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Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

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MAR 20 2009

PUBLIC SERVICE
COMMISSION

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

March 20, 2009

Robert M. Conroy
Director - Rates
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RE: Merger Surcredit Status Report and Balancing Adjustment

Dear Mr. Derouen:

In its Order dated June 26, 2008, in Case No. 2007-00562, the Commission approved a Settlement Agreement which stipulated that Louisville Gas and Electric Company's (LG&E's) Merger Surcredit Rider (MSR) would continue until new electric base rates became effective. On July 29, 2008, LG&E filed an Application with the Commission for an Adjustment of Electric Base Rates, and on February 5, 2009, the Commission issued an Order, in Case No. 2008-00252, prescribing revised electric base rates for LG&E to become effective February 6, 2009. Therefore, the Merger Surcredit Rider is discontinued effective February 6, 2009, subject to the final balancing adjustment.

For the final balancing adjustment, a Merger Surcredit Factor of 1.014% (charge) will be applied to bills rendered for electric service during the April 2009 cyclical billings only. This will conclude the Merger Surcredit initiative.

Sincerely,

Robert M. Conroy

Enclosure

LOUISVILLE GAS AND ELECTRIC COMPANY

Kentucky Retail Jurisdiction

Status Report	Net Savings to be Distributed	Actual Merger Surcredit Distributed	Over/(Under) Payment of Merger Surcredit
Year 1	\$6,183,320	\$6,321,767	
Year 2	\$9,018,830	\$8,590,759	
Year 3	\$12,168,065	\$11,627,280	
Year 4	\$13,355,755	\$13,265,160	
Year 5	\$14,702,775	\$15,750,670	
Year 6 (Jul-Dec)	\$8,474,985	\$9,547,846 (1)	
Year 6 (Jan-Jun)	\$9,570,270	\$7,665,171 (1)	
Year 7	\$18,045,255	\$19,384,005 (1)	
Year 8	\$18,045,255	\$19,669,319 (1)	
Year 9	\$18,045,255	\$15,276,046 (1)	
Year 10	\$18,045,255	\$18,266,294 (1)	
Year 11 (Jul-Feb 5)	\$6,477,824	\$7,383,786	\$615,259
	<u>\$152,132,844</u>	<u>\$152,748,103</u>	

Final Balancing Adjustment	Merger Surcredit Factor
Line 1 Over/(Under) Payment Through Year 11	\$615,259
Line 2 Est. Revenues for April 2009	\$60,700,506
Line 3 Final Billing Factor	<u>1.014%</u>

Notes: (1) Excludes merger credit paid to KIUC accounts that received one-time payments pursuant to the Commission Order in Case No. 2002-00430.