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LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 32

Responding Witness: Shannon L. Charnas

Q-32. Provide a detailed analysis of contributions for charitable and political purposes (in cash or services), if any, recorded in accounts other than Account No. 426. Show the amount of the expenditure, the recipient of the contribution, and the specific account charged. If amounts are allocated, show a calculation of the factor used to allocate each amount. Detailed analysis is not required for amounts of less than $100, provided the items are grouped by classes.

A-32. No contributions for charitable or political purposes have been identified in accounts other than Account No. 426.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 33

Responding Witness: Lonnie E. Bellar / Valerie L. Scott

Q-33. Describe LG&E's lobbying activities and provide a schedule showing the name, salary, affiliation, all company-paid or reimbursed expenses or allowances, and the account charged for each individual whose principal function is lobbying on the local, state, or national level. If any amounts are allocated, show a calculation of the factor used to allocate each amount.

A-33. Louisville Gas & Electric charges expenses for External Affairs to account 426.4, Expenditures for Certain Civic, Political and Related Activities, a "below-the-line" account not deducted in arriving at net operating income. The expenses recorded in this account are not included in rates and are not proposed to be included in rates.

Some expenses are directly charged to 426.4 while others are indirect charges which are allocated. All expenses and charges, whether directly or indirectly assigned, are not included in rates. G.R. Siemens' indirect charges are allocated to Louisville Gas & Electric at 43%, Kentucky Utilities at 37%, and E.ON U.S. Capital Corp. at 20%. D.J. Freibert's indirect charges are allocated to Louisville Gas & Electric at 10% and Kentucky Utilities at 90%. M.S. Beer's indirect charges are allocated to Louisville Gas & Electric at 42%, Kentucky Utilities at 38%, and E.ON U.S. Capital Corp. at 20%. During the test year, these charges amounted to $664,441, of this amount $286,547 represented approximately 30.4% of the salary and associated benefits (e.g., health care and retirement) of G.R. Siemens, D.J. Freibert, and M.S. Beer whose duties include, but are not limited to, representation before governmental agencies and legislative bodies local, state and federal levels on matters directly related to the Company and the conduct of its business. These employees also provide functional representation of the Company at and participation in civic, charitable and community events, monitoring the legislative processes, responding to inquires by federal, state and local governmental agencies and legislative bodies and participation in industry meetings and conferences. Thus, the $286,547 does not reflect time associated only with lobbying activities as defined by Account 426.4. The remaining $377,894 charged to this account is associated with salary and benefits for two other employees who provide analytical or administrative support and business expenses (e.g., travel and office expenses) for G.R. Siemens, D.J. Freibert, and M.S. Beer.

A detailed analysis of account 426.4 is included in the response to question 30(c) of the First Data Request of the Commission Staff Dated July 16, 2008.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 34

Responding Witness: Shannon L. Charnas

Q-34. Provide a schedule showing for the test year and the year preceding the test year, with each year shown separately, the following information regarding LG&E's investments in subsidiaries and joint ventures:

a. Name of subsidiary or joint venture.

b. Date of initial investment.

c. Amount and type of investment made for each of the 2 years included in this response.

d. Balance sheet and income statement. Where only internal statements are prepared, furnish copies of these.

e. A separate schedule of all dividends or income of any type received by LG&E from its subsidiaries or joint ventures showing how this income is reflected in the reports filed with the Commission and stockholder reports.

f. Name of each officer of each of the subsidiaries or joint ventures, each officer's annual compensation, the portion of that compensation that is charged to the subsidiary or joint venture, the position each officer holds with LG&E, and the compensation received from LG&E.

A-34. a. Ohio Valley Electric Corporation (OVEC)

b. LG&E's original investment in OVEC was made in 1952.

c. No investments were made in OVEC by LG&E during the 2 years included in this response.

d. See the attachment to this response for financial statements for OVEC including Statements of Income for the twelve months ended April 30, 2008 and 2007 and Balance Sheets as of April 30, 2008 and 2007.

e. LG&E records its dividend income from OVEC on the cost method of accounting. LG&E has recorded $264,610 and $219,571 in dividends for the 12-months ended April 30, 2008 and 2007, respectively. These amounts have been reported as "Other Income Less Deductions" in LG&E's reports filed with the Commission and as "Other Income (Expense) – Net" in stockholders reports.

f. Officers:

Officers:	Michael G. Morris	President
	David L. Hart	Vice President & Asst. to President
	David E. Jones	Vice President - Operations
	John D. Brodt	Secretary and Treasurer
	Ronald D. Cook	Asst. Secretary and Asst. Treasurer
	Susan Tomasky	Asst. Secretary and Asst. Treasurer

None of the officers of OVEC are officers or employees of LG&E.

None of OVEC's officers receive compensation from LG&E nor is any portion of their salaries charged to LG&E. OVEC's officers' salaries are charged internally by OVEC as expenses against OVEC's revenues to arrive at net income. The compensation paid to these officers by OVEC is not available to LG&E.

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

INCOME AND RETAINED EARNINGS
FOR THE TWELVE MONTHS ENDED APRIL 30, 2008 AND 2007

	April 30, 2008 Ohio Valley Electric Corporation	April 30. 2007 Ohio Valley Electric Corporation
OPERATING REVENUES:	$ 62,915,985	$ 46,622,847
OPERATING EXPENSES:		
FUEL CONSUMED	14,739,565	9,302,633
PURCHASED POWER	35,310,716	23,502,107
OTHER POWER EXPENSES		
LABOR-SCHED 4	548,564	2,603,525
OTHER CHARGES-SCHED 4	6,699,394	5,592,665
SO2 ALLOWANCES	838,308	(147,113)
DEPRECIATION	1,161,897	6,335,536
TAXES - STATE, LOCAL, & MISC	764,965	572,854
TAXES - FEDERAL INCOME	73,115	(1,420,131)
TOTAL OPERATING EXPENSES	60,136,524	46,342,076
NET OPERATING INCOME	2,779,461	280,771
INTEREST AND OTHER:		
INT EXP-REVOLVING CR AGR	(577,754)	788,570
INT EXP-2006A NOTES	1,998,052	2,008,682
INT EXP-2007 A, B & C NOTES	3,044,022	
INT EXP-2008A	124,704	
INT EXP-SCR		
INTEREST INCOME	(381,421)	(257,834)
AMORT OF DEBT EXPENSE	49,076	27,417
OTHER	(295,423)	(323,159)
TOTAL INTEREST AND OTHER	3,961,256	2,243,676
NET INCOME	(1,181,795)	(1,962,905)
RETAINED EARNINGS — BEGINNING	7,396,687	7,241,493
CASH DIVIDENDS	3,000,000	2,600,000
RETAINED EARNINGS — END	$ 3,214,892	$ 2,678,588

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

BALANCE SHEETS
AS OF April 30, 2008 AND 2007

	2008 Ohio Valley Electric Corporation	2007 Ohio Valley Electric Corporation
ASSETS		
ELECTRIC PLANT:		
At original cost	$ 581.116.307	$ 577,048.301
Less — accumulated provisions for depreciation	375,760,529	366,497,435
	205.355.778	210.550.866
Construction in progress	273,639,829	83,343,616
Total electric plant	478,995,607	293,894,482
INVESTMENTS AND OTHER:		
Investment in subsidiary company	3.400,000	3.400.000
Advances to subsidiary — construction	145,365,277	153,478,688
Total investments and other	148,765,277	156,878,688
CURRENT ASSETS:		
Cash and cash equivalents	95.654.187	60.571.254
Accounts receivable	30.573.383	24,058.281
Intercompany receivable		
Fuel in storage — at average cost	17,786,100	31.882.006
Materials and supplies — at average cost	8.253.356	8,535,718
Property taxes applicable to future years	1.485.280	1,315.200
Emission allowances	8.402.547	26.858.406
Refundable federal income taxes		
Refundable state income taxes		
Prepaid expenses and other	394,286	294,717
Total current assets	162,549,139	153,515,582
REGULATORY ASSETS:		
Asset retirement costs	2.340.015	2,934.082
Unrecognized postemployment benefits	889,553	1,869,278
Deferred depreciation	23,030,032	24,444,605
Total regulatory assets	26,259,600	29,247,965
DEFERRED CHARGES AND OTHER:		
Unamortized debt expense	6.722.153	4.362.260
Deferred tax assets	39.418.189	39,099,938
Pension asset		
Other	87,507	8,151
Total deferred charges and other	46,227,849	43,470,349
TOTAL	$ 862,797,472	$ 677,007,066

OHIO VALLEY ELECTRIC CORPORATION AND SUBSIDIARY COMPANY

BALANCE SHEETS
AS OF April 30, 2008 AND 2007

	2008 Ohio Valley Electric Corporation	2007 Ohio Valley Electric Corporation
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Common stock, $100 par value — authorized, 300,000 shares; outstanding, 100,000 shares in 2007 and 2006	$ 10,000,000	$ 10,000,000
Common stock, without par value, stated at $200 per share — authorized, 100,000 shares; outstanding, 17,000 shares in 2007 and 2006		
Senior notes	741,594,816	419,781,717
Line of credit borrowings — long term	40,000,000	120,000,000
Retained earnings	4,151,883	3,852,633
Total capitalization	795,746,699	553,634,350
CURRENT LIABILITIES:		
Current portion of long-term debt	24,789,219	12,969,638
Accounts payable	13,806,726	11,754,341
Intercompany payable	(101,750,904)	(28,149,229)
Deferred revenue — advances for construction	17,287,308	6,595,739
Accrued other taxes	10,050,461	1,585,665
Accrued interest and other	17,629,972	9,589,846
Total current liabilities	(18,187,218)	14,346,000
COMMITMENTS AND CONTINGENCIES (Note 10)		
REGULATORY LIABILITIES:		
Postretirement benefits	19,072,922	34,040,880
Pension benefits		
Investment tax credits	3,393,146	3,393,146
Net antitrust settlement	673,070	673,070
Income taxes refundable to customers	31,755,122	38,393,088
EPA emission allowance proceeds	426,959	65,000
Advance collection of interest		1,045,816
Fuel related settlement		
Total regulatory liabilities	55,321,219	77,611,000
OTHER LIABILITIES:		
Asset retirement obligations	9,790,888	9,236,687
Postretirement benefits obligation	19,236,332	20,309,751
Postemployment benefits obligation	889,553	1,869,278
Parent advances for construction		
Total other liabilities	29,916,773	31,415,716
TOTAL	$ 862,797,473	$ 677,007,066

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 35

Responding Witness: Shannon L. Charnas

Q-35. Provide the following information with regard to uncollectible accounts for the test year and 3 preceding calendar years (taxable year acceptable) for the electric operations and gas operations separately:

a. Reserve account balance at the beginning of the year.

b. Charges to reserve account (accounts charged off).

c. Credits to reserve account.

d. Current year provision.

e. Reserve account balance at the end of the year.

f. Percent of provision to total revenue.

A-35. a. - f. See attached.

Louisville Gas and Electric Company

Case Number 2008-00252

Summary of Uncollectible Accounts Reserves

Year	Reserve Account Balance Beginning of Year (a)	Charges to Reserve Account (b)	Credits to Reserve Account (c)	Current Year Provision (d)	Reserve Account Balance End of Year (e)	Percent of Provision to Total Revenue (f)
Total Company (1)						
Test Year April 2008	$ 1,505,116	$ 4,534,117	$ 2,411,137	$ 1,456,046	$ 838,182	0.1%
2007	$ 1,135,876	$ 4,589,192	$ 2,470,197	$ 1,654,515	$ 671,396	0.2%
2006	$ 1,045,034	$ 6,493,196	$ 2,468,543	$ 4,115,495	$ 1,135,876	0.4%
2005	$ 785,000	$ 5,212,111	$ 2,367,584	$ 3,104,561	$ 1,045,034	0.3%
Electric Operations (1)						
Test Year April 2008	$ 1,038,530	$ 3,128,540	$ 1,663,684	$ 1,004,672	$ 578,346	0.1%
2007	$ 726,052	$ 2,982,975	$ 1,605,628	$ 1,075,435	$ 424,140	0.2%
2006	$ 668,822	$ 4,090,713	$ 1,555,182	$ 2,592,762	$ 726,052	0.4%
2005	$ 502,400	$ 3,335,751	$ 1,515,254	$ 1,986,919	$ 668,822	0.3%
Gas Operations (1)						
Test Year April 2008	$ 466,586	$ 1,405,576	$ 747,452	$ 451,374	$ 259,836	0.1%
2007	$ 409,824	$ 1,606,217	$ 864,569	$ 579,080	$ 247,256	0.1%
2006	$ 376,212	$ 2,402,482	$ 913,361	$ 1,522,733	$ 409,824	0.4%
2005	$ 282,600	$ 1,876,360	$ 852,330	$ 1,117,642	$ 376,212	0.3%

(1) The uncollectible reserve is recorded by total company each month and is allocated between electric and gas for this exhibit. The allocation is based on gross revenues from electric and gas ultimate consumers as of the previous year. The numbers are allocations - not direct charges.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 36

Responding Witness: Shannon L. Charnas

Q-36. Provide a detailed analysis of the retained earnings account for the test year and the 12-month period immediately preceding the test year.

A-36. See attached.

Louisville Gas and Electric Company
Analysis of Retained Earnings
April 30, 2008

Line No.		12 Months Ended April 30, 2008		12 Months Ended April 30, 2007
1	Balance at Beginning of Period	636,462,008.79		611,958,617.30
2	Add:			
3	Net Income for Period	108,262,570.22		121,493,092.35
4	FIN 48 Adjustment	(55,996.00)		258,182.00
5	Deduct:			
6	Preferred Stock Redemption	5,000.00	(1)	3,787,254.55
7	Preferred Dividends			
8	$25 Par Value			
9	5% Series	-		1,028,544.98
10	Without Par Value			
11	Auction Rate	-		2,432,083.33
18	Common Dividends			
19	Common Stock Without Par Value	70,000,000.00		90,000,000.00
20				
21	Balance at End of Period	674,663,583.01		636,462,008.79

(1) This amount inadvertantly remained after the preferred stock redemption was booked in April 2007, and was adjusted in May 2007.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 37

Responding Witness: Shannon L. Charnas

Q-37. Provide a listing of all non-utility property, related property taxes, and accounts where amounts are recorded. Include a description of the property, the date purchased, and the cost.

A-37. See attached.

Louisville Gas and Electric Company
Non-Utility Property
April 2008

Description of Non-Utility Property	Cost	Date Purchased	Property Taxes	Property Tax Account
Cherry Hill Coal Mine - Right of Way	249.93	30-Jun-40		
Cherry Hill Coal Mine - Mineral Rights Tract No. K1B	31,482.83	17-Jun-54		
Cherry Hill Coal Mine - Mineral Rights	31,627.60	29-Jul-40		
Cherry Hill Coal Mine - Tract No. K2	185.17	30-Jun-40		
Cherry Hill Coal Mine - Tract No. K4	14.83	30-Jun-40		
Cherry Hill Coal Mine - Tract No. K5	47.91	30-Jun-40		
Cherry Hill Coal Mine - Tract No. K6	192.14	30-Jun-40		
Cherry Hill Coal Mine - Tract No. K12	250.00	30-Jun-66		
Former Camp Taylor Substation - Tract No. D15	28.81	17-Dec-39		
943 Fetter Avenue - Tract No. F8-1	332.40	7-Feb-41		
2334 Lexington Road - Tract No. F20	516.72	17-Sep-25		
Former Strawberry Lane Substation - Tract No. F43	1,074.25	11-Jul-55		
Former Plymouth Substation - Tract No. D70	3,291.32	26-Sep-56		
Cancelled Standard Avenue Substation - Tract No. D124	5,677.00	21-Mar-73		
3842 Grand Avenue - Tract No. F19-2	268.65	3-Jul-25		
Non-Utility Property Total	**$ 75,239.56**		**$ 599.56**	**FERC 408.2 & 236**

Note: Property tax amounts are calculated based on 2007 property tax rates. The above individual properties do not receive a stand alone tax bill.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 38

Responding Witness: S. Bradford Rives

Q-38. Provide the rates of return in Format 35.

A-38. See attached.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Average Rates of Return

For the Calendar Years 2003 through 2007 and the Test Year

Response to Commission's Order
Dated July 16, 2008

Question No. 38

Responding Witness: S. Bradford Rives

Line No	Item (a)	Electric Operations (b)	Gas Operations (c)	Total Company (d)	Kentucky Jurisdiction (e)	Other Jurisdiction (f)
1	Original cost net investment:					
2.	5th Year	6.49%	4.73%	6.20%	6.20%	-
3.	4th Year	6.89%	3.93%	6.36%	6.36%	-
4	3rd Year	9.02%	4.54%	8.15%	8.15%	-
5	2nd Year	8.13%	3.99%	7.30%	7.30%	-
6.	1st Year	8.46%	3.93%	7.57%	7.57%	-
7.	Test Year	7.94%	4.38%	7.25%	7.25%	
8	Original cost common equity:					
9.	5th Year	10.82%	6.93%	10.17%	10.17%	-
10.	4th Year	10.55%	4.43%	9.47%	9.47%	-
11.	3rd Year	13.70%	4.92%	12.01%	12.01%	-
12.	2nd Year	12.21%	4.00%	10.56%	10.56%	-
13.	1st Year	11.94%	3.13%	10.21%	10.21%	-
14.	Test Year	11.05%	3.98%	9.67%	9.67%	-

Note: Consistent with the response to the second data request of the Commission Staff, Question Number 58, provided in LG&E Case No. 2003-00433, all percentages are calculated before any pro forma adjustments.

Louisville Gas and Electric Company
Adjusted Rate of Return on Common Equity
Weighted Average Cost Of Capital

April 30, 2008 Electric

	Total Company Capitalization	Electric Rate Base Percentage	Adjusted Electric Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	158,075,200	80.53%	127,297,959	7.25%	2.63%	0.19%
A/R Securitization	-	80.53%	-	0.00%	0.00%	0.00%
Long Term Debt	878,104,000	80.53%	707,137,151	40.27%	5.63%	2.27%
Preferred Stock	-	80.53%	-	0.00%	0.00%	0.00%
Common Equity	1,144,296,135	80.53%	921,501,678	52.48%	11.05%	5.80%
	2,180,475,335		1,755,936,788	100.00%		8.26%

Net Operating Income for the 12 months ended April 30, 2008 $ 144,992,134
Net Operating Income / Total Capitalization 8.26%

April 30, 2008 Gas

	Total Company Capitalization	Gas Rate Base Percentage	Adjusted Gas Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	158,075,200	19.47%	30,777,241	7.25%	2.63%	0.19%
A/R Securitization	-	19.47%	-	0.00%	0.00%	0.00%
Long Term Debt	878,104,000	19.47%	170,966,849	40.27%	5.63%	2.27%
Preferred Stock	-	19.47%	-	0.00%	0.00%	0.00%
Common Equity	1,144,296,135	19.47%	222,794,457	52.48%	3.98%	2.09%
	2,180,475,335		424,538,547	100.00%		4.55%

Net Operating Income for the 12 months ended April 30, 2008 $ 19,320,288
Net Operating Income / Total Capitalization 4.55%

April 30, 2008 Total Company

	Total Company Capitalization	Rate Base Percentage	Adjusted Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	158,075,200	100.00%	158,075,200	7.25%	2.63%	0.19%
A/R Securitization	-	100.00%	-	0.00%	0.00%	0.00%
Long Term Debt	878,104,000	100.00%	878,104,000	40.27%	5.63%	2.27%
Preferred Stock	-	100.00%	-	0.00%	0.00%	0.00%
Common Equity	1,144,296,135	100.00%	1,144,296,135	52.48%	9.67%	5.08%
	2,180,475,335		2,180,475,335	100.00%		7.54%

Net Operating Income for the 12 months ended April 30, 2008 $ 164,312,422
Net Operating Income / Total Capitalization 7.54%

Louisville Gas and Electric Company
Unadjusted Rate of Return on Common Equity
Weighted Average Cost Of Capital

December 31, 2007 Electric

	Total Company Capitalization	Electric Rate Base Percentage	Unadjusted Electric Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	78,241,200	80.40%	62,905,925	3.52%	4.75%	0.17%
A/R Securitization	-	80.40%	-	0.00%	0.00%	0.00%
Long Term Debt	984,304,000	80.40%	791,380,416	44.26%	4.95%	2.19%
Preferred Stock	-	80.40%	-	0.00%	0.00%	0.00%
Common Equity	1,161,163,742	80.40%	933,575,649	52.22%	11.94%	6.23%
	2,223,708,942		1,787,861,990	100.00%		8.59%

Net Operating Income for the 12 months ended December 31, 2007 $ 153,626,752
Net Operating Income / Total Capitalization 8.59%

December 31, 2007 Gas

	Total Company Capitalization	Gas Rate Base Percentage	Unadjusted Gas Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	78,241,200	19.60%	15,335,275	3.52%	4.75%	0.17%
A/R Securitization	-	19.60%	-	0.00%	0.00%	0.00%
Long Term Debt	984,304,000	19.60%	192,923,584	44.26%	4.95%	2.19%
Preferred Stock	-	19.60%	-	0.00%	0.00%	0.00%
Common Equity	1,161,163,742	19.60%	227,588,093	52.22%	3.13%	1.64%
	2,223,708,942		435,846,952	100.00%		4.00%

Net Operating Income for the 12 months ended December 31, 2007 $ 17,416,452
Net Operating Income / Total Capitalization 4.00%

December 31, 2007 Total Company

	Total Company Capitalization	Rate Base Percentage	Unadjusted Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	78,241,200	100.00%	78,241,200	3.52%	4.75%	0.17%
A/R Securitization	-	100.00%	-	0.00%	0.00%	0.00%
Long Term Debt	984,304,000	100.00%	984,304,000	44.26%	4.95%	2.19%
Preferred Stock	-	100.00%	-	0.00%	0.00%	0.00%
Common Equity	1,161,163,742	100.00%	1,161,163,742	52.22%	10.21%	5.33%
	2,223,708,942		2,223,708,942	100.00%		7.69%

Net Operating Income for the 12 months ended December 31, 2007 $ 171,043,204
Net Operating Income / Total Capitalization 7.69%

Louisville Gas and Electric Company
Unadjusted Rate of Return on Common Equity
Weighted Average Cost Of Capital

December 31, 2006 Electric

	Total Company Capitalization	Electric Rate Base Percentage	Unadjusted Electric Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	67,824,000	79.90%	54,191,376	3.31%	5.25%	0.17%
A/R Securitization	-	79.90%	-	0.00%	0.00%	0.00%
Long Term Debt	819,304,000	79.90%	654,623,896	39.93%	4.33%	1.73%
Preferred Stock	70,424,594	79.90%	56,269,251	3.43%	5.15%	0.18%
Common Equity	1,094,133,608	79.90%	874,212,753	53.33%	12.21%	6.51%
	2,051,686,202		1,639,297,276	100.00%		8.59%

Net Operating Income for the 12 months ended December 31, 2006	$ 140,846,804
Net Operating Income / Total Capitalization	8.59%

December 31, 2006 Gas

	Total Company Capitalization	Gas Rate Base Percentage	Unadjusted Gas Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	67,824,000	20.10%	13,632,624	3.31%	5.25%	0.17%
A/R Securitization	-	20.10%	-	0.00%	0.00%	0.00%
Long Term Debt	819,304,000	20.10%	164,680,104	39.93%	4.33%	1.73%
Preferred Stock	70,424,594	20.10%	14,155,343	3.43%	5.15%	0.18%
Common Equity	1,094,133,608	20.10%	219,920,855	53.33%	4.00%	2.13%
	2,051,686,202		412,388,926	100.00%		4.21%

Net Operating Income for the 12 months ended December 31, 2006	$ 17,370,806
Net Operating Income / Total Capitalization	4.21%

December 31, 2006 Total Company

	Total Company Capitalization	Rate Base Percentage	Unadjusted Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	67,824,000	100.00%	67,824,000	3.31%	5.25%	0.17%
A/R Securitization	-	100.00%	-	0.00%	0.00%	0.00%
Long Term Debt	819,304,000	100.00%	819,304,000	39.93%	4.33%	1.73%
Preferred Stock	70,424,594	100.00%	70,424,594	3.43%	5.15%	0.18%
Common Equity	1,094,133,608	100.00%	1,094,133,608	53.33%	10.56%	5.63%
	2,051,686,202		2,051,686,202	100.00%		7.71%

Net Operating Income for the 12 months ended December 31, 2006	$ 158,217,610
Net Operating Income / Total Capitalization	7.71%

Louisville Gas and Electric Company
Unadjusted Rate of Return on Common Equity
Weighted Average Cost Of Capital

December 31, 2005 Electric

	Total Company Capitalization	Electric Rate Base Percentage	Unadjusted Electric Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	141,245,000	80.71%	113,998,840	6.71%	4.21%	0.28%
A/R Securitization	-	80.71%	-	0.00%	0.00%	0.00%
Long Term Debt	820,554,000	80.71%	662,269,133	38.96%	4.13%	1.61%
Preferred Stock	70,424,594	80.71%	56,839,690	3.34%	4.65%	0.16%
Common Equity	1,074,069,709	80.71%	866,881,662	50.99%	13.70%	6.99%
	2,106,293,303		1,699,989,325	100.00%		9.04%

Net Operating Income for the 12 months ended December 31, 2005	$ 153,632,295
Net Operating Income / Total Capitalization	9.04%

December 31, 2005 Gas

	Total Company Capitalization	Gas Rate Base Percentage	Unadjusted Gas Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	141,245,000	19.29%	27,246,160	6.71%	4.21%	0.28%
A/R Securitization	-	19.29%	-	0.00%	0.00%	0.00%
Long Term Debt	820,554,000	19.29%	158,284,867	38.96%	4.13%	1.61%
Preferred Stock	70,424,594	19.29%	13,584,904	3.34%	4.65%	0.16%
Common Equity	1,074,069,709	19.29%	207,188,047	50.99%	4.92%	2.51%
	2,106,293,303		406,303,978	100.00%		4.56%

Net Operating Income for the 12 months ended December 31, 2005	$ 18,514,032
Net Operating Income / Total Capitalization	4.56%

December 31, 2005 Total Company

	Total Company Capitalization	Rate Base Percentage	Unadjusted Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	141,245,000	100.00%	141,245,000	6.71%	4.21%	0.28%
A/R Securitization	-	100.00%	-	0.00%	0.00%	0.00%
Long Term Debt	820,554,000	100.00%	820,554,000	38.96%	4.13%	1.61%
Preferred Stock	70,424,594	100.00%	70,424,594	3.34%	4.65%	0.16%
Common Equity	1,074,069,709	100.00%	1,074,069,709	50.99%	12.01%	6.12%
	2,106,293,303		2,106,293,303	100.00%		8.17%

Net Operating Income for the 12 months ended December 31, 2005	$ 172,146,327
Net Operating Income / Total Capitalization	8.17%

Louisville Gas and Electric Company
Unadjusted Rate of Return on Common Equity
Weighted Average Cost Of Capital

December 31, 2004 Electric

	Total Company Capitalization	Electric Rate Base Percentage	Unadjusted Electric Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	108,220,000	82.31%	89,075,882	5.44%	1.90%	0.10%
A/R Securitization	-	82.31%	-	0.00%	0.00%	0.00%
Long Term Debt	821,804,000	82.31%	676,426,872	41.34%	3.92%	1.62%
Preferred Stock	70,424,594	82.31%	57,966,483	3.54%	3.30%	0.12%
Common Equity	987,231,240	82.31%	812,590,034	49.68%	10.55%	5.24%
	1,987,679,834		1,636,059,271	100.00%		7.08%

Net Operating Income for the 12 months ended December 31, 2004 $ 115,871,545
Net Operating Income / Total Capitalization 7.08%

December 31, 2004 Gas

	Total Company Capitalization	Gas Rate Base Percentage	Unadjusted Gas Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	108,220,000	17.69%	19,144,118	5.44%	1.90%	0.10%
A/R Securitization	-	17.69%	-	0.00%	0.00%	0.00%
Long Term Debt	821,804,000	17.69%	145,377,128	41.34%	3.92%	1.62%
Preferred Stock	70,424,594	17.69%	12,458,111	3.54%	3.30%	0.12%
Common Equity	987,231,240	17.69%	174,641,206	49.68%	4.43%	2.20%
	1,987,679,834		351,620,563	100.00%		4.04%

Net Operating Income for the 12 months ended December 31, 2004 $ 14,201,400
Net Operating Income / Total Capitalization 4.04%

December 31, 2004 Total Company

	Total Company Capitalization	Rate Base Percentage	Unadjusted Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	108,220,000	100.00%	108,220,000	5.44%	1.90%	0.10%
A/R Securitization	-	100.00%	-	0.00%	0.00%	0.00%
Long Term Debt	821,804,000	100.00%	821,804,000	41.34%	3.92%	1.62%
Preferred Stock	70,424,594	100.00%	70,424,594	3.54%	3.30%	0.12%
Common Equity	987,231,240	100.00%	987,231,240	49.68%	9.47%	4.70%
	1,987,679,834		1,987,679,834	100.00%		6.54%

Net Operating Income for the 12 months ended December 31, 2004 $ 130,072,945
Net Operating Income / Total Capitalization 6.54%

Louisville Gas and Electric Company
Unadjusted Rate of Return on Common Equity
Weighted Average Cost Of Capital

December 31, 2003 Electric

	Total Company Capitalization	Electric Rate Base Percentage	Unadjusted Electric Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	80,332,051	83.27%	66,892,499	4.16%	1.00%	0.04%
A/R Securitization	58,000,000	83.27%	48,296,600	3.00%	1.45%	0.04%
Long Term Debt	797,769,753	83.27%	664,302,873	41.33%	3.58%	1.48%
Preferred Stock	70,424,594	83.27%	58,642,559	3.65%	2.46%	0.09%
Common Equity	923,654,454	83.27%	769,127,064	47.86%	10.82%	5.18%
	1,930,180,852		1,607,261,595	100.00%		6.83%

Net Operating Income for the 12 months ended December 31, 2003	$ 109,778,312
Net Operating Income / Total Capitalization	6.83%

December 31, 2003 Gas

	Total Company Capitalization	Gas Rate Base Percentage	Unadjusted Gas Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	80,332,051	16.73%	13,439,552	4.16%	1.00%	0.04%
A/R Securitization	58,000,000	16.73%	9,703,400	3.00%	1.45%	0.04%
Long Term Debt	797,769,753	16.73%	133,466,880	41.33%	3.58%	1.48%
Preferred Stock	70,424,594	16.73%	11,782,035	3.65%	2.46%	0.09%
Common Equity	923,654,454	16.73%	154,527,390	47.86%	6.93%	3.32%
	1,930,180,852		322,919,257	100.00%		4.97%

Net Operating Income for the 12 months ended December 31, 2003	$ 16,052,487
Net Operating Income / Total Capitalization	4.97%

December 31, 2003 Total Company

	Total Company Capitalization	Rate Base Percentage	Unadjusted Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	80,332,051	100.00%	80,332,051	4.16%	1.00%	0.04%
A/R Securitization	58,000,000	100.00%	58,000,000	3.00%	1.45%	0.04%
Long Term Debt	797,769,753	100.00%	797,769,753	41.33%	3.58%	1.48%
Preferred Stock	70,424,594	100.00%	70,424,594	3.65%	2.46%	0.09%
Common Equity	923,654,454	100.00%	923,654,454	47.86%	10.17%	4.87%
	1,930,180,852		1,930,180,852	100.00%		6.52%

Net Operating Income for the 12 months ended December 31, 2003	$ 125,830,799
Net Operating Income / Total Capitalization	6.52%

LOUISVILLE GAS AND ELECTRIC COMPANY

Net Original Cost Rate Base as of April 30, 2008

Title of Account (1)	Total Electric (2)	Total ECR (1)	ECR Roll-In (2)	Net ECR (3)	Base Electric (4) (2 - 3)	Gas (5)	Total Company (6) (3 + 4 +5)
1. Utility Plant at Original Cost (a)	$ 3,701,271,095	$ 264,260,541	$ 240,461,136	$ 23,799,405	$ 3,677,471,690	$ 677,615,221	$ 4,378,886,316
2. Deduct:							
3. Reserve for Depreciation (a)	1,665,933,085	24,471,913	15,446,430	9,025,483	1,656,907,602	232,848,566	1,898,781,651
4. Net Utility Plant	2,035,338,010	239,788,628	225,014,706	14,773,922	2,020,564,088	444,766,655	2,480,104,665
5. Deduct:							
6. Customer Advances for Construction	12,089,685	-	-	-	12,089,685	8,042,634	20,132,319
7. Accumulated Deferred Income Taxes (a)	295,154,856	11,785,605	8,268,198	3,517,407	291,637,449	51,050,223	346,205,079
8. FAS 109 Deferred Income Taxes	44,277,299	-	-	-	44,277,299	4,502,012	48,779,311
9. Asset Retirement Obligation-Net Assets	3,648,921	-	-	-	3,648,921	149,250	3,798,171
10. Asset Retirement Obligation-Liabilities	(22,258,278)	-	-	-	(22,258,278)	(7,928,279)	(30,186,557)
11. Asset Retirement Obligation-Regulatory Assets	19,514,448	-	-	-	19,514,448	5,354,546	24,868,994
12. Asset Retirement Obligation-Regulatory Liabilities	(233,950)	-	-	-	(233,950)	(128,566)	(362,516)
13. Reclassification of Accumulated Depreciation associated with Cost of Removal for underlying ARO Assets	457,520	-	-	-	457,520	2,424,396	2,881,916
14. Total Deductions	352,650,501	11,785,605	8,268,198	3,517,407	349,133,094	63,466,216	416,116,717
15. Net Plant Deductions	1,682,687,509	228,003,023	216,746,508	11,256,515	1,671,430,994	381,300,439	2,063,987,948
16. Add:							
17. Materials and Supplies (b)(d)(e)	69,130,135	-	-	-	69,130,135	51,524	69,181,659
18. Gas Stored Underground (b)	-	-	-	-	-	52,559,620	52,559,620
19. Prepayments (b)(c)	3,275,528	-	-	-	3,275,528	817,525	4,093,053
20. Cash Working Capital (page 2)	66,891,862	449,147	318,442	130,705	66,761,157	6,727,945	73,619,807
21. Mill Creek Ash Dredging-Regulatory Asset	4,033,077	4,033,077	2,134,844	1,898,233	2,134,844	-	4,033,077
22. Total Additions	143,330,602	4,482,224	2,453,286	2,028,938	141,301,664	60,156,614	203,487,216
23. Total Net Original Cost Rate Base	$ 1,826,018,111	$ 232,485,247	$ 219,199,794	$ 13,285,453	$ 1,812,732,658	$ 441,457,053	$ 2,267,475,164
24. Percentage of Rate Base to Total Company Rate Base	80.53%			0.59%	79.94%	19.47%	100.00%
25. Net Operating Income	144,992,134					19,320,288	164,312,422
26. Net Operating Income / Net Original Cost Rate Base	7.94%					4.38%	7.25%

(a) Common utility plant and the reserve for depreciation are allocated 74% to the Electric Department and 26% to the Gas Department.

(b) Average for 13 months.

(c) Excludes PSC fees.

(d) Excludes 25% of Trimble County inventories.

(e) Includes emission allowances.

LOUISVILLE GAS AND ELECTRIC COMPANY

Calculation of Cash Working Capital
As of April 30, 2008

Title of Account (1)	Total Electric (2)	Total ECR	ECR Roll-In	Net ECR (3)	Base Electric (4) (2 - 3)	Gas (5)	Total Company (6) (3 + 4 +5)
1. Operating and maintenance expense for the 12 months ended April 30, 2008	$ 616,937,088	$ 3,593,172	$ 2,547,534	$ 1,045,638	$ 615,891,450	$ 342,533,581	$ 959,470,669
2. Deduct:							
3. Electric Power Purchased	81,802,192	-	-	-	81,802,192		81,802,192
4. Gas Supply Expenses						288,710,020	288,710,020
5. Total Deductions	$ 81,802,192	$ -	$ -	$ -	$ 81,802,192	$ 288,710,020	$ 370,512,212
6. Remainder (Line 1 - Line 5)	$ 535,134,896	$ 3,593,172	$ 2,547,534	$ 1,045,638	$ 534,089,258	$ 53,823,561	$ 588,958,457
7. Cash Working Capital (12 1/2% of Line 6)	$ 66,891,862	$ 449,147	$ 318,442	$ 130,705	$ 66,761,157	$ 6,727,945	$ 73,619,807

LOUISVILLE GAS AND ELECTRIC COMPANY

Net Original Cost Rate Base as of December 31, 2007

Title of Account (1)	Total Electric (2)	Total ECR (1)	ECR Roll-In (2)	Net ECR (3)	Base Electric (4) (2 - 3)	Gas (5)	Total Company (6) (3 + 4 +5)
1. Utility Plant at Original Cost (a)	$ 3,652,341,250	$ 256,157,824	$ 219,025,069	$ 37,132,755	$ 3,615,208,495	$ 666,784,941	$ 4,319,126,191
2. Deduct:							
3. Reserve for Depreciation (a)	1,632,875,780	21,872,974	2,377,613	19,495,361	1,613,380,419	226,971,934	1,859,847,714
4. Net Utility Plant	2,019,465,470	234,284,850	216,647,456	17,637,394	2,001,828,076	439,813,007	2,459,278,477
5. Deduct:							
6. Customer Advances for Construction	1,645,963	-	-	-	1,645,963	7,966,553	9,612,516
7. Accumulated Deferred Income Taxes (a)	295,082,800	10,873,690	1,933,536	8,940,154	286,142,646	50,873,611	345,956,411
8. FAS 109 Deferred Income Taxes	45,595,975	-	-	-	45,595,975	4,727,963	50,323,938
9. Net ARO Assets and Liabilities	1,135,022	-	-	-	1,135,022	(122,213)	1,012,809
10. Total Deductions	343,459,760	10,873,690	1,933,536	8,940,154	334,519,606	63,445,914	406,905,674
11. Net Plant Deductions	1,676,005,710	223,411,160	214,713,920	8,697,240	1,667,308,470	376,367,093	2,052,372,803
12. Add:							
13. Materials and Supplies (b)(d)(e)	68,065,573	-	-	-	68,065,573	51,533	68,117,106
14. Gas Stored Underground (b)	-	-	-	-	-	58,903,634	58,903,634
15. Prepayments (b)(c)	3,275,044	-	-	-	3,275,044	787,454	4,062,498
16. Cash Working Capital (page 2)	65,092,279	390,464	74,512	315,952	64,776,327	6,527,498	71,619,777
17. Mill Creek Ash Dredging-Regulatory Asset	3,719,010	3,719,010	-	3,719,010	-	-	3,719,010
18. Total Additions	140,151,906	4,109,474	74,512	4,034,962	136,116,944	66,270,119	206,422,025
19. Total Net Original Cost Rate Base	$ 1,816,157,616	$ 227,520,634	$ 214,788,432	$ 12,732,202	$ 1,803,425,414	$ 442,637,212	$ 2,258,794,828
20. Percentage of Rate Base to Total Company Rate Base	80.40%			0.56%	79.84%	19.60%	100.00%
21. Net Operating Income	153,626,752					17,416,452	171,043,204
22. Net Operating Income / Net Original Cost Rate Base	8.46%					3.93%	7.57%

(a) Common utility plant and the reserve for depreciation are allocated 74% to the Electric Department and 26% to the Gas Department.
(b) Average for 13 months.
(c) Excludes PSC fees.
(d) Excludes 25% of Trimble County inventories.
(e) Includes emission allowances.

LOUISVILLE GAS AND ELECTRIC COMPANY

Calculation of Cash Working Capital
As of December 31, 2007

Title of Account (1)	Total Electric (2)	Total ECR	ECR Roll-In	Net ECR (3)	Base Electric (4) (2 - 3)	Gas (5)	Total Company (6) (3 + 4 +5)
1. Operating and maintenance expense for the 12 months ended December 31, 2007	$ 603,075,276	$ 3,123,715	$ 596,094	$ 2,527,621	$ 600,547,655	$ 305,812,201	$ 908,887,477
2. Deduct:							
3. Electric Power Purchased	82,337,048	-	-	-	82,337,048		82,337,048
4. Gas Supply Expenses						253,592,219	253,592,219
5. Total Deductions	$ 82,337,048	$ -	$ -	$ -	$ 82,337,048	$ 253,592,219	$ 335,929,267
6. Remainder (Line 1 - Line 5)	$ 520,738,228	$ 3,123,715	$ 596,094	$ 2,527,621	$ 518,210,607	$ 52,219,982	$ 572,958,210
7. Cash Working Capital (12 1/2% of Line 6)	$ 65,092,279	$ 390,464	$ 74,512	$ 315,953	$ 64,776,326	$ 6,527,498	$ 71,619,777

LOUISVILLE GAS AND ELECTRIC COMPANY

Net Original Cost Rate Base as of December 31, 2006

Title of Account (1)	Total Electric (2)	Total ECR (1)	ECR Roll-In (2)	Net ECR (3)	Base Electric (4) (2 - 3)	Gas (5)	Total Company (6) (3 + 4 +5)
1. Utility Plant at Original Cost (a)	$ 3,493,596,782	$ 239,960,167	$ 219,025,069	$ 20,935,098	$ 3,472,661,684	$ 630,339,255	$ 4,123,936,037
2. Deduct:							
3. Reserve for Depreciation (a)	1,549,119,764	14,169,261	2,377,613	11,791,648	1,537,328,116	217,470,838	1,766,590,602
4. Net Utility Plant	1,944,477,018	225,790,906	216,647,456	9,143,450	1,935,333,568	412,868,417	2,357,345,435
5. Deduct:							
6. Customer Advances for Construction	8,488,834	-	-	-	8,488,834	8,317,559	16,806,393
7. Accumulated Deferred Income Taxes (a)	291,394,581	7,754,021	1,933,536	5,820,485	285,574,096	41,203,913	332,598,494
8. FAS 109 Deferred Income Taxes	49,265,326	-	-	-	49,265,326	4,736,132	54,001,458
9. Net ARO Assets and Liabilities	519,441	-	-	-	519,441	(66,961)	452,480
10. Total Deductions	349,668,182	7,754,021	1,933,536	5,820,485	343,847,697	54,190,643	403,858,825
11. Net Plant Deductions	1,594,808,836	218,036,885	214,713,920	3,322,965	1,591,485,871	358,677,774	1,953,486,610
12. Add:							
13. Materials and Supplies (b)(d)(e)	69,378,459	15,398	-	15,398	69,363,061	50,937	69,429,396
14. Gas Stored Underground (b)	-	-	-	-	-	70,026,912	70,026,912
15. Prepayments (b)(c)	2,608,974	-	-	-	2,608,974	505,924	3,114,898
16. Cash Working Capital (page 2)	63,553,310	304,873	74,512	230,361	63,322,949	6,627,686	70,180,996
17. Mill Creek Ash Dredging-Regulatory Asset	1,952,560	1,952,560	-	1,952,560	-	-	1,952,560
18. Total Additions	137,493,303	2,272,831	74,512	2,198,319	135,294,984	77,211,459	214,704,762
19. Total Net Original Cost Rate Base	$ 1,732,302,139	$ 220,309,716	$ 214,788,432	$ 5,521,284	$ 1,726,780,855	$ 435,889,233	$ 2,168,191,372
20. Percentage of Rate Base to Total Company Rate Base	79.90%			0.26%	79.64%	20.10%	100.00%
21. Net Operating Income	140,846,804					17,370,806	158,217,610
22. Net Operating Income / Net Original Cost Rate Base	8.13%					3.99%	7.30%

(a) Common utility plant and the reserve for depreciation are allocated 74% to the Electric Department and 26% to the Gas Department.

(b) Average for 13 months.

(c) Excludes PSC fees.

(d) Excludes 25% of Trimble County inventories.

(e) Includes emission allowances.

LOUISVILLE GAS AND ELECTRIC COMPANY

Calculation of Cash Working Capital
As of December 31, 2006

Title of Account (1)	Total Electric (2)	Total ECR	ECR Roll-In	Net ECR (3)	Base Electric (4) (2 - 3)	Gas (5)	Total Company (6) (3 + 4 +5)
1. Operating and maintenance expense for the 12 months ended December 31, 2006	$ 622,260,103	$ 2,438,982	$ 596,094	$ 1,842,888	$ 620,417,215	$ 348,304,946	$ 970,565,049
2. Deduct:							
3. Electric Power Purchased	113,833,625	-	-	-	113,833,625		113,833,625
4. Gas Supply Expenses						295,283,462	295,283,462
5. Total Deductions	$ 113,833,625	$ -	$ -	$ -	$ 113,833,625	$ 295,283,462	$ 409,117,087
6. Remainder (Line 1 - Line 5)	$ 508,426,478	$ 2,438,982	$ 596,094	$ 1,842,888	$ 506,583,590	$ 53,021,484	$ 561,447,962
7. Cash Working Capital (12 1/2% of Line 6)	$ 63,553,310	$ 304,873	$ 74,512	$ 230,361	$ 63,322,949	$ 6,627,686	$ 70,180,996

LOUISVILLE GAS AND ELECTRIC COMPANY

Net Original Cost Rate Base as of December 31, 2005

Title of Account (1)	Total Electric (2)	Total ECR (1)	ECR Roll-In (2)	Net ECR (3)	Base Electric (4) (2 - 3)	Gas (5)	Total Company (6) (3 + 4 +5)
1. Utility Plant at Original Cost (a)	$ 3,444,251,838	$ 224,565,078	$ 220,535,893	$ 4,029,185	$ 3,440,222,653	$ 604,883,020	$ 4,049,134,858
2. Deduct:							
3. Reserve for Depreciation (a)	1,517,092,789	12,921,611	25,875,849	(12,954,238)	1,530,047,027	210,507,493	1,727,600,282
4. Net Utility Plant	1,927,159,049	211,643,467	194,660,044	16,983,423	1,910,175,626	394,375,527	2,321,534,576
5. Deduct:							
6. Customer Advances for Construction	560,810	-	-	-	560,810	9,305,380	9,866,190
7. Accumulated Deferred Income Taxes (a)	302,445,955	6,590,153	5,018,545	1,571,608	300,874,347	49,334,831	351,780,786
8. FAS 109 Deferred Income Taxes	38,221,457	-	-	-	38,221,457	3,497,373	41,718,830
9. Net ARO Assets and Liabilities	319,455	-	-	-	319,455	1	319,456
10. Total Deductions	341,547,677	6,590,153	5,018,545	1,571,608	339,976,069	62,137,585	403,685,262
11. Net Plant Deductions	1,585,611,372	205,053,314	189,641,499	15,411,815	1,570,199,557	332,237,942	1,917,849,314
12. Add:							
13. Materials and Supplies (b)(d)(e)	51,491,599	-	-	-	51,491,599	49,658	51,541,257
14. Gas Stored Underground (b)	-	-	-	-	-	67,996,387	67,996,387
15. Prepayments (b)(c)	2,371,790	-	-	-	2,371,790	360,794	2,732,584
16. Cash Working Capital (page 2)	64,684,143	190,883	11,705	179,178	64,504,965	6,732,286	71,416,429
17. Mill Creek Ash Dredging-Regulatory Asset	-	-	-	0	-	-	0
18. Total Additions	118,547,532	190,883	11,705	179,178	118,368,354	75,139,125	193,686,657
19. Total Net Original Cost Rate Base	$ 1,704,158,904	$ 205,244,197	$ 189,653,204	$ 15,590,993	$ 1,688,567,911	$ 407,377,067	$ 2,111,535,971
20. Percentage of Rate Base to Total Company Rate Base	80.71%			0.74%	79.97%	19.29%	100.00%
21. Net Operating Income	153,632,295					18,514,032	172,146,327
22. Net Operating Income / Net Original Cost Rate Base	9.02%					4.54%	8.15%

(1) ES Form 2.00 Determination of Environmental Compliance Rate Base for the Expense Month of December 2005.
(2) ECR Roll-in to Electric base rates pursuant to Commission's Order dated March 28, 2008 in Case No. 2007-00380.

(a) Common utility plant and the reserve for depreciation are allocated 74% to the Electric Department and 26% to the Gas Department.
(b) Average for 13 months.
(c) Excludes PSC fees.
(d) Excludes 25% of Trimble County inventories.
(e) Includes emission allowances.

LOUISVILLE GAS AND ELECTRIC COMPANY

Calculation of Cash Working Capital
As of December 31, 2005

Title of Account (1)	Total Electric (2)	Total ECR	ECR Roll-In	Net ECR (3)	Base Electric (4) (2 - 3)	Gas (5)	Total Company (6) (3 + 4 +5)
1. Operating and maintenance expense for the 12 months ended December 31, 2005	$ 658,028,918	$ 1,527,067	$ 93,640	$ 1,433,427	$ 656,595,491	$ 392,966,319	$ 1,050,995,237
2. Deduct:							
3. Electric Power Purchased	140,555,771	-	-	-	140,555,771		140,555,771
4. Gas Supply Expenses						339,108,032	339,108,032
5. Total Deductions	$ 140,555,771	$ -	$ -	$ -	$ 140,555,771	$ 339,108,032	$ 479,663,803
6. Remainder (Line 1 - Line 5)	$ 517,473,147	$ 1,527,067	$ 93,640	$ 1,433,427	$ 516,039,720	$ 53,858,287	$ 571,331,434
7. Cash Working Capital (12 1/2% of Line 6)	$ 64,684,143	$ 190,883	$ 11,705	$ 179,178	$ 64,504,965	$ 6,732,286	$ 71,416,429

LOUISVILLE GAS AND ELECTRIC COMPANY

Net Original Cost Rate Base as of December 31, 2004

Title of Account (1)	Total Electric (2)	Total ECR (1)	ECR Roll-In (2)	Net ECR (3)	Base Electric (4) (2 - 3)	Gas (5)	Total Company (6) (3 + 4 +5)
1. Utility Plant at Original Cost (a)	$ 3,355,307,993	$ 215,708,331	$ 220,535,893	$ (4,827,562)	$ 3,360,135,555	$ 560,495,958	$ 3,915,803,951
2. Deduct:							
3. Reserve for Depreciation (a)	1,421,956,805	8,369,751	25,875,849	(17,506,098)	1,439,462,903	194,598,115	1,616,554,920
4. Net Utility Plant	1,933,351,188	207,338,580	194,660,044	12,678,536	1,920,672,652	365,897,843	2,299,249,031
5. Deduct:							
6. Customer Advances for Construction	530,705	-	-	-	530,705	10,153,522	10,684,227
7. Accumulated Deferred Income Taxes (a)	321,212,408	1,800,037	5,018,545	(3,218,508)	324,430,916	49,360,321	370,572,729
8. FAS 109 Deferred Income Taxes	34,313,915	-	-	-	34,313,915	2,870,581	37,184,496
9. Net ARO Assets and Liabilities	259,932	-	-	-	259,932	-	259,932
10. Total Deductions	356,316,960	1,800,037	5,018,545	(3,218,508)	359,535,468	62,384,424	418,701,384
11. Net Plant Deductions	1,577,034,228	205,538,543	189,641,499	15,897,044	1,561,137,184	303,513,419	1,880,547,647
12. Add:							
13. Materials and Supplies (b)(d)(e)	47,797,850	-	-	-	47,797,850	48,665	47,846,515
14. Gas Stored Underground (b)	-	-	-	-	-	51,729,462	51,729,462
15. Prepayments (b)(c)	2,406,045	-	-	-	2,406,045	207,787	2,613,832
16. Cash Working Capital (page 2)	55,549,452	71,665	11,705	59,960	55,489,492	6,281,510	61,830,962
17. Mill Creek Ash Dredging-Regulatory Asset	-	-	-	0	-	-	0
18. Total Additions	105,753,347	71,665	11,705	59,960	105,693,387	58,267,424	164,020,771
19. Total Net Original Cost Rate Base	$ 1,682,787,575	$ 205,610,208	$ 189,653,204	$ 15,957,004	$ 1,666,830,571	$ 361,780,843	$ 2,044,568,418
20. Percentage of Rate Base to Total Company Rate Base	82.31%			0.78%	81.53%	17.69%	100.00%
21. Net Operating Income	115,871,545					14,201,400	130,072,945
22. Net Operating Income / Net Original Cost Rate Base	6.89%					3.93%	6.36%

(a) Common utility plant and the reserve for depreciation are allocated 74% to the Electric Department and 26% to the Gas Department.

