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PUBLIC SERVICE
COMMISSION

Ms. Stephanie L. Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

Louisville Gas and
Electric Company
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.eon-us.com

September 11, 2008

Lonnie E. Bellar
Vice President
T 502-627-4830
F 502-217-2109
lonnie.bellar@eon-us.com

RE: *Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Base Rates – Case No. 2008-00252*

Application of Louisville Gas and Electric Company to File Depreciation Study – Case No. 2007-00564

Dear Ms. Stumbo:

Please find enclosed and accept for filing the original and ten (10) copies of the Response of Louisville Gas and Electric Company to the Kentucky Industrial Utility Customers, Inc. (KIUC) First Set of Data Requests dated August 27, 2008, in the above-referenced matters.

Also, enclosed are an original and ten (10) copies of a Petition for Confidential Protection regarding certain information requested in Question No. 14(a).

Should you have any questions regarding the enclosed, please contact me at your convenience.

Sincerely,

Lonnie E. Bellar

cc: Parties of Record

Ms. Stephanie L. Stumbo
September 11, 2008

Counsel of Record

Allyson K. Sturgeon, Senior Corporate Attorney – E.ON U.S. LLC
Kendrick R. Riggs – Stoll Keenon Ogden PLLC (Louisville Gas and Electric)
W. Duncan Crosby – Stoll Keenon Ogden PLLC (Louisville Gas and Electric)
Robert M. Watt – 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 (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)

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS)	
AND ELECTRIC COMPANY FOR AN)	CASE NO.
ADJUSTMENT OF ITS ELECTRIC)	2008-00252
AND GAS BASE RATES)	

APPLICATION OF LOUISVILLE GAS)	CASE NO.
AND ELECTRIC COMPANY TO FILE)	2007-00564
DEPRECIATION STUDY)	

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO THE
FIRST DATA REQUEST OF THE
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. (KIUC)
DATED AUGUST 27, 2008

FILED: September 11, 2008

VERIFICATION

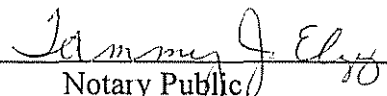
STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

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 9th day of September, 2008.

 (SEAL)

Notary Public

My Commission Expires:

November 9, 2010

VERIFICATION

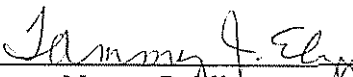
STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Paula H. Pottinger, Ph.D.**, being duly sworn, deposes and says that she is the Senior Vice President, Human Resources 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.



PAULA H. POTTINGER, Ph.D.

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 9th day of September, 2008.



Notary Public (SEAL)

My Commission Expires:

November 9, 2010

VERIFICATION

STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says that he is the Vice President, State Regulation and Rates 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.



LONNIE E. BELLAR

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 9th day of September, 2008.

 (SEAL)

Notary Public

My Commission Expires:
November 9, 2010

VERIFICATION

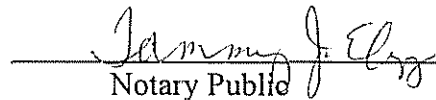
STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is the Director, Rates 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.



ROBERT M. CONROY

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 9th day of September, 2008.

 (SEAL)

Notary Public

My Commission Expires:

November 9, 2010

VERIFICATION

STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, Valerie L. Scott, being duly sworn, deposes and says that she is the Controller, 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.

Valerie L. Scott
VALERIE L. SCOTT

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 9th day of September, 2008.

Sammy F. Ely (SEAL)
Notary Public

My Commission Expires:

November 9, 2010

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
SHANNON L. CHARNAS

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 9th day of September, 2008.

Sammy J. Ely (SEAL)
Notary Public

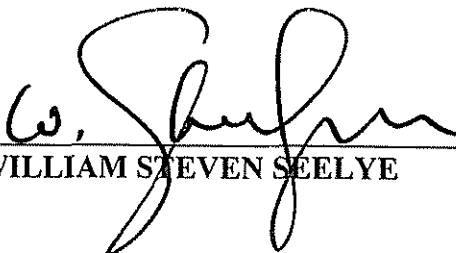
My Commission Expires:

November 9, 2010

VERIFICATION

STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **William Steven Seelye**, being duly sworn, deposes and says that he is the Senior Consultant and Principal, for The Prime Group, LLC, 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.



WILLIAM STEVEN SEELYE

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 9th day of September, 2008.

 (SEAL)

Notary Public

My Commission Expires:

November 9, 2010

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF CUMBERLAND)

The undersigned, **John J. Spanos**, being duly sworn, deposes and says that he is the Vice President, Valuation and Rate Division for Gannett Fleming, Inc., 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.

John J. Spanos

JOHN J. SPANOS

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 5th day of September, 2008.

[Signature] (SEAL)

Notary Public

My Commission Expires:

February 20, 2011

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Cheryl Ann Rutter, Notary Public
East Pennsboro Twp., Cumberland County
My Commission Expires Feb 20, 2011
Member, Pennsylvania Association of Notaries

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
Dated August 27, 2008**

Question No. 1

Responding Witness: Lonnie E. Bellar / William Steven Seelye

- Q-1. Please provide all schedules and underlying computations and workpapers supporting the Company's requested electric rate increase in electronic spreadsheet format with all formulas intact. This request includes, but is not limited to, the revenue requirement components and computations, including all ratemaking adjustments to the historic data, and the cost of service model.
- A-1. The requested information is being provided on CD and in response to PSC-2 Question No. 48.

Electronic Attachment on CD

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
Dated August 27, 2008**

Question No. 2

Responding Witness: Shannon L. Charnas

- Q-2. Please provide a copy of the Company's monthly financial reports filed with the Kentucky Commission since April 2008.
- A-2. See attached.

**LG&E Financial Reports – May 31, 2008
Responding Witness – Shannon L. Charnas**

LOUISVILLE GAS AND ELECTRIC COMPANY

Financial Reports

May 31, 2008

Prepared by Regulatory Accounting and Reporting

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	Last Year	Increase or Decrease	
	Amount	Amount	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
Analysis of Retained Earnings
May 31, 2008

	Current Month		Year to Date		Year Ended Current Month	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Balance at Beginning of Period.....	674,663,583.01	636,462,008.79	689,961,390.20	639,104,729.77	640,792,029.24	615,785,481.64
Add:						
Net Income for Period.....	1,589,545.80	4,335,020.45	26,291,738.61	41,158,008.26	105,517,095.57	121,688,718.56
FIN 48 Adjustment.....	-	-	-	258,182.00	(55,996.00)	258,182.00
Deduct:						
Adjustment to Retained Earnings.....	-	-	-	3,787,254.55	-	3,787,254.55
Preferred Dividends						
\$25 Par Value						
5% Series.....	-		-	746,782.16	-	943,931.75
Without Par Value						
Auction Rate.....	-		-	624,999.99	-	2,209,166.66
Preferred Dividends Accrued						
\$25 Par Value						
5% Series.....	-	5,000.00	-	(430,145.91)	-	
Common Dividends						
Common Stock Without Par Value.....	-	-	40,000,000.00	35,000,000.00	70,000,000.00	90,000,000.00
Balance at End of Period.....	<u>676,253,128.81</u>	<u>640,792,029.24</u>	<u>676,253,128.81</u>	<u>640,792,029.24</u>	<u>676,253,128.81</u>	<u>640,792,029.24</u>

Louisville Gas and Electric Company
Comparative Balance Sheets as of May 31, 2008 and 2007

	<u>This Year</u>	<u>Last Year</u>		<u>This Year</u>	<u>Last Year</u>
Assets and Other Debits			Liabilities and Other Credits		
Utility Plant			Capitalization		
Utility Plant at Original Cost.....	4,398,171,567.43	4,173,421,791.26	Common Stock.....	425,170,424.09	425,170,424.09
Less Reserves for Depreciation and Amortization....	<u>1,907,731,233.46</u>	<u>1,808,401,790.04</u>	Common Stock Expense.....	(835,888.64)	(835,888.64)
Total.....	<u>2,490,440,333.97</u>	<u>2,365,020,001.22</u>	Paid-In Capital.....	60,000,000.00	40,000,000.00
Investments - at Cost			Other Comprehensive Income.....	(11,719,114.08)	(6,465,561.00)
Ohio Valley Electric Corporation.....	594,286.00	594,286.00	Retained Earnings.....	<u>676,253,128.81</u>	<u>640,792,029.24</u>
Nonutility Property-Less Reserve.....	11,879.20	11,879.20	Total Common Equity.....	<u>1,148,868,550.18</u>	<u>1,098,661,003.69</u>
Special Funds.....	13,545,602.93	1,916,242.32	Pollution Control Bonds - Net of Recaptured Bonds	443,104,000.00	574,304,000.00
Other.....	<u>14,921,226.00</u>	<u>-</u>	LT Notes Payable to Associated Companies.....	<u>410,000,000.00</u>	<u>363,000,000.00</u>
Total.....	<u>29,072,994.13</u>	<u>2,522,407.52</u>	Total Long-term Debt.....	<u>853,104,000.00</u>	<u>937,304,000.00</u>
Current and Accrued Assets			Total Capitalization.....	<u>2,001,972,550.18</u>	<u>2,035,965,003.69</u>
Cash.....	2,006,347.74	5,029,381.61	Current and Accrued Liabilities		
Special Deposits.....	14,924,759.57	23,736,175.49	Long-term Debt Due in 1 Year.....	-	-
Temporary Cash Investments.....	36,379.77	34,905.51	ST Notes Payable to Associated Companies.....	184,914,200.00	21,033,000.00
Accounts Receivable-Less Reserve.....	138,616,104.50	115,380,858.34	Notes Payable to Associated Companies.....	-	14,880,000.00
Notes Receivable from Associated Companies.....	-	-	Notes Payable.....	-	-
Accounts Receivable from Associated Companies....	38,032.20	19,477,300.86	Accounts Payable.....	90,511,239.95	71,538,904.29
Materials and Supplies-At Average Cost			Accounts Payable to Associated Companies.....	20,285,328.37	57,045,277.78
Fuel.....	44,955,122.03	49,800,773.87	Customer Deposits.....	20,289,082.66	18,395,093.30
Plant Materials and Operating Supplies.....	26,638,994.38	25,204,352.73	Taxes Accrued.....	9,722,050.12	15,712,248.11
Stores Expense.....	4,459,278.94	4,452,008.99	Interest Accrued.....	7,279,903.92	6,128,905.99
Gas Stored Underground.....	15,388,560.11	16,965,730.47	Dividends Declared.....	-	-
Allowance Inventory.....	10,441.03	13,712.44	ST Obligations Under Capital Leases.....	203,579.54	-
Prepayments.....	3,256,941.09	3,153,547.94	Miscellaneous Current and Accrued Liabilities.....	<u>12,161,202.16</u>	<u>11,789,959.41</u>
Miscellaneous Current and Accrued Assets.....	<u>-</u>	<u>1,381,051.41</u>	Total.....	<u>345,366,586.72</u>	<u>216,523,388.88</u>
Total.....	<u>250,330,961.36</u>	<u>264,629,799.66</u>	Deferred Credits and Other		
Deferred Debits and Other			LT Obligations Under Capital Leases.....	-	-
Unamortized Debt Expense.....	7,091,872.54	9,599,395.85	Accumulated Deferred Income Taxes.....	401,007,116.80	390,473,578.71
Unamortized Loss on Bonds.....	21,322,700.95	19,678,402.76	Investment Tax Credit.....	45,772,395.04	42,017,715.74
Accumulated Deferred Income Taxes.....	50,691,383.57	53,339,495.57	Regulatory Liabilities.....	54,996,949.27	55,503,516.51
Deferred Regulatory Assets.....	150,749,233.19	165,120,704.58	Customer Advances for Construction.....	19,517,736.07	21,610,338.57
Other Deferred Debits.....	<u>41,426,922.60</u>	<u>41,225,032.01</u>	Asset Retirement Obligations.....	30,325,512.36	28,829,938.63
Total.....	<u>271,282,112.85</u>	<u>288,963,030.77</u>	Other Deferred Credits.....	20,657,138.69	29,799,259.62
Total Assets and Other Debits.....	<u>3,041,126,402.31</u>	<u>2,921,135,239.17</u>	Miscellaneous Long-term Liabilities.....	26,127,602.38	6,752,934.37
			Accum Provision for Postretirement Benefits.....	<u>95,382,814.80</u>	<u>93,659,564.45</u>
			Total.....	<u>693,787,265.41</u>	<u>668,646,846.60</u>
			Total Liabilities and Other Credits.....	<u>3,041,126,402.31</u>	<u>2,921,135,239.17</u>

Louisville Gas and Electric Company
Statement of Capitalization and Short-term Debt
May 31, 2008

	Authorized Shares	Issued and Outstanding		Percent of Total	
		Shares	Amount	Capital and ST Debt	Capital
Common Equity					
Common Stock - Without Par.....	75,000,000	21,294,223	425,170,424.09		
Common Stock Expense.....			(835,888.64)		
Paid-In Capital.....			60,000,000.00		
Other Comprehensive Income.....			(11,719,114.08)		
Retained Earnings.....			<u>676,253,128.81</u>		
Total Common Equity.....			<u>1,148,868,550.18</u>	<u>52.53</u>	<u>57.39</u>
Long-term Debt					
Pollution Control Bonds					
Jefferson County 2000 Series A 05/01/00 Due 05/01/27 Var%.....			25,000,000.00		
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%.....			83,335,000.00		
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%.....			10,104,000.00		
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%.....			22,500,000.00		
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%.....			27,500,000.00		
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%.....			35,000,000.00		
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%.....			35,000,000.00		
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%.....			41,665,000.00		
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%.....			128,000,000.00		
Louisville Metro 2005 Series A 04/13/05 Due 02/01/35 Var%.....			40,000,000.00		
Louisville Metro 2007 Series A 04/26/07 Due 06/01/33 Var%.....			31,000,000.00		
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%.....			35,200,000.00		
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%.....			<u>60,000,000.00</u>		
			574,304,000.00	26.26	28.69
Less Reacquired Bonds					
Jefferson County 2000 Series A 05/01/00 Due 05/01/27 Var%.....			(25,000,000.00)		
Louisville Metro 2005 Series A 04/13/05 Due 02/01/35 Var%.....			(40,000,000.00)		
Louisville Metro 2007 Series A 04/26/07 Due 06/01/33 Var%.....			(31,000,000.00)		
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%.....			<u>(35,200,000.00)</u>		
			(131,200,000.00)	(6.00)	(6.56)
Pollution Control Bonds - Net of Reacquired Bonds.....			443,104,000.00	20.26	22.13
Long-term Notes Payable to Associated Companies.....			<u>410,000,000.00</u>	<u>18.75</u>	<u>20.48</u>
Total Capitalization.....			2,001,972,550.18	91.54	<u>100.00</u>
Short-term Notes Payable to Associated Companies.....			<u>184,914,200.00</u>	<u>8.46</u>	
Total Capitalization and Short-term Debt.....			<u><u>2,186,886,750.18</u></u>	<u><u>100.00</u></u>	

Louisville Gas and Electric Company
Trial Balance
May 31, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Utility Plant		
At Original Cost	4,398,171,567 43	4,398,171,567 43
Reserves for Depreciation and Amortization		(1,907,731,233 46)
Depreciation of Plant		
Electric	(1,610,481,345 84)	
Gas	(212,129,943 56)	
Common	(65,312,505 71)	
Amortization of Plant		
Electric	(100 00)	
Gas	(800 00)	
Common	(19,806,538 35)	
Investments - at Cost		29,072,994 13
Nonutility Property	75,239 56	
Nonutility Property Reserve	(63,360 36)	
Ohio Valley Electric Corporation	594,286 00	
Special Funds	13,545,602 93	
Prepaid Pension	14,921,226 00	
Cash	2,006,347 74	2,006,347 74
Special Deposits		14,924,759 57
Margin Account	944,508 85	
Other Special Deposits	13,934,228 12	
MAN Margin Call	46,022 60	
Temporary Cash Investments		36,379 77
Other	36,379 77	
Accounts Receivable - Less Reserve		138,616,104 50
Working Funds	21,280 00	
Customers - Active	72,164,995 48	
Wholesale Sales	11,332,140 72	
Transmission Sales	188,637 40	
Unbilled Revenues	36,797,000 00	
Employee Computer Loans	90,113 91	
Damage Claims	610,366 50	
RAR Settlements	1,038,234 00	
Officers and Employees	300 00	
IMEA	2,581,259 41	
IMPA	2,681,701 43	
Tax Refunds	1,860,522 77	
Other	10,736,995 23	
Reserves for Uncollectible Accounts		
Utility Customers		
Reserve	(761,060 00)	
Accrual	(708,431 64)	
Charged Off	1,704,427 41	
Recoveries	(995,995 77)	
A/R Miscellaneous	(1,062,040 00)	
LEM Reserve	(2,610 19)	
Interest and Dividends Receivable	276,406 64	
Rents Receivable	61,861 20	
Accounts Receivable from Associated Companies		38,032 20
E ON US Services/Kentucky Utilities Company	38,032 20	
Fuel		44,955,122 03
Coal 1,034,704 53 Tons @ \$40 14; MMBtu 23,579.694 32 @ 176 14¢	41,534,310 22	
Fuel Oil 172,979 Gallons @ 217 27¢	375,832 42	
Gas Pipeline 189.332 Mcf @ \$16 08	3,044,979 39	

Louisville Gas and Electric Company
Trial Balance
May 31, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Plant Materials and Operating Supplies		26,638,994 38
Regular Materials and Supplies	26,461,459 20	
Limestone 25,466 91 Tons @ \$6 97	177,535 18	
Stores Expense		4,459,278 94
Stores Expense Undistributed	4,459,278 94	
Gas Stored Underground - Current		15,388,560 11
Gas St Underground*2,128,681 Mcf (14 73 psia) @ \$7 23	15,388,560 11	
Allowance Inventory	10,441 03	10,441 03
Prepayments		3,256,941 09
Insurance	1,821,741 46	
Franchises	197,896 09	
Taxes	161,615 61	
Rights of Way	266,666 70	
Risk Management and Workers Compensation	90,000 00	
Vehicle License	39,049 46	
Other	679,971 77	
Unamortized Debt Expense		7,091,872 54
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%	848,480 99	
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%	381,903 00	
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%	180,167 36	
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%	195,974 23	
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%	212,547 02	
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%	212,580 67	
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%	896,328 48	
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%	2,976,214 53	
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%	1,187,676 26	
Unamortized Loss on Bonds		21,322,700 95
Refinanced and Called Bonds	21,322,700 95	
Accumulated Deferred Income Taxes		50,691,383 57
Federal		
Electric	35,491,975 33	
Gas	7,123,737 22	
State		
Electric	6,940,224 71	
Gas	1,135,446 31	
Deferred Regulatory Assets		150,749,233 19
Asset Retirement Obligations		
Electric	19,621,010 62	
Gas	5,383,008 42	
Common	23,762 33	
Pension and Postretirement Benefits	109,420,059 00	
ECR Ash Hauling	3,943,836 84	
MISO Exit Fee	12,357,555 98	
Other Deferred Debits	41,426,922 60	41,426,922 60
Total Assets and Other Debits	3,041,126,402.31	3,041,126,402.31

• Excludes:

	\$	Mcf
Non-recoverable Base Gas	9,648,855 00	7,880,000
Recoverable Base Gas	<u>2,139,990.00</u>	<u>2,930,000</u>
	11,788,845 00	10,810,000

Louisville Gas and Electric Company
Trial Balance
May 31, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Common Equity		1,148,868,550 18
Common Stock	425,170,424 09	
Common Stock Expense	(835,888 64)	
Paid-In Capital	60,000,000 00	
Other Comprehensive Income	(11,719,114 08)	
Retained Earnings	676,253,128 81	
Bonds		443,104,000 00
Pollution Control Bonds - Net of Reacquired Bonds	443,104,000 00	
Long-term Notes Payable to Associated Companies	410,000,000 00	410,000,000 00
Short-term Notes Payable to Associated Companies		184,914,200 00
Money Pool Payable	184,914,200 00	
Accounts Payable		90,511,239 95
Regular	86,861,415 52	
Salaries and Wages Accrued	2,748,695 90	
Tax Collections - Payable	901,128 53	
Accounts Payable to Associated Companies		20,285,328 37
E ON US Services/Kentucky Utilities Company	20,285,328 37	
Customers' Deposits	20,289,082 66	20,289,082 66
Taxes Accrued	9,722,050 12	9,722,050 12
Interest Accrued		7,279,903 92
Interest on Long-Term Debt		
Pollution Control Bonds		
Jefferson County 2000 Series A 05/01/00 Due 05/01/27 Var%	53,893 44	
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%	101,585 38	
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%	2,793 21	
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%	33,196 75	
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%	40,573 77	
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%	54,221 29	
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%	54,221 60	
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%	68,706 25	
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%	729,884 40	
Louisville Metro 2005 Series A 04/13/05 Due 02/01/35 Var%	(1,803 24)	
Louisville Metro 2007 Series A 04/26/07 Due 06/01/33 Var%	(1,439 85)	
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%	(1,634 95)	
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%	1,379,999 98	
Interest Rate Swaps	425,163 91	
Fidelia	3,497,375 47	
Customers' Deposits	843,166 51	
Short-term Obligations under Capital Leases	203,579 54	203,579 54
Miscellaneous Current and Accrued Liabilities		12,161,202 16
Customer Overpayments	3,388,842 05	
UK Emission Research Grant	250,000 00	
Vacation Pay Accrued	5,260,881 59	
Derivative Liabilities - Non-Hedging	(0 03)	
Postretirement Benefits - Current	3,061,339 00	
Other	200,139 55	

Louisville Gas and Electric Company
Trial Balance
May 31, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Customers' Advances for Construction		19,517,736 07
Line Extensions		
Electric	808,279 89	
Gas	7,889,811.54	
Customer Advances - Arena	10,819,644 64	
Asset Retirement Obligations		30,325,512 36
Electric	22,343,812 06	
Gas	7,955,382.39	
Common	26,317 91	
Other Deferred Credits	20,657,138 69	20,657,138 69
Regulatory Liabilities		54,996,949 27
Asset Retirement Obligations		
Electric	236,070 38	
Gas	133,158.14	
Deferred Taxes		
Federal		
Electric	25,792,713 75	
Gas	1,770,696 50	
State		
Electric	18,484,585 00	
Gas	2,731,315 50	
MISO Schedule 10 Charges	5,848,410 00	
Investment Tax Credit		45,772,395 04
Job Development Credit		
Electric	31,411,752 14	
Gas	1,081,016 90	
Advanced Coal Credit	13,279,626 00	
Accumulated Deferred Income Taxes		401,007,116 80
Federal		
Electric	291,326,505 29	
Gas	51,655,500 50	
Common	(1 00)	
State		
Electric	49,661,879 34	
Gas	8,363,232 67	
Miscellaneous Long-term Liabilities		26,127,602 38
Workers' Compensation	5,581,407 38	
Uncertain Tax Positions	29,044 00	
Long-term Derivative Liabilities - SFAS 133	20,517,151 00	
Accumulated Provision for Benefits		95,382,814 80
Pension Payable	13,347,081 00	
Postretirement Benefits - SFAS 106	78,417,847 28	
Post Employment Benefits Payable	3,762,588 00	
Post Employment Medicare Subsidy	(144,701 48)	
Total Liabilities and Other Credits	3,041,126,402.31	3,041,126,402.31

Louisville Gas and Electric Company
Statement of Cash Flows
May 31, 2008

	Year to Date	
	2008	2007
Cash Flows from Operating Activities		
Net income	26,291,738.61	41,158,008.26
Items not requiring (providing) cash currently:		
Depreciation	49,606,058.85	48,981,745.82
Amortization	2,253,808.63	2,643,533.83
Deferred income taxes - net	4,359,321.57	4,535,589.07
Investment tax credit - net	(326,567.16)	947,478.60
Other	2,903,795.03	525,169.13
Change in receivables	49,924,492.55	49,703,342.34
Change in inventory	66,664,095.27	53,972,992.87
Change in allowance inventory	1,018.44	1,690.56
Change in payables and accrued expenses	(29,242,441.13)	(86,835,281.51)
Change in other regulatory assets	272,816.09	(1,501,001.04)
Change in other regulatory liabilities	(118,588.35)	132,945.65
Change in other deferred debits	(9,791,662.79)	(7,131,018.68)
Change in other deferred credits	1,287,821.28	(21,478,775.67)
Other	10,809,089.93	5,476,491.90
Net cash provided (used) by operating activities	<u>174,894,796.82</u>	<u>91,132,911.13</u>
Cash Flows from Investing Activities		
Gross additions to utility plant - construction expenditures	(89,086,065.22)	(53,652,376.90)
Gross additions to common utility plant - construction expenditures	(12,922,034.34)	(4,735,484.36)
Change in long-term investments	385,022.65	929,515.76
Change in restricted cash	(8,004,786.32)	(10,970,627.39)
Net cash provided (used) by investing activities	<u>(109,627,863.23)</u>	<u>(68,428,972.89)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of long-term debt	(20,757.79)	135,882,186.38
Net increase in short-term debt	106,673,000.00	-
Payments for reacquisition of long-term debt	(131,200,000.00)	-
Net increase in derivative liabilities	(975,785.00)	-
Payments for retirement of preferred stock	-	(91,643,112.60)
Net decrease in short-term debt	-	(31,911,000.00)
Net decrease in short-term capital lease obligations	(201,858.15)	-
Net decrease in long-term capital lease obligations	(23,649.00)	-
Change in restricted cash	(1,823,575.02)	-
Dividends on preferred stock	-	(4,416,711.93)
Dividends on common stock	(40,000,000.00)	(35,000,000.00)
Net cash provided (used) by financing activities	<u>(67,572,624.96)</u>	<u>(27,088,638.15)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,305,691.37)	(4,384,699.91)
Cash and Cash Equivalents at Beginning of Period	<u>4,348,418.88</u>	<u>9,448,987.03</u>
Cash and Cash Equivalents at End of Period	<u>2,042,727.51</u>	<u>5,064,287.12</u>

Louisville Gas and Electric Company
Analysis of Interest Charges
May 31, 2008

	Current Month		Year to Date		Year Ended Current Month	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Interest on Long-term Debt						
Loan Agreement - Pollution Control Bonds						
1992 Series A Variable.....	-	-	-	465,181.37	(114,698.96)	1,130,597.28
1992 Series A Variable TC.....	-	-	-	892,126.04	(221,983.33)	2,158,586.31
1993 Series A Variable Rate.....	-	-	-	523,120.24	(130,235.14)	1,274,355.74
Jefferson County 2000 Series A due May 1, 2027.....	53,893.43	79,618.04	593,563.55	380,937.48	1,150,508.01	909,201.39
Trimble County 2000 Series A due Aug. 1, 2030.....	187,019.94	265,977.53	1,262,499.79	1,268,196.66	3,371,750.63	3,136,326.40
Jefferson County 2001 Series A due Sep. 1, 2027.....	22,055.63	33,820.35	143,696.85	156,766.39	388,741.34	374,137.08
Jefferson County 2001 Series A due Sep. 1, 2026.....	41,118.61	71,704.12	280,755.69	338,856.19	764,884.61	816,620.57
Trimble County 2001 Series A due Sep. 1, 2026.....	50,256.07	87,638.37	343,145.81	414,157.55	934,858.89	998,091.80
Jefferson County 2001 Series B due Nov. 1, 2027.....	66,620.79	109,391.78	441,704.89	527,857.55	1,198,705.47	1,278,746.59
Trimble County 2001 Series B due Nov. 1, 2027.....	66,620.79	109,391.78	441,704.89	527,857.84	1,196,116.44	1,278,746.87
Trimble County 2002 Series A due Oct. 1, 2032.....	122,323.20	134,743.47	716,964.75	634,124.17	1,702,233.59	1,520,420.88
Louisville Metro 2003 Series A due Oct. 1, 2033.....	707,075.56	399,822.23	2,784,017.75	1,935,822.27	5,618,382.18	4,623,523.60
Louisville Metro 2005 Series A due Feb. 1, 2035.....	70,218.58	132,122.22	654,669.60	602,894.43	1,510,614.06	1,425,922.20
Louisville Metro 2007 Series A due Jun. 1, 2033.....	58,146.17	92,889.78	610,544.04	108,605.07	1,291,252.38	108,605.07
Louisville Metro 2007 Series B due Jun. 1, 2033.....	66,024.03	90,831.12	683,509.58	129,164.44	1,454,849.16	129,164.44
Trimble County 2007 Series A due Jun. 1, 2033.....	230,000.00	258,155.56	1,160,603.33	276,000.00	2,770,603.37	276,000.00
Interest Rate Swaps.....	425,163.94	99,032.14	1,834,865.42	648,946.38	2,778,640.34	1,555,464.62
Notes/Debentures.....	(36,466.00)	-	-	-	3,436,255.41	-
Fidelity.....	1,820,774.99	1,596,741.67	9,103,874.95	5,632,332.81	20,565,267.70	12,015,457.88
\$5.875 Mandatory Redeemable Preferred Stock.....	-	-	-	345,972.25	-	1,037,508.71
Total.....	3,950,845.73	3,561,880.16	21,056,120.89	15,808,919.13	49,666,746.15	36,047,477.43
Amortization of Debt Expense - Net						
Amortization of Debt Expense.....	25,146.92	32,472.86	151,792.08	166,679.48	386,180.22	405,057.62
Amortization of Loss on Reacquired Debt.....	95,848.66	86,622.77	452,753.28	428,653.66	1,059,505.57	1,024,605.73
Total.....	120,995.58	119,095.63	604,545.36	595,333.14	1,445,685.79	1,429,663.35
Other Interest Charges						
Customers' Deposits.....	85,239.84	82,713.23	427,125.00	395,219.73	1,000,946.15	929,151.37
Federal Income Tax Deficiencies.....	-	-	-	(1,058,734.31)	-	383,125.68
Other Tax Deficiencies.....	-	-	1,111.00	1,791.71	(500.41)	1,791.71
Gas Refunds.....	-	475.76	-	2,378.80	68.84	4,757.60
Interest on Debt to Associated Companies.....	415,659.38	631,920.25	1,356,335.62	1,257,831.09	4,175,977.58	2,056,475.61
Other Interest Expense.....	49,996.00	-	50,150.99	7,942.11	50,790.44	7,942.11
Total.....	550,895.22	715,109.24	1,834,722.61	606,429.13	5,227,282.60	3,383,244.08
Total Interest.....	4,622,736.53	4,396,085.03	23,495,388.86	17,010,681.40	56,339,714.54	40,860,384.86

Louisville Gas and Electric Company
Analysis of Taxes Charged
May 31, 2008

<u>Kind of Taxes</u>	<u>Current Month</u>		<u>Year to Date</u>	
	<u>This Year</u>	<u>Last Year</u>	<u>This Year</u>	<u>Last Year</u>
Taxes Charged to Accounts 408.1 and 409.1				
Property Taxes.....	1,352,184.77	1,180,774.00	6,760,923.85	6,223,633.00
Unemployment.....	10,921.05	17,497.82	81,871.71	88,647.73
FICA.....	694,041.06	530,826.46	2,803,732.30	2,554,980.08
Public Service Commission Fee.....	161,615.66	158,705.95	808,078.30	793,529.75
Federal Income.....	585,127.35	2,851,117.18	13,027,151.86	16,942,383.71
State Income.....	276,474.60	543,069.93	2,264,970.90	3,367,750.33
Miscellaneous.....	7,011.64	1,316.00	111,515.15	7,548.21
Total Charged to Operating Expense.....	3,087,376.13	5,283,307.34	25,858,244.07	29,978,472.81
Taxes Charged to Other Accounts.....	208,625.67	428,490.00	6,958,828.35	2,079.15
Taxes Accrued on Intercompany Accounts.....	<u>(187,993.97)</u>	<u>(214,081.15)</u>	<u>(907,015.99)</u>	<u>(1,025,831.44)</u>
Total Taxes Charged.....	<u>3,108,007.83</u>	<u>5,497,716.19</u>	<u>31,910,056.43</u>	<u>28,954,720.52</u>

Analysis of Taxes Accrued - Account 236

<u>Kind of Taxes</u>	<u>Taxes Accrued At Beginning Of Year</u>	<u>Accruals To Date This Year</u>	<u>Payments To Date This Year</u>	<u>Taxes Accrued At End Of Month</u>
Property Taxes.....	9,962,060.51	6,860,415.00	9,749,350.12	7,073,125.39
Unemployment.....	53,548.05	53,186.81	102,134.24	4,600.62
FICA.....	618,958.69	2,586,267.87	2,675,249.53	529,977.03
Federal Income.....	(6,107,469.91)	17,867,680.62	13,793,423.91	(2,033,213.20)
State Income.....	(832,671.91)	2,872,178.83	(1,793,539.09)	3,833,046.01
Kentucky Sales and Use Tax.....	527,167.51	1,603,276.36	1,815,929.60	314,514.27
Miscellaneous.....	-	67,050.94	67,050.94	-
Totals.....	<u>4,221,592.94</u>	<u>31,910,056.43</u>	<u>26,409,599.25</u>	<u>9,722,050.12</u>

Louisville Gas and Electric Company
Summary of Utility Plant
May 31, 2008

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers/Adjustments</u>	<u>Net Additions</u>	<u>Ending Balance</u>
101						
Common						
Common General Plant	149,510,912.37	1,128,593.00	-	-	1,128,593.00	150,639,505.37
Common Intangible Plant	28,321,223.19	1,025,946.73	-	-	1,025,946.73	29,347,169.92
Total Common Plant	<u>177,832,135.56</u>	<u>2,154,539.73</u>	<u>-</u>	<u>-</u>	<u>2,154,539.73</u>	<u>179,986,675.29</u>
Electric						
Electric Distribution	761,760,235.51	14,487,265.50	(64,276.64)	-	14,422,988.86	776,183,224.37
Electric General Plant	16,648,246.38	6,380.50	-	-	6,380.50	16,654,626.88
Electric Hydro Production	29,738,481.51	-	-	-	-	29,738,481.51
Electric Intangible Plant	2,340.29	-	-	-	-	2,340.29
Electric Other Production	225,593,229.05	515,040.96	(94,470.38)	-	420,570.58	226,013,799.63
Electric Steam Production	1,954,464,626.73	18,566,878.78	(1,406,180.97)	(22,013,472.13)	(4,852,774.32)	1,949,611,852.41
Electric Transmission	254,545,457.73	612,698.32	(60,974.36)	-	551,723.96	255,097,181.69
Total Electric	<u>3,242,752,617.20</u>	<u>34,188,264.06</u>	<u>(1,625,902.35)</u>	<u>(22,013,472.13)</u>	<u>10,548,889.58</u>	<u>3,253,301,506.78</u>
Gas						
Gas Distribution	464,243,423.53	8,152,674.45	(2,043.77)	-	8,150,630.68	472,394,054.21
Gas General Plant	9,033,095.77	5,377.09	-	-	5,377.09	9,038,472.86
Gas Intangible Plant	1,187.49	-	-	-	-	1,187.49
Gas Storage	62,254,077.12	57,966.45	(462.83)	-	57,503.62	62,311,580.74
Gas Transmission	12,901,908.09	-	-	-	-	12,901,908.09
Total Gas	<u>548,433,692.00</u>	<u>8,216,017.99</u>	<u>(2,506.60)</u>	<u>-</u>	<u>8,213,511.39</u>	<u>556,647,203.39</u>
Total 101 Accounts	<u>3,969,018,444.76</u>	<u>44,558,821.78</u>	<u>(1,628,408.95)</u>	<u>(22,013,472.13)</u>	<u>20,916,940.70</u>	<u>3,989,935,385.46</u>
101101						
Electric Capital Leased Property						
Electric Steam Production	2,876,958.00	-	-	-	-	2,876,958.00
Total Electric	<u>2,876,958.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,876,958.00</u>
Total 101101	<u>2,876,958.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,876,958.00</u>
105001						
Electric						
Electric Distribution	649,014.48	-	-	22,013,472.13	22,013,472.13	22,662,486.61
Total Electric	<u>649,014.48</u>	<u>-</u>	<u>-</u>	<u>22,013,472.13</u>	<u>22,013,472.13</u>	<u>22,662,486.61</u>
Total 105001	<u>649,014.48</u>	<u>-</u>	<u>-</u>	<u>22,013,472.13</u>	<u>22,013,472.13</u>	<u>22,662,486.61</u>

Louisville Gas and Electric Company
Summary of Utility Plant
May 31, 2008

106

Common							
Common General Plant	-	2,992,401.83	-	-	2,992,401.83	2,992,401.83	
Common Intangible Plant	-	442,420.32	-	-	442,420.32	442,420.32	
Total Common Plant	-	3,434,822.15	-	-	3,434,822.15	3,434,822.15	
Electric							
Electric Distribution	-	24,143,956.09	-	-	24,143,956.09	24,143,956.09	
Electric General Plant	-	54,380.23	-	-	54,380.23	54,380.23	
Electric Hydro Production	-	-	-	-	-	-	
Electric Intangible Plant	-	-	-	-	-	-	
Electric Other Production	-	-	-	-	-	-	
Electric Steam Production	-	10,281,205.37	-	-	10,281,205.37	10,281,205.37	
Electric Transmission	-	596,448.16	-	-	596,448.16	596,448.16	
Total Electric	-	35,075,989.85	-	-	35,075,989.85	35,075,989.85	
Gas							
Gas Distribution	-	13,167,906.69	-	-	13,167,906.69	13,167,906.69	
Gas General Plant	-	-	-	-	-	-	
Gas Intangible Plant	-	-	-	-	-	-	
Gas Storage	-	1,323,358.05	-	-	1,323,358.05	1,323,358.05	
Gas Transmission	-	-	-	-	-	-	
Total Gas	-	14,491,264.74	-	-	14,491,264.74	14,491,264.74	
Total 106 Accounts	-	53,002,076.74	-	-	53,002,076.74	53,002,076.74	
117001	Gas						
	Gas Stored Nonrecoverable	2,139,990.00	-	-	-	2,139,990.00	
	Total Gas	2,139,990.00	-	-	-	2,139,990.00	
	Total 117001	2,139,990.00	-	-	-	2,139,990.00	
107001	Construction Work in Progress						
	Common	344,441,783.94	(16,887,113.32)	-	(16,887,113.32)	327,554,670.62	
	Electric	28,559,694.35	7,332,672.46	-	7,332,672.46	35,892,366.81	
	Gas	253,332,706.20	(15,319,302.12)	-	(15,319,302.12)	238,013,404.08	
	Gas	62,549,383.39	(8,900,483.66)	-	(8,900,483.66)	53,648,899.73	
	Total CWIP	344,441,783.94	(16,887,113.32)	-	(16,887,113.32)	327,554,670.62	
	Total Plant (Non-CWIP)	3,974,684,407.24	97,560,898.52	(1,628,408.95)	-	95,932,489.57	4,070,616,896.81
	Total Plant + CWIP	4,319,126,191.18	80,673,785.20	(1,628,408.95)	-	79,045,376.25	4,398,171,567.43

Louisville Gas and Electric Company
Summary of Utility Plant - Reserve for Depreciation of Utility Plant
May 31, 2008

	<u>Beginning Balance</u>	<u>Accruals</u>	<u>Retirements</u>	<u>Transfers/ Adjustments</u>	<u>RWIP Transfers Out</u>	<u>Cost of Removal</u>	<u>Salvage</u>	<u>Other Credits</u>	<u>Ending Balance</u>
Life Reserve									
Common General Plant	62,470,548.01	2,724,767.14	-	-	-	-	-	-	65,195,315.15
Common General Plant - ARO	1,165.28	14.30	-	-	-	-	-	-	1,179.58
Electric Distribution	251,806,875.04	8,238,002.30	(64,276.64)	-	-	-	-	-	259,980,600.70
Electric Distribution - ARO	12,367.53	215.50	-	-	-	-	-	-	12,583.03
Electric General Plant	13,439,232.21	103,359.68	-	-	-	-	-	-	13,542,591.89
Electric Hydro Production	7,723,349.03	224,027.05	-	-	-	-	-	-	7,947,376.08
Electric Hydro Production - ARO	16,818.08	206.70	-	-	-	-	-	-	17,024.78
Electric Other Production	44,478,208.05	3,117,910.81	(94,470.38)	-	-	-	-	-	47,501,648.48
Electric Other Production - ARO	114,837.08	1,409.33	-	-	-	-	-	-	116,246.41
Electric Steam Production	941,129,876.19	21,395,193.45	(1,406,180.97)	-	-	-	-	-	961,118,888.67
Electric Steam Production - ARO	2,207,905.66	79,515.20	-	-	-	-	-	-	2,287,420.86
Electric Transmission	119,682,480.73	1,990,267.21	(60,974.36)	-	-	-	-	-	121,611,773.58
Electric Transmission - ARO	2,336.94	587.49	-	-	-	-	-	-	2,924.43
Gas Distribution	107,951,332.92	3,765,574.20	(2,043.77)	-	-	-	-	-	111,714,863.35
Gas Distribution - ARO	19,162.71	711.01	-	-	-	-	-	-	19,873.72
Gas General Plant	5,813,343.75	184,035.58	-	-	-	-	-	-	5,997,379.33
Gas Storage	32,843,012.49	489,109.41	(462.83)	-	-	-	-	-	33,331,659.07
Gas Storage - ARO	401,123.53	3,012.79	-	-	-	-	-	-	404,136.32
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	9,245,750.72	46,985.75	-	-	-	-	-	-	9,292,736.47
Life Removal Total	1,599,359,725.95	42,364,904.90	(1,628,408.95)	-	-	-	-	-	1,640,096,221.90
Cost of Removal									
Common General Plant	467,853.64	41,937.89	-	-	-	-	-	-	509,791.53
Electric Distribution	151,076,941.89	3,125,721.25	-	-	-	(156,930.48)	-	-	154,045,732.66
Electric General Plant	(3,866.64)	-	-	-	-	-	-	-	(3,866.64)
Electric Hydro Production	77,225.71	-	-	-	-	-	-	-	77,225.71
Electric Other Production	2,093,564.72	-	-	-	-	(20,158.22)	-	-	2,073,406.50
Electric Steam Production	68,731,407.49	3,307,228.43	-	-	-	(717,722.86)	-	-	71,320,913.06
Electric Transmission	22,623,248.88	585,855.16	-	-	-	(317,181.26)	-	-	22,891,922.78
Gas Distribution	54,373,587.76	2,018,249.55	-	-	-	(983,633.80)	-	-	55,408,203.51
Gas General Plant	-	0.02	-	-	-	-	-	-	0.02
Gas Storage	178,019.55	99,439.71	-	-	-	(904.64)	-	-	276,554.62
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	2,949,754.18	46,497.90	-	-	-	-	-	-	2,996,252.08
Cost of Removal Total	302,567,737.18	9,224,929.91	-	-	-	(2,196,531.26)	-	-	309,596,135.83

Louisville Gas and Electric Company
Summary of Utility Plant - Reserve for Depreciation of Utility Plant
May 31, 2008

	<u>Beginning Balance</u>	<u>Accruals</u>	<u>Retirements</u>	<u>Transfers/ Adjustments</u>	<u>RWIP Transfers Out</u>	<u>Cost of Removal</u>	<u>Salvage</u>	<u>Other Credits</u>	<u>Ending Balance</u>
Salvage									
Common General Plant	(281,365.71)	(13,468.72)	-	-	-	-	-	-	(294,834.43)
Electric Distribution	(14,964,772.12)	(528,978.87)	-	-	-	-	-	-	(15,493,750.99)
Electric General Plant	(108,996.26)	(9,458.09)	-	-	-	-	-	-	(118,454.35)
Electric Hydro Production	(433,316.55)	-	-	-	-	-	-	-	(433,316.55)
Electric Other Production	(2,644.83)	-	-	-	-	-	-	-	(2,644.83)
Electric Steam Production	(16,574,762.21)	(878,351.29)	-	-	-	-	103,285.00	-	(17,349,828.50)
Electric Transmission	(5,667,496.85)	(118,369.08)	-	-	-	-	-	-	(5,785,865.93)
Gas Distribution	(2,996,641.58)	(89,413.39)	-	-	-	-	462.36	-	(3,085,592.61)
Gas General Plant	(190,825.93)	(16,301.11)	-	-	-	-	-	-	(207,127.04)
Gas Storage	(225,248.05)	(4,972.14)	-	-	-	-	-	-	(230,220.19)
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	(201,119.89)	(3,170.30)	-	-	-	-	-	-	(204,290.19)
Salvage Total	(41,647,189.98)	(1,662,482.99)	-	-	-	-	103,747.36	-	(43,205,925.61)
Total Reserves									
Common	62,658,201.22	2,753,250.61	-	-	-	-	-	-	65,411,451.83
Electric	1,587,460,819.77	40,634,342.23	(1,625,902.35)	-	-	(1,211,992.82)	103,285.00	-	1,625,360,551.83
Gas	210,161,252.16	6,539,758.98	(2,506.60)	-	-	(984,538.44)	462.36	-	215,714,428.46
Total Reserves	1,860,280,273.15	49,927,351.82	(1,628,408.95)	-	-	(2,196,531.26)	103,747.36	-	1,906,486,432.12
Retirement Work in Progress									
Common	189,890.31	-	-	-	-	(65,047.19)	(25,897.00)	-	98,946.12
Electric	13,800,710.25	-	-	-	(1,164,519.94)	2,675,523.38	(240,311.55)	(192,196.15)	14,879,205.99
Gas	3,995,589.04	-	-	-	(928,263.96)	517,159.82	-	-	3,584,484.90
RWIP Total	17,986,189.60	-	-	-	(2,092,783.90)	3,127,636.01	(266,208.55)	(192,196.15)	18,562,637.01
YTD Activity	1,842,294,083.55	49,927,351.82	(1,628,408.95)	-	2,092,783.90	(5,324,167.27)	369,955.91	192,196.15	1,887,923,795.11
AMORTIZATION									
Common	17,552,729.72	2,253,808.63	-	-	-	-	-	-	19,806,538.35
Electric	100.00	-	-	-	-	-	-	-	100.00
Gas	800.00	-	-	-	-	-	-	-	800.00
Amortization Total	17,553,629.72	2,253,808.63	-	-	-	-	-	-	19,807,438.35
Depreciation & Amortization Total	1,859,847,713.27	52,181,160.45	(1,628,408.95)	-	2,092,783.90	(5,324,167.27)	369,955.91	192,196.15	1,907,731,233.46
Utility Plant at Original Cost Less									<u>1,907,731,233.46</u>
Reserve for Depreciation and Amortization	<u>2,459,278,477.91</u>								

**LG&E Financial Reports – June 30, 2008
Responding Witness – Shannon L. Charnas**

LOUISVILLE GAS AND ELECTRIC COMPANY

Financial Reports

June 30, 2008

Prepared by Regulatory Accounting and Reporting

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
Analysis of Retained Earnings
June 30, 2008

	<u>Current Month</u>		<u>Year to Date</u>		<u>Year Ended Current Month</u>	
	<u>This Year</u>	<u>Last Year</u>	<u>This Year</u>	<u>Last Year</u>	<u>This Year</u>	<u>Last Year</u>
Balance at Beginning of Period.....	676,253,128.81	640,792,029.24	689,961,390.20	639,104,729.77	625,284,403.30	609,199,867.67
Add:						
Net Income for Period.....	14,316,839.16	14,492,374.06	40,608,577.77	55,650,382.32	105,341,560.67	122,454,176.70
FIN 48 Adjustment.....	-	-	-	258,182.00	(55,996.00)	258,182.00
Deduct:						
Adjustment to Retained Earnings.....	-	-	-	3,787,254.55	-	3,787,254.55
Preferred Dividends						
\$25 Par Value						
5% Series.....	-	-	-	746,782.16	-	854,318.52
Without Par Value						
Auction Rate.....	-	-	-	624,999.99	-	1,986,250.00
Preferred Dividends Accrued						
\$25 Par Value						
5% Series.....	-	-	-	(430,145.91)	-	-
Common Dividends						
Common Stock Without Par Value.....	-	30,000,000.00	40,000,000.00	65,000,000.00	40,000,000.00	100,000,000.00
Balance at End of Period.....	<u>690,569,967.97</u>	<u>625,284,403.30</u>	<u>690,569,967.97</u>	<u>625,284,403.30</u>	<u>690,569,967.97</u>	<u>625,284,403.30</u>

Louisville Gas and Electric Company
Comparative Balance Sheets as of June 30, 2008 and 2007

	<u>This Year</u>	<u>Last Year</u>		<u>This Year</u>	<u>Last Year</u>
Assets and Other Debits			Liabilities and Other Credits		
Utility Plant			Capitalization		
Utility Plant at Original Cost.....	4,402,058,032.16	4,192,953,134.24	Common Stock.....	425,170,424.09	425,170,424.09
Less Reserves for Depreciation and Amortization....	<u>1,909,947,086.43</u>	<u>1,816,719,332.63</u>	Common Stock Expense.....	(835,888.64)	(835,888.64)
Total.....	<u>2,492,110,945.73</u>	<u>2,376,233,801.61</u>	Paid-in Capital.....	60,000,000.00	40,000,000.00
Investments - at Cost			Other Comprehensive Income.....	(11,429,904.17)	(4,219,581.00)
Ohio Valley Electric Corporation.....	594,286.00	594,286.00	Retained Earnings.....	<u>690,569,967.97</u>	<u>625,284,403.30</u>
Nonutility Property-Less Reserve.....	11,879.20	11,879.20	Total Common Equity.....	<u>1,163,474,599.25</u>	<u>1,085,399,357.75</u>
Special Funds.....	12,069,424.38	23,832,287.51	Pollution Control Bonds - Net of Reacquired Bonds	443,104,000.00	574,304,000.00
Other.....	<u>14,921,226.00</u>	<u>-</u>	LT Notes Payable to Associated Companies.....	<u>410,000,000.00</u>	<u>363,000,000.00</u>
Total.....	<u>27,596,815.58</u>	<u>24,438,452.71</u>	Total Long-term Debt.....	<u>853,104,000.00</u>	<u>937,304,000.00</u>
Current and Accrued Assets			Total Capitalization.....	<u>2,016,578,599.25</u>	<u>2,022,703,357.75</u>
Cash.....	3,144,398.81	5,225,631.83	Current and Accrued Liabilities		
Special Deposits.....	10,643,840.96	753,695.74	Long-term Debt Due in 1 Year.....	-	-
Temporary Cash Investments.....	36,445.34	35,050.76	ST Notes Payable to Associated Companies.....	188,104,200.00	87,186,000.00
Accounts Receivable-Less Reserve.....	152,731,181.00	128,758,199.03	Notes Payable to Associated Companies.....	-	-
Notes Receivable from Associated Companies.....	-	-	Notes Payable.....	-	-
Accounts Receivable from Associated Companies....	10,832,750.25	32,345,759.70	Accounts Payable.....	113,744,595.20	80,305,956.77
Materials and Supplies-At Average Cost			Accounts Payable to Associated Companies.....	27,105,123.46	61,833,841.48
Fuel.....	42,141,338.41	46,261,036.02	Customer Deposits.....	20,420,923.49	18,740,803.30
Plant Materials and Operating Supplies.....	26,806,823.72	25,300,599.08	Taxes Accrued.....	(1,722,458.02)	4,341,946.21
Stores Expense.....	4,451,862.32	4,523,641.09	Interest Accrued.....	7,987,961.82	7,247,865.15
Gas Stored Underground.....	40,206,003.46	29,041,676.14	Dividends Declared.....	-	-
Allowance Inventory.....	10,216.39	13,394.11	ST Obligations Under Capital Leases.....	224,850.34	388,302.00
Prepayments.....	2,827,556.04	2,732,417.38	Miscellaneous Current and Accrued Liabilities.....	<u>13,165,001.27</u>	<u>10,740,729.68</u>
Miscellaneous Current and Accrued Assets.....	<u>-</u>	<u>197,429.62</u>	Total.....	<u>369,030,197.56</u>	<u>270,785,444.59</u>
Total.....	<u>293,832,416.70</u>	<u>275,188,530.50</u>	Deferred Credits and Other		
Deferred Debits and Other			LT Obligations Under Capital Leases.....	-	160,832.00
Unamortized Debt Expense.....	7,134,301.25	9,649,373.96	Accumulated Deferred Income Taxes.....	403,725,012.44	354,295,031.75
Unamortized Loss on Bonds.....	21,235,161.93	19,591,780.03	Investment Tax Credit.....	47,711,135.88	44,282,162.42
Accumulated Deferred Income Taxes.....	49,904,789.36	15,203,908.57	Regulatory Liabilities.....	53,738,137.28	54,236,047.24
Deferred Regulatory Assets.....	150,735,086.22	165,430,228.46	Customer Advances for Construction.....	19,495,157.68	21,692,997.05
Other Deferred Debits.....	<u>47,220,160.28</u>	<u>44,542,168.70</u>	Asset Retirement Obligations.....	30,462,908.99	28,943,580.76
Total.....	<u>276,229,499.04</u>	<u>254,417,459.72</u>	Other Deferred Credits.....	26,862,724.40	32,734,406.37
Total Assets and Other Debits.....	<u>3,089,769,677.05</u>	<u>2,930,278,244.54</u>	Miscellaneous Long-term Liabilities.....	26,782,988.77	6,824,538.04
			Accum Provision for Postretirement Benefits.....	<u>95,382,814.80</u>	<u>93,619,846.57</u>
			Total.....	<u>704,160,880.24</u>	<u>636,789,442.20</u>
			Total Liabilities and Other Credits.....	<u>3,089,769,677.05</u>	<u>2,930,278,244.54</u>

Louisville Gas and Electric Company
Statement of Capitalization and Short-term Debt
June 30, 2008

	<u>Authorized Shares</u>	<u>Issued and Outstanding Shares</u>	<u>Amount</u>	<u>Percent of Total Capital and ST Debt</u>	<u>Capital</u>
Common Equity					
Common Stock - Without Par.....	75,000,000	21,294,223	425,170,424.09		
Common Stock Expense.....			(835,888.64)		
Paid-In Capital.....			60,000,000.00		
Other Comprehensive Income.....			(11,429,904.17)		
Retained Earnings.....			<u>690,569,967.97</u>		
Total Common Equity.....			<u>1,163,474,599.25</u>	<u>52.77</u>	<u>57.70</u>
Long-term Debt					
Pollution Control Bonds					
Jefferson County 2000 Series A 05/01/00 Due 05/01/27 Var%....			25,000,000.00		
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%.....			83,335,000.00		
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%....			10,104,000.00		
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%.....			22,500,000.00		
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%.....			27,500,000.00		
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%.....			35,000,000.00		
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%.....			35,000,000.00		
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%.....			41,665,000.00		
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%.....			128,000,000.00		
Louisville Metro 2005 Series A 04/13/05 Due 02/01/35 Var%.....			40,000,000.00		
Louisville Metro 2007 Series A 04/26/07 Due 06/01/33 Var%.....			31,000,000.00		
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%.....			35,200,000.00		
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%.....			<u>60,000,000.00</u>		
			574,304,000.00	26.05	28.48
Less Reacquired Bonds					
Jefferson County 2000 Series A 05/01/00 Due 05/01/27 Var%....			(25,000,000.00)		
Louisville Metro 2005 Series A 04/13/05 Due 02/01/35 Var%.....			(40,000,000.00)		
Louisville Metro 2007 Series A 04/26/07 Due 06/01/33 Var%.....			(31,000,000.00)		
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%.....			<u>(35,200,000.00)</u>		
			(131,200,000.00)	(5.95)	(6.51)
Total Pollution Control Bonds - Net of Reacquired Bonds.....			443,104,000.00	20.10	21.97
Long-term Notes Payable to Associated Companies.....			<u>410,000,000.00</u>	<u>18.60</u>	<u>20.33</u>
Total Capitalization.....			<u>2,016,578,599.25</u>	<u>91.47</u>	<u>100.00</u>
Short-term Notes Payable to Associated Companies.....			188,104,200.00	8.53	
Total Capitalization and Short-term Debt.....			<u>2,204,682,799.25</u>	<u>100.00</u>	

Louisville Gas and Electric Company
Summary Trial Balance
June 30, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Utility Plant		
At Original Cost	4,402,058,032 16	4,402,058,032 16
Reserves for Depreciation and Amortization		(1,909,947,086 43)
Depreciation of Plant		
Electric	(1,610,199,304 87)	
Gas	(213,410,851 94)	
Common	(66,031,928 15)	
Amortization of Plant		
Electric	(100 00)	
Gas	(800 00)	
Common	(20,304,101 47)	
Investments - at Cost		27,596,815 58
Nonutility Property	75,239 56	
Nonutility Property Reserve	(63,360 36)	
Ohio Valley Electric Corporation	594,286 00	
Special Funds	12,069,424 38	
Prepaid Pension	14,921,226 00	
Cash	3,144,398 81	3,144,398 81
Special Deposits		10,643,840 96
Restricted Cash - Short-term	894,989 74	
Other Special Deposits	9,702,776 64	
MAN Margin Call	46,074 58	
Temporary Cash Investments	36,445 34	36,445 34
Accounts Receivable - Less Reserve		152,731,181 00
Working Funds	21,280 00	
Customers - Active	77,987,940 29	
Wholesale Sales	8,881,501 86	
Transmission Sales	228,864 49	
Unbilled Revenues	43,946,000 00	
Employee Computer Loans	89,291 29	
Damage Claims	579,118 07	
RAR Settlements	1,038,234 00	
IMEA	3,454,829 86	
IMPA	3,606,334 80	
Tax Refunds	1,860,522 77	
Other	12,350,644 05	
Reserves for Uncollectible Accounts		
Utility Customers		
Reserve	(676,390 00)	
Accrual	(949,573 84)	
Charged Off	2,097,195 34	
Recoveries	(1,147,621 50)	
A/R Miscellaneous	(1,059,906 00)	
LEM Reserve	(980 43)	
Interest and Dividends Receivable	65,790 03	
Rents Receivable	358,105 92	
Accounts Receivable from Associated Companies		10,832,750 25
E ON US Services/Kentucky Utilities Company	10,832,750 25	

Louisville Gas and Electric Company
Summary Trial Balance
June 30, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Fuel		42,141,338.41
Coal 921,975.43 Tons @ \$40.57; MMBtu 21,086,398.98 @ 177.39¢	37,405,297.35	
Fuel Oil 164,391 Gallons @ 215.63¢	354,470.52	
Gas Pipeline 293,621 Mcf @ \$14.92	4,381,570.54	
Plant Materials and Operating Supplies		26,806,823.72
Regular Materials and Supplies	26,587,824.73	
Limestone 31,100.91 Tons @ \$7.04	218,998.99	
Stores Expense Undistributed	4,451,862.32	4,451,862.32
Gas Stored Underground - Current		40,206,003.46
Gas St Underground*3,716,485 Mcf (14.73 psia) @ \$10.82	40,206,003.46	
Allowance Inventory	10,216.39	10,216.39
Prepayments		2,827,556.04
Insurance	1,462,627.69	
Franchises	154,561.18	
Rights of Way	266,666.70	
Risk Management and Workers Compensation	90,000.00	
Vehicle License	35,144.52	
Other	818,555.95	
Unamortized Debt Expense		7,134,301.25
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%	846,289.04	
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%	381,246.99	
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%	179,344.36	
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%	195,079.23	
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%	211,635.02	
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%	211,668.67	
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%	894,257.02	
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%	3,031,037.36	
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%	1,183,743.56	
Unamortized Loss on Bonds		21,235,161.93
Refinanced and Called Bonds	21,235,161.93	
Accumulated Deferred Income Taxes		49,904,789.36
Federal		
Electric	34,901,893.19	
Gas	7,048,972.49	
State		
Electric	6,832,110.46	
Gas	1,121,813.22	
Regulatory Assets		150,735,086.22
Asset Retirement Obligations		
Electric	19,755,059.54	
Gas	5,420,659.31	
Common	23,889.90	
Pension and Postretirement Benefits	109,420,059.00	
ECR Ash Hauling	3,772,365.65	
MISO Exit Fee	12,343,052.82	
Other Deferred Debits	47,220,160.28	47,220,160.28
Total Assets and Other Debits	3,089,769,677.05	3,089,769,677.05

* Excludes:

	\$	Mcf
Non-recoverable Base Gas	9,648,855.00	7,880,000
Recoverable Base Gas	<u>2,139,990.00</u>	<u>2,930,000</u>
	11,788,845.00	10,810,000

Louisville Gas and Electric Company
Summary Trial Balance
June 30, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Common Equity		1,163,474,599 25
Common Stock	425,170,424 09	
Common Stock Expense	(835,888 64)	
Paid-In Capital	60,000,000 00	
Other Comprehensive Income	(11,429,904 17)	
Retained Earnings	690,569,967 97	
Bonds		443,104,000 00
Pollution Control Bonds - Net of Reacquired Bonds	443,104,000 00	
Long-term Notes Payable to Associated Companies	410,000,000 00	410,000,000 00
Short-term Notes Payable to Associated Companies	188,104,200 00	188,104,200 00
Accounts Payable		113,744,595 20
Regular	109,314,993 21	
Salaries and Wages Accrued	3,136,734 21	
Tax Collections - Payable	1,292,867 78	
Accounts Payable to Associated Companies		27,105,123 46
E ON US Services/Kentucky Utilities Company	27,105,123 46	
Customers' Deposits	20,420,923 49	20,420,923 49
Taxes Accrued	(1,722,458 02)	(1,722,458 02)
Interest Accrued		7,987,961 82
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%	98,886 25	
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%	5,895 99	
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%	70,082 00	
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%	85,655 73	
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%	114,467 20	
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%	114,467 50	
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%	54,060 89	
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%	551,519 96	
Louisville Metro 2005 Series A 04/13/05 Due 02/01/35 Var%	0 04	
Louisville Metro 2007 Series A 04/26/07 Due 06/01/33 Var%	0 05	
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%	0 03	
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%	229,999 98	
Interest Rate Swaps	472,304 78	
Fidelia	5,318,150 46	
Customers' Deposits	859,177 96	
Other	13,293 00	
Short-term Obligations under Capital Leases	224,850 34	224,850 34
Miscellaneous Current and Accrued Liabilities		13,165,001 27
Customer Overpayments	4,101,872 57	
UK Emission Research Grant	250,000 00	
Vacation Pay Accrued	5,224,735 16	
Postretirement Benefits - Current	3,061,339 00	
Other	527,054 54	

Louisville Gas and Electric Company
Summary Trial Balance
June 30, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Accumulated Deferred Income Taxes		403,725,012.44
Federal		
Electric	290,763,274.53	
Gas	54,716,269.24	
Common	(1.00)	
State		
Electric	49,284,425.16	
Gas	8,961,044.51	
Investment Tax Credit		47,711,135.88
Job Development Credit		
Electric	31,089,424.01	
Gas	1,067,085.87	
Advanced Coal Credit	15,554,626.00	
Regulatory Liabilities		53,738,137.28
Asset Retirement Obligations		
Electric	238,190.45	
Gas	137,749.80	
Deferred Taxes		
Federal		
Electric	24,663,119.08	
Gas	1,569,739.93	
State		
Electric	18,281,143.55	
Gas	2,721,288.47	
MISO Schedule 10 Charges	6,126,906.00	
Customers' Advances for Construction		19,495,157.68
Line Extensions		
Electric	808,279.89	
Gas	8,089,111.41	
Customer Advances - Museum	9,702,776.64	
Customer Advances - Arena	894,989.74	
Asset Retirement Obligations		30,462,908.99
Electric	22,444,282.15	
Gas	7,992,184.22	
Common	26,442.62	
Other Deferred Credits	26,862,724.40	26,862,724.40
Miscellaneous Long-term Liabilities		26,782,988.77
Workers' Compensation	5,246,057.77	
Uncertain Tax Positions	30,156.00	
Long-term Derivative Liabilities - SFAS 133	21,506,775.00	
Accumulated Provision for Benefits		95,382,814.80
Pension Payable	13,347,081.00	
Postretirement Benefits - SFAS 106	78,417,847.28	
Post Employment Benefits Payable	3,762,588.00	
Post Employment Medicare Subsidy	(144,701.48)	
Total Liabilities and Other Credits	3,089,769,677.05	3,089,769,677.05

Louisville Gas and Electric Company
Statement of Cash Flows
June 30, 2008

	Year to Date	
	2008	2007
Cash Flows from Operating Activities		
Net income	40,608,577.77	55,650,382.32
Items not requiring (providing) cash currently:		
Depreciation	59,780,967.90	59,375,718.50
Amortization	2,751,371.75	3,193,841.47
Deferred income taxes - net	7,863,811.42	6,492,629.11
Investment tax credit - net	1,612,173.68	3,211,925.28
Other	14,059,258.21	3,380,648.18
Change in receivables	31,763,138.82	23,457,542.81
Change in inventory	44,500,022.82	45,268,906.60
Change in allowance inventory	1,243.08	2,008.89
Change in payables and accrued expenses	(17,221,828.77)	(77,668,047.28)
Change in regulatory assets	286,963.06	(1,810,524.92)
Change in regulatory liabilities	(1,377,400.34)	(1,134,523.62)
Change in other deferred debits	(12,407,808.92)	(8,190,257.00)
Change in other deferred credits	10,496,095.59	(18,543,628.92)
Other	(3,789,286.59)	4,068,466.52
Net cash provided (used) by operating activities	<u>178,927,299.48</u>	<u>96,755,087.94</u>
Cash Flows from Investing Activities		
Gross additions to utility plant - construction expenditures	(101,498,597.64)	(80,869,517.42)
Gross additions to common utility plant - construction expenditures	(17,135,077.97)	(5,749,978.74)
Change in long-term investments	6,679,587.65	5,458.27
Change in restricted cash	125,457.85	(8,980,135.34)
Net cash provided (used) by investing activities	<u>(111,828,630.11)</u>	<u>(95,594,173.23)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of long-term debt	(96,885.28)	261,799,471.38
Net increase in short-term debt	109,863,000.00	19,362,000.00
Net increase in short-term capital lease obligations	-	388,302.00
Net increase in long-term capital lease obligations	-	160,832.00
Payments for reacquisition of long-term debt	(131,200,000.00)	-
Payments for retirement of long-term debt	-	(126,000,000.00)
Net increase in derivative liabilities	(6,280,726.00)	-
Payments for retirement of preferred stock	-	(91,643,112.60)
Net decrease in short-term capital lease obligations	(180,587.35)	-
Net decrease in long-term capital lease obligations	(23,649.00)	-
Change in restricted cash	(347,396.47)	-
Dividends on preferred stock	-	(4,416,711.93)
Dividends on common stock	(40,000,000.00)	(65,000,000.00)
Net cash provided (used) by financing activities	<u>(68,266,244.10)</u>	<u>(5,349,219.15)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,167,574.73)	(4,188,304.44)
Cash and Cash Equivalents at Beginning of Period	<u>4,348,418.88</u>	<u>9,448,987.03</u>
Cash and Cash Equivalents at End of Period	<u>3,180,844.15</u>	<u>5,260,682.59</u>

