



a PPL company

*Hand Delivery*

Jeff DeRouen, Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602

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JUL 11 2011

PUBLIC SERVICE  
COMMISSION

**Louisville Gas and  
Electric Company**  
State Regulation and Rates  
220 West Main Street  
P.O. Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

July 11, 2011

Robert M. Conroy  
Director - Rates  
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RE: *In the Matter of: The Application of Louisville Gas and Electric Company  
for Certificates of Public Convenience and Necessity and Approval of Its  
2011 Compliance Plan for Recovery by Environmental Surcharge*  
**Case No. 2011-00162**

Dear Mr. DeRouen:

Pursuant to Ordering Paragraph (1) of the Commission's Order dated June 28, 2011, in the above-referenced proceeding, Louisville Gas and Electric Company ("LG&E") files herewith an original and fifteen (15) copies of the First Revision of Original Sheet No. 87 of its tariff P.S.C. Electric No. 8 reflecting an effective date of December 16, 2011.

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

Sincerely,

Robert M. Conroy

cc: Parties of Record

# Louisville Gas and Electric Company

P.S.C. Electric No. 8, First Revision of Original Sheet No. 87  
 Canceling P.S.C. Electric No. 8, Original Sheet No. 87

Adjustment Clause	ECR
Environmental Cost Recovery Surcharge	
<b>APPLICABLE</b>	
In all territory served.	
<b>AVAILABILITY OF SERVICE</b>	
This schedule is mandatory to all Standard Electric Rate Schedules listed in Section 1 of the General Index except CTAC and Special Charges, all Pilot Programs listed in Section 3 of the General Index, and the FAC and DSM Adjustment Clauses.	
<b>RATE</b>	
The monthly billing amount under each of the schedules to which this mechanism is applicable, including the fuel clause and demand-side management cost recovery mechanisms, shall be increased or decreased by a percentage factor calculated in accordance with the following formula.	
$\text{Jurisdictional Environmental Surcharge Billing Factor} = E(m) / R(m)$	
As set forth below, E(m) is the jurisdictional total of each approved environmental compliance plan revenue requirement of environmental compliance costs for the current expense month and R(m) is the revenue for the current expense month.	
<b>DEFINITIONS</b>	
1) For all Plans, $E(m) = [(RB/12) (ROR + (ROR - DR) (TR / (1 - TR)))] + OE - BAS + BR$	
a) RB is the Total Environmental Compliance Rate Base.	
b) ROR is the Rate of Return on Environmental Compliance Rate Base, designated as the overall rate of return [cost of short-term debt, long-term debt, preferred stock, and common equity].	
c) DR is the Debt Rate [cost of short-term debt, and long-term debt].	
d) TR is the Composite Federal and State Income Tax Rate.	
e) OE is the Operating Expenses [Depreciation and Amortization Expense, Property Taxes, and O&M Expense; adjusted for the Average Month Expense already included in existing rates]. Includes operation and maintenance expense recovery authorized by the K.P.S.C. in all approved ECR Plan proceedings.	T
f) BAS is the total proceeds from by-product and allowance sales.	T
g) BR is the operation and maintenance expenses, and/or revenues if applicable, associated with Beneficial Reuse.	
h) Plans are the environmental surcharge compliance plans submitted to and approved by the Kentucky Public Service Commission pursuant to KRS 278.183.	T T
2) Total E(m) (sum of each approved environmental compliance plan revenue requirement) is multiplied by the Jurisdictional Allocation Factor and reduced by current expense month ECR revenue collected through base rates to arrive at the Net Jurisdictional E(m).	
3) The revenue R(m) is the average monthly base revenue for the Company for the 12 months ending with the current expense month. Base revenue includes the customer, energy and demand charge for each rate schedule to which this mechanism is applicable and automatic adjustment clause revenues for the Fuel Adjustment Clause and the Demand-Side Management Cost Recovery Mechanism as applicable for each rate schedule.	
4) Current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.	

Date of Issue: June 1, 2011

Date Effective: December 16, 2011

Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky