

Louisville Gas & Electric Co. Union Wage

Report for Company : 100

As of Date: 6/30/2005

| <u>Years of Service</u> | <u>Number of Employees</u> | <u>Total Actual Pay</u> | <u>Cummulative Annual Pay</u> | <u>Average Annual Pay</u> |
|-------------------------|----------------------------|-------------------------|-------------------------------|---------------------------|
| 0                       | 25                         | \$917,508.80            | 917,508.80                    | \$36,700.35               |
| 1                       | 9                          | \$358,467.20            | 1,275,976.00                  | \$39,829.69               |
| 2                       | 9                          | \$386,214.40            | 1,662,190.40                  | \$42,912.71               |
| 3                       | 66                         | \$3,167,112.00          | 4,829,302.40                  | \$47,986.55               |
| 4                       | 52                         | \$2,567,552.00          | 7,396,854.40                  | \$49,376.00               |
| 5                       | 7                          | \$365,289.60            | 7,762,144.00                  | \$52,184.23               |
| 6                       | 11                         | \$593,257.60            | 8,355,401.60                  | \$53,932.51               |
| 7                       | 1                          | \$55,452.80             | 8,410,854.40                  | \$55,452.80               |
| 8                       | 11                         | \$607,900.80            | 9,018,755.20                  | \$55,263.71               |
| 11                      | 1                          | \$42,910.40             | 9,061,665.60                  | \$42,910.40               |
| 16                      | 4                          | \$221,811.20            | 9,283,476.80                  | \$55,452.80               |
| 17                      | 2                          | \$100,921.60            | 9,384,398.40                  | \$50,460.80               |
| 18                      | 13                         | \$700,440.00            | 10,084,838.40                 | \$53,880.00               |
| 19                      | 30                         | \$1,614,537.60          | 11,699,376.00                 | \$53,817.92               |
| 20                      | 56                         | \$3,043,705.60          | 14,743,081.60                 | \$54,351.89               |
| 23                      | 36                         | \$1,965,787.20          | 16,708,868.80                 | \$54,605.20               |
| 24                      | 30                         | \$1,599,915.20          | 18,308,784.00                 | \$53,330.51               |
| 25                      | 74                         | \$4,033,432.00          | 22,342,216.00                 | \$54,505.84               |
| 26                      | 41                         | \$2,211,996.80          | 24,554,212.80                 | \$53,951.14               |
| 27                      | 57                         | \$3,128,486.40          | 27,682,699.20                 | \$54,885.73               |
| 28                      | 32                         | \$1,742,707.20          | 29,425,406.40                 | \$54,459.60               |
| 29                      | 23                         | \$1,264,681.60          | 30,690,088.00                 | \$54,986.16               |
| 30                      | 5                          | \$262,808.00            | 30,952,896.00                 | \$52,561.60               |
| 31                      | 6                          | \$322,441.60            | 31,275,337.60                 | \$53,740.27               |
| 32                      | 4                          | \$217,256.00            | 31,492,593.60                 | \$54,314.00               |
| 33                      | 5                          | \$271,211.20            | 31,763,804.80                 | \$54,242.24               |
| 34                      | 2                          | \$102,980.80            | 31,866,785.60                 | \$51,490.40               |
| 35                      | 9                          | \$492,960.00            | 32,359,745.60                 | \$54,773.33               |
| 37                      | 2                          | \$107,806.40            | 32,467,552.00                 | \$53,903.20               |
| <b>Total Employees</b>  | <b>623</b>                 |                         |                               |                           |

Louisville Gas & Electric Co. Senior Management

Report for Company : 100

As of Date: 6/30/2005

| <u>Years of Service</u> | <u>Number of Employees</u> | <u>Total Actual Pay</u> | <u>Cummulative Annual Pay</u> | <u>Average Annual Pay</u> |
|-------------------------|----------------------------|-------------------------|-------------------------------|---------------------------|
| 14                      | 1                          | \$121,000.00            | 121,000.00                    | \$121,000.00              |
| 18                      | 1                          | \$130,090.00            | 251,090.00                    | \$130,090.00              |
| 23                      | 1                          | \$132,070.00            | 383,160.00                    | \$132,070.00              |
| 26                      | 1                          | \$163,700.00            | 546,860.00                    | \$163,700.00              |
| <b>Total Employees</b>  | <b>4</b>                   |                         |                               |                           |

## Louisville Gas &amp; Electric Co. Exempt

Report for Company : 100

As of Date: 6/30/2005

| <u>Years of Service</u> | <u>Number of Employees</u> | <u>Total Actual Pay</u> | <u>Cummulative Annual Pay</u> | <u>Average Annual Pay</u> |
|-------------------------|----------------------------|-------------------------|-------------------------------|---------------------------|
| 0                       | 1                          | \$77,480.00             | 77,480.00                     | \$77,480.00               |
| 1                       | 1                          | \$83,220.00             | 160,700.00                    | \$83,220.00               |
| 2                       | 1                          | \$59,040.00             | 219,740.00                    | \$59,040.00               |
| 3                       | 9                          | \$583,300.00            | 803,040.00                    | \$64,811.11               |
| 4                       | 2                          | \$138,520.00            | 941,560.00                    | \$69,260.00               |
| 6                       | 4                          | \$293,150.00            | 1,234,710.00                  | \$73,287.50               |
| 7                       | 4                          | \$297,590.00            | 1,532,300.00                  | \$74,397.50               |
| 8                       | 7                          | \$583,040.00            | 2,115,340.00                  | \$83,291.43               |
| 10                      | 2                          | \$153,510.00            | 2,268,850.00                  | \$76,755.00               |
| 11                      | 2                          | \$169,330.00            | 2,438,180.00                  | \$84,665.00               |
| 13                      | 1                          | \$85,040.00             | 2,523,220.00                  | \$85,040.00               |
| 14                      | 5                          | \$427,210.00            | 2,950,430.00                  | \$85,442.00               |
| 15                      | 1                          | \$93,240.00             | 3,043,670.00                  | \$93,240.00               |
| 16                      | 3                          | \$181,470.00            | 3,225,140.00                  | \$60,490.00               |
| 17                      | 6                          | \$496,930.00            | 3,722,070.00                  | \$82,821.67               |
| 18                      | 6                          | \$453,870.00            | 4,175,940.00                  | \$75,645.00               |
| 19                      | 4                          | \$317,360.00            | 4,493,300.00                  | \$79,340.00               |
| 20                      | 16                         | \$1,158,430.00          | 5,651,730.00                  | \$72,401.88               |
| 21                      | 1                          | \$75,450.00             | 5,727,180.00                  | \$75,450.00               |
| 22                      | 4                          | \$355,320.00            | 6,082,500.00                  | \$88,830.00               |
| 23                      | 16                         | \$1,199,020.00          | 7,281,520.00                  | \$74,938.75               |
| 24                      | 8                          | \$599,220.00            | 7,880,740.00                  | \$74,902.50               |
| 25                      | 25                         | \$1,834,720.00          | 9,715,460.00                  | \$73,388.80               |
| 26                      | 6                          | \$431,230.00            | 10,146,690.00                 | \$71,871.67               |
| 27                      | 16                         | \$1,187,620.00          | 11,334,310.00                 | \$74,226.25               |
| 28                      | 12                         | \$871,540.00            | 12,205,850.00                 | \$72,628.33               |
| 29                      | 6                          | \$452,400.00            | 12,658,250.00                 | \$75,400.00               |
| 30                      | 2                          | \$122,670.00            | 12,780,920.00                 | \$61,335.00               |
| 31                      | 5                          | \$394,650.00            | 13,175,570.00                 | \$78,930.00               |
| 32                      | 1                          | \$69,480.00             | 13,245,050.00                 | \$69,480.00               |
| 33                      | 3                          | \$211,690.00            | 13,456,740.00                 | \$70,563.33               |
| 34                      | 4                          | \$352,510.00            | 13,809,250.00                 | \$88,127.50               |
| 35                      | 2                          | \$115,740.00            | 13,924,990.00                 | \$57,870.00               |
| 36                      | 1                          | \$75,450.00             | 14,000,440.00                 | \$75,450.00               |
| 39                      | 1                          | \$83,600.00             | 14,084,040.00                 | \$83,600.00               |
| <b>Total Employees</b>  | <b>188</b>                 |                         |                               |                           |

Louisville Gas & Electric Co. Nonexempt

Report for Company : 100

As of Date: 6/30/2005

| <u>Years of Service</u> | <u>Number of Employees</u> | <u>Total Actual Pay</u> | <u>Cummulative Annual Pay</u> | <u>Average Annual Pay</u> |
|-------------------------|----------------------------|-------------------------|-------------------------------|---------------------------|
| 0                       | 1                          | \$20,800.00             | 20,800.00                     | \$20,800.00               |
| 3                       | 7                          | \$259,810.00            | 280,610.00                    | \$37,115.71               |
| 4                       | 4                          | \$128,720.00            | 409,330.00                    | \$32,180.00               |
| 5                       | 1                          | \$33,080.00             | 442,410.00                    | \$33,080.00               |
| 6                       | 4                          | \$143,680.00            | 586,090.00                    | \$35,920.00               |
| 7                       | 2                          | \$68,940.00             | 655,030.00                    | \$34,470.00               |
| 8                       | 3                          | \$122,170.00            | 777,200.00                    | \$40,723.33               |
| 9                       | 1                          | \$38,190.00             | 815,390.00                    | \$38,190.00               |
| 12                      | 1                          | \$43,310.00             | 858,700.00                    | \$43,310.00               |
| 13                      | 1                          | \$32,940.00             | 891,640.00                    | \$32,940.00               |
| 15                      | 3                          | \$114,210.00            | 1,005,850.00                  | \$38,070.00               |
| 18                      | 4                          | \$167,110.00            | 1,172,960.00                  | \$41,777.50               |
| 20                      | 4                          | \$154,890.00            | 1,327,850.00                  | \$38,722.50               |
| 21                      | 4                          | \$169,980.00            | 1,497,830.00                  | \$42,495.00               |
| 22                      | 1                          | \$39,450.00             | 1,537,280.00                  | \$39,450.00               |
| 23                      | 5                          | \$227,740.00            | 1,765,020.00                  | \$45,548.00               |
| 24                      | 4                          | \$161,330.00            | 1,926,350.00                  | \$40,332.50               |
| 25                      | 5                          | \$249,370.00            | 2,175,720.00                  | \$49,874.00               |
| 26                      | 6                          | \$239,544.00            | 2,415,264.00                  | \$39,924.00               |
| 27                      | 5                          | \$198,420.00            | 2,613,684.00                  | \$39,684.00               |
| 28                      | 2                          | \$99,840.00             | 2,713,524.00                  | \$49,920.00               |
| 29                      | 2                          | \$87,370.00             | 2,800,894.00                  | \$43,685.00               |
| 31                      | 1                          | \$47,100.00             | 2,847,994.00                  | \$47,100.00               |
| 32                      | 1                          | \$28,820.00             | 2,876,814.00                  | \$28,820.00               |
| 35                      | 1                          | \$37,780.00             | 2,914,594.00                  | \$37,780.00               |
| 39                      | 1                          | \$41,020.00             | 2,955,614.00                  | \$41,020.00               |
| <b>Total Employees</b>  | <b>74</b>                  |                         |                               |                           |

**Leichty, Doug**

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**From:** Coffey, Kathy  
**Sent:** Monday, August 01, 2005 9:14 AM  
**To:** Leichty, Doug  
**Cc:** Conrad, Teresa; Williams, Scott  
**Subject:** RE: Labor Adjustment RE: VDT Filing Analysis

Total 401(k) company match for the 12 months ended June <sup>3</sup>/<sub>20</sub>, 2005

LG&E 1,223,355.19  
KU 1,504,772.68

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**From:** Conrad, Teresa  
**Sent:** Monday, August 01, 2005 8:17 AM  
**To:** Coffey, Kathy  
**Subject:** FW: Labor Adjustment RE: VDT Filing Analysis

Kathy - Did you receive this request last week? If not, can you provide this information for Doug?

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**From:** Leichty, Doug  
**Sent:** Wednesday, July 27, 2005 9:46 AM  
**To:** Conrad, Teresa  
**Cc:** Williams, Scott  
**Subject:** RE: Labor Adjustment RE: VDT Filing Analysis

Teresa,  
Can you provide the total 401(k) company match for the 12 months ended June 30, 2005 for KU and LG&E?

**Leichty, Doug**

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**From:** Coffey, Kathy  
**Sent:** Friday, August 26, 2005 8:56 AM  
**To:** Leichty, Doug  
**Cc:** Conroy, Robert; Williams, Scott  
**Subject:** RE: VDT: Labor Adjustment

The percentage of wages that do not exceed Social Security for this time period for LG&E is 97.69% and for KU is 98.08%.

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Adjustment to Annualize MISO Schedules 16 and 17**  
**For the Twelve Months Ended June 30, 2005**

|  | <u>Electric</u>            |
|--|----------------------------|
| 1. Actual MISO Schedules 16 and 17 incurred in the 12 months ended June 30, 2005 (April, May, and June 2005) | \$ 731,924                 |
| 2. Actual MISO Schedules 16 and 17 incurred in July and August 2005  | 649,624                    |
| 3. Average MISO Schedules 16 and 17 monthly amount [(Line 1 + Line 2) / 5]                                   | 276,310                    |
| 4. MISO Schedules 16 and 17 annual amount (Line 3 x 12)  | 3,315,720                  |
| 5. MISO Schedules 16 and 17 incurred during 12 months ended June 30, 2005                                    | <u>731,924</u>             |
| 6. MISO Schedules 16 and 17 annualization adjustment (Line 4 - Line 5)                                       | <u><u>\$ 2,583,796</u></u> |

## MISO Summary

|                         | Apr-2005 | May-2005 | Jun-2005 | Jul-2005 | Aug-2005 | April -June |
|-------------------------|----------|----------|----------|----------|----------|-------------|
| Sch 16 - FTR Admin Fee  |          |          |          |          |          |             |
| LG&E                    | 37,402   | 49,359   | 8,645    | 22,090   | 48,206   | 95,406      |
| KU                      | 61,549   | 72,460   | 8,740    | 18,718   | 43,449   | 142,750     |
| Total                   | 98,951   | 121,819  | 17,385   | 40,808   | 91,655   | 238,155     |
| Sch 17- DA/RT Admin Fee |          |          |          |          |          |             |
| LG&E                    | 180,249  | 220,700  | 235,570  | 291,431  | 287,897  | 636,519     |
| KU                      | 271,821  | 289,298  | 315,245  | 415,387  | 398,360  | 876,365     |
| Total                   | 452,070  | 509,998  | 550,815  | 706,818  | 686,257  | 1,512,883   |
| Total Sch 16 & 17       |          |          |          |          |          |             |
| LG&E                    | 217,650  | 270,058  | 244,216  | 313,521  | 336,103  | 731,924     |
| KU                      | 333,371  | 361,759  | 323,985  | 434,104  | 441,809  | 1,019,114   |
| Total                   | 551,021  | 631,817  | 568,200  | 747,625  | 777,912  | 1,751,038   |

**NOTE:**

Amount represents charges per the most recent settlement statements, or estimated amounts for days with no settlement statement, as of each month end allocated based upon an allocation methodology.

Schedule 16 administrative costs for native load are allocated between companies based on the percent of FTR volume.

Schedule 16 administrative costs are not allocated to for oss.

Schedule 17 administrative costs for native load are allocated between companies based on the percent of load.

Schedule 17 administrative costs for oss are allocated between companies based on the percent of generation contributed.



