



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

**RECEIVED**

**MAY 15 2008**

**PUBLIC SERVICE  
COMMISSION**

**E.ON U.S. LLC**  
State Regulation and Rates  
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May 15, 2008

Rick E. Lovekamp  
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**Re: Kentucky Utilities Company - Kentucky Jurisdictional 12-Months Ended December 31, 2007 Income Statement and Balance Sheet as of March 31, 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 yours,

Rick E. Lovekamp

Enclosures

cc: Isaac Scott, KPSC Division of Financial Analysis

## KENTUCKY UTILITIES COMPANY

Balance Sheet  
At March 31, 2008  
Assets and Other Debits

Title of Account Column A	No. Col B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
<b>Utility Plant</b>				
Utility Plant	101-106	\$ 3,915,735,501	\$ 3,415,270,172	\$ 500,465,329
Plus: Construction Work in Progress	107	1,184,255,020	1,031,355,644	152,899,376
Total Utility Plant		\$ 5,099,990,521	\$ 4,446,625,816	\$ 653,364,705
Less: Accumulated Provision for Depreciation	108.111	1,961,946,070	1,696,946,709	264,999,361
Net Utility Plant		\$ 3,138,044,451	\$ 2,749,679,107	\$ 388,365,344
<b>Other Property and Investments</b>				
Non-Utility Property	121	\$ 179,121	\$ -	\$ 179,121
Less: Accum Prov for Depr and Amortization	122	-	-	-
Investment in Subsidiary Companies	123.1	22,735,059	-	22,735,059
Non-Current Portion of Allowances	158.1	-	-	-
Other Investments	124	411,140	-	411,140
Special Funds	125-128	6,013,770	-	6,013,770
Total Other Property and Investments		\$ 29,339,090	\$ -	\$ 29,339,090
<b>Current and Accrued Assets</b>				
Cash	131	\$ -	\$ -	\$ -
Special Deposits	132-134	5,840,598	5,134,420	706,178
Working Funds	135	36,317	31,926	4,391
Temporary Cash Investments	136	17,646	15,513	2,133
Customer Accounts Receivable	142	95,841,473	70,251,934	25,589,540
Other Accounts Receivable	143	19,134,376	16,912,805	2,221,571
Less: Accum Prov for Uncollectable Accts-Credit	144	2,340,573	2,068,824	271,749
Notes Receivable from Associated Companies	145	-	-	-
Accounts Receivable from Associated Companies	146	1,413,499	1,259,496	154,003
Fuel	151	36,893,400	32,042,202	4,851,198
Plant Materials and Operating Supplies	154	27,633,554	22,874,779	4,758,775
Allowances	158.1	256,907	222,004	34,903
Less: Non-Current Portion of Allowances	158.1	-	-	-
Stores Expense Undistributed	163	6,468,775	5,465,976	1,002,799
Prepayments	165	4,110,492	3,613,499	496,993
Interest and Dividends Receivable	171	25,019	21,994	3,025
Accrued Utility Revenues	173	48,987,000	46,752,000	2,235,000
Miscellaneous Current Assets -- Mark to Market	174	-	-	-
Total Current and Accrued Assets		\$ 244,318,485	\$ 202,529,724	\$ 41,788,761
<b>Deferred Debits</b>				
Unamortized Debt Expense	181	\$ 7,208,954	\$ 6,337,329	\$ 871,625
Unrecovered Plant and Regulatory Costs	182	-	-	-
Other Regulatory Assets	182.3	82,423,811	72,377,833	10,045,978
Preliminary Survey and Inventory	183	1,796,899	1,579,638	217,261
Clearing Accounts	184	-	-	-
Miscellaneous Deferred Debits	186	60,356,173	53,299,873	7,056,299
Unamortized Loss on Re-Acquired Debt	189	10,064,533	8,847,645	1,216,888
Accumulated Deferred Income Taxes	190	50,537,997	46,910,042	3,627,955
Total Deferred Debits		\$ 212,388,367	\$ 189,352,361	\$ 23,036,006
Total Assets and Other Debits		\$ 3,624,090,393	\$ 3,141,561,192	\$ 482,529,201

