LG&E ENERGY

Kent W. Blake
Director
State Regulation and Rates

LG&E Energy LLC
220 West Main Street
Louisville, Kentucky 40202
502-627-2573
502-217-2442 FAX
kent.blake@lgeenergy.com

November 2, 2005

RECEIVED
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PUBLIC SERVICE COMMISSION

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

RE: *The Plan of Louisville Gas and Electric Company for the Value Delivery Surcredit Mechanisms*
Case No. 2005-00352

Dear Ms. O'Donnell:

Enclosed please find an original and seven (7) copies of Louisville Gas and Electric Company's ("LG&E") response to the Kentucky Industrial Utility Customers Inc. First Set of Data Requests dated October 21, 2005, in the above-referenced docket.

Also, enclosed are an original and ten (10) copies of a Petition for Confidential Protection regarding certain information requested in Question No. 20 relating to forward price curves.

Should you have any questions concerning the enclosed, please do not hesitate to contact me.

Sincerely,

Kent W Blake

Kent W. Blake

cc: Elizabeth E. Blackford
Michael L. Kurtz

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PLAN OF LOUISVILLE GAS AND ELECTRIC	**)**	**CASE NO.**
COMPANY FOR THE VALUE DELIVERY SURCREDIT	**)**	**2005-00352**
MECHANISMS	**)**	

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO THE
FIRST SET OF DATA REQUESTS OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS INC. ("KIUC")
DATED OCTOBER 21, 2005

FILED: NOVEMBER 2, 2005

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2005-00352

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 1

Responding Witness: Kent W. Blake

Q-1. Refer to the second line on the table on page 5 of Mr. Blake's LG&E Testimony. Please confirm that there is a typographical error in the electric column and that the amortization of the costs to achieve should read $23.9 million and not $29.9 million. Please provide a revised table.

A-1. Yes, there is a typographical error in the electric column and the amortization of costs to achieve should read $23.9 million and not $29.9 million. The remaining numbers are correct in the original table.

Test Year Ended September 30, 2003	$ millions	
	Electric	Gas
Gross Savings from VDT initiative	$ 33.3	$ 8.6
Less: Amortization of Costs to Achieve	(23.9)	(6.1)
Net VDT Savings	**9.4**	**2.5**
Less: Revenue Reduction for Value Delivery Surcredit (customer's 40% share of net savings)	(3.8)	(1.0)
Impact on Net Operating Income	**5.6**	**1.5**
Less: Pro-forma Adjustment for Shareholder Savings (made in order for LG&E to retain its 60% share of net savings)	(5.6)	(1.5)
Net Impact on Base Rates	**0**	**0**
Customers' 40% share of Net Savings provided via Value Delivery Surcredit	**$ 3.8**	**$ 1.0**

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2005-00352

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 2

Responding Witness: Kent W. Blake

Q-2. Please confirm that the Companies are unable to quantify the actual VDT savings achieved for each year 2001 through 2005. If this is not correct, then please provide the Companies' quantifications of actual VDT savings achieved for each of those years. Provide all supporting assumptions, data, computations, and workpapers, including electronic spreadsheets with formulas intact.

A-2. While the targeted VDT savings were achieved, the Companies did not specifically track the savings. In the Rebuttal Testimony of S. Bradford Rives filed April 26, 2004 in Case No. 2003-00433, the Company demonstrated that the targeted VDT savings had been more than achieved.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2005-00352

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 3

Responding Witness: Kent W. Blake

Q-3. Refer to the first line on the table on page 5 of Mr. Blake's Testimony. Please confirm that the amounts for the gross savings from VDT initiative are 1) assumptions upon which the 2001 settlement agreement was based and 2) are not actual savings achieved.

A-3. The amounts of gross savings shown on the first line "Gross Savings from VDT Initiative" on the table at page 5 of Mr. Blake's testimony were derived from Exhibits C (Electric) and D (Gas) to the Companies' Joint Application in Case No. 2001-169 which reflect the estimated savings over the five-year period. See response to Question No. 2.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2005-00352

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 4

Responding Witness: Kent W. Blake

Q-4. Please confirm that if the VDT surcredit is terminated, then LG&E's electric rates will increase by $3.1 million, LG&E's gas rates will increase by $1.0 million, and KU's electric rates will increase by $1.9 million.

A-4. The Company cannot confirm the statement.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2005-00352

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 5

Responding Witness: Kent W. Blake

Q-5. Please confirm that LG&E's electric base rates include $23.9 million and its gas rates include $6.1 million in VDT amortization expense that will no longer be incurred after March 31, 2006.

A-5. The test period ending September 30, 2003 used in the Company's last base rate case (Case No. 2003-00433) included VDT amortization expense of $23.9 million and $6.1 million for LG&E's electric and gas operations, respectively. LG&E believes that base rates are not set to recover specific costs or return specific savings. Rather, they are set at a level expected to produce a reasonable return on a prospective basis.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2005-00352

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 6

Responding Witness: Kent W. Blake

Q-6. Please confirm that LG&E's electric base rates include $5.6 million and its gas rates include $1.5 million in ratemaking expenses that actually were not incurred during the test year to provide the Company the shareholder portion of the VDT savings.

A-6. The Company's determination of revenue requirements for the test period ending September 30, 2003 used in the Company's last base rate case (Case No. 2003-00433) included an adjustment to operating expenses of $5.640 million and $1.515 million for LG&E's electric and gas operations, respectively, to account for the shareholder portion of the VDT savings pursuant to a Settlement Agreement entered into by the Company and KIUC, among others. The Company believes that base rates are not set to recover specific costs or return specific savings. Rather, they are set at a level expected to produce a reasonable return on a prospective basis.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2005-00352

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 7

Responding Witness: Kent W. Blake

Q-7. Please confirm that KU's electric base rates include $11.5 million in VDT amortization expense that will no longer be incurred after March 31, 2006.

A-7. Not applicable to LG&E.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2005-00352

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 8

Responding Witness: Kent W. Blake

Q-8. Please confirm that KU's electric base rates include $2.9 million in ratemaking expenses that actually were not incurred during the test year to provide the Company the shareholder portion of the VDT savings.

A-8. Not applicable to LG&E.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2005-00352

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 9

Responding Witness: Kent W. Blake

Q-9. Please confirm that the Companies will not incur any VDT amortization expense after March 31, 2006 because the deferred amounts will be fully amortized.

A-9. The costs to achieve the Workforce Separation program as part of the Value Delivery Team initiatives were amortized over a five year period that ends March 31, 2006 as agreed to by the parties in Case No. 2001-169.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2005-00352

Response to the First Set of Data Requests of KIUC Dated October 21, 2005

Question No. 10

Responding Witness: Kent W. Blake

Q-10. Please provide all workpapers supporting the Companies' determination of its revenue requirement for the test year ending June 30, 2005.

A-10. Please see the attached.

LOUISVILLE GAS AND ELECTRIC COMPANY

Adjustments to Electric and Gas Operating Revenues, Operating Expenses and Net Operating Income
For the Twelve Months Ended June 30, 2005

		Electric Department			Gas Department		
	Reference Schedule (1)	Operating Revenues (2)	Operating Expenses (3)	Net Operating Income (4)	Operating Revenues (5)	Operating Expenses (6)	Net Operating Income (7)
1. Amount per books		882,059,250	748,207,845	$133,851,405	374,848,119	357,219,364	$17,628,755
2. Adjustments for known changes and to eliminate unrepresentative conditions:							
3. Adjustment to revenues and expenses to eliminate gas supply cost recoveries and gas supply expenses	1.10	-	-	-	(280,583,021)	(278,335,277)	(2,247,744)
4. Adjustment to eliminate environmental surcharge revenues and expenses	1.11	(5,546,197)	(6,870,960)	1,324,763	-	-	-
5. Eliminate DSM revenue and expenses	1.12	(3,870,433)	(3,790,679)	(79,754)	(706,959)	(679,147)	(27,812)
6. To eliminate ECR and FAC accruals	1.13	(6,364,332)	-	(6,364,332)	-	-	-
7. Adjustment for merger savings	1.14	1,335,639	19,427,401	(18,091,762)	-	-	-
8. To adjust mismatch in fuel cost recovery	1.15	(1,401,767)	(3,783,772)	2,382,005	-	-	-
9. Off-system sales revenue adjustment for the ECR calculation	1.16	(1,100,531)	-	(1,100,531)	-	-	-
10. Adjustment to eliminate unbilled revenues	1.20	(9,922,000)	-	(9,922,000)	(143,000)	-	(143,000)
11. To eliminate electric brokered sales revenues and expenses	1.21	308,077	(77,758)	385,835	-	-	-
12. Adjustment to eliminate advertising expenses pursuant to Commission Rule 807 KAR 5:016	1.22	-	(97,555)	97,555	-	(34,176)	34,176
13. Adjustment to reflect customer rate switching	1.23	(609,748)	-	(609,748)	-	-	-
14. Adjustment to reflect normalized storm damage expense	1.30	-	(2,656,827)	2,656,827	-	-	-
15. Adjustment for injuries and damages FERC account 925	1.31	-	(252,587)	252,587	-	252,153	(252,153)
16. To reflect representative level of off-system sales margins	1.32	(7,573,222)	-	(7,573,222)	-	-	-
17. Adjustment to annualize year-end customers	1.40	2,882,415	1,410,942	1,471,473	454,500	260,994	193,506

LOUISVILLE GAS AND ELECTRIC COMPANY

Adjustments to Electric and Gas Operating Revenues, Operating Expenses and Net Operating Income
For the Twelve Months Ended June 30, 2005

		Electric Department			Gas Department		
	Reference Schedule (1)	Operating Revenues (2)	Operating Expenses (3)	Net Operating Income (4)	Operating Revenues (5)	Operating Expenses (6)	Net Operating Income (7)
18. Adjustment to reflect annualized depreciation expenses under current rates	1.41	-	553,054	(553,054)	-	823,816	(823,816)
19. Adjustment to reflect increases in labor and labor related costs	1.42	-	2,336,390	(2,336,390)	-	658,983	(658,983)
20. Adjustment to annualize MISO schedules 16 and 17	1.43	-	2,583,796	(2,583,796)	-	-	-
21. Adjustment to annualize MISO revenue neutrality uplift	1.44	-	12,776,646	(12,776,646)	-	-	-
22. Adjustment to annualize RSG revenues and expenses	1.45	17,126,108	21,334,998	(4,208,890)	-	-	-
23. Adjustment for reclassification of RSG	1.50	(6,727,960)	-	(6,727,960)	-	-	-
24. Adjustment to reflect VDT net shareholder savings	1.60	-	9,240,000	(9,240,000)	-	2,490,000	(2,490,000)
25. Total of above adjustments prior to Value Delivery Surcredit expiration		(21,463,951)	52,133,089	$ (73,597,040)	(280,978,480)	(274,562,654)	$ (6,415,826)
26. Federal and state income taxes corresponding to base revenue and expense adjustments and above adjustments - 39.5500 %	1.70		(29,107,629)	29,107,629		(2,537,459)	2,537,459
27. Federal and state income taxes corresponding to annualization and adjustment of year-end interest expense	1.71		(31,970)	31,970		(182,733)	182,733
28. Prior income tax true-ups and adjustments	1.72		685,806	(685,806)		(28,867)	28,867
29. Tax deduction for manufacturing activities (TDMA) adjustment	1.73		(791,000)	791,000		-	-
30. Total adjustments prior to Value Delivery Surcredit expiration		(21,463,951)	22,888,296	$ (44,352,247)	(280,978,480)	(277,311,713)	$ (3,666,767)
31. Adjusted Net Operating Income prior to Value Delivery Surcredit expiration		860,595,299	771,096,141	$ 89,499,158	93,869,639	79,907,651	$ 13,961,988

LOUISVILLE GAS AND ELECTRIC COMPANY

Adjustments to Electric and Gas Operating Revenues, Operating Expenses and Net Operating Income
For the Twelve Months Ended June 30, 2005

		Electric Department			Gas Department		
	Reference Schedule (1)	Operating Revenues (2)	Operating Expenses (3)	Net Operating Income (4)	Operating Revenues (5)	Operating Expenses (6)	Net Operating Income (7)
32. Adjustments for expiration of Value Delivery Surcredit:							
33. Adjustment to remove VDT net shareholder savings	1.60	-	(9,240,000)	9,240,000	-	(2,490,000)	2,490,000
34. Adjustment to remove Value Delivery Surcredit and cost amortization	1.61	6,113,935	(23,806,460)	29,920,395	1,691,828	(6,328,300)	8,020,128
35. Total of above adjustments for expiration of Value Delivery Surcredit		6,113,935	(33,046,460)	$ 39,160,395	1,691,828	(8,818,300)	$ 10,510,128
36. Federal and state income taxes corresponding to base revenue and expense adjustments and above adjustments - 39.5500 %	1.70		15,487,936	(15,487,936)		4,156,756	(4,156,756)
37. Total adjustments for expiration of Value Delivery Surcredit		6,113,935	(17,558,524)	$ 23,672,459	1,691,828	(4,661,544)	$ 6,353,372
38. Adjusted Net Operating Income for expiration of Value Delivery Surcredit		866,709,234	753,537,617	$ 113,171,617	95,561,467	75,246,107	$ 20,315,360

LOUISVILLE GAS AND ELECTRIC COMPANY
ELECTRIC UTILITY REVENUES AND EXPENSES
JUNE 30, 2005

	CURRENT MONTH		YEAR TO DATE		YEAR ENDED CURRENT MONTH	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
Residential Sales	27,252,505.55	29,648,615.82	121,331,845.84	111,766,198.67	250,344,741.42	238,231,776.10
Small Commercial and Industrial Sales	10,631,908.77	9,133,076.35	45,335,766.34	41,526,144.78	92,558,971.42	85,317,805.43
Large Commercial Sales	13,902,523.74	10,810,283.29	60,045,232.95	52,308,214.90	121,012,272.67	107,921,884.14
Large Industrial Sales	12,011,207.59	10,942,763.37	61,413,627.31	55,234,486.81	125,937,326.21	114,325,387.25
Public Street and Highway Lighting	480,091.46	503,542.92	3,359,527.95	3,071,292.98	6,749,979.29	6,154,770.76
Other Sales to Public Authorities	6,322,043.46	5,341,702.38	27,726,203.83	25,695,163.99	57,835,583.60	53,598,945.02
Rate Refunds	-	1,717,373.18	-	(2,308,131.10)	(9,109,945.39)	(3,394,134.05)
Total Electric Revenue - Ultimate Consumers	70,600,280.57	68,097,357.31	319,212,204.22	287,293,371.03	645,328,929.22	602,156,434.65
Sales for Resale	8,705,088.80	6,757,345.67	83,818,722.62	63,123,406.54	144,806,511.20	116,972,487.26
Intercompany Sales for Resale	7,568,078.78	2,597,254.58	47,022,917.64	31,816,288.29	77,412,483.56	58,870,582.49
Brokered Revenues	1,948,897.72	1,932,911.59	5,383,266.20	5,997,142.73	11,015,393.33	16,170,913.04
Intercompany Brokered Revenues	-	-	-	37,492.12	9,027.05	45,010.19
Brokered Purchases	(1,788,876.66)	(1,708,126.00)	(5,060,560.17)	(6,157,894.86)	(11,332,496.73)	(29,180,398.67)
Forfeited Discounts	101,867.19	104,734.91	737,357.05	625,756.10	1,834,718.76	1,650,634.87
Miscellaneous Service Revenue	128,476.95	82,419.35	573,564.50	394,730.75	1,181,667.35	824,579.45
Rent from Electric Property	312,488.55	362,988.27	1,399,410.21	1,267,934.03	2,791,729.38	2,824,443.99
Other Electric Revenue	547,694.40	894,797.64	4,089,607.00	6,416,122.47	9,011,287.02	12,736,561.83
Total Electric Operating Revenue	88,123,996.30	79,121,683.32	457,176,489.27	390,814,349.20	882,059,250.14	783,071,249.10
Fuel	20,633,394.38	16,529,112.92	115,573,341.30	96,620,341.78	220,796,656.08	194,921,168.58
Operation Expenses	3,782,312.14	3,154,414.06	22,930,514.08	20,503,118.70	45,943,142.14	44,133,205.04
Maintenance	3,334,149.25	2,784,005.89	19,346,131.11	17,146,973.04	39,550,302.93	33,894,886.21
Rents	4,271.00	4,271.00	25,626.00	25,626.00	51,252.00	51,252.00
Total Steam Power Generation Expenses	27,754,126.77	22,471,803.87	157,875,612.49	134,296,059.52	306,341,353.15	273,000,511.83
Operation Expenses	49,636.56	41,793.50	348,890.49	235,266.07	630,621.29	420,389.42
Maintenance	11,578.61	100,733.91	266,561.12	599,069.51	1,032,614.35	1,219,820.33
Rents	26,815.88	14,328.35	150,339.26	159,473.31	244,080.79	311,656.50
Total Hydraulic Generation Expenses	88,031.05	156,855.76	765,790.87	993,808.89	1,907,316.43	1,951,866.25
Fuel	7,667,065.34	815,001.72	12,201,972.60	3,518,372.94	13,931,655.84	6,428,848.70
Operation Expenses	26,338.64	10,653.45	142,872.66	73,749.67	259,215.33	(311,227.31)
Maintenance	53,156.67	64,931.77	523,609.58	137,120.67	1,201,356.09	(384,267.00)
Rents	2,497.00	2,497.00	14,982.00	14,982.00	29,964.00	29,964.00
Total Other Power Generation Expenses	7,749,057.65	893,083.94	12,883,436.84	3,744,225.28	15,422,191.26	5,763,318.39
Purchased Power	9,834,545.72	5,516,584.85	67,203,455.89	46,233,442.61	113,016,791.65	84,413,690.26
Brokered Purchases	-	-	-	-	-	(14,993,587.99)
System Control and Load Dispatch	6,513.80	99,699.68	65,697.91	608,252.96	623,393.43	1,156,157.56
Other Expenses	(5,679,697.46)	255.00	(7,337,687.88)	2,414.26	(7,335,582.95)	15,942.50
Other Credits	(176,173.40)	(230,926.16)	(1,167,743.52)	(1,374,205.84)	(2,332,320.26)	(2,725,991.16)
Total Other Power Supply Expenses	3,985,188.66	5,385,613.37	58,763,722.40	45,469,903.99	103,972,281.87	67,866,211.17
Total Power Production Expenses	39,576,404.13	28,907,356.94	230,288,562.60	184,503,997.68	427,643,142.71	348,581,907.64

LOUISVILLE GAS AND ELECTRIC COMPANY
ELECTRIC UTILITY REVENUES AND EXPENSES
JUNE 30, 2005

	CURRENT MONTH		YEAR TO DATE		YEAR ENDED CURRENT MONTH	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
Operation Expenses	615,251.03	1,534,798.55	7,222,891.29	12,774,154.35	17,785,266.42	26,348,357.79
Maintenance	166,164.18	125,731.50	788,477.64	433,276.43	1,578,470.40	1,254,858.36
Rents	2,770.25	2,770.25	33,587.99	33,587.62	51,039.49	68,553.83
Total Transmission Expenses	784,185.46	1,663,300.30	8,044,956.92	13,241,018.40	19,414,776.31	27,671,769.98
Operation Expenses	1,374,287.70	(841,354.21)	7,263,343.82	14,784,954.42	12,423,363.28	23,373,743.62
Maintenance	1,102,049.25	1,370,664.81	5,604,476.92	4,868,252.04	20,142,248.53	8,219,187.82
Rents	100.00	7,637.38	4,996.77	11,666.21	11,774.37	15,614.02
Total Distribution Expenses	2,476,436.95	536,947.98	12,872,817.51	19,664,872.67	32,577,386.18	31,608,545.46
Total Production, Transmission, Distribution Exp	42,837,026.54	31,107,605.22	251,206,337.03	217,409,888.75	479,635,305.20	407,862,223.08
Provision for Uncollectible Accounts	(12,412.63)	157,833.52	439,313.36	454,451.62	760,825.96	3,769,291.46
Other Customer Accounts Expenses	658,366.09	526,980.05	3,738,321.84	3,124,817.50	7,537,002.40	6,816,960.90
Rents	-	-	-	-	-	-
Total Customer Accounts Expenses	645,953.46	684,813.57	4,177,635.20	3,579,269.12	8,297,828.36	10,586,252.36
Total Customer Service and Information Exp	365,789.60	495,353.25	2,022,198.72	2,402,574.49	4,290,453.13	4,850,678.92
Total Sales Expenses	-	19,439.52	815.24	124,183.00	125,033.07	213,409.73
Other Administrative and General Expenses	7,248,227.94	8,415,597.77	39,222,585.04	40,862,392.87	72,280,561.21	76,165,795.14
Maintenance	375,184.37	39,042.56	2,049,391.61	105,408.49	5,131,314.34	2,065,249.72
Rents	83,339.33	70,626.43	493,435.74	423,758.58	946,823.67	423,758.58
Total Administrative and General Exp	7,706,751.64	8,525,266.76	41,765,412.39	41,391,559.94	78,358,699.22	78,654,803.44
Total Operation Expenses	46,513,238.91	36,347,367.88	270,593,750.60	241,617,375.12	502,071,012.34	455,897,632.09
Total Maintenance Exp	5,042,282.33	4,485,110.44	28,578,647.98	23,290,100.18	68,636,306.64	46,269,735.44
Total Electric Operating Expenses	51,555,521.24	40,832,478.32	299,172,398.58	264,907,475.30	570,707,318.98	502,167,367.53
Depreciation	8,257,673.87	7,683,752.26	50,659,648.02	46,146,708.23	101,403,679.98	91,294,203.12
Depreciation for Asset Retirement Costs	10,762.59	9,772.81	64,575.54	136,423.64	127,177.37	195,060.50
Amortization Exp	518,586.68	226,556.15	2,459,409.75	1,338,511.65	4,200,691.03	3,565,933.02
Regulatory Credits	(69,175.59)	(64,561.81)	(416,047.37)	(465,157.64)	(806,389.37)	(832,140.50)
Federal Income Taxes	17,887,461.40	9,963,230.44	32,494,800.72	15,562,518.77	48,794,262.46	31,565,617.38
State Income Taxes	3,850,595.41	3,658,827.31	6,995,788.23	5,947,938.65	12,532,490.26	11,802,382.44
Deferred Federal Income Taxes - Net	(3,282,786.73)	563,773.14	(6,528,993.46)	3,140,937.22	632,902.65	15,219,023.17
Deferred State Income Taxes - Net	(501,015.35)	(849,194.62)	(1,222,775.70)	(931,944.61)	(347,272.30)	569,932.20
Federal Income Taxes - Estimated	(7,718,868.47)	(2,241,389.02)	-	-	-	-
State Income Taxes - Estimated	(1,960,347.54)	(595,812.26)	-	-	-	-
Property and Other Taxes	1,375,086.31	1,331,225.24	7,963,279.76	7,685,919.26	14,401,268.18	14,485,787.78
Investment Tax Credit	-	-	-	-	-	-
Amortization of Investment Tax Credit	(327,517.78)	(1,001,374.87)	(1,954,923.57)	(2,662,363.76)	(3,250,233.06)	(4,665,113.46)
Gain from Disposition of Allowances	-	-	(867,263.24)	(347,605.08)	(867,263.24)	(347,605.08)
Accretion Expense	58,413.00	54,789.00	350,478.00	328,734.00	679,212.00	637,080.00
Total Electric Operating Expense and Taxes	69,654,389.04	59,572,072.09	389,170,375.26	340,788,095.63	748,207,844.94	665,657,528.10
Net Operating income - Electric	18,469,607.26	19,549,611.23	68,006,114.01	50,026,253.57	133,851,405.20	117,413,721.00

LOUISVILLE GAS AND ELECTRIC COMPANY
GAS UTILITY REVENUES AND EXPENSES
JUNE 30, 2005

	CURRENT MONTH		YEAR TO DATE		YEAR ENDED CURRENT MONTH	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
Residential Sales	7,194,823.74	6,226,683.93	134,341,070.26	128,222,923.65	228,691,652.40	214,914,167.72
Commercial Sales	3,081,444.99	2,960,233.47	53,191,690.03	51,318,643.53	90,647,075.65	85,742,003.19
Industrial Sales	873,663.62	770,517.08	8,547,166.01	8,014,567.77	15,810,011.56	14,530,916.91
Other Sales to Public Authorities	499,434.30	277,460.32	8,808,655.35	8,948,603.72	15,393,305.61	15,055,476.58
Total Gas Revenue - Ultimate Customers	11,649,366.65	10,234,894.80	204,888,581.65	196,504,738.67	350,542,045.22	330,242,564.40
Sales for Resale	3,580,680.64	-	15,957,703.00	6,754,386.71	16,398,103.00	13,312,253.16
Forfeited Discounts	77,201.93	58,651.56	1,062,503.44	1,030,958.13	1,440,669.33	1,390,606.36
Transportation Revenue	335,602.28	366,983.93	2,866,339.56	3,190,135.65	5,816,439.20	5,904,868.94
Miscellaneous Service Revenue	6,150.00	3,459.50	31,460.00	19,702.50	56,389.50	41,523.25
Rent from Gas Property	30,983.76	30,983.76	185,902.56	185,902.56	377,830.12	371,805.12
Interdepartmental Rents	8,939.00	8,939.00	53,634.00	53,634.00	107,268.00	107,268.00
Other Gas Revenue	39,615.37	3,014.44	90,841.25	(379,326.52)	109,374.69	42,861.42
Total Gas Operating Revenues	15,728,539.63	10,706,926.99	225,136,965.46	207,360,131.70	374,848,119.06	351,413,750.65
Purchased Gas	17,437,474.78	15,273,564.30	117,971,121.85	118,615,000.16	283,240,632.11	272,002,169.67
Other Operation Expenses	52,915.60	48,306.00	312,103.01	280,433.79	646,173.03	654,485.79
Gas from Storage	6,550.04	4,313.67	63,135,694.23	56,456,630.94	78,929,470.52	69,586,742.90
Gas to Storage - Credit	(5,921,825.32)	(8,363,087.09)	(5,921,825.32)	(8,711,437.86)	(80,050,317.80)	(70,829,165.63)
Other Credits	(506,724.24)	(600,620.27)	(3,692,544.25)	(3,186,393.48)	(6,172,339.43)	(5,239,272.77)
Gas Used in Electric Generation - Credit	(750,643.62)	(133,253.80)	(756,235.90)	(1,706,857.48)	(1,279,599.26)	(2,896,943.15)
Total Gas Supply Expenses	10,317,747.24	6,229,222.81	171,048,313.62	161,747,376.07	275,314,019.17	263,278,016.81
Operation Expenses	581,807.03	399,307.99	3,416,058.49	2,552,149.63	7,468,618.82	4,635,107.29
Maintenance	300,257.35	184,723.09	953,535.46	692,566.48	2,227,737.92	1,693,519.91
Rents	425.95	4,368.63	51,581.36	43,939.76	97,827.98	85,614.10
Total Storage Expenses	882,490.33	588,399.71	4,421,175.31	3,288,655.87	9,794,184.72	6,414,241.30
Operation Expenses	35,365.47	33,259.23	205,876.82	189,460.82	492,166.37	501,149.47
Maintenance	17,107.23	8,890.74	86,553.35	111,712.13	542,777.95	347,629.72
Rents	(32,600.00)	-	2,388.13	5,018.54	3,765.50	8,261.05
Total Transmission Expenses	19,872.70	42,149.97	294,818.30	306,191.49	1,038,709.82	857,040.24

LOUISVILLE GAS AND ELECTRIC COMPANY
GAS UTILITY REVENUES AND EXPENSES
JUNE 30, 2005

	CURRENT MONTH		YEAR TO DATE		YEAR ENDED CURRENT MONTH	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
Operation Expenses	571,781.09	721,091.50	3,371,616.01	3,502,518.77	6,986,063.65	7,191,713.95
Maintenance	517,092.40	463,472.21	3,225,687.49	2,688,294.94	6,399,280.76	5,414,360.71
Rents	7,977.10	-	12,130.84	3,483.33	19,040.84	5,269.13
Total Distribution Expenses	1,096,850.59	1,184,563.71	6,609,434.34	6,194,297.04	13,404,385.25	12,611,343.79
Total Supply, Storage, Transmission, and Distrib.	12,316,960.86	8,044,336.20	182,373,741.57	171,536,520.47	299,551,298.96	283,160,642.14
Provision for Uncollectible Accounts	65,099.75	81,291.95	377,352.10	234,095.21	795,667.49	1,391,967.92
Other Customer Accounts Expenses	529,388.87	421,685.33	3,030,663.64	2,539,616.25	6,146,457.76	5,516,544.87
Rents	-	-	-	-	-	-
Total Customer Accounts Expenses	594,488.62	502,977.28	3,408,015.74	2,773,711.46	6,942,125.25	6,908,512.79
Total Customer Service and Information Expense	205,408.14	61,966.09	1,135,802.45	927,917.73	1,873,814.76	1,461,921.98
Total Sales Expense	-	10,014.91	871.63	63,920.68	65,365.95	100,651.77
Other Administrative and General Expense	1,677,310.44	2,033,112.27	9,574,837.25	10,091,544.11	17,646,562.01	19,525,520.46
Maintenance	127,876.36	9,079.07	703,302.50	24,414.06	1,717,140.19	669,293.35
Rents	23,505.96	19,920.28	139,174.18	119,521.68	267,052.81	119,521.68
Total Administrative and General Expenses	1,828,692.76	2,062,111.62	10,417,313.93	10,235,479.85	19,630,755.01	20,314,335.49
Total Operation Expenses	13,983,217.04	10,015,240.99	192,366,666.52	182,020,562.58	317,176,423.11	303,821,260.48
Total Maintenance Expenses	962,333.34	666,165.11	4,969,078.80	3,516,987.61	10,886,936.82	8,124,803.69
Total Gas Operating Expenses	14,945,550.38	10,681,406.10	197,335,745.32	185,537,550.19	328,063,359.93	311,946,064.17
Depreciation	1,296,285.56	1,301,901.53	8,177,186.30	7,790,718.92	15,965,682.55	15,523,361.44
Amortization Expense	172,862.22	75,418.72	649,408.19	446,170.56	1,229,835.29	1,188,644.33
Federal Income Taxes	(624,229.92)	(1,845,285.05)	5,057,244.42	2,488,028.96	5,897,065.19	10,092,560.83
State Income Taxes	(147,082.95)	(426,656.01)	1,061,899.23	734,027.83	2,200,891.87	2,703,592.38
Deferred Federal Income Taxes - Net	(531,862.86)	67,168.85	(982,680.72)	251,431.98	(173,919.85)	(6,283,327.06)
Deferred State Income Taxes - Net	160,689.01	(15,273.09)	89,832.02	(454.06)	(652,948.71)	(1,663,972.17)
Federal Income Taxes - Estimated	329,054.03	1,004,059.41	-	-	-	-
State Income Taxes - Estimated	83,569.28	266,901.87	-	-	-	-
Property and Other Taxes	451,826.09	406,630.28	2,626,530.44	2,453,866.73	4,848,916.26	4,530,130.45
Amortization of Investment Tax Credit	(17,199.58)	(49,574.67)	(96,023.22)	(131,677.41)	(159,518.48)	(230,826.86)
Total Gas Operating Expenses and Taxes	16,119,461.26	11,466,697.94	213,919,141.98	199,569,663.70	357,219,364.05	337,806,227.51
Net Operating Income - Gas	(390,921.63)	(759,770.95)	11,217,823.48	7,790,468.00	17,628,755.01	13,607,523.14

LOUISVILLE GAS AND ELECTRIC COMPANY

Capitalization at June 30, 2005

	Per Books 6-30-05 (1)	Capital Structure (2)	Rate Base Percentage (Exhibit 3 Line 24) (3)	Capitalization (Col 1 x Col 3) (4)	Adjustments to Capitalization (Col 7, Pg 2) (5)	Adjusted Capitalization (6)	Adjusted Capital Structure (7)	Annual Cost Rate (8)	Cost of Capital (Col 8 x Col 7) (9)
ELECTRIC									
1. Short Term Debt	$ 20,755,000	1.08%	82.06%	$ 17,031,553	$ (299,536)	$ 16,732,017	1.08%	3.060%	0.03%
2. Long Term Debt	821,804,000	42.90%	82.06%	674,372,362	(11,898,219)	662,474,143	42.90%	4.102%	1.76%
3. Preferred Stock	70,424,594	3.68%	82.06%	57,790,422	(1,020,640)	56,769,782	3.68%	4.296%	0.16%
4. Common Equity	1,002,599,354	52.34%	82.06%	822,733,030	(14,516,380)	808,216,650	52.34%	10.000% - 10.500% - 11.000%	5.23% - 5.50% - 5.76%
5. Total Capitalization	$ 1,915,582,948	100.00%		$ 1,571,927,367	$ (27,734,775)	$ 1,544,192,592	100.00%		7.18% - 7.45% - 7.71%
GAS									
1. Short Term Debt	$ 20,755,000	1.08%	17.94%	$ 3,723,447	$ 17,009	$ 3,740,456	1.08%	3.060%	0.03%
2. Long Term Debt	821,804,000	42.90%	17.94%	147,431,638	675,645	148,107,283	42.90%	4.102%	1.76%
3. Preferred Stock	70,424,594	3.68%	17.94%	12,634,172	57,957	12,692,129	3.68%	4.296%	0.16%
4. Common Equity	1,002,599,354	52.34%	17.94%	179,866,324	824,319	180,690,643	52.34%	10.000% - 10.500% - 11.000%	5.23% - 5.50% - 5.76%
5. Total Capitalization	$ 1,915,582,948	100.00%		$ 343,655,581	$ 1,574,930	$ 345,230,511	100.00%		7.18% - 7.45% - 7.71%

LOUISVILLE GAS AND ELECTRIC COMPANY

Capitalization at June 30, 2005

	Capitalization (Col 4, Pg 1) (1)	Capital Structure (2)	Trimble County Inventories (a) (Col 2 x Col 3 Line 5) (3)	Investments in OVEC (Col 2 x Col 4 Line 5) (4)	JDIC (Col 2 x Col 5 Line 5) (5)	Environmental Surcharge Post '95 Plan (Col 2 x Col 6 Line 5) (6)	Total Adjustments To Capital (7)
ELECTRIC							
1. Short Term Debt	$ 17,031,553	1.08%	$ (23,870)	$ (6,418)	$ 459,523	$ (728,771)	$ (299,536)
2. Long Term Debt	674,372,362	42.90%	(948,172)	(254,949)	18,253,286	(28,948,384)	(11,898,219)
3. Preferred Stock	57,790,422	3.68%	(81,335)	(21,870)	1,565,783	(2,483,218)	(1,020,640)
4. Common Equity	822,733,030	52.34%	(1,156,814)	(311,049)	22,269,860	(35,318,377)	(14,516,380)
5. Total Capitalization	$ 1,571,927,367	100.00%	$ (2,210,191)	$ (594,286)	$ 42,548,452	$ (67,478,750)	$ (27,734,775)
GAS							
1. Short Term Debt	$ 3,723,447	1.08%	$ -	$ -	$ 17,009	$ -	$ 17,009
2. Long Term Debt	147,431,638	42.90%	-	-	$ 675,645	-	$ 675,645
3. Preferred Stock	12,634,172	3.68%	-	-	$ 57,957	-	$ 57,957
4. Common Equity	179,866,324	52.34%	-	-	$ 824,319	-	$ 824,319
5. Total Capitalization	$ 343,655,581	100.00%	$ -	$ -	$ 1,574,930	$ -	$ 1,574,930

(a) Trimble County Inventories @ 6/30/05

Stores	$ 3,697,411
Stores Expense	611,056
Coal	4,247,845
Limestone	126,240
Fuel Oil	153,671
Emission Allowances	4,542
Total Trimble County Inventories	$ 8,840,765
Multiplied by Disallowed Portion	25.00%
Trimble County Inv. Disallowed	$ 2,210,191

