

**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. 14**

**Responding Witness: Kent W. Blake**

- Q-14. Please explain conceptually why the Companies' adjustments to remove the effects of the FAC, ECR, and DSM are not revenue neutral (revenues equal expenses/costs)?
- A-14. Regulatory lag will always create a mismatch of revenues and expenses over a fixed twelve month period. These adjustments remove the booked revenues and expenses such that these separate adjustment mechanisms do not impact operating income during the twelve month period.

**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. 15**

**Responding Witness: Kent W. Blake**

Q-15. Please provide a reconciliation of the per books FAC, ECR, and DSM revenues and expenses/costs.

A-15. FAC: Per-books fuel costs, purchased power expenses, and off-system sales revenues are detailed on the attached spreadsheet. Included in the detail are the ratemaking adjustments that are required to conform with the Commission's FAC regulations. These ratemaking adjustments include the following:

Fuel expense is reduced to exclude non-jurisdictional coal and fuel oil burned at Trimble County Unit 1, and to exclude to the extent required by regulations, actual fuel expense incurred as a result of a forced outage greater than six hours.

Purchased power expense as recorded in LG&E's general ledger is reduced by demand charges, other non-fuel charges (generally charges associated with scrubber consumables), purchased power expenses incurred as a result of a forced outage greater than six hours (when the expense results in higher overall fuel expense than would otherwise have been incurred), and the cost of purchase power that exceeds LG&E highest cost source of internal generation.

Off-system sales revenues as recorded in LG&E's general ledger are reduced by any demand component and by margins. Off-system sales revenues are increased by dollars assigned to inter-system sales losses.

Finally, fuel expense is adjusted for prior period over or under collection of recoverable FAC fuel expenses.

For these reasons, fuel expense as defined for FAC purposes is not identifiable on the Company's books.

ECR: A summary of monthly environmental rate base and expenses, with ratemaking adjustments, is included on the attached spreadsheets.

Environmental cost recovery consists of two parts: a return on eligible rate base and a return of actual eligible expenses. LG&E's eligible environmental rate base items and expense amounts are included in the Company's general ledger. Eligible environmental rate base and expense amounts are tracked within the general ledger using a combination of account, location, and project details. Further, required ratemaking adjustments to eligible environmental rate base and expense amounts include exclusions for amounts separately recovered through base rates. For these reasons, ECR expenses/costs are not identifiable on the Company's books.

To the extent that monthly ECR revenues exceed or fall short of allowed ECR recovery, the over/under collected amount is included as an adjustment to the determination of subsequent allowed monthly recovery. A summary of monthly environmental rate base and expenses, with ratemaking adjustments, is included on the attached spreadsheets.

DSM: All expenses incurred in the operation of LG&E's DSM program are recoverable through the DSM tariff. There are no ratemaking adjustments to either expenses or revenues. Any mismatch between revenue and expense is due to differences between planned and actual expenditures or kWh variances, and the differences are included in the annual DSM balancing adjustment filed with the Commission at the end of the first quarter of each calendar year. The most recent balancing adjustment was filed on March 4, 2005 and is attached.

**Louisville Gas and Electric Company**  
**Fuel Adjustment Clause**  
**Ratemaking Adjustments**

**Reconciliation of Per Books FAC Expenses to Ratemaking Expenses**

Month	Ratemaking Adjustments	Fuel (501 & 547)	Purchase Power (555)	Off-System Sales (447)	Net Fuel Costs	FAC billing factor, 2 months previous	Retail sales, kWh, current month	Current Month Calculated FAC Revenue	Fuel Cost per kWh, billing factor, Current Month	FAC Eligible Energy Sales, Current Month	Fuel Expense to be Recovered Through Billing Factor, (2 months later)
Jul-2004	Per Books Expense/Revenue	18,888,964	6,196,072	11,945,106	13,139,930						
	Trimble County Exclusion	(1,055,567)									
	Forced Outage Exclusion	36,548									
	Demand Component		(831,995)	(356,250)							
	Other Charges		(1,131,134)	(4,543,681)							
	Purchased Power Above Highest Cost Unit										
	Dollars Assigned to Losses (Over)/Under Recovery			38,495	(47,652)						
	<b>Total FAC Fuel Expense</b>	<b>17,869,945</b>	<b>4,232,943</b>	<b>7,083,670</b>	<b>14,971,566</b>	<b>0.00051</b>	<b>1,156,208,386</b>	<b>589,666</b>	<b>(0.00014)</b>	<b>1,181,776,539</b>	<b>(165,449)</b>
Aug-2004	Per Books Expense/Revenue	18,722,945	5,319,440	10,600,562	13,441,823						
	Trimble County Exclusion	(1,134,437)									
	Forced Outage Exclusion										
	Demand Component		(842,407)	(460,017)							
	Other Charges		(952,964)	(3,649,380)							
	Purchased Power Above Highest Cost Unit										
	Dollars Assigned to Losses (Over)/Under Recovery			31,076	11,917						
	<b>Total FAC Fuel Expense</b>	<b>17,588,508</b>	<b>3,524,069</b>	<b>6,522,241</b>	<b>14,602,253</b>	<b>0.00022</b>	<b>1,092,209,816</b>	<b>240,286</b>	<b>(0.00010)</b>	<b>1,148,679,339</b>	<b>(114,868)</b>
Sep-2004	Per Books Expense/Revenue	17,588,328	7,674,929	13,774,699	11,488,558						
	Trimble County Exclusion	(971,975)									
	Forced Outage Exclusion										
	Demand Component		(836,574)	(455,448)							
	Other Charges	(123)	(1,728,314)	(4,983,929)							
	Purchased Power Above Highest Cost Unit										
	Dollars Assigned to Losses (Over)/Under Recovery			48,264	(9,339)						
	<b>Total FAC Fuel Expense</b>	<b>16,616,230</b>	<b>5,110,041</b>	<b>8,383,586</b>	<b>13,333,346</b>	<b>(0.00014)</b>	<b>1,115,070,809</b>	<b>(156,110)</b>	<b>(0.00004)</b>	<b>1,044,061,298</b>	<b>(41,762)</b>
Oct-2004	Per Books Expense/Revenue	16,195,348	8,706,977	17,668,044	7,234,281						
	Trimble County Exclusion	(1,031,417)									
	Forced Outage Exclusion										
	Demand Component		(1,064,667)	(375,337)							
	Other Charges		(888,998)	(6,465,268)							
	Purchased Power Above Highest Cost Unit										
	Dollars Assigned to Losses (Over)/Under Recovery			59,003	(23,877)						
	<b>Total FAC Fuel Expense</b>	<b>15,163,931</b>	<b>6,753,312</b>	<b>10,886,442</b>	<b>11,006,924</b>	<b>(0.00010)</b>	<b>909,911,495</b>	<b>(90,991)</b>	<b>(0.00031)</b>	<b>880,311,078</b>	<b>(272,896)</b>

