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Stephanie L. Stumbo, Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602

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PUBLIC SERVICE  
COMMISSION

Louisville Gas and  
Electric Company  
State Regulation and Rates  
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PO Box 32010  
Louisville, Kentucky 40232  
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Director - Rates  
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October 23, 2008

RE: APPLICATION OF LOUISVILLE GAS AND ELECTRIC  
COMPANY FOR AN ADJUSTMENT OF ITS ELECTRIC AND GAS  
BASE RATES - Case No. 2008-00252  
(Updates to PSC-1 Question Nos. 43, 44, and 57; PSC-2 Question No.  
106; and PSC-3 Question No. 28)

APPLICATION OF LOUISVILLE GAS AND ELECTRIC  
COMPANY TO FILE DEPRECIATION STUDY - Case No. 2007-  
00564

Dear Ms. Stumbo:

On August 12, 2008, in the above-referenced proceeding, Louisville Gas and Electric Company ("LG&E") filed initial responses to Question Nos. 43, 44, and 57 of the First Data Request of Commission Staff dated July 16, 2008. Pursuant to the directives in each of these data requests, LG&E hereby provides and original and ten (10) copies of the following information:

- PSC-1 Question No. 43 - updated Rives Exhibit 2 and Analysis of Embedded Cost of Capital to reflect changes through September 30, 2008.
- PSC-1 Question No. 44 - detailed monthly income statements for September 2008.
- PSC-1 Question No. 57 - updated actual rate case expenses through September 30, 2008.

Ms. Stephanie L. Stumbo  
October 23, 2008  
Page 2 of 3

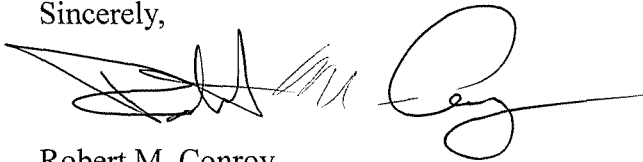
On September 11, 2008, in the above-referenced proceeding, LG&E filed responses to the Second Data Request of Commission Staff dated August 27, 2008. Pursuant to the directive of Question No. 106, LG&E hereby provides an original and ten (10) copies of the status of the refinancing transactions as of September 30, 2008.

On October 7, 2008, in the above-referenced proceeding, LG&E filed responses to the Third Data Request of Commission Staff dated September 24, 2008. Pursuant to the directive of Question No. 28, LG&E hereby provides an original and ten (10) copies of its updated monthly average per-gallon cost of fuel as of September 30, 2008.

Please confirm your receipt of these documents by placing the File Stamp of your Office on the enclosed additional copy.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert M. Conroy', with a long horizontal flourish extending to the right.

Robert M. Conroy

Enclosures

cc: Parties of Record

Counsel of Record

Allyson K. Sturgeon, Senior Corporate Attorney – E.ON U.S. LLC  
Robert M. Watt – Stoll Keenon Ogden PLLC (Louisville Gas and Electric )  
Kendrick R. Riggs – Stoll Keenon Ogden PLLC (Louisville Gas and Electric)  
W. Duncan Crosby – Stoll Keenon Ogden PLLC (Louisville Gas and Electric)  
Dennis Howard II – Office of the Attorney General (AG)  
Lawrence W. Cook – Office of the Attorney General (AG)  
Paul D. Adams – Office of the Attorney General (AG)  
Michael L. Kurtz – Boehm, Kurtz & Lowry (KIUC)  
Lisa Kilkelly – Legal Aid Society, Inc. (ACM and POWER)  
David C. Brown – Stites and Harbison (Kroger)  
Joe F. Childers – Getty & Childers PLLC (CAK)

Consultants to the Parties

Steve Seelye – The Prime Group (E.ON U.S. LLC)  
William A. Avera – FINCAP, Inc (E.ON U.S. LLC)  
John Spanos – Gannett Fleming, Inc. (E.ON U.S. LLC)  
Robert Henkes (AG)  
Michael Majoros – Snively King Majoros O'Connor & Lee (AG)  
Glenn Watkins – Technical Associates (AG)  
Dr. J. Randall Woolridge – Smeal College of Business (AG)  
Lane Kollen – Kennedy and Associates (KIUC)  
Kevin C. Higgins – Energy Strategies, LLC (Kroger)



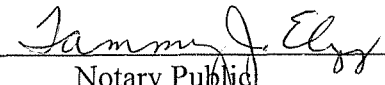
VERIFICATION

STATE OF KENTUCKY    )  
  ) SS:  
COUNTY OF JEFFERSON )

The undersigned, **Shannon L. Charnas**, being duly sworn, deposes and says that she is the Director, Utility Accounting for Louisville Gas and Electric Company, that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge and belief.

  
SHANNON L. CHARNAS

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 23<sup>rd</sup> day of October, 2008.

 (SEAL)  
Notary Public

My Commission Expires:

November 9, 2010

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2008-00252**

**CASE NO. 2007-00564**

**UPDATED Response to Third Data Request of Commission Staff  
Dated September 24, 2008**

**Updated Response filed October 24, 2008**

**Question No. 28**

**Responding Witness: Shannon L. Charnas**

Q-28. Refer to LG&E's response to Item 97 of Staff's Second Request. Provide the monthly average per-gallon cost of fuel for September 2008. Also provide the monthly average per-gallon costs for October and November 2008 as those costs become available.

A-28. Monthly average per-gallon cost of fuel:

September 2008	\$3.72
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**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2008-00252**

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

**Updated Response Filed October 24, 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. See attached Updated Rives Exhibit 2 and Analysis of the Embedded Cost of Capital, reflecting changes to embedded cost of capital through September 30, 2008.

Hurricane Ike recently caused extraordinary and material damage to the Companies' distribution, transmission, and other facilities. No later than Tuesday, October 28, 2008, the Companies will file applications to initiate separate proceedings to seek orders from the Commission to approve the establishment of regulatory assets to accumulate and defer for future recovery the Companies' costs incurred due to Hurricane Ike. If the Commission grants the Companies' requested relief in those separate proceedings, the Companies anticipate asking the Commission in these base rate proceedings for amortization and base rate recovery of the Hurricane Ike regulatory assets.