LOUISVILLE GAS AND ELECTRIC COMPANY
ANALYSIS OF THE EMBEDDED COST OF CAPITAL AT
June 30, 2005

LONG-TERM DEBT

	Due	Rate	Principal	Annualized Cost: Interest	Amortized Debt Issuance Expense	Premium	Amortized Loss-Reaquired Debt	Total	Embedded Cost
Pollution Control Bonds - SECURED:									
Series S	09/01/17	2.7476% *	31,000,000	851,756	12,552	-	11,472	875,780	2.830
Series T	09/01/17	2.5000% *	60,000,000	1,500,000	16,608	-	102,972	1,619,580	2.700
Series U	08/15/13	2.9100% *	35,200,000	1,024,320	11,700	-	21,912	1,057,932	3.010
Series Y - 2000 A JC	05/01/27	2.7000% *	25,000,000	675,000	23,808	-	81,024	779,832	3.120
Series Z - 2000 A TC	08/01/30	2.9770% *	83,335,000	2,480,883	38,280	-	143,688	2,662,851	3.200
Series AA - 2001 A JC	09/01/27	2.4033% *	10,104,000	242,829	19,836	-	-	262,665	2.600
Series BB - 2001 A JC	09/01/28	2.5500% *	22,500,000	573,750	9,876	-	77,424	661,050	2.940
Series CC - 2001 A TC	09/01/28	2.5500% *	27,500,000	701,250	10,740	-	65,400	777,390	2.830
Series DD - 2001 B JC	11/01/27	2.6000% *	35,000,000	910,000	10,944	-	49,044	969,988	2.770
Series EE - 2001 B TC	11/01/27	2.6000% *	35,000,000	910,000	10,944	-	48,864	969,808	2.770
Series FF - 2002 A TC	10/01/32	3.0140% *	41,665,000	1,255,783	36,840	-	55,812	1,348,435	3.240
Series GG - 2003 A JC	10/01/33	2.8840% *	128,000,000	3,435,520	112,956	-	190,308	3,738,784	2.920
Series HH - 2005 A JC	02/01/35	2.2620% *	40,000,000	904,800	25,656	-	46,980	977,436	2.440
Called Bonds			-	-	-	-	126,828 2	126,828	-
Interest Rate Swaps:									
JP Morgan Chase Bank	11/01/20	1		2,581,136	-	-	-	2,581,136	
Morgan Stanley Capital Services	10/01/33	1		493,232	-	-	-	493,232	
Morgan Stanley Capital Services	10/01/33	1		489,392	-	-	-	489,392	
Bank of America	10/01/33	1		505,392	-	-	-	505,392	
Wachovia	10/01/33	1		490,352	-	-	-	490,352	
Notes Payable to Fidelia Corp.	04/30/13	4.55%	100,000,000	4,550,000	-	-	-	4,550,000	4.550
Notes Payable to Fidelia Corp.	08/15/13	5.31%	100,000,000	5,310,000	-	-	-	5,310,000	5.310
Notes Payable to Fidelia Corp.	01/16/12	4.33%	25,000,000	1,082,500	-	-	-	1,082,500	4.330
Mandatorily Redeemable Preferred Stock:									
$5.875 Series	07/15/08	5.8750%	22,500,000	1,321,875	56,844	-	-	1,378,719	6.128
		Total	821,804,000	32,289,770	397,584	-	1,021,728	33,709,082	4.102%

PREFERRED STOCK

	Rate	Principal	Annualized Cost: Expense	Premium/ Discount	Gain	Adjusted Principal	Dividends	Embedded Cost
5% Series	5.0000%	21,507,175	-	-	5,699	21,512,874	1,075,359	4.999
Auction Rate	3.9000%	50,000,000	(1,088,280)	-	-	48,911,720	1,950,000	3.987
	Total	71,507,175	(1,088,280)	-	5,699	70,424,594	3,025,359	4.296%

SHORT TERM DEBT

	Maturity	Rate	Principal	Annualized Cost: Interest	Expense	Premium	Loss	Total	Embedded Cost
Notes Payable to Associated Company	NA	3.060% *	20,755,000	635,103	-	-	-	635,103	3.060
		Total	20,755,000	635,103	-	-	-	635,103	3.060%

* Composite rate at end of current month.

1 Additional interest due to Swap Agreements:

Underlying Debt Being Hedged	Notional Amount	Expiration of Swap Agreement		Fixed LG&E Swap Position	Variable Counterparty Swap Position
Series Z - PCB	83,335,000	11/01/20	To Pay:	5.495%	BMA Index
Series GG - PCB	32,000,000	10/01/33	To Pay:	3.657%	68% of 1 mo LIBOR
Series GG - PCB	32,000,000	10/01/33	To Pay:	3.645%	68% of 1 mo LIBOR
Series GG - PCB	32,000,000	10/01/33	To Pay:	3.695%	68% of 1 mo LIBOR
Series GG - PCB	32,000,000	10/01/33	To Pay:	3.648%	68% of 1 mo LIBOR
	211,335,000				

2 Call premium and debt expense is being amortized over the remaining life of bonds due 10/1/09 and 6/1/15

Distribution:

____Scott Williams
____Sean Purser
____Don Harris
____Stephanie Pryor
____Elliott Horne
____Doug Leichty
____Rhonda Anderson
____Chris Garrett
____David Cummings
____Buddy Ray
____Lynda Clark
____Tom Bush

PREPARED BY: _____ Date: _____

REVIEWED BY: _____ Date: _____

LOUISVILLE GAS AND ELECTRIC COMPANY
COMPARATIVE BALANCE SHEETS AS OF JUNE 30, 2005 AND 2004

ASSETS AND OTHER DEBITS	THIS YEAR	LAST YEAR
Utility Plant		
Utility Plant at Original Cost	3,966,774,420.73	3,857,231,235.57
Less Reserves for Depreciation & Amortization	1,675,604,792.68	1,584,303,495.89
Total	2,291,169,628.05	2,272,927,739.68
Investments - At Cost		
Ohio Valley Electric Corporation	594,286.00	490,000.00
Investments in LG&E-R	-	-
Nonutility Property-Less Reserve	17,337.47	17,337.47
Other	-	-
Total	611,623.47	507,337.47
Current and Accrued Assets		
Cash	4,369,362.07	7,392,971.38
Special Deposits	13,468,392.08	6,531,487.04
Temporary Cash Investments	50,013.16	84.90
Accounts Receivable-Less Reserve	138,002,087.34	114,131,141.97
Notes Receivable from Assoc. Companies	-	-
Notes Receivable from LG&E-R	-	-
Accounts Receivable from Assoc Companies	14,837,162.74	7,526,841.38
Materials & Supplies-At Average Cost		
Fuel	27,612,974.32	32,843,286.12
Plant Materials & Operating Supplies	23,168,872.53	22,417,856.20
Stores Expense	3,800,102.35	3,667,465.62
Gas Stored Underground	19,332,208.83	21,794,863.84
Allowance Inventory	27,322.89	41,711.36
Prepayments	2,275,407.24	2,332,204.03
Miscellaneous Current & Accrued Assets	970,386.85	607,471.92
Total	247,914,292.40	219,287,385.76
Deferred Debits and Other		
Unamortized Debt Expense	8,418,249.07	8,653,483.03
Unamortized Loss on Bonds	21,155,770.03	20,802,357.75
Accumulated Deferred Income Taxes	72,236,029.60	88,419,307.25
Deferred Regulatory Assets	87,719,310.44	108,617,105.07
Other Deferred Debits	54,655,661.32	68,933,568.53
Total	244,185,020.46	295,425,821.63
Total Assets and Other Debits	2,783,880,564.38	2,788,148,284.54

LIABILITIES AND OTHER CREDITS	THIS YEAR	LAST YEAR
Capitalization		
Common Stock	425,170,424.09	425,170,424.09
Common Stock Expense	(835,888.64)	(835,888.64)
Paid-In Capital	40,000,000.00	40,000,000.00
Other Comprehensive Income	(17,190,554.00)	(6,058,992.60)
Retained Earnings	555,455,372.62	516,856,057.71
Total Common Equity	1,002,599,354.07	975,131,600.56
Preferred Stock	70,424,594.05	70,424,594.05
First Mortgage Bonds	574,304,000.00	574,304,000.00
Mandatory Redeemable Preferred Stock	21,250,000.00	22,500,000.00
LT Notes Payable to Associated Companies	225,000,000.00	225,000,000.00
Total Capitalization	1,893,577,948.12	1,867,360,194.61
Current and Accrued Liabilities		
Long-Term Debt Due in 1 Year	1,250,000.00	1,250,000.00
ST Notes Payable to Associated Companies	-	50,000,000.00
Notes Payable to Associated Companies	20,755,000.00	25,950,000.00
Notes Payable	-	-
Accounts Payable	63,982,882.66	76,261,438.03
Accounts Payable to Associated Companies	60,799,844.82	35,133,266.08
Customer Deposits	16,243,815.87	11,015,150.24
Taxes Accrued	7,799,482.98	10,694,304.46
Interest Accrued	5,237,549.36	5,794,029.13
Dividends Declared	756,339.69	487,591.87
Misc. Current & Accrued Liabilities	7,540,054.74	4,474,142.70
Total	184,364,970.12	221,059,922.51
Deferred Credits and Other		
Accumulated Deferred Income Taxes	413,148,653.83	451,967,654.53
Investment Tax Credit	44,125,485.36	47,535,236.90
Regulatory Liabilities	54,395,197.38	41,371,191.19
Customer Advances for Construction	9,680,379.52	10,344,025.73
Asset Retirement Obligations	10,616,823.08	10,064,210.50
Other Deferred Credits	50,950,022.76	33,027,681.23
Misc. Long-Term Liabilities	61,514,995.22	47,341,991.78
Accum Provision for Post-Retirement Benefits	61,506,088.99	58,076,175.56
Total	705,937,646.14	699,728,167.42
Total Liabilities and Other Credits	2,783,880,564.38	2,788,148,284.54

LOUISVILLE GAS AND ELECTRIC COMPANY
TRIAL BALANCE - GENERAL LEDGER
JUNE 30, 2005

Account - Subsidiary Account	Balance Subsidiary Account	Balance as Shown On Balance Sheet
DIVIDENDS DECLARED		756,339.69
Louisville Gas and Electric Company		
Preferred		
$25 par value		
5% Series	268,839.69	
Without par value		
Auction Rate	487,500.00	
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES		7,540,054.74
Customer Overpayments	2,244,760.39	
Vacation Pay Accrued	4,237,774.10	
Derivative Liabilities - Non-Hedging	971,929.96	
Other	85,590.29	
CUSTOMERS' ADVANCES FOR CONSTRUCTION		9,680,379.52
Line Extensions		
Electric	540,939.34	
Gas	9,139,440.18	
ASSET RETIREMENT OBLIGATIONS	10,616,823.08	10,616,823.08
OTHER DEFERRED CREDITS		50,950,022.76
Other Deferred Credits	40,023,335.97	
Clearing Accounts Transferred from Other Deferred Debits	10,926,686.79	
REGULATORY LIABILITIES		54,395,197.38
Asset Retirement Obligations	155,363.63	
Deferred Taxes		
Federal		
Electric	30,552,778.75	
Gas	2,519,929.50	
State		
Electric	18,802,644.00	
Gas	2,364,481.50	
INVESTMENT TAX CREDIT		44,125,485.36
Investment Tax Credit (prior law)		
Electric	2,103.03	
Job Development Credit		
Electric	42,548,451.73	
Gas	1,574,930.60	
ACCUMULATED DEFERRED INCOME TAXES		413,148,653.83
Federal		
Electric	304,231,945.00	
Gas	48,475,617.51	
State		
Electric	52,209,322.34	
Gas	8,231,768.98	
MISCELLANEOUS LONG-TERM LIABILITIES		61,514,995.22
Pension Payable	53,197,568.00	
Workers' Compensation	4,124,912.22	
Post Employment Benefits - FAS 112	4,192,515.00	
ACCUMULATED PROVISION FOR BENEFITS		61,506,088.99
Post Retirement Benefits - FAS 106	61,506,088.99	
Total Liabilities and Other Credits	2,783,880,564.38	2,783,880,564.38

Leichty, Doug

From: Williams, Scott
Sent: Tuesday, August 30, 2005 9:07 AM
To: Leichty, Doug
Cc: Conroy, Robert
Subject: June TC

Doug, here is the updated June 30, 2005 numbers for Trimble County to be used in capitalization adjustment for LG&E.