**Louisville Gas and Electric Company  
Fuel Adjustment Clause  
Ratemaking Adjustments**

**Reconciliation of Per Books FAC Expenses to Ratemaking Expenses**

Month	Ratemaking Adjustments	Fuel (501 & 547)	Purchase Power (555)	Off-System Sales (447)	Net Fuel Costs	FAC billing factor, 2 months previous	Retail sales, kWh, current month	Current Month Calculated FAC Revenue	Fuel Cost per kWh, billing factor, Current Month	FAC Eligible Energy Sales, Current Month	Fuel Expense to be Recovered Through Billing Factor, (2 months later)
Nov-2004	Per Books Expense/Revenue	18,177,316	7,174,440	16,618,844	8,732,912						
	Trimble County Exclusion	(1,110,512)									
	Forced Outage Exclusion										
	Demand Component		(839,593)	(471,423)							
	Other Charges	(195)	(960,148)	(5,428,339)							
	Purchased Power Above Highest Cost Unit										
	Dollars Assigned to Losses (Over)/Under Recovery			46,278	(7,594)						
	<b>Total FAC Fuel Expense</b>	<b>17,066,609</b>	<b>5,374,699</b>	<b>10,765,360</b>	<b>11,668,354</b>	<b>(0.00004)</b>	<b>854,194,845</b>	<b>(34,168)</b>	<b>0.00083</b>	<b>855,696,504</b>	<b>710,228</b>
Dec-2004	Per Books Expense/Revenue	20,111,476	10,587,670	20,712,671	9,986,475						
	Trimble County Exclusion	(1,074,975)									
	Forced Outage Exclusion										
	Demand Component		(723,873)	(468,314)							
	Other Charges		(1,988,059)	(6,277,317)							
	Purchased Power Above Highest Cost Unit										
	Dollars Assigned to Losses (Over)/Under Recovery			68,992	9,117						
	<b>Total FAC Fuel Expense</b>	<b>19,036,501</b>	<b>7,875,738</b>	<b>14,036,032</b>	<b>12,885,324</b>	<b>(0.00031)</b>	<b>909,720,322</b>	<b>(282,013)</b>	<b>0.00046</b>	<b>970,875,989</b>	<b>446,603</b>
Jan-2005	Per Books Expense/Revenue	22,542,237	13,325,389	28,271,309	7,596,317						
	Trimble County Exclusion	(1,291,050)									
	Forced Outage Exclusion										
	Demand Component		(1,100,073)	(379,898)							
	Other Charges	(324)	(2,283,679)	(8,987,869)							
	Purchased Power Above Highest Cost Unit										
	Dollars Assigned to Losses (Over)/Under Recovery			99,060	(125,848)						
	<b>Total FAC Fuel Expense</b>	<b>21,250,863</b>	<b>9,941,637</b>	<b>19,002,602</b>	<b>12,064,050</b>	<b>0.00083</b>	<b>1,007,320,326</b>	<b>836,076</b>	<b>(0.00028)</b>	<b>963,016,322</b>	<b>(269,645)</b>
Feb-2005	Per Books Expense/Revenue	19,300,437	14,301,574	27,110,770	6,491,241						
	Trimble County Exclusion	(1,151,110)									
	Forced Outage Exclusion										
	Demand Component		(1,631,242)	(365,090)							
	Other Charges	(169)	(2,532,916)	(8,364,497)							
	Purchased Power Above Highest Cost Unit										
	Dollars Assigned to Losses (Over)/Under Recovery			94,228	28,467						
	<b>Total FAC Fuel Expense</b>	<b>18,149,158</b>	<b>10,137,416</b>	<b>18,475,411</b>	<b>9,839,630</b>	<b>0.00046</b>	<b>908,991,672</b>	<b>418,136</b>	<b>(0.00115)</b>	<b>844,046,449</b>	<b>(970,653)</b>

**Louisville Gas and Electric Company**  
**Fuel Adjustment Clause**  
**Ratemaking Adjustments**

**Reconciliation of Per Books FAC Expenses to Ratemaking Expenses**

Month	Ratemaking Adjustments	Fuel (501 & 547)	Purchase Power (855)	Off-System Sales (447)	Net Fuel Costs	FAC billing factor, 2 months previous	Retail sales, kWh, current month	Current Month Calculated FAC Revenue	Fuel Cost per kWh, billing factor, Current Month	FAC Eligible Energy Sales, Current Month	Fuel Expense to be Recovered Through Billing Factor, (2 months later)
Mar-2005	Per Books Expense/Revenue	20,182,626	11,401,937	25,259,670	6,324,893						
	Trimble County Exclusion	(1,214,210)									
	Forced Outage Exclusion										
	Demand Component		(869,012)	(367,905)							
	Other Charges		(1,959,080)	(9,274,542)							
	Purchased Power Above										
	Highest Cost Unit			77,757							
	Dollars Assigned to Losses (Over)/Under Recovery										
	<b>Total FAC Fuel Expense</b>	<b>18,968,416</b>	<b>8,573,845</b>	<b>15,894,980</b>	<b>11,828,738</b>	<b>(0.00028)</b>	<b>895,792,712</b>	<b>(251,102)</b>	<b>0.00003</b>	<b>821,405,170</b>	<b>27,642</b>
Apr-2005	Per Books Expense/Revenue	18,202,987	7,236,309	14,425,519	11,013,777						
	Trimble County Exclusion	(1,002,127)									
	Forced Outage Exclusion	(29,815)									
	Demand Component		(112,007)	(375,337)							
	Other Charges		(606,041)	(3,132,222)							
	Purchased Power Above		(896,484)								
	Highest Cost Unit			51,557							
	Dollars Assigned to Losses (Over)/Under Recovery										
	<b>Total FAC Fuel Expense</b>	<b>17,171,045</b>	<b>5,621,777</b>	<b>10,969,517</b>	<b>11,821,581</b>	<b>(0.00115)</b>	<b>842,546,599</b>	<b>(968,929)</b>	<b>0.00103</b>	<b>854,418,226</b>	<b>880,051</b>
May-2005	Per Books Expense/Revenue	22,341,707	10,973,503	19,351,124	13,964,086						
	Trimble County Exclusion	(1,339,520)									
	Forced Outage Exclusion	(300)									
	Demand Component		(2,214)	(367,342)							
	Other Charges		(914,216)	(2,239,513)							
	Purchased Power Above		(1,500,088)								
	Highest Cost Unit			92,412							
	Dollars Assigned to Losses (Over)/Under Recovery										
	<b>Total FAC Fuel Expense</b>	<b>21,001,887</b>	<b>8,556,985</b>	<b>16,836,681</b>	<b>12,724,926</b>	<b>0.00003</b>	<b>830,223,598</b>	<b>24,907</b>	<b>0.00078</b>	<b>949,092,895</b>	<b>740,293</b>
Jun-2005	Per Books Expense/Revenue	29,002,240	9,918,265	16,423,249	22,497,256						
	Trimble County Exclusion	(1,267,120)									
	Forced Outage Exclusion	716									
	Demand Component		(564,009)	(149,993)							
	Other Charges		(1,355,872)								
	Purchased Power Above		(1,018,559)								
	Highest Cost Unit			85,678							
	Dollars Assigned to Losses (Over)/Under Recovery										
	<b>Total FAC Fuel Expense</b>	<b>27,735,836</b>	<b>6,979,825</b>	<b>16,359,134</b>	<b>18,160,588</b>	<b>0.00103</b>	<b>1,044,670,244</b>	<b>1,076,010</b>	<b>0.00235</b>	<b>1,197,543,694</b>	<b>2,814,228</b>