## KENTUCKY UTILITIES COMPANY

Balance Sheet  
At March 31, 2008  
Liabilities and Other Credits

Title of Account Column A	No. Col B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
<b>Proprietary Capital</b>				
Common Stock Issued	201	\$ 308,139,978	\$ 270,883,210	\$ 37,256,768
Preferred Stock Issued	204	-	-	-
Premium on Capital Stock	207	-	-	-
Paid in Capital	208-211	115,000,000	101,095,513	13,904,487
Other Comprehensive Income		-	-	-
Capital Stock Expense	214	(321,289)	(282,442)	(38,847)
Retained Earnings	215-216	1,062,432,544	933,975,334	128,457,210
Unappropriated Undistributed Subsidiary Earnings	216 1	21,189,259	18,627,296	2,561,963
Total Proprietary Capital		<u>\$ 1,506,440,492</u>	<u>\$ 1,324,298,911</u>	<u>\$ 182,141,581</u>
<b>Long Term Debt</b>				
Bonds	221	\$ 332,753,140	\$ 292,520,430	\$ 40,232,710
Long Term Debt Marked to Market	221200	-	-	-
Long Term Debt To Associated Companies	233006	931,000,000	818,434,112	112,565,888
Other Long Term Debt	224	-	-	-
Unamortized Premium on Long Term Debt	225	-	-	-
Total Long Term		<u>\$ 1,263,753,140</u>	<u>\$ 1,110,954,542</u>	<u>\$ 152,798,598</u>
<b>Other Non-Current Liabilities</b>				
Accumulated Provision for Property Insurance	228 1	\$ -	\$ -	\$ -
Accumulated Provision for Injuries and Damages	228 2	-	-	-
Accumulated Provision for Pensions and Benefits	228 3	86,478,832	77,056,824	9,422,008
Accumulated Miscellaneous Operating Provision	228 4	-	-	-
Total Other Non-Current Liabilities		<u>\$ 86,478,832</u>	<u>\$ 77,056,824</u>	<u>\$ 9,422,008</u>
<b>Current and Accrued Liabilities</b>				
Notes Payable	231	\$ -	\$ -	\$ -
Accounts Payable	232	143,013,669	127,432,099	15,581,570
Notes Payable to Associated Companies	233	50,063,454	44,010,353	6,053,101
Accounts Payable to Associated Companies	234	17,431,221	-	17,431,221
Customer Deposits	235	19,763,233	18,955,061	808,172
Taxes Accrued	236	23,657,749	20,797,325	2,860,424
Interest Accrued	237	12,781,887	11,236,447	1,545,440
Dividends Declared	238	-	-	-
Matured Long Term Bonds/LTD Due in 1 Year	239	-	-	-
Tax Collections Payable	241	3,225,901	2,730,558	495,343
Miscellaneous Current and Accrued Liabilities	242	12,434,972	11,988,453	446,519
Total Current and Accrued Liabilities		<u>\$ 282,372,086</u>	<u>\$ 237,150,296</u>	<u>\$ 45,221,790</u>
<b>Deferred Credits</b>				
Customer Advances for Construction	252	\$ 2,464,193	\$ 2,450,003	\$ 14,190
Accumulated Deferred Investment Tax Credits	255	58,120,536	49,666,385	8,454,151
Other Deferred Credits	253	21,200,008	18,212,033	2,987,975
Other Regulatory Liabilities	254	37,804,173	32,697,977	5,106,196
Asset Retirement Obligation	230	30,810,533	26,624,637	4,185,896
Miscellaneous Long Term Liability Due to Associated Companies	234	3,211,431	2,823,142	388,289
Accumulated Deferred Income Taxes	281-283	331,434,967	307,642,348	23,792,619
Total Deferred Credits		<u>\$ 485,045,843</u>	<u>\$ 440,116,525</u>	<u>\$ 44,929,318</u>
Total Liabilities and Other Credits		<u>\$ 3,624,090,393</u>	<u>\$ 3,189,577,098</u>	<u>\$ 434,513,295</u>