Materials and Supplies	$3,697,411
Stores expense	611,056
Coal	4,247,845
Limestone	126,240
Oil	153,671
Emission allowances	4,542
Total	8,840,765
Disallowed %	.25
Adjusted amount	$2,210,191

ES FORM 2.00

LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT
Revenue Requirements of Environmental Compliance Costs
For the Expense Month of June 2005

Determination of Environmental Compliance Rate Base

	Environmental Compliance Plan	
Eligible Pollution Control Plant	$213,430,222	
Eligible Pollution CWIP Excluding AFUDC	$6,883,086	
Inventory-Emission Allowances per Form 2.31	$0	
Cash Working Capital Allowance	$98,329	
Deferred Debit Balance-Mill Creek Ash Dredging	$0	
Subtotal		$220,411,636
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	$11,631,262	
Pollution Control Deferred Income Taxes	$3,608,100	
Pollution Control Deferred Investment Tax Credit	$0	
Subtotal		$15,239,362
Environmental Compliance Rate Base		**$205,172,274**

Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	$156,142
Monthly Depreciation & Amortization Expense	$543,738
Monthly Property & Other Applicable Taxes	$25,972
Monthly Insurance Expense	$0
Monthly Emission Allowance Expense	$0
Monthly Permitting Fees	$0
Amortization of Mill Creek Ash Dredging	
Less : Reduction of O&M Expenses associated with 2003 Compliance Plan	$22,593
Less : Operating Expenses Associated with Retirements or Replacements	
Occuring Since Last Roll-In of Surcharge into Existing Rates	
Total Pollution Control Operations Expense	**$703,259**

Proceeds From By-Product and Allowance Sales

	Gross Proceeds	Sales Expenses	Net Proceeds
Allocated Allowance from EPA	($223,921)	$0	($223,921)
Scrubber By-Products Sales	$0	$0	$0
Total Proceeds from Sales	($223,921)	$0	**($223,921)**

True-up Adjustment: Over/Under Recovery of Monthly Surcharge Due to Timing Differences

A. MESF for April Expense Month	1.47%
B. Net Jurisdictional E(m) for April Expense Month	2,050,994
C. Environmental Surcharge Revenue, current month (from Form 3.00)	908,066
D. Retail E(m) recovered through base rates (Base Revenues, Form 3.0 times 2.38%)	**1,051,888**
E. Over/(Under) Recovery due to Timing Differences ((D + C) - B)	(91,040)
Over-recoveries will be deducted from the Jurisdictional E(m); under-recoveries will be added to the Jurisdictional E(m)	

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of Revenue Requirement for Roll-In:
Case No. 2003-00236

		1995 Plan	Post-1995 Plan at Feb. 28, 2003	Post-1995 Plan average over Review Period	Capitalization Adjustment
Environmental Compliance Rate Base					
Pollution Control Plant in Service	ES Form 2.0, February 2003	78,836,562	48,298,015	37,142,118	37,142,118
Pollution Control CWIP Excluding AFUDC	ES Form 2.0, February 2003	-	139,632,848	104,557,213	104,557,213
Subtotal		78,836,562	187,930,863	141,699,331	141,699,331
Additions:					
Cash Working Capital Allowance	ES Form 2.0, February 2003	-	12,296	11,705	NA
Subtotal		-	12,296	11,705	-
Deductions:					
Accumulated Depreciation on Pollution Control Plant	ES Form 2.0, February 2003	25,379,814	1,048,106	496,035	496,035
Pollution Control Deferred Income Taxes	ES Form 2.0, February 2003	4,910,473	193,089	108,071	NA
Pollution Control Deferred Investment Tax Credit	ES Form 2.0, February 2003	-	-	-	NA
Subtotal		30,290,287	1,241,195	604,107	496,035
Environmental Compliance Rate Base		48,546,275	186,701,964	141,106,929	141,203,296
Rate of Return -- Environmental Compliance Rate Base	ES Form 1.1, February 2003	5.28%	11.86%	11.86%	
Return on Environmental Compliance Rate Base		2,563,243	22,142,853	16,735,282	
Pollution Control Operating Expenses					
12 Month Depreciation and Amortization Expense	See Support Schedule A	2,754,848	463,018	463,018	
12 Month Taxes Other than Income Taxes	See Support Schedule A	76,676	134,706	134,706	
12 Month Insurance Expense	See Support Schedule A	19,824	-	-	
12 Month Environmental Permitting Fees	See Support Schedule A	810,680	-	-	
12 Month Operating and Maintenance Expense	See Support Schedule A	-	74,086	74,086	
Total Pollution Control Operating Expenses		3,662,028	671,810	671,810	
Gross Proceeds from By-Product & Allowance Sales	See Support Schedule B	216,947			
Total Company Environmental Surcharge Gross Revenue Requirement -- Roll In Amount					
Return on Environmental Compliance Rate Base		2,563,243	22,142,853	16,735,282	
Pollution Control Operating Expenses		3,662,028	671,810	671,810	
Less Gross Proceeds from By-Product & Allowance Sales		(216,947)	-	-	
Roll In Amount		6,008,324	22,814,663	17,407,092	
Jurisdictional Allocation Ratio -- Roll In	See Support Schedule C	82.4013%	82.4013%	82.4013%	
Jurisdictional Revenues for 12 Months for Roll In	See Support Schedule C	569,970,904	569,970,904	569,970,904	
Roll In Jurisdictional Environmental Surcharge Factor:					
Total Company Environmental Surcharge Gross Revenue Requirement -- Roll In Amount		6,008,324	22,814,663	17,407,092	
Jurisdictional Allocation Ratio -- Roll In		82.4013%	82.4013%	82.4013%	
Jurisdictional Environmental Surcharge Gross Revenue Requirement -- *Gross Roll In Amount*		4,950,935	18,799,569	14,343,662	
Less Jurisdictional Environmental Revenue Previously Rolled In (Case No. 2002-193)		4,077,800			
Jurisdictional Environmental *Surcharge Gross Revenue* Requirement -- Net Roll In Amount		873,135		14,343,662	
	BESF	0.1532%	3.2983%	2.5166%	
Total Combined BESF using Average Rate Base for Post 1995 Plan				2.6698%	
Total Combined BESF using February 28, 2003 Rate Base for Post 1995 Plan			3.4515%		

LOUISVILLE GAS AND ELECTRIC COMPANY

Net Original Cost Rate Base as of June 30, 2005

	Electric (1)	Gas (2)	Total (3)
1. Utility Plant at Original Cost (a)	$ 3,391,366,190	$ 575,408,231	$ 3,966,774,421
2. Deduct:			
3. Reserve for Depreciation (a)	1,471,390,161	204,214,632	1,675,604,793
4. Net Utility Plant	1,919,976,029	371,193,599	2,291,169,628
5. Deduct:			
6. Customer Advances for Construction	540,939	9,139,440	9,680,379
7. Accumulated Deferred Income Taxes (a)(b)	295,232,860	45,611,075	340,843,935
8. FAS 109 Deferred Income Taxes	49,355,423	4,884,411	54,239,834
9. Asset Retirement Obligation-Net Assets	3,269,908	-	3,269,908
10. Asset Retirement Obligation-Liabilities	(10,616,823)	-	(10,616,823)
11. Asset Retirement Obligation-Regulatory Assets	7,286,460	-	7,286,460
12. Asset Retirement Obligation-Regulatory Liabilities	(155,364)	-	(155,364)
13. Reclassification of Accumulated Depreciation associated with Cost of Removal for underlying ARO Assets	553,644	-	553,644
14. Investment Tax Credit (prior law)	2,103	-	2,103
15. Total Deductions	345,469,150	59,634,926	405,104,076
16. Net Plant Deductions	1,574,506,879	311,558,673	1,886,065,552
17. Add:			
18. Materials and Supplies (c)(e)(f)	46,358,782	47,526	46,406,308
19. Gas Stored Underground (c)	-	48,887,093	48,887,093
20. Prepayments (c)(d)	2,083,402	304,235	2,387,637
21. Cash Working Capital (page 2)	57,211,316	6,593,668	63,804,984
22. Total Additions	105,653,500	55,832,522	161,486,022
23. Total Net Original Cost Rate Base	$ 1,680,160,379	$ 367,391,195	$ 2,047,551,574
24. Electric and Gas Net Original Cost Rate Base Percentage	82.06%	17.94%	100.00%

(a) Common utility plant and the reserve for depreciation are allocated 74% to the Electric Department and 26% to the Gas Department based on December 31, 2004 study.

(b) Excludes supplemental retirement-related deferred taxes.

(c) Average for 13 months.

(d) Excludes PSC fees.

(e) Excludes 25% of Trimble County inventories.

LOUISVILLE GAS AND ELECTRIC COMPANY

Calculation of Cash Working Capital
As of June 30, 2005

	Electric (1)	Gas (2)	Total (3)
1. Operating and maintenance expense for the 12 months ended June 30, 2005	$ 570,707,319	$ 328,063,360	$ 898,770,679
2. Deduct:			
3. Electric Power Purchased	113,016,792		113,016,792
4. Gas Supply Expenses		275,314,019	275,314,019
5. Total Deductions	$ 113,016,792	$ 275,314,019	$ 388,330,811
6. Remainder (Line 1 - Line 5)	$ 457,690,527	$ 52,749,341	$ 510,439,868
7. Cash Working Capital (12 1/2% of Line 6)	$ 57,211,316	$ 6,593,668	$ 63,804,984

Louisville Gas and Electric Company
Net Cost Base Input
13 Months Ended June 30, 2005

Fixed Asset Electric/Gas split ·

	Electric	Gas	Common (74/26 Split)	Total
Plant in Service	3,243,508,366.30	523,458,184.90	199,807,869.53	3,966,774,420.73
Common Allocation	147,857,823.45	51,950,046.08	(199,807,869.53)	0.00
ECR Plant	0.00			0.00
	3,391,366,189.75	575,408,230.98	0.00	3,966,774,420.73
	(From report page 24)			
Depreciation	1,408,798,225.30	182,222,870.65	84,583,696.73	1,675,604,792.68
Common Allocation	62,591,935.58	21,991,761.15	(84,583,696.73)	0.00
ECR Plant	0.00			0.00
	1,471,390,160.88	204,214,631.80	0.00	1,675,604,792.68
	1,919,976,028.87	371,193,599.18		2,291,169,628.05

Materials and Supplies (13 Month Average)

Supplies - Regular	21,596,152.00	40,930.00	0.00	21,637,082.00
Carbide Lime	0.00	0.00	0.00	0.00
Undist Stores Exp	3,480,396.84	6,596.20	3,486,993.04	3,486,993.04
Coal	20,933,607.42	0.00	0.00	20,933,607.42
Limestone	135,652.13	0.00	0.00	135,652.13
TC Gas	0.00	0.00	0.00	0.00
Emission Allowances	32,783.65	0.00	0.00	32,783.65
Fuel Oil	180,189.66	0.00	0.00	180,189.66
	46,358,781.70	47,526.20	3,486,993.04	46,406,307.90
*********	**********	**********	**********	**********
*********	**********	**********	**********	**********
*********	**********	**********	**********	**********

Louisville Gas and Electric Company
Net Cost Base Input
13 Months Ended June 30, 2005

Prepayment 13 month average calculation

	13 Month Average Electric	13 Month Average Gas	13 Month Average Total	Electric	Gas	Total
Dec-03	3,117,485.96	335,449.56	3,452,935.52	4,303,650.46	279,364.98	4,583,015.44
Jan-04	3,064,523.99	318,992.64	3,383,516.63	4,079,840.77	186,777.21	4,266,617.98
Feb-04	2,994,604.48	324,118.76	3,318,723.23	4,021,108.55	357,901.51	4,379,010.06
Mar-04	2,934,352.96	300,879.57	3,235,232.53	3,673,207.88	271,907.08	3,945,114.96
Apr-04	2,847,398.95	278,904.10	3,126,303.05	3,117,939.39	279,981.37	3,397,920.76
May-04	2,762,159.15	256,862.90	3,019,022.05	2,640,654.22	217,741.51	2,858,395.73
Jun-04	2,675,044.05	240,396.85	2,915,440.91	2,136,113.75	196,090.28	2,332,204.03
Jul-04	2,587,431.52	226,867.72	2,814,299.23	1,632,724.09	173,288.24	1,806,012.33
Aug-04	2,499,228.02	216,069.82	2,715,297.84	1,128,759.02	151,061.61	1,279,820.63
Sep-04	2,409,863.58	208,573.15	2,618,436.73	624,793.95	128,834.98	753,628.93
Oct-04	2,304,015.22	203,427.83	2,507,443.05	196,101.68	121,034.70	317,136.38
Nov-04	2,208,986.50	202,849.84	2,411,836.34	29,060.28	143,064.08	172,124.36
Dec-04	2,406,044.54	207,786.92	2,613,831.46	3,694,625.00	194,182.37	3,888,807.37
Jan-05	2,370,193.58	223,968.44	2,594,162.02	3,837,588.01	489,724.74	4,327,312.75
Feb-05	2,321,660.53	257,890.95	2,579,551.48	3,448,911.07	627,769.89	4,076,680.96
Mar-05	2,255,438.25	271,210.43	2,526,648.68	3,160,218.85	531,054.78	3,691,273.63
Apr-05	2,192,677.78	286,138.40	2,478,816.18	2,857,321.83	465,970.66	3,323,292.49
May-05	2,137,468.92	295,012.99	2,432,481.91	2,400,224.21	395,350.98	2,795,575.19
Jun-05	2,083,401.83	304,234.81	2,387,636.64	1,937,782.07	337,625.17	2,275,407.24

