



LG&E Energy LLC  
220 West Main Street (40202)  
P.O. Box 32030  
Louisville, Kentucky 40232

May 9, 2005

RECEIVED

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

MAY 9 2005

PUBLIC SERVICE  
COMMISSION

**RE: *The Application of Kentucky Utilities Company for a Certificate of Public Convenience and Necessity to Construct Flue Gas Desulfurization Systems and Approval of its 2004 Compliance Plan for Recovery by Environmental Surcharge***  
**Case No. 2004-00426**

Dear Ms. O'Donnell:

Enclosed please find an original and eight (8) copies of Kentucky Utilities Company's ("KU") revised Exhibit RMC-4 to the prefiled testimony of Mr. Robert Conroy and an Errata 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.

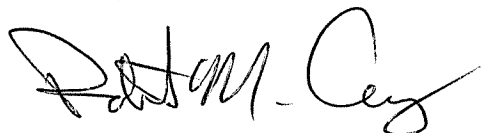
Consistent with the direct testimony of Ms. Valerie Scott at page 3, KU will exclude from ECR recovery, that amount of limestone inventory included in base rates (\$76,474). The revision on Form 2.00 facilitates recovery only of incremental limestone inventory costs by creating an expressed reference to the reduction for Limestone Inventory in base rates. Please note that this reference will remain blank until KU's additional FGDs go in service, at which time KU will begin reporting limestone inventory and simultaneously reducing that reported amount by the amount currently included in base rates.

Additionally, in order to comply with SEC reporting requirements, KU 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.

Ms. Elizabeth O'Donnell  
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Page 2

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 "Robert M. Conroy". The signature is fluid and cursive, with the first name "Robert" being more prominent and the last name "Conroy" following in a similar style.

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. 2004-00426**

Page	Lines	Edit
Exhibit RMC-4, Form 2.00	Page 3 of 10	Delete "Inventory – Spare Parts" Add: "Less Limestone Inventory included in base rates"
Exhibit RMC-4 Form 2.40	Page 7 of 10	Remove heading labeled "NOx O&M Expenses" and replace with O&M Exenses"
Exhibit RMC-4 Form 2.50	Page 8 of 10	Add: "506104 – NOx Operation -- Consumables Change: "506105 – NOx Operation" to "506105 – NOx Operation – Labor and Other"

**KENTUCKY UTILITIES 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		
Subtotal		\$0
Additions:		
Inventory - Limestone		
Less: Limestone Inventory in base rates		
Inventory - Emission Allowances per Form 2.30		
Less: Allowance Inventory Baseline	(69,415)	
Net Emission Allowance Inventory		
Cash Working Capital Allowance		
Subtotal		(\$69,415)
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant		
Pollution Control Deferred Income Taxes		
Pollution Control Deferred Investment Tax Credit		
Subtotal		\$0
Environmental Compliance Rate Base		(\$69,415)

Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	
Monthly Depreciation & Amortization Expense	
Monthly Taxes Other Than Income Taxes	
Monthly Insurance Expense	
Monthly Emission Allowance Expense from Form 2.31	
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	(4,862)
Net Recoverable Emission Allowance Expense	
Monthly Surcharge Consultant Fee	
Total Pollution Control Operating Expense	

Gross Proceeds From By-Product and Allowance Sales

Allocated Allowances from EPA	Allowances from Over-Control	Allowances from Purchases	Total Proceeds from Allowance Sales	Proceeds from By-Products Sales

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

MESF for Expense Month	
Net Jurisdictional E(m) for Expense Month	
Environmental Surcharge Revenue, current month (from Form 3.00)	
Environmental Surcharge Revenue recovered through base rates (Base Revenues, Form 3.0 * 0.30%)	
Over/(Under) Recovery due to Timing Differences (D - C)	
Over-recoveries will be deducted from the Jurisdictional E(m); under-recoveries will be added to the Jurisdictional E(m)	

ES Form 2.40

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**O&M Expenses and Determination of Cash Working Capital Allowance**

**For the Month Ended**

Environmental Compliance Plan	
O&M Expenses	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	
Pollution Control Cash Working Capital Allowance	

ES FORM 2.50

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Pollution Control - Operations & Maintenance Expenses  
For the Month Ended

O&M Expense Account	E. W. Brown	Ghent	Total
<b>2001 Plan</b>			
506104 - NOx Operation -- Consumables			
506105 - NOx Operation -- Labor and Other			
512101 - NOx Maintenance			
Total 2001 Plan O&M Expenses			
<b>2004 Plan</b>			
502006-Scrubber Operations			
512005-Scrubber Maintenance			
Total 2004 Plan O&M Expenses			