Louisville Gas and Electric Company
Analysis of Interest Charges
June 30, 2008

	Current Month		Year to Date		Year Ended Current Month	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Interest on Long-term Debt						
Loan Agreement - Pollution Control Bonds						
1992 Series A Variable.....	-	(114,698.96)	-	350,482.41	-	925,322.98
1992 Series A Variable TC.....	-	(221,983.33)	-	670,142.71	-	1,758,674.21
1993 Series A Variable Rate.....	-	(130,235.14)	-	392,885.10	-	1,037,074.02
Jefferson County 2000 Series A due May 1, 2027....	(53,893.43)	78,125.01	539,670.12	459,062.49	1,018,489.57	915,451.39
Trimble County 2000 Series A due Aug. 1, 2030.....	194,827.97	263,894.17	1,457,327.76	1,532,090.83	3,302,684.43	3,152,183.20
Jefferson County 2001 Series A due Sep. 1, 2027....	24,387.13	32,217.73	168,083.98	188,984.12	380,910.74	378,610.91
Jefferson County 2001 Series A due Sep. 1, 2026....	36,885.25	69,534.25	317,640.94	408,390.44	732,235.61	817,360.31
Trimble County 2001 Series A due Sep. 1, 2026.....	45,081.96	84,986.29	388,227.77	499,143.84	894,954.56	998,995.90
Jefferson County 2001 Series B due Nov. 1, 2027....	60,245.91	107,684.94	501,950.80	635,542.49	1,151,266.44	1,277,979.48
Trimble County 2001 Series B due Nov. 1, 2027.....	60,245.91	107,684.94	501,950.80	635,542.78	1,148,677.41	1,277,979.76
Trimble County 2002 Series A due Oct. 1, 2032.....	118,950.16	134,241.21	835,914.91	768,365.38	1,686,942.54	1,529,373.70
Louisville Metro 2003 Series A due Oct. 1, 2033....	619,946.67	396,622.22	3,403,964.42	2,332,444.49	5,841,706.63	4,657,585.83
Louisville Metro 2005 Series A due Feb. 1, 2035....	(159,158.49)	119,277.79	495,511.11	722,172.22	1,232,177.78	1,429,838.88
Louisville Metro 2007 Series A due Jun. 1, 2033....	(113,744.84)	95,368.06	496,799.20	203,973.13	1,082,139.48	203,973.13
Louisville Metro 2007 Series B due Jun. 1, 2033....	(114,988.84)	108,631.12	568,520.74	237,795.56	1,231,229.20	237,795.56
Trimble County 2007 Series A due Jun. 1, 2033.....	230,000.00	230,000.00	1,390,603.33	506,000.00	2,770,603.37	506,000.00
Interest Rate Swaps.....	472,304.81	133,719.62	2,307,170.23	782,666.00	3,117,225.53	1,544,773.48
Notes/Debentures.....	(54,468.22)	3,175,508.00	(54,468.22)	3,175,508.00	206,279.19	3,175,508.00
Fidelity.....	1,820,774.99	1,619,570.56	10,924,649.94	7,251,903.37	20,766,472.13	12,723,153.43
\$5.875 Mandatory Redeemable Preferred Stock.....	-	-	-	345,972.25	-	933,472.25
Total.....	3,187,396.94	6,290,148.48	24,243,517.83	22,099,067.61	46,563,994.61	39,481,106.42
Amortization of Debt Expense - Net						
Amortization of Debt Expense.....	25,402.30	32,736.90	177,194.38	199,416.38	378,845.62	403,740.50
Amortization of Loss on Reacquired Debt.....	95,835.53	86,622.77	548,588.81	515,276.43	1,068,718.33	1,026,092.49
Total.....	121,237.83	119,359.67	725,783.19	714,692.81	1,447,563.95	1,429,832.99
Other Interest Charges						
Customers' Deposits.....	89,111.88	74,816.01	516,236.88	470,035.74	1,015,242.02	929,960.29
Federal Income Tax Deficiencies.....	-	-	-	(1,058,734.31)	-	383,125.68
Other Tax Deficiencies.....	1,112.00	1,267.00	2,223.00	3,058.71	(655.41)	3,058.71
Gas Refunds.....	-	475.76	-	2,854.56	(406.92)	5,233.36
Interest on Debt to Associated Companies.....	372,554.70	339,792.94	1,728,890.32	1,597,624.03	4,208,739.34	2,430,944.01
Other Interest Expense.....	33,143.00	639.45	83,293.99	8,581.56	83,293.99	8,581.56
Total.....	495,921.58	416,991.16	2,330,644.19	1,023,420.29	5,306,213.02	3,760,903.61
Total Interest.....	3,804,556.35	6,826,499.31	27,299,945.21	23,837,180.71	53,317,771.58	44,671,843.02

Louisville Gas and Electric Company
Analysis of Taxes Charged
June 30, 2008

<u>Kind of Taxes</u>	<u>Current Month</u>		<u>Year to Date</u>	
	<u>This Year</u>	<u>Last Year</u>	<u>This Year</u>	<u>Last Year</u>
Taxes Charged to Accounts 408.1 and 409.1				
Property Taxes.....	1,352,184.77	1,419,337.51	8,113,108.62	7,642,970.51
Unemployment.....	3,677.55	4,643.76	85,549.26	93,291.49
FICA.....	118,539.27	501,397.40	2,922,271.57	3,056,377.48
Public Service Commission Fee.....	161,615.60	158,705.97	969,693.90	952,235.72
Federal Income.....	762,498.42	3,486,229.14	13,789,650.28	20,428,612.85
State Income.....	311,388.04	568,175.39	2,576,358.94	3,935,925.72
Miscellaneous.....	-	-	111,515.15	7,548.21
Total Charged to Operating Expense.....	2,709,903.65	6,138,489.17	28,568,147.72	36,116,961.98
Taxes Charged to Other Accounts.....	83,668.63	288,666.53	7,042,496.98	290,745.68
Taxes Accrued on Intercompany Accounts.....	<u>(170,777.07)</u>	<u>(204,041.23)</u>	<u>(1,077,793.06)</u>	<u>(1,229,872.67)</u>
Total Taxes Charged.....	<u>2,622,795.21</u>	<u>6,223,114.47</u>	<u>34,532,851.64</u>	<u>35,177,834.99</u>

Analysis of Taxes Accrued - Account 236

<u>Kind of Taxes</u>	<u>Taxes Accrued At Beginning Of Year</u>	<u>Accruals To Date This Year</u>	<u>Payments To Date This Year</u>	<u>Taxes Accrued At End Of Month</u>
Property Taxes.....	9,962,060.51	8,232,498.00	9,755,338.36	8,439,220.15
Unemployment.....	53,548.05	50,978.04	102,134.24	2,391.85
FICA.....	618,958.69	2,670,070.62	3,075,790.75	213,238.56
Federal Income.....	(6,107,469.91)	18,324,463.74	23,926,485.91	(11,709,492.08)
State Income.....	(832,671.91)	3,122,529.00	1,392,406.91	897,450.18
Kentucky Sales and Use Tax.....	527,167.51	2,038,009.59	2,130,443.78	434,733.32
Miscellaneous.....	-	94,302.65	94,302.65	-
Totals.....	<u>4,221,592.94</u>	<u>34,532,851.64</u>	<u>40,476,902.60</u>	<u>(1,722,458.02)</u>

Louisville Gas and Electric Company
Summary of Utility Plant
June 30, 2008

	Beginning Balance	Additions	Retirements	Transfers/ Adjustments	Net Additions	Ending Balance
101 Utility Plant in Service						
Common						
Common General Plant	149,510,912.37	1,485,295.38	-	-	1,485,295.38	150,996,207.75
Common Intangible Plant	28,321,223.19	1,048,823.91	-	-	1,048,823.91	29,370,047.10
	<u>177,832,135.56</u>	<u>2,534,119.29</u>	<u>-</u>	<u>-</u>	<u>2,534,119.29</u>	<u>180,366,254.85</u>
Electric						
Electric Distribution	761,760,235.51	14,487,265.50	(64,276.64)	-	14,422,988.86	776,183,224.37
Electric General Plant	16,648,246.38	6,380.50	-	-	6,380.50	16,654,626.88
Electric Hydro Production	29,738,481.51	-	-	-	-	29,738,481.51
Electric Intangible Plant	2,340.29	-	-	-	-	2,340.29
Electric Other Production	225,593,229.05	515,040.96	(94,470.38)	-	420,570.58	226,013,799.63
Electric Steam Production	1,954,464,626.73	18,566,878.78	(1,406,180.97)	(22,013,472.13)	(4,852,774.32)	1,949,611,852.41
Electric Transmission	254,545,457.73	612,698.32	(63,974.72)	-	548,723.60	255,094,181.33
	<u>3,242,752,617.20</u>	<u>34,188,264.06</u>	<u>(1,628,902.71)</u>	<u>(22,013,472.13)</u>	<u>10,545,889.22</u>	<u>3,253,298,506.42</u>
Gas						
Gas Distribution	464,243,423.53	8,152,674.45	(2,043.77)	-	8,150,630.68	472,394,054.21
Gas General Plant	9,033,095.77	5,377.09	-	-	5,377.09	9,038,472.86
Gas Intangible Plant	1,187.49	-	-	-	-	1,187.49
Gas Storage	62,254,077.12	57,966.45	(462.83)	-	57,503.62	62,311,580.74
Gas Transmission	12,901,908.09	-	-	-	-	12,901,908.09
	<u>548,433,692.00</u>	<u>8,216,017.99</u>	<u>(2,506.60)</u>	<u>-</u>	<u>8,213,511.39</u>	<u>556,647,203.39</u>
Total 101 Accounts	<u>3,969,018,444.76</u>	<u>44,938,401.34</u>	<u>(1,631,409.31)</u>	<u>(22,013,472.13)</u>	<u>21,293,519.90</u>	<u>3,990,311,964.66</u>
101 Property Under Capital Leases						
Electric Capital Leased Property	2,876,958.00	-	-	-	-	2,876,958.00
Electric Steam Production	2,876,958.00	-	-	-	-	2,876,958.00
	<u>2,876,958.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,876,958.00</u>
Total 101101	<u>2,876,958.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,876,958.00</u>
105 Plant Held for Future Use						
Electric						
Electric Distribution	649,014.48	-	-	-	-	649,014.48
Electric Steam Production	-	-	(7,693,350.48)	11,875,910.18	4,182,559.70	4,182,559.70
	<u>649,014.48</u>	<u>-</u>	<u>(7,693,350.48)</u>	<u>11,875,910.18</u>	<u>4,182,559.70</u>	<u>4,831,574.18</u>
Total 105001	<u>649,014.48</u>	<u>-</u>	<u>(7,693,350.48)</u>	<u>11,875,910.18</u>	<u>4,182,559.70</u>	<u>4,831,574.18</u>

Louisville Gas and Electric Company
Summary of Utility Plant
June 30, 2008

	Beginning Balance	Additions	Retirements	Transfers/ Adjustments	Net Additions	Ending Balance
106 Completed Construction Not Classified						
Common						
Common General Plant	-	3,400,268.86	-	-	3,400,268.86	3,400,268.86
Common Intangible Plant	-	723,901.88	-	-	723,901.88	723,901.88
	-	4,124,170.74	-	-	4,124,170.74	4,124,170.74
Electric						
Electric Distribution	-	24,144,828.30	-	-	24,144,828.30	24,144,828.30
Electric General Plant	-	54,380.23	-	-	54,380.23	54,380.23
Electric Hydro Production	-	-	-	-	-	-
Electric Intangible Plant	-	-	-	-	-	-
Electric Other Production	-	118,017.76	-	-	118,017.76	118,017.76
Electric Steam Production	-	10,334,420.63	-	-	10,334,420.63	10,334,420.63
Electric Transmission	-	599,887.23	-	-	599,887.23	599,887.23
	-	35,251,534.15	-	-	35,251,534.15	35,251,534.15
Gas						
Gas Distribution	-	13,317,755.78	-	-	13,317,755.78	13,317,755.78
Gas General Plant	-	-	-	-	-	-
Gas Intangible Plant	-	-	-	-	-	-
Gas Storage	-	1,323,358.05	-	-	1,323,358.05	1,323,358.05
Gas Transmission	-	-	-	-	-	-
	-	14,641,113.83	-	-	14,641,113.83	14,641,113.83
Total 106 Accounts	-	54,016,818.72	-	-	54,016,818.72	54,016,818.72
117 Gas Stored Underground - Noncurrent						
Gas						
Gas Stored Nonrecoverable	2,139,990.00	-	-	-	-	2,139,990.00
	2,139,990.00	-	-	-	-	2,139,990.00
Total 117001	2,139,990.00	-	-	-	-	2,139,990.00
121 Nonutility Property						
Common						
Non Utility Property	75,239.56	-	-	-	-	75,239.56
	75,239.56	-	-	-	-	75,239.56
Total 121001	75,239.56	-	-	-	-	75,239.56
107 Construction Work in Progress						
Common	28,559,694.35	10,476,787.94	-	-	10,476,787.94	39,036,482.29
Electric	253,332,706.20	329,976.10	-	-	329,976.10	253,662,682.30
Gas	62,549,383.39	(7,367,821.38)	-	-	(7,367,821.38)	55,181,562.01
	344,441,783.94	3,438,942.66	-	-	3,438,942.66	347,880,726.60
Total Plant (Non-CWIP)	<u>3,974,759,646.80</u>	<u>98,955,220.06</u>	<u>(9,324,759.79)</u>	<u>(10,137,561.95)</u>	<u>79,492,898.32</u>	<u>4,054,252,545.12</u>
Total Plant + CWIP	<u>4,319,201,430.74</u>	<u>102,394,162.72</u>	<u>(9,324,759.79)</u>	<u>(10,137,561.95)</u>	<u>82,931,840.98</u>	<u>4,402,133,271.72</u>
Total Plant + CWIP - Nonutility for Balance Sheet	<u>4,319,126,191.18</u>	<u>102,394,162.72</u>	<u>(9,324,759.79)</u>	<u>(10,137,561.95)</u>	<u>82,931,840.98</u>	<u>4,402,058,032.16</u>

Louisville Gas and Electric Company
 Summary of Utility Plant - Reserve for Depreciation of Utility Plant
 June 30, 2008

	Beginning Balance	Accruals	Retirements	Transfers/ Adjustments	RWIP Transfers Out	Cost of Removal	Salvage	Other Credits	Ending Balance
Life Reserve									
Common General Plant	62,470,548.01	3,438,577.61	-	-	-	-	-	-	65,909,125.62
Common General Plant - ARO	1,165.28	17.16	-	-	-	-	-	-	1,182.44
Electric Distribution	251,806,875.04	9,886,470.46	(64,276.64)	-	-	-	-	-	261,629,068.86
Electric Distribution - ARO	12,367.53	246.01	-	-	-	-	-	-	12,613.54
Electric General Plant	13,439,232.21	125,207.31	-	-	-	-	-	-	13,564,439.52
Electric Hydro Production	7,723,349.03	268,832.46	-	-	-	-	-	-	7,992,181.49
Electric Hydro Production - ARO	16,818.08	248.04	-	-	-	-	-	-	17,066.12
Electric Other Production	44,478,208.05	3,741,813.79	(94,470.38)	-	-	-	-	-	48,125,551.46
Electric Other Production - ARO	114,837.08	1,691.22	-	-	-	-	-	-	116,528.30
Electric Steam Production	941,129,876.19	25,675,922.09	(9,099,531.45)	-	-	-	-	-	957,706,266.83
Electric Steam Production - ARO	2,207,905.66	93,136.05	-	-	-	-	-	-	2,301,041.71
Electric Transmission	119,682,480.73	2,397,864.37	(63,974.72)	-	-	-	-	-	122,016,370.38
Electric Transmission - ARO	2,336.94	602.51	-	-	-	-	-	-	2,939.45
Gas Distribution	107,951,332.92	4,543,687.30	(2,043.77)	-	-	-	-	-	112,492,976.45
Gas Distribution - ARO	19,162.71	737.68	-	-	-	-	-	-	19,900.39
Gas General Plant	5,813,343.75	221,977.99	-	-	-	-	-	-	6,035,321.74
Gas Storage	32,843,012.49	588,318.26	(462.83)	-	-	-	-	-	33,430,867.92
Gas Storage - ARO	401,123.53	3,748.27	-	-	-	-	-	-	404,871.80
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	9,245,750.72	56,382.90	-	-	-	-	-	-	9,302,133.62
Non Utility Property	63,360.36	-	-	-	-	-	-	-	63,360.36
	<u>1,599,423,086.31</u>	<u>51,045,481.48</u>	<u>(9,324,759.79)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,641,143,808.00</u>
Cost of Removal									
Common General Plant	467,853.64	53,155.75	-	-	-	-	-	-	521,009.39
Electric Distribution	151,076,941.89	3,766,617.35	-	-	-	(156,930.48)	-	-	154,686,628.76
Electric General Plant	(3,866.64)	-	-	-	-	-	-	-	(3,866.64)
Electric Hydro Production	77,225.71	-	-	-	-	-	-	-	77,225.71
Electric Other Production	2,093,564.72	-	-	-	-	(20,158.22)	-	-	2,073,406.50
Electric Steam Production	68,731,407.49	4,016,410.03	-	-	-	(717,722.86)	-	-	72,030,094.66
Electric Transmission	22,623,248.88	703,412.44	-	-	-	(317,181.26)	-	-	23,009,480.06
Gas Distribution	54,373,587.76	2,428,094.24	-	-	-	(983,633.80)	-	-	55,818,048.20
Gas General Plant	-	0.02	-	-	-	-	-	-	0.02
Gas Storage	178,019.55	119,676.96	-	-	-	(904.64)	-	-	296,791.87
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	2,949,754.18	55,797.48	-	-	-	-	-	-	3,005,551.66
Non Utility Property	-	-	-	-	-	-	-	-	-
	<u>302,567,737.18</u>	<u>11,143,164.27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,196,531.26)</u>	<u>-</u>	<u>-</u>	<u>311,514,370.19</u>

Louisville Gas and Electric Company
Summary of Utility Plant - Reserve for Depreciation of Utility Plant
June 30, 2008

	Beginning Balance	Accruals	Retirements	Transfers/ Adjustments	RWIP Transfers Out	Cost of Removal	Salvage	Other Credits	Ending Balance
Salvage									
Common General Plant	(281,365.71)	(19,077.47)	-	-	-	-	-	-	(300,443.18)
Electric Distribution	(14,964,772.12)	(637,112.59)	-	-	-	-	-	-	(15,601,884.71)
Electric General Plant	(108,996.26)	(11,373.25)	-	-	-	-	-	-	(120,369.51)
Electric Hydro Production	(433,316.55)	-	-	-	-	-	-	-	(433,316.55)
Electric Other Production	(2,644.83)	-	-	-	-	-	-	-	(2,644.83)
Electric Steam Production	(16,574,762.21)	(1,099,448.28)	-	-	-	-	103,285.00	-	(17,570,925.49)
Electric Transmission	(5,667,496.85)	(142,137.16)	-	-	-	-	-	-	(5,809,634.01)
Gas Distribution	(2,996,641.58)	(108,612.41)	-	-	-	-	462.36	-	(3,104,791.63)
Gas General Plant	(190,825.93)	(18,168.92)	-	-	-	-	-	-	(208,994.85)
Gas Storage	(225,248.05)	(5,978.60)	-	-	-	-	-	-	(231,226.65)
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	(201,119.89)	(3,804.36)	-	-	-	-	-	-	(204,924.25)
Non Utility Property	-	-	-	-	-	-	-	-	-
	(41,647,189.98)	(2,045,713.04)	-	-	-	-	103,747.36	-	(43,589,155.66)
Total Reserves									
Common	62,721,561.58	3,472,673.05	-	-	-	-	-	-	66,194,234.63
Electric	1,587,460,819.77	48,788,402.85	(9,322,253.19)	-	-	(1,211,992.82)	103,285.00	-	1,625,818,261.61
Gas	210,161,252.16	7,881,856.81	(2,506.60)	-	-	(984,538.44)	462.36	-	217,056,526.29
	1,860,343,633.51	60,142,932.71	(9,324,759.79)	-	-	(2,196,531.26)	103,747.36	-	1,909,069,022.53
Retirement Work in Progress									
Common	189,890.31	-	-	-	-	(65,047.19)	(25,897.00)	-	98,946.12
Electric	13,800,710.25	-	-	-	(1,164,519.94)	3,573,512.44	(396,663.96)	(194,082.05)	15,618,956.74
Gas	3,995,589.04	-	-	-	(928,263.96)	578,349.27	-	-	3,645,674.35
	17,986,189.60	-	-	-	(2,092,783.90)	4,086,814.52	(422,560.96)	(194,082.05)	19,363,577.21
YTD Activity	1,842,357,443.91	60,142,932.71	(9,324,759.79)	-	2,092,783.90	(6,283,345.78)	526,308.32	194,082.05	1,889,705,445.32
Amortization									
Common	17,552,729.72	2,751,371.75	-	-	-	-	-	-	20,304,101.47
Electric	100.00	-	-	-	-	-	-	-	100.00
Gas	800.00	-	-	-	-	-	-	-	800.00
Amortization Total	17,553,629.72	2,751,371.75	-	-	-	-	-	-	20,305,001.47
Depreciation & Amortization Total	1,859,911,073.63	62,894,304.46	(9,324,759.79)	-	2,092,783.90	(6,283,345.78)	526,308.32	194,082.05	1,910,010,446.79
Depr & Amort - Nonutility for Balance Sheet	-	-	-	-	-	-	-	-	1,909,947,086.43
Utility Plant at Original Cost Less Reserve for Depreciation & Amortization (Excl nonutility)	2,459,278,477.91	-	-	-	-	-	-	-	2,492,110,945.73

**LG&E Financial Reports – July 31, 2008
Responding Witness – Shannon L. Charnas**

LOUISVILLE GAS AND ELECTRIC COMPANY

Financial Reports

July 31, 2008

Prepared by Regulatory Accounting and Reporting

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

Louisville Gas and Electric Company
Analysis of Retained Earnings
July 31, 2008

	<u>Current Month</u>		<u>Year to Date</u>		<u>Year Ended Current Month</u>	
	<u>This Year</u>	<u>Last Year</u>	<u>This Year</u>	<u>Last Year</u>	<u>This Year</u>	<u>Last Year</u>
Balance at Beginning of Period.....	690,569,967.97	625,284,403.30	689,961,390.20	639,104,729.77	638,685,828.91	624,756,775.52
Add:						
Net Income for Period.....	12,046,016.92	13,401,425.61	52,654,594.69	69,051,807.93	103,986,151.98	119,967,829.79
FIN 48 Adjustment.....	-	-	-	258,182.00	(55,996.00)	258,182.00
Deduct:						
Adjustment to Retained Earnings.....	-	-	-	3,787,254.55	-	3,787,254.55
Preferred Dividends						
\$25 Par Value						
5% Series.....	-	-	-	746,782.16	-	764,703.85
Without Par Value						
Auction Rate.....	-	-	-	624,999.99	-	1,745,000.00
Preferred Dividends Accrued						
\$25 Par Value						
5% Series.....	-	-	-	(430,145.91)	-	-
Common Dividends						
Common Stock Without Par Value.....	-	-	40,000,000.00	65,000,000.00	40,000,000.00	100,000,000.00
Balance at End of Period.....	<u>702,615,984.89</u>	<u>638,685,828.91</u>	<u>702,615,984.89</u>	<u>638,685,828.91</u>	<u>702,615,984.89</u>	<u>638,685,828.91</u>

August 21, 2008

Louisville Gas and Electric Company
Comparative Balance Sheets as of July 31, 2008 and 2007

Assets and Other Debits	This Year	Last Year	Liabilities and Other Credits	This Year	Last Year
Utility Plant			Capitalization		
Utility Plant at Original Cost.....	4,427,200,072.24	4,209,174,420.04	Common Stock.....	425,170,424.09	425,170,424.09
Less Reserves for Depreciation and Amortization....	1,919,916,017.58	1,826,351,513.43	Common Stock Expense.....	(835,888.64)	(835,888.64)
			Paid-In Capital.....	60,000,000.00	40,000,000.00
Total.....	2,507,284,054.66	2,382,822,906.61	Other Comprehensive Income.....	(11,528,159.17)	(5,308,978.00)
			Retained Earnings.....	702,615,984.89	638,685,828.91
Investments - at Cost			Total Common Equity.....	1,175,422,361.17	1,097,711,386.36
Ohio Valley Electric Corporation.....	594,286.00	594,286.00	Pollution Control Bonds - Net of Reacquired Bonds	315,104,000.00	574,304,000.00
Nonutility Property-Less Reserve.....	11,879.20	11,879.20	LT Notes Payable to Associated Companies.....	435,000,000.00	363,000,000.00
Special Funds.....	12,089,053.41	19,313,753.15			
Other.....	14,921,226.00	-	Total Long-term Debt.....	750,104,000.00	937,304,000.00
Total.....	27,616,444.61	19,919,918.35	Total Capitalization.....	1,925,526,361.17	2,035,015,386.36
			Current and Accrued Liabilities		
Current and Accrued Assets			Long-term Debt Due in 1 Year.....		
Cash.....	1,935,833.63	4,584,798.69	ST Notes Payable to Associated Companies.....	320,568,200.00	101,592,000.00
Special Deposits.....	10,050,650.73	974,186.65	Notes Payable to Associated Companies.....	-	-
Temporary Cash Investments.....	36,513.76	35,201.68	Notes Payable.....	120,318,256.40	75,875,938.81
Accounts Receivable-Less Reserve.....	153,755,117.04	135,402,017.23	Accounts Payable.....	15,109,769.32	54,007,480.79
Notes Receivable from Associated Companies.....			Accounts Payable to Associated Companies.....	20,961,190.93	18,648,232.30
Accounts Receivable from Associated Companies....	4,114,082.45	40,234,999.26	Customer Deposits.....	8,012,958.03	14,838,261.54
Materials and Supplies-At Average Cost			Taxes Accrued.....	9,129,178.52	8,638,431.27
Fuel.....	38,314,595.06	38,831,638.23	Interest Accrued.....		
Plant Materials and Operating Supplies.....	27,175,913.98	25,801,503.61	Dividends Declared.....	183,374.27	485,798.37
Stores Expense.....	4,435,786.68	4,626,793.25	ST Obligations Under Capital Leases.....	12,482,742.77	10,930,122.62
Gas Stored Underground.....	77,614,574.36	49,279,157.89	Miscellaneous Current and Accrued Liabilities.....		
Allowance Inventory.....	10,003.99	13,059.58	Total.....	506,765,670.24	285,016,265.70
Prepayments.....	3,952,538.93	3,908,903.79			
Miscellaneous Current and Accrued Assets.....	13,072.09	405,872.28	Deferred Credits and Other		
Total.....	321,408,682.70	304,098,132.14	LT Obligations Under Capital Leases.....		134,949.00
			Accumulated Deferred Income Taxes.....	403,725,012.44	390,284,623.75
Deferred Debits and Other			Investment Tax Credit.....	47,388,558.88	43,952,920.42
Unamortized Debt Expense.....	7,108,898.94	9,652,780.77	Regulatory Liabilities.....	54,023,345.01	54,521,254.97
Unamortized Loss on Bonds.....	21,140,821.46	19,505,157.30	Customer Advances for Construction.....	18,415,724.79	21,186,602.96
Accumulated Deferred Income Taxes.....	49,967,345.36	51,887,076.57	Asset Retirement Obligations.....	30,427,863.77	29,090,902.14
Deferred Regulatory Assets.....	150,685,392.82	165,715,341.86	Other Deferred Credits.....	27,473,808.82	34,188,420.95
Other Deferred Debits.....	48,822,472.39	40,215,104.00	Miscellaneous Long-term Liabilities.....	27,005,837.47	6,824,538.04
Total.....	277,724,930.97	286,975,460.50	Accum Provision for Postretirement Benefits.....	93,281,930.35	93,600,553.31
			Total.....	701,742,081.53	673,784,765.54
Total Assets and Other Debits.....	2,134,034,112.94	2,993,816,417.60	Total Liabilities and Other Credits.....	3,134,034,112.94	2,993,816,417.60

August 21, 2008

Louisville Gas and Electric Company
Statement of Capitalization and Short-term Debt
July 31, 2008

	Authorized Shares	Issued and Outstanding Shares	Amount	Percent of Total Capital and ST Debt	Capital
Common Equity					
Common Stock - Without Par.....	75,000,000	21,294,223	425,170,424.09		
Common Stock Expense.....			(835,888.64)		
Paid-In Capital.....			60,000,000.00		
Other Comprehensive Income.....			(11,528,159.17)		
Retained Earnings.....			702,615,984.89		
Total Common Equity.....			1,175,422,361.17	52.33	61.04
Long-term Debt					
Pollution Control Bonds					
Jefferson County 2000 Series A 05/01/00 Due 05/01/27 Var%.....			25,000,000.00		
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%.....			83,335,000.00		
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%.....			10,104,000.00		
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%.....			22,500,000.00		
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%.....			27,500,000.00		
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%.....			35,000,000.00		
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%.....			35,000,000.00		
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%.....			41,665,000.00		
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%.....			128,000,000.00		
Louisville Metro 2005 Series A 04/13/05 Due 02/01/35 Var%.....			40,000,000.00		
Louisville Metro 2007 Series A 04/26/07 Due 06/01/33 Var%.....			31,000,000.00		
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%.....			35,200,000.00		
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%.....			60,000,000.00		
			574,304,000.00	25.57	29.83
Less Reacquired Bonds					
Jefferson County 2000 Series A 05/01/00 Due 05/01/27 Var%.....			(25,000,000.00)		
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%.....			(128,000,000.00)		
Louisville Metro 2005 Series A 04/13/05 Due 02/01/35 Var%.....			(40,000,000.00)		
Louisville Metro 2007 Series A 04/26/07 Due 06/01/33 Var%.....			(31,000,000.00)		
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%.....			(35,200,000.00)		
			(259,200,000.00)	(11.54)	(13.46)
Total Pollution Control Bonds - Net of Reacquired Bonds.....			315,104,000.00	14.03	16.37
Long-term Notes Payable to Associated Companies.....			435,000,000.00	19.37	22.59
Total Capitalization.....			1,925,526,361.17	85.73	100.00
Short-term Notes Payable to Associated Companies.....			320,568,200.00	14.27	
Total Capitalization and Short-term Debt.....			2,246,094,561.17	100.00	

August 21, 2008

Louisville Gas and Electric Company
Summary Trial Balance
July 31, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Utility Plant		
At Original Cost	4,427,200,072.24	4,427,200,072.24
Reserves for Depreciation and Amortization		(1,919,916,017.58)
Depreciation of Plant		
Electric	(1,617,805,633.44)	
Gas	(214,536,998.29)	
Common	(66,758,994.47)	
Amortization of Plant		
Electric	(100.00)	
Gas	(800.00)	
Common	(20,813,491.38)	
Investments - at Cost		27,616,444.61
Nonutility Property	75,239.56	
Nonutility Property Reserve	(63,360.36)	
Ohio Valley Electric Corporation	594,286.00	
Special Funds	12,089,053.41	
Prepaid Pension	14,921,226.00	
Cash	1,935,833.63	1,935,833.63
Special Deposits		
Restricted Cash - Short-term	461,175.46	10,050,650.73
Other Special Deposits	9,032,122.29	
MAN Margin Call	557,352.98	
Temporary Cash Investments	36,513.76	36,513.76
Accounts Receivable - Less Reserve		
Working Funds	21,280.00	153,755,117.04
Customers - Active	78,096,628.12	
Wholesale Sales	8,384,649.07	
Transmission Sales	234,824.19	
Unbilled Revenues	45,715,000.00	
Employee Computer Loans	91,027.92	
Damage Claims	584,199.60	
RAR Settlements	1,038,234.00	
IMEA	3,831,552.92	
IMPA	4,005,828.90	
Other	13,439,943.99	
Reserves for Uncollectible Accounts		
Utility Customers		
Reserve	(705,046.00)	
Accrual	(1,388,995.62)	
Charged Off	2,698,921.85	
Recoveries	(1,309,926.23)	
A/R Miscellaneous	(1,059,906.00)	
LEM Reserve	(496.06)	
Interest and Dividends Receivable	27,997.56	
Rents Receivable	49,398.83	
Accounts Receivable from Associated Companies		4,114,082.45
E ON US Services/Kentucky Utilities Company	4,114,082.45	

August 21, 2008

Louisville Gas and Electric Company
Summary Trial Balance
July 31, 2008

Account - Subsidiary Account	Balance Subsidiary Account	Balance as Shown on Balance Sheets
Fuel		38,314,595.06
Coal 848,617.59 Tons @ \$42.40; MMBtu 19,451,043.42 @ 184.97¢	35,977,674.58	
Fuel Oil 164,391 Gallons @ 215.63¢	354,470.52	
Gas Pipeline 141,304 Mcf @ \$14.03	1,982,449.96	
Plant Materials and Operating Supplies		27,175,913.98
Regular Materials and Supplies	27,022,865.00	
Limestone 20,696.91 Tons @ \$7.39	153,048.98	
Stores Expense Undistributed	4,435,786.68	4,435,786.68
Gas Stored Underground - Current		77,614,574.36
Gas St. Underground*6,576,794 Mcf (14.73 psia) @ \$11.80	77,614,574.36	
Allowance Inventory	10,003.99	10,003.99
Prepayments		3,952,538.93
Insurance	1,131,669.49	
Franchises	109,781.78	
Taxes	1,732,896.21	
Rights of Way	266,666.70	
Risk Management and Workers Compensation	90,000.00	
Vehicle License	31,239.58	
Other	590,285.17	
Miscellaneous Current Assets		13,072.09
Derivative Asset - Non-Hedging	13,072.09	
Unamortized Debt Expense		7,108,898.94
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%	843,095.50	
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%	379,589.39	
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%	178,521.36	
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%	194,184.23	
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%	210,723.02	
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%	210,756.67	
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%	891,183.97	
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%	3,021,033.94	
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%	1,179,810.86	
Unamortized Loss on Bonds		21,140,821.46
Refinanced and Called Bonds	21,140,821.46	
Accumulated Deferred Income Taxes		49,967,345.36
Federal		
Electric	34,944,218.19	
Gas	7,059,554.49	
State		
Electric	6,839,829.46	
Gas	1,123,743.22	
Regulatory Assets		150,685,392.82
Asset Retirement Obligations		
Electric	19,889,783.66	
Gas	5,458,393.56	
Common	24,018.06	
Pension and Postretirement Benefits	109,420,059.00	
ECR Ash Hauling	3,600,894.48	
MISO Exit Fee	12,292,244.06	
Other Deferred Debits	48,822,472.39	48,822,472.39
Total Assets and Other Debits	3,134,034,112.94	3,134,034,112.94

* Excludes:	\$	Mcf
Non-recoverable Base Gas	9,648,855.00	7,880,000
Recoverable Base Gas	<u>2,139,990.00</u>	<u>2,930,000</u>
	11,788,845.00	10,810,000

Louisville Gas and Electric Company
Summary Trial Balance
July 31, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Common Equity		1,175,422,361 17
Common Stock	425,170,424 09	
Common Stock Expense	(835,888 64)	
Paid-In Capital	60,000,000 00	
Other Comprehensive Income	(11,528,159 17)	
Retained Earnings	702,615,984 89	
Bonds		315,104,000 00
Pollution Control Bonds - Net of Reacquired Bonds	315,104,000 00	
Long-term Notes Payable to Associated Companies	435,000,000 00	435,000,000 00
Short-term Notes Payable to Associated Companies	320,568,200 00	320,568,200 00
Accounts Payable		120,318,256 40
Regular	115,525,117 72	
Salaries and Wages Accrued	3,653,398 87	
Tax Collections - Payable	1,139,739 81	
Accounts Payable to Associated Companies		15,109,769 32
E ON US Services/Kentucky Utilities Company	15,109,769 32	
Customers' Deposits	20,961,190 93	20,961,190 93
Taxes Accrued	8,012,958 03	8,012,958 03
Interest Accrued		9,129,178 52
Jefferson County 2000 Series A 05/01/00 Due 05/01/27 Var%	1,536 88	
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%	62,834 60	
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%	2,463 74	
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%	108,196 75	
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%	132,240 43	
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%	176,721 30	
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%	176,721 60	
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%	36,197 31	
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%	(0 06)	
Louisville Metro 2005 Series A 04/13/05 Due 02/01/35 Var%	0 06	
Louisville Metro 2007 Series A 04/26/07 Due 06/01/33 Var%	0 05	
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%	0 03	
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%	459,999 98	
Interest Rate Swaps	469,609 66	
Fidelia	6,623,550 46	
Customers' Deposits	865,812 73	
Other	13,293 00	
Short-term Obligations under Capital Leases	183,374 27	183,374 27
Miscellaneous Current and Accrued Liabilities		12,482,742 77
Customer Overpayments	3,315,503 70	
UK Emission Research Grant	250,000 00	
Vacation Pay Accrued	5,224,735 16	
Derivative Liabilities - Non-Hedging	122,366 67	
Postretirement Benefits - Current	3,061,339 00	
Other	508,798 24	

August 21, 2008

Louisville Gas and Electric Company
Summary Trial Balance
July 31, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Accumulated Deferred Income Taxes		403,725,012.44
Federal		
Electric	290,763,274.53	
Gas	54,716,269.24	
Common	(1.00)	
State		
Electric	49,284,425.16	
Gas	8,961,044.51	
Investment Tax Credit		47,388,558.88
Job Development Credit		
Electric	30,780,085.01	
Gas	1,053,847.87	
Advanced Coal Credit	15,554,626.00	
Regulatory Liabilities		54,023,345.01
Asset Retirement Obligations		
Electric	240,310.52	
Gas	142,341.46	
Deferred Taxes		
Federal		
Electric	24,663,119.08	
Gas	1,569,739.93	
State		
Electric	18,281,143.55	
Gas	2,721,288.47	
MISO Schedule 10 Charges	6,405,402.00	
Customers' Advances for Construction		18,415,724.79
Line Extensions		
Electric	832,652.49	
Gas	8,089,774.55	
Customer Advances - Museum	9,032,122.29	
Customer Advances - Arena	461,175.46	
Asset Retirement Obligations		30,427,863.77
Electric	22,372,139.53	
Gas	8,029,156.32	
Common	26,567.92	
Other Deferred Credits	27,473,808.82	27,473,808.82
Miscellaneous Long-term Liabilities		27,005,837.47
Workers' Compensation	5,661,292.47	
Uncertain Tax Positions	30,156.00	
Long-term Derivative Liabilities - SFAS 133	21,314,389.00	
Accumulated Provision for Benefits		93,281,930.35
Pension Payable	13,347,081.00	
Postretirement Benefits - SFAS 106	76,316,962.83	
Post Employment Benefits Payable	3,762,588.00	
Post Employment Medicare Subsidy	(144,701.48)	
Total Liabilities and Other Credits	3,134,034,112.94	3,134,034,112.94

August 21, 2008

Louisville Gas and Electric Company
Statement of Cash Flows
July 31, 2008

	Year to Date	
	2008	2007
Cash Flows from Operating Activities		
Net income	52,654,594.69	69,051,807.93
Items not requiring (providing) cash currently:		
Depreciation	70,003,426.87	69,265,506.86
Amortization	3,260,761.66	3,758,228.21
Deferred income taxes - net	7,801,255.42	5,799,053.11
Investment tax credit - net	1,289,596.68	2,882,683.28
Other	729,192.16	1,428,417.38
Change in receivables	37,457,870.58	8,924,485.05
Change in inventory	10,565,180.65	31,856,765.95
Change in allowance inventory	1,455.48	2,343.42
Change in payables and accrued expenses	(11,616,011.99)	(77,940,722.54)
Change in regulatory assets	336,656.46	(2,095,638.32)
Change in regulatory liabilities	(1,092,192.61)	(849,315.89)
Change in other deferred debits	(15,648,905.05)	(4,530,306.96)
Change in other deferred credits	11,107,180.01	(17,089,614.34)
Other	(4,313,546.72)	3,615,007.00
Net cash provided (used) by operating activities	<u>162,536,514.29</u>	<u>94,078,700.14</u>
Cash Flows from Investing Activities		
Gross additions to utility plant - construction expenditures	(112,145,242.61)	(95,481,166.97)
Gross additions to common utility plant - construction expenditures	(20,113,169.65)	(7,842,021.40)
Change in long-term investments	6,434,251.23	5,458.27
Change in restricted cash	(385,820.55)	(4,682,091.89)
Net cash provided (used) by investing activities	<u>(126,209,981.58)</u>	<u>(107,999,821.99)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of long-term debt	24,901,614.72	261,763,212.35
Net increase in short-term debt	242,327,000.00	33,768,000.00
Net increase in short-term capital lease obligations	-	485,798.37
Net increase in long-term capital lease obligations	-	134,949.00
Payments for reacquisition of long-term debt	(259,200,000.00)	-
Payments for retirement of long-term debt	-	(126,000,000.00)
Net increase in derivative liabilities	(6,118,481.00)	-
Payments for retirement of preferred stock	-	(91,643,112.60)
Net decrease in short-term capital lease obligations	(222,063.42)	-
Net decrease in long-term capital lease obligations	(23,649.00)	-
Change in restricted cash	(367,025.50)	-
Dividends on preferred stock	-	(4,416,711.93)
Dividends on common stock	(40,000,000.00)	(65,000,000.00)
Net cash provided (used) by financing activities	<u>(38,702,604.20)</u>	<u>9,092,135.19</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,376,071.49)	(4,828,986.66)
Cash and Cash Equivalents at Beginning of Period	<u>4,348,418.88</u>	<u>9,448,987.03</u>
Cash and Cash Equivalents at End of Period	<u>1,972,347.39</u>	<u>4,620,000.37</u>

August 21, 2008

Louisville Gas and Electric Company
Analysis of Interest Charges
July 31, 2008

	Current Month		Year to Date		Year Ended Current Month	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Interest on Long-term Debt						
Loan Agreement - Pollution Control Bonds						
1992 Series A Variable.....	-	-	-	350,482.41	-	828,166.81
1992 Series A Variable TC.....	-	-	-	670,142.71	-	1,575,222.15
1993 Series A Variable Rate.....	-	-	-	392,885.10	-	926,459.22
Jefferson County 2000 Series A due May 1, 2027.....	-	80,520.84	539,670.12	539,583.33	937,968.73	916,284.73
Trimble County 2000 Series A due Aug. 1, 2030.....	230,180.53	275,815.70	1,687,508.29	1,807,906.53	3,257,049.26	3,173,248.44
Jefferson County 2001 Series A due Sep. 1, 2027.....	26,666.42	32,781.87	194,750.40	221,765.99	374,795.29	380,533.48
Jefferson County 2001 Series A due Sep. 1, 2026.....	38,114.76	71,852.06	355,755.70	480,242.50	698,498.31	818,987.71
Trimble County 2001 Series A due Sep. 1, 2026.....	46,584.71	87,819.18	434,812.48	586,963.02	853,720.09	1,000,984.95
Jefferson County 2001 Series B due Nov. 1, 2027.....	62,254.10	112,364.39	564,204.90	747,906.88	1,101,156.15	1,279,619.21
Trimble County 2001 Series B due Nov. 1, 2027.....	62,254.10	112,364.39	564,204.90	747,907.17	1,098,567.12	1,279,619.49
Trimble County 2002 Series A due Oct. 1, 2032.....	127,685.01	138,099.51	963,599.92	906,464.89	1,676,528.04	1,535,069.82
Louisville Metro 2003 Series A due Oct. 1, 2033.....	163,413.31	408,355.55	3,567,377.73	2,740,800.04	5,596,764.39	4,648,000.04
Louisville Metro 2005 Series A due Feb. 1, 2035.....	-	123,944.43	495,511.11	846,116.65	1,108,233.35	1,431,727.73
Louisville Metro 2007 Series A due Jun. 1, 2033.....	-	96,530.56	496,799.20	300,503.69	985,608.92	300,503.69
Louisville Metro 2007 Series B due Jun. 1, 2033.....	-	110,498.67	568,520.74	348,294.23	1,120,730.53	348,294.23
Trimble County 2007 Series A due Jun. 1, 2033.....	230,000.00	237,666.68	1,620,603.33	743,666.68	2,762,936.69	743,666.68
Interest Rate Swaps.....	469,609.65	116,317.48	2,776,779.88	898,983.48	3,470,517.70	1,539,272.38
Notes/Debentures.....	54,468.22	125,840.17	-	3,301,348.17	134,907.24	3,301,348.17
Fidelia.....	1,846,650.00	1,596,741.66	12,771,299.94	8,848,645.03	21,016,380.47	13,408,020.08
\$5.875 Mandatory Redeemable Preferred Stock.....	-	-	-	345,972.25	-	835,555.58
Total.....	3,357,880.81	3,727,513.14	27,601,398.64	25,826,580.75	46,194,362.28	40,270,584.59
Amortization of Debt Expense - Net						
Amortization of Debt Expense.....	25,402.30	32,852.23	202,596.68	232,268.61	371,395.69	402,538.71
Amortization of Loss on Reacquired Debt.....	95,840.51	86,622.77	644,429.32	601,899.20	1,077,936.07	1,027,579.25
Total.....	121,242.81	119,475.00	847,026.00	834,167.81	1,449,331.76	1,430,117.96
Other Interest Charges						
Customers' Deposits.....	92,324.50	84,268.87	608,561.38	554,304.61	1,023,297.65	937,385.50
Federal Income Tax Deficiencies.....	-	-	-	(1,058,734.31)	-	383,125.68
Other Tax Deficiencies.....	-	-	2,223.00	3,058.71	(655.41)	3,058.71
Gas Refunds.....	-	(495.70)	-	2,358.86	88.78	4,737.66
Interest on Debt to Associated Companies.....	586,369.11	385,599.59	2,315,259.43	1,983,223.62	4,409,508.86	2,824,951.30
Other Interest Expense.....	13,293.00	-	96,586.99	8,581.56	96,586.99	8,581.56
Total.....	691,986.61	469,372.76	3,022,630.80	1,492,793.05	5,528,826.87	4,161,840.41
Total Interest.....	4,171,110.23	4,316,360.90	31,471,055.44	28,153,541.61	53,172,520.91	45,862,542.96

August 21, 2008

Louisville Gas and Electric Company
Analysis of Taxes Charged
July 31, 2008

<u>Kind of Taxes</u>	<u>Current Month</u>		<u>Year to Date</u>	
	<u>This Year</u>	<u>Last Year</u>	<u>This Year</u>	<u>Last Year</u>
Taxes Charged to Accounts 408.1 and 409.1				
Property Taxes.....	1,352,184.77	1,433,534.59	9,465,293.39	9,076,505.10
Unemployment.....	6,621.73	15,485.30	92,170.99	108,776.79
FICA.....	516,587.87	493,551.81	3,438,859.44	3,549,929.29
Public Service Commission Fee.....	157,536.02	161,615.66	1,127,229.92	1,113,851.38
Federal Income.....	7,145,328.91	7,551,742.82	20,934,979.19	27,980,355.67
State Income.....	1,361,015.02	1,438,427.20	3,937,373.96	5,374,352.92
Miscellaneous.....	7,339.75	6,232.21	118,854.90	13,780.42
Total Charged to Operating Expense.....	10,546,614.07	11,100,589.59	39,114,761.79	47,217,551.57
Taxes Charged to Other Accounts.....	276,647.03	185,361.68	7,319,144.01	476,107.36
Taxes Accrued on Intercompany Accounts.....	<u>(180,225.62)</u>	<u>(181,699.89)</u>	<u>(1,258,018.68)</u>	<u>(1,411,572.56)</u>
Total Taxes Charged.....	<u>10,643,035.48</u>	<u>11,104,251.38</u>	<u>45,175,887.12</u>	<u>46,282,086.37</u>

Analysis of Taxes Accrued - Account 236

<u>Kind of Taxes</u>	<u>Taxes Accrued At Beginning Of Year</u>	<u>Accruals To Date This Year</u>	<u>Payments To Date This Year</u>	<u>Taxes Accrued At End Of Month</u>
Property Taxes.....	9,962,060.51	9,604,450.43	9,782,445.45	9,784,065.49
Unemployment.....	53,548.05	51,182.42	104,206.94	523.53
FICA.....	618,958.69	3,155,182.04	3,483,065.77	291,074.96
Federal Income.....	(6,107,469.91)	25,430,137.47	23,926,485.91	(4,603,818.35)
State Income.....	(832,671.91)	4,475,990.67	1,392,406.91	2,250,911.85
Kentucky Sales and Use Tax.....	527,167.51	2,328,210.05	2,565,177.01	290,200.55
Miscellaneous.....	<u>(0.00)</u>	<u>130,734.04</u>	<u>130,734.04</u>	<u>(0.00)</u>
Totals.....	<u>4,221,592.94</u>	<u>45,175,887.12</u>	<u>41,384,522.03</u>	<u>8,012,958.03</u>

August 21, 2008

Louisville Gas and Electric Company
Summary of Utility Plant
July 31, 2008

	Beginning Balance	Additions	Retirements	Transfers/ Adjustments	Net Additions	Ending Balance
101 Utility Plant in Service						
Common						
Common General Plant	149,510,912.37	2,739,147.23	-	-	2,739,147.23	152,250,059.60
Common Intangible Plant	28,321,223.19	1,674,522.74	-	-	1,674,522.74	29,995,745.93
	177,832,135.56	4,413,669.97	-	-	4,413,669.97	182,245,805.53
Electric						
Electric Distribution	761,760,235.51	14,487,265.50	(64,276.64)	-	14,422,988.86	776,183,224.37
Electric General Plant	16,648,246.38	91,059.02	-	-	91,059.02	16,739,305.40
Electric Hydro Production	29,738,481.51	17,644.74	-	-	17,644.74	29,756,126.25
Electric Intangible Plant	2,340.29	-	-	-	-	2,340.29
Electric Other Production	225,593,229.05	515,040.96	(94,470.38)	-	420,570.58	226,013,799.63
Electric Steam Production	1,954,464,626.73	19,345,376.87	(1,515,873.75)	(22,013,472.13)	(4,183,969.01)	1,950,280,657.72
Electric Transmission	254,545,457.73	612,698.32	(63,974.72)	-	548,723.60	255,094,181.33
	3,242,752,617.20	35,069,085.41	(1,738,595.49)	(22,013,472.13)	11,317,017.79	3,254,069,634.99
Gas						
Gas Distribution	464,243,423.53	8,213,844.59	(11,934.98)	-	8,201,909.61	472,445,333.14
Gas General Plant	9,033,095.77	5,377.09	-	-	5,377.09	9,038,472.86
Gas Intangible Plant	1,187.49	-	-	-	-	1,187.49
Gas Storage	62,254,077.12	57,966.45	(462.83)	-	57,503.62	62,311,580.74
Gas Transmission	12,901,908.09	-	-	-	-	12,901,908.09
	548,433,692.00	8,277,188.13	(12,397.81)	-	8,264,790.32	556,698,482.32
Total 101 Accounts	3,969,018,444.76	47,759,943.51	(1,750,993.30)	(22,013,472.13)	23,995,478.08	3,993,013,922.84
101 Property Under Capital Leases						
Electric Capital Leased Property						
Electric Steam Production	2,876,958.00	-	-	-	-	2,876,958.00
	2,876,958.00	-	-	-	-	2,876,958.00
Total 101101	2,876,958.00	-	-	-	-	2,876,958.00
105 Plant Held for Future Use						
Electric						
Electric Distribution	649,014.48	-	-	-	-	649,014.48
Electric Steam Production	-	-	(7,693,350.48)	11,875,910.18	4,182,559.70	4,182,559.70
	649,014.48	-	(7,693,350.48)	11,875,910.18	4,182,559.70	4,831,574.18
Total 105001	649,014.48	-	(7,693,350.48)	11,875,910.18	4,182,559.70	4,831,574.18
106 Completed Construction Not Classified						
Common						
Common General Plant	-	2,948,508.05	-	-	2,948,508.05	2,948,508.05
Common Intangible Plant	-	1,213,058.62	-	-	1,213,058.62	1,213,058.62
	-	4,161,566.67	-	-	4,161,566.67	4,161,566.67

August 21, 2008

Louisville Gas and Electric Company
Summary of Utility Plant
July 31, 2008

	Beginning Balance	Additions	Retirements	Transfers/ Adjustments	Net Additions	Ending Balance
Electric						
Electric Distribution	-	43,820,375.82	-	-	43,820,375.82	43,820,375.82
Electric General Plant	-	120,291.28	-	-	120,291.28	120,291.28
Electric Hydro Production	-	-	-	-	-	-
Electric Intangible Plant	-	-	-	-	-	-
Electric Other Production	-	(388,442.75)	-	-	(388,442.75)	(388,442.75)
Electric Steam Production	-	9,270,717.73	-	-	9,270,717.73	9,270,717.73
Electric Transmission	-	1,104,861.58	-	-	1,104,861.58	1,104,861.58
	-	53,927,803.66	-	-	53,927,803.66	53,927,803.66
Gas						
Gas Distribution	-	35,960,798.26	-	-	35,960,798.26	35,960,798.26
Gas General Plant	-	-	-	-	-	-
Gas Intangible Plant	-	-	-	-	-	-
Gas Storage	-	1,323,358.05	-	-	1,323,358.05	1,323,358.05
Gas Transmission	-	-	-	-	-	-
	-	37,284,156.31	-	-	37,284,156.31	37,284,156.31
Total 106 Accounts	-	95,373,526.64	-	-	95,373,526.64	95,373,526.64
117 Gas Stored Underground - Noncurrent						
Gas						
Gas Stored Nonrecoverable	2,139,990.00	-	-	-	-	2,139,990.00
	2,139,990.00	-	-	-	-	2,139,990.00
Total 117001	2,139,990.00	-	-	-	-	2,139,990.00
121 Nonutility Property						
Common						
Non Utility Property	75,239.56	-	-	-	-	75,239.56
	75,239.56	-	-	-	-	75,239.56
Total 121001	75,239.56	-	-	-	-	75,239.56
107 Construction Work in Progress						
Construction Work in Progress						
Common	28,559,694.35	11,537,933.01	-	-	11,537,933.01	40,097,627.36
Electric	253,332,706.20	598,638.91	-	-	598,638.91	253,931,345.11
Gas	62,549,383.39	(27,614,255.28)	-	-	(27,614,255.28)	34,935,128.11
	344,441,783.94	(15,477,683.36)	-	-	(15,477,683.36)	328,964,100.58
Total Plant (Non-CWIP)	3,974,759,646.80	143,133,470.15	(9,444,343.78)	(10,137,561.95)	123,551,564.42	4,098,311,211.22
Total Plant + CWIP	4,319,201,430.74	127,655,786.79	(9,444,343.78)	(10,137,561.95)	108,073,881.06	4,427,275,311.80
Total Plant + CWIP - Nonutility for Balance Sheet	4,319,126,191.18	127,655,786.79	(9,444,343.78)	(10,137,561.95)	108,073,881.06	4,427,200,072.24

August 21, 2008

Louisville Gas and Electric Company
 Summary of Utility Plant - Reserve for Depreciation of Utility Plant
 July 31, 2008

	Beginning Balance	Accruals	Retirements	Transfers/ Adjustments	RWIP Transfers Out	Cost of Removal	Salvage	Other Credits	Ending Balance
Life Reserve									
Common General Plant	62,470,548.01	4,163,488.40	-	-	-	-	-	-	66,634,036.41
Common General Plant - ARO	1,165.28	20.02	-	-	-	-	-	-	1,185.30
Electric Distribution	251,806,875.04	11,553,326.11	(64,276.64)	-	-	-	-	-	263,295,924.51
Electric Distribution - ARO	12,367.53	276.52	-	-	-	-	-	-	12,644.05
Electric General Plant	13,439,232.21	147,870.98	-	-	-	-	-	-	13,587,103.19
Electric Hydro Production	7,723,349.03	313,650.81	-	-	-	-	-	-	8,036,999.84
Electric Hydro Production - ARO	16,818.08	289.38	-	-	-	-	-	-	17,107.46
Electric Other Production	44,478,208.05	4,365,788.95	(94,470.38)	-	-	-	-	-	48,749,526.62
Electric Other Production - ARO	114,837.08	1,973.11	-	-	-	-	-	-	116,810.19
Electric Steam Production	941,129,876.19	29,939,274.34	(9,209,224.23)	-	-	-	-	-	961,859,926.30
Electric Steam Production - ARO	2,207,905.66	106,756.90	-	-	-	-	-	-	2,314,662.56
Electric Transmission	119,682,480.73	2,805,903.76	(63,974.72)	-	-	-	-	-	122,424,409.77
Electric Transmission - ARO	2,336.94	617.52	-	-	-	-	-	-	2,954.46
Gas Distribution	107,951,332.92	5,339,638.54	(11,934.98)	-	-	-	-	-	113,279,036.48
Gas Distribution - ARO	19,162.71	764.35	-	-	-	-	-	-	19,927.06
Gas General Plant	5,813,343.75	259,920.46	-	-	-	-	-	-	6,073,264.21
Gas Storage	32,843,012.49	687,527.11	(462.83)	-	-	-	-	-	33,530,076.77
Gas Storage - ARO	401,123.53	4,483.75	-	-	-	-	-	-	405,607.28
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	9,245,750.72	65,780.05	-	-	-	-	-	-	9,311,530.77
Non Utility Property	63,360.36	-	-	-	-	-	-	-	63,360.36
	<u>1,599,423,086.31</u>	<u>59,757,351.06</u>	<u>(9,444,343.78)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,649,736,093.59</u>
Cost of Removal									
Common General Plant	467,853.64	64,378.62	-	-	-	-	-	-	532,232.26
Electric Distribution	151,076,941.89	4,415,286.73	-	-	-	(156,930.48)	-	-	155,335,298.14
Electric General Plant	(3,866.64)	-	-	-	-	-	-	-	(3,866.64)
Electric Hydro Production	77,225.71	-	-	-	-	-	-	-	77,225.71
Electric Other Production	2,093,564.72	-	-	-	-	(20,158.22)	-	-	2,073,406.50
Electric Steam Production	68,731,407.49	4,723,459.60	-	-	-	(748,866.53)	-	-	72,706,000.56
Electric Transmission	22,623,248.88	820,969.72	-	-	-	(317,181.26)	-	-	23,127,037.34
Gas Distribution	54,373,587.76	2,853,463.60	-	-	-	(983,869.65)	-	-	56,243,181.71
Gas General Plant	-	0.02	-	-	-	-	-	-	0.02
Gas Storage	178,019.55	139,914.21	-	-	-	(904.64)	-	-	317,029.12
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	2,949,754.18	65,097.06	-	-	-	-	-	-	3,014,851.24
Non Utility Property	-	-	-	-	-	-	-	-	-
	<u>302,567,737.18</u>	<u>13,082,569.56</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,227,910.78)</u>	<u>-</u>	<u>-</u>	<u>313,422,395.96</u>

August 21, 2008

Louisville Gas and Electric Company
Summary of Utility Plant - Reserve for Depreciation of Utility Plant
July 31, 2008

	<u>Beginning Balance</u>	<u>Accruals</u>	<u>Retirements</u>	<u>Transfers/ Adjustments</u>	<u>RWIP Transfers Out</u>	<u>Cost of Removal</u>	<u>Salvage</u>	<u>Other Credits</u>	<u>Ending Balance</u>
Salvage									
Common General Plant	(281,365.71)	(24,744.34)	-	-	-	-	-	-	(306,110.05)
Electric Distribution	(14,964,772.12)	(746,441.48)	-	-	-	-	-	-	(15,711,213.60)
Electric General Plant	(108,996.26)	(13,302.69)	-	-	-	-	-	-	(122,298.95)
Electric Hydro Production	(433,316.55)	-	-	-	-	-	-	-	(433,316.55)
Electric Other Production	(2,644.83)	-	-	-	-	-	-	-	(2,644.83)
Electric Steam Production	(16,574,762.21)	(1,319,189.66)	-	-	-	-	103,285.00	-	(17,790,666.87)
Electric Transmission	(5,667,496.85)	(165,905.24)	-	-	-	-	-	-	(5,833,402.09)
Gas Distribution	(2,996,641.58)	(128,064.64)	-	-	-	-	462.36	-	(3,124,243.86)
Gas General Plant	(190,825.93)	(20,036.73)	-	-	-	-	-	-	(210,862.66)
Gas Storage	(225,248.05)	(6,985.06)	-	-	-	-	-	-	(232,233.11)
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	(201,119.89)	(4,438.42)	-	-	-	-	-	-	(205,558.31)
Non Utility Property	-	-	-	-	-	-	-	-	-
	<u>(41,647,189.98)</u>	<u>(2,429,108.26)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,747.36</u>	<u>-</u>	<u>(43,972,550.88)</u>
Total Reserves									
Common	62,721,561.58	4,203,142.70	-	-	-	-	-	-	66,924,704.28
Electric	1,587,460,819.77	56,950,605.36	(9,431,945.97)	-	-	(1,243,136.49)	103,285.00	-	1,633,839,627.67
Gas	210,161,252.16	9,257,064.30	(12,397.81)	-	-	(984,774.29)	462.36	-	218,421,606.72
	<u>1,860,343,633.51</u>	<u>70,410,812.36</u>	<u>(9,444,343.78)</u>	<u>-</u>	<u>-</u>	<u>(2,227,910.78)</u>	<u>103,747.36</u>	<u>-</u>	<u>1,919,185,938.67</u>
Retirement Work in Progress									
Common	189,890.31	-	-	-	-	(61,643.86)	(25,897.00)	-	102,349.45
Electric	13,800,710.25	-	-	(1,392,293.86)	(1,195,663.61)	5,517,751.72	(472,051.23)	(224,459.04)	16,033,994.23
Gas	3,995,589.04	-	-	(107,031.61)	(928,499.81)	925,474.57	(923.76)	-	3,884,608.43
	<u>17,986,189.60</u>	<u>-</u>	<u>-</u>	<u>(1,499,325.47)</u>	<u>(2,124,163.42)</u>	<u>6,381,582.43</u>	<u>(498,871.99)</u>	<u>(224,459.04)</u>	<u>20,020,952.11</u>
YTD Activity	<u>1,842,357,443.91</u>	<u>70,410,812.36</u>	<u>(9,444,343.78)</u>	<u>1,499,325.47</u>	<u>2,124,163.42</u>	<u>(8,609,493.21)</u>	<u>602,619.35</u>	<u>224,459.04</u>	<u>1,899,164,986.56</u>
Amortization									
Common	17,552,729.72	3,260,761.66	-	-	-	-	-	-	20,813,491.38
Electric	100.00	-	-	-	-	-	-	-	100.00
Gas	800.00	-	-	-	-	-	-	-	800.00
Amortization Total	<u>17,553,629.72</u>	<u>3,260,761.66</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,814,391.38</u>
Depreciation & Amortization Total	<u>1,859,911,073.63</u>	<u>73,671,574.02</u>	<u>(9,444,343.78)</u>	<u>1,499,325.47</u>	<u>2,124,163.42</u>	<u>(8,609,493.21)</u>	<u>602,619.35</u>	<u>224,459.04</u>	<u>1,919,979,377.94</u>
Depr & Amort - Nonutility for Balance Sheet									<u>1,919,916,017.58</u>
Utility Plant at Original Cost Less Reserve for Depreciation & Amortization (Excl nonutility)	<u>2,459,278,477.91</u>								<u>2,507,284,054.66</u>

August 21, 2008

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
Dated August 27, 2008**

Question No. 3

Responding Witness: S. Bradford Rives

- Q-3. Please provide the Company's bond ratings for each type of security and by each major rating agency.
- A-3. Please refer to the response to PSC-2 Question No. 11.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
Dated August 27, 2008**

Question No. 4

Responding Witness: Valerie L. Scott

Q-4. Please provide a copy of all intercompany agreements, including, but not limited to, affiliate transactions between the Company and service companies, between the Company and other affiliate utilities for capacity and energy, and intercompany tax allocations.

A-4. The requested information is being provided on CD. The response contains the following documents:

See Attachment to LGE KIUC Q-4 Tax Allocation
See Attachment to LGE KIUC Q-4 LG&E & Servco Service Agreement
See Attachment to LGE KIUC Q-4 Power Supply System Agreement
See Attachment to LGE KIUC Q-4 Intercompany Power Agreement
See Attachment to LGE KIUC Q-4 Gas Contract
See Attachment to LGE KIUC Q-4 Utility Money Pool Agreement
See Attachment to LGE KIUC Q-4 Fidelia Notes

Electronic Attachment on CD

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
Dated August 27, 2008**

Question No. 5

Responding Witness: Valerie L. Scott

Q-5. Please provide a copy of the Company's most recent FERC Form 60.

A-5. See attached.

THIS FILING IS

Form 60 Approved
OMB No. 1902-0215
Expires 02/28/2010

Item 1: An Initial (Original) Submission OR Resubmission No. _____



FERC FINANCIAL REPORT

FERC FORM No. 60: Annual Report of Centralized Service Companies

This report is mandatory under the Public Utility Holding Company Act of 2005, Section 1270, Section 309 of the Federal Power Act and 18 C.F.R. § 366.23. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company)

E. ON U.S. Services Inc.

Year of Report

Dec 31, 2007

GENERAL INSTRUCTIONS FOR FILING FERC FORM NO. 60

I. Purpose

Form No. 60 is an annual regulatory support requirement under 18 CFR 366.23 for centralized service companies. The report is designed to collect financial information from centralized service companies subject to the jurisdiction of the Federal Energy Regulatory Commission. The report is considered to be a non-confidential public use form.

II. Who Must Submit

Unless the holding company system is exempted or granted a waiver by Commission rule or order pursuant to §§ 18 CFR 366.3 and 366.4 of this chapter, every centralized service company in a holding company system must prepare and file electronically with the Commission the FERC Form No. 60 then in effect pursuant to the General Instructions set out in this form.

III. How to Submit

Submit FERC Form No. 60 electronically through the Form No. 60 Submission Software. Retain one copy of each report for your files. For any resubmissions, submit the filing using the Form No. 60 Submission Software including a justification.

IV. When to Submit

Submit FERC Form No. 60 according to the filing date contained § 18 CFR 366.23 of the Commission's regulations.

V. Preparation

Prepare this report in conformity with the Uniform System of Accounts (18 CFR 101 and/or 17 CFR 256) (USof A). Interpret all accounting words and phrases in accordance with the USof A.

VI. Time Period

This report covers the entire calendar year.

VII. Whole Dollar Usage

Enter in whole numbers (dollars) only, except where otherwise noted. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's amounts.

VIII. Accuratness

Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

IX. Applicability

For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NONE," or "Not Applicable" in column (c) on the List of Schedules, page 2.

X. Date Format

Enter the month, day, and year for all dates. Use customary abbreviations. The "Resubmission Date" included in the header of each page is to be completed only for resubmissions (see III. above)

XI. Number Format

Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by use of a minus sign.

XII. Required Entries

Do not make references to reports of previous years or to other reports instead of required entries, except as specifically authorized.

XIII. Prior Year References

Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the report of the previous year, or an appropriate explanation given as to why the different figures were used.

XIV. Where to Send Comments on Public Reporting Burden

The public reporting burden for the Form No. 60 collection of information is estimated to average 75 hours per response, including

- the time for reviewing instructions, searching existing data sources,
- gathering and maintaining the data-needed, and
- completing and reviewing the collection of information

Send comments regarding these burden estimates or any aspect of this collection of information, including suggestions for reducing burden, to:

Federal Energy Regulatory Commission,
888 First Street NE
Washington, DC 20426
(Attention: Mr. Michael Miller, ED-33);

And to:

Office of Information and Regulatory Affairs,
Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission).

