March 3, 2006

Elizabeth O'Donnell Executive Director

211 Sower Boulevard

P. O. Box 615

Public Service Commission

Frankfort, Kentucky 40602

Louisville Gas and Electric Company

220 West Main Street P. O. Box 32010 Louisville, Kentucky 40232 www.eon-us.com



Case 2006-00103

MAR 0 3 2006

PUBLIC SERVICE COMMISSION

RE: Adjustments to Demand Side Management Balance Adjustment Component (DBA) of the Demand-Side Management Cost <u>Recovery Mechanism for Louisville Gas and Electric Company</u>

Dear Ms. O'Donnell:

Louisville Gas and Electric Company ("LG&E") files herewith an original and four copies of the following revised sheets of LG&E Tariff PSC of Ky. Electric No. 6:

Eighth Revision of Original Sheet No. 1 Fourth Revision of Original Sheet No. 71.4 Fourth Revision of Original Sheet No. 71.5

These revisions reflect adjustments to the DSM Balance Adjustment Component (DBA) of LG&E's Demand Side Management Cost Recovery Mechanism to reflect over- and under-recoveries experienced in the 12-month period of January 1, 2005 through December 31, 2005. An original and four copies of the supporting data for the adjustments are also filed herewith.

Sincerely,

M Cay

Robert M. Conroy Manager, Rates

Enclosures



Eighth Revision of Original Sheet No. 1 P.S.C. of Ky. Electric No. 6

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Date of Issue: March 3, 2006 Canceling Seventh Revision of Original Sheet No. 71.4 Issued December 27, 2005

John R. Mccall

Date Effective: April 3, 2006

John R. McCall, Executive Vice President, General Counsel, and Corporate Secretary Louisville, Kentucky Т

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Fourth Revision of Original Sheet No. 71.4 P.S.C. of Ky. Electric No. 6

DSMRM	
Demand-Side Management Cost Recover	y Mechanism
Residential Rate RS, Volunteer Fire Department Rate VFD, Re RPM, General Service Rate GS, Small Time-of-Day Rate STC Large Commercial Time-of-Day Rate LC-TOD, Industrial Powe Time-of-Day Rate LP-TOD.	DD, Large Commercial Rate LC,
DSM Cost Recovery Component (DSMRC):	
Residential Rate RS, Volunteer Fire Dept. Rate VFD, and Residential Prepaid Metering Rate RPM	Energy Charge
DSM Cost Recovery Component (DCR)	0.089 ¢/KWH
DSM Revenues from Lost Sales (DRLS)	0.005 ¢/KWH
DSM Incentive (DSMI)	0.004 ¢/KWH
DSM Balance Adjustment (DBA)	(0.026)¢/KWH
DSMRC Rates RS, VFD and RPM	0.072 ¢/KWH
General Service Rate GS and Small Time-of-Day Rate STOD	Energy Charge
DSM Cost Recovery Component (DCR)	0.018 ¢/KWH
DSM Revenues from Lost Sales (DRLS)	0.008 ¢/KWH
DSM Incentive (DSMI)	0.000 ¢/KWH
DSM Balance Adjustment (DBA)	0.002 ¢/KWH
DSMRC Rates GS and STOD	0.028 ¢/KWH

Date of Issue: March 3, 2006 Canceling Third Revision of Original Sheet No. 71.4 Issued December 27, 2005

Date Effective: April 3, 2006

John R. McCall, Executive Vice President, General Counsel, and Corporate Secretary Louisville, Kentucky

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Fourth Revision of Original Sheet No. 71.5 P.S.C. of Ky. Electric No. 6

DSMRM Demand-Side Management Cost Recovery Mechanism					
DSM Cost Recovery Component (DSMRC): (Continued)					
Large Commercial Rate LC	Energy Charge				
DSM Cost Recovery Component (DCR)	0.008 ¢/KWH				
DSM Revenues from Lost Sales (DRLS)	0.006 ¢/KWH				
DSM Incentive (DSMI)	0.000 ¢/KWH				
DSM Balance Adjustment (DBA)	0.001 ¢/KWH				
DSMRC Rates LC	0.015 ¢/KWH				
Large Commercial Time-of-Day Rate LC-TOD	Energy Charge				
DSM Cost Recovery Component (DCR)	0.005 ¢/KWH				
DSM Revenues from Lost Sales (DRLS)	0.006 ¢/KWH				
DSM Incentive (DSMI)	0.000 ¢/KWH				
DSM Balance Adjustment (DBA)	0.002 ¢/KWH				
DSMRC Rates LC	0.013 ¢/KWH				