| LGE   | Acct #                                  | Jan-2005      |              | Feb-2005     |              | Mar-2005     |                | Apr-2005     |                 | May-2005     |                 | Jun-2005     |                | Jul-2005      |                | Aug-2005      |                 | 2005 YTD      |                 |              |
|-------|---|---------------|--------------|--------------|--------------|--------------|----------------|--------------|-----------------|--------------|-----------------|--------------|----------------|---------------|----------------|---------------|-----------------|---------------|-----------------|--------------|
|       |   | MWH           | Dollars      | MWH          | Dollars      | MWH          | Dollars        | MWH          | Dollars         | MWH          | Dollars         | MWH          | Dollars        | MWH           | Dollars        | MWH           | Dollars         | MWH           | Dollars         |              |
| DAY 1 | Schedule 7,8,14,18 - OSS                | 456051        | (382,519.93) | (243,019.07) | (309,344.91) | 4,060.19     | (506.47)       | (96.47)      | (6.72)          | (37.59)      | (22.85)         | (1,576.09)   | 2,802          | 4,407.94      | 2,437          | (664,416.72)  | 8,446           | 3,251,653.98  | -               | (933,680.50) |
|       | Schedule 1 - OSS                        | 456052        | (23,338.49)  | (14,876.83)  | (19,125.41)  | 249.49       | (37.59)        | (6.72)       | (37.59)         | (22.85)      | (1,576.09)      | 2,802        | 4,407.94       | 2,437         | (664,416.72)   | 8,446         | 3,251,653.98    | -             | (933,680.50)    |              |
|       | Schedule 2 - OSS                        | 456053        | (50,728.00)  | (29,610.98)  | (38,405.46)  | 510.38       | (22.85)        | (6.72)       | (37.59)         | (22.85)      | (1,576.09)      | 2,802        | 4,407.94       | 2,437         | (664,416.72)   | 8,446         | 3,251,653.98    | -             | (933,680.50)    |              |
|       | Transmission Elec OSS - MISO            | 565006        |              | 2,619,869.25 | 1,481,731.06 | 48           | (177,313.33)   | 2,206        | 8,851.87        | 370.89       | 112.85          | 324.05       | -              | 39.37         | -              | 17,296.84     | -               | 17,296.84     | -               | 17,296.84    |
|       | MISO Schedule 10 - OSS                  | 566102        | 26,145.00    | 10,881.62    | 34,644.30    | (55,021.34)  |                |              |                 |              |                 |              |                |               |                |               |                 |               |                 |              |
|       | MISO FERC Fees - OSS                    | 566104        | 19,216.00    | 19,216.00    | 19,216.00    | 19,216.00    |                |              |                 |              |                 |              |                |               |                |               |                 |               |                 |              |
|       | Subtotal Day 1 OSS                      |               | (411,228.22) | 2,382,259.99 | 1,146,715.58 | 48           | (208,288.61)   | 2,208        | 27,971.95       | 851          | 17,645.71       | 2,802        | 15,906.75      | 2,437         | (597,891.71)   | 8,446         | 2,355,083.44    | -             | (933,680.50)    |              |
|       | Schedule 7,8,14,18 - NL                 | 456002        | (205,621.37) | (185,901.93) | (177,030.14) | (136,877.75) | (149,541.46)   | (157,835.29) | (184,353.93)    | -            | 17,498.94       | -            | 17,498.94      | -             | 17,498.94      | -             | (1,179,682.93)  | -             | (1,179,682.93)  |              |
|       | Schedule 1 - NL                         | 456020        | (14,632.61)  | (14,110.41)  | (14,915.87)  | (12,159.80)  | (12,957.83)    | (11,913.38)  | (13,277.21)     | -            | (14,071.52)     | -            | (14,071.52)    | -             | (14,071.52)    | -             | (108,038.41)    | -             | (108,038.41)    |              |
|       | Schedule 2 - NL                         | 456021        | (45,638.57)  | (42,584.93)  | (44,928.15)  | (45,024.35)  | (52,421.98)    | (46,749.78)  | (54,576.79)     | -            | (55,536.20)     | -            | (55,536.20)    | -             | (55,536.20)    | -             | (387,460.79)    | -             | (387,460.79)    |              |
|       | MISO Schedule 10 - NL                   | 568101        | 228,705.08   | 180,344.32   | 173,594.35   | 1,202        | 171,230.89     | 1,532        | 224,546.81      | 1,873        | 269,728.00      | 2,070        | 291,587.89     | 1,991         | 264,734.95     | 8,668         | 1,782,472.29    | -             | 1,782,472.29    |              |
|       | MISO Schedule 18 - NL                   | 568109        | 4,132.28     | 4,288.06     | 3,059.50     | 3,235.52     | 3,305.10       | 4,296.05     | 5,064.72        | -            | 5,556.31        | -            | 5,556.31       | -             | 5,556.31       | -             | 32,937.54       | -             | 32,937.54       |              |
|       | MISO FERC Fees - NL                     | 568103        | 41,480.00    | 41,480.00    | 41,480.00    | 41,480.00    | 41,480.00      | 41,480.00    | 34,895.00       | 34,895.00    | 34,895.00       | 34,895.00    | 34,895.00      | 0             | 158,894.15     | -             | 436,084.15      | -             | 436,084.15      |              |
|       | Subtotal Day 1 NL                       |               | 6,424.81     | (38,484.89)  | (18,740.31)  | 1,202        | 21,884.51      | 1,532        | 54,410.84       | 1,873        | 92,420.64       | 2,070        | 79,339.88      | 1,991         | 377,076.63     | 8,668         | 576,331.91      | -             | 576,331.91      |              |
| DAY 2 | Regular Sales-OSS                       | 447016        | -            | -            | -            | (213,068)    | (7,702,928.14) | (315,127)    | (10,926,539.67) | (218,730)    | (8,652,589.82)  | (85,939)     | (4,066,144.55) | (182,460)     | (8,487,489.41) | (1,025,324)   | (39,835,671.59) | -             | (39,835,671.59) |              |
|       | Brokered Sales-OSS                      | 447109        | -            | -            | -            | (17,018)     | (546,317.30)   | (27,566)     | (826,228.43)    | (31,168)     | (1,857,884.08)  | (20,706)     | (1,498,254.04) | (34,874)      | (2,463,106.38) | (131,330)     | (7,091,588.23)  | -             | (7,091,588.23)  |              |
|       | Purchases-OSS                           | 555008        | -            | -            | -            | 4,804        | 268,928.12     | 8,169        | 393,881.47      | 3            | 86.41           | 86           | 7,870.21       | -             | -              | 12,882        | 668,748.21      | -             | 668,748.21      |              |
|       | Brokered Purch.-OSS                     | 447209        | -            | -            | -            | 18,862       | 575,797.88     | 29,397       | 879,988.98      | 37,084       | 1,788,876.88    | 23,775       | 1,517,214.55   | 38,449        | 2,443,987.70   | 147,567       | 7,205,865.77    | -             | 7,205,865.77    |              |
|       | Sch 17- DA/RT Admin Fee-OSS             | 557201        | -            | -            | -            | -            | 19,333.21      | -            | 29,253.15       | -            | 20,391.80       | -            | 12,635.54      | -             | 19,866.39      | -             | 101,780.09      | -             | 101,780.09      |              |
|       | RSG Make Whole Payment-OSS              | 557205/456025 | -            | -            | -            | -            | (1,080,491.40) | -            | (2,521,998.06)  | -            | (8,929,413.45)  | -            | (3,036,921.95) | -             | (970,778.82)   | -             | (16,539,603.68) | -             | (16,539,603.68) |              |
|       | RSG Distribution Amount - OSS           | 557205        | -            | -            | -            | -            | 1,453.93       | -            | 2,917.82        | -            | 8,839.50        | -            | 13,151.09      | -             | 33,977.78      | -             | 33,977.78       | -             | 33,977.78       |              |
|       | Revenue Neutrality Uplift - OSS         | 557205        | -            | -            | -            | -            | 1,809.11       | -            | 5,009.84        | -            | 13,891.53       | -            | 13,370.13      | -             | 14,823.18      | -             | 48,503.79       | -             | 48,503.79       |              |
|       | Other-OSS                               | 557205        | -            | -            | -            | -            | 435.54         | -            | (3,407.43)      | -            | (5,404.74)      | -            | (4,651.54)     | -             | (43,118.21)    | -             | (56,146.38)     | -             | (56,146.38)     |              |
|       | Day 2 OSS                               |               | -            | -            | -            | (206,818)    | (8,463,979.05) | (305,107)    | (13,067,120.23) | (212,811)    | (17,412,430.37) | (92,784)     | (7,047,742.15) | (178,885)     | (9,472,964.48) | (996,205)     | (55,464,136.26) | -             | (55,464,136.26) |              |
|       | Generation fuel for MISO sales          |               | 23,464       | 517,422.93   | 65,249       | 2,185,407.28 | 75,774         | 3,619,345.96 | 21,515          | 929,365.67   | 35,778          | 1,590,887.18 | 221,780        | 8,642,229.02  | 221,780        | 8,642,229.02  | -               | 8,642,229.02  |                 |              |
|       | Internal replacement purch from KU-fuel |               | 184,985      | 3,916,307.09 | 242,047      | 6,269,678.49 | 142,609        | 4,829,110.27 | 74,963          | 1,822,481.82 | 146,587         | 3,212,958.92 | 791,191        | 20,150,536.39 | 791,191        | 20,150,536.39 | -               | 20,150,536.39 |                 |              |
|       | Subtotal Day 2 OSS                      |               | -            | -            | -            | 1,831        | (4,030,249.03) | 2,189        | (4,612,034.48)  | 5,572        | (8,863,974.14)  | 3,694        | (4,295,894.86) | 3,480         | (4,669,218.38) | 16,786        | (28,471,370.85) | -             | (28,471,370.85) |              |
|       | Purchases-NL                            | 555007        | -            | -            | -            | 4,151        | 207,639.06     | 1,652        | 22,996.70       | 6,906        | 588,002.55      | 81,228       | 5,110,300.38   | 38,397        | 4,285,207.91   | 110,334       | 10,214,146.60   | -             | 10,214,146.60   |              |
|       | Sch 16 - FTR Admin Fee-NL               | 557202        | -            | -            | -            | -            | 37,401.58      | -            | 49,358.65       | -            | 8,645.35        | -            | 22,090.33      | -             | 48,205.55      | -             | 165,701.44      | -             | 165,701.44      |              |
|       | Sch 17- DA/RT Admin Fee-NL              | 557203        | -            | -            | -            | -            | 160,015.58     | -            | 191,448.41      | -            | 215,178.48      | -            | 278,495.36     | -             | 268,030.85     | -             | 1,114,068.68    | -             | 1,114,068.68    |              |
|       | RSG Make Whole Payment-NL               | 557204        | -            | -            | -            | -            | (184,548.73)   | -            | (194,932.84)    | -            | 348,144.81      | -            | (13,702.39)    | -             | 16,249.44      | -             | (10,789.71)     | -             | (10,789.71)     |              |
|       | RSG Distribution Amount - NL            | 557204        | -            | -            | -            | -            | 318,188.53     | -            | 412,827.77      | -            | 1,096,153.04    | -            | 1,076,178.84   | -             | 1,495,322.89   | -             | 4,396,450.87    | -             | 4,396,450.87    |              |
|       | Revenue Neutrality Uplift - NL          | 557204        | -            | -            | -            | -            | 393,424.24     | -            | 727,787.09      | -            | 1,618,484.33    | -            | 2,091,398.33   | -             | 1,594,162.62   | -             | 6,425,176.81    | -             | 6,425,176.81    |              |
|       | Other-NL                                | 557204        | -            | -            | -            | -            | (59,943.67)    | -            | 10,524.18       | -            | (73,070.93)     | -            | (2,993,940.08) | -             | (649,723.62)   | -             | (2,860,754.12)  | -             | (2,860,754.12)  |              |
|       | Day 2 NL                                |               | -            | -            | -            | 4,151        | 891,058.57     | 1,652        | 1,225,807.96    | 6,906        | 3,799,917.83    | 81,228       | 8,470,820.77   | 38,397        | 7,057,395.44   | 110,334       | 19,443,998.37   | -             | 19,443,998.37   |              |
|       | FAC Revenue (100% of NL purch)          |               | -            | -            | -            | -            | (207,639.06)   | -            | (22,996.70)     | -            | (588,002.55)    | -            | (5,110,300.38) | -             | (4,285,207.91) | -             | (10,214,146.60) | -             | (10,214,146.60) |              |
|       | Subtotal Day 2 NL                       |               | -            | -            | -            | 4,151        | 683,417.51     | 1,652        | 1,202,811.26    | 6,906        | 3,210,915.08    | 81,228       | 3,360,520.39   | 38,397        | 2,772,187.53   | 110,334       | 9,229,851.77    | -             | 9,229,851.77    |              |
| DAY 3 | MISO Schedule 21 - NL                   | 456002        | (238,378.27) | (79,459.23)  | (42,055.87)  | (35,502.06)  | (21,883.46)    | (38,731.54)  | (38,996.54)     | -            | (495,006.97)    | -            | (210,241.00)   | -             | (284,765.97)   | -             | (284,765.97)    | -             | (284,765.97)    |              |
|       | MISO Schedule 22 - NL                   | 566117        | 185,762.88   | (93,298.60)  | 27,030.93    | 27,511.38    | 42,724.14      | 58,278.82    | (37,768.55)     | -            | 210,241.00      | -            | (284,765.97)   | -             | (284,765.97)   | -             | (284,765.97)    | -             | (284,765.97)    |              |
|       | Subtotal Day 3 NL                       |               | (52,615.39)  | (172,757.83) | (15,024.94)  | (7,990.68)   | (20,840.88)    | (20,840.88)  | (20,840.88)     | -            | 20,840.88       | -            | 19,547.28      | -             | (78,765.97)    | -             | (78,765.97)     | -             | (78,765.97)     |              |
|       | LGE Subtotal                            |               | (404,801.41) | 2,273,159.71 | 957,217.44   | 7,232        | (3,548,270.58) | 7,581        | (3,334,831.09)  | 15,302       | (5,522,152.03)  | 89,794       | (2,820,580.76) | 44,305        | (2,194,811.00) | 144,214       | (14,594,869.70) | -             | (14,594,869.70) |              |
|       | Less Subtotal Day 2 OSS                 |               | -            | -            | -            | (1,831)      | 4,030,249.03   | (2,189)      | 4,612,034.48    | (5,572)      | 8,863,974.14    | (3,694)      | 4,295,894.86   | (3,480)       | 4,669,218.38   | (16,786)      | 28,471,370.85   | -             | 28,471,370.85   |              |
|       | LGE Total MISO less Day 2 OSS Profit    |               | (404,801.41) | 2,273,159.71 | 957,217.44   | 5,401        | 481,978.47     | 5,392        | 1,277,203.37    | 9,730        | 3,341,822.11    | 86,100       | 1,475,314.10   | 40,825        | 2,474,607.38   | 127,448       | 11,876,501.15   | -             | 11,876,501.15   |              |

NOTE: Positive values represent Expenses and Negative values represent Revenues.

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Adjustment to Annualize MISO Revenue Neutrality Uplift  
For the Twelve Months Ended June 30, 2005**

|  |                      |
|--|----------------------|
| 1. Actual MISO Revenue Neutrality Uplift incurred in the 12 months ended June 30, 2005 (April, May, and June 2005) | \$ 2,760,186         |
| 2. Actual MISO Revenue Neutrality Uplift incurred in July and August 2005  | 3,713,494            |
| 3. Average MISO Revenue Neutrality Uplift monthly amount [(Line 1 + Line 2) / 5]                                   | 1,294,736            |
| 4. MISO Revenue Neutrality Uplift annual amount (Line 3 x 12)  | 15,536,832           |
| 5. MISO Revenue Neutrality Uplift incurred during 12 months ended June 30, 2005                                    | <u>2,760,186</u>     |
| 6. MISO Revenue Neutrality Uplift annualization adjustment (Line 4 - Line 5)                                       | <u>\$ 12,776,646</u> |

## MISO Summary

|                           | Apr-2005  | May-2005  | Jun-2005  | Jul-2005  | Aug-2005  | April -June |
|---------------------------|-----------|-----------|-----------|-----------|-----------|-------------|
| Revenue Neutrality Uplift |           |           |           |           |           |             |
| LG&E                      | 395,233   | 732,797   | 1,632,156 | 2,104,768 | 1,608,726 | 2,760,186   |
| KU                        | 661,848   | 1,125,841 | 2,344,019 | 3,052,319 | 2,324,457 | 4,131,708   |
| Total                     | 1,057,082 | 1,858,637 | 3,976,175 | 5,157,087 | 3,933,183 | 6,891,894   |

### NOTE:

Amount represents charges per the most recent settlement statements, or estimated amounts for days with no settlement statement, as of each month end allocated based upon an allocation methodology.

Revenue neutrality uplift charges for native load are allocated between companies based on the percent of load.

Revenue neutrality uplift charges for oss are allocated between companies based on the percent of generation contributed.

| LGE   | Acct #                                  | Jan-2005      |              | Feb-2005       |                | Mar-2005       |                | Apr-2005     |                | May-2005     |                 | Jun-2005     |                 | Jul-2005     |                | Aug-2005  |                | 2005 YTD    |                 |
|-------|---|---------------|--------------|----------------|----------------|----------------|----------------|--------------|----------------|--------------|-----------------|--------------|-----------------|--------------|----------------|-----------|----------------|-------------|-----------------|
|       |   | MWH           | Dollars      | MWH            | Dollars        | MWH            | Dollars        | MWH          | Dollars        | MWH          | Dollars         | MWH          | Dollars         | MWH          | Dollars        | MWH       | Dollars        | MWH         | Dollars         |
| DAY 1 | Schedule 7,8,14,18 - OSS                | 458051        | (382,519.93) | (243,019.07)   | (243,019.07)   | (309,344.91)   | (309,344.91)   | 4,060.19     | 4,060.19       | (506.47)     | (506.47)        | (96.47)      | (96.47)         | (1,442.32)   | (1,442.32)     | -         | (811.52)       | -           | (933,680.50)    |
|       | Schedule 1 - OSS                        | 458052        | (23,338.49)  | (14,876.83)    | (14,876.83)    | (19,125.41)    | (19,125.41)    | 249.49       | 249.49         | (37.59)      | (37.59)         | (6.72)       | (6.72)          | (157.74)     | (157.74)       | -         | (72.89)        | -           | (57,366.18)     |
|       | Schedule 2 - OSS                        | 456053        | (50,728.80)  | (29,810.98)    | (29,810.98)    | (38,405.46)    | (38,405.46)    | 510.38       | 510.38         | (22.85)      | (22.85)         | (3.88)       | (3.88)          | (340.23)     | (340.23)       | -         | (112.59)       | -           | (118,714.39)    |
|       | Transmission Elec OSS - MISO            | 585006        |              | 2,819,889.25   | 2,819,889.25   | 1,461,731.06   | 1,461,731.06   | 48           | (177,313.33)   | 2,208        | 8,951.87        | 951          | (1,578.09)      | 2,802        | 4,407.94       | 2,437     | (664,418.72)   | 8,446       | 3,251,653.98    |
|       | MISO Schedule 10 - OSS                  | 586102        | 28,145.00    | 10,881.62      | 10,881.62      | 34,644.30      | 34,644.30      | (55,021.34)  | (55,021.34)    | 370.89       | 370.89          | 112.85       | 112.85          | 324.05       | 324.05         | -         | 39.37          | -           | 17,206.84       |
|       | MISO FERC Fees - OSS                    | 586104        | 19,218.00    | 19,218.00      | 19,218.00      | 19,218.00      | 19,218.00      | 19,218.00    | 19,218.00      | 19,218.00    | 19,218.00       | 19,218.00    | 19,218.00       | 13,115.05    | 13,115.05      | 0         | 67,482.64      | -           | 195,893.69      |
|       | Subtotal Day 1 OSS                      |               | (411,226.22) | (2,362,259.89) | (2,362,259.89) | (1,148,715.58) | (1,148,715.58) | 48           | (208,288.61)   | 2,208        | 27,971.95       | 951          | 17,645.71       | 2,802        | 15,906.75      | 2,437     | (507,891.71)   | 8,446       | 2,355,083.44    |
|       | Schedule 7,8,14,18 - NL                 | 456002        | (205,821.37) | (185,901.93)   | (185,901.93)   | (177,030.14)   | (177,030.14)   | (136,877.75) | (136,877.75)   | (149,541.48) | (149,541.48)    | (157,835.29) | (157,835.29)    | (184,353.93) | (184,353.93)   | -         | 17,498.94      | -           | (1,179,862.93)  |
|       | Schedule 1 - NL                         | 456020        | (14,832.61)  | (14,110.41)    | (14,110.41)    | (14,915.87)    | (14,915.87)    | (12,159.80)  | (12,159.80)    | (12,957.63)  | (12,957.63)     | (11,913.36)  | (11,913.36)     | (13,277.21)  | (13,277.21)    | -         | (14,071.52)    | -           | (108,038.41)    |
|       | Schedule 2 - NL                         | 456021        | (45,638.57)  | (42,584.93)    | (42,584.93)    | (44,928.15)    | (44,928.15)    | (45,024.35)  | (45,024.35)    | (52,421.98)  | (52,421.98)     | (46,749.76)  | (46,749.76)     | (54,578.79)  | (54,578.79)    | -         | (55,536.20)    | -           | (387,460.73)    |
|       | MISO Schedule 10 - NL                   | 566101        | 228,705.08   | 160,344.32     | 160,344.32     | 173,594.35     | 173,594.35     | 1,202        | 171,230.89     | 1,532        | 224,546.81      | 1,873        | 269,726.00      | 2,070        | 291,587.89     | 1,991     | 264,734.95     | 8,668       | 1,782,472.29    |
|       | MISO Schedule 18 - NL                   | 566109        | 4,132.28     | 4,288.06       | 4,288.06       | 3,059.50       | 3,059.50       | 3,235.52     | 3,235.52       | 3,305.10     | 3,305.10        | 4,296.05     | 4,296.05        | 5,064.72     | 5,064.72       | -         | 5,556.31       | -           | 32,937.54       |
|       | MISO FERC Fees - NL                     | 566103        | 41,480.00    | 41,480.00      | 41,480.00      | 41,480.00      | 41,480.00      | 41,480.00    | 41,480.00      | 41,480.00    | 41,480.00       | 41,480.00    | 41,480.00       | 34,895.00    | 34,895.00      | 0         | 158,894.15     | -           | 430,084.15      |
|       | Subtotal Day 1 NL                       |               | 6,424.81     | (36,484.89)    | (36,484.89)    | (18,740.31)    | (18,740.31)    | 1,202        | 21,884.51      | 1,532        | 54,410.84       | 1,873        | 92,420.64       | 2,070        | 79,339.68      | 1,991     | 377,076.63     | 8,668       | 576,331.91      |
| DAY 2 | Regular Sales-OSS                       | 447016        | -            | -              | -              | -              | -              | (213,068)    | (7,702,928.14) | (315,127)    | (10,826,539.67) | (218,730)    | (8,652,589.82)  | (95,939)     | (4,066,144.55) | (182,460) | (8,487,489.41) | (1,025,324) | (39,835,671.59) |
|       | Brokered Sales-OSS                      | 447109        | -            | -              | -              | -              | -              | (17,016)     | (548,317.30)   | (27,566)     | (926,226.43)    | (31,168)     | (1,657,684.08)  | (20,706)     | (1,498,254.04) | (34,874)  | (2,463,106.39) | (131,330)   | (7,091,588.23)  |
|       | Purchases-OSS                           | 555006        | -            | -              | -              | -              | -              | 4,604        | 266,928.12     | 8,189        | 393,881.47      | 3            | 86.41           | 88           | 7,870.21       | -         | -              | 12,882      | 688,748.21      |
|       | Brokered Purch-OSS                      | 447209        | -            | -              | -              | -              | -              | 18,882       | 575,797.88     | 29,397       | 879,888.88      | 37,084       | 1,788,876.68    | 23,775       | 1,517,214.55   | 38,449    | 2,443,987.70   | 147,567     | 7,205,865.77    |
|       | Sch 17- DA/RT Admin Fee-OSS             | 557201        | -            | -              | -              | -              | -              | -            | 19,333.21      | -            | 29,253.15       | -            | 20,391.80       | -            | 12,935.54      | -         | 19,896.39      | -           | 101,780.09      |
|       | RSG Make Whole Payment-OSS              | 557205/456025 | -            | -              | -              | -              | -              | -            | (1,080,491.40) | -            | (2,521,998.06)  | -            | (8,929,413.45)  | -            | (3,039,821.95) | -         | (970,778.82)   | -           | (16,539,603.68) |
|       | RSG Distribution Amount - OSS           | 557205        | -            | -              | -              | -              | -              | -            | 1,453.93       | -            | 2,917.92        | -            | 8,615.32        | -            | 6,839.50       | -         | 13,151.09      | -           | 33,977.76       |
|       | Revenue Neutrality Uplift - OSS         | 557205        | -            | -              | -              | -              | -              | -            | 1,809.11       | -            | 5,009.84        | -            | 13,691.53       | -            | 13,370.13      | -         | 14,823.18      | -           | 48,503.79       |
|       | Other-OSS                               | 557205        | -            | -              | -              | -              | -              | -            | 435.54         | -            | (3,407.43)      | -            | (5,405.74)      | -            | (4,851.54)     | -         | (43,118.21)    | -           | (58,146.38)     |
|       | Day 2 OSS                               |               | -            | -              | -              | -              | -              | (206,618)    | (8,463,979.05) | (305,107)    | (13,067,120.23) | (212,811)    | (17,412,430.37) | (92,784)     | (7,047,742.15) | (178,885) | (9,472,864.46) | (996,205)   | (55,464,136.26) |
|       | Generation fuel for MISO sales          |               | -            | -              | -              | -              | -              | 23,464       | 517,422.93     | 65,249       | 2,185,407.28    | 75,774       | 3,619,345.96    | 21,515       | 829,385.67     | 35,778    | 1,590,687.18   | 221,780     | 8,842,229.02    |
|       | Internal replacement purch from KU-fuel |               | -            | -              | -              | -              | -              | 184,985      | 3,916,307.09   | 242,047      | 6,269,678.49    | 142,609      | 4,929,110.27    | 74,963       | 1,822,481.62   | 148,587   | 3,212,958.92   | 791,191     | 20,150,536.39   |
|       | Subtotal Day 2 OSS                      |               | -            | -              | -              | -              | -              | 1,831        | (4,030,249.03) | 2,189        | (4,612,034.48)  | 5,572        | (8,863,974.14)  | 3,694        | (4,295,894.86) | 3,480     | (4,669,218.38) | 16,766      | (26,471,370.85) |
|       | Purchases-NL                            | 555007        | -            | -              | -              | -              | -              | 4,151        | 207,639.06     | 1,652        | 22,996.70       | 6,906        | 588,002.55      | 61,228       | 5,110,300.38   | 36,397    | 4,285,207.81   | 110,334     | 10,214,146.60   |
|       | Sch 16 - FTR Admin Fee-NL               | 557202        | -            | -              | -              | -              | -              | -            | 37,401.56      | -            | 49,358.65       | -            | 8,645.35        | -            | 22,090.33      | -         | 48,205.55      | -           | 165,701.44      |
|       | Sch 17- DA/RT Admin Fee-NL              | 557203        | -            | -              | -              | -              | -              | -            | 180,915.58     | -            | 191,446.41      | -            | 215,178.49      | -            | 278,495.36     | -         | 288,030.85     | -           | 1,114,066.68    |
|       | RSG Make Whole Payment-NL               | 557204        | -            | -              | -              | -              | -              | -            | (164,548.73)   | -            | (194,932.84)    | -            | 346,144.81      | -            | (13,702.39)    | -         | 16,249.44      | -           | (10,789.71)     |
|       | RSG Distribution Amount - NL            | 557204        | -            | -              | -              | -              | -              | -            | 316,169.53     | -            | 412,827.77      | -            | 1,096,153.04    | -            | 1,076,178.84   | -         | 1,495,322.89   | -           | 4,396,450.87    |
|       | Revenue Neutrality Uplift - NL          | 557204        | -            | -              | -              | -              | -              | -            | 393,424.24     | -            | 727,787.09      | -            | 1,618,484.33    | -            | 2,091,398.33   | -         | 1,594,102.62   | -           | 6,425,176.61    |
|       | Other-NL                                | 557204        | -            | -              | -              | -              | -              | -            | (59,943.67)    | -            | 16,524.18       | -            | (73,670.93)     | -            | (2,093,940.08) | -         | (649,723.62)   | -           | (2,860,754.12)  |
|       | Day 2 NL                                |               | -            | -              | -              | -              | -              | 4,151        | 891,056.57     | 1,652        | 1,225,807.96    | 6,906        | 3,798,917.63    | 61,228       | 6,470,820.77   | 36,397    | 7,057,395.44   | 110,334     | 19,443,988.37   |
|       | FAC Revenue (100% of NL purch)          |               | -            | -              | -              | -              | -              | -            | (207,639.06)   | -            | (22,996.70)     | -            | (588,002.55)    | -            | (5,110,300.38) | -         | (4,285,207.81) | -           | (10,214,146.60) |
|       | Subtotal Day 2 NL                       |               | -            | -              | -              | -              | -              | 4,151        | 683,417.51     | 1,652        | 1,202,811.26    | 6,906        | 3,210,915.08    | 61,228       | 1,360,520.39   | 36,397    | 2,772,187.52   | 110,334     | 9,229,851.77    |
| DAY 3 | MISO Schedule 21 - NL                   | 456002        |              | (238,378.27)   | (238,378.27)   | (79,459.23)    | (79,459.23)    | (42,055.87)  | (42,055.87)    | (35,502.06)  | (35,502.06)     | (21,883.46)  | (21,883.46)     | (38,731.54)  | (38,731.54)    | -         | (38,996.54)    | -           | (495,006.97)    |
|       | MISO Schedule 22 - NL                   | 566117        |              | 185,762.88     | 185,762.88     | (93,298.60)    | (93,298.60)    | 27,030.93    | 27,030.93      | 27,511.38    | 27,511.38       | 42,724.14    | 42,724.14       | 58,278.82    | 58,278.82      | -         | (37,788.55)    | -           | 210,241.00      |
|       | Subtotal Day 3 NL                       |               |              | (52,615.39)    | (52,615.39)    | (172,757.83)   | (172,757.83)   | (15,024.94)  | (15,024.94)    | (7,990.68)   | (7,990.68)      | (20,840.68)  | (20,840.68)     | (19,547.28)  | (19,547.28)    | -         | (76,785.09)    | -           | (284,765.97)    |
|       | LGE Subtotal                            |               | (404,801.41) | (2,273,159.71) | (2,273,159.71) | (957,217.44)   | (957,217.44)   | 7,232        | (3,548,270.56) | 7,581        | (3,334,831.09)  | 15,302       | (5,522,152.03)  | 89,794       | (2,820,580.78) | 44,305    | (2,194,811.00) | 144,214     | (14,594,869.70) |
|       | Less Subtotal Day 2 OSS                 |               | -            | -              | -              | -              | -              | (1,831)      | 4,030,249.03   | (2,189)      | 4,612,034.46    | (5,572)      | 8,863,974.14    | (3,694)      | 4,295,894.86   | (3,480)   | 4,669,218.38   | (16,766)    | 26,471,370.85   |
|       | LGE Total MISO less Day 2 OSS Profit    |               | (404,801.41) | (2,273,159.71) | (2,273,159.71) | (957,217.44)   | (957,217.44)   | 5,401        | 481,978.47     | 5,392        | 1,277,203.37    | 9,730        | 3,341,822.11    | 86,100       | 1,475,314.10   | 40,825    | 2,474,607.38   | 127,448     | 11,876,501.15   |