(b) Average for 13 months.

(c) Excludes PSC fees.

(d) Excludes 25% of Trimble County inventories.

(e) Includes emission allowances.

LOUISVILLE GAS AND ELECTRIC COMPANY

Calculation of Cash Working Capital
As of December 31, 2004

Title of Account (1)	Total Electric (2)	Total ECR	ECR Roll-In	Net ECR (3)	Base Electric (4) (2 - 3)	Gas (5)	Total Company (6) (3 + 4 +5)
1. Operating and maintenance expense for the 12 months ended December 31, 2004	$ 536,442,396	$ 573,319	$ 93,640	$ 479,679	$ 535,962,717	$ 316,265,165	$ 852,707,561
2. Deduct:							
3. Electric Power Purchased	92,046,778	-	-	-	92,046,778		92,046,778
4. Gas Supply Expenses						266,013,082	266,013,082
5. Total Deductions	$ 92,046,778	$ -	$ -	$ -	$ 92,046,778	$ 266,013,082	$ 358,059,860
6. Remainder (Line 1 - Line 5)	$ 444,395,618	$ 573,319	$ 93,640	$ 479,679	$ 443,915,939	$ 50,252,083	$ 494,647,701
7. Cash Working Capital (12 1/2% of Line 6)	$ 55,549,452	$ 71,665	$ 11,705	$ 59,960	$ 55,489,492	$ 6,281,510	$ 61,830,962

LOUISVILLE GAS AND ELECTRIC COMPANY

Net Original Cost Rate Base as of December 31, 2003

Title of Account (1)	Total Electric (2)	Total ECR (1)	ECR Roll-In (2)	Net ECR (3)	Base Electric (4) (2 - 3)	Gas (5)	Total Company (6) (3 + 4 +5)
1. Utility Plant at Original Cost (a)	$ 3,272,083,100	$ 288,338,754	$ 220,535,893	$ 67,802,861	$ 3,204,280,239	$ 532,100,335	$ 3,804,183,435
2. Deduct:							
3. Reserve for Depreciation (a)	1,358,604,634	30,385,259	25,875,849	4,509,410	1,354,095,224	184,785,545	1,543,390,179
4. Net Utility Plant	1,913,478,466	257,953,495	194,660,044	63,293,451	1,850,185,015	347,314,790	2,260,793,256
5. Deduct:							
6. Customer Advances for Construction	516,788	-	-	-	516,788	9,372,929	9,889,717
7. Accumulated Deferred Income Taxes (a)	292,499,269	5,819,308	5,018,545	800,763	291,698,506	45,205,140	337,704,409
8. FAS 109 Deferred Income Taxes	38,155,073	-	-	-	38,155,073	3,025,330	41,180,403
9. Net ARO Assets and Liabilities	174,559	-	-	-	174,559	-	174,559
10. Total Deductions	331,345,689	5,819,308	5,018,545	800,763	330,544,926	57,603,399	388,949,088
11. Net Plant Deductions	1,582,132,777	252,134,187	189,641,499	62,492,688	1,519,640,089	289,711,391	1,871,844,168
12. Add:							
13. Materials and Supplies (b)(d)(e)	52,965,699	-	-	-	52,965,699	86,909	53,052,608
14. Gas Stored Underground (b)	-	-	-	-	-	43,514,666	43,514,666
15. Prepayments (b)(c)	3,117,486	-	-	-	3,117,486	335,450	3,452,936
16. Cash Working Capital (page 2)	52,901,604	37,816	11,705	26,111	52,875,493	6,025,775	58,927,379
17. Mill Creek Ash Dredging-Regulatory Asset	-	-	-	0	-	-	0
18. Total Additions	108,984,789	37,816	11,705	26,111	108,958,678	49,962,800	158,947,589
19. Total Net Original Cost Rate Base	$ 1,691,117,566	$ 252,172,003	$ 189,653,204	$ 62,518,799	$ 1,628,598,767	$ 339,674,191	$ 2,030,791,757
20. Percentage of Rate Base to Total Company Rate Base	83.27%			3.08%	80.19%	16.73%	100.00%
21. Net Operating Income	109,778,312					16,052,487	125,830,799
22. Net Operating Income / Net Original Cost Rate Base	6.49%					4.73%	6.20%

(a) Common utility plant and the reserve for depreciation are allocated 74% to the Electric Department and 26% to the Gas Department.

(b) Average for 13 months.

(c) Excludes PSC fees.

(d) Excludes 25% of Trimble County inventories.

(e) Includes emission allowances.

LOUISVILLE GAS AND ELECTRIC COMPANY

Calculation of Cash Working Capital
As of December 31, 2003

Title of Account (1)	Total Electric (2)	Total ECR	ECR Roll-In	Net ECR (3)	Base Electric (4) (2 - 3)	Gas (5)	Total Company (6) (3 + 4 +5)
1. Operating and maintenance expense for the 12 months ended December 31, 2003	$ 502,833,604	$ 302,525	$ 93,640	$ 208,885	$ 502,624,719	$ 281,806,797	$ 784,640,401
2. Deduct:							
3. Electric Power Purchased	79,620,776	-	-	-	79,620,776		79,620,776
4. Gas Supply Expenses						233,600,597	233,600,597
5. Total Deductions	$ 79,620,776	$ -	$ -	$ -	$ 79,620,776	$ 233,600,597	$ 313,221,373
6. Remainder (Line 1 - Line 5)	$ 423,212,828	$ 302,525	$ 93,640	$ 208,885	$ 423,003,943	$ 48,206,200	$ 471,419,028
7. Cash Working Capital (12 1/2% of Line 6)	$ 52,901,604	$ 37,816	$ 11,705	$ 26,111	$ 52,875,493	$ 6,025,775	$ 58,927,379

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 39

Responding Witness: Paula H. Pottinger, Ph.D.

Q-39. Provide employee data in Format 36.

A-39. Please see Attachment 1 for Electric operations and Attachment 2 for Gas operations.

Louisville Gas and Electric Company
Case No. 2008-00252

Electric Operations
Schedule of Number of Employees, Hours per Employee, and Average Wages per Employee

Calendar Years Prior to Test Year and Test Year	Power Production			Transmission			Distribution			Customer Accounts			Customer Service and Information		
(a)	No. (b)	Hours (c)	Wages (d)	No. (e)	Hours (f)	Wages (g)	No. (h)	Hours (i)	Wages (j)	No. (k)	Hours (l)	Wages (m)	No. (n)	Hours (o)	Wages (p)
5th Year	426	45	1,289				93	45	1,228	46	40	734	42	41	915
% Change	3.15%	0.00%	4.88%				-7.00%	2.27%	6.97%	-6.12%	0.00%	2.66%	-2.33%	0.00%	2.81%
4th Year	427	45	1,315				106	46	1,331	42	40	779	42	42	985
% Change	0.23%	0.00%	2.02%				13.98%	2.22%	8.39%	-8.70%	0.00%	6.13%	0.00%	2.44%	7.65%
3rd Year	424	44	1,347				106	46	1,413	43	40	775	43	42	1,016
% Change	-0.70%	-2.22%	2.43%				0.00%	0.00%	6.16%	2.38%	0.00%	-0.51%	2.38%	0.00%	3.15%
2nd Year	430	43	1,353				107	42	1,265	42	41	812	45	41	1,018
% Change	1.42%	-2.27%	0.45%				0.94%	-8.70%	-10.47%	-2.33%	2.50%	4.77%	4.65%	-2.38%	0.20%
1st Year	459	46	1,549				114	48	1,619	46	40	803	44	42	1,095
% Change	6.74%	6.98%	14.49%				6.54%	14.29%	27.98%	9.52%	-2.44%	-1.11%	-2.22%	2.44%	7.56%
Test Year	472	43	1,405				116	45	1,442	46	39	790	45	41	1,059
% Change	2.83%	-6.52%	-9.30%				1.75%	-6.25%	-10.93%	0.00%	-2.50%	-1.62%	2.27%	-2.38%	-3.29%

Notes: (1) Where an employee's wages are charged to more than one function include the employee in function receiving largest portion of total wages.
(2) Show percentage increase (decrease) of each year over the prior year on lines designated as "% Change."
(3) Employees, weekly hours per employee, and weekly wages per employee for the week including December 31, of each year and the last day of the test year.

Louisville Gas and Electric Company
Case No. 2008-00252

Electric Operations
Schedule of Number of Employees, Hours per Employee, and Average Wages per Employee

Calendar Years Prior to Test Year and Test Year (a)	Sales			Administrative and General			Construction			Total		
	No. (q)	Hours (r)	Wages (s)	No. (t)	Hours (u)	Wages (v)	No. (w)	Hours (x)	Wages (y)	No. (z)	Hours (aa)	Wages (bb)
5th Year				16	45	1,205				623	43	1,074
% Change				-5.88%	-4.26%	-2.43%				0.16%	-0.46%	2.95%
4th Year				16	45	1,238				633	44	1,130
% Change				0.00%	0.00%	2.74%				1.61%	0.93%	5.16%
3rd Year				20	47	1,471				636	44	1,204
% Change				25.00%	4.44%	18.82%				0.47%	0.46%	6.62%
2nd Year				18	43	1,274				642	42	1,144
% Change				-10.00%	-8.51%	-13.39%				0.94%	-4.11%	-4.98%
1st Year				17	47	1,529				680	45	1,319
% Change				-5.56%	9.30%	20.02%				5.92%	6.19%	15.26%
Test Year				17	44	1,387				696	42	1,217
% Change				0.00%	-6.38%	-9.29%				2.35%	-4.93%	-7.76%

Notes: (1) Where an employee's wages are charged to more than one function include the employee in function receiving largest portion of total wages.
(2) Show percentage increase (decrease) of each year over the prior year on lines designated as "% Change."
(3) Employees, weekly hours per employee, and weekly wages per employee for the week including December 31, of each year and the last day of the test year.

Louisville Gas and Electric Company
Case No. 2008-00252

Gas Operations
Schedule of Number of Employees, Hours per Employee, and Average Wages per Employee

Calendar Years Prior to Test Year and Test Year	Power Production			Transmission			Distribution			Customer Accounts			Customer Service and Information		
(a)	No. (b)	Hours (c)	Wages (d)	No. (e)	Hours (f)	Wages (g)	No. (h)	Hours (i)	Wages (j)	No. (k)	Hours (l)	Wages (m)	No. (n)	Hours (o)	Wages (p)
5th Year							271	45	1,184						
% Change							1.12%	2.27%	8.52%						
4th Year							262	45	1,243						
% Change							-3.32%	0.00%	4.98%						
3rd Year							259	45	1,304						
% Change							-1.15%	0.00%	4.91%						
2nd Year							271	43	1,242						
% Change							4.63%	-4.44%	-4.75%						
1st Year							266	44	1,378						
% Change							-1.85%	2.33%	10.95%						
Test Year							275	42	1,281						
% Change							3.38%	-4.55%	-7.04%						

Notes: (1) Where an employee's wages are charged to more than one function include the employee in function receiving largest portion of total wages.
(2) Show percentage increase (decrease) of each year over the prior year on lines designated as "% Change."
(3) Employees, weekly hours per employee, and weekly wages per employee for the week including December 31, of each year and the last day of the test year.

Louisville Gas and Electric Company
Case No. 2008-00252

Gas Operations
Schedule of Number of Employees, Hours per Employee, and Average Wages per Employee

Calendar Years Prior to Test Year and Test Year (a)	Sales			Administrative and General			Construction			Total		
	No. (q)	Hours (r)	Wages (s)	No. (t)	Hours (u)	Wages (v)	No. (w)	Hours (x)	Wages (y)	No. (z)	Hours (aa)	Wages (bb)
5th Year				10	40	1,189				281	43	1,187
% Change				0.00%	5.26%	8.19%				1.08%	3.66%	8.36%
4th Year				11	41	1,273				273	43	1,258
% Change				10.00%	2.50%	7.06%				-2.85%	1.18%	6.03%
3rd Year				11	39	1,251				270	42	1,278
% Change				0.00%	-4.88%	-1.73%				-1.10%	-2.33%	1.55%
2nd Year				11	39	1,316				282	41	1,279
% Change				0.00%	0.00%	5.20%				4.44%	-2.38%	0.12%
1st Year				16	42	1,439				282	43	1,409
% Change				45.45%	7.69%	9.35%				0.00%	4.88%	10.13%
Test Year				16	40	1,404				291	41	1,343
% Change				0.00%	-4.76%	-2.43%				3.19%	-4.65%	-4.69%

Notes: (1) Where an employee's wages are charged to more than one function include the employee in function receiving largest portion of total wages.
(2) Show percentage increase (decrease) of each year over the prior year on lines designated as "% Change."
(3) Employees, weekly hours per employee, and weekly wages per employee for the week including December 31, of each year and the last day of the test year.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 40

Responding Witness: William Steven Seelye

Q-40. Provide the studies for the test year, including all applicable workpapers, which are the basis of jurisdictional plant allocations and expense account allocations.

A-40. There was no jurisdictional separation for LG&E.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 41

Responding Witness: Shannon L. Charnas

Q-41. Provide a calculation of the rate or rates used to capitalize interest during construction for the test year and the 3 preceding calendar years. Explain each component entering into the calculation of this rate.

A-41. Louisville Gas and Electric Company does not capitalize interest during construction.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 42

Responding Witness: Valerie L. Scott

Q-42. Provide the following information concerning LG&E and its affiliated Service Corporation:

a. A schedule detailing the costs directly charged to and costs allocated by LG&E to the Service Corporation. Indicate the LG&E accounts where these costs were originally recorded and whether the costs were associated with electric operations only, gas operations only, or both electric and gas operations. For costs that are allocated, include a description of the allocation factors utilized.

b. A schedule detailing the costs directly charged to and costs allocated by the Service Corporation to LG&E. Indicate the LG&E accounts where these costs were recorded and whether the costs were associated with electric operations only, gas operations only, or both electric and gas operations. For costs that are allocated, include a description of the allocation factors utilized.

A-42. a. See attached.

b. See attached.

For allocation methodologies, refer to the Cost Allocation Manual filed with the Commission on July 29, 2008, with the Filing Requirements at Tab 29.

BILLED TO THE SERVICE CORPORATION (SERVCO) FROM LOUISVILLE GAS & ELECTRIC (LG&E)
May 1, 2007 to April 30, 2008

FERC Account	FERC Account Description	Electric	Gas	Common	Total
107	Construction Work In Progress	(35,099 72)	-	10,608 13	(24,491 59)
108	Accumulated Provision For Depreciation Of Utility Plant	-	-	964 13	964 13
131	Cash	-	-	68,853 15	68,853 15
143	Other Accounts Receivable	-	-	817 60	817 60
146	Accounts Receivable From Associated Companies	-	-	45,569,125 50	45,569,125 50
154	Plant Materials And Operating Supplies	(73,181 56)	-	-	(73,181 56)
163	Stores Expense Undistributed	100,218 06	-	692 12	100,910 18
165	Prepayments	-	-	360,148 38	360,148 38
183	Preliminary Survey And Investigation Charges	72,334 19	-	-	72,334 19
184	Clearing Accounts	526 71	-	(2,332 89)	(1,806 18)
232	Accounts Payable	39,436 05	-	85,944 23	125,380 28
234	Accounts Payable To Associated Companies	-	-	2,424,278 75	2,424,278 75
236	Taxes Accrued	-	-	11,446,341 87	11,446,341 87
241	Tax Collections Payable	-	-	38 77	38 77
253	Other Deferred Credits	-	-	3,251 99	3,251 99
401	Operating Expense	-	-	450 95	450 95
408 1	Taxes Other Than Income Taxes, Utility Operating Income	3,001 33	-	1,945 51	4,946 84
426 1	Donations	-	-	97,982 00	97,982 00
426 4	Expenditures For Certain Civic, Political And Related Activitie	-	-	118,305 72	118,305 72
426 5	Other Deductions	2,850 06	-	67,581 99	70,432 05
430	Interest On Debt To Associated Companies	-	-	(482,761 32)	(482,761 32)
431	Other Interest Expense	-	-	(38 59)	(38 59)
500	Operation Supervision And Engineering	319 95	-	-	319 95
501	Fuel	5,785 62	-	-	5,785 62
502	Steam Expenses	(1 02)	-	-	(1 02)
506	Miscellaneous Steam Power Expenses	832 50	-	-	832 50
510	Maintenance Supervision And Engineering	(125 40)	-	-	(125 40)
511	Maintenance Of Structures	477 44	-	-	477 44
512	Maintenance Of Boiler Plant	11,117 71	-	-	11,117 71
513	Maintenance Of Electric Plant	1,879 23	-	-	1,879 23
514	Maintenance Of Miscellaneous Steam Plant	339 65	-	-	339 65
560	Operation Supervision And Engineering	529 50	-	-	529 50
570	Maintenance Of Station Equipment	180 54	-	-	180 54
580	Operation Supervision And Engineering	352 98	-	-	352 98
586	Meter Expenses	200 00	-	-	200 00
588	Miscellaneous Distribution Expenses	25,381 67	-	-	25,381 67
880	Other Expenses	-	122 08	-	122 08
901	Supervision	-	-	11,882 42	11,882 42
902	Meter Reading Expenses	-	-	-	-
903	Customer Records And Collection Expenses	-	-	2,034 75	2,034 75
907	Supervision	-	-	4,174 88	4,174 88
908	Customer Assistance Expenses	-	-	718 15	718 15
913	Advertising Expenses	-	-	160 00	160 00
920	Administrative And General Salaries	25,510 06	-	107,512 79	133,022 85
921	Office Supplies And Expenses	9,345 40	-	186,977 79	196,323 19
923	Outside Services Employed	320 40	-	7,920 98	8,241 38
925	Injuries And Damages	317 33	-	273 27	590 60
926	Employee Pensions And Benefits	10,110 03	-	8,146 32	18,256 35
930 1	General Advertising Expenses	-	-	278,816 91	278,816 91
930 2	Miscellaneous General Expenses	19,551 42	-	-	19,551 42
931	Rents	157,586.73	-	476,333 77	633,920 50
935	Maintenance Of General Plant	36,029.05	-	23,696.17	59,725.22
		416,125.91	122.08	60,880,846.19	61,297,094.18

NOTE: Charges related to Servco are directly charged by LG&E and only an intercompany account is charged on LG&E's books These charges are not first charged to LG&E and then transferred or allocated to Servco They arise because LG&E makes the payment for the charge along with its own charges For example, when a LG&E employee performs work for another entity, the employee is paid his entire salary from LG&E, but Servco records the expense and then Servco transfers the expense to the other entity through an intercompany charge

BILLED TO LOUISVILLE GAS & ELECTRIC (LG&E) FROM THE SERVICE CORPORATION (SERVCO)
May 1, 2007 to April 30, 2008

LOUISVILLE GAS & ELECTRIC

FERC Account	FERC Account Description	Electric Direct	Electric Indirect	Electric Total	Gas Direct	Gas Indirect	Gas Total	Common Direct	Common Indirect	Common Total	Grand Total
107	Construction Work In Progress	30,421,962.74	-	30,421,962.74	2,376,093.16	-	2,376,093.16	32,796,858.08	-	32,796,858.08	65,594,913.98
108	Accumulated Provision For Depreciation Of Utility Plant	488,903.50	-	488,903.50	36,101.05	-	36,101.05	57,203.17	-	57,203.17	582,207.72
128	Other Special Funds	-	-	-	-	-	-	280,000.00	-	280,000.00	280,000.00
131	Cash	-	-	-	-	-	-	512,182.55	-	512,182.55	512,182.55
134	Other Special Deposits	1,509,063.00	-	1,509,063.00	-	-	-	-	-	-	1,509,063.00
142	Customer Accounts Receivable	-	-	-	-	-	-	(2,488,690.78)	-	(2,488,690.78)	(2,488,690.78)
143	Other Accounts Receivable	5,440.11	-	5,440.11	-	-	-	(21,753.02)	-	(21,753.02)	(16,312.91)
146	Accounts Receivable From Associated Companies	-	-	-	-	-	-	(899.25)	-	(899.25)	(899.25)
151	Fuel Stock	5,414.65	-	5,414.65	-	-	-	-	-	-	5,414.65
163	Stores Expense Undistributed	581,924.41	-	581,924.41	-	-	-	24,633.29	-	24,633.29	606,557.70
165	Prepayments	1,767,627.00	-	1,767,627.00	-	-	-	5,061,902.35	-	5,061,902.35	6,829,529.35
174	Miscellaneous Current And Accrued Assets	1,108.97	-	1,108.97	-	-	-	-	-	-	1,108.97
183	Preliminary Survey And Investigation Charges	475,797.37	-	475,797.37	-	-	-	-	-	-	475,797.37
184	Clearing Accounts	3,389,961.60	-	3,389,961.60	600,610.83	-	600,610.83	17,085,510.36	-	17,085,510.36	21,076,082.79
186	Miscellaneous Deferred Debits	71,105.93	-	71,105.93	2,447.14	-	2,447.14	3,735,298.45	-	3,735,298.45	3,808,851.52
228.3	Accumulated Provision For Pensions And Benefits	-	-	-	-	-	-	8,668,127.84	-	8,668,127.84	8,668,127.84
230	Pollution Control Bonds Series Due Within One Year	32,086.34	-	32,086.34	-	-	-	-	-	-	32,086.34
232	Accounts Payable	295,380,965.74	-	295,380,965.74	14,341.90	-	14,341.90	(251,056,881.68)	-	(251,056,881.68)	44,338,425.96
234	Accounts Payable To Associated Companies	-	-	-	-	-	-	6,509,639.34	-	6,509,639.34	6,509,639.34
236	Taxes Accrued	-	-	-	-	-	-	58,307,652.36	-	58,307,652.36	58,307,652.36
237	Interest Accrued	-	-	-	-	-	-	1,272,109.18	-	1,272,109.18	1,272,109.18
241	Tax Collections Payable	-	-	-	-	-	-	6,918,105.54	-	6,918,105.54	6,918,105.54
242	Miscellaneous Current And Accrued Liabilities	2,881.25	-	2,881.25	-	-	-	327,439.70	-	327,439.70	330,320.95
243	Obligations Under Capital Leases - Current	23,659.31	-	23,659.31	-	-	-	48,766.86	-	48,766.86	72,426.17
253	Other Deferred Credits	724,080.50	-	724,080.50	-	-	-	(20,782.03)	-	(20,782.03)	703,298.47
283	Accumulated Deferred Income Taxes - Other	127,633.23	-	127,633.23	-	-	-	-	-	-	127,633.23
408.1	Taxes Other Than Income Taxes, Utility Operating Income	567,201.21	-	567,201.21	43,824.70	-	43,824.70	1,498,897.95	-	1,498,897.95	2,109,923.86
410.1	Provision For Deferred Income Taxes, Utility Operating Income	-	-	-	-	-	-	(127,633.23)	-	(127,633.23)	(127,633.23)
416	Cost And Expenses Of Merchandising, Jobbing And Contract Work	-	-	-	1,696.59	-	1,696.59	-	-	-	1,696.59
421	Miscellaneous Nonoperating Income	-	-	-	-	-	-	(295,573.88)	-	(295,573.88)	(295,573.88)
426.1	Donations	30,264.38	250.00	30,514.38	-	-	-	857,485.84	15,527.00	873,012.84	903,527.22
426.4	Expenditures For Certain Civic, Political And Related Activities	-	-	-	-	-	-	222,718.27	599,422.47	822,140.74	822,140.74
426.5	Other Deductions	757,820.49	79,065.73	836,886.22	2,926.03	-	2,926.03	225,954.24	205,739.33	431,693.57	1,271,505.82
430	Interest On Debt To Associated Companies	-	-	-	-	-	-	3,459,900.92	-	3,459,900.92	3,459,900.92
456	Other Electric Revenues	(1,065.00)	-	(1,065.00)	-	-	-	-	-	-	(1,065.00)
495	Other Gas Revenues	-	-	-	(435.00)	-	(435.00)	-	-	-	(435.00)
500	Operation Supervision And Engineering	264,982.28	1,355,842.50	1,620,824.78	-	-	-	-	-	-	1,620,824.78
501	Fuel	994,556.99	401,815.25	1,396,372.24	-	-	-	-	-	-	1,396,372.24
502	Steam Expenses	1,847,277.92	51,984.54	1,899,262.46	-	-	-	-	-	-	1,899,262.46
505	Electric Expenses	8,699.35	-	8,699.35	-	-	-	-	-	-	8,699.35
506	Miscellaneous Steam Power Expenses	1,333,089.13	2,321.36	1,335,410.49	-	-	-	-	-	-	1,335,410.49
510	Maintenance Supervision And Engineering	806,832.85	-	806,832.85	-	-	-	-	-	-	806,832.85
511	Maintenance Of Structures	166,528.21	-	166,528.21	-	-	-	-	-	-	166,528.21
512	Maintenance Of Boiler Plant	2,230,888.97	-	2,230,888.97	-	-	-	-	-	-	2,230,888.97
513	Maintenance Of Electric Plant	367,844.60	67,381.57	435,226.17	-	-	-	-	-	-	435,226.17
514	Maintenance Of Miscellaneous Steam Plant	45,871.29	-	45,871.29	-	-	-	-	-	-	45,871.29
535	Operation Supervision And Engineering	17.07	-	17.07	-	-	-	-	-	-	17.07
538	Electric Expenses	83.02	-	83.02	-	-	-	-	-	-	83.02
539	Miscellaneous Hydraulic Power Generation Expenses	14,205.05	-	14,205.05	-	-	-	-	-	-	14,205.05
541	Maintenance Supervision And Engineering	33.00	-	33.00	-	-	-	-	-	-	33.00
542	Maintenance Of Structures	58.59	-	58.59	-	-	-	-	-	-	58.59
543	Maintenance Of Reservoirs, Dams And Waterways	2,165.54	-	2,165.54	-	-	-	-	-	-	2,165.54
544	Maintenance Of Electric Plant	397.84	-	397.84	-	-	-	-	-	-	397.84

BILLED TO LOUISVILLE GAS & ELECTRIC (LG&E) FROM THE SERVICE CORPORATION (SERVCO)
May 1, 2007 to April 30, 2008

LOUISVILLE GAS & ELECTRIC

FERC Account	FERC Account Description	Electric Direct	Electric Indirect	Electric Total	Gas Direct	Gas Indirect	Gas Total	Common Direct	Common Indirect	Common Total	Grand Total
548	Generation Expenses	32,848.22	-	32,848.22	-	-	-	-	-	-	32,848.22
551	Maintenance Supervision And Engineering	2.21	-	2.21	-	-	-	-	-	-	2.21
552	Maintenance Of Structures	3.32	-	3.32	-	-	-	-	-	-	3.32
553	Maintenance Of Generating And Electric Equipment	142,630.96	-	142,630.96	-	-	-	-	-	-	142,630.96
556	System Control And Load Dispatching	-	1,012,771.66	1,012,771.66	-	-	-	-	-	-	1,012,771.66
557	Other Expenses	182.89	-	182.89	-	-	-	-	-	-	182.89
560	Operation Supervision And Engineering	28,047.57	670,277.52	698,325.09	-	-	-	-	-	-	698,325.09
561	Load Dispatching	252,279.82	438,866.40	691,146.22	-	-	-	-	-	-	691,146.22
561.6	Transmission Service Studies	14,421.16	-	14,421.16	-	-	-	-	-	-	14,421.16
562	Station Expenses	69,902.78	-	69,902.78	-	-	-	-	-	-	69,902.78
563	Overhead Line Expenses	19,419.41	-	19,419.41	-	-	-	-	-	-	19,419.41
566	Miscellaneous Transmission Expenses	262,486.65	387,420.55	649,907.20	-	-	-	-	-	-	649,907.20
567	Rents	650.00	-	650.00	-	-	-	-	-	-	650.00
570	Maintenance Of Station Equipment	304,315.49	-	304,315.49	-	-	-	-	-	-	304,315.49
571	Maintenance Of Overhead Lines	72,281.10	-	72,281.10	-	-	-	-	-	-	72,281.10
573	Maintenance Of Miscellaneous Transmission Plant	44.66	-	44.66	-	-	-	-	-	-	44.66
575.7	Market Administration, Monitoring And Compliance Services	13.43	-	13.43	-	-	-	-	-	-	13.43
580	Operation Supervision And Engineering	858,367.58	299,467.75	1,157,835.33	-	-	-	-	-	-	1,157,835.33
581	Load Dispatching	-	333,426.89	333,426.89	-	-	-	-	-	-	333,426.89
582	Station Expenses	36,515.15	-	36,515.15	-	-	-	-	-	-	36,515.15
583	Overhead Line Expenses	346,686.57	-	346,686.57	-	-	-	-	-	-	346,686.57
584	Underground Line Expenses	10,511.70	-	10,511.70	-	-	-	-	-	-	10,511.70
585	Street Lighting And Signal System Expenses	5,343.26	-	5,343.26	-	-	-	-	-	-	5,343.26
586	Meter Expenses	84,877.10	2,745.64	87,622.74	-	-	-	-	-	-	87,622.74
588	Miscellaneous Distribution Expenses	1,012,094.69	283,022.89	1,295,117.58	-	-	-	-	-	-	1,295,117.58
589	Rents	150.00	-	150.00	-	-	-	-	-	-	150.00
590	Maintenance Supervision And Engineering	-	303.21	303.21	-	-	-	-	-	-	303.21
591	Maintenance Of Structures	47.89	-	47.89	-	-	-	-	-	-	47.89
592	Maintenance Of Station Equipment	30,197.49	-	30,197.49	-	-	-	-	-	-	30,197.49
593	Maintenance Of Overhead Lines	979,501.25	-	979,501.25	-	-	-	-	-	-	979,501.25
594	Maintenance Of Underground Lines	57,095.10	-	57,095.10	-	-	-	-	-	-	57,095.10
595	Maintenance Of Line Transformers	20,137.35	-	20,137.35	-	-	-	-	-	-	20,137.35
596	Maintenance Of Street Lighting And Signal Systems	41,360.81	-	41,360.81	-	-	-	-	-	-	41,360.81
807	Purchased Gas Expenses	-	-	-	5,526.12	-	5,526.12	-	-	-	5,526.12
813	Other Gas Supply Expenses	-	-	-	350.82	-	350.82	-	-	-	350.82
814	Operation Supervision And Engineering	-	-	-	3,996.24	-	3,996.24	-	-	-	3,996.24
816	Wells Expenses	-	-	-	21,929.35	-	21,929.35	-	-	-	21,929.35
817	Lines Expenses	-	-	-	19,649.33	-	19,649.33	-	-	-	19,649.33
818	Compressor Station Expenses	-	-	-	59,407.87	-	59,407.87	-	-	-	59,407.87
821	Purification Expenses	-	-	-	6,013.03	-	6,013.03	-	-	-	6,013.03
824	Other Expenses	-	-	-	277.76	-	277.76	-	-	-	277.76
825	Storage Well Royalties	-	-	-	-	-	-	-	-	-	-
826	Rents	-	-	-	(41.33)	-	(41.33)	-	-	-	(41.33)
830	Maintenance Supervision And Engineering	-	-	-	2,518.16	-	2,518.16	-	-	-	2,518.16
832	Maintenance Of Reservoirs And Wells	-	-	-	28,607.53	-	28,607.53	-	-	-	28,607.53
833	Maintenance Of Lines	-	-	-	3,151.98	-	3,151.98	-	-	-	3,151.98
834	Maintenance Of Compressor Station Equipment	-	-	-	7,181.86	-	7,181.86	-	-	-	7,181.86
835	Maintenance Of Measuring And Regulating Station Equipment	-	-	-	421.57	-	421.57	-	-	-	421.57
836	Maintenance Of Purification Equipment	-	-	-	6,125.35	-	6,125.35	-	-	-	6,125.35
837	Maintenance Of Other Equipment	-	-	-	1,325.06	-	1,325.06	-	-	-	1,325.06
850	Operation Supervision And Engineering	-	-	-	31.33	-	31.33	-	-	-	31.33
851	System Control And Load Dispatching	-	-	-	450.00	-	450.00	-	-	-	450.00
856	Mains Expenses	-	-	-	12,813.01	-	12,813.01	-	-	-	12,813.01

BILLED TO LOUISVILLE GAS & ELECTRIC (LG&E) FROM THE SERVICE CORPORATION (SERVCO)
May 1, 2007 to April 30, 2008

LOUISVILLE GAS & ELECTRIC

FERC Account	FERC Account Description	Electric Direct	Electric Indirect	Electric Total	Gas Direct	Gas Indirect	Gas Total	Common Direct	Common Indirect	Common Total	Grand Total
863	Maintenance Of Mains	-	-	-	46,012.94	-	46,012.94	-	-	-	46,012.94
874	Mains And Services Expenses	-	-	-	179,265.08	-	179,265.08	-	-	-	179,265.08
875	Measuring And Regulating Station Expenses-General	-	-	-	7,441.70	-	7,441.70	-	-	-	7,441.70
876	Measuring And Regulating Station Expenses-Industrial	-	-	-	4,421.60	-	4,421.60	-	-	-	4,421.60
877	Measuring And Regulating Station Expenses-City Gate Check Stations	-	-	-	1,359.32	-	1,359.32	-	-	-	1,359.32
878	Meter And House Regulator Expenses	-	-	-	639.58	-	639.58	-	-	-	639.58
879	Customer Installations Expenses	-	-	-	3,971.86	-	3,971.86	-	-	-	3,971.86
880	Other Expenses	-	-	-	1,032,736.52	109,448.89	1,142,185.41	-	-	-	1,142,185.41
881	Rents	-	-	-	15.00	-	15.00	-	-	-	15.00
886	Maintenance Of Structures And Improvements	-	-	-	31.56	-	31.56	-	-	-	31.56
887	Maintenance Of Mains	-	-	-	502,009.96	-	502,009.96	-	-	-	502,009.96
889	Maintenance Of Measuring And Regulating Station Equipment-General	-	-	-	2,904.14	-	2,904.14	-	-	-	2,904.14
890	Maintenance Of Measuring And Regulating Station Equipment-Industrial	-	-	-	2,063.43	-	2,063.43	-	-	-	2,063.43
891	Maintenance Of Measuring And Regulating Station Equipment-City Gate Check Stations	-	-	-	2,151.83	-	2,151.83	-	-	-	2,151.83
892	Maintenance Of Services	-	-	-	156,578.72	-	156,578.72	-	-	-	156,578.72
894	Maintenance Of Other Equipment	-	-	-	5,701.72	-	5,701.72	-	-	-	5,701.72
901	Supervision	-	-	-	-	-	-	890,215.90	314,127.15	1,204,343.05	1,204,343.05
902	Meter Reading Expenses	80.28	-	80.28	-	-	-	74,559.88	46.35	74,606.23	74,686.51
903	Customer Records And Collection Expenses	-	-	-	-	-	-	4,268,269.84	2,397,628.89	6,665,898.73	6,665,898.73
904	Uncollectible Accounts	2,000.00	-	2,000.00	-	-	-	-	-	-	2,000.00
905	Miscellaneous Customer Accounts Expenses	-	-	-	-	-	-	112,251.56	37.50	112,289.06	112,289.06
907	Supervision	-	-	-	-	-	-	91,873.98	125,916.74	217,790.72	217,790.72
908	Customer Assistance Expenses	-	-	-	-	-	-	5,266.19	508,448.03	513,714.22	513,714.22
909	Informational And Instructional Advertising Expenses	-	-	-	-	-	-	548,448.83	-	548,448.83	548,448.83
910	Miscellaneous Customer Service And Informational Expenses	-	-	-	-	-	-	749,836.45	228,223.54	978,059.99	978,059.99
913	Advertising Expenses	26.65	-	26.65	65.13	-	65.13	32,317.35	-	32,317.35	32,409.13
920	Administrative And General Salaries	407,477.19	760,477.67	1,167,954.86	82,419.95	-	82,419.95	2,332,153.96	12,837,011.78	15,169,165.74	16,419,540.55
921	Office Supplies And Expenses	21,915.68	135,911.56	157,827.24	2,539.63	-	2,539.63	3,498,179.38	4,629,408.89	8,127,588.27	8,287,955.14
923	Outside Services Employed	817,317.76	906,522.33	1,723,840.09	672,990.56	558,455.16	1,231,445.72	1,958,247.99	1,484,106.88	3,442,354.87	6,397,640.68
924	Property Insurance	-	-	-	-	-	-	27,731.24	-	27,731.24	27,731.24
925	Injuries And Damages	65,420.21	-	65,420.21	10,982.94	-	10,982.94	7,761.11	53,364.87	61,125.98	137,529.13
926	Employee Pensions And Benefits	2,416,834.33	14,648.41	2,431,482.74	186,849.07	-	186,849.07	6,459,200.88	124,515.58	6,583,716.46	9,202,048.27
930.1	General Advertising Expenses	-	-	-	-	-	-	566,053.35	12,075.11	578,128.46	578,128.46
930.2	Miscellaneous General Expenses	99,777.00	1,040,453.36	1,140,230.36	-	-	-	36,210.77	204,996.69	241,207.46	1,381,437.82
931	Rents	-	-	-	-	-	-	73.53	-	73.53	73.53
935	Maintenance Of General Plant	-	3,309.74	3,309.74	-	-	-	1,057,338.20	4,931,752.01	5,989,090.21	5,992,399.95
		352,960,633.14	8,248,286.53	361,208,919.67	6,160,493.68	667,904.05	6,828,397.73	(83,425,837.19)	28,672,348.81	(54,753,488.38)	313,283,829.02

Total Intercompany Billings 313,283,829.02

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 43

Responding Witness: S. Bradford Rives

Q-43. Provide any information, when known, that would have a material effect on net operating income, rate base, or cost of capital that has occurred after the test year but was not incorporated in the filed testimony and exhibits.

A-43. 1. See attached Updated Rives Exhibit 2, Page 1 of 2, reflecting changes to embedded cost of capital through June 30, 2008.

2. See attached Analysis of the Embedded Cost of Capital, reflecting changes through June 30, 2008.

The Company will supplement this response when it files its monthly financial reports with the Commission.

Exhibit 2
Sponsoring Witness: Rives
Page 1 of 1

LOUISVILLE GAS AND ELECTRIC COMPANY

Capitalization at April 30, 2008
With Annual Cost Rate as of June 30, 2008

	Per Books 04-30-08 (1)	Capital Structure (2)	Reacquired Bonds (not retired) (3)	Adjusted Total Company Capitalization (Col 1 + Col 3) (4)	Rate Base Percentage (Exhibit 3 Line 24) (5)	Capitalization (Col 4 x Col 5) (6)	Adjustments to Capitalization (Col 7, Pg 2) (7)	Adjusted Capitalization (Col 6 + Col 7) (8)	Adjusted Capital Structure (9)	Annual Cost Rate June 30, 2008 (10)	Cost of Capital (Col 10 x Col 9) (11)
ELECTRIC											
1. Short Term Debt	$ 158,075,200	7.25%	$ (106,200,000)	$ 51,875,200	79.94%	$ 41,469,035	$ 974,752	$ 42,443,787	2.38%	2.43%	0.06%
2. Long Term Debt	878,104,000	40.27%	106,200,000	984,304,000	79.94%	786,852,618	18,487,530	805,340,148	45.14%	5.04%	2.28%
3. Common Equity	1,144,296,135	52.48%	-	1,144,296,135	79.94%	914,750,330	21,493,701	936,244,031	52.48%	11.25%	5.90%
4. Total Capitalization	$2,180,475,335	100.00%	$ -	$2,180,475,335		$1,743,071,983	$ 40,955,983	$1,784,027,966	100.00%		8.24%
GAS											
1. Short Term Debt	$ 158,075,200	7.25%	$ (106,200,000)	$ 51,875,200	19.47%	$ 10,100,101	$ 26,043	$ 10,126,144	2.38%	2.43%	0.06%
2. Long Term Debt	878,104,000	40.27%	106,200,000	984,304,000	19.47%	191,643,989	493,947	192,137,936	45.14%	5.04%	2.28%
3. Common Equity	1,144,296,135	52.48%	-	1,144,296,135	19.47%	222,794,457	574,265	223,368,722	52.48%	11.25%	5.90%
4. Total Capitalization	$2,180,475,335	100.00%	$ -	$2,180,475,335		$ 424,538,547	$ 1,094,255	$ 425,632,802	100.00%		8.24%

NOTES:
Column 10 used June 30, 2008 actual embedded cost rates.

LOUISVILLE GAS AND ELECTRIC COMPANY
ANALYSIS OF THE EMBEDDED COST OF CAPITAL AT
June 30, 2008

LONG-TERM DEBT

	Due	Rate	Principal	Annualized Cost: Interest	Amortized Debt Issuance Expense	Premium	Amortized Loss-Reaquired Debt	Total	Embedded Cost
Pollution Control Bonds -									
Series Y - 2000 A JC	05/01/27	7 00000% *	25.000 000 3	1.750.000	-	-	105.045	1 855,045	7 42
Series Z - 2000 A TC	08/01/30	3 28600% *	83.335.000	2.738.388	38.322	-	143,700	2.920.410	3 50
Series AA - 2001 A JC	09/01/27	3.00100% *	10 104 000	303,221	19.891	-	-	323.112	3 20
Series BB - 2001 A JC	09/01/26	2 00000% *	22.500.000	450 000	9,876	-	77 424	537.300	2 39
Series CC - 2001 A TC	09/01/26	2 00000% *	27.500.000	550.000	10.740	-	65.400	626 140	2 28
Series DD - 2001 B JC	11/01/27	2 10000% *	35.000.000	735.000	10 944	-	49.056	795.000	2 27
Series EE - 2001 B TC	11/01/27	2 10000% *	35,000.000	735.000	10.944	-	48.864	794.808	2 27
Series FF - 2002 A TC	10/01/32	3 65300% *	41.665,000	1.522.022	36,877	-	55.812	1.614.711	3 88
Series GG - 2003 A JC	10/01/33	5 74500% *	128.000.000	7.353,600	120.041	-	190.308	7.663.949	5 99
Series HH - 2005 A JC	02/01/35	1 70000% *	40.000.000 3	680 000	-	-	83.990	763 990	1 91
JC2007A $31M	06/01/33	1 65000%	31 000.000 3	511.500	-	-	29.924	541.424	1 75
JC2007B $35.2M	06/01/33	1 65000%	35.200,000 3	580.800	-	-	26.302	607 102	1 72
JC2007A $60M	06/01/33	4 60000%	60.000.000	2.760.000	47 192	-	6.567	2.813,759	4 69
Called Bonds			-	-	-	-	263,196 2	263,196	-
Total External Debt			574,304,000	20,669,531	304,827	-	1,145,588	22,119,946	**2.25%**
Interest Rate Swaps:									
JP Morgan Chase Bank	11/01/20	1		3.167.848	-	-	-	3.167,848	
Morgan Stanley Capital Services	10/01/33	1		613,910	-	-	-	613.910	
Morgan Stanley Capital Services	10/01/33	1		610.198	-	-	-	610.198	
Bank of America	10/01/33	1		625.664	-	-	-	625.664	
Wachovia	10/01/33	1		650,038	-	-	-	650,038	
Interest Rate Swaps External Debt				5,667,658	-	-	-	5,667,658	**0.58%**
Notes Payable to Fidelia Corp	04/30/13	4 55%	100,000,000	4.550.000	-	-	-	4.550.000	4 55
Notes Payable to Fidelia Corp	08/15/13	5 31%	100.000.000	5.310.000	-	-	-	5.310.000	5 31
Notes Payable to Fidelia Corp	01/16/12	4 33%	25.000,000	1.082.500	-	-	-	1.082.500	4 33
Notes Payable to Fidelia Corp	04/13/37	5 98%	70.000,000	4.186,000	-	-	-	4 186,000	5.98
Notes Payable to Fidelia Corp	04/13/31	5.93%	68,000.000	4.032,400	-	-	-	4.032,400	5 93
Notes Payable to Fidelia Corp	11/26/22	5.72%	47.000.000	2.688.400	-	-	-	2.688,400	5 72
Mandatorily Redeemable Preferred Stock:									
$5 875 Series	07/15/08	5.8750%	-	-	-	-	4,437	4,437	0
Total Internal Debt			410,000,000	21,849,300	-	-	4,437	21,853,737	**2.22%**
		Total	984,304,000	48,186,489	304,827	0	1,150,025	49,641,341	**5.04%**

SHORT TERM DEBT

	Rate	Principal	Annualized Cost: Interest	Expense	Premium	Loss	Total	Embedded Cost
Notes Payable to Associated Company	2 430% *	188.104.200	4.570.932	-	-	-	4.570.932	2 43
Reacquired Bonds	2 430% *	(131,200,000) 3	(3,188,160)	-	-	-	(3,188,160)	2.43
	Total	56,904,200	1,382,772	-	-	-	1,382,772	**2.43%**

Embedded Cost of Total Debt 51.024 113 **4.90%**

* Composite rate at end of current month

1 Additional interest due to Swap Agreements:

Underlying Debt Being Hedged	Notional Amount	Expiration of Swap Agreement		Fixed LG&E Swap Position	Variable Counterparty Swap Position
Series Z - PCB	83,335.000	11/01/20	To Pay:	5 495%	BMA Index
Series GG - PCB	32.000.000	10/01/32	To Pay:	3 657%	68% of 1 mo LIBOR
Series GG - PCB	32.000.000	10/01/32	To Pay:	3 645%	68% of 1 mo LIBOR
Series GG - PCB	32 000.000	10/01/32	To Pay:	3 695%	68% of 1 mo LIBOR
Series GG - PCB	32,000,000	10/01/32	To Pay:	3 648%	68% of 1 mo LIBOR
	211 335.000				

2 Call premium and debt expense is being amortized over the remaining life of bonds due 10/1/09, 6/1/15, 7/1/13 and 8/1/17

3 Reacquired bonds

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 44

Responding Witness: Shannon L. Charnas

Q-44. Provide detailed monthly income statements for each month after the test year, including the month in which the hearing ends, as they become available.

A-44. See attached income statements for May and June 2008. Income statements for subsequent months will be provided as they become available. LG&E will file updates when it files its monthly financial statements with the Commission.

