

T65-0305
LG&E ENERGY

LG&E Energy LLC
220 West Main Street (40202)
P.O. Box 32030
Louisville, Kentucky 40232

March 3, 2004

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

Case 2004-00080

RECEIVED

MAR 03 2004

**PUBLIC SERVICE
COMMISSION**

**RE: Adjustments to Demand Side Management Balance Adjustment
Component (DBA) of the Demand-Side Management Cost
Recovery Mechanism for Kentucky Utilities Company**


Dear Mr. Dorman:

Kentucky Utilities Company ("KU") files herewith four copies of the following revised sheets of KU Tariff PSC No. 12:

Seventh Revision of Original Sheet No. 24.5-D
Sixth Revision of Original Sheet No. 24.5-E

These revisions reflect adjustments to the DSM Balance Adjustment Component (DBA) of KU's Demand Side Management Cost Recovery Mechanism to reflect over- and under-recoveries experienced in the 12-month period of January 1, 2003 through December 31, 2003. Four copies of the supporting data for the adjustments are also filed herewith.

Sincerely,



John Wolfram
Manager, Regulatory Affairs

Enclosures

KU
A SUBSIDIARY OF
LG&E ENERGY

KENTUCKY UTILITIES COMPANY

Seventh Revision of Original Sheet No. 24.5-D

P. S. C. No. 12

DSMRM

Demand-Side Management Cost Recovery Mechanism (Continued)

APPLICABLE TO:

Residential Service Rate RS, Full Electric Residential Rate FERS, General Service Rate GS, Light & Power Rate LP, Large Commercial & Industrial Time-of-Day Rate LCI-TOD, and High Load Factor Rate HLF.

DSM Cost Recovery Component (DSMRC):

Residential Service Rate RS

Energy Charge

DSM Cost Recovery Component (DCR):	0.084 ¢/Kwh
DSM Revenues from Lost Sales (DRLS):	0.002 ¢/Kwh
DSM Incentive (DSMI):	0.003 ¢/Kwh
DSM Balance Adjustment (DBA):	(0.017) ¢/Kwh

DSMRC Rate RS:

0.072 ¢/Kwh

Full Electric Residential Rate FERS

DSM Cost Recovery Component (DCR):	0.047 ¢/Kwh
DSM Revenues from Lost Sales (DRLS):	0.001 ¢/Kwh
DSM Incentive (DSMI):	0.002 ¢/Kwh
DSM Balance Adjustment (DBA):	(0.011) ¢/Kwh

DSMRC Rate FERS:

0.039 ¢/Kwh

Date of Issue: March 3, 2004
Canceling Sixth Revision of
Original Sheet No. 24.5-D
Issued January 5, 2004

Issued By

Date Effective: April 2, 2004



Michael S. Beer, Vice President
Lexington, Kentucky

KENTUCKY UTILITIES COMPANY

**Supporting Calculations for the
DSM Cost Recovery Mechanism**

ELECTRIC SERVICE

**Twelve-Month Period Beginning April 1, 2004
and Ending March 31, 2005**

Kentucky Utilities
Summary of Total DSM Cost Recovery Component (DSMRC)
12-Month Period Beginning April 1, 2004

Rate Schedule	DSM Cost Recovery Component (DCR) Exhibit AE	DSM Revenues From Lost Sales Component (DRLS) Exhibit BE	DSM Incentive Component (DSMI) Exhibit CE	DSM Balance Adjustment Component (DBA) Exhibit DE	DSM Recovery Component (DSMRC) Total
Residential Service RS	0.084	0.002	0.003	(0.017)	0.072 ¢/kWh
Full Electric Residential FERS	0.047	0.001	0.002	(0.011)	0.039 ¢/kWh
General Service GS	0.023	0.009	0.000	(0.008)	0.024 ¢/kWh
Rate LP (excludes industrial)	0.004	0.000	0.000	(0.001)	0.003 ¢/kWh

Kentucky Utilities
Summary of DSM Balance Adjustment Component (DBA)
12-Month Period Beginning April 1, 2004