**Louisville Gas and Electric  
Environmental Cost Recovery  
Ratemaking Adjustments**

**Reconciliation of Per Books ECR Expenses to Ratemaking Expenses**

Month	Ratemaking Adjustments to Per Books Expense	Allowed Rate of Return	ECR Rate Base	Return on Rate Base	Per Books Expense			Allowance Auction Proceeds (411801)	Jurisdictional Allocation	Allowed ECR Revenue	Base Revenue	Calculated Revenue
					O&M	Depreciation	Property Taxes					
Jul-2004		10.66%	207,744,489	1,845,464	60,423	230,066	25,914					
	Less expense in base rates				(22,593)							
			207,744,489	1,845,464	37,830	230,066	25,914	-	84.80%	1,814,104		
	Over/under recovery, 2 month previous revenue requirement									(896,804)		
	Refund per Commission Orders									-		
	<b>Allowed ECR Recovery, Net of Ratemaking Adjustments</b>									<b>917,300</b>	<b>1,520,875</b>	<b>(325,019)</b>
Aug-2004		10.66%	210,266,720	1,867,869	80,438	230,066	25,914					
	Less expense in base rates				(22,593)							
			210,266,720	1,867,869	57,845	230,066	25,914	-	85.69%	1,869,494		
	Over/under recovery, 2 month previous revenue requirement									(459,836)		
	Refund per Commission Orders									-		
	<b>Allowed ECR Recovery, Net of Ratemaking Adjustments</b>									<b>1,409,658</b>	<b>1,160,521</b>	<b>239,896</b>
Sep-2004		10.66%	209,196,314	1,858,361	92,128	230,066	25,914					
	Less expense in base rates				(22,593)							
			209,196,314	1,858,361	69,535	230,066	25,914	-	82.23%	1,795,801		
	Over/under recovery, 2 month previous revenue requirement									(274,281)		
	Refund per Commission Orders									-		
	<b>Allowed ECR Recovery, Net of Ratemaking Adjustments</b>									<b>1,521,520</b>	<b>1,077,626</b>	<b>322,202</b>
Oct-2004		10.66%	209,580,627	1,861,775	27,343	230,066	25,914					
	Less expense in base rates				(22,593)							
			209,580,627	1,861,775	4,750	230,066	25,914	-	73.37%	1,557,282		
	Over/under recovery, 2 month previous revenue requirement									11,227		
	Refund per Commission Orders									-		
	<b>Allowed ECR Recovery, Net of Ratemaking Adjustments</b>									<b>1,568,509</b>	<b>1,156,329</b>	<b>369,225</b>

**Louisville Gas and Electric  
Environmental Cost Recovery  
Ratemaking Adjustments**

**Reconciliation of Per Books ECR Expenses to Ratemaking Expenses**

Month	Ratemaking Adjustments to Per Books Expense	Allowed Rate of Return	ECR Rate Base	Return on Rate Base	Per Books Expense			Allowance Auction Proceeds (411801)	Jurisdictional Allocation	Allowed ECR Revenue	Base Revenue	Calculated Revenue
					O&M	Depreciation	Property Taxes					
Nov-2004		10.66%	209,653,755	1,862,424	11,259	230,066	25,914					
	Less expense in base rates				(22,593)							
			209,653,755	1,862,424	(11,334)	230,066	25,914	-	73.14%	1,541,111		
	Over/under recovery, 2 month previous revenue requirement									117,769		
	Refund per Commission Orders									-		
	<b>Allowed ECR Recovery, Net of Ratemaking Adjustments</b>									<b>1,658,880</b>	<b>1,275,746</b>	<b>487,722</b>
Dec-2004		10.66%	205,610,208	1,826,504	38,215	542,823	25,914					
	Less expense in base rates				(22,593)							
			205,610,208	1,826,504	15,622	542,823	25,914	-	69.99%	1,687,363		
	Over/under recovery, 2 month previous revenue requirement									42,437		
	Adjustments from prior months									-		
	<b>Allowed ECR Recovery, Net of Ratemaking Adjustments</b>									<b>1,729,800</b>	<b>1,170,755</b>	<b>498,982</b>
Jan-2005		10.72%	204,983,580	1,831,187	21,622	542,823	25,972					
	Less expense in base rates				(22,593)							
			204,983,580	1,831,187	(971)	542,823	25,972	-	65.82%	1,579,029		
	Over/under recovery, 2 month previous revenue requirement									(115,004)		
	Adjustments from prior months									48,970		
	<b>Allowed ECR Recovery, Net of Ratemaking Adjustments</b>									<b>1,512,895</b>	<b>1,142,051</b>	<b>254,559</b>
Feb-2005		10.72%	204,419,015	1,826,143	12,336	543,738	25,972					
	Less expense in base rates				(22,593)							
			204,419,015	1,826,143	(10,257)	543,738	25,972	-	64.66%	1,542,527		
	Over/under recovery, 2 month previous revenue requirement									51,258		
	Adjustments from prior months									-		
	<b>Allowed ECR Recovery, Net of Ratemaking Adjustments</b>									<b>1,593,785</b>	<b>1,051,888</b>	<b>268,828</b>



**Louisville Gas and Electric  
Environmental Cost Recovery  
Ratemaking Adjustments**

**Reconciliation of Per Books ECR Expenses to Ratemaking Expenses**

Month	Ratemaking Adjustments to Per Books Expense	Allowed Rate of Return	ECR Rate Base	Return on Rate Base	Per Books Expense			Allowance Auction Proceeds (411801)	Jurisdictional Allocation	Allowed ECR Revenue	Base Revenue	Calculated Revenue
					O&M	Depreciation	Property Taxes					
Mar-2005		10.72%	203,604,350	1,818,866	22,737	543,738	25,972	(867,263)				
	Less expense in base rates				<u>(22,593)</u>							
	Allowance Proceeds in A/R until received							867,263				
			<u>203,604,350</u>	<u>1,818,866</u>	144	543,738	25,972	-	65.39%	1,561,984		
	Over/under recovery, 2 month previous revenue requirement									158,503		
	Adjustments from prior months									-		
	<b>Allowed ECR Recovery, Net of Ratemaking Adjustments</b>									<b>1,720,487</b>	<b>1,030,976</b>	
Apr-2005		10.72%	202,604,517	1,809,934	51,105	543,738	25,972					
	Less expense in base rates				<u>(22,593)</u>							
			<u>202,604,517</u>	<u>1,809,934</u>	28,512	543,738	25,972	-	74.98%	1,805,635		
	Over/under recovery, 2 month previous revenue requirement									245,359		
	Adjustments from prior months									-		
	<b>Allowed ECR Recovery, Net of Ratemaking Adjustments</b>									<b>2,050,994</b>	<b>1,377,485</b>	
May-2005		10.72%	201,821,720	1,802,941	212,888	543,738	25,972					
	Less expense in base rates				<u>(22,593)</u>							
	Allowance Proceeds received							(867,263)				
			<u>201,821,720</u>	<u>1,802,941</u>	190,295	543,738	25,972	(867,263)	68.97%	1,169,512		
	Over/under recovery, 2 month previous revenue requirement									286,725		
	Adjustments from prior months									-		
	<b>Allowed ECR Recovery, Net of Ratemaking Adjustments</b>									<b>1,456,237</b>	<b>1,685,601</b>	
Jun-2005		10.39%	205,172,274	1,776,450	156,142	543,738	25,972					
	Less expense in base rates				<u>(22,593)</u>							
	Allowance proceeds in base rates							223,921				
			<u>205,172,274</u>	<u>1,776,450</u>	133,549	543,738	25,972	223,921	78.37%	2,118,835		
	Adjustments from prior months									91,040		
	Refund per Commission Orders									-		
	<b>Allowed ECR Recovery, Net of Ratemaking Adjustments</b>									<b>2,209,875</b>	<b>1,748,246</b>	