LOUISVILLE GAS AND ELECTRIC COMPANY

Income Statements

May 31, 2008

Louisville Gas and Electric Company
Comparative Statement of Income
May 31, 2008

	Current Month			
	This Year Amount	Last Year Amount	Increase or Decrease Amount	%
Electric Operating Revenues	76,296,623.70	73,375,945.77	2,920,677.93	3.98
Gas Operating Revenues	19,486,633.60	15,003,930.09	4,482,703.51	29.88
Total Operating Revenues	95,783,257.30	88,379,875.86	7,403,381.44	8.38
Fuel for Electric Generation	25,992,288.30	26,870,152.89	(877,864.59)	(3.27)
Power Purchased	9,073,010.63	5,713,167.84	3,359,842.79	58.81
Gas Supply Expenses	13,964,948.71	8,862,386.30	5,102,562.41	57.58
Other Operation Expenses	17,208,172.86	16,051,856.62	1,156,316.24	7.20
Maintenance	8,370,553.32	7,609,357.74	761,195.58	10.00
Depreciation	9,538,396.28	9,787,420.55	(249,024.27)	(2.54)
Amortization Expense	491,339.96	540,719.87	(49,379.91)	(9.13)
Regulatory Credits	(158,787.28)	(163,026.95)	4,239.67	(2.60)
Taxes				
Federal Income	585,127.35	2,851,117.18	(2,265,989.83)	(79.48)
State Income	276,474.60	543,069.93	(266,595.33)	(49.09)
Deferred Federal Income - Net	1,999,593.00	-	1,999,593.00	100.00
Deferred State Income - Net	211,985.00	-	211,985.00	100.00
Property and Other	2,225,774.18	1,889,120.23	336,653.95	17.82
Investment Tax Credit	-	-	-	-
Amortization of Investment Tax Credit	(322,577.00)	(329,242.00)	6,665.00	(2.02)
Loss (Gain) from Disposition of Allowances	-	-	-	-
Accretion Expense	143,782.03	148,341.13	(4,559.10)	(3.07)
Total Operating Expenses	89,600,081.94	80,374,441.33	9,225,640.61	11.48
Net Operating Income	6,183,175.36	8,005,434.53	(1,822,259.17)	(22.76)
Other Income Less Deductions	29,106.97	725,670.95	(696,563.98)	(95.99)
Income Before Interest Charges	6,212,282.33	8,731,105.48	(2,518,823.15)	(28.85)
Interest on Long-term Debt	3,950,845.73	3,561,880.16	388,965.57	10.92
Amortization of Debt Expense - Net	120,995.58	119,095.63	1,899.95	1.60
Other Interest Expenses	550,895.22	715,109.24	(164,214.02)	(22.96)
Total Interest Charges	4,622,736.53	4,396,085.03	226,651.50	5.16
Net Income	1,589,545.80	4,335,020.45	(2,745,474.65)	(63.33)
Preferred Dividend Requirements	-	5,000.00	(5,000.00)	(100.00)
Earnings Available for Common	1,589,545.80	4,330,020.45	(2,740,474.65)	(63.29)

Louisville Gas and Electric Company
Comparative Statement of Income
May 31, 2008

	Year to Date			
	This Year Amount	Last Year Amount	Increase or Decrease Amount	%
Electric Operating Revenues	365,024,023.52	362,174,397.15	2,849,626.37	0.79
Gas Operating Revenues	234,813,175.84	190,621,089.29	44,192,086.55	23.18
Total Operating Revenues	599,837,199.36	552,795,486.44	47,041,712.92	8.51
Fuel for Electric Generation	127,171,800.77	127,807,157.65	(635,356.88)	(0.50)
Power Purchased	38,988,584.30	36,163,597.41	2,824,986.89	7.81
Gas Supply Expenses	180,276,055.93	140,055,692.41	40,220,363.52	28.72
Other Operation Expenses	80,569,516.62	75,128,076.48	5,441,440.14	7.24
Maintenance	43,852,247.72	31,618,436.89	12,233,810.83	38.69
Depreciation	49,606,058.85	48,981,745.82	624,313.03	1.27
Amortization Expense	2,253,808.63	2,643,533.83	(389,725.20)	(14.74)
Regulatory Credits	(847,381.23)	(799,555.39)	(47,825.84)	5.98
Taxes				
Federal Income	13,027,151.86	16,942,383.71	(3,915,231.85)	(23.11)
State Income	2,264,970.90	3,367,750.33	(1,102,779.43)	(32.75)
Deferred Federal Income - Net	1,665,863.45	1,046,568.59	619,294.86	59.17
Deferred State Income - Net	258,909.12	289,123.48	(30,214.36)	(10.45)
Property and Other	10,566,121.31	9,668,338.77	897,782.54	9.29
Investment Tax Credit	1,300,000.00	2,600,000.00	(1,300,000.00)	(50.00)
Amortization of Investment Tax Credit	(1,626,567.16)	(1,652,521.40)	25,954.24	(1.57)
Loss (Gain) from Disposition of Allowances	(456,254.88)	(553,092.69)	96,837.81	(17.51)
Accretion Expense	773,634.87	742,529.45	31,105.42	4.19
Total Operating Expenses	549,644,521.06	494,049,765.34	55,594,755.72	11.25
Net Operating Income	50,192,678.30	58,745,721.10	(8,553,042.80)	(14.56)
Other Income Less Deductions	(405,550.83)	(577,031.44)	171,480.61	(29.72)
Income Before Interest Charges	49,787,127.47	58,168,689.66	(8,381,562.19)	(14.41)
Interest on Long-term Debt	21,056,120.89	15,808,919.13	5,247,201.76	33.19
Amortization of Debt Expense - Net	604,545.36	595,333.14	9,212.22	1.55
Other Interest Expenses	1,834,722.61	606,429.13	1,228,293.48	202.55
Total Interest Charges	23,495,388.86	17,010,681.40	6,484,707.46	38.12
Net Income	26,291,738.61	41,158,008.26	(14,866,269.65)	(36.12)
Preferred Dividend Requirements	-	941,636.24	(941,636.24)	(100.00)
Earnings Available for Common	26,291,738.61	40,216,372.02	(13,924,633.41)	(34.62)

Louisville Gas and Electric Company
Comparative Statement of Income
May 31, 2008

	Year Ended Current Month			
	This Year Amount	Last Year Amount	Increase or Decrease Amount	%
Electric Operating Revenues	935,305,193.64	955,111,455.17	(19,806,261.53)	(2.07)
Gas Operating Revenues	396,873,815.58	343,745,193.41	53,128,622.17	15.46
Total Operating Revenues	1,332,179,009.22	1,298,856,648.58	33,322,360.64	2.57
Fuel for Electric Generation	316,628,204.29	312,230,117.61	4,398,086.68	1.41
Power Purchased	85,162,035.00	103,981,867.86	(18,819,832.86)	(18.10)
Gas Supply Expenses	293,812,582.65	241,508,290.30	52,304,292.35	21.66
Other Operation Expenses	178,594,096.33	186,712,992.85	(8,118,896.52)	(4.35)
Maintenance	94,775,803.68	78,701,075.72	16,074,727.96	20.43
Depreciation	120,197,377.70	118,237,035.89	1,960,341.81	1.66
Amortization Expense	5,810,237.03	6,201,502.68	(391,265.65)	(6.31)
Regulatory Credits	(1,988,569.88)	(2,299,309.06)	310,739.18	(13.51)
Taxes				
Federal Income	30,709,353.14	49,532,792.94	(18,823,439.80)	(38.00)
State Income	6,517,729.10	11,077,731.52	(4,560,002.42)	(41.16)
Deferred Federal Income - Net	10,095,165.79	4,854,721.98	5,240,443.81	107.95
Deferred State Income - Net	1,469,939.10	(1,043,008.48)	2,512,947.58	(240.93)
Property and Other	22,794,446.02	22,161,097.94	633,348.08	2.86
Investment Tax Credit	7,679,626.00	5,600,000.00	2,079,626.00	37.14
Amortization of Investment Tax Credit	(3,924,946.70)	(3,987,111.41)	62,164.71	(1.56)
Loss (Gain) from Disposition of Allowances	(456,254.88)	(553,092.69)	96,837.81	(17.51)
Accretion Expense	1,812,022.78	2,112,540.50	(300,517.72)	(14.23)
Total Operating Expenses	1,169,688,847.15	1,135,029,246.15	34,659,601.00	3.05
Net Operating Income	162,490,162.07	163,827,402.43	(1,337,240.36)	(0.82)
Other Income Less Deductions	(633,351.96)	(1,278,299.01)	644,947.05	(50.45)
Income Before Interest Charges	161,856,810.11	162,549,103.42	(692,293.31)	(0.43)
Interest on Long-term Debt	49,666,746.15	36,047,477.43	13,619,268.72	37.78
Amortization of Debt Expense - Net	1,445,685.79	1,429,663.35	16,022.44	1.12
Other Interest Expenses	5,227,282.60	3,383,244.08	1,844,038.52	54.51
Total Interest Charges	56,339,714.54	40,860,384.86	15,479,329.68	37.88
Net Income	105,517,095.57	121,688,718.56	(16,171,622.99)	(13.29)
Preferred Dividend Requirements	-	3,153,098.41	(3,153,098.41)	(100.00)
Earnings Available for Common	105,517,095.57	118,535,620.15	(13,018,524.58)	(10.98)

LOUISVILLE GAS AND ELECTRIC COMPANY

Income Statements

June 30, 2008

Louisville Gas and Electric Company
Comparative Statement of Income
June 30, 2008

	Current Month			
	This Year Amount	Last Year Amount	Increase or Decrease Amount	%
Electric Operating Revenues	99,331,524.22	86,428,172.74	12,903,351.48	14.93
Gas Operating Revenues	15,168,729.95	12,376,676.86	2,792,053.09	22.56
Total Operating Revenues	114,500,254.17	98,804,849.60	15,695,404.57	15.89
Fuel for Electric Generation	33,396,599.11	27,674,757.78	5,721,841.33	20.68
Power Purchased	7,434,451.43	6,094,884.34	1,339,567.09	21.98
Gas Supply Expenses	12,897,716.87	8,281,181.92	4,616,534.95	55.75
Other Operation Expenses	17,139,161.02	10,128,329.88	7,010,831.14	69.22
Maintenance	6,900,651.69	6,833,403.23	67,248.46	0.98
Depreciation	10,174,909.05	10,393,972.68	(219,063.63)	(2.11)
Amortization Expense	497,563.12	550,307.64	(52,744.52)	(9.58)
Regulatory Credits	(171,827.38)	(163,026.95)	(8,800.43)	5.40
Taxes				
Federal Income	762,498.42	3,486,229.14	(2,723,730.72)	(78.13)
State Income	311,388.04	568,175.39	(256,787.35)	(45.20)
Deferred Federal Income - Net	1,861,677.98	(966,637.44)	2,828,315.42	(292.59)
Deferred State Income - Net	133,650.80	(49,201.52)	182,852.32	(371.64)
Property and Other	1,636,017.19	2,084,084.64	(448,067.45)	(21.50)
Investment Tax Credit	2,275,000.00	2,600,000.00	(325,000.00)	(12.50)
Amortization of Investment Tax Credit	(336,259.16)	(335,553.32)	(705.84)	0.21
Loss (Gain) from Disposition of Allowances	-	-	-	-
Accretion Expense	157,048.86	148,341.13	8,707.73	5.87
Total Operating Expenses	95,070,247.04	77,329,248.54	17,740,998.50	22.94
Net Operating Income	19,430,007.13	21,475,601.06	(2,045,593.93)	(9.53)
Other Income Less Deductions	(1,308,611.62)	(156,727.69)	(1,151,883.93)	734.96
Income Before Interest Charges	18,121,395.51	21,318,873.37	(3,197,477.86)	(15.00)
Interest on Long-term Debt	3,187,396.94	6,290,148.48	(3,102,751.54)	(49.33)
Amortization of Debt Expense - Net	121,237.83	119,359.67	1,878.16	1.57
Other Interest Expenses	495,921.58	416,991.16	78,930.42	18.93
Total Interest Charges	3,804,556.35	6,826,499.31	(3,021,942.96)	(44.27)
Net Income	14,316,839.16	14,492,374.06	(175,534.90)	(1.21)

Louisville Gas and Electric Company
Comparative Statement of Income
June 30, 2008

	Year to Date			
	This Year Amount	Last Year Amount	Increase or Decrease Amount	%
Electric Operating Revenues	464,355,547.74	448,602,569.89	15,752,977.85	3.51
Gas Operating Revenues	249,981,905.79	202,997,766.15	46,984,139.64	23.15
Total Operating Revenues	714,337,453.53	651,600,336.04	62,737,117.49	9.63
Fuel for Electric Generation	160,568,399.88	155,481,915.43	5,086,484.45	3.27
Power Purchased	46,423,035.73	42,258,481.75	4,164,553.98	9.86
Gas Supply Expenses	193,173,772.80	148,336,874.33	44,836,898.47	30.23
Other Operation Expenses	97,708,677.64	85,256,406.36	12,452,271.28	14.61
Maintenance	50,752,899.41	38,451,840.12	12,301,059.29	31.99
Depreciation	59,780,967.90	59,375,718.50	405,249.40	0.68
Amortization Expense	2,751,371.75	3,193,841.47	(442,469.72)	(13.85)
Regulatory Credits	(1,019,208.61)	(962,582.34)	(56,626.27)	5.88
Taxes				
Federal Income	13,789,650.28	20,428,612.85	(6,638,962.57)	(32.50)
State Income	2,576,358.94	3,935,925.72	(1,359,566.78)	(34.54)
Deferred Federal Income - Net	3,527,541.43	79,931.15	3,447,610.28	4,313.22
Deferred State Income - Net	392,559.92	239,921.96	152,637.96	63.62
Property and Other	12,202,138.50	11,752,423.41	449,715.09	3.83
Investment Tax Credit	3,575,000.00	5,200,000.00	(1,625,000.00)	(31.25)
Amortization of Investment Tax Credit	(1,962,826.32)	(1,988,074.72)	25,248.40	(1.27)
Loss (Gain) from Disposition of Allowances	(456,254.88)	(553,092.69)	96,837.81	(17.51)
Accretion Expense	930,683.73	890,870.58	39,813.15	4.47
Total Operating Expenses	644,714,768.10	571,379,013.88	73,335,754.22	12.83
Net Operating Income	69,622,685.43	80,221,322.16	(10,598,636.73)	(13.21)
Other Income Less Deductions	(1,714,162.45)	(733,759.13)	(980,403.32)	133.61
Income Before Interest Charges	67,908,522.98	79,487,563.03	(11,579,040.05)	(14.57)
Interest on Long-term Debt	24,243,517.83	22,099,067.61	2,144,450.22	9.70
Amortization of Debt Expense - Net	725,783.19	714,692.81	11,090.38	1.55
Other Interest Expenses	2,330,644.19	1,023,420.29	1,307,223.90	127.73
Total Interest Charges	27,299,945.21	23,837,180.71	3,462,764.50	14.53
Net Income	40,608,577.77	55,650,382.32	(15,041,804.55)	(27.03)
Preferred Dividend Requirements	-	941,636.24	(941,636.24)	(100.00)
Earnings Available for Common	40,608,577.77	54,708,746.08	(14,100,168.31)	(25.77)

Louisville Gas and Electric Company
Comparative Statement of Income
June 30, 2008

	Year Ended Current Month			
	This Year Amount	Last Year Amount	Increase or Decrease Amount	%
Electric Operating Revenues	948,208,545.12	955,593,177.08	(7,384,631.96)	(0.77)
Gas Operating Revenues	399,665,868.67	344,409,767.90	55,256,100.77	16.04
Total Operating Revenues	1,347,874,413.79	1,300,002,944.98	47,871,468.81	3.68
Fuel for Electric Generation	322,350,045.62	314,329,036.40	8,021,009.22	2.55
Power Purchased	86,501,602.09	101,725,841.85	(15,224,239.76)	(14.97)
Gas Supply Expenses	298,429,117.60	243,771,182.39	54,657,935.21	22.42
Other Operation Expenses	185,604,927.47	179,678,019.23	5,926,908.24	3.30
Maintenance	94,843,052.14	78,476,394.79	16,366,657.35	20.86
Depreciation	119,978,314.07	118,763,317.09	1,214,996.98	1.02
Amortization Expense	5,757,492.51	6,243,401.15	(485,908.64)	(7.78)
Regulatory Credits	(1,997,370.31)	(2,309,934.66)	312,564.35	(13.53)
Taxes				
Federal Income	27,985,622.42	48,810,487.74	(20,824,865.32)	(42.66)
State Income	6,260,941.75	8,701,301.08	(2,440,359.33)	(28.05)
Deferred Federal Income - Net	12,923,481.21	3,340,770.69	9,582,710.52	286.84
Deferred State Income - Net	1,652,791.42	1,301,080.79	351,710.63	27.03
Property and Other	22,346,378.57	22,820,528.70	(474,150.13)	(2.08)
Investment Tax Credit	7,354,626.00	8,200,000.00	(845,374.00)	(10.31)
Amortization of Investment Tax Credit	(3,925,652.54)	(3,976,149.37)	50,496.83	(1.27)
Loss (Gain) from Disposition of Allowances	(456,254.88)	(553,092.69)	96,837.81	(17.51)
Accretion Expense	1,820,730.51	2,123,110.73	(302,380.22)	(14.24)
Total Operating Expenses	1,187,429,845.65	1,131,445,295.91	55,984,549.74	4.95
Net Operating Income	160,444,568.14	168,557,649.07	(8,113,080.93)	(4.81)
Other Income Less Deductions	(1,785,235.89)	(1,431,629.35)	(353,606.54)	24.70
Income Before Interest Charges	158,659,332.25	167,126,019.72	(8,466,687.47)	(5.07)
Interest on Long-term Debt	46,563,994.61	39,481,106.42	7,082,888.19	17.94
Amortization of Debt Expense - Net	1,447,563.95	1,429,832.99	17,730.96	1.24
Other Interest Expenses	5,306,213.02	3,760,903.61	1,545,309.41	41.09
Total Interest Charges	53,317,771.58	44,671,843.02	8,645,928.56	19.35
Net Income	105,341,560.67	122,454,176.70	(17,112,616.03)	(13.97)
Preferred Dividend Requirements	-	2,840,568.52	(2,840,568.52)	(100.00)
Earnings Available for Common	105,341,560.67	119,613,608.18	(14,272,047.51)	(11.93)

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 45

Responding Witness: Lonnie E. Bellar

Q-45. List all present or proposed research efforts dealing with the pricing of electricity and gas and the current status of such efforts.

A-45. The Company does not ordinarily conduct original research on electricity or gas prices (i.e. retail rates). However, the Company does subscribe to a number of industry publications which report on retail electric and gas prices (primarily in the form of survey data). The Company expects to continue to subscribe to the same or similar publications in the future. The Company makes every effort to control costs and keep rates low.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 46

Responding Witness: Paula H. Pottinger, Ph.D.

Q-46. Provide a schedule reflecting the salaries and other compensation of each executive officer for the test year and 2 preceding calendar years. Include the percentage annual increase and the effective date of each increase, the job title, duty and responsibility of each officer, the number of employees who report to each executive officer, and to whom each executive officer reports. Also, for employees promoted to executive officer status during the test year, provide the salaries, for the test year, for those persons whom they replaced.

A-46. A schedule of salaries and other compensation for all executive officers as of the end of the test year and the two preceding calendar years is attached. This information is provided in a manner that is consistent with W2s and year to date information in the case of the portion of the test year in 2008. Certain information is being filed under seal pursuant to a petition for confidential treatment.

Question No. 46

Information as of 4/30/2008

Name	*Title*	*Salary (1)*	*Other Compensation (2)*
Daniel K. Arbough	Treasurer	$158,780	$64,464
Michael S. Beer	VP Federal Regulation & Policy	$188,068	$162,298
Lonnie Bellar	VP State Regulation and Rates	$167,541	$68,901
Kent W. Blake	VP Corp Plan and Development	$180,854	$115,106
Ralph Bowling	VP Power Operations - WKE	$183,918	$156,077
Laura Green Douglas	VP Corp Resp&Community Affairs	$149,427	$62,513
Chris Hermann	SVP Energy Delivery	$302,557	$404,017
Chip Keeling	VP Communications	$176,727	$141,667
John P. Malloy	VP Energy Delivery - Retail Business	$168,000	$114,544
John R. McCall	EVP General Counsel & Corp Secretary	$471,338	$812,984
Dorothy O'Brien	VP Deputy Gen Counsel/Environmental	$196,787	$105,332
Paula H. Pottinger	SVP Human Resources	$286,356	$331,874
S. Bradford Rives	Chief Financial Officer	$384,486	$537,830
Valerie Leah Scott	Controller	$174,662	$83,441
George R. Siemens	VP External Affairs	$195,442	$168,745
David Sinclair	VP Energy Marketing	$202,565	$178,389
Victor A. Staffieri	Chief Executive Officer	$775,583	$2,005,120
Paul Gregory Thomas	VP Energy Delivery - Distribution Operations	$201,915	$98,240
Paul W. Thompson	SVP Energy Services	$358,886	$525,236
John N. Voyles	VP Regulated Generation	$207,085	$181,253
Wendy C. Welsh	SVP Information Technology	$282,782	$352,871
	Average of all Executive Officers	$257,798	$317,662

(1) Of the total salaries, 35.3% is included in the cost of providing service to LG&E rate payers.

(2) Of the total other compensation, 4.2% is included in the cost of providing service to LG&E rate payers.

Question No. 46

Information as of 12/31/2007

Name	*Title*	*Salary (1)*	*Other Compensation (2)*
Daniel K. Arbough	Treasurer	$155,049	$56,849
Michael S. Beer	VP Federal Regulation & Policy	$183,357	$215,324
Lonnie Bellar	VP State Regulation and Rates	$162,438	$58,985
Kent W. Blake	VP Corp Plan and Development	$176,310	$71,462
Ralph Bowling	VP Power Operations - WKE	$179,300	$222,196
Laura Green Douglas	VP Corp Resp&Community Affairs	$144,635	$61,064
Martyn Gallus	SVP Energy Marketing	$270,000	$446,073
Chris Hermann	SVP Energy Delivery	$294,963	$510,990
Chip Keeling	VP Communications	$172,574	$194,963
John P. Malloy	VP Energy Delivery - Retail Business	$162,459	$125,587
John R. McCall	EVP General Counsel & Corp Secretary	$459,519	$1,148,004
Dorothy O'Brien	VP Deputy Gen Counsel/Environmental	$190,544	$70,436
Paula H. Pottinger	SVP Human Resources	$279,187	$403,349
S. Bradford Rives	Chief Financial Officer	$374,842	$751,212
Valerie Leah Scott	Controller	$170,558	$61,937
George R. Siemens	VP External Affairs	$190,850	$227,703
Victor A. Staffieri	Chief Executive Officer	$756,179	$2,972,682
Paul Gregory Thomas	VP Energy Delivery - Distribution Operations	$197,159	$76,691
Paul W. Thompson	SVP Energy Services	$349,882	$877,689
John N. Voyles	VP Regulated Generation	$201,901	$264,883
Wendy C. Welsh	SVP Information Technology	$275,690	$516,878
	Average of all Executive Officers	$254,638	$444,522

(1) Of the total salaries, 34.3% is included in the cost of providing service to LG&E rate payers.

(2) Of the total other compensation, 2.8% is included in the cost of providing service to LG&E rate payers.

Question No. 46

Information as of 12/31/2006

Name	*Title*	*Salary (1)*	*Other Compensation (2)*
Daniel K. Arbough	Treasurer	$150,001	$58,824
Michael S. Beer	VP Federal Regulation & Policy	$177,299	$218,665
Ralph Bowling	VP Power Operations - WKE	$171,800	$234,722
Martyn Gallus	SVP Energy Marketing	$260,000	$491,229
Chris Hermann	SVP - Energy Delivery	$284,003	$571,450
Chip Keeling	VP Communications	$166,899	$205,575
John R. McCall	EVP General Counsel & Corp Sec	$442,499	$1,205,719
Paula H. Pottinger	SVP Human Resources	$268,399	$334,186
S. Bradford Rives	Chief Financial Officer	$360,901	$802,627
Valerie Leah Scott	Controller	$165,001	$63,440
George R. Siemens	VP External Affairs	$184,602	$280,800
Victor A. Staffieri	Chief Executive Officer	$725,368	$3,155,361
Paul W. Thompson	SVP Energy Services	$336,901	$556,760
David A. Vogel	VP Retail and Gas Storage Ops	$192,998	$246,860
John N. Voyles	VP Regulated Generation	$194,401	$229,870
Wendy C. Welsh	SVP Information Technology	$265,400	$495,043
	Average of all Executive Officers	$271,655	$571,946

(1) Of the total salaries, 33.4% is included in the cost of providing service to LG&E rate payers.

(2) Of the total other compensation, 1.3% is included in the cost of providing service to LG&E rate payers.

Filed under seal with petition for confidentiality on the basis of individual privacy.

Name	Annual Increase %	Effective Date of Annual or Market Increase	Job Title	Duty and Responsibility	Number of Direct Reports	Reports To	Salary for Whom Officer Replaced
Beer	4.0%	12/31/2007	VP - Federal Regulation and Policy	As a result of significant changes in federal regulation (e.g., MISO) and energy policy (e.g., Energy Bill) the company was required to make major adjustments in its Washington representation at a very high level. This new role is required to develop and	1	Exec. VP, Gen. Counsel, Corp. Secretary and Chief Compliance Officer	n/a
Bowling	4.0%	12/31/2007	VP Power Operations - WKE	Manage the assets and operations of the Western Kentucky Energy's (WKE) generation fleet to meet contractual obligations and maximize off-system earnings opportunities. Plan and direct the operation, service planning, delivery, maintenance, environmenta	12	SVP Energy Services	n/a
Gallus		Expat Assignment Effective 1/1/2008					
Hermann	4.0%	12/31/2007	Sr. VP - Energy Delivery	Lead the Company's Distribution Operations and Retail Businesses with responsibility for strategic and operational management of gas and electric distribution, retail, metering and retail operations. Ensure proper oversight of the company's investment in	7	Chairman of the Board, CEO & President	n/a
Keeling	3.5%	12/31/2007	VP - Communications	Lead the development, delivery and management of internal and external communications, community and media relations and brand strategy/management for the Company. Lead the brand management, image and advertising for the Company. Lead and provide recomme	2	Exec. VP, Gen. Counsel, Corp. Secretary and Chief Compliance Officer	n/a
McCall	4.0%	12/31/2007	Exec. VP, Gen. Counsel, Corp. Secretary and Chief Compliance Officer	Serve as a member of senior executive management and participate in decisions regarding all major issues impacting the Company. Serve as designated back-up for CEO when absent. Provide legal counsel and guidance in the ordinary and special activities of	9	Chairman of the Board, CEO & President	n/a
Pottinger	4.0%	12/31/2007	SVP - Human Resources	Lead the Company's human resources function to provide effective, innovative and practical human resources strategies, policies and programs that serve the needs of management and employees, and facilitate bottom-line results to accomplish corporate objec	5	Exec. VP, Gen. Counsel, Corp. Secretary and Chief Compliance Officer	n/a
Rives	4.0%	12/31/2007	Chief Financial Officer	Provide overall direction and leadership for all financial operations of the Company including the development and implementation of financial strategy, policies and plans, financial controls, preparation and interpretation of internal and external financ	7	Chairman of the Board, CEO & President	n/a

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Name	Annual Increase %	Effective Date of Annual or Market Increase	Job Title	Duty and Responsibility	Number of Direct Reports	Reports To	Salary for Whom Officer Replaced
Siemens	3.5%	12/31/2007	VP - External Affairs	Represent the Company in legislative, regulatory and executive regulatory matters before federal, state and local governments by providing policy direction. Develop and coordinate operating unit relationships with government entities and their constituency groups to ensure consistency and uniformity on all matters affecting the Company's interests.	2	Exec. VP, Gen. Counsel, Corp. Secretary and Chief Compliance Officer	n/a
Staffieri	4.0%	12/31/2007	Chairman of the Board, CEO & President	Lead the E.ON U.S. organization to establish business objectives, policies, and strategic plans to implement world-class energy practices and provide reliable, low-cost energy services and superior customer satisfaction. Ensure effective implementation and execution of policies and plans to direct company growth and to achieve both long-range and short-range objectives to include expansion of the U.S. energy business through future mergers and acquisitions. Interface on a regular basis with E.ON leadership to ensure E.ON U.S.'s perspective and impact is considered.	7	Chairman of the Board of Management and CEO - E.ON AG	n/a
Thompson	4.0%	12/31/2007	Sr. VP - Energy Services	In conjunction with other members of the executive team, establish policies and strategies for the corporation's energy business. Lead the vision and strategy development for the Generation, Energy Marketing, Fuels and Transmission businesses. Lead the optimization of the corporation's energy-related integrated gross margin.	8	Chairman of the Board, CEO & President	n/a
Vogel				Resigned 5/11/2007			
Voyles	4.0%	12/31/2007	VP - Regulated Generation	Plan and direct the operation, service planning, delivery, maintenance, environmental compliance and general administration of LG&E and Kentucky Utilities generation facilities to achieve safe, efficient and reliable generation of electricity.	8	SVP Energy Services	n/a
Welsh	4.0%	12/31/2007	Sr. VP - Information Technology	Set the Information Technology (IT) strategic direction to meet the ongoing and future needs of the business. Deliver IT application systems which meet the needs of the business, ensuring the systems are delivered on-time and on-budget. Provide reliable operations of the IT infrastructure 24 hours a day, 365 days a year. Direct the establishment and execution of policies and processes for IT security, contract administration, financial management, training and IT research and development. Serve as the key interface between E.ON U.S. and E.ON to develop and maintain strong working relationships with senior information technology personnel.	5	Chairman of the Board, CEO & President	n/a
Arbough	3.5%	12/31/2007	Director Corporate Finance and Treasurer	This position manages activities related to financial policy, long- and short-term financings, credit risk, and pension funds. Manages cash management, credit, risk management, and other treasury activities.	6	Chief Financial Officer	n/a
Bellar	3.5% 3.0% 4.0%	12/31/2007 8/20/2007 5/3/2007	VP - State Regulation and Rates	Assists with the development and implementation of the rate making strategy and provides oversight of regulatory/industry activity monitoring.	4	Exec. VP, Gen. Counsel, Corp. Secretary and Chief Compliance Officer	n/a
Blake (Replaced Landsmann)	4.0%	12/31/2007	VP - Corp Planning and Development	Coordinate the development of the Company's strategic focus and oversee the completion of the Company's operational and financial plans and reporting thereon. Also coordinates the operation of the Investment Committee approving all major operating and capital expenditures within the consolidated companies.	4	Chief Financial Officer	$212,588

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Name	Annual Increase %	Effective Date of Annual or Market Increase	Job Title	Duty and Responsibility	Number of Direct Reports	Reports To	Salary for Whom Officer Replaced
Douglas	3.5% 3.0%	12/31/2007 11/5/2007	VP - Corporate Responsibility and Community Affairs	This position reports directly to the EVP, General Counsel and Corporate Secretary -- the individual primarily responsible for safeguarding the company's public image, and the individual who represents the E.ON U.S. market unit (MU) on the group-wide Corp	2	Exec. VP, Gen. Counsel, Corp. Secretary and Chief Compliance Officer	n/a
Landsmann				Expat Assignment Ended 7/27/2007			
Malloy (Replaced Vogel)	5.0%	12/31/2007	VP Energy Delivery - Retail Business	Provide strategic direction and operational control of the Company's Retail and Metering businesses to achieve strategic objectives and financial targets. Lead the company Gas Storage, Control and Compliance functions and direct the Operating Services ar	5	SVP - Energy Delivery	$198,800
O'Brien	3.5% 3.0%	12/31/2007 8/27/2007	VP Deputy General Counsel and Environmental	Overall management of the Law Department and oversight of the corporate environmental function. Provides legal counsel and guidance in the ordinary and special activities of the corporation to ensure maximum protection of its legal rights and to maintai	12	Exec. VP, Gen. Counsel, Corp. Secretary and Chief Compliance Officer	n/a
Scott	3.5%	12/31/2007	Controller	This position manages the consolidated accounting activities of E.ON U.S. This responsibility includes Utility accounting, internal and external reporting (FERC, PSC, etc.), and all other aspects of utility accounting as managed directly through the Direc	4	Chairman of the Board, CEO & President	n/a
Sinclair (Replaced Gallus)	4.5% 1.5%	12/31/2007 1/31/2008 Promotion	VP - Energy Marketing	Establish the strategic direction and management of the energy marketing, fuel procurement and trading activities for E.ON U.S. Also directs the optimization of the corporation's energy-related integrated gross margin.	12	SVP Energy Services	$270,400
Thomas	3.5%	12/31/2007	VP Energy Delivery - Distribution Operations	This position provides leadership and direction of electric distribution operations involving the four core operating processes: Connect New Customers, Enhance the Network, Operate and Maintain the Network and Repair the Network. Responsible for the direc	6	SVP - Energy Delivery	n/a
Average Percent Increase	3.7%						

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LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 47

Responding Witness: Paul W. Thompson

Q-47. Provide an analysis of LG&E's expenses for research and development activities for the test year and the 3 preceding calendar years. For the test year, include the following:

a. Basis of fees paid to research organizations and LG&E's portion of the total revenue of each organization. Where the contribution is monthly, provide the current rate and the effective date.

b. Details of the research activities conducted by each organization.

c. Details of services and other benefits provided to the company by each organization during the test year and the preceding calendar year.

d. Total expenditures of each organization including the basic nature of costs incurred by the organization.

e. Details of the expected benefits to the company.

A-47. Research, Development and Demonstration expenses are primarily with the Electric Power Research Institute (Palo Alto, California). The EPRI expenses are for collaborative research studies, technology development and demonstration projects. Other expenses associated with specific projects include; the University of Kentucky (Center for Applied Energy Research), the University of Louisville (Center for Infrastructure Research), FutureGen Alliance and the Western Kentucky Carbon Storage Foundation, Inc. The following expenses for these projects are provided for 2005, 2006, and 2007 as well as the test year:

Year 2005	$ 604,985
Year 2006	1,448,006
Year 2007	784,731
Test Year	984,344

a. Payments to EPRI vary depending on the project sets in which each company wishes to participate. Other payments for research are specific to the work being conducted. For the calendar year 2007 (the most recent data available from EPRI), LG&E's payments represented approximately 0.25% of EPRI's revenues. For the University of Kentucky – CAER LG&E's payments represent approximately 3%.

b. Research projects are related to the operational needs of the different lines of business, such as generation, environmental, transmission, and end-use energy. The details of each project set are listed in (c) below:

c. EPRI's portfolio of research and development projects is extensive and covers the complete spectrum of activities of interest to most energy suppliers. The purpose of our research program is find answers and solutions to short and long term problems or questions. A description of the projects LG&E has elected to fund for the test year are provided below:

63 Boiler Life and Availability Improvement Program
Project Summary: Projects advance the understanding of the boiler tube and other pressure component damage mechanisms and their root causes, and establish programs and corrective actions to control risks of in-service failures. Project facilitates achieving longer intervals between inspections and overhauls of boiler components by detecting in-service damage at an early stage. Projects advance the understanding of damage mechanisms and their root causes and establish programs and corrective actions to control risks of in-service failures.
Project Benefit: Provides cost effective Non-Destructive Evaluation (NDE) and reduce the cost of operation and maintenance (O&M) thus improving boiler life. Assess boiler tube failure and other pressure damage and launch programs to control risks of failures and repair the issues. Reduce O&M cost associated with piping life and will launch programs and counteractive actions to manage risks of in-service failures.

64 Boiler and Turbine Steam and Cycle Chemistry
Project Summary: This project is dedicated to establishing state-of-the-art guidelines for use by fossil plant chemists and operators worldwide, including filtration systems, condensate polishing systems and condenser leak detection systems. The model considers system variables such as the steam chemistry environment, liquid film composition and electrochemical properties, stress, temperature and conductivity. Two key areas that will be addressed in this project are assessment of new organic/amine chemicals that, according to earlier EPRI studies, could improve steam condensation; and liquid film processes in LP (low pressure) turbine exhausts, thus boosting efficiency, and assessment of organic treatments for shutdown and layup protection. This project conducts laboratory studies on a high heat flux deposition rig to simulate boiler water containing iron and copper oxides under oxidizing and reducing conditions. EPRI designated core level of instrumentation provides adequate surveillance and control of key operating parameters and continuous monitoring. This project measures boiler corrosion under simulated boiler corrosion conditions using all-volatile treatment and phosphate continuum with levels of chloride contamination. Continuing work will

address caustic treatment and oxygenated treatment. For the first time, EPRI will derive action levels to prevent corrosion and incorporate them into the next revisions of the operating guidelines.
Project Benefit: Improve overall unit availability and reduce the effects of chemistry related boiler tube failure which in turn would improve the efficiency of the boiler. Improve guidelines on avoiding deposition-related performance losses in steam turbines.

66A Engineering and Economics Evaluations and Market Assessments of Advanced Coal Generation Options
Project Summary: This project provides power generators with a better understanding of the technical and financial risks associated with advanced coal investments (formerly a supplemental project called Coalfleet of Tomorrow). This project tracks the implementation of the U.S. Energy Policy Act Of 2005 and related state incentives for advanced coal technology deployment. This project provides generation planners with information on cost trends for natural gas and coal, their competitive relationships, and power generation capacity requirements for selected regions in the United States and globally.
Project Benefit: This project provides an enhanced knowledge concerning the technical and financial risk related with advanced coal investments and provides power generators with up-to-date state and U.S. Energy Policy Act of 2005 regulations for advanced coal technology deployment. Generation planners are provided with cost trends for fuel (natural gas and coal) that enhance their ability for success in competitive markets.

66C Combustion-Based Power Plant Development Support (PC and CFBC).
Project Summary: This project (a consortium of public agencies, research laboratories and industry) is fabricating, testing, and evaluating boiler and steam turbine components made of advanced, post-ferritic alloys. This project advances the understanding of oxy-combustion technologies for PC (pulverized coal) and CFBC (circulating fluidized bed combustor) plants by evaluating design studies and pilot plant results as well as their implications for scale-up to larger demonstrations and commercial units. This project provides updates for EPRI's design guidelines for advanced PC plants and creates the first edition of a similar guideline for advanced CFBC plants. This project evaluates various post-combustion CO2 capture technologies for application to new advanced PC and CFBC units. This project conveys lessons learned from the UltraGen demonstration projects as the projects progress through the design and permitting process.
Project Benefit: Operation of Ultra Supercritical Boiler at increased temperatures to 1400° and pressures to 5000 psig will increase efficiencies to greater than 45% and reduce CO_2 emissions by 15% to 22%. Increase the knowledge for oxy-combustion technologies for PC and CFBC plants. Provides lessons learned from previous PC and CFBC projects through technical meetings and informative presentations. Also provides guidelines for near zero emissions. Gives an insight on post-combustion CO2 capture technologies possibly boost efficiency and minimize CO2 emissions.

71.001 Combustion Performance and NO_x Control
Project Summary: This project takes a multi-faceted approach to understanding and resolving the costly consequence of accelerated fireside corrosion exacerbated by low-NO_x operation. It includes: the impacts of coal quality, such as the roles of chlorine, sulfur, and fuel blends; the effects of boiler design and low NO_x, material-based solutions and issues. This project group will develop guidelines and best practices that enable funders to exploit cost effective combustion modifications to the fullest extent for the purpose of reducing emissions and improving performance. Specific tasks and goals include: site demonstrations to assess innovative methods of mitigating ash deposition, including impulse generators, additives, and other advanced methods; development and application of ash deposition predictive software based on CCSEM/Fractionation; participation in the Coal Quality Group to share best practices and experiences; enhancement of guidelines for identifying and solving ash deposition-related problems. EPRI will continue to use its full-scale Coal Flow Loop facility to assess near-commercial coal flow measurement technologies.
Project Benefit: The use of the Corrosion Predictor model and other state-of-the-art modeling tools will be used to develop guidelines to assess waterwall wastage based on coal quality, furnace design, and operability. The project will potentially save through improved boiler performance which will increase revenue through regained lost capacity. This project will improvement of coal, heat and air flow measurement and control thus giving better efficiency and saving on usage of coal, heat, and air due to tighter monitoring.

76.004 Particulate and Opacity Control
Project Summary: Complete the demonstration of "EPRIswitch" at two or three sites, such as plants burning PRB or low-sulfur bituminous that currently need SO_3 conditioning, or which inject calcium sorbent for SO_2 control. Through this project, EPRI will complete field tests at plants with these types of ash property data and current ESP performance, including electrical characteristics; design, install, and test potential countermeasures, such as hopper baffles, "EPRIswitch", Indigo Agglomerator, and additives. Application of other emerging technologies such as sieving ESP; and demonstrate the effectiveness of wet ESP's either post-FGD or replacing the last field of a conventional dry ESP are to be examined. This project will monitor the literature and conferences for potentially cost-effective novel technologies. The project will complete the ongoing effort to develop a good mechanistic and quantitative understanding of SO_3 formation processes in the boiler in order to conceive, design, and test mitigation strategies.
Project Benefit: Savings by avoiding expensive upgrades extending the bag life through better fabrics is an expected benefit of this project. Reducing or avoiding alkali injection for SO_3 reduction by combustion modifications can result in substantial savings.

77 Continuous Emissions Monitoring
Project Summary: This project will shorten the learning curve concerning the new Mercury Monitors and calibration/standardization issues with NST protocols. EPRI will conduct field test to develop the data needed to evaluate alternative PM certification

procedures and their applicability to units with FGD systems or bag houses. This project will investigate a quantum cascade laser that offers promise for multi-pollutant monitoring.

Project Benefit: This project provides lessons learned enabling the learning curve for the installation, certification and continuously operation of mercury emissions monitors, alternative particulate mass (PM) certification procedures and their applicability to units with FGD systems or baghouses.

87 Fossil Materials and Repair
Project Summary: This project focuses on all aspects of materials used in power production, including materials degradation, failure analysis, material selection, component life assessment, and advances in material technologies. Developments and repair solutions will be provided to members through demonstrations, procedures, reports, conferences, and workshops that meet participants' needs.
Project Benefit: This project will provide failure analysis guidelines and component life predictions. It supports repair solutions through demonstrations, procedures, reports, conferences, and workshops. Establish a deeper foundation of corrosion and abrasive damage affecting power plants thus giving a better understanding of the reliability of materials under these influences.

104 Fossil Maintenance Applications Center (FMAC)
Project Summary: Technical maintenance guidelines will be produced that address topics related to plant maintenance including plant equipment, systems, or processes. A typical equipment guide will include equipment description, failure modes, application information, troubleshooting, preventative maintenance tasks and basis, and any special considerations. These guides are intended to also provide basic knowledge about the components to assist stations in developing a solid training basis for the staff.
Project Benefit: Guidelines are standard formats and address the most current technology-based maintenance resolutions in preventive and condition-based maintenance. Subsections in the guidelines address basic and advanced knowledge needs of the maintenance organization to strengthen or provide training. Information is provided in a clear, easy-to-read manner to the tactical maintenance organization with precautions and advice to reduce human error. Over 80 maintenance application guides have been created which reduces mistakes, improves maintenance speed and planning and reduces costs.

165 CO_2 Capture and Storage
Project Summary: EPRI provides a link to the worldwide CCS RD&D community through its participation in the IEA Greenhouse Gas Program and MIT Carbon Sequestration Initiative. Under this project, EPRI is participating in the development of two alternatives to amine-based CO_2 capture processes: chilled ammonia, and solid carbonate. (This project with supplemental support allows participants access to information from the Chilled Ammonia Demonstration Project conducted at WE Energies Facility in Pleasant Prairie, Wisconsin.) EPRI is addressing these needs through its

participation in the oil-company-led, multi-million-dollar Carbon Capture Project Phase 2 (CCP2). CCP2's focus is expedited certification of injection plans and selected storage formations; well integrity; MMV approaches suited for CO_2 underground flow management using surface measurements; and models that correctly simulate the CO_2-formation geochemistry, the CO_2 plume, possible leakage pathways, and related issues. Under this project, EPRI participates in three of DOE's Regional Carbon Sequestration Partnerships which benefit project members with information and current direction.

Project Benefit: This project investigates the feasibility and problems with reduce carbon emissions by add-on CO_2 capture systems for combustion-based fossil power plants. The project provides insight on the subject of CO_2 disposal/storages and utilization issues. This project supports the development of carbon sequestration technology.

42 Air Toxics Health and Risk Assessment

Project Summary: The EPRI whole-atmosphere Advanced Modeling System for Transport, Emissions, Reaction, and Deposition of Atmospheric Material (AMSTERDAM) model will be used to run 12-km resolution case studies for up to three U.S. sub domains for mercury and other air quality utility scenarios. The case studies will be run under global and U.S. emissions projections out to the year 2020 and perhaps beyond, for a variety of scenarios. These scenarios are likely to include U.S. "business as usual" (no changes to current operations), global business as usual, global regulatory with and without international trading, and global change. As requested by stakeholders, finer-scale runs with alternative systems and source scenarios will also be run. All of the information will enter the EPRI global database for interpretive reporting.

Project Benefit: EPRI's research and analyses continue to provide cutting-edge results that are highly valued by the scientific community, regulators, and the public (including the media). Communication efforts inform the national and regional debate on current and future regulatory initiatives related to mercury and other air toxics. Program research provides member and cooperating institutions with planning information for decision making, resource management, and planning of future operations. The research informs current planning for environmental monitoring of national mercury levels.

***49* Coal Combustion Products – Environmental Issues**

Project Summary: This project provides laboratory and field information on CCP characteristics, including their chemical composition and leaching characteristics. Current research focuses on changes to CCP characteristics as a result of new air emission control technologies, laboratory leaching methods and leaching models, and characterization of field leachates. EPRI has developed a large database on CCP characteristics, and additional data will be developed as new control technologies evolve. Special focus will be directed to flue gas desulfurization (FGD) solids and to CCPs from blended coals and nondomestic coals. IGCC by-products will also be a focus over the next few years. All of the characterization and assessment data will be incorporated into a database for comprehensive evaluation of CCP management sites, and eventually into a geochemical model for predicting long-term leaching characteristics under various management scenarios.

Project Benefit: This project supports fundamental geochemical data in support of permitting, compliance, and groundwater assessment at CCP disposal sites and will facilitate risk-based decision making considering the long-term behavior of CCPs in the environment. The project includes development of laboratory leaching methods, a robust leachate database, and modeling tools can be used by power companies to evaluate the impacts of fuel changes, changes in plant operation, flue gas additives, and other modifications. A wide-range of reports on coal ash and co-managed wastes provided the basis for regulatory determinations by EPA on management of CCPs as nonhazardous materials, resulting in industry wide savings estimated at more than $3 billion. Lastly, research on mercury in CCPs supports decision making processes and public communication efforts on power company efforts to control release of mercury to the environment.

54 Fish Protection at Steam Electric Power Plants
Project Summary: Building on its past work in impingement, entrainment, and fish population and community sampling and assessments, EPRI will continue to improve and develop technical resources to support member compliance with the provisions of the §316(a) and (b) regulations. Most importantly, EPRI's research efforts will be directed at the development of information to support site-specific development of Verification Monitoring Plans, including research on the extent and reasons for dead and moribund fish and on biological criteria for their identification.
Project Benefit: This project develops strategic and cost-effective §316(a) and (b) compliance plans. This information is provided to the U.S. Environmental Protection Agency (EPA) in the Agency's efforts to revise the scope of the §316(b) Phase II Rule in light of Second Circuit Court 2006 decisions. Defrays or avoids expensive research costs that could exceed half a million dollars or more if funded individually.

57 ROW: Siting, Vegetation Management, and Avian Issues
Project Summary: The project focuses on providing information and tools to ROW (right of way) managers for the cost-effective management of vegetation along transmission and distribution ROWs. It addresses the most critical aspects of the management of vegetation and related environmental conditions along transmission and distribution ROWs. Project deliverables provide information on the cost-effective control of vegetation, using a framework of integrated vegetation management (IVM) and reliability-centered maintenance, and address related environmental conditions, such as conservation goals.
Project Benefit: Results from this project will be of use to utility vegetation management to reduce the cost of vegetation management and the frequency of outages on transmission and distribution systems. Environmental managers, in concert with vegetation managers, can apply the information to develop company stewardship goals. It is incumbent upon members to be proactive in reading and applying the results to meet internal and external needs.
***56* Effluent Guidelines and Water Quality Management**
Project Summary: Wastewater characterization is conducted to evaluate the impact of FGD wastewater and wastewater management options to comply with existing permit

limits and to assist in negotiating future permits. Studies evaluate the partitioning of trace metals (e.g., mercury, selenium, arsenic) in the FGD solids (gypsum) and wastewater. The form or speciation of some metals (specifically selenium and arsenic) can impact health as well as wastewater treatment options. The chemistry of selenium oxidation in the wet FGD is evaluated in order to optimize selenium wastewater management with traditional SO_2 treatment performance. The various sampling and analytical approaches for selenium, arsenic, and mercury are evaluated using power plant matrices to determine suitable approaches. EPRI will continue to monitor EPA analytical method development efforts and work to develop alternative approaches as needed.

Project Benefit: This project provides credible, accurate data to inform the EPA effluent guidelines study making the rules based on good science. This information improves risk management and supports development of science-based regulations. The results provide data for permit negotiations by developing predictive estimates for trace substance concentrations in wastewater, as well as developing toxics management options that could reduce environmental discharges and potentially reduce operating costs.

59 PISCES - Plant Multimedia Toxics Characterization

Project Summary: This project develops tools for long-term planning of fuel purchases and data on the performance of conventional control technologies (e.g., SCR, selective non-catalytic reduction [SNCR], fabric filter upgrades) for optimizing control of mercury and other criteria pollutants. This project investigates halogen concentrations in the coal and subsequently in the flue gas, and their impact on SCR mercury oxidation, as well as approaches to enhancing overall mercury removal. Existing correlations are refined to predict mercury emissions (as well as speciation and removal) based on fuel type, control technology, and possibly the level of halogens in coal.

Project Benefit: This project provides power plants with tools to estimate and predict SCR/FGD mercury co-benefit removals and cost-effective approaches to enhancing overall SCR/FGD mercury removal. This project assists power plants in monitoring mercury emissions and complying with regulatory requirements.

92 Assessments of Air Quality Impacts on Health and the Environment

Project Summary: This project includes research on the health effects of air pollution, including health effects related to the size and chemical composition of particulate matter, as well as of gaseous pollutants. The research includes evaluation of air pollution and PM health effects in the context of other pollutants and meteorology, assessment of the biological basis for health effects, estimation of personal exposure, and determination of the role of measurement error and statistical artifacts in epidemiological studies. The scientific approach is threefold: epidemiological studies, exposure studies, and toxicological studies. The epidemiological research consists of studies that relate illness suffered in the short term to air pollution (acute studies), as well as studies of more-chronic responses. Exposure assessment research provides an indication of the relative importance of different pollutant sources in exposure. Toxicology research allows evaluation of causality in a controlled setting. Taken together, these studies represent a full-spectrum approach to understanding health effects from air pollution. Efforts are also devoted to reviews of other key studies and reports that address the issue of health effects of air pollution.

Project Benefit: This program supports research designed to better protect public health. Program results provide for more informed decision-making by the U.S. Environmental Protection Agency (EPA) and others that set health-based ambient standards through an improved understanding of the health effects of air pollution. The next revision of the National Ambient Air Quality Standard for PM-2.5 is scheduled for 2010. Acknowledging differences in particulate matter component toxicity could have a significant impact on the costs to implement potential future emissions reductions. Costs to the electric industry to implement current regulations are estimated to be between $34 billion and $140 billion. Program research provides credible science to assist in the development of State Implementation Plans. Program research provides a more accurate estimate of the health impacts of new coal generation.

103 Greenhouse Gas Reduction Options

Project Summary: EPRI initiated the Global Energy Technology Strategy Program (GTSP) with Battelle in early 1997 to begin to address the role of technology in climate policy. The program, which subsequently gained government and other private funding, has succeeded in increasing both U.S. and international understanding about the importance of technology advances. Phase III of the program (2007–2009) is focused upon: 1) in-depth understanding of specific technologies (carbon capture and storage, nuclear energy, end-use efficiency, renewable energy sources, and transportation); 2) exploration of technology issues in the United States, China, India, and other key countries, focusing on both economic and institutional issues; 3) integrated global climate policy modeling; and 4) examination of strategies for spurring technology innovation.

Project Benefit: This project estimates the value of technology innovation and helps companies assess potential advanced technology investments. It examines economic and institutional issues affecting technology adoption in the United States, China, India, and other key nations and evaluates approaches for promoting technology innovations.

170C Demand Response Technologies and Tools

Project Summary: This project establishes a vendor network and a living laboratory to test intelligent "energy efficiency" components in joint efforts with equipment suppliers to understand technical capabilities and determine where gaps exist. EPRI's Power Electronic Application Center (PEAC) laboratory in Knoxville is the hub of the living laboratory and is linked and coordinated with other university, manufacturer and utility testing laboratories, and U.S. national laboratories. IntelliGrid (P161) and End-Use Energy Efficiency and Demand Response in a Carbon Constrained World (P170) is currently being investigated. The laboratory and demonstration work being done tests the operation and performance of smart end-use devices; lighting, thermostats, advanced adjustable speed drives, and the like. The work being done in the two programs are complementary; they are both required for end-to-end operation of successful dynamic energy management systems. In addition to operating smart end-use devices in its own laboratory, EPRI will work closely with technology application centers operated by

members, their customers, and other national/international laboratories, and transfer appropriate smart end-use technologies for use by members.
Project Benefit: This project provides credible, unbiased assessments of smart end-use products and their underlying technologies to inform utility decision making and to minimize risk. This project provides industry-level reference designs for components and systems to promote interoperability and transfers end-use technologies to members and their customers.

170D Analytics, Customer Behavior, and Knowledge Transfer
Project Summary: This project entails the development and application of either a web-based application or software to help utilities and policy makers assess the impact of energy efficient and demand response technologies on CO_2 emissions reductions. This project will leverage the CO_2 emission reduction methodologies developed through EPRI's 2007 Energy Efficiency Initiative, and will seek collaboration with similar efforts underway at the U.S. Department of Energy, the Executive Board of the Clean Development Mechanism, California Climate Action Registry, Regional Greenhouse Gas Initiative, and other organizations. The first step in this effort will be a technical report that defines the functional specifications and requirements of the application. EPRI will solicit considerable feedback from participating utilities for this effort. The beta version of the tool, whether delivered as packaged software or as a web-based application, will be tested by participating utilities and calibrated before final release.
Project Benefit: This project enables quantification of the emission reduction impact of energy efficient and demand responsive technologies and provides utilities with a tool to work effectively with customers, regulators, and policy makers to establish a "societal business case" for new technologies, enabling greater adoption of energy efficient and demand responsive technologies. Implementation of this project will reduce CO_2 emissions and carbon footprint.