Date of Issue: March 3, 2006 Canceling Third Revision of Original Sheet No. 71.5 Issued December 27, 2005

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Date Effective: April 3, 2006

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John R. McCall, Executive Vice President, General Counsel, and Corporate Secretary Louisville, Kentucky

Supporting Calculations for the

DSM Cost Recovery Mechanism DSM Balance Adjustment Component (DBA)

ELECTRIC SERVICE

Twelve-Month Period Beginning April 1, 2006 and Ending March 31, 2007

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LOUISVILLE GAS & ELECTRIC COMPANY Summary of Total DSM Cost Recovery Component (DSMRC) 12-Month Period Beginning April 1, 2006

Rate Schedule	DSM Cost Recovery Component (DCR) Exhibit AE	DSM Revenues From Lost Sales Component (DRLS) Exhibit BE	DSM Incentive Component (DSMI) Exhibit CE	DSM Balance Adjustment Component (DBA) Exhibit DE	DSM Recovery Component (DSMRC) Total
Residential Rate RS	0.089	0.005	0.004	(0.026)	0.072 ¢/kWh
General Service Rate GS	0.018	0.008	0.000	0.002	0.028 ¢/kWh
Large Commercial Rate LC	0.008	0.006	0.000	0.001	0.015 ¢/kWh
Large Commercial Rate LC-TOD	0.005	0.006	0.000	0.002	0.013 ¢/kWh

Summary Page 2 of 2

LOUISVILLE GAS & ELECTRIC COMPANY Summary of DSM Balance Adjustment Component (DBA) 12-Month Period Beginning April 1, 2006

Rate Schedule	Exhibit Reference	DSM Balance Adjustment Component (DBA)
Residential Rate RS	DE-1	(0.026) ¢/kWh
General Service Rate GS	DE-2	0.002 ¢/kWh
Large Commercial Rate LC	DE-3	0.001 ¢/kWh
Large Commercial Rate LC-TOD	DE-4	0.002 ¢/kWh

DSM Balance Adjustment (DBA) 12-Month Period Beginning April 1, 2006

The Demand-Side Management Cost Recovery Mechanism (DSMRM) includes a provision for the recovery of demand-side management (DSM) program and administrative costs. The DSMRM further provides a balancing mechanism for reconciling differences in the costs recovered through the DSMRM and actual DSM expenditures. Interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period is applied to any over- or under-recovery of revenues as part of the adjustment. The interest is applied monthly to the average balance of the cumulative net (over-) under-recovery revenues.

Summary - DBA 2005

<u>Electric</u>	Actual <u>Collection</u>	Expected Collection	(over) <u>Variance</u>	Interest	Net <u>Variance</u>
RS	\$3,448,549	\$2,402,282	(\$1,046,267)	(\$11,168)	(\$1,057,435)
GS	\$256,814	\$282,047	\$25,234	\$155	\$25,389
LC	\$237,203	\$249,398	\$12,195	(\$32)	\$12,163
LC TOD	\$59,382	\$69,020	\$9,638	\$70	\$9,708

LG&E DBA Incentive Adjustment

		Budgeted Expenditures	Budgeted Incentive	Percent	Actual Expenditures	Adjusted Incentive
200	5				_	
Elec.	Residential Conservation	\$144,584	\$0	0.00000	\$219,206	so l
Gas	Residential Conservation	\$48,195	\$21,368	0.44337	\$73,069	\$32,396
Elec.	Residential Load Momt.	\$3,258,856	\$162,943	0.05000	\$2,302,709	\$115,135
Elec.	Residential Low Income	\$115,433	\$0	0.00000	\$146,951	\$0
Gas	Residential Low Income	\$989,429	\$34,474	0.03484	\$1,322,555	\$46,081
GS	Commercial Cons.	\$208,155	\$0	0.00000	\$221,040	\$0
LC	Commercial Cons.	\$166,524	\$0	0.00000	\$176,832	\$0
LC TOD	Commercial Cons.	\$33,305	\$0	0.00000	\$35,366	\$0
Gas	Commercial Cons.	\$8,326	\$0	0.00000	\$8,842	\$0
GS	Commercial Load Mgmt,	\$49,112	\$2,456	0.05000	\$39,887	\$1,994
LC	Commercial Load Mgmt.	\$6,139	\$307	0.05000	\$4,986	\$249
LC TOD	Commercial Load Mgmt.	\$6,139	\$307	0.05000	\$4,986	\$249