NOTE: Positive values represent Expenses and Negative values represent Revenues.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Adjustment to Annualize MISO Revenue Sufficiency Guarantee  
For the Twelve Months Ended June 30, 2005**

| Revenue  | April-June<br>2005 | July-August<br>2005 |                |
|--|--------------------|---------------------|----------------|
| 1. RSG Make Whole Payments   | \$ 5,817,280       | \$ 3,742,464        | \$ 9,559,744   |
| 2. RSG Make Whole Payment monthly amount (Line 1 / 5)  |                    |                     | 1,911,949      |
| 3. RSG Make Whole Payment annual amount (Line 2 x 12)  |                    |                     | 22,943,388     |
| 4. RSG Make Whole Payments earned during 12 months ended June 30, 2005<br>(Line 1 for April-June 2005)       |                    |                     | 5,817,280      |
| 5. Annualized Revenue Adjustment (Line 3 - Line 4)   |                    |                     | \$ 17,126,108  |
| <br>   |                    |                     |                |
| Expenses   |                    |                     |                |
| 6. Production cost for RSG Payments  | 4,674,621          | 2,498,517           | \$ 7,173,138   |
| 7. RSG Distribution Amount   | 1,838,937          | 2,591,492           | 4,430,429      |
| 8. Monthly Expense amount [(Line 6 + Line 7) / 5]  |                    |                     | 2,320,713      |
| 9. Annual Expense Amount (Line 8 x 12)   |                    |                     | 27,848,556     |
| 10. MISO RSG Expenses incurred during 12 months ended June 30, 2005<br>(Line 6 + Line 7 for April-June 2005) |                    |                     | 6,513,558      |
| 11. Annualized Expense Adjustment (Line 9 - Line 10)   |                    |                     | \$ 21,334,998  |
| <br>   |                    |                     |                |
| 12. Net Adjustment (Line 5 - Line 11)  |                    |                     | \$ (4,208,890) |

## MISO Summary

|                         | Apr-2005  | May-2005  | Jun-2005   | Jul-2005  | Aug-2005  | April -June |
|-------------------------|-----------|-----------|------------|-----------|-----------|-------------|
| RSG Make Whole Payment  |           |           |            |           |           |             |
| RSG Reclassification    | 1,061,595 | 1,357,464 | 4,308,900  | 262,689   |           |             |
| LG&E                    | 183,445   | 1,359,466 | 4,274,369  | 2,787,935 | 954,529   | 5,817,281   |
| KU                      | 1,534,096 | 1,716,795 | 6,536,598  | 2,876,540 | 1,458,161 | 9,787,489   |
| Total                   | 1,717,542 | 3,076,261 | 10,810,967 | 5,664,475 | 2,412,690 | 15,604,770  |
| RSG Distribution Amount |           |           |            |           |           |             |
| LG&E                    | 317,622   | 415,546   | 1,105,768  | 1,083,018 | 1,508,474 | 1,838,937   |
| KU                      | 531,883   | 633,717   | 1,566,755  | 1,578,225 | 2,204,223 | 2,732,354   |
| Total                   | 849,505   | 1,049,262 | 2,672,523  | 2,661,243 | 3,712,697 | 4,571,291   |

### NOTE:

Amount represents charges per the most recent settlement statements, or estimated amounts for days with no settlement statement, as of each month end allocated based upon an allocation methodology.

Revenue Sufficiency Guarantee make-whole payment is not allocated to for native load.

Revenue Sufficiency Guarantee make-whole payments for oss are allocated between companies based on the percent of unit ownership.

RSG Distribution charges for native load are allocated between companies based on the percent of load.

RSG Distribution charges for oss are allocated between companies based on the percent of generation contributed.

## Determination of RSG Make Whole Payment production cost using simple ratio of OSS production expense

|   | Apr-2005   | May-2005   | Jun-2005   | Jul-2005     | Aug-2005     | April -June  |
|---|------------|------------|------------|--------------|--------------|--------------|
| LG&E Sales                              |            |            |            |              |              |              |
| OSS Revenues <sup>1</sup>               | 14,425,519 | 19,501,205 | 16,273,168 | 6,380,374    | 13,312,090   | 50,199,892   |
| RSG Make Whole Payment (a)              | 183,445    | 1,359,466  | 4,274,369  | 2,787,935.16 | 954,529.38   | 5,817,281    |
| Total (b)                               | 14,608,964 | 20,860,672 | 20,547,537 | 9,168,310    | 14,266,620   | 56,017,173   |
| RSG Percentage (a) / (b)                | 1.26%      | 6.52%      | 20.80%     | 30.41%       | 6.69%        |              |
| Cost of Total Sales <sup>2</sup> (c)    | 11,776,239 | 18,804,666 | 15,869,688 | 5,818,491    | 10,898,916   | 46,450,593   |
| Cost Attributable to RSG (a)/(b) * (c)  | 147,875    | 1,225,479  | 3,301,267  | 1,769,309    | 729,208      | 4,674,621    |
| RSG Revenues (d)                        | 183,445    | 1,359,466  | 4,274,369  | 2,787,935.16 | 954,529.38   | 5,817,280.90 |
| RSG Expenses                            |            |            |            |              |              |              |
| Distribution Amount (e)                 | 317,622    | 415,546    | 1,105,768  | 1,083,018.34 | 1,508,473.78 | 1,838,937    |
| Cost of Sales (f)                       | 147,875    | 1,225,479  | 3,301,267  | 1,769,309.29 | 729,208.15   | 4,674,621    |
| RSG Net (d) - (e) - (f)                 | (282,052)  | (281,558)  | (132,666)  | (64,392)     | (1,283,153)  | (696,276)    |
| KU Sales                                |            |            |            |              |              |              |
| Revenue from Foreign Sales <sup>1</sup> | 5,157,811  | 8,553,721  | 7,692,007  | 7,192,285    | 10,018,698   | 21,403,540   |
| RSG Make Whole Payment (a)              | 1,534,096  | 1,716,795  | 6,536,598  | 2,876,540    | 1,458,161    | 9,787,489    |
| Total (b)                               | 6,691,907  | 10,270,516 | 14,228,605 | 10,068,825   | 11,476,859   | 31,191,029   |
| RSG Percentage (a) / (b)                | 22.92%     | 16.72%     | 45.94%     | 28.57%       | 12.71%       |              |
| Cost of Total Sales <sup>2</sup> (c)    | 4,182,007  | 6,913,024  | 6,795,836  | 4,430,050    | 7,749,109    | 17,890,867   |
| Cost Attributable to RSG (a)/(b) * (c)  | 958,711    | 1,155,565  | 3,121,996  | 1,265,611    | 984,542      | 5,236,271    |
| RSG Revenues (d)                        | 1,534,096  | 1,716,795  | 6,536,598  | 2,876,539.91 | 1,458,160.94 | 9,787,488.96 |
| RSG Expenses                            |            |            |            |              |              |              |
| Distribution Amount (e)                 | 531,883    | 633,717    | 1,566,755  | 1,578,224.78 | 2,204,223.08 | 2,732,354.11 |
| Cost of Sales (f)                       | 958,711    | 1,155,565  | 3,121,996  | 1,265,611.17 | 984,541.91   | 5,236,270.87 |
| RSG Net (d) - (e) - (f)                 | 43,503     | (72,486)   | 1,847,847  | 32,704       | (1,730,604)  | 1,818,864    |

<sup>1</sup> Equal to the summation of the External and Intercompany OSS Revenues from the OSS Margin Detail sheet.

<sup>2</sup> Cost of Total Sales is equal to the summation of the Purchase Power, Generation for I/C Sales, and OSS Generation Expense from the OSS Margin Detail sheet.

| LGE                                  | Acct #                                  | Jan-2005      |              | Feb-2005       |                | Mar-2005       |                | Apr-2005       |                 | May-2005       |                 | Jun-2005       |                | Jul-2005        |                 | Aug-2005    |                 | 2005 YTD |              |
|--------------------------------------|---|---------------|--------------|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|-----------------|----------------|----------------|-----------------|-----------------|-------------|-----------------|----------|--------------|
|                                      |   | MWH           | Dollars      | MWH            | Dollars        | MWH            | Dollars        | MWH            | Dollars         | MWH            | Dollars         | MWH            | Dollars        | MWH             | Dollars         | MWH         | Dollars         | MWH      | Dollars      |
| DAY 1                                | Schedule 7,8,14,18 - OSS                | 456051        | (382,519.93) | (243,019.07)   | (309,344.91)   | 4,060.19       | (506.47)       | (96.47)        | (1,442.32)      | -              | (811.52)        | -              | (933,680.50)   | -               | (57,366.18)     | -           | (118,714.39)    | 8,446    | 3,251,653.08 |
|                                      | Schedule 1 - OSS                        | 456052        | (23,338.49)  | (14,876.83)    | (19,125.41)    | 249.49         | (37.59)        | (6.72)         | (157.74)        | -              | (72.89)         | -              | (57,366.18)    | -               | (112.59)        | -           | (39.37)         | -        | 17,296.84    |
|                                      | Schedule 2 - OSS                        | 456053        | (50,728.80)  | (29,610.98)    | (38,405.48)    | 510.38         | (22.85)        | (3.86)         | (340.23)        | -              | (112.59)        | -              | (185,893.69)   | -               | (67,482.64)     | -           | (57,891.71)     | 8,446    | 2,355,083.44 |
|                                      | Transmission Elec OSS - MISO            | 565006        |              | 2,619,869.25   | 1,461,731.06   | 48             | (177,313.33)   | 2,208          | 8,951.87        | 951            | (1,578.09)      | 2,802          | 4,407.94       | 2,437           | (664,416.72)    | -           | 39.37           | -        | 3,251,653.08 |
|                                      | MISO Schedule 10 - OSS                  | 566102        | 26,145.00    | 10,661.62      | 34,644.30      |                | (55,021.34)    |                | 370.99          |                | 112.85          |                | 324.05         |                 | -               |             | 0               |          | 17,296.84    |
|                                      | MISO FERC Fees - OSS                    | 566104        | 19,216.00    | 19,216.00      | 19,216.00      |                | 19,216.00      |                | 19,216.00       |                | 19,216.00       |                | 13,115.05      |                 | 0               |             | 67,482.64       |          | 185,893.69   |
|                                      | Subtotal Day 1 OSS                      |               | (411,226.22) | - 2,362,259.99 | - 1,146,715.58 | 48             | (208,298.61)   | 2,208          | 27,971.95       | 951            | 17,645.71       | 2,802          | 15,906.75      | 2,437           | (57,891.71)     | -           | 39.37           | 8,446    | 2,355,083.44 |
|                                      | Schedule 7,8,14,18 - NL                 | 456002        | (205,621.37) | (165,901.93)   | (177,030.14)   | (136,877.75)   | (149,541.46)   | (157,835.29)   | (184,353.93)    | -              | 17,488.94       | -              | (1,179,862.93) | -               | (108,038.41)    | -           | (387,460.73)    | 8,668    | 1,762,472.29 |
|                                      | Schedule 1 - NL                         | 456020        | (14,632.61)  | (14,110.41)    | (14,915.87)    | (12,159.80)    | (12,957.63)    | (11,913.38)    | (13,277.21)     | -              | (14,071.52)     | -              | (55,538.20)    | -               | (37,472.29)     | -           | (438,084.15)    | -        | 578,331.91   |
|                                      | Schedule 2 - NL                         | 456021        | (45,638.57)  | (42,584.93)    | (44,928.15)    | (45,024.35)    | (52,421.98)    | (46,749.78)    | (54,576.79)     | -              | (55,538.20)     | -              | (1,179,862.93) | -               | (108,038.41)    | -           | (387,460.73)    | 8,668    | 1,762,472.29 |
|                                      | MISO Schedule 10 - NL                   | 566101        | 226,705.08   | 160,344.32     | 173,594.35     | 1,202          | 171,230.89     | 1,532          | 224,548.81      | 1,873          | 269,728.00      | 2,070          | 291,587.89     | 1,991           | 264,734.95      | -           | 32,937.54       | -        | 438,084.15   |
|                                      | MISO Schedule 18 - NL                   | 566109        | 4,132.28     | 4,288.06       | 3,059.50       | 3,235.52       | 3,305.10       | 4,296.05       | 5,064.72        | -              | 5,556.31        | -              | 158,894.15     | -               | 438,084.15      | -           | 377,076.63      | 8,668    | 578,331.91   |
|                                      | MISO FERC Fees - NL                     | 566103        | 41,480.00    | 41,480.00      | 41,480.00      | 41,480.00      | 41,480.00      | 41,480.00      | 34,895.00       | 34,895.00      | 34,895.00       | 34,895.00      | 34,895.00      | 0               | 158,894.15      | -           | 377,076.63      | 8,668    | 578,331.91   |
|                                      | Subtotal Day 1 NL                       |               | 6,424.81     | (36,484.89)    | (18,740.31)    | 1,202          | 21,884.51      | 1,532          | 54,410.84       | 1,873          | 92,420.64       | 2,070          | 79,339.68      | 1,991           | 377,076.63      | -           | 32,937.54       | 8,668    | 578,331.91   |
| DAY 2                                | Regular Sales-OSS                       | 447016        | -            | -              | -              | (213,068)      | (7,702,928.14) | (315,127)      | (10,926,539.67) | (218,730)      | (8,652,589.82)  | (95,939)       | (4,066,144.55) | (182,460)       | (6,487,489.41)  | (1,025,324) | (39,835,671.59) |          |              |
|                                      | Brokered Sales-OSS                      | 447109        | -            | -              | -              | (17,016)       | (546,317.30)   | (27,566)       | (926,228.43)    | (31,168)       | (1,657,884.08)  | (20,706)       | (1,498,254.04) | (34,874)        | (2,463,106.36)  | (131,330)   | (7,091,588.23)  |          |              |
|                                      | Purchases-OSS                           | 555006        | -            | -              | -              | 4,604          | 266,928.12     | 8,189          | 393,881.47      | 3              | 66.41           | 86             | 7,870.21       | -               | -               | 12,882      | 668,746.21      |          |              |
|                                      | Brokered Purch.-OSS                     | 447209        | -            | -              | -              | 18,862         | 575,797.88     | 29,397         | 879,898.98      | 37,084         | 1,788,876.66    | 23,775         | 1,517,214.55   | 38,449          | 2,443,987.70    | 147,567     | 7,205,865.77    |          |              |
|                                      | Sch 17- DAVRT Admin Fee-OSS             | 557201        | -            | -              | -              | 19,333.21      | 29,253.15      | -              | 20,391.80       | -              | 19,866.39       | -              | 19,866.39      | -               | 19,866.39       | -           | 101,780.09      |          |              |
|                                      | RSG Make Whole Payment-OSS              | 557205/456025 | -            | -              | -              | (1,090,491.40) | (2,521,998.06) | -              | (8,929,413.45)  | -              | (3,036,921.85)  | -              | (970,778.82)   | -               | (16,539,603.68) | -           | (16,539,603.68) |          |              |
|                                      | RSG Distribution Amount - OSS           | 557205        | -            | -              | -              | 1,453.93       | 2,917.82       | -              | 8,615.32        | -              | 8,639.50        | -              | 13,151.09      | -               | 33,977.76       | -           | 48,503.78       |          |              |
|                                      | Revenue Neutrality Uplift - OSS         | 557205        | -            | -              | -              | 1,809.11       | 5,009.84       | -              | 13,691.53       | -              | 13,370.13       | -              | 14,623.18      | -               | 14,623.18       | -           | 58,146.38       |          |              |
|                                      | Other-OSS                               | 557205        | -            | -              | -              | 435.54         | (3,407.43)     | -              | (5,404.74)      | -              | (4,651.54)      | -              | (43,118.21)    | -               | (58,146.38)     | -           | (58,146.38)     |          |              |
|                                      | Day 2 OSS                               |               | -            | -              | -              | (206,618)      | (8,463,979.05) | (305,107)      | (13,067,120.23) | (212,811)      | (17,412,430.37) | (92,784)       | (7,047,742.15) | (178,885)       | (9,472,864.46)  | (996,205)   | (55,464,138.26) |          |              |
|                                      | Generation fuel for MISO sales          |               | 23,484       | 517,422.93     | 65,249         | 2,185,407.28   | 75,774         | 3,819,345.96   | 21,515          | 929,365.87     | 35,778          | 1,590,887.18   | 221,760        | 8,842,229.02    |                 |             |                 |          |              |
|                                      | Internal replacement purch from KU-fuel |               | 184,985      | 3,916,307.09   | 242,047        | 6,269,678.49   | 142,809        | 4,929,110.27   | 74,963          | 1,822,481.62   | 146,587         | 3,212,958.92   | 791,191        | 20,150,536.39   |                 |             |                 |          |              |
|                                      | Subtotal Day 2 OSS                      |               | 1,831        | (4,030,249.03) | 2,189          | (4,812,034.46) | 5,572          | (6,863,974.14) | 3,664           | (4,285,894.88) | 3,480           | (4,669,218.36) | 16,766         | (26,471,370.85) |                 |             |                 |          |              |
|                                      | Purchases-NL                            | 555007        | -            | -              | -              | 4,151          | 207,639.06     | 1,852          | 22,996.70       | 6,906          | 588,002.55      | 61,228         | 5,110,300.38   | 36,397          | 4,285,207.91    | 110,334     | 10,214,148.60   |          |              |
|                                      | Sch 16 - FTR Admin Fee-NL               | 557202        | -            | -              | -              | 37,401.56      | 49,358.65      | -              | 8,645.35        | -              | 22,090.33       | -              | 48,205.55      | -               | 165,701.44      | -           | 1,114,066.88    |          |              |
|                                      | Sch 17- DAVRT Admin Fee-NL              | 557203        | -            | -              | -              | 160,915.58     | 191,446.41     | -              | 215,178.48      | -              | 278,495.36      | -              | 268,030.85     | -               | 1,114,066.88    | -           | 10,789.71       |          |              |
|                                      | RSG Make Whole Payment-NL               | 557204        | -            | -              | -              | (164,548.73)   | (194,932.84)   | -              | (348,144.81)    | -              | (13,702.39)     | -              | 16,249.44      | -               | (10,789.71)     | -           | (2,860,754.12)  |          |              |
|                                      | RSG Distribution Amount - NL            | 557204        | -            | -              | -              | 318,168.53     | 412,827.77     | -              | 1,096,153.04    | -              | 1,076,178.84    | -              | 1,495,322.89   | -               | 4,396,450.87    | -           | 6,425,176.61    |          |              |
|                                      | Revenue Neutrality Uplift - NL          | 557204        | -            | -              | -              | 393,424.24     | 727,787.09     | -              | 1,616,464.33    | -              | 2,091,398.33    | -              | 1,594,102.82   | -               | 4,396,450.87    | -           | 6,425,176.61    |          |              |
|                                      | Other-NL                                | 557204        | -            | -              | -              | (59,943.67)    | (73,670.83)    | -              | (16,524.18)     | -              | (2,093,940.08)  | -              | (2,860,754.12) | -               | (2,860,754.12)  | -           | (2,860,754.12)  |          |              |
|                                      | Day 2 NL                                |               | -            | -              | -              | 4,151          | 891,056.57     | 1,652          | 1,225,807.96    | 6,906          | 3,798,917.63    | 61,228         | 6,470,820.77   | 36,397          | 7,057,395.44    | 110,334     | 19,443,998.37   |          |              |
|                                      | FAC Revenue (100% of NL purch)          |               | -            | -              | -              | (207,639.06)   | (22,996.70)    | -              | (588,002.55)    | -              | (5,110,300.38)  | -              | (4,285,207.91) | -               | (10,214,148.60) | -           | (10,214,148.60) |          |              |
|                                      | Subtotal Day 2 NL                       |               | -            | -              | -              | 4,151          | 683,417.51     | 1,652          | 1,202,811.26    | 6,906          | 3,210,615.08    | 61,228         | 1,380,520.38   | 36,397          | 2,772,187.53    | 110,334     | 9,229,851.77    |          |              |
| DAY 3                                | MISO Schedule 21 - NL                   | 456002        |              | (238,378.27)   | (79,459.23)    | (42,055.87)    | (35,502.06)    | (21,883.46)    | (38,731.54)     |                | (38,990.54)     |                | (495,006.97)   |                 |                 |             |                 |          |              |
|                                      | MISO Schedule 22 - NL                   | 566117        |              | 185,762.88     | (93,288.80)    | 27,030.93      | 27,511.38      | 42,724.14      | 58,278.82       |                | (37,788.55)     |                | 210,241.00     |                 |                 |             |                 |          |              |
|                                      | Subtotal Day 3 NL                       |               |              | (52,615.39)    | (172,757.83)   | (15,024.94)    | (7,990.68)     | (20,840.68)    | 20,542.28       |                | (7,202.03)      |                | 97,997.00      |                 |                 |             |                 |          |              |
| LGE Subtotal                         |   |               | (404,801.41) | 2,273,159.71   | 957,217.44     | 7,232          | (3,548,270.56) | 7,581          | (3,334,831.09)  | 15,302         | (5,522,152.03)  | 69,794         | (2,820,580.76) | 44,305          | (2,194,611.00)  | 144,214     | (14,594,869.70) |          |              |
| Less Subtotal Day 2 OSS              |   |               | -            | -              | -              | (1,831)        | 4,030,249.03   | (2,189)        | 4,812,034.46    | (5,572)        | 8,863,974.14    | (3,664)        | 4,285,894.88   | (3,480)         | 4,669,218.36    | (16,766)    | 26,471,370.85   |          |              |
| LGE Total MISO less Day 2 OSS Profit |   |               | (404,801.41) | 2,273,159.71   | 957,217.44     | 5,401          | 461,978.47     | 5,392          | 1,277,203.37    | 9,730          | 3,341,822.11    | 66,100         | 1,475,314.10   | 40,825          | 2,474,607.36    | 127,448     | 11,876,501.15   |          |              |