Carbon Management Program, University of Kentucky Center for Applied Energy Research
Project Summary: This multi-year project investigates post-combustion CO_2 capture process for the existing coal-fired fleet and involves the development and heat optimization of an amine-based CO_2 Scrubber Process, including the evaluation and development of an integrated CO_2 Capture/Fertilizer Byproduct Process. Insitu Oxy-fuel Combustion CO_2 purification process for the future power plant will be investigated using Pressurized Chemical Looping Combustion Combined Cycle (PCLC-CC) approach. The end result of this work will provide Process Simulation and Optimization of CO_2 Capture Technologies for Existing Power Plants.
Project Benefit: Insight into the application of CO_2 Capture Process will provide planning and verification of potential technologies to remove carbon from flue gas streams. This information will provide a basis for decision making and economic feasibility evaluations. The energy requirements and affect to plant efficiency are evaluated.

FutureGen Alliance
Project Summary: This multi-year project represents a consortium of 13 coal and utility companies and the Department of Energy to validate the cost and performance of an integrated, near-zero emission, coal-fueled power plant through the advancement of IGCC technology and carbon capture, sequestration and H2-production technologies. This project sets groundwork for CO_2 sequestration siting and licensing and creates the technical basis to retain coal in the global energy mix with a long-term goal of zero emissions.
Project Benefit: Knowledge and experience from participation in this project will provide a better framework for technology decisions and planning of future generation facilities. This project ultimately creates the technical basis to retain coal in the global energy mix with a long-term goal of zero emissions.

University of Louisville Underground Infrastructure Research
Project Summary: This multi-year project creates a "test bed" of underground pipe to allow companies to train their employees on ground penetrating radar to identify infrastructure and underground problems
Project Benefit: The ability to see underground pipe and conduit prevents damage and expense to customer connections.

University of Louisville Financial Modeling
Project Summary: Correlate new business expense with per capita gas and electric usage to explain the lack of increases in net revenue for increased new business capital costs.
Project Benefit: Better serve and respond to customer's needs and decisions.

Carbon Storage - Western Kentucky Carbon Storage Foundation, Inc.
Project Summary: This project investigates and demonstrates the feasibility of drilling and pumping compressed Carbon Dioxide into underground spaces for permanent storage of CO_2. This collaborative effort with the Governor's Office of Energy Policy and Kentucky Geological Survey will estimate the sequestration potential of Kentucky coal fields and the potential for enhanced oil and gas production.
Project Benefit: Understanding the difficulties and risk associated with drilling and permanent storage of CO_2 will have a significant impact to customer rates and utility expenses and liabilities.

d. EPRI's total expense in calendar year 2007 (the most current information available) were approximately $308 million for research and development activities. The University of Kentucky, Center for Applied Energy Research total expense in calendar year 2007 is approximately $8 million for research and development activities.

e. The expected benefits are included in (c) above.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 48

Responding Witness: Shannon L. Charnas

Q-48. Provide the average number of customers for each customer class (i.e., residential, commercial, and industrial) for the 3 calendar years preceding the test year, the test year, and for each month of the test year.

A-48. See attached.

Louisville Gas and Electric Company - Electric Customers
Case No 2008-00252
Summary of Average Number of Customers
For the Calendar Years 2005 through 2007 and the
Test Year ending April 30, 2008

Period	Residential	Sm Comm Industrial	Large Commercial	Large Industrial	Pub Street Highway Lighting	Other Public Authorities	Total Ultimate Consumers	Off-System Sales	Total
12 Mos Ending Apr. 2008	353,250	39,227	2.557	391	3,410	2,295	401,130	21	401,151
2007	352,699	39,326	2,546	393	3,429	2,310	400,703	21	400,724
2006	349,821	38,721	2,511	398	3,458	2,422	397,331	7	397,338
2005	346,164	38,103	2,509	398	3,489	2,335	392,998	14	393,012
Monthly total customers for the test year:									
May 2007	353,329	39,256	2,557	392	3,445	2,311	401,290	22	401,312
Jun. 2007	353,401	39,451	2,569	397	3,437	2,313	401,568	24	401,592
Jul. 2007	353,848	39,390	2,565	394	3,430	2,314	401,941	24	401,965
Aug. 2007	354,009	39,526	2,569	392	3,437	2,269	402,202	22	402,224
Sep. 2007	352,926	39,517	2,568	394	3,435	2,303	401,143	22	401,165
Oct 2007	352,578	39,509	2,549	392	3,430	2,311	400,769	21	400,790
Nov. 2007	352,884	39,378	2,556	392	3,421	2,307	400,938	19	400,957
Dec 2007	352,637	39,493	2,510	386	3,324	2,292	400,642	20	400,662
Jan. 2008	352,973	38,795	2,557	394	3,409	2,261	400,389	22	400,411
Feb. 2008	352,676	38,782	2,567	388	3,408	2,268	400,089	19	400,108
Mar. 2008	354,271	38,841	2,554	388	3,376	2,307	401,737	17	401,754
Apr. 2008	353,463	38,791	2,557	388	3,373	2,285	400,857	19	400,876
Average	353,250	39,227	2,557	391	3,410	2,295	401,130	21	401,151

Louisville Gas and Electric Company - Gas Customers
Case No 2008-00252
Summary of Average Number of Customers
For the Calendar Years 2005 through 2007 and the
Test Year ending April 30, 2008

Period		Residential	Commercial	Industrial	Other Public Authorities		Total Ultimate Consumers
12 Mos. Ending Apr. 2008		300,002	24,237	272	1,038		325,549
2007		299,887	24,279	272	1,044		325,482
2006		297,666	24,096	282	1,050		323,094
2005		295,040	23,850	289	1,045		320,224
Monthly total customers for the test year:							
May 2007		300,345	24,235	271	1,045		325,896
Jun. 2007		300,147	23,995	273	1,036		325,451
Jul. 2007		300,052	23,849	272	1,025		325,198
Aug. 2007		299,804	24,034	271	1,031		325,140
Sep. 2007		299,040	24,039	274	1,041		324,394
Oct. 2007		299,089	24,087	275	1,042		324,493
Nov. 2007		299,801	24,338	268	1,039		325,446
Dec. 2007		299,958	24,620	267	1,059		325,904
Jan. 2008		300,275	24,414	271	1,039		325,999
Feb. 2008		300,043	24,443	269	1,039		325,794
Mar. 2008		301,037	24,468	273	1,031		326,809
Apr. 2008		300,433	24,322	274	1,029		326,058
Average		300,002	24,237	272	1,038		325,549

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 49

Responding Witness: Paula H. Pottinger, Ph.D.

Q-49. Provide all current labor contracts and the most recent contracts previously in effect.

A-49. See attached. The contract expires November 10, 2008. Negotiations for a successor contract will begin this fall.

ARTICLE 1
RECOGNITION

The Company recognizes the Union as the exclusive collective bargaining agent for all employees of the Company engaged in operation, production, construction and maintenance, including meter readers, servicemen, collectors and inspectors, temporary and summer employees, and custodial employee classifications, but excluding all other employees in the Commercial Department, Accounting Department, Market Services Department, right-of-way agents, cadet engineers, co-op students and internships, office clerical employees, and all professional employees, guards and supervisors as defined in the National Labor Relations Act, as amended.

ARTICLE 2
MANAGEMENT

By reason of the nature of the business of the Company it is essential, and is therefore agreed, that the management of the Company and the supervision and control of all operations and the direction of the working forces, including the right to relieve employees from duty because of lack of work, or for just cause, the right to hire, suspend, discharge for cause, promote, demote or transfer employees, and the right to operate the Company should be, and is, vested in, and reserved to, the Company, except as herein limited.

The Company shall have the right to formulate and enforce rules and regulations dealing with employee conduct and work and safety which are not in conflict with this Agreement. The Company will notify the Union office in writing at least fourteen (14) calendar days prior to implementation of any new or revised rules or regulations and shall meet to discuss such changes during the fourteen (14) calendar day period if requested.

ARTICLE 3
UNION SECURITY

SECTION 3.01: The Union is required under the terms of this Agreement to represent all of the bargaining unit employees of the Company fairly and equally without regard as to whether or not such employee is a member or agency fee payer of the Union. Accordingly, it is deemed fair that each such bargaining unit employee pay his own way and assume his fair share of the obligation along with the grant of equal benefits contained in this Agreement. Neither the Company nor the Union shall exert any pressure on, or discriminate against, any such bargaining unit employee as regards such matters.

SECTION 3.02: The Union agrees that it shall from time to time promptly accept for membership in the Union any person, not at such time a member or agency fee payer of the Union, (a) whom the Company desires to employ to perform for the Company work covered by this Agreement and who signifies his willingness to become a member or agency fee payer of the Union, or (b) who is an employee of the Company performing for it work covered by this Agreement and who signifies his willingness to become a member or agency fee payer of the Union.

SECTION 3.03: The term "willingness to become a member of the Union" as used in this Agreement shall mean and refer to a person who applies to the Union for membership therein, tenders the initiation fees uniformly required by the Union as a condition to membership therein and agrees to pay the periodic dues uniformly required by the Union as a condition to membership therein.

SECTION 3.04: Each regular bargaining unit employee who was employed on or before September 29, 1980, shall, as a condition of continued employment, pay to the Union directly or by way of proper authorization for payroll deduction in the manner provided in Section 3.08 of this article, until the expiration of this Agreement, an amount of money uniformly required from the members or agency fee payer of the Union, which shall be limited to an amount of money equal to the Union's regular and established initiation fee, if applicable, and the Union's regular and established monthly dues or agency fees.

All employees covered by this Agreement who are in the employ of the Company on the effective date of this Agreement and who at that time are members or agency fee payers of the Union or who thereafter become members or agency fee payers of the Union shall, during the remainder of the term of this Agreement, as a condition of continued employment maintain their membership or agency fee payer status in the Union.

All employees covered by this Agreement who have been employed since September 29, 1980, or who are employed during the term of this Agreement, shall become and remain members or agency fee payers of the Union on the effective date of this Agreement, or in the case of newly hired employees, on the thirty-first day of employment.

SECTION 3.05: Any regular bargaining unit employee, who fails to comply with the foregoing provisions, shall, within ten (10) work days after the Company is in receipt of due notice by registered or certified mail from the Union, be notified by the Company in writing that he is being placed upon thirty (30) calendar days notice, and at the end of such period, having failed to comply with this provision, shall be discharged.

SECTION 3.06: The Union shall indemnify and save the Company harmless against any and all claims, demands, suits or other forms of liability that may arise out of or by reason of any action taken or not taken by the Company for purposes of complying with the provisions of this article.

SECTION 3.07: The Company agrees to notify each new bargaining unit employee of the existence of this Agreement. In addition, the Company shall, within a reasonable period of time after the effective date of employment of each new bargaining unit employee, advise the Union in writing as to the name of such new bargaining unit employee, his address, work location and wage rate.

SECTION 3.08: The Company shall make collection of union dues or agency fees of any bargaining unit employee, who is or is not a member or agency fee payer of the Union, through payroll deductions, upon proper authorization in writing signed by such bargaining unit employee and delivered to the Company, within the ten (10) work days after its execution; shall pay monthly to the Financial Secretary of the Local Union the total amount thus deducted from all bargaining unit employees for whom such authorizations are in effect; and shall monthly, promptly after the first payday, furnish such Financial Secretary an itemized list showing, for the period subsequent to the last previous list, the names, addresses, work locations, and wage rates of the bargaining unit employees in respect of whom the payroll deductions were made and the respective amounts of such deductions. Deductions shall be made only from the wages paid to bargaining unit employees on two (2) of the paydays in the month for which the dues are owing.

SECTION 3.09: The Financial Secretary of the Local Union shall certify to the Treasurer (or other properly designated representative) of the Company, in writing and in such form and detail as the Company shall direct, the amount of the regular monthly union dues or agency fees which shall be deducted for such month under the authorizations provided for in Section 3.08 of this article. In each case where there is any change to be made in the amount so certified, the Financial Secretary shall, on or before the twentieth day of the month immediately preceding the month in which such change is to be effective, certify such fact and the changed amount to be deducted.

SECTION 3.10: Cancellation by a bargaining unit employee of his written authorization for payroll deduction shall be in writing signed by the bargaining unit employee and, upon receipt thereof, the Company shall honor any such cancellation. Cancellations shall be forwarded promptly to the Financial Secretary (or other properly designated representative) of the Union. A bargaining unit employee's authorization shall be deemed automatically canceled if such employee leaves the employ of the Company (including bargaining unit employees who are granted leaves of absence) or is transferred or promoted out of the bargaining unit.

SECTION 3.11: No dues or agency fees shall be deducted when sufficient pay is not available after allowing for all other authorized deductions. In such a case, the Union dues or agency fees shall be deducted on a subsequent payday (if any) in the same month if sufficient pay is available.

Any employee who is a member of and adheres to established and traditional tenets or teachings of a bona fide religion, body or sect which has historically held conscientious objections to joining or financially supporting labor organizations shall not be required to join or financially support the Union as a condition of employment hereunder; provided, however, that such employee shall be required to pay, in lieu of periodic dues or agency fees and initiation fees, sums equal to such dues or agency fees and initiation fees to a nonreligious, non-labor organization charitable fund exempt from taxation under Section 501(c)(3) of Title 26 of the Internal Revenue Code, chosen by such employee from the following three funds:

1. Old Kentucky Home Council, Boy Scouts of America

2. Kentuckiana Council, Girl Scouts of America

3. Metro United Way

If such employee who holds conscientious objections pursuant to this provision requests the Union to use the grievance-arbitration procedures on his behalf, the Union has the right, in accordance with Section 19 of the National Labor Relations Act, as amended, to charge the employee for the reasonable cost, which shall be determined by the Union, of using such procedure.

SECTION 3.12: Each new employee during his orientation shall be provided by his Department with the following:

(a) A copy of this Agreement;

(b) A copy of the Company's work rules, including Absenteeism and Tardiness rules and regulations;

(c) A copy of the Safety Manual;

(d) The telephone number(s) to call to report absence or tardiness;

(e) The names of employee's immediate supervisor and the supervisor's immediate superior; and,

(f) A list of Stewards and Chief Stewards furnished the Department by the Union.

The Company will provide the appropriate Chief Steward, or his designated representative, with written notification of any newly-hired employee assigned to the Chief Steward's area within two (2) weeks of such assignment. The Union will be notified in advance of any formal employee orientation meetings.

Nothing in this Section shall enlarge upon the rights of new employees as set forth elsewhere in this Agreement.

ARTICLE 4
UNION BUSINESS

1. SECTION 4.01: Any regular employee covered by this Agreement who is or may be elected or appointed to an office in the Union requiring his absence from duty with the Company, upon written request by the Union, shall be granted a leave of absence without pay for the duration of his term or terms of office. He shall be reinstated to employment upon completion of his term of office with restoration of full seniority, including the time served in union office, if he applies for reinstatement within thirty (30) calendar days after expiration of his term. Provided he is capable of performing the work and has retained qualifications, he shall be reinstated to his former position or its equivalent on the shift and at the location he was assigned prior to his term in the Union office, if available. He will be allowed time off from work without pay for any vacation entitlement he may have earned from the Union while on such leave of absence and such time will be treated as though it were vacation for absenteeism purposes. Time off will be granted only to the extent scheduling will permit which does not interfere with the established vacation schedule in accordance with Article 13. The Company shall not be required to grant more than four (4) leaves of absence under this Article at the same time. However, the Company may, upon proper request from the Union, authorize more than four (4) such leaves of absence. Two (2) of the above authorized four (4) leave of absence employees may instead be employees chosen by the Union who will remain active, but will be on full-time special assignments. Such employees will primarily focus on the two functions described below or must actually perform services directly related to the administration and enforcement of the CBA to include, without limitation, acting as the Union's chief representative for the Joint Health and Safety Committee as detailed in Article 34. Compensation shall be limited to loss of straight-time wages at the employee's rate immediately prior to the start of his special assignment, adjusted for regular increases.
    - One position to focus on working with contractors and Building & Trade unions to improve the potential for union contractors to be competitive in the bidding process.
    - One position to focus on safety training for both employees and contractors.

SECTION 4.02: Any regular employee covered by this Agreement who is elected or appointed to an office in the Union requiring his temporary absence from duties with the Company may, upon proper written request to his supervisor, specifying the dates of, and reasons for such absence, be excused from work without pay, provided that the Company can arrange for a substitute to perform the employee's work, and provided further that any such leave or sum of such leaves shall not exceed thirty (30) working days in a calendar year. However, the Company will give additional consideration in this area on a case-by-case basis.

SECTION 4.03: When an employee needs to attend a Union committee meeting during his regular scheduled workday, he shall be excused from work without pay for that purpose, upon proper written request to his supervisor, provided that the Company can arrange for a substitute to perform the employee's work.

SECTION 4.04: An employee who is elected by the Union to serve as a delegate to Union conventions or other similar Union meetings shall, upon proper written request to his supervisor, be excused from work without pay for sufficient time to attend such conventions or meetings.

SECTION 4.05: The Company shall compensate an employee only for the regular straight-time hours actually lost by such employee because of the employee's documented participation in the contractual grievance procedure, K.O.S.H.A. inspections, and arranged meetings, as outlined below:

(a) For time spent by Shop Stewards, Chief Stewards and other employees authorized by this Agreement to participate in the processing of a grievance under the terms of the grievance procedure set forth in Article 5.

(b) For time spent by a Union member who is requested by the Company or K.O.S.H.A. to attend opening or closing conferences or the walkaround of a K.O.S.H.A. inspection of a Company facility.

(c) For time spent in arranged Company authorized meetings with Company representatives.

SECTION 4.06: Union business except as specifically provided herein, shall not be conducted during employee's working time unless specifically authorized by the Company.

SECTION 4.07: Union members who are excused from work for the conduct of Union business, and who are not eligible for compensation by the Company for time so spent, shall, upon request by the Union, be compensated by the Company for straight-time hours spent. The Union will reimburse the Company for these hours upon proper notice. The Company's obligation under this section shall be suspended if, after thirty (30) calendar days from demand for proper reimbursement, such reimbursement is not received by the Company. Any contested amount of reimbursement is all that may be withheld by the Union to avoid the suspension of such obligation.

SECTION 4.08: An employee who is elected or appointed to a full-time position with the Union shall be permitted to participate only in the following Company fringe benefit plans:

(a) Group Medical Insurance Program
(b) Group Dental
(c) Retirement Income Plan
(d) The programs described in Section 29.09

Except for the benefits described in subsection (d) above, the total cost of participation in the above-listed fringe benefit plans for an employee elected or appointed to a full-time position with the Union, and who elects to participate in such benefit plans, shall be paid for by the Union. Such cost shall be payable when due, upon proper notification to the Union, for all time the employee holds such elected or appointed position.

SECTION 4.09: For the purpose of Sections 4.02, 4.03 and 4.04 of this article, seven (7) calendar days shall be considered "proper written request" provided the Union is aware of the need for the individual's absence at that time. In any case, the Union will notify the Company as far in advance as possible if the seven (7) calendar day notification cannot be met. In such case, the Company will make every effort to accommodate the Union's request consistent with operational needs. However, the Company shall not be obligated to release any employee if written notice is received less than forty-six (46) hours prior to the beginning of the employee's scheduled work day from which he seeks to be released in whole, or in part. Leaves of absence shall not be unreasonably withheld by the Company.

SECTION 4.10: With the exception of the provisions of Section 4.05 above, there shall be no other compensation for Union business.

SECTION 4.11: Bulletin boards shall be furnished by the Company for the Union's use for the purpose of posting notices to Union members. The Union agrees that it shall confine such posted notices to information concerning Company-Union relations and matters of concern to Union members. The Union further agrees it shall not post any notices that are derogatory or inflammatory in nature. Postings on bulletin boards shall be done by the Chief Union Stewards or their designated representatives.

ARTICLE 5
GRIEVANCE PROCEDURE

SECTION 5.01: A grievance is defined as a dispute an employee or the Union may have with the Company arising from or based on the interpretation, application or violation of the express terms of this Agreement and other related contractual agreements or established precedents.

SECTION 5.02: It is the intention of the parties that all complaints and grievances should be presented promptly and discussed within a reasonable time. It is the further intention of the parties that grievances should be settled, whenever possible, at the departmental levels where the greatest familiarity with the subject matter exists. Therefore, prior to filing a grievance at the First Step of the grievance procedure, an employee who has a complaint or problem which may thereafter be a grievance, may informally discuss such complaint or problem with his immediate supervisor. If the complaint or problem is not resolved at this informal discussion, then it may thereafter be referred to the First Step of the grievance procedure.

It is agreed that all grievances, except those involving discipline or discharge, shall be settled and determined through the following grievance procedure. Discipline and discharge grievances will be processed in accordance with Article 7.

First Step - the Union or any employee who believes that he has a justifiable grievance shall, within fourteen (14) calendar days after the cause of the grievance is known to the employee, or when it could have reasonably been known to the employee, verbally present and discuss the grievance with his immediate supervisor. The Shop Steward shall be present at this meeting and shall identify the verbal presentation as a formal grievance. If the grievance is not resolved at this meeting, the shop steward will specify the issue of the grievance and the date of this meeting on the First Step grievance form provided by the Union. The supervisor will sign acknowledging receipt of the grievance. The supervisor shall, within fourteen (14) calendar days of the initial meeting, notify the employee and the shop steward of the disposition of the matter.

A meeting will be held, within the above fourteen (14) calendar day period, in an attempt to settle the grievance using mutual gains bargaining (MGB) principles. The meeting may be attended by the aggrieved employee, his Shop Steward and Chief Steward or other designated Steward trained in MGB principles. Also in attendance may be the grievant's immediate supervisor and another management representative trained in MGB principals who shall then attempt to settle the grievance. Any new information the Union may discover after this meeting will be promptly brought to management's attention. The Union will not be unreasonably denied the opportunity to explain the new information, if necessary. Any settlement must be documented on the First step grievance form, signed by both parties and submitted to the Union Office and the Labor Relations Department. Within seven (7) calendar days of such settlement, the Union Office or the Labor Relations Department will have the opportunity to reject the settlement. If neither the Union Office nor the Labor Relations Department rejects the settlement, it may then be implemented. It is understood and agreed that settlements at this level of the grievance procedure shall not constitute a precedent for the interpretation and administration of this Agreement or any other like or similar grievance or grievances.

Second Step - If the grievance is not resolved, and is to be processed further, then within seven (7) calendar days after the supervisor's answer at the First Step of the grievance procedure or in the case of a rejected settlement, within seven (7) calendar days of notice of such rejection, the grievance shall be reduced to writing and submitted, by the President of the Union (or his designated representative) to the person designated by the Company for a Second Step grievance meeting. This meeting will be held within fourteen (14) calendar days of receipt, if practicable.

At the Second Step grievance meeting, a member of the Labor Relations staff (together with such associates as he may wish to assist him in the matter) shall meet with the Union Grievance Committee (which shall be composed of the Union President, the Chief Steward, the Shop Steward, and the grievant or their designated representatives, together with such non-employee associates as they may wish to assist them in the matter) to discuss and attempt to resolve the grievance.

Within fourteen (14) calendar days after the Second Step grievance meeting is conducted, a person designated by the Company shall answer the grievance in writing and give such answer to the Union President. If the grievance is not resolved at the Second Step of the grievance procedure, then, as prescribed in Article 6 of this Agreement, the President of the Union (or his designated representative) may submit a written demand for arbitration to the American Arbitration Association with a copy to the designated Company representative.

At any time after the expiration of ninety (90) calendar days following the date of the Company's Second Step answer for discharge cases or six (6) months following the date of the Company's Second Step answer for all other cases, the Company may inform the Union Office in writing that such grievance must be submitted to Arbitration within fourteen (14) calendar days after the receipt of such letter, or it shall be defaulted in accordance with the terms of Section 5.03.

SECTION 5.03: Any dispute, complaint or grievance arising from an alleged violation of this Agreement by the Company shall be deemed, considered and held to have been waived unless the same is presented for settlement and determination within the time limits as spelled out in the various steps of the grievance procedure. In the event a grievance is not processed within the specified time limits, unless the Company and the Union mutually agree otherwise, the grievance shall be deemed to have been defaulted and it will thereafter be settled in favor of the non-defaulting party. It is further understood that if a grievance is defaulted or waived it shall not constitute a precedent for the interpretation and administration of this Agreement or any other like or similar grievance or grievances.

SECTION 5.04: It is agreed that the Company will compensate, per Article 4, Section 4.05 of this Agreement, the grievant and the Stewards, who are authorized in this article, for documented time spent in investigating, processing grievances and participating in grievance step meetings with Company representatives. "Substitutes," "assistants," or "replacements" will only be recognized as being entitled to compensation under this Section if, where practicable, written advance notification is received from the Union office naming the changes in designated representatives that the Union desires to make. The Union agrees to keep the Company notified in a timely manner as to who has been designated a Shop Steward or Chief Steward, and which group or groups of employees that each one represents and shall provide the Company with an up-to-date list at the beginning of each calendar month. The Union further agrees to assign each Shop Steward to his current work site or work group.

The First Step of the grievance procedure shall be conducted during the scheduled working hours of the grievant as far as practicable. Second Step grievance meetings shall be conducted as far as practicable between hours of 8 a.m. to 5 p.m. Time of such meetings shall be by mutual agreement of the parties.

SECTION 5.05: In order to investigate grievances arising hereunder and/or to meet with representatives of the Company to attempt to adjust grievances for those employees in his designated work group or work area, the Union representative authorized to participate at the appropriate grievance step and to represent the grievant may be permitted to consult with any other employee within his designated work group or work area during the working time of either of them, provided he first obtains the permission of his own supervisor and then obtains the permission of the immediate supervisor of the employee being consulted and that such consultation shall not disrupt the Company's operations. The permission of the immediate supervisor in either case shall not unreasonably be withheld. Consultations of this nature shall be as brief as practicable with every reasonable effort made to limit their use to the involvement of only those employees as may be needed to establish the facts in each case.

In addition to the above limitations, grievance investigation as described herein shall be authorized only on Company property. However, after a grievance has been answered following the first step hearing, a Chief Steward may, if necessary, be authorized to attend the Union Office for purposes of grievance investigation provided, however, the appropriate labor relations/management representative receives a written request specifying the grievance being investigated, as well as the date, time and approximate duration of the investigation for which permission is requested. Such request must be received reasonably in advance of the date sought by the Chief Steward and shall be signed by the Union President or a Business Representative. Permission to attend the Union Office, provided these conditions are met, shall not be unreasonably withheld.

Additionally, should an employee be suspended pending discharge pursuant to Section 7.04 of this Agreement, the appropriate Chief Steward will, if necessary, be authorized to attend the Union Office, during his working time, prior to the suspension hearing after first obtaining the permission of his immediate supervisor. Permission will not be unreasonably withheld.

SECTION 5.06: Whenever a grievance involves two or more employees, not more than two of the employees affected may be substituted for an employee or grievant wherever the words "employee" or "grievant" are used in the grievance procedure.

SECTION 5.07: Grievances which relate to matters which extend beyond a single section or department may originate in Step Two of this grievance procedure, provided that the initial time limits for filing a grievance in Step One of this grievance procedure are met. The time limits to answer at Step Two will apply.

SECTION 5.08: This grievance procedure may be varied at any time by mutual agreement, in writing, of the parties when such action appears to be necessary or desirable.

ARTICLE 6
ARBITRATION

SECTION 6.01: Any grievance not resolved in the Second Step of the grievance procedure may be submitted to impartial arbitration.

SECTION 6.02: The Union shall notify the Company of its intent to arbitrate a grievance by the procedure established in Article 5, Section 5.02. Such notice shall include the name of the Union's representative.

SECTION 6.03: Within five (5) working days after receiving written notice from the Union that it has requested arbitration of an unresolved grievance, the Company shall notify the Union of its representatives. A meeting will be held between the parties to select one arbitrator from the panel submitted by the American Arbitration Association. This meeting shall be held in a timely manner so as to satisfy the selection requirements of the American Arbitration Association. At such a meeting, the parties shall attempt to resolve the grievance. If the grievance is not resolved at such a meeting, the two parties shall select an impartial arbitrator as hereinafter provided.

SECTION 6.04: Any grievance processed under the terms of this article shall be arbitrated in accordance with the voluntary Labor Arbitration rules of the American Arbitration Association which are then in effect and the Arbitrator for each such case shall be selected in accordance with said rules except that either party may reject one list per case; provided, however, that each list of arbitrators submitted by the American Arbitration Association shall contain the names of at least seven (7) arbitrators who are members of the National Academy of Arbitrators, selected without regard to the geographic location of their residence in relation to Louisville, Kentucky. No more than one grievance shall be simultaneously submitted to any one arbitrator unless the Company and the Union agree otherwise in writing. The Arbitrator so selected shall have power to receive testimony from parties to the dispute and to hear such witnesses as they may desire to present. The parties may, if they so desire, be represented by counsel in all proceedings had before the Arbitrator. The Company shall bear the cost of preparing and presenting its case to the Arbitrator and the Union shall bear the cost of preparing and presenting its case to the Arbitrator. All other expenses of arbitration, such as but not limited to the Arbitrator's fee, the cost of recording and transcribing testimony if the parties mutually agree to split this cost or if the Arbitrator requests that the hearing be transcribed, and the hiring of a space in which the arbitration proceedings are held, shall be divided equally between the Company and the Union.

SECTION 6.05: The function of the Arbitrator shall be of a judicial rather than a legislative nature. The Arbitrator shall not have the authority to add to, ignore or modify any of the terms or provisions of this Agreement. The Arbitrator shall have power and authority to arbitrate only those matters expressly made subject to arbitration by the terms of this Agreement and shall rule only on the issues submitted to him. The Arbitrator shall have power only to interpret this

Agreement and shall not have the power to alter or amend it. The Arbitrator shall not decide issues which are not directly involved in the case submitted to him, and no decision of the Arbitrator shall require the payment of a wage rate or wage basis different from, or the payment of any wages in addition to, those expressly set forth in this Agreement. In any discharge or disciplinary layoff case where the Arbitrator decides that the aggrieved employee should be awarded any back pay, the Company shall be required to make the employee whole to the extent of the Arbitrator's award but shall be entitled to full credit on such award for the employee's gross interim earnings received or receivable by the employee during the period he was not working for the Company. Subject to the foregoing qualifications and limitations, the Arbitrator's award shall be final and binding upon the Company, the Union and the aggrieved employee or employees.

SECTION 6.06: Only the Union shall have the right to process and appeal grievances under this Agreement and only the Union shall have the right to take to arbitration any grievance processed under this Agreement. If the Union fails, refuses or declines to prosecute a grievance on behalf of an employee, or if the Company and the Union settle any grievance on behalf of an employee hereunder, the employee who has filed such grievance or on whose behalf it has been filed shall be conclusively bound thereby and both the Union and the aggrieved employee shall thereafter be estopped to revive or further prosecute said grievance.

SECTION 6.07: Upon mutual agreement of both parties, grievances involving discipline or discharge may be submitted to Expedited Arbitration. Any grievances submitted to Expedited Arbitration under the terms of this article shall be conducted in accordance with the Expedited Labor Arbitration Rules of the American Arbitration Association.

SECTION 6.08: In discharge cases, provided either party desires to file a post-hearing brief, such briefs shall be filed not more than three (3) weeks from the close of the hearing or two (2) weeks from receipt of the transcript of proceedings, whichever occurs first.

ARTICLE 7
DISCIPLINE AND DISCHARGE

SECTION 7.01: The Company shall have the right to discharge an employee during his probationary period with or without cause, and without recourse by the Union or by such probationary employee to the grievance procedure of this Agreement.

SECTION 7.02: The maintenance of discipline is the responsibility of the Company and to that end, the Company shall have the right to discipline or discharge employees, who have completed their probationary period, for just cause. The Company will send the Union Office a copy of any written disciplinary action given to employees covered by this Agreement and also shall provide a copy to the Union Steward. Such notice will be given as soon as possible after the action takes place.

SECTION 7.03: Any employee called in for disciplinary action or for an investigation which could result in disciplinary action, for that employee, shall be informed of his right to Union representation and shall be allowed to obtain such representation if he so desires before such action or investigation takes place. A copy of any disciplinary action taken shall be given to the employee. The Union or the employee may, within fourteen (14) calendar days after the administration of disciplinary action, appeal such action directly to the Second Step of the grievance procedure in Article 5.

SECTION 7.04: In cases in which the Company determines that an employee's conduct may justify discharge, such employee shall first be suspended for a period not to exceed the equivalent of forty (40) hours of scheduled work time. During this period of initial suspension, the employee and/or the Union may request a hearing before the appropriate manager or his designated representative. At such hearing, all facts giving rise to the employee's disciplinary action will be presented to the Union and discussed between the parties. The president of the Union (or his designated representative) will be notified and given an opportunity to be present or have his designated representative present. After such hearing, or if no such hearing is requested, the Company shall determine the appropriate penalty, if any, to be given to the employee. Written notice of such determination shall be given to the employee, with a copy to the Union Office and the Union Steward.

SECTION 7.05: In the event the Company's disposition is unsatisfactory to the Union, the Union may, within five (5) working days after such disposition, appeal the final disciplinary action directly to the Second Step of the grievance procedure in Article 5 without prejudice to Section 7.04 of this article or Sections 5.01 and 5.02 of Article 5. However, only one grievance shall be processed.

SECTION 7.06: Unless additional time is necessary to investigate misconduct, and provided the Union approves of such additional time, the Company shall otherwise impose discipline within five (5) of the employee's workdays from the time the Company knows or could have reasonably known of the conduct for which the discipline is imposed.

SECTION 7.07: Employee disciplinary records shall not be utilized in arbitration involving discipline administered to that employee if such records are more than five (5) years old, provided that employee has not received discipline within the five (5) year period.

ARTICLE 8
HOURS OF WORK

SECTION 8.01: The normal workday is eight (8) consecutive hours of work between the hours of 6:00 a.m. and 6:00 p.m., exclusive of time out for lunch. The normal workweek is five (5) such regularly scheduled consecutive days (forty [40] hours), Monday through Friday, except where otherwise provided. In the case of shift workers, the normal workweek is either five (5) consecutive scheduled workdays and two scheduled off days or two (2) consecutive scheduled off days and five (5) workdays.

The payroll week shall consist of seven (7) consecutive days beginning 12:01 a.m. Monday and ending the following Sunday midnight. When a workday spans midnight, time shall be charged on the day in which the majority of hours is worked. When the workday is divided evenly before and after midnight, time shall be charged on the day on which work was started.
The Company shall not reduce the hours of work below that which constitutes the normal workweek in lieu of layoff as set forth in Article 10, except upon mutual agreement of the parties.

SECTION 8.02: All employees covered by this Agreement shall be classified as "day workers" or "shift workers."

(a) Day workers are defined as those employees working the normal workday schedule as described in this article and shall not be entitled to any shift premium as described in Section 8.05.

(b) Shift workers shall be described as those employees regularly scheduled on other than the normal day workers schedule and shall be entitled to the applicable shift premium attached to the shift so worked as described in Section 8.05. Shift workers working the day schedule shall not be entitled to any shift premium.

SECTION 8.03: The regular starting and quitting time for each employee, or group or shift, and the days to be worked in any workweek shall be established from time to time by the Company. The Company will notify an employee of any change in his regular scheduled workweek at least forty-eight (48) hours prior to the change. All schedules shall be posted or given to involved employees, whichever is more appropriate.

SECTION 8.04: Employees who are not given notice as described above shall be entitled to the applicable premium as outlined in Article 9 - Overtime of this Agreement.

SECTION 8.05: For the purposes of identification, work shifts shall be described as the First Shift, Second Shift and Third Shift. For example:

The First Shift will ordinarily begin at 7:00 a.m. and end at 3:00 p.m.;

The Second Shift will ordinarily begin at 3:00 p.m. and end at 11:00 p.m.;

The Third Shift will ordinarily begin at 11:00 p.m. and end at 7:00 a.m.

When the majority of an employee's hours is worked within the above described Second or Third Shift, shift premium for those hours will be paid as follows:

Second Shift	$ .90
Third Shift	$1.05

SECTION 8.06: Shift Premium for hours worked:

(a) Shift Premium for overtime hours worked by shift workers on a scheduled work day:

(1) A shift worker scheduled for the second shift who works either call-in or planned overtime before or after his shift, will receive second shift premiums for all hours worked.

(2) A shift worker scheduled for the third shift who works either call-in or planned overtime before or after his shift will receive third shift premium for all hours worked.

(3) A shift worker scheduled for the first shift who works either call-in or planned overtime before or after his shift, will receive no shift premium for any hours worked.

(b) Shift Premium for overtime hours worked by shift workers on scheduled offdays:

(1) If a shift worker works either planned or call-in overtime on a scheduled off day, the applicable shift premium for the hours worked will be paid in accordance with Section 8.05, above.

(2) The procedure set forth in (a) (1) through (3) above will also be applicable to shift workers who work more than eight (8) hours on a scheduled offday.

(c) Shift Premium for hours worked by day workers on a scheduled work day:

Shift Premium will be paid to day workers when they are rescheduled to work hours, on a scheduled work day, for which shift premium is applicable.

(d) Shift Premium for overtime hours worked by day workers on a scheduled offday:

(1) Day workers who work planned overtime on their scheduled offday are entitled to the appropriate shift premium.

(2) Day workers who work call-in overtime on a scheduled offday are not entitled to shift premium for any hours worked.

(3) A day worker who is "called in" for work on his first scheduled offday and is subsequently scheduled to return his second scheduled offday, the first offday is

considered "call-in" and shift premium is not applicable. The second offday will be considered "planned" if the employee is notified prior to the end of the shift on his first offday and the employee will be paid the appropriate shift premium as set forth in (d)(1) above.

In (c) and (d) above, if the hours worked are divided evenly between the shifts, shift premium will be paid on the basis of the shift on which work was started.

SECTION 8.07: Payment for hours worked which are eligible for daily, weekly or holiday overtime shall be calculated on the basis of the employee's basic wage rate plus the shift and/or Sunday premium applicable to the shift for which he is scheduled for the day.

SECTION 8.08: If the Company elects to permanently add a new shift, permanently eliminate an existing shift, or permanently change the hours of an existing shift it will notify the Union as early as possible of the change, and meet and discuss the changes prior to implementation, if requested. However, the establishment of a workweek which is not normal as defined in Section 8.01 will be by mutual agreement of the parties. Permanent, as used in this section, is defined as a change which, at the time of change, the Company anticipates will exceed one hundred twenty (120) calendar days. At any time during the process described below, either Party may notify the other of their desire to negotiate the change.

Once notified that an existing shift is no longer acceptable to the Company, the Union may request that a joint task force be formed to recommend alternative shifts either prior to, or in lieu of, negotiating the change. Recommendations that are acceptable to both the Union and Company may be submitted to the affected employees for a vote. If more than 50% of the votes cast support an approved alternate shift, that shift will become effective for a minimum of 12 months. If no alternative receives more than 50% support, a run off vote of the two highest alternatives will be held. Following a run off vote, if the majority of the votes do not support an alternate shift, the Parties may negotiate the change in the original shift.

If the employees or Union desire to permanently change an existing shift, the Chief Steward will notify the appropriate Manager and present the issue and suggested solution(s). Upon approval by the Manager, a joint task force may be formed to develop recommendations. Alternatives that are acceptable to both the Union and Company, including the shift in existence at the time, may be submitted to the affected employees for a vote. The shift that receives two-thirds or more support of those votes cast may become effective for a minimum of 12 months. If no choice receives at least two-thirds support, the existing shift shall remain unchanged for at least 12 months, or until the Company elects to permanently change the shift in accordance with this Section.

The above process may also be utilized for any change to a shift selection process which exists under the terms of Section 10.21. Should either a four (4) day, ten (10) hours per day work schedule or 12 hour shift be established, the terms of Appendix B shall apply.

SECTION 8.09: Except when otherwise provided for in this Agreement, an employee shall be required to work, if physically capable thereof, at any time so requested and necessary in the performance of the Company's reasonable needs or its obligations to its customers as a public service corporation unless specifically excused for reasonable cause.

ARTICLE 9
OVERTIME

SECTION 9.01: Overtime shall be defined as time worked in accordance with the provisions of this article and compensation for overtime hours shall be as follows:

(a) One and one-half (1-1/2) times the employee's straight-time hourly wage rate shall be paid:

1. For all work performed in excess of eight (8) straight-time hours in any one day or forty (40) straight-time hours in any one workweek;

2. For work on the first scheduled offday of the workweek, provided the employee worked each of his five (5) regularly scheduled work days during the workweek, unless not worked for reasons set forth in Section 16.05. Additionally, for work performed on the second scheduled offday, if the employee has been offered overtime or has been contacted for overtime which he does not work on his first scheduled offday or if the first scheduled offday was not worked at the overtime rate.

3. For the first eight (8) hours worked in any one day for another utility company performing emergency electric service restoration.

4. For any change in an employee's schedule without proper notice as set forth in Section 8.03 of Article 8 and Section 9.03 of Article 9.

5. For the first eight (8) hours of work performed on observed holidays, in addition to the basic holiday pay allowance;

6. For all continuous hours worked by an employee who is called in or who voluntarily reports for an emergency and who is permitted to work more than four (4) hours before his regular starting time. An emergency, as used in this article, is defined as an occurrence or situation which can neither be anticipated, not postponed and which might or could cause loss of or interruption of service or might or could cause personal injury or property damage.

7. For the first scheduled workday following the first off day of an employee's workweek in which the employee is not allowed either two (2) consecutive off days or five (5) consecutive workdays as described in Article 8, Section 8.01.

(b) Two (2) times the employee's straight-time hourly wage rate shall be paid:

1. For all hours of work performed in excess of eight (8) hours on an observed holiday;

2. For all hours worked over eight (8) hours in any one day for another utility company performing emergency electric service restoration.

3. For all hours worked in excess of sixteen (16) consecutive hours;

4. Except as provided in 9.01(a)2, for all work performed on the second scheduled offday of the workweek.

SECTION 9.02: Employees required to work back-to-back shifts, which fall into two regularly scheduled workdays, shall be paid overtime for the hours worked on the second shift, provided the first shift was worked at straight time. However, if an employee voluntarily trades a shift with another employee by mutual agreement and with appropriate approval, he shall not receive overtime for such hours worked, except where he works more than forty (40) hours in any one week. An employee who is required to work a back to back shift may, prior to the start of the second shift, make his desire known to be released after working four (4) hours of the second shift. A reasonable effort to allow the employee to be released will be made, except in emergency situations.

SECTION 9.03: In the event the regular work schedule of an employee is changed without proper notice, as set forth in Article 8, Section 8.03, the overtime obligation as set forth in Section 9.01(a) (4) will apply only for those days for which the schedule has been altered.

An employee may be scheduled or directed to work overtime before and/or after his regularly scheduled workday, and that shall not constitute a change of schedule.

This Section 9.03 shall have no application if an employee, upon his own request, is permitted to change his daily or weekly work schedule, or if an employee's work schedule is changed as the result of his being transferred because of a job bid or to fill a job promotion or vacancy in accordance with this Agreement.

SECTION 9.04: When an employee is called in to work, or voluntarily reports for and is allowed to work an emergency as defined in Section 9.01(a)6., outside of his regularly established work schedule, he shall be paid a minimum of four (4) hours at the applicable rate from the time the employee reports to work. If an employee is called outside his regularly established work schedule, for information pertaining to Company work which can be handled by phone, the employee will be paid for time actually spent in such conversations at the appropriate overtime rate.

SECTION 9.05: For the purposes of this article, overtime shall be defined as "planned" overtime or "call-in" overtime.

(a) "Planned" overtime shall be defined as overtime anticipated or scheduled in advance of the overtime and about which the employee was notified, prior to leaving the Company's premises. Additionally, when an employee is directed to report for work outside his regular schedule, directed to continue working at the conclusion of his regular workday (except for emergency work), or is directed to commence work before his starting time after reporting to his work location such overtime will be treated as planned overtime.

(b) "Call-in" overtime shall be defined as all overtime worked which requires the Company to call in an employee outside his regular schedule after such employee has been released from work or when held over for emergency work. The employee will be considered to have been contacted for call-in overtime if he has a telephone and a reasonable effort is made to reach the employee at his telephone number appearing on the Company's records. It is the obligation of the employee to advise the Company of his current telephone number.

SECTION 9.06: Employees who are called-in to work more than four (4) hours before their regular starting time and who are thereafter excused and released from duty for a period of time not to exceed four (4) hours, shall have all hours actually worked treated as continuous hours for the purpose of overtime (exclusive of all hours the employee is released from work). If such employee remains on the Company premises at the direction of the Company or if such release from duty is within two (2) hours of his normal starting time, such time will be paid at the appropriate overtime rate and treated as continuous.

SECTION 9.07: When, in the opinion of the Company, an employee has worked for such an extended period of time as to impair his effectiveness or present a hazard to the health or safety of his fellow employees, he may be required by the Company to take off up to eight (8) hours for rest. In no event will an employee be required to work more than sixteen (16) consecutive hours without an eight (8) hour rest period. Such rest period shall be taken in its entirety unless he is requested and agrees to return to work before the expiration of such eight (8) hour rest period. If such rest period runs into the employee's regular workday, he shall be compensated at his regular straight-time rate for all such hours to a maximum of eight (8) straight-time hours unless the rest period was initiated by the employee in accordance with this section. In the event any such eight (8) hour rest period terminates within two (2) hours or less of the end of the employee's regularly scheduled shift, the employee shall have the election of either returning to work at his regular straight-time hourly rate or not returning to work and forfeiting the remaining hours in his shift.

SECTION 9.08: If an employee is released from duty after sixteen (16) consecutive hours of work and is requested to return to work and agrees to return to work during his regular scheduled workday without the eight (8) hour rest period, such time worked in the regular scheduled workday shall be paid at the overtime rate in effect at the time of release from duty.

SECTION 9.09: It is understood and agreed that overtime will not be paid on overtime or otherwise duplicated or pyramided unless specifically provided herein. Additionally, an employee shall not be paid both daily and weekly overtime for the same hours worked.

Section 9.10: The Company agrees to distribute overtime opportunities as equitably as practicable among the employees where overtime is required. Accordingly, the Company will make a reasonable effort to equalize overtime opportunities among employees in each work group who are qualified and available to perform the overtime work. Any irregularities in the distribution of overtime that are brought to the attention of supervision by the affected employees will be reviewed on an annual basis. The Company will meet with the Union to determine an appropriate resolution.

Section 9.11: Individual work groups, to include their management, may determine the appropriate system for distributing overtime opportunities in accordance with the following guiding principles:

- The system must be responsive to customer's needs, be cost effective and provide for safe accomplishment of the overtime work.
- The system must be flexible enough to accomplish the first principle under varying situations (i.e., call-in, planned, emergency)
- The system must be simple to administer and rely only on information systems that exist for other business reasons (i.e., Payroll).

For the purpose of determining individualized systems, work groups may vary depending upon organizational design, but will generally consist of employees who are qualified and available to perform the overtime work at a location .

Each work group will notify the Union office and labor relations when an individualized system is chosen and provide a description of the system it is using. The equalization provisions set forth in section 9.10 above shall be applicable until such time as the work group provides this notice.

All issues and disputes arising under this Method are to be resolved within the affected work group. Should a work group be unable to effectively operate its system, or be unable to resolve disputes, the sole and exclusive remedy will be a return to the provisions set forth in section 9.10 above.

ARTICLE 10
SENIORITY

SECTION 10.01: An employee's seniority shall be computed from the date of his most recent employment by the Company (unless otherwise provided herein) except that a new employee shall be on probation for six full months from the date of his last employment, and during said period may be discharged with or without cause. However, time away from work by a probationary employee will not be credited toward his probationary period. After serving the probationary period, a new employee shall be placed on the seniority list and given seniority as of the first day he was last hired by the Company. There shall be no seniority among probationary employees and there shall be no responsibility for re-employment of probationary employees if they are laid off or discharged during their probationary period. Probationary employees shall be entitled to the benefits and privileges provided for temporary employees, as outlined in Section 11.04 of Article 11.

SECTION 10.02: Seniority, for the purposes of this Agreement, is the length of continuous service dating back to the first day of the last date the employee was hired by the Company. Where used in this Agreement, the term "seniority" will be construed to mean classification seniority; departmental seniority; or Company seniority.

a. Classification seniority shall mean an employee's length of continuous service in a given job classification to which the employee has been permanently assigned. For purposes of layoff within a line of progression, classification seniority shall accumulate on all lower job classifications in a line of progression in addition to any service in such lower jobs.

b. Departmental seniority shall mean an employee's length of continuous service in the payroll division to which the employee has been permanently assigned.

c. Company seniority shall mean an employee's length of continuous service with the Company.

SECTION 10.03: An employee shall lose seniority and his status as an employee shall cease for any of the following reasons:

a. If an employee retires, quits or is discharged for cause.

b. If an employee has not actively worked for the Company thirty-six (36) consecutive months, or for a period of time equal to his Company seniority, whichever is the lesser (unless otherwise provided elsewhere in this Agreement).

c. If an employee, after having been laid off, fails to report for work within seven (7) calendar days when called by the Company by certified mail or telegram, sent to the employee's last address appearing on the Company's records; provided, however, that where an employee has been laid off for three (3) months or more, he will have seven (7) calendar days from the day called back to work by the Company, as set forth above, to notify the Company of his desire to return to work and he must report for work within five (5) working days thereafter.

SECTION 10.04: Qualifications, experience, physical conditions and ability to perform the available work shall be controlling factors in promotion of employees. Accordingly, in promotions or in selecting a successful job bidder, the Company will promote or select the most senior, qualified employee who possesses these minimum qualifications. In the case of employees being promoted in accordance with the "opportunity to advance" provisions of Appendix A, the effective date of such promotion shall be the beginning of the payroll period nearest the actual date the employee has satisfied the minimum qualifications listed above.

Notwithstanding the preceding paragraph, vacancies in job classifications above journeyman in lines of progression which the Company decides to fill will be filled by employees who, in the Company's judgment, are qualified to perform the duties of the job; however, no employee who might otherwise have been qualified will be denied such promotion if that employee has not had sufficient opportunity to receive training for and exposure to the duties of the job. If two or more employees possess substantially equal qualifications, the most senior employee shall be promoted.

Except in the case of employees being promoted in accordance with the "opportunity to advance" provision of Appendix A, if a junior employee is selected for promotion over a senior employee, a written notice of such action, and the reason therefore, will be given to the senior employee and his Chief Union Steward prior to the effective date of the promotion. The failure to promote the senior employee will not affect his consideration for future promotion. An employee may decline consideration for promotion to classifications above journeyman by submitting a written waiver of consideration to his supervisor , with a copy to the Union. However, the preceding sentence shall not apply to those employees who, as of January 1, 1990, have ten (10) or more years of Company seniority, who may waive promotion to any classification. Such waiver shall remain in effect until the employee submits a written revocation thereof to his supervisor.

