520,002)	(527,877)	54,929,241	0	(183,415,052)	(132,533,690)	1,565,078,591
A/R Securitization	822,850,000	3.33%	83.28%	685,269,480	(1,380,081)	(212,268)	21,917,114	0	(72,875,461)	(52,550,696)	632,718,784
Long-Term Debt	9,300,615,012	37.67%	83.28%	7,745,552,179	(15,693,242)	(2,397,521)	246,661,725	73,003,057	(809,744,573)	(508,170,555)	7,237,361,624
Preferred Stock	1,135,461,499	4.60%	83.28%	945,612,337	(1,956,479)	(293,363)	30,332,869	0	(101,292,161)	(73,209,134)	872,403,203
Common Equity	11,392,617,293	46.14%	83.28%	9,487,771,681	(19,247,033)	(2,939,971)	302,839,600	0	(995,176,658)	(714,523,062)	8,773,248,619
<b>Total</b>	<b>24,689,983,143</b>	<b>100.00%</b>		<b>20,561,817,958</b>	<b>(41,796,837)</b>	<b>(6,370,000)</b>	<b>656,680,549</b>	<b>73,003,057</b>	<b>(2,162,503,905)</b>	<b>(1,480,987,136)</b>	<b>19,080,830,822</b>

13-Month Average (\$)

	Balance Sheet Capitalization	Percent of Total	Electric Rate Base Percentage	Electric Capitalization	Trimble Co. Inventories (Adjustment)	Other Investments (Adjustment)	JDIC	Environmental Surcharge 1995 Plan	Environmental Surcharge Post-1995 Plan	Total Investment Adjustments	Adjusted Electric Capitalization
Short-Term Debt	156,803,026	8.26%	83.28%	130,585,560	(270,769)	(40,608)	4,225,326	0	(14,108,850)	(10,194,899)	120,390,661
A/R Securitization	63,296,154	3.33%	83.28%	52,713,037	(106,160)	(16,329)	1,685,932	0	(5,605,805)	(4,042,361)	48,670,676
Long-Term Debt	715,431,924	37.67%	83.28%	595,811,706	(1,207,172)	(184,425)	18,973,979	5,615,620	(62,288,044)	(39,090,043)	556,721,663
Preferred Stock	87,343,192	4.60%	83.28%	72,739,411	(150,498)	(22,566)	2,333,298	0	(7,791,705)	(5,631,472)	67,107,939
Common Equity	876,355,176	46.14%	83.28%	729,828,591	(1,480,541)	(226,075)	23,295,354	0	(76,552,051)	(54,963,312)	674,865,278
<b>Total</b>	<b>1,899,229,473</b>	<b>100.00%</b>		<b>1,581,678,304</b>	<b>(3,215,141)</b>	<b>(490,000)</b>	<b>50,513,888</b>	<b>5,615,620</b>	<b>(166,346,454)</b>	<b>(113,922,087)</b>	<b>1,467,756,217</b>

**LOUISVILLE GAS AND ELECTRIC COMPANY**

Form 3b

Cost of Long-Term Debt  
13-Month Average for 2003

1	2	3	4	5	6	7	8	9	10	11
	Principal Amount	Interest Expense	Amortized Loss	Total Cost (Col 3 + Col 4)	Embedded Cost (Col 5/Col 2)	Environmental Compliance Rate Base (1) (Form 3-E, Page 2, Col. H)	Environmental Interest Expense (1) (Form 3-E, Page 2, Col. J)	Adjusted Principal Amount (Col 2 - Col 7)	Adjusted Total Cost (Col 5 - Col 8)	Adjusted Embedded Cost (Col 10/Col 9)
Dec-02	\$616,904,000	\$22,356,379	\$1,151,892	\$23,508,271	3.81%	(\$4,893,250)	\$520,078	\$621,797,250	\$22,988,193	3.70%
Jan-03	\$616,904,000	\$22,003,156	\$1,151,892	\$23,155,048	3.75%	(\$5,152,404)	\$506,395	\$622,056,404	\$22,648,653	3.64%
Feb-03	\$616,904,000	\$21,094,566	\$1,151,892	\$22,246,458	3.61%	(\$5,411,558)	\$492,711	\$622,315,558	\$21,753,747	3.50%
Mar-03	\$616,904,000	\$20,862,402	\$1,151,892	\$22,014,294	3.57%	(\$5,670,703)	\$479,028	\$622,574,703	\$21,535,266	3.46%
Apr-03	\$716,904,000	\$25,406,916	\$1,151,892	\$26,558,808	3.70%	(\$5,929,857)	\$465,345	\$722,833,857	\$26,093,463	3.61%
May-03	\$716,904,000	\$25,394,581	\$1,151,892	\$26,546,473	3.70%	(\$6,189,011)	\$451,662	\$723,093,011	\$26,094,811	3.61%
Jun-03	\$716,904,000	\$25,515,660	\$1,151,892	\$26,667,552	3.72%	(\$6,448,165)	\$437,978	\$723,352,165	\$26,229,574	3.63%
Jul-03	\$716,904,000	\$25,486,577	\$1,151,892	\$26,638,469	3.72%	(\$6,707,319)	\$424,295	\$723,611,319	\$26,214,174	3.62%
Aug-03	\$774,304,000	\$27,643,334	\$1,000,692	\$28,644,026	3.70%	(\$6,966,474)	\$410,612	\$781,270,474	\$28,233,414	3.61%
Sep-03	\$797,769,753	\$29,033,633	\$1,000,668	\$30,034,301	3.76%	(\$7,225,627)	\$396,928	\$804,995,380	\$29,637,373	3.68%
Oct-03	\$797,769,753	\$29,006,682	\$1,000,668	\$30,007,350	3.76%	(\$7,484,781)	\$383,245	\$805,254,534	\$29,624,105	3.68%
Nov-03	\$797,769,753	\$23,491,090	\$1,061,364	\$24,552,454	3.08%	(\$2,332,377)	(\$1,125,187)	\$800,102,130	\$25,677,641	3.21%
Dec-03	\$797,769,753	\$27,120,810	\$1,061,352	\$28,182,162	3.53%	(\$2,591,531)	(\$1,133,791)	\$800,361,284	\$29,315,953	3.66%
<b>13--Month Average</b>	<b>\$715,431,924</b>	<b>\$24,955,060</b>	<b>\$1,103,068</b>	<b>\$26,058,128</b>	<b>3.64%</b>	<b>(\$5,615,620)</b>	<b>\$208,408</b>	<b>\$721,047,544</b>	<b>\$25,849,721</b>	<b>3.59%</b>

