

R E C E I V E D

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**PUBLIC SERVICE
COMMISSION**

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 51

Responding Witness: William Steven Seelye

- Q-51. Refer to page 19 of the Seelye Testimony. Mr. Seelye discusses the threat of bypass by large industrial customers. Provide the number of customers who have bypassed LG&E since its last rate case.
- A-51. None of LG&E's customers have physically bypassed the natural gas distribution system since the last rate case. However, LG&E is informed and believes that one or more of the special contract customers are considering bypass of the LG&E system.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 52

Responding Witness: William Steven Seelye

- Q-52. Refer to page 22 of the Seelye Testimony. Explain the basis for the proposed increase in the residential distribution cost component.
- A-52. LG&E is aware that other gas distribution utilities in the state which have recently filed rate cases recovered all of the revenue increase by increasing the customer charge without increasing the distribution cost component of their rates. LG&E has made significant progress in bringing its gas customer charges more in line with cost of service. From a cost of service perspective, LG&E could not recover all of the residential increase by adjusting the customer charge in this proceeding. LG&E is not proposing to collect more of its fixed costs through the customer charge than can be supported by the cost of service study even though this practice is being followed in jurisdictions that have adopted a straight fixed-variable rate design.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 53

Responding Witness: William Steven Seelye

- Q-53. Refer to pages 28-37 of the Seelye Testimony and Seelye Exhibit 15 concerning the proposed electric temperature normalization adjustment.
- a. Identify which 30-year period is used to represent the “normal” average degree days for 30 years and explain why that specific period is being used.
 - b. Provide, by month and annually for the 30-year period identified in the response to part (a) of this request, along with the totals and the averages for the 30-year period identified in the response to part (a), the cooling and heating degree day amounts relied upon by LG&E in calculating its electric temperature normalization adjustment. Identify whether all these degree day numbers are based on degree day measurements provided by the National Oceanic and Atmospheric Administration (“NOAA”).
 - c. If the 30-year period ending December 31, 2000 represents a different period than identified in the response to parts (a) and (b) of this request, provide, by month and annually for the 30-year period ended December 31, 2000, plus the totals and averages for the same period, the 30-year “normal” cooling and heating degree days reported by NOAA.
- A-53. a. The 30-year period used to represent the “normal” average degree day was the 30-year period ended December 2007. This period was selected because it represented the most recent 30-calendar year period for which the Company had data. This period was also selected because in its gas rate case proceedings the Commission has required the Company to utilize the most recent data available.
- b. See attached. All of these degree day numbers are based on measurements provided by the National Oceanic and Atmospheric Administration (“NOAA”).
 - c. See attached.

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd65	cdd70	hdd65	hdd60
SDF	1978	1	3	31	0	0	1,305	1,150
SDF	1979	1	3	31	0	0	1,254	1,099
SDF	1980	1	3	31	0	0	978	823
SDF	1981	1	3	31	0	0	1,074	919
SDF	1982	1	3	31	0	0	1,129	974
SDF	1983	1	3	31	0	0	940	785
SDF	1984	1	3	31	0	0	1,122	967
SDF	1985	1	3	31	0	0	1,227	1,072
SDF	1986	1	3	31	0	0	948	793
SDF	1987	1	3	31	0	0	971	816
SDF	1988	1	3	31	0	0	1,056	901
SDF	1989	1	3	31	0	0	726	571
SDF	1990	1	3	31	0	0	679	524
SDF	1991	1	3	31	0	0	957	802
SDF	1992	1	3	31	0	0	863	708
SDF	1993	1	3	31	0	0	824	669
SDF	1994	1	3	31	0	0	1,186	1,031
SDF	1995	1	3	31	0	0	911	763
SDF	1996	1	3	31	0	0	1,010	855
SDF	1997	1	3	31	0	0	1,018	869
SDF	1998	1	3	31	0	0	710	557
SDF	1999	1	3	31	0	0	882	728
SDF	2000	1	3	31	0	0	956	803
SDF	2001	1	3	31	0	0	999	844
SDF	2002	1	3	31	0	0	754	604
SDF	2003	1	3	31	0	0	1,124	969
SDF	2004	1	3	31	0	0	993	843
SDF	2005	1	3	31	1	0	824	674
SDF	2006	1	3	31	0	0	651	496
SDF	2007	1	3	31	0	0	812	659
SDF	1978	2	3	28	0	0	1,153	1,013
SDF	1979	2	3	28	0	0	1,038	898
SDF	1980	2	3	29	0	0	1,029	884
SDF	1981	2	3	28	0	0	735	595
SDF	1982	2	3	28	0	0	845	705
SDF	1983	2	3	28	0	0	771	631
SDF	1984	2	3	29	0	0	683	538
SDF	1985	2	3	28	2	0	904	769
SDF	1986	2	3	28	0	0	702	564
SDF	1987	2	3	28	0	0	715	575
SDF	1988	2	3	29	0	0	879	734
SDF	1989	2	3	28	0	0	867	727
SDF	1990	2	3	28	0	0	581	442
SDF	1991	2	3	28	0	0	686	546
SDF	1992	2	3	29	0	0	614	469
SDF	1993	2	3	28	0	0	868	728
SDF	1994	2	3	28	0	0	757	619
SDF	1995	2	3	28	0	0	806	666

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd65	cdd70	hdd65	hdd60
SDF	1996	2	3	29	0	0	790	652
SDF	1997	2	3	28	0	0	646	508
SDF	1998	2	3	28	0	0	604	464
SDF	1999	2	3	28	0	0	647	507
SDF	2000	2	3	29	5	0	587	453
SDF	2001	2	3	28	0	0	677	537
SDF	2002	2	3	28	0	0	688	548
SDF	2003	2	3	28	0	0	909	769
SDF	2004	2	3	29	0	0	767	622
SDF	2005	2	3	28	0	0	658	518
SDF	2006	2	3	28	0	0	763	624
SDF	2007	2	3	28	0	0	980	840
SDF	1978	3	3	31	0	0	725	574
SDF	1979	3	3	31	5	0	524	393
SDF	1980	3	3	31	0	0	721	566
SDF	1981	3	3	31	5	0	605	462
SDF	1982	3	3	31	1	0	555	414
SDF	1983	3	3	31	6	0	575	439
SDF	1984	3	3	31	0	0	764	609
SDF	1985	3	3	31	8	1	467	324
SDF	1986	3	3	31	5	0	524	389
SDF	1987	3	3	31	0	0	531	377
SDF	1988	3	3	31	4	0	589	449
SDF	1989	3	3	31	6	1	521	382
SDF	1990	3	3	31	21	1	451	325
SDF	1991	3	3	31	7	0	491	358
SDF	1992	3	3	31	2	0	532	400
SDF	1993	3	3	31	0	0	653	503
SDF	1994	3	3	31	0	0	609	455
SDF	1995	3	3	31	0	0	479	334
SDF	1996	3	3	31	0	0	745	593
SDF	1997	3	3	31	0	0	485	335
SDF	1998	3	3	31	42	16	574	451
SDF	1999	3	3	31	0	0	686	533
SDF	2000	3	3	31	3	0	430	290
SDF	2001	3	3	31	0	0	685	530
SDF	2002	3	3	31	0	0	590	440
SDF	2003	3	3	31	0	0	484	344
SDF	2004	3	3	31	18	2	451	322
SDF	2005	3	3	31	0	0	670	517
SDF	2006	3	3	31	0	0	559	410
SDF	2007	3	3	31	48	6	350	260
SDF	1978	4	3	30	19	1	228	118
SDF	1979	4	3	30	9	0	309	191
SDF	1980	4	3	30	7	1	349	219
SDF	1981	4	3	30	66	20	145	76
SDF	1982	4	3	30	2	0	414	274
SDF	1983	4	3	30	7	0	408	280

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd65	cdd70	hdd65	hdd60
SDF	1984	4	3	30	20	4	322	202
SDF	1985	4	3	30	46	6	187	116
SDF	1986	4	3	30	35	4	230	142
SDF	1987	4	3	30	13	1	302	187
SDF	1988	4	3	30	9	0	250	128
SDF	1989	4	3	30	47	22	296	194
SDF	1990	4	3	30	42	14	327	228
SDF	1991	4	3	30	29	0	170	93
SDF	1992	4	3	30	42	7	252	166
SDF	1993	4	3	30	4	0	308	191
SDF	1994	4	3	30	42	16	194	102
SDF	1995	4	3	30	27	5	243	136
SDF	1996	4	3	30	18	1	360	248
SDF	1997	4	3	30	1	0	375	241
SDF	1998	4	3	30	2	0	273	152
SDF	1999	4	3	30	12	2	198	105
SDF	2000	4	3	30	0	0	291	164
SDF	2001	4	3	30	97	47	183	107
SDF	2002	4	3	30	73	30	210	130
SDF	2003	4	3	30	41	6	219	131
SDF	2004	4	3	30	36	5	216	129
SDF	2005	4	3	30	26	3	215	125
SDF	2006	4	3	30	50	19	158	70
SDF	2007	4	3	30	49	11	333	240
SDF	1978	5	3	31	107	47	146	78
SDF	1979	5	3	31	70	23	96	36
SDF	1980	5	3	31	127	42	71	25
SDF	1981	5	3	31	60	13	126	46
SDF	1982	5	3	31	177	64	14	0
SDF	1983	5	3	31	36	1	127	45
SDF	1984	5	3	31	67	16	143	61
SDF	1985	5	3	31	102	32	54	17
SDF	1986	5	3	31	134	40	72	34
SDF	1987	5	3	31	225	115	25	3
SDF	1988	5	3	31	106	37	41	7
SDF	1989	5	3	31	85	37	161	79
SDF	1990	5	3	31	60	7	85	25
SDF	1991	5	3	31	280	159	29	7
SDF	1992	5	3	31	95	26	129	62
SDF	1993	5	3	31	102	29	46	7
SDF	1994	5	3	31	61	21	125	43
SDF	1995	5	3	31	96	31	76	28
SDF	1996	5	3	31	177	83	69	30
SDF	1997	5	3	31	33	12	151	58
SDF	1998	5	3	31	193	91	29	5
SDF	1999	5	3	31	95	21	19	1
SDF	2000	5	3	31	149	61	29	7
SDF	2001	5	3	31	142	54	35	4

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd65	cdd70	hdd65	hdd60
SDF	2002	5	3	31	107	44	118	53
SDF	2003	5	3	31	81	22	56	11
SDF	2004	5	3	31	244	120	41	23
SDF	2005	5	3	31	81	15	99	51
SDF	2006	5	3	31	103	59	103	29
SDF	2007	5	3	31	197	93	28	5
SDF	1978	6	3	30	320	186	1	0
SDF	1979	6	3	30	271	139	5	0
SDF	1980	6	3	30	259	140	8	0
SDF	1981	6	3	30	334	189	0	0
SDF	1982	6	3	30	133	44	4	0
SDF	1983	6	3	30	258	135	6	0
SDF	1984	6	3	30	380	235	1	0
SDF	1985	6	3	30	228	101	17	4
SDF	1986	6	3	30	322	180	0	0
SDF	1987	6	3	30	337	192	0	0
SDF	1988	6	3	30	327	206	8	0
SDF	1989	6	3	30	258	136	4	0
SDF	1990	6	3	30	317	177	14	4
SDF	1991	6	3	30	398	251	0	0
SDF	1992	6	3	30	217	96	10	0
SDF	1993	6	3	30	303	177	19	1
SDF	1994	6	3	30	376	234	4	0
SDF	1995	6	3	30	297	159	0	0
SDF	1996	6	3	30	289	164	2	0
SDF	1997	6	3	30	221	113	15	0
SDF	1998	6	3	30	315	190	18	2
SDF	1999	6	3	30	335	196	0	0
SDF	2000	6	3	30	299	167	3	0
SDF	2001	6	3	30	273	146	11	0
SDF	2002	6	3	30	383	243	0	0
SDF	2003	6	3	30	197	81	16	0
SDF	2004	6	3	30	329	181	0	0
SDF	2005	6	3	30	358	215	1	0
SDF	2006	6	3	30	260	121	0	0
SDF	2007	6	3	30	374	224	0	0
SDF	1978	7	3	31	419	264	0	0
SDF	1979	7	3	31	317	167	0	0
SDF	1980	7	3	31	511	356	0	0
SDF	1981	7	3	31	426	276	0	0
SDF	1982	7	3	31	402	250	0	0
SDF	1983	7	3	31	498	351	0	0
SDF	1984	7	3	31	325	173	0	0
SDF	1985	7	3	31	378	223	0	0
SDF	1986	7	3	31	474	319	0	0
SDF	1987	7	3	31	432	277	0	0
SDF	1988	7	3	31	474	320	0	0
SDF	1989	7	3	31	405	252	0	0

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd65	cdd70	hdd65	hdd60
SDF	1990	7	3	31	420	268	0	0
SDF	1991	7	3	31	504	349	0	0
SDF	1992	7	3	31	409	254	0	0
SDF	1993	7	3	31	525	370	0	0
SDF	1994	7	3	31	434	279	0	0
SDF	1995	7	3	31	457	303	0	0
SDF	1996	7	3	31	331	176	0	0
SDF	1997	7	3	31	424	273	0	0
SDF	1998	7	3	31	410	255	0	0
SDF	1999	7	3	31	564	409	0	0
SDF	2000	7	3	31	366	211	0	0
SDF	2001	7	3	31	422	268	0	0
SDF	2002	7	3	31	508	353	0	0
SDF	2003	7	3	31	383	228	0	0
SDF	2004	7	3	31	387	235	0	0
SDF	2005	7	3	31	450	295	0	0
SDF	2006	7	3	31	444	290	0	0
SDF	2007	7	3	31	391	236	0	0
SDF	1978	8	3	31	374	219	0	0
SDF	1979	8	3	31	343	203	1	0
SDF	1980	8	3	31	494	339	0	0
SDF	1981	8	3	31	342	187	0	0
SDF	1982	8	3	31	264	128	1	0
SDF	1983	8	3	31	515	360	0	0
SDF	1984	8	3	31	341	190	0	0
SDF	1985	8	3	31	304	154	0	0
SDF	1986	8	3	31	299	160	12	1
SDF	1987	8	3	31	409	256	0	0
SDF	1988	8	3	31	465	318	0	0
SDF	1989	8	3	31	358	216	0	0
SDF	1990	8	3	31	386	235	0	0
SDF	1991	8	3	31	439	284	0	0
SDF	1992	8	3	31	254	118	0	0
SDF	1993	8	3	31	434	279	0	0
SDF	1994	8	3	31	342	193	0	0
SDF	1995	8	3	31	536	381	0	0
SDF	1996	8	3	31	375	220	0	0
SDF	1997	8	3	31	317	176	0	0
SDF	1998	8	3	31	426	271	0	0
SDF	1999	8	3	31	412	257	0	0
SDF	2000	8	3	31	374	219	0	0
SDF	2001	8	3	31	437	282	0	0
SDF	2002	8	3	31	487	332	0	0
SDF	2003	8	3	31	400	245	0	0
SDF	2004	8	3	31	285	154	2	0
SDF	2005	8	3	31	488	333	0	0
SDF	2006	8	3	31	444	289	0	0
SDF	2007	8	3	31	622	467	0	0

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd65	cdd70	hdd65	hdd60
SDF	1978	9	3	30	264	145	5	0
SDF	1979	9	3	30	151	62	20	1
SDF	1980	9	3	30	268	153	14	2
SDF	1981	9	3	30	144	57	62	18
SDF	1982	9	3	30	114	43	60	15
SDF	1983	9	3	30	235	133	56	31
SDF	1984	9	3	30	141	55	75	34
SDF	1985	9	3	30	182	99	57	12
SDF	1986	9	3	30	250	128	7	0
SDF	1987	9	3	30	196	96	10	0
SDF	1988	9	3	30	167	59	14	1
SDF	1989	9	3	30	181	87	52	20
SDF	1990	9	3	30	238	133	36	13
SDF	1991	9	3	30	257	161	55	17
SDF	1992	9	3	30	158	73	52	22
SDF	1993	9	3	30	140	53	50	25
SDF	1994	9	3	30	131	51	22	2
SDF	1995	9	3	30	160	69	49	24
SDF	1996	9	3	30	148	79	37	2
SDF	1997	9	3	30	164	66	9	0
SDF	1998	9	3	30	327	194	1	0
SDF	1999	9	3	30	232	130	23	3
SDF	2000	9	3	30	153	71	64	20
SDF	2001	9	3	30	166	73	56	21
SDF	2002	9	3	30	306	179	2	0
SDF	2003	9	3	30	124	44	41	16
SDF	2004	9	3	30	213	87	8	0
SDF	2005	9	3	30	283	145	10	0
SDF	2006	9	3	30	94	20	46	15
SDF	2007	9	3	30	344	206	3	0
SDF	1978	10	3	31	6	1	301	166
SDF	1979	10	3	31	36	11	248	141
SDF	1980	10	3	31	30	4	315	205
SDF	1981	10	3	31	9	3	275	152
SDF	1982	10	3	31	66	18	252	154
SDF	1983	10	3	31	18	4	201	89
SDF	1984	10	3	31	53	2	88	42
SDF	1985	10	3	31	54	15	167	77
SDF	1986	10	3	31	45	25	217	99
SDF	1987	10	3	31	1	0	386	236
SDF	1988	10	3	31	10	1	406	268
SDF	1989	10	3	31	29	3	236	132
SDF	1990	10	3	31	40	6	236	130
SDF	1991	10	3	31	64	19	174	94
SDF	1992	10	3	31	18	3	222	102
SDF	1993	10	3	31	11	0	295	178
SDF	1994	10	3	31	20	1	194	88
SDF	1995	10	3	31	19	0	197	98

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd65	cdd70	hdd65	hdd60
SDF	1996	10	3	31	16	0	214	110
SDF	1997	10	3	31	76	29	269	170
SDF	1998	10	3	31	43	17	133	55
SDF	1999	10	3	31	11	0	202	107
SDF	2000	10	3	31	66	19	181	99
SDF	2001	10	3	31	37	2	231	137
SDF	2002	10	3	31	49	25	262	144
SDF	2003	10	3	31	15	3	224	117
SDF	2004	10	3	31	22	4	135	42
SDF	2005	10	3	31	69	25	211	126
SDF	2006	10	3	31	29	10	317	207
SDF	2007	10	3	31	146	75	118	51
SDF	1978	11	3	30	2	0	451	307
SDF	1979	11	3	30	0	0	544	397
SDF	1980	11	3	30	1	0	562	422
SDF	1981	11	3	30	0	0	531	390
SDF	1982	11	3	30	12	3	503	368
SDF	1983	11	3	30	0	0	517	369
SDF	1984	11	3	30	0	0	631	482
SDF	1985	11	3	30	13	3	353	237
SDF	1986	11	3	30	0	0	575	431
SDF	1987	11	3	30	3	0	428	305
SDF	1988	11	3	30	0	0	516	368
SDF	1989	11	3	30	0	0	549	404
SDF	1990	11	3	30	7	2	397	266
SDF	1991	11	3	30	0	0	599	465
SDF	1992	11	3	30	0	0	510	366
SDF	1993	11	3	30	1	0	586	441
SDF	1994	11	3	30	4	0	390	256
SDF	1995	11	3	30	0	0	699	552
SDF	1996	11	3	30	0	0	698	548
SDF	1997	11	3	30	0	0	633	485
SDF	1998	11	3	30	0	0	429	285
SDF	1999	11	3	30	5	0	356	232
SDF	2000	11	3	30	2	0	618	486
SDF	2001	11	3	30	0	0	352	214
SDF	2002	11	3	30	3	0	598	458
SDF	2003	11	3	30	15	0	389	274
SDF	2004	11	3	30	2	0	411	270
SDF	2005	11	3	30	5	0	476	348
SDF	2006	11	3	30	2	0	479	342
SDF	2007	11	3	30	2	0	490	353
SDF	1978	12	3	31	0	0	774	619
SDF	1979	12	3	31	0	0	801	646
SDF	1980	12	3	31	0	0	828	676
SDF	1981	12	3	31	0	0	967	812
SDF	1982	12	3	31	7	0	631	497
SDF	1983	12	3	31	0	0	1,135	980

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd65	cdd70	hdd65	hdd60
SDF	1984	12	3	31	1	0	593	458
SDF	1985	12	3	31	0	0	1,075	920
SDF	1986	12	3	31	0	0	877	722
SDF	1987	12	3	31	0	0	770	615
SDF	1988	12	3	31	0	0	840	685
SDF	1989	12	3	31	0	0	1,230	1,075
SDF	1990	12	3	31	0	0	753	598
SDF	1991	12	3	31	0	0	733	580
SDF	1992	12	3	31	0	0	817	662
SDF	1993	12	3	31	0	0	857	702
SDF	1994	12	3	31	0	0	702	547
SDF	1995	12	3	31	0	0	924	771
SDF	1996	12	3	31	0	0	747	599
SDF	1997	12	3	31	0	0	861	706
SDF	1998	12	3	31	5	0	736	598
SDF	1999	12	3	31	0	0	812	657
SDF	2000	12	3	31	0	0	1,218	1,063
SDF	2001	12	3	31	0	0	699	545
SDF	2002	12	3	31	0	0	833	678
SDF	2003	12	3	31	0	0	796	641
SDF	2004	12	3	31	0	0	881	726
SDF	2005	12	3	31	0	0	964	809
SDF	2006	12	3	31	0	0	681	530
SDF	2007	12	3	31	0	0	716	561

Annual Totals

Year	cdd65	cdd70	hdd65	hdd60
1978	1,509	861	5,087	4,024
1979	1,200	603	4,838	3,800
1980	1,696	1,033	4,872	3,819
1981	1,384	743	4,518	3,468
1982	1,176	547	4,406	3,398
1983	1,572	983	4,733	3,647
1984	1,325	674	4,419	3,391
1985	1,316	632	4,506	3,546
1986	1,562	855	4,162	3,173
1987	1,614	936	4,136	3,113
1988	1,560	940	4,597	3,539
1989	1,368	752	4,640	3,583
1990	1,530	841	3,556	2,552
1991	1,976	1,222	3,893	2,961
1992	1,194	575	3,998	2,954
1993	1,518	906	4,504	3,443
1994	1,409	793	4,180	3,141
1995	1,590	946	4,383	3,370
1996	1,352	722	4,671	3,636
1997	1,235	669	4,462	3,371
1998	1,761	1,032	3,503	2,567
1999	1,665	1,015	3,824	2,871
2000	1,415	747	4,374	3,383
2001	1,573	871	3,926	2,937
2002	1,914	1,205	4,054	3,053
2003	1,255	628	4,256	3,270
2004	1,535	785	3,903	2,975
2005	1,760	1,030	4,126	3,168
2006	1,425	807	3,756	2,722
2007	2,170	1,316	3,829	2,967

30-Year Average

Month	cdd65	cdd70	hdd65	hdd60
1	0	0	963	809
2	0	0	778	638
3	6	1	567	426
4	29	7	265	163
5	120	47	78	29
6	299	167	5	0
7	429	276	0	0
8	399	249	1	0
9	198	98	33	10
10	37	11	230	127
11	2	0	509	370
12	0	0	841	689

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd	hdd
SDF	1971	1	7	31	0	1,059
SDF	1971	2	7	28	0	840
SDF	1971	3	7	31	0	713
SDF	1971	4	7	30	2	310
SDF	1971	5	7	31	33	142
SDF	1971	6	7	30	346	0
SDF	1971	7	7	31	303	1
SDF	1971	8	7	31	282	0
SDF	1971	9	7	30	230	15
SDF	1971	10	7	31	52	70
SDF	1971	11	7	30	3	543
SDF	1971	12	7	31	0	617
SDF	1972	1	7	31	0	924
SDF	1972	2	7	29	0	875
SDF	1972	3	7	31	3	630
SDF	1972	4	7	30	24	289
SDF	1972	5	7	31	78	65
SDF	1972	6	7	30	187	21
SDF	1972	7	7	31	377	1
SDF	1972	8	7	31	342	0
SDF	1972	9	7	30	235	17
SDF	1972	10	7	31	2	305
SDF	1972	11	7	30	4	634
SDF	1972	12	7	31	0	804
SDF	1973	1	7	31	0	932
SDF	1973	2	7	28	0	803
SDF	1973	3	7	31	6	356
SDF	1973	4	7	30	28	348
SDF	1973	5	7	31	27	135
SDF	1973	6	7	30	318	0
SDF	1973	7	7	31	414	0
SDF	1973	8	7	31	372	0
SDF	1973	9	7	30	272	14
SDF	1973	10	7	31	67	150
SDF	1973	11	7	30	2	458
SDF	1973	12	7	31	0	867
SDF	1974	1	7	31	0	782
SDF	1974	2	7	28	0	721
SDF	1974	3	7	31	21	494
SDF	1974	4	7	30	29	262
SDF	1974	5	7	31	106	102
SDF	1974	6	7	30	132	23
SDF	1974	7	7	31	337	0
SDF	1974	8	7	31	311	0
SDF	1974	9	7	30	71	126
SDF	1974	10	7	31	7	319
SDF	1974	11	7	30	9	550
SDF	1974	12	7	31	0	802
SDF	1975	1	7	31	0	835

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd	hdd
SDF	1975	2	7	28	0	696
SDF	1975	3	7	31	0	673
SDF	1975	4	7	30	23	341
SDF	1975	5	7	31	148	25
SDF	1975	6	7	30	313	1
SDF	1975	7	7	31	393	0
SDF	1975	8	7	31	441	0
SDF	1975	9	7	30	112	76
SDF	1975	10	7	31	34	210
SDF	1975	11	7	30	4	437
SDF	1975	12	7	31	0	808
SDF	1976	1	7	31	0	1,047
SDF	1976	2	7	29	0	570
SDF	1976	3	7	31	20	412
SDF	1976	4	7	30	45	271
SDF	1976	5	7	31	48	115
SDF	1976	6	7	30	236	1
SDF	1976	7	7	31	365	0
SDF	1976	8	7	31	284	0
SDF	1976	9	7	30	85	31
SDF	1976	10	7	31	9	399
SDF	1976	11	7	30	0	766
SDF	1976	12	7	31	0	991
SDF	1977	1	7	31	0	1,441
SDF	1977	2	7	28	0	787
SDF	1977	3	7	31	13	428
SDF	1977	4	7	30	48	189
SDF	1977	5	7	31	228	38
SDF	1977	6	7	30	276	9
SDF	1977	7	7	31	472	0
SDF	1977	8	7	31	387	0
SDF	1977	9	7	30	230	7
SDF	1977	10	7	31	5	302
SDF	1977	11	7	30	18	480
SDF	1977	12	7	31	0	942
SDF	1978	1	7	31	0	1,305
SDF	1978	2	7	28	0	1,153
SDF	1978	3	7	31	0	725
SDF	1978	4	7	30	19	228
SDF	1978	5	7	31	107	146
SDF	1978	6	7	30	320	1
SDF	1978	7	7	31	419	0
SDF	1978	8	7	31	374	0
SDF	1978	9	7	30	264	5
SDF	1978	10	7	31	6	301
SDF	1978	11	7	30	2	451
SDF	1978	12	7	31	0	774
SDF	1979	1	7	31	0	1,254
SDF	1979	2	7	28	0	1,038

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd	hdd
SDF	1979	3	7	31	5	524
SDF	1979	4	7	30	9	309
SDF	1979	5	7	31	70	96
SDF	1979	6	7	30	271	5
SDF	1979	7	7	31	317	0
SDF	1979	8	7	31	343	1
SDF	1979	9	7	30	151	20
SDF	1979	10	7	31	36	248
SDF	1979	11	7	30	0	544
SDF	1979	12	7	31	0	801
SDF	1980	1	7	31	0	978
SDF	1980	2	7	29	0	1,029
SDF	1980	3	7	31	0	721
SDF	1980	4	7	30	7	349
SDF	1980	5	7	31	127	71
SDF	1980	6	7	30	259	8
SDF	1980	7	7	31	511	0
SDF	1980	8	7	31	494	0
SDF	1980	9	7	30	268	14
SDF	1980	10	7	31	30	315
SDF	1980	11	7	30	1	562
SDF	1980	12	7	31	0	828
SDF	1981	1	7	31	0	1,074
SDF	1981	2	7	28	0	735
SDF	1981	3	7	31	5	605
SDF	1981	4	7	30	66	145
SDF	1981	5	7	31	60	126
SDF	1981	6	7	30	334	0
SDF	1981	7	7	31	426	0
SDF	1981	8	7	31	342	0
SDF	1981	9	7	30	144	62
SDF	1981	10	7	31	9	275
SDF	1981	11	7	30	0	531
SDF	1981	12	7	31	0	967
SDF	1982	1	7	31	0	1,129
SDF	1982	2	7	28	0	845
SDF	1982	3	7	31	1	555
SDF	1982	4	7	30	2	414
SDF	1982	5	7	31	177	14
SDF	1982	6	7	30	133	4
SDF	1982	7	7	31	402	0
SDF	1982	8	7	31	264	1
SDF	1982	9	7	30	114	60
SDF	1982	10	7	31	66	252
SDF	1982	11	7	30	12	503
SDF	1982	12	7	31	7	631
SDF	1983	1	7	31	0	940
SDF	1983	2	7	28	0	771
SDF	1983	3	7	31	6	575

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd	hdd
SDF	1983	4	7	30	7	408
SDF	1983	5	7	31	36	127
SDF	1983	6	7	30	258	6
SDF	1983	7	7	31	498	0
SDF	1983	8	7	31	515	0
SDF	1983	9	7	30	235	56
SDF	1983	10	7	31	18	201
SDF	1983	11	7	30	0	517
SDF	1983	12	7	31	0	1,135
SDF	1984	1	7	31	0	1,122
SDF	1984	2	7	29	0	683
SDF	1984	3	7	31	0	764
SDF	1984	4	7	30	20	322
SDF	1984	5	7	31	67	143
SDF	1984	6	7	30	380	1
SDF	1984	7	7	31	325	0
SDF	1984	8	7	31	341	0
SDF	1984	9	7	30	141	75
SDF	1984	10	7	31	53	88
SDF	1984	11	7	30	0	631
SDF	1984	12	7	31	1	593
SDF	1985	1	7	31	0	1,227
SDF	1985	2	7	28	2	904
SDF	1985	3	7	31	8	467
SDF	1985	4	7	30	46	187
SDF	1985	5	7	31	102	54
SDF	1985	6	7	30	228	17
SDF	1985	7	7	31	378	0
SDF	1985	8	7	31	304	0
SDF	1985	9	7	30	182	57
SDF	1985	10	7	31	54	167
SDF	1985	11	7	30	13	353
SDF	1985	12	7	31	0	1,075
SDF	1986	1	7	31	0	948
SDF	1986	2	7	28	0	702
SDF	1986	3	7	31	5	524
SDF	1986	4	7	30	35	230
SDF	1986	5	7	31	134	72
SDF	1986	6	7	30	322	0
SDF	1986	7	7	31	474	0
SDF	1986	8	7	31	299	12
SDF	1986	9	7	30	250	7
SDF	1986	10	7	31	45	217
SDF	1986	11	7	30	0	575
SDF	1986	12	7	31	0	877
SDF	1987	1	7	31	0	971
SDF	1987	2	7	28	0	715
SDF	1987	3	7	31	0	531
SDF	1987	4	7	30	13	302