Rate Schedule	Exhibit Reference	DSM Balance Adjustment Component (DBA)
Residential Service RS	DE-1	(0.017) ¢/kWh
Full Electric Residential FERS	DE-2	(0.011) ¢/kWh
General Service GS	DE-3	(0.008) ¢/kWh
Rate LP (excludes industrial)	DE-4	(0.001) ¢/kWh

KENTUCKY UTILITIES COMPANY

DSM Balance Adjustment (DBA)
12-Month Period Beginning April 1, 2004

The Demand-Side Management Cost Recovery Mechanism (DSMRM) includes a provision for the recovery of demand-side management (DSM) program and administrative costs. The DSMRM further provides a balancing mechanism for reconciling differences in the costs recovered through the DSMRM and actual DSM expenditures. Interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period is applied to any over- or under-recovery of revenues as part of the adjustment. The interest is applied monthly to the average balance of the cumulative net (over-) under-recovery revenues.

KENTUCKY UTILITIES COMPANY
Summary of DSM Balance Adjustment Component (DBA)

Summary - DBA 2004

	<u>Actual Collection</u>	<u>Expected Collection</u>	<u>(over) Variance</u>	<u>Interest</u>	<u>Net Variance</u>
<u>Electric</u>					
RS	\$1,524,622	\$1,089,835	(\$434,786)	(\$2,850)	(\$437,637)
FERS	\$1,083,917	\$737,390	(\$346,527)	(\$2,856)	(\$349,383)
GS	\$203,088	\$107,258	(\$95,830)	(\$609)	(\$96,438)
LP	\$144,792	\$118,579	(\$26,213)	(\$232)	(\$26,446)
			(\$903,357)	(\$6,547)	(\$909,904)

**KU DBA
 Incentive Adjustment**

		Budgeted Expenditures	Budgeted Incentive	Percent	Actual Expenditures	Adjusted Incentive
2003						
Elec. - RS	Residential Conservation	\$114,322	\$0	0.00000	\$80,832	\$0
Elec - FERS	Residential Conservation	\$76,214	\$0	0.00000	\$53,888	\$0
Elec. - RS	Residential Load Mgmt.	\$1,751,339	\$87,567	0.05000	\$1,386,995	\$69,350
Elec - FERS	Residential Load Mgmt.	\$1,167,559	\$58,378	0.05000	\$924,663	\$46,233
Elec. - RS	Residential Low Income	\$319,965	\$0	0.00000	\$117,506	\$0
Elec - FERS	Residential Low Income	\$207,977	\$0	0.00000	\$78,337	\$0
GS	Commercial Cons.	\$230,598	\$0	0.00000	\$174,452	\$0
GS	Commercial Load Mgmt.	\$50,517	\$2,526	0.05000	\$4,062	\$203
LP	Commercial Cons.	\$153,732	\$0	0.00000	\$116,301	\$0
LP	Commercial Load Mgmt.	\$5,613	\$281	0.05000	\$451	\$23

**KU DBA
 Lost Revenue Adjustment**

		Budgeted Expenditures	Budgeted Lost Revenue	Percent	Actual Expenditures	Adjusted Lost Revenue
2003						
Elec. - RS	Residential Conservation	\$114,322	\$33,908	0.29661	\$80,832	\$23,975
Elec - FERS	Residential Conservation	\$76,214	\$22,606	0.29661	\$53,888	\$15,984
Elec. - RS	Residential Load Mgmt.	\$1,751,339	\$0	0.00000	\$1,386,995	\$0
Elec - FERS	Residential Load Mgmt.	\$1,167,559	\$0	0.00000	\$924,663	\$0
Elec. - RS	Residential Low Income	\$319,965	\$22,758	0.07113	\$117,506	\$8,358
Elec - FERS	Residential Low Income	\$207,977	\$15,172	0.07295	\$78,337	\$5,715
GS	Commercial Cons.	\$230,598	\$113,938	0.49410	\$174,452	\$86,197
GS	Commercial Load Mgmt.	\$50,517	\$0	0.00000	\$4,062	\$0
LP	Commercial Cons.	\$153,732	\$0	0.00000	\$116,301	\$0
LP	Commercial Load Mgmt.	\$5,613	\$0	0.00000	\$451	\$0

