

Ms. Joyce Spear Rates and Tariffs Division Kentucky Public Service Commission 211 Sower Boulevard P. O. Box 615 Frankfort, KY 40602-0615

August 14, 2008

RECEIVED

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PUBLIC SERVICE
COMMISSION

E.ON U.S. LLC

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

Rick E. Lovekamp Manager - Regulatory Affairs T 502-627-3780 F 502-627-3213 rick.lovekamp@eon-us.com

Re: Kentucky Utilities Company - Kentucky Jurisdictional 12-Months Ended December 31, 2007 Income Statement and Balance Sheet as of June 30, 2008 (Case Nos. 97-300, 2000-095, and 2001-104)

Dear Ms. Spear:

Enclosed is Kentucky Utilities Company's ("KU") response to the Commission's Order, dated September 12, 1997, in the Case No. 97-300, wherein the Commission directed KU to submit quarterly Twelve-Month Ended Income Statements and Balance Sheets on a Kentucky Jurisdictional and Other Jurisdictional operations basis. This information is also filed in response to the Commission's Order dated May 15, 2000, in Case No. 2000-095, Summary of Findings, No. 8 and Appendix B, Reporting Requirements to be filed Quarterly, No. 3. These commitments were repeated in the Commission's Order dated August 6, 2001, in Case No. 2001-104, Appendix A, Operations and Financial, No. 1.

Please confirm your receipt of this filing by placing the File Stamp of your Office with date received on the extra copy and returning it to me in the enclosed envelope.

Should you have any questions regarding the information filed herewith, please call me or Don Harris at (502)627-2021.

Sincerely,

Rick E. Lovekamp

Enclosures

cc: KPSC Division of Financial Analysis

Balance Sheet At June 30, 2008 Assets and Other Debits

Plus: Construction Work in Progress Total Utility Plant Less: Accumulated Provision for Depreciation	No. Col. B 101-106 107 108,111	\$ 	4,153,670,012 1,141,179,136		Column D 3,626,293,807		urisdictional Column E
Utility Plant Utility Plant Plus: Construction Work in Progress Total Utility Plant Less: Accumulated Provision for Depreciation	101-106 107		4,153,670,012 1,141,179,136	\$			
Utility Plant Plus: Construction Work in Progress Total Utility Plant Less: Accumulated Provision for Depreciation	107		1,141,179,136	\$	3,626,293,807	œ	
Utility Plant Plus: Construction Work in Progress Total Utility Plant Less: Accumulated Provision for Depreciation	107		1,141,179,136	\$	3,626,293,807	œ	
Plus: Construction Work in Progress Total Utility Plant Less: Accumulated Provision for Depreciation	107		1,141,179,136	Ψ	3,020,283,007		527,376,205
Total Utility Plant Less: Accumulated Provision for Depreciation		\$			994,893,767	Ψ	146,285,369
Less: Accumulated Provision for Depreciation	108,111	Ψ	5,294,849,147	<u>e</u>	4,621,187,574	\$	673,661,573
•	100,111		1,991,981,965		1,724,641,847	Ψ	267,340,118
Net Utility Plant		\$	3,302,867,182	***************************************	2,896,545,727	\$	406,321,455
Net Othing Flant		Ψ	3,302,007,102	Ψ	2,030,043,727	Ψ	400,321,433
Other Property and Investments							
Non-Utility Property	121	\$	179,121	\$	-	\$	179,121
Less: Accum Prov for Depr and Amortization	122				***		-
Investment in Subsidiary Companies	123.1		23,379,358		-		23,379,358
Non-Current Portion of Allowances	158.1				-		
Other Investments	124		411,140		-		411,140
	125-128		6,113,217				6,113,217
Total Other Property and Investments		\$	30,082,836	\$	-	\$	30,082,836
Current and Accrued Assets							
Cash	131	\$	-	\$	-	\$	-
- F	132-134		46,075		40,528		5,547
Working Funds	135		34,517		30,362		4,155
Temporary Cash Investments	136		17,747		15,611		2,136
Customer Accounts Receivable	142		84,977,225		62,047,119		22,930,105
Other Accounts Receivable	143		26,152,575		23,124,789		3,027,786
Less: Accum Prov for Uncollectable Accts-Credit	144		2,529,071		2,236,270		292,801
Notes Receivable from Associated Companies	145		-		-		-
Accounts Receivable from Associated Companies	146		344,613		307,184		37,429
Fuel	151		55,673,865		48,347,927		7,325,938
Plant Materials and Operating Supplies	154		28,419,719		23,354,035		5,065,684
Allowances	158.1		153,758		133,058		20,700
Less: Non-Current Portion of Allowances	158.1		-		-		•
Stores Expense Undistributed	163		6,360,858		5,359,582		1,001,276
Prepayments	165		1,997,383		1,756,921		240,462
Interest and Dividends Receivable	171		25,903		22,784		3,119
Accrued Utility Revenues	173		52,799,000		50,685,000		2,114,000
Miscellaneous Current Assets Mark to Market	174		-				-
Total Current and Accrued Assets		\$	254,474,169	_\$_	212,988,630	_\$	41,485,538
Deferred Debits							
Unamortized Debt Expense	181	\$	6,576,777	\$	5,785,008	\$	791,769
Unrecovered Plant and Regulatory Costs	182		-		-		•
Other Regulatory Assets	182.3		83,950,112		73,770,649		10,179,463
Preliminary Survey and Inventory	183		1,817,188		1,598,420		218,769
Clearing Accounts	184		-		-		-
Miscellaneous Deferred Debits	186		69,581,670		62,067,309		7,514,362
Unamortized Loss on Re-Acquired Debt	189		10,799,583		9,499,437		1,300,146
Accumulated Deferred Income Taxes	190		49,891,465		46,411,755		3,479,710
Total Deferred Debits		\$	222,616,795	\$	199,132,577	\$	23,484,218
Total Assets and Other Debits		\$	3,810,040,981	\$	3,308,666,934	\$	501,374,047

