



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
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Frankfort, Kentucky 40602-0615  
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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

December 14, 2011

## PARTIES OF RECORD

Re: Case No. 2011-00162

Attached is a copy of a memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum concerning the November 18, 2011 technical conference, please do so within five days of receipt of this letter. If you have any questions, please contact Faith Burns of the Commission staff at 502/564-3940, Extension 235.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

Attachments

cc: Parties of record

**INTRA-AGENCY MEMORANDUM**  
**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File – Case No. 2011-00162  
**FROM:** Faith B. Burns, Staff Attorney *F.B.B. 12-14-11*  
**DATE:** December 14, 2011  
**RE:** Technical Conference of November 18, 2011

On November 16, 2011, Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company requested a technical conference with Commission Staff and the parties to be held on November 18, 2011 at 10:30 a.m. for the purpose of reviewing the changes to the proposed Environmental Cost Recovery Surcharge monthly forms to reflect some of the terms of the Settlement Agreement, Stipulation, and Recommendation (“Settlement Agreement”).

The technical conference was conducted as scheduled. A list of attendees is attached.<sup>1</sup> Also attached is a copy of LG&E’s proposed environmental cost recovery surcharge tariff to conform to the terms of the Settlement Agreement; and LG&E’s proposed Environmental Surcharge (“ES”) Forms to conform to the Terms of the Settlement Agreement.

Attachments:

Copy of Sign-in Sheet  
Proposed Tariff  
Proposed ES Forms

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<sup>1</sup> Dennis Howard, Larry Cook, Iris Skidmore, and David Barberie appeared telephonically.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES )  
COMPANY FOR CERTIFICATES OF PUBLIC )  
CONVENIENCE AND NECESSITY AND ) CASE NO.  
APPROVAL OF ITS 2011 COMPLIANCE PLAN ) 2011-00161  
FOR RECOVERY BY ENVIRONMENTAL )  
SURCHARGE )

APPLICATION OF LOUISVILLE GAS AND )  
ELECTRIC COMPANY FOR CERTIFICATES OF )  
PUBLIC CONVENIENCE AND NECESSITY AND ) CASE NO.  
APPROVAL OF ITS 2011 COMPLIANCE PLAN ) 2011-00162  
FOR RECOVERY BY ENVIRONMENTAL )  
SURCHARGE )

November 18, 2011

Please sign in:

NAME	REPRESENTING
<u>RICHARD RAFF</u>	<u>PSC-LEGAL</u>
<u>Mike Kurtz</u>	<u>KIUC</u>
<u>Ron Harekrat</u>	<u>PSC-FA</u>
<u>JEFF SHAW</u>	<u>PSC-FA</u>
<u>Allison Sturgeon</u>	<u>LG&amp;E / KU</u>
<u>Kendrick Riggs</u>	<u>SKO for LG&amp;E / KU</u>
<u>Robert Conroy</u>	<u>LG&amp;E / KU</u>
<u>Andrea Schroeder</u>	<u>LEE / KU</u>
<u>Quang D. Nguyen</u>	<u>PSC</u>

Case No. 2011-00161  
Case No. 2011-00162  
November 18, 2011

NAME

REPRESENTING

~~Justin B. Bourne~~

PSC-Local

Kimma Cole

PSC-Eng.

