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PUBLIC SERVICE
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Stephanie L. Stumbo, Executive Director
Public Service Commission of Kentucky
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August 27, 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 Question Nos. 43, 44, and 57)

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. The directives in each of these data requests required on-going updates to the information as it becomes available.

Pursuant to the directive of Question No. 43, LG&E hereby provides an original and ten (10) copies of its updated Rives Exhibit 2 and Analysis of Embedded Cost of Capital to reflect changes through July 31, 2008.

Pursuant to the directive of Question No. 44, LG&E hereby provides an original and ten (10) copies of its detailed monthly income statements for July 2008.

With regard to Question No. 57, there are no additional items to note since LG&E's original responses filed on August 12, 2008.

Ms. Stephanie L. Stumbo
August 27, 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 'R. 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 – Snavelly 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, **S. Bradford Rives**, being duly sworn, deposes and says that he is the Chief Financial Officer, for Louisville Gas and Electric Company, that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



S. BRADFORD RIVES

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 26th day of August, 2008.

 (SEAL)

Notary Public

My Commission Expires:
Sept 20, 2010

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 August 27, 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 July 31, 2008.
2. See attached Analysis of the Embedded Cost of Capital, reflecting changes through July 31, 2008.

LOUISVILLE GAS AND ELECTRIC COMPANY

Capitalization at April 30, 2008
With Annual Cost Rate as of July 31, 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 July 31, 2008 (10)	Cost of Capital (Col 10 x Col 9) (11)
<u>ELECTRIC</u>											
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%	2.45%	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%	4.55%	2.05%
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	<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>\$ 40,955,983</u>	<u>\$ 1,784,027,966</u>	<u>100.00%</u>		<u>8.01%</u>
<u>GAS</u>											
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%	4.55%	2.05%
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>8.01%</u>

NOTES:

Column 10 used July 31, 2008 actual embedded cost rates.

LOUISVILLE GAS AND ELECTRIC COMPANY
ANALYSIS OF THE EMBEDDED COST OF CAPITAL AT
July 31, 2008

LONG-TERM DEBT									
	Due	Rate	Principal	Interest	Annualized Cost			Total	Embedded Cost
					Amortized Debt Issuance Expense	Premium	Amortized Loss- Reacquired Debt		
Pollution Control Bonds -									
Series Y - 2000 A JC	05/01/27	2.25000% *	25,000,000	562,500	-	-	105,045	667,545	2.67
Series Z - 2000 A TC	08/01/30	3.01600% *	83,335,000	2,613,384	38,322	-	143,700	2,695,406	3.23
Series AA - 2001 A JC	09/01/27	2.92600% *	10,104,000	295,643	19,891	-	-	315,534	3.12
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	-	48,884	794,808	2.27
Series FF - 2002 A TC	10/01/32	3.53300% *	41,665,000	1,472,024	36,877	-	55,812	1,564,713	3.78
Series GG - 2003 A JC	10/01/33	2.25000% *	128,000,000	2,880,000	120,041	-	190,308	3,190,349	2.49
Series HH - 2005 A JC	02/01/35	2.20000% *	40,000,000	880,000	-	-	83,990	963,990	2.41
JC2007A \$31M	06/01/33	2.45000%	31,000,000	759,500	-	-	29,954	789,454	2.55
JC2007B \$35.2M	06/01/33	2.45000%	35,200,000	862,400	-	-	26,332	888,732	2.52
JC2007A \$60M	06/01/33	4.80000%	60,000,000	2,760,000	47,192	-	6,567	2,813,759	4.69
Called Bonds			-	-	-	-	263,195	263,195	-
Total External Debt			574,304,000	15,455,451	304,827	-	1,145,648	16,905,926	1.68%
Interest Rate Swaps:									
JP Morgan Chase Bank	11/01/20			3,171,034	-	-	-	3,171,034	
Morgan Stanley Capital Services	10/01/33			614,711	-	-	-	614,711	
Morgan Stanley Capital Services	10/01/33			610,871	-	-	-	610,871	
Bank of America	10/01/33			626,871	-	-	-	626,871	
Wachovia	10/01/33			611,831	-	-	-	611,831	
Interest Rate Swaps External Debt				5,635,318	-	-	-	5,635,318	0.56%
Notes Payable to Fidelity Corp.									
Notes Payable to Fidelity Corp.	04/30/13	4.55%	100,000,000	4,550,000	-	-	-	4,550,000	4.55
Notes Payable to Fidelity Corp.	08/15/13	5.31%	100,000,000	5,310,000	-	-	-	5,310,000	5.31
Notes Payable to Fidelity Corp.	01/16/12	4.33%	25,000,000	1,082,500	-	-	-	1,082,500	4.33
Notes Payable to Fidelity Corp.	04/13/37	5.98%	70,000,000	4,186,000	-	-	-	4,186,000	5.98
Notes Payable to Fidelity Corp.	04/13/31	5.93%	68,000,000	4,032,400	-	-	-	4,032,400	5.93
Notes Payable to Fidelity Corp.	11/26/22	5.72%	47,000,000	2,688,400	-	-	-	2,688,400	5.72
Notes Payable to Fidelity Corp.	07/25/16	6.21%	25,000,000	1,552,500	-	-	-	1,552,500	6.21
Mandatorily Redeemable Preferred Stock:									
\$5.875 Series	07/15/08	5.8750%	-	-	-	-	4,437	4,437	0
Total Internal Debt			435,000,000	23,401,800	-	-	4,437	23,406,237	2.32%
Total			1,009,304,000	44,492,569	304,827	0	1,150,085	45,947,481	4.55%