**Expected DSMRC Collections
 Residential Electric Customers Rate RS**

Date	Rate	DCR Total	Rate	DRLS Total	Rate	DSMI Total	DBA Total	Expected Revenue	Actual Revenue	(over) Variance
January-03		\$153,370		\$2,694		\$5,779	(\$23,408)	\$138,436	\$179,197	(\$40,761)
February-03		\$21,010		\$2,694		\$5,779	(\$23,408)	\$6,075	\$169,844	(\$163,769)
March-03		\$111,320		\$2,694		\$5,779	(\$23,408)	\$96,385	\$141,505	(\$45,119)
April-03		\$193,727		\$2,694		\$5,779	(\$61,272)	\$140,929	\$87,051	\$53,878
May-03		\$78,857		\$2,694		\$5,779	(\$61,272)	\$26,059	\$91,818	(\$65,759)
June-03		\$90,066		\$2,694		\$5,779	(\$61,272)	\$37,268	\$99,201	(\$61,933)
July-03		\$123,894		\$2,694		\$5,779	(\$61,272)	\$71,096	\$154,068	(\$82,972)
August-03		\$61,070		\$2,694		\$5,779	(\$61,272)	\$8,272	\$154,521	(\$146,249)
September-03		\$191,058		\$2,694		\$5,779	(\$61,272)	\$138,260	\$151,525	(\$13,265)
October-03		\$115,671		\$2,694		\$5,779	(\$61,272)	\$62,873	\$92,989	(\$30,116)
November-03		\$192,940		\$2,694		\$5,779	(\$61,272)	\$140,142	\$86,795	\$53,348
December-03		\$276,839		\$2,694		\$5,779	(\$61,272)	\$224,041	\$116,109	\$107,932
								\$1,089,835	\$1,524,622	(\$434,786)

**KU DBA Calculation of (Over) Under Interest
 Residential Electric Customers Rate RS**

Date	Net (over) Variance	Cumulative Variance	Avg monthly Balance	Current Month Rate	Annual Amount	Days in Month	Current Month Interest
Jan-03	(\$40,761)	(\$40,761)	(\$20,381)	1.19%	(\$243)	31	(\$21)
Feb-03	(\$163,769)	(\$204,530)	(\$122,646)	1.15%	(\$1,410)	28	(\$108)
Mar-03	(\$45,119)	(\$249,649)	(\$227,090)	1.11%	(\$2,521)	31	(\$214)
Apr-03	\$53,878	(\$195,771)	(\$222,710)	1.05%	(\$2,338)	30	(\$192)
May-03	(\$65,759)	(\$261,530)	(\$228,650)	1.00%	(\$2,287)	31	(\$194)
Jun-03	(\$61,933)	(\$323,463)	(\$292,497)	0.95%	(\$2,779)	30	(\$228)
Jul-03	(\$82,972)	(\$406,435)	(\$364,949)	0.89%	(\$3,248)	31	(\$276)
Aug-03	(\$146,249)	(\$552,684)	(\$479,560)	0.83%	(\$3,980)	31	(\$338)
Sep-03	(\$13,265)	(\$565,949)	(\$559,317)	0.77%	(\$4,307)	30	(\$354)
Oct-03	(\$30,116)	(\$596,065)	(\$581,007)	0.71%	(\$4,125)	31	(\$350)
Nov-03	\$53,348	(\$542,718)	(\$569,392)	0.66%	(\$3,758)	30	(\$309)
Dec-03	\$107,932	(\$434,786)	(\$488,752)	0.64%	(\$3,128)	31	(\$266)

(\$2,850)