LOUISVILLE GAS AND ELECTRIC COMPANY

Capitalization at April 30, 2008  
Revised Investments in OVEC and Other (Col. 4 Page 2 of 2)  
With Annual Cost Rate as of September 30, 2008

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Per Books 04-30-08	Capital Structure	Reacquired Bonds (not retired)	Adjusted Total Company Capitalization (Col. 1 - Col. 3)	Rate Base Percentage (Exhibit 3 Line 24)	Capitalization (Col. 4 x Col. 5)	Adjustments to Capitalization (Col. 7, Pg. 2)	Adjusted Capitalization (Col. 6 - Col. 7)	Adjusted Capital Structure (9)	Annual Cost Rate September 30, 2008 (10)	Cost of Capital (Col. 10 x Col. 9) (11)
<b>ELECTRIC</b>											
1. Short Term Debt	\$ 158,075,200	7.25%	\$(106,200,000)	\$ 51,875,200	79.94%	\$ 41,469,035	\$ 974,469	\$ 42,443,504	2.38%	2.45%	0.06%
2. Long Term Debt	878,104,000	40.27%	106,200,000	984,304,000	79.94%	786,852,618	18,482,168	805,334,786	45.14%	5.85%	2.64%
3. Common Equity	1,144,296,135	52.48%	-	1,144,296,135	79.94%	914,750,330	21,487,466	936,237,796	52.48%	11.25%	5.90%
4. Total Capitalization	<u>\$2,180,475,335</u>	<u>100.00%</u>	<u>\$ -</u>	<u>\$2,180,475,335</u>		<u>\$1,743,071,983</u>	<u>\$ 40,944,103</u>	<u>\$1,784,016,086</u>	<u>100.00%</u>		<u>8.60%</u>
<b>GAS</b>											
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%	2.45%	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%	5.85%	2.64%
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	<u>\$2,180,475,335</u>	<u>100.00%</u>	<u>\$ -</u>	<u>\$2,180,475,335</u>		<u>\$ 424,538,547</u>	<u>\$ 1,094,255</u>	<u>\$ 425,632,802</u>	<u>100.00%</u>		<u>8.60%</u>

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



LOUISVILLE GAS AND ELECTRIC COMPANY

Capitalization at April 30, 2008  
Revised Investments in OVEC and Other (Col 4 Page 2 of 2)  
With Annual Cost Rate as of September 30, 2008

	Capitalization (Col 6, Pg 1) (1)	Capital Structure (2)	Trimble County Inventories (a) (Col 2 x Col 3 Line 4) (3)	Investments in OVEC and Other (Col 2 x Col 4 Line 1) (4)	JDIC (Col 2 x Col 5 Line 4) (5)	Advanced Coal Investment Tax Credit (Col 2 x Col 6 Line 1) (6)	Total Adjustments To Capital (7)
1. Short Term Debt	\$ 41,469,035	2.38%	\$ (82,121)	\$ (14,427)	\$ 754,962	316,055	\$ 974,469
2. Long Term Debt	786,852,618	45.14%	(1,557,532)	(273,623)	14,318,900	5,994,423	18,482,168
3. Common Equity	914,750,330	52.48%	(1,810,795)	(318,116)	16,647,229	6,969,148	21,487,466
4. Total Capitalization	\$1,743,071,983	100.00%	\$ (3,450,448)	\$ (606,166)	\$ 31,721,091	\$ 13,279,626	\$ 40,944,103

ELECTRIC

GAS

1. Short Term Debt	\$ 10,100,101	2.38%	\$ -	\$ -	\$ 26,043	\$ -	\$ 26,043
2. Long Term Debt	191,643,989	45.14%	-	-	493,947	-	493,947
3. Common Equity	222,794,457	52.48%	-	-	574,265	-	574,265
4. Total Capitalization	\$ 424,538,547	100.00%	\$ -	\$ -	\$ 1,094,255	\$ -	\$ 1,094,255

(a) Trimble County Inventories @ April 30, 2008

Stores	\$ 4,495,274
Stores Expense	763,517
Coal	8,126,704
Limestone	71,816
Fuel Oil	342,278
Emission Allowances	2,203
Total Trimble County Inventories	\$13,801,792
Multipled by Disallowed Portion	25.00%
Trimble County Inv. Disallowed	\$ 3,450,448