SHORT TERM DEBT									
	Maturity	Rate	Principal	Interest	Annualized Cost			Total	Embedded Cost
					Expense	Premium	Loss		
Notes Payable to Associated Compr	11A	2.450% *	320,568,200	7,853,921	-	-	-	7,853,921	2.45
Reacquired Bonds		2.450% *	(259,200,000)	(6,350,400)	-	-	-	(6,350,400)	2.45
Total			61,368,200	1,503,521	-	-	-	1,503,521	2.45%

Embedded Cost of Total Debt 47,451,002 **4.43%**

* 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 August 27, 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 July 2008.

LOUISVILLE GAS AND ELECTRIC COMPANY

Income Statements

July 31, 2008

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

	Current Month			
	This Year Amount	Last Year Amount	Increase or Decrease Amount	%
Electric Operating Revenues.....	99,271,720.14	88,563,694.10	10,708,026.04	12.09
Gas Operating Revenues.....	14,316,453.34	12,256,743.06	2,059,710.28	16.80
Total Operating Revenues.....	113,588,173.48	100,820,437.16	12,767,736.32	12.66
Fuel for Electric Generation.....	33,357,245.29	27,742,997.51	5,614,247.78	20.24
Power Purchased.....	7,975,009.66	6,813,024.03	1,161,985.63	17.06
Gas Supply Expenses.....	9,124,835.20	8,184,175.18	940,660.02	11.49
Other Operation Expenses.....	18,868,849.13	13,827,526.36	5,041,322.77	36.46
Maintenance.....	7,240,861.74	5,543,208.01	1,697,653.73	30.63
Depreciation.....	10,222,458.97	9,889,788.36	332,670.61	3.36
Amortization Expense.....	509,389.91	564,386.74	(54,996.83)	(9.74)
Regulatory Credits.....	(172,586.53)	(163,026.95)	(9,559.58)	5.86
Taxes				
Federal Income.....	7,145,328.91	7,551,742.82	(406,413.91)	(5.38)
State Income.....	1,361,015.02	1,438,427.20	(77,412.18)	(5.38)
Deferred Federal Income - Net.....	-	-	-	-
Deferred State Income - Net.....	-	-	-	-
Property and Other.....	2,040,270.14	2,110,419.57	(70,149.43)	(3.32)
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.....	157,831.92	148,341.13	9,490.79	6.40
Total Operating Expenses.....	97,507,932.36	83,321,767.96	14,186,164.40	17.03
Net Operating Income.....	16,080,241.12	17,498,669.20	(1,418,428.08)	(8.11)
Other Income Less Deductions.....	136,886.03	219,117.31	(82,231.28)	(37.53)
Income Before Interest Charges.....	16,217,127.15	17,717,786.51	(1,500,659.36)	(8.47)
Interest on Long-term Debt.....	3,357,880.81	3,727,513.14	(369,632.33)	(9.92)
Amortization of Debt Expense - Net.....	121,242.81	119,475.00	1,767.81	1.48
Other Interest Expenses.....	691,986.61	469,372.76	222,613.85	47.43
Total Interest Charges.....	4,171,110.23	4,316,360.90	(145,250.67)	(3.37)
Net Income.....	12,046,016.92	13,401,425.61	(1,355,408.69)	(10.11)

