



Louisville Gas and Electric Company
220 West Main Street (40202)
P.O. Box 32010
Louisville, Kentucky 40232

May 9, 2005

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RECEIVED

MAY 9 2005

PUBLIC SERVICE
COMMISSION

RE: *The Application of Louisville Gas and Electric Company for Approval of its 2004 Compliance Plan for Recovery by Environmental Surcharge*
Case No. 2004-00421

Dear Ms. O'Donnell:

Enclosed please find an original and eight (8) copies of Louisville Gas and Electric Company's ("LG&E") revised Exhibit RMC-4 to the prefiled testimony of Mr. Robert Conroy and an Errata Sheet detailing the revisions to the exhibit and an Errata Sheet for the Rebuttal Testimony of Robert G. Rosenberg filed April 27, 2005, in the above-referenced docket.

The revisions listed on Form 2.00 facilitate the inclusion of certain items currently included in LG&E's determination of recoverable environmental costs and expenses; cells were originally shown "blacked out" when entries in these cells will occur on a monthly basis.

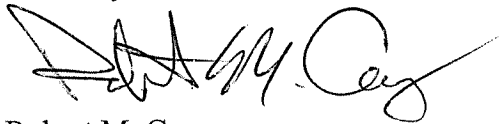
Additionally, LG&E is proposing that the two pages originally labeled Form 2.11, be renumbered as Form 2.11 (for the 2001 and 2003 Plans) and Form 2.12 (for the proposed 2004 Plan). The wording on Forms 2.11 and 2.12 is revised to clarify that retirements and replacements associated with all approved ECR Plans will be separately identified and removed from ECR rate base.

Additionally, in order to comply with SEC reporting requirements, LG&E has separated expense account 506105 – NOx Operations, into separate accounts for Consumables (506104) and for Labor and Other (506105) on the revised Form 2.50. The addition of account 506104 does not represent new and additional expenses; it only allows for separate recording and reporting of types of expenses formerly included in account 506105.

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Should you have any questions concerning the enclosed, please do not hesitate to contact me at (502) 627-3324.

Sincerely,

A handwritten signature in black ink, appearing to read "R. M. Conroy". The signature is fluid and cursive, with a large initial "R" and "C".

Robert M. Conroy
Manager, Rates

cc: Hon. Elizabeth E. Blackford
Hon. Michael L. Kurtz

ERRATA

Commonwealth of Kentucky Before the Public Service Commission

Rebuttal Testimony of Robert G. Rosenberg Louisville Gas and Electric Company Case No. 2004-00421 and Kentucky Utilities Company Case No. 2004-00426

Page 32, lines 8-13:

While Mr. Kollen claims that KU's common equity ratio excluding short-term debt from the capital structure is 58.7 percent at year-end 2004, that statement is factually incorrect. Using the December 31, 2004 capital structure percentages that I presented earlier, excluding short-term debt from the capital structure would result in an adjusted common equity ratio for KU of 56.2 percent, not the 58.7 percent figure cited by Mr. Kollen.

Change to:

As Mr. Kollen indicated, KU's year-end 2004 common equity ratio excluding short-term debt is 58.7%.

Page 33, line 14:

56.2 percent

Change to:

58.7 percent.

**Errata for Robert M. Conroy Testimony Filed December 20, 2004
Case No. 2004-00421**

Page	Lines	Edit
Prefiled Testimony, Page 3	17, 12-13	Change "ES Form 1.00" to "ES Form 1.1"
Exhibit RMC-4 Form 2.00	Page 3 of 11	Remove blacked out cells for "Cash Working Capital Allowance", "Monthly Operations & Maintenance Expense", "Less: Reduction of O&M Expenses associated with 2003 Compliance Plan"
Exhibit RMC-4 Form 2.11 (Post-95 Plan)	Page 4 of 11	Add: "Less Retirements and Replacements Subsequent to a 2001 Plan roll-in" Delete: "Less Retirements and Replacements resulting from Surcharge Roll-in of 2003 Plan" Add: "Less Retirements and Replacements Included in Base Rates"
Exhibit RMC-4 Form 2.12 (2004 Plan)	Page 5 of 11	Renumber Form from 2.11 to 2.12 Change "Less Retirements and Replacements resulting from Surcharge Roll-in" to "Less Retirements and Replacements Included in Base Rates"
Exhibit RMC-4 Form 2.50	Page 9 of 11	Add: "506104 - NOx Operation - Consumables" Change: "506105 - NOx Operation" to "506105 - NOx Operation - Labor and Other"