*Louisville Gas and Electric Company*  
220 West Main Street (40202)  
P.O. Box 32010  
Louisville, Kentucky 40232

March 4, 2005

Elizabeth O'Donnell  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602

**RE: *Adjustments to Demand Side Management Balance Adjustment Component (DBA) of the Demand-Side Management Cost Recovery Mechanism for Louisville Gas and Electric Company***

Dear Ms. O'Donnell:

Louisville Gas and Electric Company ("LG&E") files herewith an original and four copies of the following revised sheets of LG&E Tariff PSC of Ky. Electric No. 6:

Fifth Revision of Original Sheet No. 1  
Second Revision of Original Sheet No. 71.4  
Second Revision of Original Sheet No. 71.5

These revisions reflect adjustments to the DSM Balance Adjustment Component (DBA) of LG&E's Demand Side Management Cost Recovery Mechanism to reflect over- and under-recoveries experienced in the 12-month period of January 1, 2004 through December 31, 2004. An original and four copies of the supporting data for the adjustments are also filed herewith.

Sincerely,

A handwritten signature in black ink, appearing to read "R. M. Conroy".

Robert M. Conroy  
Manager, Rates

Enclosures

<b>GENERAL INDEX</b>		
<b>Standard Electric Rate Schedules – Rules and Regulations</b>		
<u>Title</u>	<u>Sheet Number</u>	<u>Effective Date</u>
General Index	1	04-04-05
<b>SECTION 1 – Standard Rate Schedules</b>		
RS Residential Service	5	10-01-04
VFD Volunteer Fire Department Service	6	07-01-04
RPM Residential Prepaid Metering	7	07-01-04
GS General Service	10	07-01-04
LC Large Commercial Rate LC	15	07-01-04
LC-TOD Large Commercial Time-of-Day Rate	20	07-01-04
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John R. McCall, Executive Vice President,  
 General Counsel, and Corporate Secretary  
 Louisville, Kentucky

*John R. McCall*  
 by *MB*

**DSMRM**

**Demand-Side Management Cost Recovery Mechanism**

**APPLICABLE TO:**

Residential Rate RS, Volunteer Fire Department Rate VFD, Residential Prepaid Metering Rate RPM, General Service Rate GS, Small Time-of-Day Rate STOD, Large Commercial Rate LC, Large Commercial Time-of-Day Rate LC-TOD, Industrial Power Rate LP, and Industrial Power Time-of-Day Rate LP-TOD.

**DSM Cost Recovery Component (DSMRC):**

Residential Rate RS, Volunteer Fire Dept. Rate VFD, and Residential Prepaid Metering Rate RPM

Energy Charge

DSM Cost Recovery Component (DCR)	0.090 ¢/KWH
DSM Revenues from Lost Sales (DRLS)	0.005 ¢/KWH
DSM Incentive (DSMI)	0.004 ¢/KWH
DSM Balance Adjustment (DBA)	(0.021)¢/KWH
<b>DSMRC Rates RS, VFD and RPM</b>	<b>0.078 ¢/KWH</b>

R

General Service Rate GS and Small Time-of-Day Rate STOD

Energy Charge

DSM Cost Recovery Component (DCR)	0.018 ¢/KWH
DSM Revenues from Lost Sales (DRLS)	0.008 ¢/KWH
DSM Incentive (DSMI)	0.000 ¢/KWH
DSM Balance Adjustment (DBA)	(0.008)¢/KWH
<b>DSMRC Rates GS and STOD</b>	<b>0.018 ¢/KWH</b>

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*John R. McCall*  
*by [Signature]*

**John R. McCall, Executive Vice President,  
 General Counsel, and Corporate Secretary  
 Louisville, Kentucky**

<b>DSMRM</b>	
<b>Demand-Side Management Cost Recovery Mechanism</b>	
<b><u>DSM Cost Recovery Component (DSMRC):</u></b>	
(Continued)	
<u>Large Commercial Rate LC</u>	<u>Energy Charge</u>
DSM Cost Recovery Component (DCR)	0.007 ¢/KWH
DSM Revenues from Lost Sales (DRLS)	0.006 ¢/KWH
DSM Incentive (DSMI)	0.000 ¢/KWH
DSM Balance Adjustment (DBA)	(0.004)¢/KWH
DSMRC Rates LC	0.009 ¢/KWH
	R
<u>Large Commercial Time-of-Day Rate LC-TOD</u>	<u>Energy Charge</u>
DSM Cost Recovery Component (DCR)	0.006 ¢/KWH
DSM Revenues from Lost Sales (DRLS)	0.007 ¢/KWH
DSM Incentive (DSMI)	0.000 ¢/KWH
DSM Balance Adjustment (DBA)	(0.004)¢/KWH
DSMRC Rates LC	0.009 ¢/KWH
	R

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John R. McCall, Executive Vice President,  
 General Counsel, and Corporate Secretary  
 Louisville, Kentucky

*John R. McCall*  
 by *M. Moran*

Summary  
Page 1 of 2

LOUISVILLE GAS & ELECTRIC COMPANY  
Summary of Total DSM Cost Recovery Component (DSMRC)  
12-Month Period Beginning April 1, 2005

Rate Schedule	DSM Cost Recovery Component (DCR) Exhibit AE	DSM Revenues From Lost Sales Component (DRLS) Exhibit BE	DSM Incentive Component (DSMI) Exhibit CE	DSM Balance Adjustment Component (DBA) Exhibit DE	DSM Recovery Component (DSMRC) Total
Residential Rate RS	0.090	0.005	0.004	(0.021)	0.078 ¢/kWh
General Service Rate GS	0.018	0.008	0.000	(0.008)	0.018 ¢/kWh
Large Commercial Rate LC	0.007	0.006	0.000	(0.004)	0.009 ¢/kWh
Large Commercial Rate LC-TOD	0.006	0.007	0.000	(0.004)	0.009 ¢/kWh

Summary  
Page 2 of 2

LOUISVILLE GAS & ELECTRIC COMPANY  
Summary of DSM Balance Adjustment Component (DBA)  
12-Month Period Beginning April 1, 2005