**Expected DSMRC Collections
 Residential Electric Customers Rate FERS**

Date	Rate	DCR Total	Rate	DRLS Total	Rate	DSMI Total	DBA Total	Expected Revenue	Actual Revenue	(over) Variance
January-03		\$102,247	\$1,808	\$1,808	\$3,853	\$3,853	(\$13,235)	\$94,673	\$177,288	(\$82,615)
February-03		\$14,007	\$1,808	\$1,808	\$3,853	\$3,853	(\$13,235)	\$6,432	\$189,114	(\$182,682)
March-03		\$74,213	\$1,808	\$1,808	\$3,853	\$3,853	(\$13,235)	\$66,639	\$140,456	(\$73,816)
April-03		\$129,152	\$1,808	\$1,808	\$3,853	\$3,853	(\$40,450)	\$94,362	\$62,674	\$31,689
May-03		\$52,571	\$1,808	\$1,808	\$3,853	\$3,853	(\$40,450)	\$17,782	\$52,465	(\$34,682)
June-03		\$60,044	\$1,808	\$1,808	\$3,853	\$3,853	(\$40,450)	\$25,255	\$50,912	(\$25,657)
July-03		\$82,596	\$1,808	\$1,808	\$3,853	\$3,853	(\$40,450)	\$47,807	\$68,195	(\$20,388)
August-03		\$40,713	\$1,808	\$1,808	\$3,853	\$3,853	(\$40,450)	\$5,924	\$67,733	(\$61,809)
September-03		\$127,372	\$1,808	\$1,808	\$3,853	\$3,853	(\$40,450)	\$92,583	\$67,270	\$25,313
October-03		\$77,114	\$1,808	\$1,808	\$3,853	\$3,853	(\$40,450)	\$42,325	\$51,057	(\$8,733)
November-03		\$128,627	\$1,808	\$1,808	\$3,853	\$3,853	(\$40,450)	\$93,838	\$56,758	\$37,080
December-03		\$184,559	\$1,808	\$1,808	\$3,853	\$3,853	(\$40,450)	\$149,770	\$99,997	\$49,773
								\$737,390	\$1,083,917	(\$346,527)

**KU DBA Calculation of (Over) Under Interest
 Residential Electric Customers Rate FERS**

Date	Net (over) Variance	Cumulative Variance	Avg monthly Balance	Current Month Rate	Annual Amount	Days in Month	Current Month Interest
Jan-03	(\$82,615)	(\$82,615)	(\$41,308)	1.19%	(\$492)	31	(\$42)
Feb-03	(\$182,682)	(\$265,297)	(\$173,956)	1.15%	(\$2,000)	28	(\$153)
Mar-03	(\$73,816)	(\$339,113)	(\$302,205)	1.11%	(\$3,354)	31	(\$285)
Apr-03	\$31,689	(\$307,424)	(\$323,269)	1.05%	(\$3,394)	30	(\$279)
May-03	(\$34,682)	(\$342,107)	(\$324,766)	1.00%	(\$3,248)	31	(\$276)
Jun-03	(\$25,657)	(\$367,763)	(\$354,935)	0.95%	(\$3,372)	30	(\$277)
Jul-03	(\$20,388)	(\$388,152)	(\$377,958)	0.89%	(\$3,364)	31	(\$286)
Aug-03	(\$61,809)	(\$449,960)	(\$419,056)	0.83%	(\$3,478)	31	(\$295)
Sep-03	\$25,313	(\$424,647)	(\$437,304)	0.77%	(\$3,367)	30	(\$277)
Oct-03	(\$8,733)	(\$433,380)	(\$429,014)	0.71%	(\$3,046)	31	(\$259)
Nov-03	\$37,080	(\$396,300)	(\$414,840)	0.66%	(\$2,738)	30	(\$225)
Dec-03	\$49,773	(\$346,527)	(\$371,414)	0.64%	(\$2,377)	31	(\$202)

(\$2,856)