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd	hdd
SDF	1987	5	7	31	225	25
SDF	1987	6	7	30	337	0
SDF	1987	7	7	31	432	0
SDF	1987	8	7	31	409	0
SDF	1987	9	7	30	196	10
SDF	1987	10	7	31	1	386
SDF	1987	11	7	30	3	428
SDF	1987	12	7	31	0	770
SDF	1988	1	7	31	0	1,056
SDF	1988	2	7	29	0	879
SDF	1988	3	7	31	4	589
SDF	1988	4	7	30	9	250
SDF	1988	5	7	31	106	41
SDF	1988	6	7	30	327	8
SDF	1988	7	7	31	474	0
SDF	1988	8	7	31	465	0
SDF	1988	9	7	30	167	14
SDF	1988	10	7	31	10	406
SDF	1988	11	7	30	0	516
SDF	1988	12	7	31	0	840
SDF	1989	1	7	31	0	726
SDF	1989	2	7	28	0	867
SDF	1989	3	7	31	6	521
SDF	1989	4	7	30	47	296
SDF	1989	5	7	31	85	161
SDF	1989	6	7	30	258	4
SDF	1989	7	7	31	405	0
SDF	1989	8	7	31	358	0
SDF	1989	9	7	30	181	52
SDF	1989	10	7	31	29	236
SDF	1989	11	7	30	0	549
SDF	1989	12	7	31	0	1,230
SDF	1990	1	7	31	0	679
SDF	1990	2	7	28	0	581
SDF	1990	3	7	31	21	451
SDF	1990	4	7	30	42	327
SDF	1990	5	7	31	60	85
SDF	1990	6	7	30	317	14
SDF	1990	7	7	31	420	0
SDF	1990	8	7	31	386	0
SDF	1990	9	7	30	238	36
SDF	1990	10	7	31	40	236
SDF	1990	11	7	30	7	397
SDF	1990	12	7	31	0	753
SDF	1991	1	7	31	0	957
SDF	1991	2	7	28	0	686
SDF	1991	3	7	31	7	491
SDF	1991	4	7	30	29	170
SDF	1991	5	7	31	280	29

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd	hdd
SDF	1991	6	7	30	398	0
SDF	1991	7	7	31	504	0
SDF	1991	8	7	31	439	0
SDF	1991	9	7	30	257	55
SDF	1991	10	7	31	64	174
SDF	1991	11	7	30	0	599
SDF	1991	12	7	31	0	733
SDF	1992	1	7	31	0	863
SDF	1992	2	7	29	0	614
SDF	1992	3	7	31	2	532
SDF	1992	4	7	30	42	252
SDF	1992	5	7	31	95	129
SDF	1992	6	7	30	217	10
SDF	1992	7	7	31	409	0
SDF	1992	8	7	31	254	0
SDF	1992	9	7	30	158	52
SDF	1992	10	7	31	18	222
SDF	1992	11	7	30	0	510
SDF	1992	12	7	31	0	817
SDF	1993	1	7	31	0	824
SDF	1993	2	7	28	0	868
SDF	1993	3	7	31	0	653
SDF	1993	4	7	30	4	308
SDF	1993	5	7	31	102	46
SDF	1993	6	7	30	303	19
SDF	1993	7	7	31	525	0
SDF	1993	8	7	31	434	0
SDF	1993	9	7	30	140	50
SDF	1993	10	7	31	11	295
SDF	1993	11	7	30	1	586
SDF	1993	12	7	31	0	857
SDF	1994	1	7	31	0	1,186
SDF	1994	2	7	28	0	757
SDF	1994	3	7	31	0	609
SDF	1994	4	7	30	42	194
SDF	1994	5	7	31	61	125
SDF	1994	6	7	30	376	4
SDF	1994	7	7	31	434	0
SDF	1994	8	7	31	342	0
SDF	1994	9	7	30	131	22
SDF	1994	10	7	31	20	194
SDF	1994	11	7	30	4	390
SDF	1994	12	7	31	0	702
SDF	1995	1	7	31	0	911
SDF	1995	2	7	28	0	806
SDF	1995	3	7	31	0	479
SDF	1995	4	7	30	27	243
SDF	1995	5	7	31	96	76
SDF	1995	6	7	30	297	0

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd	hdd
SDF	1995	7	7	31	457	0
SDF	1995	8	7	31	536	0
SDF	1995	9	7	30	160	49
SDF	1995	10	7	31	19	197
SDF	1995	11	7	30	0	699
SDF	1995	12	7	31	0	924
SDF	1996	1	7	31	0	1,010
SDF	1996	2	7	29	0	790
SDF	1996	3	7	31	0	745
SDF	1996	4	7	30	18	360
SDF	1996	5	7	31	177	69
SDF	1996	6	7	30	289	2
SDF	1996	7	7	31	331	0
SDF	1996	8	7	31	375	0
SDF	1996	9	7	30	148	37
SDF	1996	10	7	31	16	214
SDF	1996	11	7	30	0	698
SDF	1996	12	7	31	0	747
SDF	1997	1	7	31	0	1,018
SDF	1997	2	7	28	0	646
SDF	1997	3	7	31	0	485
SDF	1997	4	7	30	1	375
SDF	1997	5	7	31	33	151
SDF	1997	6	7	30	221	15
SDF	1997	7	7	31	424	0
SDF	1997	8	7	31	317	0
SDF	1997	9	7	30	164	9
SDF	1997	10	7	31	76	269
SDF	1997	11	7	30	0	633
SDF	1997	12	7	31	0	861
SDF	1998	1	7	31	0	710
SDF	1998	2	7	28	0	604
SDF	1998	3	7	31	42	574
SDF	1998	4	7	30	2	273
SDF	1998	5	7	31	193	29
SDF	1998	6	7	30	315	18
SDF	1998	7	7	31	410	0
SDF	1998	8	7	31	426	0
SDF	1998	9	7	30	327	1
SDF	1998	10	7	31	43	133
SDF	1998	11	7	30	0	429
SDF	1998	12	7	31	5	736
SDF	1999	1	7	31	0	882
SDF	1999	2	7	28	0	647
SDF	1999	3	7	31	0	686
SDF	1999	4	7	30	12	198
SDF	1999	5	7	31	95	19
SDF	1999	6	7	30	335	0
SDF	1999	7	7	31	564	0

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd	hdd
SDF	1999	8	7	31	412	0
SDF	1999	9	7	30	232	23
SDF	1999	10	7	31	11	202
SDF	1999	11	7	30	5	356
SDF	1999	12	7	31	0	812
SDF	2000	1	7	31	0	956
SDF	2000	2	7	29	5	587
SDF	2000	3	7	31	3	430
SDF	2000	4	7	30	0	291
SDF	2000	5	7	31	149	29
SDF	2000	6	7	30	299	3
SDF	2000	7	7	31	366	0
SDF	2000	8	7	31	374	0
SDF	2000	9	7	30	153	64
SDF	2000	10	7	31	66	181
SDF	2000	11	7	30	2	618
SDF	2000	12	7	31	0	1,218

Annual Totals

Year	cdd65	hdd65
1971	1,249	4,308
1972	1,250	4,561
1973	1,504	4,061
1974	1,020	4,178
1975	1,466	4,101
1976	1,090	4,601
1977	1,676	4,620
1978	1,509	5,087
1979	1,200	4,838
1980	1,696	4,872
1981	1,384	4,518
1982	1,176	4,406
1983	1,572	4,733
1984	1,325	4,419
1985	1,316	4,506
1986	1,562	4,162
1987	1,614	4,136
1988	1,560	4,597
1989	1,368	4,640
1990	1,530	3,556
1991	1,976	3,893
1992	1,194	3,998
1993	1,518	4,504
1994	1,409	4,180
1995	1,590	4,383
1996	1,352	4,671
1997	1,235	4,462
1998	1,761	3,503
1999	1,665	3,824
2000	1,415	4,374

30-Year Average (1971-2000)

Month	cdd65	hdd65
1	0	991
2	0	773
3	6	565
4	23	281
5	110	83
6	286	6
7	419	0
8	374	0
9	188	37
10	30	239
11	3	531
12	0	850

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 54

Responding Witness: William Steven Seelye

- Q-54. Refer to pages 43-57 of the Seelye Testimony and Seelye Exhibits 15-20 concerning the proposed electric temperature normalization adjustment.
- a. Pages 42 through 46 include a discussion of the step-wise regression procedure performed using the “Stepwise” model selection method in the SAS statistical software package and a description of the variables, or regressors, that were considered in the step-wise regression process. Explain whether the headings of Columns 1-6 in Seelye Exhibit 18 reflect the variables that were not deleted by the model under the step-wise regression process.
 - b. Are the amounts in the “Total Adjustment” column for the first 12 lines on Exhibit 18, page 1 of 6, intended to sum to the amount of (178,518,000) kWh shown on the first line of Column 1 of Exhibit 19?
 - c. The first and second numbered columns in Exhibit 18 appear to have the headings HDD60 and HDD65, which represent heating degree days using a 60 and 65 degree base, respectively. Explain why amounts based on heating degree days for month 4 are included in Exhibit 18 when Exhibit 15 shows heating degree days outside “the range” only during months, 5, 9 and 10.
 - d. Is it correct that the results from the “Stepwise” model selection method, as shown on Exhibit 18, page 1 of 6, produce kWh adjustments for the residential class in the following months based on these different variables/regressors:
 - (1) Month 5 – CDD70 and Maximum Temperature
 - (2) Month 6 – CDD65
 - (3) Month 8 – CDD70 and Minimum Temperature
 - (4) Months 9 and 10 – CDD70
 - e. The testimony, at page 43, states that step-wise regression removes the risk of judgment and bias on the part of the analyst in determining which subset of regressors

should be included in a model. Explain whether the removal of such risk outweighs the expectation of a greater degree of consistency in quantifying the relationship between temperature and electricity consumption.

- f. Provide two revised runs of Seelye Exhibits 18 and 19, one which includes HDD65 and CDD65 as the only variables and a second which includes HDD60 and CDD70 as the only variables.
 - g. The Seelye Testimony, at page 53, discusses the expense component of the proposed electric temperature normalization adjustment. Explain how it was determined that the specific expense accounts listed on Exhibit 20, which are all production expense accounts, are the only expense accounts to be included in calculating the expense portion of the adjustment.
- A-54.
- a. The headings reflect the temperature variables in the model. In many cases, the variables shown in the heading were removed in the stepwise process. For example, if the value for a variable is zero in a month, then the variable was not included in the final model through the application of the stepwise procedure. In addition, the table does not indicate the non-temperature dichotomous variables that were included in the model, such as Weekend, Monday, and Friday. Including these dichotomous variables will often significantly improve how well the model fits the data. The variables that were ultimately selected are shown in Seelye Exhibit 17 for each month and for each rate class for which a temperature normalization adjustment was made.
 - b. Yes.
 - c. The table in Exhibit 15 shows information for HDD65 and CDD65, but does not show information for any of the other HDD variables, including HDD60. As can be seen on page 1 of Seelye Exhibit 18, there is an adjustment for HDD60 in month 4 but not an adjustment for HDD65. As can be seen on page 5 of Seelye Exhibit 18, the actual HDD60 is outside of the range for HDD60, even though HDD65 is inside the range for HDD65.
 - d. Yes.
 - e. The Company gave a great deal of consideration to the issue posed in the question. Including a wider range of potential temperature variables in the model and allowing those variables to change from month to month will certainly improve the fit of the model for any given month. But, as the question suggests, allowing for different temperature variables to be used will reduce the consistency in quantifying the relationship between temperature and electric consumption from month to month. Consequently, there is a tradeoff between the accuracy of the model on one hand and consistency of results on the other hand. Ultimately, the principal consideration that motivated the Company to select the stepwise approach was that it wanted to adequately address the criticisms made by the Commission of the Company's previous temperature normalization methodologies. For example, in its Order in Case

No. 10064, the Commission indicated that the Company should consider a range of weather variables. This encouraged the Company to develop a stepwise procedure using a range of weather variables.

- f. The Company is compiling the revised results and will provide the requested information in a supplemental response to this question.

- g. The accounts listed on Seelye Exhibit 20, which were used to calculate the expense component of the temperature adjustment, are the accounts identified in the Company's cost of service study that are classified as variable expenses. In the cost of service study, all of the Company's costs are classified as either fixed (demand or customer) or variable (energy). Consistent with prior cost of service studies, only production operation and maintenance expenses are classified as variable (i.e., they vary with the amount of kWh produced by the generators). The Company's transmission and distribution expenses do not vary with the amount of kWh delivered to customers. See response to Question No. 58(a).

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 55

Responding Witness: Shannon L. Charnas / William Steven Seelye

- Q-55. Refer to page 58 of the Seelye Testimony and Seelye Exhibit 21, which pertain to the electric year-end customer adjustment. For the Industrial Power Rate LP rate class shown on page 2 of the exhibit as having 324 secondary voltage customers and 44 primary voltage customers, respectively, at test year end, provide the average monthly kWh sales volumes for the test year of the largest and smallest customers served at each of these voltage levels.
- A-55. The Company is not able to report from its customer information system the kWh by rate class. The largest customers are known and were evaluated manually. The smallest customers cannot be identified due to the reporting limitations of the customer information system.

	Largest Customers' Average kWh	Smallest Customers' Average kWh
Primary	746,250	Not available
Secondary	990,880	Not available

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 56

Responding Witness: William Steven Seelye

- Q-56. Refer to pages 59-62 of the Seelye Testimony and Seelye Exhibit 22.
- a. Explain why the 30-year period ended December 31, 2007 was used to derive the 30-year average heating degree days used to calculate the gas temperature normalization adjustment.
 - b. Provide, by month, annually for the 30 years ended December 31, 2007, and showing the totals and the averages for the 30-year period ended December 31, 2007, the heating degree day amounts relied upon in calculating LG&E's proposed gas temperature normalization adjustment. Identify whether all these degree day numbers are based on degree day measurements provided by NOAA.
 - c. Provide a detailed description of the overall approach taken in the development of the gas temperature normalization adjustment, specifically addressing (1) whether the heating degree days are based on an average daily temperature of 65 degrees or some other average, (2) if some other average, identify that specific average and explain why it was selected, (3) the reasons for why a "Step-wise" approach which incorporate multiple variables is not used in developing the adjustment.
- A-56. a. The 30-year period ended December 31, 2007, was selected because it was the most recent period available to the Company. In the last several rate case proceedings, the Commission has approved gas temperature adjustments in which the Company has updated the 30-year average to the most recent data available.
- b. See attached. All of these degree day numbers are based on degree day measurements provided by the National Oceanic and Atmospheric Administration. ("NOAA").
 - c. In preparing the gas temperature normalization adjustment the Company used the same procedure that has been accepted by the Commission for 30 years or more. The heating degree days are based on an average daily temperature of 65 degree days. A "step-wise" approach was not used for the gas temperature normalization adjustment because it would depart from the gas temperature normalization methodology that has

been approved by the Commission over the last 30 years or more. The Company is proposing a step-wise procedure for the electric temperature normalization adjustment in order to address concerns raised by the Commission about earlier efforts on the part of the Company to make an electric temperature normalization adjustment. In one of its prior proceedings, the Company proposed an electric temperature normalization methodology that closely followed the gas methodology, but the Commission rejected the adjustment while leaving open the possibility of approving a well-formulated and statistically valid model for electric temperature normalization. It is therefore implicit in the prior Commission orders that gas temperature normalization need not use the same methodology as electric temperature normalization.

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd65	cdd70	hdd65	hdd60
SDF	1978	1	3	31	0	0	1,305	1,150
SDF	1979	1	3	31	0	0	1,254	1,099
SDF	1980	1	3	31	0	0	978	823
SDF	1981	1	3	31	0	0	1,074	919
SDF	1982	1	3	31	0	0	1,129	974
SDF	1983	1	3	31	0	0	940	785
SDF	1984	1	3	31	0	0	1,122	967
SDF	1985	1	3	31	0	0	1,227	1,072
SDF	1986	1	3	31	0	0	948	793
SDF	1987	1	3	31	0	0	971	816
SDF	1988	1	3	31	0	0	1,056	901
SDF	1989	1	3	31	0	0	726	571
SDF	1990	1	3	31	0	0	679	524
SDF	1991	1	3	31	0	0	957	802
SDF	1992	1	3	31	0	0	863	708
SDF	1993	1	3	31	0	0	824	669
SDF	1994	1	3	31	0	0	1,186	1,031
SDF	1995	1	3	31	0	0	911	763
SDF	1996	1	3	31	0	0	1,010	855
SDF	1997	1	3	31	0	0	1,018	869
SDF	1998	1	3	31	0	0	710	557
SDF	1999	1	3	31	0	0	882	728
SDF	2000	1	3	31	0	0	956	803
SDF	2001	1	3	31	0	0	999	844
SDF	2002	1	3	31	0	0	754	604
SDF	2003	1	3	31	0	0	1,124	969
SDF	2004	1	3	31	0	0	993	843
SDF	2005	1	3	31	1	0	824	674
SDF	2006	1	3	31	0	0	651	496
SDF	2007	1	3	31	0	0	812	659
SDF	1978	2	3	28	0	0	1,153	1,013
SDF	1979	2	3	28	0	0	1,038	898
SDF	1980	2	3	29	0	0	1,029	884
SDF	1981	2	3	28	0	0	735	595
SDF	1982	2	3	28	0	0	845	705
SDF	1983	2	3	28	0	0	771	631
SDF	1984	2	3	29	0	0	683	538
SDF	1985	2	3	28	2	0	904	769
SDF	1986	2	3	28	0	0	702	564
SDF	1987	2	3	28	0	0	715	575
SDF	1988	2	3	29	0	0	879	734
SDF	1989	2	3	28	0	0	867	727
SDF	1990	2	3	28	0	0	581	442
SDF	1991	2	3	28	0	0	686	546
SDF	1992	2	3	29	0	0	614	469
SDF	1993	2	3	28	0	0	868	728
SDF	1994	2	3	28	0	0	757	619
SDF	1995	2	3	28	0	0	806	666

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd65	cdd70	hdd65	hdd60	
SDF	1996		2	3	29	0	0	790	652
SDF	1997		2	3	28	0	0	646	508
SDF	1998		2	3	28	0	0	604	464
SDF	1999		2	3	28	0	0	647	507
SDF	2000		2	3	29	5	0	587	453
SDF	2001		2	3	28	0	0	677	537
SDF	2002		2	3	28	0	0	688	548
SDF	2003		2	3	28	0	0	909	769
SDF	2004		2	3	29	0	0	767	622
SDF	2005		2	3	28	0	0	658	518
SDF	2006		2	3	28	0	0	763	624
SDF	2007		2	3	28	0	0	980	840
SDF	1978		3	3	31	0	0	725	574
SDF	1979		3	3	31	5	0	524	393
SDF	1980		3	3	31	0	0	721	566
SDF	1981		3	3	31	5	0	605	462
SDF	1982		3	3	31	1	0	555	414
SDF	1983		3	3	31	6	0	575	439
SDF	1984		3	3	31	0	0	764	609
SDF	1985		3	3	31	8	1	467	324
SDF	1986		3	3	31	5	0	524	389
SDF	1987		3	3	31	0	0	531	377
SDF	1988		3	3	31	4	0	589	449
SDF	1989		3	3	31	6	1	521	382
SDF	1990		3	3	31	21	1	451	325
SDF	1991		3	3	31	7	0	491	358
SDF	1992		3	3	31	2	0	532	400
SDF	1993		3	3	31	0	0	653	503
SDF	1994		3	3	31	0	0	609	455
SDF	1995		3	3	31	0	0	479	334
SDF	1996		3	3	31	0	0	745	593
SDF	1997		3	3	31	0	0	485	335
SDF	1998		3	3	31	42	16	574	451
SDF	1999		3	3	31	0	0	686	533
SDF	2000		3	3	31	3	0	430	290
SDF	2001		3	3	31	0	0	685	530
SDF	2002		3	3	31	0	0	590	440
SDF	2003		3	3	31	0	0	484	344
SDF	2004		3	3	31	18	2	451	322
SDF	2005		3	3	31	0	0	670	517
SDF	2006		3	3	31	0	0	559	410
SDF	2007		3	3	31	48	6	350	260
SDF	1978		4	3	30	19	1	228	118
SDF	1979		4	3	30	9	0	309	191
SDF	1980		4	3	30	7	1	349	219
SDF	1981		4	3	30	66	20	145	76
SDF	1982		4	3	30	2	0	414	274
SDF	1983		4	3	30	7	0	408	280

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd65	cdd70	hdd65	hdd60
SDF	1984	4	3	30	20	4	322	202
SDF	1985	4	3	30	46	6	187	116
SDF	1986	4	3	30	35	4	230	142
SDF	1987	4	3	30	13	1	302	187
SDF	1988	4	3	30	9	0	250	128
SDF	1989	4	3	30	47	22	296	194
SDF	1990	4	3	30	42	14	327	228
SDF	1991	4	3	30	29	0	170	93
SDF	1992	4	3	30	42	7	252	166
SDF	1993	4	3	30	4	0	308	191
SDF	1994	4	3	30	42	16	194	102
SDF	1995	4	3	30	27	5	243	136
SDF	1996	4	3	30	18	1	360	248
SDF	1997	4	3	30	1	0	375	241
SDF	1998	4	3	30	2	0	273	152
SDF	1999	4	3	30	12	2	198	105
SDF	2000	4	3	30	0	0	291	164
SDF	2001	4	3	30	97	47	183	107
SDF	2002	4	3	30	73	30	210	130
SDF	2003	4	3	30	41	6	219	131
SDF	2004	4	3	30	36	5	216	129
SDF	2005	4	3	30	26	3	215	125
SDF	2006	4	3	30	50	19	158	70
SDF	2007	4	3	30	49	11	333	240
SDF	1978	5	3	31	107	47	146	78
SDF	1979	5	3	31	70	23	96	36
SDF	1980	5	3	31	127	42	71	25
SDF	1981	5	3	31	60	13	126	46
SDF	1982	5	3	31	177	64	14	0
SDF	1983	5	3	31	36	1	127	45
SDF	1984	5	3	31	67	16	143	61
SDF	1985	5	3	31	102	32	54	17
SDF	1986	5	3	31	134	40	72	34
SDF	1987	5	3	31	225	115	25	3
SDF	1988	5	3	31	106	37	41	7
SDF	1989	5	3	31	85	37	161	79
SDF	1990	5	3	31	60	7	85	25
SDF	1991	5	3	31	280	159	29	7
SDF	1992	5	3	31	95	26	129	62
SDF	1993	5	3	31	102	29	46	7
SDF	1994	5	3	31	61	21	125	43
SDF	1995	5	3	31	96	31	76	28
SDF	1996	5	3	31	177	83	69	30
SDF	1997	5	3	31	33	12	151	58
SDF	1998	5	3	31	193	91	29	5
SDF	1999	5	3	31	95	21	19	1
SDF	2000	5	3	31	149	61	29	7
SDF	2001	5	3	31	142	54	35	4

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd65	cdd70	hdd65	hdd60
SDF	2002	5	3	31	107	44	118	53
SDF	2003	5	3	31	81	22	56	11
SDF	2004	5	3	31	244	120	41	23
SDF	2005	5	3	31	81	15	99	51
SDF	2006	5	3	31	103	59	103	29
SDF	2007	5	3	31	197	93	28	5
SDF	1978	6	3	30	320	186	1	0
SDF	1979	6	3	30	271	139	5	0
SDF	1980	6	3	30	259	140	8	0
SDF	1981	6	3	30	334	189	0	0
SDF	1982	6	3	30	133	44	4	0
SDF	1983	6	3	30	258	135	6	0
SDF	1984	6	3	30	380	235	1	0
SDF	1985	6	3	30	228	101	17	4
SDF	1986	6	3	30	322	180	0	0
SDF	1987	6	3	30	337	192	0	0
SDF	1988	6	3	30	327	206	8	0
SDF	1989	6	3	30	258	136	4	0
SDF	1990	6	3	30	317	177	14	4
SDF	1991	6	3	30	398	251	0	0
SDF	1992	6	3	30	217	96	10	0
SDF	1993	6	3	30	303	177	19	1
SDF	1994	6	3	30	376	234	4	0
SDF	1995	6	3	30	297	159	0	0
SDF	1996	6	3	30	289	164	2	0
SDF	1997	6	3	30	221	113	15	0
SDF	1998	6	3	30	315	190	18	2
SDF	1999	6	3	30	335	196	0	0
SDF	2000	6	3	30	299	167	3	0
SDF	2001	6	3	30	273	146	11	0
SDF	2002	6	3	30	383	243	0	0
SDF	2003	6	3	30	197	81	16	0
SDF	2004	6	3	30	329	181	0	0
SDF	2005	6	3	30	358	215	1	0
SDF	2006	6	3	30	260	121	0	0
SDF	2007	6	3	30	374	224	0	0
SDF	1978	7	3	31	419	264	0	0
SDF	1979	7	3	31	317	167	0	0
SDF	1980	7	3	31	511	356	0	0
SDF	1981	7	3	31	426	276	0	0
SDF	1982	7	3	31	402	250	0	0
SDF	1983	7	3	31	498	351	0	0
SDF	1984	7	3	31	325	173	0	0
SDF	1985	7	3	31	378	223	0	0
SDF	1986	7	3	31	474	319	0	0
SDF	1987	7	3	31	432	277	0	0
SDF	1988	7	3	31	474	320	0	0
SDF	1989	7	3	31	405	252	0	0

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd65	cdd70	hdd65	hdd60
SDF	1990	7	3	31	420	268	0	0
SDF	1991	7	3	31	504	349	0	0
SDF	1992	7	3	31	409	254	0	0
SDF	1993	7	3	31	525	370	0	0
SDF	1994	7	3	31	434	279	0	0
SDF	1995	7	3	31	457	303	0	0
SDF	1996	7	3	31	331	176	0	0
SDF	1997	7	3	31	424	273	0	0
SDF	1998	7	3	31	410	255	0	0
SDF	1999	7	3	31	564	409	0	0
SDF	2000	7	3	31	366	211	0	0
SDF	2001	7	3	31	422	268	0	0
SDF	2002	7	3	31	508	353	0	0
SDF	2003	7	3	31	383	228	0	0
SDF	2004	7	3	31	387	235	0	0
SDF	2005	7	3	31	450	295	0	0
SDF	2006	7	3	31	444	290	0	0
SDF	2007	7	3	31	391	236	0	0
SDF	1978	8	3	31	374	219	0	0
SDF	1979	8	3	31	343	203	1	0
SDF	1980	8	3	31	494	339	0	0
SDF	1981	8	3	31	342	187	0	0
SDF	1982	8	3	31	264	128	1	0
SDF	1983	8	3	31	515	360	0	0
SDF	1984	8	3	31	341	190	0	0
SDF	1985	8	3	31	304	154	0	0
SDF	1986	8	3	31	299	160	12	1
SDF	1987	8	3	31	409	256	0	0
SDF	1988	8	3	31	465	318	0	0
SDF	1989	8	3	31	358	216	0	0
SDF	1990	8	3	31	386	235	0	0
SDF	1991	8	3	31	439	284	0	0
SDF	1992	8	3	31	254	118	0	0
SDF	1993	8	3	31	434	279	0	0
SDF	1994	8	3	31	342	193	0	0
SDF	1995	8	3	31	536	381	0	0
SDF	1996	8	3	31	375	220	0	0
SDF	1997	8	3	31	317	176	0	0
SDF	1998	8	3	31	426	271	0	0
SDF	1999	8	3	31	412	257	0	0
SDF	2000	8	3	31	374	219	0	0
SDF	2001	8	3	31	437	282	0	0
SDF	2002	8	3	31	487	332	0	0
SDF	2003	8	3	31	400	245	0	0
SDF	2004	8	3	31	285	154	2	0
SDF	2005	8	3	31	488	333	0	0
SDF	2006	8	3	31	444	289	0	0
SDF	2007	8	3	31	622	467	0	0

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd65	cdd70	hdd65	hdd60
SDF	1978	9	3	30	264	145	5	0
SDF	1979	9	3	30	151	62	20	1
SDF	1980	9	3	30	268	153	14	2
SDF	1981	9	3	30	144	57	62	18
SDF	1982	9	3	30	114	43	60	15
SDF	1983	9	3	30	235	133	56	31
SDF	1984	9	3	30	141	55	75	34
SDF	1985	9	3	30	182	99	57	12
SDF	1986	9	3	30	250	128	7	0
SDF	1987	9	3	30	196	96	10	0
SDF	1988	9	3	30	167	59	14	1
SDF	1989	9	3	30	181	87	52	20
SDF	1990	9	3	30	238	133	36	13
SDF	1991	9	3	30	257	161	55	17
SDF	1992	9	3	30	158	73	52	22
SDF	1993	9	3	30	140	53	50	25
SDF	1994	9	3	30	131	51	22	2
SDF	1995	9	3	30	160	69	49	24
SDF	1996	9	3	30	148	79	37	2
SDF	1997	9	3	30	164	66	9	0
SDF	1998	9	3	30	327	194	1	0
SDF	1999	9	3	30	232	130	23	3
SDF	2000	9	3	30	153	71	64	20
SDF	2001	9	3	30	166	73	56	21
SDF	2002	9	3	30	306	179	2	0
SDF	2003	9	3	30	124	44	41	16
SDF	2004	9	3	30	213	87	8	0
SDF	2005	9	3	30	283	145	10	0
SDF	2006	9	3	30	94	20	46	15
SDF	2007	9	3	30	344	206	3	0
SDF	1978	10	3	31	6	1	301	166
SDF	1979	10	3	31	36	11	248	141
SDF	1980	10	3	31	30	4	315	205
SDF	1981	10	3	31	9	3	275	152
SDF	1982	10	3	31	66	18	252	154
SDF	1983	10	3	31	18	4	201	89
SDF	1984	10	3	31	53	2	88	42
SDF	1985	10	3	31	54	15	167	77
SDF	1986	10	3	31	45	25	217	99
SDF	1987	10	3	31	1	0	386	236
SDF	1988	10	3	31	10	1	406	268
SDF	1989	10	3	31	29	3	236	132
SDF	1990	10	3	31	40	6	236	130
SDF	1991	10	3	31	64	19	174	94
SDF	1992	10	3	31	18	3	222	102
SDF	1993	10	3	31	11	0	295	178
SDF	1994	10	3	31	20	1	194	88
SDF	1995	10	3	31	19	0	197	98

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd65	cdd70	hdd65	hdd60
SDF	1996	10	3	31	16	0	214	110
SDF	1997	10	3	31	76	29	269	170
SDF	1998	10	3	31	43	17	133	55
SDF	1999	10	3	31	11	0	202	107
SDF	2000	10	3	31	66	19	181	99
SDF	2001	10	3	31	37	2	231	137
SDF	2002	10	3	31	49	25	262	144
SDF	2003	10	3	31	15	3	224	117
SDF	2004	10	3	31	22	4	135	42
SDF	2005	10	3	31	69	25	211	126
SDF	2006	10	3	31	29	10	317	207
SDF	2007	10	3	31	146	75	118	51
SDF	1978	11	3	30	2	0	451	307
SDF	1979	11	3	30	0	0	544	397
SDF	1980	11	3	30	1	0	562	422
SDF	1981	11	3	30	0	0	531	390
SDF	1982	11	3	30	12	3	503	368
SDF	1983	11	3	30	0	0	517	369
SDF	1984	11	3	30	0	0	631	482
SDF	1985	11	3	30	13	3	353	237
SDF	1986	11	3	30	0	0	575	431
SDF	1987	11	3	30	3	0	428	305
SDF	1988	11	3	30	0	0	516	368
SDF	1989	11	3	30	0	0	549	404
SDF	1990	11	3	30	7	2	397	266
SDF	1991	11	3	30	0	0	599	465
SDF	1992	11	3	30	0	0	510	366
SDF	1993	11	3	30	1	0	586	441
SDF	1994	11	3	30	4	0	390	256
SDF	1995	11	3	30	0	0	699	552
SDF	1996	11	3	30	0	0	698	548
SDF	1997	11	3	30	0	0	633	485
SDF	1998	11	3	30	0	0	429	285
SDF	1999	11	3	30	5	0	356	232
SDF	2000	11	3	30	2	0	618	486
SDF	2001	11	3	30	0	0	352	214
SDF	2002	11	3	30	3	0	598	458
SDF	2003	11	3	30	15	0	389	274
SDF	2004	11	3	30	2	0	411	270
SDF	2005	11	3	30	5	0	476	348
SDF	2006	11	3	30	2	0	479	342
SDF	2007	11	3	30	2	0	490	353
SDF	1978	12	3	31	0	0	774	619
SDF	1979	12	3	31	0	0	801	646
SDF	1980	12	3	31	0	0	828	676
SDF	1981	12	3	31	0	0	967	812
SDF	1982	12	3	31	7	0	631	497
SDF	1983	12	3	31	0	0	1,135	980

Monthly Totals

Station	Year	Month	_TYPE_	_FREQ_	cdd65	cdd70	hdd65	hdd60
SDF	1984	12	3	31	1	0	593	458
SDF	1985	12	3	31	0	0	1,075	920
SDF	1986	12	3	31	0	0	877	722
SDF	1987	12	3	31	0	0	770	615
SDF	1988	12	3	31	0	0	840	685
SDF	1989	12	3	31	0	0	1,230	1,075
SDF	1990	12	3	31	0	0	753	598
SDF	1991	12	3	31	0	0	733	580
SDF	1992	12	3	31	0	0	817	662
SDF	1993	12	3	31	0	0	857	702
SDF	1994	12	3	31	0	0	702	547
SDF	1995	12	3	31	0	0	924	771
SDF	1996	12	3	31	0	0	747	599
SDF	1997	12	3	31	0	0	861	706
SDF	1998	12	3	31	5	0	736	598
SDF	1999	12	3	31	0	0	812	657
SDF	2000	12	3	31	0	0	1,218	1,063
SDF	2001	12	3	31	0	0	699	545
SDF	2002	12	3	31	0	0	833	678
SDF	2003	12	3	31	0	0	796	641
SDF	2004	12	3	31	0	0	881	726
SDF	2005	12	3	31	0	0	964	809
SDF	2006	12	3	31	0	0	681	530
SDF	2007	12	3	31	0	0	716	561

Annual Totals

Year	cdd65	cdd70	hdd65	hdd60
1978	1,509	861	5,087	4,024
1979	1,200	603	4,838	3,800
1980	1,696	1,033	4,872	3,819
1981	1,384	743	4,518	3,468
1982	1,176	547	4,406	3,398
1983	1,572	983	4,733	3,647
1984	1,325	674	4,419	3,391
1985	1,316	632	4,506	3,546
1986	1,562	855	4,162	3,173
1987	1,614	936	4,136	3,113
1988	1,560	940	4,597	3,539
1989	1,368	752	4,640	3,583
1990	1,530	841	3,556	2,552
1991	1,976	1,222	3,893	2,961
1992	1,194	575	3,998	2,954
1993	1,518	906	4,504	3,443
1994	1,409	793	4,180	3,141
1995	1,590	946	4,383	3,370
1996	1,352	722	4,671	3,636
1997	1,235	669	4,462	3,371
1998	1,761	1,032	3,503	2,567
1999	1,665	1,015	3,824	2,871
2000	1,415	747	4,374	3,383
2001	1,573	871	3,926	2,937
2002	1,914	1,205	4,054	3,053
2003	1,255	628	4,256	3,270
2004	1,535	785	3,903	2,975
2005	1,760	1,030	4,126	3,168
2006	1,425	807	3,756	2,722
2007	2,170	1,316	3,829	2,967

30-Year Average

Month	cdd65	cdd70	hdd65	hdd60
1	0	0	963	809
2	0	0	778	638
3	6	1	567	426
4	29	7	265	163
5	120	47	78	29
6	299	167	5	0
7	429	276	0	0
8	399	249	1	0
9	198	98	33	10
10	37	11	230	127
11	2	0	509	370
12	0	0	841	689

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 57

Responding Witness: William Steven Seelye

Q-57. Refer to pages 66-67 of the Seelye Testimony and Seelye Exhibit 25.