Exhibit DE 3 of 12

LG&E DBA

Lost Revenue Adjustment

		Budgeted Expenditures	Budgeted Lost Revenue	Percent	Actual Expenditures	Adjusted Lost Revenue
2005	;					
Elec.	Residential Conservation	\$144,584	\$70,095	0.48481	\$219,206	\$106,273
Gas	Residential Conservation	\$48,195	\$26,767	0.55539	\$73,069	\$40,581
Elec.	Residential Load Mgmt.	\$3,258,856	\$0	0.00000	\$2,302,709	\$0
Elec.	Residential Low Income	\$115,433	\$112,776	0.97698	\$146,951	\$143,567
Gas	Residential Low Income	\$989,429	\$104,210	0,10532	\$1,322,555	\$139,296
GS	Commercial Cons.	\$208,155	\$113,401	0.54479	\$221,040	\$120,420
LC	Commercial Cons.	\$166,524	\$134,129	0.80547	\$176,832	\$142,432
LC TOD	Commercial Cons.	\$33,305	\$44,710	1,34245	\$35,366	\$47,477
Gas	Commercial Cons.	\$8,326	\$2,103	0.25261	\$8,842	\$2,233
GS	Commercial Load Mgmt.	\$49,112	\$0	0,00000	\$39,887	\$0
LC	Commercial Load Mgmt.	\$6,139	\$0	0.00000	\$4,986	\$0
LC TOD	Commercial Load Mgmt.	\$6,139	\$0	0.00000	\$4,986	\$0

Exhibit DE 4 of 12

Exhibit DE Page 5 of 12

LOUISVILLE GAS & ELECTRIC COMPANY Summary of DSM Balance Adjustment Component (DBA)

Expected DSMRC Collections Residential Electric Customers Rate RS

Date	DCR Total	DRLS Total	DSMI Total	DBA Totai	Expected Revenue	Actual Revenue	(over) Variance
January-05 February-05 March-05 April-05 May-05 Juhy-05 August-05 September-05 October-05 November-05 December-05	\$143,628 \$90,958 \$140,794 \$222,018 \$100,344 \$209,567 \$304,718 \$324,393 \$456,752 \$287,364 \$250,441 \$166,125	\$20,820 \$20,820 \$20,820 \$20,820 \$20,820 \$20,820 \$20,820 \$20,820 \$20,820 \$20,820 \$20,820 \$20,820 \$20,820	\$9,595 \$9,595 \$9,595 \$9,595 \$9,595 \$9,595 \$9,595 \$9,595 \$9,595 \$9,595 \$9,595 \$9,595	(\$13,876) (\$13,876) (\$13,876) (\$68,685) (\$68,685) (\$68,685) (\$68,685) (\$68,685) (\$68,685) (\$68,685)	\$107,497 \$157,333 \$183,747 \$62,073 \$171,286 \$266,447 \$286,122 \$418,481 \$249,094 \$212,170	\$337,023 \$288,542 \$270,430 \$192,944 \$187,806 \$277,164 \$389,763 \$415,840 \$369,619 \$262,726 \$189,200 \$267,493	(\$176,856) (\$181,045) (\$113,097) (\$9,197) (\$125,732) (\$105,868) (\$123,316) (\$129,717) \$44,862 (\$13,632) \$22,970 (\$139,639)
					\$2,402,282	\$3,448,549	(\$1,046,267)

Exhibit DE Page 6 of 12

LOUISVILLE GAS & ELECTRIC COMPANY Summary of DSM Balance Adjustment Component (DBA)

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LG&E DBA Calculation of (Over) Under Interest **Residential Electric Customers**