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

<b>LONG-TERM DEBT</b>									
	Due	Rate	Principal	Annualized Cost				Total	Embedded Cost
				Interest	Amortized Debt Issuance Expense	Premium	Amortized Loss-Required Debt		
Pollution Control Bonds -									
Series Y - 2000 A JC	05/01/27	8.000% *	25,000,000	2,000,000	-	-	105,925	2,105,925	8.42
Series Z - 2000 A TC	08/01/30	3.226% *	83,335,000	2,688,387	38,357	-	143,700	2,870,444	3.44
Series AA - 2001 A JC	09/01/27	3.286% *	10,104,000	332,017	19,992	-	-	352,009	3.48
Series BB - 2001 A JC	09/01/26	1.700% *	22,500,000	382,500	9,876	-	77,424	469,800	2.09
Series CC - 2001 A TC	09/01/26	1.700% *	27,500,000	467,500	10,740	-	65,400	543,640	1.98
Series DD - 2001 B JC	11/01/27	1.750% *	35,000,000	612,500	10,944	-	49,056	672,500	1.92
Series EE - 2001 B TC	11/01/27	1.750% *	35,000,000	612,500	10,944	-	48,864	672,308	1.92
Series FF - 2002 A TC	10/01/32	3.623% *	41,665,000	1,509,523	36,908	-	55,812	1,602,243	3.85
Series GG - 2003 A JC	10/01/33	8.000% *	128,000,000	10,240,000	-	-	311,184	10,551,184	8.24
Series HH - 2005 A JC	02/01/35	8.000% *	40,000,000	3,200,000	-	-	84,612	3,284,612	8.21
JC2007A \$31M	06/01/33	8.400% *	31,000,000	2,604,000	-	-	30,613	2,634,613	8.50
JC2007B \$35.2M	06/01/33	8.400% *	35,200,000	2,956,800	-	-	26,991	2,983,791	8.48
JC2007A \$60M	06/01/33	4.600%	60,000,000	2,760,000	47,192	-	6,567	2,813,759	4.69
Called Bonds			-	-	-	-	263,196	263,196	-
<b>Total External Debt</b>			<b>574,304,000</b>	<b>30,365,727</b>	<b>184,953</b>	<b>-</b>	<b>1,269,344</b>	<b>31,820,024</b>	<b>3.15%</b>
Interest Rate Swaps:									
JP Morgan Chase Bank	11/01/20	1		1,382,023	-	-	-	1,382,023	
Morgan Stanley Capital Services	10/01/33	1		608,388	-	-	-	608,388	
Morgan Stanley Capital Services	10/01/33	1		604,676	-	-	-	604,676	
Bank of America	10/01/33	1		620,143	-	-	-	620,143	
Wachovia	10/01/33	1		644,516	-	-	-	644,516	
<b>Interest Rate Swaps External Debt</b>				<b>3,859,746</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,859,746</b>	<b>0.38%</b>
Notes Payable to Fidelity Corp	04/30/13	4.550%	100,000,000	4,550,000	-	-	-	4,550,000	4.55
Notes Payable to Fidelity Corp	08/15/13	5.310%	100,000,000	5,310,000	-	-	-	5,310,000	5.31
Notes Payable to Fidelity Corp	01/16/12	4.330%	25,000,000	1,082,500	-	-	-	1,082,500	4.33
Notes Payable to Fidelity Corp	04/13/37	5.980%	70,000,000	4,186,000	-	-	-	4,186,000	5.98
Notes Payable to Fidelity Corp	04/13/31	5.930%	68,000,000	4,032,400	-	-	-	4,032,400	5.93
Notes Payable to Fidelity Corp	11/26/22	5.720%	47,000,000	2,688,400	-	-	-	2,688,400	5.72
Notes Payable to Fidelity Corp	07/25/18	6.210%	25,000,000	1,552,500	-	-	-	1,552,500	6.21
Mandatorily Redeemable Preferred Stock:									
\$5.875 Series	07/15/08	5.875%	-	-	-	-	4,437	4,437	0
<b>Total Internal Debt</b>			<b>435,000,000</b>	<b>23,401,800</b>	<b>-</b>	<b>-</b>	<b>4,437</b>	<b>23,406,237</b>	<b>2.32%</b>
<b>Total</b>			<b>1,009,304,000</b>	<b>57,627,273</b>	<b>184,953</b>	<b>0.00</b>	<b>1,273,781</b>	<b>59,086,007</b>	<b>5.85%</b>

<b>SHORT TERM DEBT</b>								
	Rate	Principal	Annualized Cost				Total	Embedded Cost
			Interest	Expense	Premium	Loss		
Notes Payable to Associated Company	2.450% *	344,663,200	8,444,248	-	-	-	8,444,248	2.45
Reacquired Bonds	2.450% *	(259,200,000)	(6,350,400)	-	-	-	(6,350,400)	2.45
<b>Total</b>		<b>85,463,200</b>	<b>2,093,848</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,093,848</b>	<b>2.45%</b>

Embedded Cost of Total Debt 61,179,855 5.59%

\* 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
	<u>211,335,000</u>			

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**

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

**Updated Response Filed October 24, 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 statement for September 2008.

**LOUISVILLE GAS AND ELECTRIC COMPANY**

Income Statements

September 30, 2008

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

	Current Month		
	This Year	Last Year	Increase or Decrease
	Amount	Amount	Amount %
Electric Operating Revenues.....	85,189,540.68	77,167,206.33	8,022,334.35 10.40
Gas Operating Revenues.....	17,663,046.59	13,487,053.89	4,175,992.70 30.96
<b>Total Operating Revenues.....</b>	<b>102,852,587.27</b>	<b>90,654,260.22</b>	<b>12,198,327.05</b> <b>13.46</b>
Fuel for Electric Generation.....	29,539,626.35	25,026,337.58	4,513,288.77 18.03
Power Purchased.....	10,665,770.94	5,147,757.48	5,518,013.46 107.19
Gas Supply Expenses.....	12,806,194.01	8,226,544.79	4,579,649.22 55.67
Other Operation Expenses.....	13,057,172.03	14,395,545.68	(1,338,373.65) (9.30)
Maintenance.....	22,356,413.94	7,883,959.64	14,472,454.30 183.57
Depreciation.....	10,320,097.26	9,815,061.57	505,035.69 5.15
Amortization Expense.....	521,984.07	477,623.70	44,360.37 9.29
Regulatory Credits.....	(174,164.56)	(163,026.95)	(11,137.61) 6.83
Taxes			
Federal Income.....	(9,524,420.55)	2,350,143.81	(11,874,564.36) (505.27)
State Income.....	(5,151,098.06)	1,217,257.42	(6,368,355.48) (523.17)
Deferred Federal Income - Net.....	6,187,821.64	(2,869,812.68)	9,057,634.32 (315.62)
Deferred State Income - Net.....	917,244.09	(396,382.86)	1,313,626.95 (331.40)
Property and Other.....	2,228,638.88	967,945.55	1,260,693.33 130.24
Investment Tax Credit.....	2,592,028.00	2,600,000.00	(7,972.00) (0.31)
Amortization of Investment Tax Credit.....	(336,259.16)	(322,929.13)	(13,330.03) 4.13
Loss (Gain) from Disposition of Allowances.....			
Accretion Expense.....	159,409.93	148,341.13	11,068.80 7.46
<b>Total Operating Expenses.....</b>	<b>96,166,458.81</b>	<b>74,504,366.73</b>	<b>21,662,092.08</b> <b>29.07</b>
Net Operating Income.....	6,686,128.46	16,149,893.49	(9,463,765.03) (58.60)
Other Income Less Deductions.....	6,348,436.56	(549,532.70)	6,897,969.26 (1,255.24)
<b>Income Before Interest Charges.....</b>	<b>13,034,565.02</b>	<b>15,600,360.79</b>	<b>(2,565,795.77)</b> <b>(16.45)</b>
Interest on Long-term Debt.....	3,046,965.97	3,581,151.16	(534,185.19) (14.92)
Amortization of Debt Expense - Net.....	121,561.29	120,439.96	1,121.33 0.93
Other Interest Expenses.....	820,577.78	526,525.30	294,052.48 55.85
<b>Total Interest Charges.....</b>	<b>3,989,105.04</b>	<b>4,228,116.42</b>	<b>(239,011.38)</b> <b>(5.65)</b>
Net Income.....	9,045,459.98	11,372,244.37	(2,326,784.39) (20.46)