NOTE: Positive values represent Expenses and Negative values represent Revenues.

**OSS Margin Detail**  
**July 2004 through June 2005**  
**\$000s**

|                           | Apr-05 | May-05 | Jun-05 | Jul-05 | Aug-05 | Totals |
|---------------------------|--------|--------|--------|--------|--------|--------|
| <b>LG&amp;E</b>           |        |        |        |        |        |        |
| External OSS Revenues     | 8,663  | 11,873 | 8,705  | 4,122  | 8,487  | 41,851 |
| Intercompany OSS Revenues | 5,762  | 7,628  | 7,568  | 2,259  | 4,825  | 28,041 |
| Transmission Revenues     | (5)    | 1      | 0      | 2      | 1      | (1)    |
| MISO Day 2 Revenues       | 1,213  | 2,550  | 8,929  | 3,037  | 995    | 16,724 |
| Subtotal                  | 15,633 | 22,052 | 25,203 | 9,419  | 14,308 | 86,615 |
| <hr/>                     |        |        |        |        |        |        |
| Purchased Power           | 5,099  | 8,383  | 5,752  | 2,449  | 4,521  | 26,203 |
| Generation for I/C Sales  | 5,763  | 7,646  | 7,556  | 2,316  | 4,648  | 27,928 |
| OSS Generation Expense    | 915    | 2,776  | 2,562  | 1,054  | 1,730  | 9,037  |
| Transmission Expense      | (213)  | 29     | 18     | 18     | (597)  | (746)  |
| Subtotal                  | 11,563 | 18,833 | 15,887 | 5,836  | 10,302 | 62,422 |
| LG&E OSS Margin           | 4,070  | 3,219  | 9,315  | 3,583  | 4,006  |        |
| <br>                      |        |        |        |        |        |        |
| <b>KU</b>                 |        |        |        |        |        |        |
| External OSS Revenues     | 330    | 654    | 1,794  | 4,340  | 5,265  | 12,383 |
| Intercompany OSS Revenues | 4,828  | 7,900  | 5,898  | 2,852  | 4,754  | 26,232 |
| Transmission Revenues     | (29)   | 1      | 0      | 4      | 2      | (21)   |
| MISO Day 2 Revenues       | 36     | 78     | 2,910  | 2,597  | 1,557  | 7,177  |
| Subtotal                  | 5,165  | 8,633  | 10,603 | 9,793  | 11,578 | 45,771 |
| <hr/>                     |        |        |        |        |        |        |
| Purchased Power           | 15     | 15     | 19     | 106    | 1,528  | 1,683  |
| Generation for I/C Sales  | 3,929  | 6,383  | 6,349  | 2,119  | 3,367  | 22,146 |
| OSS Generation Expense    | 238    | 516    | 428    | 2,205  | 2,854  | 6,241  |
| Transmission Expense      | (18)   | (5)    | 15     | 7      | (144)  | (145)  |
| Subtotal                  | 4,164  | 6,908  | 6,811  | 4,437  | 7,605  | 29,925 |
| KU OSS Margin             | 1,001  | 1,725  | 3,792  | 5,355  | 3,973  |        |



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Adjustment for Reclassification of MISO Revenue Sufficiency Guarantee**  
**For the Twelve Months Ended June 30, 2005**

|               | (1)<br>RSG based on<br>Generating Unit<br>Ownership | (2)<br>RSG based on<br>Off-System Sales | (3)<br>Adjustment<br>(Col 1 - Col 2) |
|---------------|---|---|--------------------------------------|
| 1. April 2005 | \$ 183,445  | \$ 1,245,040                            | \$ (1,061,595)                       |
| 2. May 2005   | 1,359,466   | 2,716,931                               | (1,357,465)                          |
| 3. June 2005  | 4,274,369   | 8,583,269                               | (4,308,900)                          |
| 4. Total      | <u>\$ 5,817,280</u>                                 | <u>\$ 12,545,240</u>                    | <u>\$ (6,727,960)</u>                |

**Reclass RSG MWP from % of Gen Contributed split to % of Unit Ownership :**

|                                     |                    | TOTAL DA         | TOTAL RI         | KU DA            | KU RI            | LGE DA            | LGE RI          | TOTAL DA         | TOTAL RI         | KU DA           | KU RI           | LGE DA            | LGE RI          |
|-------------------------------------|--------------------|------------------|------------------|------------------|------------------|-------------------|-----------------|------------------|------------------|-----------------|-----------------|-------------------|-----------------|
| July                                | S14<br>S55         | \$ 714,609.90    | \$ 4,079,681.35  | \$ 381,202.71    | \$ 2,191,026.32  | \$ 333,407.19     | \$ 1,888,655.03 |                  |                  |                 |                 |                   |                 |
| Total Jul calcd on % of ownership   |                    | \$ 714,609.90    | \$ 4,079,681.35  | \$ 381,202.71    | \$ 2,191,026.32  | \$ 333,407.19     | \$ 1,888,655.03 | \$ 1,224,348.39  | \$ 14,251,707.28 | \$ 671,981.88   | \$ 8,225,818.12 | \$ 552,386.54     | \$ 6,025,891.16 |
| Total DA/RT % of unit ownership     |                    |                  |                  |                  |                  |                   |                 | \$ 15,478,056.67 |                  | \$ 8,897,797.98 | 57.4940%        | \$ 6,578,257.69   | 42.5060%        |
| Jul booked in GL                    |                    | \$ 4,832,978.67  |                  | \$ 2,331,783.02  |                  | \$ 2,501,195.65   |                 | \$ 15,514,742.52 |                  | \$ 4,348,451.87 |                 | \$ 11,166,290.65  |                 |
| Variance                            |                    | \$ (38,687.42)   |                  | \$ 240,446.01    |                  | \$ (279,133.43)   |                 | \$ (38,686.85)   |                  | \$ 4,549,346.11 | \$ (22,242.80)  | \$ (4,588,032.96) | \$ (16,444.25)  |
|                                     |                    |                  |                  |                  |                  |                   |                 |                  |                  | \$ 4,571,566.71 |                 | \$ (4,571,566.71) |                 |
|                                     |                    |                  |                  |                  |                  |                   |                 |                  |                  | credit 450025   |                 | debit 450025      |                 |
| June                                | S14<br>S55         | \$ 509,738.49    | \$ 10,172,025.93 | \$ 290,779.15    | \$ 6,034,789.81  | \$ 218,959.34     | \$ 4,137,236.12 |                  |                  |                 |                 |                   |                 |
| Total Jun calcd on % of ownership   |                    | \$ 509,738.49    | \$ 10,172,025.93 | \$ 290,779.15    | \$ 6,034,789.81  | \$ 218,959.34     | \$ 4,137,236.12 |                  |                  |                 |                 |                   |                 |
| Jun booked in GL                    |                    | \$ 10,681,783.85 |                  | \$ 2,016,866.85  |                  | \$ 8,665,065.00   |                 |                  |                  |                 |                 |                   |                 |
| Variance                            |                    | \$ 0.57          |                  | \$ 4,308,900.10  |                  | \$ (4,308,899.53) |                 |                  |                  |                 |                 |                   |                 |
| May                                 | S14<br>S55         | \$ 483,880.54    | \$ 2,811,786.85  | \$ 277,014.02    | \$ 1,773,824.09  | \$ 208,866.52     | \$ 1,038,162.76 |                  |                  |                 |                 |                   |                 |
| Total May calcd on % of ownership   |                    | \$ 483,880.54    | \$ 2,811,786.85  | \$ 277,014.02    | \$ 1,773,824.09  | \$ 208,866.52     | \$ 1,038,162.76 | \$ 604,433.09    | \$ 4,476,630.88  | \$ 377,786.12   | \$ 3,113,964.11 | \$ 226,666.97     | \$ 1,362,666.77 |
| Total DA/RT % of unit ownership     |                    |                  |                  |                  |                  |                   |                 | \$ 5,081,063.97  |                  | \$ 3,491,730.23 | 68.7205%        | \$ 1,589,333.74   | 31.2795%        |
| May booked in GL                    |                    | \$ 3,122,412.76  |                  | \$ 574,112.27    |                  | \$ 2,548,300.49   |                 | \$ 5,028,651.56  |                  | \$ 1,036,652.95 |                 | \$ 3,991,998.61   |                 |
| Variance                            |                    | \$ 173,254.63    |                  | \$ 1,478,525.65  |                  | \$ (1,303,271.22) |                 | \$ 52,412.41     |                  | \$ 2,455,077.28 | \$ 36,018.04    | \$ (2,402,664.87) | \$ 16,394.36    |
|                                     |                    |                  |                  |                  |                  |                   |                 |                  |                  | \$ 2,419,059.24 |                 | \$ (2,419,059.24) |                 |
|                                     |                    |                  |                  |                  |                  |                   |                 |                  |                  | credit 557205   |                 | debit 557205      |                 |
| Apr                                 | S14<br>S55<br>S105 | \$ 120,552.54    | \$ 1,552,222.30  | \$ 100,752.09    | \$ 1,257,749.23  | \$ 19,800.45      | \$ 294,473.07   |                  |                  |                 |                 |                   |                 |
| Total Apr calcd on % of ownership   |                    | \$ 120,552.55    | \$ 1,664,844.03  | \$ 100,752.09    | \$ 1,340,340.02  | \$ 19,800.45      | \$ 324,504.01   |                  |                  |                 |                 |                   |                 |
| April booked in GL                  |                    | \$ 1,906,238.80  |                  | \$ 462,540.68    |                  | \$ 1,443,698.12   |                 |                  |                  |                 |                 |                   |                 |
| Variance                            |                    | \$ (120,842.22)  |                  | \$ 978,551.43    |                  | \$ (1,099,393.66) |                 |                  |                  |                 |                 |                   |                 |
| Grand Total per % of ownership calc |                    | \$ 1,828,781.48  | \$ 18,728,338.16 | \$ 1,049,747.97  | \$ 11,339,780.24 | \$ 779,033.51     | \$ 7,388,557.92 |                  |                  |                 |                 |                   |                 |
| Total DA/RT combined                |                    | \$ 20,557,119.64 |                  | \$ 12,389,528.21 | 60.2688%         | \$ 8,167,591.43   | 39.7312%        |                  |                  |                 |                 |                   |                 |
| Grand Total booked to GL            |                    | \$ 20,543,394.08 |                  | \$ 5,385,104.82  |                  | \$ 15,158,289.26  |                 |                  |                  |                 |                 |                   |                 |
| Total Variance                      |                    | \$ 13,725.56     |                  | \$ 7,004,423.39  |                  | \$ (6,990,697.83) |                 |                  |                  |                 |                 |                   |                 |

|       | KU              | LGE               |
|-------|-----------------|-------------------|
| July  | \$ 262,689.18   | \$ (262,689.18)   |
| June  | \$ 4,308,899.53 | \$ (4,308,899.53) |
| May   | \$ 1,357,464.48 | \$ (1,357,464.48) |
| April | \$ 1,061,594.76 | \$ (1,061,594.76) |
|       | \$ 6,990,647.95 | \$ (6,990,647.95) |

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Adjustment for VDT Net Savings to Shareholder**  
**For the Twelve Months Ended June 30, 2005**

|  | Electric      | Gas           |
|--|---------------|---------------|
| 1. Adjustment to reflect VDT Net Shareholder Savings | \$ 9,240,000  | \$ 2,490,000  |
| 2. Adjustment to remove VDT Net Shareholder Savings  | \$(9,240,000) | \$(2,490,000) |

**Electric:**

|   |              |              |
|---|--------------|--------------|
| 2004 Shareholder's portion of VDT Savings | \$ 8,460,000 |              |
| July - December 2004 (50%)                | 4,230,000    | \$ 4,230,000 |
| 2005 Shareholder's portion of VDT Savings | 10,020,000   |              |
| January - June 2005 (50%)                 | 5,010,000    | 5,010,000    |
|   |              | \$ 9,240,000 |

**Gas:**

|   |              |              |
|---|--------------|--------------|
| 2004 Shareholder's portion of VDT Savings | \$ 2,280,000 |              |
| July - December 2004 (50%)                | 1,140,000    | \$ 1,140,000 |
| 2005 Shareholder's portion of VDT Savings | 2,700,000    |              |
| January - June 2005 (50%)                 | 1,350,000    | 1,350,000    |
|   |              | \$ 2,490,000 |

VDT Settlement Surcredit

| Year         | <i>2001</i><br>1     | <i>2002</i><br>2 | <i>2003</i><br>3 | <i>2004</i><br>4 | <i>2005</i><br>5 | <i>2006</i><br>6 | Total         |              |
|--------------|----------------------|------------------|------------------|------------------|------------------|------------------|---------------|--------------|
| LGE Electric | Est Savings          | 12.7             | 26.7             | 35.5             | 38               | 40.6             | 10.5          | 164          |
|              | Costs                | 10               | 23.9             | 23.9             | 23.9             | 23.9             | 6.1           | 111.7        |
|              | Net                  | 2.7              | 2.8              | 11.6             | 14.1             | 16.7             | 4.4           | 52.3         |
|              | Sharing              | 40%              | 40%              | 40%              | 40%              | 40%              | 40%           | 40%          |
|              | Net Savings to cust. | \$1,080,000      | \$1,120,000      | \$4,640,000      | \$5,640,000      | \$6,680,000      | \$1,760,000   | \$20,920,000 |
|              | Forecast Revenues    | \$38,269,000     | \$562,672,000    | \$604,931,000    | \$628,473,000    | \$644,137,000    | \$142,560,000 |              |
|              | Factor               | <b>2.82%</b>     | <b>0.20%</b>     | <b>0.77%</b>     | <b>0.90%</b>     | <b>1.04%</b>     | <b>1.23%</b>  |              |
| LGE Gas      | Est Savings          | 3.3              | 6.9              | 9.2              | 9.9              | 10.6             | 2.7           | 42.6         |
|              | Costs                | 3                | 6.1              | 6.1              | 6.1              | 6.1              | 1.6           | 29           |
|              | Net                  | 0.3              | 0.8              | 3.1              | 3.8              | 4.5              | 1.1           | 13.6         |
|              | Sharing              | 40%              | 40%              | 40%              | 40%              | 40%              | 40%           | 40%          |
|              | Net Savings to cust. | \$120,000        | \$320,000        | \$1,240,000      | \$1,520,000      | \$1,800,000      | \$440,000     | \$5,440,000  |
|              | Forecast Revenues    | \$44,151,000     | \$262,359,000    | \$229,902,000    | \$235,179,000    | \$251,654,000    | \$113,733,000 |              |
|              | Factor               | <b>0.27%</b>     | <b>0.12%</b>     | <b>0.54%</b>     | <b>0.65%</b>     | <b>0.72%</b>     | <b>0.39%</b>  |              |
| KU Electric  | Est Savings          | 6.2              | 13.1             | 17.4             | 18.7             | 19.9             | 5.1           | 80.4         |
|              | Costs                | 5                | 11.5             | 11.5             | 11.5             | 11.5             | 3             | 54           |
|              | Net                  | 1.2              | 1.6              | 5.9              | 7.2              | 8.4              | 2.1           | 26.4         |
|              | Sharing              | 40%              | 40%              | 40%              | 40%              | 40%              | 40%           | 40%          |
|              | Net Savings to cust. | \$480,000        | \$640,000        | \$2,360,000      | \$2,880,000      | \$3,360,000      | \$840,000     | \$10,560,000 |
|              | Forecast Revenues    | \$56,225,000     | \$657,955,000    | \$724,479,000    | \$757,809,000    | \$745,078,000    | \$191,180,000 |              |
|              | Factor               | <b>0.85%</b>     | <b>0.10%</b>     | <b>0.33%</b>     | <b>0.38%</b>     | <b>0.45%</b>     | <b>0.44%</b>  |              |