Fereydoon Gorjian

PSC-Engineering

DENNIS HOWARD

AG

LARRY COOK

AG

IRIS SKIDMORE

CAC

DAVID BARBERIE

LFUCG

**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
<b>Environmental Cost Recovery Surcharge</b>	
<p><b>APPLICABLE</b>                      In all territory served.</p>	
<p><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. <u>Standard Electric Rate Schedules subject to this schedule are divided into Group 1 or Group 2 as follows:</u></p> <p style="margin-left: 40px;">Group 1: <u>Rate Schedules RS; VFD; LS; RLS; DSK; LE; TE; and Pilot Programs RRP and LEV.</u></p> <p style="margin-left: 40px;">Group 2: <u>Rate Schedules GS; PS; ITODS; CTODS; ITODP; CTODP; RTS; FLS; and Pilot Program GRP.</u></p> <p style="margin-left: 40px;"><u>Prior to billings for the first billing cycle in March 2012 (cycle beginning February 29, 2012), all rate schedules noted above will be included in Group 1 for purposes of determining and applying the Environmental Surcharge Billing Factor.</u></p>	
<p><b>RATE</b>                      The monthly billing amount under each of the schedules to which this mechanism is applicable, shall be increased or decreased by a percentage factor calculated in accordance with the following formula:</p> <p style="margin-left: 40px;"><u>Group Environmental Surcharge Billing Factor = Group E(m) / Group R(m)</u></p> <p>As set forth below, <u>Group E(m) is the sum of Jurisdictional E(m) of each approved environmental compliance plan revenue requirement of environmental compliance costs for the current expense month allocated to each of Group 1 and Group 2. Group R(m) for Group 1 is the 12-month average revenue for the current expense month and for Group 2 it is the 12-month average non-fuel revenue for the current expense month.</u></p>	
<p><b>DEFINITIONS</b></p> <p>1) For all Plans, E(m) = [(RB/12) (ROR + (ROR - DR) (TR / (1 - TR)))] + OE - BAS + BR</p> <p>a) RB is the Total Environmental Compliance Rate Base.</p> <p>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].</p> <p>c) DR is the Debt Rate [cost of short-term debt and long-term debt].</p> <p>d) TR is the Composite Federal and State Income Tax Rate.</p> <p>e) OE is the Operating Expenses [Depreciation and Amortization Expense, Property Taxes, and O&amp;M Expense, adjusted for the Average Month Expense already included in existing rates]. <u>OE includes operation and maintenance expense recovery authorized by the K.P.S.C. in all approved ECR Plan proceedings.</u></p> <p>f) BAS is the total proceeds from by-product and allowance sales <u>applicable to the pre-2011 Plans only.</u></p> <p>g) BR is the operation and maintenance expenses, and/or revenues if applicable, associated with Beneficial Reuse <u>applicable to the pre-2011 Plans only.</u></p> <p>h) Plans are the environmental surcharge compliance plans submitted to and approved by the Kentucky Public Service Commission pursuant to KRS 278.183.</p>	

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Date of Issue: June 1, 2011  
 Date Effective: December 16, 2011  
 Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky

Louisville Gas and Electric Company

P.S.C. Electric No. 8, Original Sheet No. 87.1

Adjustment Clause	ECR
Environmental Cost Recovery Surcharge	
<p>2) Total E(m) (sum of each approved environmental compliance plan revenue requirement) is multiplied by the Jurisdictional Allocation Ratio to arrive at Jurisdictional E(m). Jurisdictional E(m) is multiplied by the Group 1 and Group 2 percentages of total revenues to arrive at Group 1 E(m) and Group 2 E(m). Each individual Group E(m) is reduced by current expense month ECR revenue collected through base rates of each Rate Schedule included in the applicable Group to arrive at the Net Group 1 E(m) and Net Group 2 E(m).</p>	<p>T</p> <p>↓</p> <p>↓</p>
<p>3) The Group 1 R(m) is the average of total Group 1 monthly base revenue for the 12 months ending with the current expense month. Base revenue includes the customer, energy, and lighting charges for each rate schedule included in Group 1 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 in Group 1.</p>	<p>T</p> <p>T</p> <p>T</p>
<p>4) The Group 2 R(m) is the average of total Group 2 monthly base non-fuel revenue for the 12 months ending with the current expense month. Base non-fuel revenue includes the customer, non-fuel energy, and demand charges for each rate schedule included in Group 2 to which this mechanism is applicable and automatic adjustment clause revenues for the Demand-Side Management Cost Recovery Mechanism as applicable for each rate schedule in Group 2. Non-fuel energy is equal to the tariff energy rate for each rate schedule included in Group 2 less the base fuel factor as defined on Sheet No. 85.1, Paragraph 6.</p>	<p>T</p> <p>T</p> <p>↓</p>
<p>5) Current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.</p>	

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Date of Issue: June 1, 2011

Date Effective: December 16, 2011

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

ES FORM 1.00

**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Net Group E(m) and  
Group Environmental Surcharge Billing Factors  
For the Expense Month of**

**GROUP 1 (Total Revenue)**

Net Group E(m) = Group E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 18 =