Louisville Gas and Electric Company
Net Cost Base Input
13 Months Ended June 30, 2005

Deferred Income Tax Calculation
(from Trail Balance - General Ledger - pgs 8 & 10)

	Electric	Gas	Common (74 26 Split)	Total
Accum Def Income Tax	356,441,267.34	56,707,386.49	0.00	413,148,653.83
Common Allocation	0.00	0.00	0.00	0.00
FERC 281 - 283	356,441,267.34	56,707,386.49	0.00	413,148,653.83
LESS: T.C. N/A Deferred	0.00	0.00	0.00	0.00
Common Allocation	0.00	0.00		0.00
ECR Deferred Taxes	0.00	0.00	0.00	0.00
Subtotal	356,441,267.34	56,707,386.49	0.00	413,148,653.83
LESS:				
Accum Def Inc Tax				
FERC 190	60,470,010.05	10,844,203.22	921,816.33	72,236,029.60
Common Allocation	682,144.08	239,672.25	(921,816.33)	0.00
	61,152,154.13	11,083,875.47	0.00	72,236,029.60
Less SERP Deferred	0.00	0.00		0.00
Capital Structure Adj.	0.00	0.00	0.00	0.00
Subtotal	61,152,154.13	11,083,875.47	0.00	72,236,029.60
Total	295,289,113.21	45,623,511.02	0.00	340,912,624.23

Louisville Gas and Electric Company
Net Cost Base Input
13 Months Ended June 30, 2005

FASB 109 - Deferred Taxes
(from Trail Balance - General Ledger - pgs 8 & 10)

	Electric	Gas	Common	Total
FASB 109 - Deferred Taxes- Asset	0.00	0.00	0.00	0.00
Common Allocation	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00
FASB 109 - Deferred Taxes- Liab.	49,355,422.75	4,884,411.00	0.00	54,239,833.75
Common Allocation	0.00	0.00	0.00	0.00
	49,355,422.75	4,884,411.00	0.00	54,239,833.75
Total	49,355,422.75	4,884,411.00	0.00	54,239,833.75

Leichty, Doug

From: Williams, Scott
Sent: Tuesday, September 27, 2005 10:09 AM
To: Leichty, Doug
Subject: Ex 3 changes LG&E

Doug for exhibit 3
ARO Liabilities $10,616,823.08 Credit balance
Regulatory Assets $7,286,459.55 Debit balance
Regulatory Liabilities $155,363.63 Credit balance

Also, Chris garret gave me the deferred tax asset for supplemental retirement related deferred taxes that needs to be removed from line 7 (put (b) reference on line 7).
Electric $56,253
Gas $12,436

Could you send me ex. 3 when you complete and I will check.
Thanks

ARO Net Assets $3,269,908 Debit Bal.

Reclass Acc Depr for ARO assets $553,644 Debit Bal.

LOUISVILLE GAS AND ELECTRIC COMPANY
COMPARATIVE STATEMENT OF INCOME
JUNE 30, 2005

	YEAR ENDED CURRENT MONTH			
	THIS YEAR AMOUNT	LAST YEAR AMOUNT	INCREASE OR DECREASE AMOUNT	%
Electric Operating Revenues	891,169,195.53	786,465,383.15	104,703,812.38	13.31
Gas Operating Revenues	374,848,119.06	351,413,750.65	23,434,368.41	6.67
Rate Refunds	(9,109,945.39)	(3,394,134.05)	(5,715,811.34)	168.40
Total Operating Revenues	1,256,907,369.20	1,134,484,999.75	122,422,369.45	10.79
Fuel for Electric Generation	234,728,311.92	201,350,017.28	33,378,294.64	16.58
Power Purchased	113,016,791.65	69,420,102.27	43,596,689.38	62.80
Gas Supply Expenses	275,314,019.17	263,278,016.81	12,036,002.36	4.57
Other Operation Expenses	196,188,312.71	225,670,756.21	(29,482,443.50)	(13.06)
Maintenance	79,523,243.46	54,394,539.13	25,128,704.33	46.20
Depreciation	117,496,539.90	107,012,625.06	10,483,914.84	9.80
Amortization Expense	5,430,526.32	4,754,577.35	675,948.97	14.22
Regulatory Credits	(806,389.37)	(832,140.50)	25,751.13	(3.09)
Taxes				
Federal Income	54,691,327.65	41,658,178.21	13,033,149.44	31.29
State Income	14,733,382.13	14,505,974.82	227,407.31	1.57
Deferred Federal Income - Net	458,982.80	8,935,696.11	(8,476,713.31)	(94.86)
Deferred State Income - Net	(1,000,221.01)	(1,094,039.97)	93,818.96	(8.58)
Federal Income - Estimated	-	-	-	-
State Income - Estimated	-	-	-	-
Property and Other	19,250,184.44	19,015,918.23	234,266.21	1.23
Investment Tax Credit	-	-	-	-
Amortization of Investment Tax Credit	(3,409,751.54)	(4,895,940.32)	1,486,188.78	(30.36)
Gain from Disposition of Allowances	(867,263.24)	(347,605.08)	(519,658.16)	149.50
Accretion Expense	679,212.00	637,080.00	42,132.00	6.61
Total Operating Expenses	1,105,427,208.99	1,003,463,755.61	101,963,453.38	10.16
Net Operating Income	151,480,160.21	131,021,244.14	20,458,916.07	15.62
Other Income Less Deductions	(983,600.86)	(1,196,429.53)	212,828.67	(17.79)
Income Before Interest Charges	150,496,559.35	129,824,814.61	20,671,744.74	15.92
Interest on Long Term Debt	31,053,543.86	29,345,507.28	1,708,036.58	5.82
Amortization of Debt Expense - Net	1,446,931.28	1,440,661.66	6,269.62	0.44
Other Interest Expenses	1,912,370.81	1,849,618.52	62,752.29	3.39
Total Interest Charges	34,412,845.95	32,635,787.46	1,777,058.49	5.45
Net Inc Before Cumulative Effect of Acctg Chg	116,083,713.40	97,189,027.15	18,894,686.25	19.44
Cumulative Effect of Accounting Change Net of Tax	-	-	-	-
Net Income	116,083,713.40	97,189,027.15	18,894,686.25	19.44
Preferred Dividend Requirements	2,494,112.85	1,820,368.98	673,743.87	37.01
Earnings Available for Common	113,589,600.55	95,368,658.17	18,220,942.38	19.11

LOUISVILLE GAS AND ELECTRIC COMPANY

Calculation of Overall Revenue Deficiency/(Sufficiency) at June 30, 2005

	ELECTRIC (1)				
	ROE RANGE				
SECTION I - VALUE DELIVERY SURCREDIT EFFECTIVE	10.00%	-	10.50%	-	11.00%
1. Adjusted Electric Capitalization (Exhibit 2, Col 6)	$1,544,192,592		$1,544,192,592		$1,544,192,592
2. Total Cost of Capital (Exhibit 2, Col 9)	7.18%	-	7.45%	-	7.71%
3. Net Operating Income Found Reasonable (Line 1 x Line 2)	$ 110,873,028	-	$ 115,042,348	-	$ 119,057,249
4. Pro-forma Net Operating Income prior to Value Delivery Surcredit expiration	89,499,158		89,499,158		89,499,158
5. Net Operating Income Deficiency/(Sufficiency) prior to Value Delivery Surcredit expiration	$ 21,373,870	-	$ 25,543,190	-	$ 29,558,091
6. Gross Up Revenue Factor - Blake Exhibit 1, Reference Schedule 1.74	0.60185833		0.60185833		0.60185833
7. Overall Revenue Deficiency/(Sufficiency) prior to Value Delivery Surcredit expiration	$ 35,513,125	-	$ 42,440,536	-	$ 49,111,376
SECTION II - VALUE DELIVERY SURCREDIT EXPIRED					
1. Adjusted Electric Capitalization (Exhibit 2, Col 6)	$1,544,192,592		$1,544,192,592		$1,544,192,592
2. Total Cost of Capital (Exhibit 2, Col 9)	7.18%	-	7.45%	-	7.71%
3. Net Operating Income Found Reasonable (Line 1 x Line 2)	$ 110,873,028	-	$ 115,042,348	-	$ 119,057,249
4. Pro-forma Net Operating Income for expiration of Value Delivery Surcredit	113,171,617		113,171,617		113,171,617
5. Net Operating Income Deficiency/(Sufficiency) for expiration of Value Delivery Surcredit	$ (2,298,589)	-	$ 1,870,731	-	$ 5,885,632
6. Gross Up Revenue Factor - Blake Exhibit 1, Reference Schedule 1.74	0.60185833		0.60185833		0.60185833
7. Overall Revenue Deficiency/(Sufficiency) for expiration of Value Delivery Surcredit	$ (3,819,153)	-	$ 3,108,258	-	$ 9,779,099

LOUISVILLE GAS AND ELECTRIC COMPANY

Calculation of Overall Revenue Deficiency/(Sufficiency) at June 30, 2005

	GAS (1)		
	ROE RANGE		
SECTION I - VALUE DELIVERY SURCREDIT EFFECTIVE	10.00% -	10.50% -	11.00%
1. Adjusted Gas Capitalization (Exhibit 2, Col 6)	$ 345,230,511	$ 345,230,511	$ 345,230,511
2. Total Cost of Capital (Exhibit 2, Col 9)	7.18% -	7.45% -	7.71%
3. Net Operating Income Found Reasonable (Line 1 x Line 2)	$ 24,787,551 -	$ 25,719,673 -	$ 26,617,272
4. Pro-forma Net Operating Income prior to Value Delivery Surcredit expiration	13,961,988	13,961,988	13,961,988
5. Net Operating Income Deficiency/(Sufficiency) prior to Value Delivery Surcredit expiration	$ 10,825,563 -	$ 11,757,685 -	$ 12,655,284
6. Gross Up Revenue Factor - Blake Exhibit 1, Reference Schedule 1.74	0.60185833	0.60185833	0.60185833
7. Overall Revenue Deficiency/(Sufficiency) prior to Value Delivery Surcredit expiration	$ 17,986,895 -	$ 19,535,636 -	$ 21,027,015
SECTION II - VALUE DELIVERY SURCREDIT EXPIRED			
1. Adjusted Gas Capitalization (Exhibit 2, Col 6)	$ 345,230,511	$ 345,230,511	$ 345,230,511
2. Total Cost of Capital (Exhibit 2, Col 9)	7.18% -	7.45% -	7.71%
3. Net Operating Income Found Reasonable (Line 1 x Line 2)	$ 24,787,551 -	$ 25,719,673 -	$ 26,617,272
4. Pro-forma Net Operating Income for expiration of Value Delivery Surcredit	20,315,360	20,315,360	20,315,360
5. Net Operating Income Deficiency/(Sufficiency) for expiration of Value Delivery Surcredit	$ 4,472,191 -	$ 5,404,313 -	$ 6,301,912
6. Gross Up Revenue Factor - Blake Exhibit 1, Reference Schedule 1.74	0.60185833	0.60185833	0.60185833
7. Overall Revenue Deficiency/(Sufficiency) for expiration of Value Delivery Surcredit	$ 7,430,637 -	$ 8,979,377 -	$ 10,470,756

LOUISVILLE GAS AND ELECTRIC COMPANY

Electric Rate of Return on Common Equity
For the Twelve Months Ended June 30, 2005

Section I - Value Delivery Surcredit Effective

	Adjusted Electric Capitalization (Exhibit 2 Col 6) (1)	Percent of Total (2)	Annual Cost Rate (Exhibit 2 Col 8) (3)	Weighted Cost of Capital (Col 2 x Col 3) (4)
1. Short Term Debt	$16,732,017	1.08%	3.06%	0.03%
2. Long Term Debt	$662,474,143	42.90%	4.10%	1.76%
3. Preferred Stock	$56,769,782	3.68%	4.30%	0.16%
4. Common Equity	$808,216,650	52.34%	7.36% (a)	3.85% (b)
5.	$1,544,192,592	100.00%		5.80%

6. Pro-forma Net Operating Income prior to Value Delivery Surcredit expiration $89,499,158 (c)

7. Net Operating Income / Total Capitalization 5.80% (e)

Section II - Value Delivery Surcredit Expired

	Adjusted Electric Capitalization (Exhibit 2 Col 6) (1)	Percent of Total (2)	Annual Cost Rate (Exhibit 2 Col 8) (3)	Weighted Cost of Capital (Col 2 x Col 3) (4)
1. Short Term Debt	$16,732,017	1.08%	3.06%	0.03%
2. Long Term Debt	$662,474,143	42.90%	4.10%	1.76%
3. Preferred Stock	$56,769,782	3.68%	4.30%	0.16%
4. Common Equity	$808,216,650	52.34%	10.28% (a)	5.38% (b)
5.	$1,544,192,592	100.00%		7.33%