No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. 3512(a))

DEFINITIONS

I. Respondent -- The person, corporation, or other legal entity in whose behalf the report is made.

**FERC FORM NO. 60
ANNUAL REPORT FOR SERVICE COMPANIES**

IDENTIFICATION		
01 Exact Legal Name of Respondent E ON U S Services Inc		02 Year of Report Dec 31. <u>2007</u>
03 Previous Name (If name changed during the year)		04 Date of Name Change / /
05 Address of Principal Office at End of Year (Street, City, State, Zip Code) 220 West Main Street, Louisville, KY 40202		
06 Name of Contact Person Mimi Kelly		07 Title of Contact Person Manager Regulatory Accounting and Reporting
08 Address of Contact Person 220 West Main Street, Louisville, KY 40202		09 Telephone Number of Contact Person (502) 627-2482
10 This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		11 Date of Report (Month, Day, Year) / /
12 Date of Incorporation 06/02/2000		13 If Not Incorporated, Date of Organization / /
14 State or Sovereign Power Under Which Incorporated or Organized KENTUCKY		
15 Name of Principal Holding Company Under Which Reporting Company is Organized: E ON		
Signature Clause		
Pursuant to the requirements of the Public Utility Holding Company Act of 2005 and the rules and regulations of the Federal Energy Regulatory Commission issued thereunder, the undersigned company has duly caused this report to be signed on its behalf by the undersigned officer thereunto duly authorized.		
16 Name of Signing Officer /s/ S. Bradford Rives		18 Signature of Signing Officer /s/ S. Bradford Rives
17 Title of Signing Officer Chief Financial Officer		
19 Date Signed (Month, Day, Year) 04/24/2008		

Name of Respondent E ON U S Services Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo. Da. Yr) / /	Year/Period of Report Dec 31. <u>2007</u>
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List of Schedules and Accounts

1 Enter in Column (c) the terms "None" or "Not Applicable" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "None" or "Not Applicable "

Line No	Description (a)	Page Reference (b)	Remarks (c)
1	Schedule I - Comparative Balance Sheet	101-102	
2	Schedule II - Service Company Property	103	
3	Schedule III - Accumulated Provision for Depreciation and Amortization of Service Company Property	104	
4	Schedule IV - Investments	105	None
5	Schedule V - Accounts Receivable from Associate Companies	106	
6	Schedule VI - Fuel Stock Expenses Undistributed	107	None
7	Schedule VII - Stores Expense Undistributed	108	
8	Schedule VIII - Miscellaneous Current and Accrued Assets	109	None
9	Schedule IX - Miscellaneous Deferred Debits	110	None
10	Schedule X - Research, Development, or Demonstration Expenditures	111	None
11	Schedule XI - Proprietary Capital	201	
12	Schedule XII - Long-Term Debt	202	None
13	Schedule XIII - Current and Accrued Liabilities	203	
14	Schedule XIV - Notes to Financial Statements	204	
15	Schedule XV - Comparative Income Statement	301	
16	Account 457 - Analysis of Billing - Associate Companies	302	
17	Account 458 - Analysis of Billing - Nonassociate Companies	303	None
18	Schedule XVI - Analysis of Charges for Service - Associate and Nonassociate Companies	304	
19	Schedule XVII - Schedule of Expense Distribution by Department or Service Function	305	
20	Account 920 - Departmental Analysis of Salaries	306	
21	Account 930.2 - Miscellaneous General Expenses	307	
22	Schedule XVIII - Notes to Statement of Income	308	
23	Organization Chart	401	
24	Methods of Allocation	402	
25	Annual Statement of Compensation for Use of Capital Billed	403	Not Applicable

Name of Respondent E ON U S Services Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo. Da. Yr) / /	Year/Period of Report Dec 31. 2007
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Schedule I - Comparative Balance Sheet

- 1 Give balance sheet of the Company as of December 31 of the current and prior year
2. If additional accounts are needed, provide them in a footnote on the appropriate line

Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
1		Service Company Property			
2	101	Service Company Property	103	3,466,819	2,938,838
3	107	Construction Work in Progress	103	177,483	751,028
4		Other Accounts (provide details in a footnote)	103		
5		Total Property (Total of Lines 2-4)		3,644,302	3,689,866
6	108	Less: Accumulated Provision for Depreciation and Amortization of Service Company Property	104	1,855,535	1,673,447
7		Less: Other Accounts (provide details in a footnote)			
8		Net Service Company Property (Total of Lines 5-7)		1,788,767	2,016,419
9		Investments			
10	123	Investments In Associate Companies	105		
11	124	Other Investments	105		
12		Other Accounts (provide details in a footnote)			
13		Total Investments (Total of Lines 10-12)			
14		Current and Accrued Assets			
15	131	Cash			
16	134	Other Special Deposits			
17	135	Working Funds			
18	136	Temporary Cash Investments	105		
19	141	Notes Receivable			
20	143	Accounts Receivable		223,603	319,663
21	144	Less: Accumulated Provision For Uncollectible Accounts			
22	146	Accounts Receivable From Associate Companies	106	101,666,607	129,242,205
23	152	Fuel Stock Expenses Undistributed	107		
24	154	Materials and Supplies			
25	163	Stores Expense Undistributed	108		
26	165	Prepayments		2,378,505	183,824
27	174	Miscellaneous Current and Accrued Assets	109		
28		Other Accounts (provide details in a footnote)			
29		Total Current and Accrued Assets (Total of Lines 15-28)		104,268,715	129,745,692
30		Deferred Debits			
31	181	Unamortized Debt Expense			
32	184	Clearing Accounts		196	1,175
33	186	Miscellaneous Deferred Debits	110		
34	188	Research, Development, or Demonstration Expenditures	111		
35	190	Accumulated Deferred Income Taxes		48,552,066	26,928,180
36		Other Accounts (provide details in a footnote)			
37		Total Deferred Debits (Total of Lines 31-36)		48,552,262	26,929,355
38		TOTAL ASSETS AND OTHER DEBITS (TOTAL OF LINES 8, 13, 29 and 37)		154,609,744	158,691,466

Schedule I - Comparative Balance Sheet (continued)

Line No	Account Number (a)	Description (b)	Reference Page No (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
39		Proprietary Capital			
40	201	Common Stock Issued	201	100	100
41	211	Miscellaneous Paid-In-Capital	201	900	900
42	215	Appropriated Retained Earnings	201		
43	216	Unappropriated Retained Earnings	201		
44		Other Accounts (provide details in a footnote)		(36,980,128)	(46,105,021)
45		Total Proprietary Capital (Total of Lines 40-44)		(36,989,128)	(46,104,021)
46		Long-Term Debt			
47	223	Advances From Associate Companies	202		
48	224	Other Long-Term Debt	202		
49	225	Unamortized Premium on Long-Term Debt			
50	226	Less: Unamortized Discount on Long-Term Debt-Debit			
51		Other Accounts (provide details in a footnote)			
52		Total Long-Term Debt (Total of Lines 47-51)			
53		Current and Accrued Liabilities			
54	228	Accumulated Provision For Pensions and Benefits		101,113,788	14,384,009
55	231	Notes Payable			
56	232	Accounts Payable		47,269,021	174,777,719
57	233	Notes Payable to Associate Companies	203		
58	234	Accounts payable to Associate Companies	203	457,985	22,412,651
59	236	Taxes Accrued		8,637,349	(4,454,216)
60	237	Interest Accrued			
61	241	Tax Collections Payable		174,937	336,028
62	242	Miscellaneous Current and Accrued Liabilities	203	14,579,959	9,942,611
63	243	Obligations Under Capital Leases - Current			
64		Other Accounts (provide details in a footnote)			
65		Total Current and Accrued Liabilities (Total of Lines 54-64)		172,233,039	217,398,802
66		Deferred Credits			
67	253	Other Deferred Credits		19,365,833	5,408,969
68	255	Accumulated Deferred Investment Tax Credits			
69		Other Accounts (provide details in a footnote)			
70		Total Deferred Credits (Total of Lines 67-69)		19,365,833	5,408,969
71	282	Accumulated Deferred Income Taxes			
72		Other Accounts (provide details in a footnote)		0	(18,012,284)
73		TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 45, 52, 65, 70, 71 AND 72)		154,609,744	158,691,466

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
E. ON U.S. Services Inc.			2007
FOOTNOTE DATA			

Schedule Page: 101 Line No.: 44 Column: d

Other Accounts Include:

	As of Dec 31 <u>Current</u>	As of Dec 31 <u>Prior</u>
219 Accumulated Other Comprehensive Income	(36,990,128)	(46,105,021)

Change in Accumulated Other Comprehensive Income is due to change in funded status of pension and postretirement plans.

Schedule Page: 101 Line No.: 72 Column: d

Other Accounts Include:

	As of Dec 31 <u>Current</u>	As of Dec 31 <u>Prior</u>
283 Accumulated Deferred Income Tax - Other	-	(18,012,284)

Name of Respondent E ON U S Services Inc	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31. 2007
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Schedule II - Service Company Property

- 1 Provide an explanation of Other Changes recorded in Column (f) considered material in a footnote.
- 2 Subaccounts are required for each class of equipment owned. The service company shall provide a listing by subaccount of equipment additions during the year and balance at the close of the year.
- 3 Describe other property (Account 311) in a footnote.
- 4 Describe each construction work in progress on lines 14 through 30 in Column (b).

Line No	Acct # (a)	Title of Account (b)	Balance at Beginning of Year (c)	Additions (d)	Retirements or Sales (e)	Other Changes (f)	Balance at End of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant					
3	304	Land and Land Rights					
4	305	Structures and Improvements					
5	306	Leasehold Improvements					
6	307	Equipment					
7	308	Office Furniture and Equipment	2,938,838	1,235,135	707,154		3,466,819
8	309	Automobiles, Other Vehicles and Related Garage Equipment					
9	310	Aircraft and Airport Equipment					
10	311	Other Property					
11		Other Accounts (provide details in a footnote)					
12		Total Service Company Property (Total of Lines 1-11)	2,938,838	1,235,135	707,154		3,466,819
13	107	Construction Work In Progress:					
14		Computer Equipment		661,589			177,483
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31		Total Account 107 (Total of Lines 14-30)		661,589			177,483
32		Total (Lines 12 and Line 31)		1,896,724			3,644,302

Name of Respondent E. ON U.S. Services Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2007
FOOTNOTE DATA			

Schedule Page: 103 Line No.: 12 Column: d

<u>Subaccount Description</u>	<u>Additions</u>	<u>Balance at Close of Year</u>
339110 Office Furniture	\$ -	\$ 423,199
339120 Office Equipment	-	48,013
339131 Personal Computer Equipment	1,235,135	2,995,607
Total	\$ 1,235,135	\$ 3,466,819

Name of Respondent E ON U S Services Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo. Da. Yr) / /	Year/Period of Report Dec 31, 2007
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Schedule III – Accumulated Provision for Depreciation and Amortization of Service Company Property

1. Provide an explanation of Other Charges in Column (f) considered material in a footnote
2. Describe other property (Account 311) in a footnote

Line No.	Account Number (a)	Description (b)	Balance at Beginning of Year (c)	Additions Charged To Account 403 (d)	Retirements (e)	Other Changes Additions (Deductions) (f)	Balance at Close of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant					
3	304	Land and Rights					
4	305	Structures and Improvements					
5	306	Leasehold Improvements					
6	307	Equipment					
7	308	Office Furniture and Equipment	1,673,447	916,772	707,153	(27,531)	1,855,535
8	309	Automobiles, Other Vehicles and Related Garage Equipment					
9	310	Aircraft and Airport Equipment					
10	311	Other Property					
11		Other Accounts (provide details in a footnote)					
12		(Total of Lines 1-10)	1,673,447	916,772	707,153	(27,531)	1,855,535

Name of Respondent	This Report is:	Resubmission Date	Year of Report
E. ON U.S. Services Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2007
FOOTNOTE DATA			

Schedule Page: 104 Line No.: 12 Column: f
 (\$27,531) represents Removal Work In Progress (RWIP) for assets to be retired.

Name of Respondent E ON U S Services Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo. Da. Yr) / /	Year/Period of Report Dec 31, 2007
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Schedule IV – Investments

1. For Other Investments (Account 124), in a footnote state each investment separately, with description including the name of the issuing company, number of shares held or principal investment amount.
2. For Temporary Cash Investments (Account 136), list each investment separately in a footnote.

Line No	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	123	Investment In Associate Companies		
2	124	Other Investments		
3	136	Temporary Cash Investments		
4		(Total of Lines 1-3)		

Schedule V – Accounts Receivable from Associate Companies

1. List the accounts receivable from each associate company.
 2. If the service company has provided accommodation or convenience payments for associate companies, provide in a separate footnote a listing of total payments for each associate company by subaccount

Line No	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	146	Accounts Receivable From Associate Companies		
2		Associate Company:		
3		Kentucky Utilities Company	47,594,015	25,326,928
4		Louisville Gas and Electric Company	18,010,887	18,960,320
5		E ON U S Capital Corp	53,821,526	44,885,944
6		E ON U S LLC	7,261,014	2,287,471
7		Western Kentucky Energy Corp	1,539,018	2,350,221
8		LG&E International Inc	478,307	307,169
9		LG&E Power Inc	47,088	25,704
10		LG&E Energy Marketing	159,474	7,027,311
11		LG&E Power Development Inc		17,666
12		E ON AG	192,649	347,901
13		E.ON Energie AG	10,307	6,705
14		E.ON Kraftwerke GmbH		24,104
15		E.ON Ruhrgas AG	109,800	14,206
16		E ON Sverige AB	66	3,196
17		E.ON U S Natural Gas Trading Inc		22,984
18		E ON UK plc	17,395	58,777
19		FCD LLC	477	
20		FSF Minerals Inc	182	
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39		Analysis of Convenience or Accomodation Payments - see footnote		
40	Total		129,242,205	101,666,607

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2007
E. ON U.S. Services Inc.			
FOOTNOTE DATA			

Schedule Page: 106 Line No.: 39 Column: b

Analysis of convenience or accommodation payments:

	Amount
E.ON U.S. Capital Corp.	\$ 282,656
Kentucky Utilities Company	406,654,809
LG&E Energy Marketing Inc.	430
LG&E International Inc.	25,626
LG&E Power Inc.	928
Louisville Gas and Electric Company	319,062,731
Western Kentucky Energy Corp.	13,691,577
TOTAL	<u>\$739,718,757</u>

Convenience payments result primarily from the following items:

401(k) Plan	\$ 4,241,025
401(h) Plan	1,571,566
Coal, Fuel Oil, and Limestone Purchases	670,900,360
Dental Claims	1,636,883
General Claims	10,877
General Liability Insurance	1,072,493
HR Consulting Services	470,789
Life Insurance	1,230,756
Life Insurance - Retirees	471,969
Long-term Disability Insurance	928,002
Medical Claims	21,755,052
Medical Claims - Retirees	11,583,108
Miscellaneous Expenses	16,599
Other Benefits	464,077
Pension Benefit Guarantee	219,968
Pension Contribution	6,200,000
Prepaid Emission Fees	755,041
Prepaid Maintenance Costs	706,379
Prepaid Transmission Fees	4,779,000
Property Insurance	8,842,038
Retirement Income	17,228
Workers Comp Claims	1,237,386
Workers Comp Insurance	608,161
TOTAL	<u>\$739,718,757</u>

Name of Respondent E ON U S Services Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo. Da. Yr) / /	Year/Period of Report Dec 31, 2007
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Schedule VI – Fuel Stock Expenses Undistributed

- 1 List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company
2 In a separate footnote, describe in a narrative the fuel functions performed by the service company

Line No	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	152	Fuel Stock Expenses Undistributed			
2		Associate Company:			
3		None		0	
4					
5					
6					
7					
8					
9					
10					
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38					
39					
40	Total				

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2007
E. ON U.S. Services Inc.			
FOOTNOTE DATA			

Schedule Page: 107 Line No.: 3 Column: d

Fuel functions provided by the service company include:

- Procurement of coal, fuel oil, scrubber reagent, and SO3 mitigation chemicals
- Transportation service to move these commodities from the loading point to the power plant
- Monitoring of quality, inventory level, and forecasted requirements
- Making purchases as needed on a timely basis
- Preparing bid solicitation for coal, fuel oil, and scrubber reagent, and evaluating those bids
- Negotiating and writing the contracts and purchase orders
- Contract administration

Fuel Procurement department expenses for 2007 were \$2,525,149.

Schedule VII – Stores Expense Undistributed

1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to stores expense during the year and indicate amount attributable to each associate company.

Line No	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	163	Stores Expense Undistributed			
2		Associate Company:			
3				0	
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
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37					
38					
39					
40	Total				

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2007
E. ON U.S. Services Inc.			
FOOTNOTE DATA			

Schedule Page: 108 Line No.: 3 Column: d

Stores Expense was fully distributed for 2007

2007 Expenses Distributed to Associate Company

Associate Company:	Expenses
E.ON U.S. Capital Corp.	\$ 1,640
Kentucky Utilities Company	16,628
Louisville Gas and Electric Company	14,745
LG&E International Inc.	21
Western Kentucky Energy Corp	410
	\$ 33,444

Schedule VIII - Miscellaneous Current and Accrued Assets

1. Provide detail of items in this account. Items less than \$10,000 may be grouped, showing the number of items in each group.

Line No	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	174	Miscellaneous Current and Accrued Assets		
2		Item List:		
3		None		
4				
5				
6				
7				
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9				
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34				
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37				
38				
39				
40	Total			

Schedule IX - Miscellaneous Deferred Debits

1 Provide detail of items in this account Items less than \$10,000 may be grouped, showing the number of items in each group

Line No	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	186	Miscellaneous Deferred Debits		
2		Items List:		
3		None		
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
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40	Total			

Name of Respondent E ON U S Services Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo. Da. Yr) / /	Year/Period of Report Dec 31. 2007
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Schedule X - Research, Development, or Demonstration Expenditures

1. Describe each material research, development, or demonstration project that incurred costs by the service corporation during the year.

Line No	Account Number (a)	Title of Account (b)	Amount (c)
1	188	Research, Development, or Demonstration Expenditures	
2		Project List:	
3		None	
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
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37			
38			
39			
40	Total		

Name of Respondent E ON U.S. Services Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo. Da. Yr) / /	Year/Period of Report Dec 31, 2007
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Schedule XI - Proprietary Capital

1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each account, with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts

2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid

Line No	Account Number (a)	Title of Account (b)	Description (c)	Amount (d)
1	201	Common Stock Issued	Number of Shares Authorized	1,000 # shares
2			Par or Stated Value per Share	dollars
3			Outstanding Number of Shares	100 # shares
4			Close of Period Amount	100 dollars
5	211	Miscellaneous Paid-In Capital		900 dollars
6	215	Appropriated Retained Earnings		dollars
7	216	Unappropriated Retained Earnings	Balance at Beginning of Year	dollars
8			Net Income or (Loss)	dollars
9			Dividend Paid	dollars
10			Balance at Close of Year	dollars

Schedule XII – Long Term Debt

1. For the advances from associate companies (Account 223), describe in a footnote the advances on notes and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation in Column (c).
2. For the deductions in Column (h), please give an explanation in a footnote.
3. For other long-term debt (Account 224), list the name of the creditor company or organization in Column (b).

Line No	Account Number	Title of Account	Term of Obligation Class & Series of Obligation (c)	Date of Maturity (d)	Interest Rate (e)	Amount Authorized (f)	Balance at Beginning of Year (g)	Additions Deductions (h)	Balance at Close of Year (i)
1	223	Advances from Associate Companies							
2		Associate Company:							
3		None							
4									
5									
6									
7									
8									
9									
10									
11									
12									
13		TOTAL							
14	224	Other Long-Term Debt							
15		List Creditor:							
16		None							
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28		TOTAL							

Name of Respondent E O N U S Services Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo. Da. Yr) / /	Year/Period of Report Dec 31, 2007
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Schedule XIII – Current and Accrued Liabilities

1. Describe in a footnote the balance of notes and accounts payable to each associate company (Accounts 233 and 234)
2. In a footnote, give description and amount of miscellaneous current and accrued liabilities (Account 242) Items less than \$10,000 may be grouped, showing the number of items in each group

Line No	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	233	Notes Payable to Associates Companies		
2	234	Accounts Payable to Associate Companies	22,412,651	457.985
3	242	Miscellaneous Current and Accrued Liabilities	9,942,611	14,579.959
4		(Total)	32,355,262	15,037.944

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2007
E. ON U.S. Services Inc.			
FOOTNOTE DATA			

Schedule Page: 203 Line No.: 2 Column: c

<u>Description</u>	<u>Balance at Beginning of Year</u>	<u>Balance at Close of Year</u>
Account 234 - Accounts Payable to Associate Companies		
Kentucky Utilities Company	\$ 18,677,663	\$ -
Louisville Gas and Electric Company	2,682,772	-
E ON U.S. Capital Corp.	720,042	-
Western Kentucky Energy Corp.	102,982	-
LG&E International Inc.	150,423	-
LG&E Energy Marketing	1,551	-
LG&E Power Development Inc.	2,089	-
E.ON AG	-	192,206
E.ON Energie AG	-	95,603
E.ON Ruhrgas AG	-	92,282
E.ON Sverige AB	74,876	76,394
E.ON UK plc	-	1,500
FCD LLC	253	-
TOTAL	\$ 22,412,651	\$ 457,985

Schedule Page: 203 Line No.: 3 Column: c

<u>Description</u>	<u>Balance at Beginning of Year</u>	<u>Balance at Close of Year</u>
Account 242 - Miscellaneous Current and Accrued Liabilities		
Miscellaneous Liability - Vested Vacation	\$ 6,230,439	\$ 6,905,677
Accrued Officer Long Term Incentive (current portion)	3,675,172	3,555,483
Retirement Income Liability	37,000	130,757
Accrued Short Term Incentive	-	2,224,690
Pension Payable SERP Current	-	1,761,239
Escheated Checks	-	2,113
TOTAL	\$ 9,942,611	\$ 14,579,959

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2007
E. ON U.S. Services Inc.			
Schedule XIV- Notes to Financial Statements			

1. Use the space below for important notes regarding the financial statements or any account thereof
2. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year
3. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

Note 1 – Organization of SERVCO

E.ON U.S. Services Inc (SERVCO), a Kentucky corporation, is a wholly-owned subsidiary of E.ON U.S. LLC (E.ON U.S.), and a centralized service company under the Public Utility Holding Company Act of 2005 (PUHCA 2005). E.ON U.S. is an indirect wholly-owned subsidiary of E.ON AG (E.ON). On June 15, 2006 E.ON U.S. and E.ON registered as public utility holding companies under PUHCA 2005. SERVCO was authorized to conduct business as a service company for E.ON U.S. (formerly LG&E Energy LLC) and its various subsidiaries and affiliates by order of the Securities and Exchange Commission (SEC) dated December 6, 2000, and commenced operations January 1, 2001.

SERVCO provides certain services to affiliated entities, including E.ON U.S., E.ON U.S. Capital Corp, LG&E Energy Marketing Inc. (LEM), Louisville Gas and Electric Company (LG&E), Kentucky Utilities Company (KU), at cost as permitted under PUHCA 2005. SERVCO is organized along functional lines to accomplish its purpose of providing management, administrative, and technical services. These services are priced so that SERVCO operates on a break-even basis.

SERVCO currently follows the Uniform System of Accounts prescribed by the SEC for this filing, but has transitioned to the FERC Uniform System of Accounts as of January 1, 2008 as required under the final ruling of PUHCA 2005. It maintains its accounts in accordance with PUHCA 2005. The accounting policies of SERVCO conform to U.S. generally accepted accounting principles (GAAP).

Note 2 – Summary of Significant Accounting Policies

Property. Property, plant and equipment includes property that is in use and under construction, and is reported at cost.

Depreciation and Amortization. Depreciation is computed on a straight-line basis. Office furniture is depreciated over 30 years and personal computers are depreciated over 3 years.

Income taxes. Income taxes are accounted for under Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes* and Financial Accounting Standards Board (FASB) Interpretation Number (FIN) 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of SFAS No. 109*. In accordance with these statements, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as measured by enacted tax rates that are expected to be in effect in the periods when the deferred tax assets and liabilities are expected to be settled or realized. Significant judgment is required in determining the provision for income taxes, and there are transactions for which the ultimate tax outcome is uncertain. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Uncertain tax positions are analyzed periodically and adjustments are made when events occur to warrant a change. Tax contingencies are analyzed periodically and adjustments are made when events occur to warrant a change. See Note 6, Income Taxes.

Accumulated Deferred Income Taxes. Deferred income taxes are recognized at currently enacted tax rates for all material temporary differences between the financial reporting and income tax bases of assets and liabilities. See Note 6, Income Taxes.

Management's Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accrued liabilities, including legal and environmental, are recorded when they are reasonable and estimable. Actual results could differ from those estimates.

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Recent Accounting Pronouncements. The following are recent accounting pronouncements affecting SERVCO:

SFAS No. 160

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements*, which is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The objective of this statement is to improve the relevance, comparability and transparency of financial information in a reporting entity's consolidated financial statements. SERVCO expects the adoption of SFAS No. 160 to have no impact on its statements of operations, financial position and cash flows.

SFAS No. 159

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115*. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis (the fair value option). Unrealized gains and losses on items for which the fair value option has been elected are to be recognized in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. SFAS No. 159 was adopted effective January 1, 2008 and had no impact on the statements of operations, financial position and cash flows.

SFAS No. 157

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which, except as described below, is effective for fiscal years beginning after November 15, 2007. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 does not expand the application of fair value accounting to new circumstances. In February 2008, the FASB issued FASB Staff Position 157-2, *Effective Date of FASB Statement No. 157*, which delays the effective date of SFAS No. 157 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), to fiscal years beginning after November 15, 2008 and interim periods within those fiscal years. SFAS No. 157 was adopted effective January 1, 2008, except as it applies to those nonfinancial assets and liabilities, and had no impact on the statements of operations, financial position and cash flows, however, SERVCO will provide additional disclosures relating to its pension assets as required in 2008.

FIN 48

In July 2006, the FASB issued FIN 48, which clarifies the accounting for the uncertainty of income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

The evaluation of a tax position in accordance with FIN 48 is a two-step process. The first step is recognition based on the determination of whether it is "more likely than not" that a tax position will be sustained upon examination. The second step is to measure a tax position that meets the "more likely than not" threshold. The tax position will be measured as the amount of potential benefit that exceeds 50% likelihood of being realized.

FIN 48 is effective for fiscal years beginning after December 15, 2006. FIN 48 was adopted by SERVCO effective January 1, 2007. The impact of FIN 48 on the statements of operations, financial position, and cash flows was not material.

Note 3 – Common Stock

SERVCO is authorized to issue 1,000 shares of common stock, no par value per share. At December 31, 2007, there were 1,000 shares authorized and 100 shares issued and outstanding. E. ON U.S. holds all of SERVCO's common stock.

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Note 4 – Related Party Transactions

Provision of Services

SERVCO engages in transactions in the normal course of business with other E ON U S. subsidiaries. These transactions are primarily composed of services received and/or rendered.

SERVCO provides the subsidiaries of E ON U S with a variety of centralized administrative, management and support services. Charges for these services include labor and burdens of SERVCO employees performing services for the subsidiaries of E ON U S and vouchers paid by SERVCO on behalf of the subsidiaries of E ON U S. The cost of these services are directly charged and/or for general costs which cannot be directly attributed, charged based on predetermined allocation factors, including the ratios discussed in Methods of Allocations on pages 402.1 – 402.3.

Intercompany billings from SERVCO are listed on page 302, Account 457-Analysis of Billing. These billings do not include convenience or accommodation payments which are shown as a footnote to page 106, line 39, column b.

Money Pool

SERVCO operates the Utility Money Pool and the Non-Utility Money Pool, including recordkeeping and coordination of loans, to more effectively utilize cash resources and to reduce outside short-term borrowings.

Note 5 – Pension and Other Postretirement Benefit Plans

SERVCO has both funded and unfunded non-contributory defined benefit pension plans that together cover substantially all of its employees. SERVCO also offers other postretirement benefit plans to eligible employees. The postretirement health care plan is contributory with participants' contributions adjusted annually. Postretirement life insurance is also offered and is noncontributory. SERVCO uses December 31 as the measurement date for its plans.

Obligations and Funded Status. The following table provides a reconciliation of the changes in the plans' benefit obligations and fair value of assets over the two-year period ending December 31, and a statement of the funded status as of December 31:

	<u>Pension Plans</u>		<u>Other Benefits</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
(in millions)				
Benefit obligation at beginning of year	\$218	\$212	\$20	\$ 18
Service cost	10	10	1	1
Interest cost	14	12	1	1
Benefits paid	(3)	(3)	-	-
Actuarial gain and other	(7)	(13)	(3)	-
Benefit obligation at end of year	<u>\$232</u>	<u>\$218</u>	<u>\$19</u>	<u>\$ 20</u>
Change in plan assets				
Fair value of plan assets at beginning of year	\$100	\$ 84	\$ 6	\$ 3
Actual return on plan assets	9	10	-	-
Employer contributions	35	8	2	3
Benefits paid	(3)	(3)	-	-
Administrative expenses and other	-	1	-	-
Fair value of plan assets at end of year	<u>\$141</u>	<u>\$ 100</u>	<u>\$ 8</u>	<u>\$ 6</u>
Funded status at end of year	<u>\$ (91)</u>	<u>\$ (118)</u>	<u>\$ (11)</u>	<u>\$ (14)</u>

Amounts Recognized in the Statement of Financial Position. The following table provides the amounts recognized in the balance

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sheet and information for plans with benefit obligations in excess of plan assets as of December 31:

	<u>Pension Plans</u>		<u>Other Benefits</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
(in millions)				
Accrued benefit liability – current	\$ (1)	\$ (2)	\$ -	\$ -
Accrued benefit liability – non-current	(90)	(116)	(11)	(14)
Accumulated Other Comprehensive Income	58	69	2	6

Additional year-end information for plans with benefit obligations in excess of plan assets:

Benefit obligation	\$232	\$218	\$ 19	\$ 20
Accumulated benefit obligation	162	160	-	-
Fair value of plan assets	141	100	8	6

Components of Net Periodic Benefit Costs. The following table provides the components of net periodic benefit cost for the plans for the twelve months ended December 31:

	<u>Pension Plans</u>		<u>Other Benefits</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
(in millions)				
Service cost	\$10	\$10	\$1	\$1
Interest cost	14	12	1	1
Expected return on plan assets	(11)	(7)	-	-
Amortization of prior service cost	3	1	-	1
Amortization of actuarial gain	3	4	-	-
Net periodic benefit cost	<u>\$19</u>	<u>\$20</u>	<u>\$2</u>	<u>\$3</u>

The assumptions used in the measurement of SERVCO's pension benefit obligations are shown in the following table:

	<u>2007</u>	<u>2006</u>
Weighted-average assumptions as of December 31:		
Discount rate – Non-union plan	6.66%	5.96%
Discount rate – SERP plan	6.41%	5.85%
Discount rate - Officer SERP plan	6.65%	5.96%
Discount rate - Restoration plan	6.77%	5.99%
Rate of compensation increase	5.25%	5.25%

The discount rate is based on the November Mercer Pension Discount Yield Curve, adjusted by the basis point change in the Moody's Corporate Aa Bond Rate in December.

The assumptions used in the measurement of SERVCO's net periodic benefit cost are shown in the following table:

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	<u>2007</u>	<u>2006</u>
Discount rate	5.90%	5.90%
Expected long-term rate of return on plan assets	8.25%	8.25%
Rate of compensation increase	5.25%	5.25%

To develop the expected long-term rate of return on assets assumption, SERVCO considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

The following describes the effects on pension benefits by changing the major actuarial assumptions discussed above:

- A 1% change in the assumed discount rate could have an approximate \$27 million positive or negative impact on the 2007 accumulated benefit obligation and an approximate \$44 million positive or negative impact to the 2007 projected benefit obligation.
- A 25 basis point change in the expected rate of return on assets would have less than \$1 million positive or negative impact on 2007 pension expense.

Assumed Health Care Cost Trend Rates. For measurement purposes, a 9% annual increase in the per capita cost of covered health care benefits was assumed for 2007. The rate was assumed to decrease gradually to 5% by 2015 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A 1% change in assumed health care cost trend rates would have resulted in an increase or decrease of less than \$1 million on the 2007 total of service and interest cost components and an increase or decrease of less than \$1 million on the year-end 2007 postretirement benefit obligations.

Expected Future Benefit Payments. The following table provides the amount of expected future benefit payments, which reflect expected future service:

(in millions)	<u>Pension Plans</u>	<u>Other Benefits</u>
2008	\$4	\$1
2009	4	1
2010	5	1
2011	6	1
2012	7	1
2013 - 2017	59	9

Plan Assets. The following table shows SERVCO's weighted-average asset allocations by asset category at December 31:

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Pension Plans	Target Range	2007	2006
Equity securities	45% - 75%	57%	61%
Debt securities	30% - 50%	43%	39%
Totals		100%	100%

The investment policy of the pension plans was developed in conjunction with financial consultants, investment advisors and legal counsel. The goal of the investment policy is to preserve the capital of the fund and maximize investment earnings. The return objective is to exceed the benchmark return for the policy index comprised of the following: Russell 3000 Index, the MSCI-EAFE Index, Lehman Aggregate and Lehman U.S. Long Government/Credit Bond Index in proportions equal to the targeted asset allocation.

Evaluation of performance focuses on a long-term investment time horizon of at least three to five years or a complete market cycle. The assets of the pension plans are broadly diversified within different asset classes (equities, fixed income securities and cash equivalents).

To minimize the risk of large losses in a single asset class, no more than 5% of the portfolio will be invested in the securities of any one issuer with the exclusion of the U.S. government and its agencies. The equity portion of the fund is diversified among the market's various subsections to diversify risk, maximize returns and avoid undue exposure to any single economic sector, industry group or individual security. The equity sub sectors include, but are not limited to growth, value, small capitalization and international.

In addition, the overall fixed income portfolio holdings may have an average weighted duration, or interest rate sensitivity which is within +/- 20% of the duration of overall fixed income benchmark. Foreign bonds in the aggregate shall not exceed 10% of the total fund. The portfolio may make a limited investment of up to 20% in below investment grade securities provided that the overall average portfolio quality remains "AA" or better. The below investment grade investments include, but are not limited to, medium-term notes, corporate debt, non-dollar and emerging market debt and asset backed securities. The cash investments should be in securities that either are of short maturities (not to exceed 180 days) or readily marketable with modest risk.

Derivative securities are permitted only to improve the portfolio's risk/return profile, modify the portfolio's duration or to reduce transaction costs and must be used in conjunction with underlying physical assets in the portfolio. Derivative securities that involve speculation, leverage, interest rate anticipation, or any undue risk whatsoever are not deemed appropriate investments.

The investment objective for the postretirement benefit plan is to provide current income consistent with stability of principal and liquidity while maintaining a stable net asset value of \$1.00 per share. The postretirement funds held in Voluntary Employee Beneficiary Association (VEBA) trusts are invested in a prime cash money market fund that invests primarily in a portfolio of short-term, high-quality fixed income securities issued by banks, corporations and the U.S. government. The 401(h) plan provides for the payment of health benefits for covered individuals and is invested within the pension allocation.

Contributions. SERVCO made a discretionary contribution to the pension plan of \$33 million in January 2007. SERVCO made a \$2 million contribution in April 2008. See Note 9, Subsequent Events. Contributions in 2007 totaled \$33 million to the plan assets and \$2 million in Supplemental Executive Retirement Plan (SERP) payments. Contributions in 2006 totaled \$6 million to the plan assets and \$2 million in SERP payments.

SERVCO made contributions to its other postretirement benefit plans of \$2 million in 2007 and \$3 million in 2006. In 2008, SERVCO plans on making voluntary contributions to fund the VEBA trusts to match the annual postretirement expense and funding the 401(h) plan up to the maximum amount allowed by law.

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Pension Legislation. The Pension Protection Act of 2006 was enacted in August 2006. The new rules are generally effective for plan years beginning after 2008. Among other matters, this comprehensive legislation contains provisions applicable to defined benefit plans which generally (i) mandate 100% funding of current liabilities within seven years; (ii) increase tax-deduction levels regarding contributions; (iii) revise certain actuarial assumptions, such as mortality tables and discount rates; and (iv) raise federal insurance premiums and other fees for under-funded and distressed plans. The legislation also contains similar provisions relating to defined-contribution plans and qualified and non-qualified executive pension plans and other matters.

Thrift Savings Plan. SERVCO has a thrift savings plan under section 401(k) of the Internal Revenue Code. Under this plan, eligible employees may defer and contribute to the plan a portion of current compensation in order to provide future retirement benefits. SERVCO makes contributions to the plan by matching a portion of the employee's contributions. The costs of this matching were approximately \$3 million for 2007 and 2006.

Note 6 - Income Taxes

A United States consolidated income tax return is filed by E.ON U.S.'s direct parent company, E.ON US Investments Corp., for each tax period. Each subsidiary of the consolidated tax group, including SERVCO, will calculate its separate income tax for the tax period. The resulting separate-return tax cost or benefit will be paid to or received from the parent company or its designee. With few exceptions, SERVCO is no longer subject to U.S. federal income tax examinations for years before 2004. Statutes of limitations related to 2004 and later returns are still open. Tax years 2005, 2006 and 2007 are under audit by the Internal Revenue Service (IRS) with the 2007 return being examined under an IRS pilot program named "Compliance Assurance Process". This program accelerates the IRS's review to the actual calendar year applicable to the return and ends 90 days after the return is filed. E.ON U.S. adopted the provisions of FIN 48 effective January 1, 2007. SERVCO had no unrecognized tax benefits at the time of adoption or throughout 2007.

Components of income tax expense are shown in the table below:

(in millions)	<u>2007</u>	<u>2006</u>
Current - federal	\$8	\$(8)
Current - state	1	(1)
Deferred - federal -- net	(8)	8
Deferred - state - net	<u>(1)</u>	<u>1</u>
Total income tax expense	<u>\$0</u>	<u>\$0</u>

The increase/decrease in current federal income tax expense and decrease/increase in deferred federal income tax expense in 2007 and 2006, respectively, resulted from the timing of the deduction of pension related expenses. Total income tax expense for 2007 and 2006 was \$0 and pretax income for the two periods was also \$0.

Deferred tax assets, which are mainly of a long-term nature, are summarized below as of December 31:

(in millions)	<u>2007</u>	<u>2006</u>
FERC FORM 60 (NEW 12-05)	204.7	204.7

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Pensions and similar obligations	\$45	\$42
Liabilities and other	4	3
Net deferred income tax asset	<u>\$49</u>	<u>\$45</u>

Note 7 - Accumulated Other Comprehensive Income

Accumulated other comprehensive income consisted of the following:

(in millions)	Minimum Pension Liability Adjustment		Funded Status Of Pension and Postretirement Plans		Totals		
	Pretax	Tax	Pretax	Tax	Pretax	Tax	Net
	Balance at December 31, 2005	\$(21)	\$8	\$ -	\$ -	\$(21)	\$8	$(13)
Minimum pension liability adjustment	21	(8)	-	-	21	(8)	13
Change in funded status of pension and postretirement plans			(75)	29	(75)	29	-
Balance at December 31, 2006	\$ -	\$ -	\$(75)	\$29	\$(75)	\$29	\$(46)
Change in funded status of pension and postretirement plans			(15)	(6)	(15)	(6)	9
Balance at December 31, 2007	\$ -	\$ -	\$(60)	\$23	\$(60)	\$23	\$(37)

Note 8 - Stock Appreciation Rights and Share Performance Plan

Certain officers and employees of E ON U.S. participated in the E.ON Stock Appreciation Rights (SAR) program, a stock-based compensation plan based on E ON's shares. The table below shows the number of SARs issued, exercised, and outstanding under the program relating to E ON U.S.'s officers and employees:

Balance at December 31, 2005	<u>114,453</u>
Exercised	<u>(69,886)</u>
Balance at December 31, 2006	<u>44,567</u>
Exercised	<u>(44,567)</u>
Balance at December 31, 2007	<u>-</u>

E.ON stopped issuing SARs to officers and employees of E.ON U.S. after the 2005 grant, and there were no SARs outstanding at December 31, 2007.

Following the expiration of a two-year blackout period following issuance, qualified executives could exercise all or a portion of the SARs issued to them within predetermined annual exercise windows. The terms of the SARs were limited to seven years.

The amount paid to executives when they exercised their SARs represented the difference between the E.ON stock price at the time of exercise and the underlying stock price at issuance multiplied by the numbers of SARs exercised. In accordance with SFAS No 123(R), *Share-Based Payment*, the SARs were measured at fair value for the first time in 2006. SERVCO recorded SARs expense of less than \$1 million and \$2 million in 2007 and 2006, respectively.

In 2006, a new stock-based compensation system, the E.ON Share Performance Plan (Plan), was introduced, and virtual shares were granted under the Plan to certain officers of E.ON U.S. for the first time. The Plan is a stock-based compensation plan based on E.ON's shares, and it entitles each participant to receive a payment at the end of a three-year period equal to a target value per share times the number of virtual shares granted. The number of virtual shares cannot change during the three-year period, but the target value per share can change based on the change in the price of E.ON's stock during the three-year period compared to the change in the

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Dow Jones STOXX Utilities Index (Total Return EUR). SERVCO uses the fair-value method to account for the Plan

The table below shows the number of virtual shares issued and outstanding under the Plan. No virtual shares have been eligible for exercise since the inception of the plan.

Balance at December 31, 2005	-
Issued	<u>8,725</u>
Balance at December 31, 2006	8,725
Issued	<u>6,820</u>
Balance at December 31, 2007	<u>15,545</u>

Target values per virtual share issued equaled €96.52 and €79.22 in 2007 and 2006. These amounts represent values of the virtual shares when issued.

SERVCO recorded expense related to the Plan of \$2 million and less than \$1 million in 2007 and 2006, respectively.

Note 9 – Subsequent Events

On April 9, 2008, SERVCO made a discretionary contribution totaling \$2 million to its pension plan.

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Schedule XV- Comparative Income Statement

Line No	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)
1		INCOME		
2	457	Services Rendered to Associate Companies	292,507,408	243,109,032
3	458	Services Rendered to Non-Associate Companies		
4	421	Miscellaneous Income or Loss		
5		TOTAL (Income)	292,507,408	243,109,032
6		EXPENSE		
7	920	Salaries and Wages	90,206,844	85,797,720
8	921	Office Supplies and Expense	63,311,237	43,689,293
9	922	Administrative Expense Transferred -- Credit		
10	923	Outside Services Employed	72,556,863	48,682,445
11	924	Property Insurance	333,936	
12	925	Injuries and Damages	1,183,959	132,188
13	926	Employee Pensions and Benefits	31,089,673	32,943,120
14	928	Regulatory Commission Expense	440,866	
15	930.1	General Advertising Expense	1,186,373	1,670,070
16	930.2	Miscellaneous General Expenses	2,340,355	2,453,559
17	931	Rents	45,379	
18	403	Depreciation and Amortization Expense	916,772	854,551
19	408	Taxes Other Than Income Taxes	6,430,023	6,145,591
20	409	Income Taxes	9,414,701	(9,014,594)
21	410	Provision for Deferred Income Taxes	(9,414,701)	9,014,594
22	411	Provision for Deferred Income Taxes -- Credit		
23	411.5	Investment Tax Credit		
24	426.1	Donations	2,521,928	2,717,495
25	426.5	Other Deductions	12,631,979	12,317,611
26	427	Interest on Long-Term Debt		
27	430	Interest on Debt to Associate Companies		
28	431	Other Interest Expense		
29		Other Expenses:	7,311,221	5,705,389
30		TOTAL (Expense)	292,507,408	243,109,032
31		NET INCOME OR (LOSS)		

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Other Expenses Include:

<u>Account</u>	<u>Current Year</u>	<u>Prior Year</u>
426.3 Penalties	\$ 994	\$ -
426.4 Civic, Political and Related Activities	1,203,481	848,051
935 Maintenance of General Plant	6,106,746	4,857,338
	\$7,311,221	\$5,705,389

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Account 457 – Analysis of Billing – Associate Companies

1 For services rendered to associate companies (Account 457), list all of the associate companies

Line No	Account Number (a)	Description (b)	Direct Costs Charged (c)	Indirect Costs Charged (d)	Compensation For Use of Capital (e)	Total Amount Billed (f)
1	457	Name of Associate Companies:				
2		Kentucky Utilities Company	81,083,060	43,188,675		124,271,735
3		Louisville Gas and Electric Company	79,083,926	42,247,569		121,331,495
4		E ON U S Capital Corp	24,332,047	7,204,590		31,536,637
5		E ON U S LLC	2,920			2,920
6		Western Kentucky Energy Corp	8,085,918	2,952,554		11,038,472
7		LG&E International Inc	1,469,700	18,353		1,488,053
8		LG&E Power Inc	143,437	26,803		170,240
9		LG&E Energy Marketing	697,288	881,844		1,579,132
10		LG&E Power Development	562,104	200,372		762,476
11		E ON AG	5,387			5,387
12		E ON Energie AG	(91)			(91)
13		E ON Ruhrgas AG	37,470			37,470
14		E On Sverige AB	6,579			6,579
15		E ON U S Natural Gas Trading Inc	274,361	14		274,375
16		E ON UK plc	2,170			2,170
17		KU Solutions	358			358
18						
19						
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39						
40		Total	195,786,634	96,720,774		292,507,408

Name of Respondent E ON U S Services Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo. Da. Yr) / /	Year/Period of Report Dec 31. 2007
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Account 458 – Analysis of Billing – Non-Associate Companies

1. For services rendered to nonassociate companies (Account 458), list all of the nonassociate companies. In a footnote, describe the services rendered to each respective nonassociate company.

Line No	Account Number (a)	Description (b)	Direct Costs Charged (c)	Indirect Costs Charged (d)	Compensation For Use of Capital (e)	Total Amount Billed (f)
1	458	Name of Non-associate Companies:				
2		None				
3						
4						
5						
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37						
38						
39						
40		Total				

Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies

1. Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
1	920	Salaries and Wages	44,529,108	45,677,736	90,206,844			
2	921	Office Supplies and Expenses	50,706,405	12,604,832	63,311,237			
3	922	Administrative Expense Transferred - Credit						
4	923	Outside Services Employed	61,591,899	10,964,964	72,556,863			
5	924	Property Insurance	333,936		333,936			
6	925	Injuries and Damages	1,150,122	33,837	1,183,959			
7	926	Employee Pensions and Benefits	12,574,791	18,514,882	31,089,673			
8	928	Regulatory Commission Expense	440,866		440,866			
9	930.1	General Advertising Expenses	1,157,784	28,589	1,186,373			
10	930.2	Miscellaneous General Expenses	193,747	2,146,608	2,340,355			
11	931	Rents	45,379		45,379			
12		Other Accounts (provide details in a footnote)	6,106,746		6,106,746			
13	403	Depreciation and Amortization Expense	916,772		916,772			
14	408	Taxes Other Than Income Taxes	626,260	5,803,763	6,430,023			
15	409	Income Taxes	9,414,701		9,414,701			
16	410	Provision For Deferred Income Taxes	(9,414,701)		(9,414,701)			
17	411	Provision For Deferred Income Taxes - Credit						
18	411.5	Investment Tax Credit						
19	426.1	Donations	2,166,568	355,360	2,521,928			
20	426.5	Other Deductions	12,264,993	366,986	12,631,979			
21	427	Interest on Long-Term Debt						
22	430	Interest on Debt to Associate Companies						
23	431	Other Interest Expense						
24		Other Accounts (provide details in a footnote)	981,258	223,217	1,204,475			
25		TOTAL EXPENSE	195,786,634	96,720,774	292,507,408			
26								
27		Compensation for Use of Equity Capital						
28		Interest on Debt to Associate Companies						
29		Other Accounts (provide details in a footnote)						
30		TOTAL COST OF SERVICE	195,786,634	96,720,774	292,507,408			

Name of Respondent E O N U S Services Inc.	This Report Is: (1) <input checked="checked" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo. Da. Yr) / /	Year/Period of Report Dec 31. <u>2007</u>
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Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
1	920	Salaries and Wages			
2	921	Office Supplies and Expenses			
3	922	Administrative Expense Transferred - Credit			
4	923	Outside Services Employed			
5	924	Property Insurance			
6	925	Injuries and Damages			
7	926	Employee Pensions and Benefits			
8	928	Regulatory Commission Expense			
9	930.1	General Advertising Expenses			
10	930.2	Miscellaneous General Expenses			
11	931	Rents			
12		Other Accounts (provide details in a footnote)			
13	403	Depreciation and Amortization Expense			
14	408	Taxes Other Than Income Taxes			
15	409	Income Taxes			
16	410	Provision For Deferred Income Taxes			
17	411	Provision For Deferred Income Taxes - Credit			
18	411.5	Investment Tax Credit			
19	426.1	Donations			
20	426.5	Other Deductions			
21	427	Interest on Long-Term Debt			
22	430	Interest on Debt to Associate Companies			
23	431	Other Interest Expense			
24		Other Accounts (provide details in a footnote)			
25		TOTAL EXPENSE			
26					
27		Compensation for Use of Equity Capital			
28		Interest on Debt to Associate Companies			
29		Other Accounts (provide details in a footnote)			
30		TOTAL COST OF SERVICE			

Name of Respondent E. ON U.S. Services Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2007
FOOTNOTE DATA			

Schedule Page: 304 Line No.: 12 Column: e

Other Accounts Include:

Account Number	Associate Company Direct Cost	Associate Company Indirect Cost	Total
935 Maintenance of General Plant	\$ 6,106,746	-	\$ 6,106,746

Schedule Page: 304 Line No.: 24 Column: e

Other Accounts Include:

Account Number	Associate Company Direct Cost	Associate Company Indirect Cost	Total
426.3 Penalties	\$ 994	-	\$ 994
426.4 Civic, Political and Related Activities	980,264	223,217	1,203,481
TOTAL	\$ 981,258	223,217	\$ 1,204,475

Schedule XVII – Schedule of Expense Distribution by Department or Service Function

1 List each department or service function according to the Uniform System of Accounts.

Line No	Description/Department or Service (a)	Salaries and Wages (920) (b)	Office Supplies and Expenses (921) (c)	Administrative Expense Transferred – Credit (922) (d)	Outside Services Employed (923) (e)	Property Insurance (924) (f)	Injuries and Damages (925) (g)
1	List Each Department/Service						
2	Accounting and Financial Reporting	3,241,417	274,949		875,937		
3	Building Operations and Maintenance Services	752,702	2,392,105		4,809,907		
4	Cash Management and Investment Services	165,940	2,648,701				
5	Corporate Finance Services	382,916	559,338		282,737		
6	Corporate Human Resources	2,831,574	827,655		708,459		
7	Corporate Tax	747,945	100,175		59,274		
8	Customer Service	3,996,573	849,323		1,469,411		779
9	Distribution Operations	4,749,150	814,958		1,194,049		1,105,826
10	Document Services	81,264	5,800,569		2,207,161		
11	Environmental Affairs Management	952,370	841,846		545,420		
12	Executive Management Services	4,706,102	2,760,529		3,344,550		
13	External and Brand Communication	1,441,531	1,592,071		1,275,810		
14	Financial and Contract Auditing	829,245	98,553		10,637		
15	Financial Planning and Budgeting	1,423,587	111,219		43,932		
16	Financial Systems	250,995	6,649		57,890		
17	Fuel Procurement	1,054,592	1,137,290		253,102		
18	Industrial Relations	332,601	28,724		4,124		
19	Information Technology	14,754,041	31,864,204		26,253,081		
20	Legal and Compliance Services	2,166,824	1,377,958		13,836,608		
21	Materials Logistics	561,735	137,054		53,430		
22	Metering	274,190	847,443				4,000
23	Payroll	275,890	28,909		57,057		
24	Power Generation	4,619,641	2,060,807		1,494,224		
25	Procurement and Major Contracts	179,700	43,346		8,332		
26	Regulatory Affairs management	985,793	77,943		71,028		
27	Regulatory Marketing	4,422,732	760,041		575,212		
28	Revenue Collection	709,336	217,527		148,087		
29	Right of Way Services	238,812	29,377		154,372		
30	Risk Management		450		620,203	333,936	44,645
31	Sales and Marketing	2,448,688	2,564,703		7,812,902		
32	Security Services	222,456	135,347		2,125,043		
33	Strategic Planning	338,823	14,184		21,448		
34	Strategic Sourcing and Support	877,578	75,894		133,195		
35	Technical and Safety Training	1,147,524	478,494		202,161		27,391
36	Trading Controls/Energy Marketing Accounting	424,089	37,164		8,273		
37	Transmission	6,097,175	1,767,778		1,598,456		7,989
38	Transportation Services	162,657	6,195		80,626		
39	Overheads/Corporate Allocated	21,358,456	(58,235)		160,725		(6,671)
40	Total	90,206,844	63,311,237		72,556,863	333,936	1,183,959

Name of Respondent E O N U S Services Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo. Da. Yr) / /	Year/Period of Report Dec 31, 2007
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Schedule XVII – Schedule of Expense Distribution by Department or Service Function (continued)

1. List each department or service function according to the Uniform System of Accounts

Line No	Description/Department or Service (a)	Employee Pensions and Benefits (926) (h)	Regulatory Commission Expense (928) (i)	General Advertising Expenses (930.1) (j)	Miscellaneous General Expenses (930.2) (k)	Rents (931) (l)	Depreciation and Amortization Expense (403) (m)
1	List Each Department/Service						
2	Accounting and Financial Reporting				(52)		
3	Building Operations and Maintenance Services					(28,302)	
4	Cash Management and Investment Services						
5	Corporate Finance Services					73,524	
6	Corporate Human Resources						
7	Corporate Tax				613		
8	Customer Service						
9	Distribution Operations						
10	Document Services						
11	Environmental Affairs Management				812,067		
12	Executive Management Services				962,656		
13	External and Brand Communication			1,186,373			
14	Financial and Contract Auditing						
15	Financial Planning and Budgeting						
16	Financial Systems						
17	Fuel Procurement						
18	Industrial Relations						
19	Information Technology				5,432	157	
20	Legal and Compliance Services				12,235		
21	Materials Logistics						
22	Metering						
23	Payroll						
24	Power Generation				477,284		
25	Procurement and Major Contracts						
26	Regulatory Affairs management		440,866				
27	Regulatory Marketing						
28	Revenue Collection						
29	Right of Way Services						
30	Risk Management						
31	Sales and Marketing				71,345		
32	Security Services						
33	Strategic Planning						
34	Strategic Sourcing and Support						
35	Technical and Safety Training						
36	Trading Controls/Energy Marketing Accounting						
37	Transmission						
38	Transportation Services						
39	Overheads/Corporate Allocated	31,089,673			(1,225)		916,772
40	Total	31,089,673	440,866	1,186,373	2,340,355	45,379	916,772

Schedule XVII – Schedule of Expense Distribution by Department or Service Function (continued)

1. List each department or service function according to the Uniform System of Accounts.

Line No	Description/Department or Service (a)	Taxes Other Than Income Taxes (408) (n)	Income Taxes (409) (o)	Provision For Deferred Income Taxes (410) (p)	Provision For Deferred Income Taxes - Credit (411) (q)	Investment Tax Credit (411.5) (r)	Donations (426.1) (s)
1	List Each Department/Service						
2	Accounting and Financial Reporting						1,000
3	Building Operations and Maintenance Services						1,500
4	Cash Management and Investment Services						
5	Corporate Finance Services						2,500
6	Corporate Human Resources						4,363
7	Corporate Tax						
8	Customer Service						8,155
9	Distribution Operations						36,728
10	Document Services						
11	Environmental Affairs Management						10,000
12	Executive Management Services						924,303
13	External and Brand Communication						1,418,872
14	Financial and Contract Auditing						
15	Financial Planning and Budgeting						
16	Financial Systems						
17	Fuel Procurement						4,500
18	Industrial Relations						1,797
19	Information Technology						5,200
20	Legal and Compliance Services						10,000
21	Materials Logistics						300
22	Metering						
23	Payroll						
24	Power Generation						9,577
25	Procurement and Major Contracts						
26	Regulatory Affairs management						
27	Regulatory Marketing						500
28	Revenue Collection						150
29	Right of Way Services						
30	Risk Management						
31	Sales and Marketing						52,233
32	Security Services						
33	Strategic Planning						5,800
34	Strategic Sourcing and Support						24,200
35	Technical and Safety Training						
36	Trading Controls/Energy Marketing Accounting						
37	Transmission						250
38	Transportation Services						
39	Overheads/Corporate Allocated	6,430,023	9,414,701	(9,414,701)			
40	Total	6,430,023	9,414,701	(9,414,701)			2,521,928

Name of Respondent E ON U.S. Services Inc	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2007
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Schedule XVII – Schedule of Expense Distribution by Department or Service Function (continued)

1 List each department or service function according to the Uniform System of Accounts.

Line No.	Description/Department or Service (a)	Other Deductions (425.5) (t)	Interest on Long-Term Debt (427) (u)	Interest on Debt to Associate Companies (430) (v)	Other Interest Expense (431) (w)	Overhead (x)	Other Accounts (y)	Total Expense (z)
1	List Each Department/Service							
2	Accounting and Financial Reporting	877				0		4,394,128
3	Building Operations and Maintenance Services	2,397					1,587	7,931,896
4	Cash Management and Investment Services							2,814,641
5	Corporate Finance Services	5,787						1,306,802
6	Corporate Human Resources	81,692					1,394	4,455,137
7	Corporate Tax	7,733					994	916,734
8	Customer Service	32,424					1,928	6,358,593
9	Distribution Operations	136,240					2,194	8,039,145
10	Document Services							8,088,994
11	Environmental Affairs Management	1,291						3,162,994
12	Executive Management Services	215,509					413,739	13,327,388
13	External and Brand Communication	65,553					780,882	7,761,092
14	Financial and Contract Auditing	878						939,313
15	Financial Planning and Budgeting	536						1,579,274
16	Financial Systems							315,534
17	Fuel Procurement	75,665						2,525,149
18	Industrial Relations						380	367,826
19	Information Technology						6,123,690	79,005,805
20	Legal and Compliance Services	46,414						17,450,039
21	Materials Logistics	433						752,952
22	Metering							1,125,633
23	Payroll							361,856
24	Power Generation	361,865						9,023,398
25	Procurement and Major Contracts	9,135						240,513
26	Regulatory Affairs management	68,862					4,001	1,648,493
27	Regulatory Marketing	3,095					401	5,761,981
28	Revenue Collection	9,029						1,084,129
29	Right of Way Services							422,561
30	Risk Management							999,234
31	Sales and Marketing	108,156						13,058,027
32	Security Services							2,482,846
33	Strategic Planning							380,255
34	Strategic Sourcing and Support							1,110,867
35	Technical and Safety Training	713						1,856,283
36	Trading Controls/Energy Marketing Accounting	1,149						470,675
37	Transmission	31,621						9,503,269
38	Transportation Services							249,478
39	Overheads/Corporate Allocated	11,364,925					(19,969)	71,234,474
40	Total	12,631,979					7,311,221	292,507,408

Name of Respondent	This Report is:	Resubmission Date	Year of Report
E. ON U.S. Services Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2007
FOOTNOTE DATA			

Schedule Page: 305 Line No.: 2 Column: x
Summary of Overhead Expenses by Department or Service Function

Accounting and Financial Reporting	\$ 2,541,970
Building Operations and Maintenance Services	608,944
Cash Management and Investment Services	131,904
Corporate Finance Services	348,476
Corporate Human Resources	2,375,233
Corporate Tax	599,861
Customer Service	3,118,004
Distribution Operations	3,817,101
Document Services	65,162
Environmental Affairs Management	761,068
Executive Management Services	3,321,188
External and Brand Communication	1,154,477
Financial and Contract Auditing	667,812
Financial Planning and Budgeting	1,162,200
Financial Systems	203,222
Fuel Procurement	841,394
Industrial Relations Management	369,174
Information Technology	11,874,857
Legal and Compliance Services	1,692,494
Materials Logistics	448,174
Metering	219,199
Payroll	221,833
Power Generation	3,662,923
Procurement and Major Contracts	148,106
Regulatory Marketing	3,567,125
Regulatory Affairs Management	765,039
Revenue Collection	564,563
Right of Way Services	190,764
Sales and marketing	1,982,399
Security Services	180,521
Strategic Planning	278,536
Strategic Sourcing and Support	697,116
Technical and Safety Training	919,129
Trading Controls/Energy Marketing Accounting	386,089
Transmission	4,922,705
Transportation Services	130,460
Corporate Allocated	<u>15,236,217</u>
TOTAL	<u>\$70,175,439</u>

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2007
E. ON U.S. Services Inc.			
FOOTNOTE DATA			

Schedule Page: 305 Line No.: 39 Column: a

Overheads/Corporate Allocated Breakdown

Overheads \$70,175,439
Corporate Allocated 1,059,035

Total \$71,234,474

Schedule Page: 305 Line No.: 40 Column: y

Other Accounts Include:

Description/Department or Service	Maintenance of	Penalties	Civic, Political, and	Other Accounts
	General Plant		Related Activities	Total Expense
	(935)	(426 3)	(426 4)	
Building Operations and Maintenance Expense	\$ 1,587	\$ -	\$ -	\$ 1,587
Corporate Human Resources			1,394	1,394
Corporate Tax		994		994
Customer Service			1,928	1,928
Distribution Operations			2,194	2,194
Executive Management Services	1,437		412,302	413,739
External and Brand Communication			780,882	780,882
Industrial Relations Management			380	380
Information Technology	6,123,690			6,123,690
Regulatory Affairs Management			4,001	4,001
Regulatory Marketing			401	401
Overheads/Corporate Allocated	(19,969)			(19,969)
Total	\$ 6,106,745	\$ 994	\$ 1,203,482	\$ 7,311,221

Account 920 – Departmental Analysis of Salaries (continued)

1. For the name of department (Column A), list each department or service function.

Line No	Name of Department (a)	Dept Salary Expense Included in Amounts Bill to Others	Dept Salary Expense Included in Amounts Bill to Others	Dept Salary Expense Included in Amounts Bill to Others	Dept Salary Expense Included in Amounts Bill to Others	Number of Personnel End of Year (f)
		Total Amount (b)	Parent Company (c)	Other Associates (d)	Nonassociates (e)	
1	Accounting and Financial Reporting	4,237,737		4,237,737		56
2	Building Operation and Maintenance Services	990,462		990,462		13
3	Cash management and Investment Services	218,239		218,239		3
4	Corporate	74,019		74,019		1
5	Corporate Finance Services	502,710		502,710		9
6	Corporate Human Resources	3,710,839		3,710,839		50
7	Corporate Tax	982,615		982,615		12
8	Customer Service	5,215,369		5,215,369		120
9	Distribution Operation	6,242,245		6,242,245		61
10	Document Services	106,851		106,851		1
11	Environmental Affairs Management	1,251,638		1,251,638		13
12	Executive Management Services	5,961,751		5,961,751		29
13	External and Brand Communications	1,891,865		1,891,865		18
14	Financial and Contract Auditing	1,090,236		1,090,236		14
15	Financial Planning and Budgeting	1,871,948		1,871,948		23
16	Financial Systems	329,582		329,582		4
17	Fuel Procurement	1,386,405		1,386,405		14
18	Industrial Relations Management	437,306		437,306		3
19	Information Technology	19,369,255		19,369,255		222
20	Legal Services	2,837,623		2,837,623		28
21	Materials Logistics	739,171		739,171		8
22	Metering	360,466		360,466		4
23	Payroll	362,552		362,552		6
24	Power Generation	6,063,762		6,063,762		82
25	Procurement and Major Contracts	236,287		236,287		2
26	Regulatory Affairs Management	1,285,456		1,285,456		11
27	Regulatory Marketing	5,797,505		5,797,505		66
28	Revenue Collection	932,953		932,953		15
29	Right of Way Services	313,887		313,887		4
30	Sales and Marketing	3,215,789		3,215,789		34
31	Security Services	292,505		292,505		4
32	Sourcing Support	616,551		616,551		11
33	Strategic Planning	445,313		445,313		4
34	Strategic Sourcing	531,983		531,983		7
35	Technical and Safety Training	1,508,549		1,508,549		12
36	Trading Controls/Energy Marketing Accounting	548,981		548,981		11
37	Transmission	8,032,600		8,032,600		91
38	Transportation Services	213,839		213,839		2
39						
40	Total	90,206,844		90,206,844		1,068

Account 930.2 Miscellaneous General Expenses

1. Provide a listing of the amount included in miscellaneous general expenses (Account 930 2), classifying such expenses according their nature. Payments and expenses permitted by Section 321(b)(2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441(b)(2)) shall be separately classified.

Line No	Title of Account (a)	Amount (b)
1	Telecommunications	5,432
2	Business License Fees	613
3	Association Dues	30,445
4	Other Miscellaneous General Expense - Meals	5,645
5	Other Miscellaneous General Expense - Business License Fees	159,317
6	Other Miscellaneous General Expense - Travel	413
7	Other Miscellaneous General Expense - Misc	(18,115)
8	Nondeductible Penalties	9,997
9	Association Dues - Indirect Dues and Subscriptions - EEI	632,512
10	Research Work Indirect - Computer Software Upgrades/Licenses	647
11	Research Work Indirect - Computer Software Maintenance	40,253
12	Research and Development Expenses - Dues and Subscriptions - EPRI	1,443,995
13	Research and Development Expenses - Business License Fees	4,568
14	Other Miscellaneous General Expense Indirect - Dues and Subscriptions	1,000
15	Other Miscellaneous General Expense Indirect - Business License Fees	4,170
16	Other Miscellaneous General Expense Indirect - Miscellaneous	19,463
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25		
26		
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39		
40	Total	2,340,355

Name of Respondent E. ON U.S. Services Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2007
Schedule XVIII Notes to Statement of Income			

1. Use the space below for important notes regarding the statement of income or any account thereof
2. Furnish particulars as to any significant increase in services rendered or expenses incurred at the end of the year
3. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference

See Notes to Financial Statements on Schedule XIV, beginning on page 204.1.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report
E. ON U.S. Services Inc.			2007
Organization Chart			

1. Attach a copy of service company's current organization chart.

The following are officers of E ON U S Services Inc as of December 31, 2007:

Victor A. Staffieri <i>Chairman of the Board, President and Chief Executive Officer</i>	
John R. McCall <i>Vice President and Secretary</i>	S Bradford Rives <i>Chief Financial Officer</i>
	Daniel K. Arbough <i>Treasurer</i>

Name of Respondent	This Report is:	Resubmission Date	Year of Report
E. ON U.S. Services Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2007
Methods of Allocation			

1. List the currently effective methods of allocation being used by the service company.

METHODS OF ALLOCATION

Information Systems Chargeback Rates – Rates for services, including but not limited to software, consulting, mainframe and personal computer services, are based on the costs of labor, materials and information services overheads related to the provision of each service. Such rates are applied based on the specific equipment employed and the measured usage of services by Client entities. These rates will be determined annually based on actual experience and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes.

Number of Customers Ratio - A ratio based on the number of retail electric and/or gas customers. This ratio will be determined annually based on the actual number of customers at the end of the previous calendar year and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes. In some cases, the ratio may be calculated based on the type of customer class being served (i.e. Residential, Commercial or Industrial)

Number of Employees Ratio – A ratio based on the number of employees benefiting from the performance of a service. This ratio will be determined annually based on actual counts of applicable employees at the end of the previous calendar year and may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes. In some cases, a two-step assignment methodology is utilized to properly allocate SERVCO employee costs to the proper legal entity.

Departmental Charge Ratio – A specific SERVCO department ratio based upon various factors such as labor hours, labor dollars, departmental or Client entity headcount, etc. The departmental charge ratio typically applies to indirectly attributable costs such as departmental administrative, support, and/or material and supply costs that benefit more than one affiliate and that require allocation using general measures of cost causation. Methods for assignment are department-specific depending on the type of product or service being performed and are documented by the PUHCA compliance function on an annual basis to ensure consistent and proper application and periodic true-up, where necessary, for SERVCO billing purposes.

Electric Peak Load Ratio – Based on the sum of the monthly electric maximum system demands for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

Revenue Ratio – Based on the sum of the revenue at the end of each month for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company or an affected affiliate company and the denominator of which is for all operating companies and affected affiliate companies. This ratio will be determined annually, or at such time as may be required due to significant changes.

Payroll Ratio – Based on the sum of the payroll at the end of each month for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company or an affected affiliate company and the denominator of which is for all operating companies and affected affiliate companies. This ratio will be determined annually, or at such time as may be required due to significant changes.

Total Assets Ratio – Based on the total assets at year-end for the preceding year, the numerator of which is for an operating company or affected affiliate company and the denominator of which is for all operating companies and affected affiliate companies. This ratio will be determined annually, or at such time as may be required due to significant changes. In the event of joint ownership of a specific asset, asset ownership percentages will be utilized to assign costs.

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E. ON U.S. Services Inc.			
Methods of Allocation			

Contract Ratio – Based on the sum of the physical amount (i.e. tons of coal, cubic feet of natural gas) of the contract for both coal and natural gas at the end of each month for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company or an affected affiliate company and the denominator of which is for all operating companies and affected affiliate companies. This ratio will be determined annually, or at such time as may be required due to significant changes.

Number of Meters Ratio – Ratio based on the number or types of meters being utilized by all levels of customer classes within the system for the immediately preceding twelve consecutive calendar months. The numerator is equal to the number of meters for a specific Client entity and the denominator is equal to such expenditures for all applicable client entities. This ratio will be determined annually, or at such time as may be required due to significant change.

Number of Transactions Ratio – Based on the sum of transactions occurring in the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company or an affected affiliate company and the denominator of which is for all operating companies and affected affiliate companies. This ratio will be determined on a monthly basis, or at such time as may be required due to significant changes. For example, services with regard to Procurement and Major Contracts define a transaction as the number of contracts negotiated. Services pertaining to Materials Logistics would define the transaction as the number of items ordered, picked and disbursed out of the warehouse. Services pertaining to Accounts Payable would define the transaction as the number of invoices processed. Similar to the Departmental Charge Ratio, defined previously, the PUHCA compliance function is responsible for maintaining and monitoring specific product/service methodology documentation and periodic true-up requirements for actual transactions related to SERVCO billings.

Retail Revenue Ratio – Based on utility revenues, excluding energy marketing revenues, for the immediate preceding twelve consecutive calendar months, the numerator of which is for an operating company or an affiliate and the denominator of which is for all operating companies and affected affiliate companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

Energy Marketing Ratio – Based on the absolute value of equivalent megawatt hours purchased or sold for the immediate preceding twelve consecutive calendar months, the numerator of which is for an operating company or an affiliate and the denominator of which is for all operating companies and affected affiliate companies. This ratio will be determined annually, or at such time as may be required due to a significant change.

Regulatory Mandate Ratios – Based on Federal or state mandated percentage allocations based on regulatory proceedings and requirements. These ratios are typically developed in concert with regulatory authorities representing the results of merger or joint asset ownership negotiations and are supported by specific contracts regarding legal entity allocation requirements. Contract terms and periodic updates, if necessary, are maintained and monitored by the PUHCA compliance function and SERVCO departmental management.

Project Ratio – Based on the total costs for any departmental or affiliate project at the end of each month for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company or an affected affiliate company and the denominator of which is for all operating companies and affected affiliate companies. This ratio will be determined on a monthly basis, or at such time as may be required due to significant changes.

Transportation Resource Management System Chargeback Rate – Rates for use of transportation equipment are based on the costs associated with providing and operating transportation fleet for all affiliated companies including developing fleet policy, administering regulatory compliance programs, managing repair and maintenance of vehicles and procuring vehicles. Such rates are applied based on the specific equipment employment and the measured usage of services by Client entities. These rates will be determined annually based on actual experience and may be adjusted for any known and reasonably

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E. ON U.S. Services Inc.			2007
Methods of Allocation			

quantifiable events, or at such time as may be required due to significant changes.

Non-Fuel Material and Services Expenditures – A ratio based on non-fuel material and services expenditures, net of reimbursements, for the immediately preceding twelve consecutive calendar months.

The numerator is equal to such expenditures for a specific Client entity and/or line-of-business as appropriate and the denominator is equal to such expenditures for all applicable Client entities.

This ratio will be determined annually, or at such time as may be required due to a significant change.

Name of Respondent E. ON U.S. Services Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2007
Annual Statement of Compensation for Use of Capital Billed			

1 Attach a copy of the annual statement supplied to each associate service company in support of the amount of compensation for use of capital billed during the calendar year.