Expected DSMRC Collections
Commercial Electric Customers Rate GS

Date	DCR		DRLS		DSMI		DBA Total	Expected Revenue	Actual Revenue	(over) Variance
	Rate	Total	Rate	Total	Rate	Total				
January-03		\$2,006		\$7,183		\$17	(\$3,367)	\$5,839	\$29,973	(\$24,134)
February-03		\$2,945		\$7,183		\$17	(\$3,367)	\$6,778	\$30,341	(\$23,563)
March-03		\$11,788		\$7,183		\$17	(\$3,367)	\$15,620	\$26,729	(\$11,109)
April-03		\$10,693		\$7,183		\$17	(\$16,701)	\$1,191	\$11,405	(\$10,214)
May-03		\$13,158		\$7,183		\$17	(\$16,701)	\$3,656	\$11,603	(\$7,947)
June-03		\$18,729		\$7,183		\$17	(\$16,701)	\$9,228	\$12,020	(\$2,792)
July-03		\$23,616		\$7,183		\$17	(\$16,701)	\$14,114	\$14,701	(\$587)
August-03		\$21,118		\$7,183		\$17	(\$16,701)	\$11,616	\$14,511	(\$2,895)
September-03		\$19,381		\$7,183		\$17	(\$16,701)	\$9,880	\$15,151	(\$5,271)
October-03		\$14,082		\$7,183		\$17	(\$16,701)	\$4,581	\$11,625	(\$7,044)
November-03		\$12,204		\$7,183		\$17	(\$16,701)	\$2,703	\$11,192	(\$8,489)
December-03		\$31,552		\$7,183		\$17	(\$16,701)	\$22,050	\$13,836	\$8,215
								\$107,258	\$203,088	(\$95,830)

**KU DBA Calculation of (Over) Under Interest
 Commercial Electric Customers Rate GS**

Date	Net (over) Variance	Cumulative Variance	Avg monthly Balance	Current Month Rate	Annual Amount	Days in Month	Current Month Interest
Jan-03	(\$24,134)	(\$24,134)	(\$12,067)	1.19%	(\$144)	31	(\$12)
Feb-03	(\$23,563)	(\$47,697)	(\$35,915)	1.15%	(\$413)	28	(\$32)
Mar-03	(\$11,109)	(\$58,806)	(\$53,251)	1.11%	(\$591)	31	(\$50)
Apr-03	(\$10,214)	(\$69,019)	(\$63,913)	1.05%	(\$671)	30	(\$55)
May-03	(\$7,947)	(\$76,966)	(\$72,993)	1.00%	(\$730)	31	(\$62)
Jun-03	(\$2,792)	(\$79,758)	(\$78,362)	0.95%	(\$744)	30	(\$61)
Jul-03	(\$587)	(\$80,345)	(\$80,051)	0.89%	(\$712)	31	(\$61)
Aug-03	(\$2,895)	(\$83,240)	(\$81,792)	0.83%	(\$679)	31	(\$58)
Sep-03	(\$5,271)	(\$88,511)	(\$85,875)	0.77%	(\$661)	30	(\$54)
Oct-03	(\$7,044)	(\$95,555)	(\$92,033)	0.71%	(\$653)	31	(\$55)
Nov-03	(\$8,489)	(\$104,044)	(\$99,800)	0.66%	(\$659)	30	(\$54)
Dec-03	\$8,215	(\$95,830)	(\$99,937)	0.64%	(\$640)	31	(\$54)

(\$609)

**Expected DSMRC Collections
 Combined Light and Power Customers Rate LP**

Date	DCR Rate Total	DRLS Rate Total	DSMI Rate Total	DBA Rate Total	Expected Revenue	Actual Revenue	(over) Variance
January-03	\$1,152	\$0	\$2	\$0	\$1,154	\$12,480	(\$11,326)
February-03	\$1,795	\$0	\$2	\$0	\$1,797	\$12,035	(\$10,238)
March-03	\$7,694	\$0	\$2	\$0	\$7,696	\$11,212	(\$3,515)
April-03	\$6,990	\$0	\$2	\$0	\$6,992	\$10,713	(\$3,721)
May-03	\$8,620	\$0	\$2	\$0	\$8,622	\$11,551	(\$2,929)
June-03	\$12,303	\$0	\$2	\$0	\$12,305	\$11,852	\$453
July-03	\$15,497	\$0	\$2	\$0	\$15,499	\$13,676	\$1,824
August-03	\$13,824	\$0	\$2	\$0	\$13,826	\$13,511	\$315
September-03	\$12,671	\$0	\$2	\$0	\$12,673	\$14,007	(\$1,335)
October-03	\$9,197	\$0	\$2	\$0	\$9,199	\$11,380	(\$2,182)
November-03	\$7,972	\$0	\$2	\$0	\$7,974	\$10,631	(\$2,656)
December-03	\$20,840	\$0	\$2	\$0	\$20,842	\$11,745	\$9,098
					\$118,579	\$144,792	(\$26,213)