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Adjustment to Remove VDT Surcredit and Cost Amortization**  
**For the Twelve Months Ended June 30, 2005**

|                                  | <u>Electric</u>        | <u>Gas</u>            |
|----------------------------------|------------------------|-----------------------|
| 1. Actual VDT surcredit refunded | <u>\$ (6,113,935)</u>  | <u>\$ (1,691,828)</u> |
| 2. VDT revenue adjustment        | <u>\$ 6,113,935</u>    | <u>\$ 1,691,828</u>   |
| 3. VDT cost amortization         | <u>\$ 23,806,460</u>   | <u>\$ 6,328,300</u>   |
| 4. VDT cost adjustment           | <u>\$ (23,806,460)</u> | <u>\$ (6,328,300)</u> |
| 5. Total adjustment              | <u>\$ 29,920,395</u>   | <u>\$ 8,020,128</u>   |

**Source: Revenue Volume Analysis**

| <b>VDT Revenue</b>              |          | <b>LGE Electric</b>      | <b>LGE Gas</b>           | <b>KU (Only)</b>         |
|---------------------------------|----------|--------------------------|--------------------------|--------------------------|
| YTD June 2005 Billed Revenue    | +        | \$ (3,032,348.15)        | \$ (1,231,701.25)        | \$ (1,738,111.79)        |
| YTD June 2005 Accruals          | +        | \$ -                     | \$ -                     | \$ -                     |
| YTD Dec 2004 Billed Revenue     | +        | \$ (5,637,918.42)        | \$ (1,444,740.87)        | \$ (2,871,243.69)        |
| YTD Dec 2004 Accruals           | +        | \$ -                     | \$ -                     | \$ -                     |
| YTD June 2004 Billed Revenue    | -        | \$ (2,556,331.29)        | \$ (1,009,302.24)        | \$ (1,382,250.46)        |
| YTD June 2004 Accruals          | -        | \$ -                     | \$ -                     | \$ -                     |
| <b>July 2004 thru June 2005</b> | <b>=</b> | <b>\$ (6,113,935.28)</b> | <b>\$ (1,667,139.88)</b> | <b>\$ (3,227,105.02)</b> |

**Gas Transport**

|                                 |          |                               |                               |                          |
|---------------------------------|----------|-------------------------------|-------------------------------|--------------------------|
| YTD June 2005 Billed Revenue    | +        |                               | \$ (14,352.23)                |                          |
| YTD Dec 2004 Billed Revenue     | +        |                               | \$ (24,548.69)                |                          |
| YTD June 2004 Billed Revenue    | -        |                               | \$ (14,212.46)                |                          |
| <b>July 2004 thru June 2005</b> | <b>=</b> | <b>\$ (6,113,935.28) [AT]</b> | <b>\$ (1,691,828.34) [BD]</b> | <b>\$ (3,227,105.02)</b> |

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ANALYSIS OF CUSTOMER ACCOUNTS, CUSTOMER SERVICE AND INFORMATIONAL, SALES AND ADMINISTRATIVE AND GENERAL 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            |
| <b>Customer Accounts Expenses</b>                |                     |                      |                      |                      |                          |                      |
| Supervision .....                                | 114,269.58          | 50,640.81            | 690,408.25           | 328,374.20           | 1,099,416.51             | 649,459.99           |
| Meter Reading .....                              | 305,423.30          | 317,181.15           | 1,757,143.21         | 1,982,800.65         | 3,401,878.79             | 4,068,703.73         |
| Customer Service .....                           | 319,244.99          | 301,727.77           | 1,882,933.39         | 1,819,476.23         | 3,713,345.29             | 3,613,779.12         |
| Customer Billing and Accounting .....            | 201,449.50          | 64,000.69            | 1,248,551.84         | 412,976.94           | 3,233,781.41             | 1,768,522.98         |
| Collecting .....                                 | 198,729.00          | 146,162.91           | 966,705.62           | 788,543.29           | 1,679,590.34             | 1,580,239.95         |
| Rents .....                                      | -                   | -                    | -                    | -                    | -                        | -                    |
| Miscellaneous Expenses .....                     | 48,638.59           | 68,952.05            | 223,243.17           | 332,262.44           | 555,447.82               | 652,800.00           |
| Provision for Uncollectible Accounts .....       | 52,687.12           | 239,125.47           | 816,665.46           | 688,546.83           | 1,556,493.45             | 5,161,259.38         |
| <b>Total .....</b>                               | <b>1,240,442.08</b> | <b>1,187,790.85</b>  | <b>7,585,650.94</b>  | <b>6,352,980.58</b>  | <b>15,239,953.61</b>     | <b>17,494,765.15</b> |
| <b>Customer Service and Information Expenses</b> |                     |                      |                      |                      |                          |                      |
| Supervision .....                                | 21,361.24           | 22,864.84            | 117,846.73           | 130,046.90           | 236,106.95               | 253,574.50           |
| Customer Assistance Expenses .....               | 464,840.18          | 469,838.72           | 2,744,575.14         | 2,867,008.21         | 5,254,231.03             | 5,698,806.02         |
| Informational and Instructional Adv .....        | 25,949.77           | 17,821.17            | 158,011.30           | 94,541.14            | 334,004.19               | (120,249.35)         |
| Miscellaneous Expenses .....                     | 59,046.55           | 46,794.61            | 137,568.00           | 238,895.97           | 339,925.72               | 480,469.73           |
| <b>Total .....</b>                               | <b>571,197.74</b>   | <b>557,319.34</b>    | <b>3,158,001.17</b>  | <b>3,330,492.22</b>  | <b>6,164,267.89</b>      | <b>6,312,600.90</b>  |
| <b>Sales Expenses</b>                            |                     |                      |                      |                      |                          |                      |
| Demonstrating & Selling Expenses .....           | -                   | 29,246.48            | -                    | 185,709.57           | 186,836.99               | 310,807.39           |
| Advertising Expenses .....                       | -                   | 207.95               | 1,686.87             | 2,394.11             | 3,562.03                 | 3,254.11             |
| <b>Total .....</b>                               | <b>-</b>            | <b>29,454.43</b>     | <b>1,686.87</b>      | <b>188,103.68</b>    | <b>190,399.02</b>        | <b>314,061.50</b>    |
| <b>Administrative and General Expenses</b>       |                     |                      |                      |                      |                          |                      |
| General Office Salaries .....                    | 1,552,898.19        | 1,894,856.40         | 8,449,357.16         | 10,691,622.67        | 16,735,641.35            | 10,810,819.97        |
| Office Supplies and Expenses .....               | 1,444,020.23        | 783,390.42           | 4,940,573.25         | 5,787,903.19         | 6,314,982.80             | 6,091,545.22         |
| Administrative Expenses Trans. - Cr. ....        | (213,783.38)        | (268,650.09)         | (880,271.43)         | (779,856.71)         | (2,063,251.29)           | (1,352,334.97)       |
| Outside Services Employed .....                  | 937,810.62          | 1,048,547.86         | 3,120,659.54         | 3,550,482.21         | 6,902,415.90             | 17,801,697.82        |
| Property Insurance .....                         | 321,900.05          | 379,293.88           | 1,916,230.52         | 2,307,159.93         | 4,104,108.32             | 4,591,179.87         |
| Injuries and Damages .....                       | 190,558.65          | 148,040.94           | 1,445,057.86         | 946,904.80           | 2,209,308.08             | 1,782,776.78         |
| Group Life Insurance .....                       | 33,646.79           | 27,573.01            | 210,105.59           | 172,837.98           | 416,352.89               | 347,278.14           |
| Hospitalization Expenses .....                   | 538,312.36          | 513,589.54           | 3,359,861.90         | 3,121,563.78         | 5,842,349.81             | 4,748,406.43         |
| Dental Expenses .....                            | 43,509.54           | 41,916.54            | 271,673.62           | 264,799.25           | 379,867.84               | 516,144.20           |
| Thrift Savings Expenses .....                    | 152,398.34          | 124,734.07           | 951,811.89           | (385,797.09)         | 1,419,580.34             | 377,452.28           |
| Other Employee Welfare Expenses .....            | 780,348.83          | 3,107,470.24         | 5,120,291.18         | 5,373,982.21         | 10,114,160.88            | 10,445,521.10        |
| Pensions .....                                   | 721,275.10          | 233,214.83           | 4,043,288.28         | 3,849,650.00         | 5,471,336.18             | 7,633,067.82         |
| Franchise Requirements .....                     | 44,752.06           | 42,012.17            | 252,096.46           | 238,246.32           | 501,608.30               | 473,796.73           |
| Reg. Commission Expenses .....                   | 13,500.00           | 14,891.00            | 81,070.28            | 86,875.97            | 176,629.50               | 126,901.81           |
| General Advertising Expenses .....               | -                   | (17,278.44)          | 29,316.36            | 261,210.41           | 128,169.06               | 428,219.64           |
| Miscellaneous Expenses .....                     | 61,257.91           | 18,048.26            | 1,007,565.38         | 907,650.35           | 1,848,589.94             | 1,344,300.20         |
| Amortized VDT Expenses .....                     | 2,511,230.00        | 2,511,230.00         | 15,067,380.00        | 15,067,380.00        | 30,134,760.00            | 30,134,760.00        |
| Amortized Merger Expenses .....                  | -                   | -                    | -                    | -                    | -                        | -                    |
| Rents .....                                      | 106,845.29          | 90,546.71            | 632,609.92           | 543,280.26           | 1,213,876.48             | 543,280.26           |
| Miscellaneous Credits .....                      | (208,096.72)        | (154,170.59)         | (588,645.55)         | (508,678.29)         | (709,486.68)             | (610,217.44)         |
| Maintenance of General Plant .....               | 503,060.73          | 48,121.63            | 2,752,694.11         | 129,822.55           | 6,848,454.53             | 2,734,543.07         |
| <b>Total .....</b>                               | <b>9,535,444.40</b> | <b>10,587,378.38</b> | <b>52,182,726.32</b> | <b>51,627,039.79</b> | <b>97,989,454.23</b>     | <b>98,969,138.93</b> |

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Calculation of Composite Federal and Kentucky  
Income Tax Rate  
(Based on Law in Effect June 30, 2005)**

|   |                          |
|---|--------------------------|
| 1. Assume pre-tax income of                               | \$ 100.0000              |
| 2. State income tax at 7.00%                              | <u>7.0000</u>            |
| 3. Taxable income for Federal income tax                  | 93.0000                  |
| 4. Federal income tax at 35% (Line 3 x 35%)               | <u>32.5500</u>           |
| 5. Total State and Federal income taxes (Line 2 + Line 4) | <u><u>\$ 39.5500</u></u> |
| 6. Therefore, the composite rate is:                      |                          |
| 7. Federal  | 32.5500%                 |
| 8. State  | <u>7.0000%</u>           |
| 9. Total  | <u><u>39.5500%</u></u>   |



**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Calculation of Current Tax Adjustment Resulting  
From "Interest Synchronization"**

|   | Electric         | Gas            |
|---|------------------|----------------|
| 1. Adjusted Capitalization - Exhibit 2                    | \$ 1,544,192,592 | \$ 345,230,511 |
| 2. Weighted Cost of Debt                                  | 1.79%            | 1.79%          |
| 3. "Interest Synchronization"                             | 27,641,047       | 6,179,626      |
| 4. Interest per books (excluding other interest)          | 27,560,212       | 5,717,595      |
| 5. "Interest Synchronization" adjustment                  | \$ (80,835)      | \$ (462,031)   |
| 6. Composite Federal and State tax rate                   | 39.5500%         | 39.5500%       |
| 7. Current tax adjustment from "Interest Synchronization" | \$ (31,970)      | \$ (182,733)   |

**LOUISVILLE GAS AND ELECTRIC COMPANY  
ANALYSIS OF INTEREST CHARGES  
JUNE 30, 2005**

|   | CURRENT MONTH       |                     | YEAR TO DATE         |                      | YEAR ENDED CURRENT MONTH |                      |
|---|---------------------|---------------------|----------------------|----------------------|--------------------------|----------------------|
|   | THIS YEAR           | LAST YEAR           | THIS YEAR            | LAST YEAR            | THIS YEAR                | LAST YEAR            |
| Interest On Long-Term Debt                        |                     |                     |                      |                      |                          |                      |
| First Mortgage Bonds                              |                     |                     |                      |                      |                          |                      |
| Series Due Aug. 15 2003, 6%.....                  | -                   | -                   | -                    | -                    | -                        | 319,500.00           |
| Loan Agreement - Poll. Control Bonds              |                     |                     |                      |                      |                          |                      |
| 1992 Series A Variable.....                       | 68,638.36           | 29,016.39           | 350,292.33           | 174,842.81           | 588,087.34               | 335,337.01           |
| 1992 Series A Variable TC.....                    | 126,443.84          | 53,468.32           | 652,997.03           | 331,756.83           | 1,093,691.50             | 668,343.50           |
| 1993 Series A Variable Rate.....                  | 84,190.68           | 31,288.53           | 397,066.14           | 194,620.78           | 654,705.01               | 391,220.79           |
| 1993 Series B (5 5/8%).....                       | -                   | -                   | -                    | -                    | -                        | 2,741,252.66         |
| 1993 Series C (5.45%).....                        | -                   | -                   | -                    | -                    | -                        | 677,011.17           |
| 1995 Series A (5.90%).....                        | -                   | 196,666.66          | 871,888.90           | 1,179,999.96         | 2,051,888.86             | 2,359,999.92         |
| 2000 Series A Variable Rate.....                  | 56,250.00           | 23,437.50           | 278,819.46           | 124,711.83           | 462,934.01               | 237,829.90           |
| 2000 Series A Variable TC.....                    | 206,717.10          | 81,575.71           | 966,802.22           | 433,781.85           | 1,670,536.20             | 888,922.88           |
| 2001 Series A Variable Rate.....                  | 20,236.06           | 9,218.50            | 109,165.29           | 49,964.31            | 184,915.81               | 103,114.15           |
| 2001 Series A Variable Rate.....                  | 47,934.25           | 19,946.71           | 246,366.79           | 118,054.48           | 412,511.39               | 235,487.63           |
| 2001 Series A Variable Rate TC.....               | 58,586.31           | 25,801.91           | 301,114.94           | 147,279.29           | 504,876.82               | 295,165.13           |
| 2001 Series B Variable Rate.....                  | 76,002.74           | 33,699.45           | 389,593.57           | 192,927.98           | 653,661.64               | 374,673.79           |
| 2001 Series B Variable Rate TC.....               | 76,060.29           | 33,150.27           | 387,250.50           | 191,722.40           | 644,450.34               | 372,083.05           |
| 2002 Series A Variable Rate TC.....               | 103,740.13          | 42,621.25           | 501,977.21           | 213,635.58           | 871,963.51               | 454,552.31           |
| 2003 Series A Variable Rate.....                  | 286,328.88          | 111,146.66          | 1,419,466.67         | 630,773.34           | 2,401,422.22             | 787,573.32           |
| 2005 Series A Variable Rate.....                  | 75,400.00           | -                   | 216,622.21           | -                    | 216,622.21               | -                    |
| Interest Rate Swaps.....                          | 379,958.66          | 665,302.26          | 2,509,345.02         | 4,003,964.04         | 6,011,164.81             | 6,373,336.89         |
| Marked to Market.....                             | -                   | -                   | -                    | -                    | -                        | -                    |
| Fidelity.....                                     | 911,874.99          | 975,625.02          | 5,481,875.87         | 6,068,540.74         | 11,308,237.09            | 10,334,790.70        |
| \$5.875 Mandatory Redeemable Preferred Stock..... | 110,156.26          | 116,276.04          | 660,937.56           | 697,656.24           | 1,321,875.10             | 1,395,312.48         |
| <b>Total.....</b>                                 | <b>2,688,518.55</b> | <b>2,448,241.18</b> | <b>15,741,581.71</b> | <b>14,754,232.46</b> | <b>31,053,543.86</b>     | <b>29,345,507.28</b> |
| Amortization of Debt Expense - Net                |                     |                     |                      |                      |                          |                      |
| Amortization of Debt Expense.....                 | 33,132.25           | 33,730.07           | 200,235.51           | 232,170.45           | 402,695.94               | 390,085.86           |
| Amortization of Premium on Debt - Cr. ....        | -                   | -                   | -                    | -                    | -                        | -                    |
| Amort. of Loss on Reacquired Debt.....            | 85,144.02           | 88,446.02           | 513,556.16           | 530,679.18           | 1,044,235.34             | 1,050,575.80         |
| <b>Total.....</b>                                 | <b>118,276.27</b>   | <b>122,176.09</b>   | <b>713,791.67</b>    | <b>762,849.63</b>    | <b>1,446,931.28</b>      | <b>1,440,661.66</b>  |
| Other Interest Charges                            |                     |                     |                      |                      |                          |                      |
| Notes Payable.....                                | -                   | -                   | -                    | -                    | -                        | -                    |
| Customers' Deposits.....                          | 61,724.05           | 46,813.65           | 821,839.15           | 268,963.56           | 1,088,166.92             | 509,815.19           |
| Federal Income Tax Deficiencies.....              | -                   | -                   | -                    | -                    | -                        | -                    |
| Other Tax Deficiencies.....                       | -                   | -                   | -                    | 348,072.00           | -                        | 348,072.00           |
| Gas Refunds.....                                  | -                   | -                   | -                    | -                    | -                        | 177.60               |
| Interest on Dsm Cost Recovery.....                | -                   | -                   | -                    | -                    | -                        | -                    |
| Deferred Compensation.....                        | -                   | 6,076.55            | -                    | 12,276.55            | 13,101.62                | 24,851.94            |
| Interest on Debt to Associated Companies .....    | 20,492.08           | (13,078.01)         | 469,417.90           | 48,762.24            | 767,617.01               | 539,430.06           |
| Interest Costs from A/R Securitization.....       | -                   | -                   | -                    | (74,784.04)          | 9,714.36                 | 427,271.73           |
| Other.....  | -                   | -                   | -                    | -                    | 33,770.90                | -                    |
| <b>Total.....</b>                                 | <b>82,216.13</b>    | <b>39,812.19</b>    | <b>1,291,257.05</b>  | <b>603,290.31</b>    | <b>1,912,370.81</b>      | <b>1,849,618.52</b>  |
| <b>Total Interest.....</b>                        | <b>2,889,010.95</b> | <b>2,610,229.46</b> | <b>17,746,630.43</b> | <b>16,120,372.40</b> | <b>34,412,845.95</b>     | <b>32,635,787.46</b> |