Group 1 ES Billing Factor -- ES Form 1.10, line 20 =

**GROUP 2 (Net Revenue)**

Net Group E(m) = Group E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 18 =

Group 2 ES Billing Factor -- ES Form 1.10, line 20 =

Effective Date for Billing:

Submitted by: \_\_\_\_\_

Title: Director, Rates

Date Submitted:

ES FORM 1.10

**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of

Calculation of Total E(m)

$E(m) = [(RB / 12) (ROR + (ROR - DR)(TR / (1 - TR)))] + OE - BAS + BR$ , where  
 RB = Environmental Compliance Rate Base  
 ROR = Rate of Return on the Environmental Compliance Rate Base  
 DR = Debt Rate (both short-term and long-term debt)  
 TR = Composite Federal & State Income Tax Rate  
 OE = Pollution Control Operating Expenses  
 BAS = Total Proceeds from By-Product and Allowance Sales  
 BR = Beneficial Reuse Operating Expenses

		Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plans
(1) RB	=		
(2) RB / 12	=		
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=		
(4) OE	=		
(5) BAS	=		Not Applicable
(6) BR	=		Not Applicable
(7) E(m)	$(2) \times (3) + (4) - (5) + (6)$		
(8) Total E(m)	=	sum of Pre-2011 E(m) + 2011 E(m)	

Calculation of Adjusted Total Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3 10	=	
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	=	
(11) Prior Period Adjustment related to Rate Base or OE (if necessary)	=	
(12) Adjusted Total Jurisdictional E(m) [(10) + (11)]	=	

Calculation of Group Environmental Surcharge Billing Factors

		GROUP 1 (Total Revenue)	GROUP 2 (Net Revenue)
(13) Revenue as a Percentage of Total Revenue for Current Month -- ES Form 3 00	=		
(14) Group E(m) [(12) x (13)]	=		
(15) Adjustment for (Over)/Under-collection pursuant to Case No.	=		
(16) Prior Period Adjustment related to Revenue (if necessary)	=		
(17) Revenue Collected through Base Rates	=		
(18) Net Group E(m) = Group E(m) less Expense Month Revenue Collected Through Base Rates [(14) + (15) + (16) - (17)]	=		
(19) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3 00	=		
(20) Group Environmental Surcharge Billing Factors [(18) ÷ (19)]	=		



ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Revenue Requirements of Environmental Compliance Costs  
 For the Expense Month of

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plan
Eligible Pollution Control Plant		
Eligible Pollution CWIP Excluding AFUDC		
Subtotal		
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33		
Cash Working Capital Allowance		
Subtotal		
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant		
Pollution Control Deferred Income Taxes		
Subtotal		
Environmental Compliance Rate Base		

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense		
Monthly Depreciation & Amortization Expense		
less investment tax credit amortization		
Monthly Taxes Other Than Income Taxes		
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33		
Monthly Surcharge Consultant Fee		
Total Pollution Control Operations Expense		

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	
Net Beneficial Reuse Operations Expense	

**Proceeds From By-Product and Allowance Sales**

	Total Proceeds	Amount in Base Rates	Net Proceeds
	(1)	(2)	(1) - (2)
Allowance Sales			
Scrubber By-Products Sales			
Total Proceeds from Sales			

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Plant, CWIP & Depreciation Expense

For the Month Ended:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Description	Eligible Plant In Service	Eligible Accumulated Depreciation	CWIP Amount Excluding AFUDC	Eligible Net Plant In Service	Deferred Tax Balance as of	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek								
Project 12 - Special Waste Landfill Expansion at Cane Run Station								
Project 13 - Scrubber Refurbishment at Trimble County Unit 1								
Project 14 - Scrubber Refurbishment at Cane Run Unit 6								
Project 15 - Scrubber Refurbishment at Cane Run Unit 5								
Project 16 - Scrubber Improvements at Trimble County Unit 1								
Subtotal								
Less Retirements and Replacement resulting from implementation of 2005 Plan								
<b>Net Total - 2005 Plan:</b>								
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment								
Project 19 - Sorbent Injection								
Project 20 - Mercury Monitors								
Project 21 - Mill Creek Opacity and Particulate Monitors								
Subtotal								
Less Retirements and Replacement resulting from implementation of 2006 Plan								
<b>Net Total - 2006 Plan:</b>								
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase 1)								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)								
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)								
Project 25 - Beneficial Reuse								
Subtotal								
Less Retirements and Replacement resulting from implementation of 2009 Plan								
<b>Net Total - 2009 Plan:</b>								
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance								
Project 27 - Trimble County Unit 1 Air Compliance								
Subtotal								
Less Retirements and Replacement resulting from implementation of 2011 Plan								
<b>Net Total - 2011 Plan:</b>								
<b>Net Total - All Plans:</b>								