Date	Net (over) Variance	Cumulative Variance	Avg monthly Balance	Current Month Rate	Annual Amount	Days in Month	Current Month Interest
Jan-05	(\$176,856)	(\$176,856)	(\$88,428)	0.88%	(\$778)	31	(\$66
Feb-05	(\$181,045)	(\$357,901)	(\$267,379)	0.99%	(\$2,647)	29	(\$210
Mar-05	(\$113,097)	(\$470,998)	(\$414,450)	1.11%	(\$4,600)	31	(\$391
Apr-05	(\$9,197)	(\$480,195)	(\$475,597)	1.03%	(\$4,899)	30	(\$403
May-05	(\$125,732)	(\$605,927)	(\$543,061)	1.18%	(\$6,408)	31	(\$544
Jun-05	(\$105,868)	(\$711,795)	(\$658,861)	1.34%	(\$8,829)	30	(\$726
Jul-05	(\$123,316)	(\$835,111)	(\$773,453)	1.51%	(\$11,679)	31	(\$992
Aug-05	(\$129,717)	(\$964,829)	(\$899,970)	1.67%	(\$15,030)	31	(\$1,276
Sep-05	\$48,862	(\$915,966)	(\$940,398)	1.83%	(\$17,209)	30	(\$1,414
Oct-05	(\$13,632)	(\$929,598)	(\$922,782)	2.00%	(\$18,456)	31	(\$1,567
Nov-05	\$22,970	(\$906,628)	(\$918,113)	2.17%	(\$19,923)	30	(\$1,638
Dec-05	(\$139,639)	(\$1,046,267)	(\$976,448)	2.34%	(\$22,849)	31	(\$1,941
							(\$11,168
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Exhibit DE Page 7 of 12

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LOUISVILLE GAS & ELECTRIC COMPANY Summary of DSM Balance Adjustment Component (DBA)

Expected DSMRC Collections General Service Electric Rate GS

	DCR	DRLS	DSMI	DBA	Expected	Actual	(over)
Date	Rate Total	Rate Total	Rate Total	Total	Revenue	Revenue	Variance
January-05	\$16,93	6 \$10,035	\$166	(\$6,531)	\$20,607	\$22,324	(\$1,718)
February-05				(\$6,531)	\$18,196	\$21,061	(\$2,865
March-05				(\$6,531)	\$17,679	\$20,154	(\$2,475
April-05	\$46,53	8 \$10,035	\$166	(\$9,385)	\$47,354	\$17,605	\$29,749
May-05	\$11,07	7 \$10,035	\$166	(\$9,385)	\$11,893	\$17,211	(\$5,318
June-05	\$38,83	9 \$10,035	\$166	(\$9,385)	\$39,656	\$21,769	\$17,886
July-05	\$11,71	1 \$10,035	\$166	(\$9,385)	\$12,527	\$25,543	(\$13,016
August-05	\$17,39	9 \$10,035	\$166	(\$9,385)	\$18,216	\$26,358	(\$8,142
September-05	\$10,65	0 \$10,035	\$166	(\$9,385)	\$11,467	\$25,434	(\$13,968
October-05	\$20,28	2 \$10,035	\$166	(\$9,385)	\$21,099	\$21,548	(\$450
November-05	\$22,36	7 \$10,035	\$166	(\$9,385)	\$23,184	\$17,571	\$5,613
December-05	\$39,35	4 \$10,035	\$166	(\$9,385)	\$40,171	\$20,234	\$19,937
					\$282,047	\$256,814	\$25,234

Exhibit DE Page 8 of 12

Current

LG&E DBA Calculation of (Over) Under Interest GS

(\$8) (\$31) (\$65) \$81 \$236 \$353	31 29 31 30	(\$ (\$ (\$
(\$31) (\$65) \$81 \$236 \$353	29 31	(\$
(\$65) \$81 \$236 \$353	31	(4
\$81 \$236 \$353		
\$236 \$353		\$
\$353	31	\$2
	30	\$2
\$434	31	\$3
\$303	31	\$2
\$130	30	\$1
(\$2)	31	(\$
\$54	30	
\$357	31	\$3
		\$16

Exhibil DE Page 9 of 12

LOUISVILLE GAS & ELECTRIC COMPANY Summary of DSM Balance Adjustment Component (DBA)