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

	Year to Date		
	This Year	Last Year	Increase or Decrease
	Amount	Amount	Amount
Electric Operating Revenues.....	747,508,639.40	718,004,991.32	29,503,648.08
Gas Operating Revenues.....	299,207,176.91	239,605,678.05	59,601,498.86
<b>Total Operating Revenues.....</b>	<b>1,046,715,816.31</b>	<b>957,610,669.37</b>	<b>89,105,146.94</b>
Fuel for Electric Generation.....	256,366,661.79	244,451,437.15	11,915,224.64
Power Purchased.....	73,098,941.29	59,448,945.30	13,649,995.99
Gas Supply Expenses.....	227,565,474.93	171,155,386.10	56,410,088.83
Other Operation Expenses.....	144,983,468.75	128,481,639.86	16,501,828.89
Maintenance.....	87,198,910.89	56,967,334.07	30,231,576.82
Depreciation.....	90,615,650.15	88,845,503.22	1,770,146.93
Amortization Expense.....	4,303,053.69	4,755,128.80	(452,075.11)
Regulatory Credits.....	(1,539,333.25)	(1,451,663.19)	(87,670.06)
Taxes			
Federal Income.....	19,345,975.19	33,224,888.50	(13,878,913.31)
State Income.....	323,115.96	7,510,437.72	(7,187,321.76)
Deferred Federal Income - Net.....	9,715,363.07	2,628,383.92	7,086,979.15
Deferred State Income - Net.....	1,309,804.01	707,739.94	602,064.07
Property and Other.....	18,693,673.12	16,949,193.31	1,744,479.81
Investment Tax Credit.....	6,167,028.00	8,779,626.00	(2,612,598.00)
Amortization of Investment Tax Credit.....	(2,944,239.48)	(2,969,487.85)	25,248.37
Loss (Gain) from Disposition of Allowances.....	(456,254.88)	(553,092.69)	96,837.81
Accretion Expense.....	1,406,544.53	1,335,893.97	70,650.56
<b>Total Operating Expenses.....</b>	<b>936,153,837.76</b>	<b>820,267,294.13</b>	<b>115,886,543.63</b>
Net Operating Income.....	110,561,978.55	137,343,375.24	(26,781,396.69)
Other Income Less Deductions.....	1,980,010.06	(176,942.13)	2,156,952.19
<b>Income Before Interest Charges.....</b>	<b>112,541,988.61</b>	<b>137,166,433.11</b>	<b>(24,624,444.50)</b>
Interest on Long-term Debt.....	33,948,204.63	33,070,650.13	877,554.50
Amortization of Debt Expense - Net.....	1,089,863.66	1,074,678.68	15,184.98
Other Interest Expenses.....	4,621,378.67	2,482,437.52	2,138,941.15
<b>Total Interest Charges.....</b>	<b>39,659,446.96</b>	<b>36,627,766.33</b>	<b>3,031,680.63</b>
Net Income.....	72,882,541.65	100,538,666.78	(27,656,125.13)
Preferred Dividend Requirements.....	-	941,636.24	(941,636.24)
Earnings Available for Common.....	72,882,541.65	99,597,030.54	(26,714,488.89)

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

	Year Ended Current Month		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	961,959,215.35	956,404,475.19	5,554,740.16 0.58
Gas Operating Revenues.....	412,283,227.89	346,809,937.43	65,473,290.46 18.88
Total Operating Revenues.....	<u>1,374,242,443.24</u>	<u>1,303,214,412.62</u>	<u>71,028,030.62</u> <u>5.45</u>
Fuel for Electric Generation.....	329,178,785.81	317,308,763.46	11,870,022.35 3.74
Power Purchased.....	95,987,044.10	92,573,226.06	3,413,818.04 3.69
Gas Supply Expenses.....	310,002,307.96	247,725,216.13	62,277,091.83 25.14
Other Operation Expenses.....	189,654,485.08	177,637,752.26	12,016,732.82 6.76
Maintenance.....	112,773,569.67	77,781,472.02	34,992,097.65 44.99
Depreciation.....	121,343,211.60	118,928,014.62	2,415,196.98 2.03
Amortization Expense.....	5,747,887.12	6,241,620.13	(493,733.01) (7.91)
Regulatory Credits.....	(2,028,414.10)	(2,341,811.46)	313,397.36 (13.38)
Taxes			
Federal Income.....	20,745,671.68	50,704,876.39	(29,959,204.71) (59.09)
State Income.....	433,186.77	10,306,157.68	(9,872,970.91) (95.80)
Deferred Federal Income - Net.....	16,562,850.08	(2,080,921.61)	18,643,771.69 (895.94)
Deferred State Income - Net.....	2,102,217.53	(52,377.18)	2,154,594.71 (4,113.61)
Property and Other.....	23,641,143.29	22,666,923.46	974,219.83 4.30
Investment Tax Credit.....	6,367,028.00	11,779,626.00	(5,412,598.00) (45.95)
Amortization of Investment Tax Credit.....	(3,925,652.57)	(3,963,525.12)	37,872.55 (0.96)
Loss (Gain) from Disposition of Allowances.....	(456,254.88)	(553,092.69)	96,837.81 (17.51)
Accretion Expense.....	1,851,567.92	2,154,821.42	(303,253.50) (14.07)
Total Operating Expenses.....	<u>1,229,980,635.06</u>	<u>1,126,816,741.57</u>	<u>103,163,893.49</u> <u>9.16</u>
Net Operating Income.....	144,261,808.18	176,397,671.05	(32,135,862.87) (18.22)
Other Income Less Deductions.....	1,352,119.62	(2,602,887.85)	3,955,007.47 (151.95)
Income Before Interest Charges.....	145,613,927.80	173,794,783.20	(28,180,855.40) (16.22)
Interest on Long-term Debt.....	45,297,098.89	41,732,520.23	3,564,578.66 8.54
Amortization of Debt Expense - Net.....	1,451,658.55	1,432,248.77	19,409.78 1.36
Other Interest Expenses.....	6,137,930.27	3,578,120.64	2,559,809.63 71.54
Total Interest Charges.....	52,886,687.71	46,742,889.64	6,143,798.07 13.14
Net Income.....	92,727,240.09	127,051,893.56	(34,324,653.47) (27.02)
Preferred Dividend Requirements.....	-	1,847,977.39	(1,847,977.39) (100.00)
Earnings Available for Common.....	<u>92,727,240.09</u>	<u>125,203,916.17</u>	<u>(32,476,676.08)</u> <u>(25.94)</u>