6. Pro-forma Net Operating Income for expiration of Value Delivery Surcredit $113,171,617 (d)

7. Net Operating Income / Total Capitalization 7.33% (e)

Notes: (a) - Column 4, Line 4 / Column 2, Line 4
(b) - Column 4, Line 5 - Line 1 - Line 2 - Line 3
(c) - Exhibit 1, Line 31, Column 4
(d) - Exhibit 1, Line 38, Column 4
(e) - Column 4, Line 6 divided by Column 1, Line 5

LOUISVILLE GAS AND ELECTRIC COMPANY

Gas Rate of Return on Common Equity
For the Twelve Months Ended June 30, 2005

Section I - Value Delivery Surcredit Effective

	Adjusted Gas Capitalization (Exhibit 2 Col 6) (1)	Percent of Total (2)	Annual Cost Rate (Exhibit 2 Col 8) (3)	Weighted Cost of Capital (Col 2 x Col 3) (4)
1. Short Term Debt	$3,740,456	1.08%	3.06%	0.03%
2. Long Term Debt	$148,107,283	42.90%	4.10%	1.76%
3. Preferred Stock	$12,692.129	3.68%	4.30%	0.16%
4. Common Equity	$180.690,643	52.34%	3.99% (a)	2.09% (b)
5.	$345,230,511	100.00%		4.04%

6. Pro-forma Net Operating Income prior to Value Delivery Surcredit expiration	$13,961,988	(c)
7. Net Operating Income / Total Capitalization	4.04%	(e)

Section II - Value Delivery Surcredit Expired

	Adjusted Gas Capitalization (Exhibit 2 Col 6) (1)	Percent of Total (2)	Annual Cost Rate (Exhibit 2 Col 8) (3)	Weighted Cost of Capital (Col 2 x Col 3) (4)
1. Short Term Debt	$3,740,456	1.08%	3.06%	0.03%
2. Long Term Debt	$148,107,283	42.90%	4.10%	1.76%
3. Preferred Stock	$12,692,129	3.68%	4.30%	0.16%
4. Common Equity	$180,690.643	52.34%	7.51% (a)	3.93% (b)
5.	$345,230,511	100.00%		5.88%

6. Pro-forma Net Operating Income for expiration of Value Delivery Surcredit	$20,315,360	(d)
7. Net Operating Income / Total Capitalization	5.88%	(e)

Notes: (a) - Column 4, Line 4 / Column 2, Line 4
(b) - Column 4, Line 5 - Line 1 - Line 2 - Line 3
(c) - Exhibit 1, Line 31, Column 7
(d) - Exhibit 1, Line 38, Column 7
(e) - Column 4, Line 6 divided by Column 1, Line 5

Blake Exhibit 1
Reference Schedule 1.10
Sponsoring Witness: Kent Blake

LOUISVILLE GAS AND ELECTRIC COMPANY

Adjustment to Revenues and Expenses to Eliminate Gas Supply Cost Recoveries and Gas Supply Expenses During the Twelve Months Ended June 30, 2005

		Gas
1. Cost recoveries in revenue for the 12 months ended June 30, 2005	$	(280,583,021)
2. Gas supply expenses for the 12 months ended June 30, 2005		(278,335,277)
3. Net adjustment	$	(2,247,744)

LOUIS ..LE GAS AND ELECTRIC COMPANY
GAS SUPPLY REVENUE
12 MONTHS ENDED June 30, 2005

	Jul. 2004 GSC Billings	Aug. 2004 GSC Billings	Sep. 2004 GSC Billings	Oct. 2004 GSC Billings	Nov. 2004 GSC Billings	Dec. 2004 GSC Billings	Jan. 2005 GSC Billings
Gas Supply Cost Component	$ *7.4885*	*Prorated*	$ *8.4857*	$ *8.4857*	*Prorated*	$ *8.3816*	$ *8.3816*
Pipeline Supplier Demand Component	$ *0.7365*	$ *0.8789*	$ *0.8789*	$ *0.8789*	$ *0.9229*	$ *0.9229*	$ *0.9229*
UCDI Daily Demand Charge	$ *0.1701*	$ *0.2105*	$ *0.2105*	$ *0.2105*	$ *0.2189*	$ *0.2189*	$ *0.2189*
Gas Supply Revenue							
Residential Rate RGS *811,812*	3,203,717	3,352,214	3,708,083	5,002,010	9,791,511	23,580,768	34,544,620
Residential Rate RGS with AC *814*	595	663	632	1,014	2,025	5,562	5,834
Total Rate RGS	3,204,311	3,352,878	3,708,715	5,003,024	9,793,536	23,586,330	34,550,454
Firm Commercial Rate CGS	2,177,616	2,269,600	2,484,639	3,014,641	4,887,246	11,139,594	16,383,900
TS Transportation Rider to Rate CGS	-	6,018	2,802	2,600	-	3,263	3,668
Firm Commercial Rate CGS with AC	62,516	58,975	24,480	13,856	7,751	17,476	40,686
Total Rate CGS	2,240,132	2,334,593	2,511,922	3,031,097	4,894,997	11,160,333	16,428,253
Firm Industrial Rate IGS	430,718	434,626	659,749	563,725	880,151	1,383,474	1,580,372
TS Transportation Rider to Rate IGS	1,033	1,344	1,512	1,266	-	1,576	1,408
Total Rate IGS	431,750	435,970	661,261	564,991	880,151	1,385,050	1,581,780
Rate G-6 Commercial	27,838	67,849	43,907	49,809	66,712	123,374	133,661
TS Transportation Rider to Rate G6 - Commercial	-	-	-	-	-	-	-
Rate G-6 Industrial	36,500	188,703	142,459	102,078	123,224	286,156	262,592
TS Transportation Rider to Rate G6 - Industrial	-	-	-	-	-	-	-
Total Rate G-6	64,339	256,553	186,365	151,886	189,936	409,530	396,253
Total Rate G-7	-	-	-	-	-	-	-
FT Commercial Cashouts	537	299	54	37	1,816	-	1,670
FT Industrial Cashouts	117,028	103,997	58,001	72,124	107,634	115,042	58,640
Rate FT - UCDI Daily Demand Charges	6,631	8,578	11,023	11,872	13,934	41,620	31,904
Rate FT OFO Charges	-	5,547	4,480	-	-	136,645	-
Total Rate FT	124,195	118,421	73,558	84,032	123,384	293,307	92,214
Special Contracts							
Off-System Sales	-	-	-	440,400	-	-	2,688,858
Total Gas Supply Revenue	6,064,728	6,498,414	7,141,821	9,275,431	15,882,004	36,834,550	55,737,812

LOUIS..LE GAS AND ELECTRIC COMPANY
GAS SUPPLY REVENUE
12 MONTHS ENDED June 30, 2005

	Feb 2005 GSC Billings	Mar. 2005 GSC Billings	Apr. 2005 GSC Billings	May. 2005 GSC Billings	Jun. 2005 GSC Billings	12 Mos. Ended June 2005
Gas Supply Cost Component	*Prorated*	*$ 7.3789*	*$ 7.3789*	*Prorated*	*$ 9.1984*	
Pipeline Supplier Demand Component	*$ 0.8981*	*$ 0.8981*	*$ 0.8981*	*$ 0.8991*	*$ 0.8991*	
UCDI Daily Demand Charge	*$ 0.2189*	*$ 0.2189*	*$ 0.2189*	*$ 0.2189*	*$ 0.2189*	
Gas Supply Revenue						
Residential Rate RGS *811,812*	30,148,515	25,083,697	13,709,303	8,747,116	4,990,854	165,862,408
Residential Rate RGS with AC *814*	5,651	4,810	2,112	1,723	841	31,462
Total Rate RGS	30,154,166	25,088,507	13,711,415	8,748,839	4,991,695	165,893,870
Firm Commercial Rate CGS	14,284,659	11,984,177	6,654,221	4,640,000	2,705,863	82,626,156
TS Transportation Rider to Rate CGS	-	2,703	1,954	1,548	1,634	26,190
Firm Commercial Rate CGS with AC	27,519	19,453	15,020	22,213	16,811	326,756
Total Rate CGS	14,312,177	12,006,333	6,671,195	4,663,762	2,724,308	82,979,102
Firm Industrial Rate IGS	1,437,831	1,233,503	692,834	759,272	522,708	10,578,961
TS Transportation Rider to Rate IGS	-	1,536	1,537	1,423	1,643	14,277
Total Rate IGS	1,437,831	1,235,038	694,370	760,695	524,351	10,593,238
Rate G-6 Commercial	128,994	109,656	83,114	47,306	45,231	927,450
TS Transportation Rider to Rate G6 - Commercial	-	-	-	-	-	-
Rate G-6 Industrial	188,199	178,043	158,414	152,358	217,823	2,036,549
TS Transportation Rider to Rate G6 - Industrial	-	-	-	-	-	-
Total Rate G-6	317,193	287,698	241,528	199,664	263,054	2,963,999
Total Rate G-7	-	-	-	-	-	-
FT Commercial Cashouts	167	2,407	188	-	85	7,260
FT Industrial Cashouts	31,954	343,781	189,828	118,853	87,551	1,404,433
Rate FT - UCDI Daily Demand Charges	17,617	18,497	13,084	14,408	7,178	196,343
Rate FT OFO Charges	-	-	-	-	-	146,672
Total Rate FT	49,738	364,684	203,100	133,262	94,814	1,754,708
Special Contracts						
Off-System Sales	1,243,429	8,444,735	-	-	3,580,681	16,398,103
Total Gas Supply Revenue	47,514,534	47,426,996	21,521,609	14,506,221	12,178,902	280,583,021
						280,583,021

LOUISVILLE GAS AND ELECTRIC COMPANY
GAS SUPPLY EXPENSES
12 MONTHS ENDED June 30, 2005

Gas Supply Expense		**Total 12 mos. ended June 30, 2005**
Purchased Gas	$	262,874,505
Gas to Storage		(80,050,318)
Gas from Storage		78,929,471
Other Gas Supply Expenses		83,929
Other Electric Credits		(6,560,766)
Total Gas Supply Expenses		255,276,821
Purchased Gas - Wholesale Sales		15,044,155
Wholesale Sales Margin		(338,487)
Acquisition and Transporataion Incentive		(1,649,576)
Preformanced-Based Ratemaking Recovery		2,897,130
Other Gas Credits		(891,172)
Refunds		-
Gas Supply Actual Adjustment		1,923,537
Gas Cost Balance Adjustment		2,489,368
Underground Gas Storage Losses		3,583,502
Net Gas Supply Expense		278,335,278