Not Applicable

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
Dated August 27, 2008**

Question No. 6

Responding Witness: Shannon L. Charnas

Q-6. Please provide a copy of the Company's two most recent FERC Form 3Qs.

A-6. See attached.

**LG&E FERC Form 3Q – 2008/Q2
Responding Witness – Shannon L. Charnas**

THIS FILING IS

Item 1: An Initial (Original) Submission OR Resubmission No. _____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)



FERC FINANCIAL REPORT

FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature.

Exact Legal Name of Respondent (Company)

Louisville Gas and Electric Company

Year/Period of Report

End of 2008/Q2

**FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER**

IDENTIFICATION		
01 Exact Legal Name of Respondent Louisville Gas and Electric Company		02 Year/Period of Report End of <u>2008/Q2</u>
03 Previous Name and Date of Change (if name changed during year) / /		
04 Address of Principal Office at End of Period (Street, City, State, Zip Code) 220 W. Main Street, P.O. Box 32010, Louisville, KY 40232		
05 Name of Contact Person Mimi Kelly		06 Title of Contact Person Mgr - Regulatory Acct & Reprt
07 Address of Contact Person (Street, City, State, Zip Code) P.O. Box 32010, Louisville, KY 40232		
08 Telephone of Contact Person, Including Area Code (502) 627-2482	09 This Report Is (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) / /
QUARTERLY CORPORATE OFFICER CERTIFICATION		
The undersigned officer certifies that: I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.		
01 Name S. Bradford Rives	03 Signature S. Bradford Rives	04 Date Signed (Mo, Da, Yr) 08/15/2008
02 Title Chief Financial Officer		
Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction		

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da. Yr) / /	Year/Period of Report End of 2008/Q2
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LIST OF SCHEDULES (Electric Utility)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
1	Important Changes During the Quarter	108-109	
2	Comparative Balance Sheet	110-113	
3	Statement of Income for the Quarter	114-117	
4	Statement of Retained Earnings for the Quarter	118-119	
5	Statement of Cash Flows	120-121	
6	Notes to Financial Statements	122-123	
7	Statement of Accum Comp Income, Comp Income, and Hedging Activities	122 (a)(b)	
8	Summary of Utility Plant & Accumulated Provisions for Dep, Amort & Dep	200-201	
9	Electric Plant In Service and Accum Provision For Depr by Function	208	
10	Transmission Service and Generation Interconnection Study Costs	231	NONE
11	Other Regulatory Assets	232	
12	Other Regulatory Liabilities	278	
13	Elec Operating Revenues (Individual Schedule Lines 300-301)	300-301	
14	Regional Transmission Service Revenues (Account 457 1)	302	NONE
15	Electric Prod, Other Power Supply Exp. Trans and Distrib Exp	324	
16	Electric Customer Accts. Service, Sales, Admin and General Expenses	325	
17	Transmission of Electricity for Others	328-330	
18	Transmission of Electricity by ISO/RTOs	331	NONE
19	Transmission of Electricity by Others	332	
20	Deprec, Depl and Amort of Elec Plant (403,403.1,404,and 405) (except A	338	
21	Amounts Included in ISO/RTO Settlement Statements	397	
22	Monthly Peak Loads and Energy Output	399	
23	Monthly Transmission System Peak Load	400	
24	Monthly ISO/RTO Transmission System Peak Load	400a	NONE

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report / /	Year/Period of Report End of <u>2008/Q2</u>
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IMPORTANT CHANGES DURING THE QUARTER/YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

PAGE 108 INTENTIONALLY LEFT BLANK
 SEE PAGE 109 FOR REQUIRED INFORMATION.

Name of Respondent Louisville Gas and Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2008/Q2
IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

1. None.
2. None.
3. None.
4. None of a material nature.
5. None of a material nature.
6. The Company had obtained authorization from the SEC under the Public Utility Holding Company Act of 1935 (PUHCA 1935) SEC File No. 70-09985 for the issuance of short-term debt up to \$400 million through May 31, 2008. The Federal Power Act contained an exemption from FERC approval for securities issuances approved by the SEC under PUHCA 2005. In connection with the repeal of the PUHCA of 1935, the Company also received FERC authorization under the FPA Docket No. ES07-59-000 for up to \$400 million in short-term debt through November 30, 2009. The Company's money pool balance increased from \$108 million at March 31, 2008 to \$188 million at June 30, 2008. During the second quarter of 2008, the Company did not enter into any new long-term loan agreements.
7. None.
8. None of a material nature.
9. See Notes 2 and 7 of Notes to Financial Statements.
10. None.
11. N/A
12. N/A
13. Martyn Gallus, formerly Senior Vice President, Energy Marketing, is serving in a position with an international affiliate, effective January 2008. Effective during January 2008, David S. Sinclair was appointed Vice President – Energy Marketing. Effective during June 2008, John N. Voyles, Jr. was appointed Vice President – Transmission and Generation Services. Additionally, during June 2008, D. Ralph Bowling was appointed Vice President – Power Production.
14. The Company is a participant in a cash pooling arrangement, but its proprietary capital ratio is above 30 percent.

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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	4,052,037,316	3,972,544,417
3	Construction Work in Progress (107)	200-201	347,880,727	344,441,784
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		4,399,918,043	4,316,986,201
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	1,909,947,086	1,859,847,713
6	Net Utility Plant (Enter Total of line 4 less 5)		2,489,970,957	2,457,138,488
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		2,489,970,957	2,457,138,488
15	Utility Plant Adjustments (116)	122	0	0
16	Gas Stored Underground - Noncurrent (117)		2,139,990	2,139,990
17	OTHER PROPERTY AND INVESTMENTS			
18	Nonutility Property (121)		75,240	75,240
19	(Less) Accum. Prov. for Depr. and Amort. (122)		63,360	63,360
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		594,286	594,286
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		26,990,650	25,874,231
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets - Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		27,596,816	26,480,397
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		3,144,399	4,312,502
36	Special Deposits (132-134)		10,643,841	6,919,973
37	Working Fund (135)		21,280	21,280
38	Temporary Cash Investments (136)		36,445	35,917
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		87,098,307	96,948,965
41	Other Accounts Receivable (143)		22,978,975	28,810,091
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		1,737,276	1,790,471
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		10,832,750	32,982
45	Fuel Stock (151)	227	42,141,338	45,925,807
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	26,806,824	26,407,267
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	10,216	11,459

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2008/Q2</u>
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)

Line No.	Title of Account (a)	Ref Page No (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	4,451,862	4,584,570
55	Gas Stored Underground - Current (164.1)		40,206,003	81,188,407
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		2,827,556	5,339,357
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		65,790	220,496
60	Rents Receivable (172)		358,106	435,309
61	Accrued Utility Revenues (173)		43,946,000	64,669,000
62	Miscellaneous Current and Accrued Assets (174)		0	3,834
63	Derivative Instrument Assets (175)		0	537,979
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		293,832,416	364,614,724
68	DEFERRED DEBITS			
69	Unamortized Debt Expenses (181)		7,134,301	9,898,130
70	Extraordinary Property Losses (182.1)	230	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0
72	Other Regulatory Assets (182.3)	232	150,735,086	151,022,049
73	Prelim. Survey and Investigation Charges (Electric) (183)		490,787	384,463
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		608	499,108
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	46,728,765	34,320,956
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		21,235,162	19,100,231
82	Accumulated Deferred Income Taxes (190)	234	49,904,789	52,162,134
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		276,229,498	267,387,071
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		3,089,769,677	3,117,760,670

Name of Respondent Louisville Gas and Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo, da, yr) / /	Year/Period of Report end of 2008/Q2
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref Page No (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	425,170,424	425,170,424
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	0	0
7	Other Paid-In Capital (208-211)	253	60,000,000	60,000,000
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	835,889	835,889
11	Retained Earnings (215, 215.1, 216)	118-119	690,569,968	689,961,390
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	-11,429,904	-13,132,184
16	Total Proprietary Capital (lines 2 through 15)		1,163,474,599	1,161,163,741
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	574,304,000	574,304,000
19	(Less) Reaquired Bonds (222)	256-257	131,200,000	0
20	Advances from Associated Companies (223)	256-257	410,000,000	410,000,000
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		0	0
24	Total Long-Term Debt (lines 18 through 23)		853,104,000	984,304,000
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	23,649
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		5,246,058	5,601,154
29	Accumulated Provision for Pensions and Benefits (228.3)		95,382,815	97,643,181
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		21,506,775	0
34	Asset Retirement Obligations (230)		30,462,909	29,582,676
35	Total Other Noncurrent Liabilities (lines 26 through 34)		152,598,557	132,850,660
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		112,451,728	115,160,770
39	Notes Payable to Associated Companies (233)		188,104,200	78,241,200
40	Accounts Payable to Associated Companies (234)		32,423,274	56,768,214
41	Customer Deposits (235)		20,420,924	19,373,313
42	Taxes Accrued (236)	262-263	1,722,458	4,746,862
43	Interest Accrued (237)		2,699,967	1,981,717
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent Louisville Gas and Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo. da. yr)	Year/Period of Report end of 2008/02
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (continued)

No.	Title of Account (a)	Ref. Page No (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12 31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		1,292,868	1,446,316
48	Miscellaneous Current and Accrued Liabilities (242)		13,165,001	11,357,668
49	Obligations Under Capital Leases-Current (243)		224,850	405,438
50	Derivative Instrument Liabilities (244)		0	152,956
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		21,506,775	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities Hedges		21,506,775	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		369,060,354	289,634,454
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		19,495,158	9,612,516
57	Accumulated Deferred Investment Tax Credits (255)	266-267	47,711,136	46,098,962
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	26,862,724	40,862,253
60	Other Regulatory Liabilities (254)	278	53,738,137	55,115,538
61	Unamortized Gain on Reacquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		371,599,247	368,258,704
64	Accum. Deferred Income Taxes-Other (283)		32,125,765	29,859,842
65	Total Deferred Credits (lines 56 through 64)		551,532,167	549,807,815
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		3,089,769,577	3,117,760,670

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Louisville Gas and Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2008/Q2
FOOTNOTE DATA			

Schedule Page: 112 Line No.: 19 Column:

In February 2008, Louisville Gas and Electric Company (LG&E) issued a notice to bondholders of its intention to convert the Louisville Metro 2005 Series A and 2007 Series A and B bonds from the auction rate mode to a weekly interest rate mode, as permitted under the loan documents. These conversions were completed in March 2008, for the 2005 Series and in April 2008, for the two 2007 Series. In connection with the conversions, LG&E purchased the bonds from the remarketing agent.

In March 2008, LG&E issued notices to bondholders of its intention to convert the Jefferson County 2000 Series A bond from the auction mode to a weekly interest rate mode, as permitted under the loan documents. The conversion was completed in May 2008. In connection with the conversion, LG&E purchased the bond from the remarketing agent.

Schedule Page: 112 Line No.: 33 Column:

During 2008, long-term interest rate swap hedges were reclassified from account 253 to account 245.

Schedule Page: 112 Line No.: 42 Column:

The balance is negative due to the timing of tax payments and the cyclical nature of income tax accruals.

Schedule Page: 112 Line No.: 52 Column:

During 2008, long-term interest rate swap hedges were reclassified from account 253 to account 245.

Schedule Page: 112 Line No.: 53 Column:

During 2008, long-term interest rate swap hedges were reclassified from account 253 to account 245.

Schedule Page: 112 Line No.: 59 Column:

During 2008, long-term interest rate swap hedges were reclassified from account 253 to account 245.

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2008/Q2
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STATEMENT OF INCOME

Quarterly

1. Enter in column (d) the balance for the reporting quarter and in column (e) the balance for the same three month period for the prior year.
2. Report in column (f) the quarter to date amounts for electric utility function; in column (h) the quarter to date amounts for gas utility, and in (j) the quarter to date amounts for other utility function for the current year quarter.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the prior year quarter.
4. If additional columns are needed place them in a footnote.

Annual or Quarterly if applicable

5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
8. Report data for lines 8, 10 and 11 for Natural Gas companies using accounts 404 1, 404 2, 404 3, 407 1 and 407 2.

Line No.	Title of Account (a)	(Ref) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	714,337,454	651,600,336	299,205,691	276,702,089
3	Operating Expenses					
4	Operation Expenses (401)	320-323	497,873,886	431,333,678	193,552,486	168,432,588
5	Maintenance Expenses (402)	320-323	50,752,899	38,451,840	24,092,797	20,566,135
6	Depreciation Expense (403)	336-337	59,680,700	59,315,933	29,613,196	29,977,061
7	Depreciation Expense for Asset Retirement Costs (403 1)	336-337	100,268	59,786	56,293	44,057
8	Amort & Depl of Utility Plant (404-405)	336-337	2,751,372	3,193,842	1,445,305	1,619,134
9	Amort. of Utility Plant Acq Adj (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407 3)					
13	(Less) Regulatory Credits (407 4)		1,019,209	962,583	502,764	489,081
14	Taxes Other Than Income Taxes (408 1)	262-263	12,202,138	11,752,424	5,906,442	5,809,289
15	Income Taxes - Federal (409 1)	262-263	13,789,651	20,428,613	4,082,384	9,261,110
16	- Other (409 1)	262-263	2,576,359	3,935,926	1,108,769	1,775,526
17	Provision for Deferred Income Taxes (410 1)	234, 272-277	15,983,739	13,818,633	9,394,103	5,733,550
18	(Less) Provision for Deferred Income Taxes-Cr. (411 1)	234, 272-277	12,063,637	13,498,780	5,187,195	6,749,389
19	Investment Tax Credit Adj - Net (411 4)	266	1,612,174	3,211,925	1,293,587	1,605,963
20	(Less) Gains from Disp of Utility Plant (411 6)					
21	Losses from Disp of Utility Plant (411 7)					
22	(Less) Gains from Disposition of Allowances (411.8)		456,255	553,093	45	63
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411 10)		930,683	890,870	458,293	445,023
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		644,714,768	571,379,014	265,313,651	238,030,903
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117, line 27		69,622,686	80,221,322	33,892,040	38,671,186

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da, Yr) / /	Year/Period of Report End of 2008/Q2
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STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11. Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
						1
464,355,548	448,602,570	249,981,906	202,997,766			2
						3
285,290,147	263,957,783	212,583,739	167,375,895			4
43,696,419	32,744,608	7,056,480	5,707,232			5
51,003,420	50,959,951	8,677,280	8,355,982			6
95,937	55,185	4,331	4,601			7
2,036,015	2,363,443	715,357	830,399			8
						9
						10
						11
						12
796,155	747,552	223,054	215,031			13
9,249,268	8,866,047	2,952,870	2,886,377			14
13,122,694	18,294,208	666,957	2,134,405			15
2,478,105	3,569,014	98,254	366,912			16
10,574,278	10,209,988	5,409,461	3,608,645			17
10,697,274	12,349,552	1,366,363	1,149,228			18
1,692,988	3,296,186	-80,814	-84,261			19
						20
						21
456,255	553,093					22
						23
712,207	680,440	218,476	210,430			24
408,001,794	381,346,656	236,712,974	190,032,358			25
56,353,754	67,255,914	13,268,932	12,965,408			26

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
			Current Year (c)	Previous Year (d)		
27	Net Utility Operating Income (Carried forward from page 114)		69,622,686	80,221,322	33,892,040	38,671,186
28	Other Income and Deductions					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)		7,036	-575	7,036	-375
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		8,929	12,815	10,224	8,751
33	Revenues From Nonutility Operations (417)		778,077	699,862	395,542	416,067
34	(Less) Expenses of Nonutility Operations (417.1)					
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		319,035	873,768	95,052	523,931
38	Allowance for Other Funds Used During Construction (419.1)					
39	Miscellaneous Nonoperating Income (421)		17,511	-596,849	-73,547	-1,161,852
40	Gain on Disposition of Property (421.1)		-4,043	459,948	-4,043	459,947
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		1,108,687	1,423,339	409,816	228,967
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)			96,931		96,931
44	Miscellaneous Amortization (425)	340				
45	Donations (426.1)	340	481,477	599,483	137,614	137,348
46	Life Insurance (426.2)					
47	Penalties (426.3)		71,653		71,632	
48	Exp. for Certain Civic, Political & Related Activities (426.4)		321,491	454,345	161,251	243,382
49	Other Deductions (426.5)		4,035,928	1,027,550	2,126,787	-1,096,938
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		4,910,549	2,178,309	2,497,284	-619,277
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	990	792	495	396
53	Income Taxes-Federal (409.2)	262-263	-1,572,656	-2,158	-443,049	227,808
54	Income Taxes-Other (409.2)	262-263	-286,502	-394	-87,197	41,546
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	26,155		26,155	
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	255,686	19,451	245,961	9,725
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-2,087,699	-21,211	-749,557	260,025
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		-1,714,163	-733,759	-1,337,911	588,219
61	Interest Charges					
62	Interest on Long-Term Debt (427)		13,318,868	14,847,164	5,977,441	8,928,934
63	Amort. of Debt Disc. and Expense (428)		177,194	199,417	77,688	97,254
64	Amortization of Loss on Reaquired Debt (428.1)		548,589	515,277	285,433	259,868
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)	340	12,653,540	8,849,527	6,573,598	5,528,737
68	Other Interest Expense (431)	340	601,754	-574,204	344,439	241,653
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)					
70	Net Interest Charges (Total of lines 62 thru 69)		27,299,945	23,837,181	13,258,599	15,056,446
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		40,608,578	55,650,382	19,295,530	24,202,959
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		40,608,578	55,650,382	19,295,530	24,202,959

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da. Yr) / /	Year/Period of Report End of 2008/Q2
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STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings
5. List first account 439, *Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings.* Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, *Adjustments to Retained Earnings.*
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		689,961,390	639,104,730
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4	FIN 48 Adjustment			258,182
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			258,182
10	Preferred Stock Buy Back			(3,787,255)
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			(3,787,255)
16	Balance Transferred from Income (Account 433 less Account 418.1)		40,608,578	55,650,382
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24	\$25 Par Value 5% Cumulative - \$1.25 per share			(316,636)
25	Without Par Value Auction Rate Cumulative			(625,000)
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			(941,636)
30	Dividends Declared-Common Stock (Account 438)			
31	Without Par Value	238	-40,000,000	(65,000,000)
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		-40,000,000	(65,000,000)
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		690,569,968	625,284,403
	APPROPRIATED RETAINED EARNINGS (Account 215)			

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of 2008/Q2
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STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
39				
40				
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		690,569,968	625,284,403
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of 2008/Q2
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STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only Gains and losses pertaining to investing and financing activities should be reported in those activities Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	40,608,578	55,650,382
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	59,780,968	59,375,719
5	Amortization of Plant	2,751,372	3,193,842
6			
7			
8	Deferred Income Taxes (Net)	7,863,811	6,492,629
9	Investment Tax Credit Adjustment (Net)	1,612,174	3,211,925
10	Net (Increase) Decrease in Receivables	31,763,138	23,457,542
11	Net (Increase) Decrease in Inventory	44,500,024	45,268,907
12	Net (Increase) Decrease in Allowances Inventory	1,243	2,009
13	Net Increase (Decrease) in Payables and Accrued Expenses	-17,221,828	-77,668,047
14	Net (Increase) Decrease in Other Regulatory Assets	286,963	-1,810,525
15	Net Increase (Decrease) in Other Regulatory Liabilities	-1,377,401	-1,134,524
16	(Less) Allowance for Other Funds Used During Construction		
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	132,408	7,449,115
19	Other Deferred Debits	-12,407,809	-8,190,257
20	Other Deferred Credits	10,496,096	-18,543,629
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	168,789,737	96,755,088
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-91,361,036	-80,869,517
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant	-17,135,078	-5,749,979
29	Gross Additions to Nonutility Plant		
30	(Less) Allowance for Other Funds Used During Construction		
31	Other (provide details in footnote):		
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-108,496,114	-86,619,496
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2008/Q2
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STATEMENT OF CASH FLOWS

(1) Codes to be used: (a) Net Proceeds or Payments; (b) Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc

(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet

(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid

(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48	Change in Long-term Investments	6,679,588	5,458
49	Net (Increase) Decrease in Receivables		
50	Net (Increase) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):		
54	Change in Restricted Cash	125,458	-8,980,135
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-101,691,068	-95,594,173
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)	-96,885	261,799,471
62	Preferred Stock		
63	Common Stock		
64	Other (provide details in footnote):		
65	Net Increase in Long-term Capital Lease Obligations		160,832
66	Net Increase in Short-Term Debt (c)	109,863,000	19,362,000
67	Other (provide details in footnote):		
68	Net Increase in Short-term Capital Lease Obligations		388,302
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)	109,766,115	281,710,605
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)		-126,000,000
74	Preferred Stock		-91,643,112
75	Common Stock		
76	Other (provide details in footnote):	551,633	
77	Reacquisition of Long-Term Debt	-131,200,000	
78	Net Decrease in Short-Term Debt (c)		
79	Net Increase in Derivative Liabilities	-6,280,726	
80	Dividends on Preferred Stock		-4,416,712
81	Dividends on Common Stock	-40,000,000	-65,000,000
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	-68,266,244	-5,349,219
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	-1,167,575	-4,188,304
87			
88	Cash and Cash Equivalents at Beginning of Period	4,348,419	9,448,987
89			
90	Cash and Cash Equivalents at End of period	3,180,844	5,260,683

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
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FOOTNOTE DATA			

Schedule Page: 120 Line No.: 13 Column:

Restatement due to account reclassifications:

Previous Year to Date, as originally filed	\$ (78,307,446)
Plus: Adjustment for Capital Expenditure Accrual	639,399

Restated Previous Year to Date	\$ (77,668,047)

Schedule Page: 120 Line No.: 18 Column: b

Other operating cash flows:

Net salvage and cost of removal	\$ (3,470,172)
Depreciation charged to balance sheet accounts	225,291
Other changes in Net Utility Plant	136,674
Amortization of Debt Expenses	177,194
Amortization of Loss on Bonds	548,589
Net decrease in Prepayments	2,511,801
Net decrease in Miscellaneous Current and Accrued Assets	3,834
Net increase in Preliminary Survey	(106,324)
Net decrease in Clearing Accounts	498,500
Net increase in Other Comprehensive Income	1,702,280
Net decrease in Customer Advances for Construction	(715,125)
Net increase in Asset Retirement Obligations	880,233
Net decrease in Provision for Postretirement Benefits	(2,260,366)
Rounding	(1)

Total	\$ 132,408

Schedule Page: 120 Line No.: 18 Column:

Other operating cash flows:

Net salvage and cost of removal	\$ (2,336,773)
Depreciation charged to balance sheet accounts	226,090
Other changes in Net Utility Plant	(368,474)
Amortization of Debt Expenses	199,416
Amortization of Loss on Bonds	515,276
Net decrease in Prepayments	2,647,504
Net increase in Derivative Assets	698,197
Net increase in Preliminary Survey	63,688
Net decrease in Clearing Accounts	756,750
Net increase in Other Comprehensive Income	5,086,076
Net increase in Customer Advances for Construction	4,886,604
Net increase in Asset Retirement Obligations	512,879
Net decrease in Provision for Postretirement Benefits	(5,696,300)
Net adjustment to Retained Earnings (Effect of FIN 48)	258,182

Total	\$ 7,449,115

Schedule Page: 120 Line No.: 26 Column:

Restatement due to account reclassifications:

Previous Year to Date, as originally filed	\$ (85,980,097)
Plus: Gross Additions to Common Utility Plant	5,749,979
Less: Adjustment for Capital Expenditure Accrual	(639,399)

Restated Previous Year to Date	\$ (80,869,517)

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FOOTNOTE DATA			

Schedule Page: 120 Line No.: 28 Column:

Restatement due to account reclassifications:

Previous Year to Date, as originally filed	\$ -
Less: Gross Additions to Common Utility Plant	(5,749,979)

Restated Previous Year to Date	\$ (5,749,979)

Schedule Page: 120 Line No.: 76 Column: b

Other financing cash flows:

Net decrease in Short-Term Capital Lease Obligations	\$ (180,588)
Net decrease in Long-Term Capital Lease Obligations	(23,649)
Change in Restricted Cash	(347,396)

Total	\$ (551,633)

Schedule Page: 120 Line No.: 90 Column: b

Cash and cash equivalents is comprised of the following amounts:

Cash (Acct 131)	\$ 3,144,399
Temporary Cash Investments (Acct 136)	36,445

Total Cash and Cash Equivalents at End of Period	\$ 3,180,844

Schedule Page: 120 Line No.: 90 Column:

Cash and cash equivalents is comprised of the following amounts:

Cash (Acct 131)	\$ 5,225,632
Temporary Cash Investments (Acct 136)	35,051

Total Cash and Cash Equivalents at End of Period	\$ 5,260,683

Name of Respondent Louisville Gas and Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report / /	Year/Period of Report End of <u>2008/Q2</u>
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NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK
SEE PAGE 123 FOR REQUIRED INFORMATION.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

INDEX OF ABBREVIATIONS

ARO	Asset Retirement Obligation
BART	Best Available Retrofit Technology
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule
CAVR	Clean Air Visibility Rule
CCN	Certificate of Public Convenience and Necessity
Clean Air Act	The Clean Air Act, as amended in 1990
Company	Louisville Gas and Electric Company
DSM	Demand Side Management
ECR	Environmental Cost Recovery
E.ON	E.ON AG
E.ON U.S.	E.ON U.S. LLC. (formerly LG&E Energy LLC and LG&E Energy Corp.)
E.ON U.S. Services	E.ON U.S. Services Inc. (formerly LG&E Energy Services Inc.)
EPA	U.S. Environmental Protection Agency
EPAct 2005	Energy Policy Act of 2005
EUSIC	E.ON US Investments Corp.
FAC	Fuel Adjustment Clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Fidelia	Fidelia Corporation (an E.ON affiliate)
FIN	FASB Interpretation Number
GHG	Greenhouse Gas
GSC	Gas Supply Clause
IRS	Internal Revenue Service
Kentucky Commission	Kentucky Public Service Commission
KU	Kentucky Utilities Company
LG&E	Louisville Gas and Electric Company
LIBOR	London Interbank Offer Rate
MISO	Midwest Independent Transmission System Operator, Inc.
MMBtu	Million British Thermal Units
Moody's	Moody's Investor Services, Inc.
NAAQS	National Ambient Air Quality Standards
NOx	Nitrogen Oxide
PUHCA 2005	Public Utility Holding Company Act of 2005
RRO	Regional Reliability Organization
S&P	Standard & Poor's Rating Service
SERC	SERC Reliability Corporation
SFAS	Statement of Financial Accounting Standards
SIP	State Implementation Plan
SO ₂	Sulfur Dioxide
TC2	Trimble County Unit 2
VDT	Value Delivery Team Process

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Louisville Gas and Electric Company
Notes to Financial Statements
(Unaudited)

Note 1 - General

The unaudited financial statements include the accounts of the Company. LG&E's common stock is wholly-owned by E.ON U.S., an indirect wholly-owned subsidiary of E.ON. In the opinion of management, the unaudited interim financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of financial position, results of operations, retained earnings, comprehensive income and cash flows for the periods indicated. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted, although the Company believes that the disclosures are adequate to make the information presented not misleading. These unaudited financial statements and notes should be read in conjunction with the Company's annual report for the year ended December 31, 2007, including management's discussion and analysis and the audited financial statements and notes therein.

Certain reclassification entries have been made to the previous years' financial statements to conform to the 2008 presentation with no impact on net assets, liabilities and capitalization or previously reported net income and cash flows.

Presentation. The accompanying financial statements are prepared on the regulatory basis of accounting in accordance with the requirements of the FERC, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles ("GAAP"). The significant differences between GAAP and FERC reporting are as follows:

- Restricted cash is recorded in cash on the balance sheet for FERC reporting and presented as a separate line item for GAAP statements;
- Certain costs of removal obligations are recorded in accumulated depreciation for FERC reporting and recorded in regulatory liabilities for GAAP reporting;
- Long-term and short-term bonds are recorded in total in the long-term debt section for FERC reporting and are presented separately in current liabilities for the short-term portion and in long-term debt for the long-term portion for GAAP reporting; and
- Deferred taxes are shown gross for FERC reporting in the balance sheet (a deferred asset and a deferred liability are recorded), for GAAP reporting the deferred taxes are netted together and recorded as a liability.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

RECENT ACCOUNTING PRONOUNCEMENTS

SFAS No. 161

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133*, which is effective for fiscal years, and interim periods within those fiscal years, beginning on or after November 15, 2008. The objective of this statement is to enhance the current disclosure framework in SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities, as amended*. The Company is currently evaluating the impact of adoption of SFAS No. 161 on its statements of operations, financial position and cash flows.

SFAS No. 160

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements*, which is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The objective of this statement is to improve the relevance, comparability and transparency of financial information in a reporting entity's consolidated financial statements. The Company expects the adoption of SFAS No. 160 to have no impact on its statements of operations, financial position and cash flows.

SFAS No. 159

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115*. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis (the fair value option). Unrealized gains and losses on items for which the fair value option has been elected are to be recognized in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. SFAS No. 159 was adopted effective January 1, 2008 and had no impact on the statements of operations, financial position and cash flows.

SFAS No. 157

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which, except as described below, is effective for fiscal years beginning after November 15, 2007. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 does not expand the application of fair value accounting to new circumstances. In February 2008, the FASB issued FASB Staff Position 157-2, *Effective Date of FASB Statement No. 157*, which delays the effective date of SFAS No. 157 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. SFAS No. 157 was adopted effective January 1, 2008, except as it applies to those nonfinancial assets and liabilities, and had no impact on the statements of operations, financial position and cash flows, however, additional disclosures relating to its financial

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derivatives, AROs and pension assets, as required, are now provided.

Note 2 - Rates and Regulatory Matters

For a description of each line item of regulatory assets and liabilities, reference is made to LG&E's Annual Report, Note 2 of the financial statements, for the year ended December 31, 2007.

The following regulatory assets and liabilities were included in LG&E's Balance Sheets:

(in millions)	June 30, <u>2008</u>	December 31 <u>2007</u>
ARO	\$ 25	\$ 24
Unamortized loss on bonds	21	19
GSC adjustments	36	20
MISO exit	12	13
FAC	6	9
ECR	4	4
Other	<u>5</u>	<u>5</u>
Subtotal	109	94
 Pension and postretirement benefits	 <u>109</u>	 <u>110</u>
Total regulatory assets	<u>\$ 218</u>	<u>\$ 204</u>
 Accumulated cost of removal of utility plant	 \$ 246	 \$ 241
Deferred income taxes – net	47	50
Gas supply adjustments (\$3 million and \$10 million at June 30, 2008 and December 31, 2007, respectively) and other	<u>18</u>	<u>19</u>
Total regulatory liabilities	<u>\$ 311</u>	<u>\$ 310</u>

LG&E does not currently earn a rate of return on the GSC adjustments, FAC and gas performance-based ratemaking regulatory assets (included in "Other" above), all of which are separate recovery mechanisms with recovery within twelve months. No return is earned on the pension and postretirement benefits regulatory asset that represents the changes in funded status of the plans. The Company will seek recovery of this asset in future proceedings with the Kentucky Commission. No return is currently earned on the ARO asset. This regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability at the time the underlying asset is retired. The MISO exit amount represents the costs relating to the withdrawal from MISO membership. LG&E will seek recovery of this asset in future proceedings with the Kentucky Commission. LG&E currently earns a rate of return on the remaining regulatory assets. Other regulatory assets include the merger surcredit, gas performance-based ratemaking and Mill Creek Ash Pond costs. Other regulatory liabilities include DSM and MISO costs included in base rates that will be netted against costs of withdrawing from the MISO in the next base rate case.

MISO Exit. LG&E and the MISO have agreed upon overall calculation methods for the contractual exit fee to be paid by the Company following its withdrawal. In October 2006, LG&E paid approximately \$13

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NOTES TO FINANCIAL STATEMENTS (Continued)			

million to the MISO pursuant to an invoice regarding the exit fee and made related FERC compliance filings. The Company's payment of this exit fee amount was with reservation of its rights to contest the amount, or components thereof, following a continuing review of its calculation and supporting documentation. LG&E and the MISO resolved their dispute regarding the calculation of the exit fee and, in November 2007, filed an application with the FERC for approval of a recalculation agreement. In March 2008, the FERC approved the parties' recalculation of the exit fee, and the approved agreement provided LG&E with an immediate recovery of less than \$1 million and will provide an estimated \$2 million over the next eight years for credits realized from other payments the MISO will receive, plus interest. Orders of the Kentucky Commission approving the Company's exit from the MISO have authorized the establishment of a regulatory asset for the exit fee, subject to adjustment for possible future MISO credits, and a regulatory liability for certain revenues associated with former MISO administrative charges, which continue to be collected via base rates. The treatment of the regulatory asset and liability will be determined in LG&E's next base rate case, however, the Company historically has received approval to recover and refund regulatory assets and liabilities.

FAC. In January 2008, the Kentucky Commission initiated a routine examination of LG&E's FAC for the six-month period May 1, 2007 through October 31, 2007. The Kentucky Commission issued an Order in May 2008, approving the charges and credits billed through the FAC during the review period.

In August 2007, the Kentucky Commission initiated a routine examination of LG&E's FAC for the six-month period of November 1, 2006 through April 30, 2007. The Kentucky Commission issued an Order in January 2008, approving the charges and credits billed through the FAC during the review period.

ECR. In June 2008, the Kentucky Commission initiated two six-month reviews for periods ending October 31, 2007 and April 30, 2008, of LG&E's environmental surcharge. An order is anticipated by the end of the year.

In September 2007, the Kentucky Commission initiated six-month and two-year reviews for periods ending October 31, 2006 and April 30, 2007, respectively, of LG&E's environmental surcharge. The Kentucky Commission issued final Orders in March 2008, approving the charges and credits billed through the ECR during the review periods, as well as approving billing adjustments, roll-in adjustments to base rates, revisions to the monthly surcharge filing and the rates of return on capital.

Other Regulatory Matters

Base Rate Case. In July 2008, LG&E filed an application with the Kentucky Commission for increases in gas and electric base rates. See Note 10, Subsequent Events.

TC2 CCN Application and Transmission Matters. A CCN application for construction of the new base-load, coal fired unit known as TC2, which will be jointly owned by LG&E and KU, together with the Illinois Municipal Electric Agency and the Indiana Municipal Power Agency, was approved by the Kentucky Commission in November 2005.

Initial CCN applications for two transmission lines associated with the TC2 unit were approved by the

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Kentucky Commission in September 2005 and May 2006. One of those CCNs, for a line running from Jefferson County into Hardin County, was brought up for review to the Franklin Circuit Court by a group of landowners. In August 2006, LG&E, KU and the Kentucky Commission obtained dismissal of that action, on grounds that the landowners had failed to comply with the statutory procedures governing the action for review. That dismissal was appealed by the landowners to the Kentucky Court of Appeals, and in December 2007, that Court reversed the lower court's dismissal and remanded the challenge of the CCN to the Franklin Circuit Court for further proceedings. LG&E, KU and the Kentucky Commission filed for reconsideration of the appellate court's ruling, but those requests were denied in April 2008. LG&E and KU filed a motion for discretionary review with the Kentucky Supreme Court in May 2008, asking that Court to hear the matter and, ultimately, to reverse the Court of Appeals and uphold the Franklin Circuit Court's dismissal, which motion has been opposed by the counter-parties.

The referenced transmission lines are also subject to routine regulatory filings and require the acquisition of easements. All rights of way for one transmission line have been acquired. In April 2008, in proceedings involving the condemnation of an easement for a portion of the Jefferson County to Hardin County transmission line, a Meade County, Kentucky circuit court judge issued a ruling upholding the objections of two co-owners of the property crossed by the easement and dismissed that eminent domain proceeding pending the completion of the CCN appeal described above. LG&E and KU have filed responsive pleadings, including a motion to vacate that decision by the trial court and a procedural request with the Court of Appeals seeking expedited review on a petition to direct the circuit court to proceed with the eminent domain litigation. Additional condemnation proceedings involving other parcels of property to support this transmission line are also pending in neighboring Hardin County where three landowners have challenged LG&E's and KU's right to easements, on the same grounds cited by the Meade County court and other purported basis. In May and June 2008, the Hardin County Circuit Court issued rulings denying the dismissal motions, finding that LG&E and KU had established their condemnation rights and granting judgment in favor of LG&E and KU. During July 2008, the landowners filed subsequent motions in Hardin Circuit Court seeking to further challenge LG&E's and KU's condemnation right by asserting deficiencies in the air permit relating to the proposed TC2 generation unit. LG&E and KU continue to engage in settlement negotiations with the property owners. In a separate, further proceeding, certain landowners have filed a lawsuit in federal court against the U.S. Army, LG&E and KU, alleging that the U.S. Army failed to comply with Section 106 of the National Historic Preservation Act in granting an easement across Fort Knox. LG&E and KU are working with the U.S. Army in defending against the claims.

Merger Surcredit. In December 2007, LG&E submitted its plan to allow the merger surcredit to terminate as scheduled on June 30, 2008, to the Kentucky Commission. In June 2008, the Kentucky Commission issued an Order approving a settlement which provides for continuation of the merger surcredit for the period July 2008 through January 2009, which surcredits will terminate in connection with any new base rates to go into effect after January 2009. See Note 10, Subsequent Events.

VDT. In accordance with the Kentucky Commission's Order dated March 24, 2006, the VDT will terminate in the first billing month after the filing for a change in base rates. As a result of LG&E's filing of its application with the Kentucky Commission for an increase in gas and electric base rates in July 2008, the VDT terminated with the first billing cycle in August 2008, subject to a final balancing

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adjustment in September 2008.

DSM. In July 2007, LG&E and KU filed an application with the Kentucky Commission requesting an order approving enhanced versions of the existing DSM programs along with the addition of several new cost effective programs. The total annual budget for these programs is approximately \$26 million, an increase over the previous annual costs of approximately \$10 million. In March 2008, the Kentucky Commission issued an Order approving the application, with minor modifications. LG&E and KU filed revised tariffs in April 2008, under authority of this Order, which were effective in May 2008.

Mandatory Reliability Standards. As a result of the EAct 2005, certain formerly voluntary reliability standards became mandatory in June 2007, and authority was delegated to various RROs by the Electric Reliability Organization, which was authorized by the FERC to enforce compliance with such standards, including promulgating new standards. Failure to comply with mandatory reliability standards can subject a registered entity to sanctions, including potential fines of up to \$1 million per day, as well as non-monetary penalties, depending upon the circumstances of the violation. LG&E is a member of the SERC, which acts as LG&E's RRO. The SERC has assessed LG&E's compliance with certain existing mitigation plans relating to two standards resulting from a prior RRO's audit of various reliability standards, and the parties agreed in principle to a penalty of less than \$1 million in June 2008. While LG&E believes itself to be in substantial compliance with the mandatory reliability standards, LG&E cannot predict the outcome of other analyses, including on-going SERC reviews relating to six additional standards, which may be conducted regarding compliance with particular reliability standards.

Depreciation Study. In December 2007, LG&E filed a depreciation study with the Kentucky Commission as required by a previous Order. An adjustment to the depreciation rates is dependent on an order being received from the Kentucky Commission, the timing of which cannot currently be determined. A revised procedural schedule was issued in June 2008, but a hearing is not currently scheduled. In July 2008, LG&E filed a motion to consolidate the procedural schedule of the depreciation study with the application for a change in base rates. The Kentucky Commission has not yet ruled on the request.

Brownfield Development Rider Tariff. In March 2008, LG&E and KU received Kentucky Commission approval for a Brownfield Development Rider, which offers a discounted rate to electric customers who meet certain usage and location requirements, including taking new service at a brownfield site, as certified by the appropriate Kentucky state agency. The rider would permit special contracts with such customers which provide for a series of declining partial rate discounts over an initial five-year period of a longer service arrangement. The tariff is intended to promote local economic redevelopment and efficient usage of utility resources by aiding potential reuse of vacant brownfield sites.

Real-Time Pricing. In December 2006, the Kentucky Commission issued an Order indicating that the EAct 2005 Section 1252, Smart Metering and Section 1254, Interconnection standards should not be adopted. However, five Kentucky Commission jurisdictional utilities were required to file real-time pricing pilot programs for their large commercial and industrial customers. LG&E developed a real-time pricing pilot for large industrial and commercial customers and filed the details of the plan with the Kentucky Commission in April 2007. In February 2008, the Kentucky Commission issued an Order approving the real-time pricing pilot program proposed by LG&E, for implementation within

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approximately eight months, for its large commercial and industrial customers.

Collection Cycle Revision. In September 2007, LG&E filed an application with the Kentucky Commission to revise the collection cycle for customer bill payments from 15 days to 10 days to more closely align with the KU billing cycle and to avoid confusion for delinquent customers. In December 2007, the Kentucky Commission denied LG&E's request to shorten the collection cycle. LG&E filed a motion with the Kentucky Commission for reconsideration and received an Order granting approval. The Kentucky Commission issued additional data requests to LG&E in February 2008, and in April 2008, issued an Order denying LG&E's request to revise its collection cycle without prejudice for refileing the request in a base rate proceeding. In addition, as part of the base rate case filed on July 29, 2008, the Company has included revisions to its Terms and Conditions Tariffs. LG&E has again proposed to change the due date for customer bill payments from 15 days to 10 days. If approved, this proposal would synchronize the Collection Cycles for both utilities. See Note 10, Subsequent Events.

Interconnection and Net Metering Guidelines. In May 2008, the Kentucky Commission on its own motion initiated a proceeding to establish interconnection and net metering guidelines in accordance with amendments to existing statutory requirements for net metering of electricity. The jurisdictional electric utilities and intervenors in this case are to present the proposed interconnection guidelines to the Kentucky Commission in September 2008.

Note 3 - Financial Instruments

Interest Rate Swaps (hedging derivatives). LG&E uses over-the-counter interest rate swaps to hedge exposure to market fluctuations in certain of its debt instruments. The fair values of the swaps reflect price quotes from dealers. Pursuant to Company policy, use of these financial instruments is intended to mitigate risk, earnings and cash flow volatility and is not speculative in nature. LG&E was party to various interest rate swap agreements with aggregate notional amounts of \$211 million as of June 30, 2008 and December 31, 2007. Under these swap agreements, LG&E paid fixed rates averaging 4.38% and received variable rates based on LIBOR or the Securities Industry and Financial Markets Association's municipal swap index averaging 1.62% at June 30, 2008. The interest rate swaps are accounted for on a mark-to-market basis in accordance with SFAS No. 133, as amended. The swap agreements have been designated as cash flow hedges and mature on dates ranging from 2020 to 2033. The cash flow designation was assigned because the underlying variable rate debt has variable future cash flows. Financial instruments designated as highly effective cash flow hedges have resulting gains and losses recorded within other comprehensive income and stockholders' equity.

Through June, LG&E recorded a pre-tax loss of \$1 million in other comprehensive income during 2008, to reflect the ineffective portion of the interest rate swaps deemed highly effective. The interest rate swap that hedges against LG&E's \$83 million Trimble County 2000 Series A bond has been determined to be highly effective. In June, the interest rate swaps designated to hedge against LG&E's \$128 million Jefferson County 2003 Series A bond were no longer highly effective, as a result of failed auctions on the bonds. See Note 6, Short-Term and Long-Term Debt. In June 2008, LG&E recorded a \$1 million mark-to-market loss in earnings on the interest rate swaps deemed ineffective related to the Jefferson County 2003 Series A bond. Amounts recorded in accumulated other comprehensive income will be

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reclassified into earnings in the same period during which the hedged forecasted transaction affects earnings. The amount expected to be reclassified from other comprehensive income to earnings in the next twelve months is less than \$1 million. A deposit in the amount of \$12 million, used as collateral for one of the interest rate swaps, is classified as restricted cash on the balance sheet. The amount of the deposit required is tied to the market value of the swap.

Energy Trading and Risk Management Activities (non-hedging derivatives). LG&E conducts energy trading and risk management activities to maximize the value of power sales from physical assets it owns. Energy trading activities are principally forward financial transactions to hedge price risk and are accounted for on a mark-to-market basis in accordance with SFAS No. 133, as amended.

No changes to valuation techniques for energy trading and risk management activities occurred during 2008 or 2007. Changes in market pricing, interest rate and volatility assumptions were made during both years. All contracts outstanding at June 30, 2007, had a maturity of less than one year. There were no contracts outstanding at June 30, 2008. Energy trading and risk management contracts are valued using Level 2, prices actively quoted for proposed or executed transactions or quoted by brokers or observable inputs other than quoted prices.

Effective January 1, 2008, LG&E adopted the required provisions of SFAS No. 157, excluding the exceptions related to nonfinancial assets and liabilities, which will be adopted effective January 1, 2009, consistent with FASB Staff Position 157-2. LG&E has classified the applicable financial assets and liabilities that are accounted for at fair value into the three levels of the fair value hierarchy, as defined by SFAS No. 157. The following table sets forth by level within the fair value hierarchy LG&E's financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2008. There are no Level 1 or Level 3 measurements for this period.

Recurring Fair Value Measurements (in millions)	<u>Level 2</u>
Liabilities:	
Interest rate swaps	\$22
Energy marketing contracts	-
Total	<u>\$22</u>

Note 4 - Pension and Other Postretirement Benefit Plans

The following table provides the components of net periodic benefit cost for pension and other benefit plans:

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	Three Months Ended				Six Months Ended			
	June 30,				June 30,			
	Pension		Other		Pension		Other	
	<u>Benefits</u>		<u>Postretirement</u>		<u>Benefits</u>		<u>Postretirement</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
(in millions)								
Service cost	\$ 1	\$ 2	\$ -	\$ 1	\$ 2	\$ 3	\$ -	\$ 1
Interest cost	7	5	1	1	13	13	3	2
Expected return on plan assets	(8)	(7)	-	-	(16)	(18)	-	-
Amortization of prior service costs	1	1	-	-	3	3	1	1
Amortization of actuarial loss	-	-	1	-	-	1	-	-
Benefit cost	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 4</u>

Net periodic benefit costs incurred by employees of LG&E are reflected in both utility plant on the balance sheets and in operating expense on the income statements. The above costs do not include allocations of net periodic benefit costs from affiliates whose employees provide services to LG&E.

The pension plans are funded in accordance with all applicable requirements of the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code. In March 2008, LG&E made contributions to other postretirement benefit plans of approximately \$2 million. LG&E anticipates making further voluntary contributions in 2008 to fund the Voluntary Employee Beneficiary Association trusts to match the annual postretirement expense and funding the postretirement medical account under the pension plan up to the maximum amount allowed by law. See Note 10, Subsequent Events.

Note 5 - Income Taxes

A United States consolidated income tax return is filed by E.ON U.S.'s direct parent, EUSIC, for each tax period. Each subsidiary of the consolidated tax group, including LG&E, calculates its separate income tax for each tax period. The resulting separate-return tax cost or benefit is paid to or received from the parent company or its designee. LG&E also files income tax returns in various state jurisdictions. With few exceptions, LG&E is no longer subject to U.S. federal income tax examinations for years before 2004. Statutes of limitations related to 2004 and later returns are still open. Tax years 2005, 2006 and 2007 are under audit by the IRS with the 2007 return being examined under an IRS pilot program named "Compliance Assurance Process". This program accelerates the IRS's review to begin during the year applicable to the return and ends 90 days after the return is filed.

LG&E adopted the provisions of FIN 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of SFAS No. 109*, effective January 1, 2007. At the date of adoption, LG&E had \$1 million of unrecognized tax benefits related to federal and state income taxes. If recognized, the amount of unrecognized tax benefits would reduce the effective income tax rate. Possible amounts of uncertain tax positions for LG&E that may decrease within the next 12 months total less than \$1 million, and are based on the expiration of statutes during 2008.

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The amount LG&E recognized as interest accrued related to unrecognized tax benefits in interest expense was less than \$1 million at June 30, 2008 and December 31, 2007. The interest accrued is based on IRS and Kentucky Department of Revenue large corporate interest rates for underpayment of taxes. At the date of adoption, LG&E accrued less than \$1 million in interest expense on uncertain tax positions. No penalties were accrued by LG&E upon adoption of FIN 48, or through June 30, 2008.

In June 2006, LG&E and KU filed a joint application with the U.S. Department of Energy ("DOE") requesting certification to be eligible for investment tax credits applicable to the construction of TC2. In November 2006, the DOE and the IRS announced that LG&E and KU were selected to receive the tax credit. A final IRS certification required to obtain the investment tax credit was received in August 2007. In September 2007, LG&E received an Order from the Kentucky Commission approving the accounting of the investment tax credit. LG&E's portion of the TC2 tax credit will be approximately \$25 million over the construction period and will be amortized to income over the life of the related property beginning when the facility is placed in service. Based on eligible construction expenditures incurred, LG&E recorded investment tax credits of \$2 million and \$3 million during the three months ended June 30, 2008 and 2007, respectively, and \$4 million and \$5 million during the six months ended June 30, 2008 and 2007, respectively, decreasing current federal income taxes.

In March 2008, certain environmental and preservation groups filed suit in federal court in North Carolina against the DOE and IRS claiming the investment tax credit program was in violation of certain environmental laws and demanded relief, including suspension or termination of the program. LG&E is monitoring, but is not currently a party to, this proceeding and is not able to predict the ultimate outcome of this matter.

Note 6 - Short-Term and Long-Term Debt

LG&E maintains bilateral lines of credit totaling \$125 million which mature in June 2012. As of June 30, 2008, there was no balance outstanding under any of these facilities.

Pollution control series bonds are obligations of LG&E issued in connection with tax-exempt pollution control revenue bonds issued by various governmental entities, principally counties in Kentucky. A loan agreement obligates LG&E to make debt service payments to the county that equate to the debt service due from the county on the related pollution control revenue bonds. Until a series of financing transactions was completed during April 2007, the county's debt was also secured by an equal amount of LG&E's first mortgage bonds that were pledged to the trustee for the pollution control revenue bonds that match the terms and conditions of the county's debt, but require no payment of principal and interest unless LG&E defaults on the loan agreement.

Several of the LG&E pollution control bonds are insured by monoline bond insurers whose ratings have been under pressure due to exposures relating to insurance of sub-prime mortgages. At June 30, 2008, LG&E had an aggregate \$574 million of outstanding pollution control indebtedness, of which \$263 million is in the form of insured auction rate securities wherein interest rates are reset either weekly or every 35 days via an auction process. Beginning in late 2007, the interest rates on these insured bonds began to increase due to investor concerns about the creditworthiness of the bond insurers. In 2008,

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interest rates have continued to increase, and the Company has experienced “failed auctions” where there are insufficient bids for the bonds. When there is a failed auction, the interest rate is set pursuant to a formula stipulated in the indenture, which can be as high as 15%. During the six months ended June 30, 2008 and 2007, the average rate on the auction rate bonds was 4.81% and 3.30%, respectively. The instruments governing these auction rate bonds permit LG&E to convert the bonds to other interest rate modes, such as various short-term variable rates, long-term fixed rates or intermediate-term fixed rates that are reset infrequently. In the first six months of 2008, the ratings of the Louisville Metro 2003 Series A bonds were downgraded from Aaa to A2 by Moody’s and from AAA to A-, and subsequently to BBB+, by S&P due to downgrades of the bond insurer. The ratings of the following bonds were downgraded from Aaa to Aa3 by Moody’s and from AAA to AA by S&P due to downgrades of the bond insurer: Trimble County 2000 Series A, Jefferson County 2000 Series A, Jefferson County 2001 Series A, Trimble County 2002 Series A, Louisville Metro 2005 Series A, Louisville Metro 2007 Series A and B and Trimble County 2007 Series A.

In February 2008, LG&E issued a notice to bondholders of its intention to convert the Louisville Metro 2005 Series A and 2007 Series A and B bonds from the auction rate mode to a weekly interest rate mode, as permitted under the loan documents. These conversions were completed in March 2008, for the 2005 Series, and in April 2008, for the two 2007 Series. In connection with the conversions, LG&E purchased the bonds from the remarketing agent.

In March 2008, LG&E issued notices to bondholders of its intention to convert the Jefferson County 2000 Series A bonds from the auction mode to a weekly interest rate mode, as permitted under the loan documents. The conversion was completed in May 2008. In connection with the conversion, LG&E purchased the bonds from the remarketing agent.

In June 2008, LG&E issued notices to bondholders of its intention to convert the Louisville Metro 2003 Series A bonds from the auction mode to a weekly interest rate mode, as permitted under the loan documents. The conversion was completed in July 2008. In connection with the conversion, LG&E purchased the bonds from the remarketing agent. See Note 10, Subsequent Events.

As of June 30, 2008, LG&E had repurchased bonds in the amount of \$131 million, including the Louisville Metro 2005 Series A and 2007 Series A and B bonds and the Jefferson County 2000 Series A bonds. LG&E will hold some or all of such repurchased bonds until a later date, at which time LG&E may refinance, remarket or further convert such bonds. Uncertainty in markets relating to auction rate securities or steps LG&E has taken or may take to mitigate such uncertainty, such as additional conversions, subsequent restructurings or redemption and refinancing, could result in LG&E incurring increased interest expense, transaction expenses or other costs and fees or experiencing reduced liquidity relating to existing or future pollution control financing structures.

LG&E participates in an intercompany money pool agreement wherein E.ON U.S. and/or KU make funds available to LG&E at market-based rates (based on highly rated commercial paper issues) of up to \$400 million. Details of the balances are as follows:

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	<u>Total Money Pool Available</u>	<u>Amount Outstanding</u>	<u>Balance Available</u>	<u>Average Interest Rate</u>
(\$ in millions)				
June 30, 2008	\$400	\$188	\$212	2.43%
December 31, 2007	\$400	\$ 78	\$322	4.75%

E.ON U.S. maintains a revolving credit facility totaling \$311 million at June 30, 2008 and \$150 million at December 31, 2007, to ensure funding availability for the money pool. The revolving facility as of June 30, 2008, is split into two separate loans totaling \$311 million. One facility, totaling \$150 million, is with E.ON North America, Inc., while the second, totaling \$161 million, is with Fidelia; both are affiliated companies. The facility as of December 31, 2007, is with E.ON North America, Inc. The balances are as follows:

	<u>Total Available</u>	<u>Amount Outstanding</u>	<u>Balance Available</u>	<u>Average Interest Rate</u>
(\$ in millions)				
June 30, 2008	\$311	\$220	\$91	3.17%
December 31, 2007	\$150	\$ 62	\$88	4.97%

There were no redemptions or issuances of long-term debt year-to-date through June 30, 2008.

Note 7 - Commitments and Contingencies

Except as may be discussed in this quarterly report (including Note 2), material changes have not occurred in the current status of various commitments or contingent liabilities from that discussed in LG&E's Annual Report for the year ended December 31, 2007 (including in Notes 2 and 9 to the financial statements of LG&E contained therein). See the above-referenced notes in LG&E's Annual Report regarding such commitments or contingencies.

Construction Program. LG&E had approximately \$70 million of commitments in connection with its construction program at June 30, 2008.

In June 2006, LG&E and KU entered into a construction contract regarding the TC2 project. The contract is generally in the form of a lump-sum, turnkey agreement for the design, engineering, procurement, construction, commissioning, testing and delivery of the project, according to designated specifications, terms and conditions. The contract price and its components are subject to a number of potential adjustments which may serve to increase or decrease the ultimate construction price paid or payable to the contractor. The contract also contains standard representations, covenants, indemnities, termination and other provisions for arrangements of this type, including termination for convenience or for cause rights.

TC2 Air Permit. The Sierra Club and other environmental groups filed a petition challenging the air permit issued for the TC2 baseload generating unit which was issued by the Kentucky Division for Air Quality in November 2005. The filing of the challenge did not stay the permit, so the Company was free to proceed with construction during the pendency of the action. In June 2007, the state hearing officer

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assigned to the matter recommended upholding the air permit with minor revisions. In September 2007, the Secretary of the Kentucky Environmental and Public Protection Cabinet issued a final Order approving the hearing officer's recommendation and upholding the permit. In September 2007, LG&E administratively applied for a permit revision to reflect minor design changes. In October 2007, the environmental groups submitted comments objecting to the draft permit revisions and, in part, attempting to reassert general objections to the generating unit. In January 2008, the Kentucky Division for Air Quality issued a final permit revision. The environmental groups did not appeal the final Order upholding the permit or file a petition challenging the permit revision by the applicable deadlines. However, in October 2007, the environmental groups filed a lawsuit in federal court seeking an order for the EPA to grant or deny their pending petition for the EPA to "veto" the state air permit and in April 2008, they filed a petition seeking veto of the permit revision. The Company is currently unable to determine the final outcome of this matter or the impact of an unfavorable determination upon the Company's financial condition or results of operations.

Environmental Matters. LG&E's operations are subject to a number of environmental laws and regulations, governing, among other things, air emissions, wastewater discharges, the use, handling and disposal of hazardous substances and wastes, soil and groundwater contamination and employee health and safety.

Clean Air Act Requirements. The Clean Air Act establishes a comprehensive set of programs aimed at protecting and improving air quality in the United States by, among other things, controlling stationary sources of air emissions such as power plants. While the general regulatory framework for these programs is established at the federal level, most of the programs are implemented and administered by the states under the oversight of the EPA. The key Clean Air Act programs relevant to LG&E's business operations are described below.

Ambient Air Quality. The Clean Air Act requires the EPA to periodically review the available scientific data for six criteria pollutants and establish concentration levels in the ambient air sufficient to protect the public health and welfare with an extra margin for safety. These concentration levels are known as NAAQS. Each state must identify "nonattainment areas" within its boundaries that fail to comply with the NAAQS and develop a SIP to bring such nonattainment areas into compliance. If a state fails to develop an adequate plan, the EPA must develop and implement a plan. As the EPA increases the stringency of the NAAQS through its periodic reviews, the attainment status of various areas may change, thereby triggering additional emission reduction obligations under revised SIPs aimed to achieve attainment.

In 1997, the EPA established new NAAQS for ozone and fine particulates that required additional reductions in SO₂ and NO_x emissions from power plants. In 1998, the EPA issued its final "NO_x SIP Call" rule requiring reductions in NO_x emissions of approximately 85% from 1990 levels in order to mitigate ozone transport from the midwestern U.S. to the northeastern U.S. To implement the new federal requirements, Kentucky amended its SIP in 2002 to require electric generating units to reduce their NO_x emissions to 0.15 pounds weight per MMBtu on a company-wide basis. In 2005, the EPA issued the CAIR which requires additional SO₂ emission reductions of 70% and NO_x emission reductions of 65% from 2003 levels. The CAIR provides for a two-phase cap and trade program, with initial reductions of NO_x

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and SO₂ emissions due by 2009 and 2010, respectively, and final reductions due by 2015. In 2006, Kentucky proposed to amend its SIP to adopt state requirements similar to those under the federal CAIR. Depending on the level of action determined necessary to bring local nonattainment areas into compliance with the new ozone and fine particulate standards, LG&E's power plants are potentially subject to additional reductions in SO₂ and NO_x emissions. In March 2008, the EPA issued a revised NAAQS for ozone, which contains a more stringent standard than that contained in the previous regulation. At present, LG&E is unable to determine what, if any, additional requirements may be imposed to achieve compliance with the new ozone standard.

In July 2008, a federal appeals court issued a ruling vacating the CAIR, which decision may be subject to rehearing or other subsequent proceedings. LG&E, KU and industry parties are monitoring these further proceedings. Depending upon the course of such matters, the CAIR could be superseded by new or revised NO_x or SO₂ regulations with different or more stringent requirements and SIPs which incorporate CAIR requirements could be subject to revision. LG&E is also reviewing aspects of its compliance plan relating to the CAIR, including scheduled or contracted pollution control construction programs. Finally, as discussed below, the current invalidation of the CAIR results in some uncertainty with respect to certain other EPA or state programs and proceedings and LG&E's and KU's compliance plans relating thereto, due to the interconnection of the CAIR and CAIR-associated steps with such associated programs. At present, LG&E is not able to predict the outcomes of the legal and regulatory proceedings related to the CAIR and whether such outcomes could have a material effect on the Company's financial or operational conditions.

Hazardous Air Pollutants. As provided in the 1990 amendments to the Clean Air Act, the EPA investigated hazardous air pollutant emissions from electric utilities and submitted a report to Congress identifying mercury emissions from coal-fired power plants as warranting further study. In 2005, the EPA issued the CAMR establishing mercury standards for new power plants and requiring all states to issue new SIPs including mercury requirements for existing power plants. The EPA issued a model rule which provides for a two-phase cap and trade program with initial reductions due by 2010 and final reductions due by 2018. The CAMR provides for reductions of 70% from 2003 levels. The EPA closely integrated the CAMR and CAIR programs to ensure that the 2010 mercury reduction targets would be achieved as a "co-benefit" of the controls installed for purposes of compliance with the CAIR.

In February 2008, a federal appellate court issued a decision vacating the CAMR. The parties are currently evaluating the possibility of seeking review in the U.S. Supreme Court. Depending on the final outcome of the pending appeal, the CAMR could be superceded by new mercury reduction rules with different or more stringent requirements. Kentucky has subsequently proposed to repeal the corresponding state mercury regulations. In addition, in 2006, the Metro Louisville Air Pollution Control District adopted rules aimed at regulating additional hazardous air pollutants from sources including power plants. At present, LG&E is not able to predict the outcomes of the legal and regulatory proceedings related to the CAMR and whether such outcomes could have a material effect on the Company's financial or operational conditions.

Acid Rain Program. The 1990 amendments to the Clean Air Act imposed a two-phased cap and trade

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program to reduce SO₂ emissions from power plants that were thought to contribute to “acid rain” conditions in the northeastern U.S. The 1990 amendments also contained requirements for power plants to reduce NO_x emissions through the use of available combustion controls.

Regional Haze. The Clean Air Act also includes visibility goals for certain federally designated areas, including national parks, and requires states to submit SIPs that will demonstrate reasonable progress toward preventing future impairment and remedying any existing impairment of visibility in those areas. In 2005, the EPA issued its CAVR detailing how the Clean Air Act’s BART requirements will be applied to facilities, including power plants, built between 1962 and 1974 that emit certain levels of visibility impairing pollutants. Under the final rule, as the CAIR will result in more visibility improvement than BART, states are allowed to substitute CAIR requirements in their regional haze SIPs in lieu of controls that would otherwise be required by BART. The final rule has been challenged in the courts. Additionally, because the regional haze SIPs incorporate certain CAIR requirements, the final outcome of the challenge to CAIR could potentially impact regional haze SIPs. See “Ambient Air Quality” above for a discussion of CAIR-related uncertainties.

Installation of Pollution Controls. Many of the programs under the Clean Air Act utilize cap and trade mechanisms that require a company to hold sufficient emissions allowances to cover its authorized emissions on a company-wide basis and do not require installation of pollution controls on every generating unit. Under cap and trade programs, companies are free to focus their pollution control efforts on plants where such controls are particularly efficient and utilize the resulting emission allowances for smaller plants where such controls are not cost effective. LG&E had previously installed flue gas desulfurization equipment on all of its generating units prior to the effective date of the acid rain program. LG&E’s strategy for its Phase II SO₂ requirements, which commenced in 2000, is to use accumulated emission allowances to defer additional capital expenditures and LG&E will continue to evaluate improvements to further reduce SO₂ emissions. In order to achieve the NO_x emission reductions mandated by the NO_x SIP Call, LG&E installed additional NO_x controls, including selective catalytic reduction technology, during the 2000 through 2007 time period at a cost of \$197 million. In 2001, the Kentucky Commission granted recovery in principal of these costs incurred by LG&E under its periodic environmental surcharge mechanisms. Such monthly recovery is subject to periodic review by the Kentucky Commission.

In order to achieve mandated emissions reductions, LG&E expects to incur additional capital expenditures totaling \$130 million during the 2008 through 2010 time period for pollution control equipment, and additional operating and maintenance costs in operating such controls. In 2005, the Kentucky Commission granted approval to recover the costs incurred by LG&E for these projects through the ECR mechanism. Such monthly recovery is subject to periodic review by the Kentucky Commission. LG&E believes its costs in reducing SO₂, NO_x and mercury emissions to be comparable to those of similarly situated utilities with like generation assets. LG&E’s compliance plans are subject to many factors including developments in the emission allowance and fuels markets, future legislative and regulatory enactments, legal proceedings and advances in clean air technology. LG&E will continue to monitor these developments to ensure that its environmental obligations are met in the most efficient and cost-effective manner. See “Ambient Air Quality” above for a discussion of CAIR-related uncertainties.

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Potential GHG Controls. In 2005, the Kyoto Protocol for reducing GHG emissions took effect, obligating 37 industrialized countries to undertake substantial reductions in GHG emissions. The U.S. has not ratified the Kyoto Protocol and there are currently no mandatory GHG emission reduction requirements at the federal level. Legislation mandating GHG reductions has been introduced in the Congress, but no federal legislation has been enacted to date. In the absence of a program at the federal level, various states have adopted their own GHG emission reduction programs. Such programs have been adopted in various states including 11 northeastern U.S. states and the District of Columbia under the Regional GHG Initiative program and California. Substantial efforts to pass federal GHG legislation are ongoing. In April 2007, the U.S. Supreme Court ruled that the EPA has the authority to regulate GHG under the Clean Air Act. LG&E is monitoring ongoing efforts to enact GHG reduction requirements at the state and federal level and is assessing potential impacts of such programs and strategies to mitigate those impacts. LG&E is unable to predict whether mandatory GHG reduction requirements will ultimately be enacted. As a Company with significant coal-fired generating assets, LG&E could be substantially impacted by programs requiring mandatory reductions in GHG emissions, although the precise impact on the operations of LG&E, including the reduction targets and deadlines that would be applicable, cannot be determined prior to the enactment of such programs.

Section 114 Requests. In August 2007, the EPA issued administrative information requests under Section 114 of the Clean Air Act requesting new source review-related data regarding certain projects undertaken at LG&E's Mill Creek 4 and Trimble County 1 generating units and KU's Ghent 2 generating unit. The Companies have complied with the information requests and are not able to predict further proceedings in this matter at this time.

General Environmental Proceedings. From time to time, LG&E appears before the EPA, various state or local regulatory agencies and state and federal courts regarding matters involving compliance with applicable environmental laws and regulations. Such matters include remediation obligations for former manufactured gas plant sites; liability under the Comprehensive Environmental Response, Compensation and Liability Act for cleanup at various off-site waste sites; ongoing claims regarding alleged particulate emissions from LG&E's Cane Run station and ongoing claims regarding GHG emissions from LG&E's generating stations. With respect to the former manufactured gas plant sites, LG&E has estimated that it could incur additional costs of less than \$1 million for remaining clean-up activities under existing approved plans or agreements. Based on analysis to date, the resolution of these matters is not expected to have a material impact on the operations of LG&E.

Note 8 - Segments of Business

LG&E's revenues, net income and total assets by business segment follow:

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Louisville Gas and Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2008/Q2
NOTES TO FINANCIAL STATEMENTS (Continued)			

(in millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
LG&E Electric				
Revenues	\$ 240	\$ 226	\$ 464	\$ 449
Net income	21	26	33	47
Total assets	2,632	2,558	2,632	2,558
LG&E Gas				
Revenues	58	51	248	203
Net income	(2)	(2)	7	9
Total assets	665	597	665	597
Total				
Revenues	298	277	712	652
Net income	19	24	40	56
Total assets	3,297	3,155	3,297	3,155

Note 9 - Related Party Transactions

LG&E, subsidiaries of E.ON U.S. and subsidiaries of E.ON engage in related party transactions. Transactions between LG&E and E.ON U.S. subsidiaries are eliminated upon consolidation of E.ON U.S. Transactions between LG&E and E.ON subsidiaries are eliminated upon consolidation of E.ON. These transactions are generally performed at cost and are in accordance with FERC regulations under PUHCA 2005 and the applicable Kentucky Commission regulations. The significant related party transactions are disclosed below.

Electric Purchases

LG&E and KU purchase energy from each other in order to effectively manage the load of their retail and wholesale customers. These sales and purchases are included in the statements of income as electric operating revenues and purchased power operating expense. LG&E intercompany electric revenues and purchased power expense were as follows:

(in millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Electric operating revenues from KU	\$25	\$23	\$51	\$53
Purchased power from KU	14	8	29	26

Interest Charges

See Note 6, Short-Term and Long-Term Debt, for details of intercompany borrowing arrangements. Intercompany agreements do not require interest payments for receivables related to services provided

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Louisville Gas and Electric Company			2008/Q2
NOTES TO FINANCIAL STATEMENTS (Continued)			

when settled within 30 days.

LG&E's intercompany interest expense was as follows:

(in millions)	Three Months Ended		Six Months Ended	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Interest on money pool loans	\$ 1	\$ 1	\$ 2	\$ 1
Interest on Fidelity loans	6	5	10	7

Other Intercompany Billings

E.ON U.S. Services provides LG&E with a variety of centralized administrative, management and support services. These charges include payroll taxes paid by E.ON U.S. on behalf of LG&E, labor and burdens of E.ON U.S. Services employees performing services for LG&E, coal purchases and other vouchers paid by E.ON U.S. Services on behalf of LG&E. The cost of these services is directly charged to LG&E, or for general costs which cannot be directly attributed, charged based on predetermined allocation factors, including the following ratios: number of customers, total assets, revenues, number of employees and other statistical information. These costs are charged on an actual cost basis.