Rate Schedule	Exhibit Reference	DSM Balance Adjustment Component (DBA)
Residential Rate RS	DE-1	(0.021) ¢/kWh
General Service Rate GS	DE-2	(0.008) ¢/kWh
Large Commercial Rate LC	DE-3	(0.004) ¢/kWh
Large Commercial Rate LC-TOD	DE-4	(0.004) ¢/kWh

**LOUISVILLE GAS & ELECTRIC COMPANY**

**Supporting Calculations for the  
DSM Cost Recovery Mechanism  
DSM Balance Adjustment Component (DBA)**

**ELECTRIC SERVICE**

**Twelve-Month Period Beginning April 1, 2005  
and Ending March 31, 2006**



Summary  
Page 1 of 2

LOUISVILLE GAS & ELECTRIC COMPANY  
Summary of Total DSM Cost Recovery Component (DSMRC)  
12-Month Period Beginning April 1, 2005

Rate Schedule	DSM Cost Recovery Component (DCR) Exhibit AE	DSM Revenues From Lost Sales Component (DRLS) Exhibit BE	DSM Incentive Component (DSMI) Exhibit CE	DSM Balance Adjustment Component (DBA) Exhibit DE	DSM Recovery Component (DSMRC) Total
Residential Rate RS	0.090	0.005	0.004	(0.021)	0.078 ¢/kWh
General Service Rate GS	0.018	0.008	0.000	(0.008)	0.018 ¢/kWh
Large Commercial Rate LC	0.007	0.006	0.000	(0.004)	0.009 ¢/kWh
Large Commercial Rate LC-TOD	0.006	0.007	0.000	(0.004)	0.009 ¢/kWh

Summary  
Page 2 of 2

LOUISVILLE GAS & ELECTRIC COMPANY  
Summary of DSM Balance Adjustment Component (DBA)  
12-Month Period Beginning April 1, 2005

Rate Schedule	Exhibit Reference	DSM Balance Adjustment Component (DBA)
Residential Rate RS	DE-1	(0.021) ¢/kWh
General Service Rate GS	DE-2	(0.008) ¢/kWh
Large Commercial Rate LC	DE-3	(0.004) ¢/kWh
Large Commercial Rate LC-TOD	DE-4	(0.004) ¢/kWh

**LOUISVILLE GAS & ELECTRIC COMPANY**

**DSM Balance Adjustment (DBA)  
12-Month Period Beginning April 1, 2005**

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

LOUISVILLE GAS & ELECTRIC COMPANY  
Summary of DSM Balance Adjustment Component (DBA)

Summary - DBA 2005

	<u>Actual Collection</u>	<u>Expected Collection</u>	<u>(over) Variance</u>	<u>Interest</u>	<u>Net Variance</u>
<u>Electric</u>					
RS	\$3,361,621	\$2,537,398	(\$824,223)	(\$4,926)	(\$829,149)
GS	\$284,426	\$171,810	(\$112,615)	(\$304)	(\$112,920)
LC	\$271,298	\$183,234	(\$88,064)	(\$226)	(\$88,290)
LC TOD	\$56,271	\$33,185	(\$23,086)	(\$63)	(\$23,148)
<u>Gas</u>					
RGS	\$752,179	\$707,394	(\$44,785)	(\$1,172)	(\$45,957)
CGS	\$81,671	\$6,850	(\$74,820)	(\$366)	(\$75,187)

Exhibit DE  
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LOUISVILLE GAS & ELECTRIC COMPANY  
Summary of DSM Balance Adjustment Component (DBA)

**LG&E DBA  
Incentive Adjustment**

		Budgeted Expenditures	Budgeted Incentive	Percent	Actual Expenditures	Adjusted Incentive
2004						
Elec.	Residential Conservation	\$142,902	\$0	0.00000	\$157,390	\$0
Gas	Residential Conservation	\$47,634	\$21,368	0.44859	\$52,463	\$23,534
Elec.	Residential Load Mgmt.	\$2,918,899	\$145,945	0.05000	\$2,228,283	\$111,414
Elec.	Residential Low Income	\$111,988	\$0	0.00000	\$97,207	\$0
Gas	Residential Low Income	\$959,896	\$34,474	0.03591	\$874,866	\$31,420
GS	Commercial Cons.	\$192,165	\$0	0.00000	\$137,520	\$0
LC	Commercial Cons.	\$153,732	\$0	0.00000	\$110,016	\$0
LC TOD	Commercial Cons.	\$30,748	\$0	0.00000	\$22,003	\$0
Gas	Commercial Cons.	\$7,687	\$0	0.00000	\$5,501	\$0
GS	Commercial Load Mgmt.	\$44,904	\$2,245	0.05000	\$3,183	\$159
LC	Commercial Load Mgmt.	\$5,813	\$281	0.05000	\$398	\$20
LC TOD	Commercial Load Mgmt.	\$5,813	\$281	0.05000	\$398	\$20

Exhibit DE  
4 of 12

LOUISVILLE GAS & ELECTRIC COMPANY  
Summary of DSM Balance Adjustment Component (DBA)

**LG&E DBA**  
**Lost Revenue Adjustment**

		Budgeted	Budgeted		Actual	Adjusted
		Expenditures	Lost Revenue	Percent	Expenditures	Lost Revenue
2004						
Elec.	Residential Conservation	\$142,902	\$54,627	0.38227	\$157,390	\$60,165
Gas	Residential Conservation	\$47,634	\$20,488	0.43011	\$52,483	\$22,565
Elec.	Residential Load Mgmt.	\$2,918,899	\$0	0.00000	\$2,228,283	\$0
Elec.	Residential Low Income	\$111,988	\$97,640	0.87188	\$97,207	\$84,753
Gas	Residential Low Income	\$959,898	\$88,799	0.09251	\$874,866	\$80,933
GS	Commercial Cons.	\$192,165	\$90,734	0.47217	\$137,520	\$84,933
LC	Commercial Cons.	\$153,732	\$90,481	0.58856	\$110,016	\$64,751
LC TOD	Commercial Cons.	\$30,746	\$30,160	0.98093	\$22,003	\$21,584
Gas	Commercial Cons.	\$7,887	\$1,655	0.21526	\$5,501	\$1,184
GS	Commercial Load Mgmt.	\$44,904	\$0	0.00000	\$3,183	\$0
LC	Commercial Load Mgmt.	\$5,613	\$0	0.00000	\$398	\$0
LC TOD	Commercial Load Mgmt.	\$5,613	\$0	0.00000	\$398	\$0

LOUISVILLE GAS & ELECTRIC COMPANY  
Summary of DSM Balance Adjustment Component (DBA)