- a. Explain how the minimum system demand figure was calculated or whether it is simply the low point on the system load curve.
- b. Explain how the winter and summer peak hours are calculated.

A-57. a. The minimum system demand represents the lowest demand during the test year.

- b. The winter and summer peak hours are calculated by counting the number of hours in the summer and winter peak periods, respectively, as defined in the time of day tariffs. The summer peak period is defined as weekdays from 10:00 a.m. to 9:00 p.m., Eastern Standard Time. The winter peak period is defined as weekdays from 8:00 a.m. to 10:00 p.m., Eastern Standard Time.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 58

Responding Witness: William Steven Seelye

- Q-58. Refer to pages 68-70 of the Seelye Testimony and Seelye Exhibit 26, pages 43-45.
- a. Explain and define the functional vectors PROFIX and PROVAVAR.
 - b. For each of the functional vector allocators, internally generated or otherwise, listed in the Exhibit, provide an explanation of how they were derived and the locations of the calculations inside the cost-of-service study.
- A-58. a. PROFIX is used to classify production operation and maintenance expenses as fixed (demand-related), and PROVAVAR is used to classify production operation and maintenance expenses as variable (energy). As in its prior cost of service studies, the Company classified production operation and maintenance expenses as fixed and variable using the FERC predominance methodology. Under the FERC predominance methodology, production operation and maintenance accounts that are predominately fixed, i.e. expenses that the FERC has determined to be predominately incurred independently of kilowatt hour levels of output are classified as demand-related. Production operation and maintenance accounts that are predominately variable, i.e., expenses that the FERC has determined to vary predominately with output (kWh) are considered to be energy related. The predominance methodology has been accepted in FERC proceedings for over 25 years and is a standard methodology for classifying production operation and maintenance expenses. For example, see *Public Service Company of New Mexico* (1980) 10 FERC ¶ 63,020, *Illinois Power Company* (1980), 11 FERC ¶ 63,040, *Delmarva Power & Light Company* (1981) 17 FERC ¶ 63,044, and *Ohio Edison Company* (1983) 24 FERC ¶ 63,068.
- b. The internally- and externally-generated functional vector allocators are shown on pages 43 through 45 of Seelye Exhibit 26. The column labeled "Name" gives the name of the functional vector. Whenever, a particular vector name appears in the column labeled "Functional Vector" then that item is functionally assigned using that vector. Therefore, the internally generated functional vectors shown on pages 43 through 45 of Seelye Exhibit 26 are determined based on the item indicated in the column labeled "Function Vector", where such item is calculated on earlier pages of

the spreadsheet model. For example, whenever a cost is functionally assigned on the basis of "PT&D" (which refers to Total Production, Transmission, and Distribution Plant"), then that particular cost is allocated on the basis of the Total Prod, Transmission, and Dist Plant identified with in the "Name" column as "PT&D" on page 1 of Seelye Exhibit 26. The Intangible Plant items shown toward the top of Page 1 of Seelye Exhibit 26 are functionally assigned on the basis the PT&D amounts shown on the bottom of the page.

The Company is in the process of compiling the requested information which requires extensive analysis. LG&E will supplement this response when the requested information is compiled and available. In the interim, the requested information can be traced using the electronic version of the cost of service study provided in response to Question No. 48.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 59

Responding Witness: William Steven Seelye

- Q-59. Refer to page 75 of the Seelye Testimony and Seelye Exhibit 26, page 44, and Exhibits 28, 29 and 30.
- a. Explain how the weights for the zero intercept calculations were derived.
 - b. Explain the rationale for how the results of the zero intercept calculations are being split between the Distribution Primary and Distribution Secondary Lines.
 - c. Explain why the numbers in Exhibit 26 page 44 for Underground Conductors and Devices do not sum to the results of the zero intercept calculations in Exhibit 28. Also, explain how this may change the results of the cost-of-service study.
 - d. Page 2 in Exhibits 28 and 29 shows a zero intercept that appears to be negative. Show how the positive intercept presented on page 1 of the exhibits was derived.
 - e. Page 4 of Exhibits 28 and 29 shows an estimated Y value. Explain how this was derived and show how it was used in the zero intercept calculations.
 - f. Page 2 in Exhibits 28, 29 and 30 appears to illustrate unweighted size and cost data, yet the results of the zero intercept calculations are based upon weighted data. Show calculations supporting the zero intercept and zero intercept cost on page 1 in each of the exhibits.
- A-59. a. The weights for Exhibit 28 represent the Quantity in feet of overhead conductor installed by the Company by type of conductor. The weights for Exhibit 29 represent the Quantity in feet of underground conductor installed by the Company by type of conductor. The weights for Exhibit 30 represent the Quantity (or number) of line transformers by type of transformer.
- b. Overhead conductor and underground conductor are split between primary and transmission voltage based on an engineering analysis. The Company's electric distribution engineering section apportioned each conductor type based on the amount installed at primary voltages and the amount installed at secondary voltages. This

same procedure has been used in cost of service studies found reasonable by the Commission since at least the mid-1970s.

- c. Exhibit 28 calculates the demand and customer component of Overhead conductors; the allocators on Exhibit 26, page 44, are separated between primary and secondary voltages. In total, overhead conductor allocators sum to the results of the zero intercept calculation shown in Exhibit 28 and underground conductor allocators sum the results of the zero intercept calculation shown in Exhibit 29. See attached.
- d. The zero intercept is not negative in the weighted least squares analysis. The trendline on the graph was based on an *unweighted* least squares trend (which is the default in the Excel graphics tool) of the data. This illustrates the importance of using weighted least squares to perform the intercept analysis. If the trendline was applied to the “Est Y” column in the spreadsheet, then the trend-line would have reflect the regression line associated with the weighted regression.
- e. Est y is calculated by applying the size coefficient from the weighted least squares model to the x-value and then adding the intercept. For overhead conductor, est y is calculated as follows:

$$\text{est } y = \text{intercept} + (\text{x-value}) \times (\text{size coefficient})$$

$$= 2.2913225 + (\text{x-value}) \times 0.0081846$$

Est y is not used in the zero intercept analysis. Its sole purpose is to determine the trendline. Unfortunately, the trendline was inadvertently determined using the actual y-value rather than est-y. If est-y was used to calculate the graphs, they would not have indicated a negative intercept value.

- f. The graph on page 2 of Exhibits 28, 29 and 30 do indeed show an *unweighted* trendline. The revised graphs using a *weighted* trendline are attached.

Louisville Gas and Electric

Functional Vector for Overhead Conductors -- F003

Classification	Zero Intercept Percentages	Pri-Sec Split Percentages		Total
		Primary	Secondary	
		82.2578%	17.7422%	
Customer Related	60.5575%	49.8133%	10.7442%	60.5575%
Demand Related	39.4425%	32.4445%	6.9980%	39.4425%
Total		82.2578%	17.7422%	100.0000%

Louisville Gas and Electric

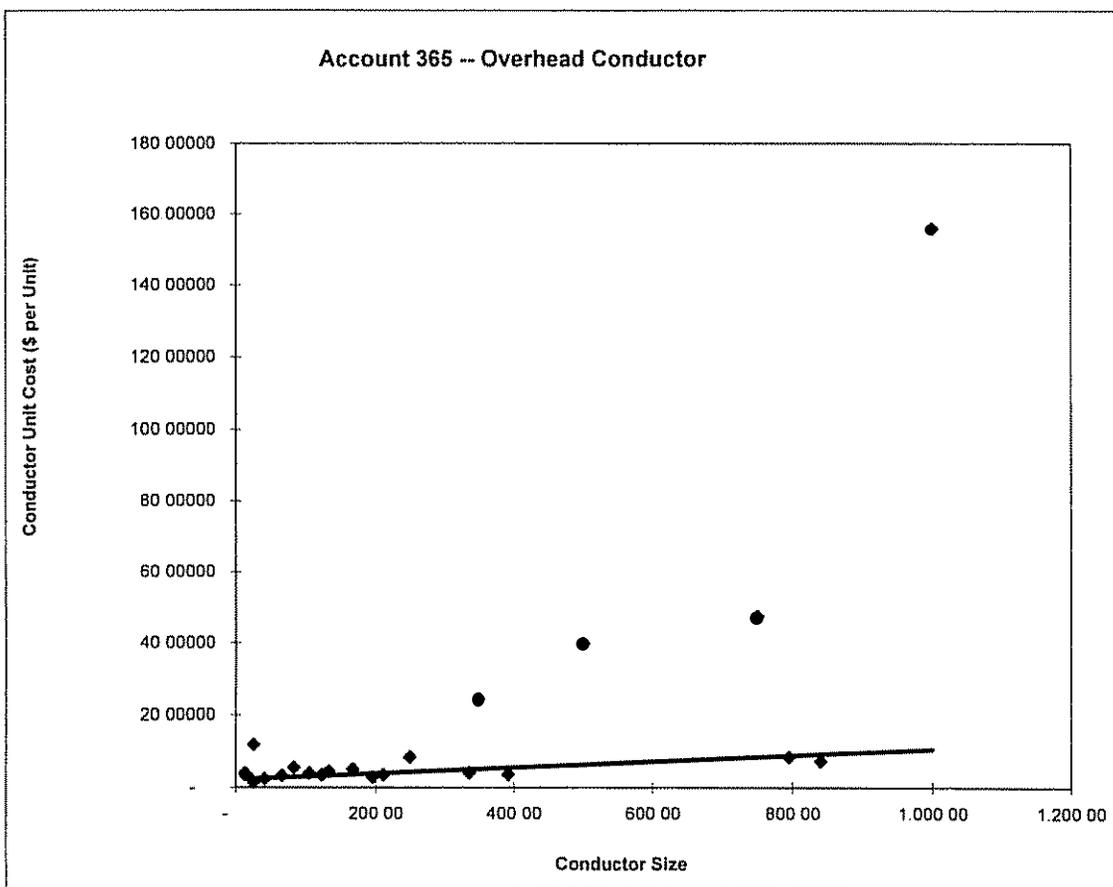
Functional Vector for Underground Conductors -- F004

Classification	Zero Intercept Percentages	Pri-Sec Split Percentages		Total
		Primary	Secondary	
		78.5165%	21.4836%	
Customer Related	62.65%	49.1884%	13.4589%	62.6473%
Demand Related	37.35%	29.3280%	8.0247%	37.3527%
Total		78.5164%	21.4836%	100.0000%

Louisville Gas and Electric Company

Zero Intercept Analysis
Account 365 -- Overhead Conductor

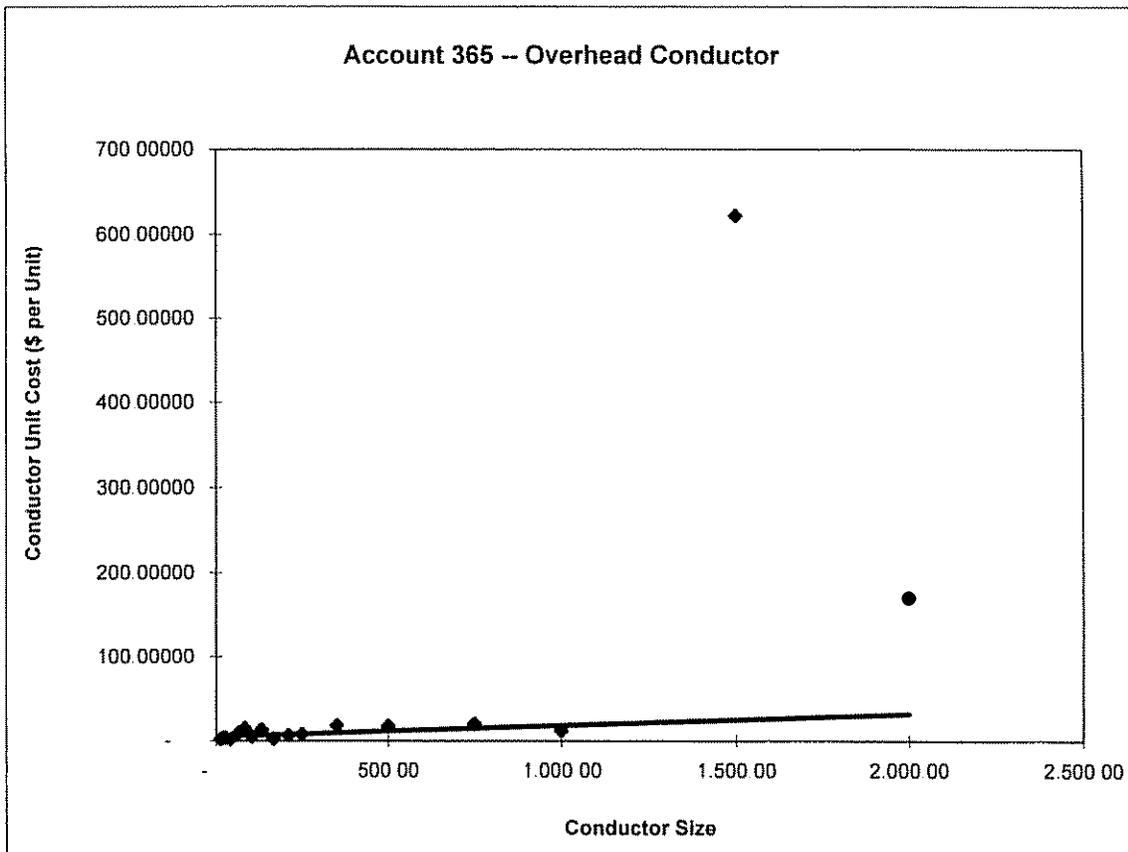
April 30, 2008



Louisville Gas and Electric Company

Zero Intercept Analysis
Account 367 -- Underground Conductor

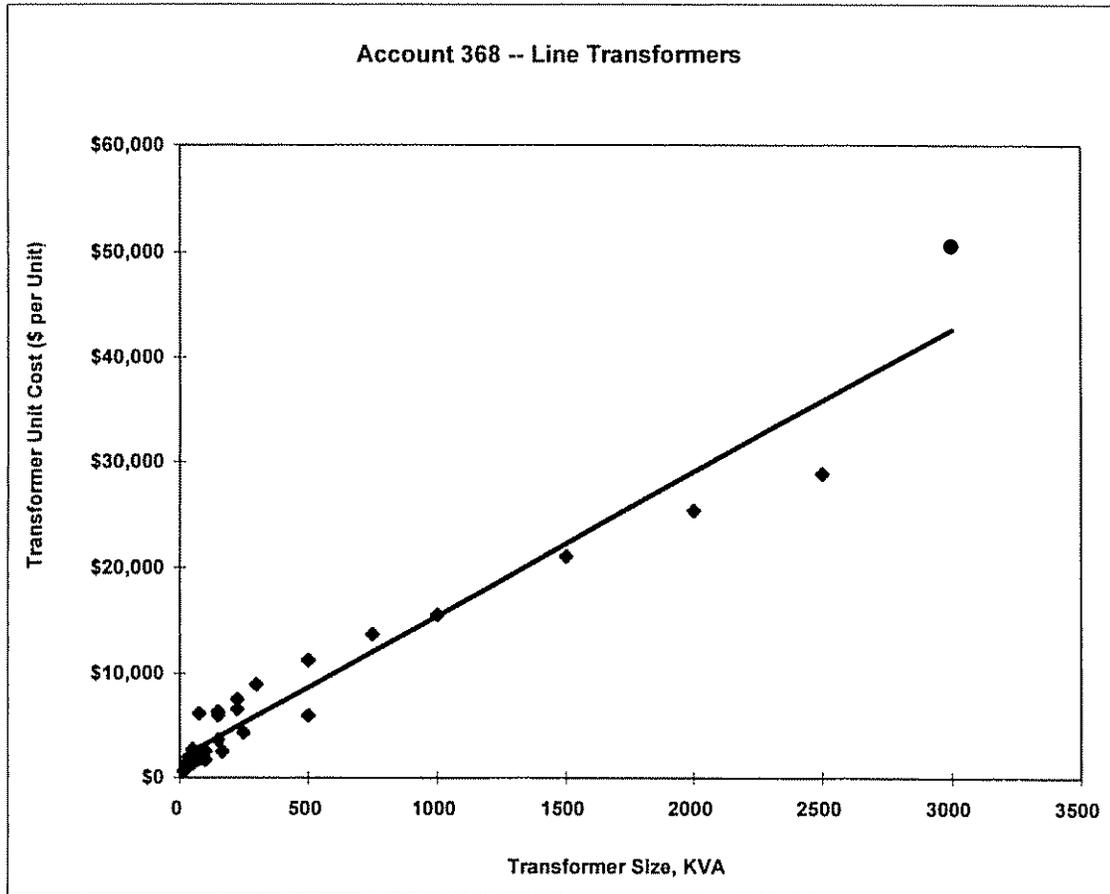
April 30, 2008



LOUISVILLE GAS AND ELECTRIC COMPANY

Zero Intercept Analysis
Account 368 - Line Transformers

April 30, 2008



LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 60

Responding Witness: William Steven Seelye

- Q-60. Refer to Seelye Exhibit 27. For each of the allocation vector allocators listed in the exhibit, provide an explanation of how they were derived and the locations of the calculations inside the cost-of-service study.
- A-60. The Company is in the process of compiling the requested information which requires extensive analysis. LG&E will supplement this response when the requested information is compiled and available. In the interim, the requested information can be traced using the electronic version of the cost of service study provided in response to Question No. 48.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 61

Responding Witness: S. Bradford Rives

- Q-61. Refer to Volume 1 of 3, Item 7, of the response to the Commission Staff's First Data Request dated July 16, 2008 ("Staff's first request"). Identify and describe any specific factors LG&E has identified, such as construction of Trimble County Unit 2, which have contributed to the lower Ratio of Earnings to Fixed Charges in the test year.
- A-61. The lower ratio of Earnings to Fixed Charges can be attributed to the following factors:
- a) Net income for the three months ended March 31, 2008, decreased \$11 million compared to the same period in 2007.
 - b) Interest expense increased \$6 million for the three months ended March 31, 2008, compared to the same period in 2007 thereby causing fixed charges to increase by the same amount. Increased interest expense of \$3 million is due to increased variable rates on pollution control bonds caused by bond insurer credit issues. Interest expense to affiliated companies increased \$3 million partially due to increased borrowings from affiliated companies of \$138 million in April 2007 to redeem preferred stock and fund pension contributions (Case No. 2006-00445 and Case No. 2007-00039).

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 62

Responding Witness: Shannon L. Charnas / Caryl M. Pfeiffer

Q-62. Refer to Volume 1 of 3, Item 9(c), of the response to Staff's first request. Page 2 of 2 of the response reflects a 39.3-day supply of coal in inventory for LG&E at test year-end.

- a. Provide the dollar value of LG&E's test year-end coal inventory.
- b. Describe LG&E's basic policy for maintaining its coal inventory and whether a 39.3-day supply falls within the inventory levels set forth in that policy.
- c. Current coal prices are substantially higher than coal prices at the time of LG&E's last general rate case. Describe the extent to which the higher prices have impacted LG&E's coal inventory management, given that such prices not only increase the fuel costs recovered through its fuel adjustment clause but also increase the rate base and capitalization levels upon which it seeks to earn a rate of return. Is this issue contained within LG&E's written coal procurement procedures and policies?

A-62. a. The value of LG&E's test year-end coal inventory is \$38,540,209.

- b. LG&E maintains coal inventories at levels that balance the risk of a unit being unavailable due to lack of fuel against the carrying cost of that inventory. Optimal inventory levels are influenced by:
 - Market conditions relating to fuel availability;
 - Forecasted plant utilization;
 - Deliverability risks relating to availability of truck, rail and barge capacity and associated transportation infrastructure; and
 - Fuel quality requirements of the plants.

Planned and actual inventory levels are tracked by the Fuels Department and the Trading Controls group. Regular inventory reports are made to senior management and inventory is reviewed by the Risk Management Oversight Committee to ensure compliance with LG&E's internal policy. Currently, physical coal inventories should be no lower than 15 days of average burn (based upon forecasted generation use for the coming year) and no greater than 80 days of average burn without the approval of

the Risk Management Oversight Committee. A 39.3 day supply falls within these levels.

- c. The high coal prices we are currently experiencing have not affected LG&E's inventory management strategy, as outlined in its fuel procurement policies and procedures, but the current shortage of supply in the marketplace has challenged LG&E's ability to maintain planned inventory levels. The current coal price run-up has occurred in response to a supply/demand imbalance of coal, especially in the Eastern United States. Coal supply out of LG&E's typical supply region, the Illinois Basin, has not been able to keep up with existing demands for high sulfur coal. Utilities that have traditionally taken high sulfur supply out of Northern Appalachia have turned to the Illinois Basin for supply as their coals have moved into the export market (where very high price premiums are being achieved). This lack of supply has hampered LG&E's ability to enter the spot market to pick up additional tonnage to balance inventory, as necessary, throughout the year. LG&E's written fuel procurement policies and procedures do take into account market conditions related to fuel availability and the resulting higher prices when supply is short.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 63

Responding Witness: Shannon L. Charnas

- Q-63. Refer to Volume 1 of 3, Item 23(a), of the response to Staff's first request. For each of the following electric expense accounts, provide the reasons for the change in the amount of expense from the 12 months immediately preceding the test year to the 12 months of the test year.
- a. Account 512, Maintenance of Boiler Plant, which increased from \$30.8 million to \$39.9 million.
 - b. Account 553, Maintenance of Generating and Electric Equipment, which increased from \$0.686 million to \$1.9 million.
 - c. Account 557, Other Expenses, which decreased from \$6.7 million to a credit of \$0.57 million.
 - d. Account 561, Load Dispatching, which decreased from \$1.9 million to \$0.7 million.
 - e. Account 566, Miscellaneous Transmission Expenses, which increased from approximately zero to \$3.7 million.
 - f. Account 904, Uncollectible Accounts, which decreased from \$1.7 million to \$0.85 million.
 - g. Account 926, Employee Pensions and Benefits, which decreased from \$24.0 million to \$20.4 million.
 - h. Account 928, Regulatory Commission Expenses, which increased from approximately zero to \$1.1 million.
 - i. Account 935, Maintenance of General Plant and Equipment, which decreased from \$6.1 million to \$4.9 million.

- A-63. a. Account 512, Maintenance of Boiler Plant, increased from \$30.8 million to \$39.9 million due to a scheduled outage at Trimble County unit 1 during the fall of 2007 and Cane Run Unit 5's major turbine overhaul during the spring of 2008.
- b. Account 553, Maintenance of Generating and Electric Equipment, increased from \$0.686 million to \$1.9 million due to Trimble County Unit 1's Combustion Turbine outage work performed during the spring of 2008.
- c. Account 557, Other Expenses, which decreased from \$6.7 million to a credit of \$0.57 million, is related to LG&E's exit from the MISO. MISO Day 2 other expenses (which include such non-energy charges as Revenue Sufficiency Guarantee (RSG) charges, Revenue Neutrality Uplift charges and Schedule 24 Control Area Operator Cost Recovery charges) were much higher before LG&E ceased being a MISO member in September 2006. Charges and true-ups related to the period when LG&E was a MISO member tapered off after 2006 and only the charges related to LG&E continuing to transact in the MISO market were incurred thereafter. The credit balance in the test year is the result of increased RSG credits received.
- d. Account 561, Load Dispatching, decreased from \$1.9 million to \$0.7 million primarily in connection with LG&E's exit from the MISO. In June 2006, there was a large accrual of approximately \$1 million for Schedule 10, administrative costs. Subsequent accruals amounted to approximately \$0.2 million. On September 1, 2006, LG&E exited the MISO and the expenses decreased.
- e. Account 566, Miscellaneous Transmission Expenses, increased from approximately zero to \$3.7 million as the test year expenses included costs such as TVA and SPP reliability and regional transmission operation expenses. Also, during the 12 month period preceding the test year, there was a credit in July to reverse previously accrued Schedule 2 reactive supply and voltage control expenses for approximately \$2.6 million and in December an adjustment to reduce excess congestion charges of \$1.5 million.
- f. Account 904, Uncollectible Accounts, decreased from \$1.7 million to \$0.85 million is due primarily to the reduction in net charge-offs versus billed revenue. The net charge-off ratio for the 12 months immediately proceeding the test year was 0.3998%, as compared to 0.1835% for the test year.
- g. The balance in Account 926, Employee Pensions and Benefits, decreased from \$24.0 million to \$20.4 million due to an increase in the discount rate for the pension and post-retirement plans and a contribution to the pension plan in January 2007.
- h. The Code of Federal Regulations states that account 928 "shall include all expenses properly includible in utility operating expenses, incurred by the utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party... including payments made to the United States for

the administration of the Federal Power Act.” The increase in Account 928 from approximately zero to \$1.1 million in the test period compared to the 12 months immediately preceding the test year, resulted from adjustments made to record the FERC annual assessment fee and reclassifications of expenses related to the FERC annual charges for U.S. lands (Ohio Falls generating facility), the amortization of rate case expenses and the amortization of the earnings sharing mechanism (ESM). The table below summarizes the adjustments:

Description	Impact to Account 928	
FERC Assessment fee		
Out of period adj.	\$ 478,156	See Ref. Sch. 1.22
Actual fee for test period ¹	343,175	See Ref. Sch. 1.22
Reclassifications during the test year for expenses recorded 1/07-4/07, net to zero in the test year		
Rate case expenses	74,315	Reclassified from Acct 930252
ESM	21,303	Reclassified from Acct 930251
Test year charges		
Rate case expenses	37,163	See Ref. Sch. 1.27
ESM	10,656	See Ref. Sch. 1.21
FERC charges for Ohio Falls (project 00289) ¹		Actual expense for the 12 months prior to the test year was \$166,430 which was reduced for prior years’ credit received from FERC of \$51,776 and an adjustment to the prior year accruals of \$103,190, resulting in a net book operating expense of \$11,464. Test year expenses were \$166,999.
Total Variance	\$ 1,120,303	

¹ Represent charges that are ongoing in nature and representative of normal recurring expense levels.

- i. Account 935, Maintenance of General Plant and Equipment, decreased from \$6.1 million to \$4.9 million due to prior period corrections for amortization of prepaid software for (\$0.8 million), a decrease in the Oracle maintenance agreement for (\$0.2 million) and a decrease for Microsoft Enterprise Agreement in the amount of (\$0.2 million).

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 64

Responding Witness: Shannon L. Charnas

- Q-64. Refer to Volume 1 of 3, Item 23(a), of the response to Staff's first request. For each of the following gas expense accounts, provide the reasons for the change in the amount of expense from the 12 months immediately preceding the test year to the 12 months of the test year.
- a. Account 874, Mains and Services Expenses, which increased from \$2.5 million to \$3.4 million.
 - b. Account 887, Maintenance of Mains, which increased from \$4.7 million to \$6.3 million
 - c. Account 802, Maintenance of Services, which increased from \$1.0 million to \$2.2 million.
 - d. Account 904, Uncollectible Accounts, which decreased from \$2.5 million to \$0.65 million.
 - e. Account 923, Outside Service Employed, which increased from \$1.0 million to \$2.0 million.
 - f. Account 926, Employee Pensions and Benefits, which decreased from \$6.3 million to \$5.2 million.
- A-64.
- a. Account 874, Mains and Services Expenses, increased from \$2.5 million to \$3.4 million due to an increase in regulatory work in the areas of pipeline integrity and corrosion.
 - b. Account 887, Maintenance of Mains, increased from \$4.7 million to \$6.3 million due to an increase in corrosion maintenance of mains.
 - c. Maintenance of Services (Account 892), increased from \$1.0 million to \$2.2 million due to the inspections of mains required by the Metropolitan Sewer District.

- d. Account 904, Uncollectible Accounts, decreased from \$2.5 million to \$0.65 million due primarily to the reduction in net charge-offs versus billed revenue. The net charge-off ratio for the 12 months immediately preceding the test year was 0.3998%, as compared to 0.1835% for the test year.
- e. Account 923, Outside Service Employed, increased from \$1.0 million to \$2.0 million due primarily to an increase for outside counsel services in the amount of \$0.9 million.
- f. The balance in account 926, Employee Pensions and Benefits, decreased from \$6.3 million to \$5.2 million due to an increase in the discount rate for the pension and post-retirement plans, and a contribution to the pension plan in January 2007.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 65

Responding Witness: Paula H. Pottinger, Ph.D.

- Q-65. Refer to Volume 1 of 3, Item 24, of the response to Staff's first request. Employees of the bargaining unit received salary/wage increases during the test year of 3.5 percent. Non-union salaried employees received increases ranging from 3.5 to 3.7 percent. Based on the timing and magnitude of the increases, explain whether the non-salaried employees' increases are generally intended to "track" the percentage increase of the union employees.
- A-65. Salary increases for union and non-union employees are determined separately. Union salary increases are negotiated. In each case survey data is used as a basis for the salary increases.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff
Dated August 27, 2008

Question No. 66

Responding Witness: William Steven Seelye

Q-66. Refer to Volume 1 of 5 of LG&E's application, Tab 8, proposed P.S.C. No.14, Original Sheet No. 20, and the report filed by LG&E on July 18, 2008 which provided its review of the Small Commercial Time-of-Day ("STOD") Rate pilot program. It appears that if the STOD tariff is cancelled, customers who meet the load requirements would be eligible to take service under the proposed Time-of-Day Service ("TOD").