An employee promoted into a job classification must satisfactorily progress from possessing the minimum qualifications for that classification to a fully qualified level expected of that classification in a period of time equal to the duration of wage step progressions applicable to the classification. Satisfactory progress shall be defined by application of the Employee Performance Review (EPR) system in effect. At the time of the EPR, an employee shall be counseled with respect to those areas of his evaluation that were deemed to be unsatisfactory. Such employee will be re-evaluated within ninety (90) calendar days. After the ninety (90) calendar day re-evaluation, should such employee's performance still be deemed to be unsatisfactory, that employee may be demoted and will be eligible for promotion only upon showing that the employee possesses the necessary qualifications . A demoted employee may request to be evaluated for the purpose of promotion eligibility after ninety (90) calendar days from the date of his demotion..

SECTION 10.05: Entry level jobs within a line of progression and vacancies in other jobs not in a line of progression, which the Company decides to fill internally, will be posted in accordance with this Section.

Any non-entry level job vacancy within a line of progression, which the Company decides to fill, will be filled by a qualified lower or equal rated employee within such line of progression in accordance with the employee's classification seniority. Where more than one classification of employees in the line of progression are eligible to fill the opening, relative seniority between employees within such classifications will be determined by company seniority. If there are no employees within a line of progression who are qualified for promotion, the Company may, but shall not be required to, post the job vacancy in accordance with this Section.

In selecting a successful job bidder, job bids from within the Payroll Division where the opening occurs will be given first consideration on the basis of Company Seniority. If no qualified bidder is found there, job bids from other Payroll Divisions of the Department where the opening occurs will receive next consideration. If no qualified bidder is found there, job bidders from the remaining Departments will be considered.

In cases where no qualified employee within the bargaining unit has bid upon a job vacancy, such job vacancy may be filled by the Company with persons from any other source, either within the Company or from outside subject to the limitations contained in Section 10.17 of this Article.

The Company will take final action with respect to all job postings within fourteen (14) calendar days after the posting is taken down, unless additional time is needed for testing, scheduling physicals, etc. Until the Company has selected an employee to fill such job vacancy, the vacant job may be filled temporarily in any manner the Company sees fit.

An employee who submits a bid shall not be declared the 'successful job bidder' until he has been interviewed by a departmental representative in the department wherein the posted job exists. During this interview the employee's questions concerning the job will be answered following which the employee may remove his name from further consideration for the job. If the employee does not remove his name from further consideration and he is otherwise qualified for the posted job, he will be the 'successful job bidder' upon successful completion of the physical examination. Should the job require a Commercial Driver's License (C.D.L.), the employee will have thirty (30) calendar days, or as soon as the Department of Transportation (D.O.T.) schedules will allow from the date of this interview in which to obtain the required license before being disqualified.

An employee who removes his name from consideration for a posted job following the interview shall not bid again for six (6) months.

Unless no qualified replacement is available as detailed in Section 10.06, and provided a replacement is required before an otherwise successful job bidder can be released, the Company shall take steps to accommodate such release as soon as is practicable under the circumstances.

Should a successful job bidder be disqualified at any time during or prior to his contractual trial period, the job opening will be offered to the next most senior qualified bidder who has not been awarded a job through a subsequent job bid. Should this occur, the job will then be offered to other qualified bidders on the initial bid list in order of Company seniority until the job is filled or the list of bidders has been depleted. Should such offer be made sixty (60) calendar days or more after the bidder was notified that the job was awarded to a senior employee then, the employee will have the option of accepting the job bid or removing his name from the list of bidders for that job. The Company may, but shall not be required to repost the same job vacancy. A job bidder who is disqualified shall be permitted to bid again on any future posting.

All notices of job vacancies will be posted Company-wide for ten (10) calendar days. A copy of such notice will be provided to all Chief Stewards at the time it is posted. Original job bids must be submitted to the designated Company representative at the bidder's location prior to the end of the Company representative's normal workday on the day the job posting is removed. A bidder may withdraw his bid no later than two (2) calendar days after the removal of the job posting by submitting a written request to the designated Company representative for his location.

The job bidder is responsible for providing the staffing department with verification of any educational attainments which are a requirement for the posted job. Such verification must be received no later than fourteen (14) calendar days after the removal of the job posting.

The Company may withdraw a notice of job vacancy at any time after being posted, but the Union shall be notified, in writing, of any such withdrawal and given the reason therefore.

The staffing department will provide the Union Office a copy of all job bids and any withdrawal of job bids submitted. They will also notify the Union Office of the successful bidder for all jobs filled under this section.

If an employee is a successful job bidder, as authorized by any provision of this Article during the term of this Agreement, he shall not bid again unless disqualified during or prior to his contractual trial period.

Notwithstanding the provisions of Section 10.05 and 10.06, employees hired after November 10, 2005 shall have no right to bid on available openings forty-eight (48) months from date of hire.

SECTION 10.06: Once following May 16, 2001, provided the employee has not already successfully bid as limited by Section 10.05 of this Article, an employee shall be permitted to make a demotional job bid only to an established job in a different line of progression. If an employee makes a demotional job bid from a line of progression, such bid may be to an open job in a different line of progression. A demotional job bid shall be awarded to an employee only if there is a qualified employee available and willing to take his place.

An employee who makes a demotional job bid into another line of progression where there is no incumbent employee qualified for promotion, shall be allowed to fill the highest job classification within that line of progression for which he is qualified and for which there is an opening.

SECTION 10.07: Any employee who is an active participant in a designated formal comprehensive training program above and beyond existing "on the job" training practices and procedures shall be precluded from bidding. Upon request, the Company will provide the Union with a list of all employees who are active participants in such training programs. An employee who is promoted within the training program shall not bid for three (3) years following successful completion of training program.

SECTION 10.08: For purposes of establishing the appropriate rate of pay, the reclassification of an employee for any reason, except as provided in Section 10.24, shall be defined as either Promotional, Lateral or Demotional. Such determination will be based upon the assigned pay grade for the classification the employee occupies relative to the assigned pay grade for the classification to which he is being reclassified. The appropriate rate of pay will be determined as follows:

a. Promotional: the employee receives a minimum increase of twenty (20) cents per hour, or the entry rate of the new pay grade.

b. Lateral: the employee retains his rate of pay in effect at the time he is changed to his new classification unless:

  (1) that rate of pay is less than the beginning rate for his new classification in which case he would receive the beginning rate of his new classification; or

  (2) that rate of pay is more than the highest rate for his new classification in which case he would receive the highest rate for his new classification.

c. Demotional: the employee receives the pay rate consistent with the rate of pay provisions in Section 10.24 for redeployed employees.

In all cases, classification seniority is established as of the date the employee was reclassified and any wage step progressions are based upon his classification seniority in his new classification.

SECTION 10.09: The Company may fill up to 50% of the job vacancies that occur within each department in a rolling twelve month period from external sources, without regard to the posting provisions of Section 10.05 or redeployment provisions of Section 10.24. For the purposes of this section, redeployment within a department will not constitute a job vacancy. The Company will provide written notification to the Union for the initial filling of a vacancy, whether internal or external for purpose of administering this section.

SECTION 10.10: An employee who is reclassified shall have an on the job trial period not to exceed thirty (30) calendar days. Such thirty (30) calendar day period may be extended by written notice to the employee, for up to an additional thirty (30) calendar days. Such trial period(s) may also be extended in an amount of time equal to all time the employee is off duty during such period(s). An employee who fails to qualify during his trial period(s) will be returned to his previous job and rate of pay with no loss of seniority, if such job is available. If the job from which the employee was reclassified is not available, the employee may be reclassified to another job for which he is qualified under the terms of Section 10.24.

SECTION 10.11: Seniority, qualifications, physical condition and ability to perform the available work shall be controlling factors in layoff and recall of employees. Accordingly, the Company will retain the most senior employees who possess these minimum qualifications and lay off employees with less Company seniority. It is agreed, however, that in case of layoff, no employee, regardless of his qualifications, physical condition, ability or seniority, shall have the right to displace an employee unless he is qualified, without further training and instruction, to satisfactorily perform the work of the employee being displaced.

SECTION 10.12: In layoff and in the elimination of or reduction within a job classification within a Department, the Company generally subscribes to the principle of "last in, first out." To that end, layoffs will be handled in accordance with the following procedure:

In the event it becomes necessary to reduce the number of employees within a line of progression, the Company shall notify employees whose jobs are eliminated of such elimination. The least senior employees within the line of progression shall have their jobs eliminated first. (For non-line of progression jobs, the least senior employees within the classification shall be affected first.) An employee whose job is eliminated shall have the right to a job within a line of progression (or non-line of progression job) provided there is a less senior incumbent in the line of progression (or non-line of progression job) whose job the employee is qualified to satisfactorily perform without further training and instruction.

Provided the foregoing conditions are met, the least senior incumbent within the line of progression (or non-line of progression job) shall be displaced and the employee causing the displacement shall be entitled to fill the highest job classification within the line of progression for which he is qualified without regard to the classification held by the displaced employee. Any employee displaced by a more senior qualified employee shall have the same rights under this Section as an employee whose job is eliminated.

Additionally, during the term of the current Collective Bargaining Agreement only, after all displacements are accomplished through the above process, any employee hired prior to November 11, 1995 who does not have a job may displace the most junior employee in the Company provided:

a) the junior employee was hired after November 10, 1995 and;

b) the senior employee possesses the minimum qualifications for the entry level classification in the junior employee's line of progression, and

c) the total number of employees displaced in any line of progression through the combination of normal bumping rights and the additional bumping right of this paragraph will not exceed 10% of the number of employees in the line of progression or 10, whichever is less, by virtue of this additional bumping opportunity.

SECTION 10.13: The Company shall be the judge of qualifications and ability of employees in case of layoffs, recall from layoffs, promotions, and job bids. However, where the strict application of seniority is not applied, such decision may be subject to the grievance and arbitration procedure of this Agreement.

SECTION 10.14: In case of layoff all probationary and temporary employees shall be laid off before any employees who have established seniority are affected, unless there is no employee with seniority who is qualified to do the work.

SECTION 10.15: Employees to be laid off will be given as much notice as is reasonably possible prior to the layoff. However, in no event will any employee be given less than two (2) weeks notice in writing prior to a layoff. A copy of such layoff notice will be given to the Chief Union Steward for the department where the layoff will be effective.

SECTION 10.16: The Company will not hire new employees (which shall include probationary and temporary) in any job classification while it has employees on layoff qualified to do the available work until those employees on layoff have been restored to do the available work or removed from the seniority roster as provided for elsewhere in this article.

SECTION 10.17: If an employee is subject to being laid off he may accept any job for which he is eligible and qualified or he may voluntarily choose to accept layoff.

SECTION 10.18: When it becomes necessary to increase the workforce after a layoff, the Company shall first post the job openings in accordance with Section 10.05 of this Article. If there are no qualified bidders, the Company shall recall laid off employees in accordance with their Company seniority.

SECTION 10.19: When an employee in the bargaining unit covered by this Agreement is promoted or transferred to a job outside the bargaining unit he shall retain his earned Company and classification seniority, but shall not have such seniority accumulate during such period of employment outside of the bargaining unit for purposes of this Agreement except for fringe-benefit purposes. Such employee may be returned to his former job classification within the bargaining unit at the Company's discretion not later than one hundred twenty (120) calendar days following his promotion provided, however, that no other employee will be demoted or moved out of the line of progression to permit his return to said job classification.

SECTION 10.20: An employee who is unable to work because of an occupational or non-occupational injury or illness shall have his medical, dental and life insurance coverage continued in accordance with the terms of this Agreement until the end of the twelfth full calendar month following the date the employee's absence began.

SECTION 10.21: When there is a work assignment opening within a job classification, such work assignment may be chosen by the senior qualified employee within the department, by classification seniority, where the opening occurs. The opening shall be filled in accordance with rules and regulations agreed to by the parties. If no qualified employee selects the open work assignment, the Company may assign the least senior qualified employee to the vacancy.

SECTION 10.22: Not less than fourteen (14) calendar days preceding a layoff, the parties shall meet to discuss any subcontracting practices which the Union considers to be in violation of this Agreement should such subcontracting continue. The Union shall be furnished with a complete list of all contractors performing services for the Company and the information called for otherwise in Article 24, Section 24.02 of this Agreement.

In the event a dispute arises as a result of the discussion, the parties shall immediately request a panel of not less than fifteen (15) Arbitrators from the American Arbitration Association who are available to hear and decide the case promptly. The parties shall alternately strike names until three remain. The three remaining names shall be submitted to the American Arbitration Association which shall appoint the Arbitrator most readily available to hear and decide the case.

The preparation of a transcript of proceedings and the submission of briefs shall be in accordance with Article 6, Section 6.08 of this Agreement.

SECTION 10.23: When a question of seniority arises where two or more employees have identical seniority dates, the following procedure shall be used to determine seniority:

a. departmental seniority breaks ties in classification seniority;

b. Company seniority breaks ties in departmental seniority;

c. ties in Company seniority are broken by a procedure established between the chief steward(s) and the management representative(s) where the tie exists. The affected employees will be given the opportunity to be present where reasonably practicable.

SECTION 10.24: When it becomes necessary to reduce the number of employees in a line of progression or a non-line of progression job, because of operational need and/or technological advancement, and such reductions may be accomplished through a redeployment process in lieu of the layoff process described in Section 10.11 through 10.18, the following process will be used:

The Company will notify the Union of the designated lines of progression or non-line of progression jobs where the number of incumbents exceed the desired level and will specify the desired level of staffing. All employees in the designated line of progression or non-line of progression job are considered subject to redeployment until the number of incumbents is reduced to the desired level. As long as there are employees subject to redeployment, openings are not subject to the posting requirement of Article 10, Section 10.05.

Specific Redeployment:

The Company will notify the Union of the need to accomplish a specific redeployment of employees, identifying the specific lines of progression or non-line of progression jobs to be reduced and the available openings designated to accomplish the redeployment, and will meet and discuss the situation, if requested. In a specific redeployment situation, openings will be offered first to employees in the specified lines of progression or non-line of progression jobs who have previous experience or similar line of progression experience which qualify them for a classification higher than entry level in the new line of progression. Thereafter, openings will be offered to qualified employees on the basis of classification seniority. If qualified senior employees do not elect to fill such openings, then the junior qualified employees may be transferred on the basis of classification seniority.

General Redeployment:

Openings which are not designated to accomplish a specific redeployment, in accordance with the preceding paragraph, will be made available through a bidding process to all qualified employees subject to redeployment. In selecting the successful job bidders, the opening will be offered first to employees, on the basis of Company seniority, who have previous experience or similar line of progression experience which qualify them for a classification higher than entry level in the new line of progression. Thereafter, job bids from within the payroll division where the opening occurs will be given first consideration on the basis of company seniority. If insufficient qualified bidders are found there, job bids from other payroll divisions of the department where the opening occurs will receive next consideration. If insufficient qualified bidders are found there, job bidders from the remaining departments will be considered. If insufficient qualified bidders are found there, the junior qualified employees subject to redeployment may be transferred on the basis of Company seniority.

The bidding process provided for in this section shall be separate from that described in Section 10.05 and shall not constitute a job bid as defined in Section 10.05.

Classification and rates of pay of employees who are reclassified pursuant to this section shall be as follows:

Classification:

Employees will be reclassified to the highest classification in the new line of progression for which they are qualified and an opening exists.

Rate of Pay:

The rate of pay for any employee reclassified under this section will be determined based upon the following table. "From" means the classification held by the employee immediately preceding the transfer. "To" means the classification to which the employee is being reclassified.

FROM	TO	RATE OF PAY[2]
Journeyman or Above	A Line of Progression Job	The higher of the rate of pay for the intermediate[1] classification in his former line of progression or his new line of progression.
Journeyman or Above	A Non-Line of Progression Job	Red Circled at the rate of pay for the intermediate[1] classification in his former line of progression.
Below Journeyman	Any Job	Red Circled at the "50% rate" as defined in Appendix "A."

NOTE 1: For employees who are journeyman or above in a two classification line of progression (i.e., Customer Service Representative-Meter Reading) the intermediate classification in their old line of progression will be the journeyman classification.

NOTE 2: An employee transferred to a line of progression classification will receive the above wage protection for a period of time equal to the duration of the wage step progression applicable to the classification

plus six (6) months after which, if not fully qualified, he will be paid at the appropriate rate of pay for his classification and the provisions outlined in Section 10.04 will apply.

If the application of the above table would result in an increase for any employee, that employee will retain his present rate of pay unless qualified for the higher classification.

Employees who have been redeployed under this section shall have a one-time opportunity to return to their former classification, should openings occur, for a 3-year period.

Employees who are redeployed to a non-line of progression classification shall remain subject to redeployment until they have been offered an opportunity to transfer to a classification in a line of progression.

Notwithstanding the above, consistent with the provisions of the Company/Union partnership statement on Continuous Improvement, any employee who is redeployed as a result of the Continuous Improvement process will have their rate of pay red-circled subject to the provisions of Note 2 above.

ARTICLE 11
TEMPORARY EMPLOYEES

SECTION 11.01: The Company may, at its option, hire temporary employees from time to time throughout the term of this Agreement. Temporary employees are included in the bargaining unit covered by this Agreement, however, they are not entitled to any of the benefits provided for in this Agreement, except as specified herein. The Company shall have the right to discharge temporary employees with or without cause and without recourse by the Union or by such temporary employee to the grievance procedure of this Agreement. There shall be no seniority among temporary employees and there shall be no responsibility for re-employment of temporary employees if they are laid off or discharged during their temporary employment.

SECTION 11.02: Temporary employees may, at the Company's election, be transferred from temporary status to the Company's regular full-time employment. In the event of such a transfer, the period of time worked as a temporary employee from the date of his last employment shall be credited toward his seniority with the Company and shall be credited toward the computation of his probationary period. Additionally, future eligibility for seniority-related benefits for such employee will be calculated from the date of employment as a temporary employee.

SECTION 11.03: A temporary employee is an employee hired for a limited term of employment not to exceed twelve (12) months or for a particular job or project which, the Company anticipates at the time of employment, will not extend beyond twelve (12) months. A temporary employee shall be entitled to the temporary help rate. If the employee is hired for specific technical skills, he shall be entitled to the rate for the specific job which he is performing during the period of his employment as set forth in this Agreement.

SECTION 11.04: Temporary employees are entitled to the following contractual benefits as outlined in this Agreement:

(a) Overtime pay

(b) Premium pay

SECTION 11.05: The Company agrees to send to the Union a list of all temporary employees showing their respective job classifications (where applicable for temporary employees) and dates of hire. The Company agrees to update the aforementioned temporary employee list when necessary and will mail a copy of said list to the Union.

ARTICLE 12
HOLIDAY PAY

SECTION 12.01: The following days are recognized as Holidays:

New Year's Day	Thanksgiving Day
Good Friday	Friday after Thanksgiving Day
Memorial Day	Christmas Eve
Independence Day	Christmas Day
Labor Day	2 Floating Holidays

SECTION 12.02: At the time of vacation selection, the preference of the Floating Holiday will be determined by seniority. After vacation selection has been completed, selection of the Floating Holiday shall be made on a first come, first served basis. If operational requirements cause the cancellation of this scheduled Floating Holiday, it may be rescheduled or the employee may be paid as outlined in Article 9.

SECTION 12.03: To be eligible for holiday pay, when referred to herein, an employee shall have completed his probationary period and shall have worked the last scheduled workday before and the first scheduled workday after the day recognized as a holiday. The following shall be considered as excused on the last scheduled workday before and the first scheduled workday after the day recognized as a holiday for the purposes of the administration of this article:

(a) Permission granted to be absent without pay provided such permission is requested prior to the time employee is to be absent.

(b) Vacation

(c) Funeral Leave

(d) Jury Duty

(e) Sickness or injury providing the employee works at least one day in the workweek in which the day recognized as a holiday falls, or said holiday immediately precedes, immediately follows or is the first day or last day of such period of disability, and providing, further, the employee reports such cause for absence in a timely manner on the day of the absence or prior thereto, and furnishes a doctor's certificate, if requested by the Company.

SECTION 12.04: An employee who is eligible for holiday pay as set forth above and is not required to work on a day recognized as a holiday, shall be paid for eight (8) hours computed at straight-time hourly rates exclusive of shift premium or any other premium pay. Hours paid for under this provision, up to eight (8) hours, which fall on an employee's regularly scheduled workday shall be included in computing forty (40) hours of work during such week for the purposes of figuring overtime.

SECTION 12.05: Except for shift workers as set forth below, when any of the holidays fall on a Sunday the following Monday shall be observed as the holiday; should any of the holidays fall on a Saturday, the preceding Friday shall be the observed holiday. However, when Christmas Eve Day (December 24) occurs on Friday, it will be observed on the preceding Thursday and Christmas Day will then be observed on Friday. Additionally, when Christmas Eve Day (December 24) occurs on Sunday, it will be observed on the preceding Friday and Christmas Day will then be observed on Monday.

For a shift worker whose work schedule regularly includes work on Saturdays and/or Sundays and who is scheduled to work on a Saturday and/or Sunday which is a holiday, such holiday shall be observed on the legally recognized holiday instead of the Company observed holiday. A shift worker, scheduled to work on a holiday which falls within his normal workweek and works the holiday, may be permitted, with approval from his supervisor, to reschedule the holiday to some later date. Shift workers may exercise this option for up to three (3) holidays per year, excluding those recognized in November and December. Requests to reschedule holidays will be granted only to the extent operational demands and schedules will permit. Furthermore, employees choosing to exercise this option must declare their intent and reschedule such holiday before the end of the pay period in which the holiday is worked.

Employees who reschedule a holiday shall receive the appropriate rate of pay for time worked on such holiday in accordance with Article 9, Section 9.01(a)(5) and 9.01(b)(1), however, the basic holiday allowance as described in Section 12.04 will be postponed until the employees receive time off for the rescheduled holiday or the end of the calendar year, whichever comes first.

The Company will permit at least fifteen per cent (15%) of the employees in its various departments time off on scheduled holidays which are observed Company-wide. Emergencies shall be in addition to the above limitations.

SECTION 12.06: An employee may schedule their Floating Holiday on the day recognized as Martin Luther King's birthday in accordance with Section 12.02. The Company will not unreasonably deny such requests consistent with operational demands. For shift workers, the Company will apply similar staffing levels for company-wide observed holidays, pursuant to Section 12.05.

ARTICLE 13
VACATIONS

SECTION 13.01: The Company will grant full vacation benefits to regular employees who were actively employed in the previous year according to the following schedule provided the employee worked at least 1040 straight-time hours during the previous calendar year. An employee who quits, voluntarily separates, retires, dies or who is discharged for cause on or before December 31, shall not be entitled to vacation in the following year.

(a) One (1) week of vacation after one (1) full year of continuous service.

(b) Two (2) weeks of vacation after three (3) full years of continuous service.

(c) Three (3) weeks of vacation after five (5) full years of continuous service.

(d) Four (4) weeks of vacation after fifteen (15) full years of continuous service.

(e) Five (5) weeks of vacation after twenty-five (25) full years of continuous service.

SECTION 13.02: Vacation entitlement shall be determined by the anniversary date of an employee's most recent employment by the Company. Any additional vacation for which the employee becomes eligible in any calendar year may not be taken prior to such anniversary date and, then, only if such time remaining in the calendar year is adequate to permit scheduling of such vacation in accordance with the other provisions of this article.

SECTION 13.03: Employees who fail to satisfy the 1040 straight-time hours worked requirement for full vacation entitlement shall have their vacation entitlement reduced as follows:

At least 880, but less than 1040 straight-time hours worked - loss of one week of vacation entitlement.

At least 720, but less than 880 straight-time hours worked - loss of up to two weeks of vacation entitlement.

At least 560, but less than 720 straight-time hours worked - loss of up to three weeks of vacation entitlement.

Less than 560 straight-time hours worked - loss of all vacation entitlement.

For purposes of determining "straight-time hours worked," as used in this Section, the following shall be included in an employee's total:

(a) Days actually worked, including partial days where four (4) or more hours are actually worked, shall count as eight (8) straight-time hours.

(b) Paid holidays falling in a employee's regularly scheduled workweek.

(c) Vacations, except in lieu of Sick Leave or Workers' Compensation.

(d) Jury Duty and Funeral Leave.

(e) Time lost for personal business authorized for the purpose of attending military summer camp (to a maximum of two weeks, per year) and regular monthly drills (to a maximum of two days per month).

Nothing herein shall preempt the rights, as provided by Federal law, of an employee timely reinstated in accordance with such law following absence for military service in the armed forces.

SECTION 13.04: An employee who is off-duty because of sickness, injury or disability may take unused vacation entitlement, to which he was entitled at the onset of such absence, in lieu of sick leave or Workers' Compensation providing the employee requests same from his supervisor prior to the period he desires to take such vacation. Vacation in lieu of sick leave or Workers' Compensation shall not, however, reduce, or be in lieu of, any waiting period as applicable under Articles 16 and 18 of this Agreement except as specifically stated in Article 16, Section 16.03(e). Vacation in lieu of sick leave or Workers' Compensation, where requested and granted, shall not be considered either as equivalent to time worked or reinstatement to active employment, as may be applicable, during the period involved for any purpose under this Agreement.

SECTION 13.05: Employees who are injured or become ill during a scheduled vacation period may reschedule the remainder of such vacation subsequent to the onset of such injury or illness with prior approval of their supervisor. Days paid for as vacation during such period of injury, illness or disability shall not reduce the waiting period required under Articles 16 and 18 of this Agreement. The waiting period shall begin effective with the first day that is permitted to be changed from vacation to sick leave and shall be applicable in accordance with the provisions of that article as though the period of injury, illness or disability began on that day.

SECTION 13.06: When a day recognized as a holiday falls on any of the first five (5) days of a workweek during an employee's vacation exclusive of vacation in lieu of sick leave or Workers' Compensation, the employee will be required to schedule the day of vacation upon which the holiday falls, at the time of vacation selection as described in Section 13.10.

SECTION 13.07: In the event an employee is separated for any reason (including extended approved leave of absence, retirement, lay-off, resignation, disability, death or discharge), the Company will pay to the employee, or the employee's estate, an amount equal to any unused vacation benefits to which the employee was otherwise entitled at the time of separation; provided, however, that all such rights shall be forfeited by an employee who is discharged for dishonesty.

Should an employee return to active employment without loss of seniority in the same calendar year as that in which the employee was separated and for which the employee received entitled vacation benefits and/or compensation in lieu of unused vacation benefits, the employee shall not be entitled to further vacation benefits in that year except such additional vacation benefits as may accrue as a result of an anniversary of continuous employment for which further vacation is applicable.

Should the employee be off-duty for any reason at the time of separation, vacation entitlement shall not exceed that for which the employee was eligible on the last day actually worked before such absence. Payment for such unused vacation, as set forth herein, shall not be considered an extension of employment and the employee shall not be eligible for any benefits of employment after the date of separation solely as a result of such payment in lieu of unused vacation.

SECTION 13.08: The wages which the Company shall pay during vacation period shall be computed on the basis of an eight (8) hour day and forty (40) hour week and shall be at the employee's normal rate of wages applicable during the period, exclusive of shift premium or any other premium pay. Time paid for as vacation pay shall be included as time worked for the purpose of computing forty (40) hours of work during such week for the purposes of figuring overtime.

SECTION 13.09: The Company will, as far as practicable consistent with work requirements, permit vacations to be taken at the time desired by employees, but determinations as to the total number of employees or any employees, the number of employees of a particular classification or at a particular location, the number and classification of employees of a particular working group, to be allowed on vacation at any time; the time within which vacations may be taken; and the make-up of working groups for vacation purposes, are reserved solely to the Company in order to insure the orderly operation of the Company. When these determinations have been made by the Company and there is an opportunity of choice between two or more employees, the employee with the highest seniority roster position shall have first choice of vacation time made available.

SECTION 13.10: For the purposes of vacation preferences under this article, employees shall be permitted to use their Company seniority to schedule vacation periods in two-week increments or less. The Company reserves the right to schedule an employee's fourth and fifth week of vacation separately from the first three (3) weeks of vacation and separately from each other.

It is agreed that vacations shall normally be scheduled to be taken in periods of one full week or more. Shorter periods of vacation may be allowed, however, in the discretion of supervision, for special circumstances when approved in advance for which vacation allowance is requested provided the employee, if requested, verifies the special circumstances for which the shorter period of vacation is requested.

Vacations must be taken within the calendar year in which they are applicable. Employees who do not take the vacation to which they are entitled in any calendar year, except when the employees are caused by the Company to forego all or part of their vacation due to an emergency, shall not be entitled to pay in lieu thereof or to carry over their unused vacation benefits to the next subsequent calendar year. Where the employees are caused by the Company to forego vacation due to an emergency, the Company shall either pay compensation in lieu of vacation or designate alternate vacation dates in the following year at the employee's option. Initial vacation schedules, once completed, shall be posted.

SECTION 13.11: Subject to operational requirements, a regular full-time employee whose spouse is expected to give birth to a child will be entitled to reschedule up to one (1) week's vacation, to begin at any time between the date of the onset of labor and the release from the hospital following delivery, provided the employee notifies his supervisor at least two (2) weeks in advance of the anticipated delivery date, and further notifies his supervisor before starting time on the first day he will miss work due to the birth of the child.

A regular full-time employee who does not reschedule vacation as described above, may be released from duty for not more than four (4) hours, with pay, to accompany his child home from the hospital should the release from the hospital occur on a scheduled workday for the employee. An employee may elect to take the remainder of his scheduled work day as an excused, unpaid absence. The employee must not be off duty for any other reason to be eligible for the four (4) hours pay described herein and must notify his supervisor of his absence for this purpose not later than the day preceding the day his child is released from the hospital.

ARTICLE 14
PHYSICAL EXAMINATION

SECTION 14.01: In addition to the physical examination which is given to all new employees before they are accepted for employment, the Company may require additional physical examinations (including periodic examinations for certain types of work, and examinations upon transfer of employees from one job to another) and it is understood and agreed that continuous employment is dependent at all times upon the employee's satisfactorily passing such physical examinations as the Company may, from time to time, require such employees to take. Physical examinations will normally be scheduled as early in an employee's regularly scheduled work day as operational needs will permit.

SECTION 14.02: The Company agrees that upon an employee's return to work after an illness or disability, consideration will be given to the employee's physical condition and, if possible, a less strenuous type of work will be granted.

SECTION 14.03: All medical expense made necessary by this article shall be paid for by the Company. Except for an employee's examination in connection with acceptance for employment or as otherwise set forth herein, employees shall receive pay for time spent, not to exceed eight (8) hours including time worked on that day, having such physical examinations. Following a period of sickness or non-work related injury, when an employee is released by his doctor to return to work he shall notify the Company of such release immediately. If the supervisor deems it necessary that the employee be examined by the Company's doctor to verify the employee's capability to perform his normal duties, the employee is expected to report to the Company doctor prior to the date of his release to return to work, if possible, and such time will be considered as part of his illness. An employee who is unable to visit the Company doctor before the date upon which his private physician has released him to return to work, shall be paid as follows:

(a) An employee eligible for sick pay shall be entitled to utilize up to one additional day of his sick leave entitlement subject to being required to report back for duty as set forth below.

(b) An employee not eligible for sick pay shall receive (as time worked) his straight-time hourly rate for all time spent, not to exceed eight (8) hours, in connection with such physical examination.

NOTE: An employee who returns to work from a period of sickness or non-work related injury without a release from his private physician shall be paid in accordance with (a) or (b) immediately above if directed to visit the Company doctor.

An employee shall not be required to visit the Company's doctor if released by his private physician after 12:00, noon, that day. The employee shall, however, report his release to the Company as set forth above.

An employee is required to report back for duty at the completion of his physical examination unless excused by his supervisor. An employee required to go to the Company doctor for physical examination on a regular off-day is entitled to overtime at his appropriate rate for a minimum of two (2) hours or time actually spent in the doctor's office (not to exceed eight [8] hours), whichever is greater. For the purposes of this section only, "regular off-day" shall mean the off-day of the schedule the employee would have been on had he been at work.

If an employee is required to see the Company doctor during a period of absence under this Article or, if his supervisor deems it necessary, after the employee is released by his personal physician to return to work, such employee shall be allowed to visit the Company doctor closest to his residence.

SECTION 14.04: Examinations by the Company's doctor which may be required during the course of an illness shall be considered a part of the employee's absence due to sickness and the employee shall be entitled to pay as sick leave for time spent having such examinations as provided for in Article 16. Examinations or treatment for compensable injuries are subject to the laws and regulations pertaining to Workers' Compensation and to another applicable article of this Agreement and are not subject to the provisions of this Article.

SECTION 14.05: Notwithstanding the previous paragraph, whenever an employee who is at work is required by the Company to leave his assigned place of work for the purpose of receiving a physical examination, the Company may provide transportation to the employee or a mileage allowance in lieu thereof. It is the employee's responsibility to keep his appointment for the physical examination and the election described herein is the Company's and not the employee's. Should the Company elect to pay mileage, it shall be to reimburse the employee for use of his personal vehicle and shall be determined by multiplying the Company's regular mileage rate for occasional use of personal vehicles by the one-way distance from the point of departure to the point of destination. In the event the employee is required to report back to work following a physical examination, mileage, if payable, shall be paid for the return trip.

ARTICLE 15
NO STRIKE AND NO-LOCKOUT CLAUSE

SECTION 15.01: The Union agrees that during the entire term of this Agreement the Union, its officers, representatives, members and the employees covered by this Agreement shall not take part in any strike, slow down or stoppage of work, boycott, sympathy strike, picketing or any other interruption of or interference with the work and business of the Company. The participation by an employee in any conduct prohibited by this article or the failure or refusal on the part of any employee to comply with any provision of this article shall be cause for disciplinary action, including suspension or discharge.

SECTION 15.02: In consideration of this no-strike covenant and pledge by the Union and employees, the Company agrees that it shall not lockout employees during the period of this Agreement. The term "lockout" is hereby defined so as not to include the discharge, suspension, termination, layoff, failure to recall or failure to return to work of employees by the Company or the curtailment or discontinuance of operations by the Company in the exercise of its rights as set forth in any provision of this Agreement.

SECTION 15.03: Whenever the work of the Company requires that employees covered by this Agreement cross a legal picket line established by any other labor organization, the Union Office shall be notified of the need for such crossing as soon as is reasonably practicable under all of the circumstances. The notice called for by this Section shall in no way delay or excuse an employee from the performance of his duties.

ARTICLE 16
SICKNESS LEAVE OF ABSENCE

SECTION 16.01: The Company grants, for the term of this Agreement, to all regular employees covered by this Agreement, payment for time lost because of:

(a) Any accident occurring while the employee is not working for wage or profit, or

(b) Any sickness for which the employee is not entitled to benefits under any Workers' Compensation or Occupational Disease Laws or Acts.

SECTION 16.02: Payment will be made for regularly scheduled workdays on the basis of not to exceed eight (8) hours for any scheduled workday and not to exceed forty (40) hours in any workweek, computed at straight-time exclusive of shift premium or any other premium pay. Regularly scheduled workday shall mean one of the first five (5) regularly scheduled workdays which constitute the basic forty (40) hours per week. This shall not include scheduled overtime days.

SECTION 16.03: Payments will be made for time so lost beginning with the fourth (4th) scheduled workday of any one continuous absence except:

(a) If two (2) consecutive scheduled off-days fall within such three (3) day waiting period, they shall be counted as one (1) day of the waiting period. If four (4) consecutive scheduled off-days fall within such three (3) day waiting period, they shall be counted as two (2) days of the waiting period.

(b) If an employee is forced by illness to leave the employee's working place before the employee's regular quitting time on the last scheduled workday before scheduled off-days, any two (2) such off-days, if consecutive, shall be counted as one (1) day of the waiting period.

(c) An employee who reports for work on a regularly scheduled workday but is forced by illness to leave work before working more than four (4) hours shall have that day counted as one (1) day of the required waiting period. An employee who is forced by illness to leave work after working more than four (4) hours but less than eight (8) hours may be paid on the third (3rd) day of the waiting period an equivalent number of hours as those lost because of sickness on the last day worked if the third (3rd) day of the waiting period is a scheduled workday. Such partial day payment shall not be counted against an employee's total day entitlement.

(d) Payment will also be made for any regularly scheduled workday of the waiting period: (1) during which the employee is a bed patient in a hospital and for which a room charge is levied; or, (2) which follows a period of such internment, even if internment is on an off-day.

(e) An employee who becomes eligible for paid sick leave under this Article may substitute earned Vacation benefits for any time lost during the waiting period as described in this Section, provided he requests such by the close of the normal business day which follows the day he first becomes eligible.

SECTION 16.04: Payment will be made for time lost as outlined below:

(a) First year of regular employment - no sick leave.

(b) After one (1) full year of continuous service as a regular employee, and on July 1st of each succeeding year thereafter, a regular employee will earn twenty (20) days of paid sick leave if he has less than twenty (20) years of company seniority, or twenty-five (25) days of paid sick leave if he has twenty (20) years or more company seniority. Unused sick leave may be carried over from one year to the next, not to exceed one hundred (100) days. Paid sick leave earned as described herein will be credited to regular employees on July 1st unless the employee is not at work for any reason other than those set forth in Section 16.05. If not at work on July 1st, for reasons other than set forth in Section 16.05, the days of paid sick leave will be credited to the employee following his return to work for two (2) full weeks (eighty (80) hours) of regular duty.

SECTION 16.05: For the purposes of Sections 16.04(b) and 16.09, the following will count as time worked:

(a) Days actually worked, including partial days where four (4) or more hours are actually worked.

(b) Paid holidays falling in an employee's regularly scheduled workweek.

(c) Vacations, except in lieu of Sick Leave or Workers' Compensation.

(d) Jury duty and funeral leave.

(e) Time lost for personal business authorized for the purpose of attending military summer camp (to a maximum of two weeks per year) and regular monthly drills (to a maximum of two days per month).

SECTION 16.06: As a further condition of making payments for illness, the employee, or someone on the employee's behalf, must report absence because of illness on the first day of absence and thereafter as directed. The employee may be required to furnish a doctor's certificate after three (3) days and periodically during the employee's period of illness and/or upon release to return to duty, if requested by the Company. The Company may require an employee to report to the Company doctor if, in its opinion, sufficient cause exists for such action.

As a further condition of making payments under this Article an employee shall not engage in any physical activity for personal gain or profit unless such activity is authorized by the employee's physician, subject to review by the Company doctor. An employee who engages in physical activity for personal gain or profit without such authorization while accepting benefits under this Article shall be subject to discharge or other disciplinary action including forfeiture of any sick leave benefits otherwise payable for the period of absence disqualified.

SECTION 16.07: The employee is obligated to return to work at the earliest day recovery from an illness will permit, including making himself available for limited service in accordance with Article 19. Failure to return to duty when able, or falsifying the necessity for sick leave, shall be cause for discharge or other disciplinary action, including forfeiture of sick pay for the period of absence disqualified.

SECTION 16.08: A period of sickness, including waiting days, must be continuous, except:

(a) A return to work for not in excess of two (2) days, or a paid holiday, shall not interrupt or cancel a waiting period, beginning of sick pay or continuation of sick pay.

(b) In the case of an employee who is able to return to work in some capacity after suffering from a catastrophic illness or injury and who thereafter must receive long term occasional medical treatment or rehabilitation which is not reasonably available outside the employee's regular working hours. An illness or injury shall be considered catastrophic if the employee suffered major head trauma, spinal cord injury, amputation, severe burn, severe stroke, amylotrophic lateral sclerosis, metastasis cancer, acquired immune deficiency syndrome (AIDS), severe cardiac disease, severe hepatitis, anorexia nervosa, bulimia, or severe congenital anomalies.

SECTION 16.09: An employee may earn a day off with pay for the current calendar year if, during the preceding calendar year, he has used no paid sick leave, has remained eligible for paid sick leave and has worked 1040 straight-time hours or more. For the purpose of this section, all time listed in Section 16.05 will count as time worked. For each succeeding calendar year in which he uses no paid sick leave while remaining eligible for paid sick leave and works 1040 straight-time hours or more, he will earn the aforementioned paid day off during the next calendar year. The scheduling of this day is subject to the following conditions:

At the time of vacation selection, the preference of the Earned Holiday will be determined by seniority. After vacation selection has been completed, selection of the Earned Holiday shall be made on a first come, first served basis. Earned Holidays may be coupled with a Company-wide Holiday, or added to vacation periods. If operational requirements cause the cancellation of this scheduled day, it may be rescheduled or the employee may be paid as outlined in Article 9.

ARTICLE 17
SUCCESSORSHIP

The Company agrees that the Collective Bargaining Agreement between the parties will remain in full force and effect for the specified duration regardless of any change in the ownership of the Company. The Company will include a provision, in any sales or merger agreement, with any successor or assign, that will affirm and make the continuation of the Collective Bargaining Agreement a condition of the sale or merger of the Company.

ARTICLE 18
SUPPLEMENT TO WORKERS' COMPENSATION

SECTION 18.01: When an employee is injured while working for the Company and is entitled (or would by passage of time become entitled) to benefits under Workers' Compensation or Occupational Disease Laws or Acts, the Company agrees to supplement such benefits, as earned by the employee under Section 18.05, by paying such employee the difference between such benefits (irrespective of the employee's receipt of the benefits) and one hundred percent (100%) of the employee's net wages received on the basis of a forty (40) hour workweek, computed at straight-time exclusive of shift premium, or any other premium pay, beginning with the fourth (4th) scheduled workday of such absence except:

(a) If two (2) consecutive scheduled off-days fall within such three (3) day waiting period, they shall be counted as one (1) day of the waiting period. If four (4) consecutive scheduled off-days fall within such three (3) day waiting period, they shall be counted as two (2) days of the waiting period.

(b) If an employee is forced by injury to leave the employee's working place before regular quitting time on the last scheduled workday before scheduled off-days, any two (2) such off-days, if consecutive, shall be counted as one (1) day of the waiting period.

(c) If an employee is injured after reporting for work or is required to go to the Company's doctor for treatment on a scheduled workday, the employee shall be paid at the employee's regular straight-time rate for the remaining hours in the employee's regularly scheduled workday, not to exceed eight (8) hours in total for such day, except that no such payment shall be made for time required to visit the doctor on any day the employee is off duty for any reason while the employee is still receiving benefits under this article.

(d) Payment will also be made for any regularly scheduled workday of the waiting period: (1) during which the employee is a bed patient in a hospital and for which a room charge is levied; (2) which follows a period of such internment, even if internment is on an off-day; or (3) for time spent not to exceed eight (8) straight-time hours, visiting the Company doctor on waiting period days when the employee does not subsequently become eligible for Workers' Compensation benefit for such days.

SECTION 18.02: The employee is obligated to return to work at the earliest date recovery from an injury will permit, including making himself available for limited service in accordance with Article 19. Failure to return to duty when able, or falsifying the necessity for compensable leave, shall be cause for discharge or other disciplinary action, including forfeiture of the Supplement for period of absence disqualified.

As a condition precedent to receipt of benefits under this Article, an employee shall not engage in any physical activity for personal gain or profit during the twenty-two week period of his supplemental benefits for occupational injury or illness unless such activity is authorized by the employee's physician, subject to review by the Company doctor. An employee who engages in physical activity for personal gain or profit without such authorization while accepting supplemental benefits under this Article shall be subject to discharge or other disciplinary action including forfeiture of the Supplement.

SECTION 18.03: The pay of employees working on overtime hours who are injured and required to go to the Company doctor will cease when they leave their work site. If it is necessary for the employees to return to their work site for their own convenience after their regularly scheduled workday is completed, whether transported by Company vehicle or not, they will not be paid for such time.

SECTION 18.04: Determination of first day considered as "lost time" is as follows:

(a) Workers' Compensation - Next calendar day after day of injury.

(b) For Supplement - Next regularly scheduled workday on which the employee is absent due to the injury subject to provisions of (a), (b), (c), and (d) above.

SECTION 18.05: Supplemental payment will be made for time lost as outlined below:

(a) First year of regular employment - no supplement.

(b) After one (1) full year of continuous service as a regular employee, and on July 1st of each succeeding year thereafter, a regular employee will earn twenty-five (25) days of supplemental pay. The supplement may be carried over from one year to the next, not to exceed one hundred (100) days. Supplemental pay earned as described herein will be credited to regular employees on July 1st unless the employee is not at work for any reason other than those set forth in Section 16.05. If not at work on July 1st, for reasons other than set forth in Section 16.05, the twenty-five (25) days of supplemental pay will be credited to the employee following his return to work for two (2) full weeks (eighty (80) hours) of regular duty.

ARTICLE 19
LIMITED SERVICE

SECTION 19.01: An employee who sustains a temporary or permanent partial disability from an illness or injury shall be permitted to return to work in whatever capacity his disability will permit, where work is available.

The duration of a limited service assignment, the affected employee's classification, and his rate of pay will be as follows:

A. For partial disabilities which are not compensable under Kentucky or other applicable Workers' Compensation statutes -

1. Classification and Rate of Pay: Will be subject to the employee's length of continuous service on the onset of his disability, in accordance with the following:

(a) If the employee has 25 years or more of Company seniority, his classification and rate of pay in effect on the onset of his disability will be continued for forty (40) work days, following which the employee will be reclassified to Limited Service Helper. His rate of pay will be the

"50% rate" as defined in Appendix "A" or his current rate of pay, whichever is less, for the duration of his limited service assignment.

(b) If the employee has 15 or more years, but less than 25 years of Company seniority, his classification and rate of pay in effect on the onset of the disability will continue for thirty (30) work days, following which the employee will be reclassified to Limited Service Helper and be paid the rate for Limited Service Helper or his current rate of pay, whichever is less, for the duration of his limited service assignment.

(c) If the employee has less than 15 years of Company seniority, his classification and rate of pay in effect on the onset of the disability will continue for twenty (20) work days, following which the employee will be reclassified to Limited Service Helper and be paid the rate for Limited Service Helper or his current rate of pay, whichever is less, for the duration of his limited service assignment.

2. Duration: The duration of any limited service assignment under this section for any employee shall not exceed one hundred (100) work days in a calendar year.

B. Except for those injuries described in Section (c), below, for partial disabilities which are compensable under Kentucky or other Workers' Compensation statutes:

1. Classification and Rate of Pay: Will remain the same as that in effect on the onset of his disability for the duration of his limited service assignment.

2. Duration: The duration of any limited service assignment under this section for any employee shall not exceed one hundred (100) work days in a calendar year.

C. For employees who may suffer partial disabilities arising from; spinal cord injuries, severe head trauma, severe burns, amputations or loss of sight, which are compensable under Kentucky or other Workers' Compensation statutes:

1. Classification: Will remain the same as that held by the employee prior to the onset of his disability for not more than two hundred (200) work days at which time the employee will be reclassified to Limited Service Helper.

2. Rate of Pay: The wage rate in effect for the employee prior to the onset of his disability will be continued for one hundred (100) work days, following which the employee's rate will be reduced by ten percent (10%), and the reduced rate will be paid for the next one hundred (100) days. Thereafter, when the employee has been reclassified to Limited Service Helper, he shall be red-circled at the reduced rate which shall remain in effect until such time as the rate for the

top of the paygrade nearest the "50% rate" as defined in Appendix "A" equals or exceeds the employee's red-circled rate.

3. Duration: There is no limitation upon the duration of a limited service assignment for disabilities described by this Section (c).

SECTION 19.02: An employee on limited service who is able to return to his prior job classification, will not have the time spent on limited service credited toward minimum time-in-grade requirements or wage step progression increases within the prior classification. General wage increases shall, however, apply to limited service employees except as otherwise provided. A general wage increase occurring at a time when a limited service employee is being paid at ninety percent (90%) of his prior rate shall be applicable only to the extent of ninety percent (90%) of the increase otherwise applicable to the employee's prior rate.

Should an employee suffer successive partial disabilities within a calendar year, the eligibility for limited service as a consequence of the most recent disability will be reduced by the limited service entitlement utilized by the employee with respect to the prior disability or disabilities.

SECTION 19.03: In order to be eligible for limited service as described in this Article, the employee must have worked a minimum of eighty (80) straight-time hours of regular duty within the calendar year. An employee on limited service as of December 31 of any calendar year may utilize the remainder of his limited service eligibility for that year, in the following year, provided the period of limited service is continuous. However, an employee on limited service on December 31 must work at least eighty (80) straight-time hours of regular duty in the following year to again be eligible for the full period of limited service.

If an employee is unable to return to regular duty at the end of his period of limited service eligibility, he will be placed off work until he can return to regular duty unless reclassified as described in Section 19.04.

SECTION 19.04: Regardless of the duration of an employee's limited service assignment and rate of pay applicable thereto, an employee on limited service who is certified by a medical doctor of the Company's choosing to be permanently restricted may be reclassified to any vacant job in a classification the duties of which the employee is qualified and physically able to perform. The rate of pay for employees reclassified under this section shall be as follows:

Workers' Compensation Injuries

Employees with 25 or more years of service will have their rate of pay reduced by ten percent (10%) upon being reclassified and the reduced rate will be paid for the next one hundred (100) days. Thereafter, he shall be red-circled at the reduced rate which shall remain in effect until such time as the rate for the top of the paygrade nearest the "50% rate" as defined in Appendix "A" equals or exceeds the employee's red-circled rate.

Employees with less than 25 years of service will receive the rate for the top of the paygrade nearest the "50% rate" as defined in Appendix "A" upon reclassification.

Non-Workers' Compensation Injuries

Employees with 25 or more years of Company seniority will receive the rate for the top of the paygrade nearest the "50% rate" as defined in Appendix "A" upon reclassification.

Employees with less than 25 years of Company seniority will be paid at the rate for his new classification. Employees subject to reclassification as described herein, will have their cases discussed with the Union and their seniority status decided by mutual agreement.

SECTION 19.05: Where practicable and if appropriate, limited service employees described in Section 19.01 (b) and (c) will be reclassified to regular job classifications before exhaustion of their limited service eligibility provided work is available.

Employees who, prior to November 13, 1989, have been reclassified to regular job classifications from limited service and whose wages have been protected will be red-circled at their existing rates until such time as the rate for the classification exceeds the red-circled rate, or until an employee changes job classifications under Article 10.

SECTION 19.06: An employee's ability to return to his former job, or to be placed in a job of a higher classification, shall be subject to review at any time the employee's physical condition improves. If the employee is capable of performing the duties of his former job, he shall be returned to his former job provided an opening exists, and his seniority status shall be determined by mutual agreement. An employee may be placed in a job in a higher classification which was not his former job upon mutual agreement of the parties.