**KU DBA Calculation of (Over) Under Interest
 Combined Light and Power Customers Rate LP**

Date	Net (over) Variance	Cumulative Variance	Avg monthly Balance	Current Month Rate	Annual Amount	Days in Month	Current Month Interest
Jan-03	(\$11,326)	(\$11,326)	(\$5,663)	1.19%	(\$67)	31	(\$6)
Feb-03	(\$10,238)	(\$21,564)	(\$16,445)	1.15%	(\$189)	28	(\$15)
Mar-03	(\$3,515)	(\$25,080)	(\$23,322)	1.11%	(\$259)	31	(\$22)
Apr-03	(\$3,721)	(\$28,801)	(\$26,940)	1.05%	(\$283)	30	(\$23)
May-03	(\$2,929)	(\$31,730)	(\$30,265)	1.00%	(\$303)	31	(\$26)
Jun-03	\$453	(\$31,277)	(\$31,504)	0.95%	(\$299)	30	(\$25)
Jul-03	\$1,824	(\$29,454)	(\$30,365)	0.89%	(\$270)	31	(\$23)
Aug-03	\$315	(\$29,138)	(\$29,296)	0.83%	(\$243)	31	(\$21)
Sep-03	(\$1,335)	(\$30,473)	(\$29,806)	0.77%	(\$230)	30	(\$19)
Oct-03	(\$2,182)	(\$32,655)	(\$31,564)	0.71%	(\$224)	31	(\$19)
Nov-03	(\$2,656)	(\$35,311)	(\$33,983)	0.66%	(\$224)	30	(\$18)
Dec-03	\$9,098	(\$26,213)	(\$30,762)	0.64%	(\$197)	31	(\$17)

(\$232)

KENTUCKY UTILITIES COMPANY

DSM Balance Adjustment (DBA)
For Residential Rate RS
12-Month Period Beginning April 1, 2004

The Demand-Side Management Cost Recovery Mechanism (DSMRM) includes a provision for the recovery of demand-side management (DSM) program and administrative costs. The DSMRM further provides a balancing mechanism for reconciling differences in the costs recovered through the DSMRM and actual DSM expenditures. Interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period is applied to any over- or under-recovery of revenues as part of the adjustment. The interest is applied monthly to the average balance of the cumulative net (over-) under-recovery revenues.

The outcome of the interest calculations is an over-recovery of revenue with interest in the amount of \$437,637 during the period of January 1, 2003 through December 31, 2003, as shown on Exhibit DE Page 2 of 10. The DBA adjustments are then divided by the estimated billing determinants for the 12-month period from April 1, 2004 through March 31, 2005 in order to compute the per-unit DBA charge or credit. The resulting DBA factor for Residential Rate RS is (0.017) ¢ per kWh.

Kentucky Utilities
Calculation of DBA Component For Rate RS

	Forecast
	<u>kWh Sales</u>
APR 2004	174,067,705
MAY	168,819,163
JUN	231,162,086
JUL	312,824,310
AUG	311,469,492
SEP	268,583,480
OCT	174,316,698
NOV	160,389,872
DEC	194,794,009
JAN 2005	240,288,186
FEB	207,506,419
MAR	192,377,272
	2,636,598,693

Total DBA \$ (437,637)

DBA Factor in ¢ per kWh -0.017

KENTUCKY UTILITIES COMPANY

DSM Balance Adjustment (DBA)
For General Service Rate FERS
12-Month Period Beginning April 1, 2004

The Demand-Side Management Cost Recovery Mechanism (DSMRM) includes a provision for the recovery of demand-side management (DSM) program and administrative costs. The DSMRM further provides a balancing mechanism for reconciling differences in the costs recovered through the DSMRM and actual DSM expenditures. Interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period is applied to any over- or under-recovery of revenues as part of the adjustment. The interest is applied monthly to the average balance of the cumulative net (over-) under-recovery revenues.