In addition, LG&E and KU provide services to each other and to E.ON U.S. Services. Billings between LG&E and KU relate to labor and overheads associated with union employees performing work for the other utility, charges related to jointly-owned generating units and other miscellaneous charges. Billings from LG&E to E.ON U.S. Services include cash received by E.ON U.S. Services on behalf of LG&E, primarily tax settlements, and other payments made by LG&E on behalf of other non-regulated businesses which are reimbursed through E.ON U.S. Services.

Intercompany billings to and from LG&E were as follows:

(in millions)	Three Months Ended		Six Months Ended	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
E.ON U.S. Services billings to LG&E	\$60	\$154	\$102	\$277
LG&E billings to KU	4	23	5	33
KU billings to LG&E	14	8	37	22
LG&E billings to E.ON U.S. Services	1	28	3	29

In June 2008, LG&E transferred assets related to Trimble County Unit 2 with a net book value of \$10 million to KU.

In March 2008, LG&E paid a dividend of \$40 million to its common shareholder, E.ON U.S.

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Louisville Gas and Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2008/Q2
NOTES TO FINANCIAL STATEMENTS (Continued)			

Note 10 - Subsequent Events

On July 3, 2008, LG&E made contributions to other postretirement benefit plans of approximately \$2 million.

On July 9, 2008, the Louisville Metro 2003 Series A bonds were converted from an auction rate mode to a weekly interest rate mode. In connection with the conversion, LG&E purchased the bonds from the remarketing agent.

On July 25, 2008, LG&E borrowed \$25 million from Fidelity for a period of 10 years at a fixed rate of 6.21%. The loan is unsecured.

On July 29, 2008, LG&E filed an application with the Kentucky Commission for increases in gas base rates of approximately 4.5% or \$30 million annually and in electric base rates of approximately 2.0% or \$15 million annually. LG&E has requested the increases based on the twelve month test year ended April 30, 2008. LG&E requested new base rates to become effective on and after September 1, 2008. In conjunction with the filing of the application for changes in base rates, based on previous Orders by the Kentucky Commission approving settlement agreements among all interested parties, the VDT terminated in August 2 2008, and the merger surcredit will terminate upon the implementation of new base rates. Under Kentucky Commission practice, new rates will most likely be suspended an additional five months with an effective date on and after February 1, 2009, subject to refund if an order is not issued by such time. The rate review proceeding, which will likely involve opposition filings by intervenors or other third-parties, should be completed in early 2009, subject to a number of factors.

Note 11 - Notes to Statement of Cash Flows

Supplemental disclosures of cash flow information

(in millions)	<u>2008</u>	<u>2007</u>
Cash paid during the period for:		
Income Taxes	\$ 25	\$ 41
Interest on borrowed money	11	11
Interest to affiliated companies on borrowed money	11	5

Note 12 - Notes to Statement of Income for the Year

See page 115, line 6, column (g). Electric Utility Depreciation Expense includes \$3 million applicable to Common Utility Plant apportioned to Electric Operations.

See page 115, line 6, column (i). Gas Utility Depreciation Expense includes \$1 million applicable to Common Utility Plant apportioned to Gas Operations.

See page 115, line 8, column (g). Electric Utility Amortization and Depletion of Utility Plant includes \$2 million applicable to Common Utility Plant apportioned to Electric Operations.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

See page 115, line 8, column (i). Gas Utility Amortization and Depletion of Utility Plant includes \$1 million applicable to Common Utility Plant apportioned to Gas Operations.

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2008/Q2
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STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

- Report in columns (b),(c),(d) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate
- Report in columns (f) and (g) the amounts of other categories of other cash flow hedges
- For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year				(3,599,009)
2	Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
3	Preceding Quarter/Year to Date Changes in Fair Value				(57,875)
4	Total (lines 2 and 3)				(57,875)
5	Balance of Account 219 at End of Preceding Quarter/Year				(3,656,884)
6	Balance of Account 219 at Beginning of Current Year				(3,656,884)
7	Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
8	Current Quarter/Year to Date Changes in Fair Value				
9	Total (lines 7 and 8)				
10	Balance of Account 219 at End of Current Quarter/Year				(3,656,884)

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of 2008/Q2
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STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges [Specify] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 78) (i)	Total Comprehensive Income (j)
1	(5,706,648)		(9,305,657)		
2					
3	(3,768,652)		(3,826,527)		
4	(3,768,652)		(3,826,527)	120,383,365	116,556,838
5	(9,475,300)		(13,132,184)		
6	(9,475,300)		(13,132,184)		
7					
8	1,702,280		1,702,280		
9	1,702,280		1,702,280	40,608,578	42,310,858
10	(7,773,020)		(11,429,904)		

Name of Respondent Louisville Gas and Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo. Da, Yr) / /	Year/Period of Report End of 2008/Q2
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION					
Report in Column (c) the amount for electric function. in column (d) the amount for gas function. in column (e), (f), and (g) report other (specify) and in column (h) common function.					
Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)		
1	Utility Plant				
2	In Service				
3	Plant in Service (Classified)	3,990,311,964	3,253,298,506		
4	Property Under Capital Leases	2,876,958	2,876,958		
5	Plant Purchased or Sold				
6	Completed Construction not Classified	54,016,819	35,251,534		
7	Experimental Plant Unclassified				
8	Total (3 thru 7)	4,047,205,741	3,291,426,998		
9	Leased to Others				
10	Held for Future Use	4,831,575	4,831,575		
11	Construction Work in Progress	347,880,727	253,662,683		
12	Acquisition Adjustments				
13	Total Utility Plant (8 thru 12)	4,399,918,043	3,549,921,256		
14	Accum Prov for Depr, Amort, & Depl	1,909,947,086	1,610,199,405		
15	Net Utility Plant (13 less 14)	2,489,970,957	1,939,721,851		
16	Detail of Accum Prov for Depr, Amort & Depl				
17	In Service:				
18	Depreciation	1,887,832,958	1,608,390,178		
19	Amort & Depl of Producing Nat Gas Land/Land Right				
20	Amort of Underground Storage Land/Land Rights	800			
21	Amort of Other Utility Plant	20,304,201	100		
22	Total In Service (18 thru 21)	1,908,137,959	1,608,390,278		
23	Leased to Others				
24	Depreciation				
25	Amortization and Depletion				
26	Total Leased to Others (24 & 25)				
27	Held for Future Use				
28	Depreciation	1,809,127	1,809,127		
29	Amortization				
30	Total Held for Future Use (28 & 29)	1,809,127	1,809,127		
31	Abandonment of Leases (Natural Gas)				
32	Amort of Plant Acquisition Adj				
33	Total Accum Prov (equals 14) (22,26,30,31,32)	1,909,947,086	1,610,199,405		

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da, Yr) / /	Year/Period of Report End of 2008/Q2
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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
556,647,203				180,366,255	3
					4
					5
14,641,114				4,124,171	6
					7
571,288,317				184,490,426	8
					9
					10
55,181,562				39,036,482	11
					12
626,469,879				223,526,908	13
213,411,652				86,336,029	14
413,058,227				137,190,879	15
					16
					17
213,410,852				66,031,928	18
					19
800					20
				20,304,101	21
213,411,652				86,336,029	22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
213,411,652				86,336,029	33

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2008/Q2</u>
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ELECTRIC PLANT IN SERVICE AND ACCUMULATED PROVISION FOR DEPRECIATION BY FUNCTION

1. Report below the original cost of plant in service by function. In addition to Account 101, include Account 102, and Account 106. Report in column (b) the original cost of plant in service and in column(c) the accumulated provision for depreciation and amortization by function

Line No.	Item (a)	Plant in Service Balance at End of Quarter (b)	Accumulated Depreciation and Amortization Balance at End of Quarter (c)
1	Intangible Plant	2,340	100
2	Steam Production Plant	1,962,823,231	1,010,999,640
3	Nuclear Production Plant		
4	Hydraulic Production - Conventional	29,738,481	7,653,157
5	Hydraulic Production - Pumped Storage		
6	Other Production	226,131,817	50,312,842
7	Transmission	255,694,069	138,781,756
8	Distribution	800,328,053	389,011,707
9	Regional Transmission and Market Operation		
10	General	16,709,007	13,440,203
11	TOTAL (Total of lines 1 through 10)	3,291,426,998	1,610,199,405

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of 2008/Q2
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OTHER REGULATORY ASSETS (Account 182.3)

- Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
- Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than \$50,000 which ever is less), may be grouped by classes.
- For Regulatory Assets being amortized, show period of amortization.

Line No	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS		Balance at end of Current Quarter/Year (f)
				Written off During the Quarter/Year Account Charged (d)	Written off During the Period Amount (e)	
1	SFAS 158 - Pension and Postretirement	109,420,059				109,420,059
2	Asset Retirement Obligation - Electric	19,362,579	413,204	407	20,724	19,755,059
3	Asset Retirement Obligation - Gas	5,310,749	112,713	407	2,803	5,420,659
4	Asset Retirement Obligation - Common	23,517	382	407	9	23,890
5	MISO Exit Fee	12,386,562		426	43,509	12,343,053
6	Mill Creek Ash Pond Recovered through ECR					
7	(May-06 to Apr-10)	3,954,280	529,073	501	710,987	3,772,366
8						
9						
10						
11						
12						
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41						
42						
43						
44	TOTAL	150,457,746	1,055,372		778,032	150,735,086

OTHER REGULATORY LIABILITIES (Account 254)

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than \$50,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	DEBITS		Credits (e)	Balance at End of Current Quarter/Year (f)
			Account Credited (c)	Amount (d)		
1	SFAS 109 - Income Taxes	48,779,311	190,282	1,608,406	64,386	47,235,291
2	MISO Schedule 10 Charges	5,291,418			835,488	6,126,906
3	Asset Retirement Obligation - Electric	231,830			6,360	238,190
4	Asset Retirement Obligation - Gas	123,975			13,775	137,750
5						
6						
7						
8						
9						
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11						
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33						
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35						
36						
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38						
39						
40						
41	TOTAL	54,426,534		1,608,406	920,009	53,738,137

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) / /	Year/Period of Report End of 2008 Q2
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ELECTRIC OPERATING REVENUES (Account 400)

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (d), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. Report number of customers, columns (h) and (g), on the basis of meters, in addition to the number of flat rate accounts, except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
4. If increases or decreases from previous period (columns (d), (e), and (g)) are not derived from previously reported figures, explain any inconsistencies in a footnote.

Line No	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	139,253,650	
3	(442) Commercial and Industrial Sales		
4	Small (or Comm) (See Instr. 4)	116,179,723	
5	Large (or Ind) (See Instr. 4)	68,789,930	
6	(444) Public Street and Highway Lighting	3,478,489	
7	(445) Other Sales to Public Authorities	32,127,461	
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	359,829,253	
11	(447) Sales for Resale	100,502,823	
12	TOTAL Sales of Electricity	460,332,076	
13	(Less) (449.1) Provision for Rate Refunds		
14	TOTAL Revenues Net of Prov. for Refunds	460,332,076	
15	Other Operating Revenues		
16	(450) Forfeited Discounts	1,157,988	
17	(451) Miscellaneous Service Revenues	404,605	
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	1,824,365	
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	-1,231,825	
22	(456.1) Revenues from Transmission of Electricity of Others	1,868,339	
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	4,023,472	
27	TOTAL Electric Operating Revenues	464,355,548	

Name of Respondent Louisville Gas and Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.)	Year/Period of Report End of 2008.02
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ELECTRIC OPERATING REVENUES (Account 400)

5. Commercial and industrial Sales - Account 442 may be classified according to the basis of classification (Small or Commercial and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 KW of demand. (See Account 442 of the Uniform System of Accounts - Explain basis of classification in a footnote.)
6. See pages 108-109 Important Changes During Period for important new territory added and important rate increase or decreases.
7. For Lines 2, 4, 5 and 6 see Page 304 for amounts relating to unbilled revenue by accounts.
8. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
1 966.561				2
				3
1,781,307				4
1 471.867				5
29.931				6
593.145				7
				8
				9
5 842.811				10
3 475.235				11
9 318.046				12
				13
9 318.046				14

Line 12 column (b) includes \$ 0 of unbilled revenues
Line 12 column (d) includes 0 MWH relating to unbilled revenues

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2006/Q2
Louisville Gas and Electric Company			
FOOTNOTE DATA			

Schedule Page: 300 Line No.: 4 Column: b

The Company uses a rate schedule basis of classification, according to which sales under Large Commercial Rate LC (demand and energy type) are classified as Large Commercial, sales under Industrial Power Rate LP (demand and energy type) are classified as Large Industrial, and sales under General Rate GS (block type) are classified as Small Commercial and Industrial.

Small Commercial and Industrial Sales	51,658,071
Large Commercial Sales	64,521,652
Total Small (or Commercial)	\$116,179,723

Schedule Page: 300 Line No.: 4 Column: d

The Company uses a rate schedule basis of classification, according to which sales under Large Commercial Rate LC (demand and energy type) are classified as Large Commercial, sales under Industrial Power Rate LP (demand and energy type) are classified as Large Industrial, and sales under General Rate GS (block type) are classified as Small Commercial and Industrial.

Small Commercial and Industrial Sales	659,924
Large Commercial Sales	1,121,383
Total Small (or Commercial)	1,781,307 Mwh

Schedule Page: 300 Line No.: 21 Column: b

As a result of the Company exiting the MISO, base rate revenues related to the MISO expenses are reclassified from Other Operating Revenues to a Regulatory Liability, as required by the Kentucky Public Service Commission in its May 31, 2006 Order in Case No. 2003-00266.

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of 2008/Q2
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ELECTRIC PRODUCTION, OTHER POWER SUPPLY EXPENSES, TRANSMISSION AND DISTRIBUTION EXPENSES

Report Electric production, other power supply expenses, transmission, regional control and market operation, and distribution expenses through the reporting period

Line No	Account (a)	Year to Date Quarter (b)
1	1. POWER PRODUCTION AND OTHER SUPPLY EXPENSES	
2	Steam Power Generation - Operation (500-509)	176,234,612
3	Steam Power Generation - Maintenance (510-515)	29,933,547
4	Total Power Production Expenses - Steam Power	206,168,159
5	Nuclear Power Generation - Operation (517-525)	
6	Nuclear Power Generation - Maintenance (528-532)	
7	Total Power Production Expenses - Nuclear Power	
8	Hydraulic Power Generation - Operation (535-540.1)	329,739
9	Hydraulic Power Generation - Maintenance (541-545.1)	370,046
10	Total Power Production Expenses - Hydraulic Power	699,785
11	Other Power Generation - Operation (546-550.1)	11,564,337
12	Other Power Generation - Maintenance (551-554.1)	419,787
13	Total Power Production Expenses - Other Power	11,984,124
14	Other Power Supply Expenses	
15	Purchased Power (555)	46,423,036
16	System Control and Load Dispatching (556)	521,606
17	Other Expenses (557)	1,197,229
18	Total Other Power Supply Expenses (line 15-17)	48,141,871
19	Total Power Production Expenses (Total of lines 4, 7, 10, 13 and 18)	266,993,939
20	2. TRANSMISSION EXPENSES	
21	Transmission Operation Expenses	
22	(560) Operation Supervision and Engineering	566,825
23	(561) Load Dispatching	366,318
24	(561.1) Load Dispatch-Reliability	
25	(561.2) Load Dispatch-Monitor and Operate Transmission System	
26	(561.3) Load Dispatch-Transmission Service and Scheduling	
27	(561.4) Scheduling, System Control and Dispatch Services	531
28	(561.5) Reliability, Planning and Standards Development	
29	(561.6) Transmission Service Studies	4,727
30	(561.7) Generation Interconnection Studies	
31	(561.8) Reliability, Planning and Standards Development Services	38
32	(562) Station Expenses	560,907
33	(563) Overhead Line Expenses	51,247
34	(564) Underground Line Expenses	
35	(565) Transmission of Electricity by Others	2,534,466
36	(566) Miscellaneous Transmission Expenses	1,449,665
37	(567) Rents	19,230
38	(567.1) Operation Supplies and Expenses (Non-Major)	

Name of Respondent Louisville Gas and Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of 2008/Q2
ELECTRIC PRODUCTION, OTHER POWER SUPPLY EXPENSES, TRANSMISSION AND DISTRIBUTION EXPENSES					
Report electric production, other power supply expenses, transmission, regional control and market operation, and distribution expenses through the reporting period.					
Line No.	Account (a)	Year to Date Quarter (b)			
39	TOTAL Transmission Operation Expenses (Lines 22 - 38)	5,552,816			
40	Transmission Maintenance Expenses				
41	(568) Maintenance Supervision and Engineering				
42	(569) Maintenance of Structures	32,713			
43	(569.1) Maintenance of Computer Hardware				
44	(569.2) Maintenance of Computer Software				
45	(569.3) Maintenance of Communication Equipment				
46	(569.4) Maintenance of Miscellaneous Regional Transmission Plant				
47	(570) Maintenance of Station Equipment	496,516			
48	(571) Maintenance Overhead Lines	363,038			
49	(572) Maintenance of Underground Lines				
50	(573) Maintenance of Miscellaneous Transmission Plant	989			
51	(574) Maintenance of Transmission Plant				
52	TOTAL Transmission Maintenance Expenses (Lines 41 - 51)	893,256			
53	Total Transmission Expenses (Lines 39 and 52)	6,446,072			
54	3. REGIONAL MARKET EXPENSES				
55	Regional Market Operation Expenses				
56	(575.1) Operation Supervision				
57	(575.2) Day-Ahead and Real-Time Market Facilitation				
58	(575.3) Transmission Rights Market Facilitation				
59	(575.4) Capacity Market Facilitation				
60	(575.5) Ancillary Services Market Facilitation				
61	(575.6) Market Monitoring and Compliance				
62	(575.7) Market Facilitation, Monitoring and Compliance Services	6,310			
63	Regional Market Operation Expenses (Lines 55 - 62)	6,310			
64	Regional Market Maintenance Expenses				
65	(576.1) Maintenance of Structures and Improvements				
66	(576.2) Maintenance of Computer Hardware				
67	(576.3) Maintenance of Computer Software				
68	(576.4) Maintenance of Communication Equipment				
69	(576.5) Maintenance of Miscellaneous Market Operation Plant				
70	Regional Market Maintenance Expenses (Lines 65-69)				
71	TOTAL Regional Control and Market Operation Expenses (Lines 63,70)	6,310			
72	4. DISTRIBUTION EXPENSES				
73	Distribution Operation Expenses (580-589)	8,345,352			
74	Distribution Maintenance Expenses (590-598)	9,230,630			
75	Total Distribution Expenses (Lines 73 and 74)	17,575,982			

Name of Respondent Louisville Gas and Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2008/Q2
FOOTNOTE DATA			

Schedule Page: 324 Line No.: 27 Column: b

Louisville Gas & Electric Company incurs MISO Schedule 10 charges. During 2008, credit adjustments were made for Schedule 10 charges related to 2007. As such, the credit adjustments exceeded the charges for the year yielding a credit balance.

Schedule Page: 324 Line No.: 31 Column: b

Louisville Gas & Electric Company incurs MISO Schedule 10 charges. During 2008, credit adjustments were made for Schedule 10 charges related to 2007. As such, the credit adjustments exceeded the charges for the year yielding a credit balance.

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of 2008/Q2
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ELECTRIC CUSTOMER ACCOUNTS, SERVICE, SALES, ADMINISTRATIVE AND GENERAL EXPENSES

Report the amount of expenses for customer accounts, service, sales, and administrative and general expenses year to date.

Line No.	Account (a)	Year to Date Quarter (b)
1	(901-905) Customer Accounts Expenses	4,531,368
2	(907-910) Customer Service and Information Expenses	4,008,060
3	(911-917) Sales Expenses	20,348
4	8. ADMINISTRATIVE AND GENERAL EXPENSES	
5	Operations	
6	920 Administrative and General Salaries	6,823,244
7	921 Office Supplies and Expenses	3,510,141
8	(Less) 922 Administrative Expenses Transferred-Credit	1,284,275
9	923 Outside Services Employed	1,878,637
10	924 Property Insurance	1,448,105
11	925 Injuries and Damages	529,046
12	926 Employee Pensions and Benefits	11,479,193
13	927 Franchise Requirements	16,207
14	928 Regulatory Commission Expenses	438,955
15	(Less) 929 Duplicate Charges-Credit	20,537
16	930.1 General Advertising Expenses	193,853
17	930.2 Miscellaneous General Expenses	838,871
18	931 Rents	703,894
19	TOTAL Operation (Total of lines 6 thru 18)	26,555,334
20	Maintenance	
21	935 Maintenance of General Plant	2,849,153
22	TOTAL Administrative and General Expenses (Total of lines 19 and 21)	29,404,487

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of <u>2008/Q2</u>
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1)
(including transactions referred to as 'wheeling')

- Report all transmission of electricity, i.e., wheeling, provided for other electric utilities, cooperatives, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers for the quarter.
- Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
- Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c).
- In column (d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO - Firm Network Service for Others, FNS - Firm Network Transmission Service for Self, LFP - "Long-Term Firm Point to Point Transmission Service, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point to Point Transmission Reservation, NF - non-firm transmission service, OS - Other Transmission Service and AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classification (d)
1	East Kentucky Power Cooperative	East Kentucky Power Cooperative	East Kentucky Power Cooperative	FNO
2	East Kentucky Power Cooperative	East Kentucky Power Cooperative	East Kentucky Power Cooperative	NF
3	East Kentucky Power Cooperative	East Kentucky Power Cooperative	East Kentucky Power Cooperative	SFP
4	Indiana Municipal Power Agency	Indiana Municipal Power Agency	MISO and PJM	OLF
5	Illinois Municipal Electric Agency	IL Municipal Electric Agency	Midwest ISO	OLF
6	LG&E/KU	Various	Various	NF
7	LG&E/KU	Various	Various	SFP
8	LG&E/KU	Various	Various	LFP
9	Hoosier Energy	Midwest ISO	Hoosier Energy	FNO
10	Big Rivers Electric Corporation	Big Rivers Electric Corporation	Big Rivers Electric Corporation	NF
11	Cargill Power Markets, LLC	Various	Various	SFP
12	Cargill Power Markets, LLC	Various	Various	NF
13	Constellation Energy Commodities Group	PJM	Tennessee Valley Authority	SFP
14	Tennessee Valley Authority	Tennessee Valley Authority	Various	NF
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
	TOTAL			

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da. Yr) / /	Year/Period of Report End of 2008/Q2
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions referred to as 'wheeling')

5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.
8. Report in column (i) and (j) the total megawatthours received and delivered.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Substation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
Vol 1 SA 4	East Kentucky Power	East Kentucky Power	45	65,807	63,660	1
Vol 1	East Kentucky Power	East Kentucky Power		42	42	2
Vol 1	East Kentucky Power	East Kentucky Power		324	315	3
Vol 1 SA 3	Trimble Unit 1	PJM and MISO	67	142,981	142,981	4
Vol 1 SA 1	Trimble Unit 1	Midwest ISO	63	134,478	134,478	5
Vol 1	Various	Various				6
Vol 1	Various	Various	10			7
Vol 1	Various	Various	40			8
Vol 1	Midwest ISO	Hoosier Energy	5	10,026	10,026	9
Vol 1	East Kentucky Power	Big Rivers Electric		117	117	10
Vol 1	Various	Various		1,361	1,314	11
Vol 1	Various	Various		2,390	2,314	12
Vol 1	PJM	TVA		1,643	1,583	13
Vol 1	TVA	Various		273	264	14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
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						30
						31
						32
						33
						34
			230	359,442	357,094	

Name of Respondent Louisville Gas and Electric Company,	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr)	Year/Period of Report End of 2008/Q2
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions referred to as 'wheeling')

9 In column (k) through (n) report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l) provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.

10 The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401. Lines 16 and 17 respectively

11 Footnote entries and provide explanations following all required data

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges (S) (k)	Energy Charges (S) (l)	(Other Charges) (S) (m)	Total Revenues (S) (k+l+m) (n)	Line No.
234,385		40,717	275,102	1
	137	18	155	2
	1,654	311	1,965	3
				4
				5
	305,275	44,211	349,486	6
133,153		20,327	153,480	7
92,007		14,157	106,164	8
				9
	248	33	281	10
	20,471	2,540	23,011	11
	5,617	623	6,240	12
	30,879	3,821	34,700	13
	98	20	118	14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
459,545	364,379	126,778	950,702	

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2008/Q2
Louisville Gas and Electric Company			
FOOTNOTE DATA			

Schedule Page: 328 Line No.: 1 Column: m

The total consists of East Kentucky Power Cooperative Schedule 1 and Schedule 2 charges related to firm transmission.

Schedule Page: 328 Line No.: 2 Column: m

The total consists of East Kentucky Power Cooperative Schedule 1 and Schedule 2 charges related to non-firm transmission.

Schedule Page: 328 Line No.: 3 Column: m

The total consists of East Kentucky Power Cooperative Schedule 1 and Schedule 2 charges related to short-term firm transmission.

Schedule Page: 328 Line No.: 4 Column: d

The OLF transmission service agreement between Indiana Municipal Power Agency and Louisville Gas & Electric Company has a termination date of 11/01/2010.

Schedule Page: 328 Line No.: 4 Column: n

Louisville Gas & Electric Company (LG&E) transmits electricity for Indiana Municipal Power Agency (IMPA) from Trimble County Unit 1 to the MISO-LG&E interface or the PJM-LG&E interface at no cost to IMPA. This agreement was reached between LG&E and IMPA as a result of LG&E's exit from the MISO.

Schedule Page: 328 Line No.: 5 Column: d

The OLF transmission service agreement between Illinois Municipal Electric Agency and Louisville Gas & Electric Company has a termination date of 06/01/2010.

Schedule Page: 328 Line No.: 5 Column: n

Louisville Gas & Electric Company (LG&E) transmits electricity for Illinois Municipal Electric Agency (IMEA) from Trimble County Unit 1 to the MISO-LG&E interface or the PJM-LG&E interface at no cost to IMEA. This agreement was reached between LG&E and IMEA as a result of LG&E's exit from the MISO.

Schedule Page: 328 Line No.: 6 Column: a

Intercompany purchases between Louisville Gas & Electric Company and Kentucky Utilities Company take place under the Open Access Transmission Tariff with allocations determined by the Transmission Coordination Agreement between the Companies. Both the Tariff and the Transmission Coordination Agreement are evergreen (have no termination date).

Schedule Page: 328 Line No.: 6 Column: m

The total consists of Schedule 1 and Schedule 2 charges related to non-firm transmission with various counterparties.

Schedule Page: 328 Line No.: 7 Column: a

Intercompany purchases between Louisville Gas & Electric Company and Kentucky Utilities Company take place under the Open Access Transmission Tariff with allocations determined by the Transmission Coordination Agreement between the Companies. Both the Tariff and the Transmission Coordination Agreement are evergreen (have no termination date).

Schedule Page: 328 Line No.: 7 Column: m

The total consists of Schedule 1 and Schedule 2 charges related to short-term firm transmission with various counterparties.

Schedule Page: 328 Line No.: 8 Column: a

Intercompany purchases between Louisville Gas & Electric Company and Kentucky Utilities Company take place under the Open Access Transmission Tariff with allocations determined by the Transmission Coordination Agreement between the Companies. Both the Tariff and the Transmission Coordination Agreement are evergreen (have no termination date).

Schedule Page: 328 Line No.: 8 Column: d

The LFP intercompany purchases between Louisville Gas & Electric Company and Kentucky Utilities Company take place under the Open Access Transmission Tariff with allocations determined by the Transmission Coordination Agreement between the Companies. Both the Tariff and the Transmission Coordination Agreement are evergreen (have no termination date).

Schedule Page: 328 Line No.: 8 Column: m

The total consists of Schedule 1 and Schedule 2 charges related to long-term firm transmission with various counterparties.

Schedule Page: 328 Line No.: 9 Column: n

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2008/Q2
Louisville Gas and Electric Company			
FOOTNOTE DATA			

When Louisville Gas & Electric Company (LG&E) exited from the MISO, the FERC required the inclusion of Section 15.8 and Attachment E in the Company's Open Access Transmission Tarrif (OATT). These sections of the OATT state that existing customers of the MISO will not be harmed by LG&E's exit from the MISO and will not have to pay an additional MISO pancaked charge for transmission services. Hoosier Energy was included in that list of existing MISO customers.

Schedule Page: 328 Line No.: 10 Column: m

The total consists of Big Rivers Electric Corporation Schedule 1 and Schedule 2 charges related to non-firm transmission.

Schedule Page: 328 Line No.: 11 Column: m

The total consists of Cargill Power Markets, LLC Schedule 1 and Schedule 2 charges related to firm transmission.

Schedule Page: 328 Line No.: 12 Column: m

The total consists of Cargill Power Markets, LLC Schedule 1 and Schedule 2 charges related to non-firm transmission.

Schedule Page: 328 Line No.: 13 Column: m

The total consists of Constellation Energy Commodities Group Schedule 1 and Schedule 2 charges related to short-term firm transmission.

Schedule Page: 328 Line No.: 14 Column: m

The total consists of Tennessee Valley Authority Schedule 1 and Schedule 2 charges related to non-firm transmission.

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da, Yr) / /	Year/Period of Report End of 2008/Q2
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TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
(Including transactions referred to as "wheeling")

- Report all transmission, i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.
- In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.
- In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations. OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to-Point Transmission Reservations, NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.
- Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.
- Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
- Enter "TOTAL" in column (a) as the last line.
- Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
			Magawatt-hours Received (c)	Magawatt-hours Delivered (d)	Demand Charges (\$) (e)	Energy Charges (\$) (f)	Other Charges (\$) (g)	Total Cost of Transmission (\$) (h)
1	Midwest ISO	NF	2,250	2,250		9,586	360	9,946
2	Midwest ISO	AD				456	2,769	3,225
3	Kentucky Utilities Co.	LFP	75,615	75,615	224,474		18,538	243,012
4	Kentucky Utilities Co.	SFP	64,663	64,663	320,550		27,748	348,298
5	Kentucky Utilities Co.	NF	284,711	284,711		629,991	45,848	675,839
6	PJM Interconnect	NF	609	609		407	4,270	4,677
7	PJM Interconnect	AD				5		5
8	Tennessee Valley Auth	NF	412	412		1,134		1,134
9								
10								
11								
12								
13								
14								
15								
16								
	TOTAL		428.260	428.260	545.023	641.580	99.533	1.286.136

Name of Respondent Louisville Gas and Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2008/Q2
FOOTNOTE DATA			

Schedule Page: 332 Line No.: 1 Column: g

The total consists of Schedule 1, Schedule 2, and Schedule 26 charges.

Schedule Page: 332 Line No.: 2 Column: f

The total consists of true-ups for prior periods.

Schedule Page: 332 Line No.: 2 Column: g

The total consists of true-ups for prior periods.

Schedule Page: 332 Line No.: 3 Column: a

Louisville Gas & Electric Company and Kentucky Utilities Company are both owned by E.ON U.S. LLC.

Schedule Page: 332 Line No.: 3 Column: b

LFP intercompany purchases between Louisville Gas & Electric Company and Kentucky Utilities Company take place under the Open Access Transmission Tariff with allocations determined by the Transmission Coordination Agreement between the Companies. Both the Tariff and the Transmission Coordination Agreement are evergreen (have no termination date).

Schedule Page: 332 Line No.: 3 Column: g

The total consists of Schedule 1 and Schedule 2 charges.

Schedule Page: 332 Line No.: 4 Column: a

Louisville Gas & Electric Company and Kentucky Utilities Company are both owned by E.ON U.S. LLC.

Schedule Page: 332 Line No.: 4 Column: g

The total consists of Schedule 1 and Schedule 2 charges.

Schedule Page: 332 Line No.: 5 Column: a

Louisville Gas & Electric Company and Kentucky Utilities Company are both owned by E.ON U.S. LLC.

Schedule Page: 332 Line No.: 5 Column: g

The total consists of Schedule 1 and Schedule 2 charges.

Schedule Page: 332 Line No.: 6 Column: g

The total consists of Schedule 1 and Schedule 2 charges and the portion of non-firm point-to-point transmission charges that are non-energy related.

Schedule Page: 332 Line No.: 7 Column: e

The total consists of true-ups for prior periods.

Schedule Page: 332 Line No.: 7 Column: f

The total consists of true-ups for prior periods.

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da, Yr) / /	Year/Period of Report End of 2008/Q2
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Depreciation, Depletion and Amortization of Electric Plant (Accts 403, 403.1, 404, and 405) (Except Amortization of Acquisition Adjustments)

1. Report the year to date amounts of depreciation expense, asset retirement cost depreciation, depletion and amortization, except amortization of acquisition adjustments for the accounts indicated and classified according to the plant functional groups described.

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Other Limited-Term Electric Plant (Account 404) (e)	Amortization of Other Electric Plant (Account 405) (e)	Total (f)
1	Intangible Plant					
2	Steam Production Plant	28,406,305	93,136			28,499,441
3	Nuclear Production Plant					
4	Hydraulic Production Plant Conv	268,832	248			269,080
5	Hydraulic Production Plant - Pumped Storage					
6	Other Production Plant	3,707,541	1,691			3,709,232
7	Transmission Plant	2,959,139	603			2,959,742
8	Distribution Plant	13,015,975	246			13,016,221
9	General Plant	75,860				75,860
10	Common Plant	2,569,768	13		2,036,015	4,605,796
11	TOTAL ELECTRIC (lines 2 through 10)	51,003,420	95,937		2,036,015	53,135,372

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of <u>2008/Q2</u>
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AMOUNTS INCLUDED IN ISO/RTO SETTLEMENT STATEMENTS

1. The respondent shall report below the details called for concerning amounts it recorded in Account 555, Purchase Power, and Account 447. Sales for Resale, for items shown on ISO/RTO Settlement Statements. Transactions should be separately netted for each ISO/RTO administered energy market for purposes of determining whether an entity is a net seller or purchaser in a given hour. Net megawatt hours are to be used as the basis for determining whether a net purchase or sale has occurred. In each monthly reporting period, the hourly sale and purchase net amounts are to be aggregated and separately reported in Account 447, Sales for Resale, or Account 555, Purchased Power, respectively.

Line No.	Description of Item(s) (a)	Balance at End of Quarter 1 (b)	Balance at End of Quarter 2 (c)	Balance at End of Quarter 3 (d)	Balance at End of Year (e)
1	Energy				
2	Net Purchases (Account 555)	1,278,412	1,450,817		
3	Net Sales (Account 447)	16,568,645	34,549,640		
4	Transmission Rights				
5	Ancillary Services				
6	Other Items (list separately)				
7					
8					
9					
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46	TOTAL	17,847,057	36,000,457		

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2008/Q2
Louisville Gas and Electric Company			
FOOTNOTE DATA			

Schedule Page: 397 Line No.: 2 Column: b

The amount reflects transactions recorded in accordance with Louisville Gas and Electric Company's Power Supply System Agreement with Kentucky Utilities Company, as approved by the Kentucky Public Service Commission in October 1997, in which purchases and sales are calculated based on joint dispatch of the Companies' units. Such calculations do not distinguish between purchases and sales made in the Day Ahead and Real Time markets. Absent such a Power Supply System Agreement, the purchase amount recorded in accordance with FERC Order No. 668-A would have been \$1,269,431.

Schedule Page: 397 Line No.: 2 Column: c

The amount reflects transactions recorded in accordance with Louisville Gas and Electric Company's Power Supply System Agreement with Kentucky Utilities Company, as approved by the Kentucky Public Service Commission in October 1997, in which purchases and sales are calculated based on joint dispatch of the Companies' units. Such calculations do not distinguish between purchases and sales made in the Day Ahead and Real Time markets. Absent such a Power Supply System Agreement, the purchase amount recorded in accordance with FERC Order No. 668-A would have been \$1,440,557.

Schedule Page: 397 Line No.: 3 Column: b

The amount reflects transactions recorded in accordance with Louisville Gas and Electric Company's Power Supply System Agreement with Kentucky Utilities Company, as approved by the Kentucky Public Service Commission in October 1997, in which purchases and sales are calculated based on joint dispatch of the Companies' units. Such calculations do not distinguish between purchases and sales made in the Day Ahead and Real Time markets. Absent such a Power Supply System Agreement, the purchase amount recorded in accordance with FERC Order No. 668-A would have been \$16,492,521.

Schedule Page: 397 Line No.: 3 Column: c

The amount reflects transactions recorded in accordance with Louisville Gas and Electric Company's Power Supply System Agreement with Kentucky Utilities Company, as approved by the Kentucky Public Service Commission in October 1997, in which purchases and sales are calculated based on joint dispatch of the Companies' units. Such calculations do not distinguish between purchases and sales made in the Day Ahead and Real Time markets. Absent such a Power Supply System Agreement, the sale amount recorded in accordance with FERC Order No. 668-A would have been \$34,443,684.

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) / /	Year/Period of Report End of 2008:Q2
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MONTHLY PEAKS AND OUTPUT

- (1) Report the monthly peak load and energy output. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system. In quarter 1 report January, February and March only. In quarter 2 report April, May and June only. In quarter 3 report July, August and September only.
- (2) Report on column (b) by month the system's output in Megawatt hours for each month.
- (3) Report on column (c) by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
- (4) Report on column (d) by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
- (5) Report on columns (e) and (f) the specified information for each monthly peak load reported on column (d).
- (6) Report Monthly Peak Hours in military time: 0100 for 1:00 AM, 1200 for 12 AM, and 1830 for 6:30 PM, etc.

NAME OF SYSTEM: LG&E

Line No	Month (a)	Total Monthly Energy (MWH) (b)	Monthly Non-Requirements Sales for Resale & Associated Losses (c)	MONTHLY PEAK		
				Megawatts (See Instr. 4) (d)	Day of Month (e)	Hour (f)
1	January	1 862 025	758 258	1,913	2	1900
2	February	1 444 831	450,822	1,836	11	2000
3	March	1 546 592	562 157	1 729	7	2000
4	Total	4 853 448	1 771,237	5,478		
5	April	1 376,243	457,704	1 710	25	1700
6	May	1,684 043	716,611	1,971	27	1700
7	June	1,767,603	529,683	2,489	26	1500
8	Total	4 827 889	1,703,998	6,170		
9	July				0	0
10	August				0	0
11	September				0	0
12	Total					

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of 2008/Q2
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MONTHLY TRANSMISSION SYSTEM PEAK LOAD

- (1) Report the monthly peak load on the respondent's transmission system. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
(2) Report on Column (b) by month the transmission system's peak load.
(3) Report on Columns (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
(4) Report on Columns (e) through (j) by month the system' monthly maximum megawatt load by statistical classifications. See General Instruction for the definition of each statistical classification

NAME OF SYSTEM: LG&E

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Firm Network Service for Self (e)	Firm Network Service for Others (f)	Long-Term Firm Point-to-point Reservations (g)	Other Long-Term Firm Service (h)	Short-Term Firm Point-to-point Reservation (i)	Other Service (j)
1	January	2,114	25	8	1,881	63	170			
2	February	1,997	11	8	1,770	57	170			
3	March	1,952	7	20	1,729	53	170			
4	Total for Quarter 1	6,063			5,380	173	510			
5	April	1,687	15	7	1,470	47	170			
6	May	2,189	27	17	1,971	48	170			
7	June	2,694	9	14	2,434	60	170		30	
8	Total for Quarter 2	6,570			5,875	155	510		30	
9	July									
10	August									
11	September									
12	Total for Quarter 3									
13	October									
14	November									
15	December									
16	Total for Quarter 4									
17	Total Year to Date/Year	12,633			11,255	328	1,020		30	

**LG&E FERC Form 3Q – 2008/Q1
Responding Witness – Shannon L. Charnas**

THIS FILING IS

Item 1: An Initial (Original) Submission OR Resubmission No. _____

Form 1 Approved
OMB No. 1902-0021
(Expires 7/31/2008)
Form 1-F Approved
OMB No. 1902-0029
(Expires 6/30/2007)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 6/30/2007)



FERC FINANCIAL REPORT

FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)

Louisville Gas and Electric Company

Year/Period of Report

End of 2008/Q1

**FERC FORM NO. 1/3-Q:
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER**

IDENTIFICATION		
01 Exact Legal Name of Respondent Louisville Gas and Electric Company		02 Year/Period of Report End of <u>2008/Q1</u>
03 Previous Name and Date of Change (if name changed during year) <p align="center">/ /</p>		
04 Address of Principal Office at End of Period (Street, City, State, Zip Code) 220 W. Main Street, P. O. Box 32010, Louisville, KY 40232		
05 Name of Contact Person Mimi Kelly		06 Title of Contact Person Mgr - Regulatory Acct & Reprt
07 Address of Contact Person (Street, City, State, Zip Code) P. O. Box 32010, Louisville, KY 40232		
08 Telephone of Contact Person, Including Area Code (502) 627-2482	09 This Report Is (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) <p align="center">/ /</p>
QUARTERLY CORPORATE OFFICER CERTIFICATION		
The undersigned officer certifies that: I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements. and other financial information contained in this report. conform in all material respects to the Uniform System of Accounts.		
01 Name S. Bradford Rives	03 Signature S. Bradford Rives	04 Date Signed (Mo, Da, Yr) 05/20/2008
02 Title Chief Financial Officer		
Title 18, U S C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.		

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of 2008/Q1
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LIST OF SCHEDULES (Electric Utility)

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".

Line No	Title of Schedule (a)	Reference Page No (b)	Remarks (c)
1	Important Changes During the Quarter	108-109	
2	Comparative Balance Sheet	110-113	
3	Statement of Income for the Quarter	114-117	
4	Statement of Retained Earnings for the Quarter	118-119	
5	Statement of Cash Flows	120-121	
6	Notes to Financial Statements	122-123	
7	Statement of Accum Comp Income, Comp Income, and Hedging Activities	122 (a)(b)	
8	Summary of Utility Plant & Accumulated Provisions for Dep. Amort & Dep	200-201	
9	Electric Plant In Service and Accum Provision For Depr by Function	208	
10	Transmission Service and Generation Interconnection Study Costs	231	NONE
11	Other Regulatory Assets	232	
12	Other Regulatory Liabilities	278	
13	Elec Operating Revenues (Individual Schedule Lines 300-301)	300-301	
14	Regional Transmission Service Revenues (Account 457 1)	302	NONE
15	Electric Prod, Other Power Supply Exp, Trans and Distrib Exp	324	
16	Electric Customer Accts. Service, Sales, Admin and General Expenses	325	
17	Transmission of Electricity for Others	328-330	
18	Transmission of Electricity by ISO/RTOs	331	NONE
19	Transmission of Electricity by Others	332	
20	Deprec, Depl and Amort of Elec Plant (403.403 1,404.and 405) (except A	338	
21	Amounts Included in ISO/RTO Settlement Statements	397	
22	Monthly Peak Loads and Energy Output	399	
23	Monthly Transmission System Peak Load	400	
24	Monthly ISO/RTO Transmission System Peak Load	400a	NONE

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report / /	Year/Period of Report End of 2008/Q1
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IMPORTANT CHANGES DURING THE QUARTER/YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

PAGE 108 INTENTIONALLY LEFT BLANK
SEE PAGE 109 FOR REQUIRED INFORMATION.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2008/Q1
Louisville Gas and Electric Company			
IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

1. None.
2. None.
3. None.
4. None of a material nature.
5. None of a material nature.
6. At March 31, 2008, the Company had obtained authorization from the SEC under the Public Utility Holding Company Act of 2005 (PUHCA 2005) SEC File No. 70-09985 for the issuance of short-term debt up to \$400 million through May 31, 2008. The Federal Power Act contained an exemption from FERC approval for securities issuances approved by the SEC under PUHCA 2005. In connection with the repeal of the PUHCA of 1935, the Company also received FERC authorization under the FPA Docket No. ES07-59-000 for up to \$400 million in short-term debt through November 30, 2009. The Company's money pool balance increased from \$78 million at December 31, 2007 to \$108 million at March 31, 2008. During the first quarter of 2008, the Company did not enter into any new long-term loan agreements.
7. None.
8. None of a material nature.
9. See Notes 2 and 7 of Notes to Financial Statements.
10. None.
11. N/A
12. N/A
13. Martyn Gallus is serving in a position with an international affiliate, effective January 2008. Effective during January 2008, David S. Sinclair was appointed Vice President – Energy Marketing.
14. The Company is a participant in a cash pooling arrangement, but its proprietary capital ratio is above 30 percent.

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2008/Q1
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No	Title of Account (a)	Ref. Page No (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	4,012,628,590	3,972,544,417
3	Construction Work in Progress (107)	200-201	349,233,201	344,441,784
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		4,361,861,791	4,316,986,201
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	1,889,111,250	1,859,847,713
6	Net Utility Plant (Enter Total of line 4 less 5)		2,472,750,541	2,457,138,488
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		2,472,750,541	2,457,138,488
15	Utility Plant Adjustments (116)	122	0	0
16	Gas Stored Underground - Noncurrent (117)		2,139,990	2,139,990
17	OTHER PROPERTY AND INVESTMENTS			
18	Nonutility Property (121)		75,240	75,240
19	(Less) Accum. Prov. for Depr. and Amort. (122)		63,360	63,360
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		594,286	594,286
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		28,413,089	25,874,231
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets - Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		29,019,255	26,480,397
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		3,065,365	4,312,502
36	Special Deposits (132-134)		1,543,866	6,919,973
37	Working Fund (135)		21,280	21,280
38	Temporary Cash Investments (136)		36,238	35,917
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		110,976,195	96,948,965
41	Other Accounts Receivable (143)		22,974,314	28,810,091
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		2,023,713	1,790,471
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		5,011,423	32,982
45	Fuel Stock (151)	227	36,535,350	45,925,807
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	26,609,497	26,407,267
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	10,786	11,459

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2008/Q1
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)

Line No.	Title of Account (a)	Ref. Page No (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	4,537,671	4,584,570
55	Gas Stored Underground - Current (164.1)		23,358,692	81,188,407
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		4,769,646	5,339,357
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		91,565	220,496
60	Rents Receivable (172)		438,816	435,309
61	Accrued Utility Revenues (173)		46,882,000	64,669,000
62	Miscellaneous Current and Accrued Assets (174)		0	3,834
63	Derivative Instrument Assets (175)		0	537,979
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		284,838,991	364,614,724
68	DEFERRED DEBITS			
69	Unamortized Debt Expenses (181)		8,812,729	9,898,130
70	Extraordinary Property Losses (182.1)	230	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0
72	Other Regulatory Assets (182.3)	232	150,457,746	151,022,049
73	Prelim. Survey and Investigation Charges (Electric) (183)		473,677	384,463
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		0	499,108
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	31,609,655	34,320,956
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		19,822,969	19,100,231
82	Accumulated Deferred Income Taxes (190)	234	53,881,248	52,162,134
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		265,058,024	267,387,071
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		3,053,806,801	3,117,760,670

Name of Respondent Louisville Gas and Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo, da, yr) / /	Year/Period of Report end of 2008/Q1
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No	Title of Account (a)	Ref Page No (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	425,170,424	425,170,424
3	Preferred Stock issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	0	0
7	Other Paid-In Capital (208-211)	253	60,000,000	60,000,000
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	835,889	835,889
11	Retained Earnings (215, 215.1, 216)	118-119	671,274,440	689,961,390
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	-16,729,415	-13,132,184
16	Total Proprietary Capital (lines 2 through 15)		1,138,879,560	1,161,163,741
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	574,304,000	574,304,000
19	(Less) Reaquired Bonds (222)	256-257	40,000,000	0
20	Advances from Associated Companies (223)	256-257	410,000,000	410,000,000
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		0	0
24	Total Long-Term Debt (lines 18 through 23)		944,304,000	984,304,000
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	23,649
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		5,581,408	5,601,154
29	Accumulated Provision for Pensions and Benefits (228.3)		95,372,480	97,643,181
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		30,047,914	29,582,676
35	Total Other Noncurrent Liabilities (lines 26 through 34)		131,001,802	132,850,660
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		105,299,002	115,160,770
39	Notes Payable to Associated Companies (233)		108,086,200	78,241,200
40	Accounts Payable to Associated Companies (234)		17,761,937	56,768,214
41	Customer Deposits (235)		19,911,317	19,373,313
42	Taxes Accrued (236)	262-263	11,035,882	4,746,862
43	Interest Accrued (237)		3,902,198	1,981,717
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent Louisville Gas and Electric Company	This Report is (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Rresubmission	Date of Report (mo da yr)	Year/Period of Report end of 2008/Q1
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (continued)

Line No	Title of Account (a)	Ref Page No (b)	Current Year End of Quarter Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		1,336,794	1,446,316
48	Miscellaneous Current and Accrued Liabilities (242)		12,032,190	11,357,668
49	Obligations Under Capital Leases-Current (243)		341,989	405,438
50	Derivative Instrument Liabilities (244)		0	152,956
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		28,600,453	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		308,307,962	289,634,454
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		10,730,004	9,612,516
57	Accumulated Deferred Investment Tax Credits (255)	266-267	46,417,549	46,098,962
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	20,943,851	40,862,253
60	Other Regulatory Liabilities (254)	278	54,426,534	55,115,538
61	Unamortized Gain on Reacquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		368,976,361	368,258,704
64	Accum. Deferred Income Taxes-Other (283)		29,819,178	29,859,842
65	Total Deferred Credits (lines 56 through 64)		531,313,477	549,807,815
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		3,053,806,801	3,117,760,670

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2008/Q1
Louisville Gas and Electric Company			
FOOTNOTE DATA			

Schedule Page: 112 Line No.: 19 Column:

In February 2008, Louisville Gas and Electric Company (LG&E) issued a notice to bondholders of its intention to convert the Louisville Metro 2005 Series A bond from the auction rate mode to a weekly interest rate mode, as permitted under the loan documents. This conversion was completed in March 2008. In connection with the conversion, LG&E purchased the bonds from the remarketing agent.

Schedule Page: 112 Line No.: 52 Column:

During 2008, interest rate swap hedges were reclassified from account 253 to account 245, as they were determined to be derivative instrument liabilities - hedges.

Schedule Page: 112 Line No.: 59 Column:

During 2008, interest rate swap hedges were reclassified from account 253 to account 245, as they were determined to be derivative instrument liabilities - hedges.

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da, Yr) / /	Year/Period of Report End of 2008/Q1
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STATEMENT OF INCOME

Quarterly

1. Enter in column (d) the balance for the reporting quarter and in column (e) the balance for the same three month period for the prior year.
2. Report in column (f) the quarter to date amounts for electric utility function; in column (h) the quarter to date amounts for gas utility, and in (j) the quarter to date amounts for other utility function for the current year quarter
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility. and in (k) the quarter to date amounts for other utility function for the prior year quarter
4. If additional columns are needed place them in a footnote.

Annual or Quarterly if applicable

5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413. Revenues and Expenses from Utility Plant Leased to Others. in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
8. Report data for lines 8, 10 and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

Line No.	Title of Account (a)	(Ref) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	415,131,763	374,898,246	415,131,763	374,898,246
3	Operating Expenses					
4	Operation Expenses (401)	320-323	304,321,400	262,901,090	304,321,400	262,901,090
5	Maintenance Expenses (402)	320-323	26,660,102	17,885,705	26,660,102	17,885,705
6	Depreciation Expense (403)	336-337	30,067,503	29,338,871	30,067,503	29,338,871
7	Depreciation Expense for Asset Retirement Costs (403 1)	336-337	43,975	15,728	43,975	15,728
8	Amort & Depl of Utility Plant (404-405)	336-337	1,306,066	1,574,707	1,306,066	1,574,707
9	Amort. of Utility Plant Acq Adj (406)	336-337				
10	Amort Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort of Conversion Expenses (407)					
12	Regulatory Debits (407 3)					
13	(Less) Regulatory Credits (407.4)		516,445	473,501	516,445	473,501
14	Taxes Other Than Income Taxes (408 1)	262-263	6,295,696	5,943,134	6,295,696	5,943,134
15	Income Taxes - Federal (409 1)	262-263	9,707,267	11,167,503	9,707,267	11,167,503
16	- Other (409 1)	262-263	1,467,591	2,160,400	1,467,591	2,160,400
17	Provision for Deferred Income Taxes (410 1)	234, 272-277	6,589,636	8,085,082	6,589,636	8,085,082
18	(Less) Provision for Deferred Income Taxes-Cr (411 1)	234, 272-277	6,876,442	6,749,390	6,876,442	6,749,390
19	Investment Tax Credit Adj - Net (411 4)	266	318,587	1,605,963	318,587	1,605,963
20	(Less) Gains from Disp of Utility Plant (411 6)					
21	Losses from Disp of Utility Plant (411 7)					
22	(Less) Gains from Disposition of Allowances (411 8)		456,210	553,029	456,210	553,029
23	Losses from Disposition of Allowances (411 9)					
24	Accretion Expense (411 10)		472,390	445,847	472,390	445,847
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		379,401,116	333,348,110	379,401,116	333,348,110
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117, line 27		35,730,647	41,550,136	35,730,647	41,550,136

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of 2008/Q1
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STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof
10. Give concise explanations concerning *unsettled rate proceedings* where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11. Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
						1
224,395,942	222,392,155	190,735,821	152,506,091			2
						3
141,797,446	138,660,237	162,523,954	124,240,853			4
23,451,184	14,952,353	3,208,918	2,933,352			5
25,640,931	25,148,113	4,426,572	4,190,758			6
41,781	13,404	2,194	2,324			7
966,489	1,165,283	339,577	409,424			8
						9
						10
						11
						12
403,399	365,550	113,046	107,951			13
4,796,879	4,476,257	1,498,817	1,466,877			14
4,664,795	7,613,198	5,042,472	3,554,305			15
559,566	1,523,773	908,025	636,627			16
5,855,246	5,184,020	734,390	2,901,062			17
6,321,442	6,174,777	555,000	574,613			18
358,994	1,648,093	-40,407	-42,130			19
						20
						21
456,210	553,029					22
						23
361,618	340,220	110,772	105,627			24
201,313,878	193,631,595	178,087,238	139,716,515			25
23,082,064	28,760,560	12,648,583	12,789,576			26

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of 2008/Q1
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STATEMENT OF INCOME FOR THE YEAR (continued)

Line No	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
			Current Year (c)	Previous Year (d)		
27	Net Utility Operating Income (Carried forward from page 114)		35,730,647	41,550,136	35,730,647	41,550,136
28	Other Income and Deductions					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)			-200		-200
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		-1,295	4,065	-1,295	4,065
33	Revenues From Nonutility Operations (417)		382,535	283,796	382,535	283,796
34	(Less) Expenses of Nonutility Operations (417.1)					
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		223,983	349,837	223,983	349,837
38	Allowance for Other Funds Used During Construction (419.1)					
39	Miscellaneous Nonoperating Income (421)		91,058	565,004	91,058	565,004
40	Gain on Disposition of Property (421.1)					
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		698,871	1,194,372	698,871	1,194,372
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)	340				
45	Donations (426.1)	340	343,863	462,134	343,863	462,134
46	Life Insurance (426.2)					
47	Penalties (426.3)		21		21	
48	Exp. for Certain Civic, Political & Related Activities (426.4)		160,241	210,961	160,241	210,961
49	Other Deductions (426.5)		1,909,140	2,124,487	1,909,140	2,124,487
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		2,413,265	2,797,582	2,413,265	2,797,582
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	495	396	495	396
53	Income Taxes-Federal (409.2)	262-263	-1,129,608	-229,966	-1,129,608	-229,966
54	Income Taxes-Other (409.2)	262-263	-199,305	-41,939	-199,305	-41,939
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277				
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	9,725	9,725	9,725	9,725
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-1,338,143	-281,234	-1,338,143	-281,234
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		-376,251	-1,321,976	-376,251	-1,321,976
61	Interest Charges					
62	Interest on Long-Term Debt (427)		7,341,427	5,918,230	7,341,427	5,918,230
63	Amort. of Debt Disc. and Expense (428)		99,506	102,162	99,506	102,162
64	Amortization of Loss on Required Debt (428.1)		263,156	255,408	263,156	255,408
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Required Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)	340	6,079,942	3,320,791	6,079,942	3,320,791
68	Other Interest Expense (431)	340	257,315	-815,856	257,315	-815,856
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)					
70	Net Interest Charges (Total of lines 62 thru 69)		14,041,346	8,780,735	14,041,346	8,780,735
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		21,313,050	31,447,425	21,313,050	31,447,425
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		21,313,050	31,447,425	21,313,050	31,447,425

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2008/Q1
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STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		689,961,390	639,104,730
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4	FIN 48 Adjustment			258,182
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			258,182
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		21,313,050	31,447,425
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24	\$25 Par Value 5% Cumulative - \$1.25 per share			(746,782)
25	Without Par Value Auction Rate Cumulative			(625,000)
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			(1,371,782)
30	Dividends Declared-Common Stock (Account 438)			
31	Without Par Value		-40,000,000	(35,000,000)
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		-40,000,000	(35,000,000)
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		671,274,440	634,438,555
	APPROPRIATED RETAINED EARNINGS (Account 215)			

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2008/Q1
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STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
39				
40				
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		671,274,440	634,438,555
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of 2008/Q1
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STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	21,313,050	31,447,425
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	30,111,478	29,354,599
5	Amortization of Plant	1,306,066	1,574,707
6			
7			
8	Deferred Income Taxes (Net)	-1,042,121	2,959,680
9	Investment Tax Credit Adjustment (Net)	318,587	1,605,963
10	Net (Increase) Decrease in Receivables	4,206,749	29,330,868
11	Net (Increase) Decrease in Inventory	67,064,841	48,521,609
12	Net (Increase) Decrease in Allowances Inventory	673	1,125
13	Net Increase (Decrease) in Payables and Accrued Expenses	3,251,964	-42,903,791
14	Net (Increase) Decrease in Other Regulatory Assets	564,303	-808,371
15	Net Increase (Decrease) in Other Regulatory Liabilities	-689,004	-437,470
16	(Less) Allowance for Other Funds Used During Construction		
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	-3,755,961	-3,150,436
19	Change in Other Deferred Debits	2,711,301	-3,669,727
20	Change in Other Deferred Credits	-19,918,402	-14,960,092
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	105,443,524	85,166,961
23			
24	Cash Flows from investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-60,529,052	-32,323,996
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant	-7,018,001	-1,895,994
29	Gross Additions to Nonutility Plant		
30	(Less) Allowance for Other Funds Used During Construction		
31	Other (provide details in footnote):		
32			
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-67,547,053	-34,219,990
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of 2008/Q1
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STATEMENT OF CASH FLOWS

(1) Codes to be used: (a) Net Proceeds or Payments; (b) Bonds, debentures and other long-term debt; (c) Include commercial paper, and (d) Identify separately such items as investments, fixed assets, intangibles, etc
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48	Change in Long-Term Investments	385,022	
49	Net (Increase) Decrease in Receivables		
50	Net (Increase) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):		
54	Change in Restricted Cash	5,376,107	-7,084,886
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-61,785,924	-41,304,876
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)		
62	Preferred Stock		
63	Common Stock		
64	Other (provide details in footnote):		
65	Change in Restricted Cash	-1,769,835	
66	Net Increase in Short-Term Debt (c)	29,845,000	
67	Other (provide details in footnote):		
68			
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)	28,075,165	
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)		
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):	-87,098	
77	Reacquisition of Long-Term Debt	-40,000,000	
78	Net Decrease in Short-Term Debt (c)		-43,707,000
79	Net Increase in Derivative Liabilities	7,107,517	
80	Dividends on Preferred Stock		-906,341
81	Dividends on Common Stock	-40,000,000	
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	-44,904,416	-44,613,341
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	-1,246,816	-751,256
87			
88	Cash and Cash Equivalents at Beginning of Period	4,348,419	9,448,987
89			
90	Cash and Cash Equivalents at End of period	3,101,603	8,697,731

Name of Respondent Louisville Gas and Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2008/Q1
FOOTNOTE DATA			

Schedule Page: 120 Line No.: 18 Column: b

Other operating cash flows:

Net salvage and cost of removal	\$ (973,523)
Depreciation charged to balance sheet accounts	110,804
Depreciation on plant held for future use	45,861
Amortization of Debt Expenses	99,506
Amortization of Loss on Bonds	263,156
Net decrease in Prepayments	569,711
Net decrease in Derivative Assets	3,834
Net increase in Preliminary Survey	(89,215)
Net decrease in Clearing Accounts	499,108
Net increase in Other Comprehensive Income	(3,597,231)
Net decrease in Customer Advances for Construction	1,117,488
Net increase in Asset Retirement Obligations	465,239
Net decrease in Provision for Postretirement Benefits	(2,270,700)
Rounding	1

Total	\$ (3,755,961)

Schedule Page: 120 Line No.: 18 Column:

Other operating cash flows:

Net salvage and cost of removal	\$ (529,757)
Depreciation charged to balance sheet accounts	114,595
Amortization of Debt Expenses	102,162
Amortization of Loss on Bonds	255,408
Net decrease in Prepayments	689,539
Net increase in Derivative Assets	(515,646)
Net increase in Preliminary Survey	(3,581)
Net decrease in Clearing Accounts	654,156
Net increase in Other Comprehensive Income	364,827
Net increase in Customer Advances for Construction	4,557,322
Net increase in Asset Retirement Obligations	420,813
Net decrease in Provision for Postretirement Benefits	(3,217,584)
Net adjustment to Retained Earnings (Effect of FIN 48)	258,182

Total	\$ 3,150,436

Schedule Page: 120 Line No.: 26 Column:

Restatement due to account reclassifications:

Previous Year to Date, as originally filed	\$ (34,219,990)
Plus: Gross Additions to Common Utility Plant	1,895,994

Restated Previous Year to Date	\$ (32,323,996)

Schedule Page: 120 Line No.: 28 Column:

Restatement due to account reclassifications:

Previous Year to Date, as originally filed	\$ -
Less: Gross Additions to Common Utility Plant	(1,895,994)

Restated Previous Year to Date	\$ (1,895,994)

Schedule Page: 120 Line No.: 76 Column: b

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Louisville Gas and Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2008/Q1
FOOTNOTE DATA			

Other financing cash flows:

Net decrease in short-term capital lease obligations	\$ (63,449)
Net decrease in long-term capital lease obligations	(23,649)

Total Cash and Cash Equivalents at End of Period	\$ (87,098)

Schedule Page: 120 Line No.: 90 Column: b

Cash and cash equivalents is comprised of the following amounts:

Cash (Acct 131)	\$ 3,065,365
Temporary Cash Investments (Acct 136)	36,238

Total Cash and Cash Equivalents at End of Period	\$ 3,101,603

Schedule Page: 120 Line No.: 90 Column:

Cash and cash equivalents is comprised of the following amounts:

Other Special Funds (Acct 128)	\$ 2,494,928
Cash (Acct 131)	6,197,276
Temporary Cash Investments (Acct 136)	5,527

Total Cash and Cash Equivalents at End of Period	\$ 8,697,731

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report / /	Year/Period of Report End of 2008/Q1
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NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK
SEE PAGE 123 FOR REQUIRED INFORMATION.

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Louisville Gas and Electric Company			

NOTES TO FINANCIAL STATEMENTS (Continued)

INDEX OF ABBREVIATIONS

ARO	Asset Retirement Obligation
BART	Best Available Retrofit Technology
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule
CAVR	Clean Air Visibility Rule
CCN	Certificate of Public Convenience and Necessity
Clean Air Act Company	The Clean Air Act, as amended in 1990 LG&E
DSM	Demand Side Management
ECR	Environmental Cost Recovery
E.ON	E.ON AG
E.ON U.S.	E.ON U.S. LLC. (formerly LG&E Energy LLC and LG&E Energy Corp.)
E.ON U.S. Services	E.ON U.S. Services Inc. (formerly LG&E Energy Services Inc.)
EPA	U.S. Environmental Protection Agency
EPAct 2005	Energy Policy Act of 2005
EUSIC	E.ON US Investments Corp.
FAC	Fuel Adjustment Clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Fidelia	Fidelia Corporation (an E.ON affiliate)
FIN	FASB Interpretation Number
GHG	Greenhouse Gas
GSC	Gas Supply Clause
IRS	Internal Revenue Service
Kentucky Commission	Kentucky Public Service Commission
KU	Kentucky Utilities Company
LG&E	Louisville Gas and Electric Company
LIBOR	London Interbank Offer Rate
MISO	Midwest Independent Transmission System Operator, Inc.
MMBtu	Million British Thermal Units
Moody's	Moody's Investor Services, Inc.
NAAQS	National Ambient Air Quality Standards
NOV	Notice of Violation
NOx	Nitrogen Oxide
PUHCA 2005	Public Utility Holding Company Act of 2005
RRO	Regional Reliability Organization
S&P	Standard & Poor's Rating Service
SERC	SERC Reliability Corporation
SFAS	Statement of Financial Accounting Standards
SIP	State Implementation Plan
SO ₂	Sulfur Dioxide
TC2	Trimble County Unit 2

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Louisville Gas and Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

Louisville Gas and Electric Company
Notes to Financial Statements
(Unaudited)

Note 1 - General

The unaudited financial statements include the accounts of the Company. LG&E's common stock is wholly-owned by E.ON U.S., an indirect wholly-owned subsidiary of E.ON. In the opinion of management, the unaudited interim financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of financial position, results of operations, retained earnings, comprehensive income and cash flows for the periods indicated. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted, although the Company believes that the disclosures are adequate to make the information presented not misleading. These unaudited financial statements and notes should be read in conjunction with the Company's annual report for the year ended December 31, 2007, including management's discussion and analysis and the audited financial statements and notes therein.

Certain reclassification entries have been made to the previous years' financial statements to conform to the 2008 presentation with no impact on net assets, liabilities and capitalization or previously reported net income and cash flows.

Presentation. The accompanying financial statements are prepared on the regulatory basis of accounting in accordance with the requirements of the FERC, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles ("GAAP"). The significant differences between GAAP and FERC reporting are as follows:

- Restricted cash is recorded in cash on the balance sheet for FERC reporting and presented as a separate line item for GAAP statements;
- Certain costs of removal obligations are recorded in accumulated depreciation for FERC reporting and recorded in regulatory liabilities for GAAP reporting;
- Long-term and short-term bonds are recorded in total in the long-term debt section for FERC reporting and are presented separately in current liabilities for the short-term portion and in long-term debt for the long-term portion for GAAP reporting; and
- Deferred taxes are shown gross for FERC reporting in the balance sheet (a deferred asset and a deferred liability are recorded), for GAAP reporting the deferred taxes are netted together and recorded as a liability.

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RECENT ACCOUNTING PRONOUNCEMENTS

SFAS No. 161

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133*, which is effective for fiscal years, and interim periods within those fiscal years, beginning on or after November 15, 2008. The objective of this statement is to enhance the current disclosure framework in FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities, as amended*. The Company is currently evaluating the impact of adoption of SFAS No. 161 on its statements of operations, financial position and cash flows.

SFAS No. 160

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements*, which is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The objective of this statement is to improve the relevance, comparability and transparency of financial information in a reporting entity's consolidated financial statements. The Company expects the adoption of SFAS No. 160 to have no impact on its statements of operations, financial position and cash flows.

SFAS No. 159

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115*. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis (the fair value option). Unrealized gains and losses on items for which the fair value option has been elected are to be recognized in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. SFAS No. 159 was adopted effective January 1, 2008 and had no impact on the statements of operations, financial position and cash flows.

SFAS No. 157

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which, except as described below, is effective for fiscal years beginning after November 15, 2007. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 does not expand the application of fair value accounting to new circumstances. In February 2008, the FASB issued FASB Staff Position 157-2, *Effective Date of FASB Statement No. 157*, which delays the effective date of SFAS No. 157 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. SFAS No. 157 was adopted effective January 1, 2008, except as it applies to those nonfinancial assets and liabilities, and had no impact on the statements of operations, financial position and cash flows, however, the Company will provide additional disclosures

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relating to its financial derivatives, AROs and pension assets, as required, in 2008.

Note 2 - Rates and Regulatory Matters

For a description of each line item of regulatory assets and liabilities, reference is made to LG&E's Annual Report, Note 2 of the financial statements, for the year ended December 31, 2007.

The following regulatory assets and liabilities were included in LG&E's Balance Sheets:

(in millions)	March 31, <u>2008</u>	December 31, <u>2007</u>
ARO	\$ 25	\$ 24
Unamortized loss on bonds	20	19
GSC adjustments	23	20
MISO exit	12	13
FAC	3	9
ECR	4	4
Other	<u>5</u>	<u>5</u>
Subtotal	92	94
Pension and postretirement benefits	<u>109</u>	<u>110</u>
Total regulatory assets	<u>\$ 201</u>	<u>\$ 204</u>
Accumulated cost of removal of utility plant	\$ 244	\$ 241
Deferred income taxes – net	49	50
Gas supply adjustments (\$5 and \$10 million at March 31, 2008 and December 31, 2007, respectively) and other	<u>16</u>	<u>19</u>
Total regulatory liabilities	<u>\$ 309</u>	<u>\$ 310</u>

LG&E does not currently earn a rate of return on the GSC adjustments, FAC and gas performance-based ratemaking regulatory assets, all of which are separate recovery mechanisms with recovery within twelve months. No return is earned on the pension and postretirement benefits regulatory asset which represents the changes in funded status of the plans. The Company will seek recovery of this asset in future proceedings with the Kentucky Commission. No return is currently earned on the ARO asset. This regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability at the time the underlying asset is retired. The MISO exit amount represents the costs relating to the withdrawal from MISO membership. LG&E will seek recovery of this asset in future proceedings with the Kentucky Commission. LG&E currently earns a rate of return on the remaining regulatory assets. Other regulatory assets include the merger surcredit, gas performance-based ratemaking and Mill Creek Ash Pond costs. Other regulatory liabilities include DSM and MISO costs included in base rates that will be netted against costs of withdrawing from the MISO in the next rate case.