Note 1: Trimble County projects for the 2009 Plan are proportionately shared by KU at 48% and LG&E at 52%.

**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances**

**For the Month Ended:**

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year							
2012							
2013							
2014							
2015							
2016							
2017							
2018							
2019							
2020							
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031 - 2040							

In the "Comments and Explanation" Column, describe any allowance inventory adjustment other than the assignment of allowances by EPA. Inventory adjustments include, but are not limited to, purchases, allowances acquired as part of other purchases, and the sale of allowances.

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

0

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity							
Dollars							
\$/Allowance							
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity							
Dollars							
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity							
Dollars							
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity							
Dollars							
\$/Allowance							
<b>From KU</b>							
Quantity							
Dollars							
\$/Allowance							

Emission Allowance Expense for Other Power Generation is excluded from expense reported on Form 2.00 for recovery through the monthly billing factor

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

0

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity							
Dollars							
\$/Allowance							
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity							
Dollars							
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity							
Dollars							
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity							
Dollars							
\$/Allowance							
<b>From KU:</b>							
Quantity							
Dollars							
\$/Allowance							

Emission Allowance Expense for Other Power Generation is excluded from expense reported on Form 2.00 for recovery through the monthly billing factor.

**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

0

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity							
Dollars							
\$/Allowance							
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity							
Dollars							
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity							
Dollars							
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity							
Dollars							
\$/Allowance							
<b>From KU:</b>							
Quantity							
Dollars							
\$/Allowance							

Emission Allowance Expense for Other Power Generation is excluded from expense reported on Form 2.00 for recovery through the monthly billing factor.

ES FORM 2.40

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended:

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month		
10th Previous Month		
9th Previous Month		
8th Previous Month		
7th Previous Month		
6th Previous Month		
5th Previous Month		
4th Previous Month		
3rd Previous Month		
2nd Previous Month		
Previous Month		
Current Month		
Total 12 Month O&M		

Determination of Working Capital Allowance		
12 Months O&M Expenses		
One Eighth (1/8) of 12 Month O&M Expenses	1/8	1/8
Pollution Control Cash Working Capital Allowance		

**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**  
Pollution Control - Operations & Maintenance Expenses  
For the Month Ended:

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations				
512055-ECR Scrubber Maintenance				
Total 2005 Plan O&M Expenses				
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation				
506152 - ECR Sorbent Reactant - Reagent Only				
512152 - ECR Sorbent Injection Maintenance				
506150 - ECR Mercury Monitors Operation				
512153 - ECR Mercury Monitors Maintenance				
502056 - ECR Scrubber Operations				
512055 - ECR Scrubber Maintenance				
506154 - ECR NOx Operation -- Consumables				
506155 - ECR NOx Operation -- Labor and Other				
512151 - ECR NOx Maintenance				
506051 - ECR Precipitator Operation				
506151 - ECR Activated Carbon				
512051 - ECR Precipitator Maintenance				
Total 2006 Plan O&M Expenses				
<b>2009 Plan</b>				
502012 - ECR Landfill Operations				
512105 - ECR Landfill Maintenance				
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)				
Net 2009 Plan O&M Expenses				
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations				
512055 - ECR Scrubber Maintenance				
506159 - ECR Sorbent Injection Operation				
506152 - ECR Sorbent Reactant - Reagent Only				
512152 - ECR Sorbent Injection Maintenance				
506156 - ECR Baghouse Operations				
512156 - ECR Baghouse Maintenance				
506151 - ECR Activated Carbon				
Adjustment for Base Rates Baseline Amounts				
Total 2011 Plan O&M Expenses				
Current Month O&M Expense for All Plans				

Note 1: Trimble County projects for the 2009 Plan are proportionately shared by KU at 48% and LG&E at 52%.