Notes: (1) - Environmental Surcharge Rolled-In to Base Rates Pursuant to Commission's Order in Case Nos. 2002-00193 and 2003-00236.



# LOUISVILLE GAS AND ELECTRIC COMPANY

Form 3c

Cost of Preferred Stock  
13-Month Average for 2003

1	2	3	4	5	6	7
	Principal Amount	Expense	Gain	Adjusted Principal <small>(Col 2+Col 3+Col 4)</small>	Dividends	Embedded Cost <small>(Col 6/Col 5)</small>
<b>Dec-02</b>	\$96,507,175	(\$1,372,527)	\$5,699	\$95,140,347	\$4,229,109	4.45%
<b>Jan-03</b>	\$96,507,175	(\$1,372,527)	\$5,699	\$95,140,347	\$3,744,109	3.94%
<b>Feb-03</b>	\$96,507,175	(\$1,372,527)	\$5,699	\$95,140,347	\$3,744,109	3.94%
<b>Mar-03</b>	\$96,507,175	(\$1,372,527)	\$5,699	\$95,140,347	\$3,744,109	3.94%
<b>Apr-03</b>	\$96,507,175	(\$1,372,527)	\$5,699	\$95,140,347	\$3,619,109	3.80%
<b>May-03</b>	\$96,507,175	(\$1,372,527)	\$5,699	\$95,140,347	\$3,619,109	3.80%
<b>Jun-03</b>	\$96,507,175	(\$1,372,527)	\$5,699	\$95,140,347	\$3,619,109	3.80%
<b>Jul-03</b>	\$95,257,175	(\$1,372,527)	\$5,699	\$93,890,347	\$3,165,671	3.37%
<b>Aug-03</b>	\$95,257,175	(\$1,372,527)	\$5,699	\$93,890,347	\$3,165,671	3.37%
<b>Sep-03</b>	\$71,507,175	(\$1,088,280)	\$5,699	\$70,424,594	\$1,770,359	2.51%
<b>Oct-03</b>	\$71,507,175	(\$1,088,280)	\$5,699	\$70,424,594	\$1,735,359	2.46%
<b>Nov-03</b>	\$71,507,175	(\$1,088,280)	\$5,699	\$70,424,594	\$1,735,359	2.46%
<b>Dec-03</b>	\$71,507,175	(\$1,088,280)	\$5,699	\$70,424,594	\$1,735,359	2.46%
<b>13-Month Average</b>	\$88,622,560	(\$1,285,066)	\$5,699	\$87,343,192	\$3,048,195	<b>3.49%</b>

# LOUISVILLE GAS AND ELECTRIC COMPANY

Form 3d

## Cost of Short Term Debt 13-Month Average for 2003

1	2	3	4	5	6
SHORT TERM DEBT	Principal Amount	Interest Expense	Amortized Loss	Total Cost <small>(Col 3 + Col 4)</small>	Embedded Cost <small>(Col 5 / Col 2)</small>
<b>Dec-02</b>	\$193,052,943	\$2,509,688	\$0	\$2,509,688	1.300%
<b>Jan-03</b>	\$276,152,943	\$3,562,373	\$0	\$3,562,373	1.290%
<b>Feb-03</b>	\$250,252,943	\$3,178,212	\$0	\$3,178,212	1.270%
<b>Mar-03</b>	\$248,512,051	\$3,106,401	\$0	\$3,106,401	1.250%
<b>Apr-03</b>	\$157,212,051	\$1,855,102	\$0	\$1,855,102	1.180%
<b>May-03</b>	\$154,032,051	\$1,832,981	\$0	\$1,832,981	1.190%
<b>Jun-03</b>	\$171,732,051	\$2,077,958	\$0	\$2,077,958	1.210%
<b>Jul-03</b>	\$170,032,051	\$1,700,321	\$0	\$1,700,321	1.000%
<b>Aug-03</b>	\$97,532,051	\$1,024,087	\$0	\$1,024,087	1.050%
<b>Sep-03</b>	\$75,132,051	\$796,400	\$0	\$796,400	1.060%
<b>Oct-03</b>	\$72,332,051	\$766,720	\$0	\$766,720	1.060%
<b>Nov-03</b>	\$92,132,051	\$967,387	\$0	\$967,387	1.050%
<b>Dec-03</b>	\$80,332,051	\$803,321	\$0	\$803,321	1.000%
<b>13-Month Average</b>	\$156,803,026	\$1,860,073	\$0	\$1,860,073	<b>1.19%</b>