MISO Exit. LG&E and the MISO have agreed upon overall calculation methods for the contractual exit fee to be paid by the Company following its withdrawal. In October 2006, LG&E paid approximately \$13

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million to the MISO pursuant to an invoice regarding the exit fee and made related FERC compliance filings. The Company's payment of this exit fee amount was with reservation of its rights to contest the amount, or components thereof, following a continuing review of its calculation and supporting documentation. LG&E and the MISO resolved their dispute regarding the calculation of the exit fee and, in November 2007, filed an application with the FERC for approval of a recalculation agreement. In March 2008, the FERC approved the parties' recalculation of the exit fee, and the approved agreement provided LG&E with an immediate recovery of less than \$1 million and will provide an estimated \$2 million over the next eight years for credits realized from other payments the MISO will receive, plus interest. Orders of the Kentucky Commission approving the Company's exit from the MISO have authorized the establishment of a regulatory asset for the exit fee, subject to adjustment for possible future MISO credits, and a regulatory liability for certain revenues associated with former MISO administrative charges, which may continue to be collected via base rates. The treatment of the regulatory asset and liability will be determined in LG&E's next rate case, however, the Company historically has received approval to recover and refund regulatory assets and liabilities.

FAC. In January 2008, the Kentucky Commission initiated a routine examination of LG&E's FAC for the six-month period May 1, 2007 through October 31, 2007. A public hearing was held in March 2008. An order is anticipated in the third quarter of 2008.

In August 2007, the Kentucky Commission initiated a routine examination of LG&E's FAC for the six-month period of November 1, 2006 through April 30, 2007. A public hearing was held in October 2007. The Kentucky Commission issued an Order in January 2008, approving the charges and credits billed through the FAC during the review period.

ECR. In September 2007, the Kentucky Commission initiated six-month and two-year reviews for periods ending October 31, 2006 and April 30, 2007, respectively, of LG&E's environmental surcharge. All parties to the case submitted requests with the Kentucky Commission to waive rights to a hearing on this matter. The Kentucky Commission issued final Orders in March 2008, approving the charges and credits billed through the ECR during the review period, as well as approving billing adjustments, roll-in adjustments to base rates, revisions to the monthly surcharge filing and the rates of return on capital.

Other Regulatory Matters

TC2 CCN Application and Transmission Matters. A CCN application for construction of the new base-load, coal fired unit known as TC2, which will be jointly owned by LG&E and KU, together with the Illinois Municipal Electric Agency and the Indiana Municipal Power Agency, was approved by the Kentucky Commission in November 2005, and was never appealed.

Initial CCN applications for two transmission lines associated with the TC2 unit were approved in September 2005 and May 2006. One of those CCNs, for a line running from Jefferson County into Hardin County, was brought up for review to the Franklin Circuit Court by a group of landowners. In August 2006, LG&E, KU and the Kentucky Commission obtained dismissal of that action, on grounds that the landowners had failed to comply with the statutory procedures governing the action for review. That dismissal was appealed by the landowners to the Kentucky Court of Appeals, and in December 2007, that

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Court reversed the lower court's dismissal and remanded the challenge of the CCN to the Franklin Circuit Court for further proceedings. LG&E, KU and the Kentucky Commission filed for reconsideration of the appellate court's ruling, but those requests were denied in April 2008. LG&E and KU will file a motion for discretionary review with the Kentucky Supreme Court in May 2008, asking that Court to hear the matter and, ultimately, to reverse the Court of Appeals and uphold the Franklin Circuit Court's dismissal.

The referenced transmission lines are also subject to routine regulatory filings and require the acquisition of easements. In April 2008, in proceedings involving the condemnation of an easement for a portion of the Jefferson County to Hardin County transmission line (all rights of way for the other line have been acquired), a Meade County, Kentucky circuit court judge issued a ruling upholding the objections of two co-owners of the property crossed by the easement and dismissed that eminent domain proceeding pending the completion of the CCN appeal described above. LG&E and KU have filed responsive pleadings, including a motion to vacate that decision by the trial court and a procedural request with the Court of Appeals seeking expedited review on a petition to direct the circuit court to proceed with the eminent domain litigation. Additional condemnation proceedings involving other parcels of property to support this same transmission line are also pending in neighboring Hardin County, and three landowners there have now sought dismissal of certain of those proceedings in Hardin County, on the same grounds cited by the Meade County court. LG&E and KU have opposed those efforts to dismiss, and are awaiting ruling by the Hardin County Circuit Court.

Merger Surecredit. In December 2007, LG&E submitted to the Kentucky Commission its plan to allow the merger surecredit to terminate as scheduled on June 30, 2008. The Kentucky Commission issued a procedural schedule for this proceeding in March 2008, with data discovery to be completed in May 2008. A public hearing is scheduled in May 2008, and an order is expected by the end of the second quarter of 2008.

DSM. In July 2007, LG&E and KU filed an application with the Kentucky Commission requesting an order approving enhanced versions of the existing DSM programs along with the addition of several new cost effective programs. The total annual budget for these programs is approximately \$26 million, an increase over the previous annual costs of approximately \$10 million. In March 2008, the Kentucky Commission issued an Order approving the application, with minor modifications. LG&E and KU filed revised tariffs in April 2008, under authority of this Order.

Mandatory Reliability Standards. As a result of the EPAct 2005, certain formerly voluntary reliability standards became mandatory in June 2007, and authority was delegated to various RROs by the Electric Reliability Organization, which was authorized by the FERC to enforce compliance with such standards, including promulgating new standards. Failure to comply with mandatory reliability standards can subject a registered entity to sanctions, including potential fines of up to \$1 million per day, as well as non-monetary penalties, depending upon the circumstances of the violation. LG&E is a member of the SERC, which acts as LG&E's RRO. The SERC is currently assessing LG&E's compliance with certain existing mitigation plans resulting from a prior RRO's audit of various reliability standards, and LG&E and SERC are in discussions regarding potential settlement, further mitigation steps or other resolution actions regarding these items. While LG&E believes itself to be in substantial compliance with the mandatory reliability standards, LG&E cannot predict the outcome of the current SERC proceeding or of

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other analysis which may be conducted regarding compliance with particular reliability standards.

Depreciation Study. In December 2007, LG&E filed a depreciation study with the Kentucky Commission as required by a previous Order. An adjustment to the depreciation rates is dependent on an order being received by the Kentucky Commission, the timing of which cannot currently be determined.

Brownfield Development Rider Tariff. In March 2008, LG&E and KU received Kentucky Commission approval for a Brownfield Development Rider, which offers a discounted rate to electric customers who meet certain usage and location requirements, including taking new service at a brownfield site, as certified by the appropriate Kentucky state agency. The rider would permit special contracts with such customers which provide for a series of declining partial rate discounts over an initial five year period of a longer service arrangement. The tariff is intended to promote local economic redevelopment and efficient usage of utility resources by aiding potential reuse of vacant brownfield sites.

Real-Time Pricing. In December 2006, the Kentucky Commission issued an Order indicating that the EPart 2005 Section 1252, Smart Metering and Section 1254, Interconnection standards should not be adopted. However, five Kentucky Commission jurisdictional utilities were required to file real-time pricing pilot programs for their large commercial and industrial customers. LG&E developed a real-time pricing pilot for large industrial and commercial customers and filed the details of the plan with the Kentucky Commission in April 2007. Data discovery concluded in July 2007, and no parties to the case requested a hearing. In February 2008, the Kentucky Commission issued an Order approving the real-time pricing pilot program proposed by LG&E, for implementation within approximately eight months, for its large commercial and industrial customers.

Collection Cycle Revision. In September 2007, LG&E filed an application with the Kentucky Commission to revise the collection cycle for customer bill payments from 15 days to 10 days to more closely align with the KU billing cycle and to avoid confusion for delinquent customers. In December 2007, the Kentucky Commission denied LG&E's request to shorten the collection cycle. LG&E filed a motion with the Kentucky Commission for reconsideration and received an Order granting approval. The Kentucky Commission issued additional data requests to LG&E in February 2008. An order is anticipated in the second quarter of 2008.

Note 3 - Financial Instruments

Effective January 1, 2008, LG&E adopted the required provisions of SFAS No. 157, excluding the exceptions related to nonfinancial assets and liabilities, which will be adopted effective January 1, 2009, consistent with FASB Staff Position 157-2. LG&E has classified the applicable financial assets and liabilities that are accounted for at fair value into the three levels of the fair value hierarchy, as defined by SFAS No. 157.

Interest Rate Swaps (hedging derivatives). LG&E uses over-the-counter interest rate swaps to hedge exposure to market fluctuations in certain of its debt instruments. The fair values of the swaps reflect price quotes from dealers. Pursuant to Company policy, use of these financial instruments is intended to mitigate risk, earnings and cash flow volatility and is not speculative in nature. Management has

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NOTES TO FINANCIAL STATEMENTS (Continued)			

designated all of the interest rate swaps as hedge instruments. Financial instruments designated as cash flow hedges have resulting gains and losses recorded within other comprehensive income and stockholders' equity.

The following table sets forth by level within the fair value hierarchy LG&E's financial assets and liabilities that were accounted for at fair value on a recurring basis as of March 31, 2008. There are no Level 2 or Level 3 measurements for this period.

Recurring Fair Value Measurements (in millions)	<u>Level 1</u>
Liabilities:	
Interest rate swaps	<u>\$29</u>
Total	<u>\$29</u>

LG&E was party to various interest rate swap agreements with aggregate notional amounts of \$211 million as of March 31, 2008 and December 31, 2007. Under these swap agreements, LG&E paid fixed rates averaging 4.38% and received variable rates based on LIBOR or the Securities Industry and Financial Markets Association's municipal swap index averaging 2.16% at March 31, 2008. The swap agreements in effect at March 31, 2008, have been designated as cash flow hedges and mature on dates ranging from 2020 to 2033. The cash flow designation was assigned because the underlying variable rate debt has variable future cash flows. LG&E's hedges have been determined to be highly effective. For the three months ended March 31, 2008, the Company recorded a pre-tax loss of \$6 million in other comprehensive income to reflect the ineffective portion of the hedge. Amounts in accumulated other comprehensive income will be reclassified into earnings in the same period during which the hedged forecasted transaction affects earnings. The amount expected to be reclassified from other comprehensive income to earnings in the next twelve months is less than \$1 million. A deposit in the amount of \$13 million, used as collateral for one of the interest rate swaps, is classified as restricted cash on the balance sheet. The amount of the deposit required is tied to the market value of the swap.

Energy Trading and Risk Management Activities (non-hedging derivatives). LG&E conducts energy trading and risk management activities to maximize the value of power sales from physical assets it owns. Energy trading activities are principally forward financial transactions to hedge price risk and are accounted for on a mark-to-market basis in accordance with SFAS No. 133, as amended.

The table below summarizes LG&E's energy trading and risk management activities for the three months ended March 31, 2007:

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(in millions)

Fair value of contracts at beginning of period, net asset	\$ 1
Unrealized gains and losses recognized at contract inception during the period	-
Realized gains and losses recognized during the period	-
Changes in fair values attributable to changes in valuation techniques and assumptions	(2)
Other unrealized gains and losses and changes in fair values	-
Fair value of contracts at end of period, net (liability) asset	<u>\$ (1)</u>

No changes to valuation techniques for energy trading and risk management activities occurred during 2008 or 2007. Changes in market pricing, interest rate and volatility assumptions were made during both years. All contracts outstanding at March 31, 2007, had a maturity of less than one year. There were no contracts outstanding at March 31, 2008. All amounts for 2008 are less than \$1 million. Energy trading and risk management contracts are valued using Level 1, prices actively quoted for proposed or executed transactions or quoted by brokers.

Note 4 - Pension and Other Postretirement Benefit Plans

The following table provides the components of net periodic benefit cost for pension and other benefit plans for the three months ended March 31:

(in millions)	<u>Pension Benefits</u>		<u>Other Postretirement Benefits</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Service cost	\$ 1	\$ 1	\$ -	\$ -
Interest cost	6	8	1	1
Expected return on plan assets	(7)	(11)	-	-
Amortization of prior service costs	1	2	1	1
Amortization of actuarial loss	-	1	-	-
Benefit cost year-to-date	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 2</u>

Net periodic benefit costs incurred by employees of LG&E are reflected in both utility plant on the balance sheet and in operating expense on the income statement. The above costs do not include allocations of net periodic benefit costs from affiliates whose employees provide services to LG&E.

The pension plans are funded in accordance with all applicable requirements of the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code. In March 2008, LG&E made contributions to other postretirement benefit plans of approximately \$2 million. LG&E anticipates making further voluntary contributions in 2008 to fund the Voluntary Employee Beneficiary Association trusts to match the annual postretirement expense and funding the postretirement medical account under the pension plan up to the maximum amount allowed by law.

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Note 5 - Income Taxes

A United States consolidated income tax return is filed by E.ON U.S.'s direct parent, EUSIC, for each tax period. Each subsidiary of the consolidated tax group, including LG&E, will calculate its separate income tax for the tax period. The resulting separate-return tax cost or benefit will be paid to or received from the parent company, or its designee. LG&E also files income tax returns in various state jurisdictions. With few exceptions, LG&E is no longer subject to U.S. federal income tax examinations for years before 2004. Statutes of limitations related to 2004 and later returns are still open. Tax years 2005, 2006 and 2007 are under audit by the IRS with the 2007 return being examined under an IRS pilot program named "Compliance Assurance Process". This program accelerates the IRS's review to the actual calendar year applicable to the return and ends 90 days after the return is filed.

LG&E adopted the provisions of FIN 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of SFAS No. 109*, effective January 1, 2007. At the date of adoption, LG&E had \$1 million of unrecognized tax benefits related to federal and state income taxes. If recognized, the entire \$1 million of unrecognized tax benefits would reduce the effective income tax rate.

Possible amounts of uncertain tax positions for LG&E that may decrease within the next 12 months total less than \$1 million, and are based on the expiration of statutes during 2008.

LG&E, upon adoption of FIN 48, adopted a new financial statement classification for interest and penalties. Prior to the adoption of FIN 48, LG&E recorded interest and penalties for income taxes on the income statement in income tax expense and in the taxes accrued balance sheet account, net of tax. Upon adoption of FIN 48, interest is recorded as interest expense and penalties are recorded as operating expenses on the income statement and accrued expenses in the balance sheets, on a pre-tax basis. The interest accrued is based on IRS and Kentucky Department of Revenue large corporate interest rates for underpayment of taxes.

The amount LG&E recognized as interest accrued related to unrecognized tax benefits in interest expense in operating expenses was less than \$1 million at March 31, 2008 and March 31, 2007. At the date of adoption, LG&E accrued less than \$1 million in interest expense on uncertain tax positions. No penalties were accrued by LG&E upon adoption of FIN 48, or through March 31, 2008.

In June 2006, LG&E and KU filed a joint application with the U.S. Department of Energy ("DOE") requesting certification to be eligible for investment tax credits applicable to the construction of TC2. In November 2006, the DOE and the IRS announced that LG&E and KU were selected to receive the tax credit. A final IRS certification required to obtain the investment tax credit was received in August 2007. In September 2007, LG&E received an Order from the Kentucky Commission approving the accounting of the investment tax credit. LG&E's portion of the TC2 tax credit will be approximately \$25 million over the construction period and will be amortized to income over the life of the related property beginning when the facility is placed in service. Based on eligible construction expenditures incurred, LG&E recorded investment tax credits of \$1 million and \$3 million during the three months ended March 31, 2008 and March 31, 2007, respectively, decreasing current federal income taxes.

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In March 2008, certain groups filed suit in federal court in North Carolina against the DOE and IRS claiming the investment tax credit program was violative of certain environmental laws and demanded relief, including suspension or termination of the program. LG&E is monitoring, but is not currently a party to, this proceeding and is not able to predict the ultimate outcome of this matter.

Note 6 - Short-Term and Long-Term Debt

LG&E's long-term debt includes \$160 million classified as current liabilities because these bonds are subject to tender for purchase at the option of the holder and to mandatory tender for purchase upon the occurrence of certain events. These bonds include Jefferson County Series 2001 A and B, Trimble County Series 2001 A and B and Jefferson County Series 2005 A. Maturity dates for these bonds range from 2026 to 2035. LG&E does not expect to pay these amounts in 2008. The average annualized interest rate for these bonds during the three months ended March 31, 2008, was 3.23%.

During June 2007, LG&E's five existing lines of credit totaling \$185 million expired and were replaced with short-term bilateral lines of credit facilities totaling \$125 million. There was no outstanding balance under any of these facilities at March 31, 2008. During the third quarter of 2007, LG&E extended the maturity date of these facilities through June 2012.

Pollution control series bonds are obligations of LG&E issued in connection with tax-exempt pollution control revenue bonds issued by various governmental entities, principally counties in Kentucky. A loan agreement obligates LG&E to make debt service payments to the county that equate to the debt service due from the county on the related pollution control revenue bonds. Until a series of financing transactions was completed during April 2007, the county's debt was also secured by an equal amount of LG&E's first mortgage bonds that were pledged to the trustee for the pollution control revenue bonds that match the terms and conditions of the county's debt, but require no payment of principal and interest unless LG&E defaults on the loan agreement.

Several of the LG&E pollution control bonds are insured by monoline bond insurers whose ratings have been under pressure due to exposures relating to insurance of sub-prime mortgages. At March 31, 2008, LG&E had an aggregate \$574 million of outstanding pollution control indebtedness, of which \$354 million is in the form of insured auction rate securities wherein interest rates are reset either weekly or every 35 days via an auction process. Beginning in late 2007, the interest rates on these insured bonds began to increase due to investor concerns about the creditworthiness of the bond insurers. In 2008, interest rates have continued to increase, and the Company has experienced "failed auctions" where there are insufficient bids for the bonds. When there is a failed auction, the interest rate is set pursuant to a formula stipulated in the indenture, which can be as high as 15%. During the three months ended March 31, 2008 and March 31, 2007, the average rate on the auction rate bonds was 4.82% and 3.65%, respectively. The instruments governing these auction rate bonds permit LG&E to convert the bonds to other interest rate modes, such as various short-term variable rates, long-term fixed rates or intermediate-term fixed rates that are reset infrequently. In the first quarter of 2008, the ratings of the Louisville Metro 2003 Series A bonds were downgraded from Aaa to A2 by Moody's and from AAA to A- by S&P due to downgrades of the bond insurer. In February 2008, LG&E issued a notice to bondholders of its intention to convert the Louisville Metro 2005 Series A, 2007 Series A and B bonds

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from the auction rate mode to a weekly interest rate mode, as permitted under the loan documents. These conversions were completed in March 2008, for the 2005 Series and in April 2008, for the two 2007 Series. In connection with the conversions, LG&E purchased the bonds from the remarketing agent. In March 2008, LG&E issued notices to bondholders of its intention to convert the Jefferson County 2000 Series A bonds from the auction mode to a weekly interest rate mode, as permitted under the loan documents. The conversion was completed in May 2008. In connection with the conversion, LG&E purchased the bonds from the remarketing agent. LG&E will hold some or all of such bonds until a later date, including potential further conversion, remarketing or refinancing. Uncertainty in markets relating to auction rate securities or steps LG&E has taken or may take to mitigate such uncertainty, such as additional conversions, subsequent restructurings or redemption and refinancing, could result in LG&E incurring increased interest expense, transaction expenses or other costs and fees or experiencing reduced liquidity relating to existing or future pollution control financing structures. See Note 12, Subsequent Events.

LG&E participates in an intercompany money pool agreement wherein E.ON U.S. and/or KU make funds available to LG&E at market-based rates (based on highly rated commercial paper issues) of up to \$400 million. Details of the balances were as follows:

(\$ in millions)	<u>Total Money Pool Available</u>	<u>Amount Outstanding</u>	<u>Balance Available</u>	<u>Average Interest Rate</u>
March 31, 2008	\$400	\$108	\$292	3.08%
December 31, 2007	\$400	\$78	\$322	4.75%

E.ON U.S. maintains a revolving credit facility totaling \$311 million at March 31, 2008 and \$150 million at December 31, 2007, with an affiliated company, E.ON North America, Inc., to ensure funding availability for the money pool. The balance is as follows:

(\$ in millions)	<u>Total Available</u>	<u>Amount Outstanding</u>	<u>Balance Available</u>	<u>Average Interest Rate</u>
March 31, 2008	\$311	\$94	\$217	3.36%
December 31, 2007	\$150	\$62	\$88	4.97%

In May 2008, E.ON U.S. split the revolving facility of \$311 million into two separate loans of \$150 million and \$161 million with E.ON North America, Inc. and Fidelia, respectively. See Note 12, Subsequent Events.

There were no redemptions or issuances of long-term debt year-to-date through March 31, 2008.

Note 7 - Commitments and Contingencies

Except as may be discussed in this quarterly report (including Note 2), material changes have not occurred in the current status of various commitments or contingent liabilities from that discussed in LG&E's

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Annual Report for the year ended December 31, 2007 (including in Notes 2 and 9 to the financial statements of LG&E contained therein). See the above-referenced notes in LG&E's Annual Report regarding such commitments or contingencies.

Construction Program. LG&E had approximately \$105 million of commitments in connection with its construction program at March 31, 2008.

In June 2006, LG&E and KU entered into a construction contract regarding the TC2 project. The contract is generally in the form of a lump-sum, turnkey agreement for the design, engineering, procurement, construction, commissioning, testing and delivery of the project, according to designated specifications, terms and conditions. The contract price and its components are subject to a number of potential adjustments which may serve to increase or decrease the ultimate construction price paid or payable to the contractor. The contract also contains standard representations, covenants, indemnities, termination and other provisions for arrangements of this type, including termination for convenience or for cause rights.

TC2 Air Permit. The Sierra Club and other environmental groups filed a petition challenging the air permit issued for the TC2 baseload generating unit which was issued by the Kentucky Division for Air Quality in November 2005. The filing of the challenge did not stay the permit, so the Company was free to proceed with construction during the pendency of the action. In June 2007, the state hearing officer assigned to the matter recommended upholding the air permit with minor revisions. In September 2007, the Secretary of the Kentucky Environmental and Public Protection Cabinet issued a final Order approving the hearing officer's recommendation and upholding the permit. In September 2007, LG&E administratively applied for a permit revision to reflect minor design changes. In October 2007, the environmental groups submitted comments objecting to the draft permit revisions and, in part, attempting to reassert general objections to the generating unit. In January 2008, the Kentucky Division for Air Quality issued a final permit revision. The environmental groups did not appeal the final Order upholding the permit or file a petition challenging the permit revision by the applicable deadlines. However, in October 2007, the environmental groups filed a lawsuit in federal court seeking an order for the EPA to grant or deny their pending petition for the EPA to "veto" the state air permit. The Company is currently unable to determine the final outcome of this matter or the impact of an unfavorable determination upon the Company's financial condition or results of operations.

Environmental Matters. LG&E's operations are subject to a number of environmental laws and regulations, governing, among other things, air emissions, wastewater discharges, the use, handling and disposal of hazardous substances and wastes, soil and groundwater contamination and employee health and safety.

Clean Air Act Requirements. The Clean Air Act establishes a comprehensive set of programs aimed at protecting and improving air quality in the United States by, among other things, controlling stationary sources of air emissions such as power plants. While the general regulatory framework for these programs is established at the federal level, most of the programs are implemented and administered by the states under the oversight of the EPA. The key Clean Air Act programs relevant to LG&E's business operations are described below.

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Ambient Air Quality. The Clean Air Act requires the EPA to periodically review the available scientific data for six criteria pollutants and establish concentration levels in the ambient air sufficient to protect the public health and welfare with an extra margin for safety. These concentration levels are known as NAAQS. Each state must identify “nonattainment areas” within its boundaries that fail to comply with the NAAQS and develop a SIP to bring such nonattainment areas into compliance. If a state fails to develop an adequate plan, the EPA must develop and implement a plan. As the EPA increases the stringency of the NAAQS through its periodic reviews, the attainment status of various areas may change, thereby triggering additional emission reduction obligations under revised SIPs aimed to achieve attainment.

In 1997, the EPA established new NAAQS for ozone and fine particulates that required additional reductions in SO₂ and NO_x emissions from power plants. In 1998, the EPA issued its final “NO_x SIP Call” rule requiring reductions in NO_x emissions of approximately 85% from 1990 levels in order to mitigate ozone transport from the midwestern U.S. to the northeastern U.S. To implement the new federal requirements, Kentucky amended its SIP in 2002 to require electric generating units to reduce their NO_x emissions to 0.15 pounds weight per MMBtu on a company-wide basis. In 2005, the EPA issued the CAIR which requires additional SO₂ emission reductions of 70% and NO_x emission reductions of 65% from 2003 levels. The CAIR provides for a two-phase cap and trade program, with initial reductions of NO_x and SO₂ emissions due by 2009 and 2010, respectively, and final reductions due by 2015. The final rule is currently under challenge. In 2006, Kentucky proposed to amend its SIP to adopt state requirements similar to those under the federal CAIR. Depending on the level of action determined necessary to bring local nonattainment areas into compliance with the new ozone and fine particulate standards, LG&E’s power plants are potentially subject to additional reductions in SO₂ and NO_x emissions. LG&E’s weighted-average company-wide emission rate for SO₂ in the first quarter of 2008 was approximately 0.51 lbs./MMBtu of heat input, with every generating unit below its emission limit established by the Kentucky Division for Air Quality and the Louisville Metro Air Pollution Control District. In March 2008, the EPA issued a revised NAAQS for ozone, which contains a more stringent standard than that contained in the previous regulation. At present, LG&E is unable to determine what, if any, additional requirements may be imposed to achieve compliance with the new ozone standard.

Hazardous Air Pollutants. As provided in the 1990 amendments to the Clean Air Act, the EPA investigated hazardous air pollutant emissions from electric utilities and submitted a report to Congress identifying mercury emissions from coal-fired power plants as warranting further study. In 2005, the EPA issued the CAMR establishing mercury standards for new power plants and requiring all states to issue new SIPs including mercury requirements for existing power plants. The EPA issued a model rule which provides for a two-phase cap and trade program with initial reductions due by 2010 and final reductions due by 2018. The CAMR provides for reductions of 70% from 2003 levels. The EPA closely integrated the CAMR and CAIR programs to ensure that the 2010 mercury reduction targets would be achieved as a “co-benefit” of the controls installed for purposes of compliance with the CAIR. In February 2008, a federal appellate court issued a decision vacating the CAMR, but the EPA and other parties have filed a motion for rehearing. Depending on the final outcome of the pending appeal, the CAMR could be superceded by new mercury reduction rules with different or more stringent requirements. In 2006, Kentucky proposed to amend its SIP to adopt state requirements similar to those under the federal CAMR, but those state requirements are likely to be revised to reflect the outcome of the challenge to the CAMR.

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at the federal level. In addition, in 2006, the Metro Louisville Air Pollution Control District adopted rules aimed at regulating additional hazardous air pollutants from sources including power plants, but those rules are not expected to have a material impact on LG&E's power plant operations.

Acid Rain Program. The 1990 amendments to the Clean Air Act imposed a two-phased cap and trade program to reduce SO₂ emissions from power plants that were thought to contribute to "acid rain" conditions in the northeastern U.S. The 1990 amendments also contained requirements for power plants to reduce NO_x emissions through the use of available combustion controls.

Regional Haze. The Clean Air Act also includes visibility goals for certain federally designated areas, including national parks, and requires states to submit SIPs that will demonstrate reasonable progress toward preventing future impairment and remedying any existing impairment of visibility in those areas. In 2005, the EPA issued its CAVR detailing how the Clean Air Act's BART requirements will be applied to facilities, including power plants, built between 1962 and 1974 that emit certain levels of visibility impairing pollutants. Under the final rule, as the CAIR will result in more visibility improvement than BART, states are allowed to substitute CAIR requirements in their regional haze SIPs in lieu of controls that would otherwise be required by BART. The final rule has been challenged in the courts.

Installation of Pollution Controls. Many of the programs under the Clean Air Act utilize cap and trade mechanisms that require a company to hold sufficient emissions allowances to cover its authorized emissions on a company-wide basis and do not require installation of pollution controls on every generating unit. Under cap and trade programs, companies are free to focus their pollution control efforts on plants where such controls are particularly efficient and utilize the resulting emission allowances for smaller plants where such controls are not cost effective. LG&E had previously installed flue gas desulfurization equipment on all of its generating units prior to the effective date of the acid rain program. LG&E's strategy for its Phase II SO₂ requirements, which commenced in 2000, is to use accumulated emission allowances to defer additional capital expenditures and LG&E will continue to evaluate improvements to further reduce SO₂ emissions. In order to achieve the NO_x emission reductions mandated by the NO_x SIP Call, LG&E installed additional NO_x controls, including selective catalytic reduction technology, during the 2000 through 2007 time period at a cost of \$197 million. In 2001, the Kentucky Commission granted recovery in principal of these costs incurred by LG&E under its periodic environmental surcharge mechanisms. Such monthly recovery is subject to periodic review by the Kentucky Commission.

In order to achieve the emissions reductions mandated by the CAIR, LG&E expects to incur additional capital expenditures totaling \$130 million during the 2008 through 2010 time period for pollution control equipment, and additional operating and maintenance costs in operating such controls. In 2005, the Kentucky Commission granted approval to recover the costs incurred by LG&E for these projects through the ECR mechanism. Such monthly recovery is subject to periodic review by the Kentucky Commission. LG&E believes its costs in reducing SO₂, NO_x and mercury emissions to be comparable to those of similarly situated utilities with like generation assets. LG&E's compliance plans are subject to many factors including developments in the emission allowance and fuels markets, future legislative and regulatory enactments, legal proceedings and advances in clean air technology. LG&E will continue to

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monitor these developments to ensure that its environmental obligations are met in the most efficient and cost-effective manner.

Potential GHG Controls. In 2005, the Kyoto Protocol for reducing GHG emissions took effect, obligating 37 industrialized countries to undertake substantial reductions in GHG emissions. The U.S. has not ratified the Kyoto Protocol and there are currently no mandatory GHG emission reduction requirements at the federal level. Legislation mandating GHG reductions has been introduced in the Congress, but no federal legislation has been enacted to date. In the absence of a program at the federal level, various states have adopted their own GHG emission reduction programs. Such programs have been adopted in various states including 11 northeastern U.S. states and the District of Columbia under the Regional GHG Initiative program and California. Substantial efforts to pass federal GHG legislation are ongoing. In April 2007, the U.S. Supreme Court ruled that the EPA has the authority to regulate GHG under the Clean Air Act. LG&E is monitoring ongoing efforts to enact GHG reduction requirements at the state and federal level and is assessing potential impacts of such programs and strategies to mitigate those impacts. LG&E is unable to predict whether mandatory GHG reduction requirements will ultimately be enacted. As a Company with significant coal-fired generating assets, LG&E could be substantially impacted by programs requiring mandatory reductions in GHG emissions, although the precise impact on the operations of LG&E, including the reduction targets and deadlines that would be applicable, cannot be determined prior to the enactment of such programs.

Section 114 Requests. In August 2007, the EPA issued administrative information requests under Section 114 of the Clean Air Act requesting new source review-related data regarding certain projects undertaken at LG&E's Mill Creek 4 and Trimble County 1 generating units and KU's Ghent 2 generating unit. The Companies have complied with the information requests and are not able to predict further proceedings in this matter at this time.

General Environmental Proceedings. From time to time, LG&E appears before the EPA, various state or local regulatory agencies and state and federal courts regarding matters involving compliance with applicable environmental laws and regulations. Such matters include remediation obligations for former manufactured gas plant sites; liability under the Comprehensive Environmental Response, Compensation and Liability Act for cleanup at various off-site waste sites; ongoing claims regarding alleged particulate emissions from LG&E's Cane Run station and ongoing claims regarding GHG emissions from LG&E's generating stations. With respect to the former manufactured gas plant sites, LG&E has estimated that it could incur additional costs of less than \$1 million for remaining clean-up activities under existing approved plans or agreements. Based on analysis to date, the resolution of these matters is not expected to have a material impact on the operations of LG&E.

Note 8 - Segments of Business

LG&E's revenues, net income and total assets by business segment for the three months ended March 31 follow:

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(in millions)	Three Months Ended	
	March 31,	
	<u>2008</u>	<u>2007</u>
LG&E Electric		
Revenues	\$ 224	\$ 222
Net income	11	21
Total assets	2,680	2,570
LG&E Gas		
Revenues	191	153
Net income	10	11
Total assets	604	553
Total		
Revenues	415	375
Net income	21	32
Total assets	3,284	3,123

Note 9 - Related Party Transactions

LG&E, subsidiaries of E.ON U.S. and subsidiaries of E.ON engage in related party transactions. Transactions between LG&E and E.ON U.S. subsidiaries are eliminated upon consolidation of E.ON U.S. Transactions between LG&E and E.ON subsidiaries are eliminated upon consolidation of E.ON. These transactions are generally performed at cost and are in accordance with FERC regulations under PUHCA 2005 and the applicable Kentucky Commission regulations. The significant related party transactions are disclosed below.

Electric Purchases

LG&E and KU purchase energy from each other in order to effectively manage the load of their retail and wholesale customers. These sales and purchases are included in the statements of income as electric operating revenues and purchased power operating expense. LG&E intercompany electric revenues and purchased power expense for the three months ended March 31, were as follows:

(in millions)	<u>2008</u>	<u>2007</u>
Electric operating revenues from KU	\$27	\$30
Purchased power from KU	14	18

Interest Charges

See Note 6, Short-Term and Long-Term Debt, for details of intercompany borrowing arrangements. Intercompany agreements do not require interest payments for receivables related to services provided when settled within 30 days.

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LG&E's intercompany interest expense for the three months ended March 31, was as follows:

(in millions)	<u>2008</u>	<u>2007</u>
Interest on money pool loans	\$ 1	\$ 1
Interest on Fidelity loans	5	3

Other Intercompany Billings

E.ON U.S. Services provides LG&E with a variety of centralized administrative, management and support services. These charges include payroll taxes paid by E.ON U.S. on behalf of LG&E, labor and burdens of E.ON U.S. Services employees performing services for LG&E and vouchers paid by E.ON U.S. Services on behalf of LG&E. The cost of these services is directly charged to LG&E, or for general costs which cannot be directly attributed, charged based on predetermined allocation factors, including the following ratios: number of customers, total assets, revenues, number of employees and other statistical information. These costs are charged on an actual cost basis.

In addition, LG&E and KU provide services to each other and to E.ON U.S. Services. Billings between LG&E and KU relate to labor and overheads associated with union employees performing work for the other utility, charges related to jointly-owned combustion turbines and other miscellaneous charges. Billings from LG&E to E.ON U.S. Services include cash received by E.ON U.S. Services on behalf of LG&E, primarily tax settlements, and other payments made by LG&E on behalf of other non-regulated businesses which are paid through E.ON U.S. Services.

Intercompany billings to and from LG&E for the three months ended March 31 were as follows:

(in millions)	<u>2008</u>	<u>2007</u>
E.ON U.S. Services billings to LG&E	\$42	\$123
LG&E billings to KU	1	10
KU billings to LG&E	23	14
LG&E billings to E.ON U.S. Services	3	1

In March 2008, LG&E paid a dividend of \$40 million to its common shareholder, E.ON U.S. LLC.

Note 10 - Notes to Statement of Cash Flows

Supplemental disclosures of cash flow information

(in millions)	<u>2008</u>	<u>2007</u>
Cash paid during the period for:		
Income Taxes	\$ 4	\$ 7
Interest on borrowed money	5	5
Interest to affiliated companies on borrowed money	3	3

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Note 11 - Notes to Statement of Income for the Year

See page 115, line 6, column (g). Electric Utility Depreciation Expense includes \$1 million applicable to Common Utility Plant apportioned to Electric Operations.

See page 115, line 6, column (i). Gas Utility Depreciation Expense includes less than \$1 million applicable to Common Utility Plant apportioned to Gas Operations.

See page 115, line 8, column (g). Electric Utility Amortization and Depletion of Utility Plant includes \$1 million applicable to Common Utility Plant apportioned to Electric Operations.

See page 115, line 8, column (i). Gas Utility Amortization and Depletion of Utility Plant includes less than \$1 million applicable to Common Utility Plant apportioned to Gas Operations.

Note 12 - Subsequent Events

On April 4, 2008, the 2007 Series A and B bonds were converted from an auction rate mode to a weekly interest rate mode. In connection with the conversion, LG&E purchased the bonds from the remarketing agent.

On May 1, 2008, the 2000 Series A bonds were converted from an auction rate mode to a weekly interest rate mode. In connection with the conversion, LG&E purchased the bonds from the remarketing agent.

On May 7, 2008, E.ON U.S. split the revolving facility with E.ON North America Inc. of \$311 million into two separate loans of \$150 million and \$161 million with E.ON North America Inc. and Fidelity, respectively.

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STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

1. Report in columns (b),(c),(d) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.
2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.
3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year				(3,599,009)
2	Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
3	Preceding Quarter/Year to Date Changes in Fair Value				(57,875)
4	Total (lines 2 and 3)				(57,875)
5	Balance of Account 219 at End of Preceding Quarter/Year				(3,656,884)
6	Balance of Account 219 at Beginning of Current Year				(3,656,884)
7	Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income				
8	Current Quarter/Year to Date Changes in Fair Value				
9	Total (lines 7 and 8)				
10	Balance of Account 219 at End of Current Quarter/Year				(3,656,884)

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da. Yr) / /	Year/Period of Report End of 2008/Q1
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STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges [Specify] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 78) (i)	Total Comprehensive Income (j)
1	(5,706,648)		(9,305,657)		
2					
3	(3,768,652)		(3,826,527)		
4	(3,768,652)		(3,826,527)	120,383,365	116,556,838
5	(9,475,300)		(13,132,184)		
6	(9,475,300)		(13,132,184)		
7					
8	(3,597,231)		(3,597,231)		
9	(3,597,231)		(3,597,231)	21,313,050	17,715,819
10	(13,072,531)		(16,729,415)		

Name of Respondent Louisville Gas and Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo. Da, Yr) / /	Year/Period of Report End of 2008/Q1
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION					
Report in Column (c) the amount for electric function. in column (d) the amount for gas function. in column (e), (f), and (g) report other (specify) and in column (h) common function.					
Line No	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)		
1	Utility Plant				
2	In Service				
3	Plant in Service (Classified)	3,987,089,145	3,251,155,353		
4	Property Under Capital Leases	2,876,958	2,876,958		
5	Plant Purchased or Sold				
6	Completed Construction not Classified				
7	Experimental Plant Unclassified				
8	Total (3 thru 7)	3,989,966,103	3,254,032,311		
9	Leased to Others				
10	Held for Future Use	22,662,487	22,662,487		
11	Construction Work in Progress	349,233,201	254,720,279		
12	Acquisition Adjustments				
13	Total Utility Plant (8 thru 12)	4,361,861,791	3,531,415,077		
14	Accum Prov for Depr, Amort, & Depl	1,889,111,250	1,596,287,192		
15	Net Utility Plant (13 less 14)	2,472,750,541	1,935,127,885		
16	Detail of Accum Prov for Depr, Amort & Depl				
17	In Service:				
18	Depreciation	1,870,251,554	1,596,287,092		
19	Amort & Depl of Producing Nat Gas Land/Land Right				
20	Amort of Underground Storage Land/Land Rights	800			
21	Amort of Other Utility Plant	18,858,896	100		
22	Total In Service (18 thru 21)	1,889,111,250	1,596,287,192		
23	Leased to Others				
24	Depreciation				
25	Amortization and Depletion				
26	Total Leased to Others (24 & 25)				
27	Held for Future Use				
28	Depreciation				
29	Amortization				
30	Total Held for Future Use (28 & 29)				
31	Abandonment of Leases (Natural Gas)				
32	Amort of Plant Acquisition Adj				
33	Total Accum Prov (equals 14) (22,26.30.31,32)	1,889,111,250	1,596,287,192		

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of 2008/Q1
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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION AMORTIZATION AND DEPLETION

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
556,647,203				179,286,589	3
					4
					5
					6
					7
556,647,203				179,286,589	8
					9
					10
60,389,680				34,123,242	11
					12
617,036,883				213,409,831	13
209,798,850				83,025,208	14
407,238,033				130,384,623	15
					16
					17
209,798,050				64,166,412	18
					19
800					20
				18,858,796	21
209,798,850				83,025,208	22
					23
					24
					25
					26
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					32
209,798,850				83,025,208	33

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2008/Q1</u>
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ELECTRIC PLANT IN SERVICE AND ACCUMULATED PROVISION FOR DEPRECIATION BY FUNCTION

1. Report below the original cost of plant in service by function. In addition to Account 101, include Account 102, and Account 106 Report in column (b) the original cost of plant in service and in column(c) the accumulated provision for depreciation and amortization by function

Line No.	Item (a)	Plant in Service Balance at End of Quarter (b)	Accumulated Depreciation and Amortization Balance at End of Quarter (c)
1	Intangible Plant	2,340	100
2	Steam Production Plant	1,974,317,463	1,005,836,056
3	Nuclear Production Plant		
4	Hydraulic Production - Conventional	29,738,482	7,518,616
5	Hydraulic Production - Pumped Storage		
6	Other Production	225,596,172	48,555,507
7	Transmission	255,091,069	137,196,940
8	Distribution	775,294,645	383,797,598
9	Regional Transmission and Market Operation		
10	General	16,654,627	13,382,375
11	TOTAL (Total of lines 1 through 10)	3,276,694,798	1,596,287,192

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) / /	Year Period of Report End of <u>2009/Q1</u>
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OTHER REGULATORY ASSETS (Account 182.3)

- 1 Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable
 2 Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than \$50,000 whichever ever is less), may be grouped by classes
 3 For Regulatory Assets being amortized, show period of amortization

Line No	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS		Balance at end of Current Quarter/Year (f)
				Written off During the Quarter/Year Account Charged (d)	Written off During the Period Amount (e)	
1	SFAS 158 - Pension and Postretirement	109,963,623		128	663,564	109,420,059
2	MISO Exit Fee	13,139,915		131,143	752,454	12,366,562
3	Asset Retirement Obligation - Electric	19,959,464	403,115			19,362,579
4	Asset Retirement Obligation - Gas	5,167,602	117,947			5,310,749
5	Asset Retirement Obligation - Common	23,134	353			23,517
6	Mill Creek Ash Pond Recovered through ECR					
7	(May-06 to Apr-10)	3,719,010	640,165	501	604,915	3,954,280
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44	TOTAL	151,922,049	1,356,630		1,920,933	150,457,746

Name of Respondent Louisville Gas and Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2008/Q1
FOOTNOTE DATA			

Schedule Page: 232 Line No.: 1 Column: e
The 2007 valuation for prepaid pension asset was adjusted due to the misclassification of benefit payment information provided by the pension trustee.

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da. Yr) / /	Year/Period of Report End of 2008/Q1
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OTHER REGULATORY LIABILITIES (Account 254)

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than \$50,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	DEBITS		Credits (e)	Balance at End of Current Quarter/Year (f)
			Account Credited (c)	Amount (d)		
1	SFAS 109 - Income Taxes	50,323,938	190,282	1,544,627		48,779,311
2	MISO Schedule 10 Charges	4,455,930			835,488	5,291,418
3	Asset Retirement Obligation - Electric	225,470			6,360	231,830
4	Asset Retirement Obligation - Gas	110,200			13,775	123,975
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41	TOTAL	55,115,538		1,544,627	855,623	54,426,534

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2008/Q1
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ELECTRIC OPERATING REVENUES (Account 400)

- 1 The following instructions generally apply to the annual version of these pages Do not report quarterly data in columns (c), (e), (f), and (g) Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages
- 2 Report below operating revenues for each prescribed account, and manufactured gas revenues in total
- 3 Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added The -average number of customers means the average of twelve figures at the close of each month
- 4 If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	69,314,331	
3	(442) Commercial and Industrial Sales		
4	Small (or Comm) (See Instr. 4)	52,729,072	
5	Large (or Ind) (See Instr. 4)	34,261,792	
6	(444) Public Street and Highway Lighting	1,797,439	
7	(445) Other Sales to Public Authorities	14,568,764	
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	172,671,398	
11	(447) Sales for Resale	50,067,050	
12	TOTAL Sales of Electricity	222,738,448	
13	(Less) (449 1) Provision for Rate Refunds		
14	TOTAL Revenues Net of Prov. for Refunds	222,738,448	
15	Other Operating Revenues		
16	(450) Forfeited Discounts	667,150	
17	(451) Miscellaneous Service Revenues	154,449	
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	832,740	
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	914,482	
22	(456.1) Revenues from Transmission of Electricity of Others	917,637	
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	1,657,494	
27	TOTAL Electric Operating Revenues	224,395,942	

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of <u>2008/Q1</u>
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ELECTRIC OPERATING REVENUES (Account 400)

5 Commercial and industrial Sales. Account 442. may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand (See Account 442 of the Uniform System of Accounts Explain basis of classification in a footnote)

6 See pages 108-109. Important Changes During Period. for important new territory added and important rate increase or decreases

7 For Lines 2.4.5 and 6. see Page 304 for amounts relating to unbilled revenue by accounts

8 Include unmetered sales Provide details of such Sales in a footnote

MEGAWATT HOURS SOLD		AVG NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
1,003.027				2
				3
849,607				4
765.851				5
17,604				6
285,975				7
				8
				9
2,922.064				10
1,771,237				11
4,693,301				12
				13
4.693.301				14

Line 12, column (b) includes \$ 0 of unbilled revenues.
 Line 12, column (d) includes 0 MWH relating to unbilled revenues

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2008/Q1
Louisville Gas and Electric Company			
FOOTNOTE DATA			

Schedule Page: 300 Line No.: 4 Column: b

The Company uses a rate schedule basis of classification, according to which sales under Large Commercial Rate LC (demand and energy type) are classified as Large Commercial, sales under Industrial Power Rate LP (demand and energy type) are classified as Large Industrial, and sales under General Rate GS (block type) are classified as Small Commercial and Industrial.

Small Commercial and Industrial Sales	23,984,886
Large Commercial Sales	28,744,186
Total Small (or Commercial)	\$52,729,072

Schedule Page: 300 Line No.: 4 Column: d

The Company uses a rate schedule basis of classification, according to which sales under Large Commercial Rate LC (demand and energy type) are classified as Large Commercial, sales under Industrial Poer Rate LP (demand and energy type) are classified as Large Industrial, and sales under General Rate GS (block type) are classified as Small Commercial and Industrial.

Small Commercial and Industrial Sales	321,928
Large Commercial Sales	527,679
Total Small (or Commercial)	849,607 MWH

Schedule Page: 300 Line No.: 21 Column: b

As a result of the Company exiting the MISO, a reclassification of MISO related revenues from Other Operating Revenues to a Regulatory Liability was required.

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da. Yr) / /	Year/Period of Report End of 2008/Q1
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ELECTRIC PRODUCTION, OTHER POWER SUPPLY EXPENSES, TRANSMISSION AND DISTRIBUTION EXPENSES

Report Electric production, other power supply expenses, transmission, regional control and market operation, and distribution expenses through the reporting period

Line No	Account (a)	Year to Date Quarter (b)
1	1 POWER PRODUCTION AND OTHER SUPPLY EXPENSES	
2	Steam Power Generation - Operation (500-509)	86,915,347
3	Steam Power Generation - Maintenance (510-515)	16,157,903
4	Total Power Production Expenses - Steam Power	103,073,250
5	Nuclear Power Generation - Operation (517-525)	
6	Nuclear Power Generation - Maintenance (528-532)	
7	Total Power Production Expenses - Nuclear Power	
8	Hydraulic Power Generation - Operation (535-540.1)	185,515
9	Hydraulic Power Generation - Maintenance (541-545.1)	134,351
10	Total Power Production Expenses - Hydraulic Power	319,866
11	Other Power Generation - Operation (546-550.1)	5,511,434
12	Other Power Generation - Maintenance (551-554.1)	132,008
13	Total Power Production Expenses - Other Power	5,643,442
14	Other Power Supply Expenses	
15	Purchased Power (555)	23,882,783
16	System Control and Load Dispatching (556)	262,236
17	Other Expenses (557)	529,354
18	Total Other Power Supply Expenses (line 15-17)	24,674,373
19	Total Power Production Expenses (Total of lines 4, 7, 10, 13 and 18)	133,710,931
20	2. TRANSMISSION EXPENSES	
21	Transmission Operation Expenses	
22	(560) Operation Supervision and Engineering	223,134
23	(561) Load Dispatching	180,826
24	(561.1) Load Dispatch-Reliability	
25	(561.2) Load Dispatch-Monitor and Operate Transmission System	
26	(561.3) Load Dispatch-Transmission Service and Scheduling	
27	(561.4) Scheduling, System Control and Dispatch Services	732
28	(561.5) Reliability, Planning and Standards Development	
29	(561.6) Transmission Service Studies	
30	(561.7) Generation Interconnection Studies	
31	(561.8) Reliability, Planning and Standards Development Services	53
32	(562) Station Expenses	235,501
33	(563) Overhead Line Expenses	26,576
34	(564) Underground Line Expenses	
35	(565) Transmission of Electricity by Others	1,248,330
36	(566) Miscellaneous Transmission Expenses	728,626
37	(567) Rents	16,428
38	(567.1) Operation Supplies and Expenses (Non-Major)	

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da. Yr) / /	Year/Period of Report End of 2008/Q1
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ELECTRIC PRODUCTION, OTHER POWER SUPPLY EXPENSES, TRANSMISSION AND DISTRIBUTION EXPENSES

Report Electric production, other power supply expenses, transmission, regional control and market operation, and distribution expenses through the reporting period

Line No.	Account (a)	Year to Date Quarter (b)
39	TOTAL Transmission Operation Expenses (Lines 22 - 38)	2,658,636
40	Transmission Maintenance Expenses	
41	(568) Maintenance Supervision and Engineering	
42	(569) Maintenance of Structures	11,627
43	(569.1) Maintenance of Computer Hardware	
44	(569.2) Maintenance of Computer Software	
45	(569.3) Maintenance of Communication Equipment	
46	(569.4) Maintenance of Miscellaneous Regional Transmission Plant	
47	(570) Maintenance of Station Equipment	302,322
48	(571) Maintenance Overhead Lines	114,774
49	(572) Maintenance of Underground Lines	
50	(573) Maintenance of Miscellaneous Transmission Plant	820
51	(574) Maintenance of Transmission Plant	
52	TOTAL Transmission Maintenance Expenses (Lines 41 - 51)	429,543
53	Total Transmission Expenses (Lines 39 and 52)	3,088,179
54	3. REGIONAL MARKET EXPENSES	
55	Regional Market Operation Expenses	
56	(575.1) Operation Supervision	
57	(575.2) Day-Ahead and Real-Time Market Facilitation	
58	(575.3) Transmission Rights Market Facilitation	
59	(575.4) Capacity Market Facilitation	
60	(575.5) Ancillary Services Market Facilitation	
61	(575.6) Market Monitoring and Compliance	
62	(575.7) Market Facilitation, Monitoring and Compliance Services	4,526
63	Regional Market Operation Expenses (Lines 55 - 62)	4,526
64	Regional Market Maintenance Expenses	
65	(576.1) Maintenance of Structures and Improvements	
66	(576.2) Maintenance of Computer Hardware	
67	(576.3) Maintenance of Computer Software	
68	(576.4) Maintenance of Communication Equipment	
69	(576.5) Maintenance of Miscellaneous Market Operation Plant	
70	Regional Market Maintenance Expenses (Lines 65-69)	
71	TOTAL Regional Control and Market Operation Expenses (Lines 63,70)	4,526
72	4. DISTRIBUTION EXPENSES	
73	Distribution Operation Expenses (580-589)	4,177,767
74	Distribution Maintenance Expenses (590-598)	5,072,345
75	Total Distribution Expenses (Lines 73 and 74)	9,250,112

Name of Respondent Louisville Gas and Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2008/Q1
FOOTNOTE DATA			

Schedule Page: 324 Line No.: 27 Column: b
Louisville Gas & Electric Company incurs MISO Schedule 10 charges. During the first quarter of 2008, a credit adjustment was made for Schedule 10 charges related to October 2007. As such, the credit adjustment exceeded the charges for the quarter yielding a credit balance.

Schedule Page: 324 Line No.: 31 Column: b
Louisville Gas & Electric Company incurs MISO Schedule 10 charges. During the first quarter of 2008, a credit adjustment was made for Schedule 10 charges related to October 2007. As such, the credit adjustment exceeded the charges for the quarter yielding a credit balance.

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of 2008/Q1
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ELECTRIC CUSTOMER ACCOUNTS, SERVICE, SALES, ADMINISTRATIVE AND GENERAL EXPENSES

Report the amount of expenses for customer accounts, service, sales, and administrative and general expenses year to date.

Line No	Account (a)	Year to Date Quarter (b)
1	(901-905) Customer Accounts Expenses	2,609,581
2	(907-910) Customer Service and Information Expenses	1,464,257
3	(911-917) Sales Expenses	13,367
4	8. ADMINISTRATIVE AND GENERAL EXPENSES	
5	Operations	
6	920 Administrative and General Salaries	3,567,146
7	921 Office Supplies and Expenses	1,383,474
8	(Less) 922 Administrative Expenses Transferred-Credit	625,073
9	923 Outside Services Employed	878,731
10	924 Property Insurance	729,094
11	925 Injuries and Damages	409,899
12	926 Employee Pensions and Benefits	5,939,901
13	927 Franchise Requirements	9,716
14	928 Regulatory Commission Expenses	290,630
15	(Less) 929 Duplicate Charges-Credit	12,633
16	930.1 General Advertising Expenses	102,451
17	930.2 Miscellaneous General Expenses	578,418
18	931 Rents	330,889
19	TOTAL Operation (Total of lines 6 thru 18)	13,582,643
20	Maintenance	
21	935 Maintenance of General Plant	1,525,034
22	TOTAL Administrative and General Expenses (Total of lines 19 and 21)	15,107,677

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2008/Q1
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456 1)
(Including transactions referred to as 'wheeling')

1. Report all transmission of electricity, i.e., wheeling, provided for other electric utilities, cooperatives, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers for the quarter.
2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).
3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c).
4. In column (d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO - Firm Network Service for Others, FNS - Firm Network Transmission Service for Self, LFP - "Long-Term Firm Point to Point Transmission Service, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point to Point Transmission Reservation, NF - non-firm transmission service, OS - Other Transmission Service and AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.

Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classification (d)
1	East Kentucky Power Cooperative	East Kentucky Power Cooperative	East Kentucky Power Cooperative	FNO
2	East Kentucky Power Cooperative	East Kentucky Power Cooperative	East Kentucky Power Cooperative	NF
3	Indiana Municipal Power Agency	Indiana Municipal Power Agency	MISO and PJM	OLF
4	Illinois Municipal Electric Agency	IL Municipal Electric Agency	Midwest ISO	OLF
5	LG&E Transactions	Louisville Gas & Electric Company	Various	NF
6	LG&E Transactions	Louisville Gas & Electric Company	Various	SFP
7	LG&E Transactions	Louisville Gas & Electric Company	Various	LFP
8	Hoosier Energy	Midwest ISO	Hoosier Energy	FNO
9	Big Rivers Electric Corporation	Big Rivers Electric Corporation	Big Rivers Electric Corporation	NF
10	Cargill Power Markets, LLC	Various	Various	SFP
11	Cargill Power Markets, LLC	Various	Various	NF
12	Midwest ISO	Midwest ISO	Midwest ISO	AD
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34				
	TOTAL			

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2008/Q1
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
(Including transactions referred to as 'wheeling')

5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.
6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.
7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.
8. Report in column (i) and (j) the total megawatthours received and delivered.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Substation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
Vol 1 SA 4	East Kentucky Power	East Kentucky Power	52	78,950	76,699	1
Vol 1	East Kentucky Power	East Kentucky Power		27	27	2
Vol 1 SA 3	Trimble Co. Unit 1	PJM and MISO	67	134,279	134,279	3
Vol 1 SA 1	Trimble Co. Unit 1	Midwest ISO	63	126,237	126,237	4
Vol 1	Various	Various				5
Vol 1	Various	Various				6
Vol 1	Various	Various	40			7
Vol 1	Midwest ISO	Hoosier Energy	6	10,214	10,214	8
Vol 1	East Kentucky Power	Big Rivers Electric		59	59	9
Vol 1	Various	Various		701	680	10
Vol 1	Various	Various		1,675	1,626	11
N/A	Midwest ISO	N/A				12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
			228	352,142	349,821	

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2008/Q1
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued)
(Including transactions referred to as 'wheeling')

9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.

10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.

11. Footnote entries and provide explanations following all required data.

REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS

Demand Charges (\$) (k)	Energy Charges (\$) (l)	(Other Charges) (\$) (m)	Total Revenues (\$) (k+l+m) (n)	Line No.
261,839		74,848	336,687	1
	50	13	63	2
				3
				4
	286,060	68,396	354,456	5
97,697		26,262	123,959	6
85,165		21,326	106,491	7
				8
	176	37	213	9
22,251		5,890	28,141	10
	5,327	1,473	6,800	11
	39,173		-39,173	12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
466,952	252,440	198,245	917,637	

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2008/Q1
Louisville Gas and Electric Company			
FOOTNOTE DATA			

Schedule Page: 328 Line No.: 1 Column: m

The total consists of East Kentucky Power Cooperative Schedule 1 and Schedule 2 charges related to firm transmission.

Schedule Page: 328 Line No.: 2 Column: m

The total consists of East Kentucky Power Cooperative Schedule 1 and Schedule 2 charges related to non-firm transmission.

Schedule Page: 328 Line No.: 3 Column: d

The OLF transmission service agreement between Indiana Municipal Power Agency and Louisville Gas & Electric Company has a termination date of 11/01/2010.

Schedule Page: 328 Line No.: 3 Column: n

Louisville Gas & Electric Company (LG&E) transmits electricity for Indiana Municipal Power Agency (IMPA) from Trimble County Unit 1 to the MISO-LG&E interface or the PJM-LG&E interface at no cost to IMPA. This agreement was reached between LG&E and IMPA as a result of LG&E's exit from the MISO.

Schedule Page: 328 Line No.: 4 Column: d

The OLF transmission service agreement between Illinois Municipal Electric Agency and Louisville Gas & Electric Company has a termination date of 06/01/2010.

Schedule Page: 328 Line No.: 4 Column: n

Louisville Gas & Electric Company (LG&E) transmits electricity for Illinois Municipal Electric Agency (IMEA) from Trimble County Unit 1 to the MISO-LG&E interface or the PJM-LG&E interface at no cost to IMEA. This agreement was reached between LG&E and IMEA as a result of LG&E's exit from the MISO.

Schedule Page: 328 Line No.: 5 Column: m

The total consists of Schedule 1 and Schedule 2 charges related to non-firm transmission with various counterparties.

Schedule Page: 328 Line No.: 6 Column: m

The total consists of Schedule 1 and Schedule 2 charges related to short-term firm transmission with various counterparties.

Schedule Page: 328 Line No.: 7 Column: d

The LFP intercompany purchases between Louisville Gas & Electric Company and Kentucky Utilities Company take place under the Open Access Transmission Tariff with allocations determined by the Transmission Coordination Agreement between the Companies. Both the Tariff and the Transmission Coordination Agreement are evergreen (have no termination date).

Schedule Page: 328 Line No.: 7 Column: m

The total consists of Schedule 1 and Schedule 2 charges related to long-term firm transmission with various counterparties.

Schedule Page: 328 Line No.: 8 Column: n

When Louisville Gas & Electric Company (LG&E) exited from the MISO, the FERC required the inclusion of Section 15.8 and Attachment E in the Company's Open Access Transmission Tariff (OATT). These sections of the OATT state that existing customers of the MISO will not be harmed by LG&E's exit from the MISO and will not have to pay an additional MISO pancaked charge for transmission services. Hoosier Energy was included in that list of existing MISO customers.

Schedule Page: 328 Line No.: 9 Column: m

The total consists of Big Rivers Electric Corporation Schedule 1 and Schedule 2 charges related to non-firm transmission.

Schedule Page: 328 Line No.: 10 Column: m

The total consists of Cargill Power Markets, LLC Schedule 1 and Schedule 2 charges related to firm transmission.

Schedule Page: 328 Line No.: 11 Column: m

The total consists of Cargill Power Markets, LLC Schedule 1 and Schedule 2 charges related to non-firm transmission.

Schedule Page: 328 Line No.: 12 Column: l

Louisville Gas and Electric Company no longer transmits electricity through the MISO; however, the MISO continues to make adjustments for previous charges related to the

Name of Respondent Louisville Gas and Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2008/Q1
FOOTNOTE DATA			

transmission of electricity. These adjustments can increase or decrease revenue depending on the individual circumstances of the charge being adjusted. During the first quarter of 2008, an adjustment was recorded as a debit to transmission revenue to accrue for a Seams Elimination Cost Adjustment ("SECA") settlement liability. This adjustment caused the net balance for this counterparty to be negative.

SECA settlement liability	-39,319
2006 Rate Adjustment per FERC Order ER02-2458	<u>146</u>
Net Adjustment	-39,173

Name of Respondent Louisville Gas and Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo Da Yr) ..	Year/Period of Report End of 2008:Q1
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TRANSMISSION OF ELECTRICITY BY OTHERS (Account 555)
(Including transactions referred to as "wheeling")

- Report all transmission i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.
- In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.
- In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to-Point Transmission Reservations, NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.
- Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.
- Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
- Enter "TOTAL" in column (a) as the last line.
- Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
			Megawatt-hours Received (c)	Megawatt-hours Delivered (d)	Demand Charges (\$) (e)	Energy Charges (\$) (f)	Other Charges (\$) (g)	Total Cost of Transmission (\$) (h)
1	Midwest ISO	NF	10,067	10,067		50,889	3,199	54,088
2	Midwest ISO	AD				219		219
3	Kentucky Utilities Co	LFP	56,121	56,121	213,931		29,106	243,037
4	Kentucky Utilities Co	SFP	122,129	122,129	300,945		43,800	344,745
5	Kentucky Utilities Co	NF	362,781	362,781		497,451	65,494	562,945
6	Kentucky Utilities Co	AD	16,251	16,251		42,864	5,825	48,689
7	PJM Interconnect	SFP	224	224	838			838
8	PJM Interconnect	NF	10,369	10,369		6,951	-14,072	-7,121
9	Tennessee Valley Auth	NF	219	219		657	233	890
10								
11								
12								
13								
14								
15								
16								
	TOTAL		578,161	578,161	\$15,714	\$599,031	\$133,585	\$1,248,330

Name of Respondent Louisville Gas and Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2008/Q1
FOOTNOTE DATA			

Schedule Page: 332 Line No.: 1 Column: g

The total consists of Schedule 1, Schedule 2, and Schedule 26 charges.

Schedule Page: 332 Line No.: 2 Column: f

The total consists of true-ups for prior periods.

Schedule Page: 332 Line No.: 3 Column: a

Louisville Gas & Electric Company and Kentucky Utilities Company are both owned by E.ON U.S. LLC.

Schedule Page: 332 Line No.: 3 Column: b

LFP intercompany purchases between Louisville Gas & Electric Company and Kentucky Utilities Company take place under the Open Access Transmission Tariff with allocations determined by the Transmission Coordination Agreement between the Companies. Both the Tariff and the Transmission Coordination Agreement are evergreen (have no termination date).

Schedule Page: 332 Line No.: 3 Column: g

The total consists of Schedule 1 and Schedule 2 charges.

Schedule Page: 332 Line No.: 4 Column: a

Louisville Gas & Electric Company and Kentucky Utilities Company are both owned by E.ON U.S. LLC.

Schedule Page: 332 Line No.: 4 Column: g

The total consists of Schedule 1 and Schedule 2 charges.

Schedule Page: 332 Line No.: 5 Column: a

Louisville Gas & Electric Company and Kentucky Utilities Company are both owned by E.ON U.S. LLC.

Schedule Page: 332 Line No.: 5 Column: g

The total consists of Schedule 1 and Schedule 2 charges.

Schedule Page: 332 Line No.: 6 Column: a

Louisville Gas & Electric Company and Kentucky Utilities Company are both owned by E.ON U.S. LLC.

Schedule Page: 332 Line No.: 6 Column: c

The internal accrual methodology between Off System Sales and Native Load was changed. Corrections are for prior periods.

Schedule Page: 332 Line No.: 6 Column: d

The internal accrual methodology between Off System Sales and Native Load was changed. Corrections are for prior periods.

Schedule Page: 332 Line No.: 6 Column: f

The internal accrual methodology between Off System Sales and Native Load was changed. Corrections are for prior periods.

Schedule Page: 332 Line No.: 6 Column: g

The internal accrual methodology between Off System Sales and Native Load was changed. Corrections are for prior periods.

Schedule Page: 332 Line No.: 8 Column: g

The total consists of Schedule 1, Schedule 2, and Schedule 6A charges and the portion of non-firm point-to-point transmission charges that are non-energy related.

Schedule Page: 332 Line No.: 9 Column: g

The total consists of Schedule 1 and Schedule 2 charges.

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of <u>2008/Q1</u>
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Depreciation, Depletion and Amortization of Electric Plant (Accts 403, 403.1, 404, and 405) (Except Amortization of Acquisition Adjustments)

1. Report the year to date amounts of depreciation expense, asset retirement cost depreciation, depletion and amortization, except amortization of acquisition adjustments for the accounts indicated and classified according to the plant functional groups described.

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403 1) (c)	Amortization of Other Limited-Term Electric Plant (Account 404) (e)	Amortization of Other Electric Plant (Account 405) (e)	Total (f)
1	Intangible Plant	14,329,215	40,671			14,369,886
2	Steam Production Plant					
3	Nuclear Production Plant					
4	Hydraulic Production Plant Conv	134,416	124			134,540
5	Hydraulic Production Plant - Pumped Storage					
6	Other Production Plant	1,853,562	844			1,854,406
7	Transmission Plant	1,515,201	44			1,515,245
8	Distribution Plant	6,583,435	92			6,583,527
9	General Plant	35,813				35,813
10	Common Plant	1,189,289	6		966,489	2,155,784
11	TOTAL ELECTRIC (lines 2 through 10)	25,640,931	41,781		966,489	26,649,201

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2008/Q1
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AMOUNTS INCLUDED IN ISO/RTO SETTLEMENT STATEMENTS

1. The respondent shall report below the details called for concerning amounts it recorded in Account 555, Purchase Power, and Account 447, Sales for Resale, for items shown on ISO/RTO Settlement Statements. Transactions should be separately netted for each ISO/RTO administered energy market for purposes of determining whether an entity is a net seller or purchaser in a given hour. Net megawatt hours are to be used as the basis for determining whether a net purchase or sale has occurred. In each monthly reporting period, the hourly sale and purchase net amounts are to be aggregated and separately reported in Account 447, Sales for Resale, or Account 555, Purchased Power, respectively.

Line No.	Description of Item(s) (a)	Balance at End of Quarter 1 (b)	Balance at End of Quarter 2 (c)	Balance at End of Quarter 3 (d)	Balance at End of Year (e)
1	Energy				
2	Net Purchases (Account 555)	1,278,412			
3	Net Sales (Account 447)	16,568,645			
4	Transmission Rights				
5	Ancillary Services				
6	Other Items (list separately)				
7					
8					
9					
10					
11					
12					
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35					
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43					
44					
45					
46	TOTAL	17,847,057			

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Louisville Gas and Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2008/Q1
FOOTNOTE DATA			

Schedule Page: 397 Line No.: 2 Column: b

The amount reflects transactions recorded in accordance with Louisville Gas and Electric Company's Power Supply System Agreement with Kentucky Utilities Company, as approved by the Kentucky Public Service Commission in October 1997, in which purchases and sales are calculated based on joint dispatch of the Companies' units. Such calculations do not distinguish between purchases and sales made in the Day Ahead and Real Time markets. Absent such a Power Supply System Agreement, the purchase amount recorded in accordance with FERC Order No. 668-A would have been \$1,269,431.

Schedule Page: 397 Line No.: 3 Column: b

The amount reflects transactions recorded in accordance with Louisville Gas and Electric Company's Power Supply System Agreement with Kentucky Utilities Company, as approved by the Kentucky Public Service Commission in October 1997, in which purchases and sales are calculated based on joint dispatch of the Companies' units. Such calculations do not distinguish between purchases and sales made in the Day Ahead and Real Time markets. Absent such a Power Supply System Agreement, the purchase amount recorded in accordance with FERC Order No. 668-A would have been \$16,492,521.