Exhibit DE  
Page 5 of 12

Expected DSMRC Collections  
Residential Electric Customers Rate RS

Date	DCR Total	DRLS Total	DSM Total	DBA Total	Expected Revenue	Actual Revenue	(over) Variance
January-04	\$97,355	\$12,077	\$9,285	(\$36,569)	\$82,147	\$280,247	(\$198,100)
February-04	\$54,739	\$12,077	\$9,285	(\$36,569)	\$39,532	\$269,276	(\$229,744)
March-04	\$67,264	\$12,077	\$9,285	(\$36,569)	\$52,056	\$215,663	(\$163,607)
April-04	\$123,923	\$12,077	\$9,285	(\$13,876)	\$131,408	\$211,721	(\$80,313)
May-04	\$256,737	\$12,077	\$9,285	(\$13,876)	\$264,222	\$246,062	\$18,159
June-04	\$273,855	\$12,077	\$9,285	(\$13,876)	\$281,339	\$353,412	(\$72,073)
July-04	\$203,368	\$12,077	\$9,285	(\$13,876)	\$210,853	\$386,750	(\$175,897)
August-04	\$166,584	\$12,077	\$9,285	(\$13,876)	\$174,068	\$349,733	(\$175,665)
September-04	\$193,852	\$12,077	\$9,285	(\$13,876)	\$201,337	\$348,323	(\$146,986)
October-04	\$288,127	\$12,077	\$9,285	(\$13,876)	\$295,612	\$236,401	\$59,211
November-04	\$386,723	\$12,077	\$9,285	(\$13,876)	\$394,207	\$205,788	\$188,420
December-04	\$403,132	\$12,077	\$9,285	(\$13,876)	\$410,616	\$258,245	\$152,372
					\$2,537,398	\$3,361,621	(\$824,223)





Exhibit DE  
Page 7 of 12

LOUISVILLE GAS & ELECTRIC COMPANY  
Summary of DSM Balance Adjustment Component (DBA)

Expected DSMRC Collections  
General Service Electric Rate GS

Date	DCR		DRLS		DSM#		DBA Total	Expected Revenue	Actual Revenue	(over) Variance
	Rate	Total	Rate	Total	Rate	Total				
January-04		\$17,887		\$5,411		\$13	\$7,687	\$30,999	\$34,436	(\$3,437)
February-04		\$14,672		\$5,411		\$13	\$7,687	\$27,783	\$33,905	(\$6,121)
March-04		\$20,303		\$5,411		\$13	\$7,687	\$33,415	\$32,144	\$1,271
April-04		\$15,888		\$5,411		\$13	(\$6,531)	\$14,781	\$16,786	(\$2,005)
May-04		\$10,616		\$5,411		\$13	(\$6,531)	\$9,509	\$19,059	(\$9,550)
June-04		\$9,322		\$5,411		\$13	(\$6,531)	\$8,216	\$23,587	(\$15,372)
July-04		\$12,537		\$5,411		\$13	(\$6,531)	\$11,430	\$23,918	(\$12,488)
August-04		\$12,245		\$5,411		\$13	(\$6,531)	\$11,138	\$22,407	(\$11,269)
September-04		\$8,922		\$5,411		\$13	(\$6,531)	\$7,815	\$23,191	(\$15,376)
October-04		\$5,316		\$5,411		\$13	(\$6,531)	\$4,209	\$19,228	(\$15,017)
November-04		\$6,527		\$5,411		\$13	(\$6,531)	\$5,420	\$17,342	(\$11,922)
December-04		\$8,202		\$5,411		\$13	(\$6,531)	\$7,095	\$18,426	(\$11,330)
								\$171,810	\$284,426	(\$112,615)



LOUISVILLE GAS & ELECTRIC COMPANY  
Summary of DSM Balance Adjustment Component (DBA)

Exhibit DE  
Page 9 of 12

**Expected DSMRC Collections**  
**Large Commercial Electric Rate LC**

Date	DCR		DRLS		DSMI		DBA Total	Expected Revenue	Actual Revenue	(over) Variance
	Rate	Total	Rate	Total	Rate	Total				
January-04		\$14,110		\$5,396		\$2	\$13,207	\$32,715	\$34,744	(\$2,029)
February-04		\$11,556		\$5,396		\$2	\$13,207	\$30,160	\$33,315	(\$3,154)
March-04		\$16,066		\$5,396		\$2	\$13,207	\$34,671	\$31,935	\$2,735
April-04		\$12,562		\$5,396		\$2	(\$3,659)	\$14,300	\$16,902	(\$2,601)
May-04		\$8,333		\$5,396		\$2	(\$3,659)	\$10,072	\$17,909	(\$7,837)
June-04		\$7,279		\$5,396		\$2	(\$3,659)	\$9,018	\$20,897	(\$11,879)
July-04		\$9,795		\$5,396		\$2	(\$3,659)	\$11,533	\$21,239	(\$9,705)
August-04		\$9,610		\$5,396		\$2	(\$3,659)	\$11,348	\$20,407	(\$9,059)
September-04		\$6,987		\$5,396		\$2	(\$3,659)	\$8,726	\$21,086	(\$12,360)
October-04		\$4,077		\$5,396		\$2	(\$3,659)	\$5,815	\$18,625	(\$12,810)
November-04		\$5,046		\$5,396		\$2	(\$3,659)	\$6,784	\$16,924	(\$10,140)
December-04		\$6,352		\$5,396		\$2	(\$3,659)	\$8,091	\$17,314	(\$9,224)
								\$183,234	\$271,298	(\$88,064)



Exhibit DE  
Page 11 of 12

LOUISVILLE GAS & ELECTRIC COMPANY  
Summary of DSM Balance Adjustment Component (DBA)

**Expected DSMRC Collections**  
**Large Commercial-TOD Electric Rate LC-TOD**

Date	DCR		DRLS		DSMI		DBA Total	Expected Revenue	Actual Revenue	(over) Variance
	Rate	Total	Rate	Total	Rate	Total				
January-04		\$2,852		\$1,799		\$2	(\$1,528)	\$3,124	\$3,771	(\$647)
February-04		\$2,338		\$1,799		\$2	(\$1,528)	\$2,611	\$3,760	(\$1,149)
March-04		\$3,239		\$1,799		\$2	(\$1,528)	\$3,512	\$3,615	(\$103)
April-04		\$2,534		\$1,799		\$2	(\$724)	\$3,611	\$4,473	(\$862)
May-04		\$1,690		\$1,799		\$2	(\$724)	\$2,767	\$4,730	(\$1,963)
June-04		\$1,482		\$1,799		\$2	(\$724)	\$2,559	\$5,261	(\$2,702)
July-04		\$1,994		\$1,799		\$2	(\$724)	\$3,070	\$5,570	(\$2,500)
August-04		\$1,950		\$1,799		\$2	(\$724)	\$3,026	\$5,120	(\$2,094)
September-04		\$1,420		\$1,799		\$2	(\$724)	\$2,496	\$5,491	(\$2,994)
October-04		\$841		\$1,799		\$2	(\$724)	\$1,918	\$5,076	(\$3,158)
November-04		\$1,035		\$1,799		\$2	(\$724)	\$2,112	\$4,684	(\$2,572)
December-04		\$1,301		\$1,799		\$2	(\$724)	\$2,378	\$4,720	(\$2,342)
								\$33,185	\$56,271	(\$23,086)



## LOUISVILLE GAS &amp; ELECTRIC COMPANY

DSM Balance Adjustment (DBA)  
For Residential Rate RS  
12-Month Period Beginning April 1, 2005

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

The outcome of the interest calculations is an over-recovery of revenue with interest in the amount of \$829,149 during the period of January 1, 2004 through December 31, 2004, as shown on Exhibit DE Page 2 of 12. The DBA adjustments are then divided by the estimated billing determinants for the 12-month period from April 1, 2005 through March 31, 2006 in order to compute the per-unit DBA charge or credit. The resulting DBA factor for Residential Rate RS is (0.021) ¢ per kWh .