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

	Environmental Compliance Plan	
Eligible Pollution Control Plant		
Eligible Pollution CWIP Excluding AFUDC		
Inventory-Emission Allowances per Form 2.30		
Cash Working Capital Allowance		
Subtotal		
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant		
Pollution Control Deferred Income Taxes		
Pollution Control Deferred Investment Tax Credit		
Subtotal		
Environmental Compliance Rate Base		

Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	
Monthly Depreciation & Amortization Expense	
Monthly Property & Other Applicable Taxes	
Monthly Insurance Expense	
Monthly Emission Allowance Expense	
Monthly Permitting Fees	
Less : Reduction of O&M Expenses associated with 2003 Compliance Plan	
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	
Total Pollution Control Operations Expense	

Proceeds From By-Product and Allowance Sales

	Gross Proceeds	Sales Expenses	Net Proceeds
Allowance Sales			
Scrubber By-Products Sales			
Total Proceeds from Sales			

True-up Adjustment: Over/Under Recovery of Monthly Surcharge Due to Timing Differences

A. MESF for July Expense Month	
B. Net Jurisdictional E(m) for July Expense Month	
C. Environmental Surcharge Revenue, current month (from Form 3.00)	
D. Retail E(m) recovered through base rates (Base Revenues, Form 3.0 times 2.38%)	
E. Over/(Under) Recovery due to Timing Differences (D +C) - B)	
Over-recoveries will be deducted from the Jurisdictional E(m); under-recoveries will be added to the Jurisdictional E(m)	

ES FORM 2.11

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

Plant, CWIP & Depreciation Expense

For the Month Ended

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Eligible Plant In Service	Eligible Accumulated Depreciation	CWIP Amount Excluding AFUDC	Eligible Net Plant In Service	Deferred Tax Balance as of xx/dd/yyyy	Monthly Depreciation Expense	Monthly Property Tax Expense
2001 Plan				(2)-(3)-(4)			
Project 6 - LGE NOx							
Subtotal							
Less Retirements and Replacements Subsequent to a 2001 Plan Roll-in							
2003 Plan							
Project 7 - Mill Creek FGD Scrubber Conversion							
Project 8 - Precipitator Upgrades - All Plants							
Project 9 - Clearwell Water System - Mill Creek							
Project 10 - SO ₂ Absorber Trays - Mill Creek 3 & 4							
Subtotal							
Less Retirements and Replacements Included in Base Rates							
Net Totals							

LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT

Plant, CWIP & Depreciation Expense

For the Month Ended

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Eligible Plant In Service	Eligible Accumulated Depreciation	CWIP Amount Excluding AFUDC	Eligible Net Plant In Service	Deferred Tax Balance as of xx/dd/yyyy	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)			
2004 Plan							
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 5							
Project 15 - Scrubber Refurbishment at Cane Run Unit 6							
Project 16 - Scrubber Improvements at Trimble County Unit 1							
Subtotal							
Less Retirements and Replacements Included in Base Rates							
Net Totals							

ES FORM 2.50

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

O&M Expense Account	Mill Creek	Trimble County	Total
2001 Plan			
506104 - NOx Operation -- Consumables			
506105 - NOx Operation -- Labor and Other			
512101 - NOx Maintenance			
Total 2001 Plan O&M Expenses			
2004 Plan			
502006-Scrubber Operations			
512005-Scrubber Maintenance			
Ashpond Dredging Expense			
Total 2004 Plan O&M Expenses			