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo Da Yr) / /	Year/Period of Report End of 2006:Q1
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MONTHLY PEAKS AND OUTPUT

- (1) Report the monthly peak load and energy output. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system. In quarter 1 report January, February, and March only. In quarter 2 report April, May, and June only. In quarter 3 report July, August, and September only.
- (2) Report on column (b) by month the system's output in Megawatt hours for each month.
- (3) Report on column (c) by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
- (4) Report on column (d) by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
- (5) Report on columns (e) and (f) the specified information for each monthly peak load reported on column (d).
- (6) Report Monthly Peak Hours in military time: 0100 for 1:00 AM, 1200 for 12 AM, and 1830 for 6:30 PM, etc.

NAME OF SYSTEM: LG&E

Line No	Month (a)	Total Monthly Energy (MWH) (b)	Monthly Non-Requirements Sales for Resale & Associated Losses (c)	MONTHLY PEAK		
				Megawatts (See Instr 4) (d)	Day of Month (e)	Hour (f)
1	January	1 862.025	758.258	1,913	2	1900
2	February	1 444.831	450.822	1,836	11	2000
3	March	1 546.592	562,157	1,729	7	2000
4	Total	4 853.448	1 771.237	5,478		
5	April				0	0
6	May				0	0
7	June				0	0
8	Total					
9	July				0	0
10	August				0	0
11	September				0	0
12	Total					

Name of Respondent Louisville Gas and Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report End of 2008/Q1
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MONTHLY TRANSMISSION SYSTEM PEAK LOAD

- (1) Report the monthly peak load on the respondent's transmission system. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
- (2) Report on Column (b) by month the transmission system's peak load
- (3) Report on Columns (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b)
- (4) Report on Columns (e) through (j) by month the system' monthly maximum megawatt load by statistical classifications. See General Instruction for the definition of each statistical classification.

NAME OF SYSTEM: LG&E

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Firm Network Service for Self (e)	Firm Network Service for Others (f)	Long-Term Firm Point-to-point Reservations (g)	Other Long-Term Firm Service (h)	Short-Term Firm Point-to-point Reservation (i)	Other Service (j)
1	January	2,114	25	8	1,881	63	170			
2	February	1,997	11	8	1,770	57	170			
3	March	1,952	7	20	1,729	53	170			
4	Total for Quarter 1	6,063			5,380	173	510			
5	April									
6	May									
7	June									
8	Total for Quarter 2									
9	July									
10	August									
11	September									
12	Total for Quarter 3									
13	October									
14	November									
15	December									
16	Total for Quarter 4									
17	Total Year to Date/Year	6,063			5,380	173	510			

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
Dated August 27, 2008**

Question No. 7

Responding Witness: Lonnie E. Bellar

- Q-7. Refer to Reference Schedule 1.00 attached to Mr. Rives' testimony.
- a. Please separate this adjustment into non-FAC fuel revenue, FAC fuel revenue, and non-fuel revenue components.
 - b. Please indicate whether the Company uses unbilled revenue accounting for non-FAC fuel revenues.
 - c. Please indicate whether the Company uses unbilled revenue accounting for FAC fuel revenues.
- A-7. a. See attached.
- b. Yes.
 - c. Yes.

LOUISVILLE GAS AND ELECTRIC COMPANY

Adjustment to Eliminate Unbilled Revenues

	Electric			
	Non-FAC Fuel	FAC Fuel	Non-Fuel	Total
1. Unbilled revenues at April 30, 2007	\$ 5,945,000	\$ -	\$ 19,391,000	\$ 25,336,000
2. Unbilled revenues at April 30, 2008	(7,441,000)	(659,000)	(18,021,000)	(26,121,000)
3. Increase in book revenues due to unbilled revenues	\$ (1,496,000)	\$ (659,000)	\$ 1,370,000	\$ (785,000)
	Gas			
	Non-GSC Fuel	GSC Fuel	Non-Fuel	Total
1. Unbilled revenues at April 30, 2007	\$ -	\$ 6,195,000	\$ 1,368,000	\$ 7,563,000
2. Unbilled revenues at April 30, 2008	-	(7,462,000)	(1,304,000)	(8,766,000)
3. Increase in book revenues due to unbilled revenues	\$ -	\$ (1,267,000)	\$ 64,000	\$ (1,203,000)

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
Dated August 27, 2008**

Question No. 8

Responding Witness: Robert M. Conroy

- Q-8. Refer to Reference Schedule 1.03 attached to Mr. Rives' testimony. Please provide the amount of unbilled revenues included in the revenue column, if any.
- A-8. Unbilled revenues are not included in the revenue column.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
Dated August 27, 2008**

Question No. 9

Responding Witness: Robert M. Conroy

Q-9. Refer to Reference Schedule 1.06 attached to Mr. Rives' testimony. Please provide a copy of the referenced "Attachment to Response to Question No. 8(a)(c)."

A-9. See response to AG-1 Question No. 32.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
Dated August 27, 2008**

Question No. 10

Responding Witness: Robert M. Conroy

Q-10. Refer to Reference Schedule 1.07 attached to Mr. Rives' testimony. Please provide a copy of the Company's environmental surcharge filings effective for the months May 2007 through April 2008

A-10. The requested information is being provided on CD.

Electronic Attachment on CD

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
Dated August 27, 2008**

Question No. 11

Responding Witness: Shannon L. Charnas

- Q-11. Refer to Reference Schedule 1.09 attached to Mr. Rives' testimony. Please define the term "accrued revenue" as used on this schedule and differentiate this adjustment from the adjustments reflected on Reference Schedules 1.02, 1.03, 1.04 and 1.05.
- A-11. In addition to billed revenue, the Company records adjustments to revenue which are referred to as "accrued revenue". The purpose of these adjustments is to eliminate the regulatory lag (the timing difference between expenses and their recovery through the regulatory mechanisms), or over/under recoveries of the regulatory mechanisms. The pro forma adjustments listed on Reference Schedules 1.02, 1.03, 1.04, and 1.05 remove amounts actually billed to the customers for these regulatory mechanisms, while Reference Schedule 1.09 removes additional adjustments to revenue from the regulatory mechanisms.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
Dated August 27, 2008**

Question No. 12

Responding Witness: William Steven Seelye

- Q-12. Refer to Reference Schedules 1.11 and 1.12 attached to Mr. Rives' testimony quantifying the proposed weather normalization adjustment and the year end customer adjustment, respectively. On pages 46 (KU) and 53 (LG&E) of Mr. Seelye's testimony, he generally describes the basis for the weather normalization expense adjustment using the FERC predominance methodology. This is different than basis for the year customer expense adjustment. Please explain and provide all reasons for these differences in methodology.
- A-12. The expenses related to the temperature normalization adjustment reflect variable production expenses, whereas the expenses related to the year-end adjustment reflect both variable and fixed expenses. Changes in customers result in changes in variable costs and changes in fixed costs. Changes in kWh sales resulting from changes in temperature do not impact fixed costs, but do impact variable production expenses.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.

Dated August 27, 2008

Question No. 13

Responding Witness: Shannon L. Charnas / John J. Spanos

- Q-13. Refer to Reference Schedule 1.14 attached to Mr. Rives' testimony.
- a. Please provide a copy of the depreciation study filed in Case No. 2007-00564. In addition, provide all workpapers relied on by Mr. Spanos in that proceeding to compute the net salvage percentages included in the proposed depreciation rates.
 - b. Please provide the workpapers underlying the Company's computation of annualized depreciation expense using proposed rates shown on lines 1 and 2 of this schedule.
 - c. Please provide the computation of the depreciation expense amounts on lines 5 and 6 of this schedule.
 - d. Please indicate whether the depreciation expense shown on lines 1 and 2 of this schedule includes depreciation expense for ARO costs. If so, please provide the amount of this depreciation expense included in each line and for each service.
 - e. Please indicate whether the depreciation expense shown on lines 1 and 2 of this schedule includes depreciation expense for post-1995 environmental cost recovery. If so, please provide the amount of this depreciation expense included in each line and for each service.
 - f. Please provide a copy of the depreciation study underlying the depreciation rates used during the test year. In addition, provide all workpapers used in that prior depreciation study used to compute the net salvage percentages included in the present depreciation rates.
- A-13. a. Please see the CD provided for information filed under Case No. 2007-00564 including a copy of the depreciation study requested. Please see the files provided on the CD for the Company's response to AG-1 Question No. 8 as well as pages III - 300-425 in Exhibit JJS-Testimony in the Application for the workpapers used by Mr. Spanos to compute the net salvage percentages.

- b. Please see the attachments to the Company's response to AG-1 Question No. 8(a) in this case.
- c. The ARO depreciation amounts are taken directly from the 12 months ended income statement. ARO deprecation is tracked in separate general ledger accounts. Depreciation expense is calculated by the fixed asset software which multiplies the depreciation rate times the account balance taking into consideration additions and retirements for the month. The software accumulates these charges and generates a journal entry for depreciation expense each month.

See attached for the ECR depreciation calculation.

- d. The depreciation expense shown on lines 1 and 2 does not include depreciation expense for ARO costs.
- e. The depreciation expense shown on lines 1 and 2 does not include depreciation expense for post-1995 environmental cost recovery.
- f. Please see the CD provided for information filed under Case No. 2007-00564 including a copy of the depreciation study requested. Also, on the CD, please see file entitled "LGE-AG-1-99 KU-AG-1-92 Net Salvage Electric FASB 143 FIN 47" included with the Company's response to AG-1 Question No. 99 the workpapers used to compute the net salvage percentages.

Electronic
Attachment on CD

Reconciliation of Accumulated Depreciation

Month	May-2007	Jun-2007	Jul-2007	Aug-2007	Sep-2007	Oct-2007	Nov-2007	Dec-2007	Jan-2008	Feb-2008	Mar-2008	Apr-2008	Total
2001 Plan													
Project 6 -- NOx all plants													
Trimble County 1 SCR													
Investments	34,910,939	34,910,939	34,910,939	34,910,939	34,910,939	34,910,939	34,910,939	34,910,939	34,910,939	34,910,939	34,910,939	34,910,939	34,910,939
Retirements	(184,425)	(184,425)	(184,425)	(184,425)	(184,425)	(184,425)	(184,425)	(184,425)	(184,425)	(184,425)	(184,425)	(184,425)	(184,425)
Monthly Depreciation Expense	70,113	70,113	70,113	70,113	70,113	70,113	70,113	70,113	70,113	70,113	70,113	70,113	841,354
Depreciation Expense on Retirements	(370)	(370)	(370)	(370)	(370)	(370)	(370)	(370)	(370)	(370)	(370)	(370)	(4,445)
Trimble County 1 Catalyst													
Investments	1,444,358	1,444,358	1,444,358	1,444,358	1,444,358	1,444,358	1,444,358	1,444,358	1,444,358	1,444,358	1,444,358	1,444,358	1,444,358
Retirements													
Monthly Depreciation Expense	2,901	2,901	2,901	2,901	2,901	2,901	2,901	2,901	2,901	2,901	2,901	2,901	34,809
Depreciation Expense on Retirements													
Mill Creek 3													
Investments	19,730,477	19,730,477	19,730,477	19,730,477	19,730,477	19,730,477	19,730,477	19,730,477	19,730,477	19,730,477	19,730,477	19,730,477	19,730,477
Retirements													
Monthly Depreciation Expense	49,819	49,819	49,819	49,819	49,819	49,819	49,819	49,819	49,819	49,819	49,819	49,819	597,833
Depreciation Expense on Retirements													
Mill Creek 4													
Investments	21,669,172	21,669,172	21,669,172	21,669,172	21,669,172	21,669,172	21,669,172	21,669,172	21,669,172	21,669,172	21,669,172	21,669,172	21,669,172
Retirements													
Monthly Depreciation Expense	50,923	50,923	50,923	50,923	50,923	50,923	50,923	50,923	50,923	50,923	50,923	50,923	611,071
Depreciation Expense on Retirements													
Cane Run 6													
Investments	398,347	398,347	398,347	398,347	398,347	398,347	398,347	398,347	398,347	398,347	398,347	398,347	398,347
Retirements													
Monthly Depreciation Expense	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	12,189
Depreciation Expense on Retirements													
Trimble County 1 Investments													
Investments	3,200,663	3,200,663	3,200,663	3,200,663	3,200,663	3,200,663	3,200,663	3,200,663	3,200,663	3,200,663	3,200,663	3,200,663	3,200,663
Retirements	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Monthly Depreciation Expense	6,428	6,428	6,428	6,428	6,428	6,428	6,428	6,428	6,428	6,428	6,428	6,428	77,136
Depreciation Expense on Retirements	(602.50)	(602.50)	(602.50)	(602.50)	(602.50)	(602.50)	(602.50)	(602.50)	(602.50)	(602.50)	(602.50)	(602.50)	(7,230)
Cane Run 5													
Investments	3,150,880	3,150,880	3,150,880	3,150,880	3,150,880	3,150,880	3,150,880	3,150,880	3,150,880	3,150,880	3,150,880	3,150,880	3,150,880
Retirements	(22,747)	(22,747)	(22,747)	(22,747)	(22,747)	(22,747)	(22,747)	(22,747)	(22,747)	(22,747)	(22,747)	(22,747)	(22,747)
Monthly Depreciation Expense	7,536	7,536	7,536	7,536	7,536	7,536	7,536	7,536	7,536	7,536	7,536	7,536	90,430
Depreciation Expense on Retirements	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(653)
Cane Run 4													
Investments	1,963,177	1,963,177	1,963,177	1,963,177	1,963,177	1,963,177	1,963,177	1,963,177	1,963,177	1,963,177	1,963,177	1,963,177	1,963,177
Retirements	(44,432)	(44,432)	(44,432)	(44,432)	(44,432)	(44,432)	(44,432)	(44,432)	(44,432)	(44,432)	(44,432)	(44,432)	(44,432)
Monthly Depreciation Expense	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	57,717
Depreciation Expense on Retirements	(109)	(109)	(109)	(109)	(109)	(109)	(109)	(109)	(109)	(109)	(109)	(109)	(1,306)
Mill Creek 4													
Investments	43,947,781	43,947,781	43,947,781	43,947,781	43,947,781	43,947,781	43,947,781	43,947,781	43,947,781	43,947,781	43,947,781	43,947,781	43,947,781
Retirements	(993,467)	(993,467)	(993,467)	(993,467)	(993,467)	(993,467)	(993,467)	(993,467)	(993,467)	(993,467)	(993,467)	(993,467)	(993,467)
Monthly Depreciation Expense	103,277	103,277	103,277	103,277	103,277	103,277	103,277	103,277	103,277	103,277	103,277	103,277	1,239,327
Depreciation Expense on Retirements	(2,335)	(2,335)	(2,335)	(2,335)	(2,335)	(2,335)	(2,335)	(2,335)	(2,335)	(2,335)	(2,335)	(2,335)	(28,016)
Mill Creek 2													
Investments	550,661	550,661	550,661	550,661	550,661	550,661	550,661	550,661	550,661	550,661	550,661	550,661	550,661
Retirements													
Monthly Depreciation Expense	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	12,610
Depreciation Expense on Retirements													
Mill Creek 1													
Investments	598,446	598,446	598,446	598,446	598,446	598,446	598,446	598,446	598,446	598,446	598,446	598,446	598,446
Retirements	(222,092)	(222,092)	(222,092)	(222,092)	(222,092)	(222,092)	(222,092)	(222,092)	(222,092)	(222,092)	(222,092)	(222,092)	(222,092)

Monthly Depreciation Expense	1,192	1,192	1,192	1,192	1,192	1,192	1,192	1,192	1,192	1,192	1,192	1,192	14,303
Depreciation Expense on Retirements	(442.33)	(442.33)	(442.33)	(442.33)	(442.33)	(442.33)	(442.33)	(442.33)	(442.33)	(442.33)	(442.33)	(442.33)	(5,308)
Mill Creek 3													
Investments	49,365,169	49,365,169	49,365,169	49,365,169	49,365,169	49,365,169	49,365,169	49,365,169	49,365,169	49,365,169	49,365,169	49,365,169	
Retirements	(701,158)	(701,158)	(701,158)	(701,158)	(701,158)	(701,158)	(701,158)	(701,158)	(701,158)	(701,158)	(701,158)	(701,158)	
Monthly Depreciation Expense	124,647	124,647	124,647	124,647	124,647	124,647	124,647	124,647	124,647	124,647	124,647	124,647	1,495,765
Depreciation Expense on Retirements	(1,770.42)	(1,770.42)	(1,770.42)	(1,770.42)	(1,770.42)	(1,770.42)	(1,770.42)	(1,770.42)	(1,770.42)	(1,770.42)	(1,770.42)	(1,770.42)	(21,245)
Mill Creek Substation													
Investments	2,525,302	2,525,302	2,525,302	2,525,302	2,525,302	2,525,302	2,525,302	2,525,302	2,525,302	2,525,302	2,525,302	2,525,302	
Retirements	(521,706)	(521,706)	(521,706)	(521,706)	(521,706)	(521,706)	(521,706)	(521,706)	(521,706)	(521,706)	(521,706)	(521,706)	
Monthly Depreciation Expense	4,419	4,419	4,419	4,419	4,419	4,419	4,419	4,419	4,419	4,419	4,419	4,419	53,031
Depreciation Expense on Retirements	(912.99)	(912.99)	(912.99)	(912.99)	(912.99)	(912.99)	(912.99)	(912.99)	(912.99)	(912.99)	(912.99)	(912.99)	(10,956)
Mill Creek 4 SCR - May 2006 Addition													
Investments	1,724,257	1,724,257	1,724,257	1,724,257	1,724,257	1,724,257	1,724,257	1,724,257	1,724,257	1,724,257	1,724,257	1,724,257	
Retirements													
Monthly Depreciation Expense	4,052	4,052	4,052	4,052	4,052	4,052	4,052	4,052	4,052	4,052	4,052	4,052	48,624
Depreciation Expense on Retirements													
TC Air Heater Baskets - Dec 2005 Addition													
Investments	463,939	463,939	463,939	463,939	463,939	463,939	463,939	463,939	463,939	463,939	463,939	463,939	
Retirements	(344,487)	(344,487)	(344,487)	(344,487)	(344,487)	(344,487)	(344,487)	(344,487)	(344,487)	(344,487)	(344,487)	(344,487)	
Monthly Depreciation Expense	932	932	932	932	932	932	932	932	932	932	932	932	11,181
Depreciation Expense on Retirements	(692)	(692)	(692)	(692)	(692)	(692)	(692)	(692)	(692)	(692)	(692)	(692)	(8,302)
L&E NOX - April 2006 Addition													
Investments	5,373,292	5,373,292	5,373,292	5,373,292	5,373,292	5,373,292	5,373,292	5,373,292	5,373,292	5,373,292	5,373,292	5,373,292	
Retirements	(2,516,451)	(2,516,451)	(2,516,451)	(2,516,451)	(2,516,451)	(2,516,451)	(2,516,451)	(2,516,451)	(2,516,451)	(2,516,451)	(2,516,451)	(2,516,451)	
Monthly Depreciation Expense	12,627	12,627	12,627	12,627	12,627	12,627	12,627	12,627	12,627	12,627	12,627	12,627	151,527
Depreciation Expense on Retirements	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(5,914)	(70,964)
MC3 - SCR Catalyst Replacement													
Investments			1,843,984	1,843,984	1,843,984	1,843,984	1,843,984	1,843,984	1,843,984	1,843,984	1,843,984	1,843,984	
Retirements													
Monthly Depreciation Expense			2,328	4,656	4,656	4,656	4,656	4,656	4,656	4,656	4,656	4,656	44,233
Depreciation Expense on Retirements													

2003 Plan

Project 7 -- Mill Creek FGD Scrubber Conversion

Mill Creek FGD Scrubber Conversion Unit 1

Investments	6,780,427	6,780,427	6,780,427	6,780,427	6,780,427	6,780,427	6,780,427	6,780,427	6,780,427	6,780,427	6,780,427	6,780,427	
Retirements	(256,099)	(256,099)	(256,099)	(256,099)	(256,099)	(256,099)	(256,099)	(256,099)	(256,099)	(256,099)	(256,099)	(256,099)	
Monthly Depreciation Expense	22,036	22,036	22,036	22,036	22,036	22,036	22,036	22,036	22,036	22,036	22,036	22,036	264,437
Depreciation Expense on Retirements	(832)	(832)	(832)	(832)	(832)	(832)	(832)	(832)	(832)	(832)	(832)	(832)	(9,988)

Mill Creek 1 FGD Rapid Amortization

Investments	(7,575)	(7,575)	(7,575)	(7,575)	(7,575)	(7,575)	(7,575)	(7,575)	(7,575)	(7,575)	(7,575)	(7,575)	
Retirements													
Monthly Depreciation Expense	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(295)
Depreciation Expense on Retirements													

Mill Creek FGD Scrubber Conversion Unit 2

Investments	5,496,522	5,496,522	5,496,522	5,496,522	5,496,522	5,496,522	5,496,522	5,496,522	5,496,522	5,496,522	5,496,522	5,496,522	
Retirements	(593,300)	(593,300)	(593,300)	(593,300)	(593,300)	(593,300)	(593,300)	(593,300)	(593,300)	(593,300)	(593,300)	(593,300)	
Monthly Depreciation Expense	18,276	18,276	18,276	18,276	18,276	18,276	18,276	18,276	18,276	18,276	18,276	18,276	219,311
Depreciation Expense on Retirements	(1,973)	(1,973)	(1,973)	(1,973)	(1,973)	(1,973)	(1,973)	(1,973)	(1,973)	(1,973)	(1,973)	(1,973)	(23,673)

Mill Creek FGD 2 Rapid Amortization

Investments	203,537	203,537	203,537	203,537	203,537	203,537	203,537	203,537	203,537	203,537	203,537	203,537	
Retirements													
Monthly Depreciation Expense	677	677	677	677	677	677	677	677	677	677	677	677	8,121
Depreciation Expense on Retirements													

Mill Creek FGD Scrubber Conversion Unit 3

Investments	6,192,799	6,192,799	6,192,799	6,192,799	6,192,799	6,192,799	6,192,799	6,192,799	6,192,799	6,192,799	6,192,799	6,192,799	
Retirements	(501,511)	(501,511)	(501,511)	(501,511)	(501,511)	(501,511)	(501,511)	(501,511)	(501,511)	(501,511)	(501,511)	(501,511)	
Monthly Depreciation Expense	23,429	23,429	23,429	23,429	23,429	23,429	23,429	23,429	23,429	23,429	23,429	23,429	281,153

Depreciation Expense on Retirements	(1,897.38)	(1,897.38)	(1,897.38)	(1,897.38)	(1,897.38)	(1,897.38)	(1,897.38)	(1,897.38)	(1,897.38)	(1,897.38)	(1,897.38)	(1,897.38)	(1,897.38)	(22,769)
Mill Creek FGD Scrubber Conversion Unit 3														
Investments	5,685,853	5,685,853	5,685,853	5,685,853	5,685,853	5,685,853	5,685,853	5,685,853	5,685,853	5,685,853	5,685,853	5,685,853	5,685,853	
Retirements	(4,221,527)	(4,221,527)	(4,221,527)	(4,221,527)	(4,221,527)	(4,221,527)	(4,221,527)	(4,221,527)	(4,221,527)	(4,221,527)	(4,221,527)	(4,221,527)	(4,221,527)	
Monthly Depreciation Expense	21,511	21,511	21,511	21,511	21,511	21,511	21,511	21,511	21,511	21,511	21,511	21,511	21,511	258,138
Depreciation Expense on Retirements	(15,971)	(15,971)	(15,971)	(15,971)	(15,971)	(15,971)	(15,971)	(15,971)	(15,971)	(15,971)	(15,971)	(15,971)	(15,971)	(191,657)
Mill Creek FGD 3 Rapid Amortization														
Investments	19,187	19,187	19,187	19,187	19,187	19,187	19,187	19,187	19,187	19,187	19,187	19,187	19,187	
Retirements														
Monthly Depreciation Expense	73	73	73	73	73	73	73	73	73	73	73	73	73	871
Depreciation Expense on Retirements														
Mill Creek FGD Scrubber Conversion Unit 4														
Investments	6,490,936	6,490,936	6,490,936	6,490,936	6,490,936	6,490,936	6,490,936	6,490,936	6,490,936	6,490,936	6,490,936	6,490,936	6,490,936	
Retirements	(365,346)	(365,346)	(365,346)	(365,346)	(365,346)	(365,346)	(365,346)	(365,346)	(365,346)	(365,346)	(365,346)	(365,346)	(365,346)	
Monthly Depreciation Expense	29,101	29,101	29,101	29,101	29,101	29,101	29,101	29,101	29,101	29,101	29,101	29,101	29,101	349,212
Depreciation Expense on Retirements	(1,637.97)	(1,637.97)	(1,637.97)	(1,637.97)	(1,637.97)	(1,637.97)	(1,637.97)	(1,637.97)	(1,637.97)	(1,637.97)	(1,637.97)	(1,637.97)	(1,637.97)	(19,656)
Project 8 -- Precipitators														
Mill Creek 2 -- Include in Rate Base Feb 2003														
Investments	2,076,199	2,076,199	2,076,199	2,076,199	2,076,199	2,076,199	2,076,199	2,076,199	2,076,199	2,076,199	2,076,199	2,076,199	2,076,199	
Retirements	(101,069)	(101,069)	(101,069)	(101,069)	(101,069)	(101,069)	(101,069)	(101,069)	(101,069)	(101,069)	(101,069)	(101,069)	(101,069)	
Monthly Depreciation Expense	3,962	3,962	3,962	3,962	3,962	3,962	3,962	3,962	3,962	3,962	3,962	3,962	3,962	47,545
Depreciation Expense on Retirements	(193)	(193)	(193)	(193)	(193)	(193)	(193)	(193)	(193)	(193)	(193)	(193)	(193)	(2,314)
Mill Creek 3 -- Include in Rate Base Feb 2003														
Investments	3,484,535	3,484,535	3,484,535	3,484,535	3,484,535	3,484,535	3,484,535	3,484,535	3,484,535	3,484,535	3,484,535	3,484,535	3,484,535	
Retirements	(284,031)	(284,031)	(284,031)	(284,031)	(284,031)	(284,031)	(284,031)	(284,031)	(284,031)	(284,031)	(284,031)	(284,031)	(284,031)	
Monthly Depreciation Expense	8,798	8,798	8,798	8,798	8,798	8,798	8,798	8,798	8,798	8,798	8,798	8,798	8,798	105,581
Depreciation Expense on Retirements	(717)	(717)	(717)	(717)	(717)	(717)	(717)	(717)	(717)	(717)	(717)	(717)	(717)	(8,606)
Mill Creek 3														
Investments	2,144,386	2,144,386	2,144,386	2,144,386	2,144,386	2,144,386	2,144,386	2,144,386	2,144,386	2,144,386	2,144,386	2,144,386	2,144,386	
Retirements	(1,195,718)	(1,195,718)	(1,195,718)	(1,195,718)	(1,195,718)	(1,195,718)	(1,195,718)	(1,195,718)	(1,195,718)	(1,195,718)	(1,195,718)	(1,195,718)	(1,195,718)	
Monthly Depreciation Expense	5,415	5,415	5,415	5,415	5,415	5,415	5,415	5,415	5,415	5,415	5,415	5,415	5,415	64,975
Depreciation Expense on Retirements	(3,019)	(3,019)	(3,019)	(3,019)	(3,019)	(3,019)	(3,019)	(3,019)	(3,019)	(3,019)	(3,019)	(3,019)	(3,019)	(36,230)
Cane Run 5														
Investments	4,224,013	4,224,013	4,224,013	4,224,013	4,224,013	4,224,013	4,224,013	4,224,013	4,224,013	4,224,013	4,224,013	4,224,013	4,224,013	
Retirements	(264,918)	(264,918)	(264,918)	(264,918)	(264,918)	(264,918)	(264,918)	(264,918)	(264,918)	(264,918)	(264,918)	(264,918)	(264,918)	
Monthly Depreciation Expense	10,102	10,102	10,102	10,102	10,102	10,102	10,102	10,102	10,102	10,102	10,102	10,102	10,102	121,229
Depreciation Expense on Retirements	(634)	(634)	(634)	(634)	(634)	(634)	(634)	(634)	(634)	(634)	(634)	(634)	(634)	(7,603)
Project 9 -- Clearwell Water System														
Investments	1,197,310	1,197,310	1,197,310	1,197,310	1,197,310	1,197,310	1,197,310	1,197,310	1,197,310	1,197,310	1,197,310	1,197,310	1,197,310	
Retirements	(56,001)	(56,001)	(56,001)	(56,001)	(56,001)	(56,001)	(56,001)	(56,001)	(56,001)	(56,001)	(56,001)	(56,001)	(56,001)	
Monthly Depreciation Expense	5,368	5,368	5,368	5,368	5,368	5,368	5,368	5,368	5,368	5,368	5,368	5,368	5,368	64,415
Depreciation Expense on Retirements	(251.07)	(251.07)	(251.07)	(251.07)	(251.07)	(251.07)	(251.07)	(251.07)	(251.07)	(251.07)	(251.07)	(251.07)	(251.07)	(3,013)
Project 10 -- Absorber Trays														
Mill Creek 3 include in Rate Base Feb 2003														
Investments	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	
Retirements														
Monthly Depreciation Expense	5,173	5,173	5,173	5,173	5,173	5,173	5,173	5,173	5,173	5,173	5,173	5,173	5,173	62,076
Depreciation Expense on Retirements														
Mill Creek 4 include in Rate Base Feb 2003														
Investments	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	1,367,310	
Retirements														
Monthly Depreciation Expense	6,130	6,130	6,130	6,130	6,130	6,130	6,130	6,130	6,130	6,130	6,130	6,130	6,130	73,561
Depreciation Expense on Retirements														

2005 Plan

Project 11 -- Special Waste Landfill Expansion

Mill Creek

Investments	2,188,050	2,188,050	2,188,050	2,188,050	2,188,050	2,188,050	2,188,050	2,188,050	2,188,050	2,188,050	2,188,050	2,188,050	2,188,050	
Retirements														
Monthly Depreciation Expense	5,142	5,142	5,142	5,142	5,142	5,142	5,142	5,142	5,142	5,142	5,142	5,142	5,142	61,703
Depreciation Expense on Retirements														

Mill Creek

Investments	94,931	94,931	94,931	94,931	94,931	94,931	94,931	94,931	94,931	94,931	94,931	94,931	94,931	
Retirements	(83,141)	(83,141)	(83,141)	(83,141)	(83,141)	(83,141)	(83,141)	(83,141)	(83,141)	(83,141)	(83,141)	(83,141)	(83,141)	
Monthly Depreciation Expense	426	426	426	426	426	426	426	426	426	426	426	426	426	5,107
Depreciation Expense on Retirements	(373)	(373)	(373)	(373)	(373)	(373)	(373)	(373)	(373)	(373)	(373)	(373)	(373)	(4,473)

Project 12 -- Special Waste Landfill Expansion

Cane Run

Investments	2,323,293	2,323,293	2,323,293	2,323,293	2,323,293	2,323,293	2,323,293	2,323,293	2,323,293	2,323,293	2,323,293	2,323,293	2,323,293	
Retirements														
Monthly Depreciation Expense	5,460	5,460	5,460	5,460	5,460	5,460	5,460	5,460	5,460	5,460	5,460	5,460	5,460	65,517
Depreciation Expense on Retirements														

Project 12 -- Special Waste Landfill Expansion - December 2007 Addition

Cane Run

Investments								664,844	664,844	664,844	664,844	664,844	664,844	
Retirements														
Monthly Depreciation Expense								781	1,562	1,562	1,562	1,562	1,562	7,031
Depreciation Expense on Retirements														

Project 13 -- Scrubber Refurbishment

Trimble Co 1

Investments								855,968	855,968	855,968	855,968	855,968	855,968	
Retirements														
Monthly Depreciation Expense								1,238	2,475	2,475	2,475	2,475	2,475	11,138
Depreciation Expense on Retirements														

Project 14 -- CR6 SDRS Tank RPLC

Cane Run 6

Investments	154,841	154,841	154,841	154,841	154,841	154,841	154,841	154,841	154,841	154,841	154,841	154,841	154,841	
Retirements	(72,799)	(72,799)	(72,799)	(72,799)	(72,799)	(72,799)	(72,799)	(72,799)	(72,799)	(72,799)	(72,799)	(72,799)	(72,799)	
Monthly Depreciation Expense	281	281	281	281	281	281	281	281	281	281	281	281	281	3,376
Depreciation Expense on Retirements	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(1,567)

Project 14 -- CR6 Module Mist Elim Rplc

Cane Run 6

Investments	127,294	127,294	127,294	127,294	127,294	127,294	127,294	127,294	127,294	127,294	127,294	127,294	127,294	
Retirements	(89,971)	(89,971)	(89,971)	(89,971)	(89,971)	(89,971)	(89,971)	(89,971)	(89,971)	(89,971)	(89,971)	(89,971)	(89,971)	
Monthly Depreciation Expense	231	231	231	231	231	231	231	231	231	231	231	231	231	2,775
Depreciation Expense on Retirements	(163)	(163)	(163)	(163)	(163)	(163)	(163)	(163)	(163)	(163)	(163)	(163)	(163)	(1,961)

Project 14 -- CR6 Expansion Joint Replacement

Cane Run 6

Investments								26,373	26,373	26,373	26,373	26,373	26,373	
Retirements								(21,578)	(21,578)	(21,578)	(21,578)	(21,578)	(21,578)	
Monthly Depreciation Expense								24	48	48	48	48	48	216
Depreciation Expense on Retirements								(39)	(39)	(39)	(39)	(39)	(39)	(196)

Project 16 – Scrubber Improvements

Trimble Co 1

Investments	4,281,077	4,281,077	4,281,077	4,281,077	4,281,077	4,281,077	4,281,077	4,281,077	4,281,077	4,281,077	4,281,077	4,281,077	
Retirements	-	-	-	-	-	-	-	-	-	-	-	-	
Monthly Depreciation Expense	12,379	12,379	12,379	12,379	12,379	12,379	12,379	12,379	12,379	12,379	12,379	12,379	148,553
Depreciation Expense on Retirements	-	-	-	-	-	-	-	-	-	-	-	-	

Project 16 – Scrubber Improvements - Sept 2006 Addition

Trimble Co 1

Investments	3,080,000	3,080,000	3,080,000	3,080,000	3,080,000	3,080,000	3,080,000	3,080,000	3,080,000	3,080,000	3,080,000	3,080,000	
Retirements	(404,979)	(404,979)	(404,979)	(404,979)	(404,979)	(404,979)	(404,979)	(404,979)	(404,979)	(404,979)	(404,979)	(404,979)	
Monthly Depreciation Expense	8,906	8,906	8,906	8,906	8,906	8,906	8,906	8,906	8,906	8,906	8,906	8,906	106,876
Depreciation Expense on Retirements	(1,171)	(1,171)	(1,171)	(1,171)	(1,171)	(1,171)	(1,171)	(1,171)	(1,171)	(1,171)	(1,171)	(1,171)	(14,053)

Project 20 – Mercury Monitors

Cane Run 6 - Data Loggers

Investments	27,584	27,584	27,584	27,584	27,584	27,584	27,584	27,584	27,584	27,584	27,584	27,584	
Retirements	-	-	-	-	-	-	-	-	-	-	-	-	
Monthly Depreciation Expense	70	70	70	70	70	70	70	70	70	70	70	70	844
Depreciation Expense on Retirements	-	-	-	-	-	-	-	-	-	-	-	-	

Mill Creek 4 - Data Loggers

Investments	38,545	38,545	38,545	38,545	38,545	38,545	38,545	38,545	38,545	38,545	38,545	38,545	
Retirements	-	-	-	-	-	-	-	-	-	-	-	-	
Monthly Depreciation Expense	91	91	91	91	91	91	91	91	91	91	91	91	1,087
Depreciation Expense on Retirements	-	-	-	-	-	-	-	-	-	-	-	-	

Trimble County 1 - Data Loggers

Investments	20,073	20,073	20,073	20,073	20,073	20,073	20,073	20,073	20,073	20,073	20,073	20,073	
Retirements	-	-	-	-	-	-	-	-	-	-	-	-	
Monthly Depreciation Expense	40	40	40	40	40	40	40	40	40	40	40	40	484
Depreciation Expense on Retirements	-	-	-	-	-	-	-	-	-	-	-	-	

CEMS Stackvision EDR Upgrade

Investments	-	-	-	-	-	77,639	77,639	77,639	77,639	77,639	77,639	77,639	
Retirements	-	-	-	-	-	-	-	-	-	-	-	-	
Monthly Depreciation Expense	-	-	-	-	-	647	1,294	1,294	1,294	1,294	1,294	1,294	8,411
Depreciation Expense on Retirements	-	-	-	-	-	-	-	-	-	-	-	-	

Project 21 – Particulate Monitors

Mill Creek 1

Investments	72,995	72,995	72,995	72,995	72,995	72,995	72,995	72,995	72,995	72,995	72,995	72,995	
Retirements	-	-	-	-	-	-	-	-	-	-	-	-	
Monthly Depreciation Expense	145	145	145	145	145	145	145	145	145	145	145	145	1,745
Depreciation Expense on Retirements	-	-	-	-	-	-	-	-	-	-	-	-	

Mill Creek 2

Investments	86,735	86,735	86,735	86,735	86,735	86,735	86,735	86,735	86,735	86,735	86,735	86,735	
Retirements	-	-	-	-	-	-	-	-	-	-	-	-	
Monthly Depreciation Expense	166	166	166	166	166	166	166	166	166	166	166	166	1,986
Depreciation Expense on Retirements	-	-	-	-	-	-	-	-	-	-	-	-	

Mill Creek 3

Investments	87,743	87,743	87,743	87,743	87,743	87,743	87,743	87,743	87,743	87,743	87,743	87,743	
Retirements	-	-	-	-	-	-	-	-	-	-	-	-	
Monthly Depreciation Expense	222	222	222	222	222	222	222	222	222	222	222	222	2,659

Depreciation Expense on Retirements	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Mill Creek 4														
Investments	149,675	149,675	149,675	149,675	149,675	149,675	149,675	149,675	149,675	149,675	149,675	149,675	149,675	
Retirements	.	.	.	.	.	.	.	.	.	.	.	.	.
Monthly Depreciation Expense	352	352	352	352	352	352	352	352	352	352	352	352	352	4,221
Depreciation Expense on Retirements	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Total ECR Rate Base Items														
Investments	250,472,447	250,472,447	252,316,431	252,316,431	252,316,431	252,394,070	252,394,070	253,941,254	253,941,254	253,941,254	253,941,254	253,941,254	253,941,254	
Retirements	(14,341,377)	(14,341,377)	(14,341,377)	(14,341,377)	(14,341,377)	(14,341,377)	(14,341,377)	(14,362,955)	(14,362,955)	(14,362,955)	(14,362,955)	(14,362,955)	(14,362,955)	
Depreciation Expense	639,681	639,681	642,009	644,337	644,337	644,984	645,631	647,674	649,716	649,716	649,716	649,716	649,716	7,747,199
Depreciation Expense on Retirements	(42,167)	(42,167)	(42,167)	(42,167)	(42,167)	(42,167)	(42,167)	(42,207)	(42,207)	(42,207)	(42,207)	(42,207)	(42,207)	(506,204)
														<u>7,240,995</u>

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
Dated August 27, 2008**

Question No. 14

Responding Witness: Paula H. Pottinger, Ph.D. / Valerie L. Scott

- Q-14. Refer to Reference Schedule 1.15 attached to Mr. Rives' testimony.
- a. Please provide a copy of all staffing studies performed by or on behalf of the Company, including the Service Company.
 - b. Please provide the monthly full time equivalent employees for the Company and the Service Company by department from January 2006 through the most recent month available.
 - c. Please describe all right-sizing, downsizing, efficiency, severance and all other programs that the Company has announced or plans to reduce or that will reduce staffing levels in the future.
 - d. Please provide the amount of incentive compensation expense by program included in the labor amounts shown on page 2 of 4 of this Reference Schedule. If there is no incentive compensation expense included in these labor amounts, then provide the information requested and separate it between expense and other.
- A-14. a. The requested information is being filed pursuant to Petition for Confidential Protection.
- b. See attached.
 - c. The Company has not announced nor does it have plans for programs that will reduce staffing levels in the future.
 - d. See response to AG-1 Question No. 59.

Co	Dept	Jan-08	Feb-06	Mar-06	Apr-06	May-06	Jun-06
LG&E	Bardstown Distribution	7	7	7	7	7	7
LG&E	Billing Integrity	15	15	15	15	15	15
LG&E	Business Office	9	9	9	9	9	9
LG&E	Cane Run & Combustion Turbine	3	3	3	3	3	3
LG&E	Cane Run Operations	13	13	13	13	13	13
LG&E	Customer Care System LGE Business Process	0	0	0	0	0	0
LG&E	Director Dist Operations - LGE	1	1	1	1	1	1
LG&E	Director Gas Mgmt Planning & Supply	5	5	5	5	5	5
LG&E	Director Generation Engineering Services	3	3	3	3	3	3
LG&E	Distribution Operations-Engineering Design	2	2	2	4	4	4
LG&E	Electric Construction Crew-Aubumdale Ops Ctr	71	71	71	72	72	72
LG&E	Electric Construction Crews-Energy Services	0	0	0	0	0	0
LG&E	Electric Distribution Operations-Enhance&Connect	2	2	2	2	2	2
LG&E	Electric Trouble	14	14	14	14	14	14
LG&E	Facilities Maintenance	4	4	4	4	4	4
LG&E	Field Credit-LGE	4	4	4	4	4	4
LG&E	Field Service	21	21	21	21	21	21
LG&E	Field Services	5	5	5	5	5	5
LG&E	Forestry Services	2	2	2	2	2	2
LG&E	Gas Control	8	8	8	8	8	8
LG&E	Gas Dist-Construction & Maint	49	48	47	48	48	48
LG&E	Gas Dist-Contract Construction	12	12	12	12	12	12
LG&E	Gas Distribution Design	18	18	18	17	17	17
LG&E	Gas Emergency Operations	6	6	6	6	6	6
LG&E	Gas Engineering	9	9	9	8	8	8
LG&E	Gas Regulatory Services	3	3	4	5	5	5
LG&E	Gas Storage Muldraugh	17	17	17	18	18	18
LG&E	Gas Trouble	15	15	15	15	15	15
LG&E	Gen Mgr Cane Run & Combtn Turb	3	3	3	3	3	3
LG&E	Gen Mgr Mill Creek Station	14	14	14	13	13	13
LG&E	Gen Mgr Trimble Cty Operations	5	4	4	4	4	5
LG&E	Instrumentation Measurement & Electric	10	10	10	10	10	10
LG&E	Integrity Management	10	10	10	10	10	10
LG&E	Joint Trench	4	4	4	4	4	4
LG&E	LGE Sub Engineering & Design	1	1	1	1	1	1
LG&E	Magnolia Distr Field/Transmiss	0	0	0	0	0	0
LG&E	Magnolia Storage	20	20	20	20	20	20
LG&E	Maintenance Cust Service-Trimble County	29	29	29	28	28	28
LG&E	Maintenance Services-Cane Run	35	35	35	35	35	35
LG&E	Maintenance Services-Mill Creek	54.8	54.8	56.8	56.8	57.8	57.8
LG&E	Maps & Records	8	9	9	9	9	9

Co	Dept	Jan-08	Feb-06	Mar-06	Apr-06	May-06	Jun-06
LG&E	Material Handling-Mill Creek	23	23	23	22	22	22
LG&E	Meter Reading	8	8	8	8	8	8
LG&E	Meter Shop LG&E	9	9	9	9	9	9
LG&E	Muldraugh Distribution	12	12	12	12	12	12
LG&E	Network Opers 3PH Commercial	14	14	14	14	13	13
LG&E	Ohio Falls Operations	4	4	4	4	4	4
LG&E	Performance Metrics	9	9	9	9	9	9
LG&E	Production-Cane Run	58	58	56	56	56	56
LG&E	Production-Mill Creek	109	109	109	110	110	110
LG&E	Production-Trimble County	46	46	48	48	48	48
LG&E	Real Estate/Right of Way	3	3	3	3	3	3
LG&E	Revenue Collections	11	11	11	11	11	11
LG&E	Revenue Protection-LGE	3	3	3	3	3	3
LG&E	Safety & Tech Trng Dist - LGE	2	2	2	2	2	2
LG&E	SC & M Louisville	20	20	20	20	21	21
LG&E	Street Lighting-LGE	1	1	1	1	1	1
LG&E	Substation Operations	10	10	10	10	10	10
LG&E	System Regulation & Operations	13	13	13	13	13	13
LG&E	Telecommunications - LGE	10	10	10	10	10	10
LG&E	Timekeepers & Record Coord.-Cane Run	9	9	9	9	10	10
LG&E	Transformer Services	6	6	6	6	6	6
LG&E	Transportation	1	1	1	1	1	1
LG&E	Trimble County-Commercial Oper	3	3	3	3	3	3
Service Co	Accounting for WKE	4	4	4	3	3	2
Service Co	Accounts Payable	13.6	13.6	13.6	13.6	13.6	13.6
Service Co	Administrative Services	3	3	3	3	3	3
Service Co	Argentine Gas Business	1	1	1	1	1	1
Service Co	Asset Information - Distribution	2	2	2	2	2	2
Service Co	Asset Information - Distribution	1	1	1	1	1	1
Service Co	Audit Services	14	14	14	14	14	14
Service Co	Benefits and Records	7	6	6	6	6	6
Service Co	Billing Integrity	5	4	4	4	4	4
Service Co	Business Development	3	3	3	3	3	3
Service Co	Business Service Center	17	18	18	18	18	18
Service Co	Chief Executive Officer	2.8	2.8	2.8	2.8	2.8	2.8
Service Co	Chief Financial Officer	2	2	2	2	2	2
Service Co	Compensation Systems & HRIS	2	2	2	2	2	2
Service Co	Compliance Dept						
Service Co	Computing Architecture	19	19	21	21	21	21
Service Co	Contract Manager-Xerox Corp	1	1	1	1	1	1
Service Co	Contracts Administration	3	3	3	3	3	3

Co	Dept	Jan-08	Feb-06	Mar-06	Apr-06	May-06	Jun-06
Service Co	Controller	2	2	2	2	2	2
Service Co	Corp Fuels & By Products	8	8	8	8	8	7
Service Co	Corporate Accounting	8	8	8	7	8	8
Service Co	Corporate Purchasing	5	5	5	5	5	5
Service Co	Corporate Tax	2	2	2	2	2	2
Service Co	Corporate Facility Services	1	1	1	1	1	1
Service Co	Credit/Contract Administration	2	2	2	2	2	2
Service Co	Customer Care System Business Process	0	0	0	0	0	0
Service Co	Customer Care System IT Process	0	0	0	0	0	0
Service Co	Customer Care System Management	0	0	0	0	0	0
Service Co	Customer Commitment	2.5	2.5	2.5	2.5	2.5	2.5
Service Co	Data Networks	9	9	9	9	9	9
Service Co	Desktop Operations	21.8	20.8	20.2	20.2	21.2	21.2
Service Co	Director Asset Management	2	2	2	2	2	2
Service Co	Director Cash Management & Investmt	4	4	4	4	4	4
Service Co	Director Corp Fuels & By Products	3	3	3	3	3	3
Service Co	Director Corporate Development	2	2	1	1	2	2
Service Co	Director Corporate Tax	2.9	2.9	2.9	2.9	2.9	2.9
Service Co	Director Distribution Operations	5	5	5	5	5	5
Service Co	Director Electric Reliability	3	3	3	4	4	4
Service Co	Director Energy Services Project Dv	2	2	2	2	2	2
Service Co	Director Environmental Affairs	10.6	11.6	11.6	11.6	12.6	12.6
Service Co	Director External Affairs	1	1	1	1	1	1
Service Co	Director Fin Planning & Controlling	2	2	2	2	2	2
Service Co	Director Generation Services	3	3	3	3	3	3
Service Co	Director HR - Corporate	7	7	7	7	7	7
Service Co	Director HR - Energy Services	7	8	8	8	8	8
Service Co	Director HR Distribution	9	9	9	9	10	9
Service Co	Director IT Operations	2	2	2	2	2	2
Service Co	Director IT Service Delivery	2	2	2	2	2	2
Service Co	Director IT Strategy/Planning	2	2	2	2	2	2
Service Co	Director Marketing & Customer Srv	3	3	3	3	3	3
Service Co	Director Operating Services	2	2	2	2	2	2
Service Co	Director Real Estate & Right of Way	4	4	4	4	4	4
Service Co	Director Regulatory Initiatives	1	1	1	1	1	1
Service Co	Director Revenue Collection	1	1	1	2	2	2
Service Co	Director State Regulation & Rates	6.8	6.8	5	6	6	6
Service Co	Director State Regulation and Rates	5	5	5.8	5.8	5.8	5.8
Service Co	Director Supply Chain	3	3	3	3	3	3
Service Co	Director Transmission	5	5	5	5	5	5
Service Co	Director Unregulated Traders & Mktg	11	10	10	10	10	11

Co	Dept	Jan-08	Feb-06	Mar-06	Apr-06	May-06	Jun-06
Service Co	Director Utility Accounting	1	1	1	1	2	2
Service Co	Director-Financial Plan & Analysis	4	4	4	4	4	4
Service Co	Economic Analysis	9	9	9	8	8	8
Service Co	Economic Devel & Major Accts	21	21	21	20	20	20
Service Co	Elect System Codes & Standards	5	5	5	5	5	5
Service Co	Electrical Eng & Planning Grp	5	5	5	5	5	5
Service Co	Energy Delivery - IT	3	3	3	3	3	3
Service Co	Energy Delivery Budgeting	5	5	5	5	5	5
Service Co	Energy Efficiency Operations	5	5	5	5	5	5
Service Co	Energy Efficiency Ops -Non DSM	2	2	2	2	2	2
Service Co	Energy Marketing Accounting	9	8	8	8	7	7
Service Co	Energy Marketing Business Info	3	3.5	3.5	3.5	3	3
Service Co	Energy Png Analysis &Forecast	3	3	3	3	3	3
Service Co	Energy Services Training	5	5	5	5	5	5
Service Co	Environmental Compl & System Lab	16	16	16	16	15	15
Service Co	EVP-General Counsel - Servco	3	3	3	3	2	3
Service Co	External & Brand Communication	15	15	15	15	15	15
Service Co	Facility Maintenance	1	1	1	1	1	1
Service Co	Facility Oper Data/Control Ctr	0	0	0	0	0	0
Service Co	Facility Operations Central	1	1	1	1	1	1
Service Co	Facility Operations East	1	1	1	1	1	1
Service Co	Facility Operations North	1	1	1	1	1	1
Service Co	Facility Operations-Lexington	1	1	1	1	1	1
Service Co	Finance & Budgeting-Energy Services	2.5	2.5	2.5	2.5	2.5	2.5
Service Co	Financial Acctg & Reporting	7	7	6	7	7	7
Service Co	Financial Analysis	7	7	7	8	7	6
Service Co	Financial Planning	4	4	4	4	4	4
Service Co	Financial Systems	4	4	4	3	4	4
Service Co	Forestry Services	2	2	2	2	2	2
Service Co	Fuels Management	5	5	5	5	5	5
Service Co	Gas Marketing	0	0	0	0	0	0
Service Co	Generation Engineering	14	14	14	14	14	15
Service Co	Generation Plan & Analysis	7	6	6	6	6	6
Service Co	Generation Support	2	2	2	2	2	2
Service Co	Generation Turb Gen Specialist	2	2	2	2	2	2
Service Co	Health & Safety - Energy Services	2	2	2	2	2	2
Service Co	Health and Safety	5	5	5	5	5	5
Service Co	HR Architecture and Planning	5	5	5	4	4	4
Service Co	Industrial Relations	2	2	2	2	2	2
Service Co	IT Finance and Administration	5	5	5	5	5	5
Service Co	IT Production	18	18	18	18	18	18

Co	Dept	Jan-08	Feb-06	Mar-06	Apr-06	May-06	Jun-06
Service Co	IT Security	8	8	8	8	8	8
Service Co	IT Serv Delivery Finance & Mtl	11	11	12	12	12	12
Service Co	IT Service Delivery - CIS	15.6	15.6	15.6	15.6	15.6	15.6
Service Co	IT Service Delivery Dist Oprs	17	17	17	17	17	17
Service Co	IT Service Delivery Energy Srv	11.5	11.5	11.5	11.5	11.5	12.5
Service Co	IT Service Delivery HR/Payroll	11	11	11	11	11	11
Service Co	IT Service Delivery Retail Bus	14	14	14	14	13	13
Service Co	IT Special Projects		1	1	1	1	1
Service Co	IT Strategy & Planning	3	3	3	3	3	3
Service Co	IT Training	4	4	4	4	4	4
Service Co	Legal Department - Servco	20.6	20.6	20.6	20.6	20.6	20.6
Service Co	Market Analysis	5	5	5	5	5	5
Service Co	Materials Logistics	8	8	8	8	8	8
Service Co	Meter Reading	1	1	1	1	1	1
Service Co	Metering Assets	2.6	2.6	2.6	2.6	2.6	2.6
Service Co	Office Services	2	2	2	2	2	2
Service Co	Operation Analysis & Sys Imple	3	3	3	3	3	3
Service Co	Organization Development	2	2	2	2	2	2
Service Co	Payroll	7	7	7	7	7	7
Service Co	Performance & Marketing	4	4	4	3	3	3
Service Co	Project Engineering	19	21	21	21	22	24
Service Co	Project Planning & Management	2	2	2	2	2	2
Service Co	Property Accounting	10	10	10	10	10	10
Service Co	Regulated Trading & Dispatch	21	21	21	21	21	21
Service Co	Regulatory Acctng & Reporting	7	6	7	7	7	7
Service Co	Remittance and Collection	12.5	12.5	12.5	11.5	11.5	11.5
Service Co	Residential Service	100.9	99.9	98.9	96.4	95.9	95.7
Service Co	Revenue Accounting	7	7	7	7	7	7
Service Co	Safety & Tech Training-Dist	10	9	9	9	9	9
Service Co	Sales Analysis & Forecasting						
Service Co	Sarbanes Oxley	1	1	1	1	1	1
Service Co	Sourcing Support	8	8	8	8	8	8
Service Co	Substation Construction & Main	1	1	1	1	1	1
Service Co	Substation Engineering & Design	7.6	7.6	7.6	7.6	7.6	7.6
Service Co	Supplier Diversity	1	1	1	1	1	1
Service Co	SVP Energy Delivery	2	2	2	2	2	2
Service Co	SVP Energy Services	2	2	2	2	2	2
Service Co	SVP Human Resources	2	2	2	2	2	2
Service Co	SVP Information Technology	3	3	3	3	3	3
Service Co	System Restoration & Disp Oprs	1	1	1	1	1	1
Service Co	System Restoration and Ops	0	0	0	0	0	0

Co	Dept	Jan-08	Feb-06	Mar-06	Apr-06	May-06	Jun-06
Service Co	Systems Analysis & Planning	7	7	7	7	7	7
Service Co	Technology Support Services	10	10	10	10	10	10
Service Co	Telecommunications	11	11	11	11	11	11
Service Co	Trading Controls	4	4	4	4	4	4
Service Co	Trans Reliability & Compliance	0	0	0	0	0	0
Service Co	Transformer Service	1	1	1	1	1	1
Service Co	Transmission Energy Mgmt Sys	0	0	0	0	0	0
Service Co	Transmission Lines	19	19	19	19	20	20
Service Co	Transmission Protection & Subs	17	17	17	19	19	20
Service Co	Transmission Strategy/Planning	10	10	10	10	11	11
Service Co	Transmission System Operations	27	27	27	28	28	27
Service Co	Transportation	2	2	2	2	2	2
Service Co	Treasurer	4	4	4	4	4	4
Service Co	Utility Tax	4	5	5	5	5	4
Service Co	VP - Corporate Communications	2	2	2	2	2	2
Service Co	VP Corp Planning & Development	1	1	1	1	2	2
Service Co	VP Corp Respons/Comm Affairs	0	0	0	0	0	0
Service Co	VP Energy Delivery Distr	2	2	2	2	2	2
Service Co	VP Energy Delivery -Retail Bus	2	2	2	2	2	2
Service Co	VP Energy Marketing	2	2	2	2	2	2
Service Co	VP External Affairs	2	2	2	2	2	2
Service Co	VP Federal Regulation & Policy	2	2	2	2	2	2
Service Co	VP Power Operations for WKE	1	1	1	1	1	1
Service Co	VP Power Production	0	0	0	0	0	0
Service Co	VP-Transmission/Generation Svc	0	0	0	0	0	0
Service Co	Walk-In Centers	3	3	3	2	2	3
Service Co	Work Planning - Dist	8	8	8	8	8	8

Co	Dept	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
LG&E	Bardstown Distribution	7	7	7	7	7	7
LG&E	Billing Integrity	15	15	15	15	15	15
LG&E	Business Office	9	9	9	9	8	8
LG&E	Cane Run & Combustion Turbine	3	3	3	3	3	3
LG&E	Cane Run Operations	13	13	13	13	13	14
LG&E	Customer Care System LGE Business Process	0	0	0	0	0	0
LG&E	Director Dist Operations - LGE	1	1	1	1	1	1
LG&E	Director Gas Mgmt Planning & Supply	5	5	5	5	5	5
LG&E	Director Generation Engineering Services	3	3	2	4	4	4
LG&E	Distribution Operations-Engineering Design	4	4	4	4	4	4
LG&E	Electric Construction Crew-Auburndale Ops Ctr	72	72	73	73	73	73
LG&E	Electric Construction Crews-Energy Services	0	0	0	0	0	0
LG&E	Electric Distribution Operations-Enhance&Connect	2	2	2	2	1	1
LG&E	Electric Trouble	14	14	14	14	14	14
LG&E	Facilities Maintenance	4	4	4	4	4	4
LG&E	Field Credit-LGE	4	4	4	4	4	4
LG&E	Field Service	21	21	21	21	21	21
LG&E	Field Services	5	5	5	5	5	5
LG&E	Forestry Services	2	2	2	2	2	2
LG&E	Gas Control	8	8	8	8	8	8
LG&E	Gas Dist-Construction & Maint	49	50	50	47	46	46
LG&E	Gas Dist-Contract Construction	12	12	12	12	12	12
LG&E	Gas Distribution Design	17	17	17	17	17	17
LG&E	Gas Emergency Operations	6	6	6	6	6	6
LG&E	Gas Engineering	9	9	9	9	9	9
LG&E	Gas Regulatory Services	6	6	6	6	6	6
LG&E	Gas Storage Muldraugh	18	18	18	18	18	18
LG&E	Gas Trouble	15	15	15	18	18	18
LG&E	Gen Mgr Cane Run & Combtn Turb	3	3	3	3	3	3
LG&E	Gen Mgr Mill Creek Station	13	13	13	13	13	13
LG&E	Gen Mgr Trimble Cty Operations	5	5	5	5	5	5
LG&E	Instrumentation Measurement & Electric	10	10	10	10	10	10
LG&E	Integrity Management	10	10	10	10	10	10
LG&E	Joint Trench	4	4	4	4	4	4
LG&E	LGE Sub Engineering & Design	1	1	1	1	1	1
LG&E	Magnolia Distr Field/Transmiss	0	0	0	0	0	0
LG&E	Magnolia Storage	20	20	20	20	20	20
LG&E	Maintenance Cust Service-Trimble County	27	27	27	28	28	29
LG&E	Maintenance Services-Cane Run	35	35	36	36	36	36
LG&E	Maintenance Services-Mill Creek	57	57	57	57	60	60
LG&E	Maps & Records	9	9	9	9	9	9

Co	Dept	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
LG&E	Material Handling-Mill Creek	22	22	22	22	20	20
LG&E	Meter Reading	8	8	8	8	8	8
LG&E	Meter Shop LG&E	9	9	9	9	9	9
LG&E	Muldraugh Distribution	12	12	12	12	12	12
LG&E	Network Opers 3PH Commercial	13	13	13	13	13	13
LG&E	Ohio Falls Operations	4	4	4	4	4	4
LG&E	Performance Metrics	9	9	9	9	9	9
LG&E	Production-Cane Run	56	56	56	56	56	55
LG&E	Production-Mill Creek	109	109	109	109	108	108
LG&E	Production-Trimble County	48	48	48	48	47	47
LG&E	Real Estate/Right of Way	3	3	3	3	3	3
LG&E	Revenue Collections	11	11	10	10	11	11
LG&E	Revenue Protection-LGE	3	3	3	3	3	3
LG&E	Safety & Tech Trng Dist - LGE	2	1	1	1	1	1
LG&E	SC & M Louisville	21	21	21	21	21	20
LG&E	Street Lighting-LGE	1	1	1	1	1	1
LG&E	Substation Operations	10	10	10	10	10	10
LG&E	System Regulation & Operations	13	13	13	13	13	11
LG&E	Telecommunications - LGE	10	10	10	10	10	10
LG&E	Timekeepers & Record Coord.-Cane Run	10	10	10	9	9	9
LG&E	Transformer Services	6	6	6	6	6	7
LG&E	Transportation	1	1	1	1	1	1
LG&E	Trimble County-Commercial Oper	3	3	3	3	3	3
Service Co	Accounting for WKE	2	2	2	2	2	2
Service Co	Accounts Payable	13.6	13.6	13.6	13.6	13.6	13.6
Service Co	Administrative Services	3	3	3	3	3	3
Service Co	Argentine Gas Business	1	1	1	1	1	1
Service Co	Asset Information - Distribution	2	2	2	2	2	2
Service Co	Asset Information - Distribution	1	1	1	1	1	1
Service Co	Audit Services	11	13	13	13	13	13
Service Co	Benefits and Records	6	7	7	7	7	7
Service Co	Billing Integrity	4	4	4	4	4	4
Service Co	Business Development	3	3	3	1		
Service Co	Business Service Center	18	18	18	18	18	18
Service Co	Chief Executive Officer	2.8	2.8	2.8	2.8	2.8	2.8
Service Co	Chief Financial Officer	2	2	2	2	2	2
Service Co	Compensation Systems & HRIS	2	2	2	3	3	3
Service Co	Compliance Dept					2	2
Service Co	Computing Architecture	21	21	21	21	21	21
Service Co	Contract Manager-Xerox Corp	1	1	1	1	1	1
Service Co	Contracts Administration	3	3	3	3	3	3

Co	Dept	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Service Co	Controller	2	2	2	2	2	2
Service Co	Corp Fuels & By Products	7	7	7	6	6	6
Service Co	Corporate Accounting	7	7	10	9	9	8
Service Co	Corporate Purchasing	5	5	5	5	5	5
Service Co	Corporate Tax	2	2	2	2	2	2
Service Co	Corporate Facility Services	1	1	1	1	1	1
Service Co	Credit/Contract Administration	2	2	2	2	2	2
Service Co	Customer Care System Business Process	0	0	0	0	0	0
Service Co	Customer Care System IT Process	0	0	0	0	0	0
Service Co	Customer Care System Management	0	0	0	0	0	0
Service Co	Customer Commitment	2.5	2.5	2.5	2.5	2.5	2.5
Service Co	Data Networks	9	9	9	9	9	9
Service Co	Desktop Operations	21.2	21.2	21.2	21.2	21.2	21.2
Service Co	Director Asset Management	2	2	2	2	2	2
Service Co	Director Cash Management & Investmt	4	4	4	4	4	4
Service Co	Director Corp Fuels & By Products	3	3	3	3	3	3
Service Co	Director Corporate Development	2	2	2	3	3	4
Service Co	Director Corporate Tax	2.9	2.9	2.9	2.9	2.9	2.9
Service Co	Director Distribution Operations	5	5	6	6	6	6
Service Co	Director Electric Reliability	4	4	4	4	4	4
Service Co	Director Energy Services Project Dv	2	2	2	2	2	2
Service Co	Director Environmental Affairs	12.6	12.6	12.6	12.6	12.6	12.6
Service Co	Director External Affairs	1	1	1	1	1	1
Service Co	Director Fin Planning & Controlling	2	2	2	2	2	2
Service Co	Director Generation Services	3	3	3	3	3	3
Service Co	Director HR - Corporate	7	7	7	7	7	7
Service Co	Director HR - Energy Services	8	8	8	8	8	8
Service Co	Director HR Distribution	9	9	9	9	9	9
Service Co	Director IT Operations	2	2	2	2	2	2
Service Co	Director IT Service Delivery	2	2	2	2	2	2
Service Co	Director IT Strategy/Planning	2	2	2	2	2	2
Service Co	Director Marketing & Customer Srv	3	3	3	3	4	4
Service Co	Director Operating Services	2	2	2	2	1	1
Service Co	Director Real Estate & Right of Way	4	4	4	4	4	4
Service Co	Director Regulatory Initiatives	1	1	1	1	1	1
Service Co	Director Revenue Collection	2	2	2	2	1	1
Service Co	Director State Regulation & Rates	6	6	5	5	6	6
Service Co	Director State Regulation and Rates	5.8	6.8	6.8	6.8	5.8	5.8
Service Co	Director Supply Chain	3	2	2	2	2	2
Service Co	Director Transmission	5	5	4	3	3	3
Service Co	Director Unregulated Traders & Mktg	10	10	10	10	10	10

Co	Dept	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Service Co	Director Utility Accounting	2	2	2	2	2	2
Service Co	Director-Financial Plan & Analysis	4	4	4	4	4	4
Service Co	Economic Analysis	8	2	2	2	2	2
Service Co	Economic Devel & Major Accts	20	20	20	20	20	20
Service Co	Elect System Codes & Standards	5	4	4	4	4	4
Service Co	Electrical Eng & Planning Grp	5	6	5	5	5	5
Service Co	Energy Delivery - IT	3	3	4	4	4	4
Service Co	Energy Delivery Budgeting	5	5	4	5	5	5
Service Co	Energy Efficiency Operations	5	5	5	5	5	5
Service Co	Energy Efficiency Ops -Non DSM	2	2	2	2	1	1
Service Co	Energy Marketing Accounting	7	6	6	6	6	6
Service Co	Energy Marketing Business Info	4	4	4	4	4	4
Service Co	Energy Plng Analysis &Forecast	3	3	3	3	3	3
Service Co	Energy Services Training	5	5	5	5	5	5
Service Co	Environmental Compl & System Lab	15	15	15	15	14	14
Service Co	EVP-General Counsel - Servco	3	3	3	3	3	3
Service Co	External & Brand Communication	15	15	15	15	15	14
Service Co	Facility Maintenance	1	1	1	1	1	1
Service Co	Facility Oper Data/Control Ctr	0	0	0	0	0	0
Service Co	Facility Operations Central	1	1	1	1	1	1
Service Co	Facility Operations East	1	1	1	1	1	1
Service Co	Facility Operations North	1	1	1	1	1	1
Service Co	Facility Operations-Lexington	1	1	1	1	1	1
Service Co	Finance & Budgeting-Energy Services	2.5	2.5	1.5	1.5	2.5	2.5
Service Co	Financial Acctg & Reporting	7	7	7	7	6	5
Service Co	Financial Analysis	7	7	7	6	7	7
Service Co	Financial Planning	4	4	4	4	3	3
Service Co	Financial Systems	4	4	4	4	4	4
Service Co	Forestry Services	2	2	2	2	2	2
Service Co	Fuels Management	5	5	5	5	5	5
Service Co	Gas Marketing	0	0	0	0	0	0
Service Co	Generation Engineering	15	15	15	16	16	16
Service Co	Generation Plan & Analysis	7	7	7	5	6	6
Service Co	Generation Support	2	2	2	2	2	2
Service Co	Generation Turb Gen Specialist	2	2	2	2	1	2
Service Co	Health & Safety - Energy Services	2	2	2	2	2	2
Service Co	Health and Safety	5	5	5	5	5	5
Service Co	HR Architecture and Planning	4	4	3		0	0
Service Co	Industrial Relations	2	2	2	3	3	3
Service Co	IT Finance and Administration	5	6	6	6	6	6
Service Co	IT Production	18	18	18	18	17	17