LGE EN. LLC  
ANALYSIS OF INTEREST CHARGES  
Current Period: JUN-2005

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|  | CURRENT MONTH       |                     | YEAR TO DATE         |                      | YEAR ENDED CURRENT MONTH |                      |
|--|---------------------|---------------------|----------------------|----------------------|--------------------------|----------------------|
|  | THIS YEAR           | LAST YEAR           | THIS YEAR            | LAST YEAR            | THIS YEAR                | LAST YEAR            |
| Currency USD   |                     |                     |                      |                      |                          |                      |
| COMPANY-0100 (LOUISVILLE GAS & ELECTRIC COMPANY), PRODUCT=100 (TOTAL ELECTRIC) |                     |                     |                      |                      |                          |                      |
| Interest On Long-Term Debt   |                     |                     |                      |                      |                          |                      |
| First Mortgage Bonds   |                     |                     |                      |                      |                          |                      |
| Series Due Aug. 15, 2003, 6%   | 0.00                | 0.00                | 0.00                 | 0.00                 | 0.00                     | 268,060.50           |
| Loan Agreement - Pollution Control Bonds                                       |                     |                     |                      |                      |                          |                      |
| 1990 Series B (6.55%) TC   | 0.00                | 0.00                | 0.00                 | 0.00                 | 0.00                     | 0.00                 |
| 1992 Series A Variable Rate  | 56,489.37           | 24,170.65           | 288,290.59           | 145,644.06           | 486,373.84               | 280,298.69           |
| 1992 Series A Variable Rate TC   | 104,063.28          | 44,539.11           | 537,416.56           | 276,353.44           | 904,515.05               | 558,749.65           |
| 1993 Series A Variable Rate  | 69,288.93           | 26,063.35           | 326,785.44           | 162,119.12           | 541,398.61               | 327,066.53           |
| 1993 Series B (5 5/8%)   | 0.00                | 0.00                | 0.00                 | 0.00                 | 0.00                     | 2,282,730.21         |
| 1993 Series C (5.45%)  | 0.00                | 0.00                | 0.00                 | 0.00                 | 0.00                     | 563,769.23           |
| 1995 Series A (5.90%)  | 0.00                | 163,823.33          | 717,564.57           | 982,939.98           | 1,700,504.55             | 1,972,959.96         |
| 2000 Series A Variable Rate  | 46,293.75           | 19,523.44           | 229,468.41           | 103,884.95           | 382,835.83               | 198,791.00           |
| 2000 Series A Variable Rate TC   | 170,128.17          | 67,952.57           | 795,678.21           | 361,340.28           | 1,381,888.61             | 743,203.59           |
| 2001 Series A Variable Rate  | 16,654.28           | 7,679.01            | 89,843.04            | 41,620.26            | 152,943.23               | 86,212.98            |
| 2001 Series A Variable Rate  | 39,449.89           | 16,615.61           | 202,759.87           | 98,339.38            | 341,158.32               | 196,865.80           |
| 2001 Series A Variable Rate TC   | 48,216.53           | 21,492.99           | 247,817.60           | 122,683.65           | 417,551.24               | 246,759.87           |
| 2001 Series B Variable Rate  | 62,550.26           | 28,071.64           | 320,635.52           | 160,709.01           | 540,604.22               | 313,193.74           |
| 2001 Series B Variable Rate TC   | 62,597.62           | 27,614.17           | 318,707.17           | 159,704.76           | 532,954.64               | 311,027.35           |
| 2002 Series A Variable Rate TC   | 85,378.13           | 35,503.50           | 413,127.25           | 177,958.44           | 721,325.84               | 380,087.57           |
| 2003 Series A Variable Rate  | 235,648.67          | 92,585.17           | 1,168,221.07         | 525,434.19           | 1,986,190.05             | 656,989.37           |
| 2005 Series A Variable Rate  | 62,054.20           | 0.00                | 178,280.08           | 0.00                 | 178,280.08               | 0.00                 |
| Interest Rate Swaps  | 312,705.99          | 554,196.79          | 2,065,190.97         | 3,335,302.14         | 4,982,206.83             | 5,323,205.95         |
| Marked to Market   | 0.00                | 0.00                | 0.00                 | 0.00                 | 0.00                     | 0.00                 |
| Fidelia  | 750,473.12          | 812,695.64          | 4,511,583.85         | 5,055,094.44         | 9,364,942.74             | 8,634,478.17         |
| 35.875 Mandatory Redeemable Preferred Stock                                    | 90,658.60           | 96,857.94           | 543,951.60           | 581,147.64           | 1,094,512.59             | 1,166,481.24         |
| <b>Total</b>   | <b>2,212,650.79</b> | <b>2,039,384.91</b> | <b>12,955,321.80</b> | <b>12,290,275.74</b> | <b>25,710,186.27</b>     | <b>24,510,931.40</b> |
| Amortization of Debt Expense - Net   |                     |                     |                      |                      |                          |                      |
| Amortization of Debt Expense   | 27,267.84           | 28,097.15           | 164,793.83           | 193,397.97           | 333,443.34               | 325,889.02           |
| Amortization of Premium on Debt - Credit                                       | 0.00                | 0.00                | 0.00                 | 0.00                 | 0.00                     | 0.00                 |
| Amortization of Loss on Reacquired Debt  | 70,073.53           | 73,675.54           | 422,656.73           | 442,055.79           | 864,712.52               | 878,249.03           |
| Amortization of Gain on Reacquired Debt  | 0.00                | 0.00                | 0.00                 | 0.00                 | 0.00                     | 0.00                 |
| <b>Total</b>   | <b>97,341.37</b>    | <b>101,772.69</b>   | <b>587,450.56</b>    | <b>635,453.76</b>    | <b>1,198,155.86</b>      | <b>1,204,138.05</b>  |
| Other Interest Charges   |                     |                     |                      |                      |                          |                      |
| Notes Payable  | 0.00                | 0.00                | 0.00                 | 0.00                 | 0.00                     | 0.00                 |
| Customers' Deposits  | 50,798.89           | 39,031.96           | 676,617.72           | 224,214.37           | 898,578.27               | 426,288.89           |
| Federal Income Tax Deficiencies  | 0.00                | 0.00                | 0.00                 | 0.00                 | 0.00                     | 0.00                 |
| Other Tax Deficiencies   | 0.00                | 0.00                | 0.00                 | 289,943.98           | 0.00                     | 289,943.98           |
| Gas Refunds  | 0.00                | 0.00                | 0.00                 | 0.00                 | 0.00                     | 0.00                 |
| Interests on DSM Cost Recovery   | 0.00                | 0.00                | 0.00                 | 0.00                 | 0.00                     | 0.00                 |
| Deferred Compensation  | 0.00                | 5,061.77            | 0.00                 | 10,226.37            | 10,913.65                | 20,777.13            |
| Interest on Debt to Associated Companies                                       | 17,169.01           | (11,154.02)         | 390,356.94           | 42,982.21            | 643,777.19               | 456,002.83           |
| Interest Costs from A/R Securitization   | 0.00                | 0.00                | 0.00                 | (62,295.10)          | 8,092.06                 | 358,929.68           |
| Other  | 0.00                | 0.00                | 0.00                 | 0.00                 | 29,196.95                | 0.00                 |
| <b>Total</b>   | <b>67,967.90</b>    | <b>32,939.71</b>    | <b>1,066,974.66</b>  | <b>505,071.83</b>    | <b>1,590,558.12</b>      | <b>1,551,942.51</b>  |
| <b>Total Interest</b>  | <b>2,377,960.06</b> | <b>2,174,097.31</b> | <b>14,609,747.02</b> | <b>13,430,801.33</b> | <b>28,498,900.25</b>     | <b>27,267,011.96</b> |

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LGE EN. LLC  
ANALYSIS OF INTEREST CHARGES  
Current Period: JUN-2005

Date: 6-05 13:49:06  
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Currency USD  
COMPANY=0100 (LOUISVILLE GAS & ELECTRIC COMPANY), PRODUCT=130 (TOTAL GAS)

|   | CURRENT MONTH     |                   | YEAR TO DATE        |                     | YEAR ENDED CURRENT MONTH |                     |
|---|-------------------|-------------------|---------------------|---------------------|--------------------------|---------------------|
|   | THIS YEAR         | LAST YEAR         | THIS YEAR           | LAST YEAR           | THIS YEAR                | LAST YEAR           |
| Interest On Long-Term Debt                        |                   |                   |                     |                     |                          |                     |
| First Mortgage Bonds                              |                   |                   |                     |                     |                          |                     |
| Series Due Aug. 15, 2003, 6%.....                 | 0.00              | 0.00              | 0.00                | 0.00                | 0.00                     | 51,439.50           |
| Loan Agreement - Pollution Control Bonds          |                   |                   |                     |                     |                          |                     |
| 1990 Series B (6.55%) TC.....                     | 0.00              | 0.00              | 0.00                | 0.00                | 0.00                     | 0.00                |
| 1992 Series A Variable Rate.....                  | 12,148.99         | 4,845.74          | 62,001.74           | 29,198.75           | 101,713.50               | 55,038.32           |
| 1992 Series A Variable Rate TC.....               | 22,380.56         | 8,929.21          | 115,580.47          | 55,403.39           | 189,176.45               | 109,593.85          |
| 1993 Series A Variable Rate.....                  | 14,901.75         | 5,225.18          | 70,280.70           | 32,501.66           | 113,306.40               | 64,154.26           |
| 1993 Series B (5 5/8%).....                       | 0.00              | 0.00              | 0.00                | 0.00                | 0.00                     | 458,522.45          |
| 1993 Series C (5.45%).....                        | 0.00              | 0.00              | 0.00                | 0.00                | 0.00                     | 113,241.94          |
| 1995 Series A (5.90%).....                        | 0.00              | 32,843.33         | 154,324.33          | 197,059.98          | 351,384.31               | 387,039.96          |
| 2000 Series A Variable Rate.....                  | 9,956.25          | 3,914.06          | 49,351.05           | 20,826.88           | 80,098.18                | 39,038.90           |
| 2000 Series A Variable Rate TC.....               | 36,588.93         | 13,623.14         | 171,124.01          | 72,441.57           | 288,647.59               | 145,719.29          |
| 2001 Series A Variable Rate.....                  | 3,581.78          | 1,539.49          | 19,322.25           | 8,344.05            | 31,972.58                | 16,901.17           |
| 2001 Series A Variable Rate.....                  | 8,484.36          | 3,331.10          | 43,606.92           | 19,715.10           | 71,353.07                | 38,621.83           |
| 2001 Series A Variable Rate TC.....               | 10,369.78         | 4,308.92          | 53,297.34           | 24,595.64           | 87,325.58                | 48,405.26           |
| 2001 Series B Variable Rate.....                  | 13,452.48         | 5,627.81          | 68,958.05           | 32,218.97           | 113,057.42               | 61,480.05           |
| 2001 Series B Variable Rate TC.....               | 13,462.67         | 5,536.10          | 68,543.33           | 32,017.64           | 111,495.70               | 61,055.70           |
| 2002 Series A Variable Rate TC.....               | 18,362.00         | 7,117.75          | 88,849.96           | 35,677.14           | 150,637.67               | 74,464.74           |
| 2003 Series A Variable Rate.....                  | 50,680.21         | 18,561.49         | 251,245.60          | 105,339.15          | 415,232.17               | 130,583.95          |
| 2005 Series A Variable Rate.....                  | 13,345.80         | 0.00              | 38,342.13           | 0.00                | 38,342.13                | 0.00                |
| Interest Rate Swaps.....                          | 67,252.67         | 111,105.47        | 444,154.05          | 668,661.90          | 1,028,957.98             | 1,050,130.94        |
| Marked to Market.....                             | 0.00              | 0.00              | 0.00                | 0.00                | 0.00                     | 0.00                |
| Fidelity.....                                     | 161,401.87        | 162,929.38        | 970,292.02          | 1,013,446.30        | 1,943,294.35             | 1,700,312.53        |
| \$5.875 Mandatory Redeemable Preferred Stock..... | 19,497.66         | 19,418.10         | 116,985.96          | 116,508.60          | 227,362.51               | 228,831.24          |
| <b>Total.....</b>                                 | <b>475,867.76</b> | <b>408,856.27</b> | <b>2,786,259.91</b> | <b>2,463,956.72</b> | <b>5,343,357.59</b>      | <b>4,834,575.88</b> |
| Amortization of Debt Expense - Net                |                   |                   |                     |                     |                          |                     |
| Amortization of Debt Expense.....                 | 5,864.41          | 5,632.92          | 35,441.68           | 38,772.48           | 69,252.60                | 64,196.84           |
| Amortization of Premium on Debt - Credit.....     | 0.00              | 0.00              | 0.00                | 0.00                | 0.00                     | 0.00                |
| Amortization of Loss on Reacquired Debt.....      | 15,070.49         | 14,770.48         | 90,899.43           | 88,623.39           | 179,522.82               | 172,326.77          |
| Amortization of Gain on Reacquired Debt.....      | 0.00              | 0.00              | 0.00                | 0.00                | 0.00                     | 0.00                |
| <b>Total.....</b>                                 | <b>20,934.90</b>  | <b>20,403.40</b>  | <b>126,341.11</b>   | <b>127,395.87</b>   | <b>248,775.42</b>        | <b>236,523.61</b>   |
| Other Interest Charges                            |                   |                   |                     |                     |                          |                     |
| Notes Payable.....                                | 0.00              | 0.00              | 0.00                | 0.00                | 0.00                     | 0.00                |
| Customers' Deposits.....                          | 10,925.16         | 7,781.69          | 145,221.43          | 44,749.19           | 189,588.65               | 83,526.30           |
| Federal Income Tax Deficiencies.....              | 0.00              | 0.00              | 0.00                | 0.00                | 0.00                     | 0.00                |
| Other Tax Deficiencies.....                       | 0.00              | 0.00              | 0.00                | 58,128.02           | 0.00                     | 58,128.02           |
| Gas Refunds.....                                  | 0.00              | 0.00              | 0.00                | 0.00                | 0.00                     | 177.60              |
| Interests on DSM Cost Recovery.....               | 0.00              | 0.00              | 0.00                | 0.00                | 0.00                     | 0.00                |
| Deferred Compensation.....                        | 0.00              | 1,014.78          | 0.00                | 2,050.18            | 2,187.97                 | 4,074.81            |
| Interest on Debt to Associated Companies.....     | 3,323.07          | (1,923.99)        | 79,060.96           | 5,780.03            | 123,839.82               | 83,427.23           |
| Interest Costs from A/R Securitization.....       | 0.00              | 0.00              | 0.00                | (12,488.94)         | 1,622.30                 | 68,342.05           |
| Other.....  | 0.00              | 0.00              | 0.00                | 0.00                | 4,573.95                 | 0.00                |
| <b>Total.....</b>                                 | <b>14,248.23</b>  | <b>6,872.48</b>   | <b>224,282.39</b>   | <b>98,218.48</b>    | <b>321,812.69</b>        | <b>297,676.01</b>   |
| <b>Total Interest.....</b>                        | <b>511,050.89</b> | <b>436,132.15</b> | <b>3,136,883.41</b> | <b>2,689,571.07</b> | <b>5,913,945.70</b>      | <b>5,368,775.50</b> |

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**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Adjustment for Prior Period Income Tax True-Ups and Adjustments**  
**For the Twelve Months Ended June 30, 2005**

|  | <u>Electric</u>     | <u>Gas</u>         |
|--|---------------------|--------------------|
| 1. 2003 Income Tax True-up:                  |                     |                    |
| 2. Federal Tax (benefit)                     | \$ (21,541)         | \$ 24,737          |
| 3. State Tax (benefit)                       | <u>(339,793)</u>    | <u>(87,732)</u>    |
| 4. Total 2003 Income Tax True-up             | \$ (361,334)        | \$ (62,995)        |
| 5. 2004 and 2005 Other Tax adjustments:      |                     |                    |
| 6. Kentucky Coal Credit                      | \$ (167,051)        | \$ -               |
| 7. Misc. operating tax adjustments           | (34,421)            | (6,138)            |
| 8. KY Tax Rate Decrease                      | <u>(123,000)</u>    | <u>98,000</u>      |
| 9. Total 2004 and 2005 Other Tax adjustments | <u>\$ (324,472)</u> | <u>\$ 91,862</u>   |
| 10. Total adjustments (Line 4 + Line 9)      | <u>\$ (685,806)</u> | <u>\$ 28,867</u>   |
| 11. Adjustment                               | <u>\$ 685,806</u>   | <u>\$ (28,867)</u> |

**TAX RELATED ADJUSTMENTS FOR 12ME 6-30-2005**

|                                       | PRE-TAX AMOUNTS |                  |                  |                  | AFTER-TAX AMOUNTS |                 |                 |                  |                  |
|---------------------------------------|-----------------|------------------|------------------|------------------|-------------------|-----------------|-----------------|------------------|------------------|
|                                       | LG&E Electric   | LG&E Gas         | KU               | Total            | Tax Rate          | LG&E Electric   | LG&E Gas        | KU               | Total            |
| First Quarter 2005:                   | -               | -                | -                | -                | -                 | -               | -               | -                | -                |
| Second Quarter 2005:                  |                 |                  |                  |                  |                   |                 |                 |                  |                  |
| KY Coal Credit (1st and 2nd qtr 2005) | 280,110         |                  | 102,339          | 382,449          | 60%               | 167,051         |                 | 61,032           | 228,083          |
| KY Tax Rate Decrease (KY Juns Only)   | 190,000         | (151,000)        | (285,000)        | (246,000)        | 65%               | 123,000         | (98,000)        | (185,000)        | (160,000)        |
| Sales Tax (error in June)             | 131,029         | 32,757           | 165,999          | 329,785          | 60%               | 78,142          | 19,535          | 98,998           | 196,676          |
|                                       | <u>601,139</u>  | <u>(118,243)</u> | <u>(16,662)</u>  | <u>466,234</u>   |                   | <u>368,193</u>  | <u>(78,465)</u> | <u>(24,970)</u>  | <u>264,759</u>   |
| Third Quarter 2004:                   |                 |                  |                  |                  |                   |                 |                 |                  |                  |
| 2002 Tax Return True-Ups - Federal    | 21,541          | (24,737)         | 415,283          | 412,087          |                   | 21,541          | (24,737)        | 415,283          | 412,087          |
| 2002 Tax Return True-Ups - State      | 339,793         | 87,732           | 832,660          | 1,260,185        |                   | 339,793         | 87,732          | 832,660          | 1,260,185        |
|                                       | <u>361,334</u>  | <u>62,995</u>    | <u>1,247,943</u> | <u>1,672,272</u> |                   | <u>361,334</u>  | <u>62,995</u>   | <u>1,247,943</u> | <u>1,672,272</u> |
| Fourth Quarter 2004:                  |                 |                  |                  |                  |                   |                 |                 |                  |                  |
| VA Utility & Consumption & Sales      |                 |                  | (59,863)         | (59,863)         | 60%               | -               |                 | (35,701)         | (35,701)         |
| Misc. Oper. Taxes (Reserve Adj)       |                 |                  | 156,092          | 156,092          | 60%               | -               |                 | 93,089           | 93,089           |
| School Tax (Reserve Adj)              | 6,337           |                  | 41,965           | 48,302           | 60%               | 3,779           |                 |                  | 3,779            |
| Sales Tax (Reserve Adj)               | (79,649)        | (22,465)         | 161,476          | 59,362           | 60%               | (47,501)        | (13,398)        | 96,300           | 35,402           |
|                                       | <u>(73,312)</u> | <u>(22,465)</u>  | <u>299,670</u>   | <u>203,893</u>   |                   | <u>(43,721)</u> | <u>(13,398)</u> | <u>153,689</u>   | <u>96,570</u>    |
| <b>Total 12ME 6/30/05</b>             | <b>889,161</b>  | <b>(77,713)</b>  | <b>1,530,951</b> | <b>2,342,399</b> |                   | <b>685,806</b>  | <b>(28,867)</b> | <b>1,376,662</b> | <b>2,033,600</b> |

Note: Positive Adjustments reduce pro-forma income; Negative Adjustments increase pro-forma income.  
No adjustments were made for the manufacturing deduction.

|       |                                 | 2003 Tax Return True-Up |                 |                  |                    |
|-------|---------------------------------|-------------------------|-----------------|------------------|--------------------|
|       |                                 | LG&E Electric           | LG&E Gas        | KU               | Total              |
| Fed   | 2003 True-up (Recorded 9/30/04) |                         |                 |                  |                    |
|       | Current Tax Expense ATL         | 1,714,456               | (2,569,307)     | 8,696,501        | 7,841,650          |
|       | Deferred Tax Expense ATL        | (1,735,997)             | 2,594,044       | (9,111,784)      | (8,253,737)        |
|       | Net                             | <u>(21,541)</u>         | <u>24,737</u>   | <u>(415,283)</u> | <u>(412,087)</u>   |
|       | Current Tax Expense BTL         | (46,517)                | (12,077)        | 11,050           | (47,544)           |
|       | Deferred Tax Expense BTL        | 18,228                  | 4,557           | (29,702)         | (6,917)            |
|       | Net                             | <u>(28,289)</u>         | <u>(7,520)</u>  | <u>(18,652)</u>  | <u>(54,461)</u>    |
| State | 2003 True-up (Recorded 9/30/04) |                         |                 |                  |                    |
|       | Current Tax Expense ATL         | (778,504)               | (335,216)       | 864,703          | (249,017)          |
|       | Deferred Tax Expense ATL        | 438,711                 | 247,484         | (1,697,363)      | (1,011,168)        |
|       | Net                             | <u>(339,793)</u>        | <u>(87,732)</u> | <u>(832,660)</u> | <u>(1,260,185)</u> |
|       | Current Tax Expense BTL         | (11,951)                | (3,103)         | 2,840            | (12,214)           |
|       | Deferred Tax Expense BTL        | 4,683                   | 1,171           | (7,630)          | (1,776)            |
|       | Net                             | <u>(7,268)</u>          | <u>(1,932)</u>  | <u>(4,790)</u>   | <u>(13,990)</u>    |