Expected DSMRC Collections Large Commercial Electric Rate LC

Date	Rate	DCR Totai	Rate	DRLS Total	Rate	DSMI Total	DBA Total	Expected Revenue	Actual Revenue	(over) Variance
			1							
January-05		\$13,327		\$11,869		\$21	(\$3,659)	\$21,558	\$22,810	(\$1,251)
February-05		\$11,405		\$11,869		\$21	(\$3,669)	\$19,636	\$20,321	(\$685)
March-05		\$10,968		\$11,869		\$21	(\$3,659)	\$19,199	\$20,515	(\$1,315)
April-05		\$15,521		\$11,869	i i	\$21	(\$7,339)	\$20,073	\$15,690	\$4,383
May-05		\$8,530		\$11,869		\$21	(\$7,339)	\$13,081	\$16,444	(\$3,362)
June-05		\$27,879		\$11,869		\$21	(\$7,339)	\$32,430	\$19,978	\$12,453
July-05		\$9,141		\$11,869		\$21	(\$7,339)	\$13,692	\$22,325	(\$8,633)
August-05		\$13,708		\$11,869		\$21	(\$7,339)	\$18,260	\$22,439	(\$4,179)
September-05		\$8,316		\$11,869		\$21	(\$7,339)	\$12,868	\$22,227	(\$9,359)
October-05		\$16,026		\$11,869		\$21	(\$7,339)	\$20,578	\$19,429	\$1,149
November-05	ļ.	\$17,626		\$11,869		\$21	(\$7,339)	\$22,177	\$16,845	\$5,332
December-05	1	\$31,293	ł	\$11,869		\$21	(\$7,339)	\$35,845	\$18,183	\$17,662
	,		•		•					
								\$249,398	\$237,203	\$12,195

Exhibit DE Page 10 of 12

LOUISVILLE GAS & ELECTRIC COMPANY Summary of DSM Balance Adjustment Component (DBA)

LG&E DBA Calculation of (Over) Under Interest

LC

Date	Net (over) Variance	Cumulative Variance	Avg monthly Balance	Current Month Rate	Annual Amount	Days in Month	Current Current Month Interest
Jan-05 Feb-05 Mar-05 Apr-05 Jun-05 Jul-05 Aug-05 Sep-05 Oct-05 Nov-05 Dec-05	(\$1,251) (\$685) (\$1,315) \$4,383 (\$3,362) \$12,453 (\$8,633) (\$4,179) (\$9,359) \$1,149 \$5,332 \$17,662	(\$1,251) (\$1,936) (\$3,251) \$1,132 (\$2,230) \$10,222 \$1,590 (\$2,589) (\$11,948) (\$10,799) (\$5,467) \$12,195	(\$626) (\$1,594) (\$2,594) (\$1,060) (\$549) \$3,996 \$5,906 (\$500) (\$7,269) (\$11,374) (\$8,133) \$3,364	0.88% 0.99% 1.11% 1.03% 1.34% 1.51% 1.67% 1.83% 2.00% 2.17% 2.34%	(\$6) (\$16) (\$29) (\$11) (\$6) \$54 \$89 (\$83) (\$133) (\$227) (\$176) \$79	31 29 31 30 31 30 31 30 31 30 31	(\$0) (\$1) (\$2) (\$1) (\$1) (\$11) (\$19) (\$15) \$7 (\$32)

Exhibit DE Page 11 of 12

LOUISVILLE GAS & ELECTRIC COMPANY Summary of DSM Balance Adjustment Component (DBA)

Expected DSMRC Collections Large Commercial-TOD Electric Rate LC-TOD

Date	DCR Rate Total	Rate	DRLS Tolal	Rate	DSMI Total	DBA Total	Expected Revenue	Actual Revenue	(over) Variance
				<u> </u>					100
January-05	\$2,69	3	\$3,956		\$21	(\$724)	\$5,952	\$5,807	\$144
February-05			\$3,956		\$21	(\$724)	\$5,566	\$5,516	\$50
March-05	\$2,22	3	\$3,956		\$21	(\$724)	\$5,482	\$5,444	\$38
April-05			\$3,956		\$21	(\$1,924)	\$8,374	\$4,158	\$4,216
May-05			\$3,956		\$21	(\$1,924)	\$3,808	\$3,986	(\$177)
Junø-05			\$3,956		\$21	(\$1,924)		\$4,679	\$3,423
July-05			\$3,956		\$21	(\$1,924)		\$5,226	(\$1,310)
August-05			\$3,956		\$21	(\$1,924)		\$5,334	(\$507)
September-05		3	\$3,956		\$21	(\$1,924)		\$5,577	(\$1,830)
October-05			\$3,956		\$21	(\$1,924)		\$4,875	\$413
November-05	\$3,56	5	\$3,956		\$21	(\$1,924)	\$5,618	\$4,261	\$1,358
December-05	\$6,28	7	\$3,956	1	\$21	(\$1,924)	\$8,340	\$4,520	\$3,821
							\$69,020	\$59,382	\$9,638