Co	Dept	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Service Co	IT Security	8	8	8	8	8	8
Service Co	IT Serv Delivery Finance & Mtl	12	12	12	12	12	12
Service Co	IT Service Delivery - CIS	15.6	15.6	15.6	16.6	16.6	16.6
Service Co	IT Service Delivery Dist Oprs	17	17	17	17	17	17
Service Co	IT Service Delivery Energy Srv	12.5	12.5	12.5	12.5	12.5	12.5
Service Co	IT Service Delivery HR/Payroll	11	11	11	11	11	11
Service Co	IT Service Delivery Retail Bus	14	14	14	13	13	13
Service Co	IT Special Projects	1	1	1	1	1	1
Service Co	IT Strategy & Planning	3	3	3	3	3	3
Service Co	IT Training	4	4	4	4	4	4
Service Co	Legal Department - Servco	20.6	22.3	22.3	22.3	21.3	21.3
Service Co	Market Analysis	5	5	5	5	6	6
Service Co	Materials Logistics	8	8	8	8	8	8
Service Co	Meter Reading	1	1	1	1	1	1
Service Co	Metering Assets	2.6	2.6	2.6	2.6	2.6	2.6
Service Co	Office Services	2	2	2	2	2	2
Service Co	Operation Analysis & Sys Imple	3	3	3	3	3	3
Service Co	Organization Development	2	2	2	3	4	4
Service Co	Payroll	7	7	7	7	6	6
Service Co	Performance & Marketing	3	3	3	3	4	4
Service Co	Project Engineering	27	27	27	27	27	27
Service Co	Project Planning & Management	2	2	2	2	2	2
Service Co	Property Accounting	10	10	10	10	10	11
Service Co	Regulated Trading & Dispatch	21	21	21	21	21	21
Service Co	Regulatory Acctng & Reporting	7	7	6	6	6	6
Service Co	Remittance and Collection	11.5	11.5	11.5	11.5	9.5	9.5
Service Co	Residential Service	92.7	95.7	97.7	97.7	100.7	105.7
Service Co	Revenue Accounting	7	6	7	7	7	6
Service Co	Safety & Tech Training-Dist	11	11	11	11	10	10
Service Co	Sales Analysis & Forecasting		4	4	4	5	5
Service Co	Sarbanes Oxley	2	2	2	2	2	2
Service Co	Sourcing Support	8	8	8	8	8	8
Service Co	Substation Construction & Main	1	1				
Service Co	Substation Engineering & Design	7.6	7.6	7	7	7	7
Service Co	Supplier Diversity	1	1	1	1	1	1
Service Co	SVP Energy Delivery	2	2	2	2	2	2
Service Co	SVP Energy Services	2	2	2	2	2	2
Service Co	SVP Human Resources	2	2	2	2	2	2
Service Co	SVP Information Technology	3	3	3	3	3	3
Service Co	System Restoration & Disp Oprs	1	1	1	1	1	1
Service Co	System Restoration and Ops	0	0	0	0	0	0

Co	Dept	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Service Co	Systems Analysis & Planning	7	7	7	7	7	7
Service Co	Technology Support Services	10	10	10	10	10	11
Service Co	Telecommunications	11	11	11	11	11	11
Service Co	Trading Controls	3	3	3	3.8	3.8	3.8
Service Co	Trans Reliability & Compliance	0	0	0	0	0	0
Service Co	Transformer Service	1	1	1	1	1	1
Service Co	Transmission Energy Mgmt Sys	0	0	0	0	0	0
Service Co	Transmission Lines	20	20	21	22	23	23
Service Co	Transmission Protection & Subs	20	20	20	16	16	16
Service Co	Transmission Strategy/Planning	11	11	11	17	17.5	18
Service Co	Transmission System Operations	27	27	27	27	27	27
Service Co	Transportation	2	2	2	2	2	2
Service Co	Treasurer	4	4	4	4	4	4
Service Co	Utility Tax	5	5	5	5	5	5
Service Co	VP - Corporate Communications	2	2	2	2	2	2
Service Co	VP Corp Planning & Development	2	2	1	1	1	1
Service Co	VP Corp Respons/Comm Affairs	0	0	0	0	0	0
Service Co	VP Energy Delivery Distr	2	2	3.6	3.6	3.6	3.6
Service Co	VP Energy Delivery -Retail Bus	2	2	2	2	2	2
Service Co	VP Energy Marketing	2	2	2	2	2	2
Service Co	VP External Affairs	2	2	2	2	2	2
Service Co	VP Federal Regulation & Policy	2	2	3	3	3	3
Service Co	VP Power Operations for WKE	1	1	1	1	1	1
Service Co	VP Power Production	0	0	0	0	0	0
Service Co	VP-Transmission/Generation Svc	0	0	0	0	0	0
Service Co	Walk-In Centers	3	3	3	3	3	3
Service Co	Work Planning - Dist	8	7	6	6	6	6

Co	Dept	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
LG&E	Bardstown Distribution	5	5	5	5	5	5
LG&E	Billing Integrity	15	15	16	16	15	15
LG&E	Business Office	9	9	9	9	8	8
LG&E	Cane Run & Combustion Turbine	3	3	3	3	3	3
LG&E	Cane Run Operations	14	14	14	14	14	14
LG&E	Customer Care System LGE Business Process	0	0	0	0	1	1
LG&E	Director Dist Operations - LGE	1	1	1	1	1	1
LG&E	Director Gas Mgmt Planning & Supply	5	5	5	5	5	5
LG&E	Director Generation Engineering Services	4	4	4	4	4	4
LG&E	Distribution Operations-Engineering Design	4	4	4	4	4	3
LG&E	Electric Construction Crew-Auburndale Ops Ctr	72	72	72	72	72	72
LG&E	Electric Construction Crews-Energy Services	0	0	0	0	0	0
LG&E	Electric Distribution Operations-Enhance&Connect	1	1	1	1	1	1
LG&E	Electric Trouble	16	16	16	16	16	16
LG&E	Facilities Maintenance	4	4	4	3	3	3
LG&E	Field Credit-LGE	4	4	4	4	4	4
LG&E	Field Service	21	21	21	21	21	21
LG&E	Field Services	5	5	5	5	5	5
LG&E	Forestry Services	2	2	2	2	2	2
LG&E	Gas Control	8	8	8	8	8	8
LG&E	Gas Dist-Construction & Maint	48	48	47	48	48	49
LG&E	Gas Dist-Contract Construction	12	12	12	12	12	12
LG&E	Gas Distribution Design	17	17	17	17	17	17
LG&E	Gas Emergency Operations	6	6	6	5	5	6
LG&E	Gas Engineering	9	9	9	9	9	9
LG&E	Gas Regulatory Services	6	6	6	6	6	5
LG&E	Gas Storage Muldraugh	18	18	18	18	18	18
LG&E	Gas Trouble	16	16	17	16	16	16
LG&E	Gen Mgr Cane Run & Combtn Turb	3	3	3	3	3	3
LG&E	Gen Mgr Mill Creek Station	13	13	13	13	14	14
LG&E	Gen Mgr Trimble Cty Operations	5	5	5	5	5	5
LG&E	Instrumentation Measurement & Electric	10	10	10	10	10	10
LG&E	Integrity Management	10	10	10	10	10	10
LG&E	Joint Trench	4	4	4	4	4	4
LG&E	LGE Sub Engineering & Design	1	1	1	1	1	1
LG&E	Magnolia Distr Field/Transmiss	0	0	0	0	0	0
LG&E	Magnolia Storage	22	22	22	22	22	22
LG&E	Maintenance Cust Service-Trimble County	29	29	30	31	32	31
LG&E	Maintenance Services-Cane Run	36	36	35	37	37	37
LG&E	Maintenance Services-Mill Creek	59	62	62.5	62.5	63.5	64.5
LG&E	Maps & Records	8	8	8	9	9	9

Co	Dept	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
LG&E	Material Handling-Mill Creek	23	23	23	23	23	23
LG&E	Meter Reading	8	8	8	8	8	8
LG&E	Meter Shop LG&E	9	9	9	9	9	9
LG&E	Muldraugh Distribution	12	12	12	12	12	12
LG&E	Network Opers 3PH Commercial	13	13	13	13	13	13
LG&E	Ohio Falls Operations	4	4	4	4	4	4
LG&E	Performance Metrics	9	9	9	9	9	9
LG&E	Production-Cane Run	55	55	55	55	55	54
LG&E	Production-Mill Creek	112	111	111	111	109	109
LG&E	Production-Trimble County	51	53	56	57	57	55
LG&E	Real Estate/Right of Way	3	3	3	3	3	3
LG&E	Revenue Collections	12	12	12	12	12	12
LG&E	Revenue Protection-LGE	3	3	3	3	3	3
LG&E	Safety & Tech Trng Dist - LGE	1	1	1	1	1	1
LG&E	SC & M Louisville	20	20	20	20	20	20
LG&E	Street Lighting-LGE	1	1	1	1	1	1
LG&E	Substation Operations	10	10	10	10	10	10
LG&E	System Regulation & Operations	11	11	11	12	12	14
LG&E	Telecommunications - LGE	10	10	10	10	10	10
LG&E	Timekeepers & Record Coord.-Cane Run	9	9	9	9	9	9
LG&E	Transformer Services	7	7	7	7	7	7
LG&E	Transportation	1	1	1	1	1	1
LG&E	Trimble County-Commercial Oper	3	3	3	3	3	3
Service Co	Accounting for WKE	2	2	2	1	1	1
Service Co	Accounts Payable	13.6	13.6	12.6	12.6	12.6	12.6
Service Co	Administrative Services	3	3	3	3	3	4
Service Co	Argentine Gas Business	1	1	1	1	1	1
Service Co	Asset Information - Distribution	2	2	2	2	2	2
Service Co	Asset Information - Distribution	1	1	1	1	1	1
Service Co	Audit Services	13	13	13	13	13	12
Service Co	Benefits and Records	7	7	7	7	7	6.6
Service Co	Billing Integrity	4	4	4	4	3	4
Service Co	Business Development	0	0	0	0	0	0
Service Co	Business Service Center	18	18	18	18	18	17
Service Co	Chief Executive Officer	2.8	2.8	2.8	2.8	2.5	2.5
Service Co	Chief Financial Officer	2	2	2	2	2	2
Service Co	Compensation Systems & HRIS	3	3	3	3	3	4
Service Co	Compliance Dept	3	3	3	3	3	3
Service Co	Computing Architecture	21	21	21	21	20	20
Service Co	Contract Manager-Xerox Corp	1	1	1	1	1	1
Service Co	Contracts Administration	3	3	3	3	3	0

Co	Dept	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
Service Co	Controller	2	2	2	2	2	2
Service Co	Corp Fuels & By Products	6	6	6	6	6	6
Service Co	Corporate Accounting	9	9	9	9	9	8
Service Co	Corporate Purchasing	5	5	5	4	4	4
Service Co	Corporate Tax	2	2	2	2	2	2
Service Co	Corporate Facility Services	1	1	1	1	1	1
Service Co	Credit/Contract Administration	2	2	2	2	2	4
Service Co	Customer Care System Business Process	0	0	0	0	8	7
Service Co	Customer Care System IT Process	0	0	0	0	12	12
Service Co	Customer Care System Management	0	0	0	1	8	8
Service Co	Customer Commitment	2.5	4.5	4.5	5.5	4.5	4.5
Service Co	Data Networks	9	9	9	9	9	8
Service Co	Desktop Operations	21.2	21.2	21.2	21.2	21.2	21.2
Service Co	Director Asset Management	2	2	2	2	2	2
Service Co	Director Cash Management & Investmt	3	3	3	3	3	3
Service Co	Director Corp Fuels & By Products	3	3	3	3	3	3
Service Co	Director Corporate Development	4	4	4	4	4	4
Service Co	Director Corporate Tax	2.9	3.9	3.9	3.9	3.9	3.9
Service Co	Director Distribution Operations	6	6	6	6	6	6
Service Co	Director Electric Reliability	4	4	4	4	4	4
Service Co	Director Energy Services Project Dv	2	2	2	2	2	2
Service Co	Director Environmental Affairs	12.6	12.6	12.6	12.6	12.6	12.6
Service Co	Director External Affairs	1	1	1	1	1	1
Service Co	Director Fin Planning & Controlling	2	2	2	2	2	2
Service Co	Director Generation Services	3	3	3	2	3	3
Service Co	Director HR - Corporate	7	7	7	8	8	8
Service Co	Director HR - Energy Services	8	8	8	8	8	8
Service Co	Director HR Distribution	9	9	9	9	9	9
Service Co	Director IT Operations	2	2	2	2	1	2
Service Co	Director IT Service Delivery	2	2	2	2	2	2
Service Co	Director IT Strategy/Planning	2	2	2	2	2	2
Service Co	Director Marketing & Customer Srv	4	2	2	2	2	2
Service Co	Director Operating Services	1	1	1	2	2	2
Service Co	Director Real Estate & Right of Way	4	4	4	4	4	4
Service Co	Director Regulatory Initiatives	1	1	1	1	1	1
Service Co	Director Revenue Collection	1	1	1	2	2	2
Service Co	Director State Regulation & Rates	6	6	6	6	6	6
Service Co	Director State Regulation and Rates	5	5	5	5.8	5.8	5.8
Service Co	Director Supply Chain	2	2	2	2	2	2
Service Co	Director Transmission	3	3	3	3	3	3
Service Co	Director Unregulated Traders & Mktg	11	11	10	9	8	8

Co	Dept	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
Service Co	Director Utility Accounting	2	2	2	2	2	2
Service Co	Director-Financial Plan & Analysis	4	4	4	4	5	5
Service Co	Economic Analysis	2	4	4	4	5	5
Service Co	Economic Devel & Major Accts	20	20	20	20	20	20
Service Co	Elect System Codes & Standards	4	4	4	4	4	4
Service Co	Electrical Eng & Planning Grp	5	5	4	4	5	6
Service Co	Energy Delivery - IT	4	4	4	4	4	4
Service Co	Energy Delivery Budgeting	5	5	6	6	6	6
Service Co	Energy Efficiency Operations	5	5	5	6	6	6
Service Co	Energy Efficiency Ops -Non DSM	1	1	1	1	1	1
Service Co	Energy Marketing Accounting	6	6	6	6	6	5
Service Co	Energy Marketing Business Info	4	4	4	3	3	3
Service Co	Energy Png Analysis &Forecast	3	3	3	3	3	3
Service Co	Energy Services Training	5	5	5	5	5	5
Service Co	Environmental Compl & System Lab	14	14	14	14	13	12
Service Co	EVP-General Counsel - Servco	3	3	3	3	3	3
Service Co	External & Brand Communication	14	14	14	14	13	13
Service Co	Facility Maintenance	1	1	1	1	1	1
Service Co	Facility Oper Data/Control Ctr	0	0	0	0	0	1
Service Co	Facility Operations Central	1	1	1	1	1	1
Service Co	Facility Operations East	1	1	1	1	1	1
Service Co	Facility Operations North	1	1	1	1	1	1
Service Co	Facility Operations-Lexington	1	1	1	1	1	1
Service Co	Finance & Budgeting-Energy Services	2.5	2.5	2.5	3	2	3
Service Co	Financial Acctg & Reporting	6	6	7	7	6	6
Service Co	Financial Analysis	7	6	6	6	6	6
Service Co	Financial Planning	4	4	5	5	5	5
Service Co	Financial Systems	4	4	4	4	4	4
Service Co	Forestry Services	2	2	2	2	2	2
Service Co	Fuels Management	5	5	5	5	5	5
Service Co	Gas Marketing	0	0	1	1	1	1
Service Co	Generation Engineering	15	15	15	16	16	16
Service Co	Generation Plan & Analysis	7	8	8	7	7	7
Service Co	Generation Support	2	2	2	2	2	2
Service Co	Generation Turb Gen Specialist	2	2	2	2	2	2
Service Co	Health & Safety - Energy Services	2	2	2	2	2	2
Service Co	Health and Safety	5	5	5	5	5	5
Service Co	HR Architecture and Planning	0	0	0	0	0	0
Service Co	Industrial Relations	3	3	3	3	3	3
Service Co	IT Finance and Administration	6	6	6	6	6	6
Service Co	IT Production	19	19	19	20	20	20

Co	Dept	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
Service Co	IT Security	8	8	8	8	8	8
Service Co	IT Serv Delivery Finance & Mtl	10	10	10	10	10	10
Service Co	IT Service Delivery - CIS	15.6	15.6	15.6	15.6	9.6	9.6
Service Co	IT Service Delivery Dist Oprs	17	17	17	17	16	16
Service Co	IT Service Delivery Energy Srv	13.5	13.5	13.5	13.5	14	14
Service Co	IT Service Delivery HR/Payroll	10	10	10	11	10	10
Service Co	IT Service Delivery Retail Bus	13	13	13	13	6	6
Service Co	IT Special Projects	1	1	1	1	1	1
Service Co	IT Strategy & Planning	3	3	3	3	3	3
Service Co	IT Training	4	4	4	4	3	3
Service Co	Legal Department - Servco	21.6	20.6	20.6	20.6	20.6	20.6
Service Co	Market Analysis	6	4	4	4	4	4
Service Co	Materials Logistics	8	8	9	9	9	9
Service Co	Meter Reading	1	1	1	1	1	1
Service Co	Metering Assets	2.6	2.6	2.6	2.6	2.6	2.6
Service Co	Office Services	2	2	2	2	2	2
Service Co	Operation Analysis & Sys Imple	3	3	3	3	3	3
Service Co	Organization Development	4	4	3	2	3	3
Service Co	Payroll	6	6	5	6	6	6
Service Co	Performance & Marketing	4	4	4	4	4	5
Service Co	Project Engineering	28	28	29	29	29	29
Service Co	Project Planning & Management	2	2	2	3	3	2
Service Co	Property Accounting	11	11	11	11	11	11
Service Co	Regulated Trading & Dispatch	20	20	19	20	20	20
Service Co	Regulatory Acctng & Reporting	6	5	6	5	6	6
Service Co	Remittance and Collection	9	8	7	7	7	7
Service Co	Residential Service	101.7	100.7	100.7	99.7	92.7	89.7
Service Co	Revenue Accounting	6	6	6	7	7	7
Service Co	Safety & Tech Training-Dist	9	9	9	10	10	10
Service Co	Sales Analysis & Forecasting	5	5	5	5	5	5
Service Co	Sarbanes Oxley	2	2	2	2	1	1
Service Co	Sourcing Support	8	8	8	8	8	8
Service Co	Substation Construction & Main	0	0	0	0	0	0
Service Co	Substation Engineering & Design	7	7	7	7	7	7
Service Co	Supplier Diversity	2	2	2	2	2	2
Service Co	SVP Energy Delivery	2	2	2	2	2	2
Service Co	SVP Energy Services	2	2	2	2	2	2
Service Co	SVP Human Resources	2	2	2	2	2	2
Service Co	SVP Information Technology	3	3	3	2	2	2
Service Co	System Restoration & Disp Oprs	1	1	1	1	1	1
Service Co	System Restoration and Ops	0	0	0	0	0	0

Co	Dept	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
Service Co	Systems Analysis & Planning	7	7	7	7	7	7
Service Co	Technology Support Services	11	11	11	11	11	11
Service Co	Telecommunications	11	11	11	11	11	12
Service Co	Trading Controls	3.8	3.8	3.8	3.8	3.8	2.8
Service Co	Trans Reliability & Compliance	0	0	0	0	0	0
Service Co	Transformer Service	1	1	1	1	1	1
Service Co	Transmission Energy Mgmt Sys	0	0	0	0	0	8
Service Co	Transmission Lines	23	23	23	23	23	23
Service Co	Transmission Protection & Subs	15	15	16	16	17	17
Service Co	Transmission Strategy/Planning	18	18	18	18	18	10
Service Co	Transmission System Operations	27	27	27	27	27	27
Service Co	Transportation	2	2	2	2	2	2
Service Co	Treasurer	3	4	4	4	4	4
Service Co	Utility Tax	5	5	5	5	5	5
Service Co	VP - Corporate Communications	2	2	2	2	2	2
Service Co	VP Corp Planning & Development	1	1	1	2	2	2
Service Co	VP Corp Respons/Comm Affairs	0	0	0	0	0	0
Service Co	VP Energy Delivery Distr	3.6	3.6	3.6	3.6	3.6	3.6
Service Co	VP Energy Delivery -Retail Bus	2	2	2	3	2	2
Service Co	VP Energy Marketing	2	2	2	2	2	2
Service Co	VP External Affairs	2	2	2	2	2	2
Service Co	VP Federal Regulation & Policy	3	3	3	3	3	3
Service Co	VP Power Operations for WKE	1	1	1	1	1	1
Service Co	VP Power Production	0	0	0	0	0	0
Service Co	VP-Transmission/Generation Svc	0	0	0	0	0	0
Service Co	Walk-In Centers	3	3	2	2	3	3
Service Co	Work Planning - Dist	7	7	7	7	7	7

Co	Dept	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
LG&E	Bardstown Distribution	5	5	5	5	5	5
LG&E	Billing Integrity	16	16	16	15	16	16
LG&E	Business Office	9	9	9	9	8	8
LG&E	Cane Run & Combustion Turbine	3	3	3	3	3	3
LG&E	Cane Run Operations	14	14	14	14	14	14
LG&E	Customer Care System LGE Business Process	1	1	1	2	2	2
LG&E	Director Dist Operations - LGE	1	1	1	1	1	1
LG&E	Director Gas Mgmt Planning & Supply	5	5	5	5	5	5
LG&E	Director Generation Engineering Services	4	3	3	4	4	4
LG&E	Distribution Operations-Engineering Design	3	5	5	5	5	5
LG&E	Electric Construction Crew-Auburndale Ops Ctr	75	75	75	75	75	75
LG&E	Electric Construction Crews-Energy Services	0	0	0	0	0	0
LG&E	Electric Distribution Operations-Enhance&Connect	1	1	1	1	1	1
LG&E	Electric Trouble	16	16	16	16	16	16
LG&E	Facilities Maintenance	3	3	3	3	3	3
LG&E	Field Credit-LGE	4	4	4	4	4	4
LG&E	Field Service	21	21	21	21	21	21
LG&E	Field Services	5	5	5	5	5	5
LG&E	Forestry Services	2	2	2	2	2	2
LG&E	Gas Control	8	8	8	8	8	8
LG&E	Gas Dist-Construction & Maint	48	47	46	46	46	46
LG&E	Gas Dist-Contract Construction	12	12	12	12	12	12
LG&E	Gas Distribution Design	17	17	17	17	17	17
LG&E	Gas Emergency Operations	6	6	6	6	6	6
LG&E	Gas Engineering	9	9	9	9	9	9
LG&E	Gas Regulatory Services	6	7	8	8	11	11
LG&E	Gas Storage Muldraugh	18	18	18	18	18	18
LG&E	Gas Trouble	16	16	16	16	17	17
LG&E	Gen Mgr Cane Run & Combtn Turb	3	3	3	3	3	3
LG&E	Gen Mgr Mill Creek Station	13	14	14	14	14	14
LG&E	Gen Mgr Trimble Cty Operations	5	5	5.6	5.6	5.6	5.6
LG&E	Instrumentation Measurement & Electric	10	10	10	10	10	10
LG&E	Integrity Management	10	10	10	10	8	8
LG&E	Joint Trench	4	7	7	7	7	7
LG&E	LGE Sub Engineering & Design	1	1	1	1	1	1
LG&E	Magnolia Distr Field/Transmiss	0	0	0	0	0	0
LG&E	Magnolia Storage	22	22	22	22	21	21
LG&E	Maintenance Cust Service-Trimble County	34	37	37	38	38	38
LG&E	Maintenance Services-Cane Run	37	37	37	38	38	38
LG&E	Maintenance Services-Mill Creek	68.5	69	69	69	69	69
LG&E	Maps & Records	9	9	9	9	9	9

Co	Dept	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
LG&E	Material Handling-Mill Creek	23	23	23	23	23	23
LG&E	Meter Reading	8	8	8	8	8	8
LG&E	Meter Shop LG&E	9	9	9	9	9	9
LG&E	Muldraugh Distribution	12	12	12	12	12	12
LG&E	Network Opers 3PH Commercial	13	13	13	13	14	14
LG&E	Ohio Falls Operations	4	4	4	4	4	4
LG&E	Performance Metrics	9	7	7	7	7	7
LG&E	Production-Cane Run	54	54	54	58	57	57
LG&E	Production-Mill Creek	105	104	102	102	105	105
LG&E	Production-Trimble County	55	57	57	57	57	57
LG&E	Real Estate/Right of Way	3	3	3	3	3	3
LG&E	Revenue Collections	12	12	12	12	12	12
LG&E	Revenue Protection-LGE	3	3	3	3	3	3
LG&E	Safety & Tech Trng Dist - LGE	1	1	1	1	1	1
LG&E	SC & M Louisville	20	20	20	19	19	20
LG&E	Street Lighting-LGE	1	0	0	0	0	0
LG&E	Substation Operations	10	10	9	8	8	7
LG&E	System Regulation & Operations	14	14	14	14	14	14
LG&E	Telecommunications - LGE	10	10	10	10	10	10
LG&E	Timekeepers & Record Coord.-Cane Run	9	9	9	9	9	9
LG&E	Transformer Services	7	7	7	7	7	7
LG&E	Transportation	1	1	1	1	1	1
LG&E	Trimble County-Commercial Oper	3	3	3	3	3	3
Service Co	Accounting for WKE	1	1	1	1	1	1
Service Co	Accounts Payable	12.6	12.6	12.6	12.6	12.6	12.6
Service Co	Administrative Services	4	4	4	4	4	4
Service Co	Argentine Gas Business	1	1	1	1	1	1
Service Co	Asset Information - Distribution	2	1	1	1	2	2
Service Co	Asset Information - Distribution	1	1	1	1	1	1
Service Co	Audit Services	13	13	13	13	14	14
Service Co	Benefits and Records	6	6	6	6	6	6
Service Co	Billing Integrity	4	4	4	4	4	4
Service Co	Business Development	0	0	0	0	0	0
Service Co	Business Service Center	17	17	18	18	17	17
Service Co	Chief Executive Officer	2.5	2.5	2.5	2.5	2.5	2.5
Service Co	Chief Financial Officer	2	2	2	2	2	2
Service Co	Compensation Systems & HRIS	4	4	4	4	4	4
Service Co	Compliance Dept	3	4	5	5	5	5
Service Co	Computing Architecture	19	19	19	20	20	19
Service Co	Contract Manager-Xerox Corp	1	1	1	1	1	1
Service Co	Contracts Administration	0	0	0	0	0	0

Co	Dept	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Service Co	Controller	2	2	2	2	2	2
Service Co	Corp Fuels & By Products	6	6	6	6	6	6
Service Co	Corporate Accounting	8	8	8	8	7	7
Service Co	Corporate Purchasing	5	5	5	5	5	5
Service Co	Corporate Tax	2	2	2	2	2	2
Service Co	Corporate Facility Services	1	1	1	1	1	1
Service Co	Credit/Contract Administration	4	4	4.8	4.8	4.8	4.8
Service Co	Customer Care System Business Process	7	7	9	10	11	11
Service Co	Customer Care System IT Process	12	12	15	19	21	27
Service Co	Customer Care System Management	8	8	8	10	9	9
Service Co	Customer Commitment	4.5	4.5	4.5	4.5	4.5	4.5
Service Co	Data Networks	9	9	9	9	9	9
Service Co	Desktop Operations	21.2	21.2	21.2	20.6	19.6	19.6
Service Co	Director Asset Management	2	1	1	1	1	1
Service Co	Director Cash Management & Investmt	3	3	3	3	3	3
Service Co	Director Corp Fuels & By Products	3	3	3	3	3	3
Service Co	Director Corporate Development	4	4	4	4	4	4
Service Co	Director Corporate Tax	3.9	3.9	3.9	3.9	3.9	3.9
Service Co	Director Distribution Operations	6	6	6	6	6	6
Service Co	Director Electric Reliability	4	4	4	4	4	4
Service Co	Director Energy Services Project Dv	2	2	2	2	2	2
Service Co	Director Environmental Affairs	12.6	12.6	12.6	12.6	12.6	12.6
Service Co	Director External Affairs	1	1	1	1	1	1
Service Co	Director Fin Planning & Controlling	2	2	1	1	1	1
Service Co	Director Generation Services	4	4	4	4	4	4
Service Co	Director HR - Corporate	8	8	8	8	8	8
Service Co	Director HR - Energy Services	8	8	8	8	8	8
Service Co	Director HR Distribution	9	9	9	9	9	8
Service Co	Director IT Operations	2	2	2	2	2	2
Service Co	Director IT Service Delivery	2	2	2	2	2	2
Service Co	Director IT Strategy/Planning	1	1	1	2	2	2
Service Co	Director Marketing & Customer Srv	2	2	2	2	2	2
Service Co	Director Operating Services	2	2	2	2	2	2
Service Co	Director Real Estate & Right of Way	4	4	4	4	4	4
Service Co	Director Regulatory Initiatives	1	1	1	1	1	1
Service Co	Director Revenue Collection	2	2	2	2	3	4
Service Co	Director State Regulation & Rates	6	6	6	6	6	5
Service Co	Director State Regulation and Rates	5.8	5.8	4.8	4.8	4.8	4.8
Service Co	Director Supply Chain	2	2	2	2	2	2
Service Co	Director Transmission	3	3	3	3	3	3
Service Co	Director Unregulated Traders & Mktg	8	8	8	8	8	8

Co	Dept	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Service Co	Director Utility Accounting	2	2	2	2	2	2
Service Co	Director-Financial Plan & Analysis	6	7	7	7	7	7
Service Co	Economic Analysis	5	5	5	5	5	5
Service Co	Economic Devel & Major Accts	20	20	20	20	20	20
Service Co	Elect System Codes & Standards	4	3	3	3	3	3
Service Co	Electrical Eng & Planning Grp	6	7	7	7	7	7
Service Co	Energy Delivery - IT	4	4	4	4	4	3
Service Co	Energy Delivery Budgeting	6	6	6	6	5	5
Service Co	Energy Efficiency Operations	6	6	6	6	6	6
Service Co	Energy Efficiency Ops -Non DSM	1	1	1	1	1	1
Service Co	Energy Marketing Accounting	7	6	5	6	6	6
Service Co	Energy Marketing Business Info	3	2	3	4	4	4
Service Co	Energy Png Analysis & Forecast	3	3	3	3	3	3
Service Co	Energy Services Training	5	5	5	5	5	5
Service Co	Environmental Compl & System Lab	12	12	13	13	13	13
Service Co	EVP-General Counsel - Servco	3	3	3	3	3	3
Service Co	External & Brand Communication	14	14	14	15	14	12
Service Co	Facility Maintenance	1	1	1	1	1	1
Service Co	Facility Oper Data/Control Ctr	1	1	1	1	1	1
Service Co	Facility Operations Central	1	1	1	1	1	1
Service Co	Facility Operations East	1	1	1	1	1	1
Service Co	Facility Operations North	1	1	1	1	1	1
Service Co	Facility Operations-Lexington	1	1	1	1	1	1
Service Co	Finance & Budgeting-Energy Services	3	3	4	4	4	4
Service Co	Financial Acctg & Reporting	6	6	6	6	6	6
Service Co	Financial Analysis	6	6	6	6	5	5
Service Co	Financial Planning	5	5	5	5	6	6
Service Co	Financial Systems	4	4	4	4	4	4
Service Co	Forestry Services	2	2	2	2	2	2
Service Co	Fuels Management	5	5	5	5	5	5
Service Co	Gas Marketing	1	1	2	2	3	3
Service Co	Generation Engineering	16	17	17	14.5	14.5	15.5
Service Co	Generation Plan & Analysis	7	7	6	6	7	7
Service Co	Generation Support	2	2	2	2	2	2
Service Co	Generation Turb Gen Specialist	2	2	3	3	3	3
Service Co	Health & Safety - Energy Services	2	2	2	2	2	2
Service Co	Health and Safety	5	5	5	5	5	5
Service Co	HR Architecture and Planning	0	0	0	0	0	0
Service Co	Industrial Relations	3	3	3	3	3	3
Service Co	IT Finance and Administration	5	5	5	4	4	5
Service Co	IT Production	20	20	20	20	20	18

Co	Dept	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Service Co	IT Security	8	8	8	8	8	8
Service Co	IT Serv Delivery Finance & Mtl	10	10	10	10	10	10
Service Co	IT Service Delivery - CIS	9.6	9.6	8.6	8.6	8.6	7.6
Service Co	IT Service Delivery Dist Oprs	17	17	17	15	13	15
Service Co	IT Service Delivery Energy Srv	14	14	14	14	14	11.5
Service Co	IT Service Delivery HR/Payroll	10	10	9	8	7	7
Service Co	IT Service Delivery Retail Bus	5	5	5	4	4	4
Service Co	IT Special Projects	1	1	1	1	1	1
Service Co	IT Strategy & Planning	3	3	3	3	3	3
Service Co	IT Training	4	4	4	4	4	4
Service Co	Legal Department - Servco	19.6	20.6	20.6	19.6	19.6	19.6
Service Co	Market Analysis	4	4	4	4	4	4
Service Co	Materials Logistics	9	9	9	10	10	10
Service Co	Meter Reading	1	1	1	1	1	1
Service Co	Metering Assets	2.6	2.6	2.6	2.6	2.6	2.6
Service Co	Office Services	2	2	2	2	2	2
Service Co	Operation Analysis & Sys Imple	3	3	3	3	3	3
Service Co	Organization Development	3	3	3	3	4	4
Service Co	Payroll	6	6	6	6	6	6
Service Co	Performance & Marketing	5	5	5	5	4	4
Service Co	Project Engineerng	29	32	36	39	40	40
Service Co	Project Planning & Management	2	2	2	2	2	2
Service Co	Property Accounting	11	11	11	11	11	11
Service Co	Regulated Trading & Dispatch	20	20	20	20	20	20
Service Co	Regulatory Acctng & Reporting	6	6	5	5	6	6
Service Co	Remittance and Collection	7	7	7	7	7	7
Service Co	Residential Service	88.7	88.7	89.2	96.2	94.2	94.2
Service Co	Revenue Accounting	7	7	7	7	7	7
Service Co	Safety & Tech Training-Dist	10	10	10	10	10	10
Service Co	Sales Analysis & Forecasting	5	5	4	4	4	4
Service Co	Sarbanes Oxley	2	2	2	2	1	1
Service Co	Sourcing Support	8	8	8	7.6	7.6	7.6
Service Co	Substation Construction & Main	0	0	0	0	0	0
Service Co	Substation Engineering & Design	7	7	7	7	7	7
Service Co	Supplier Diversity	2	2	2	2	2	2
Service Co	SVP Energy Delivery	2	2	2	2	2	2
Service Co	SVP Energy Services	2	2	2	2	2	2
Service Co	SVP Human Resources	2	2	2	2	2	2
Service Co	SVP Information Technology	2	2	2	1	2	2
Service Co	System Restoration & Disp Oprs	1	1	1	2	2	2
Service Co	System Restoration and Ops	0	0	0	0	0	0

Co	Dept	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Service Co	Systems Analysis & Planning	7	7	7	7	7	7
Service Co	Technology Support Services	11	11	11	10	10	10
Service Co	Telecommunications	13	13	13	13	13	13
Service Co	Trading Controls	1.8	2.8	2	2	3	3
Service Co	Trans Reliability & Compliance	0	0	0	0	3	3
Service Co	Transformer Service	1	1	1	1	1	1
Service Co	Transmission Energy Mgmt Sys	8	8	7	8	7	7
Service Co	Transmission Lines	23	23	25	25	25	25
Service Co	Transmission Protection & Subs	17	16	17	18	18	17
Service Co	Transmission Strategy/Planning	10	10	10	10	10	11
Service Co	Transmission System Operations	27	28	28	27	25	25
Service Co	Transportation	2	2	2	2	2	2
Service Co	Treasurer	4	4	4	4	4	4
Service Co	Utility Tax	5	5	5	5	5	5
Service Co	VP - Corporate Communications	2	2	2	2	2	2
Service Co	VP Corp Planning & Development	1	2	2	2	2	2
Service Co	VP Corp Respons/Comm Affairs	0	0	0	0	1	3
Service Co	VP Energy Delivery Distr	3.6	3.6	3.6	3.6	3.6	3.6
Service Co	VP Energy Delivery -Retail Bus	2	2	2	2	2	2
Service Co	VP Energy Marketing	2	2	2	2	2	2
Service Co	VP External Affairs	2	2	2	2	2	2
Service Co	VP Federal Regulation & Policy	3	3	3	3	3	3
Service Co	VP Power Operations for WKE	1	1	1	1	1	1
Service Co	VP Power Production	0	0	0	0	0	0
Service Co	VP-Transmission/Generation Svc	0	0	0	0	0	0
Service Co	Walk-In Centers	3	3	3	3	3	3
Service Co	Work Planning - Dist	7	6	6	6	6	6

Co	Dept	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08
LG&E	Bardstown Distribution	5	5	5	5	5	5	5
LG&E	Billing Integrity	16	16	16	16	17	17	16
LG&E	Business Office	7	9	9	9	9	10	11
LG&E	Cane Run & Combustion Turbine	3	3	3	3	3	3	3
LG&E	Cane Run Operations	14	14	14	14	14	14	14
LG&E	Customer Care System LGE Business Process	2	2	2	4	5	5	6
LG&E	Director Dist Operations - LGE	1	1	1	1	1	1	1
LG&E	Director Gas Mgmt Planning & Supply	5	5	5	5	5	5	5
LG&E	Director Generation Engineering Services	4	4	4	4	4	4	4
LG&E	Distribution Operations-Engineering Design	5	5	5	5	5	5	5
LG&E	Electric Construction Crew-Auburndale Ops Ctr	77	78	78	42	42	41	41
LG&E	Electric Construction Crews-Energy Services	0	0	0	34	35	35	34
LG&E	Electric Distribution Operations-Enhance&Connect	1	1	1	1	1	1	1
LG&E	Electric Trouble	16	15	14	15	15	14	14
LG&E	Facilities Maintenance	3	3	3	3	3	3	3
LG&E	Field Credit-LGE	4	4	4	4	4	4	4
LG&E	Field Service	21	21	22	18	18	18	19
LG&E	Field Services	5	5	5	8	8	8	8
LG&E	Forestry Services	2	2	2	2	2	2	2
LG&E	Gas Control	8	8	8	8	8	8	8
LG&E	Gas Dist-Construction & Maint	46	45	46	46	47	47	46
LG&E	Gas Dist-Contract Construction	12	13	13	13	13	13	13
LG&E	Gas Distribution Design	17	17	17	17	17	17	18
LG&E	Gas Emergency Operations	6	6	6	6	5	5	6
LG&E	Gas Engineering	9	9	8	8	8.5	8.5	8.5
LG&E	Gas Regulatory Services	11	11	11	11	12	12	12
LG&E	Gas Storage Muldraugh	18	18	18	18	18	18	18
LG&E	Gas Trouble	17	17	17	17	17	17	18
LG&E	Gen Mgr Cane Run & Combtn Turb	3	3	3	3	3	3	3
LG&E	Gen Mgr Mill Creek Station	14	14	14	14	14	14	14
LG&E	Gen Mgr Trimble Cty Operations	5.6	5.6	5.6	5.6	5.6	5.6	5.6
LG&E	Instrumentation Measurement & Electric	10	10	10	10	10	10	10
LG&E	Integrity Management	8	8	8	8	8	8	9
LG&E	Joint Trench	7	7	8	8	8	8	8
LG&E	LGE Sub Engineering & Design	1	1	1	1	1	1	1
LG&E	Magnolia Distr Field/Transmiss	0	9	9	9	9	9	9
LG&E	Magnolia Storage	21	12	12	12	14	14	14
LG&E	Maintenance Cust Service-Trimble County	40	40	43	43	45	45	45
LG&E	Maintenance Services-Cane Run	38	38	38	38	38	37	37
LG&E	Maintenance Services-Mill Creek	70	70	70	71	70.5	74.5	75
LG&E	Maps & Records	9	9	9	9	9	9	9

Co	Dept	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08
LG&E	Material Handling-Mill Creek	22	22	23	23	23	23	23
LG&E	Meter Reading	8	8	8	8	7	7	7
LG&E	Meter Shop LG&E	9	9	9	9	9	9	9
LG&E	Muldraugh Distribution	12	12	12	12	12	12	12
LG&E	Network Opers 3PH Commercial	14	14	14	14	14	14	14
LG&E	Ohio Falls Operations	4	4	4	4	4	4	4
LG&E	Performance Metrics	7	7	7	7	7	7	7
LG&E	Production-Cane Run	57	57	57	56	56	56	56
LG&E	Production-Mill Creek	103	105	104	104	104	101	103
LG&E	Production-Trimble County	57	57	60	60	60	61	61
LG&E	Real Estate/Right of Way	3	3	3	3	3	3	3
LG&E	Revenue Collections	12	12	12	11	11	11	11
LG&E	Revenue Protection-LGE	3	3	3	3	3	3	3
LG&E	Safety & Tech Trng Dist - LGE	1	1	1	1	1	1	1
LG&E	SC & M Louisville	23	23	23	23	23	23	23
LG&E	Street Lighting-LGE	0	0	0	0	0	0	0
LG&E	Substation Operations	9	8	10	11	10	10	10
LG&E	System Regulation & Operations	15	15	15	15	15	15	15
LG&E	Telecommunications - LGE	10	10	10	10	10	10	10
LG&E	Timekeepers & Record Coord.-Cane Run	9	9	9	9	9	9	9
LG&E	Transformer Services	7	7	7	7	7	7	7
LG&E	Transportation	1	1	1	1	1	1	1
LG&E	Trimble County-Commercial Oper	3	4	4	4	4	4	4
Service Co	Accounting for WKE	1	1	1	1	1	1	1
Service Co	Accounts Payable	12.6	12.6	12.6	12.6	12.6	12.6	12.6
Service Co	Administrative Services	4	4	4	4	4	4	4
Service Co	Argentine Gas Business	0	0	0	0	0	0	0
Service Co	Asset Information - Distribution	2	2	2	2	2	2	2
Service Co	Asset Information - Distribution	1	1	1	1	1	1	1
Service Co	Audit Services	14	13	14	14	14	14	14
Service Co	Benefits and Records	6	7	7	7	8	7	7
Service Co	Billing Integrity	3	3	4	4	4	4	4
Service Co	Business Development	0	0	0	0	0	0	0
Service Co	Business Service Center	16	17	18	17	17	17	16
Service Co	Chief Executive Officer	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Service Co	Chief Financial Officer	2	2	2	2	2	2	2
Service Co	Compensation Systems & HRIS	4	4	4	4	4	4	4
Service Co	Compliance Dept	5	5	5	5	5	4	4
Service Co	Computing Architecture	19	19	19	19	19	19	19
Service Co	Contract Manager-Xerox Corp	1	1	1	1	1	1	1
Service Co	Contracts Administration	0	0	0	0	0	0	0

Co	Dept	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08
Service Co	Controller	2	2	2	2	2	2	2
Service Co	Corp Fuels & By Products	6	6	6	6	6	6	6
Service Co	Corporate Accounting	8	8	7	8	8	8	8
Service Co	Corporate Purchasing	5	4	5	5	5	5	5
Service Co	Corporate Tax	2	2	2	2	2	2	2
Service Co	Corporate Facility Services	1	1	1	1	1	1	1
Service Co	Credit/Contract Administration	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Service Co	Customer Care System Business Process	11	11	13	16	16	16	19
Service Co	Customer Care System IT Process	34	33	33	34	35	35	35
Service Co	Customer Care System Management	9	9	8	9	9	9	9
Service Co	Customer Commitment	4.5	3.5	3.5	4.5	4.5	4.5	4.5
Service Co	Data Networks	8	8	8	8	8	8	8
Service Co	Desktop Operations	19.6	20	20	19	19	20	20
Service Co	Director Asset Management	2	2	2	2	2	2	2
Service Co	Director Cash Management & Investmt	3	3	3	3	3	3	3
Service Co	Director Corp Fuels & By Products	3	3	3	3	3	3	3
Service Co	Director Corporate Development	4	4	4	4	4	4	4
Service Co	Director Corporate Tax	3.9	4.9	4.9	3.9	3.9	3.9	3.9
Service Co	Director Distribution Operations	6	6	6	5	5	5	5
Service Co	Director Electric Reliability	4	4	4	4	4	4	4
Service Co	Director Energy Services Project Dv	2	2	2	1	1	2	2
Service Co	Director Environmental Affairs	12.6	12.6	12.6	12.6	12.6	12.6	12.6
Service Co	Director External Affairs	1	1	1	1	1	1	1
Service Co	Director Fin Planning & Controlling	3	3	3	3	3	3	3
Service Co	Director Generation Services	4	4	4	4	4	4	4
Service Co	Director HR - Corporate	8	8	8	8	8	8	8
Service Co	Director HR - Energy Services	8	8	9	9	9	9	9
Service Co	Director HR Distribution	8	9	9	9	9	9	9
Service Co	Director IT Operations	2	2	2	2	2	2	2
Service Co	Director IT Service Delivery	2	2	2	2	2	2	2
Service Co	Director IT Strategy/Planning	2	2	2	2	2	2	2
Service Co	Director Marketing & Customer Srv	2	2	2	2	2	2	2
Service Co	Director Operating Services	2	2	2	2	2	2	2
Service Co	Director Real Estate & Right of Way	4	4	4	4	4	4	4
Service Co	Director Regulatory Initiatives	1	1	1	1	1	1	1
Service Co	Director Revenue Collection	4	6	6	6	6	6	6
Service Co	Director State Regulation & Rates	5	5	5	5	5	5	5
Service Co	Director State Regulation and Rates	4.8	5.8	5.8	6.8	6.8	6.8	6.8
Service Co	Director Supply Chain	2	2	2	2	2	2	2
Service Co	Director Transmission	3	3	3	3	2	2	2
Service Co	Director Unregulated Traders & Mktg	8	8	8	8	8	8	8

Co	Dept	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08
Service Co	Director Utility Accounting	2	2	2	2	2	2	2
Service Co	Director-Financial Plan & Analysis	7	7	7	7	7	7	7
Service Co	Economic Analysis	5	5	5	5	5	5	5
Service Co	Economic Devel & Major Accts	20	20	20	20	20	20	20
Service Co	Elect System Codes & Standards	3	3	3	3	3	3	3
Service Co	Electrical Eng & Planning Grp	7	7	7	7	7	7	6
Service Co	Energy Delivery - IT	3	4	4	4	4	4	4
Service Co	Energy Delivery Budgeting	6	6	6	6	6	6	6
Service Co	Energy Efficiency Operations	6	7	7	7	7	7	7
Service Co	Energy Efficiency Ops -Non DSM	1	1	1	1	1	1	1
Service Co	Energy Marketing Accounting	6	5	6	6	6	6	6
Service Co	Energy Marketing Business Info	4	4	4	4	4	4	4
Service Co	Energy Plng Analysis &Forecast	2	2	2	2	3	2	2
Service Co	Energy Services Training	5	5	5	5	5	5	5
Service Co	Environmental Compl & System Lab	13	13	13	13	13	13	14
Service Co	EVP-General Counsel - Servco	3	2	2	2	2	3	3
Service Co	External & Brand Communication	12	13	13	13	13	13	13
Service Co	Facility Maintenance	1	1	1	1	1	1	1
Service Co	Facility Oper Data/Control Ctr	1	1	1	1	1	1	1
Service Co	Facility Operations Central	1	1	1	1	1	1	1
Service Co	Facility Operations East	1	1	1	1	1	1	1
Service Co	Facility Operations North	1	1	1	1	1	1	1
Service Co	Facility Operations-Lexington	1	1	1	1	1	1	1
Service Co	Finance & Budgeting-Energy Services	4	4	4	4	4	4	4
Service Co	Financial Acctg & Reporting	6	6	6	7	6	7	7
Service Co	Financial Analysis	4	4	4	4	4	4	4
Service Co	Financial Planning	6	6	6	6	6	6	6
Service Co	Financial Systems	4	4	4	4	4	4	4
Service Co	Forestry Services	2	2	2	2	2	2	2
Service Co	Fuels Management	5	5	5	5	5	5	5
Service Co	Gas Marketing	3	3	2	2	2	2	2
Service Co	Generation Engineering	15	15	15	16	16	16	18
Service Co	Generation Plan & Analysis	7	7	7	7	7	7	7
Service Co	Generation Support	2	2	2	2	2	0	0
Service Co	Generation Turb Gen Specialist	3	3	3	3	3	3	3
Service Co	Health & Safety - Energy Services	2	3	3	3	3	3	3
Service Co	Health and Safety	5	5	5	5	5	5	5
Service Co	HR Architecture and Planning	0	0	0	0	0	0	0
Service Co	Industrial Relations	3	2	2	2	2	2	2
Service Co	IT Finance and Administration	5	5	6	6	6	6	6
Service Co	IT Production	17	17	17	17	17	17	17

Co	Dept	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08
Service Co	IT Security	8	8	8	8	8	8	8
Service Co	IT Serv Delivery Finance & Mtl	10	10	10	8	8	8	8
Service Co	IT Service Delivery - CIS	8.6	8.6	8.6	8.6	8.6	8.6	8.6
Service Co	IT Service Delivery Dist Oprs	13	12	12	13	13	14	14
Service Co	IT Service Delivery Energy Srv	11.5	11.5	11.5	10.5	10.5	9.5	9.5
Service Co	IT Service Delivery HR/Payroll	7	7	8	9	9	9	9
Service Co	IT Service Delivery Retail Bus	3	3	3	3	3	3	3
Service Co	IT Special Projects	1	1	1	1	1	1	1
Service Co	IT Strategy & Planning	3	3	3	3	3	3	3
Service Co	IT Training	4	4	4	4	4	4	4
Service Co	Legal Department - Servco	20.6	21.6	22.6	22.6	22.6	22.6	23.6
Service Co	Market Analysis	4	4	4	4	4	4	4
Service Co	Materials Logistics	10	10	10	10	10	10	10
Service Co	Meter Reading	1	1	2	1	1	1	1
Service Co	Metering Assets	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Service Co	Office Services	2	2	2	2	2	2	2
Service Co	Operation Analysis & Sys Imple	3	3	3	3	3	3	3
Service Co	Organization Development	5	4	4	5	5	5	5
Service Co	Payroll	5	6	6	6	6	6	6
Service Co	Performance & Marketing	5	5	5	5	5	5	5
Service Co	Project Engineering	40	40	40	40	40	39	39
Service Co	Project Planning & Management	2	2	2	2	2	2	2
Service Co	Property Accounting	11	11	11	11	11	10	10
Service Co	Regulated Trading & Dispatch	20	20	20	20	20	20	20
Service Co	Regulatory Acctg & Reporting	6	6	6	6	7	7	7
Service Co	Remittance and Collection	5	5	5	5	5	5	5
Service Co	Residential Service	99.2	95.2	94.2	91.7	94.4	96.4	94.4
Service Co	Revenue Accounting	7	7	7	7	7	7	6
Service Co	Safety & Tech Training-Dist	10	10	10	10	10	10	10
Service Co	Sales Analysis & Forecasting	4	4	4	4	4	4	6
Service Co	Sarbanes Oxley	0	0	0	0	0	0	0
Service Co	Sourcing Support	7.6	7.6	7.6	7.6	7.6	7.6	7.6
Service Co	Substation Construction & Main	0	0	0	1	1	1	1
Service Co	Substation Engineering & Design	6	6	6	6	6	8	8
Service Co	Supplier Diversity	2	2	1	1	1	1	1
Service Co	SVP Energy Delivery	2	2	2	2	2	2	2
Service Co	SVP Energy Services	2	2	2	2	2	2	2
Service Co	SVP Human Resources	2	2	2	2	2	2	2
Service Co	SVP Information Technology	2	2	2	2	2	2	2
Service Co	System Restoration & Disp Oprs	2	2	2	2	2	2	2
Service Co	System Restoration and Ops	0	0	0	0	0	1	1

Co	Dept	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08
Service Co	Systems Analysis & Planning	7	7	7	7	7	7	7
Service Co	Technology Support Services	10	10	10	10	10	11	11
Service Co	Telecommunications	13	14	14	14	14	14	14
Service Co	Trading Controls	3	3	3	3	3	3	3
Service Co	Trans Reliability & Compliance	3	2	2	3	3	3	3
Service Co	Transformer Service	1	1	1	1	1	1	1
Service Co	Transmission Energy Mgmt Sys	7	7	7	7	7	8	8
Service Co	Transmission Lines	25	25	25	26	26	26	26
Service Co	Transmission Protection & Subs	18	18	18	17	18	18	18
Service Co	Transmission Strategy/Planning	11	11	11	11	11	10	10
Service Co	Transmission System Operations	25	26	26	26	26	26	26
Service Co	Transportation	2	2	2	2	2	2	2
Service Co	Treasurer	4	4	4	4	4	4	4
Service Co	Utility Tax	5	5	5	5	5	5	5
Service Co	VP - Corporate Communications	2	2	2	2	2	2	2
Service Co	VP Corp Planning & Development	2	2	2	2	2	2	2
Service Co	VP Corp Respons/Comm Affairs	3	3	3	3	3	3	3
Service Co	VP Energy Delivery Distr	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Service Co	VP Energy Delivery -Retail Bus	2	2	2	2	2	2	2
Service Co	VP Energy Marketing	3	3	3	3	3	3	3
Service Co	VP External Affairs	2	2	2	2	2	2	2
Service Co	VP Federal Regulation & Policy	3	3	3	2	2	2	2
Service Co	VP Power Operations for WKE	1	1	1	2	2	0	0
Service Co	VP Power Production	0	0	0	0	0	2	2
Service Co	VP-Transmission/Generation Svc	0	0	0	0	0	2	2
Service Co	Walk-In Centers	3	3	3	3	3	3	3
Service Co	Work Planning - Dist	6	6	6	6	5	5	5

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**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
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Question No. 15

Responding Witness: Valerie L. Scott

- Q-15. Refer to Reference Schedules 1.16 and 1.17 attached to Mr. Rives' testimony. Please provide the Mercer actuarial reports used for the pension expense, postretirement benefits expense and postemployment benefits expense. Reconcile the amounts shown in these actuarial reports to the amounts shown on line 2 of each of the Company's Reference Schedules. In addition, provide all computations the Company made to adjust the Mercer amounts to the amounts reflected for 2008 on line 2 of these Reference Schedules.
- A-15. Please refer to PSC 1-54 and PSC 1-55 for the Mercer actuarial reports used for the postretirement benefits expense and postemployment benefits expense. Please refer to PSC-2 Question No. 23 and PSC-2 Question No. 24 for the Mercer actuarial reports used for the pension benefits expense and the reconciliation and computations the Company made to adjust the Mercer amounts to the amounts reflected for 2008 on line 2 of Reference Schedules 1.16 and 1.17 attached to Mr. Rives' testimony.

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**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
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Question No. 16

Responding Witness: Shannon L. Charnas

- Q-16. Refer to Reference Schedule 1.22 attached to Mr. Rives' testimony. Please provide the source of the FERC Assessment Charge Factor per MWH shown on line 2 of this schedule.
- A-16. The source of the charge factor is the attached Federal Energy Regulatory Commission's Annual Charges billing for fiscal year 2008, October 1, 2007 through September 30, 2008.

Federal Energy Regulatory Commission

888 First Street, NE, Washington, D.C. 20426

Annual Charges Billing - Fiscal Year 2008

Statement of Annual Charges Under 18 CFR Part 382 For Period 10/01/2007 through 09/30/2008

Louisville Gas & Electric Co
Robert M. Conroy, Manager Rates
P. O. Box 32010
Louisville, KY 40232-

Company ID: 11249

Bill Number: M8E80031

Date of Bill: 06/20/2008

Date Payment Due: 08/04/2008

Electric Program Cost Analysis

Total Electric Program Cost of \$130,188,000 minus PMA Regulation Costs of \$0 minus Electric Filing Fees of \$589,000 equals Total Collectable Electric Costs of \$129,599,000

Total Program Costs	divided by	Total Industry Sales (MWH)	equals	Charge Factor
129,599,000		2,649,895,481		0.0489072120

The Annual Charge is determined by applying the Charge Factor to Total Company Megawatts. Any prior year adjustments are added to the Annual Charge to determine the Total Bill for this Fiscal Year.

Debit/Credit Calculation

Actual Program Costs for FY 2007 of 114,911,287 divided by Adjusted Total Industry Sales (MWH) for FY 2007 of 2,556,881,610 equals a .0449419662 Unit Charge Factor.

2007 Company Adjusted Sales (MWH) of 3,604,230 x Charge Factor =	\$161,981
Adjusted Annual Charge for FY 2007	\$161,981
Billed Annual Charge for FY 2007	\$165,046
Debit/Credit from FY 2007	\$-3,065

Annual Charge Calculation

Total Sales - Annual Charge	
Company Sales (MWH):	7,481,195
Annual Charge:	\$365,884
Total FY 2008 Annual Charge:	\$365,884
Prior Year Debit/Credit:	\$-3,065
Total Bill:	\$362,819

For answers to questions on the calculation of this bill, please contact Raven Lewis at (202) 502-6276. Payment is due 45 days from the statement issue date (18 CFR, 382.103). Interest and administrative charges accrue on any unpaid balance after the due date 4 CFR, 102.13(d).

For the Commission to consider an argument of law or policy, you must file a request for rehearing within 30 days from the Statement Issue Date in accordance with 18 CFR, 385.713 and 385.2001. A request for rehearing is not a stay of the Commission's statement of annual charges. You must still make timely payment of the annual charges assessed to avoid interest and administrative charges. Payment under protest does not constitute a request for rehearing. Send request for rehearing to: Federal Energy Regulatory Commission, Secretary, 888 First Street, NE, Washington, D.C. 20426. A copy of the request for rehearing must also be sent to the Chief Financial Officer, 888 First Street NE, Washington, D.C. 20426.

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**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
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Question No. 17

Responding Witness: Valerie L. Scott

- Q-17. Refer to Reference Schedule 1.23 attached to Mr. Rives' testimony. Please provide the computational support for the regulatory asset amount shown on line 1 and the regulatory liability amount shown on line 2 of this schedule.
- A-17. See response to AG-1 Question No. 45(a) for the regulatory asset. See response to AG-1 Question No. 46(b) for the regulatory liability.

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**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
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Question No. 18

Responding Witness: Shannon L. Charnas

Q-18. Refer to Reference Schedule 1.27 attached to Mr. Rives' testimony. Please provide a schedule with an itemized list of the amounts comprising the totals on line 1 of this schedule. Please indicate which amounts are considered incremental and which are considered to be an allocation of internal costs.

A-18. The list below represents the amounts comprising the totals on line 1 of Schedule 1.27 to Mr. Rives' testimony. All of the amounts are incremental.

	Total Estimated Cost
Electric:	
Legal	\$ 290,000.00
Consulting	315,000.00
Newspaper Advertising	36,000.00
Printing Costs & Other Supplies	34,000.00
Total Electric	<u>\$ 675,000.00</u>
Gas	
Legal	\$ 210,000.00
Consultants	175,000.00
Newspaper Advertising	31,000.00
Printing Costs & Other Supplies	34,000.00
Total Gas	<u>\$ 450,000.00</u>
Total Projected Cost	<u>\$ 1,125,000.00</u>

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Question No. 19

Responding Witness: S. Bradford Rives

- Q-19. Refer to Reference Schedule 1.32 attached to Mr. Rives' testimony.
- a. Please provide a copy of all source documents relied on for the amount on line 1 of this schedule.
 - b. Please provide the Company's computations underlying the amount on line 1 of this schedule.
 - c. Please explain why no portion of this amount is shown allocated to the ECR.
- A-19. a. Please refer to the response to PSC-2 Question No. 10(b).
- b. Please refer to the response to PSC-2 Question No. 10(b).
 - c. Pursuant to KRS 278.183, bank fees are not a recoverable expense through the ECR. Therefore, no amount is allocated to the ECR.

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Question No. 20

Responding Witness: Valerie L. Scott

Q-20. Refer to Reference Schedule 1.39 attached to Mr. Rives' testimony. Please explain why the Company does not propose to use the 9% §199 deduction effective in 2010 or an average of the 6% and 9% deductions in 2009 and 2010 in the calculation of the combined federal and state income tax rate.

A-20. The income tax deduction available for certain Domestic Production Activities was enacted into law as Internal Revenue Code Section 199 (§199). The percentage of qualified production activities income permitted as a deduction under §199 was originally enacted with the following schedule:

2005	3%
2006	3%
2007	6%
2008	6%
2009	6%
2010 and thereafter	9%

The Company proposes to take into consideration the percentage in effect during the test year in determining its effective income tax rate. This rate is also applicable when the proposed customer rates of this Case are expected to take effect in 2009. Use of an average rate would not be appropriate as such would improperly reflect the tax benefits for 2009, as well as for years beyond 2009. Should the increased deduction under §199 go into effect as originally scheduled (and remain in effect), the Company will incorporate the higher §199 deduction percentage in its effective tax rate filed with future rate cases.

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Question No. 21

Responding Witness: Valerie L. Scott

- Q-21. Refer to Reference Schedule 1.40 attached to Mr. Rives' testimony. Please explain why the amount of capital lease interest is subtracted on line 6 instead of added.
- A-21. Included in the \$44,593,038 amount on line 4 "Interest per books (excluding other interest)" is \$3,281,171 of interest expense for "Reclassified capital lease interest". The capital lease interest was a reclassification in the test year that represented an expense for periods before the test year. Therefore, an adjustment is made to remove the out of period interest from the total test period interest. To remove the out of period interest line 5 "Reclassified capital lease interest" is subtracted from line 4 "Interest per books (excluding other interest)".

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Question No. 22

Responding Witness: S. Bradford Rives

- Q-22. Refer to page 20 lines 1-2 of Mr. Rives' KU testimony and page 48 lines 18-19 of Mr. Rives' LG&E testimony. Please provide the computations underlying the \$86.1 million (KU) and \$48.7 million (LG&E) amounts for imputed purchased power contracts. In addition, please provide all assumptions and the basis for all assumptions used in this computation, including, but not limited to, the weighting factor applied by S&P and/or the Company to the net present value of the purchased power contract amounts and the imputed demand portion of those contracts, if any applied by S&P and/or the Company.
- A-22. The requested calculations are performed by S&P and are not made available to the Company. The S&P report dated August 30, 2007 for E.ON U.S. LLC provided in response to AG-1 Question No. 85 shows the \$48.7 million of imputed debt.

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**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
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Question No. 23

Responding Witness: William Steven Seelye

Q-23. To the extent not provided in response to Question 1 above, please provide an electronic copy (on CD) of each of Mr. Seelye's exhibits. Please include all workpapers and supporting documentation used and relied upon by Mr. Seelye in the preparation of these exhibits. Provide all electronic spreadsheets with cell formulas intact. If there is an objection to providing a spreadsheet with cell formulas intact, please provide a copy of the spreadsheet with formulas replaced with values.

A-23. See response to PSC-2 Question No. 48.

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**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
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Question No. 24

Responding Witness: William Steven Seelye

Q-24. If not provided in response to a previous request, please provide(in electronic form, with formulas intact) all work papers, analyses, etc. supporting the development of the zero-intercept calculations as used by Mr. Seelye in the BIP cost of service study. Also include all statistical analyses performed.

A-24. See response to PSC-2 Question No. 48.

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**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
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Question No. 25

Responding Witness: William Steven Seelye

Q-25. Did the Company prepare any other class cost of service studies (whether or not ultimately used by the Company for any purpose), beyond the BIP study presented in its filing? If so, please identify the type of study prepared, list the differences between such study and the BIP study filed in this case and provide a copy of the study, including all supporting workpapers.

A-25. No.

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**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
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Question No. 26

Responding Witness: William Steven Seelye

Q-26. Did the Company consider, but not prepare, any other class cost of service study beyond the BIP study filed in this case? If so, please identify the type of study and list the differences between such study and the BIP study filed in this case.

A-26. Yes. LG&E considered, but did not prepare, class cost of service studies utilizing the following methodologies:

- (1) Rather than time-differentiating production costs using the modified BIP methodology, LG&E considered time-differentiating production costs based on the number of hours of "unserved load" during each pricing period. *Unserved load* is a planning measurement used to plan LG&E and KU's generation resources. This approach would have allocated approximately 70% of fixed production costs on the basis of summer coincident peak demands, 30% on the basis of winter peak coincident demands, and none on the basis of off-peak energy
- (2) The Company also considered allocating fixed production costs on the basis of a 6-CP allocator, consisting of CPs during the months of June, July, August, December, January and February.

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Question No. 27

Responding Witness: William Steven Seelye

Q-27. Please provide for each cost of service rate class, monthly 12 CP kW demand data for the test year (i.e., each rate class or special contract that is separately included and analyzed in the Company's cost of service model, whether presented as a separate class or not in the Company's filing.

A-27. See the response to AG-1 Question No. 123.

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Question No. 28

Responding Witness: William Steven Seelye

- Q-28. Please provide a description of the methodology used by the Company to reflect interruptible load in the development of each of the “demand allocators” used in the cost of service study. Also provide all workpapers supporting the calculations, adjustments, etc. that were made to reflect interruptible load. Please identify, by retail rate schedule (as used in the cost of service study) the amount of interruptible or curtailable load. For each such rate schedule, provide the NCP, NCPP, SICD, SCP, WCP and BDEM associated with interruptible or curtailable load.
- A-28. See the response to AG-1 Question Nos. 131 and 135.

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Question No. 29

Responding Witness: William Steven Seelye

- Q-29. Please provide a detailed description of the methodology used by the Company to allocate costs that are recovered through the environmental surcharge. Please identify each revenue, expense, rate base, or other component of the Company's cost of service study that includes costs or revenues that are recovered or paid through the environmental surcharge. For each such cost (e.g., O&M expense, production rate base, etc.) that is included in the environmental surcharge, please provide the method used to allocate this cost item in the cost of service study filed in this case. If these costs were not included in the cost of service study, please provide an explanation for not including them and provide workpapers or schedules detailing how these costs were removed from test year expenses, revenues and investment.
- A-29. In the cost of service study, fixed and variable costs that are recovered through the environmental surcharge are time-differentiated and allocated on the same basis as other fixed production costs. Specifically, fixed costs are time-differentiated using the modified BIP methodology, with summer peak period costs allocated on the basis of the summer CP, with winter peak period costs allocated on the basis of the winter CP, and with non-time-differentiated costs allocated on the basis of energy. Variable costs are also allocated on the basis of energy. Production plant, production accumulated depreciation, production depreciation expenses, production operation and maintenance expenses, other taxes, and income taxes includes costs recovered through the environmental surcharge. Environmental surcharge revenues and associated environmental costs are included in the cost of service study, but are ultimately removed through the application of pro-forma adjustments shown on pages 43 through 48 of Seelye Exhibit 27.

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**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
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Question No. 30

Responding Witness: William Steven Seelye

- Q-30. With regard to account 501, fuel, please provide the test year expense by month. Also provide the monthly amounts separated by on-peak weekday, weeknight and weekend period, such period being defined by the Company as part of its response. Provide a similar breakdown of the energy portion of account 555, purchased power for the test year.
- A-30. Attached are the monthly Account 501 and Account 555 expenses for the test year. LG&E does not have documents or reports which separate these expenses by pricing period.

See responses to AG-1 Question Nos. 113, 120 and 170.

Expense Month	Coal Including Coke	Fuel Costs			Gas Generation	Purchase Power Economy Dispatch Energy Cost (Acct 555)
		Oil Ignition	Gas Ignition	Acct 501		
May-07	24,656,183.74	-	547,743.07		452,456.63	3,432,744.13
Jun-07	24,872,858.28	60,580.11	247,774.86		134,703.63	4,026,036.76
Jul-07	25,902,610.92	27,884.09	174,317.30		121,890.47	4,302,130.25
Aug-07	27,316,402.58	41,143.05	174,627.59		1,260,000.44	3,385,289.91
Sep-07	22,407,012.08	148,077.43	330,746.18		124,770.26	3,325,709.80
Oct-07	20,322,712.94	68,304.53	340,936.55		171,564.70	5,208,302.90
Nov-07	19,912,926.47	230,535.14	349,346.86		18,392.16	4,450,884.38
Dec-07	26,266,587.14	84,869.83	434,489.29		(8.54)	6,034,125.19
Jan-08	27,173,354.05	19,357.93	519,188.72		56,856.04	7,084,420.13
Feb-08	23,144,097.56	6,612.12	558,730.71		19,720.98	4,200,116.56
Mar-08	23,874,469.40	115,761.16	923,075.32		492.88	7,010,137.33
Apr-08	21,438,042.81	11,417.44	862,509.39		2,466.74	4,342,091.12
	287,287,257.97	814,542.83	5,463,485.84		2,363,306.39	56,801,988.46

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**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
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Question No. 31

Responding Witness: William Steven Seelye

- Q-31. Please provide, by rate class (as used in the cost of service study), by month, mwh energy corresponding to the on-peak weekday, off-peak weekday and weekend periods defined by the Company in its response to the previous question. Also provide, on an hourly basis, estimated (either actual or based on sample load research data) rate class energy use by hour for the test year. State whether the data reflects energy at the meter or energy adjusted for losses.
- A-31. Hourly loads are included in the response to AG-1 Question No. 123.

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**Response to First Data Request of the Kentucky Industrial Utility Customers, Inc.
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Question No. 32

Responding Witness: William Steven Seelye

- Q-32. Please provide all studies or analyses performed by or relied on by Mr. Seelye or the Company which analyze the cost of providing reactive power versus the cost of providing real power.
- A-32. In developing the proposed rates in this proceeding, Mr. Seelye did not perform any studies which analyzed the cost of providing reactive power versus the cost of providing real power. LG&E's proposal to adopt KVA billing for transmission voltage customers reflects a billing framework that fully incorporates both real and reactive power and therefore did not require an analysis of the cost of reactive power relative to real power.