The outcome of the interest calculations is an over-recovery of revenue with interest in the amount of \$349,383 during the period of January 1, 2003 through December 31, 2003, as shown on Exhibit DE Page 2 of 10. The DBA adjustments are then divided by the estimated billing determinants for the 12-month period from April 1, 2004 through March 31, 2005 in order to compute the per-unit DBA charge or credit. The resulting DBA factor for Full Electric Service Rate FERS is (0.011) ¢ per kWh .

Kentucky Utilities
 Calculation of DBA Component For Rate FERS

		Forecast <u>kWh Sales</u>
APR	2004	245,984,967
MAY		168,167,471
JUN		191,930,385
JUL		235,946,795
AUG		234,757,227
SEP		210,498,929
OCT		165,989,251
NOV		215,337,668
DEC		328,520,405
JAN	2005	445,728,510
FEB		387,428,799
MAR		318,338,717
		3,148,629,124

Total DBA \$ (349,383)

DBA Factor in ¢ per kWh -0.011

KENTUCKY UTILITIES COMPANY

DSM Balance Adjustment (DBA)
For General Service Rate GS
12-Month Period Beginning April 1, 2004

The Demand-Side Management Cost Recovery Mechanism (DSMRM) includes a provision for the recovery of demand-side management (DSM) program and administrative costs. The DSMRM further provides a balancing mechanism for reconciling differences in the costs recovered through the DSMRM and actual DSM expenditures. Interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period is applied to any over- or under-recovery of revenues as part of the adjustment. The interest is applied monthly to the average balance of the cumulative net (over-) under-recovery revenues.

The outcome of the interest calculations is an over-recovery of revenue with interest in the amount of \$96,438 during the period of January 1, 2003 through December 31, 2003, as shown on Exhibit DE Page 2 of 10. The DBA adjustments are then divided by the estimated billing determinants for the 12-month period from April 1, 2004 through March 31, 2005 in order to compute the per-unit DBA charge or credit. The resulting DBA factor for General Service Rate GS is (0.008) ¢ per kWh

Kentucky Utilities
Calculation of DBA Component For Rate GS

		Forecast kWh Sales
APR	2004	88,562,030
MAY		92,264,806
JUN		104,858,055
JUL		116,319,504
AUG		115,248,071
SEP		114,821,549
OCT		98,358,049
NOV		87,614,760
DEC		97,986,234
JAN	2005	109,211,412
FEB		102,640,200
MAR		96,089,905
		1,223,974,574

Total DBA \$ (96,438)

DBA Factor in ¢ per kWh -0.008

KENTUCKY UTILITIES COMPANY
DSM Balance Adjustment (DBA)
For Rate LP
12-Month Period Beginning April 1, 2004

The Demand-Side Management Cost Recovery Mechanism (DSMRM) includes a provision for the recovery of demand-side management (DSM) program and administrative costs. The DSMRM further provides a balancing mechanism for reconciling differences in the costs recovered through the DSMRM and actual DSM expenditures. Interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period is applied to any over- or under-recovery of revenues as part of the adjustment. The interest is applied monthly to the average balance of the cumulative net (over-) under-recovery revenues.

The outcome of the interest calculations is an over-recovery of revenue with interest in the amount of \$26,446 during the period of January 1, 2003 through December 31, 2003, as shown on Exhibit DE Page 3 of 10. The DBA adjustments are then divided by the estimated billing determinants for the 12-month period from April 1, 2004 through March 31, 2005 in order to compute the per-unit DBA charge or credit. The resulting DBA factor for Rate LP is (0.001) ¢ per kWh

Kentucky Utilities
Calculation of DBA Component For Rate LP (excluding industrial)

		Forecast <u>kWh Sales</u>
APR	2004	282,209,425
MAY		289,144,143
JUN		343,013,745
JUL		386,371,604
AUG		381,793,942
SEP		378,991,484
OCT		315,778,536
NOV		276,937,892
DEC		324,205,654
JAN	2005	364,618,395
FEB		344,474,581
MAR		314,856,817
		4,002,396,218

Total DBA \$ (26,446)

DBA Factor in ¢ per kWh -0.001