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2008-00252**

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

**Updated Response Filed October 24, 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. c. See attached.



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. 57c

Responding Witness: Shannon L. Charnas

Date	Journal #/ Voucher #/ Check #	Vendor #	Vendor Name	Hours	Rate/Hr	Amount	Description	Account
			TOTAL LEGAL OUTSIDE COUNSEL LG&E ELECTRIC @ 8/31/08			43,826.74		
			<b>TOTAL LEGAL OUTSIDE COUNSEL LG&amp;E ELECTRIC</b>			<b>43,826.74</b>		
31-Aug-08	FINANC083108	68792	FINANCIAL CONCEPTS AND APPLICATIONS INC	0.75	400.00	300.00	Consultant fees for services provided by Financial Concepts	0100.303.008960.021440.186022.0000.0301.0000
			SUBTOTAL CONSULTANTS LG&E ELECTRIC			300.00		
			TOTAL CONSULTANTS LG&E ELECTRIC @ 8/31/08			54,160.86		
			<b>TOTAL CONSULTANTS LG&amp;E ELECTRIC</b>			<b>54,460.86</b>		
18-Sep-08	00098102012455	38803	MARTIN JOSEPH REINERT			7.67	Gas for Data Request Delivery	0100.303.008960.021440.186022.0000.0670.0000
16-Sep-08	16-SEP-2008 12:19 SERV	57511	CENTRAL OFFICE SUPPLY			2,191.51	Office supplies	0100.303.008960.021440.186022.0000.0410.0000
16-Sep-08	16-SEP-2008 12:19 SERV	57511	GUY BROWN			548.35	Office supplies	0100.303.008960.021440.186022.0000.0410.0000
26-Aug-08	ROBERT CONROY 08/26/2008	30335	AMERICAN EXPRESS - ROBERT CONROY			23.38	Car Rental for Data Request Delivery	0100.303.008960.021440.186022.0000.0641.0000
26-Aug-08	RICKY LOVEKAMP 08/26/2008	30335	AMERICAN EXPRESS - RICKY LOVEKAMP			23.38	Car Rental for Data Request Delivery	0100.303.008960.021440.186022.0000.0641.0000
26-Aug-08	RICKY LOVEKAMP 08/26/2008	30335	AMERICAN EXPRESS - RICKY LOVEKAMP			16.88	Gas for Data Request Delivery	0100.303.008960.021440.186022.0000.0641.0000
			SUBTOTAL SUPPLIES/SERVICES - OTHER LG&E ELECTRIC			2,811.37		
			TOTAL SUPPLIES/SERVICES - OTHER LG&E ELECTRIC @ 8/31/08			357,857.16		
			<b>TOTAL SUPPLIES/SERVICES - OTHER LG&amp;E ELECTRIC</b>			<b>360,668.53</b>		
			<b>TOTAL LG&amp;E ELECTRIC</b>			<b>458,956.13</b>		

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. 57c

Responding Witness: Shannon L. Charnas

Date	Journal #/ Voucher #/ Check #	Vendor #	Vendor Name	Hours	Rate/Hr	Amount	Description	Account
			TOTAL LEGAL OUTSIDE COUNSEL LG&E GAS @ 8/31/08			14,608.91		
			<b>TOTAL LEGAL OUTSIDE COUNSEL LG&amp;E GAS</b>			<b>14,608.91</b>		
31-Aug-08	FINANC083108	68792	FINANCIAL CONCEPTS AND APPLICATIONS INC	0.25	400.00	100.00	Consultant fees for services provided by Financial Concepts	0100.503.008960.021440.186022.0000.0301.0000
			SUBTOTAL CONSULTANTS LG&E GAS			100.00		
			TOTAL CONSULTANTS LG&E GAS @ 8/31/08			18,053.64		
			<b>TOTAL CONSULTANTS LG&amp;E GAS</b>			<b>18,153.64</b>		
18-Sep-08	00098102012455	38803	MARTIN JOSEPH REINERT			2.56	Gas for Data Request Delivery	0100.503.008960.021440.186022.0000.0670.0000
			CENTRAL OFFICE SUPPLY			730.50	Office supplies	0100.503.008960.021440.186022.0000.0410.0000
			GUY BROWN			182.85	Office supplies	0100.503.008960.021440.186022.0000.0410.0000
26-Aug-08	ROBERT CONROY 08/26/2008	30335	AMERICAN EXPRESS - ROBERT CONROY			7.79	Car Rental for Data Request Delivery	0100.503.008960.021440.186021.0000.0641.0000
26-Aug-08	RICKY LOVEKAMP 08/26/2008	30335	AMERICAN EXPRESS - RICKY LOVEKAMP			7.79	Car Rental for Data Request Delivery	0100.503.008960.021440.186021.0000.0641.0000
26-Aug-08	RICKY LOVEKAMP 08/26/2008	30335	AMERICAN EXPRESS - RICKY LOVEKAMP			5.62	Gas for Data Request Delivery	0100.503.008960.021440.186021.0000.0641.0000
			SUBTOTAL SUPPLIES/SERVICES LG&E GAS			937.11		
			TOTAL SUPPLIES/SERVICES LG&E GAS @ 8/31/08			119,564.69		
			<b>TOTAL SUPPLIES/SERVICES - OTHER LG&amp;E GAS</b>			<b>120,501.80</b>		
			<b>TOTAL LG&amp;E GAS</b>			<b>153,264.35</b>		
			<b>TOTAL RATE CASE EXPENSES @ 9/30/2008</b>			<b>612,220.48</b>		