Balance Sheet At June 30, 2008 Liabilities and Other Credits

Title of Account		Ke	Total Kentucky Utilities		KU Retail Jurisdictional		Other Jurisdictional	
Column A	Col. B		Column C		Column D		Column E	
Dona fatore Occión I								
Proprietary Capital Common Stock Issued	201	\$	308,139,978	\$	271,043,447	\$	37,096,531	
Preferred Stock Issued	201	Φ	300,139,976	Φ	211,043,441	Ф	37,090,331	
Premium on Capital Stock	207		-				_	
Paid in Capital	208-211		165,000,000		145,135,886		19,864,114	
Other Comprehensive Income			-		-			
Capital Stock Expense	214		(321,289)		(282,609)		(38,680)	
Retained Earnings	215-216		1,089,791,757		958,593,289		131,198,468	
Unappropriated Undistributed Subsidiary Earnings	216.1		21,833,558		19,205,047		2,628,511	
Total Proprietary Capital		\$	1,584,444,004	\$	1,393,695,060	\$	190,748,944	
,			······································					
Long Term Debt								
Bonds	221	\$	303,159,520	\$	266,662,580	\$	36,496,940	
Long Term Debt Marked to Market	221200		-		-		-	
Long Term Debt To Associated Companies	233006		1,006,000,000		884,889,102		121,110,898	
Other Long Term Debt	224		-		•		-	
Unamortized Premium on Long Term Debt	225		4 000 450 500		4 454 554 000		457.007.000	
Total Long Term			1,309,159,520	\$	1,151,551,682	\$	157,607,838	
Other Non-Current Liabilities								
Accumulated Provision for Property Insurance	228.1	\$	-	\$	-	\$	-	
Accumulated Provision for Injuries and Damages	228.2		-		-		-	
Accumulated Provision for Pensions and Benefits	228.3		86,820,281		77,390,574		9,429,707	
Accumulated Miscellaneous Operating Provision	228.4		~		~			
Total Other Non-Current Liabilities		\$	86,820,281	_\$_	77,390,574	\$	9,429,707	
Current and Accrued Liabilities								
Notes Payable	231	\$	_	\$	_	\$	_	
Accounts Payable	232	*	169,448,317	*	151,044,230	•	18,404,087	
Notes Payable to Associated Companies	233		75,443,454		66,360,925		9,082,529	
Accounts Payable to Associated Companies	234		38,973,508		-		38,973,508	
Customer Deposits	235		20,035,431		19,242,774		792,657	
Taxes Accrued	236		2,085,830		1,834,720		251,110	
Interest Accrued	237		11,957,340		10,517,813		1,439,527	
Dividends Declared	238		· · ·		· · · ·		-	
Matured Long Term Bonds/LTD Due in 1 Year	239		-		-		_	
Tax Collections Payable	241		3,287,722		2,810,970		476,752	
Miscellaneous Current and Accrued Liabilities	242		11,789,462		11,338,567		450,895	
Total Current and Accrued Liabilities		\$	333,021,064	\$	263,149,999	\$	69,871,065	
D (10 W								
Deferred Credits		œ	2 255 756	•	0.244.042	e	40.040	
Customer Advances for Construction Accumulated Deferred Investment Tax Credits	252 255	\$	2,355,756 67,766,958	\$	2,341,943 57,991,894	\$	13,813 9,775,064	
Other Deferred Credits	253 253		25,359,609		22,427,449		2,932,160	
Other Regulatory Liabilities	254		38,137,477		33,019,118		5,118,359	
Asset Retirement Obligation	230		31,290,104		27,077,487		4,212,617	
Miscellaneous Long Term Liability Due to Associated Companies	234		3,061,289		2,692,745		368,544	
Accumulated Deferred Income Taxes	281-283		328,624,920		305,704,774		22,920,146	
Total Deferred Credits		\$	496,596,113	\$	451,255,410	\$	45,340,703	
Total Lieb Wiles and Other Oradia			2.040.040.064		0.007.010.707		470.000.055	
Total Liabilities and Other Credits		<u>*</u>	3,810,040,981	<u>*</u>	3,337,042,725	\$	472,998,257	