LOUISVILLE GAS AND ELECTRIC COMPANY
MCF SENDOUT AND SUPPLY COST
JUNE 30, 2005

	CURRENT MONTH		YEAR TO DATE		YEAR ENDED CURRENT MONTH	
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR
MCF Sendout						
Purchased Gas	1,730,044	1,947,287	12,231,218	13,388,285	35,445,080	36,929,431
Gas to Storage	(721,426)	(1,007,868)	(721,426)	(1,054,832)	(12,289,866)	(12,295,022)
Gas from Storage	958	690	9,907,723	10,410,622	12,386,276	12,836,512
Total MCF Sendout Retail	1,009,576	940,109	21,417,515	22,744,075	35,541,490	37,470,921
Purchased Gas - Wholesale Sales	475,559	-	2,381,367	1,158,849	2,443,806	2,332,666
Total MCF Sendout	1,485,135	940,109	23,798,882	23,902,924	37,985,296	39,803,587
Other Credits	(155,415)	(95,412)	(560,982)	(663,978)	(992,270)	(1,234,478)
Net MCF Sendout	1,329,720	844,697	23,237,900	23,238,946	36,993,026	38,569,109
Gas Supply Expense						
Purchased Gas	14,177,685.00	16,148,732.15	99,624,674.39	101,766,839.49	262,874,505.23	236,798,704.74
Gas to Storage	(5,921,825.32)	(8,363,087.09)	(5,921,825.32)	(8,711,437.86)	(80,050,317.80)	(70,829,165.63)
Gas from Storage	6,550.04	4,313.67	63,135,694.23	56,456,630.94	78,929,470.52	69,586,742.90
Other Supply Expenses	8,064.85	5,630.13	45,971.58	36,782.09	83,929.17	72,619.58
Other Electric Credits	(1,087,946.17)	(656,097.53)	(3,706,983.41)	(4,323,500.43)	(6,560,766.38)	(7,442,838.89)
Total Gas Supply Expenses	7,182,528.40	7,139,491.33	153,177,531.47	145,225,314.23	255,276,820.74	228,186,062.70
Purchased Gas - Wholesale Sales	2,973,432.80	-	14,685,114.79	6,406,064.70	15,044,154.79	11,991,877.89
Wholesale Sales Margin	(151,811.96)	-	(318,147.06)	(87,080.51)	(338,487.06)	(330,093.83)
Acquisition and Transportation Incentive	(232,000.00)	(316,000.00)	(325,000.00)	(585,000.00)	(1,649,576.00)	(3,197,398.00)
Performance-Based Ratemaking Recovery	57,136.34	96,729.95	1,847,134.19	1,888,260.67	2,897,129.74	2,317,195.51
Other Gas Credits	(169,421.69)	(77,776.54)	(741,796.74)	(569,750.53)	(891,172.31)	(693,377.03)
Refunds	-	-	-	-	-	(78,032.28)
Gas Cost Actual Adjustment	608,319.75	(669,365.81)	1,791,862.45	9,262,871.45	1,923,537.40	24,579,218.15
Gas Cost Balance Adjustment	4,712.85	13,468.01	665,483.09	(36,955.64)	2,489,368.01	(79,302.51)
Procurement Expenses	44,850.75	42,675.87	266,131.43	243,651.70	562,243.86	581,866.21
Net Gas Supply Expenses	10,317,747.24	6,229,222.81	171,048,313.62	161,747,376.07	275,314,019.17	263,278,016.81
Unit Supply Costs ($)						
Purchased Gas	8.195	8.293	8.145	7.601	7.416	6.412
Gas to Storage	8.208	8.298	8.208	8.259	6.514	5.761
Gas from Storage	6.837	6.252	6.372	5.423	6.372	5.421
Total Supply Cost	7.114	7.594	7.152	6.385	7.183	6.090
Net Supply Cost	7.759	7.375	7.361	6.960	7.442	6.826
Underground Gas Storage Losses Charged to Storage Expenses	145,085.39	57,290.58	956,874.18	343,795.03	3,583,502.29	1,192,766.11

Blake Exhibit 1
Reference Schedule 1.11
Sponsoring Witness: Kent Blake

LOUISVILLE GAS AND ELECTRIC COMPANY

Adjustment to Eliminate Environmental Surcharge Revenues and Expenses
For the Twelve Months Ended June 30, 2005

Expense Month	ECR Electric Revenues	Electric Expenses Post '95 Plan	Electric Expenses Roll-In	ECR Catch-Up Depreciation (1)	Net Electric
Jul-04	$ 1,538,553	$ 293,810	$ (55,984)	$ -	$ 1,300,727
Aug-04	532,694	313,825	(55,984)	0	274,853
Sep-04	(329,093)	325,515	(55,984)	0	(598,624)
Oct-04	237,910	260,730	(55,984)	0	33,164
Nov-04	326,125	244,646	(55,984)	0	137,463
Dec-04	369,741	584,359	(55,984)	2,404,608	(2,563,242)
Jan-05	498,138	567,824	(55,984)	0	(13,702)
Feb-05	507,787	559,453	(55,984)	0	4,318
Mar-05	256,953	569,854	(55,984)	0	(256,917)
Apr-05	296,537	598,222	(55,984)	0	(245,701)
May-05	402,786	(107,258)	(55,984)	0	566,028
Jun-05	908,066	927,180	(55,984)	0	36,870
Total	$ 5,546,197	$ 5,138,160	$ (671,808)	$ 2,404,608	$ (1,324,763)
Adjustment	$ (5,546,197)	$ (5,138,160)	$ 671,808	$ (2,404,608)	$ 1,324,763

(1) Represents catch-up depreciation posted to General Ledger in December 2004 related to ECR NOx Project - 3rd Unitization.

ES FORM 3.0

LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT
Monthly Average Revenue Computation of R (m)
For the Month Ended June 30, 2005

	Billed Retail Revenues					Wholesale Revenues	Total Company Revenues	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Base Rate Revenues	Fuel Clause Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)	Total Excluding Environmental Surcharge (5)-(4)	Total Including Off-System Sales (See Note 1)	Total (5)+(7)	Total Excluding Environmental Surcharge (8)-(4)
Jul-04	66,370,535	589,988	1,538,553	$ 68,499,076	$ 66,960,523	12,002,534	$ 80,501,610	$ 78,963,057
Aug-04	63,241,400	240,328	532,694	64,014,422	63,481,728	10,600,562	74,614,984	74,082,290
Sep-04	63,893,895	(156,153)	(329,093)	63,408,649	63,737,743	13,774,699	77,183,348	77,512,442
Oct-04	48,761,370	(91,002)	237,910	48,908,278	48,670,368	17,668,044	66,576,322	66,338,412
Nov-04	45,278,423	(34,176)	326,125	45,570,372	45,244,248	16,618,844	62,189,216	61,863,092
Dec-04	48,585,268	(282,063)	369,741	48,672,946	48,303,205	20,712,671	69,385,617	69,015,875
Jan-05	53,602,772	838,235	498,138	54,939,144	54,441,007	28,271,309	83,210,454	82,712,316
Feb-05	49,191,391	414,517	507,787	50,113,696	49,605,908	27,110,770	77,224,465	76,716,678
Mar-05	47,985,347	(251,878)	212,440	47,945,909	47,733,469	25,259,670	73,205,579	72,993,139
Apr-05	44,196,989	(975,983)	296,537	43,517,543	43,221,006	14,425,519	57,943,062	57,646,524
May-05	43,318,298	24,298	402,786	43,745,382	43,342,596	19,501,205	63,246,587	62,843,802
Jun-05	57,877,536	1,079,621	908,066	59,865,223	58,957,157	16,273,168	76,138,391	75,230,325
Average Monthly Retail Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.					**$ 52,808,246**			
Retail Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Retail Revenues Divided by Expense Month Total Company Revenues: Column (6) / Column (9) =								**78.37%**
						Note 1 - Excludes Brokered Sales, Total for Current Month =		$ 160,021

Leichty, Doug

From: Conroy, Robert
ent: Friday, August 19, 2005 9:16 AM
ro: Leichty, Doug
Subject: FW: ECR Revenues Reconciliation

Robert M. Conroy
Manager, Rates
(502) 627-3324 (phone)
(502) 627-3213 (fax)
(502) 741-4322 (mobile)

From: Foxworthy, Carol
Sent: Thursday, August 18, 2005 12:49 PM
To: Dowdell, Richard
Cc: Conroy, Robert
Subject: RE: ECR Revenues Reconciliation

Rich, please send us a revised worksheet for March. We will have to recalculate the jursidictional allocation for March, as well as recalculate the actual monthly billing factor. The monthly billing factor is a 12-month average, so every month since March will be impacted slightly. After we calculate the impact we will determine how best to correct the filing.

Thanks, Carol

From: Dowdell, Richard
ent: Thursday, August 18, 2005 12:24 PM
ro: Foxworthy, Carol
Subject: ECR Revenues Reconciliation

Carol - The March 05 KY Revenues Reconciliation that I sent to you had an error. The ECR revenue of $212,439.88 should have been $256,952.51 due to an error while inputting the numbers. This is a difference of $44,512.63. Does this require any subsequent corrections on your part? Is there anything we should do to correct the problem?

Rich

Rich Dowdell
Revenue Accounting
LG&E Energy Services Co.
Telephone: 502-627-2823
Fax: 502-627-2077
email: richard.dowdell@lgeenergy.com

ES FORM 2.00

LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT
Revenue Requirements of Environmental Compliance Costs
For the Expense Month of June 2005

Determination of Environmental Compliance Rate Base

	Environmental Compliance Plan	
Eligible Pollution Control Plant	$213,430,222	
Eligible Pollution CWIP Excluding AFUDC	$6,883,086	
Inventory-Emission Allowances per Form 2.31	$0	
Cash Working Capital Allowance	$98,329	
Deferred Debit Balance-Mill Creek Ash Dredging	$0	
Subtotal		$220,411,636
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	$11,631,262	
Pollution Control Deferred Income Taxes	$3,608,100	
Pollution Control Deferred Investment Tax Credit	$0	
Subtotal		$15,239,362
Environmental Compliance Rate Base		**$205,172,274**

Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	$156,142
Monthly Depreciation & Amortization Expense	$543,738
Monthly Property & Other Applicable Taxes	$25,972
Monthly Insurance Expense	$0
Monthly Emission Allowance Expense	$0
Monthly Permitting Fees	$0
Amortization of Mill Creek Ash Dredging	
Less : Reduction of O&M Expenses associated with 2003 Compliance Plan	$22,593
Less : Operating Expenses Associated with Retirements or Replacements	
Occuring Since Last Roll-In of Surcharge into Existing Rates	
Total Pollution Control Operations Expense	**$703,259**

Proceeds From By-Product and Allowance Sales

	Gross Proceeds	Sales Expenses	Net Proceeds
Allocated Allowance from EPA	($223,921)	$0	($223,921)
Scrubber By-Products Sales	$0	$0	$0
Total Proceeds from Sales	($223,921)	$0	**($223,921)**

True-up Adjustment: Over/Under Recovery of Monthly Surcharge Due to Timing Differences

A. MESF for April Expense Month	1.47%
B. Net Jurisdictional E(m) for April Expense Month	2,050,994
C. Environmental Surcharge Revenue, current month (from Form 3.00)	908,066
D. Retail E(m) recovered through base rates (Base Revenues, Form 3.0 times 2.38%)	**1,051,888**
E. Over/(Under) Recovery due to Timing Differences ((D + C) - B)	(91,040)
Over-recoveries will be deducted from the Jurisdictional E(m); under-recoveries will be added to the Jurisdictional E(m)	

ES FORM 2.00

LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT

Revenue Requirements of Environmental Compliance Costs
For the Expense Month of May 2005

Determination of Environmental Compliance Rate Base

	1995 Plan		Post-1995 Plan	
Eligible Pollution Control Plant	$0		$213,430,222	
Eligible Pollution CWIP Excluding AFUDC	$0		$2,693,461	
Cash Working Capital Allowance			$96,241	
Subtotal		$0		$216,219,924
Deductions:				
Accumulated Depreciation on Eligible Pollution Control Plant	$0		$11,087,526	
Pollution Control Deferred Income Taxes	$0		$3,310,678	
Pollution Control Deferred Investment Tax Credit	$0		$0	
Subtotal		$0		$14,398,204
Environmental Compliance Rate Base		$0		$201,821,720

Determination of Pollution Control Operating Expenses

		1995 Plan	Post-1995 Plan
Monthly Operations & Maintenance Expense			$212,888
Monthly Depreciation & Amortization Expense		$0	$543,738
Monthly Property & Other Applicable Taxes (Net of pre-1993 amounts)		$0	$25,972
Monthly Insurance Expense (Net of pre-1993 amounts)		$0	$0
Monthly Emission Allowance Expense		$0	$0
Monthly Surcharge Consultant Fee		$0	$0
Monthly Permitting Fees		$0	$0
Less : Reduction of O&M Expenses associated with 2003 Compliance Plan			$22,593
Less : Operating Expenses Associated with Retirements or Replacements		$0	
Occuring Since Last Roll-In of Surcharge into Existing Rates			
Total Pollution Control Operations Expense		$0	$760,005

Proceeds From By-Product and Allowance Sales (1995 Plan Only)

	Gross Proceeds	Sales Expenses	Net Proceeds
Allocated Allowance from EPA	$867,263	$0	$867,263
Scrubber By-Products Sales	$0	$0	$0
Total Proceeds from Sales	$867,263	$0	$867,263

True-up Adjustment: Over/Under Recovery of Monthly Surcharge Due to Timing Differences

A. MESF for March Expense Month	0.87%
B. Net Jurisdictional E(m) for March Expense Month	1,720,486
C. Environmental Surcharge Revenue, current month (from Form 3.00)	402,786
D. Retail E(m) recovered through base rates (Base Revenues, Form 3.0 times 2.38%)	1,030,976
E. Over/(Under) Recovery due to Timing Differences ((D + C) - B)	(286,725)
Over-recoveries will be deducted from the Jurisdictional E(m); under-recoveries will be added to the Jurisdictional E(m)	