FINANCIAL CONCEPTS AND APPLICATIONS, INC.

3907 RED RIVER  
AUSTIN, TEXAS 78751

(512) 458-4644

fincap@texas.net  
Fax (512) 458-4768

August 31, 2008

RECEIVED

SEP 25 2008

Mr. Rick Lovekamp  
E.ON U.S.  
Post Office Box 32010  
Louisville, Kentucky 40232

ACCOUNTS PAYABLE

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 August 1, 2008 through August 31, 2008).

Professional Time:

William E. Avera  
2 hours \$ 800

Total

\$ 800

PO 25896

*Bruce H. Fairchild*  
Bruce H. Fairchild

Project

- 122482 - \$300.00 LGE-E
- 122483 - \$100.00 LGE-G
- 122484 - \$400.00 KU

*Sammy Elrod*  
9-24-08

Pilot #354  
819 Buck Creek Road  
Simpsonville KY40067

Invoice # 27051  
Date 09/11/08  
Time 15:36

VI  
Acct#  
#####7513

Pump Gallons Price  
09 5.527 \$ 3.699

Product Amount  
Unleaded \$ 20.44

Total Sale \$ 20.44

SALE - Card Swiped

Thank You For  
Choosing Pilot  
Please Come Again

*VAN USED  
FOR RATE CASE  
DATA REQUEST  
DELIVERY  
MP*

	Dues And Subs	NonEmp Travel	contrib	Expatriate Expenses	Empl Amt
raining Material	0.00	0.00	0.00	0.00	\$20.44
	0.00	0.00	0.00	0.00	\$20.44

Amex Used	Description	Expense Type	Resp Ctr	Project	Task	Expense Type	Amount
9/11/2008							
NO	Rate Case Data Request - Delivery to KPSC in Frankfort, KY	MISCELLANEOUS	008960	122482	LGE RATE CASE-E	0670	\$7.67
NO	Rate Case Data Request - Delivery to KPSC in Frankfort, KY	MISCELLANEOUS	008960	122483	LGE RATE CASE-G	0670	\$2.56
NO	Rate Case Data Request - Delivery to KPSC in Frankfort, KY	MISCELLANEOUS	018960	122484	KU RATE CASE	0670	\$10.22

**Change**

DATE	NUMBER
07/22/08	170625-0

**Central Office Supply Co. Inc.**

1408 Bunton Road  
 P.O. Box 32339  
 Louisville, KY 40232  
 (502) 456-4080 FAX (502) 454-6972

SALESMAN 122 TIME 07:19:58  
 WRITER 123 PAGE 1

PHONE 502-627-4344  
 PO #  
 SHIPPING ADDRESS  
 XEROX CORPORATION

CUSTOMER # 200529 DEPT  
 BILLING ADDRESS  
 XEROX CORPORATION

CHARGE  
 INVOICE

220 WEST MAIN STREET  
 LOUISVILLE KY 40202

ITEM NBR.	CO. DESCRIPTION	UNIT	ORDER QTY	B/D QTY	SHIP QTY	UNIT D	PRICE T	EXTENDED
12770	FEL FILE, LTR/LGL, RCY, CTN KATE	CT	8		8		43.590 N	348.72
THANK YOU FOR YOUR ORDER!							SUB-TOTAL	348.72
0230-8 KATE							TOTAL	348.72
TERMS: Net 30 Days								

LGE-E 130.77  
 LGE-G 43.59  
 KU 174.36  
348.72  
 \$ 348.72

DATE	NUMBER
08/07/08	170995-0

**Central Office Supply Co. Inc.**

1408 Bunton Road  
 P.O. Box 32339  
 Louisville, KY 40232  
 (502) 456-4080 FAX (502) 454-6972

SALESMAN 122 TIME 07:18:53  
 WRITER 123 PAGE 1  
 PHONE 502-627-4344  
 PO #

CHARGE  
 INVOICE

CUSTOMER # 200529 DEPT  
 BILLING ADDRESS  
 XEROX CORPORATION

220 WEST MAIN STREET  
 LOUISVILLE KY 40202

SHIPPING ADDRESS  
 XEROX CORPORATION

ITEM NBR.	CO.	DESCRIPTION	UNIT	CTN	CT	ORDER QTY	B/O QTY	SHIP QTY	UNIT PRICE	EXTENDED	
12770		FEL FILE, LTR/LGL, RCY, CTN				2		2	43.550	87.10	
25976		ACC COVER, REP, PSBRD, 11X8 EA				200		200	2.390	478.00	
25979		ACC COVER, REP, PSBRD, 11X8 EA				200		200	2.390	478.00	
3750ECR		MMM TAPE, BOX SEAL, 2X55YD RL				6		6	5.990	35.94	
5163		AVE LABEL, ADRS, 2X4, 10/SH BX				2		2	28.990	57.98	
THANK YOU FOR YOUR ORDER!										SUB-TOTAL	1137.02
TERMS: Net 30 Days										TOTAL	1137.02