## Cost of Accounts Receivable Securitization 13-Month Average for 2003

1	2	3	4	5	6
A/R SECURITIZATION	Principal Amount	Interest Expense	Fees	Total Cost <small>(Col 3 + Col 4)</small>	Embedded Cost <small>(Col 5 / Col 2)</small>
<b>Dec-02</b>	\$63,200,000	\$876,402	\$210,250	\$1,086,652	1.719%
<b>Jan-03</b>	\$75,000,000	\$1,018,859	\$225,000	\$1,243,859	1.658%
<b>Feb-03</b>	\$75,000,000	\$990,058	\$225,000	\$1,215,058	1.620%
<b>Mar-03</b>	\$75,000,000	\$971,608	\$225,000	\$1,196,608	1.595%
<b>Apr-03</b>	\$54,300,000	\$699,479	\$199,125	\$898,604	1.655%
<b>May-03</b>	\$49,200,000	\$633,689	\$192,750	\$826,439	1.680%
<b>Jun-03</b>	\$49,200,000	\$590,544	\$192,750	\$783,294	1.592%
<b>Jul-03</b>	\$58,900,000	\$644,609	\$204,875	\$849,484	1.442%
<b>Aug-03</b>	\$73,250,000	\$791,371	\$222,813	\$1,014,184	1.385%
<b>Sep-03</b>	\$74,800,000	\$815,665	\$224,750	\$1,040,415	1.391%
<b>Oct-03</b>	\$63,000,000	\$686,717	\$210,000	\$896,717	1.423%
<b>Nov-03</b>	\$54,000,000	\$587,707	\$198,750	\$786,457	1.456%
<b>Dec-03</b>	\$58,000,000	\$637,643	\$203,750	\$841,393	1.451%
<b>13-Month Average</b>	\$63,296,154	\$764,950	\$210,370	\$975,320	<b>1.54%</b>

# LOUISVILLE GAS AND ELECTRIC COMPANY

Form 3e

Electric Rate Base  
Current Reporting Period - Calendar Year 2003

	1	2	3
	Title of Account	Electric Rate Base at 12/31/2003	Total Company Rate Base at 12/31/2003
1	Total Utility Plant In Service	\$3,272,083,100	\$3,804,183,435
	Add:		
2	Materials & Supplies (13-Month Average)	\$52,965,699	\$96,567,274
3	Prepayments (13-Month Average)	\$3,117,486	\$3,452,936
4	Emission Allowances	\$0	\$0
5	Cash Working Capital Allowance	\$52,901,603	\$58,927,378
6	Subtotal	\$108,984,788	\$158,947,588
	Deduct:		
7	Accum. Depreciation	\$1,358,604,634	\$1,543,390,179
8	Customer Advances	\$516,788	\$9,889,717
9	Accum. Defer. Taxes	\$330,654,342	\$378,884,812
10	Investment Tax Credit	\$3,680	\$3,680
11	Subtotal	\$1,689,779,444	\$1,932,168,388
12	NET ORIGINAL COST RATE BASE	\$1,691,288,444	\$2,030,962,635
13	Percentage of Electric Rate Base to Total Company Rate Base		<b>83.28%</b>

# LOUISVILLE GAS AND ELECTRIC COMPANY

## Environmental Surcharge Components - Rate Base and Operating Statement Current Reporting Period - Calendar Year 2003

	1	2	3	4	5	6
Title of Account	Total Company 13-Month Average (1995 Plan)	Total Company 13-Month Average (Post-1995 Plan)	Allocation Factor	Electric Jurisdictional 13-Month Average (1995 Plan)	Electric Jurisdictional 13-Month Average (Post-1995 Plan)	
<b>Rate Base Items:</b>						
1 Pollution Control Utility Plant	\$0	\$44,664,118	100.00%	\$0	\$44,664,118	
Add:						
2 Pollution Control CWIP excluding AFUDC	\$0	\$123,118,389	100.00%	\$0	\$123,118,389	
Deduct:						
3 Accum. Depreciation on Pollution Control Utility Plant	\$5,615,620	\$1,436,053	100.00%	\$5,615,620	\$1,436,053	
4 Accum. Defer. Taxes	\$397,087	\$412,379	100.00%	\$397,087	\$412,379	
5 Subtotal	<u>\$6,012,707</u>	<u>\$1,848,432</u>		<u>\$6,012,707</u>	<u>\$1,848,432</u>	
6 NET ORIGINAL COST RATE BASE	<u>(\$6,012,707)</u>	<u>\$165,934,075</u>		<u>(\$6,012,707)</u>	<u>\$165,934,075</u>	
<b>Operating Statement Items:</b>				1995 and Post-1995 Plan		
7 Surcharge Revenues	\$10,570,991		100.00%	\$10,570,991		
8 Proceeds from Allowance and By-Product Sales	\$43,187		100.00%	\$43,187		
9 Total Revenues	<u>\$10,614,178</u>			<u>\$10,614,178</u>		
Expenses:						
10 Operation & Maintenance Expense	\$267,616		100.00%	\$267,616		
11 Depreciation Expense	\$1,479,599		100.00%	\$1,479,599		
12 Property Taxes	\$230,694		100.00%	\$230,694		
13 Insurance Expense	\$2,555		100.00%	\$2,555		
14 Reduction of O&M Expense	(\$112,965)		100.00%	(\$112,965)		
15 Total Expenses	<u>\$1,867,498</u>			<u>\$1,867,498</u>		