Exhibit DE-1  
Page 2 of 2

LOUISVILLE GAS & ELECTRIC COMPANY  
Calculation of DBA Component For Rate RS

		Forecast
		<u>kWh Sales</u>
APR	2005	246,695,678
MAY		240,727,742
JUN		357,717,385
JUL		468,852,708
AUG		468,592,526
SEP		428,538,350
OCT		266,886,008
NOV		241,335,241
DEC		302,178,733
JAN	2006	358,091,961
FEB		309,387,265
MAR		277,405,317
		3,966,408,914

Total DBA           \$ (829,149)

DBA Factor In ¢ per kWh           -0.021



## LOUISVILLE GAS &amp; ELECTRIC COMPANY

DSM Balance Adjustment (DBA)  
For General Service Rate GS  
12-Month Period Beginning April 1, 2005

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

The outcome of the interest calculations is an over-recovery of revenue with interest in the amount of \$112,920 during the period of January 1, 2004 through December 31, 2004, as shown on Exhibit DE Page 2 of 12. The DBA adjustments are then divided by the estimated billing determinants for the 12-month period from April 1, 2005 through March 31, 2006 in order to compute the per-unit DBA charge or credit. The resulting DBA factor for General Service Rate GS is (0.008) ¢ per kWh.

LOUISVILLE GAS & ELECTRIC COMPANY  
Calculation of DBA Component For Rate GS

		Forecast
		<u>kWh Sales</u>
APR	2005	105,304,028
MAY		108,404,249
JUN		128,950,575
JUL		146,683,829
AUG		145,822,906
SEP		139,889,571
OCT		113,052,436
NOV		103,062,470
DEC		113,033,329
JAN	2006	122,871,059
FEB		117,216,543
MAR		112,261,489
		1,456,552,486

Total DBA \$ (112,920)

DBA Factor In ¢ per kWh -0.008

## LOUISVILLE GAS &amp; ELECTRIC COMPANY

DSM Balance Adjustment (DBA)  
For Large Commercial Rate LC  
12-Month Period Beginning April 1, 2005

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

The outcome of the interest calculations is an over-recovery of revenue with interest in the amount of \$88,290 during the period of January 1, 2004 through December 31, 2004, as shown on Exhibit DE Page 2 of 12. The DBA adjustments are then divided by the estimated billing determinants for the 12-month period from April 1, 2005 through March 31, 2006 in order to compute the per-unit DBA charge or credit. The resulting DBA factor for Large Commercial Rate LC is (0.004) ¢ per kWh .

LOUISVILLE GAS & ELECTRIC COMPANY  
Calculation of DBA Component For Rate LC

		Forecast
		<u>kWh Sales</u>
APR	2005	172,981,217
MAY		183,353,177
JUN		207,941,044
JUL		228,512,897
AUG		224,276,502
SEP		218,553,975
OCT		190,701,359
NOV		174,136,906
DEC		185,540,467
JAN	2006	190,726,683
FEB		185,657,173
MAR		181,621,140
		2,344,002,540

Total DBA \$ (88,290)

DBA Factor in ¢ per kWh -0.004

LOUISVILLE GAS & ELECTRIC COMPANY

DSM Balance Adjustment (DBA)  
For Large Commercial Time-of-Day Rate LC-TOD  
12-Month Period Beginning April 1, 2005

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

The outcome of the interest calculations is an over-recovery of revenue with interest in the amount of \$23,148 during the period of January 1, 2004 through December 31, 2004, as shown on Exhibit DE Page 2 of 12. The DBA adjustments are then divided by the estimated billing determinants for the 12-month period from April 1, 2005 through March 31, 2006 in order to compute the per-unit DBA charge or credit. The resulting DBA factor for Large Commercial TOD Rate LC-TOD is (0.004) ¢ per kWh .

Exhibit DE-4  
Page 2 of 2

LOUISVILLE GAS & ELECTRIC COMPANY  
Calculation of DBA Component For Rate LC-TOD

Forecast		
<u>kWh Sales</u>		
APR	2005	46,413,380
MAY		48,432,890
JUN		52,897,817
JUL		59,601,069
AUG		57,549,495
SEP		57,023,359
OCT		50,997,986
NOV		47,790,993
DEC		51,702,820
JAN	2006	49,848,976
FEB		51,408,298
MAR		47,906,915
		621,573,998

Total DBA           \$ (23,148)

DBA Factor in ¢ per kWh           -0.004

**LOUISVILLE GAS & ELECTRIC COMPANY**

**DSM Balance Adjustment (DBA)  
For Industrial Power Rate LP  
12-Month Period Beginning April 1, 2005**

**Not currently applicable.**

**LOUISVILLE GAS & ELECTRIC COMPANY**

**DSM Balance Adjustment (DBA)  
For Industrial Power Time-of-Day Rate LP-TOD  
12-Month Period Beginning April 1, 2005**

**Not currently applicable.**



**Louisville Gas and Electric Company**  
220 West Main Street (40202)  
P.O. Box 32010  
Louisville, Kentucky 40232

March 4, 2005

Elizabeth O'Donnell  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602

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PUBLIC SERVICE COMMISSION

**RE: Adjustments to Demand Side Management Balance Adjustment Component (DBA) of the Demand-Side Management Cost Recovery Mechanism for Louisville Gas and Electric Company**


Dear Ms. O'Donnell:

Louisville Gas and Electric Company ("LG&E") files herewith an original and four copies of the following revised sheets of LG&E Tariff PSC of Ky. Gas No. 6:

Sixth Revision of Original Sheet No. 1  
Second Revision of Original Sheet No. 71.3

These revisions reflect adjustments to the DSM Balance Adjustment Component (DBA) of LG&E's Demand Side Management Cost Recovery Mechanism to reflect over- and under-recoveries experienced in the 12-month period of January 1, 2004 through December 31, 2004. An original and four copies of the supporting data for the adjustments are also filed herewith.

Sincerely,



Robert M. Conroy  
Manager, Rates

Enclosures

**Louisville Gas and Electric Company**

**Sixth Revision of Original Sheet No. 1  
 P.S.C. of Ky. Gas No. 6**

<b>GENERAL INDEX</b>		
<b>Standard Gas Rate Schedules – Terms and Conditions</b>		
<u>Title</u>	<u>Sheet Number</u>	<u>Effective Date</u>
General Index	1	04-04-05
<b>SECTION 1 – Standard Rate Schedules</b>		
RGS Residential Gas Service	5	11-01-04
VFD Volunteer Fire Department Service	6	11-01-04
CGS Firm Commercial Gas Service	10	11-01-04
IGS Firm Industrial Gas Service	15	11-01-04
AAGS As-Available Gas Service	20	11-01-04
TS Gas Transportation Service/Standby	25	11-01-04
FT Firm Transportation Service (Non-Standby)	30	11-01-04
Special Charges	49	07-01-04
<b>SECTION 2 – Riders to Standard Rate Schedules</b>		
PS-TS Pooling Service - Rate TS	50	09-27-00
PS-FT Pooling Service - Rate FT	51	09-27-00
EF Excess Facilities	52	07-01-04
RBS Reserved Balancing Service	53	11-01-04
<b>SECTION 3 – Adjustment Clauses</b>		
GSC Gas Supply Clause	70	11-01-04
DSM Demand-Side Management Cost Recovery Mechanism	71	04-04-05
PBR Performance-Based Ratemaking Mechanism	72	10-26-01
WNA Weather Normalization Adjustment - WNA	73	09-27-00
Franchise Fee and Local Tax	74	07-01-04
VDSR Value Delivery Surcredit Rider	75	12-03-01
ST School Tax	76	07-01-04
HEA Home Energy Assistance Program	77	10-01-04
<b>SECTION 4 – Terms and Conditions</b>		
Customer Bill of Rights	80	07-01-04
General	81	07-01-04
Customer Responsibilities	82	07-01-04
Company Responsibilities	83	07-01-04
Character of Service	84	07-01-04
Billing	85	07-01-04
Deposits	86	07-01-04
Budget Payment Plan	87	07-01-04
Bill Format	88	07-01-04
Discontinuance of Service	89	07-01-04
Gas Main Extension Rules	90	05-05-93
Gas Service Restrictions	91	06-26-87
Curtailement Rules	92	09-27-00

**Date of Issue: March 4, 2005  
 Cancelling Fifth Revision of  
 Original Sheet No. 1  
 Issued February 1, 2005**

**Issued By**

**Date Effective: April 4, 2005**

**John R. McCall, Executive Vice President,  
 General Counsel, and Corporate Secretary  
 Louisville, Kentucky**

*John R. McCall*  
*by M. E. ...*

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**STANDARD RATE SCHEDULE**

**DSMRM**

**Demand-Side Management Cost Recovery Mechanism**

**Applicable to:** Residential Gas Service Rate RGS, Firm Commercial Gas Service Rate CGS, Firm Industrial Gas Service Rate IGS, As Available Gas Service Rate AAGS, Rate TS, and Rate FT.

As used herein, the term "commercial" applies to any activity engaged primarily in the sale of goods or services including institutions and local, state and federal governmental agencies for uses other than those involving manufacturing.

As used herein, the term "industrial" applies to any activity engaged primarily in a process or processes which create or change raw or unfinished materials into another form or product.

**DSM Cost Recovery Component (DSMRC):**

Residential Customers Served Under Residential Rate RGS                      Energy Charge

DSM Cost Recovery Component (DCR):	0.453 ¢/Ccf
DSM Revenues from Lost Sales (DRLS):	0.057 ¢/Ccf
DSM Incentive (DSMI):	0.024 ¢/Ccf
DSM Balance Adjustment (DBA):	(0.020) ¢/Ccf
DSMRC Rate RGS:	0.514 ¢/Ccf

Commercial Customers Served Under Firm Commercial Gas Service Rate CGS, As Available Gas Service Rate AAGS, Rate TS, and Rate FT

DSM Cost Recovery Component (DCR):	0.007 ¢/Ccf
DSM Revenues from Lost Sales (DRLS):	0.002 ¢/Ccf
DSM Incentive (DSMI):	0.000 ¢/Ccf
DSM Balance Adjustment (DBA):	(0.060) ¢/Ccf
DSMRC Rate CGS:	(0.051) ¢/Ccf

Date of Issue: March 4, 2005  
 Cancelling First Revision of  
 Original Sheet No. 71.3  
 Issued December 22, 2004

Issued By

Date Effective: April 4, 2005

John R. McCall, Executive Vice President,  
 General Counsel, and Corporate Secretary  
 Louisville, Kentucky

*John R. McCall*  
*by M. E. ...*

Summary  
Page 1 of 2

LOUISVILLE GAS & ELECTRIC COMPANY  
Summary of Total DSM Cost Recovery Component (DSMRC)  
12-Month Period Beginning April 1, 2005

Rate Schedule	DSM Cost Recovery Component (DCR) Exhibit AG	DSM Revenues From Lost Sales Component (DRLS) Exhibit BG	DSM Incentive Component (DSMI) Exhibit CG	DSM Balance Adjustment Component (DBA) Exhibit DG	DSM Recovery Component (DSMRC) Total
Residential Rate RGS	0.453	0.057	0.024	(0.020)	0.514 ¢/Ccf
Commercial Customers Served Under Rate CGS, Rate G-6, Rate G-7, Rate TS, and Rate FT	0.007	0.002	0.000	(0.060)	(0.051) ¢/Ccf

Summary  
Page 2 of 2

Kentucky Utilities  
Summary of DSM Balance Adjustment Component (DBA)  
12-Month Period Beginning April 1, 2005

Rate Schedule	Exhibit Reference	DSM Balance Adjustment Component (DBA)
Residential Service RS	DE-1	(0.025) ¢/kWh
General Service GS	DE-2	(0.013) ¢/kWh
Rate LP (excludes industrial)	DE-3	0.000 ¢/kWh

**LOUISVILLE GAS & ELECTRIC COMPANY**

**Supporting Calculations for the  
DSM Cost Recovery Mechanism  
DSM Balance Adjustment Component (DBA)**

**GAS SERVICE**

**Twelve-Month Period Beginning April 1, 2005  
and Ending March 31, 2006**

Summary  
Page 1 of 2

LOUISVILLE GAS & ELECTRIC COMPANY  
Summary of Total DSM Cost Recovery Component (DSMRC)  
12-Month Period Beginning April 1, 2005

Rate Schedule	DSM Cost Recovery Component (DCR) Exhibit AG	DSM Revenues From Lost Sales Component (DRLS) Exhibit BG	DSM Incentive Component (DSMI) Exhibit CG	DSM Balance Adjustment Component (DBA) Exhibit DG	DSM Recovery Component (DSMRC) Total
Residential Rate RGS	0.453	0.057	0.024	(0.020)	0.514 ¢/Ccf
Commercial Customers Served Under Rate CGS, Rate G-6, Rate G-7, Rate TS, and Rate FT	0.007	0.002	0.000	(0.060)	(0.051) ¢/Ccf

Summary  
Page 2 of 2

LOUISVILLE GAS & ELECTRIC COMPANY  
Summary of DSM Balance Adjustment Component (DBA)  
12-Month Period Beginning April 1, 2005

Rate Schedule	Exhibit Reference	DSM Balance Adjustment Component (DBA)
Residential Rate RGS	DG-1	(0.020) ¢/Ccf
Commercial Customers Served Under Rate CGS, Rate G-6, Rate G-7, Rate TS, and Rate FT	DG-2	(0.060) ¢/Ccf
Industrial Customers Served Under Rate CGS, Rate G-6, Rate G-7, Rate TS, and Rate FT	DG-3	0.000 ¢/Ccf



## LOUISVILLE GAS &amp; ELECTRIC COMPANY

DSM Balance Adjustment (DBA)  
12-Month Period Beginning April 1, 2005

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