UGF-E 426.38  
 UGF-G 142.13  
 KU 568.51  
 \$ 1137.02

**Central Office Supply Co. Inc.**

1408 Bunton Road  
 P.O. Box 32339  
 Louisville, KY 40232  
 (502) 456-4080 FAX (502) 454-6972

CUSTOMER # 200529 DEPT  
 BILLING ADDRESS  
 XEROX CORPORATION

220 WEST MAIN STREET  
 LOUISVILLE KY 40202

DATE	NUMBER
07/14/08	170468-0

SALESMAN 122 TIME 07:40:28  
 WRITER 123 PAGE 1

PHONE 502-627-4344  
 PO #

CHARGE  
 INVOICE

SHIPPING ADDRESS  
 XEROX CORPORATION

ITEM NBR.	CO.	DESCRIPTION	UNIT	ORDER QTY	B/O QTY	SHIP QTY	UNIT PRICE	EXTENDED
12770		FEL FILE, LTR/LGL, RCY, CTN CT		4		4	43.590	174.36
25976		ACC COVER, REP, PSBRD, 11X8 EA		800		800	2.390	1912.00
25979		ACC COVER, REP, PSBRD, 11X8 EA		800		800	2.390	1912.00
48555		TDK DISC, CD-R52X, 100PK, S PK		2		2	39.990	79.98
5163		AVE LABEL, ADRS, 2X4, 10/SH BX		1		1	28.990	28.99
559-VAD		MMM PAD, EASEL, POST-IT (R) CT		1		1	124.990	124.99
99941		FEL LABEL, CD&DVD, MATTE, 1 PK		2		2	24.990	49.98
R7050		QUA ENVELOPE, CD/DVD, SLEE BX		2		2	37.990	75.98
THANK YOU FOR YOUR ORDER!								
0202-21 MONDAY SURE RATE								
TERMS:								
Net 30 Days								
SUB-TOTAL								4358.28
TOTAL								4358.28

L6E-6 1634.36  
 L6E-6 544.78  
 KU 2179.14  
4358.28

Checkout: Review and Submit Requisition

Requisition 63847: Total 1,380.00 USD

Created By Harper, Victoria Burke  
 Creation Date 29-Aug-2008 12:44:36  
 Description Acco - Pressboard Side  
 Hinge Report Covers -  
 Dark Green, 11 x 8-1/2

P-Card Number XXXXXXXXXXXXXXX5246

Justification

Requisition Attachments

File Name	Type	Description	Category	Last Updated By	Last Updated	Usage	Update	Delete	Publish to Catalog
No results found.									

Lines

Details	Line Number	Item Description	Cost Center	Unit	Quantity	Price	Amount (USD)	Attachments
Show	1	Acco - Pressboard Side Hinge Report Covers - Dark Green, 11 x 8-1/2	000020	EACH	1000	0.69 USD	690.00	
Show	2	Acco - Pressboard Side Hinge Report Covers - Executive Red, 11 x 8-1/2	000020	EACH	1000	0.69 USD	690.00	

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Total 1,380.00    82.80  
 X 6% TAX  
 -----  
 1462.80

LGE-E    548.55  
 LGE-G    182.85  
 KU       731.40  
 -----  
 1462.80



Pilot #354  
819 Buck Creek Road  
Simpsonville KY40067

Invoice # 66382  
Date 07/29/08  
Time 14:07

AX  
Acct#  
#####1008

Pump	Gallons	Price
02	11.970	\$ 3.759

Product	Amount
Unleaded	\$ 45.00

Total Sale \$ 45.00

SALE - Card Swiped

Thank You For  
Choosing Pilot  
Please Come Again

KU	22.50
LGE-E	16.88
LGE-G	5.62
	<hr/>
	\$45.00

ENTERPRISE RENT-A-CAR COMPANY OF KENTUCKY, 430 S 3RD ST, LOUISVILLE, KY 402021410 (502) 581-1538

RENTAL AGREEMENT REF#  
108100 3DYX6P

SUMMARY OF CHARGES

RENTER  
LOVEKAMP, RICK  
  
DATE & TIME OUT  
07/29/2008 09:48 AM  
DATE & TIME IN  
07/29/2008 02:36 PM

Charge Description	Date	Quantity	Per	Rate	Total
TIME & DISTANCE	07/29 - 07/29	1	DAY	\$58.00	\$58.00
REFUELING CHARGE	07/29 - 07/29				\$0.00
<b>Subtotal:</b>					<b>\$58.00</b>
<b>Taxes &amp; Surcharges</b>					
KENTUCKY SALES TAX	07/29 - 07/29			6%	\$0.05
KY U-DRIVE-IT TAX	07/29 - 07/29			6%	\$3.48
VEHICLE LICENSE COST RECOVERY	07/29 - 07/29	1	DAY	\$0.82	\$0.82
<b>Total Charges:</b>					<b>\$62.35</b>

BILLING CYCLE  
24-HOUR

VEH #1 2008 CHEV E15C SWB  
VIN# 1GCFG15X981111511  
LIC# 867GT  
MILES DRIVEN 170

Total Amount Due \$0.00

PAYMENT INFORMATION

AMOUNT PAID	TYPE	CREDIT CARD NUMBER
\$62.35	American Express	XXXXXXXXXX1008 PENDING

LGE-E 23.38  
 LGE-G 7.79  
 KU 31.18  


---

 62.35

Sep.05.2008 12:35 PM

IN 02:17PM 8/12/08	ENTERPRISE RENT A-CAR COMPANY OF KENTUCKY	RENTAL AGREEMENT
OUT 08:38AM 8/12/08	430 S 3RD ST LOUISVILLE KY 40202-1410 582A	01081H4 PAGE 1 OF 1
24-HOUR DAY	RENTAL TYPE C	SOURCE 582247- 999