- a. For the TOD rate, explain why LG&E is proposing an on and off-peak demand charge and eliminating the on and off-peak energy charge.
- b. If the proposed TOD rate had been in effect for the past 12 months, provide the effect it would have had on the bills of customers currently being billed under the STOD rate.

A-66. a. LG&E is proposing to serve these customers under Rate CTOD. Rate CTOD is not a new rate schedule; it is an existing rate schedule that is currently called Rate LC-TOD. LG&E is proposing to rename the rate schedule and change the terms and conditions to allow STOD customers to be served under Rate CTOD. LG&E is proposing no change in the level of the charges in Rate CTOD. While Rate LC-TOD has a time differentiated demand charge, it does not have an on- and off-peak energy charge. Because LG&E's generating resources consist predominately of coal-fired steam generating units, its average energy costs do not vary significantly by pricing period.

Rate STOD was implemented as a pilot on an experimental basis as part of a settlement agreement with Kroger and other parties in Case No. 2003-00433, the Company's last base rate case. The Company determined that Rate STOD has not been effective in encouraging customers to shift load to the off-peak period. Furthermore, Rate STOD does not reflect the cost of providing service to these customers.

- b. See attached.

LOUISVILLE GAS AND ELECTRIC COMPANY

Calculations of Proposed Electric Rate Increase

Based Upon Sales for the 12 months ended April 30, 2008

				Present Rate	Calculated Revenue at Present Rates	Proposed Rate	Calculated Revenue at Proposed Rates
Small Time of Day Primary (Customers to be Served Under Rate CTOD-Primary)							
	Customer Charges	Billing Determinants	35	\$ 80.00	2,800	\$ 90.00	3,150
	kW Demand						
	Summer Rates	Max	10,134	12.97	131,438		
		Basic	10,134			2.56	25,943
		Peak	9,905			10.42	103,213
	Winter Rates	Max	15,882	10.17	161,520		
		Basic	15,882			2.56	40,658
		Peak	15,487			7.62	118,009
	Energy Charges						
	Basic kWh		8,482,800	\$ 0.01723	146,159	\$ 0.02706	229,545
	Peak kWh		5,705,400	\$ 0.03289	187,651	\$ 0.02706	154,388
Subtotal @ base Rates before application of correction Factor					629,567		674,905
Correction Factor				1.000090		1.000090	
Subtotal @ base Rates after application of correction Factor					629,511		674,845
Fuel Adjustment Clause - proforma for rollin					25,379		25,379
Adjustment to Reflect Weather Normalization				(158,000)	(5,197)		(5,197)
Adjustment to Reflect Year-End Customers					-		-
					-		-
Total Rate LC - Small Time of Day Primary					<u>649,693</u>		<u>695,027</u>
PROPOSED INCREASE							45,334
Percentage Increase							6.98%

LOUISVILLE GAS AND ELECTRIC COMPANY

Calculations of Proposed Electric Rate Increase

Based Upon Sales for the 12 months ended April 30, 2008

Billing Determinants		Present Rate	Calculated Revenue at Present Rates	Proposed Rate	Calculated Revenue at Proposed Rates
Small Time of Day Secondary (Customers to be Served Under Rate CTOD-Secondary)					
Customer Charges	391	\$ 80.00	31,280	\$ 90.00	35,190
kW Demand					
Summer Rates	Max	70,499	14.81		1,044,090
	Basic	70,499		3.57	251,681
	Peak	70,227		11.21	787,249
Winter Rates	Max	114,376	11.75		1,343,918
	Basic	114,376		3.57	408,322
	Peak	113,466		8.15	924,751
Energy Charges					
Basic kWh	55,971,960	\$ 0.01723	964,397	\$ 0.02706	1,514,601
Peak kWh	41,306,240	\$ 0.03289	1,358,562	\$ 0.02706	1,117,747
Subtotal @ base Rates before application of correction Factor			4,742,247		5,039,542
Correction Factor			1.000090	1.000090	
Subtotal @ base Rates after application of correction Factor			4,741,821		5,039,089
Fuel Adjustment Clause - proforma for rollin			173,253		173,253
Adjustment to Reflect Weather Normalization (Basic)		(740,484)	(24,374)	\$ 0.02706	(24,374)
Adjustment to Reflect Weather Normalization (Peak)		(487,516)	(16,048)	\$ 0.02706	(16,048)
Adjustment to Reflect Year-End Customers			(148,674)		(158,075)
Total Rate LC - Small Time of Day Primary			<u>4,725,978</u>		<u>5,013,845</u>
PROPOSED INCREASE					287,867
Percentage Increase					6.09%

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 67

Responding Witness: Butch Cockerill

- Q-67. Refer to pages 4 and 5 of the Cockerill Testimony. Mr. Cockerill states that in Case No. 2007-00410 the Commission ordered LG&E and KU to synchronize their collection cycles and late payment policies or explain why it is not appropriate to do so. In this proceeding and in Case No. 2008-00251, KU and LG&E are proposing a collection cycle of 10 days and a late payment penalty if bills are not paid within 15 days.
- a. Explain in detail why LG&E is proposing to use KU's 10-day collection cycle rather than maintain LG&E's current 15-day collection cycle.
 - b. Provide a list including name, physical address and mailing address of all locations from which customer monthly bills are sent.
 - c. Provide a list of all call centers receiving customer inquiries along with the physical address, mailing address and telephone numbers provided to the customers.
 - d. Provide a listing of all locations where customer payments are received.
 - e. Provide a listing of all locations where customer payments are processed (i.e., posted to customer accounts).
 - f. Provide the timeline for the posting of payments to customer accounts.
- A-67. a. LG&E customers have experienced confusion due to receiving multiple bills with varying due dates. Allowing LG&E to move to a 10-day collection cycle will greatly reduce customer confusion and enhance customer satisfaction. As previously stated in Case No. 2007-00410, the current KU collection cycle helps to avoid unnecessary customer confusion that may result when more than one bill is received prior to the time a customer may be disconnected for nonpayment. The 10-day collection cycle normally allows KU to complete the collection process prior to the next regularly scheduled billing date. However, in accordance with 807 KAR 5:006, Section 1(f)(1), LG&E will not terminate service for non-payment prior to twenty-seven (27) days after the mailing date of the original unpaid bill (see Attachment).

- b. All bills are mailed from the Broadway Office Complex located at the corner of 8th Street and Broadway in downtown Louisville, Kentucky. The mailing address is 820 West Broadway Louisville, Kentucky 40202.
- c. Listed below are the Call Center locations, mailing addresses and customer contact numbers for the call centers.

Louisville Residential Call Center
820 W. Broadway
Louisville, KY 40203

Lexington Residential Call Center
1 Quality St
Lexington, KY 40507

Pineville Residential Call Center
US 25E
Four Mile, KY 40939

Louisville Business Call Center
820 W. Broadway
Louisville, KY 40203

Lexington Business Call Center
1 Quality St
Lexington, KY 40507

KU Customer Service Phone (Business or Residential):
800-981-0600 (toll-free)
859-255-0394 (Local customer service number for Lexington and surrounding area)
859-367-1200 (Local number for Lexington area Business customers)
800-383-5582 (toll-free KU Business customers)

LG&E Customer Service Phone (Business or Residential):
800-331-7370 (toll-free)
502-589-1444 (Local customer service number in Louisville)
502-627-3313 (Local business service center in Louisville)
502-589-3500 (Local outage reporting number)
502-589-5511 (Local gas emergency number)

- d. LG&E customer payments can be received at the following locations:
- LG&E's Broadway Office Complex, located at 820 West Broadway, Louisville, KY, 40202.

- Any of 26 CheckFree locations located in the Louisville metro area (see attachment for addresses).
 - Mail-in payments would be received at P.O. Box 537108, Atlanta, GA, 30353-7108 – the site of our mail payment processor, Regulus Corporation.
 - Customers can pay via auto-debit from a checking or savings account.
 - Customers can pay by credit/debit/ATM card or electronic check, either over the phone or on-line at www.eon-us.com, or via their personal financial software, such as MS Money, Quicken, bank proprietary sites, etc.
- e. All customer payments, regardless of where or how received, are processed (posted to customer accounts) at LG&E's Broadway Office Complex, 820 West Broadway, Louisville, KY, 40202.
- f. All payments are posted to customer accounts on the evening of receipt, assuming the customer has included an account number or other identification that allows the proper account to be located. This includes all walk-in or over the counter payments, and all electronic payment files received from the various sources listed in response d above, including mail-in payments processed in Atlanta. The Atlanta site processes payments on a 24 x 7 basis, with mail pick-up times of 5:00 p.m., 10:00 p.m., midnight, 3:00 a.m., 6:00 a.m., 9:00 a.m., 11:00 a.m. (M-F only) and noon. All payment received in Atlanta are processed on the day of receipt.

Answer to Q3 and Q4 of the KPSC Commission Staff's First Data Request – Case No. 2007-00410 –
 Chart showing illustrative dates of the existing LG&E 15-day due date collection cycle and the
proposed LG&E 10-day due date collection cycle – Example is based on LG&E Meter Read Cycle 1
 for August 2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1 AUGUST Both: Meter Read date for August bill	2 Q4-Proposed: Bill mailed (rendered) for August bill	3 Q3-Current: Bill mailed (rendered) for August bill	4
5	6	7	8	9	10	11
12	13 Q4-Proposed: Bill Due Date for August bill	14	15	16	17	18
19	20 Q3-Current: Bill Due Date for August bill Q4 – Proposed: Brown Bill issued	21	22	23	24 Q3 – Current: Brown Bill issued for August bill	25
26	27	28	29	30	31 Q3 – Current: Meter Read date for September bill Q4-Proposed: Brown Bill Due Date for August bill Q4 – Proposed: Meter Read date for September bill	1 SEPTEMBER
2	3 HOLIDAY	4 Q4-Proposed: Disconnect Date for August bill Q4 – Proposed: Bill mailed (rendered) for September bill	5 Q3 – Current: Bill mailed (rendered) for Sept. bill	6	7 Q3-Current: Brown Bill Due Date for August bill	8
9	10 Q3-Current: Disconnect Date for August bill	11	12	13	14 Q4 Proposed: Bill Due Date for Sept. bill	15
16	17	18	19	20 Q3-Current: Bill Due Date for Sept. bill	21	22

Attachment to Response to PSC-2 Question No. 67(d)

Page 1 of 1

Cockerill

CheckFree Agent Name	CheckFree Agent Address	City	State	Zip
NOLIN RURAL ELECTRIC COOPERATIVE	101 WEST LINCOLN TRAIL	RADCLIFF	KY	40160
SCOTT'S FOOD MART	1808 BERRY BLVD	LOUISVILLE	KY	40215
VINE GROVE PIC PAC IGA	101 CRUTCHER STREET	VINE GROVE	KY	40175
B & B CHECK ADVANCE	4748 BARDSTOWN RD.	LOUISVILLE	KY	40218
SILVER HEIGHTS PIC PAC IGA	9304 BLUE LICK RD.	LOUISVILLE	KY	40229
DAVE & DIANE'S JEWELRY & PAWN	5428 NEW CUT RD.	LOUISVILLE	KY	40214
VALUMARKET	315 WHIITTINGTON PARKWAY	LOUISVILLE	KY	40222
MT HOLLY VIDEO & MORE	10008 MITCHELL HILL RD.	FAIRDALE	KY	40118
CANE RUN HARDWARE	4118 CANE RUN RD.	LOUISVILLE	KY	40216
COX'S PHARMACY #2	5005 PRESTON HWY., SUITE 104	LOUISVILLE	KY	40213
HIGDON'S FOODTOWN	507 W. MAIN ST.	LEBANON	KY	40033
JUANITA'S PLACE	3296 TAYLOR BLVD.	LOUISVILLE	KY	40215
CITY HALL	220 N. 5TH ST.	BARDSTOWN	KY	40004
CARDINAL MARKET	7312 ST. ANDREWS CHURCH RD.	LOUISVILLE	KY	40214
PCS MARKET	2300 W. KENTUCKY ST.	LOUISVILLE	KY	40210
CHECK CASHING CORP OF KENTUCKY, LLC.	1163 S. 4TH ST.	LOUISVILLE	KY	40203
CHECK CASHING CORP OF KENTUCKY, LLC.	5017 POPLAR LEVEL RD.	LOUISVILLE	KY	40219
CHECK CASHING CORP OF KENTUCKY, LL.	1825 W. BROADWAY	LOUISVILLE	KY	40203
VALUMARKET	5301 MILSCHER AVENUE	LOUISVILLE	KY	40214
VALUMARKET	5301 MILSCHER AVENUE	LOUISVILLE	KY	40214
VALUMARKET	7519 OUTER LOOP	LOUISVILLE	KY	40228
COX'S SMOKERS OUTLET #19	8094 DIXIE HWY.	LOUISVILLE	KY	40258
SMOKETOWN DOLLAR PLUS	755 S. PRESTON ST.	LOUISVILLE	KY	40203
SAV-A STEP #43	3921 W. HWY. 146	LAGRANGE	KY	40031
VALUMARKET MIDCITY #5447	1250 BARDSTOWN RD.	LOUISVILLE	KY	40204
COX'S PHARMACY #2	5005 PRESTON HWY., SUITE 104	LOUISVILLE	KY	40213

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 68

Responding Witness: Butch Cockerill

- Q-68. Refer to Volume 1 of 5 of LG&E's application, Tab 8, proposed P.S.C. 14 Original Sheet 102.
- a. Provide a copy of all credit scoring services, public record financial information, financial scoring and modeling services and information provided by independent credit/financial watch services used by LG&E.
 - b. Will the mailing of a late payment notice be considered as a negative for the customer and used as a requirement for a new or recalculated deposit? If yes, how and when will the increased deposit be applied to a current customer that has a deposit on file?
- A-68. a. Currently, LG&E uses only two services – Experian, one of the 3 major national credit bureaus, and Accurint, a product provided by LexisNexis.
- b. No, customer deposits are only assessed at the time of application for service, or following disconnect for nonpayment. Only if the customer goes off service and returns at a later date, would disconnect notices be used as a basis for requiring a deposit.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 69

Responding Witness: Butch Cockerill

- Q-69. Refer to SLC Exhibit 2, page 1 of 1, and SLC Exhibit 4, page 1 of 1. Explain why the average hourly rate for all employees is shown as \$41.26 on Exhibit 2 and \$54.69 on Exhibit 4.
- A-69. The term "all employees" refers to the group of employees responsible for performing the work associated with the charge on each exhibit. The rate of \$41.26 is the average hourly rate including overheads for Non-Exempt personnel responsible for meter data processing and employed in the Billing Integrity Department where as \$54.69 is the average hourly rate including overheads for personnel responsible for meter testing and employed in the Meter Shop.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 70

Responding Witness: Butch Cockerill

Q-70. Refer to SLC Exhibit 3, page 1 of 1 of the Cockerill Testimony. Provide the cost support detail for the labor, transportation, supplies and equipment used to calculate the \$14.50 cost per service order.

A-70. The cost for disconnecting and reconnecting a service is based on the average cost of completing all service orders during the test period. The breakdown is as follows:

	<u>Disconnect</u>	<u>Reconnect</u>	<u>Total</u>
Company Labor	\$ 8.43	\$ 8.43	\$ 16.85
Transportation	1.20	1.20	2.40
Outside Services	4.66	4.66	9.33
Supplies and Materials	0.21	0.21	0.41
Total Costs	\$ 14.50	\$ 14.50	\$ 29.00

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 71

Responding Witness: William Steven Seelye

- Q-71. Refer to page 70 of the Seelye Testimony. Mr. Seelye states that allocation factors YECust05 and YECust06 were used to allocate meter reading, billing costs, and customer service expenses on the basis of a customer weighting factor based on discussions with LG&E's meter reading, billing and customer service departments.
- a. Explain how these discussions were used to determine the allocation factors.
 - b. Provide examples of questions asked and how the answers were used to calculate the factors.
- A-71. a. Mr. Seelye relied on these discussions to establish the weighting factors which were multiplied by the number of customers served under each rate schedule to determine the allocation factors.
- b. Mr. Seelye asked for the relative weights (with residential being equal to 1) of the cost of providing meter reading, billing and customer services to each rate class. The responses provided were the factors used.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 72

Responding Witness: Shannon L. Charnas

Q-72. At account 173 - Accrued Utility Revenues, the Uniform System of Accounts states that “[i]n case accruals are made for unbilled revenues, they shall be made likewise for unbilled expenses, such as for purchased power.”

- a. State the amount of all “unbilled expenses,” by account, which was accrued in concurrence with the recording of unbilled revenues as required by the USoA.
- b. State why the “unbilled expenses” were not removed from test year operations following the removal of the unbilled revenues.

A-72. a. The Company did not accrue any “unbilled expenses” in concurrence with recording unbilled revenues. However, the Company follows accrual-basis accounting and accordingly records liabilities for all goods and services received in each accounting period. Using this accrual-basis method, each 12-month period contains 12 months worth of expenses.

- b. See attached response to KU’s PSC-2 Question No. 54 for an explanation of why unbilled revenues are removed. The Company has historically removed the unbilled revenues in the calculation of rates as approved in LG&E’s last base rate case, Case No. 2003-00433, as well as LG&E’s Case No. 2000-080 and Case No. 90-158 and KU’s last base rate case, Case No. 2003-00434. Accrued expenses were not removed in any of these cases. In its Order in Case No. 2003-00433, the Commission recognized that “the revenues eliminated by LG&E’s adjustment included the recovery of environmental surcharge, fuel clause and demand-side management costs that are removed from test year operating results through various other adjustments”. In that case, as in this one, the Company has proposed adjustments for those and other factors that impact the calculation of unbilled revenues, such as changes in the number of customers and customer rate switching, to properly normalize for those factors. In its Order, the Commission indicated that any mismatch “is adequately mitigated by the various normalization adjustments included in its rate application”. Since the Company made similar adjustments in this case and such adjustments were agreed to by the Commission in the last case, the Company did not propose to remove “unbilled expenses” from test year operations following the removal of the unbilled revenues.

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

CASE NO. 2007-00565

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 54

Responding Witness: Lonnie E. Bellar

Q-54. Refer to Volume 4 of 5 of KU's Application, the Testimony of Lonnie E. Bellar ("Bellar Testimony") at page 6 where an explanation is given for the unbilled revenue adjustment decreasing test year operating revenues by \$6,878,000.

- a. In his testimony, Mr. Bellar states that the Commission accepted removal of unbilled revenues in KU's previous rate case, Case No. 2003-00434. The unbilled revenue adjustment in that case increased test year revenues by \$675,000. The proposed unbilled revenue adjustment in the case at bar decreases test year revenues by \$6,878,000. The net difference in the unbilled revenue adjustments of the previous and current case is \$7,553,000. Provide an explanation for such a significant swing in the unbilled revenue adjustments.
- b. Explain in detail why an unbilled revenue adjustment is appropriate for rate-making purposes.

A-54. a. The increase in the unbilled revenue adjustment is the result of customers paying higher rates on increased sales volumes in the test period April 2008 compared to the test period September 2003, in Case No. 2003-00434.

- b. The adjustment to remove unbilled revenues from operating revenues is appropriate for a number of reasons.

First, the Commission has approved this type of adjustment in LG&E's rate cases for at least the last two rate cases prior to this case.

Second, the adjustment provides a better match of test-year revenues and expenses, using as-billed revenues for rate-making purposes rather than the revenues recorded on an accrual basis for accounting purposes.

Third, unbilled revenues are *estimates* that attempt to put revenue on a calendar month basis instead of a billing cycle basis. As a result, there are no class billing determinants associated with unbilled revenues. The only

metered billing determinants available are associated with as-billed revenue. With a historical test year, rate case revenue, allocators, billing determinants, etc. should be based on known and measured metered information that is readily available and verifiable, and much more accurate than estimated unbilled revenues data.

Fourth, the billing determinants used to develop the proposed rates do not include units related to the unbilled revenues. In other words, the billing determinants used to determine proposed rates reflect as billed determinants, and do not include unbilled determinants. Consequently, if unbilled revenues are not removed from test-year operating revenues, then the billing units used to establish rates in the case would need to be revised to also reflect unbilled revenue.

Fifth, if unbilled revenues are not removed from operating revenues, all revenue adjustments would have to be re-determined on an unbilled basis and not an as-billed basis.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 73

Responding Witness: William Steven Seelye

Q-73. Refer to page 56 of the Seelye Testimony.

- a. Provide a list of any instances including utility name, case number and jurisdiction where Mr. Seelye has proposed and a utility regulatory commission has accepted the exact method of analysis used in this case to develop a temperature normalization adjustment for an electric utility.
- b. From the list provided in response to (a), provide copies of the commission final Orders for the two most recent cases approving the temperature normalization method used by Mr. Seelye.
- c. Provide a list of any instances including utility name, case number and jurisdiction where Mr. Seelye has proposed and a commission has rejected the exact method of analysis used in this case to develop a temperature normalization adjustment for an electric utility.
- d. From the list provided in response to a., provide copies of the commission final orders for the two most recent cases denying the temperature normalization method used by Mr. Seelye.

A-73. Mr. Seelye has not proposed this exact methodology in any other jurisdiction. This methodology was largely developed to address specific concerns expressed by the Kentucky Commission about earlier proposed temperature normalization adjustments and to include concepts that the Commission indicated that it would expect to be included in an electric temperature normalization adjustment.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 74

Responding Witness: John J. Spanos

- Q-74. In Case No 2007-00564, LG&E has proposed to switch from the average life group method to the equal life group method. In that case, LG&E also calculated depreciation using the average life group method.
- a. Provide workpapers used to derive LG&E's 2006 depreciation expense that demonstrate the core differences between average life group method and equal life group method for LG&E.
 - b. Explain why the decision was made to switch from average life group method to the equal life group method.
 - c. Provide a list of cases known to Mr. Spanos where a regulatory commission has explicitly accepted the equal life group method where the issue was fully litigated.
 - d. Provide the two most recent orders in which a regulatory commission explicitly accepted the equal life group method at the recommendation of Mr. Spanos.
 - e. Provide the two most recent orders in which a regulatory commission explicitly rejected the equal life group method recommended by Mr. Spanos.
- A-74. a. There are no specific workpapers used to derive the core differences between the two procedures. See Mr. Spanos' rebuttal testimony, pages 1 through 4, in Case No. 2007-00564 for an explanation of the root differences between the average service life and equal life group procedures. Depreciation text books, such as "Depreciation Systems" by Frank Wolf may assist in understanding the core differences.
- b. The decision to utilize the equal life group procedure was made because it is the most accurate and a better match of recovery to consumption of the asset.
 - c. Most actively litigated cases do not explicitly address in the order the depreciation procedure utilized. However, Mr. Spanos is sure that in all nonsettled cases to date in which he has testified, the results of his study utilizing the equal life group procedure were accepted including cases in Indiana, Pennsylvania and Kentucky. Over the last

10 years, the attached list of cases involved, and acceptance of, equal life group procedure based on Mr. Spanos' recommendation.

- d. See response to part (c). The two most recent cases with an order are: Pennsylvania Suburban Water Company, Pennsylvania PUC Docket No. R-00038805 and PSI Energy, Inc., Indiana URC Docket No. 42359, the orders are provided on CD.
- e. Mr. Spanos is not aware of any cases to date that a regulatory Commission explicitly rejected the equal life group procedure recommended by Mr. Spanos.

LIST OF CASES FOR JOHN J. SPANOS IN WHICH EQUAL LIFE GROUP PROCEDURE UTILIZED

<u>Year</u>	<u>Jurisdiction</u>	<u>Docket No.</u>	<u>Client/Utility</u>	<u>Subject</u>
1. 1998	Pa. PUC	R-00984375	City of Bethlehem-Bureau of Water	Original Cost and Depreciation
2. 1998	Pa. PUC	R-00984567	City of Lancaster	Original Cost and Depreciation
3. 1999	Pa. PUC	R-00994605	The York Water Company	Depreciation
4. 2001	Pa. PUC	R-00016114	City of Lancaster	Original Cost and Depreciation
5. 2001	Pa. PUC	R-00016236	The York Water Company	Depreciation
6. 2001	Pa. PUC	R-00016339	Pennsylvania-American Water Company	Depreciation
7. 2001	Ky. PSC	2001-092	Cinergy Corp. - Union Light, Heat and Power Company	Depreciation
8. 2002	Pa. PUC	R-00016750	Philadelphia Suburban Water Co.	Depreciation
9. 2003	Pa. PUC	R-0027975	The York Water Company	Depreciation
10. 2003	Ind. URC	Cause 42359	Cinergy Corp. - PSI Energy, Inc.	Depreciation
11. 2003	Pa. PUC	R-00038304	Pennsylvania-American Water Co.	Depreciation
12. 2003	Pa. PUC	R-00038805	Pennsylvania Suburban Water Co.	Depreciation
13. 2004	Pa. PUC	R-00038168	National Fuel Gas Distribution Corp. (Pa.)	Depreciation
14. 2004	Pa. PUC	R-00049165	The York Water Company	Depreciation
15. 2006	Pa. PUC	R-00051030	Aqua Pennsylvania, Inc.	Depreciation
16. 2006	Pa. PUC	R-00051178	T.W. Phillips Gas and Oil Co.	Depreciation
17. 2006	Pa. PUC	R-00051167	City of Lancaster	Depreciation
18. 2006	Pa. PUC		Duquesne Light Company	Depreciation
19. 2006	Pa. PUC	R-00061322	The York Water Company	Depreciation
20. 2006	Pa. PUC	R-00051298	PPL Gas Utilities	Depreciation
21. 2006	In. URC	IURC43081	Indiana American Water Co.	Depreciation
22. 2006	Pa PUC	R-00061493	National Fuel Gas Distribution Corp. (PA)	Depreciation
23. 2007	Pa PUC	R-00072229	Pennsylvania American Water Co.	Depreciation
24. 2008	Pa PUC	R-2008-2023067	The York Water Company	Depreciation

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 75

Responding Witness: Shannon L. Charnas

Q-75. Refer to Exhibit 1, Reference Schedule 1.14 of the Rives Testimony.

- a. Provide a schedule in the same format as used in Case No. 2007-00564 in the Application and Testimony at Exhibit 2 comparing test year depreciation expense to depreciation expense calculated using the proposed rates. This schedule should not include reflect the impact of annualization. It should only demonstrate the impact of using the proposed depreciation rates compared to the existing depreciation rates.
- b. Using the schedule provided in a. demonstrate the test year annualization adjustment.

A-75. a. and b. See attached. LG&E is unable to provide a schedule in the same format as used in Case No. 2007-00565 in the Application and Testimony at Exhibit 2 to demonstrate annualization due to Oracle Fixed Asset System constraints. The data required to perform this calculation is not maintained in the system. The Company estimated the change in depreciation expense in the test year by calculating the annualized depreciation using both the proposed and the current rates and compared that amount to the pro forma depreciation adjustment on Reference Schedule 1.14. Catch-up depreciation is the result of property being classified to plant-in-service with an in-service date earlier than the classification date. Depreciation is calculated for the period from the in-service date to the classification date and thus results in catch-up depreciation.