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Adjustment for Tax Deduction for Manufacturing Activities (TDMA)**  
**For the Twelve Months Ended June 30, 2005**

|   |                       |
|---|-----------------------|
| 1. TDMA Annual Amount for 2005                    | \$ 4,000,000          |
| 2. TDMA included in 12 months ended June 30, 2005 | <u>2,000,000</u>      |
| 3. TDMA Adjustment Amount (Line 1 - Line 2)       | <u>\$ 2,000,000</u>   |
| 4. TDMA Adjustment                                | <u>\$ (2,000,000)</u> |
| 5. Composite Federal and State tax rate           | <u>39.5500%</u>       |
| 6. TDMA Income Tax Adjustment                     | <u>\$ (791,000)</u>   |

Income Taxes Year to Date  
June 2005 (Year to Date)

Reviewed by:

| <u>FEDERAL</u>                         | <u>Year 2005</u>   | <u>Effective<br/>Tax Rate</u> | <u>Effective<br/>Tax Rate<br/>W/O ITC</u> |
|--|--------------------|-------------------------------|---|
| Pretax Book Income (year to date)      | 96,497,438         |                               |   |
| <u>Permanent Differences</u>           |                    |                               |   |
| Exempt Interest                        | -                  |                               |   |
| Nontaxable Dividends                   | (31,528)           |                               |   |
| Nondeductible Meals                    | 78,082             |                               |   |
| Nondeductible Business Expenses        | 87,738             |                               |   |
| Nondeductible Penalties                | 5,218              |                               |   |
| Esop Dividends Paid in Cash            | -                  |                               |   |
| Preferred Dividends paid               | (215,074)          |                               |   |
| Misc. Adj.                             | -                  |                               |   |
| Manufacturing Deduction                | (2,000,000)        |                               |   |
| Preferred Dividends -Mandatory Rec     | 660,938            |                               |   |
| Total Permanent Differences            | <u>(1,414,628)</u> |                               |   |
| Subtotal                               | 95,082,812         |                               |   |
| State Income Tax Deduction             | <u>(6,670,221)</u> |                               |   |
| Taxable Income                         | 88,412,591         |                               |   |
| Effective Tax Rate                     | <u>0.350000</u>    |                               |   |
| Tax                                    | 30,944,407         | 32.067600                     |   |
| Unlocated                              | -                  | -                             |   |
| Amortization of ITC                    | (2,050,947)        | (2.125400)                    |   |
| Cushion Adjustment                     | -                  | -                             |   |
| Deferred Tax Adjustments               | (1,121,558)        | (1.162300)                    |   |
| Adjustments to Actual                  | -                  | -                             |   |
| R&D Credit                             | -                  | -                             |   |
| Adjusted Federal Tax                   | <u>27,771,902</u>  | <u>28.779900</u>              | w/o ITC 30.90533                          |
| <u>STATE</u>                           |                    |                               |   |
| Pretax Book Income                     | 96,497,438         |                               |   |
| <u>Permanent Differences</u>           |                    |                               |   |
| Exempt Interest                        | -                  |                               |   |
| Nontaxable Dividends                   | (45,040)           |                               |   |
| Nondeductible Meals                    | 78,082             |                               |   |
| Nondeductible Business Expenses        | 87,738             |                               |   |
| Nondeductible Penalties                | 5,218              |                               |   |
| Esop Dividends Paid in Cash            | -                  |                               |   |
| Preferred Dividends paid               | -                  |                               |   |
| Expenses associated w/ tax exempt      | 4,504              |                               |   |
| Misc. Adj.                             | -                  |                               |   |
| <del>Nondeductible Contributions</del> | (2,000,000)        |                               |   |
| Preferred Dividends -Mandatory Rec     | 660,938            |                               |   |
| Total Permanent Differences            | <u>(1,208,560)</u> |                               |   |
| Taxable Income                         | 95,288,878         |                               |   |
| Effective Tax Rate                     | <u>0.070000</u>    |                               |   |
| Tax (Kentucky)                         | 6,670,221          | 6.912300                      |   |
| State tax adjustment                   | -                  | -                             |   |
| Indiana Tax (net of cushion adj.)      | -                  | -                             |   |
| Ky. Recycling Credit                   | -                  | -                             |   |
| Deferred Tax Adjustments               | 223,300            | 0.231400                      |   |
| IRS Adjustment - Current               | -                  | -                             |   |
| Adjustments to Actual - Deferred       | -                  | -                             |   |
| IRS Adjustment - Deferred              | -                  | -                             |   |
| Apportionment cushion adjustment       | -                  | -                             |   |
| Unlocated                              | -                  | -                             |   |
| Adjusted State Tax                     | <u>6,893,521</u>   | <u>7.143700</u>               | <u>7.14373</u>                            |
| Total Taxes per Calculation            | 34,665,423         | 35.923600                     | w/o ITC 38.04906                          |
| Total Taxes per Financials             | <u>34,665,424</u>  | <u>35.923700</u>              | w/o ITC 38.04906                          |
| Difference                             | (1)                | (0.000100)                    | -   |



FEDERAL TAX COMPARISON OF ACTUAL WITH ACCRUAL  
 LG&E ENERGY CORP AND SUBS  
 YEAR ENDED DECEMBER 31, 2004

| ITEMS ARE INPUT AS INCOME(EXPENSE) REGARDLESS OF M-3 CATEGORY | Ratio<br>67.48%       |                   |                               | Ratio<br>58.56%     |                        |                                     |
|---|-----------------------|-------------------|-------------------------------|---------------------|------------------------|-------------------------------------|
|   | 2004<br>LG&E<br>Books | Electric<br>Total | Electric & Gas<br>Gas & Other | 2004<br>KU<br>Books | Electric<br>Production | Other                               |
| Net Operating Income  | 258,306,000           | 230,994,900       | 28,311,100                    | 178,121,000         | 178,121,000            | 0                                   |
| Taxes   | 0                     | 0                 | 0                             | 0                   | 0                      | 0                                   |
| Other Income Less Deduction                                   | (92,000)              | 0                 | (92,000)                      | (132,000)           | (132,000)              | 0                                   |
| Interest  | (34,653,000)          | (28,875,173)      | (5,777,827)                   | (30,883,000)        | (30,883,000)           | 0                                   |
| Pretax Income   | 224,561,000           | 202,119,728       | 22,441,272                    | 147,108,000         | 147,108,000            | 0                                   |
| Allocation of Pretax Income                                   | 224,561,000           | 136,354,841       | 88,206,159                    | 147,108,000         | 83,199,018             | 63,906,982                          |
| AFUDC   | P                     |                   |                               | 0                   | 0                      | 0 Direct                            |
| Dividends Paid Deduction                                      | P                     | (430,147)         | (242,617)                     | (187,530)           | (247,000)              | (139,696) (107,304) Allocation PC   |
| Equity in Subsidiary Earnings                                 | P                     |                   |                               | 0                   | 0                      | (2,047,370) Direct                  |
| Life Insurance  | P                     |                   |                               | 0                   | (2,000,000)            | (1,800,000) (200,000) Allocation PC |
| Non-Deductible - M&E  | P                     | 168,879           | 95,253                        | 73,626              | 121,088                | 68,484 52,604 Allocation PC         |
| Non-Deductible - Other  | P                     | 0                 | 0                             | 0                   | 0                      | 0 Allocation PC                     |
| Non-Deductible Interest Expense/                              | P                     | 1,358,593         | 766,290                       | 582,303             |                        | 0 Allocation PC                     |
| Non-Deductible Lobbying & Politic                             | P                     | 316,724           | 178,078                       | 137,646             | 397,050                | 224,560 172,490 Allocation PC       |
| Non-Deductible Penalties                                      | P                     | 0                 | 0                             | 0                   | 0                      | 0 Allocation PC                     |
| Total Permanent Differences                                   |                       | 1,413,049         | 797,005                       | 818,044             | (3,778,232)            | (1,648,652) (2,129,580)             |
| AFUDC   | T                     |                   |                               |                     | 0                      | 0 Direct                            |
| Amortization of Deferred Expense                              | T                     | 0                 | 0                             | 0                   | (14,153)               | (8,005) (6,148) Allocation PC       |
| Amortization of Flowage Rights                                | T                     |                   |                               |                     | (13,189)               | (13,189) 0 Direct                   |
| Bad Debt Reserve  | T                     | 0                 | 0                             | 0                   | 0                      | 0 Allocation PC                     |
| Book Basis Emission Allowances                                | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| Book Depreciation   | T                     | 128,073,000       | 71,750,152                    | 54,322,848          | 118,286,000            | 60,456,144 57,808,856 Direct        |
| CAFC  | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| Capitalized Gas Inventory Costs                               | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| CIAC  | T                     | 3,000,000         | 0                             | 3,000,000           | 2,000,000              | 0 2,000,000 Direct                  |
| Contingent Liabilities  | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| Cost of Recovery  | T                     | (8,000,000)       | (3,384,183)                   | (2,945,897)         | (8,000,000)            | (2,827,868) (2,172,131) Direct      |
| Cummulative Effect of Accounting C                            | T                     |                   |                               |                     | 0                      | 0 Direct                            |
| Earnings Sharing Mechanism                                    | T                     | 2,118,253         | 2,118,253                     | 0                   | 3,115,478              | 3,115,478 0 Direct                  |
| Environmental Cost Recovery                                   | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| Equity in Subsidiary  | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| FAS 106 Post Retirement Benefits                              | T                     | 1,855,144         | 1,251,525                     | 603,619             | 3,505,498              | 1,982,610 1,522,888 Allocation PC   |
| FAS 112 Post Employment Benefit                               | T                     | 141,096           | 95,187                        | 45,909              | 145,620                | 82,359 63,261 Allocation PC         |
| FAS 133 Timing  | T                     | 0                 | 0                             | 0                   | 0                      | 0 Allocation PC                     |
| FASB 143  | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| FICA Accrual Adjustment                                       | T                     | 0                 | 0                             | 0                   | 0                      | 0 Allocation PC                     |
| Fuel Adjustment Clause Refund                                 | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| Gas Franchise Fee   | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| Interest Capitalized  | T                     | 6,022,000         | 3,396,601                     | 2,625,399           | 6,981,000              | 3,948,257 3,032,743 Direct          |
| Insurance Reimbursement/Alstom                                | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| IRS Rollover-Amort.Cap Legal Cos                              | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| Legal Expense Reserve   | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| Line Pack - IRS Audit   | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| Long Term Incentive   | T                     | 0                 | 0                             | 0                   | 0                      | 0 Allocation PC                     |
| Loss on Recquired Debt - Amorti                               | T                     | 1,151,892         | 777,094                       | 374,798             | (1,189,616)            | (672,813) (518,803) Allocation PC   |
| Mark to Market Adjustment                                     | T                     | 0                 | 0                             | 0                   | 0                      | 0 Allocation PC                     |
| Medical Plan  | T                     | 0                 | 0                             | 0                   | 0                      | 0 Allocation PC                     |
| Merger Surcredit  | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| Merger Expenses Capitalized for T                             | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| Non-Deductible Pensions                                       | T                     | 5,475,936         | 3,694,198                     | 1,781,738           | 3,103,672              | 1,755,350 1,348,322 Allocation PC   |
| Non-Qualified Thrift Plan (Officers)                          | T                     | 6,257             | 4,221                         | 2,036               | 50,000                 | 28,279 21,721 Allocation PC         |
| OMU Excess Construction Fund                                  | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| Over/Under Collections-Vs                                     | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| Over Under Un/Ins   | T                     | 0                 | 0                             | 0                   | 0                      | 0 Allocation PC                     |
| Performance Incentive   | T                     | 0                 | 0                             | 0                   | 0                      | 0 Allocation PC                     |
| Pilcain Contract  | T                     | 0                 | 0                             | 0                   | 58,829                 | 58,829 0 Direct                     |
| Prepaid Insurance/Expenses                                    | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| Prepaid Transmission Fees                                     | T                     | (22,296)          | 0                             | (22,296)            | 0                      | 0 Direct                            |
| Public Liability Reserve                                      | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| Purchased Gas Adjustment                                      | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| RAR Interest Reserve  | T                     | 0                 | 0                             | 0                   | 0                      | 0 Direct                            |
| Regulatory Expense  | T                     | 1,382,148         | 932,430                       | 449,718             | 1,069,896              | 605,103 464,793 Allocation PC       |

T 2003 Federal Return/Production Credit for 2008 Estimate

FEDERAL TAX COMPARISON OF ACTUAL WITH ACCRUAL  
 LG&E ENERGY CORP AND SUBS  
 YEAR ENDED DECEMBER 31, 2004

| ITEMS ARE INPUT AS INCOME(EXPENSE) REGARDLESS OF M-3 CATEGORY | Ratio                 |                   |                               | Ratio               |                        |                                |
|---|-----------------------|-------------------|-------------------------------|---------------------|------------------------|--------------------------------|
|   | 2004<br>LG&E<br>Books | Electric<br>Total | Electric & Gas<br>Gas & Other | 2004<br>KU<br>Books | Electric<br>Production | Other                          |
| Repair Allowance  | T                     |                   | 0                             | (3,000,000)         | 0                      | (3,000,000) Direct             |
| SERP  | T                     |                   | 0                             |                     | 0                      | 0 Allocation PC                |
| Short Term Incentive  | T                     |                   | 0                             |                     | 0                      | 0 Allocation PC                |
| Site Assessment Cost (Environmental)                          | T                     | 0                 | 0                             |                     |                        | 0 Direct                       |
| Storm Damages   | T                     |                   | 0                             | 0                   | 0                      | 0 Direct                       |
| Supplemental Retirement                                       | T                     |                   | 0                             |                     | 0                      | 0 Allocation PC                |
| Tax Depreciation  | T                     | (131,000,000)     | (85,150,000)                  | (120,000,000)       | (84,000,000)           | (36,000,000) Direct            |
| Tax Gain/(Loss) on Disposal of As                             | T                     |                   | 0                             |                     |                        | 0 Direct                       |
| Unamortized Loss on Bonds (loss)                              | T                     | 0                 | 0                             |                     | 0                      | 0 Allocation PC                |
| Unclaimed Checks  | T                     | 0                 | 0                             |                     | 0                      | 0 Direct                       |
| Vacation/Sick Pay   | T                     | 0                 | 0                             |                     | 0                      | 0 Allocation PC                |
| VDT Powergen Merger   | T                     | 30,134,760        | 20,329,636                    | 11,753,520          | 6,647,460              | 5,106,060 Allocation PC        |
| Workers Compensation  | T                     | 0                 | 0                             | 0                   | 0                      | 0 Allocation PC                |
| Total Temporary Differences                                   |                       | 18,338,190        | 973,375                       | 17,364,815          | 8,831,653              | (15,628,760) 24,460,413        |
| <b>OTHER</b>  |                       |                   |                               |                     |                        |                                |
| Dividends Deduction/Rounding.....                             |                       | 0                 | 0                             | 0                   | 0                      | 0 Allocation PC                |
| <b>Total Adjustments</b>                                      |                       | <b>19,751,239</b> | <b>1,770,380</b>              | <b>17,980,859</b>   | <b>5,055,421</b>       | <b>(17,275,412) 22,330,833</b> |
| Federal Taxable Income before Production Credit (3%)          |                       | 244,312,239       | 138,125,221                   | 106,187,018         | 152,161,421            | 65,923,605 86,237,816          |
| Federal Taxable Income  |                       | 4,143,757         | 4,143,757                     | 0                   | 1,977,708              | 1,977,708 0                    |
| Production Credit Tax Effect                                  |                       | 248,455,996       | 142,268,977                   | 106,187,018         | 154,139,129            | 87,901,313 86,237,816          |
| Effective Rate Impact   |                       | 1,450,315         |                               |                     | 692,198                |                                |
|   |                       | 0.65%             |                               | 0.47%               |                        |                                |

May need to be direct (production income \* state tax rate)  
 May need to be direct (production income \* state tax rate)  
 May need to be direct (production income \* state tax rate)

*\$AM*

*\$AM*

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**Calculation of Revenue Gross Up Factor**  
**(Based on Law in Effect June 30, 2005)**

|  |                         |
|--|-------------------------|
| 1. Assume pre-tax income of  | \$ 100.000000           |
| 2. Bad Debt at .27%  | 0.270000                |
| 3. PSC Assessment at .167%   | <u>0.167000</u>         |
| 4. Taxable income for State income tax   | 99.563000               |
| 5. State income tax at 7.00%   | <u>6.969410</u>         |
| 6. Taxable income for Federal income tax   | 92.593590               |
| 7. Federal income tax at 35%   | <u>32.407757</u>        |
| 8. Total Bad Debt, PSC Assessment, State and Federal income taxes<br>(Line 2 + Line 3 + Line 5 + Line 7) | 39.814167               |
| 9. Assume pre-tax income of  | <u>\$ 100.000000</u>    |
| 10. Gross Up Revenue Factor  | <u><u>60.185833</u></u> |

NOTE: Bad debt percent is percent of net charge-offs to revenue for the 12 months ended June 30, 2005.

**Louisville Gas and Electric Company  
Reserve for Doubtful Accounts Analysis**

| Billed Revenues from Ultimate Consumer |             | Forfeited Discounts |           | Total Customer Revenues | Charge-offs |           | Recoveries |           | Net Charge-offs | Net Charge-offs as a percent of Revenues |            | Total Billed Sales to Ultimate Consumers Revenues |             |             | Month       |        |
|--|-------------|---------------------|-----------|-------------------------|-------------|-----------|------------|-----------|-----------------|--|------------|---|-------------|-------------|-------------|--------|
| Month                                  | Amount      | Month               | Amount    |                         | Month       | Amount    | Month      | Amount    | Charge-offs     | Monthly Avg                              | 12 Mo. Avg | Month   | Electric    | Gas         | Total       | Month  |
| Mar-04                                 | 83,682,602  | Apr-04              | 277,129   | 83,959,731              | Jul-04      | 507,596   | Sep-04     | 180,321   | 327,275         | 0.39%                                    |            | Jul-04  | 68,499,076  | 9,831,193   | 78,330,269  | Aug-04 |
| 12 Mth Tot                             | 905,368,562 |                     | 2,993,301 | 908,361,863             |             | 6,038,196 |            | 2,640,605 | 3,397,591       |  | 0.37%      | 4 Mth Tot   | 217,653,730 | 62,275,676  | 279,929,406 |        |
| Apr-04                                 | 67,242,688  | May-04              | 201,336   | 67,444,024              | Aug-04      | 538,246   | Oct-04     | 178,172   | 360,074         | 0.53%                                    |            | Aug-04  | 64,014,422  | 10,481,076  | 74,495,498  | Sep-04 |
| 12 Mth Tot                             | 914,912,297 |                     | 3,028,436 | 917,940,733             |             | 6,226,752 |            | 2,610,789 | 3,615,963       |  | 0.39%      | 4 Mth Tot   | 242,058,818 | 45,123,398  | 287,182,216 |        |
| May-04                                 | 58,860,391  | Jun-04              | 163,387   | 59,023,778              | Sep-04      | 547,548   | Nov-04     | 215,625   | 331,923         | 0.56%                                    |            | Sep-04  | 63,408,649  | 11,174,059  | 74,582,709  | Oct-04 |
| 12 Mth Tot                             | 919,768,091 |                     | 3,041,242 | 922,809,333             |             | 5,233,945 |            | 2,592,131 | 2,641,815       |  | 0.29%      | 4 Mth Tot   | 261,058,310 | 41,846,223  | 302,904,533 |        |
| Jun-04                                 | 75,496,058  | Jul-04              | 272,130   | 75,768,188              | Oct-04      | 467,030   | Dec-04     | 197,553   | 269,477         | 0.36%                                    |            | Oct-04  | 48,908,278  | 13,198,607  | 62,106,885  | Nov-04 |
| 12 Mth Tot                             | 934,350,613 |                     | 3,115,680 | 937,466,293             |             | 5,183,349 |            | 2,591,812 | 2,591,537       |  | 0.28%      | 4 Mth Tot   | 244,830,425 | 44,684,936  | 289,515,360 |        |
| Jul-04                                 | 78,330,269  | Aug-04              | 304,980   | 78,635,249              | Nov-04      | 420,444   | Jan-05     | 209,082   | 211,362         | 0.27%                                    |            | Nov-04  | 45,570,372  | 22,568,063  | 68,138,435  | Dec-04 |
| 12 Mth Tot                             | 937,471,779 |                     | 3,127,644 | 940,599,424             |             | 5,230,553 |            | 2,401,167 | 2,829,386       |  | 0.30%      | 4 Mth Tot   | 221,901,721 | 57,421,806  | 279,323,527 |        |
| Aug-04                                 | 74,495,498  | Sep-04              | 240,073   | 74,735,571              | Dec-04      | 482,535   | Feb-05     | 232,960   | 249,575         | 0.33%                                    |            | Dec-04  | 48,672,946  | 46,765,464  | 95,438,411  | Jan-05 |
| 12 Mth Tot                             | 938,711,770 |                     | 3,106,189 | 941,817,959             |             | 5,130,667 |            | 2,359,425 | 2,771,242       |  | 0.29%      | 4 Mth Tot   | 206,560,245 | 93,706,194  | 300,266,440 |        |
| Sep-04                                 | 74,582,709  | Oct-04              | 249,694   | 74,832,402              | Jan-05      | 354,530   | Mar-05     | 225,330   | 129,200         | 0.17%                                    |            | Jan-05  | 54,939,144  | 66,400,214  | 121,339,358 | Feb-05 |
| 12 Mth Tot                             | 939,160,552 |                     | 3,082,650 | 942,243,202             |             | 4,957,279 |            | 2,329,143 | 2,628,136       |  | 0.28%      | 4 Mth Tot   | 198,090,741 | 148,932,349 | 347,023,090 |        |
| Oct-04                                 | 62,106,885  | Nov-04              | 176,756   | 62,283,641              | Feb-05      | 301,282   | Apr-05     | 187,464   | 113,818         | 0.18%                                    |            | Feb-05  | 49,998,517  | 58,834,906  | 108,833,423 | Mar-05 |
| 12 Mth Tot                             | 945,223,634 |                     | 3,109,501 | 948,333,135             |             | 4,948,528 |            | 2,322,689 | 2,625,839       |  | 0.28%      | 4 Mth Tot   | 199,180,980 | 194,568,648 | 393,749,628 |        |
| Nov-04                                 | 68,138,435  | Dec-04              | 231,894   | 68,370,330              | Mar-05      | 383,183   | May-05     | 170,343   | 212,840         | 0.31%                                    |            | Mar-05  | 47,830,730  | 49,262,583  | 97,093,313  | Apr-05 |
| 12 Mth Tot                             | 953,613,598 |                     | 3,132,242 | 956,745,840             |             | 4,988,531 |            | 2,338,976 | 2,649,555       |  | 0.28%      | 4 Mth Tot   | 201,441,338 | 221,263,167 | 422,704,505 |        |
| Dec-04                                 | 95,438,411  | Jan-05              | 318,402   | 95,756,812              | Apr-05      | 291,724   | Jun-05     | 255,445   | 36,278          | 0.04%                                    |            | Apr-05  | 43,402,364  | 29,119,157  | 72,521,521  | May-05 |
| 12 Mth Tot                             | 956,113,521 |                     | 3,165,285 | 959,278,806             |             | 5,030,422 |            | 2,393,683 | 2,636,739       |  | 0.27%      | 4 Mth Tot   | 196,170,755 | 203,616,860 | 399,787,615 |        |
| Jan-05                                 | 121,339,358 | Feb-05              | 339,656   | 121,679,014             | May-05      | 295,984   | Jul-05     | 160,665   | 135,319         | 0.11%                                    |            | May-05  | 43,630,203  | 19,915,355  | 63,545,558  | Jun-05 |
| 12 Mth Tot                             | 971,182,572 |                     | 3,214,316 | 974,396,888             |             | 5,029,933 |            | 2,400,247 | 2,629,685       |  | 0.27%      | 4 Mth Tot   | 184,861,814 | 157,132,001 | 341,993,815 |        |
| Feb-05                                 | 108,833,423 | Mar-05              | 384,754   | 109,218,178             | Jun-05      | 426,395   | Aug-05     | 182,797   | 243,598         | 0.22%                                    |            | Jun-05  | 59,750,045  | 12,848,367  | 72,598,411  | Jul-05 |
| 12 Mth Tot                             | 968,546,727 |                     | 3,160,191 | 971,706,918             |             | 5,016,496 |            | 2,395,757 | 2,620,739       |  | 0.27%      | 4 Mth Tot   | 194,613,342 | 111,145,461 | 305,758,803 |        |