LOUISVILLE GAS AND ELECTRIC COMPANY

Environmental Surcharge Components - Rate Base and Operating Statement  
Current Reporting Period - Calendar Year 2003

SOURCE: FILED ES FORM 2.00 PER EXPENSE MONTH 13-MONTH AVERAGE RATE BASE	(A)	(B)	(C)	(D)	(E)	(F)	(G)		(H)	(I)	(J)
							Working Capital	Rate Base per ECR Filing			
	Pollution Control Utility Plant	Pollution Control CWIP	Working Capital	Accum. Depreciation	Accum. Defer Taxes	Investment Tax Credit	Rate Base per ECR Filing	Environmental Surcharge Capitalization Adjustment to LTD (I)	Rate of Return (J)	Authorized Rate of Return (K)	Environmental Interest Expense (L)
Case No. 2002-00193 Roll-in at Feb-01 (4)	\$ 78,836,562	\$ -	\$ -	\$ 24,861,506	\$ 4,883,089	\$ -	\$ 49,091,967	\$ 53,975,056	5.28%	5.28%	\$ 2,849,883
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	5.60%	5.60%	\$ (2,329,805)
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 25,120,660	\$ 4,896,780	\$ -	\$ 48,819,122	\$ 53,715,902	5.28%	5.28%	\$ 2,836,200
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 25,379,814	\$ 4,910,473	\$ -	\$ 48,546,275	\$ 53,456,748	5.28%	5.28%	\$ 2,822,516
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	5.60%	5.60%	\$ (2,329,805)
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 25,638,959	\$ 4,924,103	\$ -	\$ 48,273,440	\$ 53,197,603	5.28%	5.28%	\$ 2,808,833
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	5.60%	5.60%	\$ (2,329,805)
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 25,898,113	\$ 4,937,855	\$ -	\$ 48,000,594	\$ 52,938,449	5.28%	5.28%	\$ 2,795,150
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	5.60%	5.60%	\$ (2,329,805)
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 26,157,267	\$ 4,951,546	\$ -	\$ 47,727,749	\$ 52,679,295	5.28%	5.28%	\$ 2,781,467
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	5.60%	5.60%	\$ (2,329,805)
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 26,416,421	\$ 4,965,238	\$ -	\$ 47,454,393	\$ 52,420,141	5.28%	5.28%	\$ 2,769,783
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	5.60%	5.60%	\$ (2,329,805)
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 26,675,575	\$ 4,978,939	\$ -	\$ 47,182,088	\$ 52,160,987	5.28%	5.28%	\$ 2,754,100
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	5.60%	5.60%	\$ (2,329,805)
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 26,934,730	\$ 4,992,620	\$ -	\$ 46,909,212	\$ 51,901,832	5.28%	5.28%	\$ 2,740,417
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	5.60%	5.60%	\$ (2,329,805)
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 27,193,883	\$ 5,006,311	\$ -	\$ 46,636,368	\$ 51,642,679	5.28%	5.28%	\$ 2,726,733
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	5.60%	5.60%	\$ (2,329,805)
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 27,453,037	\$ 5,020,003	\$ -	\$ 46,363,522	\$ 51,383,525	5.28%	5.28%	\$ 2,713,050
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	5.60%	5.60%	\$ (2,329,805)
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2003-00238 Roll-in at Feb-02 (19)	\$ 78,836,562	\$ -	\$ -	\$ 27,712,191	\$ 5,033,694	\$ -	\$ 46,090,677	\$ 51,124,371	3.32%	3.32%	\$ 1,697,329
Case No. 2003-00238 Roll-in at Feb-02 (19)	\$ (78,836,562)	\$ -	\$ -	\$ (28,379,814)	\$ (4,910,473)	\$ -	\$ (48,546,275)	\$ (53,456,748)	3.32%	3.32%	\$ (1,688,725)
Case No. 2003-00238 Roll-in at Feb-02 (19)	\$ (78,836,562)	\$ -	\$ -	\$ 27,971,345	\$ 5,047,386	\$ -	\$ 45,817,831	\$ 50,865,217	3.32%	3.32%	\$ 1,688,725
Case No. 2003-00238 Roll-in at Feb-02 (19)	\$ (78,836,562)	\$ -	\$ -	\$ (25,379,814)	\$ (4,910,473)	\$ -	\$ (48,546,275)	\$ (53,456,748)	5.28%	5.28%	\$ (2,329,805)
Total	\$ -	\$ -	\$ -	\$ 7,000,657	\$ 3,162,131	\$ -	\$ (78,163,188)	\$ (73,003,057)	5.28%	5.28%	\$ 2,709,299
13-Month Average (Total19)	\$ -	\$ -	\$ -	\$ 5,615,620	\$ 397,087	\$ -	\$ (6,012,707)	\$ (5,615,620)	5.28%	5.28%	\$ 208,408