LOUISVILLE GAS & ELECTRIC COMPANY**Depreciation adjustment under current rates vs. proposed rates
At April 30, 2008**

	<u>Electric</u>	<u>Gas</u>
1. Annualized depreciation expense under proposed rates	116,685,232	22,403,132
2. Annualized depreciation expense under current rates	<u>99,652,250</u>	<u>19,159,489</u>
3. Increase in annualized depreciation expense under proposed rates	17,032,982	3,243,643
Total adjustment to reflect annualized depreciation expense per		
4. Reference Schedule 1.14	<u>16,722,648</u>	<u>3,488,855</u>
5. Difference	(310,334)	245,212
6. Catch-up depreciation	2,663,380	683,620
7. Estimated increase in depreciation expense in test year	<u>\$ 2,353,046</u>	<u>\$ 928,832</u>

Louisville Gas and Electric Company
Annualized Depreciation
at April 30, 2008

		DEPRECIABLE PLANT 4/30/08	Current Rates ASL	Depreciation Under Curr. Rates	2006 New ELG	Depreciation Under Spanos ELG
ELECTRIC PLANT						
Intangible Plant		2,340	0.00%	-	0.00%	-
Steam Production Plant						
310 20	Land	6,302,990	0.00%	-	0.00%	-
311 00	Structures and Improvements					
	0112 Cane Run Unit 1	4,233,982	0.00%	-	0.00%	-
	0121 Cane Run Unit 2	2,102,942	0.00%	-	0.00%	-
	0131 Cane Run Unit 3	3,532,141	0.00%	-	0.00%	-
	0141 Cane Run Unit 4	3,819,018	2.94%	112,279	1.26%	48,120
	0142 Cane Run Unit 4 Scrubber	760,360	0.00%	-	1.11%	8,440
	0151 Cane Run Unit 5	6,165,918	2.87%	176,962	2.00%	123,318
	0152 Cane Run Unit 5 Scrubber	1,696,435	1.77%	30,027	1.66%	28,161
	0161 Cane Run Unit 6	19,461,771	3.06%	595,530	2.22%	432,051
	0162 Cane Run Unit 6 Scrubber	1,894,851	2.18%	41,308	2.13%	40,360
	0211 Mill Creek Unit 1	19,171,039	2.39%	458,188	1.71%	327,825
	0212 Mill Creek Unit 1 Scrubber	1,716,996	3.90%	66,963	1.74%	29,876
	0221 Mill Creek Unit 2	10,816,688	2.29%	247,702	1.50%	162,250
	0222 Mill Creek Unit 2 Scrubber	1,393,404	3.99%	55,597	1.89%	26,335
	0231 Mill Creek Unit 3	24,851,259	3.03%	752,993	1.58%	392,650
	0232 Mill Creel Unit 3 Scrubber	362,867	4.54%	16,474	1.53%	5,552
	0241 Mill Creek Unit 4	60,488,020	2.82%	1,705,762	1.92%	1,161,370
	0242 Mill Creek Unit 4 Scrubber	5,330,552	5.38%	286,784	1.82%	97,016
	0311 Trimble County Unit 1	160,530,135	2.41%	3,868,776	2.15%	3,451,398
	0312 TC Unit 1 Cooling Tower PHFU 105	117,601	2.41%	2,834	2.15%	2,528
	0312 Trimble Conuty Unit 1 Scrubber	511,309	3.47%	17,742	2.35%	12,016
		<u>328,957,286</u>		<u>8,435,921</u>		<u>6,349,266</u>
311 10	Capital Leased Property					
	0161 Cane Run Unit 6	1,236,508	3.06%	37,837	2.22%	27,450
	0241 Mill Creek Unit 4	1,640,450	2.82%	46,261	1.92%	31,497
		<u>2,876,958</u>		<u>84,098</u>		<u>58,947</u>
312 00	Boiler Plant Equipment					
	0103 Cane Run Locomotive	51,549	0.00%	-	4.79%	2,469
	0104 Cane Run Rail Cars	1,501,773	2.27%	34,090	3.59%	53,914
	0112 Cane Run Unit 1	1,053,743	0.00%	-	0.00%	-
	0121 Cane Run Unit 2	132,837	0.00%	-	0.00%	-
	0131 Cane Run Unit 3	711,483	0.00%	-	0.00%	-
	0141 Cane Run Unit 4	30,339,036	2.94%	891,968	6.66%	2,020,580
	0142 Cane Run Unit 4 Scrubber	17,076,590	0.00%	-	5.74%	980,196
	0151 Cane Run Unit 5	36,914,000	2.87%	1,059,432	6.71%	2,476,929
	0152 Cane Run Unit 5 Scrubber	28,412,993	1.77%	502,910	4.62%	1,312,680
	0161 Cane Run Unit 6	48,163,545	3.06%	1,473,804	5.78%	2,783,853
	0162 Cane Run Unit 6 Scrubber	32,098,669	2.18%	699,751	4.97%	1,595,304
	0203 Mill Creek Locomotive	613,424	2.15%	13,189	4.04%	24,782
	0204 Mill Creek Rail Cars	3,593,112	2.17%	77,971	3.58%	128,633
	0211 Mill Creek Unit 1	49,106,781	2.39%	1,173,652	4.72%	2,317,840
	0212 Mill Creek Unit 1 Scrubber	42,569,898	3.90%	1,660,226	4.96%	2,111,467
	0221 Mill Creek Unit 2	47,542,433	2.29%	1,088,722	5.22%	2,481,715
	0222 Mill Creek Unit 2 Scrubber	34,482,173	3.99%	1,375,839	4.71%	1,624,110
	0231 Mill Creek Unit 3	140,162,816	3.03%	4,246,933	4.48%	6,279,294
	0232 Mill Creel Unit 3 Scrubber	63,198,506	4.54%	2,869,212	4.38%	2,768,095
	0241 Mill Creek Unit 4	237,317,538	2.82%	6,692,355	4.45%	10,560,630
	0242 Mill Creek Unit 4 Scrubber	114,320,483	5.38%	6,150,442	4.14%	4,732,868
	0311 Trimble County Unit 1	247,714,970	2.41%	5,969,931	4.04%	10,007,685
	0312 TC Unit 1 Cooling Tower PHFU 105	15,510	2.41%	374	4.04%	627
	0312 Trimble Conuty Unit 1 Scrubber	64,095,503	3.47%	2,224,114	4.10%	2,627,916
		<u>1,241,189,365</u>		<u>38,204,913</u>		<u>56,891,588</u>

Louisville Gas and Electric Company
Annualized Depreciation
at April 30, 2008

	DEPRECIABLE PLANT 4/30/08	Current Rates ASL	Depreciation Under Curr. Rates	2006 New ELG	Depreciation Under Spanos ELG
314 00	Turbogenerator Units				
	0112 Cane Run Unit 1	106,009	0.00%	-	-
	0121 Cane Run Unit 2	19,999	0.00%	-	-
	0131 Cane Run Unit 3	581,178	0.00%	-	-
	0141 Cane Run Unit 4	9,122,982	2.94%	268,216	310,181
	0151 Cane Run Unit 5	7,375,366	2.87%	211,673	178,484
	0161 Cane Run Unit 6	15,385,129	3.06%	470,785	533,864
	0211 Mill Creek Unit 1	14,510,858	2.39%	346,810	333,750
	0221 Mill Creek Unit 2	16,626,880	2.29%	380,756	435,624
	0231 Mill Creek Unit 3	27,124,236	3.03%	821,864	618,433
	0241 Mill Creek Unit 4	42,098,157	2.82%	1,187,168	1,031,405
	0312 TC Unit 1 Cooling Tower PHFU 105	21,816,938	2.41%	525,788	584,694
	0311 Trimble County Unit 1	59,415,222	2.41%	1,431,907	1,592,328
		214,182,953		5,644,966	5,618,763
315 00	Accessory Electric Equipment				
	0112 Cane Run Unit 1	1,891,013	0.00%	-	-
	0121 Cane Run Unit 2	1,277,223	0.00%	-	-
	0131 Cane Run Unit 3	767,324	0.00%	-	-
	0141 Cane Run Unit 4	5,532,270	2.94%	162,649	188,097
	0142 Cane Run Unit 4 Scrubber	987,949	0.00%	-	11,065
	0151 Cane Run Unit 5	6,892,343	2.87%	197,810	215,041
	0152 Cane Run Unit 5 Scrubber	2,221,029	1.77%	39,312	37,091
	0161 Cane Run Unit 6	8,518,498	3.06%	260,666	249,592
	0162 Cane Run Unit 6 Scrubber	2,124,667	2.18%	46,318	34,207
	0211 Mill Creek Unit 1	14,425,286	2.39%	344,764	409,678
	0212 Mill Creek Unit 1 Scrubber	5,541,695	3.90%	216,126	99,751
	0221 Mill Creek Unit 2	6,428,715	2.29%	147,218	136,932
	0222 Mill Creek Unit 2 Scrubber	4,505,053	3.99%	179,752	82,442
	0231 Mill Creek Unit 3	13,487,584	3.03%	408,674	221,196
	0232 Mill Creek Unit 3 Scrubber	2,531,773	4.54%	114,942	41,015
	0241 Mill Creek Unit 4	20,753,935	2.82%	585,261	383,948
	0242 Mill Creek Unit 4 Scrubber	5,864,979	5.38%	315,536	106,156
	0311 Trimble County Unit 1	56,226,923	2.41%	1,355,069	1,281,974
	0312 TC Unit 1 Cooling Tower PHFU 105	63,422	2.41%	1,528	1,446
	0312 Trimble County Unit 1 Scrubber	2,736,920	3.47%	94,971	62,402
		162,778,602		4,470,596	3,562,033
316 00	Miscellaneous Plant Equipment				
	0112 Cane Run Unit 1	38,746	0.00%	-	-
	0131 Cane Run Unit 3	11,664	0.00%	-	-
	0141 Cane Run Unit 4	71,143	2.94%	2,092	4,624
	0142 Cane Run Unit 4 Scrubber	6,464	0.00%	-	204
	0151 Cane Run Unit 5	80,866	2.87%	2,321	4,472
	0152 Cane Run Unit 5 Scrubber	47,299	1.77%	837	1,476
	0161 Cane Run Unit 6	2,753,924	3.06%	84,270	124,202
	0162 Cane Run Unit 6 Scrubber	31,569	2.18%	688	941
	0211 Mill Creek Unit 1	696,199	2.39%	16,639	23,462
	0221 Mill Creek Unit 2	115,871	2.29%	2,653	3,592
	0231 Mill Creek Unit 3	318,625	3.03%	9,654	8,890
	0241 Mill Creek Unit 4	5,393,692	2.82%	152,102	176,913
	0242 Mill Creek Unit 4 Scrubber	53,007	5.38%	2,852	1,601
	0311 Trimble County Unit 1	2,713,060	2.41%	65,385	85,733
		12,332,130		339,493	436,109
317 00	Asset Retirement Obligations - Steam *				
		5,697,179			
	Total Steam	1,974,317,463		57,179,988	72,916,706

Louisville Gas and Electric Company
Annualized Depreciation
at April 30, 2008

	DEPRECIABLE PLANT 4/30/08	Current Rates ASL	Depreciation Under Curr. Rates	2006 New ELG	Depreciation Under Spanos ELG
Hydraulic Production Plant - Project 289					
0451 - Ohio Falls Project 289					
330 20 Land	6	0 00%	-	0 00%	-
331 00 Structures and Improvements	4,550,757	1 81%	82,369	0 08%	3,644
332 00 Reservoirs, Dams & Waterways	9,352,023	1 81%	169,272	3 30%	308,617
333 00 Water Wheels, Turbines and Generators	10,895,237	1 81%	197,204	0 25%	27,238
334 00 Accessory Electric Equipment	4,581,251	1 81%	82,921	2 95%	135,147
335 00 Misc Power Plant Equipment	224,504	1 81%	4,064	2 31%	5,186
336 00 Roads, Railroads and Bridges	28,797	1 81%	521	0 00%	-
	<u>29,632,574</u>		<u>536,349</u>		<u>479,828</u>
Hydraulic Production Plant - Other Than Project 289					
0450 - Ohio Falls Other Than Project 289					
330 20 Land	1	0 00%	-	0 00%	-
331 00 Structures and Improvements	65,796	1 76%	1,158	0 55%	362
335 00 Misc Power Plant Equipment	7,814	1 76%	138	1 68%	131
336 00 Roads, Railroads and Bridges	1,134	1 76%	20	0 00%	-
337 00 Asset Retirement Obligations - Hydro *	31,163	1 76%			
	<u>105,907</u>		<u>1,315</u>		<u>493</u>
Total Hydraulic Plant	<u>29,738,482</u>		<u>537,665</u>		<u>480,322</u>
Other Production Plant					
340 20 Land	49,259	0 00%	-	0 00%	-
341 00 Structures and Improvements					
0171 Cane Run GT 11	68,932	0 49%	338	2 33%	1,606
0410 Zorn and River Road Gas Turbine	8,241	1 24%	102	1 59%	131
0431 Paddys Run Generator 12	42,865	1 34%	574	1 58%	677
0432 Paddys Run Generator 13	2,158,698	3 43%	74,043	3 15%	67,999
0459 Brown CT 5	858,539	3 43%	29,448	3 15%	27,044
0460 Brown CT 6	105,978	3 45%	3,656	3 29%	3,487
0461 Brown CT 7	144,356	3 33%	4,807	3 23%	4,663
0470 Trimble County CT 5	1,555,655	3 43%	53,359	3 27%	50,870
0471 Trimble County CT 6	1,467,924	3 43%	50,350	3 25%	47,708
0474 Trimble County CT 7	2,083,698	3 43%	71,471	3 45%	71,888
0475 Trimble County CT 8	2,075,527	3 43%	71,191	3 45%	71,606
0476 Trimble County CT 9	2,137,402	3 43%	73,313	3 45%	73,740
0477 Trimble County CT 10	2,132,790	3 43%	73,155	3 45%	73,581
	<u>14,840,604</u>		<u>505,807</u>		<u>494,999</u>
342 00 Fuel Holders, Producers and Accessories					
0171 Cane Run GT 11	118,874	0 49%	582	4 89%	5,813
0410 Zorn and River Road Gas Turbine	12,802	1 24%	159	1 69%	216
0430 Paddys Run Generator 11	9,238	1 26%	116	1 69%	156
0431 Paddys Run Generator 12	12,197	1 34%	163	1 96%	239
0432 Paddys Run Generator 13	2,255,338	3 43%	77,358	3 21%	72,396
0459 Brown CT 5	822,581	3 43%	28,215	3 20%	26,323
0460 Brown CT 6	363,762	3 45%	12,550	3 11%	11,313
0461 Brown CT 7	102,065	3 33%	3,399	3 11%	3,174
0470 Trimble County CT 5	97,997	3 43%	3,361	3 29%	3,224
0471 Trimble County CT 6	97,862	3 43%	3,357	3 29%	3,220
0473 Trimble County CT Pipeline	1,998,391	3 43%	68,545	3 32%	66,347
0474 Trimble County CT 7	338,423	3 43%	11,608	3 50%	11,845
0475 Trimble County CT 8	337,096	3 43%	11,562	3 50%	11,798
0476 Trimble County CT 9	347,147	3 43%	11,907	3 50%	12,150
0477 Trimble County CT 10	361,860	3 43%	12,412	3 50%	12,665
	<u>7,275,631</u>		<u>245,294</u>		<u>240,879</u>

Louisville Gas and Electric Company
Annualized Depreciation
at April 30, 2008

	DEPRECIABLE PLANT 4/30/08	Current Rates ASL	Depreciation Under Curr. Rates	2006 New ELG	Depreciation Under Spanos ELG	
343 00	<i>Prime Movers</i>					
	0432 Paddys Run Generator 13	19,711,932	3.43%	676,119	4.60%	906,749
	0459 Brown CT 5	14,329,963	3.43%	491,518	4.61%	660,611
	0460 Brown CT 6	19,135,984	3.45%	660,191	4.68%	895,564
	0461 Brown CT 7	19,416,144	3.33%	646,558	4.60%	893,143
	0470 Trimble County CT 5	12,535,260	3.43%	429,959	4.67%	585,397
	0471 Trimble County CT 6	12,417,684	3.43%	425,927	4.67%	579,906
	0474 Trimble County CT 7	13,328,878	3.43%	457,181	4.88%	650,449
	0475 Trimble County CT 8	13,203,913	3.43%	452,894	4.88%	644,351
	0476 Trimble County CT 9	13,094,542	3.43%	449,143	4.88%	639,014
	0477 Trimble County CT 10	13,060,778	3.43%	447,985	4.88%	637,366
		150,235,077		5,137,474		7,092,549
344 00	<i>Generators</i>					
	0171 Cane Run GT 11	2,492,496	0.49%	12,213	5.73%	142,820
	0410 Zorn and River Road Gas Turbine	1,827,581	1.24%	22,662	2.70%	49,345
	0430 Paddys Run Generator 11	1,523,116	1.26%	19,191	2.74%	41,733
	0431 Paddys Run Generator 12	2,991,746	1.34%	40,089	2.63%	78,683
	0432 Paddys Run Generator 13	5,859,858	3.43%	200,993	3.00%	175,796
	0459 Brown CT 5	3,219,205	3.43%	110,419	3.00%	96,576
	0460 Brown CT 6	2,417,995	3.45%	83,421	2.93%	70,847
	0461 Brown CT 7	2,421,079	3.33%	80,622	2.93%	70,938
	0470 Trimble County CT 5	1,539,295	3.43%	52,798	3.09%	47,564
	0471 Trimble County CT 6	1,537,168	3.43%	52,725	3.09%	47,498
	0474 Trimble County CT 7	1,726,824	3.43%	59,230	3.29%	56,813
	0475 Trimble County CT 8	1,717,277	3.43%	58,903	3.29%	56,498
	0476 Trimble County CT 9	1,728,008	3.43%	59,271	3.29%	56,851
	0477 Trimble County CT 10	1,722,674	3.43%	59,088	3.29%	56,676
		32,724,322		911,624		1,048,639
345 00	<i>Accessory Electric Equipment</i>					
	0171 Cane Run GT 11	116,627	0.49%	571	4.60%	5,365
	0410 Zorn and River Road Gas Turbine	40,936	1.24%	508	4.50%	1,842
	0430 Paddys Run Generator 11	68,109	1.26%	858	6.33%	4,311
	0431 Paddys Run Generator 12	114,338	1.34%	1,532	5.93%	6,780
	0432 Paddys Run Generator 13	2,778,993	3.43%	95,319	3.72%	103,379
	0459 Brown CT 5	2,575,301	3.43%	88,333	3.72%	95,801
	0460 Brown CT 6	942,589	3.45%	32,519	3.67%	34,593
	0461 Brown CT 7	943,792	3.33%	31,428	3.67%	34,637
	0470 Trimble County CT 5	685,979	3.43%	23,529	3.78%	25,930
	0471 Trimble County CT 6	685,031	3.43%	23,497	3.78%	25,894
	0474 Trimble County CT 7	1,841,955	3.43%	63,179	3.89%	71,652
	0475 Trimble County CT 8	1,834,732	3.43%	62,931	3.89%	71,371
	0476 Trimble County CT 9	1,889,431	3.43%	64,807	3.89%	73,499
	0477 Trimble County CT 10	1,885,354	3.43%	64,668	3.89%	73,340
		16,403,167		553,680		628,395
346 00	<i>Miscellaneous Plant Equipment</i>					
	0410 Zorn and River Road Gas Turbine	9,488	1.24%	118	0.00%	-
	0430 Paddys Run Generator 11	9,494	1.26%	120	0.00%	-
	0431 Paddys Run Generator 12	1,141	1.34%	15	0.00%	-
	0432 Paddys Run Generator 13	1,274,483	3.43%	43,715	2.83%	36,068
	0459 Brown CT 5	2,395,225	3.43%	82,156	2.83%	67,785
	0460 Brown CT 6	22,456	3.45%	775	2.88%	647
	0461 Brown CT 7	23,048	3.33%	767	2.89%	666
	0470 Trimble County CT 5	14,529	3.43%	498	3.24%	471
	0474 Trimble County CT 7	5,205	3.43%	179	3.13%	163

**Louisville Gas and Electric Company
Annualized Depreciation
at April 30, 2008**

	DEPRECIABLE PLANT 4/30/08	Current Rates ASL	Depreciation Under Curr. Rates	2006 New ELG	Depreciation Under Spanos ELG
0475 Trimble County CT 8	5,183	3.43%	178	3.13%	162
0476 Trimble County CT 9	5,328	3.43%	183	3.12%	166
0477 Trimble County CT 10	5,316	3.43%	182	3.12%	166
	<u>3,770,896</u>		<u>128,886</u>		<u>106,294</u>
347 00 Asset Retirement Obligations - Other Prod *	297,215				
Total Other Production	<u>225,596,172</u>		<u>7,482,765</u>		<u>9,611,755</u>
Transmission Plant					
350 2 Transmission Lines Land	885,061	0.00%	-	0.00%	-
350 1 Land Rights	7,781,411	1.31%	101,936	4.30%	334,601
352 1 Structures & Improvements	3,443,349	2.02%	69,556	1.42%	48,896
353 1 Station Equipment - Project 289	1,108,850	2.25%	24,949	1.59%	17,631
353 1 Station Equipment	133,193,694	2.10%	2,797,068	1.59%	2,117,780
354 Towers & Fixtures	24,705,992	2.40%	592,944	1.58%	390,355
355 Poles & Fixtures	38,253,365	2.95%	1,128,474	3.69%	1,411,549
356 1 Overhead Conductors & Devices - Project 289	16,390	2.25%	369	3.14%	515
356 Overhead Conductors & Devices	38,514,217	2.91%	1,120,764	3.14%	1,209,346
357 Underground Conduit	1,880,752	1.98%	37,239	2.13%	40,060
358 Underground Conductors & Devices	5,303,989	2.47%	131,009	4.21%	223,298
359 Transmission ARO's *	4,000				
TOTAL TRANSMISSION PLANT	<u>255,091,069</u>		<u>6,004,307</u>		<u>5,794,030</u>
Distribution Plant					
360 2 Substation Land	1,981,707	0.00%	-	0.00%	-
360 2 Substation Land Class A (Plant Held for Future	637,632	0.00%	-	0.00%	-
361 Substation Structures	6,130,215	2.21%	135,478	1.16%	71,110
362 1 Substation Equipment	86,733,151	2.57%	2,229,042	1.91%	1,656,603
362 1 Substation Equipment - Class A (Plant Held for	11,382	0.00%	-	0.00%	-
364 Poles Towers & Fixtures	106,709,095	3.55%	3,788,173	3.59%	3,830,856
365 Overhead Conductors & Devices	182,141,013	3.82%	6,957,787	3.92%	7,139,928
366 Underground Conduit	62,534,874	1.49%	931,770	1.34%	837,967
367 Underground Conductors & Devices	95,365,944	3.08%	2,937,271	2.24%	2,136,197
368 1 Line Transformers	97,370,472	2.70%	2,629,003	2.90%	2,823,744
368 2 Line Transformer Installations	11,107,541	2.70%	299,904	2.90%	322,119
369 1 Underground Services	3,521,786	3.21%	113,049	3.29%	115,867
369 2 Overhead Services	21,039,201	4.46%	938,348	5.99%	1,260,248
370 1 Meters	25,560,632	3.37%	861,393	4.73%	1,209,018
370 2 Meter Installations	8,828,416	3.37%	297,518	4.73%	417,584
373 1 Overhead Street Lighting	24,651,434	5.93%	1,461,830	3.84%	946,615
373 2 Underground Streetlighting	42,382,522	4.34%	1,839,401	3.94%	1,669,871
373 4 Street lighting Transformers	87,546	0.00%	-	0.00%	-
374 ARO Distribution *	37,674				
TOTAL DISTRIBUTION PLANT	<u>776,832,239</u>		<u>25,419,966</u>		<u>24,437,728</u>
General Plant					
392 1 Transportation Equip Cars & Trucks	9,070,918	20.0%	1,814,184	20.00%	1,814,184
392 2 Transportation Equip Trailers	557,110	2.60%	14,485	3.84%	21,393
394 Tools, Shop, and Garage Equipment	3,194,244	3.50%	111,799	4.39%	140,227
395 Laboratory Equipment	1,496,151	2.70%	40,396	30.32%	453,633
396 1 Power Operated Equip Hourly Rated	2,285,136	20.0%	457,027	20.00%	457,027
396 2 Power operated Equipment Other	51,068	2.11%	1,078	3.83%	1,956
TOTAL GENERAL PLANT	<u>16,654,627</u>		<u>2,438,968</u>		<u>2,888,420</u>
TOTAL ELECTRIC PLANT	<u>3,278,232,391</u>		<u>99,063,660</u>		<u>116,128,960</u>
GAS PLANT					
INTANGIBLE PLANT	1,187	0.00%	-	0.00%	-
UNDERGROUND STORAGE					

Louisville Gas and Electric Company
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	DEPRECIABLE PLANT 4/30/08	Current Rates ASL	Depreciation Under Curr. Rates	2006 New ELG	Depreciation Under Spanes ELG
350 1 Land	32,864	0 00%	-	0 00%	-
350 2 Rights of Way	63,678	0 00%	-	0 00%	-
351 2 Compressor Station Structures	1,704,039	2 45%	41,749	1 68%	28,628
351 3 Reg Station Structures	10,880	0 00%	-	0 00%	-
351 4 Other Structures	1,317,477	1 74%	22,924	1 07%	14,097
352 40 Well Drilling	2,622,898	1 67%	43,802	0 44%	11,541
352 50 Well Equipment	6,142,763	2 35%	144,355	4 05%	248,782
352 1 Storage Leaseholds & Rights	548,241	2 22%	12,171	0 00%	-
352 2 Reservoirs	400,511	0 69%	2,764	0 00%	-
352 3 Nonrecoverable Natural Gas Gas Stored Underground Non-Current	9,648,855	1 73%	166,925	0 92%	88,769
353 Lines	2,139,990	0 00%	-	0 00%	-
354 Compressor Station Equipment	12,768,805	2 53%	323,051	2 12%	270,699
355 Measuring & Regulating Equipment	15,120,619	1 78%	269,147	1 47%	222,273
356 Purification Equipment	387,809	1 54%	5,972	1 72%	6,670
357 Other Equipment	9,933,661	3 50%	347,678	2 44%	242,381
358 ARO Storage *	1,067,350	2 49%	26,577	2 81%	29,993
TOTAL UNDERGROUND STORAGE	64,451,571		1,407,115		1,163,833
TRANSMISSION PLANT					
365 2 Rights of Way	220,659	1 68%	3,707	0 30%	662
367 Mains	12,681,249	1 68%	213,045	0 44%	55,797
TOTAL TRANSMISSION PLANT Excl ARO Assets	12,901,908		216,752		56,459
DISTRIBUTION PLANT					
374 Land	59,725	0 00%	-	0 00%	-
374 2 Land Rights	74,018	2 95%	2,184	0 04%	30
375 1 City Gate Structures	224,019	3 59%	8,042	1 23%	2,755
375 2 Other Distribution Structures	505,355	3 34%	16,879	7 71%	38,963
376 Mains	279,586,446	2 23%	6,234,778	2 16%	6,039,067
378 Measuring and Reg Equipment	8,254,321	3 03%	250,106	3 68%	303,759
379 Meas & Reg Equipment - City Gate	3,864,491	3 14%	121,345	2 96%	114,389
380 Services	137,878,756	4 25%	5,859,847	5 03%	6,935,301
381 Meters	22,084,789	3 11%	686,837	5 21%	1,150,618
382 Meter Installations	9,381,447	3 22%	302,083	11 17%	1,047,908
383 House Regulators	4,941,391	2 42%	119,582	2 59%	127,982
384 House Regulator Installations	5,298,054	2 28%	120,796	3 17%	167,948
385 Industrial Meas & Reg Station Equip	159,362	3 62%	5,769	1 07%	1,705
386 Other Equipment	51,112	2 36%	1,206	3 99%	2,039
388 ARO Distribution *	30,769				
TOTAL DISTRIBUTION PLANT	472,394,054		13,729,452		15,932,465
GENERAL PLANT					
392 1 Cars & Trucks	1,932,498	20 0%	386,500	20 00%	386,500
392 2 Trailers	451,395	4 49%	20,268	6 56%	29,612
394 Other Equipment	3,750,330	3 76%	141,012	4 68%	175,515
395 Laboratory Equipment	436,783	3 16%	13,802	36 02%	157,329
396 1 Power Operated Equipment Hourly rated	2,415,942	20 0%	483,188	20 00%	483,188
396 2 Power Operated Equipment Other	51,525	2 99%	1,541	3 25%	1,675
TOTAL GENERAL PLANT	9,038,473		1,046,311		1,233,819
TOTAL GAS PLANT	558,787,193		16,399,631		18,386,576

Louisville Gas and Electric Company
Annualized Depreciation
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	DEPRECIABLE PLANT 4/30/08	Current Rates ASL	Depreciation Under Curr. Rates	2006 New ELG	Depreciation Under Spanos ELG
COMMON UTILITY PLANT					
INTANGIBLE PLANT					
301 Organization	83,782	0.00%	-	0.00%	-
302 Franchises and Consents	4,200	0.00%	-	0.00%	-
303 Software	29,259,188	20%	5,851,838	20.00%	5,851,838
TOTAL INTANGIBLE PLANT	29,347,170		5,851,838		5,851,838
GENERAL PLANT					
389 1 Land	1,691,944	0.00%	-	0.00%	-
389 2 Land Rights	202,095	2.95%	5,962	2.95%	5,962
390 10 Structures and Improvements - BOC	18,239,781	2.18%	397,627	4.01%	731,415
390 10 Structures and Improvements - LG&E Building	1,482,088	8.00%	118,567	4.01%	59,432
390 10 Structures and Improvements - BOC (Actors)	493,943	2.18%	10,768	4.01%	19,807
390 10 Structures and Improvements	28,701,014	2.18%	625,682	4.01%	1,150,911
390 20 Structures and Improvements - Transportation	431,574	2.14%	9,236	29.19%	125,976
390 30 Structures and Improvements - Stores	10,918,821	2.09%	228,203	1.72%	187,804
390 40 Structures and Improvements - Shops	529,682	1.96%	10,382	1.46%	7,733
390 60 Structures and Improvements - Microwave	855,653	2.09%	17,883	2.67%	22,846
391 10 Office Furniture	12,943,068	3.43%	443,947	6.06%	784,350
391 20 Office Equipment	3,388,007	3.43%	116,209	8.89%	301,194
391 30 Computer Equipment - Non PC	18,405,419	20.00%	3,681,084	22.05%	4,058,395
391 31 Personal Computers	1,870,245	33.33%	623,353	26.19%	489,817
391 40 Security Equipment	2,601,715	3.43%	89,239	6.99%	181,860
392 1 Cars & Trucks	84,479	20.0%	16,896	20.00%	16,896
392 2 Trailers	63,404	2.67%	1,693	3.50%	2,219
393 Stores Equipment	1,208,453	2.75%	33,232	5.60%	67,673
394 Other Equipment	3,636,099	2.97%	107,992	5.17%	187,986
395 Laboratory Equipment	22,282	2.59%	577	61.24%	13,645
396 1 Power Operated Equipment Hourly	258,314	20.0%	51,663	20.00%	51,663
396 2 Power Operated Equipment Other	14,147	2.51%	355	4.64%	656
397 Communications Equipment	35,656,730	3.72%	1,326,430	12.00%	4,278,808
397 10 Comm Equip - Computer	6,342,423	3.72%	235,938	0.90%	57,082
398 00 Miscellaneous Equipment	594,390	3.97%	23,597	34.63%	205,837
399 10 ARO Common *	3,735				
TOTAL GENERAL PLANT	150,639,505		8,176,515		13,009,967
TOTAL COMMON UTILITY PLANT	179,986,675		14,028,353		18,861,805
TOTAL PLANT IN SERVICE	4,017,006,260				
Total Annual Depreciation excluding ARO amounts			129,491,643		153,377,340

Louisville Gas and Electric Company
Annualized Depreciation
at April 30, 2008

	DEPRECIABLE PLANT 4/30/08	Current Rates ASL	Depreciation Under Curr. Rates	2006 New ELG	Depreciation Under Spans ELG
Less Amounts not included in Income Statement Depreciation					
Electric					
CANE RUN LOCOMOTIVE			-		2,469
CANE RUN RAIL CARS			34,090		53,914
MILL CREEK LOCOMOTIVE			13,189		24,782
MILL CREEK RAIL CARS			77,971		128,633
OTHER PRODUCTION-TRIMBLE COUNTY PIPELINE			68,545		66,347
392 1 Cars & Trucks			1,814,184		1,814,184
396 1 Power Operated Equipment Hourly			457,027		457,027
Total Electric			<u>2,465,005</u>		<u>2,547,356</u>
Gas					
392 1 Cars & Trucks			386,500		386,500
396 1 Power Operated Equipment Hourly			483,188		483,188
Total Gas			<u>869,688</u>		<u>869,688</u>
Common					
392 1 Cars & Trucks			16,896		16,896
396 1 Power Operated Equipment Hourly			51,663		51,663
Total Common			<u>68,559</u>		<u>68,559</u>
Subtotal Amounts Not Included in Income Statement Depreciation			<u>3,403,251</u>		<u>3,485,602</u>
Total Annualized Depr. less ARO and Amts not in Inc. St. Depr.			<u>126,088,392</u>		<u>149,891,738</u>
Less ECR Depreciation			7,276,652		10,803,374
Total Annualized Depreciation excluding ECR and ARO			<u>118,811,739</u>		<u>139,088,364</u>

* Represents list of ARO assets Please note these amounts are not included in the calculation

Louisville Gas and Electric Company
Annualized Depreciation
at April 30, 2008

DEPRECIABLE PLANT 4/30/08	Current Rates ASL	Depreciation Under Curr. Rates	2006 New ELG	Depreciation Under Spans ELG
Depreciation Totals Recap by Method				
		74%	26%	
		Electric	Gas	Total
Financial Depreciation - March 31, 2008 Page 13 and Page 15				
Depreciation		102,867,463	17,390,785	120,258,248
Depreciation for Asset Retirement Costs		179,051	9,103	188,154
Amortization Expense		4,336,117	1,523,500	5,859,617
Total		107,382,630	18,923,389	126,306,019
Exclude ARO		(179,051)	(9,103)	(188,154)
Exclude ECR Filings		(7,240,995)	-	(7,240,995)
Financial Statement Depreciation excluding ARO and ECR		99,962,584	18,914,286	118,876,870
Total Annualized Depreciation - Electric and Gas Split - Current Rates ASL				
Total Plant Depr excl ARO		99,063,660	16,399,631	115,463,290
Total Common Plant %		10,380,981	3,647,372	14,028,353
Less Amts not inc in Income Statement Depr		(2,465,005)	(869,688)	(3,334,693)
Less Amts not inc in Income Statement Depr - Common		(50,733)	(17,825)	(68,559)
Less Annualized ECR Depreciation		(7,276,652)	-	(7,276,652)
Annualized Depreciation under current rates		99,652,250	19,159,489	118,811,739
Total Annualized Depreciation - Electric and Gas Split - New Rates ELG				
Total Plant Depr excl ARO		116,128,960	18,386,576	134,515,535
Total Common Plant %		13,957,736	4,904,069	18,861,805
Less Amts not inc in Income Statement Depr		(2,547,356)	(869,688)	(3,417,044)
Less Amts not inc in Income Statement Depr - Common		(50,733)	(17,825)	(68,559)
Less Annualized ECR Depreciation		(10,803,374)	-	(10,803,374)
Annualized Depreciation under current rates		116,685,232	22,403,132	139,088,364