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Exhibit DE Page 12 of 12

LG&E DBA Calculation of (Over) Under Interest LC-TOD

Date	Net (over) Variance	Cumulative Variance	Avg monthly Balance	Current Month Rate	Annual Amount	Days in Month	Current Current Month Interest
1 05	6444	(TAAA	6770	0.000			
Jan-05 Feb-05	\$144 \$50	\$144 \$194	\$72	0.88%	\$1	31	\$
Mar-05	\$38	\$232	\$169 \$213	0.99% 1.11%	\$2	29	9
Apr-05	\$4,216	\$4,448	\$2,340		\$2	31	9
May-05	(\$177)	\$4,271	\$4,359	1.03% 1.18%	\$24	30	9
Jun-05	\$3,423	\$7,694	\$5,982	1.18%	\$51 \$80	31	9
Jul-05	(\$1,310)	\$6,384	\$7,039	1.51%	\$106	30	5
Aug-05	(\$507)	\$5,876	\$6,130	1.67%	\$108	31	9
Sep-05	(\$1,830)	\$4,047	\$4,961	1.83%	\$91	31 30	9
Oct-05	\$413	\$4,459	\$4,253	2.00%	\$85	31	9
Nov-05	\$1,358	\$5,817	\$5,138	2.17%	\$111	30	9
Dec-05	\$3,821	\$9,638	\$7,727	2.34%	\$181	30	ۍ \$1
200 00	00,427	40,000	wryr 21	2.0470	4101	51	φı,
							\$7
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DSM Balance Adjustment (DBA) For Residential Rate RS 12-Month Period Beginning April 1, 2006

The Demand-Side Management Cost Recovery Mechanism (DSMRM) includes a provision for the recovery of demand-side management (DSM) program and administrative costs. The DSMRM further provides a balancing mechanism for reconciling differences in the costs recovered through the DSMRM and actual DSM expenditures. Interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period is applied to any over- or under-recovery of revenues as part of the adjustment. The interest is applied monthly to the average balance of the cumulative net (over-) under-recovery revenues.

The outcome of the interest calculations is an over-recovery of revenue with interest in the amount of \$1,057,435 during the period of January 1, 2005 though December 31, 2005, as shown on Exhibit DE Page 2 of 12. The DBA adjustments are then divided by the estimated billing determinants for the 12-month period from April 1, 2006 through March 31, 2007 in order to compute the per-unit DBA charge or credit. The resulting DBA factor for Residential Rate RS is (0.026) ¢ per kWh.

Exhibit DE-1 Page 2 of 2

LOUISVILLE GAS & ELECTRIC COMPANY Calculation of DBA Component For Rate RS

		Forecast
		kWh Sales
APR	2006	253,915,103
MAY		269,554,462
JUN		372,566,131
JUL		485,425,090
AUG		471,626,810
SEP		417,934,053
OCT		279,291,334
NOV		251,055,444
DEC		311,166,322
JAN	2007	379,411,451
FEB		332,866,475
MAR		298,244,015
		4,123,056,690

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Total DBA \$ (1,057,435)

DBA Factor in ¢ per kWh

-0.026

DSM Balance Adjustment (DBA) For General Service Rate GS 12-Month Period Beginning April 1, 2006

The Demand-Side Management Cost Recovery Mechanism (DSMRM) includes a provision for the recovery of demand-side management (DSM) program and administrative costs. The DSMRM further provides a balancing mechanism for reconciling differences in the costs recovered through the DSMRM and actual DSM expenditures. Interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period is applied to any over- or under-recovery of revenues as part of the adjustment. The interest is applied monthly to the average balance of the cumulative net (over-) under-recovery revenues.

The outcome of the interest calculations is an under-recovery of revenue with interest in the amount of \$25,389 during the period of January 1, 2005 though December 31, 2005, as shown on Exhibit DE Page 2 of 12. The DBA adjustments are then divided by the estimated billing determinants for the 12-month period from April 1, 2006 through March 31, 2007 in order to compute the per-unit DBA charge or credit. The resulting DBA factor for General Service Rate GS is 0.002 ¢ per kWh.