POST-1995 PLAN

SOURCE: FILED ES FORM 2.00 PER EXPENSE MONTH 13-MONTH AVERAGE RATE BASE	(A)	(B)	(C)	(D)	(E)	(F)	(G)		(H)	(I)	(J)
							Working Capital	Rate Base per ECR Filing			
	Pollution Control Utility Plant	Pollution Control CWIP	Working Capital	Accum. Depreciation	Accum. Defer Taxes	Investment Tax Credit	Rate Base per ECR Filing	Environmental Surcharge Capitalization Adjustment (I)	Rate of Return (J)	Authorized Rate of Return (K)	Environmental Interest Expense (L)
Case No. 2002-00193 Roll-in at Feb-01 (4)	\$ 34,910,939	\$ 112,124,838	\$ 11,908	\$ 455,734	\$ 114,820	\$ -	\$ 146,477,131	\$ 146,500,043			
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (34,910,939)	\$ (112,124,838)	\$ (11,908)	\$ (455,734)	\$ (114,820)	\$ -	\$ (146,477,131)	\$ (146,500,043)			
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 25,120,660	\$ 4,896,780	\$ -	\$ 48,819,122	\$ 53,715,902	5.28%	5.28%	\$ 2,836,200
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	5.60%	5.60%	\$ (2,329,805)
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 25,379,814	\$ 4,910,473	\$ -	\$ 48,546,275	\$ 53,456,748	5.28%	5.28%	\$ 2,822,516
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	5.60%	5.60%	\$ (2,329,805)
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 25,638,959	\$ 4,924,103	\$ -	\$ 48,273,440	\$ 53,197,603	5.28%	5.28%	\$ 2,808,833
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	5.60%	5.60%	\$ (2,329,805)
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 25,898,113	\$ 4,937,855	\$ -	\$ 48,000,594	\$ 52,938,449	5.28%	5.28%	\$ 2,795,150
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	5.60%	5.60%	\$ (2,329,805)
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 26,157,267	\$ 4,951,546	\$ -	\$ 47,727,749	\$ 52,679,295	5.28%	5.28%	\$ 2,781,467
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	5.60%	5.60%	\$ (2,329,805)
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 26,416,421	\$ 4,965,238	\$ -	\$ 47,454,393	\$ 52,420,141	5.28%	5.28%	\$ 2,769,783
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	5.60%	5.60%	\$ (2,329,805)
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 26,675,575	\$ 4,978,939	\$ -	\$ 47,182,088	\$ 52,160,987	5.28%	5.28%	\$ 2,754,100
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (53,800,579)	\$ -	\$ -	\$ (12,196,917)	\$ (3,761,652)	\$ -	\$ (37,842,010)	\$ (41,603,662)	5.60%	5.60%	\$ (2,329,805)
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ (25,035,983)	\$ -	\$ -	\$ (7,771,339)	\$ (744,238)	\$ -	\$ (16,520,386)	\$ (17,264,644)	0.00%	0.00%	\$ -
Case No. 2002-00193 Roll-in at Feb-01 (Pre-1993) (4)	\$ 78,836,562	\$ -	\$ -	\$ 26,934,730	\$ 4,992,620	\$ -	\$ 46,909,212	\$ 51,901,832	5.28%	5.28%	\$ 2,740,417

**LOUISVILLE GAS AND ELECTRIC COMPANY**

Environmental Surcharge Components - Rate Base and Operating Statement  
Current Reporting Period - Calendar Year 2003

**POLLUTION CONTROL OPERATING EXPENSES**

I. MONTHLY ECR FILINGS (ES FORM 2.00) (1)	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
Monthly Operations & Maintenance Expense	\$279,964	\$1,469	\$1,484	\$2,422	\$1,537	\$46,191	\$97,089	\$36,248	\$49,191	\$25,681	\$5,374	\$11,642
Depreciation & Amortization Expense for the Month	\$4,658,227	\$371,607	\$371,607	\$371,607	\$371,607	\$406,076	\$406,076	\$406,076	\$406,076	\$406,076	\$406,076	\$406,076
Taxes Other Than Income Taxes for the Month	\$342,970	\$28,900	\$28,900	\$28,900	\$28,900	\$28,900	\$28,900	\$28,900	\$28,900	\$28,900	\$28,900	\$28,900
Insurance Expense or the Month	\$22,152	\$1,846	\$1,846	\$1,846	\$1,846	\$1,846	\$1,846	\$1,846	\$1,846	\$1,846	\$1,846	\$1,846
Emission Allowance Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Surcharge Consultant Fee for the Month	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reduction of O&M Expense associated with 2003 Compliance Plan	(\$112,965)	\$0	\$0	\$0	\$0	\$0	\$0	(\$22,593)	(\$22,593)	(\$22,593)	(\$22,593)	(\$22,593)
<b>TOTAL EXPENSES</b>	<b>\$5,190,348</b>	<b>\$357,819</b>	<b>\$403,822</b>	<b>\$404,775</b>	<b>\$403,890</b>	<b>\$483,013</b>	<b>\$533,911</b>	<b>\$450,477</b>	<b>\$463,420</b>	<b>\$439,910</b>	<b>\$419,603</b>	<b>\$425,871</b>
Proceeds from Allowance Sales	\$223,921	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$223,921	\$0	\$0	\$0
Proceeds from By-Product Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL PROCEEDS FROM SALES</b>	<b>\$223,921</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$223,921</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