Louisville Gas and Electric Company - ECR April 2008

		Existing Depreciation Rates	ASL Annual Amount	2006 Proposed ELG Rates	ELG Annual Amount
2001 Plan					
<u>Project 6 -- NOx all plants</u>					
<u>Trimble County 1 SCR</u>					
	6/1/2002				
Investments	34,910,939	2.41%	841,354	4.04%	1,410,402
Retirements, Original Cost	(184,425)		(4,440)		(4,440)
<u>Trimble County 1 Catalyst</u>					
	5/1/2005				
Investments	1,444,358	2.41%	34,809	4.04%	58,352
<u>Mill Creek 3</u>					
	12/1/2003				
Investments	19,730,477	3.03%	597,833	4.48%	883,925
<u>Mill Creek 4</u>					
	12/1/2003				
Investments	21,669,172	2.82%	611,071	4.45%	964,278
<u>Cane Run 6</u>					
Investments	398,347	3.06%	12,189	5.78%	23,024
<u>Trimble County 1 Investments</u>					
	12/1/2002				
Investments	3,200,663	2.41%	77,136	4.04%	129,307
Retirements, Original Cost	(300,000)		(7,230)		(7,230)
<u>Cane Run 5</u>					
	4/1/2003				
Investments	3,150,880	2.87%	90,430	6.71%	211,424
Retirements, Original Cost	(22,747)		(648)		(648)
<u>Cane Run 4</u>					
	10/1/2003				
Investments	1,963,177	2.94%	57,717	6.66%	130,748
Retirements, Original Cost	(44,432)		(1,308)		(1,308)
<u>Mill Creek 4</u>					
	12/1/2003				
Investments	43,947,781	2.82%	1,239,327	4.45%	1,955,676
Retirements, Original Cost	(993,467)		(28,020)		(28,020)
<u>Mill Creek 2</u>					
	3/1/2004				
Investments	550,661	2.29%	12,610	5.22%	28,745
<u>Mill Creek 1</u>					
	4/1/2004				
Investments	598,446	2.39%	14,303	4.72%	28,247
Retirements, Original Cost	(222,092)		(5,308)		(5,308)
<u>Mill Creek 3</u>					
	5/1/2004				
Investments	49,365,169	3.03%	1,495,765	4.48%	2,211,560
Retirements, Original Cost	(701,158)		(21,245)		(21,245)
<u>Mill Creek Substation</u>					
	9/1/2001				
Investments	2,525,302	2.10%	53,031	1.59%	40,152
Retirements, Original Cost	(521,706)		(10,956)		(10,956)
<u>Mill Creek 4 SCR - May 2006 Addition</u>					
	5/31/2006				
Investments	1,724,257	2.82%	48,624	4.45%	76,729
<u>TC Air Heater Baskets - Dec 2005 Addition</u>					
	12/1/2005				
Investments	463,939	2.41%	11,181	4.04%	18,743
Retirements, Original Cost	(344,487)		(8,304)		(8,304)

Louisville Gas and Electric Company - ECR April 2008

		Existing Depreciation Rates	ASL Annual Amount	2006 Proposed ELG Rates	ELG Annual Amount
<u>LG&E NOX - April 2006 Addition</u>					
	4/1/2006				
Investments	5,373,292	2.82%	151,527	4.45%	239,111
Retirements, Original Cost	(2,516,451)		(70,968)		(70,968)
<u>MC3 - SCR Catalyst Replacement</u>					
	7/1/2007				
Investments	1,843,984	3.03%	55,873	4.48%	82,611
2001 Plan Additions	192,860,844				
2001 Plan Retirements	(5,850,967)				
2003 Plan					
<u>Project 7 -- Mill Creek FGD Scrubber Conversion</u>					
<u>Mill Creek FGD Scrubber Conversion Unit 1</u>					
	1/1/2003				
Investments	6,780,427	3.90%	264,437	4.96%	336,309
Retirements, Original Cost	(256,099)		(9,984)		(9,984)
<u>Mill Creek 1 FGD Rapid Amortization</u>					
	1/1/2005				
Investments	(7,575)	3.90%	(295)	4.96%	(376)
<u>Mill Creek FGD Scrubber Conversion Unit 2</u>					
	1-Aug-2002				
Investments	5,496,522	3.99%	219,311	4.71%	258,886
Retirements, Original Cost	(593,300)		(23,676)		(23,676)
<u>Mill Creek FGD 2 Rapid Amortization</u>					
	1-Jan-2005				
Investments	203,537	3.99%	8,121	4.71%	9,587
<u>Mill Creek FGD Scrubber Conversion Unit 3</u>					
	5/1/2004				
Investments	6,192,799	4.54%	281,153	4.38%	271,245
Retirements -- Original Cost	(501,511)		(22,769)		(22,769)
<u>Mill Creek FGD Scrubber Conversion Unit 3</u>					
	5/1/2004				
Investments	5,685,853	4.54%	258,138	4.38%	249,040
Retirements -- Original Cost	(4,221,527)		(191,652)		(191,652)
<u>Mill Creek FGD 3 Rapid Amortization</u>					
	1-Jan-2005				
Investments	19,187	4.54%	871	4.38%	840
<u>Mill Creek FGD Scrubber Conversion Unit 4</u>					
	6/1/2003				
Investments	6,490,936	5.38%	349,212	4.14%	268,725
Retirements -- Original Cost	(365,346)		(19,656)		(19,656)
<u>Project 8 -- Precipitators</u>					
<u>Mill Creek 2 -- Include in Rate Base Feb 2003</u>					
	10/1/2001				
Investments	2,076,199	2.29%	47,545	5.22%	108,378
Retirements -- Original Cost	(101,069)		(2,316)		(2,316)
<u>Mill Creek 3 -- Include in Rate Base Feb 2003</u>					
	6/1/2001				
Investments	3,484,535	3.03%	105,581	4.48%	156,107
Retirements -- Original Cost	(284,031)		(8,604)		(8,604)
<u>Mill Creek 3</u>					
	5/1/2004				
Investments	2,144,386	3.03%	64,975	4.48%	96,068
Retirements -- Original Cost	(1,195,718)		(36,228)		(36,228)
<u>Cane Run 5</u>					
	6/1/2004				
Investments	4,224,013	2.87%	121,229	6.71%	283,431
Retirements -- Original Cost	(264,918)		(7,608)		(7,608)
<u>Project 9 -- Clearwell Water System</u>					
	6/1/2003				
Investments	1,197,310	5.38%	64,415	4.14%	49,569
Retirements -- Original Cost	(56,001)		(3,013)		(3,013)

Louisville Gas and Electric Company - ECR April 2008

		<u>Existing Depreciation Rates</u>	<u>ASL Annual Amount</u>	<u>2006 Proposed ELG Rates</u>	<u>ELG Annual Amount</u>
<u>Project 10 – Absorber Trays</u>					
<u>Mill Creek 3 Include in Rate Base Feb 2003</u>	5/1/2001				
Investments	1,367,310	4.54%	62,076	4.38%	59,888
<u>Mill Creek 4 Include in Rate Base Feb 2003</u>	5/1/2001				
Investments	1,367,310	5.38%	73,561	4.14%	56,607
2003 Plan Additions	46,722,749				
2003 Plan Retirements	(7,839,520)				
2005 Plan					
<u>Project 11 – Special Waste Landfill Expansion</u>					
<u>Mill Creek</u>	8/1/2005				
Investments	2,188,050	2.82%	61,703	4.45%	97,368
<u>Mill Creek</u>	11/1/2005				
Investments	94,931	5.38%	5,107	4.14%	3,930
Retirements -- Original Cost	(83,141)		(4,476)		(4,476)
<u>Project 12 – Special Waste Landfill Expansion</u>					
Cane Run	12/1/2006				
Investments	2,323,293	2.82%	65,517	4.45%	103,387
<u>Project 12 – Special Waste Landfill Expansion - December 2007 Addition</u>					
Cane Run	12/1/2007				
Investments	664,844	2.82%	18,749	4.45%	29,586
<u>Project 13 – Scrubber Refurbishment</u>					
Trimble Co 1	12/1/2007				
Investments	855,968	3.47%	29,702	4.10%	35,095
<u>Project 14 – CR6 SDRS Tank RPLC</u>					
Cane Run 6	1/1/2006				
Investments	154,841	2.18%	3,376	4.97%	7,696
Retirements -- Original Cost	(72,799)		(1,584)		(1,584)
<u>Project 14 – CR6 Module Mist Elim Rplc</u>					
Cane Run 6	5/1/2006				
Investments	127,294	2.18%	2,775	4.97%	6,326
Retirements -- Original Cost	(89,971)		(1,956)		(1,956)
<u>Project 14 – CR6 Expansion Joint Replacement</u>					
Cane Run 6	12/1/2007				
Investments	26,373	2.18%	575	4.97%	1,311
Retirements -- Original Cost	(21,578)		(288)		(288)
<u>Project 16 – Scrubber Improvements</u>					
<u>Trimble Co 1</u>	10/1/2005				
Investments	4,281,077	3.47%	148,553	4.10%	175,524
<u>Project 16 – Scrubber Improvements - Sept 2006 Addition</u>					
<u>Trimble Co 1</u>	9/1/2006				
Investments	3,080,000	3.47%	106,876	4.10%	126,280
Retirements -- Original Cost	(404,979)		(14,052)		(14,052)
2005 Plan Additions	13,796,671				
2005 Plan Retirements	(672,468)				

Louisville Gas and Electric Company - ECR April 2008

		<u>Existing Depreciation Rates</u>	<u>ASL Annual Amount</u>	<u>2006 Proposed ELG Rates</u>	<u>ELG Annual Amount</u>
2006 Plan					
<u>Project 20 – Mercury Monitors</u>					
<u>Cane Run 6 - Data Loggers</u>					
Investments	12/1/2006				
	27,584	3.06%	844	5.78%	1,594
<u>Mill Creek 4 - Data Loggers</u>					
Investments	12/1/2006				
	38,545	2.82%	1,087	4.45%	1,715
<u>Trimble County 1 - Data Loggers</u>					
Investments	12/1/2006				
	20,073	2.41%	484	4.04%	811
<u>CEMS Stackvision EDR Upgrade</u>					
Investments	10/1/2007				
	77,639	2.41%	1,871	4.04%	3,137
<u>Project 21 – Particulate Monitors</u>					
<u>Mill Creek 1</u>					
Investments	4/1/2006				
	72,995	2.39%	1,745	4.72%	3,445
<u>Mill Creek 2</u>					
Investments	4/1/2006				
	86,735	2.29%	1,986	5.22%	4,528
<u>Mill Creek 3</u>					
Investments	3/1/2006				
	87,743	3.03%	2,659	4.48%	3,931
<u>Mill Creek 4</u>					
Investments	1/1/2005				
	149,675	2.82%	4,221	4.45%	6,661
2006 Plan Additions	560,989				
Total Additions	253,941,254				
Total Retirements	(14,362,955)				
Total	<u>239,578,299</u>		<u>\$ 7,276,652</u>		<u>\$ 10,803,374</u>

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 76

Responding Witness: Shannon L. Charnas

- Q-76. Refer to page 12 of the Rives Testimony and Reference Schedule 1.14 of Exhibit 1 to the testimony.
- a. Provide a schedule in the same format shown in Case No. 2007-005645 in the Application and Testimony at Exhibit JJS-KU, page III-4 detailing the calculation of test year depreciation expense as shown at Exhibit 1, Reference Schedule 1.14, of the Rives Testimony. This schedule should not reflect the impact of annualization of plant balances at test year-end. This response should also indicate which assets are considered to be post-1995 ECR assets and ARO assets. If post-1995 ECR assets and ARO assets are not included on this schedule, provide a separate schedule detailing their depreciation.
 - b. Provide a schedule in the same format as provided in a. recalculating test year depreciation using depreciation rates based on the average life group method. This schedule should not reflect the impact of annualization of plant balance at test year-end. This response should also indicate which assets are considered to be post-1995 ECR assets and ARO assets. If post-1995 ECR assets and ARO assets are not included on this schedule, provide a separate schedule detailing their depreciation.
- A-76. a. Please see the Company's response to Question No. 75(a).
- b. Per telephone conference with the Commission Staff and other parties on September 3, 2008, it was agreed that this question was intended to be the same as Question No. 75(b), with the exception of the request for the post-1995 ECR and ARO information. Please see the Company's response to Question No. 75(b).

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 77

Responding Witness: S. Bradford Rives

- Q-77. a. In Case No. 2003-00433 the Commission's June 30, 2004 Order reduced LG&E's capitalization to account for the removal ARO assets. Has LG&E adjusted its capitalization in this case to remove ARO assets? If no, explain.
- b. State the amount of the adjustment necessary in this case to follow the method used in the Commission's Order to adjust LG&E's capitalization to account for the removal of ARO assets. Show the calculation of the adjustment and its impact on LG&E's capitalization.
- A-77. a & b. No. Please see attached response to PSC-2 Question No. 94 on Kentucky Utilities (Case No. 2008-00251). LG&E has not adjusted its capitalization to remove ARO assets since it does not believe a capitalization adjustment is needed. No capitalization adjustment is needed because the net ARO asset indicated below is offset by higher accumulated depreciation as a result of adoption of SFAS 143.

		<u>Electric</u>	<u>Gas</u>
Asset Retirement Obligation-Net Assets	Exhibit 3, page 1 of 2, columns 6 & 7, line 9	\$ 3,648,921	\$ 149,250
Asset Retirement Obligation-Liabilities	Exhibit 3, page 1 of 2, columns 6 & 7, line 10	(22,258,278)	(7,928,279)
Asset Retirement Obligation-Regulatory Assets	Exhibit 3, page 1 of 2, columns 6 & 7, line 11	19,514,448	5,354,546
Asset Retirement Obligation-Regulatory Liabilities	Exhibit 3, page 1 of 2, columns 6 & 7, line 12	(233,950)	(128,566)
Reclassification of Accumulated Depreciation associated with Cost of Removal for underlying ARO Assets	Exhibit 3, page 1 of 2, columns 6 & 7, line 13	457,520	2,424,396
Cost of Removal for underlying ARO Assets--Depreciation Expense		174,623	128,653
Cash Outlay for Settlement of Liabilities for Assets not yet Retired and Other		<u>\$ 1,303,284</u>	<u>\$ -</u>

Consistent with the Commission's Order in Case No. 2003-00426, the Company has adjusted rate base to exclude ARO assets and liabilities as shown on Rives Exhibit 3, page 1 of 2.

KENTUCKY UTILITIES COMPANY

CASE NO. 2008-00251

CASE NO. 2007-00565

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 94

Responding Witness: S. Bradford Rives

- Q-94. Would you agree that KU has removed the entire effect of SFAS 143 from rates through: 1) making the \$335,141 adjustment to test year depreciation per books as shown in Exhibit 1, Reference Schedule 1.14, of the Rives Testimony; 2) reducing rate base by ARO Liabilities totaling \$28,756,745 as shown in Exhibit 4, page 1, of the Rives Testimony; and 3) recording regulatory credits to accounts 407401, 407402 and 407405 for the test year off-setting accretion expense totaling \$1,901,344 as shown in KU's response to Staff's first request, Item 13, page 7? If no, explain.
- A-94. Yes. KU has removed the entire effect of SFAS No. 143 and FIN 47 from rate base as shown in Exhibit 3, page 1, lines 8-12, of the Rives Testimony. Consistent with the response to Question No. 96, no adjustment to capitalization is necessary. The adjustment to test year depreciation per books as shown in Exhibit 1, Reference Schedule 1.14 excludes the effect of SFAS No. 143 and FIN 47. Depreciation and accretion expense associated with ARO assets and liabilities has been removed from test year net operating income by recording offsetting regulatory credits.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 78

Responding Witness: John J. Spanos

- Q-78. Explain whether AROs are included in the estimated cost of removal as stated as a percentage of original costs in the depreciation study submitted in Case No. 2007-00564.
- A-78. AROs are not part of the estimated cost of removal as a percentage of original cost in the depreciation study.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 79

Responding Witness: Valerie L. Scott

- Q-79. Refer to Exhibit 1, Reference Schedule 1.33, of the Rives Testimony and pages 6-7 of the Scott Testimony.
- a. Provide the amount of the coal tax credits applied against property taxes by KU for each year since the inception of the credit.
 - b. Provide the amount of the coal tax credit first applied against income for each year since the inception of the credit.
 - c. To what portion of income taxes must the credit first be applied before the credit can be applicable to property taxes?
- A-79. a. See attached.
- b. See attached.
 - c. The coal tax credit must be applied first to the entire income tax liability; if any credit remains after it is applied to income tax then the credit is applied to property taxes.

Attachment to Response to PSC-2 Questions No. 79(a-b)

Page 1 of 1

Scott

Louisville Gas and Electric Company
Case No 2008-00252
PSC - 2nd Data Response
Questions 79a & 79b

<u>Year of Coal Purchases</u>	<u>Year Recorded</u>	<u>Coal Tax Credit Applied Against Property Taxes</u>	<u>Coal Tax Credit Applied Against Income</u>	<u>Didn't Qualify for Coal Tax Credit</u>
2000	2001	0	0	X
2001	2002	0	0	X
2002	2003	1,233,622	0	
2003	2004	719,246	0	
2004	2005	557,816	0	
2005	2006	0	1,712,264	
2006	2007	1,135,572	0	
2007	2008	0	1,665,616	

Note: One quarter, \$416,404, of the \$1,665,616 coal tax credit for coal purchased in calendar year 2007 has been recorded in the test year.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 80

Responding Witness: Valerie L. Scott

Q-80. Refer to Exhibit 1, Reference Schedule 1.41, of the Rives Testimony.

- a. Provide workpapers and tax returns supporting the 2006 federal and state tax “true-ups” and the Kentucky Coal Credit adjustment.
- b. Provide the tax returns on which the basis for the “true-ups” originated.
- c. Provide a detailed description of the “true-ups” and explain why it is appropriate to include them in rates.

A-80. a. See attached.

- b. The basis for the true-ups originates with the 2006 tax return. LG&E will file the 2006 income tax returns pursuant to a Petition for Confidential Protection.
- c. The “true-ups” are adjustments recorded in the current year that adjust the estimated income tax expense recorded in a prior year as a result of the actual tax return filed. The true-ups represent prior period adjustments. LG&E has excluded the true-ups due to the fact that if the prior year true-ups are included in rates, income tax expense would reflect a period greater than 12 months. For this reason LG&E is excluding the prior period income tax adjustments from rates. This methodology is consistent with the Commission’s Order in LG&E’s Case 2000-080, in which the Commission ordered LG&E to eliminate all current and deferred taxes associated with “prior period income tax adjustments”. The methodology of removing the true-ups is also consistent with the Commission analysis in prior rate case order for LG&E, Case No. 2003-00433.

Louisville Gas and Electric Company
Case No. 2008-00252
PSC-2nd Data Response Q-80a
Other Adjustments
12 Months Ended 4/30/08

Line No.	Total	Electric	Gas
<u>1 Federal Tax Adjustments:</u>			
2 Over/(Under) Accrual of Taxes for non quarter end estimates	483,911	352,332	131,579
3 Reserve Release due to expiring Statutes	(486,366)	(486,366)	
4 Adjustment to Prior Year Deferred Tax	(477,025)	(477,025)	
5 Reallocation of 2006 Tax Benefits	(161,721)	(161,721)	
6 2006 Deferred Tax Adjustment-Other Permanent and Temporary P&L	(713,846)	(1,249,154)	535,308
7 Excess Deferred Tax Adjustment, 2006 Estimate vs Actual	(22,966)	(16,015)	(6,951)
8 Reclass between federal and state deferred expense (See line 25 below)	117,695	95,026	22,669
9 Total	<u>(1,260,318)</u>	<u>(1,942,923)</u>	<u>682,605</u>
10			
11 Federal effect of removing Kentucky Tax Credits and Adjustments:			
12 Kentucky Coal Credit	132,511	132,511	
13 Kentucky Recycle Credit	741,478	741,478	
14 Reserve Release due to expiring Statutes	<u>(67,363)</u>	<u>(67,363)</u>	
15 Total Kentucky Credits	806,626	806,626	
16 Federal Income Tax Rate	x 35%	x 35%	
17	<u>282,319</u>	<u>282,319</u>	
18			
19 Total Federal Adjustment	<u>(977,999)</u>	<u>(1,660,604)</u>	<u>682,605</u>
20			
<u>21 State Tax Adjustments:</u>			
22 Over/(Under) Accrual of Taxes for non quarter end estimates	78,764	16,507	62,257
23 Reserve Release due to expiring Statutes	67,363	67,363	
24 Excess Deferred Tax Adjustment, 2006 Estimate vs Actual	(308,312)	(242,496)	(65,816)
25 Reclass between federal and state deferred expense (See line 8 above)	<u>(117,695)</u>	<u>(95,026)</u>	<u>(22,669)</u>
26 Total	<u>(279,880)</u>	<u>(253,652)</u>	<u>(26,228)</u>

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 81

Responding Witness: Valerie L. Scott

- Q-81. Refer to Exhibit 1, Reference Schedules 1.33 and 1.41 to the Rives Testimony. Explain why it is appropriate to remove the coal tax credits from test year operations for rate-making purposes.
- A-81. As discussed in the response to Question No. 26 the coal tax credit expires for the Company with the calendar year coal purchases of 2009. Also, the nature of the credit is contingent on exceeding the 1999 base level of Kentucky coal purchases. This can be impacted by several factors including availability of Kentucky coal and the weather conditions. The coal tax credit received has varied from year to year; the Company received no coal tax credit in some of the previous years due to the fact that the Kentucky coal purchases did not exceed the base amounts. If the Company is eligible for the coal tax credit the application of the credit can vary between income tax and property tax depending on levels of taxable income. For these reasons the coal tax credit should not be considered an on-going reduction to property tax expenses, and should be removed from the test year.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 82

Responding Witness: Paul W. Thompson / John J. Spanos

Q-82. Refer to page 7 of the Thompson Testimony.

- a. Discuss fully the tightening of environmental constraints and its impact on the retirement dates of generating facilities. This discussion should specifically address anticipated EPA regulations and their impact on specific generating units.
- b. Discuss how the uncertainty of the retirement dates of the generating units discussed in a. was accounted for in the depreciation study submitted by LG&E in Case No. 2008-00564.

A-82. a. The most anticipated addition to current environmental legislation is carbon or greenhouse gas legislation mandating reduction in carbon dioxide emissions. There has been significant and ongoing interest and activity in Congress during the last two years concerning carbon legislation. However, there remains a wide spectrum of proposals and corresponding uncertainty. Further legislative activity can be anticipated following elections in November 2008, but when new legislation or regulations will be enacted and how it would impact the Companies' existing generation cannot be accurately predicted at this time.

In addition, the decisions this year by the United States Court of Appeals for the D. C. Circuit striking down the Clean Air Mercury Rule (CAMR) and Clean Air Act Interstate Rule (CAIR) are likely to lead to new regulations that may impose further environmental constraints relating to mercury, sulfur dioxide and nitrogen oxides within the next two to three years.

Any potential carbon legislation if enacted is more likely to have a greater impact the older, smaller coal-fired units. To simulate this, the Companies included a sensitivity in the 2008 IRP that included the retirement of Green River 3 and 4 and Tyrone 3 (total of 234 MW). This sensitivity assumed the three units would be retired in December 2014 and resulted in accelerating the need for additional generation capacity and \$250 million in additional present value of revenue requirements.

- b. The retirement dates for generating units in the depreciation study incorporate many variables and uncertainties. These probable retirement dates are the midpoint of all the probabilities of factors that would cause the retirement of each generating unit.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 83

Responding Witness: Shannon L. Charnas

- Q-83. Refer to page 9 of the Bellar Testimony which discusses the proposed unbilled revenue adjustment.
- a. Describe the methods used to calculate and record unbilled revenues. This should include discussion of accruals and subsequent reversals to all accounts used to account for unbilled revenues.
 - b. Explain whether LG&E accrues unbilled revenues on a monthly basis.
 - c. If yes to (b), provide a schedule showing all entries to all accounts affected by the accounting for unbilled revenues for each month of the test year and workpapers, calculations, etc., showing how the amounts were determined.
- A-83. a. For LG&E, unbilled revenues are calculated for both electric and gas each month.

Electric

The Company uses an output based methodology to calculate unbilled revenue. Unbilled revenue is based on the daily electric net output (in kWh), which is the daily total output (load) reduced for line loss and Company usage.

An unbilled percentage is applied to each day's electric net output to determine the daily unbilled kWh. The unbilled percentage is calculated by dividing the number of billing cycles billed prior to a given day, by the total number of cycles for the month (i.e., 20). For example, if 4 billing cycles have occurred by the 6th of the month the unbilled percentage for the 6th would be 20% (i.e. 4 billing cycles / 20 total billing cycles) or 20% of the net kWh output for that day would be unbilled.

The daily unbilled kWh is allocated to the various revenue classes based on the cooling degree days (CDD) and/or heating degree days (HDD) for that day. The daily unbilled kWh allocated to each revenue class is totaled for the month and then priced. The rates and regulatory mechanisms applicable to the next month (i.e., when this unbilled usage will be billed) are used to price the total unbilled kWh for each revenue class and determine the unbilled revenue.

The unbilled revenue is then accrued in the current month and immediately reversed in the following month. The Company records unbilled revenue in the general ledger by revenue class and revenue component.

Gas

The methodology used to calculate and record unbilled gas revenue is virtually identical to that delineated for electric unbilled revenue above.

- b. Yes, LG&E does accrue unbilled electric and gas revenues on a monthly basis.
- c. The schedule and workpapers are attached.

Louisville Gas and Electric Company
Case No. 2008-00252
Electric and Gas Unbilled Revenues
For the Test Year Ending April 30, 2008

		May-07		Jun-07		Jul-07		Aug-07		Sep-07		Oct-07	
	Account #	Accrual	Reversal										
Electric - Net Unbilled - Dr (Cr)													
Residential Sales - DSM	440101	\$ (174,000)	\$ 133,000	\$ (211,000)	\$ 174,000	\$ (235,000)	\$ 211,000	\$ (296,000)	\$ 235,000	\$ (218,000)	\$ 296,000	\$ (169,000)	\$ 218,000
Small Commercial Sales - DSM	442101	(14,000)	11,000	(15,000)	14,000	(15,000)	15,000	(18,000)	15,000	(13,000)	18,000	(12,000)	13,000
Large Commercial Sales - DSM	442201	(14,000)	11,000	(14,000)	14,000	(13,000)	14,000	(15,000)	13,000	(11,000)	15,000	(11,000)	11,000
Public Authority Sales - DSM	445101	(4,000)	3,000	(4,000)	4,000	(4,000)	4,000	(4,000)	4,000	(4,000)	4,000	(4,000)	4,000
DSM Subtotal													
Residential Sales - Energy - Nonfuel	440102	(9,731,000)	7,435,000	(11,838,000)	9,731,000	(13,165,000)	11,838,000	(16,583,000)	13,165,000	(12,175,000)	16,583,000	(9,451,000)	12,175,000
Small Commercial Sales - Energy - Nonfuel	442102	(3,942,000)	3,131,000	(4,657,000)	3,942,000	(4,694,000)	4,657,000	(5,692,000)	4,694,000	(4,062,000)	5,692,000	(3,420,000)	4,062,000
Large Commercial Sales - Energy - Nonfuel	442202	(1,393,000)	1,059,000	(1,379,000)	1,393,000	(1,319,000)	1,379,000	(1,569,000)	1,319,000	(1,127,000)	1,569,000	(1,097,000)	1,127,000
Industrial Sales - Energy - Nonfuel	442302	(716,000)	541,000	(655,000)	716,000	(695,000)	655,000	(806,000)	695,000	(533,000)	806,000	(568,000)	533,000
Street Lighting - Energy - Nonfuel	444102	(149,000)	116,000	(141,000)	149,000	(120,000)	141,000	(148,000)	120,000	(103,000)	148,000	(110,000)	103,000
Public Authority Sales - Energy - Nonfuel	445102	(1,102,000)	856,000	(1,180,000)	1,102,000	(1,143,000)	1,180,000	(1,386,000)	1,143,000	(1,058,000)	1,386,000	(929,000)	1,058,000
Energy-Nonfuel Subtotal													
Residential Sales - Energy - Fuel	440103	(2,792,000)	2,132,000	(3,399,000)	2,792,000	(3,781,000)	3,399,000	(4,764,000)	3,781,000	(3,499,000)	4,764,000	(2,715,000)	3,499,000
Small Commercial Sales - Energy - Fuel	442103	(981,000)	781,000	(1,025,000)	981,000	(1,043,000)	1,025,000	(1,260,000)	1,043,000	(904,000)	1,260,000	(868,000)	904,000
Large Commercial Sales - Energy - Fuel	442203	(1,902,000)	1,469,000	(1,888,000)	1,902,000	(1,814,000)	1,888,000	(2,153,000)	1,814,000	(1,546,000)	2,153,000	(1,503,000)	1,546,000
Industrial Sales - Energy - Fuel	442303	(1,085,000)	858,000	(1,033,000)	1,085,000	(981,000)	1,033,000	(1,155,000)	981,000	(808,000)	1,155,000	(909,000)	808,000
Street Lighting - Energy - Fuel	444103	(18,000)	15,000	(16,000)	18,000	(14,000)	16,000	(19,000)	14,000	(15,000)	19,000	(18,000)	15,000
Public Authority Sales - Energy - Fuel	445103	(875,000)	690,000	(848,000)	875,000	(812,000)	848,000	(964,000)	812,000	(734,000)	964,000	(721,000)	734,000
Energy-Fuel Subtotal													
Residential Sales - FAC	440104	-	-	-	-	-	-	-	-	-	-	-	-
Small Commercial Sales - FAC	442104	-	-	-	-	-	-	-	-	-	-	-	-
Large Commercial Sales - FAC	442204	-	-	-	-	-	-	-	-	-	-	-	-
Industrial Sales - FAC	442304	-	-	-	-	-	-	-	-	-	-	-	-
Street Lighting - FAC	444104	-	-	-	-	-	-	-	-	-	-	-	-
Public Authority Sales - FAC	445104	-	-	-	-	-	-	-	-	-	-	-	-
FAC Subtotal													
Large Commercial Sales - STOD PCR	442205	(2,000)	14,000	(18,000)	2,000	(18,000)	18,000	(21,000)	18,000	(15,000)	21,000	(15,000)	15,000
Public Authority Sales - STOD PCR	445105	-	2,000	(3,000)	-	(3,000)	3,000	(3,000)	3,000	(3,000)	3,000	(3,000)	3,000
STOD PCR Subtotal													
Residential Sales - ECR	440111	(326,000)	141,000	(376,000)	326,000	(217,000)	376,000	(171,000)	217,000	(108,000)	171,000	(128,000)	108,000
Small Commercial Sales - ECR	442111	(123,000)	55,000	(136,000)	123,000	(71,000)	136,000	(54,000)	71,000	(33,000)	54,000	(44,000)	33,000
Large Commercial Sales - ECR	442211	(179,000)	77,000	(184,000)	179,000	(91,000)	184,000	(69,000)	91,000	(41,000)	68,000	(57,000)	41,000
Industrial Sales - ECR	442311	(62,000)	36,000	(83,000)	82,000	(41,000)	83,000	(31,000)	41,000	(18,000)	31,000	(28,000)	18,000
Street Lighting - ECR	444111	(4,000)	2,000	(4,000)	4,000	(2,000)	4,000	(1,000)	2,000	(1,000)	1,000	(1,000)	1,000
Public Authority Sales - ECR	445111	(81,000)	36,000	(81,000)	81,000	(39,000)	81,000	(30,000)	39,000	(19,000)	30,000	(27,000)	19,000
ECR Subtotal													

Louisville Gas and Electric Company
Case No. 2008-00252
Electric and Gas Unbilled Revenues
For the Test Year Ending April 30, 2008