Statement of Income Twelve Months Ended June 30, 2008

Title of Account	Total No. Kentucky Utilities				KU Retail Jurisdictional	Other Jurisdictional			
Column A	Col. B		Column C	Column D			Column E		
Utility Operating Income									
Operating Revenues:									
Residential Sales	440	\$	447,673,235	\$	421,723,881	\$	25,949,354		
Commercial and Industrial Sales:	442	Ψ	111,070,200	Ψ	721,720,001	Ψ	20,040,004		
Small (or Comm) - Rural Comm & Comm L&P			306,218,218		293,694,135		12,524,083		
Large (or Ind) - Industrial & Mine Power			311,842,995		300,090,073		11,752,922		
Public Street and Highway Lighting	444		9,834,466		9,569,907		264,559		
Other Sales to Public Authorities	445		92,714,960		87,913,331		4,801,629		
Total Sales to Ultimate Consumers	,	\$	1,168,283,874	\$	1,112,991,327	\$	55,292,547		
Sales for Resale	447		147,903,005		52,507,558		95,395,447		
Total Sales of Electricity	777	\$	1,316,186,879	\$	1,165,498,885	\$	150,687,994		
Total Gales of Electricity		φ	1,310,100,079	Ф	1,100,490,000	Ф	150,667,994		
Less: Provision for Refund	449.1						-		
Total Revenues Net of Provision for Refund		\$	1,316,186,879	\$	1,165,498,885	\$	150,687,994		
Other Operating Revenues:									
Miscellaneous Service Revenues	451		1,332,998		1,293,185		39,813		
Rent from Electric Property	454		2,192,847		2,026,495		166,352		
Other Electric Revenues	456		3,579,868		3,151,076		428,792		
Total Other Operating Revenues		\$	7,105,712	\$	6,470,756	\$	634,956		
Total Operating Revenue		\$	1,323,292,591	\$	1,171,969,641	\$	151,322,950		
Operating Expenses:									
Operation Expenses	401	\$	828,064,231	\$	722,337,916		105,726,315		
Maintenance Expenses	402		94,222,210		82,957,511		11,264,699		
Depreciation Expense	403		120,527,830		105,417,280		15,110,550		
Amortization of Limited-Term Electric Plant	404		5,093,147		4,446,862		646,286		
Regulatory Credits	407		(2,199,738)		(1,904,556)		(295,181)		
Taxes Other than Income Taxes	408.1		19,262,890		17,239,282		2,023,607		
Income Taxes - Federal	409.1		27,730,858.05	Total	Income Taxes				
Income Taxes - State	409.1		11,521,693.35		31,433,686		6,143		
Provision for Deferred Income Taxes	410.1		43,738,426.23						
Provision for Deferred Income Taxes - Credit	411.1		(51,551,148.68) _						
Accretion Expense	411.1		1,905,579		1,649,978		255,601		
Investment Tax Credit Adjustment - Net	411.4		35,741,647		30,929,714		4,811,933		
Losses/(Gains) from Disposition of Allowances	411.8		(583,107)		(504,602)		(78,505)		
Total Utilitiy Operating Expenses		\$	1,133,474,518	\$	994,003,070	\$	139,471,448		
Net Utility Operating Income		\$	189,818,073	\$	177,966,571	\$	11,851,502		

Statement of Income Twelve Months Ended June 30, 2008

Title of Account		Ke	Total ntucky Utilities	Jur	U Retail isdictional	Ju	Other risdictional
Column A	Column A Col. B Column C		С	olumn D	Column E		
Other Income and	Deductions are r	not sepa	rated on a jurisdicti	onal basis.			
Other Income and Deductions							
Total Other Income		\$	40,545,583				
Total Other Income Deductions			5,254,543				
Total Taxes on Other income and Deductions			241,032				
Net Other Income and Deductions		\$	35,050,008				
Interest Charges							
Interest on Long Term Debt	427	\$	59,776,511				
Amortization of Debt Discount and Expense	428		730,660				
Amortization of Loss on Re-Acquired Debt	428.1		-				
Amortization of Premium on Debt - Credit	429		-				
Amortization of Gain on Re-Acquired Debt - Credit	429.1		-				
Interest on Debt to Associated Companies	430		4,146,194				
Other Interest Expense	431		1,139,784				
Allowance for Borrowed Funds Used During							
Contruction	432		(1,616,357)				
Net Interest Charges		\$	64,176,793	\$	57,800,485	\$	6,376,308
Cumulative Effect of Accounting Change, Net of Tax		\$					

160,691,289

Net Income