II. BASE RATE ROLL-IN (Exhibit CAF-2) (2)	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
Monthly Operations & Maintenance Expense	(\$12,348)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,174)	(\$6,174)
Depreciation & Amortization Expense for the Month (Includes Pre-1993)	(\$3,178,629)	(\$264,232)	(\$264,232)	(\$264,232)	(\$264,232)	(\$264,232)	(\$264,232)	(\$264,232)	(\$264,232)	(\$264,232)	(\$268,156)	(\$268,156)
Taxes Other Than Income Taxes for the Month (Includes Pre-1993)	(\$112,276)	(\$7,705)	(\$7,705)	(\$7,705)	(\$7,705)	(\$7,705)	(\$7,705)	(\$7,705)	(\$7,705)	(\$7,705)	(\$17,615)	(\$17,615)
Insurance Expense or the Month (Includes Pre-1993)	(\$19,597)	(\$1,629)	(\$1,629)	(\$1,629)	(\$1,629)	(\$1,629)	(\$1,629)	(\$1,629)	(\$1,629)	(\$1,629)	(\$1,652)	(\$1,652)
Emission Allowance Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Surcharge Consultant Fee for the Month	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reduction of O&M Expense associated with 2003 Compliance Plan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL EXPENSES</b>	<b>(\$3,322,850)</b>	<b>(\$273,566)</b>	<b>(\$273,566)</b>	<b>(\$273,566)</b>	<b>(\$273,566)</b>	<b>(\$273,566)</b>	<b>(\$273,566)</b>	<b>(\$273,566)</b>	<b>(\$273,566)</b>	<b>(\$273,566)</b>	<b>(\$293,597)</b>	<b>(\$293,597)</b>
Proceeds from Allowance Sales	(\$180,734)	(\$14,458)	(\$14,458)	(\$14,458)	(\$14,458)	(\$14,458)	(\$14,458)	(\$14,458)	(\$14,458)	(\$14,458)	(\$18,079)	(\$18,079)
Proceeds from By-Product Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL PROCEEDS FROM SALES</b>	<b>(\$180,734)</b>	<b>(\$14,458)</b>	<b>(\$14,458)</b>	<b>(\$14,458)</b>	<b>(\$14,458)</b>	<b>(\$14,458)</b>	<b>(\$14,458)</b>	<b>(\$14,458)</b>	<b>(\$14,458)</b>	<b>(\$14,458)</b>	<b>(\$18,079)</b>	<b>(\$18,079)</b>

III. NET OF BASE RATE ROLL-IN (I + II)	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
Monthly Operations & Maintenance Expense	\$267,616	\$1,469	\$1,484	\$2,422	\$1,537	\$46,191	\$97,089	\$36,248	\$49,191	\$25,681	(\$800)	\$5,468
Depreciation & Amortization Expense for the Month	\$1,479,599	\$107,375	\$107,375	\$107,375	\$107,375	\$141,844	\$141,844	\$141,844	\$141,844	\$141,844	\$137,921	\$137,921
Taxes Other Than Income Taxes for the Month	\$230,694	\$17,365	\$21,195	\$21,195	\$21,195	\$21,195	\$21,195	\$21,195	\$21,195	\$21,195	\$11,285	\$11,285
Insurance Expense or the Month	\$2,555	\$217	\$217	\$217	\$217	\$217	\$217	\$217	\$217	\$217	\$194	\$194
Emission Allowance Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Surcharge Consultant Fee for the Month	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reduction of O&M Expense associated with 2003 Compliance Plan	(\$112,965)	\$0	\$0	\$0	\$0	\$0	\$0	(\$22,593)	(\$22,593)	(\$22,593)	(\$22,593)	(\$22,593)
<b>TOTAL EXPENSES</b>	<b>\$1,867,498</b>	<b>\$84,253</b>	<b>\$130,256</b>	<b>\$131,209</b>	<b>\$130,324</b>	<b>\$209,447</b>	<b>\$260,345</b>	<b>\$176,911</b>	<b>\$189,854</b>	<b>\$166,344</b>	<b>\$126,007</b>	<b>\$132,275</b>
Proceeds from Allowance Sales	\$43,187	(\$14,458)	(\$14,458)	(\$14,458)	(\$14,458)	(\$14,458)	(\$14,458)	(\$14,458)	(\$14,458)	(\$14,458)	(\$18,079)	(\$18,079)
Proceeds from By-Product Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL PROCEEDS FROM SALES</b>	<b>\$43,187</b>	<b>(\$14,458)</b>	<b>(\$14,458)</b>	<b>(\$14,458)</b>	<b>(\$14,458)</b>	<b>(\$14,458)</b>	<b>(\$14,458)</b>	<b>(\$14,458)</b>	<b>(\$14,458)</b>	<b>(\$14,458)</b>	<b>(\$18,079)</b>	<b>(\$18,079)</b>

NOTES:  
(1) Pollution Control Operating Expense items reflect amounts submitted on the appropriate monthly expense filings.  
(2) Pursuant to Exhibit CAF-2 in Case No. 2002-00193 and 2003-00236.

**ENVIRONMENTAL SURCHARGE REVENUES**

MONTHLY ECR FILINGS (ES FORM 3.00)	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
Environmental Surcharge Revenues	\$10,570,991	\$1,233,142	\$1,334,901	\$752,114	\$1,094,014	\$43,715	\$167,814	\$688,743	\$654,457	\$1,772,521	\$1,086,058	\$889,829

**Louisville Gas and Electric Company**  
**Balance Sheet on a Total Company and Jurisdictional Basis**  
**December 31, 2003**