August 21, 2008

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

	Year to Date			
	This Year Amount	Last Year Amount	Increase or Decrease Amount	%
Electric Operating Revenues.....	563,627,267.88	537,166,263.99	26,461,003.89	4.93
Gas Operating Revenues.....	264,298,359.13	215,254,509.21	49,043,849.92	22.78
Total Operating Revenues.....	827,925,627.01	752,420,773.20	75,504,853.81	10.03
Fuel for Electric Generation.....	193,925,645.17	183,224,912.94	10,700,732.23	5.84
Power Purchased.....	54,398,045.39	49,071,505.78	5,326,539.61	10.85
Gas Supply Expenses.....	202,298,608.00	156,521,049.51	45,777,558.49	29.25
Other Operation Expenses.....	116,577,526.77	99,083,932.72	17,493,594.05	17.66
Maintenance.....	57,993,761.15	43,995,048.13	13,998,713.02	31.82
Depreciation.....	70,003,426.87	69,265,506.86	737,920.01	1.07
Amortization Expense.....	3,260,761.66	3,758,228.21	(497,466.55)	(13.24)
Regulatory Credits.....	(1,191,795.14)	(1,125,609.29)	(66,185.85)	5.88
Taxes				
Federal Income.....	20,934,979.19	27,980,355.67	(7,045,376.48)	(25.18)
State Income.....	3,937,373.96	5,374,352.92	(1,436,978.96)	(26.74)
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.....	14,242,408.64	13,862,842.98	379,565.66	2.74
Investment Tax Credit.....	3,575,000.00	5,200,000.00	(1,625,000.00)	(31.25)
Amortization of Investment Tax Credit.....	(2,285,403.32)	(2,317,316.72)	31,913.40	(1.38)
Loss (Gain) from Disposition of Allowances.....	(456,254.88)	(553,092.69)	96,837.81	(17.51)
Accretion Expense.....	1,088,515.65	1,039,211.71	49,303.94	4.74
Total Operating Expenses.....	742,222,700.46	654,700,781.84	87,521,918.62	13.37
Net Operating Income.....	85,702,926.55	97,719,991.36	(12,017,064.81)	(12.30)
Other Income Less Deductions.....	(1,577,276.42)	(514,641.82)	(1,062,634.60)	206.48
Income Before Interest Charges.....	84,125,650.13	97,205,349.54	(13,079,699.41)	(13.46)
Interest on Long-term Debt.....	27,601,398.64	25,826,580.75	1,774,817.89	6.87
Amortization of Debt Expense - Net.....	847,026.00	834,167.81	12,858.19	1.54
Other Interest Expenses.....	3,022,630.80	1,492,793.05	1,529,837.75	102.48
Total Interest Charges.....	31,471,055.44	28,153,541.61	3,317,513.83	11.78
Net Income.....	52,654,594.69	69,051,807.93	(16,397,213.24)	(23.75)
Preferred Dividend Requirements.....	-	941,636.24	(941,636.24)	(100.00)
Earnings Available for Common.....	52,654,594.69	68,110,171.69	(15,455,577.00)	(22.69)

August 21, 2008

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

	Year Ended Current Month			
	This Year Amount	Last Year Amount	Increase or Decrease Amount	%
Electric Operating Revenues.....	958,916,571.16	947,758,406.35	11,158,164.81	1.18
Gas Operating Revenues.....	401,725,578.95	345,452,410.77	56,273,168.18	16.29
Total Operating Revenues.....	1,360,642,150.11	1,293,210,817.12	67,431,332.99	5.21
Fuel for Electric Generation.....	327,964,293.40	310,985,128.07	16,979,165.33	5.46
Power Purchased.....	87,663,587.72	98,611,858.74	(10,948,271.02)	(11.10)
Gas Supply Expenses.....	299,369,777.62	245,346,262.34	54,023,515.28	22.02
Other Operation Expenses.....	190,646,250.24	182,947,621.62	7,698,628.62	4.21
Maintenance.....	96,540,705.87	78,609,886.18	17,930,819.69	22.81
Depreciation.....	120,310,984.68	118,972,106.20	1,338,878.48	1.13
Amortization Expense.....	5,702,495.68	6,304,963.00	(602,467.32)	(9.56)
Regulatory Credits.....	(2,006,929.89)	(2,320,560.26)	313,630.37	(13.52)
Taxes				
Federal Income.....	27,579,208.51	46,939,298.25	(19,360,089.74)	(41.24)
State Income.....	6,183,529.57	8,045,743.32	(1,862,213.75)	(23.15)
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.....	22,276,229.14	23,078,484.32	(802,255.18)	(3.48)
Investment Tax Credit.....	7,354,626.00	8,200,000.00	(845,374.00)	(10.31)
Amortization of Investment Tax Credit.....	(3,918,987.54)	(3,970,252.37)	51,264.83	(1.29)
Loss (Gain) from Disposition of Allowances.....	(456,254.88)	(553,092.69)	96,837.81	(17.51)
Accretion Expense.....	1,830,221.30	2,133,680.96	(303,459.66)	(14.22)
Total Operating Expenses.....	1,201,616,010.05	1,127,972,979.16	73,643,030.89	6.53
Net Operating Income.....	159,026,140.06	165,237,837.96	(6,211,697.90)	(3.76)
Other Income Less Deductions.....	(1,867,467.17)	592,534.79	(2,460,001.96)	(415.17)
Income Before Interest Charges.....	157,158,672.89	165,830,372.75	(8,671,699.86)	(5.23)
Interest on Long-term Debt.....	46,194,362.28	40,270,584.59	5,923,777.69	14.71
Amortization of Debt Expense - Net.....	1,449,331.76	1,430,117.96	19,213.80	1.34
Other Interest Expenses.....	5,528,826.87	4,161,840.41	1,366,986.46	32.85
Total Interest Charges.....	53,172,520.91	45,862,542.96	7,309,977.95	15.94
Net Income.....	103,986,151.98	119,967,829.79	(15,981,677.81)	(13.32)
Preferred Dividend Requirements.....	-	2,509,703.85	(2,509,703.85)	(100.00)
Earnings Available for Common.....	103,986,151.98	117,458,125.94	(13,471,973.96)	(11.47)

August 21, 2008