SECTION 19.07: Subject to the foregoing, an employee who is released to return to work in a limited service capacity shall promptly notify his department limited service representative who shall assign the disabled employee first to whatever work the employee's disability will permit in that department or payroll division. If no suitable work is available, the employee's department limited service representative shall then notify the designated Company representative responsible for the assignment of limited service employees. The disabled employee shall then be assigned to whatever suitable work that is available anywhere in the Company. Such assignments may be made on a daily basis, if necessary, and no assignment shall be held to constitute a change of schedule nor shall such assignments be made on the basis of an employee's seniority. Limited service assignments shall be considered as temporary assignments.

SECTION 19.08: Nothing in this Article shall be construed to abrogate or diminish any rights an employee would otherwise have under this Agreement, the Americans with Disabilities Act, the Workers' Compensation laws of Kentucky or other applicable laws.

SECTION 19.09: Notwithstanding Sections 16.09 and 18.01 of this Agreement, an employee who is on limited service due to an injury or illness and who has once satisfied the waiting period described in those sections shall not be required to satisfy an additional waiting period should the Company remove him from limited service duty due to a lack of suitable work.

ARTICLE 20
PERSONAL LEAVES OF ABSENCE

SECTION 20.01: When, in the opinion of the Company, the requirements of the business will permit, an employee may, upon written request to the Company stating the reason why such leave of absence is desired, be granted a leave of absence for legitimate personal reasons without pay for a period not to exceed one hundred eighty (180) calendar days. Seniority will accumulate only during the first one hundred eighty (180) calendar days of any leave of absence granted under this Agreement for personal reasons. The Company may, but shall not be required to extend any leave of absence granted under this Agreement.

SECTION 20.02: It shall be cause for discharge if any employee misrepresents or falsely states to the Company in any application for a leave of absence (under this or any other article relating to a leave of absence), or any extension thereof, the reason for requesting such leave of absence. It shall also be cause for discharge if an employee, during a leave of absence under this Agreement, accepts gainful employment or becomes gainfully employed in any capacity by any other person, firm or corporation, or engages in any business for gain or profit on his own account, without first having obtained approval in writing for such other employment or business from the Chief Administrative Officer, or his designated representative. An employee who fails to return to work at the expiration of a leave of absence shall be conclusively presumed to have quit his employment with the Company.

SECTION 20.03: The Union recognizes that when employees are granted leaves of absence, it may be necessary for the Company to make arrangements to fill such employee's job during the entire period of such leave of absence. The Union therefore agrees that no employee may return to work without the Company's consent and approval prior to the date on which his leave of absence expires.

SECTION 20.04: Employees granted leaves of absence under this article shall have the coverage of the following benefit plans continued to the end of the month in which the leave commences:

Group Life Insurance Program
Group Medical Insurance Program

Group Dental Insurance Program

If the employee desires to obtain continued coverage under these programs after the period specified above, such employees shall pay the full monthly cost of the benefit plan premiums or contributions up to and including the month in which the employee returns to work from his leave of absence. Full monthly cost shall include both employee and employer premiums or contributions. Such payments shall commence and be submitted to the Benefits Department by the first day of any succeeding months of the leave of absence. Failure to make timely payments as prescribed shall cause the immediate cancellation of the program coverage.

SECTION 20.05: An employee who is permitted to return from a personal leave of absence, prior to the approved return date, will be reinstated at his former rate of pay and will retain his position on the seniority roster, subject to the provisions of Section 20.01 of this Article.

SECTION 20.06: Any regular full-time employee covered by this Agreement who is elected to a public office requiring their absence from duty with the Company, may request a leave of absence without pay for the duration of their term or terms. Such request shall not unreasonably be denied.

Employees granted a personal leave of absence under this section may have such leave for the duration of their term of office without regard to the one hundred eighty (180) calendar day limitation on Section 20.01, and without loss of seniority. However, the seniority limitation of Article 10, Section 10.03(b) will apply.

Upon completion of their term they shall be reinstated to their former position, if it is available. If it is unavailable, they may be redeployed to another available position under the terms of Article 10, Section 10.24. Employees subject to reclassification under the terms of this section will have their cases discussed with the Union.

SECTION 20.07: Employees shall report to the Company and submit to such physical examinations as the Company may require prior to returning to work from leave of absence granted hereunder.

ARTICLE 21
FUNERAL LEAVE

SECTION 21.01: The Company will grant to all regular employees covered by this Agreement payment, exclusive of shift premium, or any other premium pay, for time lost on their regularly scheduled workdays, up to a maximum of five (5) days, in connection with the death of the employee's spouse, employee's children and employee's parents, and step-children of the employee who are children of the employee's present spouse who have lived in the employee's home. For purposes of this section, "employee's parents" shall include the spouse of either of the employee's natural parents and legal parents. All leave granted under this section shall be taken between the date of death and two days following the date of the funeral or service, inclusive.

SECTION 21.02: The Company will grant to all regular employees covered by this Agreement payment, exclusive of shift premium, or any other premium pay, for time lost on their regularly scheduled workdays, up to a maximum of three (3) days because of death of any other member of an employee's immediate family. Under this provision, other members of an employee's immediate family are recognized as being grandparents, grandchildren, sons-in-law, daughters-in-law, brothers, and sisters of the employee, spouses of employee's brothers and sisters, employee's spouse's brothers, sisters and parents, employee's spouse's grandparents or other close relative living in the home of the employee. All leave granted under this section shall be taken between the date of death and the date of the funeral or service, inclusive.

SECTION 21.03: The employee must report absence because of death in family to the proper supervisor on the first day of such absence and shall indicate the date of the funeral or service, if known, or as soon thereafter as the date becomes known. In the case of vacation interruption, because of death in family, the employee must notify the proper supervisor within two (2) work days of the date of death and shall similarly indicate the date of the funeral or service.

SECTION 21.04: The provisions of this Article will apply within the time limits of an employee's scheduled vacation, but will not apply when an employee is off-duty due to illness or injury or for any other reason. Note: This means that subject to the conditions of this section which determines an employee's eligibility for up to either three (3) or five (5) days off for death in family, and subject to the operating requirements of his department, an employee who suffers a "death in family" during the time he is on vacation may reschedule as vacation the number of vacation days interrupted by death in family, for which the employee is eligible.

SECTION 21.05: Employees who are requested to serve as pallbearers (honorary pallbearers not included) at the funeral of an employee or retired employee should be released from duty, where operational requirements permit, for the amount of time necessary to attend the funeral. An employee who serves in this capacity shall not lose straight-time pay (exclusive of shift premium) on that account. Where practicable and appropriate, the employee is expected to work before and/or after attending the funeral. The Company may require verification of the employee's service in this capacity.

ARTICLE 22
JURY DUTY

Employees serving on Jury Duty shall not lose straight-time pay (exclusive of shift premium) on that account and will be paid the difference between money received for such Jury Duty, exclusive of expense allowance, and their normal straight-time earnings exclusive of shift premium.

Employees scheduled to work the day shift, who are required to report for Jury Duty before noon, shall, upon request and notification to their Department Superintendent, be excused from reporting for work prior to reporting for Jury Duty and shall be required to return to work only if released from Jury Duty at, or prior to, the expiration of four (4) hours from his scheduled starting time. Where practicable, and upon request to the employee's supervisor , an employee scheduled for shift work will be rescheduled to day work (Monday through Friday) for the entire period he is scheduled for Jury Duty.

An employee subpoenaed to testify and who testifies in a civil or criminal judicial proceeding not involving the employee, his family, or any interest of the employee, will suffer no reduction in straight-time pay, for time lost in testifying, and will be paid the difference between money received for honoring the subpoena and normal straight-time earnings, exclusive of shift premium, provided the employee provides prompt notice of his receipt of a subpoena.

The Company may require for each day, in such form as it deems necessary to the conduct and administration of this provision, evidence of the employee's requirement to report for Jury Duty, or to honor a subpoena, proof of attendance, time of reporting, time of release and amounts received as compensation.

ARTICLE 23
MILITARY SERVICE

Except as otherwise provided by law, if it should become necessary for an employee to leave the service of the Company to serve in the Armed Forces of the United States, or should an employee volunteer for service in any of the Armed Forces of the United States, then any such employee shall retain and accrue his seniority during such service, provided he returns to the employ of the Company within ninety (90) calendar days after his demobilization or release from the service, and provided further that he is fit and competent and has received a release or discharge under honorable conditions. A reservist who is called to active duty as a result of mobilization shall receive a supplement, for ninety (90) days from being called, of the difference between military pay and the employee's base pay in effect prior to taking leave under this article. If the employee's family elects to continue dental coverage under the provisions of COBRA, the Company will waive the premium for such coverage to up to twelve (12) months. Additionally, an employee who participates in military summer camp or short-term duty up to three (3) weeks will receive a supplement of the difference between military pay and the employee's base pay. Except as otherwise provided by law, this Article shall not apply to any employee who re-enlists or otherwise extends his period of full-time military service beyond the period of time of his military obligation to the United States.

The employment status of an employee shall not be affected by his enlistment or participation in the civilian components of military services, regardless of whether such enlistment or participation is voluntary or mandatory.

ARTICLE 24
SUBCONTRACTING

SECTION 24.01: The Company currently and historically utilizes outside contractors and subcontractors to supplement its own work force. These outside contractors and subcontractors are utilized primarily for the following reasons: to meet emergency situations; to obtain specialized services not readily available within the Company's work force; for purposes of business expediency (time); and to enable the Company to render service to its customers in the most efficient and economical manner practicable. While the Company expects that a continuation of such outside contracting policies will be necessary to prudent and efficient business operations during the life of this Agreement, the Company agrees that it will not subcontract work normally and usually performed by employees presently covered by this Agreement or utilize the terms set forth in Article 10, Section 10.24 in this Agreement for the purpose of eroding the bargaining unit.

Additionally, the Company agrees that except in an emergency it will not subcontract the work involved in the generation, transmission and distribution of either gas or electricity of a type normally and usually performed by employees in journeyman classifications or above when such subcontracting would cause the layoff of such employees or affect their recall. It shall not be a violation of this Agreement for the Company to continue subcontracting in areas where there has been no reduction in force notwithstanding the fact that a reduction in force in a different area has caused the displacement of incumbent employees by more senior employees pursuant to Article 10. However, should a journeyman be removed from his line of progression due to a reduction in force, and as a result displace a less senior employee in a below journeyman classification in a different line of progression, he shall be considered a journeyman under this Section in the event of a subsequent reduction in force in his new line of progression for not more than the period of time equal to the minimum time in grade requirement for promotion to journeyman, plus six (6) months.

SECTION 24.02: If it becomes necessary for the Company to contract out work of the type regularly and customarily performed by employees covered hereby, it shall notify the Union of such subcontracting and identify the type of contractual agreement, probable duration of the contract and the approximate number of employees involved in the performance of the contract. However, nothing in this article shall require the Company to assume unreasonable or excessive costs in its operations.

SECTION 24.03: It is agreed that outside contractors working on a cost/plus annually renewable contract will not perform work, normally performed by employees covered by this

Agreement, on the sixth or seventh workdays of a week except in the following circumstances and situations: where the employees in the work area affected have been offered the work; if an emergency exists and employees in the work area affected by the emergency have been fully utilized; or if it is necessary to have an equipment outage on the sixth or seventh day for the contractor to complete the work he is performing. However, contractors working on unit cost contracts, fixed bid contracts, or cost/plus emergency contracts will not be affected by this section. It is not a violation of this Section for a contractor to continue or complete work on the 6^{th} & 7^{th} workday, provided the contractor is responsible for that work during the week.

Section 24.04: The Company agrees that, other factors being substantially equal (i.e. price, availability, qualifications etc.), contractors who employ union members will be given preferred consideration. It is understood that this provision in no way creates third party beneficiary status for any individual or contractor.

ARTICLE 25
WAGES - JOB CLASSIFICATIONS - PAY PROGRESSIONS

SECTION 25.01: The wage rates for job classifications covered by this Agreement are described in Appendix "A," which is attached hereto and made a part hereof. Nothing in this Agreement shall prohibit the Company and the Union from mutually agreeing to modify the rate of pay for any job classification set forth in Appendix "A" at any time during the term of this Agreement.

SECTION 25.02: The Company will furnish the Union a copy of an accurate, up-to-date job description for all job classifications listed in Appendix "A."

It is understood that the purpose of the job descriptions referred to herein is to classify the work properly, to give guidance in making assignments and to determine the proper rate of pay therefore. It is agreed that the job descriptions referred to herein describe, in general, responsibilities and duties normally performed, but do not limit the work of an employee to the particular duties listed and the duties incidental thereto. It is agreed that job descriptions list typical duties of a classification and that numerous related tasks incidental to the typical duties listed which reasonably cannot be enumerated in the job description are included in the work of the classification.

SECTION 25.03: It is agreed that in the interest of obtaining improved service, better operations or lower costs, the Company has the right to make changes in equipment, operations, and the organization of work, including the determination of job content, minimum requirements and qualifications; and combine jobs, eliminate jobs, and create new jobs, and it is understood that this is a proper function of management.

SECTION 25.04: The rates of pay for any newly created job classifications, or for any existing job classifications which have been changed by the addition of new or different tasks which require significantly greater skills or responsibilities or by the removal of any tasks which result in requiring significantly lesser skills or responsibilities, and the seniority placement of any employees who may be affected by such changes will be negotiated with the Union by the Company. The Company will prepare proposed job descriptions in such cases and deliver a copy to the Union with notification as to the rate of pay at least fourteen (14) calendar days prior to putting the new or changed job classifications in effect, and will discuss them with the Union if so requested. However, the performance of work as assigned by the Company shall not be delayed either by discussion between the parties regarding new or changed jobs or by any arbitration regarding newly created or modified jobs as provided in Section 25.05. In either instance, wage rates for new or modified jobs as finally determined will be retroactive to the date the new or changed duties were first performed.

SECTION 25.05: If the parties are unable to agree on the proposed establishment of new jobs or modifications and revisions to existing jobs, such issue may be submitted to arbitration at the request of the Union as provided for in Article 6 of this Agreement. In resolving such dispute, the Arbitrator shall only have the authority to establish an appropriate wage rate in proper relation to other existing job classifications for any new or revised job and may not create, revise or abolish job descriptions or specifications.

SECTION 25.06: If the Union believes that the job description for any existing job does not accurately describe the duties or responsibilities of the job due to creeping job changes or changes about which the Union was not formally notified, the Union shall notify the labor relations department of its desire to discuss such issue, and a meeting shall be scheduled within fourteen (14) calendar days. Such meeting shall be conducted by a Representative of the labor relations department, and attended by representatives of the Company and Union who are knowledgeable of the matters to be discussed. If negotiations between the parties do not result in an agreement as to the accuracy of any such job description, the Union may appeal the matter directly to arbitration under Article 6. Such appeal to arbitration shall be not earlier than thirty (30) calendar days following the parties' first meeting. The Arbitrator shall have authority to determine only the appropriate wage rate for the duties performed by the employee(s) in the affected classification and may not create, revise or abolish job descriptions.

SECTION 25.07: An employee who is temporarily assigned to a higher job classification for more than four (4) hours, shall receive the rate of pay for the classification for the entire day of the assignment. An employee assigned to fill a temporary job vacancy in a lower job classification shall suffer no reduction in pay. This section shall not be construed to modify or restrict any other provision of this Agreement.

SECTION 25.08: When an employee is temporarily assigned to a supervisory position outside the bargaining unit, he shall be paid seventy-five cents (75¢) per hour above his regular hourly rate of pay and shall not perform bargaining unit work except as provided in Article 29, Section 29.02. It is understood that any such assignment or assignments for any individual employee will not exceed eighty (80) work days in any calendar year provided, however, the Company may, upon notice to the Union, extend an individual's assignment beyond the eighty (80) day limit if the employee is substituting for the extended absence of a Supervisor whose return to work is anticipated, but not subject to accurate prediction.

ARTICLE 26
MEDICAL AND DENTAL INSURANCE

SECTION 26.01: An employee is eligible to participate in the Medical and Dental Plan on the first day of the month on or after the three (3) month anniversary of his/her date of hire.

Employees covered by this Agreement will participate in medical plans on the same basis as all other regular full-time employees of the Company. The details of such medical benefits shall be as specifically provided in the master plan documents covering the terms of such plans. The Company will assume an increase of 4% in each year of the contract in medical and hospitalization expense per employee. To the extent this expense increases over 4%, the employees will absorb increases up to the next 4%. Should the total increase exceed 8%, the Company and the employees will equally share in the balance of that expense.

To the extent that individual plan premiums exceed the Company's contribution, the employees will contribute the additional cost of premiums according to the plan they select. Contributions will be made monthly on a pre-tax basis.

A joint Health Care Task Force will continue to meet biannually to review trends in health care, review current Company Medical benefit plans, and make cost containment recommendations. In the second and third year of the contract, the joint Health Care Task Force will be charged with the responsibility of recommending changes, including plan design changes and increases in co-pays on doctor visits and prescriptions. The task force will establish their priority as avoiding future increases in employee contributions to the extent practicable while maintaining the current quality of coverage. However, the Company retains the right in its sole discretion to modify the terms, conditions and level of benefits under these medical plans so long as benefits for employees covered by this Agreement are similar and comparable to the benefits applicable to all other regular full-time employees of the Company.

SECTION 26.02: Retiree Medical Insurance

A. Employees employed by the Company as of December 31, 2005, will be eligible for retiree medical benefits, the details of such benefits will be as specifically provided in the master plan documents or insurance contracts covering the terms of such plans. The Company will contribute monthly the following amounts toward the premiums for any medical plan sponsored by the Company, for those living retirees subscribing to such insurance through the Company.

> Up to $170.00 toward the cost of insurance premium for employee who retired at age of 55 or over, with at least 10 years of continuous service. Additionally, the employee's spouse or other dependant will be eligible for an additional $100.00 toward the cost of his/her insurance premium, to a maximum total monthly contribution of $270.00.

B. Employees hired by the Company on or after January 1, 2006, will be eligible for the same retiree medical benefits however, the Company premium contribution will be a lump sum account that will spring into existence on the eligible retiree's date of retirement. This Retiree Medical Account must be used for the sole purpose of paying for retiree medical coverage through the Company.

The initial lump sum amount will be determined based on the following formula:

1. For the retiree, $2,000, per year of service after age 45, with a maximum initial account balance of $30,000.
2. For the dependents, a total initial account balance equal to 50 percent of the initial account balance for the retiree.

On the date the eligible employee retires, the Company will fund this Retiree Medical Account. Once funded, the account balance will be credited with interest based on the 10-year Treasury rate subject to a four (4) percent minimum and a seven (7) percent maximum.

The retiree may elect to pay the age-related monthly premiums from the Retiree Medical Account in full or in part until the account balance reaches zero. Once the Retiree Medical Account is fully depleted, the retiree may continue medical coverage through the Company by paying 100 percent of the age-related monthly premiums.

The details covering the provisions of the Retiree Medical Account will be as specifically provided in the master plan document covering the terms of the plan.

SECTION 26.03: For the purpose of Section 26.02 of this Article, subscription to such insurance through the Company by retirees and any contribution by the Company toward the payment of premiums shall be contingent on the insured persons' being covered by the Company's medical plans at the time of the employee's retirement and the maintenance of continuous coverage and timely payment of all premiums.

SECTION 26.04: Payments made in accordance with Section 26.02 A. of this Article will exclude premiums for new spouses or dependents acquired through marriage after retirement. Such payments to retiree's spouse or other dependent will cease at the earliest of

(a) the end of the 60^{th} calendar month after the date of death of the retiree,
(b) the end of the calendar month the dependent no longer is eligible under the terms of the Retiree Medical Continuation Plan,
(c) the date the survivor dies, or
(d) the beginning of the calendar month the survivor does not pay the required premium contribution under the terms of the Retiree Medical Continuation Plan.

Even if such payments cease under item (a) above, the survivor may continue to participate under the terms of the Retiree Medical Continuation Plan by paying the full premium.

SECTION 26.05: Employees may elect to participate in either the Delta Dental High Option or Delta Dental Basic Option provided by the Company. If the employee elects the Delta Dental Basic Option, no employee premium contribution is required. If the employee elects the Delta Dental High Option, the employee will contribute $7 per month for single, $14 per month for single plus one or children, or $21 per month for family coverage. The contract between Delta Dental and the Company will govern in all matters related to the plan.

SECTION 26.06: If, pursuant to any Federal or State Law which may become effective during the term of this Agreement, the Company is required to make contributions or pay taxes for providing benefits which are already provided for under Company plans, then to the extent such benefits under any such Federal or State program would duplicate the benefits under the Company's plans, the Company shall be relieved of the obligation to provide such benefits under the Company's benefit plans.

ARTICLE 27
LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

SECTION 27.01: The Company shall maintain the basic life insurance and accidental death and dismemberment plan on the basis of 1.5 times base rate of pay, maximum benefit of $150,000. It will be provided on the same basis as it has in the past for those employees who are eligible and enroll in this plan.

Employees who retire on or after January 1, 2004 will be provided retiree life insurance based on the following schedule:

Age	Amount of Retiree Life Insurance
Age 55 but less than age 65	1 times base rate of pay as of the date of retirement
Age 65 but less than age 70	.5 times base rate of pay as of the date of retirement
Age 70 or older	$10,000

SECTION 27.02: The Company will pay one hundred per cent (100%) of the total premium for the basic life insurance and accidental death and dismemberment plan for eligible employees who enroll in the plan.

SECTION 27.03: Employees may elect to participate in the optional life insurance plan at the rate of one (1), two (2), or three (3) times base salary. The employee will authorize payment of the applicable premium through payroll deduction.

SECTION 27.04: Employees may elect to participate in the dependent life insurance plan for a spouse and dependent child(ren) of either:

1) $5,000 for a spouse and $2,500 on each child, or
2) $10,000 for a spouse and $5,000 on each child, or
3) $25,000 for a spouse and $10,000 on each child, or
4) $50,000 for a spouse and $20,000 on each child. *

* *Enrollment in this fourth option will be subject to medical evidence of insurability and regulations imposed by the Kentucky Department of Insurance.*

The employee will authorize payment of the applicable premium through payroll deduction.

SECTION 27.05: An employee is eligible to participate in the basic life insurance, accidental death and dismemberment insurance, optional life insurance and dependent life insurance on the first day of the month on or after the three (3) month anniversary of his/her date of hire. The details of the foregoing Plans shall be as specifically provided in the master plan documents covering the terms of such Plans.

ARTICLE 28

RETIREMENT INCOME PLAN AND DISABILITY BENEFITS

SECTION 28.01: For employees employed by the Company on December 31, 2005, the Company will maintain in effect and pay the full cost for retirement income under the terms of the Louisville Gas & Electric Company Bargaining Employees' Retirement Plan.

Effective January 1, 2006, the basic pension formula was amended as follows:

Pay grades 1-5:	$59 per month per years of service (to a maximum of thirty (30) years)
Pay grades 6-9:	$69 per month per years of service (to a maximum of thirty (30) years)
Pay grades 10-14:	$73 per month per years of service (to a maximum of thirty (30) years)

Employees hired by the Company on or after January 1, 2006 are not eligible to participate in the Louisville Gas and Electric Company Bargaining Employees' Retirement Plan. Instead they are eligible to participate in the Retirement Income Account (see Section 28.08) under the terms of the Louisville Gas and Electric Company Bargaining Employees' Savings Plan.

SECTION 28.02: There will be no interruption in the accumulation of retirement benefits under the Louisville Gas and Electric Company Bargaining Employees' Retirement Plan unless an employee's pay ceases. If the employee becomes entitled to additional "sick pay" after interruption of the employee's "sick pay" there will be no accumulation of retirement benefits for the period covered by the additional "sick pay." Accumulation of retirement benefits will be resumed after the employee returns to work.

If the employee's initial date of disability is after January 1, 2004 and the employee is receiving benefits under the Long-Term Disability Plan, the employee will continue to accrue Service and Credited Service under the Louisville Gas and Electric Company Bargaining Employees' Retirement Plan.

SECTION 28.03: A retired employee shall be entitled only to those benefits provided by the Louisville Gas and Electric Company Bargaining Employees' Retirement Plan which are in effect at the time of the employee's retirement. Any changes in the employee's Social Security benefits which become effective after the employee retires shall not reduce the benefits which the employee draws under the Plan.

SECTION 28.04: The Company may set reasonable requirements for advance notice to the Company by an employee who elects to retire before age 65 but may, at its discretion, waive such requirements on an individual basis, for good cause, without any obligation similarly to waive such requirements in any other case.

SECTION 28.05: If the employee's initial date of disability is after January 1, 2004, the Company will provide the following Long-Term Disability benefits:

(a) Employees who become totally and permanently disabled will be eligible for disability income under the Long Term Disability Plan if they have completed five (5) years of service at the time of disability.

(b) The amount of monthly disability income payable to a disabled employee is determined as follows:

Sixty percent (60%) of the employee's basic monthly earnings computed at his straight-time hourly rate immediately prior to the time of disability, to a maximum benefit of $15,000, reduced by;

1. One hundred percent (100%) of any Social Security Benefit, and

2. One hundred per cent (100%) of any benefits payable under Kentucky Workers' Compensation laws or the Workers' Compensation laws of any other State or benefits payable under any Federal government benefit plans.

SECTION 28.06: The Company shall amend the Plan to reflect the amendments to same as set forth in this Article 28. The Company reserves the right to make such Amendments to the Plan as are necessary to comply with the Employee Retirement Income Security Act of 1974, any amendments thereof or regulations pertaining thereto, and all other Federal or State laws or regulations.

SECTION 28.07: Louisville Gas and Electric Company Bargaining Employees' Savings Plan: An employee is eligible to participate on the first day of the month on or after the three (3) month anniversary of his/her date of hire. Effective January 1, 2006, the Company matching contribution is 60 percent on employee contributions up to six (6) percent of covered compensation. Effective January 1, 2006, employees may contribute up to an additional 69 percent of covered compensation on a pre-tax, but unmatched basis, for a maximum of 75 percent. Effective January 1, 2006, employees age 50 or older may make "catch-up" contributions. Effective January 1, 2006, covered compensation shall include overtime and premium pay.

SECTION 28.08: Louisville Gas and Electric Company Bargaining Employees' Savings Plan: Employees hired by the Company on or after January 1, 2006, will be eligible for the Retirement Income Account under the terms of the Louisville Gas and Electric Company Bargaining Employees' Savings Plan. The Company will make an annual lump sum contribution based on the following schedule to the employee's Retirement Income Account.

Years of Service as of January 1	Percent of Covered Compensation
Less than 6	3 percent
6 but less than 11	4 percent
11 but less than 16	5 percent
16 but less than 21	6 percent
21 or more	7 percent

The annual lump sum contribution will be made by April 1 of the applicable year and the employee will be immediately 100 percent vested. Such bargaining unit employees on the active payroll as of December 31 of the preceding year, regardless of whether the employee has satisfied the three month eligibility requirement, will receive this annual lump sum contribution. The details covering the provision of the Retirement Income Account will be as specifically provided in the master plan document covering the terms of the plan.

ARTICLE 29
GENERAL PROVISIONS

SECTION 29.01: Severe Weather - The Company agrees that it will not require employees to work in exposed and unprotected areas during severe weather conditions except in the event of an emergency or where such work is necessary to protect life, limb, property or maintain continuity of service or operations. Where such severe weather conditions exists, which prevent an employee from performing his normal work, the employee may be assigned by his supervisor to other available work.

SECTION 29.02: Supervisors Working - The Company's intention is to not perform bargaining unit work with supervisors except in emergencies or training situations (including maintaining and updating the supervisor's own job knowledge and proficiency). The union agrees that it is not a violation of this section if a supervisor performs bargaining unit work due to an unscheduled absence of an employee during the first two (2) or last two (2) hours of a shift.

SECTION 29.03: Footwear Payroll Deductions - The Company will authorize payroll deductions for employee purchases of up to two (2) pair of shoes each year from the following stores:

Red Wing Shoe Stores:
4008 Dixie Highway
7208 Preston Highway
12424 Shelbyville Road
1408 Eastern Blvd., Clarksville, Ind.

Shaheen's:
2604 Portland Avenue

Lehigh Safety Shoes:
3103 Fern Valley Road

The Company may schedule a Shoemobile for employees purchases, either prior to or after normal working hours.

The Company reserves the right to delete any of the above stores from this list for failure to comply with the provisions of this Section.

SECTION 29.04: Workwear Cleaning Payroll Deductions - The Company will authorize payroll deduction for providing and cleaning of approved workwear by a reputable supplier of these services. The initial selection and/or subsequent substitution of the supplier by the Union shall be subject to approval by the Company which has the right to establish rules and regulations dealing with the activities of the supplier on Company property. The Company is not a guarantor or indemnitor of either employees or the supplier with respect to payment for services and shall be held harmless for damages to the supplier's equipment or property and this shall be made an express condition of any contract entered into with the supplier.

SECTION 29.05: Meals

(a) Neither a meal nor a meal allowance will be provided to an employee for the first ten (10) hours of work on any day when the employee receives at least two (2) hours notice of the overtime prior to the time the employee reports for work, or is directed to commence work before his starting time after reporting to his work location.

(b) In the absence of two (2) hours notice, a meal or an allowance of $6.00 in lieu thereof will be provided under the following conditions:

(1) For an employee who is called-in for overtime work in accordance with Section 9.06 and who works more than three (3) hours.

(2) To an employee who works two (2) hours or more of unscheduled daily overtime.

(c) An additional meal or allowance will be provided every five (5) hours after the first meal or allowance is provided until the employee is released from work.

(d) When employees working overtime, under the provisions of this Section, are required by supervision to remain on duty but are permitted time in which to consume a meal, such time will not be deducted from the employee's overtime pay.

(e) Meal allowances may be paid as a function of the regular payroll.

(f) Eligibility for a meal or an allowance, or for additional meals or allowances as contained in this Section will be determined by utilizing the procedure of rounding to the nearest fifteen (15) minutes as is now used in the payroll system.

SECTION 29.06: Commercial Drivers License (CDL)

The Company will reimburse an employee required to have a CDL in the performance of his duties an amount equal to the difference between the cost of the CDL and a standard drivers license.

SECTION 29.07: Should an employee suffer an occupational injury to his person, and as a direct result of such injury, suffer damage to his eyeglasses, hearing aid or dentures, the Company shall, upon presentation of the damaged item and verification of the injury to the employee, reimburse the employee for the expense incurred in the repair or, if necessary, replacement of the item. Any items replaced under this Section shall be of the equivalent quality and price as the item damaged or destroyed as a direct result of the occupational injury.

SECTION 29.08: All bargaining unit employees who wish to exercise their right to vote on Election Day will be expected to do so either before or after their regularly scheduled workday. Time off with pay, up to a maximum of two hours, may be allowed an individual to vote if all of the following conditions are met:

(a) Arrangements are made prior to the end of the employee's shift on the day preceding the election;

(b) When the employee does not have sufficient time, either before or after his shift to vote; and,

(c) Any time off with pay for this purpose will be at the beginning of the employee's shift.

Employees who are excused from work to work at the polls will not be entitled to any compensation.

SECTION 29.09: Educational Assistance - The Company sponsors both a Tuition Refund Plan and a Basic Education and Vocational Training Support Program in which bargaining unit employees are eligible to participate. These educational programs are described in documents available in the Human Resources Department. These programs are subject to expansion, modification or termination by the Company.

SECTION 29.10: Dependent Care - The Company and the Union agree to continue, pursuant to Section 129 of the Internal Revenue Code, a payroll deduction plan for dependent care services. This program will be continued unless, by later action, the Internal Revenue Service or other governmental entity repeals or otherwise eliminates the advantage, to employees, of participating in such a program.

Section 29.11: Work Practices – The Union agrees to meet with local management during the term of this agreement to discuss changes in work practices that may be unique to the area and/or site.

ARTICLE 30
SPECIAL PREMIUMS

SECTION 30.01: Hot Stick Premium - When employees assigned to the Electric Service Delivery Department are required to do hot stick work on 33KV and above, a premium of fifty cents ($.50) per hour will be paid for the entire day on which such work is performed. When such employees perform the duties of transmission patrol, a premium of twenty-five cents ($.25) per hour will be paid for the entire day on which such work is performed.

SECTION 30.02: Sunday Premium - A premium of one dollar and twenty-five cents ($1.25) per hour will be paid for all hours (including overtime hours) worked on a Sunday by an employee for whom Sunday is one of his five (5) regularly scheduled workdays for that week. Additionally, Sunday premium will be paid for all planned overtime hours worked on Sunday.

The premium will not be paid for call-in overtime hours worked on Sunday; however, in the case of an employee initially scheduled for planned overtime on Sunday, and who, because of an emergency arising during the course of the planned overtime assignment has the overtime converted to call-in, the premium will remain in effect for the duration of the original planned overtime assignment.

SECTION 30.03: Hazardous Work Premium - A hazardous duty premium of one-half (1/2) times the employee's regular straight-time hourly rate shall be paid for hours spent performing hazardous duty work. The hazardous duty premium will not be paid when an employee is being paid at his overtime rate and the hazardous duty premium will not be compounded with other premium payments.

Hazardous duty work shall mean emergency duties of an unusual nature involving significant risks, which are not commonly incurred in the performance of his normal duties, or the performance of duties under conditions of weather, environment, or other situations which materially increase the hazards involved in the performance of those duties which shall include but not be limited to the electric line repair work in connection with storm damage.

This premium will not be paid for permanent repairs required at locations temporary repairs were made to restore service at the time of the initial weather related customer service interruption.

ARTICLE 31
MILEAGE ALLOWANCE

SECTION 31.01: If, after reporting to work at his normal work location, an employee is instructed to report for work at another location, he will be paid a mileage allowance if he uses his personal automobile to go to and from his assigned work location to any other location. This allowance will be based on the mileage between his normal reporting work location and such other location. The Company's regular mileage rate for occasional use of personal cars will be paid.

This mileage allowance does not apply to those employees whose regular job requires them to report at various locations, nor to employees who are transferred from one work location to a new work location on a permanent assignment.

SECTION 31.02: Employees permanently assigned to payroll division 53 who are required to use their personal vehicles in the performance of Company duties (except travel to work from home and back) shall be paid mileage at the Company's regular mileage rate for occasional use of personal cars in accordance with Section 31.01 above. For purposes of administration, each book will have a defined mileage assigned that is reflective of the mileage required to read the book.

ARTICLE 32
SERVICE WATCH AND STANDBY

The Company routinely assigns employees to weekly service watches to answer calls and make service runs outside their normal scheduled workday. These assignments are made at the beginning of the employee's regular workweek and continue for seven (7) consecutive days. Each employee who is assigned to a weekly service watch will be paid eighty-five dollars ($85.00) per week. If an employee works on service calls outside his normal scheduled workday during his watch week, he will be paid for such time worked in accordance with Article 9 - Overtime. However, time spent during such service watches will not be counted as overtime hours for equalization purposes under Article 9.

If an employee is assigned a service watch or required to "standby" for service calls for less than one (1) week, he will be paid one (1) hour's pay at his appropriate overtime rate in addition to time spent on any service calls for each day he is assigned to a service watch or required to "standby" for service calls. Only actual hours worked will be counted for overtime equalization purposes under Article 9.

ARTICLE 33
PERSONAL TOOLS AND SAFETY EQUIPMENT

SECTION 33.01: If an employee is required by the Company to use his personal tools in connection with his work, the Company will replace such tools if they are stolen or destroyed while in the custody and control of the Company.

SECTION 33.02: The Company will continue to furnish employees with tools and equipment which it usually and customarily furnishes employees. Additionally, the Company will furnish employees all safety equipment and protective devices, including leather work gloves, required by the Company or by law to maintain recognized standards of safety. An employee shall wear or utilize all safety equipment and protective devices issued to him. The employee will be subject to appropriate disciplinary action if such tools and/or equipment is intentionally damaged or destroyed by the employee.

SECTION 33.03: The Company will provide an annual tool and equipment allowance in the amount of $100.00, to be paid on the employee's anniversary date of employment, for employees permanently assigned to the below-listed job classifications:

Substation Control Technician A, B & Specialist
Substation Equipment Technician A, B & Lead

SECTION 33.04: At the request of the Union, the Company agrees to review any present or future job classification to determine which tool allowance rate, if any, is appropriate for that particular job classification.

ARTICLE 34
HEALTH AND SAFETY

SECTION 34.01: The Company and the Union recognize the need for a strong Health and Safety Program for the benefit of all employees and the Company. The Union will cooperate in assisting and maintaining the Company's rules regarding health and safety. The Company recognizes the interest of the Union in the health and safety of its members, and will give careful consideration to any recommendations made by it.

SECTION 34.02: Working conditions which adversely and unreasonably impair the health and safety of employees shall be brought to the attention of supervision for immediate correction, if necessary. The Company agrees to investigate conditions which have a legitimate impact on the health and safety of employees. Accordingly, upon reasonable advance notice, the Company will meet with the appropriate Union Safety Committee member to discuss the nature of the complained of condition and to determine what, if any, remedial measures shall be taken. The Union shall keep the Manager, Health and Safety, fully advised of the members of its Safety Committee which shall be made up of not more than one individual per department and per shift, if appropriate, at each location.

SECTION 34.03: The Company and the Union agree to continue the Joint Health and Safety Advisory Committee for the purpose of reviewing, discussing and recommending new or revised safety and health rules and procedures. The Committee shall be chaired by the Manager, Health and Safety, and shall meet at least monthly. This Committee shall consist of not more than three (3) members of the Company and three (3) members of the Union. The Union representatives who shall attend a particular meeting shall be made known to the Manager, Health and Safety not less two (2) weeks prior to the date established for the meeting. At the same time, the Union shall notify the Company of the subjects it desires to address at the meeting. The Manager, Health and Safety, shall appoint two (2) associates to attend the meeting whose names shall be made known to the Union not later than one (1) week prior to the meeting.

SECTION 34.04: It is agreed that the establishment and enforcement of safety rules and regulations is a proper function of management and to that end the final determination as to adoption and implementation of any proposed changes in safety rules and regulations shall be the sole responsibility of the Company.

SECTION 34.05: It is understood that any dispute arising out of the interpretation, application or implementation of written health and safety rules shall be proper subjects for Articles 5 and 6 of this Agreement.

SECTION 34.06: Meetings as described in Section 34.03 shall be conducted between the hours of 8:00 a.m. and 5:00 p.m. on a week day. Union representatives authorized to attend such meetings shall be compensated by the Company not to exceed eight (8) straight-time hours on the day of the meeting. The Union Safety Director will be released from regularly assigned duties on the workday which coincides with a scheduled meeting of the Joint Health and Safety Advisory Committee and up to two (2) additional days, if needed, for purposes of preparing for and participating in the meeting. The Union Safety Director shall suffer no reduction in straight-time earnings.

ARTICLE 35
NON-DISCRIMINATION

SECTION 35.01: There shall be no discrimination by the Company or the Union in the application of the terms of this Agreement because of race, color, religion, national origin, age, sex, handicap, or status as a disabled veteran or veteran of the Vietnam Era.

SECTION 35.02: The use of the masculine or feminine gender in this Agreement shall be construed as including both genders and not a sex limitation unless the Agreement clearly requires a different construction.

ARTICLE 36
SAVING CLAUSE

It is understood and agreed that the provisions of this Agreement are in all respects subject to all applicable laws and governmental regulations now or hereafter in effect and to the lawful rulings and orders of all regulatory commissions now or hereafter having jurisdiction. Should any provision of this Agreement be found to be in conflict with any lawful ruling or regulation, the parties will meet for the purpose of discussing and/or modifying that portion of the Agreement only.

ARTICLE 37
ENTIRE AGREEMENT

This Agreement sets out the entire understanding between the Company and the Union. Neither party intends to be bound or obligated except to the extent that it has expressly so agreed herein, and this Agreement shall be strictly construed, provided, however, that the execution of this Agreement shall not invalidate any written agreement between the parties which is not in conflict with the terms of this Agreement, though such written agreement may have been reached prior to the date of this Agreement. Nothing herein shall be construed, however, to prevent the parties from reaching agreements after the effective date of this Agreement which are in conflict with the terms of this Agreement. (Such conflicting agreements must be approved by the Union President or a Business Representative and a representative of the Company's labor relations staff.) Such written agreement shall be incorporated in this Agreement and shall be valid for the life of this Agreement and any extension thereof, unless rescinded by the parties hereto.

ARTICLE 38
DURATION OF AGREEMENT

The effective date of this Agreement is November 11, 2005. Subject to the terms of the benefits reopening provision detailed below, this Agreement shall be in full force and effect for the entire period from November 11, 2005, through midnight of November 10, 2008, and from year to year thereafter, unless either party hereto shall, at least sixty (60) days prior to November 10, 2008, or the tenth day of November, in any year thereafter, notifies the other party in writing of its intention and desire to terminate this Agreement.

This Agreement may be extended by the mutual agreement of the parties. Such extension must be in writing and the extension may thereafter be terminated at any time by either party by giving forty-eight (48) hours written notice to the other party of the desire to terminate such extension.

Benefits Reopener: Unless the parties have mutually agreed by September 10, 2006, the Union may reopen Article 28 of the CBA for sole and exclusive purpose of negotiating identified benefits, to become effective January 1, 2007. Unless the parties have mutually agreed by September 10, 2007, the Union may reopen Articles 26 and 28 of the CBA for sole and exclusive purpose of negotiating identified benefits, to become effective January 1, 2008. During such periods, the parties agree to bargain in good faith as required by Section 8(a)(5) and (d) of the Labor Management Relations Act of 1947, as amended. If the CBA is reopened in accordance with this provision, and the Company and the Union have not reached a written agreement by midnight November 10, 2006 or midnight November 9, 2007 respectively, either party may exercise its rights otherwise limited under Article 15 and, if so exercised, the CBA shall be temporarily suspended and the Company and the Union shall have the same rights and obligations as they would have possessed had this Section provided for expiration of the CBA at midnight on the respective date; provided that neither the Company nor the Union may require the other to negotiate concerning any term or condition of employment other than benefits as specifically described herein. At such time as the Company and the Union may subsequently execute a written agreement concerning identified benefits, all other terms and conditions of the CBA shall automatically become effective as of the date and time such written agreement is executed and shall remain in full force and effect through midnight, November 10, 2008.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative:

For the Company:	For the Union:
Louisville Gas and Electric Company	**International Brotherhood of Electrical Workers Local 2100**
Paula Pottinger, SVP Human Resources	Elmer Satterly, President/Business Mgr
Paul Berestecky, Mgr. Labor Relations	Greg Purvis, Committee Member
Ed Staton, Dir. Distribution Operations	Curtis Stratton, Committee Member
Steve Turner, General Mgr CR & CT	Todd Rand, Committee Member
Angie Gosman, HR Manager	David Joyner, Committee Member
Tom Trimble, HR Manager	

APPENDIX A

Wages

a) Effective November 7, 2005, there shall be a three and one-half percent (3.5%) general wage increase applied to the wage rates in effect, rounded to the nearest one (1) cent.

b) Effective November 6, 2006, there shall be a three and one-half percent (3.5%) general wage increase applied to the wage rates in effect, rounded to the nearest one (1) cent.

c) Effective November 5, 2007 there shall be a three and one-half percent (3.5%) general wage increase applied to the wage rates in effect, rounded to the nearest one (1) cent.

Effective January 1, 2003, employees covered by this collective bargaining agreement will be eligible to participate in the Team Incentive Award Program (TIA), subject to the terms of such TIA program as determined and modified by the Company from time to time. The first payout will be due in March, 2004 and will be targeted (100% rate) at 6% of the employee's annual earnings including overtime and premium pay.

Lines of progression and assigned paygrades are contained in a separate document.

Employees presently in classifications which have received an upgrade by virtue of a new assigned paygrade will receive the appropriate upgrade.

Employees who have received a downgrade by virtue of a new assigned paygrade; or who are presently in classifications which have had the rate for the paygrade reduced, will be "red-circled" at their rate of pay until such time as the rate for the employee's assigned paygrade equals and exceeds the employee's rate of pay or until the employee changes job classification under Article 10.

The preceding two (2) paragraphs are general rules which shall apply to all employees described therein unless expressly agreed otherwise by separate Memorandum of Agreement, or by Article 19 of this Agreement.

The "50% rate" as used in this Agreement shall be defined as the rate of pay which results from reducing an employee's former rate of pay by fifty percent (50%) of the difference between his former rate of pay and the rate of pay for his new classification.

NOTE: Lines of progression are utilized for the purpose of establishing classifications with assigned paygrades, minimum times in grade to attain the necessary experience for promotional consideration, and journeymen levels in the lines of progression. An asterisk (*) indicates those lines of progression wherein employees, hired prior to January 1, 2000, will be afforded opportunity to advance to the journeyman job classification without regard to whether or not a vacancy exists in that classification. An employee in such a line of progression must, however, meet the minimum qualifications for advancement into the next higher classification. The asterisk in the lines of progression denotes the journeyman job classification to which the employee may advance under this paragraph. Advancement of qualified employees pursuant to this paragraph shall be effective at the beginning of the payroll period nearest an employee's having satisfied the minimum time in grade requirement for his classification.

Employees hired after January 1, 2000, will be afforded the opportunity to advance to the classification below journeyman without regard to whether or not a vacancy exists in that classification. An employee in such a line of progression must, however, meet the minimum qualifications for advancement into the higher classification. Advancement of qualified employees pursuant to this paragraph shall be effective at the beginning of the payroll period nearest an employee's having satisfied the minimum time in grade requirement for his classification.

Employees hired after November 13, 1989, who for any reason, fail to satisfactorily progress to and retain a journeyman classification, or a lower classification deemed necessary by the Company as described with this Note, may be separated without regard to other provisions of Article 10.

Employees reclassified to a lower rated job in a similar line of progression as the result of a layoff or a reduction in their line of progression (where no layoff occurs due to openings elsewhere), may have the minimum time in grade requirements for promotion to the next higher rated job reduced to the following:

(a) Six (6) months for employees reclassified to entry level classifications; or

(b) One (1) year for employees reclassified to higher than entry level classification.

Nothing herein shall be construed, however, to require the Company to promote an employee who, despite serving the minimum time(s) set forth above, is not qualified as set forth in Article 10 of this Agreement.

APPENDIX B

Contractual benefits will be modified for employees who are working abnormal shifts as follows:

I. For employees working four (4) days, ten (10) hours per workday schedule ("four/tens" hereafter).

A. Overtime

(1) Employees working a "four/tens" schedule shall be afforded overtime for hours worked beyond ten (10) in one day, or forty (40) in one week notwithstanding the provisions of Article 9, Section 9.01(a)(1).

(2) For work on the first and second scheduled offday of the workweek, the employee will receive compensation as provided for in Article 9, Section 9.01(a)(2).

(3) For work on the third scheduled offday of the workweek, the employee will receive compensation as provided for in Article 9, Section 9.01(a)(2) and Article 9, Section 9.02(b)(4).

B. Vacations

(1) Vacation entitlement as described in Article 13, Section 13.01 shall be converted to straight-time hours for employees working a "four/tens" schedule. Thus, employees on such a schedule taking one (1) week's vacation shall receive payment for four (4) days, ten (10) hours per day.

(2) Vacations shall normally be scheduled in periods of one (1) full week or more. Shorter periods of vacation will be allowed in accordance with the provisions of Article 13, Sections 13.09 and 13.10. Additionally, the wages the Company shall pay during a period of vacation of less than one full week shall be computed on the basis of a ten (10) hour workday. Thus, employees on a "four/tens" work schedule taking periods of vacation of less than one full week shall receive ten hours of pay provided they have at least ten (10) hours of vacation entitlement remaining.

(3) For the purposes of determining "straight-time hours worked" as used in Article 13, Section 13.03 for those employees working a "four/tens" schedule, days actually worked including partial days where five (5) or more hours are actually worked, shall count as ten (10) straight-time hours. Additionally, such employees taking a period of vacation of less

than one full week as described in items B.(1) and (2) above shall have such days count as ten (10) straight-time hours provided they have at least five (5) hours of compensation for vacation on such day.

(4) For the purposes of determining "straight-time hours worked" as used in Article 13, Section 13.03 for those employees working a four (4) day, ten (10) hour per day work schedule utilizing Jury Duty benefits as described in Article 22 of the Contract and item H. below, such days shall count as ten (10) straight-time hours provided they receive at least five (5) hours of jury duty pay.

C. <u>Holidays</u>

(1) For all weeks on which a Company-wide holiday falls, an employee's work schedule will revert back to a five (5) day, eight (8) hour per day work schedule.

(2) An employee utilizing a floating holiday as provided for in Article 12, or an earned holiday as provided for in Article 16, shall receive eight (8) hours of straight-time holiday pay at the applicable wage rate. Additionally, the employee may elect to utilize two (2) hours of vacation entitlement.

D. <u>Physical Exams</u>

Pursuant to Article 14, Section 14.03, all medical expense made necessary by the Article shall be paid for by the Company. Except for an employee's examination in connection with acceptance for employment or as otherwise set forth in Article 14, employees working a "four/tens" schedule shall receive pay for time spent, not to exceed ten (10) hours including time worked that day, having such physical examination.

E. <u>Sickness Leave of Absence</u>

(1) For the purposes of Article 16, Section 16.02 as applied to employees working a "four/tens" schedule, payment will be made for regularly scheduled workdays on the basis of not to exceed ten (10) hours for any scheduled workday and not to exceed forty (40) hours in any workweek, computed at straight-time exclusive of shift premium or any other premium pay. Regularly scheduled workday shall mean one of the first four (4) regularly scheduled workdays which constitute the basic forty (40) hours per week.

(2) For the purposes of Article 16, Section 16.03 as applied to employees working a "four/tens" schedule, payment will be made for time so lost beginning with the expiration of the twenty-four (24) scheduled work hours of any one continuous absence except:

a. If one (1) scheduled offday falls within such three (3) day waiting period, it shall not count as one (1) day of the waiting period. If two (2) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as ten (10) hours of the waiting period. If three (3) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as ten (10) hours of the waiting period. If four (4) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as twenty (20) hours of the waiting period.

b. If an employee is forced by illness to leave the employee's workplace before the employee's regular quitting time on the last scheduled workday before scheduled offdays, any two (2) such offdays, if consecutive, shall be counted as ten (10) hours of the waiting period.

c. An employee who reports for work on a regularly scheduled workday, but is forced by illness to leave work before working more than five (5) hours shall have that day count as ten (10) hours of the required waiting period. An employee who is forced by illness to leave work after working more than five (5) hours, but less than ten (10) hours may be paid on the third (3rd) day of the waiting period an equivalent number of hours as those lost because of the sickness on the last day worked if the third (3rd) day of the waiting period is a scheduled workday. Such partial of payment shall not be counted against an employee's total day entitlement.

(3) For purposes of Article 16, Section 16.04(b) and Article 16, Section 16.09 as applied to employees working a "four/tens" schedule, days actually worked including partial days where five (5) or more hours are actually worked will count as time worked.