	<u>Electric</u>	<u>Gas</u>	<u>Total</u>
<b>UTILITY PLANT</b>			
Utility Plant	2,949,873,810	513,003,222	3,462,877,032
Construction Work in Progress	<u>322,209,290</u>	<u>16,957,124</u>	<u>339,166,414</u>
<b>TOTAL UTILITY PLANT</b>	<b>3,272,083,100</b>	<b>529,960,346</b>	<b>3,802,043,446</b>
Less: Accum. Prov. for Depr. Amort. Depl.	<u>1,358,604,635</u>	<u>184,785,546</u>	<u>1,543,390,181</u>
Net Utility Plant	1,913,478,465	345,174,800	2,258,653,265
Gas Stored Underground - Noncurrent	-	2,139,990	2,139,990
<b>OTHER PROPERTY AND INVESTMENTS</b>			
Nonutility Property	184,108	-	184,108
Less: Accum. Prov. for Deprec. and Amort.	63,360	-	63,360
Other Investments	<u>3,790,000</u>	<u>1,700,000</u>	<u>5,490,000</u>
<b>TOTAL Other Property and Investments</b>	<b>3,910,748</b>	<b>1,700,000</b>	<b>5,610,748</b>
<b>CURRENT AND ACCRUED ASSETS</b>			
Cash	1,396,562	280,386	1,676,948
Special Deposits	24,000	4,818	28,818
Working Fund	49,427	21,123	70,550
Temporary Cash Investments	-	-	-
Customer Accounts Receivable	31,065,659	13,156,543	44,222,202
Other Accounts Receivable	6,129,584	943,547	7,073,131
Less: Accum. Prov. for Uncollectible Acct.-Cr	1,475,229	624,771	2,100,000
Notes Receivable from Assoc. Companies	15,972,694	3,206,814	19,179,508
Accounts Receivable from Assoc. Companies	-	-	-
Fuel Stock	25,259,778		25,259,778
Plant Materials and Operating Supplies	21,148,327	213,619	21,361,946
Stores Expense Undistributed	3,572,582	36,087	3,608,669
Gas Stored Underground - Current		69,883,852	69,883,852
Prepayments	3,816,735	766,280	4,583,015
Misc. Current & Accrued Assets	698,126	-	698,126
Interest and Dividends Receivable	24,484	4,916	29,400
Rents Receivable	168,449	33,819	202,268
Accrued Utility Revenues	<u>143,000</u>	<u>10,749,000</u>	<u>10,892,000</u>
<b>TOTAL Current and Accrued Assets</b>	<b>107,994,178</b>	<b>98,676,033</b>	<b>206,670,211</b>
<b>DEFERRED DEBITS</b>			
Unamortized Debt Expenses	7,052,395	1,415,899	8,468,294
Other Regulatory Assets	61,670,683	13,952,013	75,622,696
Miscellaneous Deferred Debits	53,894,389	34,693,544	88,587,933
Unamortized Loss on Reacquired Debt	17,766,153	3,566,884	21,333,037
Accumulated Deferred Income Taxes	<u>96,713,374</u>	<u>14,723,184</u>	<u>111,436,558</u>
<b>TOTAL Deferred Debits</b>	<b>237,096,994</b>	<b>68,351,524</b>	<b>305,448,518</b>
<b>TOTAL Assets and other Debits</b>	<b><u>2,262,480,385</u></b>	<b><u>516,042,347</u></b>	<b><u>2,778,522,732</u></b>

**Louisville Gas and Electric Company**  
**Balance Sheet on a Total Company and Jurisdictional Basis**  
**December 31, 2003**

	<u>Electric</u>	<u>Gas</u>	<u>Total</u>
<b>PROPRIETARY CAPITAL</b>			
Common Stock Issued	354,081,929	71,088,495	425,170,424
Preferred Stock Issued	59,551,176	11,956,000	71,507,176
Other Paid - In Capital	33,316,746	6,688,953	40,005,699
Other Comprehensive Income	(31,739,405)	(6,372,273)	(38,111,678)
(Less) Capital Stock Expense	1,839,169	369,247	2,208,416
Retained Earnings	<u>414,261,033</u>	<u>83,170,563</u>	<u>497,431,596</u>
TOTAL Proprietary Capital	827,632,310	166,162,491	993,794,801
<b>LONG-TERM DEBT</b>			
Long-Term Notes Payable to Associated Companies	166,560,000	33,440,000	200,000,000
Mandatory Redeemable \$5.875 Series Preferred Stock	19,779,000	3,971,000	23,750,000
Bonds	<u>478,280,371</u>	<u>96,023,629</u>	<u>574,304,000</u>
TOTAL Long - Term Debt	664,619,371	133,434,629	798,054,000
<b>OTHER NONCURRENT LIABILITIES</b>			
Accumulated Provision for Pensions and Benefits	<u>55,067,563</u>	<u>11,055,831</u>	<u>66,123,394</u>
TOTAL OTHER Noncurrent Liabilities	55,067,563	11,055,831	66,123,394
<b>CURRENT AND ACCRUED LIABILITIES</b>			
Notes Payable	-	-	-
Notes Payable to Associated Companies	66,900,532	13,431,519	80,332,051
Accounts Payable	144,361,873	28,983,316	173,345,189
Accounts Payable to Associated Companies	31,932,199	6,410,979	38,343,178
Customer Deposits	7,371,371	3,121,832	10,493,203
Taxes Accrued	15,496,742	3,111,258	18,608,000
Interest Accrued	3,955,006	794,040	4,749,046
Dividends Declared	361,304	72,538	433,842
Tax Collections Payable	903,607	181,416	1,085,023
Miscellaneous Current and Accrued Liabilities	<u>3,435,316</u>	<u>689,703</u>	<u>4,125,019</u>
TOTAL Current and Accrued Liabilities	274,717,950	56,796,601	331,514,551
<b>DEFERRED CREDITS</b>			
Customer Advances for Construction	516,788	9,372,929	9,889,717
Asset Retirement Obligations	9,746,702	-	9,746,702
Accumulated Deferred Investment Tax Credits	48,463,151	1,866,127	50,329,278
Other Deferred Credits	16,438,317	10,428,433	26,866,750
Other Regulatory Liabilities	39,647,287	3,415,285	43,062,572
Accumulated Deferred Income Taxes	<u>389,212,643</u>	<u>59,928,324</u>	<u>449,140,967</u>
TOTAL Deferred Credits	504,024,888	85,011,098	589,035,986
Electric/Gas adjustment to balance	(63,581,697)	63,581,697	
TOTAL Liabilities and Other Credits	<u>2,262,480,385</u>	<u>516,042,347</u>	<u>2,778,522,732</u>