		Nov-07		Dec-07		Jan-08		Feb-08		Mar-08		Apr-08		Total
	Account #	Accrual	Reversal											
Electric - Net Unbilled - Dr (Cr)														
Residential Sales - DSM	440101	\$ (149,000)	\$ 169,000	\$ (173,000)	\$ 149,000	\$ (140,000)	\$ 173,000	\$ (135,000)	\$ 140,000	\$ (121,000)	\$ 135,000	\$ (101,000)	\$ 121,000	\$ 32,000
Small Commercial Sales - DSM	442101	(12,000)	12,000	(13,000)	12,000	(11,000)	13,000	(10,000)	11,000	(9,000)	10,000	(8,000)	9,000	3,000
Large Commercial Sales - DSM	442201	(12,000)	11,000	(12,000)	12,000	(10,000)	12,000	(9,000)	10,000	(9,000)	9,000	(8,000)	9,000	3,000
Public Authority Sales - DSM	445101	(4,000)	4,000	(4,000)	4,000	(3,000)	4,000	(3,000)	3,000	(3,000)	3,000	(3,000)	3,000	-
DSM Subtotal														38,000
Residential Sales - Energy - Nonfuel	440102	(8,360,000)	9,451,000	(9,716,000)	8,360,000	(7,865,000)	9,716,000	(7,562,000)	7,865,000	(6,783,000)	7,562,000	(5,744,000)	6,783,000	1,691,000
Small Commercial Sales - Energy - Nonfuel	442102	(3,431,000)	3,420,000	(3,491,000)	3,431,000	(2,955,000)	3,491,000	(2,780,000)	2,955,000	(2,610,000)	2,780,000	(2,666,000)	2,610,000	465,000
Large Commercial Sales - Energy - Nonfuel	442202	(1,188,000)	1,097,000	(1,194,000)	1,188,000	(973,000)	1,194,000	(905,000)	973,000	(891,000)	905,000	(892,000)	891,000	167,000
Industrial Sales - Energy - Nonfuel	442302	(610,000)	568,000	(584,000)	610,000	(1,096,000)	584,000	(1,038,000)	1,096,000	(1,083,000)	1,038,000	(1,079,000)	1,083,000	(538,000)
Street Lighting - Energy - Nonfuel	444102	(132,000)	110,000	(113,000)	132,000	(225,000)	113,000	(251,000)	225,000	(222,000)	251,000	(227,000)	222,000	(111,000)
Public Authority Sales - Energy - Nonfuel	445102	(753,000)	929,000	(966,000)	753,000	(873,000)	966,000	(783,000)	873,000	(773,000)	783,000	(772,000)	773,000	86,000
Energy-Nonfuel Subtotal														1,760,000
Residential Sales - Energy - Fuel	440103	(2,399,000)	2,715,000	(3,523,000)	2,399,000	(2,852,000)	3,523,000	(2,741,000)	2,852,000	(2,459,000)	2,741,000	(2,073,000)	2,459,000	59,000
Small Commercial Sales - Energy - Fuel	442103	(866,000)	868,000	(1,119,000)	866,000	(946,000)	1,119,000	(882,000)	946,000	(829,000)	882,000	(828,000)	829,000	(47,000)
Large Commercial Sales - Energy - Fuel	442203	(1,623,000)	1,503,000	(2,069,000)	1,623,000	(1,682,000)	2,069,000	(1,565,000)	1,682,000	(1,536,000)	1,565,000	(1,538,000)	1,536,000	(69,000)
Industrial Sales - Energy - Fuel	442303	(963,000)	909,000	(1,193,000)	963,000	(2,258,000)	1,193,000	(2,105,000)	2,258,000	(2,161,000)	2,105,000	(2,153,000)	2,161,000	(1,295,000)
Street Lighting - Energy - Fuel	444103	(22,000)	18,000	(27,000)	22,000	(51,000)	27,000	(47,000)	51,000	(43,000)	47,000	(37,000)	43,000	(22,000)
Public Authority Sales - Energy - Fuel	445103	(797,000)	721,000	(981,000)	797,000	(859,000)	981,000	(791,000)	859,000	(798,000)	791,000	(812,000)	798,000	(122,000)
Energy-Fuel Subtotal														(1,496,000)
Residential Sales - FAC	440104	(482,000)	-	(1,190,000)	482,000	(1,010,000)	1,190,000	31,000	1,010,000	(299,000)	(31,000)	(184,000)	299,000	(184,000)
Small Commercial Sales - FAC	442104	(174,000)	-	(378,000)	174,000	(335,000)	378,000	10,000	335,000	(101,000)	(10,000)	(73,000)	101,000	(73,000)
Large Commercial Sales - FAC	442204	(326,000)	-	(699,000)	326,000	(595,000)	699,000	17,000	595,000	(187,000)	(17,000)	(136,000)	187,000	(136,000)
Industrial Sales - FAC	442304	(194,000)	-	(403,000)	194,000	(799,000)	403,000	23,000	799,000	(263,000)	(23,000)	(191,000)	263,000	(191,000)
Street Lighting - FAC	444104	(4,000)	-	(9,000)	4,000	(18,000)	9,000	1,000	18,000	(5,000)	(1,000)	(3,000)	5,000	(3,000)
Public Authority Sales - FAC	445104	(160,000)	-	(331,000)	160,000	(304,000)	331,000	9,000	304,000	(97,000)	(9,000)	(72,000)	97,000	(72,000)
FAC Subtotal														(659,000)
Large Commercial Sales - STOD PCR	442205	(16,000)	15,000	(13,000)	16,000	(11,000)	13,000	(10,000)	11,000	(10,000)	10,000	(10,000)	10,000	4,000
Public Authority Sales - STOD PCR	445105	(3,000)	3,000	(2,000)	3,000	(2,000)	2,000	(2,000)	2,000	(2,000)	2,000	(2,000)	2,000	-
STOD PCR Subtotal														4,000
Residential Sales - ECR	440111	(169,000)	128,000	(323,000)	169,000	(201,000)	323,000	(9,000)	201,000	(82,000)	9,000	(33,000)	82,000	108,000
Small Commercial Sales - ECR	442111	(65,000)	44,000	(109,000)	65,000	(71,000)	109,000	(3,000)	71,000	(30,000)	3,000	(14,000)	30,000	41,000
Large Commercial Sales - ECR	442211	(92,000)	57,000	(153,000)	92,000	(93,000)	153,000	(4,000)	93,000	(40,000)	4,000	(19,000)	40,000	58,000
Industrial Sales - ECR	442311	(43,000)	28,000	(74,000)	43,000	(104,000)	74,000	(5,000)	104,000	(46,000)	5,000	(22,000)	46,000	14,000
Street Lighting - ECR	444111	(2,000)	1,000	(3,000)	2,000	(5,000)	3,000	-	5,000	(2,000)	-	(1,000)	2,000	1,000
Public Authority Sales - ECR	445111	(38,000)	27,000	(70,000)	38,000	(46,000)	70,000	(2,000)	46,000	(20,000)	2,000	(10,000)	20,000	26,000
ECR Subtotal														248,000

Louisville Gas and Electric Company
Case No. 2008-00252
Electric and Gas Unbilled Revenues
For the Test Year Ending April 30, 2008

		May-07		Jun-07		Jul-07		Aug-07		Sep-07		Oct-07	
	Account #	Accrual	Reversal										
Residential Sales - MSR	440112	319,000	(242,000)	523,000	(319,000)	467,000	(523,000)	591,000	(467,000)	446,000	(591,000)	349,000	(446,000)
Small Commercial Sales - MSR	442112	121,000	(95,000)	189,000	(121,000)	154,000	(189,000)	187,000	(154,000)	137,000	(187,000)	119,000	(137,000)
Large Commercial Sales - MSR	442212	176,000	(132,000)	255,000	(176,000)	196,000	(255,000)	236,000	(196,000)	171,000	(236,000)	155,000	(171,000)
Industrial Sales - MSR	442312	43,000	(34,000)	5,000	(43,000)	6,000	(5,000)	6,000	(6,000)	4,000	(6,000)	4,000	(4,000)
Street Lighting - MSR	444112	4,000	(3,000)	5,000	(4,000)	3,000	(5,000)	4,000	(3,000)	3,000	(4,000)	3,000	(3,000)
Public Authority Sales - MSR	445112	79,000	(62,000)	112,000	(79,000)	85,000	(112,000)	105,000	(85,000)	81,000	(105,000)	73,000	(81,000)
MSR Subtotal													
Residential Sales - VDT	440114	137,000	(104,000)	162,000	(137,000)	176,000	(162,000)	223,000	(176,000)	168,000	(223,000)	132,000	(168,000)
Small Commercial Sales - VDT	442114	52,000	(41,000)	58,000	(52,000)	58,000	(58,000)	71,000	(58,000)	52,000	(71,000)	45,000	(52,000)
Large Commercial Sales - VDT	442214	75,000	(57,000)	79,000	(75,000)	74,000	(79,000)	89,000	(74,000)	64,000	(89,000)	58,000	(64,000)
Industrial Sales - VDT	442314	35,000	(27,000)	37,000	(35,000)	34,000	(37,000)	41,000	(34,000)	29,000	(41,000)	30,000	(29,000)
Street Lighting - VDT	444114	2,000	(1,000)	2,000	(2,000)	1,000	(2,000)	2,000	(1,000)	1,000	(2,000)	1,000	(1,000)
Public Authority Sales - VDT	445114	34,000	(26,000)	35,000	(34,000)	32,000	(35,000)	40,000	(32,000)	30,000	(40,000)	28,000	(30,000)
VDT Subtotal													
Large Commercial Sales - Demand Charge	442218	(4,002,000)	3,113,000	(4,542,000)	4,002,000	(4,317,000)	4,542,000	(5,146,000)	4,317,000	(3,530,000)	5,146,000	(3,046,000)	3,530,000
Industrial Sales - Demand Charge	442318	(1,472,000)	1,192,000	(1,797,000)	1,472,000	(1,667,000)	1,797,000	(1,935,000)	1,667,000	(1,390,000)	1,935,000	(1,304,000)	1,390,000
Public Authority Sales - Demand Charge	445118	(1,295,000)	1,066,000	(1,390,000)	1,295,000	(1,271,000)	1,390,000	(1,574,000)	1,271,000	(1,161,000)	1,574,000	(1,044,000)	1,161,000
Demand Charge Subtotal													
Residential Sales - Customer Charge	440119	(902,000)	827,000	(846,000)	902,000	(870,000)	846,000	(916,000)	870,000	(834,000)	916,000	(932,000)	834,000
Small Commercial Sales - Customer Charge	442119	(246,000)	226,000	(232,000)	246,000	(239,000)	232,000	(251,000)	239,000	(228,000)	251,000	(254,000)	228,000
Large Commercial Sales - Customer Charge	442219	(94,000)	86,000	(89,000)	94,000	(90,000)	89,000	(95,000)	90,000	(87,000)	95,000	(97,000)	87,000
Industrial Sales - Customer Charge	442319	(21,000)	19,000	(20,000)	21,000	(20,000)	20,000	(21,000)	20,000	(19,000)	21,000	(21,000)	19,000
Street Lighting - Customer Charge	444119	(2,000)	1,000	(1,000)	2,000	(1,000)	1,000	(2,000)	1,000	(1,000)	2,000	(2,000)	1,000
Public Authority Sales - Customer Charge	445119	(26,000)	24,000	(25,000)	26,000	(25,000)	25,000	(27,000)	25,000	(24,000)	27,000	(27,000)	24,000
Customer Charge Subtotal													
Total Electric Unbilled	173001	\$ (32,672,000)	\$ 25,336,000	\$ (36,668,000)	\$ 32,672,000	\$ (37,545,000)	\$ 36,668,000	\$ (45,583,000)	\$ 37,545,000	\$ (33,136,000)	\$ 45,583,000	\$ (28,538,000)	\$ 33,136,000

Louisville Gas and Electric Company
Case No. 2008-00252
Electric and Gas Unbilled Revenues
For the Test Year Ending April 30, 2008

		Nov-07		Dec-07		Jan-08		Feb-08		Mar-08		Apr-08		Total
	Account #	Accrual	Reversal											
Residential Sales - MSR	440112	304,000	(349,000)	386,000	(304,000)	314,000	(386,000)	273,000	(314,000)	258,000	(273,000)	218,000	(258,000)	(24,000)
Small Commercial Sales - MSR	442112	117,000	(119,000)	131,000	(117,000)	111,000	(131,000)	94,000	(111,000)	93,000	(94,000)	93,000	(93,000)	(2,000)
Large Commercial Sales - MSR	442212	165,000	(155,000)	182,000	(165,000)	145,000	(182,000)	123,000	(145,000)	127,000	(123,000)	126,000	(127,000)	(6,000)
Industrial Sales - MSR	442312	4,000	(4,000)	5,000	(4,000)	9,000	(5,000)	7,000	(9,000)	8,000	(7,000)	8,000	(8,000)	(26,000)
Street Lighting - MSR	444112	4,000	(3,000)	4,000	(4,000)	7,000	(4,000)	7,000	(7,000)	7,000	(7,000)	7,000	(7,000)	4,000
Public Authority Sales - MSR	445112	69,000	(73,000)	84,000	(69,000)	72,000	(84,000)	59,000	(72,000)	63,000	(59,000)	64,000	(63,000)	2,000
MSR Subtotal														(52,000)
Residential Sales - VDT	440114	115,000	(132,000)	15,000	(115,000)	11,000	(15,000)	10,000	(11,000)	93,000	(10,000)	79,000	(93,000)	(25,000)
Small Commercial Sales - VDT	442114	44,000	(45,000)	5,000	(44,000)	4,000	(5,000)	3,000	(4,000)	33,000	(3,000)	33,000	(33,000)	(8,000)
Large Commercial Sales - VDT	442214	62,000	(58,000)	7,000	(62,000)	5,000	(7,000)	4,000	(5,000)	46,000	(4,000)	45,000	(46,000)	(12,000)
Industrial Sales - VDT	442314	30,000	(30,000)	4,000	(30,000)	6,000	(4,000)	5,000	(6,000)	53,000	(5,000)	53,000	(53,000)	26,000
Street Lighting - VDT	444114	1,000	(1,000)	-	(1,000)	-	-	-	-	2,000	-	2,000	(2,000)	1,000
Public Authority Sales - VDT	445114	26,000	(28,000)	3,000	(26,000)	3,000	(3,000)	2,000	(3,000)	23,000	(2,000)	23,000	(23,000)	(3,000)
VDT Subtotal														(21,000)
Large Commercial Sales - Demand Charge	442218	(3,421,000)	3,046,000	(3,258,000)	3,421,000	(2,525,000)	3,258,000	(2,514,000)	2,525,000	(2,446,000)	2,514,000	(2,494,000)	2,446,000	619,000
Industrial Sales - Demand Charge	442318	(1,345,000)	1,304,000	(1,342,000)	1,345,000	(2,392,000)	1,342,000	(2,498,000)	2,392,000	(2,337,000)	2,498,000	(2,486,000)	2,337,000	(1,294,000)
Public Authority Sales - Demand Charge	445118	(1,056,000)	1,044,000	(1,056,000)	1,056,000	(857,000)	1,056,000	(851,000)	857,000	(854,000)	851,000	(960,000)	854,000	106,000
Demand Charge Subtotal														(569,000)
Residential Sales - Customer Charge	440119	(927,000)	932,000	(948,000)	927,000	(831,000)	948,000	(803,000)	831,000	(875,000)	803,000	(855,000)	875,000	(28,000)
Small Commercial Sales - Customer Charge	442119	(254,000)	254,000	(260,000)	254,000	(228,000)	260,000	(220,000)	228,000	(239,000)	220,000	(233,000)	239,000	(7,000)
Large Commercial Sales - Customer Charge	442219	(95,000)	97,000	(98,000)	95,000	(87,000)	98,000	(83,000)	87,000	(90,000)	83,000	(86,000)	90,000	(2,000)
Industrial Sales - Customer Charge	442319	(21,000)	21,000	(22,000)	21,000	(19,000)	22,000	(18,000)	19,000	(20,000)	18,000	(19,000)	20,000	-
Street Lighting - Customer Charge	444119	(2,000)	2,000	(2,000)	2,000	(1,000)	2,000	(1,000)	1,000	(1,000)	1,000	(1,000)	1,000	-
Public Authority Sales - Customer Charge	445119	(27,000)	27,000	(27,000)	27,000	(24,000)	27,000	(23,000)	24,000	(26,000)	23,000	(25,000)	26,000	(1,000)
Customer Charge Subtotal														(38,000)
Total Electric Unbilled	173001	\$ (29,296,000)	\$ 28,538,000	\$ (35,122,000)	\$ 29,296,000	\$ (32,670,000)	\$ 35,122,000	\$ (27,975,000)	\$ 32,670,000	\$ (27,596,000)	\$ 27,975,000	\$ (26,121,000)	\$ 27,596,000	\$ (785,000)

Louisville Gas and Electric Company
Case No. 2008-00252
Electric and Gas Unbilled Revenues
For the Test Year Ending April 30, 2008

		May-07		Jun-07		Jul-07		Aug-07		Sep-07		Oct-07	
	Account #	Accrual	Reversal										
Gas Unbilled - Dr (Cr)													
Residential Sales - DSM	480101	\$ (20,000)	\$ 45,000	\$ (14,000)	\$ 20,000	\$ (15,000)	\$ 14,000	\$ (14,000)	\$ 15,000	\$ (15,000)	\$ 14,000	\$ (31,000)	\$ 15,000
Commercial Sales - DSM	481101												
DSM Subtotal													
Residential Sales - Energy	480102	(447,000)	942,000	(332,000)	447,000	(223,000)	332,000	(287,000)	223,000	(313,000)	287,000	(645,000)	313,000
Commercial Sales - Energy	481102	(173,000)	299,000	(176,000)	173,000	(104,000)	176,000	(179,000)	104,000	(184,000)	179,000	(383,000)	184,000
Industrial Sales - Energy	481202	(15,000)	52,000	(20,000)	15,000	(18,000)	20,000	(27,000)	18,000	(33,000)	27,000	(70,000)	33,000
Public Authority Sales - Energy	482102	(25,000)	74,000	(20,000)	25,000	(13,000)	20,000	(18,000)	13,000	(27,000)	18,000	(43,000)	27,000
Energy Subtotal													
Residential Sales - GSC	480104	(2,735,000)	3,988,000	(1,974,000)	2,735,000	(1,975,000)	1,974,000	(1,661,000)	1,975,000	(1,812,000)	1,661,000	(3,769,000)	1,812,000
Commercial Sales - GSC	481104	(1,208,000)	1,708,000	(1,158,000)	1,208,000	(1,277,000)	1,158,000	(1,059,000)	1,277,000	(1,113,000)	1,059,000	(2,344,000)	1,113,000
Industrial Sales - GSC	481204	(137,000)	174,000	(180,000)	137,000	(233,000)	180,000	(199,000)	233,000	(282,000)	199,000	(699,000)	282,000
Public Authority Sales - GSC	482104	(208,000)	325,000	(153,000)	208,000	(144,000)	153,000	(117,000)	144,000	(202,000)	117,000	(332,000)	202,000
GSC Subtotal													
Residential Sales - WNA	480107											(400,000)	
Commercial Sales - WNA	481107											(200,000)	
WNA Subtotal													
Residential Sales - VDT	480114	22,000	(30,000)	17,000	(22,000)	17,000	(17,000)	16,000	(17,000)	16,000	(16,000)	30,000	(16,000)
Commercial Sales - VDT	481114	8,000	(11,000)	8,000	(8,000)	8,000	(8,000)	7,000	(8,000)	7,000	(7,000)	16,000	(7,000)
Industrial Sales - VDT	481214	1,000	(1,000)	1,000	(1,000)	1,000	(1,000)	1,000	(1,000)	2,000	(1,000)	4,000	(2,000)
Public Authority Sales - VDT	482114	1,000	(2,000)	1,000	(1,000)	1,000	(1,000)	1,000	(1,000)	1,000	(1,000)	2,000	(1,000)
VDT Subtotal													
Total Gas Unbilled	173001	\$ (4,936,000)	\$ 7,563,000	\$ (4,000,000)	\$ 4,936,000	\$ (3,975,000)	\$ 4,000,000	\$ (3,536,000)	\$ 3,975,000	\$ (3,955,000)	\$ 3,536,000	\$ (8,964,000)	\$ 3,955,000
Total L,G&E Unbilled	173001	\$ (37,608,000)	\$ 32,899,000	\$ (40,668,000)	\$ 37,608,000	\$ (41,520,000)	\$ 40,668,000	\$ (49,119,000)	\$ 41,520,000	\$ (37,091,000)	\$ 49,119,000	\$ (37,402,000)	\$ 37,091,000

Louisville Gas and Electric Company
Case No. 2008-00252
Electric and Gas Unbilled Revenues
For the Test Year Ending April 30, 2008

		Nov-07		Dec-07		Jan-08		Feb-08		Mar-08		Apr-08		Total
	Account #	Accrual	Reversal											
Gas Unbilled - Dr (Cr)														
Residential Sales - DSM	480101	\$ (94,000)	\$ 31,000	\$ (134,000)	\$ 94,000	\$ (169,000)	\$ 134,000	\$ (150,000)	\$ 169,000	\$ (93,000)	\$ 150,000	\$ (30,000)	\$ 93,000	\$ 15,000
Commercial Sales - DSM	481101	-	-	1,000	-	1,000	(1,000)	1,000	(1,000)	-	(1,000)	-	-	-
DSM Subtotal														15,000
Residential Sales - Energy	480102	(2,287,000)	645,000	(2,806,000)	2,287,000	(3,554,000)	2,806,000	(3,152,000)	3,554,000	(1,956,000)	3,152,000	(882,000)	1,956,000	60,000
Commercial Sales - Energy	481102	(898,000)	383,000	(958,000)	898,000	(1,289,000)	958,000	(1,209,000)	1,289,000	(764,000)	1,209,000	(338,000)	764,000	(39,000)
Industrial Sales - Energy	481202	(88,000)	70,000	(84,000)	88,000	(101,000)	84,000	(94,000)	101,000	(58,000)	94,000	(30,000)	58,000	22,000
Public Authority Sales - Energy	482102	(193,000)	43,000	(243,000)	193,000	(297,000)	243,000	(227,000)	297,000	(130,000)	227,000	(80,000)	130,000	(6,000)
Energy Subtotal														37,000
Residential Sales - GSC	480104	(11,275,000)	3,769,000	(16,258,000)	11,275,000	(20,591,000)	16,258,000	(17,803,000)	20,591,000	(10,794,000)	17,803,000	(4,875,000)	10,794,000	(887,000)
Commercial Sales - GSC	481104	(4,837,000)	2,344,000	(6,099,000)	4,837,000	(8,015,000)	6,099,000	(7,156,000)	8,015,000	(4,328,000)	7,156,000	(1,956,000)	4,328,000	(248,000)
Industrial Sales - GSC	481204	(777,000)	699,000	(617,000)	777,000	(739,000)	617,000	(618,000)	739,000	(377,000)	618,000	(191,000)	377,000	(17,000)
Public Authority Sales - GSC	482104	(1,019,000)	332,000	(1,379,000)	1,019,000	(1,555,000)	1,379,000	(1,324,000)	1,555,000	(841,000)	1,324,000	(440,000)	841,000	(115,000)
GSC Subtotal														(1,267,000)
Residential Sales - WNA	480107	(169,000)	400,000	(780,000)	169,000	77,000	780,000	555,000	(77,000)	(39,000)	(555,000)	-	39,000	-
Commercial Sales - WNA	481107	(66,000)	200,000	(325,000)	66,000	33,000	325,000	247,000	(33,000)	(18,000)	(247,000)	-	18,000	-
WNA Subtotal														-
Residential Sales - VDT	480114	74,000	(30,000)	92,000	(74,000)	137,000	(92,000)	117,000	(137,000)	76,000	(117,000)	38,000	(76,000)	8,000
Commercial Sales - VDT	481114	30,000	(16,000)	33,000	(30,000)	51,000	(33,000)	45,000	(51,000)	29,000	(45,000)	14,000	(29,000)	3,000
Industrial Sales - VDT	481214	4,000	(4,000)	3,000	(4,000)	5,000	(3,000)	4,000	(5,000)	2,000	(4,000)	1,000	(2,000)	-
Public Authority Sales - VDT	482114	6,000	(2,000)	7,000	(6,000)	10,000	(7,000)	8,000	(10,000)	5,000	(8,000)	3,000	(5,000)	1,000
VDT Subtotal														12,000
Total Gas Unbilled	173001	\$ (21,589,000)	\$ 8,864,000	\$ (29,547,000)	\$ 21,589,000	\$ (35,996,000)	\$ 29,547,000	\$ (30,756,000)	\$ 35,996,000	\$ (19,286,000)	\$ 30,756,000	\$ (8,766,000)	\$ 19,286,000	\$ (1,203,000)
Total LG&E Unbilled	173001	\$ (50,885,000)	\$ 37,402,000	\$ (64,669,000)	\$ 50,885,000	\$ (68,666,000)	\$ 64,669,000	\$ (58,731,000)	\$ 68,666,000	\$ (46,882,000)	\$ 58,731,000	\$ (34,887,000)	\$ 46,882,000	\$ (1,988,000)

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 84

Responding Witness: William Steven Seelye

- Q-84. Provide workpapers demonstrating that the test year sales volumes as shown in the billing analysis in Exhibit 3, pages 2 through 24, of the Seelye Testimony includes a full 12 months' usage for all customers. These workpapers should include a comparison of customer billing cycles for the month preceding the test year and the last month of the test year.
- A-84. The billing analysis provided in Exhibit 3 was fully reconciled to LG&E's test year book revenue and energy sales. See the billing determinants file provided on CD in response to Question No. 48 for the monthly customers and kWh sales for each rate class, specifically in the Excel spreadsheets labeled "LG&E Elec Rate Analysis" and "LG&E Elec Rate Analysis-April 2007."

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 85

Responding Witness: William Steven Seelye

Q-85. Compare and contrast, in full detail, the method used by Mr. Seelye to develop his weather normalization adjustment as discussed in his testimony to the methods used by LG&E weather normalize revenues and expenses when developing annual budgets and forecasts.

A-85. The LG&E load forecasting methodology is based on econometric modeling of energy sales by customer class, but also incorporates specific intelligence on the prospective energy requirements of the utility's largest customers. Econometric modeling captures the (observed) statistical relationship between energy consumption – the dependent variable – and one or more independent explanatory variables such as weather (expressed in monthly heating and cooling degree days), the number of households, or the level of economic activity in the service territory. Forecasts of electricity sales are then derived from a projection of the independent variable(s).

LG&E utilizes a forecast of 'normal' monthly weather – computed as the average of monthly heating and cooling degree-days over the past 20-years – to produce its weather-normalized electric sales forecast. In its standard variance reporting process, the impact of non-normal weather is measured by multiplying class-specific weather coefficients derived in its econometric modeling process by the deviation in actual weather from normal. In more rigorous analyses of the impact of non-normal weather on electricity sales, LG&E utilizes the weather-normalization process applied by Mr. Seelye in this proceeding.

The following are key differences between the weather-normalization process employed by LG&E in its standard variance reporting process ("LG&E Process") and the process applied by Mr. Seelye ("Seelye Process"):

1. In each process, a weather-adjustment is computed by multiplying weather coefficients by a deviation in actual weather from 'normal.' The weather deviation utilized in the LG&E Process is larger than the deviation utilized in the Seelye Process. In the LG&E Process, the weather deviation is computed as the difference between actual weather (measured in degree-days) and the 20-year average of degree

days. In the Seelye Process, the weather deviation is computed as the difference between actual weather and the outer bound of a 'range' of normal weather.

2. The LG&E Process utilizes multiple years of monthly historical usage data in the derivation of its weather coefficients. In addition to weather variables, the LG&E Process utilizes various economic and demographic variables as independent variables in its econometric modeling process. The Seelye Process utilizes daily usage data for the month that is being weather-normalized in the derivation of its weather coefficients. Because the Seelye process focuses directly on the month in question, the impact of economic and demographic factors can be assumed constant throughout the month. As a result, the somewhat subjective process of selecting economic and demographic independent variables can be avoided with the Seelye Process.
3. By utilizing daily usage data, the Seelye Process is able to match the daily usage data precisely to the daily weather data. In the LG&E Process, the average usage across 20 billing cycles for a given billing month is matched to the average number of degree days for the month.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 86

Responding Witness: William Steven Seelye

- Q-86. Refer to Exhibit 21, page 1, of the Seelye Testimony. For each rate class shown, provide the number of customers for each month used to calculate the 13-month average. If Exhibit 21 is based on a 12-month average, provide a revised Exhibit 21 utilizing a 13-month average which includes the number of customers at the beginning of the test year (May 1, 2007) and at the end of the test year (April 30, 2008).
- A-86. Exhibit 21 is based on a 13-month average: see attached for an updated exhibit with a correct column heading. See attached for monthly number of customers information.

LOUISVILLE GAS AND ELECTRIC COMPANY
YEAR-END CUSTOMER ADJUSTMENT
13 MONTHS ENDED APRIL 30, 2008

	(1) Average Number of Customers, 13 Months Ended April 30, 2008	(2) Number of Customers Served at April 30, 2008	(3) Year-End Over/ (Under) Average	(4) Actual kWhs	(5) Average kWh per Customer per year	(6) Year-End kWh Adjustment	(7) Current Rates Net Revenue (Base Rates + FAC)	(8) Average Revenue per kWh	(9) Revenue Adjustment
			(2) - (1)		(4) / (1)	(3) * (5)		(7) / (4)	(8) * (6)
Residential Rate R	353,160	353,463	303	4,505,124,771	12,757	3,865,253	\$ 317,023,737	\$ 0.0704	\$ 271,996
Water Heating Rate WH	5,139	4,986	(153)	13,238,042	2,576	(394,127)	873,020	\$ 0.0659	(25,992)
General Service Rate GS	42,025	41,785	(240)	1,509,123,731	35,910	(8,618,434)	116,022,775	\$ 0.0769	(662,593)
Large Commercial Rate LC									
Secondary	2,685	2,678	(7)	2,120,676,289	789,824	(5,528,765)	129,541,011	\$ 0.0611	(337,723)
Primary	48	50	2	157,715,440	3,285,738	6,571,477	8,467,768	\$ 0.0537	352,824
Secondary Small Time of Day	33	32	(1)	97,278,200	2,947,824	(2,947,824)	4,906,257	\$ 0.0504	(148,674)
Primary Small Time of Day	3	3	-	14,188,200	4,729,400	-	653,646	\$ 0.0461	-
Large Commercial Rate LCTOD									
Secondary	52	52	-	332,619,135	6,396,522	-	18,454,051	\$ 0.0555	-
Primary	14	14	-	328,944,000	23,496,000	-	16,550,817	\$ 0.0503	-
Industrial Power Rate LP									
Secondary	331	324	(7)	558,408,226	1,687,034	(11,809,237)	32,975,299	\$ 0.0591	(697,363)
Primary	41	44	3	110,166,480	2,686,987	8,060,962	6,122,903	\$ 0.0556	448,017
Industrial Power Rate LPTOD									
Secondary	13	13	-	42,622,361	3,278,643	-	2,402,753	\$ 0.0564	-
Primary	46	46	-	1,796,066,850	39,044,932	-	82,115,443	\$ 0.0457	-
Transmission	5	5	-	552,708,000	110,541,600	-	22,859,256	\$ 0.0414	-
Special Contracts									
Fort Knox	1	1	-	211,866,000	211,866,000	-	9,434,494	\$ 0.0445	-
duPont	1	1	-	147,542,400	147,542,400	-	6,443,718	\$ 0.0437	-
Louisville Water Company	1	1	-	58,164,000	58,164,000	-	2,528,085	\$ 0.0435	-
Street Lighting Energy Rate SLE	119	118	(1)	3,713,467	31,206	(31,206)	175,829	\$ 0.0473	(1,478)
Traffic Lighting Rate TLE	878	720	(158)	3,641,648	4,148	(655,331)	241,348	\$ 0.0663	(43,432)
								<i>per Light per Year</i>	
Public Street Lighting Rate PSL	39,725	37,582	(2,143)	50,661,184	1,275	(2,732,962)	5,854,575	\$ 0.1156	(315,830)
Outdoor Lighting Rate OL	46,668	48,971	2,303	56,861,223	1,218	2,806,021	8,019,200	\$ 0.1410	395,736
Total	490,988	490,889		12,671,329,647			\$ 791,665,983		\$ (764,511)

LOUISVILLE GAS AND ELECTRIC COMPANY
MONTHLY CUSTOMER COUNT
13 MONTHS ENDED APRIL 30, 2008

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)					
	Average Number of Customers, 13 Months Ended April 30, 2008	Number of Customers Served at												
		30-Apr-2008	30-Mar-2008	29-Feb-2008	30-Jan-2008	30-Dec-2007	30-Nov-2007	30-Oct-2007	30-Sep-2007	30-Aug-2007	30-Jul-2007	30-Jun-2007	30-May-2007	30-Apr-2007
Residential Rate R	353,160	353,463	354,271	352,676	352,973	352,637	352,884	352,578	352,926	354,009	353,848	353,401	353,329	352,079
Water Heating Rate WH	5,139	4,986	5,017	5,025	5,046	5,128	5,129	5,167	5,167	5,195	5,209	5,234	5,241	5,260
General Service Rate GS	42,025	41,785	41,860	41,773	41,776	39,544	42,419	42,565	42,575	42,545	42,456	42,517	42,309	42,198
Large Commercial Rate LC														
Secondary	2,685	2,678	2,692	2,695	2,683	2,626	2,694	2,683	2,698	2,704	2,695	2,706	2,686	2,661
Primary	48	50	51	51	49	48	48	48	48	47	47	46	45	44
Secondary Small Time of Day	33	32	32	32	32	32	32	32	32	32	32	30	41	32
Primary Small Time of Day	3	3	3	3	2	3	3	3	3	3	3	3	3	3
Large Commercial Rate LCTOD														
Secondary	52	52	52	51	52	51	53	52	53	53	53	53	52	53
Primary	14	14	14	14	14	13	13	14	14	14	14	14	14	14
Industrial Power Rate LP														
Secondary	331	324	332	333	332	324	329	330	332	332	333	336	331	331
Primary	41	44	40	39	40	40	40	41	40	41	41	41	41	41
Industrial Power Rate LPTOD														
Secondary	13	13	13	13	13	13	13	13	13	13	13	13	13	13
Primary	46	46	46	46	46	46	46	46	45	46	45	46	47	46
Transmission	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Special Contracts														
Fort Knox	1	1	1	1	1	1	1	1	1	1	1	1	1	1
duPont	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Louisville Water Company	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Street Lighting Energy Rate SLE	119	118	119	119	118	117	119	121	120	119	117	118	119	120
Traffic Lighting Rate TLE	878	720	872	893	903	907	908	910	912	914	910	908	909	753
	<i>Lights</i>	<i>Lights</i>	<i>Lights</i>	<i>Lights</i>	<i>Lights</i>	<i>Lights</i>	<i>Lights</i>	<i>Lights</i>	<i>Lights</i>	<i>Lights</i>	<i>Lights</i>	<i>Lights</i>	<i>Lights</i>	<i>Lights</i>
Public Street Lighting Rate PSL	39,725	37,582	43,432	37,917	39,230	39,661	39,365	39,583	39,849	40,071	39,627	39,609	40,371	40,123
Outdoor Lighting Rate OL	46,668	48,971	45,823	46,051	49,894	43,498	45,544	45,211	44,609	45,590	47,490	45,129	44,904	53,971
Total	490,988	490,889	494,677	487,739	493,211	484,696	489,647	489,405	489,444	491,736	492,941	490,212	490,463	497,750

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 87

Responding Witness: Paul W. Thompson / Shannon L. Charnas

Q-87. Refer to Exhibit 1, Reference Schedule 1.08, of the Rives Testimony.