LOUISVILLE GAS & ELECTRIC COMPANY Calculation of DBA Component For Rate GS

Exhibit DE-2 Page 2 of 2

		Forecast <u>kWh Sales</u>
APR	2006	102,942,628
MAY		107,897,866
JUN		129,617,795
JUL		147,111,468
AUG		144,407,928
SEP		139,709,519
OCT		113,002,837
NOV		104,254,036
DEC		112,820,431
JAN	2007	120,621,071
FEB		115,830,145
MAR		112,264,079
		1,450,479,803

Total DBA

\$ 25,389

DBA Factor in ¢ per kWh

0.002

DSM Balance Adjustment (DBA) For Large Commercial Rate LC 12-Month Period Beginning April 1, 2006

The Demand-Side Management Cost Recovery Mechanism (DSMRM) includes a provision for the recovery of demand-side management (DSM) program and administrative costs. The DSMRM further provides a balancing mechanism for reconciling differences in the costs recovered through the DSMRM and actual DSM expenditures. Interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period is applied to any over- or under-recovery of revenues as part of the adjustment. The interest is applied monthly to the average balance of the cumulative net (over-) under-recovery revenues.

The outcome of the interest calculations is an under-recovery of revenue with interest in the amount of \$12,163 during the period of January 1, 2005 though December 31, 2005, as shown on Exhibit DE Page 2 of 12. The DBA adjustments are then divided by the estimated billing determinants for the 12-month period from April 1, 2006 through March 31, 2007 in order to compute the per-unit DBA charge or credit. The resulting DBA factor for Large Commercial Rate LC is 0.001 ¢ per kWh.

LOUISVILLE GAS & ELECTRIC COMPANY Calculation of DBA Component For Rate LC

Exhibit DE-3 Page 2 of 2

		<u>kWh Sales</u>
APR	2006	169,456,456
MAY		172,351,323
JUN		202,191,243
JUL		222,464,714
AUG		220,153,996
SEP		213,268,984
OCT		180,474,931
NOV		167,288,151
DEC		172,449,956
JAN	2007	184,645,448
FEB		180,689,276
MAR		174,774,790
		2,260,209,268

Forecast

Total DBA \$ 12,163

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DBA Factor in ¢ per kWh 0.001

DSM Balance Adjustment (DBA) For Large Commercial Time-of-Day Rate LC-TOD 12-Month Period Beginning April 1, 2006

The Demand-Side Management Cost Recovery Mechanism (DSMRM) includes a provision for the recovery of demand-side management (DSM) program and administrative costs. The DSMRM further provides a balancing mechanism for reconciling differences in the costs recovered through the DSMRM and actual DSM expenditures. Interest at a rate equal to the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period is applied to any over- or under-recovery of revenues as part of the adjustment. The interest is applied monthly to the average balance of the cumulative net (over-) under-recovery revenues.

The outcome of the interest calculations is an under-recovery of revenue with interest in the amount of \$9,708 during the period of January 1, 2005 though December 31, 2005, as shown on Exhibit DE Page 2 of 12. The DBA adjustments are then divided by the estimated billing determinants for the 12-month period from April 1, 2006 through March 31, 2007 in order to compute the per-unit DBA charge or credit. The resulting DBA factor for Large Commercial TOD Rate LC-TOD is 0.002 ¢ per kWh.

LOUISVILLE GAS & ELECTRIC COMPANY Calculation of DBA Component For Rate LC-TOD

		Forecast <u>kWh Sales</u>
APR	2006	45,996,810
MAY		48,014,054
JUN		53,638,113
JUL		61,067,340
AUG		59,038,018
SEP		58,302,498
OCT		51,697,752
NOV		48,746,015
DEC		49,607,079
JAN	2007	49,939,715
FEB		50,396,639
MAR		49,193,641
		625,637,673

Total DBA \$

DBA Factor in ¢ per kWh

0.002

9,708

DSM Balance Adjustment (DBA) For Industrial Power Rate LP 12-Month Period Beginning April 1, 2005

Not currently applicable.

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DSM Balance Adjustment (DBA) For Industrial Power Time-of-Day Rate LP-TOD 12-Month Period Beginning April 1, 2005

Not currently applicable.