**KENTUCKY UTILITIES COMPANY**

## Statement of Income

Twelve Months Ended March 31, 2008

Title of Account Column A	No. Col B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
<u>Utility Operating Income</u>				
<b>Operating Revenues:</b>				
Residential Sales	440	\$ 443,570,556	\$ 417,594,395	\$ 25,976,161
Commercial and Industrial Sales:	442			
Small (or Comm) - Rural Comm & Comm L&P		303,605,976	291,013,256	12,592,720
Large (or Ind) - Industrial & Mine Power		312,456,303	300,279,219	12,177,085
Public Street and Highway Lighting	444	9,671,227	9,413,349	257,878
Other Sales to Public Authorities	445	91,437,861	86,617,557	4,820,304
Total Sales to Ultimate Consumers		<u>\$ 1,160,741,923</u>	<u>\$ 1,104,917,776</u>	<u>\$ 55,824,147</u>
Sales for Resale	447	140,482,062	44,441,885	96,040,177
Total Sales of Electricity		<u>\$ 1,301,223,986</u>	<u>\$ 1,149,359,661</u>	<u>\$ 151,864,325</u>
Less: Provision for Refund	449 1	-	-	-
Total Revenues Net of Provision for Refund		<u>\$ 1,301,223,986</u>	<u>\$ 1,149,359,661</u>	<u>\$ 151,864,325</u>
<b>Other Operating Revenues:</b>				
Miscellaneous Service Revenues	451	1,293,789	1,260,289	33,501
Rent from Electric Property	454	2,159,590	1,993,414	166,176
Other Electric Revenues	456	3,235,620	2,837,856	397,764
Total Other Operating Revenues		<u>\$ 6,689,000</u>	<u>\$ 6,091,558</u>	<u>\$ 597,441</u>
<b>Total Operating Revenue</b>		<u>\$ 1,307,912,986</u>	<u>\$ 1,155,451,219</u>	<u>\$ 152,461,766</u>
<b>Operating Expenses:</b>				
Operation Expenses	401	\$ 810,437,396	\$ 706,893,491	103,543,905
Maintenance Expenses	402	88,589,243	78,028,504	10,560,739
Depreciation Expense	403	118,462,551	103,546,034	14,916,517
Amortization of Limited-Term Electric Plant	404	5,209,305	4,543,894	665,411
Regulatory Credits	407	(2,186,316)	(1,890,260)	(296,056)
Taxes Other than Income Taxes	408 1	18,860,458	16,866,730	1,993,728
Income Taxes - Federal	409 1	\$ 33,478,704		
Income Taxes - State	409.1	12,262,217	37,302,149	421,066
Provision for Deferred Income Taxes	410.1	41,491,632		
Provision for Deferred Income Taxes - Credit	411.1	(49,509,338)		
Accretion Expense	411.1	1,891,275	1,635,279	255,996
Investment Tax Credit Adjustment - Net	411.4	35,891,647	31,015,435	4,876,212
Losses/(Gains) from Disposition of Allowances	411.8	(583,130)	(503,907)	(79,223)
Total Utility Operating Expenses		<u>\$ 1,114,295,644</u>	<u>\$ 977,437,349</u>	<u>\$ 136,858,295</u>
<b>Net Utility Operating Income</b>		<u>\$ 193,617,341</u>	<u>\$ 178,013,870</u>	<u>\$ 15,603,471</u>

**KENTUCKY UTILITIES COMPANY**

## Statement of Income

Twelve Months Ended March 31, 2008

Title of Account Column A	No. Col. B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
<b>Other Income and Deductions are not separated on a jurisdictional basis.</b>				
<u>Other Income and Deductions</u>				
Total Other Income		\$ 39,806,576		
Total Other Income Deductions		4,273,282		
Total Taxes on Other income and Deductions		1,186,870		
Net Other Income and Deductions		\$ 34,346,424		
<u>Interest Charges</u>				
Interest on Long Term Debt	427	\$ 53,652,332		
Amortization of Debt Discount and Expense	428	753,312		
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	5,820,465		
Other Interest Expense	431	1,142,180		
Allowance for Borrowed Funds Used During Construction	432	(1,273,126)		
Net Interest Charges		\$ 60,095,164	\$ 54,052,629	\$ 6,042,535
Cumulative Effect of Accounting Change, Net of Tax		\$ -		
Net Income		\$ 167,868,602		