**Louisville Gas and Electric Company  
Reserve for Doubtful Accounts Analysis**

| Forfeited Discounts |            |              | Total Sales<br>Subject to<br><u>Bad Debt Res</u> | Reserve %<br><u>from Page 1</u> | Computed<br>Reserve<br><u>Balance</u> | Actual<br>Reserve<br><u>Balance</u> | Over<br>(under)<br><u>Accrued</u> | Adjustment<br>Expense<br><u>(Recovery)</u> | Month of<br><u>Adjustment</u> |
|---------------------|------------|--------------|--|---------------------------------|---------------------------------------|-------------------------------------|-----------------------------------|--|-------------------------------|
| <u>Electric</u>     | <u>Gas</u> | <u>Total</u> |  |                                 |                                       |                                     |                                   |  |                               |
| 247,753             | 57,226     | 304,980      |  |                                 |                                       |                                     |                                   |  |                               |
| 661,473             | 280,359    | 941,833      | 280,871,239                                      | 0.37%                           | 1,050,557                             | 1,415,000                           | 364,443                           |  |                               |
| 187,981             | 52,092     | 240,073      |  |                                 |                                       |                                     |                                   |  |                               |
| 761,330             | 219,241    | 980,570      | 288,162,786                                      | 0.39%                           | 1,135,134                             | 1,125,000                           | (10,134)                          |  |                               |
| 198,012             | 51,682     | 249,694      |  |                                 |                                       |                                     |                                   |  |                               |
| 854,606             | 212,270    | 1,066,877    | 303,971,410                                      | 0.29%                           | 870,208                               | 1,125,000                           | 254,792                           |  |                               |
| 120,997             | 55,759     | 176,756      |  |                                 |                                       |                                     |                                   |  |                               |
| 754,743             | 216,760    | 971,503      | 290,486,863                                      | 0.28%                           | 803,024                               | 1,125,000                           | 321,976                           |  |                               |
| 121,759             | 110,135    | 231,894      |  |                                 |                                       |                                     |                                   |  |                               |
| 628,749             | 269,669    | 898,417      | 280,221,944                                      | 0.30%                           | 842,926                               | 785,000                             | (57,926)                          |  |                               |
| 129,860             | 188,542    | 318,402      |  |                                 |                                       |                                     |                                   |  |                               |
| 570,627             | 406,118    | 976,746      | 301,243,185                                      | 0.29%                           | 886,390                               | 785,000                             | (101,390)                         |  |                               |
| 122,068             | 217,588    | 339,656      |  |                                 |                                       |                                     |                                   |  |                               |
| 494,683             | 572,025    | 1,066,708    | 348,089,798                                      | 0.28%                           | 970,904                               | 785,000                             | (185,904)                         |  |                               |
| 134,731             | 250,024    | 384,754      |  |                                 |                                       |                                     |                                   |  |                               |
| 508,417             | 766,289    | 1,274,706    | 395,024,334                                      | 0.28%                           | 1,093,783                             | 1,089,481                           | (4,302)                           | 304,481                                    | Feb-2005                      |
| 127,282             | 201,682    | 328,964      |  |                                 |                                       |                                     |                                   |  |                               |
| 513,940             | 857,836    | 1,371,776    | 424,076,281                                      | 0.28%                           | 1,174,412                             | 1,213,660                           | 39,248                            | 124,179                                    | Mar-2005                      |
| 121,550             | 127,465    | 249,015      |  |                                 |                                       |                                     |                                   |  |                               |
| 505,630             | 796,759    | 1,302,390    | 401,090,005                                      | 0.27%                           | 1,102,463                             | 1,132,901                           | 30,438                            | (80,759)                                   | Apr-2005                      |
| 99,986              | 77,202     | 177,188      |  |                                 |                                       |                                     |                                   |  |                               |
| 483,548             | 656,373    | 1,139,922    | 343,133,737                                      | 0.27%                           | 926,043                               | 948,799                             | 22,756                            | (184,102)                                  | May-2005                      |
| 184,384             | 66,684     | 251,069      |  |                                 |                                       |                                     |                                   |  |                               |
| 533,202             | 473,034    | 1,006,236    | 306,765,039                                      | 0.27%                           | 827,360                               | 830,706                             | 3,346                             | (118,093)                                  | Jun-2005                      |

**Source: Notices 103500798 and 103500801 PSC Notice of Tax Due**

| <b>Tax Due</b>            | <b>LGE Electric</b> | <b>KU (Only)</b>  |
|---------------------------|---------------------|-------------------|
| Period 7/1/05-6/30/06     | \$ 1,657,399.03     | \$ 1,406,346.83   |
| Gross Intrastate Receipts | \$ 992,454,510.00   | \$ 842,123,849.00 |
| Percentage                | <b>0.167%</b>       | <b>0.167%</b>     |



**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. 11**

**Responding Witness: Kent W. Blake**

- Q-11. Please refer to Blake Exhibit 1. Please explain why there are no adjustments to remove FAC revenues and expenses from operating income in the same manner that ECR revenues and expenses and DSM revenues and expenses were removed on lines 4 and 5 through adjustments 1.11 and 1.12, respectively.
- A-11. The Company did remove FAC revenues and expenses from operating income through the adjustment included as Reference Schedule 1.15 of Blake Exhibit 1.



**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. 12**

**Responding Witnesses: Valerie L. Scott / Kent W. Blake**

- Q-12. Refer to Blake Exhibit 1 Schedules 1.11 and 1.13. Please provide the general ledger revenue amounts by account for the ECR revenues and reconcile the revenues on each of these schedules to the general ledger amounts.
- A-12. Please see the attached.

**LOUISVILLE GAS AND ELECTRIC COMPANY**

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

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

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

ECR BILLED REVENUES  
Reference Schedule 1.11

| Billed ECR Revenues |                  |              |            |              |            |            |            |            |            |            |            |            |            |              |
|---------------------|------------------|--------------|------------|--------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| LGE                 |                  |              |            |              |            |            |            |            |            |            |            |            |            |              |
| Account             |                  | Jul-2004     | Aug-2004   | Sep-2004     | Oct-2004   | Nov-2004   | Dec-2004   | Jan-2005   | Feb-2005   | Mar-2005   | Apr-2005   | May-2005   | Jun-2005   | Total        |
| 440010              | Residential      | 649,018.84   | 211,623.04 | (130,212.35) | 87,631.69  | 112,111.03 | 146,607.84 |            |            |            |            |            |            | 1,076,780.09 |
| 442011              | Small commercial | 215,352.59   | 74,778.04  | (48,761.19)  | 34,927.32  | 46,350.57  | 51,901.88  |            |            |            |            |            |            | 374,549.21   |
| 442221              | Large industrial | 267,326.15   | 99,494.11  | (57,907.80)  | 45,837.97  | 62,306.76  | 66,175.72  |            |            |            |            |            |            | 483,232.91   |
| 442031              | Large industrial | 267,667.16   | 97,030.75  | (60,803.01)  | 43,506.51  | 70,868.17  | 68,469.79  |            |            |            |            |            |            | 486,739.37   |
| 444010              | Street lighting  | 8,554.97     | 925.58     | (1,457.18)   | 3,354.02   | 4,200.25   | 4,780.45   |            |            |            |            |            |            | 20,358.09    |
| 445010              | Public authority | 130,633.13   | 48,842.62  | (29,951.90)  | 22,652.53  | 30,287.90  | 31,805.80  |            |            |            |            |            |            | 234,270.08   |
| 440111              | Residential      |              |            |              |            |            |            | 209,449.16 | 202,710.74 | 98,823.80  | 108,658.90 | 140,390.03 | 342,679.10 | 1,102,711.73 |
| 442111              | Small Commercial |              |            |              |            |            |            | 66,563.81  | 70,356.00  | 34,799.10  | 43,394.80  | 56,652.79  | 132,109.25 | 403,875.75   |
| 442211              | Large Commercial |              |            |              |            |            |            | 86,219.21  | 89,615.66  | 46,168.01  | 58,117.93  | 78,886.19  | 173,245.16 | 532,252.16   |
| 442311              | Large Industrial |              |            |              |            |            |            | 89,723.10  | 96,603.82  | 52,295.01  | 63,025.59  | 84,059.83  | 170,666.64 | 556,373.99   |
| 444111              | Street Lighting  |              |            |              |            |            |            | 5,400.05   | 4,352.59   | 2,850.41   | 3,664.91   | 4,691.72   | 7,486.23   | 28,445.91    |
| 445111              | Public Authority |              |            |              |            |            |            | 40,782.35  | 44,148.47  | 22,016.18  | 19,675.00  | 38,105.04  | 81,879.74  | 246,606.78   |
|                     |                  | 1,538,552.84 | 532,694.14 | (329,093.43) | 237,910.04 | 326,124.68 | 369,741.48 | 498,137.68 | 507,787.26 | 256,952.51 | 296,537.13 | 402,785.60 | 808,066.12 | 5,546,196.07 |
|                     |                  | Page 1       | Page 1     | Page 1       | Page 1     | Page 1     | Page 1     | Page 1     | Page 1     | Page 1     | Page 1     | Page 1     | Page 1     | Page 1       |

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**To Eliminate ECR and FAC Accruals**  
**For the Twelve Months Ended June 30, 2005**

|  | <u>Electric</u>         |
|--|-------------------------|
| 1. ECR Accrued Revenue in Account 449      | \$ (2,183,451) Page 4   |
| 2. FAC Accrued Revenue in Account 449      | (268,850) Page 4        |
| 3. ECR Accrued Revenue in Accounts 440-445 | 6,127,942 Page 5        |
| 4. FAC Accrued Revenue in Accounts 440-445 | <u>2,688,691 Page 6</u> |
| 5. Total Accrued Revenues                  | <u>\$ 6,364,332</u>     |
| 6. Adjustment                              | <u>\$ (6,364,332)</u>   |

ECR AND FAC ACCRUED REVENUE IN ACCOUNT 449  
Reference Schedule 1.13

| Rate Refund |         | Jul-2004          | Aug-2004     | Sep-2004       | Oct-2004     | Nov-2004    | Dec-2004   | Jan-2005     | Feb-2005 | Mar-2005 | Apr-2005 | May-2005 | Jun-2005 | Total          |
|-------------|---------|-------------------|--------------|----------------|--------------|-------------|------------|--------------|----------|----------|----------|----------|----------|----------------|
| LGE         | Account |                   |              |                |              |             |            |              |          |          |          |          |          |                |
|             | 449105  | J007              | (662,967.00) | (1,083,983.00) | (585,296.00) | 10,105.00   | 293,994.00 | 54,686.00    | -        | -        | -        | -        | -        | (2,163,451.00) |
|             | 449105  | J008, J009 & J229 | (103,889.00) | 190,995.00     | 38,313.00    | (35,794.00) | 1,745.00   | (360,220.16) | -        | -        | -        | -        | -        | (268,850.16)   |
|             |         |                   | (966,856.00) | (902,988.00)   | (546,983.00) | (25,689.00) | 295,739.00 | (305,524.16) | -        | -        | -        | -        | -        | (2,452,301.16) |

ECR ACCRUED REVENUE IN ACCOUNTS 440-445  
Reference Schedule 1.13

| Accrued ECR Revenues |                         |          |          |          |          |          |          |           |            |              |            |              |                |              |
|----------------------|-------------------------|----------|----------|----------|----------|----------|----------|-----------|------------|--------------|------------|--------------|----------------|--------------|
| LGE                  | Account                 | Jul-2004 | Aug-2004 | Sep-2004 | Oct-2004 | Nov-2004 | Dec-2004 | Jan-2005  | Feb-2005   | Mar-2005     | Apr-2005   | May-2005     | Jun-2005       | Total        |
|                      | 440111 Residential      | -        | -        | -        | -        | -        | -        | 31,417.00 | -          | -            | -          | -            | -              | 31,417.00    |
|                      | 442111 Small Commercial | -        | -        | -        | -        | -        | -        | 9,984.00  | -          | -            | -          | -            | -              | 9,984.00     |
|                      | 442211 Large Commercial | -        | -        | -        | -        | -        | -        | 12,933.00 | -          | -            | -          | -            | -              | 12,933.00    |
|                      | 442311 Large Industrial | -        | -        | -        | -        | -        | -        | 13,458.00 | -          | -            | -          | -            | -              | 13,458.00    |
|                      | 444111 Street Lighting  | -        | -        | -        | -        | -        | -        | 810.00    | -          | -            | -          | -            | -              | 810.00       |
|                      | 445111 Public Authority | -        | -        | -        | -        | -        | -        | 6,117.00  | -          | -            | -          | -            | -              | 6,117.00     |
|                      | 440111 Residential      | -        | -        | -        | -        | -        | -        | -         | 107,866.00 | (150,809.00) | 164,057.00 | 2,429,483.00 | (485,228.00)   | 2,065,369.00 |
|                      | 442111 Small Commercial | -        | -        | -        | -        | -        | -        | -         | 37,437.00  | (54,066.00)  | 64,514.00  | 971,244.00   | (180,238.00)   | 838,891.00   |
|                      | 442211 Large Commercial | -        | -        | -        | -        | -        | -        | -         | 47,686.00  | (70,312.00)  | 89,133.00  | 1,355,101.00 | (236,079.00)   | 1,185,529.00 |
|                      | 442311 Large Industrial | -        | -        | -        | -        | -        | -        | -         | 51,404.00  | 25,147.00    | 88,367.00  | 1,265,894.00 | (93,901.00)    | 1,336,911.00 |
|                      | 444111 Street Lighting  | -        | -        | -        | -        | -        | -        | -         | 2,316.00   | (2,005.00)   | 5,269.00   | 77,812.00    | (13,758.00)    | 69,634.00    |
|                      | 445111 Public Authority | -        | -        | -        | -        | -        | -        | -         | 23,492.00  | (33,440.00)  | 24,751.00  | 655,646.00   | (113,560.00)   | 556,889.00   |
|                      |                         | -        | -        | -        | -        | -        | -        | 74,719.00 | 270,201.00 | (285,485.00) | 436,091.00 | 6,755,180.00 | (1,122,764.00) | 6,127,942.00 |

FAC ACCRUED REVENUE IN ACCOUNTS 440-445  
Reference Schedule 1.13

| Accrued FAC Revenues |                         |          |          |          |          |          |          |              |                |            |              |            |              |              |
|----------------------|-------------------------|----------|----------|----------|----------|----------|----------|--------------|----------------|------------|--------------|------------|--------------|--------------|
| LGE                  | Account                 | Jul-2004 | Aug-2004 | Sep-2004 | Oct-2004 | Nov-2004 | Dec-2004 | Jan-2005     | Feb-2005       | Mar-2005   | Apr-2005     | May-2005   | Jun-2005     | Total        |
|                      | 440104 Residential      | -        | -        | -        | -        | -        | -        | (257,000.00) |                |            |              |            |              | (257,000.00) |
|                      | 442104 Small Commercial | -        | -        | -        | -        | -        | -        | (77,000.00)  |                |            |              |            |              | (77,000.00)  |
|                      | 442204 Large Commercial | -        | -        | -        | -        | -        | -        | (140,000.00) |                |            |              |            |              | (140,000.00) |
|                      | 442304 Large Industrial | -        | -        | -        | -        | -        | -        | (181,000.00) |                |            |              |            |              | (181,000.00) |
|                      | 444104 Street Lighting  | -        | -        | -        | -        | -        | -        | (5,000.00)   |                |            |              |            |              | (5,000.00)   |
|                      | 445104 Public Authority | -        | -        | -        | -        | -        | -        | (71,000.00)  |                |            |              |            |              | (71,000.00)  |
|                      | 440104 Residential      | -        | -        | -        | -        | -        | -        |              | (421,000.00)   | 132,819.69 | 541,562.90   | 89,187.92  | 719,000.00   | 1,061,570.51 |
|                      | 442104 Small Commercial | -        | -        | -        | -        | -        | -        |              | (136,000.00)   | 44,535.06  | 203,966.87   | 33,730.76  | 232,000.00   | 378,232.69   |
|                      | 442204 Large Commercial | -        | -        | -        | -        | -        | -        |              | (238,000.00)   | 80,512.56  | 379,371.15   | 62,664.57  | 414,000.00   | 698,548.28   |
|                      | 442304 Large Industrial | -        | -        | -        | -        | -        | -        |              | (330,000.00)   | 116,769.87 | 535,233.45   | 87,708.71  | 527,000.00   | 936,712.03   |
|                      | 444104 Street Lighting  | -        | -        | -        | -        | -        | -        |              | (8,000.00)     | 2,614.42   | 10,932.20    | 1,677.12   | 7,000.00     | 14,223.74    |
|                      | 445104 Public Authority | -        | -        | -        | -        | -        | -        |              | (125,000.00)   | 40,439.56  | 169,933.43   | 32,030.92  | 213,000.00   | 330,403.91   |
|                      |                         | -        | -        | -        | -        | -        | -        | (731,000.00) | (1,258,000.00) | 417,691.16 | 1,841,000.00 | 307,000.00 | 2,112,000.00 | 2,688,691.16 |





**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. 13**

**Responding Witness: Valerie L. Scott**

- Q-13. Refer to Blake Exhibit 1 Schedule 1.13. Please describe the amounts that are included by the Companies as "accrued revenue." Do these amounts represent billed revenues plus unbilled revenues?
- A-13. Please see response to Question No. 2 (b) of the Commission Staff's Initial Data Request dated October 21, 2005, in this proceeding.