F. <u>Supplement to Workers' Compensation</u>

(1) For the purposes of Article 18, Section 18.01 as applied to employees working a "four/tens" schedule, payment will begin at the expiration of

twenty-four (24) work hours of such absence as described in Article 18, Section 18.01 except:

a. If one (1) scheduled offday falls within such three (3) day waiting period, it shall not count as one (1) day of the waiting period. If two (2) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as ten (10) hours of the waiting period. If three (3) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as ten (10) hours of the waiting period. If four (4) consecutive scheduled offdays fall within such three (3) day waiting period, they shall be counted as twenty (20) hours of the waiting period.

b. If an employee is forced by injury to leave the employee's workplace before the employee's regular quitting time on the last scheduled workday before scheduled offdays, any two (2) such offdays, if consecutive, shall be counted as ten (10) hours of the waiting period.

c. If an employee is injured after reporting to work or is required to go to the Company's doctor for treatment on a scheduled workday, the employee shall be paid at the employee's regular straight-time rate for the remaining hours of the employee's regularly scheduled workday, not to exceed ten (10) hours in total for such day, except that no payment shall be made for time required to visit the doctor on any day the employee is off duty for any reason while the employee is still receiving benefits under Article 18.

G. <u>Funeral Leave</u>

Employees on a "four/tens" schedule will be entitled to ten (10) hours of straight-time pay for each day of Funeral Leave entitlement.

H. <u>Jury Duty</u>

Employees on a "four/tens" schedule will be entitled to ten (10) hours of straight-time pay for each day of Jury Duty entitlement subject to the provisions of Article 22.

I. <u>Meal Allowances</u>

During such time that an employee is working a "four/tens" schedule, neither a meal nor a meal allowance will be provided to an employee for the first twelve (12) hours of work on any day when the employee receives at least two (2) hours notice of the overtime prior to the time the employee reports to work, or is directed to commence work before his starting time after reporting to his work location.

II. For employees working a 12-hour shift per workday schedule:

A. Shift Premiums

Employees who work the day shift of a 12-hour schedule are not entitled to shift premium. Employees who work the night shift of a 12-hour schedule are eligible for the third shift premium described in Article 8, Section 8.05.

B. Overtime

(1) Employees working a 12-hour shift schedule shall be afforded overtime for hours worked beyond twelve (12) in one day, or forty (40) in one week notwithstanding the provisions of Article 9, Section 9.01(a)(1).

(2) For work on the last scheduled off-day of the workweek, the employee will receive two (2) times the employees straight-time hourly wage rate assuming the following conditions have been met:

a) Employee has worked each of his regular scheduled work days, unless not worked for reasons set forth in Section 16.05.

b) The employee has worked at least one scheduled off day and that day was paid at the overtime rate or the employee was not offered overtime on previous scheduled off days.

(3) For all other scheduled off days of the workweek, the employee will receive one and one half (1 ½) times the employee's straight-time hourly wage rate assuming the following condition has been met.

a) Employee has worked each of his regular scheduled work days, unless not worked for reasons set forth in Section 16.05.

C. Vacations

(1) Vacation entitlement as described in Article 13, Section 13.01 shall be converted to straight-time hours for employees working a 12-hour shift schedule. Employees on such a schedule taking one (1) week's vacation shall receive straight-time payment for regular scheduled hours in that workweek, provided they have vacation entitlement remaining.

(2) Vacations shall normally be scheduled in periods of one (1) full week or more. Shorter periods of vacation will be allowed in accordance with the provisions of Article 13, Sections 13.09 and 13.10. Additionally, the wages the Company shall pay during a period of vacation of less than one full week shall be computed on the basis of a twelve (12) hour workday. Thus, employees on a 12-hour shift schedule taking periods of vacation of less than one full week shall receive twelve (12) hours of pay provided they have at least twelve (12) hours of vacation entitlement remaining.

(3) Days actually worked or partial days where six (6) or more hours are actually worked, shall count as twelve (12) straight-time hours for the purposes of determining "straight-time hours worked" as used in Article 13, Section 13.03 for those employees working a 12-hour shift schedule. Additionally, such employees taking a period of vacation of less than one full week as described in items C.(1) and (2) above shall have such days count as twelve (12) straight-time hours provided they have at least six (6) hours of compensation for vacation on such day.

(4) For the purposes of determining "straight-time hours worked" as used in Article 13, Section 13.03 for those employees working a 12-hour shift schedule utilizing Jury Duty benefits as described in Article 22 of the Contract and item I. below, such days shall count as twelve (12) straight-time hours provided they receive a least six (6) hours of jury duty pay for such day they receive jury duty pay.

D. Holidays

(1) For all weeks on which a Company-wide holiday falls, an employee who is scheduled to work the holiday, but does not actually work such holiday.will receive eight (8) hours of straight-time holiday pay at the applicable wage rate. Additionally, the employee may elect to utilize four (4) hours of vacation entitlement.

(2) An employee utilizing a floating holiday as provided for in Article 12, or an earned holiday as provided for in Article 16, shall receive eight (8) hours of straight-time holiday pay at the applicable wage rate. Additionally, the employee may elect to utilize four (4) hours of vacation entitlement.

E. Physical Exams

Pursuant to Article 14, Section 14.03, all medical expense made necessary by the Article shall be paid for by the Company. Except for an employee's examination in connection with acceptance for employment or as otherwise set forth in Article 14, employees working a 12-hour shift schedule shall receive pay for time spent, not to exceed twelve (12) hours including time worked that day, having such physical examination.

F. Sickness Leave of Absence

(1) Sick leave entitlement as described in Article 16, Section 16.02, shall be converted to straight-time hours for employees working a 12-hour shift schedule. Payment will be made for regularly scheduled workdays not to exceed twelve (12) hours for any scheduled workday, computed at straight-time exclusive of shift premium or any other premium pay.

(2) For the purposes of Article 16, Section 16.03 as applied to employees working a 12-hour shift schedule, payment will be made for time so lost beginning with the expiration of the twenty-four (24) scheduled work hours of any one continuous absence except:

a. If one (1) scheduled offday falls within such 24-hour waiting period, it shall not count toward the waiting period. If two (2) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as twelve (12) hours of the waiting period. If three (3) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as twelve (12) hours of the waiting period. If four (4) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as twenty-four (24) hours of the waiting period.

b. If an employee is forced by illness to leave the employee's workplace before the employee's regular quitting time on the last scheduled workday before scheduled offdays, any two (2) such offdays, if consecutive, shall be counted as twelve (12) hours of the waiting period.

c. An employee who reports for work on a regularly scheduled workday, but is forced by illness to leave work before working more than six (6) hours shall have that day count as twelve (12) hours of the required waiting period. An employee who is forced by illness to leave work after working more than six (6) hours, but less than twelve (12) hours may be paid on a day of the waiting period an equivalent number of hours as those lost because of the sickness on the last day worked if the day of the waiting period is a scheduled workday. Such partial of payment shall not be counted against an employee's total day entitlement.

(3) For purposes of Article 16, Section 16.04(b) and Article 16, Section 16.09 as applied to employees working a 12-hour shift schedule, days actually worked including partial days where six (6) or more hours are actually worked will count as time worked.

G. Supplement to Workers' Compensation

(1) Supplement to Workers' Compensation entitlement as described in Article 18, Section 18.01, shall be converted to straight-time hours for employees working a 12-hour shift schedule. Payment will begin at the expiration of twenty-four (24) work hours of such absence as described in Article 18, Section 18.01 except:

a. If one (1) scheduled offday falls within such 24-hour waiting period, it shall not count toward the waiting period. If two (2) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as twelve (12) hours of the waiting period. If three (3) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as twelve (12) hours of the waiting period. If four (4) consecutive scheduled offdays fall within such 24-hour waiting period, they shall be counted as twenty-four (24) hours of the waiting period.

b. If an employee is forced by injury to leave the employee's workplace before the employee's regular quitting time on the last scheduled workday before scheduled offdays, any two (2) such offdays, if consecutive, shall be counted as twelve (12) hours of the waiting period.

c. If an employee is injured after reporting to work or is required to go to the Company's doctor for treatment on a scheduled workday, the employee shall be paid at the employee's regular straight-time rate for the remaining hours of the employee's regularly scheduled workday, not to exceed twelve (12) hours in total for such day, except that no payment shall be made for time required to visit the doctor on any day the employee is off duty for any reason while the employee is still receiving benefits under Article 18.

H. Funeral Leave

Employees on a 12-hour shift schedule will be entitled to twelve (12) hours of straight-time pay for each day of Funeral Leave entitlement.

I. Jury Duty

Employees on a 12-hour shift schedule will be entitled to twelve (12) hours of straight-time pay for each day of Jury Duty entitlement subject to the provisions of Article 22.

J. Meal Allowances

During such time that an employee is working a 12-hour shift schedule, neither a meal nor a meal allowance will be provided to an employee for the first fourteen (14) hours of work on any day when the employee receives at least two (2) hours notice of the overtime prior to the time the employee reports to work, or is directed to commence work before his starting time after reporting to his work location.

III. For employees working on abnormal shifts other than "four/tens" or 12-hour shift schedules the application of contractual benefits will be negotiated upon implementation of that schedule.

November 10, 2005

Mr. Elmer Satterly, President
International Brotherhood
of Electrical Workers
Local 2100
10400 Dixie Highway
Louisville, KY 40272

Re: Trimble County Assignments

Dear Mr. Satterly:

This will confirm the continuation of the agreement negotiated in 2001 reached between Louisville Gas and Electric Company and Local 2100, International Brotherhood of Electrical Workers, regarding travel allowance and moving expense payable to employees who are assigned to the Company's Trimble County Plant.

For all purposes below "inside Trimble County" shall mean any point within a 15-mile radius of the Trimble County Courthouse in Bedford, Kentucky and "outside Trimble County" shall mean any point outside of that same radius.

A. Permanent Assignments:

Except for employees hired after January 15, 1980, specifically for the Trimble County Plant site , employees who are permanently assigned to the Trimble County Power Plant will be eligible for reimbursement of moving expenses as described in "C." below and will be eligible for a travel allowance of $8.00 per day for each day the employee is scheduled to report for work and reports for work at the Trimble County Plant site. The travel allowance described in this paragraph will be paid the latest of: (1) an eligible employee's relocation from outside Trimble county for which moving expense is payable; or (2) six (6) months from the date the employee first reports to the Trimble County Plant site after being permanently assigned to that location.

B. Temporary Assignments:

(1) Assignments to Trimble County Plant Site

Employees temporarily assigned to the Trimble County Plant site who do not live inside Trimble County will be eligible for the Travel Allowance described herein.

(2) Assignments from Trimble County Plant Site

Employees permanently assigned to the Trimble County Plant site who live inside Trimble County will be eligible for the Travel Allowance described herein if they are temporarily assigned to another work site outside Trimble County.

C. Moving expenses as described herein shall not exceed $1,500.00 per eligible employee, and shall be available only to employees who are permanently assigned to the Trimble County Plant site and who remain employees of the Company for one year after the moving allowance is paid. The moving expense is payable only to those employees who relocate from a point outside the 15-mile radius of the Trimble County Courthouse in Bedford, Kentucky, to a point inside such 15-mile radius, unless otherwise provided. To be reimbursed for moving expenses, an eligible employee must notify the Company in advance, in writing, of his intent to move his household goods, the approximate date of the move, the location moved from, the location moved to, and the identity of the mover being used. Once the move has been made, the employee must, within thirty (30) days, present to the Company an itemized bill furnished by the mover.

D. Employees who voluntarily bid under the terms of Article 10, Section 10.05 are ineligible for moving expenses and travel allowance.

E. This policy applies only to the Trimble County Plant site and shall govern the payment of travel allowance and moving expenses for employees assigned to or from said site on a permanent or temporary basis.

Sincerely,

Paul Berestecky
Manager, Labor Relations

LETTER OF UNDERSTANDING

Regarding Power Generation
(excluding Maintenance Lines of Progression)

This will confirm the understanding reached during the 1983 negotiations, and amended in the 1989, and the 1995 negotiations between Local 2100, IBEW and Louisville Gas and Electric Company concerning the above-referenced departments.

When, in the Company's opinion, it becomes necessary to transfer employees from one payroll division to another because of the retirement of a generating plant or part thereof, or the startup of a new generating plant or part thereof, the following procedure shall be followed:

1. Any employee transferred shall have his classification seniority dovetailed with that of the employees in the classification at the location to which the employee is transferred. However, where minimum time in classification requirements exists as a qualification for promotion, the following time must be served within the line of progression to which the employee is transferred:

    a. Three (3) months for employees in entry level classifications.

    b. Six (6) months for employees in higher than entry level classifications.

2. If some, but not all, of the employees at a location within a payroll division are to be transferred to a new payroll division at a different location, the employees subject to transfer shall be allowed to exercise their Company seniority to fill available job openings within their classification in the payroll division to which the Company decides to transfer the employees. Should an insufficient number of employees be willing to choose transfer to the available openings in a different payroll division, the Company shall assign the employees to the available openings in inverse order of their Company seniority.

3. In the case of the initial staffing of a new plant or part thereof, the Company shall list the number of job openings in each classification above entry level to be filled. The employees in the other payroll divisions within the department shall be allowed to state their preference for the available job openings in each classification. With consideration being given to the list of employee preference, the Company shall assign, at its discretion, employees to fifty percent (50%) of the openings within each classification. The remaining openings within each classification shall be filled on a senior may, junior must basis.

4. For the purposes of Paragraph 3, above, the Company shall determine the total number of employees, by classification, at each location from which the employees will be transferred to the new plant. The Company shall then prepare a list of employees, by name, in an equal number as are sought for reassignment. The Union shall then prepare a list of employees, by name, who desire to be transferred to the new plant not limited as to the number of available openings. Any employee whose name appears on both lists shall be reassigned. All employees so reassigned shall reduce the fifty percent (50%) of available openings which the Company may fill by assignment. If an insufficient number of employees desire by preference to be reassigned to initially staff a new generating station or part thereof, then the Company shall assign the least senior employee from its (the Company's) list sufficient to meet the fifty percent (50%) of available openings which the Company may fill by assignment.

5. The Company shall determine initial staffing requirements and the selection/assignment procedure shall be completed at one time. However, the Company shall determine which employee or groups of employees shall be transferred at any particular time thereafter.

LETTER OF UNDERSTANDING

Regarding Power Generation
Maintenance Lines of Progression

This will confirm the understanding reached during the 1983, and amended in the 1995 negotiations between Local 2100, IBEW and Louisville Gas and Electric Company concerning the above-referenced department.

When, in the Company's opinion, it becomes necessary to transfer employees from one location to another because of the retirement of a generating plant or part thereof, or the startup of a new generating plant or part thereof, the following procedure shall be followed:

1. If some, but not all, of the employees at a location with a payroll division are to be transferred to a different location, the employees subject to transfer shall be allowed to exercise their Company seniority to fill available job openings within their classification. Should an insufficient number of employees be willing choose transfer to the available openings at a different location, the Company shall assign the employees to the available openings in inverse order of their Company seniority.

2. In the case of the initial staffing of a new plant or part thereof, the Company shall list the number of job openings in each classification above entry level to be filled. The employees at other locations within the department shall be allowed to state their preference for the available job openings in each classification. The remaining openings within each classification shall be filled on a senior may, junior must basis.

3. For the purposes of Paragraph 2, above, the Company shall determine the total number of employees, by classification, at each location from which the employees will be transferred to the new plant. The Company shall then prepare a list of employees, by name, who desire to be transferred to the new plant not limited as to the number of available openings. Any employee whose name appears on both lists shall be reassigned. All employees so reassigned shall reduce the fifty percent (50%) of available openings which the Company may fill by assignment. If an insufficient number of employees desire by preference to be reassigned to initially staff a new generating station or part thereof, then the Company shall assign the least senior employees from its (the Company's) list sufficient to meet the fifty percent (50%) of available openings which the Company may fill by assignment.

4. The Company shall determine initial staffing requirements and the selection/assignment procedure shall be completed at one time. However, the Company shall determine which employee or groups of employees shall be transferred at any particular time thereafter.

LETTER OF UNDERSTANDING

For the purposes of Article 10, Section 10.21, the following shall be considered as an "open work assignment" in the payroll divisions as indicated:

POWER GENERATION

Employees in the Laboratory line of progression shall be allowed to bid for openings on a shift or a reporting location different from their own based on skill requirements.

Employees in the Records Coordinator lines of progression shall be allowed to bid for openings at a reporting location different from their own.

Employees in the Maintenance lines of progression shall be allowed to bid for openings at a reporting location different from their own based on skill requirements.

ENERGY DELIVERY

Employees in the Line Technician classification shall be allowed to bid for openings on a shift, reporting location or schedule different from their own.

Employees in the Construction & Maintenance Cable Splicing line of progression shall be allowed to bid for a reporting location different from their own.

Employees in the Gas Construction and Maintenance line of progression shall be allowed to bid for a reporting location different from their own.

Employees in the Trouble Technician - Gas classification shall be allowed to bid for openings on a shift different from their own.

Employees in the Distribution Operations Records Coordinator line of progression assigned to a Service Center shall be allowed to bid for a reporting location different from their own.

Employees in the Facility Attendant classification shall be allowed to bid for a reporting location different from their own.

Employees in the Facility Maintenance line of progression shall be allowed to bid for a reporting location different from their own based on skill requirements.

Employees in the Customer Service Representatives - Field Services line of progression shall be allowed to bid an open work assignment in the established work districts.

Employees in the Customer Service Representatives - Meter Reader line progression shall be allowed to continue the present practice of "book" selection.

Employees in the Transportation Department - Garage line of progression shall be allowed to bid for openings on a shift or reporting location different from their own based on skill requirements.

Employees in the Transportation Office line of progression shall be allowed to bid for a reporting location different from their own.

Employees in the Warehouse line of progression shall be allowed to bid for openings on a shift or reporting location different from their own.

Open work assignments shall be limited to journeyman job classifications and above (or non-line of progression jobs) and further the concept of pre-bidding a preferred location or shift shall be utilized unless otherwise mutually agreed.

An open work assignment is when it can reasonably be anticipated at the time of the assignment that the duration of the assignment will be at least one-hundred twenty (120) days.

Any open work assignment which is not filled as described above may be filled by the least senior qualified employee in the classification.

This constitutes, unless hereafter otherwise agreed, the entire understanding between the parties as to the meaning of "open work assignment" as that term is used in Article 10, Section 10.21 of the Collective Bargaining Agreement.

November 10, 2005

Mr. Elmer Satterly, President
International Brotherhood
of Electrical Workers
Local 2100
10400 Dixie Highway
Louisville, KY 40272

Re: Travel Allowance - Magnolia Compressor Station and Center Storage Field

Dear Mr. Satterly:

This will confirm the continuation of the agreement negotiated in 2001 between Louisville Gas and Electric Company and Local 2100, International Brotherhood of Electrical Workers, regarding travel allowance payable to employees who are assigned to the Company's Magnolia Compressor Station and Center Storage Field.

Employees permanently assigned to the Magnolia or Center sites will be eligible for a travel allowance of $10.00 or $15.00 per day, respectively, if they are temporarily assigned and are not provided Company transportation to a work site inside Jefferson County.

Sincerely,

Paul Berestecky
Manager, Labor Relations

November 10, 2005

Mr. Elmer Satterly, President
International Brotherhood of
Electrical Workers
Local 2100
10400 Dixie Highway
Louisville, KY 40272

Re: Severance Benefits

Dear Mr. Satterly:

This confirms the continuation of the agreement negotiated in 2001 for a successor to the 1998-2001 collective bargaining agreement ("CBA") regarding severance benefits. During the term of the 2001 CBA, employees who receive notice of a General Redeployment pursuant to Article 10, section 10.24, shall have the right to elect severance benefits throughout the period they remain subject to redeployment. Eligible employees shall be entitled to a severance benefit equal to one week's pay for each full year of service, with a maximum benefit of twenty-six weeks. Additionally, the Company will pay the employees' group medical and dental premiums at the rate in effect at the time of their termination, for up to three (3) months of the period covered by the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). Receipt of these benefits is conditioned upon the individual employee signing and not revoking a full waiver and release of any actual or potential employment related claims against the Company, including waiver of contractual recall rights. While the terms of this release will be left to the sole discretion of the Company, the terms will be substantially similar to those contained in the attached exhibit.

Sincerely,

Paul Berestecky
Manager, Labor Relations

PAYGRADES FOR BARGAINING UNIT EMPLOYEES
EFFECTIVE NOVEMBER 7, 2005 THROUGH NOVEMBER 5, 2006

GRADE	Start	6 mos.	12 mos.	18 mos.	24 mos.
14	28.52	28.98			
13	27.92	28.22	28.52		
12	26.94	27.23	28.18		
11A	24.43	25.22	26.05	26.91	27.87
11	24.43	25.18	25.96	26.67	27.59
10	23.99	24.67	25.46	26.20	26.94
9	23.65	24.24	24.87	25.46	26.05
8	22.94	23.50	24.11	24.67	25.33
7	21.29	21.86	22.48	23.08	23.65
6	20.25	20.88	21.47	22.08	22.63
5	19.82	20.45	21.01	21.64	22.22
4	18.94	19.56	20.15	20.75	21.35
3	18.41	18.89	19.38	19.87	20.41
2	17.21	17.81	18.35		
1A	17.21	17.51	17.72		
1	17.04	17.19	17.47		

	1st Period	2nd Period
Temporary Help*:	$ 8.00	$ 8.50

*The general wage increase does not apply.

PAYGRADES FOR BARGAINING UNIT EMPLOYEES
EFFECTIVE NOVEMBER 6, 2006 THROUGH NOVEMBER 4, 2007

GRADE	Start	6 mos.	12 mos.	18 mos.	24 mos.
14	29.52	29.99			
13	28.90	29.21	29.52		
12	27.88	28.18	29.17		
11A	25.28	26.11	26.96	27.85	28.85
11	25.28	26.06	26.87	27.61	28.56
10	24.83	25.54	26.35	27.11	27.88
9	24.48	25.09	25.74	26.35	26.96
8	23.74	24.33	24.95	25.54	26.21
7	22.04	22.62	23.27	23.89	24.48
6	20.96	21.61	22.22	22.85	23.42
5	20.51	21.17	21.75	22.40	23.00
4	19.60	20.25	20.86	21.48	22.10
3	19.06	19.55	20.05	20.57	21.12
2	17.81	18.44	18.99		
1A	17.81	18.13	18.34		
1	17.63	17.79	18.08		

	1st Period	2nd Period
Temporary Help*:	$ 8.00	$ 8.50

*The general wage increase does not apply.

PAYGRADES FOR BARGAINING UNIT EMPLOYEES
EFFECTIVE NOVEMBER 5, 2007 THROUGH NOVEMBER 16, 2008

GRADE	Start	6 mos.	12 mos.	18 mos.	24 mos.
14	30.56	31.04			
13	29.91	30.23	30.56		
12	28.86	29.17	30.19		
11A	26.17	27.02	27.91	28.83	29.86
11	26.17	26.98	27.81	28.57	29.56
10	25.70	26.43	27.27	28.06	28.86
9	25.33	25.97	26.64	27.27	27.91
8	24.57	25.18	25.82	26.43	27.13
7	22.81	23.42	24.08	24.72	25.33
6	21.70	22.36	22.99	23.65	24.24
5	21.23	21.91	22.51	23.18	23.80
4	20.29	20.95	21.59	22.23	22.87
3	19.72	20.23	20.76	21.29	21.86
2	18.44	19.08	19.66		
1A	18.44	18.76	18.98		
1	18.25	18.42	18.72		

	1st Period	2nd Period
Temporary Help*:	$ 8.00	$ 8.50

*The general wage increase does not apply.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 50

Responding Witness: Valerie L. Scott

Q-50. Provide a detailed analysis of all benefits provided to the employees of LG&E. For each benefit, include:

a. The number of employees covered at test-year end.

b. The test-year actual cost.

c. The amount of test-year actual costs capitalized and expensed.

d. The average annual cost per employee.

A-50. a. See attached.

b. See attached.

c. See attached.

d. See attached.

Louisville Gas and Electric Company

Q 50 - a. The number of employees at test-year end was 964 (1)

Q50 - b. c. d.

	Capitalized (2)	Expensed (2)	Total Cost (2)	Cost Per Employee (2)	# of Employees (1)
Pension	592,117	2,609,521	3,201,638	3,321	964
Post Retirement Benefits - FAS 106	1,557,141	6,223,993	7,781,134	8,072	964
Post Employment - FAS 112	(3,401)	(33,124)	(36,525)	(38)	964
Medical	1,222,014	4,921,403	6,143,417	6,373	964
Life and AD&D Insurance	59,708	237,106	296,814	308	964
Long-term Disability	69,767	284,874	354,641	368	964
Dental	92,885	367,359	460,244	477	964
401(k)	432,994	1,752,510	2,185,504	2,267	964
Retirement Income Plan	14,948	58,940	73,888	77	964
Tuition Reimbursement	-	101,550	101,550	105	964
Other Miscellaneous Benefits (3)	-	57,879	57,879	60	964
Deferred Compensation		26,823	26,823	28	964
	$ 4,038,173	$ 16,608,834	$ 20,647,007	$ 21,418	

(1) This is the number of full-time employees at test-year end. The costs are created by the participants in each plan. Participant count may vary from employee count. For example, not all employees have elected to participate in the Medical Plan because it requires an employee premium contribution, whereas all employees participate in Life Insurance because it is automatically provided to all employees with the full premium paid by the Company.

(2) This cost is for LG&E employee participants only. Servco allocated labor is not included because a Servco number of employees cannot be determined, due to the allocations.

(3) These benefits include the Family Assistance Program and WellFit Program.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 51

Responding Witness: Paul W. Thompson

Q-51. Provide a list of generation units completed or under construction during the test year. This list should include the capacity, actual cost at test-year end and/or estimated total cost, type of fuel to be utilized, and the in-service or estimated completion date for each unit.

A-51. No new units were completed during the year. Louisville Gas and Electric Company and Kentucky Utilities Company jointly own a share of Trimble County Unit 2 which was under construction during the test year at the Trimble County generating station. This supercritical pulverized bituminous coal fired unit is anticipated to begin commercial operation in June 2010, and is jointly owned with Illinois Municipal Electric Agency (IMEA) and Indiana Municipal Power Agency (IMPA) as per the ownership interest table below:

Trimble County Unit 2

	LG&E	KU	IMPA	IMEA	Total
Ownership Interest	14.25%	60.75%	12.88%	12.12%	100%
Summer Net Rating Mw	104	445	94	89	732
Winter Net Rating Mw	107	455	97	91	750

Louisville Gas & Electric Company's actual cost at test-year end was $108.8 million, with an estimated total cost of $160 million. Included in the actual cost at test-year end is $14.3 million for a new mechanical draft cooling tower to service Trimble County Unit 1. The original Trimble County Unit 1 cooling tower will serve Unit 2.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 52

Responding Witness: Paul W. Thompson

Q-52. Provide an annualization of the operation of any generating units declared commercial during the test year using LG&E's estimate of the annual cost of operation of these units.

A-52. No new generating units went into commercial operations during the test year.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 53

Responding Witness: Valerie L. Scott

Q-53. Provide complete details of the financial reporting and rate-making treatment of LG&E's pension costs.

A-53. The financial accounting and reporting of pension costs for LG&E are as follows: LG&E's pension costs for the year are determined by an actuarial firm (Mercer) and follow the requirements of Statement of Financial Accounting Standards ("SFAS") No. 87, "Employers' Accounting for Pensions", as amended by SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – An Amendment of FASB Statements No. 87, 88, 106 and 132(R)". These costs are applied to all labor charged during the year to distribute the costs between capital and operating expenses.

For rate-making a pro forma adjustment is made to annualize the pension expenses for the test period. The adjustment is the difference in the net periodic cost calculated by Mercer for 2008 and the amount included in the test period. Please see Rives Exhibit 1, Reference Schedule 1.16, Volume 4 of 5 of LG&E's Application filed in the case on July 29, 2008.

In applying the provisions of SFAS No. 158, effective December 31, 2006, LG&E recorded a regulatory asset, under the provisions of SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation", representing the adjustments to the pension asset and liability in recognizing their funded status otherwise includible in other comprehensive income. The regulatory asset represents the expected recovery of the portion of the change in funded status of the pension plans, and it will be adjusted annually as prior service cost and actuarial gains and losses are recognized in net periodic benefit cost. The funded status of a benefit plan is measured as the difference between the fair value of plan assets and the benefit obligation. For pension plans, the benefit obligation is measured as the projected benefit obligation, and for other postretirement benefit plans, the benefit obligation is the accumulated postretirement benefit obligation.

In its Order in Case No. 2003-00433, the Commission granted the Company's request to record the minimum pension liability calculated under SFAS No. 87 as a regulatory asset instead of an adjustment to equity in other comprehensive income. The minimum pension liability reflected a amount equivalent to the unfunded accumulated benefit obligation. Since the unfunded obligation was subject to market price fluctuations in the value of plan assets, the minimum pension liability could result in a reduction in equity for a loss, or an increase in equity for a gain, that may never be incurred. Under SFAS No. 87 those gains and losses would be expensed in future periods and subject to inclusion in future base rates, accordingly it was appropriate to record a regulatory asset related to that future recovery, rather than impact current rates through the reduction in capital. Under SFAS No. 158, no minimum pension liability is recorded, rather the funded status of the pension plans using the projected benefit obligation is now recorded as the pension liability on the balance sheet. The Company continues to record a regulatory asset for the portion of the obligation that will be expensed in future periods and subject to inclusion in future base rates.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 54

Responding Witness: Valerie L. Scott

Q-54. Provide complete details of LG&E's financial reporting and rate-making treatment of Statement of Financial Accounting Standard ("SFAS") No. 106, including:

a. The date that LG&E adopted SFAS No. 106.

b. All accounting entries made at the date of adoption.

c. All actuarial studies and other documents used to determine the level of SFAS No. 106 cost recorded by LG&E.

A-54. The financial accounting and reporting of post retirement medical benefits for LG&E are as follows: LG&E's post retirement medical benefits for the year are determined by an actuarial firm (Mercer). These costs are applied to all labor charged during the year to distribute the costs between capital and operating expenses.

For rate-making a pro forma adjustment is made to annualize the post retirement medical benefits expenses for the test period. The adjustment is the difference in the net periodic cost calculated by Mercer for 2008 and the amount included in the test period. Please see Rives Exhibit 1, Reference Schedule 1.16, Volume 4 of 5 of LG&E's Application filed in the case on July 29, 2008.

a. LG&E adopted SFAS No. 106 effective January 1, 1993.

b. At the date of adoption of SFAS No. 106, LG&E debited Regulatory Assets for $700,000 and credited Accumulated Provision for Pensions/Benefits for $700,000.

c. See attached for actuarial data used to calculate levels of SFAS No. 106 costs for this case. Proprietary information not responsive to the question has been redacted.

Marcie S. Gunnell, ASA, MAAA
Principal

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MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

February 29, 2008

Ms. Becky Smith
E.ON U.S. LLC
220 West Main Street
Louisville, KY 40202

Confidential

Subject: 2008 FAS and IAS Expense for Postretirement Benefit Plans

Dear Becky:

Enclosed are exhibits illustrating the 2008 FAS 106 expense (both for financial and regulatory accounting purposes) and the 2008 IAS 19 expense by component for the Postretirement Benefit Plans of E.ON U.S. LLC. A measurement date of December 31, 2007 was used in these calculations. The figures in the exhibits may be revised if assets and/or liabilities are remeasured during the year due to a plan amendment, curtailment, settlement or other significant event.

Plan liabilities were based on census data collected as of September 30, 2007. All other methods, assumptions and plan provisions were the same as those used in the year end FAS and IAS disclosures.

We have assumed that E.ON U.S. LLC will make an additional prefunding contribution for the 401(h) account at the end of the year equal to the maximum tax-deductible contribution for the 2008 calendar year. Since the contribution is assumed to be at the end of the year, it does not impact the expense calculations this year. If the contribution is made earlier, the expense will be slightly reduced. Please note that we are assuming no additional prefunding for the Nonunion and Union VEBAs. We have also assumed that no benefit payments are paid out of the 401(h) account in 2008.

We have also included a reconciliation of the actual 2008 FAS and IAS expenses to the 2008 budget estimates provided on April 16, 2007.

Based on our discussions, we have assumed that E.ON U.S. LLC will apply for and receive the subsidy available under Medicare in 2008 for the grandfathered pre-2000 Kentucky Utilities retirees that have post-65 drug coverage. The full amount of the reduction in

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expense has been applied to Kentucky Utilities. The following assumptions were used with the MMA calculations:

- E.ON U.S. LLC will determine actuarial equivalence by benefit option. Testing by benefit option, the grandfathered pre-2000 Kentucky Utilities post-65 retiree medical drug plan is projected to meet the definition of actuarial equivalence indefinitely.
- E.ON U.S. will apply for and receive the subsidy available under Medicare starting in 2006 for all pre-2000 Kentucky Utilities retirees that have post-65 drug coverage.
- Retirees do not elect the Medicare Part D benefit.

The estimated subsidy was based on Mercer's understanding of the Medicare Reform legislation based on the final Center for Medicare Services (CMS) regulations issued in January 2005 and on the provided claims information from the medical plan administrator.

Please call me at 502 561 4622 or Patrick Baker at 502 561 4504 if you have any questions.

Sincerely,

Marcie S. Gunnell

Marcie S. Gunnell, A.S.A., M.A.A.A.
Principal

Copy: Dan Arbough, Chris Garrett, Elliott Horne, Heather Metts, Ron Miller, Vaneeca Mottley, Ken Mudd, Susan Neal, Brad Rives, Valerie Scott, Cathy Shultz, Vicki Strange, Henry Erk, Linda Myers, Patrick Baker, Jeff Thornton

Enclosure

g:\hwg\client\lgk\wp\2008 fas and las expense - letter and exhibits.doc

The information contained in this document (including any attachments) is not intended by Mercer to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer.

E.ON U.S. LLC

Comparison of Actual 2008 FAS 106 and IAS 19 Expenses to 2008 Estimated FAS 106 and IAS 19 Expenses Provided on April 16, 2007 for Postretirement Benefit Plans

(In Millions)

	FAS 106		
	Financial Accounting Purposes (Includes Purchase Accounting)	**Regulatory Accounting Purposes (Excludes Purchase Accounting)**	**IAS 19**
2008 Estimated expense provided on April 16, 2007	$16.0	$18.4	$17.2
Decrease due to increase in discount rate from 5.90% to 6.56% (FAS 106) and 5.88% to 6.56% (IAS 19)	(1.3)	(0.2)	(0.1)
Decrease due to decrease in projected medical costs	(1.2)	(0.7)	(0.6)
Decrease due to other gains / losses	(0.2)	(0.2)	(0.2)
Actual 2008 expense	$13.3	$17.3	$16.3

E.ON U.S. LLC

2008 FAS 106 Expense For Postretirement Benefit Plans

December 31, 2007 Measurement Date

Financial Accounting (Includes Purchase Accounting)

	Non-Union								
	LG&E	KU	ServCo	WKE	LPI	Total	LG&E Union	WKE Union	Grand Total
Service cost	472,452	1,343,150	1,269,419	[redacted]	[redacted]	[redacted]	479,325	[redacted]	[redacted]
Interest cost	2,050,229	4,521,764	1,146,761	[redacted]	[redacted]	[redacted]	3,296,718	[redacted]	[redacted]
Expected return on assets	(143,448)	(1,119,075)	(654,550)	[redacted]	[redacted]	[redacted]	0	[redacted]	[redacted]
Amortizations:									
Transition	0	0	0	[redacted]	[redacted]	[redacted]	0	[redacted]	[redacted]
Prior service cost	847,150	301,013	148,961	[redacted]	[redacted]	[redacted]	573,900	[redacted]	[redacted]
Gain/loss	(204,358)	(1,136,651)	(110,548)	[redacted]	[redacted]	[redacted]	(436,418)	[redacted]	[redacted]
FAS 106 Expense	3,022,025	3,910,201	1,800,043	[redacted]	[redacted]	[redacted]	3,913,525	[redacted]	[redacted]

Regulatory Accounting (Excludes Purchase Accounting)

	Non-Union								
	LG&E	KU	ServCo	WKE	LPI	Total	LG&E Union	WKE Union	Grand Total
Service cost	472,452	1,343,150	1,269,419	[redacted]	[redacted]	[redacted]	479,325	[redacted]	[redacted]
Interest cost	2,050,229	4,521,764	1,146,761	[redacted]	[redacted]	[redacted]	3,296,718	[redacted]	[redacted]
Expected return on assets	(143,448)	(1,119,075)	(654,550)	[redacted]	[redacted]	[redacted]	0	[redacted]	[redacted]
Amortizations:									
Transition	252,461	1,120,930	109,514	[redacted]	[redacted]	[redacted]	417,204	[redacted]	[redacted]
Prior service cost	847,150	301,013	148,961	[redacted]	[redacted]	[redacted]	1,086,389	[redacted]	[redacted]
Gain/loss	0	0	0	[redacted]	[redacted]	[redacted]	(355,327)	[redacted]	[redacted]
FAS 106 Expense	3,478,844	6,167,782	2,020,105	[redacted]	[redacted]	[redacted]	4,924,309	[redacted]	[redacted]

Accumulated Postretirement Benefit Obligation (APBO) as of December 31, 2007	32,816,023	71,865,644	17,751,929	[redacted]	[redacted]	[redacted]	52,241,144	[redacted]	[redacted]

Attachment to Response to Question No. 54

Scott

E.ON U.S. LLC
2008 IAS 19 Expense For Postretirement Benefit Plans
December 31, 2007 Measurement Date
Accounting Under IFRS

	Non-Union								
	LG&E	KU	ServCo	WKE	LPI	Total	LG&E Union	WKE Union	Grand Total
Current service cost	574,063	1,620,752	1,549,819	[redacted]	[redacted]	[redacted]	583,889	[redacted]	[redacted]
Interest on obligation	2,247,119	4,824,852	1,336,509	[redacted]	[redacted]	[redacted]	3,709,468	[redacted]	[redacted]
Expected return on plan assets	(143,448)	(1,119,075)	(654,550)	[redacted]	[redacted]	[redacted]	0	[redacted]	[redacted]
Net actuarial losses (gains) recognized in year	0	0	0	[redacted]	[redacted]	[redacted]	0	[redacted]	[redacted]
Past service cost recognized in year	71,996	284,971	269,996	[redacted]	[redacted]	[redacted]	275,302	[redacted]	[redacted]
IAS 19 Expense	2,749,730	5,611,500	2,501,774	[redacted]	[redacted]	[redacted]	4,568,659	[redacted]	[redacted]

Present value of obligation as of December 31, 2007	35,817,399	76,485,887	20,644,427	[redacted]	[redacted]	[redacted]	58,533,052	[redacted]	[redacted]

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 55

Responding Witness: Valerie L. Scott

Q-55. Provide complete details of LG&E's financial reporting and rate-making treatment of SFAS No. 112, including:

a. The date that LG&E adopted SFAS No. 112.

b. All accounting entries made at the date of adoption.

c. All actuarial studies and other documents used to determine the level of SFAS No. 112 cost recorded by LG&E.

A-55. The financial accounting and reporting of post employment benefits for LG&E are as follows: LG&E's post employment benefits for the year are determined by an actuarial firm (Mercer) and follow the requirements of SFAS No. 112, "Employers'Accounting for Postemployment Benefits". These costs are applied to all labor charged during the year to distribute the costs between capital and operating expense.

a. LG&E adopted SFAS No. 112 effective January 1, 1994.

b. At the date of adoption, LG&E debited Employee Pension and Benefit expense for $5,649,285 and credited a liability for Post Employment Benefits for the same amount

c. See attached for actuarial data used to calculate levels of SFAS No. 112 costs for this case. Proprietary information not responsive to the question has been redacted.

Marcie S. Gunnell, ASA, MAAA
Principal

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marcie.gunnell@mercer.com
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MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

April 22, 2008

Ms. Becky Smith
E.ON U.S. LLC
220 West Main Street
Louisville, KY 40202

Confidential

Subject: Post Employment Benefits FAS 112 Projections for 2009 – 2011

Dear Becky:

Enclosed are exhibits illustrating the estimated FAS 112 liability and projected cash flow for the post employment benefits for disabled employees of E.ON U.S. LLC for the 2009 – 2011 fiscal years.

The FAS 112 liability includes the actuarial present value of continued medical benefits and life insurance for each disabled employee and their dependents until the disabled's age 65, when the FAS 112 benefit terminates (benefits beyond age 65 are accounted for under FAS 106).

The projected liabilities were based on a discount rate of 5.95%. The healthy mortality tables have been updated to those tables mandated by the IRS to be used for 2008 current liability purposes and healthcare cost trend rates have been updated to 8% in 2008 and 2009, then grading down to 5% in 2016. Future employees were projected to become disabled based on the assumptions as shown in the 2007 FAS 106 report. All other methods, plan provisions and assumptions are the same as those used in the determination of the December 31, 2007 FAS 112 liability, including a reduction in liability for Medicare-eligible disableds associated with the Medicare Modernization Act of 2003.

Please call me at 502 561 4622 or Patrick Baker at 502 561 4504 if you have any questions.

Sincerely,

Marcie S Gunnell

Marcie S. Gunnell, A.S.A., M.A.A.A.
Principal

Copy:
Dan Arbough, Chris Garrett, Kelli Higdon, Elliott Horne, John Ising, Heather Metts, Ron Miller, Vaneeca Mottley, Ken Mudd, Susan Neal, Brad Rives, Valerie Scott, Cathy Shultz, Vicki Strange, Henry Erk, Linda Myers, Patrick Baker, Jeff Thornton

Enclosure

g:\hwg\client\gk\wp\2008 projections for 2009-2011 - fas 112.doc

The information contained in this document (including any attachments) is not intended by Mercer to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer.

E.ON U.S. LLC

Estimated Year End FAS 112 Liability For Post-Employment Benefits For Disabled Employees

Liability Date	LG&E	KU	ServCo	International	WKE	Total
12/31/2008	3,966,429	5,125,988	1,112,017	[redacted]		
12/31/2009	4,410,892	5,209,963	1,556,043	[redacted]		
12/31/2010	4,863,967	5,297,592	1,995,581	[redacted]		
12/31/2011	5,294,771	5,381,662	2,426,908	[redacted]		

Notes

1 Plan costs have been based on census data as of November 2007.
2. Plan liabilities were based on a discount rate of 5.95%.
3. Healthy mortality is based on those tables mandated by the IRS to be used for 2008 current liability purposes
4. Healthcare cost trend rates are 8% in 2008 and 2009, then grading down to 5% in 2016
5 Future employees were projected to become disabled based on the assumptions as shown in the 2007 FAS 106 report.
6 All other methods, plan provisions and assumptions are the same as those used in the determination of the December 31, 2007 FAS 112 liability, including a reduction in liability for Medicare-eligible disableds associated with the Medicare Modernization Act of 2003.

4/22/2008

E.ON U.S. LLC

Projected Cash Flow For Post-Employment Benefits For Disabled Employees

Calendar Year	LG&E	KU	ServCo	International	WKE	Total
2009	726,115	798,306	255,520	[redacted]	[redacted]	[redacted]
2010	798,681	834,340	322,572	[redacted]	[redacted]	[redacted]
2011	905,024	879,652	395,182	[redacted]	[redacted]	[redacted]
2012	991,734	923,275	473,553	[redacted]	[redacted]	[redacted]

Notes

1. Plan costs have been based on census data as of November 2007
2. Plan liabilities were based on a discount rate of 5.95%.
3. Healthy mortality is based on those tables mandated by the IRS to be used for 2008 current liability purposes.
4. Healthcare cost trend rates are 8% in 2008 and 2009, then grading down to 5% in 2016
5. Future employees were projected to become disabled based on the assumptions as shown in the 2007 FAS 106 report
6. All other methods, plan provisions and assumptions are the same as those used in the determination of the December 31, 2007 FAS 112 liability, including a reduction in liability for Medicare-eligible disableds associated with the Medicare Modernization Act of 2003

4/22/2008

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 56

Responding Witness: Shannon L. Charnas

Q-56. Provide complete details of LG&E's financial reporting and rate-making treatment of SFAS No. 143, including:

a. The date that LG&E adopted SFAS No. 143.

b. All accounting entries made at the date of adoption.

c. All studies and other documents used to determine the level of SFAS No. 143 cost recorded by LG&E.

d. A schedule comparing the depreciation rates utilized by LG&E prior to and after the adoption of SFAS No. 143. The schedule should identify the assets corresponding to the affected depreciation rates.

A-56. a. LG&E adopted SFAS No. 143 as of January 1, 2003.

b. See Case No. 2007-00564; Response to the Attorney General's Initial Requests for Information dated 2/4/08, Question No. 99 for accounting entries made to adopt SFAS No. 143.

c. See Case No. 2007-00564; Response to the Attorney General's Initial Requests for Information dated 2/4/08, Questions No. 93 and 99 for documents used to determine the level of SFAS No. 143 cost recorded by LG&E.

d. See the attachment to this response for a schedule comparing the depreciation rates utilized by LG&E prior to and after the adoption of SFAS No. 143

Louisville Gas and Electric Company
Depreciation Rates Utilized Subsequent to the Adoption of SFAS No. 143

Facility Name	Asset # (See Note 1)	Asset Description	Pre SFAS 143 Depreciation Rate	Post SFAS 143 Depreciation Rate
CANE RUN UNIT 1	1131509AROC	AROC - COAL PILE	0.00%	2.55%
CANE RUN UNIT 1	1131509AROP	COAL STORAGE	0.00%	3.06%
CANE RUN UNIT 6	1132399AROC	AROC - SEWAGE TREATMENT PLANT	0.00%	2.55%
CANE RUN UNIT 6	1132399AROP	CONCRETE FOSTER AND PAD FOR DEVCO PACKAGE SEWAGE TREATMENT PLANT	3.06%	3.06%
CANE RUN UNIT 6	1132404AROP	PACKAGE SEWAGE TREATMENT PLANT	3.06%	3.06%
CANE RUN UNIT 6	1134814AROC	AROC - LAND FILL	0.00%	2.55%
CANE RUN UNIT 6	1134814AROP	CANE RUN LANDFILL	3.06%	3.06%
CANE RUN UNIT 6	1136412AROC	AROC - ASH POND	0.00%	2.55%
CANE RUN UNIT 6	1136412AROP	ASH POND	3.06%	3.06%
CANE RUN UNIT 6	1141767AROP	FURNISH & INSTALL PRE-ENGINEERED METAL ENCLOSURE FOR SEWAGE TREATMENT PLANT	3.06%	3.06%
CANE RUN UNIT 6	1149033AROP	STAGE 2 DEVELOPMENT- ASH WASTE POND	3.06%	3.06%
CANE RUN UNIT 6	1850199AROP	CANE RUN 6 GSU REWIND	3.06%	3.06%
CANE RUN UNIT 6	MERCCRAROC	AROC - MERCURY SOURCES	0.00%	2.55%
CANE RUN UNIT 6	NUCCRAROC	AROC - NUCLEAR SOURCES	0.00%	2.55%
CANERUN SUBSTATION	1108207AROC	AROC - CR4 GSU	0.00%	2.10%
CANERUN SUBSTATION	1108207AROP	GSU TRANSFORMER AND ASSEMBLE- WESTINGHOUSE 190000 KVA	2.10%	2.10%
CANERUN SUBSTATION	1108314AROC	AROC - CR5 GSU	0.00%	2.10%
CANERUN SUBSTATION	1108314AROP	GSU TRANSF ANS ASSEMBLY, WESTINGHOUSE 220000 KVA 60 CYCLE TYPE FOA OUTDR POW	2.10%	2.10%
CANERUN SUBSTATION	1142644AROC	AROC - SPARE GSU	0.00%	2.10%
CANERUN SUBSTATION	1142644AROP	GSU WESTINGHOUSE MODEL ABM 1080-80, TYPE F0A SPARE	2.10%	2.10%
CANERUN SUBSTATION	1850199AROC	AROC - CR6 GSU	0.00%	2.10%
MILL CREEK SUBSTATION	1121129AROC	AROC - MC1 GSU	0.00%	2.10%
MILL CREEK SUBSTATION	1121129AROP	GSU WESTINGHOUSE VOLT SINGLE PHASE TRANSFORMERS	2.10%	2.10%
MILL CREEK SUBSTATION	1121561AROC	AROC - MC2 GSU	0.00%	2.10%
MILL CREEK SUBSTATION	1121561AROP	GSU WESTINGHOUSE 345,000Y/19,185-20,900 VOLT, SINGLE PHASE TRANSF, 123,000 KVA	2.10%	2.10%
MILL CREEK SUBSTATION	1122727AROC	AROC - MC3 GSU	0.00%	2.10%
MILL CREEK SUBSTATION	1122727AROP	GSU GE CLASS FOA 1 PHASE 60 HZ MAIN GENERATOR TRANSFORMERS, VOLTAGE RATING 3	2.10%	2.10%
MILL CREEK SUBSTATION	1123008AROC	AROC - MC4 GSU	0.00%	2.10%
MILL CREEK SUBSTATION	1123008AROP	GSU GE CLASS FOA SINGLE PHASE 60 HZ TRANSF, 345,000 GRY/199190-20900 VOLTAGE R	2.10%	2.10%
MILL CREEK SUBSTATION	1135331AROC	AROC - SPARE GSU	0.00%	2.10%

Louisville Gas and Electric Company
Depreciation Rates Utilized Subsequent to the Adoption of SFAS No. 143

Facility Name	Asset # (See Note 1)	Asset Description	Pre SFAS 143 Depreciation Rate	Post SFAS 143 Depreciation Rate
MILL CREEK SUBSTATION	1135331AROP	GSU SEE VOLUMES OF INVENTORY IN FILE MARKED W-47	2.10%	2.10%
MILL CREEK UNIT 1	1126696AROC	AROC - STORAGE PILE	0.00%	2.02%
MILL CREEK UNIT 1	1126696AROP	STORAGE PILE	2.39%	2.39%
MILL CREEK UNIT 3	1127657AROC	AROC - ASH POND	0.00%	2.81%
MILL CREEK UNIT 3	1127657AROP	ASH POND	3.03%	3.03%
MILL CREEK UNIT 3	1127837AROC	AROC - STORAGE TANKS	0.00%	2.81%
MILL CREEK UNIT 3	1127837AROP	13-06-2 FUEL OIL TANKS AND ACCESSORIES	3.03%	3.03%
MILL CREEK UNIT 4	1755793AROC	AROC - LANDFILL	0.00%	2.61%
MILL CREEK UNIT 4	1755793AROP	MC A POZOTEC LANDFILL	2.82%	2.82%
MILL CREEK UNIT 4	HAZMCAROC	AROC - HAZARDOUS MATERIAL STORAGE	0.00%	2.61%
MILL CREEK UNIT 4	LABMCAROC	AROC - LAB	0.00%	2.61%
MILL CREEK UNIT 4	RADMCAROC	AROC - RADIATION	0.00%	2.61%
MILL CREEK-SO2 UNIT 4	1127093AROC	AROC - CHEMICAL TANKS	0.00%	4.91%
MILL CREEK-SO2 UNIT 4	1127093AROP	13-05-62 STEEL REACTION TANKS	5.38%	5.38%
TRIMBLE COUNTY UNIT 1	1130206AROC	AROC - COAL STORAGE	0.00%	2.31%
TRIMBLE COUNTY UNIT 1	1130206AROP	05-03 LIME, COAL, FUEL OIL STORAGE AREA	2.40%	2.40%
TRIMBLE COUNTY UNIT 1	1130302AROC	AROC - ASH POND	0.00%	2.31%
TRIMBLE COUNTY UNIT 1	1130302AROP	05-13 RELOCATE CORN CREEK, EMERGENCY FLYASH AND SLUDGE PONDS	2.40%	2.40%
TRIMBLE COUNTY UNIT 1	1132257AROC	AROC - SEWAGE PLANT	0.00%	2.31%
TRIMBLE COUNTY UNIT 1	1132257AROP	50-02 SEWAGE TREATMENT PLANT EQUIPMENT	2.40%	2.40%
TRIMBLE COUNTY UNIT 1	HAZTCAROC	AROC - HAZARDOUS MATERIAL	0.00%	2.31%
TRIMBLE COUNTY UNIT 1	NUCTCAROC	AROC - NUCLEAR	0.00%	2.31%
TRIMBLE COUNTY UNIT 1-TRANS	1119143AROP	GSU TRANSFER FROM TRIMBLE CO SWITCHING STATION (A78-514 A67600A)	2.40%	2.40%

Note 1: AROP is Asset Retirement Obligation Parent asset and AROC is Asset Retirement Obligation Child asset

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 57

Responding Witness: Shannon L. Charnas

Q-57. Provide the following information concerning the costs for the preparation of this case:

a. A detailed schedule of expenses incurred to date for the following categories:

(1) Accounting;

(2) Engineering;

(3) Legal;

(4) Consultants; and

(5) Other Expenses (identify separately).