UNIT 1	RENTER	SUMMARY OF CHARGES
UNIT # EW7B56	MARTIN REINHERT	DAY = 24 HOUR PERIOD
LIC# 863HXN	1618 KAMER DR.	MILES
MODEL E15C	LAGRANGE KY 40031	NO CHARGE
COLOR WHITE	LOCAL:	
IN 15872	(H) 502 627 2184 (W) 502-627 2184	
OUT 15749		1 DAYS @ 58.00 58.00

DR. LICENSE XXXXX3337  
 STATE KY EXPIRE 8/01/09  
 DOB 7/01/68 HT WT  
 EYES HAIR  
 S.S.#  
 EMPLOYER  
 FON

BILL TO N CUST #

ADDITIONAL DRIVER	VLC RECOV	.82
NONE	U DRV TAX 6.00	3.48
	SALES TAX 6.00	.05

CLAIM INFO	PERMISSION TO LEAVE STATE
POL/CLAIM/PO#	YES X NO

INSURED	STATES KY, IN	TOTAL CHARGES	62.35
	CUSTOMER SIGNATURE ON FILE		

LOSS DATE	PAYMENT INFORMATION	DEPOSITS	62.35
THEFT ACCIDENT	AMOUNT PD. BY TYPE DATE AUTH	REFUND	
	62.35 AMX BALR 8/14/08 146061		

TYPE CAR

SHOP  
PHONE  
NAME

CLOSED TICKET PAYMENT INFO  
CLOSED TICKET PAYMENT INFO

OPENED BY #190DV COOPER L PASS  
CLOSED BY #190DV COOPER L PASS

LGE-E 23.38  
 LGE-G 7.79  
 KU 31.18  
62.35

**LOUISVILLE GAS AND ELECTRIC COMPANY**

**CASE NO. 2008-00252**

**CASE NO. 2007-00564**

**UPDATED Response to Second Data Request of Commission Staff**

**Dated August 27, 2008**

**Updated Response filed October 24, 2008**

**Question No. 106**

**Responding Witness: S. Bradford Rives**

- Q-106. Refer to Volume 1 of 3 of LG&E's response to Staff's first request at Item 4(a), page 3 of 3, which includes among the list of long-term debt instruments several issuances of variable rate "Pollution Control Bonds" which the Commission has granted LG&E authority to refinance.
- a. For each pollution control debt instrument provide the following:
    - (1) The anticipated date refinancing will be completed.
    - (2) The anticipated cost rate to maturity.
    - (3) Updates to this request as new information becomes available.
  - b. If the specific cost rates to maturity cannot be reasonable estimated at the time of this response, state whether the anticipated cost rates are expected to be higher or lower than those shown in Item 4(a), page 3 of 3.
- A-106. a. The attachment shows the anticipated refinancing date for each bond and the initial cost rate based on current market conditions. The actual rates will not be known until the refinancing transactions are completed since market rates change daily. None of these costs are expected to apply through maturity since these are variable rate or limited term fixed rate bonds whose rates will reset periodically until maturity. Updates will be provided monthly beginning with the end of September.
- b. The rate to maturity for variable rate bonds or limited term fixed rate bonds cannot be known as the rates reset periodically until maturity. In general, as shown in the updated Attachment to 106a, current market conditions generally support an interest rate below the rate included in the updated response to PSC-1 Question No. 43. Interest rates for the current bonds and the restructured bonds are up, but the conclusion that restructuring the bonds is beneficial remains the same.

In particular, I would like to highlight that the expected fees for the letter of credit facility are expected to be 0.70% rather than the 1.10% included in the adjustments (Rives Exhibit 1, Reference Schedule 1.32). This reduces the amount of the proposed adjustment from \$2.4 million to approximately \$1.5 million. The proposed 0.70% is somewhat higher than the 0.50% fee indicated at the October 1, 2008 meeting at the Commission's offices to discuss the financial market and issues relating to LG&E and KU. Since the time of the meeting, the bank providing the letter of credit demanded a higher fee due to the market disruptions. The Company agreed to the higher fee as it was still the most competitive offer available as other banks also changed their proposals as a result of the credit crisis.

**Louisville Gas and Electric - Tax Exempt Restructuring**

Series	AMT Status	Amount	Restructuring Option	Anticipated Cost Rate at Issuance*	Anticipated Date Refinancing Completed
Jefferson 2000 A	Non-AMT	\$ 25,000,000	Put-Bond	5.30% - 6.20%	11/26/2008
Trimble 2000 A	AMT	\$ 83,335,000	Variable backed by L/C	3.44%	12/12/2008
Jefferson 2001 A	AMT	\$ 10,104,000	Put-Bond	6.05% - 6.95%	11/26/2008
Trimble 2002 A	AMT	\$ 41,665,000	Put-Bond	6.05% - 6.95%	12/12/2008
Metro Louisville 2003 A	Non-AMT	\$ 128,000,000	Variable backed by L/C	3.24%	12/12/2008
Metro Louisville 2005 A	Non-AMT	\$ 40,000,000	Put-Bond	5.30% - 6.20%	12/12/2008
Metro Louisville 2007 A	Non-AMT	\$ 31,000,000	Put-Bond	5.30% - 6.20%	12/12/2008
Metro Louisville 2007 B	Non-AMT	\$ 35,200,000	Put-Bond	5.30% - 6.20%	12/12/2008

**Notes**

\*Interest rate assumptions will vary depending upon market conditions at the time of issuance. The interest rate for the Put-Bond will change at the end of the term of the put to reflect market conditions at that time.

Assumptions for Variable Backed by Letter of Credit	
10-Year Avg. SIFMA (as of 10/16/08)	2.59%
LOC Spread Over SIFMA	0.05%
Remarketing Fee	0.10%
All-In Rate	2.74%
L/C Facility Fee	0.70%
AMT Rate	3.44%
Non-AMT Favorability	0.20%
Non-AMT Rate	3.24%

Interest Rate Estimate			
	Put Bonds		
	2-Year	3-Year	5-Year
Non-AMT	5.30%	5.75%	6.20%
AMT	6.05%	6.50%	6.95%