**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
CCP Disposal Facilities Expenses  
For the Month Ended:

On-Site CCP Disposal O&M Expense		Cane Run	Trimble County
Existing CCP Disposal Facilities (Pre 2009 Plan Project)			
(1)	12 Months Ending with Expense Month		
(2)	Monthly Amount [(1) / 12]		
2009 Plan Project			
(3)	Monthly Expense		
Total Generating Station			
(4)	Monthly Expense [(2) + (3)]		
Base Rates			
(5)	Annual Expense Amount (12 Mo Ending with Last Test Year)		
(6)	Monthly Expense Amount [(5) / 12]		
(7)	Total Generating Station Less Base Rates [(4) - (6)]		
(8)	Less 2009 Plan Project [(7) - (3)]		
	If Line (8) Greater than Zero, No Adjustment		
	If Line (8) Less than Zero, Adjustment for Base Rates		
Adjustment for Base Rate Amount (to ES Form 2.50)			

Note 1: Trimble County projects for the 2009 Plan are proportionately shared by KU at 48% and LG&E at 52%.

Note 2: ES Form 2.51 will not be utilized until O&M costs associated with the 2009 Plan are incurred.

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Beneficial Reuse - Operations & Maintenance Expenses  
For the Month Ended:

Third Party	O&M Expense Account	Plant	Total O&M
Total Monthly Beneficial Reuse Expense			
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			
Net Beneficial Reuse O&M Expense			

**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Beneficial Reuse Opportunities  
For the Month Ended:**

On-Site CCP Disposal O&M Expense	Cane Run	Mill Creek	Trimble County	Total
Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)				
(1) 12 Months Ending with Expense Month				
(2) Monthly Amount [(1) / 12]				
2009 Plan Project 25				
(3) Monthly Amount (Expense/Revenue)				
Total Beneficial Reuse - Generating Station				
(4) Monthly Expense [(2) + (3)]				
Beneficial Reuse in Base Rates				
(5) Annual Expense Amount (12 Mo Ending with Last Test Year)				
(6) Monthly Expense Amount [(5) / 12]				
(7) Total Generating Station Less Base Rates [(4) - (6)]				
(8) Less 2009 Plan Project 25 [(7) - (3)]				
If Line (8) Greater than Zero, No Adjustment				
If Line (8) Less than Zero, Adjustment for Base Rates				
Adjustment for Base Rate Amount (to ES Form 2.60)				

Note 1: Trimble County projects for the 2009 Plan are proportionately shared by KU at 48% and LG&E at 52%.

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Monthly Average Revenue Computation of R (m) for GROUP 1 AND GROUP 2

For the Month Ended:

GROUP 1 (Total Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total  (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge  (7)-(6)	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$	-
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes from ES Form 3.10 =							\$	-
GROUP 1 Revenues as a Percentage of Total Revenues for Current Month							%	-

GROUP 2 (Net Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total  (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge  (7)-(6)	Total Non-Fuel Revenues plus DSM  (2)+(5)
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$	-
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes from ES Form 3.10 =							%	-
GROUP 2 Revenues as a Percentage of Total Revenues for Current Month							%	-

**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**  
Reconciliation of Reported Revenues

For the Month Ended:

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>	\$ -	\$ -
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ -	\$ -
(2) Fuel Adjustment Clause	\$ -	\$ -
(3) DSM		\$ -
(4) Environmental Surcharge		\$ -
(5) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =		
<b>Non -Jurisdictional Revenues</b>	\$ -	\$ -
(6) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ -	\$ -
(7) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =		
(8) Total Company Revenues for Environmental Surcharge Purposes =		
Jurisdictional Allocation Ratio for Current Month $[(6) / (12)] =$	%	
<b>Reconciling Revenues</b>	\$ -	\$ -
(9) Brokered	\$ -	\$ -
(10) InterSystem ( Transmission Portion Booked in Account 447)	\$ -	\$ -
(11) Unbilled	\$ -	\$ -
(12) Miscellaneous		\$ -
(13) Total Company Revenues per Income Statement =		