For each category, the schedule should include the date of each transaction, check number or other document reference, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of any invoices, contracts, or other documentation that support charges incurred in the preparation of this rate case. Indicate any costs incurred for this case that occurred during the test year.

b. An itemized estimate of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in (a) above, with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

c. During the course of this proceeding, provide monthly updates of the actual costs incurred, in the manner requested in (a) above. Updates will be due the last business day of each month, through the month of the public hearing.

A-57. a. See attached.

b. See attached

c. The Company will provide monthly updates as requested.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Schedule of Rate Case Preparation Costs

Response to Commission's Order
Dated July 16, 2008

Question No. 57a

Responding Witness: Shannon L. Charnas

Date	Journal #/ Voucher #/ Check #	Vendor #	Vendor Name	Hours	Rate/Hr	Amount	Description	Account
2-Apr-08	580303	40033	STOLL KEENON OGDEN PLLC	25.48	226.43	5,769.38	PROFESSIONAL SERVICES	0100.303.008930.026900.186021.0000.0321.0000
17-Apr-08	580962	40033	STOLL KEENON OGDEN PLLC	15.20	212.65	3,232.34	PROFESSIONAL SERVICES	0100.303.008930.026900.186021.0000.0321.0000
30-Apr-08	583220	40033	STOLL KEENON OGDEN PLLC	5.80	212.03	1,229.76	PROFESSIONAL SERVICES	0100.303.008930.026900.186021.0000.0321.0000
27-May-08	585386	40033	STOLL KEENON OGDEN PLLC	17.04	266.08	4,534.03	PROFESSIONAL SERVICES	0100.303.008930.026900.186021.0000.0321.0000
26-Jun-08	588472	40033	STOLL KEENON OGDEN PLLC	36.80	232.91	8,571.01	PROFESSIONAL SERVICES	0100.303.008930.026900.186021.0000.0321.0000
			TOTAL LEGAL OUTSIDE COUNSEL LG&E ELECTRIC			**23,336.52**		
30-Apr-08	01856	68792	FINANCIAL CONCEPTS AND APPLICATIONS INC	3.40	400.00	1,360.00	Consultant fees for services provided by Financial Concepts	0100.303.008960.021440.186021.0000.0301.0000
29-Feb-08	01856A	68792	FINANCIAL CONCEPTS AND APPLICATIONS INC	5.96	400.00	2,382.00	Consultant fees for services provided by Financial Concepts	0100.303.008960.021440.186021.0000.0301.0000
31-May-08	FINANC053108	68792	FINANCIAL CONCEPTS AND APPLICATIONS INC	15.40	279.22	4,300.00	Consultant fees for services provided by Financial Concepts	0100.303.008960.021440.186021.0000.0301.0000
30-Jun-08	FINANC063008	68792	FINANCIAL CONCEPTS AND APPLICATIONS INC	7.00	318.57	2,230.00	Consultant fees for services provided by Financial Concepts	0100.303.008960.021440.186021.0000.0301.0000
2-Jun-08	200862	19025	THE PRIME GROUP LLC	27.20	153.68	4,180.00	LGE Rate Case-Electric	0100.303.008960.021440.186021.0000.0305.0000
2-Jan-08	THEPRI010208A	19025	THE PRIME GROUP LLC	1.60	200.00	320.00	LGE Rate Case-Electric	0100.303.008960.021440.186021.0000.0305.0000
1-Feb-08	THEPRI020108	19025	THE PRIME GROUP LLC	8.45	200.00	1,689.60	LGE Rate Case-Electric	0100.303.008960.021440.186021.0000.0305.0000
1-Jul-08	200872	19025	THE PRIME GROUP LLC	102.82	165.82	17,050.00	LGE Rate Case-Electric	0100.303.008960.021440.186021.0000.0305.0000
1-Jul-08	200872	19025	THE PRIME GROUP LLC - Change of Distribution	(11.82)	165.82	(1,960.00)	LGE Rate Case-Electric	0100.303.008960.021440.186021.0000.0305.0000
			TOTAL CONSULTANTS LG&E ELECTRIC			**31,551.60**		
			TOTAL LG&E ELECTRIC			**54,888.12**		
2-Apr-08	580303	40033	STOLL KEENON OGDEN PLLC	6.37	226.43	1,442.34	PROFESSIONAL SERVICES	0100.503.008930.026900.186022.0000.0321.0000
17-Apr-08	580962	40033	STOLL KEENON OGDEN PLLC	3.80	212.65	808.08	PROFESSIONAL SERVICES	0100.503.008930.026900.186022.0000.0321.0000
30-Apr-08	583220	40033	STOLL KEENON OGDEN PLLC	1.45	212.03	307.44	PROFESSIONAL SERVICES	0100.503.008930.026900.186022.0000.0321.0000
27-May-08	585386	40033	STOLL KEENON OGDEN PLLC	4.26	266.08	1,133.50	PROFESSIONAL SERVICES	0100.503.008930.026900.186022.0000.0321.0000
26-Jun-08	588472	40033	STOLL KEENON OGDEN PLLC	9.20	232.91	2,142.75	PROFESSIONAL SERVICES	0100.503.008930.026900.186022.0000.0321.0000
			TOTAL LEGAL OUTSIDE COUNSEL LG&E GAS			**5,834.11**		
30-Apr-08	01856	68792	FINANCIAL CONCEPTS AND APPLICATIONS INC	1.70	400.00	680.00	Consultant fees for services provided by Financial Concepts	0100.503.008960.021440.186022.0000.0301.0000
29-Feb-08	01856A	68792	FINANCIAL CONCEPTS AND APPLICATIONS INC	2.98	400.00	1,191.00	Consultant fees for services provided by Financial Concepts	0100.503.008960.021440.186022.0000.0301.0000
31-May-08	FINANC053108	68792	FINANCIAL CONCEPTS AND APPLICATIONS INC	7.70	279.22	2,150.00	Consultant fees for services provided by Financial Concepts	0100.503.008960.021440.186022.0000.0301.0000
30-Jun-08	FINANC063008	68792	FINANCIAL CONCEPTS AND APPLICATIONS INC	3.50	318.57	1,115.00	Consultant fees for services provided by Financial Concepts	0100.503.008960.021440.186022.0000.0301.0000
2-Jun-08	200862	19025	THE PRIME GROUP LLC	13.60	153.68	2,090.00	LGE Rate Case-Gas	0100.503.008960.021440.186022.0000.0305.0000
2-Jan-08	THEPRI010208A	19025	THE PRIME GROUP LLC	0.80	200.00	160.00	LGE Rate Case-Gas	0100.503.008960.021440.186022.0000.0305.0000
1-Feb-08	THEPRI020108	19025	THE PRIME GROUP LLC	4.22	200.00	844.80	LGE Rate Case-Gas	0100.503.008960.021440.186022.0000.0305.0000
1-Jul-08	200872	19025	THE PRIME GROUP LLC	51.41	165.82	8,525.00	LGE Rate Case-Gas	0100.503.008960.021440.186022.0000.0305.0000
1-Jul-08	200872	19025	THE PRIME GROUP LLC - Change of Distribution	(5.91)	165.82	(980.00)	LGE Rate Case-Gas	0100.503.008960.021440.186022.0000.0305.0000
			TOTAL CONSULTANTS LG&E GAS			**15,775.80**		
			TOTAL LG&E GAS			**21,609.91**		
			TOTAL RATE CASE EXPENSES @ 7/31/2008			**76,498.03**		

Attachment to Response to Question No. 57(a)

Charnas

MAY 0 2 2008
LAW DEPARTMENT

Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
502 333-6000
Tax ID # 61-0421389

E.ON U.S. LLC
Attn: Dorothy E O'Brien
220 West Main Street
Louisville, KY 40202

April 30, 2008
Invoice #: 583220
Account #: 400001/129265

Please send your payment by May 30, 2008 to Stoll Keenon Ogden PLLC at:
P.O. Box 11969
Lexington, KY 40579-1969

Re: 2008 Rate Case
Your Reference: Resp Atty: Allyson Sturgeon
Operating Cos.: LG&E and KU
eCounsel No.:26970

Fees rendered this bill	$ 3,416.00
Less E.ON special discount	$-341.60
Total Current Charges This Matter	**$ 3,074.40**

123395	KU RATE CASE	0321	026900 =	1537.20
123396	LGE RATE CASE-E	0321	026900 =	1229.76
123400	LGE RATE CASE-G	0321	026900 =	307.44
				3074.40

Prepared by (see attached for approval):
KLW
Kathy L Wilson, Legal Admin Asst (2541)
Date: 5-21-08

Keep this copy for your records.

E.ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No. 583220

Professional Services for the period through 03/31/08, including the following:

Re: 2008 Rate Case
Your Reference: Resp Atty: Allyson Sturgeon
Operating Cos.: LG&E and KU
eCounsel No.:26970
Our Reference: 400001/129265/KRR/1016

Date	Description	Tkpr	Hours
03/07/08	Meeting at E.ON re tariff harmonization; revisions to draft of Thompson testimony.	WDC	3.40
03/24/08	Review comments and revisions made by Mr Murphy to testimony of Mr. Hermann for LG&E rate case; adopt and incorporate some of Mr. Murphy's revisions.	MTH	1.30
03/24/08	Tariff harmonization meeting at E.ON; meeting with Mr. Cockerill re preparing his rate case testimony.	WDC	3.60
03/25/08	Brief update on status of testimony; preparation of case.	KRR	0.30
03/25/08	Draft testimony for 2008 rate case; review testimony from 2004 rate case and investment tax credit application; revise Mr. Bellar's outline of testimony; e-mail to Ms. Sturgeon regarding Mr. Bellar's outline; incorporate revisions to Mr. Hermann's testimony for KU rate case.	MTH	4.40
03/25/08	Formulation of testimony drafting strategy.	WDC	0.50
03/28/08	Meeting with Ms. Sturgeon and Mr. Bellar re strategy issues.	KRR	0.50
03/31/08	Conference with Ms. Sturgeon and others re strategy of rate case.	KRR	0.50

Total Services **$3,416.00**

Summary of Services

Init	Timekeeper	Hours	Rate	Value
KRR	Riggs, Kendrick R.	1.30	350.00	455.00
WDC	Crosby, III, W. Duncan	7.50	220.00	1,650.00
MTH	Hurst, M T	5.70	230.00	1,311.00
	Total Services	14.50		$3,416.00

TOTAL FEES & DISBURSEMENTS $3,416.00

Keep this copy for your records.

E.ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No. 583220

LESS DISCOUNT	$-341.60
Total Current Charges This Matter	**$3,074.40**

Outstanding Invoices

Date	Invoice No.	Billed Amount	Payment/Credits	Balance Due
04/17/08	580962	$ 8,080.83	$ 0.00	$ 8,080.83
Total Outstanding Invoices This Matter				**$8,080.83**
Total Amount Due This Matter			$212.03 avg rate	**$11,155.23**

Keep this copy for your records.

Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
502 333-6000
Tax ID # 61-0421389

RECEIVED
JUN 0 2 2008
LAW DEPT

E.ON U.S. LLC
Attn: Dorothy E O'Brien
220 West Main Street
Louisville, KY 40202

May 27, 2008
Invoice #: 585386
Account #: 400001/129285

Please send your payment by June 27, 2008 to Stoll Keenon Ogden PLLC at:
P.O. Box 11969
Lexington, KY 40579-1969

Re: 2008 Rate Case
Your Reference: Resp Atty: Allyson Sturgeon
Operating Cos.: LG&E and KU
eCounsel No.:26970

Fees rendered this bill	$ 12,594.50
Less E.ON special discount	$-1,259.45
Total Current Charges This Matter	**$ 11,335.05**

123395	KU RATE CASE	0321	026900 =	5667.52
123396	LGE RATE CASE-E	0321	026900 =	4534.03
123400	LGE RATE CASE-G	0321	026900 =	1133 50
				11335 05

Prepared by (see attached for approval):
KLW
Kathy L. Wilson, Legal Admin Asst.(2541)
Date: 6-16-08

Keep this copy for your records.

E.ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No. 585386

Professional Services for the period through 04/30/08, including the following:

Re: 2008 Rate Case
Your Reference: Resp Atty: Allyson Sturgeon
Operating Cos.: LG&E and KU
eCounsel No.:26970
Our Reference: 400001/129265/KRR/1016

Date	Description	Tkpr	Hours
04/01/08	Confirm all requested revisions incorporated into Mr. Hermann's proposed testimony for both LG&E and KU rate case; answer questions posed by Mr. Murphy regarding same; review and revise Mr. Hermann's proposed testimony.	MTH	3.20
04/01/08	Revisions to draft outline of Cockerill testimony.	WDC	1.50
04/02/08	Work on testimony	KRR	1.00
04/03/08	Revisions to Mr. Hermann's testimony in KU and LG&E rate case; review documents received for purposes of identifying supporting exhibits.	MTH	2.40
04/07/08	Revisions to draft Cockerill testimony outline.	WDC	0.50
04/09/08	Draft of Cockerill testimony.	WDC	4.20
04/14/08	Telephone conference with Ms. Sturgeon re status of matter.	KRR	0.20
04/14/08	Review materials from Mr. Murphy for purposes of reviewing and incorporating into Mr. Hermann's testimony.	MTH	0.40
04/16/08	Review comments and suggested revisions to Mr. Hermann's testimony.	MTH	0.70
04/17/08	Telephone conference with Ms. Sturgeon re status.	KRR	0.20
04/17/08	Meeting at E.ON re tariff harmonization; review of draft tariffs to prepare for meeting.	WDC	3.30
04/18/08	Telephone conference with Ms. Sturgeon re status of preparation of filing.	KRR	0.50
04/18/08	Revisions to draft Cockerill testimony.	WDC	0.90
04/23/08	Prepare for and attend meeting at E.ON with Ms. Sturgeon and others re status of case.	KRR	2.00
04/24/08	Prepare for and attend meeting at E.ON with Ms. Sturgeon and others re status of case and testimony.	KRR	1.30
04/25/08	Work on testimony.	KRR	6.40
04/25/08	Revisions to draft Cockerill testimony.	WDC	0.50
04/28/08	Work on testimony.	KRR	4.00
04/29/08	Work on testimony.	KRR	1.00

E ON U S LLC

Stoll Keenon Ogden PLLC
Invoice No. 585386

Date	Description	Tkpr	Hours
04/29/08	Review e-mail re rate filing	LAT	0.30
04/29/08	Review e-mail from Mr. Conroy and attachments thereto; outline tasks to be performed; review e-mail from Ms. Gregor regarding rate case.	MTH	0.50
04/29/08	Examine e-mail re rate case plans and re WNA conference call	RMW	0.50
04/30/08	Draft procedural schedule based on June 27 filing date	DTE	0.60
04/30/08	Work on testimony.	KRR	6.50

Total Services **$12,594.50**

Summary of Services

Init	Timekeeper	Hours	Rate	Value
RMW	Watt, R M	0.50	350.00	175.00
LAT	Tully, L A	0.30	315.00	94.50
DTE	Eversole, D T	0.60	310.00	186.00
KRR	Riggs, Kendrick R.	23.10	350.00	8,085.00
WDC	Crosby, III, W. Duncan	10.90	220.00	2,398.00
MTH	Hurst, M T	7.20	230.00	1,656.00
	Total Services	42.60	295.64	$12,594.50

TOTAL FEES & DISBURSEMENTS		$12,594.50
LESS DISCOUNT	Avg rate	$-1,259.45
Total Current Charges This Matter	266.08	**$11,335.05**

Outstanding Invoices

Date	Invoice No.	Billed Amount	Payment/Credits	Balance Due
04/17/08	580962	$ 8,080.83	$ 0.00	$ 8,080.83
04/30/08	583220	$ 3,074.40	$ 0.00	$ 3,074.40

Keep this copy for your records.

E.ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No. 585386

Date	Invoice No.	Billed Amount	Payment/Credits	Balance Due
Total Outstanding Invoices This Matter				**$11,155.23**
Total Amount Due This Matter				**$22,490.28**

Keep this copy for your records.

Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
502 333-6000
Tax ID # 61-0421389

JUL 01 2008

E.ON U.S. LLC
Attn: Dorothy E O'Brien
220 West Main Street
Louisville, KY 40202

June 26, 2008
Invoice #: 588472
Account #: 400001/129265

**Please send your payment by July 26, 2008 to Stoll Keenon Ogden PLLC at:
P.O. Box 11969
Lexington, KY 40579-1969**

Re: 2008 Rate Case
Your Reference: Resp Atty: Allyson Sturgeon
Operating Cos.: LG&E and KU
eCounsel No.:26970

Fees rendered this bill	$ 23,785.00
Less E.ON special discount	$-2,378.50
Disbursements	$ 21.02
Total Current Charges This Matter	**$ 21,427.52**

Keep this copy for your records.

E.ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No 588472

Professional Services for the period through 05/31/08, including the following:

Re: 2008 Rate Case
Your Reference: Resp Atty: Allyson Sturgeon
Operating Cos.: LG&E and KU
eCounsel No.:26970
Our Reference: 400001/129265/KRR/1016

Date	Description	Tkpr	Hours
05/01/08	Work on testimony.	KRR	3.00
05/02/08	Work on testimony.	KRR	2.00
05/05/08	Work on testimony.	KRR	2.50
05/05/08	Draft of Rives testimony.	WDC	2.80
05/06/08	Review Virginia code and regulations and Tennessee regulations regarding requirements for filing Articles or Incorporation and Amendments with Applications.	JWH	1.30
05/06/08	Work on testimony.	KRR	2.00
05/06/08	Meetings at E.ON re tariff harmonization and late payment fee issue; preparation for same; draft of Rives direct testimony.	WDC	6.10
05/07/08	Revise potential procedural schedule	DTE	0.20
05/07/08	Draft of Cockerill testimony; draft of Rives testimony.	WDC	4.30
05/08/08	Work on testimony.	KRR	2.00
05/08/08	Drafts of Conroy and Cockerill testimonies.	WDC	3.30
05/09/08	Drafts of Scott and Rives testimonies.	WDC	3.60
05/12/08	Meeting at E.ON re revenue requirement issues; work on testimony.	KRR	3.50
05/12/08	Review e-mails re calendaring rate case	LAT	0.20
05/12/08	Conf call re WNA and franchise fee tariff	RMW	0.80
05/12/08	Meetings re late payment charge and pro forma adjustments	WDC	6.50
05/13/08	Drafts of Rives and Scott testimonies.	WDC	3.70
05/14/08	Drafts of Rives and Scott testimonies.	WDC	1.30
05/15/08	Drafts of Rives, Scott, and Cockerill testimonies.	WDC	1.60
05/16/08	Work on testimony.	KRR	1.00
05/16/08	Drafts of Rives, Scott, and Cockerill testimonies.	WDC	3.40
05/19/08	Work on testimony; prepare for and attend meeting at E.ON re rate case issues and testimony.	KRR	2.50

E ON U S LLC

Stoll Keenon Ogden PLLC
Invoice No 588472

Date	Description	Tkpr	Hours
05/19/08	Review progress of drafts of Mr. Bellar's testimony for KU and LG&E.	MTH	0.40
05/19/08	Draft of Bellar and Conroy testimonies; meeting at E.ON US re revenue requirements.	WDC	5.80
05/20/08	Draft of Bellar and Conroy testimonies.	WDC	5.40
05/22/08	Revisions to Mr. Hermann's LG&E testimony.	MTH	0.30
05/23/08	Work on testimony and restructure of case.	KRR	3.50
05/23/08	Reconcile Mr. Hermann's KU testimony with revisions from company; revise Mr. Hermann's LG&E and KU testimony.	MTH	2.20
05/23/08	Draft of Conroy testimony; meeting at E.ON US re document production with Ms. Sturgeon and others.	WDC	4.00
05/27/08	Work on testimony.	KRR	1.00
05/27/08	Analysis of rate case issues	RMW	0.50
05/27/08	Draft of Conroy testimony.	WDC	3.20
05/28/08	Work on testimony.	KRR	1.00
05/28/08	Draft of Conroy testimony.	WDC	4.70
05/29/08	Analysis of testimony requirements.	KRR	0.70
05/29/08	Incorporate additional revisions suggested by E.ON into Mr Hermann's LG&E testimony	MTH	0.80
05/29/08	Revisions to draft Bellar testimonies.	WDC	0.90

Total Services **$23,785.00**

Summary of Services

Init	Timekeeper	Hours	Rate	Value
RMW	Watt, R M	1.30	350.00	455.00
LAT	Tully, L A	0.20	315.00	63.00
DTE	Eversole, D T	0.20	310.00	62.00
JWH	Hendricks, J. Wade	1.30	290.00	377.00
KRR	Riggs, Kendrick R	24.70	350.00	8,645.00
WDC	Crosby, III, W Duncan	60.60	220.00	13,332.00
MTH	Hurst, M T	3.70	230.00	851.00
	Total Services	92.00		$23,785.00

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E.ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No 588472

Disbursements

Date	Description	Tkpr	Amount
04/01/08	Westlaw Charges	MTH	$21.02
	Total Disbursements		**$21.02**

Summary of Disbursements

Disb Code	Description	Amt
022	Westlaw Charges	$21.02
	Total Disbursements	$21.02

TOTAL FEES & DISBURSEMENTS	$23,806.02
LESS DISCOUNT	$-2,378.50
Total Current Charges This Matter	**$21,427.52**

21,427.52 / 92 = 232.91

LGE-E 8,571.01
LGE-G 2,142.75
KU 10,713.76
21,427.52

Keep this copy for your records.

Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
502 333-6000
Tax ID # 61-0421389

APR 0 4 2008
LA

E.ON U.S. LLC
Attn: Dorothy E O'Brien
220 West Main Street
Louisville, KY 40202

April 2, 2008
Invoice #: 580303
Account #: 400001/129265

Please send your payment by May 2, 2008 to Stoll Keenon Ogden PLLC at:
P.O. Box 11969
Lexington, KY 40579-1969

Re: 2008 Rate Case
Your Reference: Resp Atty: Allyson Sturgeon
Operating Cos.: LG&E and KU
eCounsel No.:26970

Fees rendered this bill	$ 15,869.00
Less E.ON special discount	$-1,586.90
Disbursements	$ 141.34
Total Current Charges This Matter	**$ 14,423.44**

123395	KU RATE CASE	0321	026900 =	7211.72
123396	LGE RATE CASE E	0321	026900 =	5769.38
123400	LGE RATE CASE G	0321	026900 =	1442.34
				14423 43

Prepared by (see attached for approval):

KLW
Kathy L Wilson, Legal Admin. Asst (2541)

Date: 4-23 08

Keep this copy for your records.

E ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No. 580303

Professional Services for the period through 01/31/08, including the following:

Re: 2008 Rate Case
Your Reference: Resp Atty: Allyson Sturgeon
Operating Cos.: LG&E and KU
eCounsel No.:26970
Our Reference: 400001/129265/KRR/1016

Date	Description	Tkpr	Hours
01/04/08	Conference with Ms. Sturgeon and Mr. Bellar re status of preparation of filing.	KRR	0.50
01/04/08	Telephone conference with Ms. Sturgeon and others; prepare for meeting with ROE expert	RMW	1.00
01/07/08	Preparation for and meet with Avera, et al	RMW	3.50
01/08/08	Draft of motions to consolidate depreciation cases and rate cases.	WDC	0.40
01/10/08	Edit motion to consolidate.	KRR	0.30
01/10/08	Preparation for drafting of Chris Hermann's testimony.	MTH	0.60
01/10/08	Conference call re Avera	RMW	0.30
01/10/08	Revisions to draft motions to consolidate.	WDC	0.20
01/11/08	Preparation for and attend meeting at E.ON with Ms. Sturgeon re development of testimonies.	KRR	2.00
01/11/08	Review Chris Hermann's testimony from 2003 rate case and note where updates needed; meeting at E.ON with Ms. Sturgeon, Messrs. Murphy and Conroy regarding Chris Hermann testimony.	MTH	4.00
01/14/08	Review notes from meeting with Ms. Sturgeon, Messrs Murphy and Conroy regarding testmiony of Chris Hermann; review Mr. Hermann's testimony from 2003 rate case and note where additional information needed; review materials received from Mr. Murphy related to Mr. Hermann's testimony; draft outline of Chris Hermann's testimony.	MTH	6.30
01/14/08	Call with Ms. Sturgeon and Ms. Gregor re electronic discovery planning.	WDC	0.20
01/15/08	Complete draft of detailed outline of Chris Hermann's testimony with comments and questions to E.ON personnel; draft e-mail to Ms. Sturgeon regarding same; review materials from Mr. Murphy related to gas mains.	MTH	3.20
01/16/08	Analysis of testimony requirements.	KRR	0.30
01/16/08	Preparation regarding revisions to outline of Chris Hermann's prospective testimony; review information received from Mr. Murphy regarding awards for companies; revise Mr. Hermann's testimony.	MTH	1.10
01/16/08	Draft of e-discovery search terms and parameters.	WDC	0.70

E.ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No. 580303

Date	Description	Tkpr	Hours
01/17/08	Attention to emails.	KRR	0.50
01/17/08	Research for, and draft of, e-discovery strategy.	WDC	3.60
01/18/08	Revisions to draft e-discovery strategy.	WDC	0.40
01/22/08	Telephone conference with Ms. Sturgeon re regulatory issues.	KRR	0.80
01/23/08	Work on e-discovery issues.	RMW	0.40
01/23/08	Meetings at E.ON with Ms. Sturgeon and others re e-discovery and Thompson testimony drafting; preparation therefor.	WDC	6.10
01/24/08	Preparation for and meeting at E.ON with Ms. Sturgeon and others re preparation of Bellar / Cockerill testimonies.	KRR	1.80
01/24/08	Review and analyze materials from E.ON related to testimony of Chris Hermann.	MTH	1.70
01/25/08	Continue review of materials received from E.ON regarding Chris Hermann's testimony; revise draft of outline of Chris Hermman's testimony and e-mail to Ms. Sturgeon for review and comment.	MTH	2.10
01/25/08	Draft of e-discovery work plan	WDC	0.70
01/28/08	Revise outline of Chris Hermann's testimony per Mr. Murphy's comments; e-mail to Ms. Sturgeon regarding same.	MTH	0.50
01/28/08	Draft of e-discovery work plan.	WDC	2.80
01/29/08	Review and edit e-discovery memo.	KRR	0.50
01/29/08	Draft of, and revisions to, e-discovery work plan; draft of Paul Thompson direct testimony outline.	WDC	5.50
01/30/08	Review e-discovery plan; telephone conference with Duncan Crosby regarding same.	LWI	0.70
01/30/08	Review materials received from Mr. Murphy relating to Chris Hermann's testimony; begin drafting Chris Hermann's testimony.	MTH	4.00
01/30/08	Draft of outline of Paul Thompson testimony.	WDC	1.00
01/31/08	Draft Chris Hermann's KU testimony.	MTH	3.10
01/31/08	Meeting at E.ON to discuss tariff issues for 2008 rate cases; preparation therefor.	WDC	2.90

Total Services **$15,869.00**

E ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No. 580303

Summary of Services

Init	Timekeeper	Hours	Rate	Value
RMW	Watt, R M	5.20	350.00	1,820.00
LWI	Ingram III, L W	0.70	280.00	196.00
KRR	Riggs, Kendrick R.	6.70	350.00	2,345.00
WDC	Crosby, III, W. Duncan	24.50	220.00	5,390.00
MTH	Hurst, M T	26.60	230.00	6,118.00
	Total Services	63.70	$249.12	$15,869.00

Disbursements

Date	Description	Tkpr	Amount
01/04/08	louisville, parking 12/26 VENDOR: Watt, Robert M; INVOICE#: 10408; DATE: 1/4/2008	RMW	$72.90
01/11/08	louisville, parking 1/7 VENDOR: Watt, Robert M; INVOICE#: 11108; DATE: 1/11/2008	RMW	$67.30
01/15/08	1(312)674-6513; 6 Mins.	WDC	$1.14
	Total Disbursements		**$141.34**

Summary of Disbursements

Disb Code	Description	Amt
005	Telephone Expense	$1.14
041	Travel Expense	$140.20
	Total Disbursements	$141.34

TOTAL FEES & DISBURSEMENTS		$16,010.34
LESS DISCOUNT	Avg rate	$-1,586.90
Total Current Charges This Matter	226.43	**$14,423.44**

Keep this copy for your records.

Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2828
502 333-6000
Tax ID # 61-0421389

APR 2 1 2008

E.ON U.S. LLC
Attn: Dorothy E O'Brien
220 West Main Street
Louisville, KY 40202

April 17, 2008
Invoice #: 580962
Account #: 400001/129265

Please send your payment by May 17, 2008 to Stoll Keenon Ogden PLLC at:
P.O. Box 11969
Lexington, KY 40579-1969

Re: 2008 Rate Case
Your Reference: Resp Atty: Allyson Sturgeon
Operating Cos.: LG&E and KU
eCounsel No.:26970

Fees rendered this bill	$ 8,978.00
Less E.ON special discount	$-897.80
Disbursements	$ 0.63
Total Current Charges This Matter	**$ 8,080.83**

123395	KU RATE CASE	0321	026900 =	4646.41
123396	LGE RATE CASE-E	0321	026900 =	3232.34
123400	LGE RATE CASE-G	0321	026900 =	808.08
				8080.83

Prepared by (see attached for approval):

KLW
Kathy L. Wilson, Legal Admin. Asst (2541)

Date: 5-19-08

Keep this copy for your records.

E.ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No. 580962

Professional Services for the period through 02/29/08, including the following:

Re: 2008 Rate Case
Your Reference: Resp Atty: Allyson Sturgeon
Operating Cos.: LG&E and KU
eCounsel No.:26970
Our Reference: 400001/129265/KRR/1016

Date	Description	Tkpr	Hours
02/01/08	Receive and review revisions to Chris Hermann's testimony outline as proposed by Mr. Jessee, Ms. Simon, Mr. Walker and Mr. Huff; draft Chris Hermann's testimony; review information on Demand Conservation.	MTH	4.60
02/01/08	Draft of Paul Thompson testimony; revisions to draft Chris Hermann testimony.	WDC	2.00
02/04/08	Examine e-discovery plan	RMW	0.50
02/04/08	Draft of Thompson testimony.	WDC	0.60
02/05/08	Revise Chris Hermann's testimony; receive and review materials regarding same; draft Mr. Hermann's testimony for LG&E rate case; analysis of Mr. Bellar's and Mr. Cockerill's testimony.	MTH	6.60
02/05/08	Draft of Thompson testimony.	WDC	1.10
02/07/08	Receive and review materials re Chris Hermann's testimony for LG&E; draft Chris Hermann's testimony for LG&E.	MTH	3.60
02/07/08	Draft of Thompson testimony.	WDC	1.00
02/08/08	Review additional materials re Chris Hermann's testimony; begin reviewing materials for Mr. Bellar's testimony.	MTH	0.70
02/08/08	Draft of Thompson testimony.	WDC	2.20
02/10/08	Review and comment on draft testimony.	KRR	2.00
02/10/08	Revise Chris Hermann's testimony.	MTH	0.60
02/11/08	Revise Chris Hermann's testimony in KU and LG&E rate case; e-mail to Ms. Sturgeon regarding same.	MTH	2.30
02/11/08	Draft of Thompson testimony.	WDC	2.40
02/14/08	Work on testimony.	KRR	0.50
02/14/08	In preparation for drafting Mr. Bellar's testimony, review prior testimony of Beer, Seelye, Bellar, and Conroy, and also 2004 Settlement Agreement.	MTH	2.50
02/15/08	Review additional testimony from prior KPSC cases in preparation for drafting testimony of Mr. Bellar; draft outline of Lonnie Bellar's testimony.	MTH	1.40
02/20/08	Receive and review first round of revisions to Chris Hermann's	MTH	0.30

E.ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No. 580962

Date	Description	Tkpr	Hours
	testimony.		
02/20/08	Draft of Cockerill testimony.	WDC	0.50
02/25/08	Draft of Cockerill testimony.	WDC	1.30
02/28/08	Review e-mail from Mr. Conroy regarding filing of rate case .	MTH	0.20
02/29/08	Revision of Thompson testimony.	WDC	1.10
	Total Services		**$8,978.00**

Summary of Services

Init	Timekeeper	Hours	Rate	Value
RMW	Watt, R M	0.50	350.00	175.00
KRR	Riggs, Kendrick R.	2.50	350.00	875.00
WDC	Crosby, III, W. Duncan	12.20	220.00	2,684.00
MTH	Hurst, M T	22.80	230.00	5,244.00
	Total Services	38.00		$8,978.00

Disbursements

Date	Description	Tkpr	Amount
01/18/08	Lexis Charges	WDC	$0.63
	Total Disbursements		**$0.63**

Summary of Disbursements

Disb Code	Description	Amt
054	Lexis Charges	$0.63
	Total Disbursements	$0.63

TOTAL FEES & DISBURSEMENTS		$8,978.63
LESS DISCOUNT	Avg rate	$-897.80
Total Current Charges This Matter	$212.65	**$8,080.83**

Keep this copy for your records.

E.ON U.S. LLC

Stoll Keenon Ogden PLLC
Invoice No. 580962

Outstanding Invoices

Date	Invoice No.	Billed Amount	Payment/Credits	Balance Due
04/02/08	580303	$ 14,423.44	$ 0.00	$ 14,423.44
Total Outstanding Invoices This Matter				**$14,423.44**
Total Amount Due This Matter				**$22,504.27**

Keep this copy for your records.

FINANCIAL CONCEPTS AND APPLICATIONS, INC.
3907 RED RIVER
AUSTIN, TEXAS 78751

(512) 458-4644

fincap@texas.net
Fax (512) 458-4768

April 30, 2008

RECEIVED

MAY 21 2008

ACCOUNTS PAYABLE

Mr. Rick Lovekamp
E.ON U.S.
Post Office Box 32010
Louisville, Kentuckey 40232

Reference No.: 01856
Taxpayer ID No.: 74-2058652

Consulting Services:	Research, Analysis, and Testimony Preparation in Connection with Rate Cases before the Kentucky Public Service Commission Pursuant to **E.ON U.S. Contract No. 25561**. (For the Period March 1, 2008 through April 30, 2008).

Professional Time:	William E. Avera 8½ hours	$ 3,400
Total	$400 hr	**$ 3,400**

KU- 1360.00
LGE-E 1360.00
LGE-G 680.00
3400.00

Bruce H. Fairchild

PO 25896

Tammy Elzy
5-21-08

V# 68792

Complete

FINANCIAL CONCEPTS AND APPLICATIONS, INC.
3907 RED RIVER
AUSTIN, TEXAS 78751

(512) 458-4644

fincap@texas.net
Fax (512) 458-4768

February 29, 2008

Mr. Rick Lovekamp
E.ON U.S.
Post Office Box 32010
Louisville, Kentucky 40232

Reference No.: 01856A
Taxpayer ID No.: 74-2058652

Consulting Services:	Research, Analysis, and Testimony Preparation in Connection with Rate Cases before the Kentucky Public Service Commission Pursuant to **E.ON U.S. Contract No. 25561**. (For the Period through February 29, 2008).		
Professional Time:	William E. Avera 12½ hours	$	5,000
Expenses:	Travel		471
	Lodging		359
	Parking & Rent Car		125
Total		**$**	**5,955**

RECEIVED
APR 02 2008
ACCOUNTS PAYABLE

KU 2382.00
LGE-E 2382.00
LGE-G 1191.00
5955.00

Bruce H. Fairchild

PO 25896

3-31-08

S/C 5/12/08

FINANCIAL CONCEPTS AND APPLICATIONS, INC.
3907 RED RIVER
AUSTIN, TEXAS 78751

(512) 458-4644
fincap@texas.net
Fax (512) 458-4768

ACCOUNTS PAYABLE

vend #
FINANC053108

May 31, 2008

RECEIVED
JUN 05 2008
ACCOUNTS PAYABLE

Mr. Rick Lovekamp
E.ON U.S.
Post Office Box 32010
Louisville, Kentuckey 40232

Reference No.: 01856
Taxpayer ID No.: 74-2058652

Consulting Services:	Research, Analysis, and Testimony Preparation in Connection with Rate Cases before the Kentucky Public Service Commission Pursuant to **E.ON U.S. Contract No. 25561**. (For the Period May 1, 2008 through May 31, 2008).		
Professional Time:	William E. Avera 7½ hours	$	3,000
	Adrien McKenzie 31 hours		7,750
Total		$	10,750

RECEIVED
JUN 05 2008
ACCOUNTS PAYABLE

38.5 hrs $279.22

PO# 25896

Bruce H. Fairchild

Tammy Elzy
6-5-08

KU 4300.00
LGE-E 4300.00
LGE-G 2150.00
10,750.00

FINANCIAL CONCEPTS AND APPLICATIONS, INC.
3907 RED RIVER
AUSTIN, TEXAS 78751

(512) 458-4644

fincap@texas.net
Fax (512) 458-4768

June 30, 2008

RECEIVED
JUL 1 4 2008
ACCOUNTS PAYABLE

Mr. Rick Lovekamp
E.ON U.S.
Post Office Box 32010
Louisville, Kentuckey 40232

FINANC 063008

Reference No.: 01856
Taxpayer ID No.: 74-2058652

Consulting Services:	Research, Analysis, and Testimony Preparation in Connection with Rate Cases before the Kentucky Public Service Commission Pursuant to **E.ON U.S. Contract No. 25561.** (For the Period June 1, 2008 through June 30, 2008).

Professional Time:	William E. Avera 8 hours	$ 3,200
	Adrien McKenzie 9 ½ hours	2,375
Total		$ 5,575

PO #25896

Bruce H. Fairchild

Tammy Elzy
7-11-08

KU 2230.00
LGE-E 2230.00
LGE-G 1115.00
5575.00

The Prime Group

Invoice for Services Rendered

Invoice Date: June 2, 2008

Invoice Number 20086-2

To: E.ON
P.O. Box 32010
Louisville, KY 40232

Attn: Mr. Robert Conroy

25.0 hours of consulting work by Larry Feltner @ $150.00/hr performed during May in developing a cost of service study and in providing assistance in preparing a retail rate case for E.ON.	$ 3,750.00
38.0 hours of consulting work by Paul Garcia @ $150.00/hr performed during May in developing a cost of service study and in providing assistance in preparing a retail rate case for E.ON.	$ 5,700.00
5.0 hours of consulting work by Steve Seelye @ $200.00/hr performed during May in providing assistance in preparing a retail rate case for E.ON.	$ 1,000.00
Total due for May 68 hours $153.68	$10,450.00

ok 6/4/08
Vicki Harper

RECEIVED
JUN 1 1 2008
ACCOUNTS PAYABLE

PO # 25301

Line 1 $ 2,090.00 LGE-E
Line 2 $ 4,180.00 LGE-E
Line 3 $ 4,180.00 KU
$ 10,450.00

The Prime Group, LLC
P. O. Box 837 • Crestwood, KY • 40014-0837
Phone 502-425-7882 FAX 502-326-9894

■ The Prime Group ■

June 2, 2008

EON US
Attn: Robert Conroy
P.O. Box 32010
Louisville, KY 40232

Dear Robert:

Enclosed is an invoice for the work that The Prime Group performed for EON during May in developing a cost of service study and in providing assistance in preparing a retail rate case for E.ON. Thanks for the opportunity to work with you on this project.

Sincerely,

Marty

Marty Blake
Principal

RECEIVED
JUN 11 2008
ACCOUNTS PAYABLE

The Prime Group, LLC
P. O. Box 837 • Crestwood, KY • 40014-0837
Phone 502-425-7882 FAX 502-326-9894

■ The Prime Group ■

Invoice for Services Rendered

Invoice date: January 2, 2008

To: E.ON
P.O. Box 32010
Louisville, KY 40232

Attn: Mr. Robert Conroy

4.0 hours of consulting work by Steve Seelye @ $200.00/hr performed during December in meeting with EON personnel to discuss preparation for a rate case	$ 400.00
Total due for December	$ 800.00

Please remit payment to: **The Prime Group, LLC**
P.O. Box 837
Crestwood, KY 40014-0837

RECEIVED
FEB 0 6 2008
ACCOUNTS PAYAB

PO # 25301

Line 1 $ 160.00 LGE-G
Line 2 $ 320.00 LGE-E
Line 3 $ 320.00 ~~LGE~~-KU
$ 800.00

Vicki Harper

THEPRI010208A

■ The Prime Group ■

January 2, 2008

EON US
Attn: Robert Conroy
P.O. Box 32010
Louisville, KY 40232

Dear Robert:

Enclosed is an invoice for the work that The Prime Group performed for EON during December in meeting with EON personnel to discuss preparation for a rate case. Thanks for the opportunity to work with you on this project.

Sincerely,

Marty

Marty Blake
Principal

RECEIVED
FEB 06 2008
ACCOUNTS PAYABLE

The Prime Group, LLC
P.O. Box 837 • Crestwood, KY • 40014-0837
Phone 502-425-7882 FAX 502-326-9894

■ The Prime Group ■

Invoice for Services Rendered

Invoice date: February 1, 2008

To: E.ON
P.O. Box 32010
Louisville, KY 40232

Attn: Mr. Robert Conroy

21.0 hours of consulting work by Steve Seelye @ $200.00/hr performed during January in providing cost of service and rate design support for a rate case.	$ 4,200.00
Expenses Parking (3 days)	$ 24.00
Total due for January	$ 4,224.00

Please remit payment to: **The Prime Group, LLC**
P.O. Box 837
Crestwood, KY 40014-0837

RECEIVE!
FEB 06 2008
ACCOUNTS PAYAB

PO# 25301

Line 1 $844.80 LGE-G
Line 2 $ 1689.60 LGE-E
Line 3 $ 1689.60 KU
4224.00

Vicki Harper

THEPRI020108

The Prime Group

February 1, 2008

EON US
Attn: Robert Conroy
P.O. Box 32010
Louisville, KY 40232

Dear Robert:

Enclosed is an invoice for the work that The Prime Group performed for EON during January in providing cost of service and rate design support for a rate case. Thanks for the opportunity to work with you on this project.

Sincerely,

Marty

Marty Blake
Principal

RECEIVE
FEB 0 6 2008
CCOUNTS PAYAB

The Prime Group, LLC
P.O. Box 837 • Crestwood, KY • 40014-0837
Phone 502-425-7882 FAX 502-326-9894

■ The Prime Group ■

Complete

Invoice for Services Rendered

Invoice Date: July 1, 2008

Invoice Number 20087-2

RECEIVED
JUL 17 2008
ACCOUNTS PAY

To: E.ON
P.O. Box 32010
Louisville, KY 40232

Attn: Mr. Robert Conroy

45.5 hours of consulting work by Larry Feltner @ $150.00/hr performed during June in developing a cost of service study and in providing assistance in preparing a retail rate case for E.ON.	$ 6,825.00
110.0 hours of consulting work by Paul Garcia @ $150.00/hr performed during June in developing a cost of service study and in providing assistance in preparing a retail rate case for E.ON.	$ 16,500.00
72.0 hours of consulting work by Steve Seelye @ $200.00/hr performed during June in providing assistance in preparing a retail rate case for E.ON.	$ 14,400.00
24.5 hours of consulting work by Steve Seelye @ $200.00/hr performed during June in providing assistance in preparing a wholesale rate case for E.ON.	$ 4,900.00
Total due for June	$ 42,625.00

Please remit payment to: **The Prime Group, LLC**
P.O. Box 837
Crestwood, KY 40014-0837

PO# 25301

Line 1 8,525.00 LGE G
Line 2 17,050.00 LGE E
Line 3 17,050.00 KU
42,625.00

OK Robert M Conroy

DISBURSEMENT REQUEST

(Corporate Policy & Procedures are on Intranet)

Specify Company:

X E. ON - U.S. Services Inc.
Louisville Gas & Electric Company (Utility)
Kentucky Utilities Company
Western Kentucky Energy Corp

SUPPLIER NAME: Change of Distribution
DUE DATE: ASAP
REMITTANCE ADDRESS: The Prime Group / PO # 25301 / Invoice Date 7/1/2008 /

SPECIAL INSTRUCTIONS:

ACCOUNTING DISTRIBUTION				
PROJECT	TASK	EXP TYPE	EXP ORG	AMOUNT
122483	LGE RATE CASE-G	0305	021440	-$980.00
122482	LGE RATE CASE-E	0305	021440	-$1,960.00
122484	KU RATE CASE	0305	021440	-$1,960.00
123393	KU FERC RATE	0305	021440	$4,900.00
			TOTAL	$0.00

PREPARER SIGNATURE: Vicki Harper DATE: 8-6-08
APPROVER SIGNATURE: [signature] DATE: 8-7-08
APPROVER TITLE: Director - Rates

REASON FOR EXPENDITURE:

AMOUNT WAS CHARGED TO THE WRONG ACCOUNT NUMBERS

Form SD 71-A
Rev. 9/99

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Schedule of Ratecase Preparation Costs

Response to Commission's Order
Dated July 16, 2008

Question No. 57b

Responding Witness: Shannon L. Charnas

LINE NO				
1	ESTIMATED EXPENSES			
2	VENDOR	RATE	TOTAL UNITS	TOTAL ESTIMATED
3	ELECTRIC			
4	LEGAL	235.00	1,234	290,000.00
5	CONSULTANTS	$ 165.00	1,909	$ 315,000.00
6	NEWSPAPER ADVERTISING			36,000.00
7	PRINTING COSTS & OTHER SUPPLIES			34,000.00
8	TOTAL ELECTRIC			$ 385,000.00
9	GAS			
10	LEGAL	235.00	894	210,000.00
11	CONSULTANTS	$ 165.00	1,061	$ 175,000.00
12	NEWSPAPER ADVERTISING			36,000.00
13	PRINTING COSTS & OTHER SUPPLIES			29,000.00
14	TOTAL GAS			240,000.00
15	TOTAL PROJECTED COST			$ 625,000.00

Note: The amounts above represent the latest estimates These estimates will be revised periodically as changes become known

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 58

Responding Witness: John J. Spanos

Q-58. Provide a copy of LG&E's most recent depreciation study. If no such study exists, provide a copy of LG&E's most recent depreciation schedule. The schedule should include a list of all facilities by account number, service life and accrual rate for each, the methodology that supports the schedule, and the date the schedule was last updated.

A-58. The most recent depreciation study was completed and filed in Case No. 2007-00564.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 59

Responding Witness: Lonnie E. Beller

Q-59. Describe the status of any outstanding recommendations relating to electric and/or gas operations contained in LG&E's management audits. Identify any savings or costs related to management audit recommendations, the impact of which is not already reflected in the test year of this case.

A-59. There are no outstanding recommendations relating to management audits of LG&E. Any savings or costs related to prior management audit recommendations are reflected in the test year of this rate case.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

Response to First Data Request of Commission Staff
Dated July 16, 2008

Question No. 60

Responding Witness: Lonnie E. Bellar / Shannon L. Charnas

Q-60. Concerning LG&E's electric and gas demand side management ("DSM") programs:

a. Describe the status of the electric and gas DSM programs during the test year and as of test-year end.

b. Identify the revenues and expenses associated with LG&E's electric and gas DSM programs during the test year. Provide the information for electric and gas DSM programs separately. Include the account number used to record revenue and expense transactions for the electric and gas DSM programs.

A-60. a. LG&E has had five ongoing DSM programs in place, both now and during the test year, pursuant to Commission Orders in Case No. 2000-459. The programs were due to expire December 31, 2007 however; the Commission extended them into 2008 pending disposition a new DSM filing (Case No. 2007-00319). These five programs consist of Residential Conservation (audits), Commercial Conservation (audits), Residential Low Income Weatherization, Residential Load Management, and Commercial Load Management. All five programs were in place throughout the test year.

New participants for the programs during the test period are tabulated below.

Program	New Participants
Residential Conservation	1,039
Residential Load Management	4,635
Residential Low Income Weatherization	849
Commercial Conservation	338
Commercial Load Management	31
TOTAL	6,892

Additionally, a three year pilot program designed to evaluate Responsive Pricing/Smart Metering, approved pursuant to Commission Order dated July 12, 2007 in Case No. 2007-00117 began implementation activities in late

2007 with the first customers going on to the program near the end of the test period in early 2008. On March 31, 2008 the Commission approved the Company's DSM filing (Case No. 2007- 00319) enhancing and extending the existing DSM programs and adding several new programs. Enhancements to existing programs and addition of the new programs did not take place within the test period.

b. See attached.

Louisville Gas and Electric Company
Case Number 2008-00252
Electric DSM Revenues and Expenses for the Test Year
May 1, 2007 - April 30, 2008

REVENUES

Account	Revenue Class	Amount
440101	Residential	$ 3,792,683
442101	Small Commercial	$ 273,740
442201	Large Commercial	$ 231,029
445101	Public Authority	$ 84,165
	Total	$ 4,381,617

EXPENSES

908005		$ 3,860,848

Louisville Gas and Electric Company
Case Number 2008-00252
Gas DSM Revenues and Expenses for the Test Year
May 1, 2007 - April 30, 2008

REVENUES

Account	Revenue Class		Amount
480101	Residential	$	1,462,524
481101	Commercial	$	(7,020)
482101	Public Authority	$	(1,161)
489101	Transportation	$	(525)
	Total	$	1,453,819

EXPENSES

908005		$	1,921,602