**Louisville Gas and Electric Company**  
**Income Statement on a Total Company and Jurisdictional Basis**  
**12 Months Ending December 31, 2003**

	<u>Electric</u>	<u>Gas</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Residential Sales	223,403,935	198,880,540	422,284,475
Small (or Comm.)	187,500,071	78,280,490	265,780,561
Large (or Ind.)	111,535,245	13,811,850	125,347,095
Public Street and Highway Lighting	6,091,166	-	6,091,166
Other Sales to Public Authorities	52,401,157	13,745,128	66,146,285
Rate Refunds	(411,888)	-	(411,888)
Total Sales to Ultimate Consumers	<u>580,519,686</u>	<u>304,718,008</u>	<u>885,237,694</u>
Sales for Resale	169,781,888	12,278,200	182,060,088
Forfeited Discounts	1,652,460	1,292,915	2,945,375
Transportation Revenue	-	6,045,629	6,045,629
Miscellaneous Service Revenues	755,585	42,362	797,947
Rent from Electric/Gas Property	4,381,422	371,875	4,753,297
Interdepartmental Rents	-	107,268	107,268
Other Electric Revenue	11,096,468	-	11,096,468
Other Gas Revenue	-	477,009	477,009
Total Operating Revenues	<u>768,187,509</u>	<u>325,333,266</u>	<u>1,093,520,775</u>
<b>OPERATING EXPENSES</b>			
Operation Expense	453,473,720	273,996,560	727,470,280
Maintenance Expense	49,359,884	7,810,237	57,170,121
Depreciation Expense	92,077,819	15,292,154	107,369,973
Amort. & Depl. of Utility Plant	4,526,122	1,508,708	6,034,830
Amor. of Property Losses, Unrecovered Plant and Regulatory Study Costs	-	-	-
Regulatory Credits	(6,014,913)	-	(6,014,913)
Taxes Other Than Income Taxes	13,049,013	4,016,295	17,065,308
Income Taxes - Federal	25,716,351	4,884,990	30,601,341
- State	9,484,641	1,523,067	11,007,708
Provision for Deferred Income Taxes	55,028,287	12,348,629	67,376,916
(Less) Provision for Deferred Income Taxes - Cr.	(34,675,741)	(11,901,450)	(46,577,191)
Investment Tax Credit Adj. - Net	(4,008,756)	(198,411)	(4,207,167)
Gain (Loss) from Disposition of Allowances	(223,921)	-	(223,921)
Accretion Expense	616,692	-	616,692
Total Utility Operating Expenses	<u>658,409,198</u>	<u>309,280,779</u>	<u>967,689,977</u>
Net Utility Operating Income	109,778,311	16,052,487	125,830,798
TOTAL Other Income			(112,332)
TOTAL Other Income Deductions			7,029,564
TOTAL Taxes on Other Income and Deductions			(5,943,370)
Net Other Income and Deductions			<u>(1,198,526)</u>
<b>INTEREST</b>			
Interest on Long - Term Debt			25,913,328
Amort. of Debt Disc. and Expenses			320,479
Amortization of Loss on Reacquired Debt			1,095,843
Other Interest Charges			3,308,266
Total Interest Charges	<u>25,684,552</u>	<u>4,953,364</u>	<u>30,637,916</u>
Net Income Before Extraordinary Items			<u>93,994,356</u>

# APPENDIX B

**LOUISVILLE GAS AND ELECTRIC COMPANY  
NUMBER AND COST FOR EMPLOYEES AND CONTRACTORS**

	Year 1 Level at 12/31/2001	Year 2 Level at 12/31/2002	Year 2 Change from 12/31/2001	Year 3 Level at 12/31/2003	Year 3 Change from 12/31/2001	Year 4 Level at 12/31/2004	Year 4 Change from 12/31/2001	Year 5 Level at 12/31/2005	Year 5 Change from 12/31/2001
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Pursuant to PSC Order dated December 3, 2001 in Case Nos. 2001-054, 2001-141, 2001-169

Employee Headcount for permanent full-time and part-time employees. Includes the number of LG&E Utility employees and LG&E Energy Services employees working on behalf of LG&E Utility.

Employee Labor Cost data includes burdened labor costs for LG&E Utility employees and LG&E Energy Services employees charged to LG&E Utility.

Contractor Cost data for amounts charged to LG&E Utility. LG&E engages contractors on a task basis, leaving it to the contractor to determine how many employees are needed on a daily basis to complete the assigned tasks. Therefore, the specific number of contractors utilized is not available.

1,261	1,272	11	1,245	(16)					
\$90,428,746	\$94,498,537	\$4,069,791	\$100,590,877	\$10,162,131					
\$53,766,332	\$64,595,415	\$10,829,083	\$58,483,807	\$4,717,475					