- a. Explain the process through which LG&E markets, negotiates, finalizes, and delivers brokered sales. This explanation should discuss who LG&E's existing brokerage customers and potential brokerage customers are, how brokered sales are priced, delivered, and recorded on the books, and the resources used in this process.
- b. The following accounts were taken from Volume 1 of 3 of LG&E's response to Staff's first request, Item 13. Provide a schedule showing all entries to these accounts during the test year. A description of each entry should be included along with customer names.

447200 - Brokered Purchases;
447210 - Settled Swap Expense;
447220 - Settled Swap Expense – Proprietary;
447221 - Settled Swap Expense – Proprietary – Netting

- c. Explain the accounting process employed by LG&E to ensure that all expenses related to brokerage sales are accounted for properly in the accounts listed in (b) instead of being incorrectly charged to operation and maintenance expenses.
- d. Provide a discussion describing KU's trading sales activities.

A-87. a. LG&E's trading strategy is an asset-based trading strategy that is intended to optimize the economic value of the Company's asset portfolio. Off-system sales are made when economic generation above the requirements of our native load customers exists and a transaction can be made in the wholesale market. In addition, purchases are made in the wholesale market to serve either native load customers or off-system sales when they can be made at a cost lower than the companies' generation cost.

Periodically, the Company enters into certain forward financial swap transactions (fixed-for-float swaps). These transactions are called "brokered transactions" and are typically executed via the trading platform, Intercontinental Exchange (ICE), and

cleared through our current clearing broker, MF Global. Since these transactions are cleared, MF Global is the counterparty for the trade. The price of these transactions is determined by the wholesale marketplace. Future counterparties for these transaction types are unknown. Brokered purchases and sales and settled swaps are financial in nature; no physical energy is delivered. Resources used for these transactions are the same resources used to manage off-system sales. LG&E's customers are not at risk for any losses associated with brokered system sales.

Please see section (c) for the discussion on how brokered sales are recorded.

- b. See attached.
- c. All brokered sales and purchases and swaps for LG&E are entered into the Commodity Trading System (CTS) by the regulated trading department when the sale or purchase is brokered or swapped. During the close process, CTS reports are run to determine if there are any brokered or settled swap sales or purchases for the closing month. The data for the swaps from CTS is reconciled to MF Global's website. The data for both the brokered transactions and the swaps is then recorded into the accounting system into the accounts noted above.

These procedures ensure that brokered sales and purchases transactions are completely and accurately recorded to the correct accounts.

- d. As mentioned in 87(a), LG&E's trading strategy is an asset-based trading strategy that is intended to optimize the economic value of the Company's asset portfolio. Off-system sales are made when economic generation above the requirements of our native load customers exists and a transaction can be made in the wholesale market. In addition, purchases are made in the wholesale market to serve either native load customers or off-system sales when they can be made at a cost lower than the companies' generation cost.

Louisville Gas and Electric Company

Case No. 2007-00564

Case No. 2008-00252

Analysis of Account 447200 (Brokered Purchases)

GL Date	Description	Customer	Debit	Credit
31-May-07	Current Month Brokered Purchase	Southern Energy	4,264.00	-
31-May-07	Current Month Brokered Purchase	Associated Electric Coop	1,040.00	-
30-Jun-07	Current Month Brokered Purchase	Associated Electric Coop	3,105.14	-
30-Jun-07	Current Month Brokered Purchase	Southern Energy	3,140.60	-
31-Aug-07	Current Month Brokered Purchase	Associated Electric Coop	14,904.85	-
31-Oct-07	Current Month Brokered Purchase	Southern Energy	888.00	-
31-Oct-07	Current Month Brokered Purchase	Associated Electric Coop	381.00	-
30-Nov-07	Current Month Brokered Purchase	Associated Electric Coop	1,449.00	-
31-Dec-07	Current Month Brokered Purchase	Associated Electric Coop	372.00	-
31-Jan-08	Current Month Brokered Purchase	Southern Energy	2,292.71	-
31-Jan-08	Current Month Brokered Purchase	Associated Electric Coop	4,547.35	-
29-Feb-08	Current Month Brokered Purchase	The Energy Authority	69.00	-
29-Feb-08	Current Month Brokered Purchase	Cobb Electric Memebership Corp	156.00	-
29-Feb-08	Current Month Brokered Purchase	Associated Electric Coop	2,817.00	-
29-Feb-08	Current Month Brokered Purchase	Southern Energy	225.00	-
30-Apr-08	Current Month Brokered Purchase	Constellation Energy	4,521.63	-
Total Brokered Purchases			\$ 44,173.28	\$ -

Louisville Gas and Electric Company

Case No. 2007-00564

Case No. 2008-00252

Analysis of Account 447210 (Settled Swap Expense)

GL Date	Description	Customer	Debit	Credit
31-May-07	Current Month Settled Swaps	MFGlobal	2,436,970.84	-
30-Jun-07	Current Month Settled Swaps	MFGlobal	414,117.95	-
31-Jul-07	Current Month Settled Swaps	MFGlobal	177,912.66	-
31-Aug-07	Current Month Settled Swaps	MFGlobal	20,429.56	-
30-Sep-07	Current Month Settled Swaps	MFGlobal	408,463.65	-
31-Oct-07	Current Month Settled Swaps	MFGlobal	831,334.54	-
30-Nov-07	Current Month Settled Swaps	MFGlobal	473,175.34	-
31-Dec-07	Current Month Settled Swaps	MFGlobal	427,779.54	-
31-Dec-07	Reclassified to 447220 in Dec 07 (Swaps settled in Jan 07)	MFGlobal	-	6,802.40
31-Dec-07	Reclassified to 447220 in Dec 07 (Swaps settled in Feb 07)	MFGlobal	-	51,843.15
31-Dec-07	Reclassified to 447220 in Dec 07 (Swaps settled in Mar 07)	MFGlobal	-	26,616.93
31-Dec-07	Reclassified to 447220 in Dec 07 (Swaps settled in May 07)	MFGlobal	-	150,172.40
31-Jan-08	Current Month Settled Swaps	MFGlobal	300,754.00	-
29-Feb-08	Current Month Settled Swaps	MFGlobal	834,146.74	-
31-Mar-08	Current Month Settled Swaps	MFGlobal	93,775.92	-
30-Apr-08	Correct Feb 08 Settled EL Swaps	MFGlobal	1.97	-
Total - LGE Settled Swap Expense			\$ 6,418,862.71	\$ 235,434.88

Louisville Gas and Electric Company

Case No. 2007-00564

Case No. 2008-00252

Analysis of Account 447220 (Settled Swap Expense- Proprietary)

GL Date	Description	Customer	Debit	Credit
30-Sep-07	Current Month Settled Swaps - Proprietary	MFGlobal	459,118.29	-
31-Oct-07	Current Month Settled Swaps - Proprietary	MFGlobal	20,359.93	-
30-Nov-07	Current Month Settled Swaps - Proprietary	MFGlobal	528.04	-
31-Dec-07	Current Month Settled Swaps - Proprietary	MFGlobal	20,651.17	-
31-Dec-07	Reclass from 447210 from January 07	MFGlobal	6,802.40	-
31-Dec-07	Reclass from 447210 from February 07	MFGlobal	51,843.15	-
31-Dec-07	Reclass from 447210 from May 07	MFGlobal	150,172.40	-
31-Dec-07	Reclass from 447210 from March 07	MFGlobal	26,616.93	-
31-Jan-08	Current Month Settled Swaps - Proprietary	MFGlobal	336,074.04	-
29-Feb-08	Current Month Settled Swaps - Proprietary	MFGlobal	311,857.04	-
Total - LGE Settled Swap Expense - Proprietary			\$ 1,384,023.39	\$ -

Louisville Gas and Electric Company

Case No. 2007-00564

Case No. 2008-00252

Analysis of Account 447221 (Settled Swap Expense- Proprietary - Netting)

GL Date	Description	Customer	Debit	Credit
30-Nov-07	Netting Adjustment only. This account is used for financial statement preparation only. Does not reflect any counterparty transactions.	MF Global	189,092.04	-
30-Nov-07	Netting Adjustment only. This account is used for financial statement preparation only. Does not reflect any counterparty transactions.	MF Global	-	378,184.08
31-Dec-07	Netting Adjustment only. This account is used for financial statement preparation only. Does not reflect any counterparty transactions.	MF Global	-	14,466.47
31-Dec-07	Netting Adjustment only. This account is used for financial statement preparation only. Does not reflect any counterparty transactions.	MF Global	-	532,533.80
31-Jan-08	Netting Adjustment only. This account is used for financial statement preparation only. Does not reflect any counterparty transactions.	MF Global	-	268,296.28
29-Feb-08	Netting Adjustment only. This account is used for financial statement preparation only. Does not reflect any counterparty transactions.	MF Global	-	379,634.80
Total - LGE Settled Swap Expense - Proprietary - Netting			\$189,092.04	\$1,573,115.43

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 88

Responding Witness: Shannon L. Charnas

Q-88. Refer to Exhibit 1, Reference Schedule 1.09, of the Rives Testimony.

- a. Provide a calculation for each of the accrued revenues shown.
- b. For each of the accrued revenue items, state the account, number and name, in which it is recorded in the trial balance provided in Volume 1 of 3 of LG&E's response to Staff's first request, Item 13.

A-88. a. See attached.

b. See attached.

Louisville Gas and Electric Company Case No 2008-00252 Calculation of Eliminated Accrual Revenues For the Test Year Ending April 30, 2008		
	<u>Electric</u>	<u>Gas</u>
Change in ECR regulatory lag amount	\$ 1,132,000	
Change in ECR over/under recovery balance	<u>(4,929,357)</u>	
1. ECR accrued revenue in accounts:	<u>\$ (3,797,357)</u>	
440111 - Electric Residential ECR		442311 - Electric Industrial ECR
442111 - Electric Small Commercial ECR		444111 - Electric Street Lighting ECR
442211 - Electric Large Commercial ECR		445111 - Electric Public Authority ECR
Change in MSR over/under refunded balance	<u>\$ 374,000</u>	
2. MSR accrued revenue in accounts:	<u>\$ 374,000</u>	
440112 - Electric Residential MSR		442312 - Electric Industrial MSR
442112 - Electric Small Commercial MSR		444112 - Electric Street Lighting MSR
442212 - Electric Large Commercial MSR		445112 - Electric Public Authority MSR
Change in VDT over/under refunded balance	<u>\$ 514,000</u>	
3. VDT accrued revenue in accounts:	<u>\$ 514,000</u>	
440114 - Electric Residential VDT		442314 - Electric Industrial VDT
442114 - Electric Small Commercial VDT		444114 - Electric Street Lighting VDT
442214 - Electric Large Commercial VDT		445114 - Electric Public Authority VDT

Louisville Gas and Electric Company Case No. 2008-00252 Calculation of Eliminated Accrual Revenues For the Test Year Ending April 30, 2008		
	<u>Electric</u>	<u>Gas</u>
Change in VDT over/under refunded balance		<u>\$ (472,000)</u>
4. VDT accrued revenue in accounts:		<u>\$ (472,000)</u>
480114 - Gas Residential VDT	481214 - Gas Industrial VDT	
481114 - Gas Commercial VDT	489114 - Gas Transport VDT	
Change in FAC regulatory lag amount	\$ (6,980,000)	
Change in FAC over/under recovery balance	<u>126,000</u>	
5. FAC accrued revenue in accounts:	<u>\$ (6,854,000)</u>	
440104 - Electric Residential FAC	442304 - Electric Industrial FAC	
442104 - Electric Small Commercial FAC	444104 - Electric Street Lighting FAC	
442204 - Electric Large Commercial FAC	445104 - Electric Public Authority FAC	
Adjustment to GSC Revenue due to error in PSC filing		<u>\$ 824,260</u>
6. GSC accrued revenue in accounts:		<u>\$ 824,260</u>
480104 - Gas Residential GSC	481204 - Gas Industrial GSC	
481104 - Gas Commercial GSC	482104 - Gas Public Authority GSC	
7. Total Accrued Revenues	<u>\$ (9,763,357)</u>	<u>\$ 352,260</u>
8. Adjustment	<u>\$ 9,763,357</u>	<u>\$ (352,260)</u>

Louisville Gas and Electric Company Case No. 2008-00252 Calculation of Eliminated Accrual Revenues For the Test Year Ending April 30, 2008		
LG&E Electric		
ECR Revenue		
Billed ECR	\$ 10,158,132	Schedule 1.05
Net Unbilled ECR	(248,000)	Attachment to Question 56(b)
Net Accrued ECR	<u>(3,797,357)</u>	Schedule 1.09
Total ECR Revenue	<u>\$ 6,112,775</u>	
ECR General Ledger Activity		
440111	\$ 2,296,737	Revised Attachment to Question 13(a)(b)
442111	832,553	Revised Attachment to Question 13(a)(b)
442211	1,132,302	Revised Attachment to Question 13(a)(b)
442311	1,226,782	Revised Attachment to Question 13(a)(b)
444111	60,996	Revised Attachment to Question 13(a)(b)
445111	<u>563,405</u>	Revised Attachment to Question 13(a)(b)
Total ECR Revenue	<u>\$ 6,112,775</u>	
	<u>\$ -</u>	
MSR Revenue		
Billed MSR	\$ (19,476,242)	Schedule 1.01
Net Unbilled MSR	52,000	Attachment to Question 56(b)
Net Accrued MSR	<u>374,000</u>	Schedule 1.09
Total MSR Revenue	<u>\$ (19,050,242)</u>	

Louisville Gas and Electric Company Case No. 2008-00252 Calculation of Eliminated Accrual Revenues For the Test Year Ending April 30, 2008		
MSR General Ledger Activity		
440112	\$ (7,771,438)	Revised Attachment to Question 13(a)(b)
442112	(2,751,496)	Revised Attachment to Question 13(a)(b)
442212	(3,414,387)	Revised Attachment to Question 13(a)(b)
442312	(3,224,530)	Revised Attachment to Question 13(a)(b)
444112	(167,213)	Revised Attachment to Question 13(a)(b)
445112	<u>(1,721,178)</u>	Revised Attachment to Question 13(a)(b)
Total MSR Revenue	<u>\$ (19,050,242)</u>	
Difference	<u>\$ -</u>	
VDT Revenue		
Billed VDT	\$ (7,375,580)	Schedule 1.02
Net Unbilled VDT	21,000	Attachment to Question 56(b)
Net Accrued VDT	<u>514,000</u>	Schedule 1.09
Total VDT Revenue	<u>\$ (6,840,580)</u>	
VDT General Ledger Activity		
440114	\$ (2,744,329)	Revised Attachment to Question 13(a)(b)
442114	(972,090)	Revised Attachment to Question 13(a)(b)
442214	(1,205,940)	Revised Attachment to Question 13(a)(b)
442314	(1,249,642)	Revised Attachment to Question 13(a)(b)
444114	(59,170)	Revised Attachment to Question 13(a)(b)
445114	<u>(609,410)</u>	Revised Attachment to Question 13(a)(b)
Total VDT Revenue	<u>\$ (6,840,581)</u>	
Difference due to rounding	<u>\$ 1</u>	

Louisville Gas and Electric Company

Case No. 2008-00252

Calculation of Eliminated Accrual Revenues

For the Test Year Ending April 30, 2008

FAC Revenue

Billed FAC	\$ 50,610,166	Schedule 1.03
Billing adjustments during the period ⁽¹⁾	\$ (138,187)	
Net Unbilled FAC	659,000	Attachment to Question 56(b)
Net Accrued FAC	<u>(6,854,000)</u>	Schedule 1.09
Total FAC Revenue	<u>\$ 44,276,979</u>	

⁽¹⁾ Over time billing adjustments net to zero, however, at any specific point in time they may increase or decrease revenue

FAC General Ledger Activity

440104	\$ 16,380,707	Revised Attachment to Question 13(a)(b)
442104	5,004,824	Revised Attachment to Question 13(a)(b)
442204	8,358,759	Revised Attachment to Question 13(a)(b)
442304	9,995,741	Revised Attachment to Question 13(a)(b)
444104	140,475	Revised Attachment to Question 13(a)(b)
445104	<u>4,396,474</u>	Revised Attachment to Question 13(a)(b)
Total FAC Revenue	<u>\$ 44,276,980</u>	
Difference due to rounding	<u>\$ (1)</u>	

Louisville Gas and Electric Company Case No. 2008-00252 Calculation of Eliminated Accrual Revenues For the Test Year Ending April 30, 2008		
LG&E Gas Revenues		
VDT Revenue		
Billed VDT	\$ (1,903,311)	Schedule 1.02
Net Unbilled VDT	(12,000)	Attachment to Question 56(b)
Net Accrued VDT	<u>(472,000)</u>	Schedule 1.09
Total VDT Revenue	<u>\$ (2,387,311)</u>	
VDT General Ledger Activity		
480114	\$ (1,540,277)	Revised Attachment to Question 13(a)(b)
481114	(614,255)	Revised Attachment to Question 13(a)(b)
481214	(88,652)	Revised Attachment to Question 13(a)(b)
482114	(110,960)	Revised Attachment to Question 13(a)(b)
489114	<u>(33,167)</u>	Revised Attachment to Question 13(a)(b)
Total VDT Revenue	<u>\$ (2,387,311)</u>	
Difference	<u>\$ -</u>	
GSC Revenue		
Billed GSC	\$ 296,850,462	Schedule 1.02
Wholesale, Transport, and Other	(10,423,956)	
Net Unbilled GSC	1,267,000	Attachment to Question 56(b)
Net Accrued GSC	<u>824,260</u>	Schedule 1.09
Total GSC Revenue	<u>\$ 288,517,766</u>	

Louisville Gas and Electric Company
Case No. 2008-00252
Calculation of Eliminated Accrual Revenues
For the Test Year Ending April 30, 2008

GSC General Ledger Activity

480104	\$ 181,158,237	Revised Attachment to Question 13(a)(b)
481104	79,856,769	Revised Attachment to Question 13(a)(b)
481204	13,180,173	Revised Attachment to Question 13(a)(b)
482104	<u>14,322,587</u>	Revised Attachment to Question 13(a)(b)
Total GSC Revenue	<u>\$ 288,517,766</u>	
Difference	<u>\$ -</u>	

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 89

Responding Witness: Valerie L. Scott

- Q-89. Refer to Exhibit 1, Reference Schedule 1.15, page 2, of the Rives Testimony.
- a. Provide workpapers supporting the construction/other labor rate of 21.3 percent. These workpapers should separate construction labor from other labor. Provide a detailed description for all entries on these workpapers for other labor.
 - b. Provide workpapers supporting the calculation of:
 - (1) Number of union employees and gross pay of 665 and \$38,582,482, respectively.
 - (2) Number of exempt employees and gross pay of 212 and \$18,075,790, respectively.
 - (3) Number of non-exempt employees and gross pay of 87 and \$3,772,476, respectively.
 - (4) Number of exempt SERVCO employees and gross pay allocated to LG&E of 331 and \$28,923,371, respectively.
 - (5) Number of non-exempt SERVCO employees and gross pay allocated to LG&E of 102 and \$4,148,040.
 - (6) The SERVCO allocation percentage to LG&E of 42.1 percent.
 - (7) The union overtime premium.
 - (8) Non-Exempt/SERVCO overtime/Premium.
- A-89. a. See attached.
- b. (1) – (5) See the attached information, which is being provided under a Petition for Confidential Protection.
 - b. (6) – (8) See attached.

Louisville Gas and Electric Company
Case No. 2007-00564
Case No. 2008-00252

Computation of Operating and Construction/Other Labor %

	LG&E	Servco	Total
<i>ORIGINAL</i>			
1 Construction and Other Labor	\$ 14,451,044	\$ 7,159,196	\$ 21,610,240
2 Operating Labor	54,235,492	25,818,694	80,054,186
3 Total Labor Excluding TIA (Rives Exhibit 1, Schedule 1.15 Line 7)	(Line 1 + Line 2) \$ 68,686,536	\$ 32,977,890	\$ 101,664,426
4 Construction/Other %	(Line 1/Line 3)		21.3%
<i>REVISED</i>			
5 Construction and Other Labor	See (A) Below \$ 16,020,303	\$ 7,130,399	\$ 23,150,702
6 Operating Labor	See (B) Below 53,091,772	25,818,819	78,910,591
7 Total Labor Excluding TIA	(Line 5 + Line 6) \$ 69,112,075	\$ 32,949,218	\$ 102,061,293
8 Construction/Other %	(Line 5/Line 7)		22.7%
<i>DIFFERENCE *</i>			
9 Construction and Other Labor	(Line 5 - Line 1) \$ 1,569,259	\$ (28,797)	\$ 1,540,462
10 Operating Labor	(Line 6 - Line 2) (1,143,720)	125	(1,143,595)
11 Total Labor Excluding TIA	(Line 7 - Line 3) \$ 425,539	\$ (28,672)	\$ 396,867
12 Construction/Other %	(Line 8 - Line 4)		1.4%

* The difference is due to omission of certain balance sheet accounts from the original calculation of labor charged to other in line (1) which resulted in a change in the O&M/Capital percentage ratios.

Labor Costs per GL

FERC	LG&E	LG&E Overtime and Premium	Total LG&E	Overtime and Premium Charged from		Total Charged from Servco	Grand Total
				Servco	Servco		
107	\$ 6,370,635	\$ 1,693,111	\$ 8,063,746	\$ 3,707,648	\$ 1,688	\$ 3,709,336	\$ 11,773,082
108	678,553	171,422	849,975	6,258	-	6,258	856,233
Total Construction Labor	7,049,188	1,864,532	8,913,720	3,713,906	1,688	3,715,594	12,629,315
143	544,205	53,771	597,976	-	-	-	597,976
146	1,147,853	239,176	1,387,029	-	-	-	1,387,029
163	408,840	12,036	420,877	161,019	-	161,019	581,895
183	-	-	-	47,472	-	47,472	47,472
184	4,334,810	121,338	4,456,148	2,895,843	420	2,896,263	7,352,411
186	28	344	372	283,446	-	283,446	283,818
416	15,435	3,814	19,249	-	-	-	19,249
426	203,434	21,498	224,932	528,559	231	528,790	753,721
Total Other Labor Before Excluded Employees	6,654,605	451,977	7,106,582	3,916,338	651	3,916,989	11,023,571
Less Excluded Employees	-	-	-	(502,184)	-	(502,184)	(502,184)
Total Other Labor	6,654,605	451,977	7,106,582	3,414,154	651	3,414,805	10,521,387
Total Construction/Other Labor	13,703,793	2,316,510	16,020,303	7,128,061	2,338	7,130,399	23,150,702 (A)
500	429,465	(54)	429,411	832,369	1,545	833,914	1,263,325
501	2,078,957	415,908	2,494,865	616,011	237	616,248	3,111,113
502	9,669,890	2,880,339	12,550,229	131,899	1,125	133,024	12,683,253
505	507,639	95,971	603,610	-	-	-	603,610
506	4,153,002	558,330	4,711,332	-	-	-	4,711,332
510	1,416,439	17,159	1,433,598	293,098	901	293,999	1,727,597
511	291,783	43,733	335,515	-	-	-	335,515
512	5,366,172	1,266,020	6,632,192	8,049	-	8,049	6,640,241
513	1,319,857	391,721	1,711,578	110,262	-	110,262	1,821,839
514	49,061	6,609	55,671	5,996	-	5,996	61,667
535	48,920	-	48,920	3,345	-	3,345	52,265
538	93,102	54,038	147,139	-	-	-	147,139
539	12,076	335	12,412	-	-	-	12,412
541	4,152	-	4,152	-	-	-	4,152
542	28,847	3,636	32,483	-	-	-	32,483
543	37,337	13,304	50,640	-	-	-	50,640
544	115,363	26,306	141,669	-	-	-	141,669
548	168,193	37,165	205,358	-	-	-	205,358
551	821	-	821	-	-	-	821
552	6,306	477	6,783	-	-	-	6,783
553	132,972	21,868	154,840	-	-	-	154,840
556	307	-	307	830,790	-	830,790	831,097
557	307	-	307	-	-	-	307
560	98	-	98	576,561	593	577,154	577,252
561	-	-	-	624,265	3,601	627,866	627,866
562	555,803	60,994	616,796	31,291	306	31,598	648,394
563	110	194	305	8,077	-	8,077	8,382
566	82,914	423	83,337	73,702	2,290	75,993	159,330
569	4,100	247	4,346	-	-	-	4,346
570	174,754	18,096	192,850	67,139	-	67,139	259,989
571	481	1,232	1,713	5,082	-	5,082	6,795
573	878	-	878	-	-	-	878
580	26,072	4,553	30,625	872,721	-	872,721	903,346
581	-	-	-	292,564	1,547	294,111	294,111
582	223,603	4,771	228,375	-	-	-	228,375
583	1,673,674	567,742	2,241,416	56,725	18,935	75,660	2,317,076
584	96,610	11,023	107,632	-	-	-	107,632

Louisville Gas and Electric Company
Case No. 2007-00564
Case No. 2008-00252

Computation of Operating and Construction/Other Labor %

FERC	LG&E	LG&E Overtime and Premium	Total LG&E	Overtime and Premium			Grand Total
				Charged from Servco	Charged from Servco	Total Charged from Servco	
585	3,834	3,824	7,658	-	-	-	7,658
586	2,182,989	297,317	2,480,305	88,448	2	88,450	2,568,755
588	509,089	50,669	559,758	731,459	3,283	734,742	1,294,500
590	1,024	2,007	3,031	-	-	-	3,031
591	10,686	1,797	12,482	-	-	-	12,482
592	166,144	21,871	188,015	474	-	474	188,488
593	1,124,789	714,255	1,839,044	87,481	-	87,481	1,926,525
594	220,361	89,213	309,573	-	-	-	309,573
595	118,166	16,011	134,177	-	-	-	134,177
596	50,468	8,033	58,501	-	-	-	58,501
598	42,090	6,700	48,790	-	-	-	48,790
807	539,912	-	539,912	-	-	-	539,912
813	28,486	-	28,486	-	-	-	28,486
814	351,500	3,914	355,414	292	-	292	355,706
816	42,886	11,887	54,773	-	-	-	54,773
817	310,088	52,936	363,024	-	-	-	363,024
818	383,311	46,252	429,563	-	-	-	429,563
821	466,134	92,410	558,544	-	-	-	558,544
830	261,662	503	262,165	-	-	-	262,165
832	177,136	16,502	193,638	-	-	-	193,638
833	46,954	17,288	64,242	-	-	-	64,242
834	392,893	50,630	443,523	196	-	196	443,719
835	49,014	2,057	51,071	-	-	-	51,071
836	113,287	26,131	139,418	-	-	-	139,418
837	64,602	4,351	68,953	-	-	-	68,953
850	3,380	1,505	4,885	-	-	-	4,885
851	232,639	-	232,639	-	-	-	232,639
856	174,835	40,726	215,561	-	-	-	215,561
863	109,997	22,246	132,243	-	-	-	132,243
871	329,060	-	329,060	-	-	-	329,060
874	437,617	73,988	511,605	-	-	-	511,605
875	351,447	73,451	424,898	-	-	-	424,898
876	222,590	25,136	247,726	-	-	-	247,726
877	31,442	450	31,892	-	-	-	31,892
878	6,077	85	6,162	-	-	-	6,162
879	94,261	52,358	146,619	-	-	-	146,619
880	803,426	67,097	870,523	495,150	98	495,247	1,365,770
886	23,184	4,627	27,811	-	-	-	27,811
887	2,546,975	492,450	3,039,425	-	-	-	3,039,425
889	31,433	6,914	38,348	-	-	-	38,348
890	56,647	16,863	73,510	-	-	-	73,510
891	132,302	13,367	145,669	-	-	-	145,669
892	443,228	145,127	588,355	-	-	-	588,355
894	127,504	9,688	137,192	-	-	-	137,192
901	-	-	-	982,314	699	983,013	983,013
902	397,538	486	398,024	63,951	-	63,951	461,974
903	1,472,168	33,919	1,506,087	2,415,249	109,770	2,525,019	4,031,106
905	113,106	3,745	116,851	79,053	-	79,053	195,904
907	-	-	-	133,215	-	133,215	133,215
908	276	-	276	140,856	-	140,856	141,132
909	-	1,150	1,150	-	-	-	1,150
910	436	86	522	26,512	36	26,548	27,070
920	248,804	122,452	371,256	13,977,955	41,647	14,019,602	14,390,858
922	(1,320,684)	(4,077)	(1,324,761)	-	-	-	(1,324,761)
925	10,684	8,560	19,244	40,246	-	40,246	59,490
935	311,761	20,975	332,736	2,710,827	19,994	2,730,821	3,063,558
Total Operating Before Excluded Employees	43,819,701	9,272,071	53,091,772	27,413,623	206,608	27,620,231	80,712,003
Less Excluded Employees	-	-	-	(1,801,411)	-	(1,801,411)	(1,801,411)
Total Operating Labor	43,819,701	9,272,071	53,091,772	25,612,211	206,608	25,818,819	78,910,592 (B)
Total Construction/Other Labor	13,703,793	2,316,510	16,020,303	7,128,061	2,338	7,130,399	23,150,702
Total Labor Excluding TIA	\$ 57,523,494	\$ 11,588,581	\$ 69,112,075	\$ 32,768,943	\$ 208,946	\$ 32,949,218	\$ 102,061,294
Other Operating and Construction/Other%							22.7%

Louisville Gas and Electric Company
Case No. 2007-00564
Case No. 2008-00252

Computation of Operating and Construction/Other Labor %

Employees and Salaries Excluded from Pro forma Adjustment

As of 12/30/2007			As of 4/30/08		
Yrs of Service	Sum of Annual Regular Time	Employee Count	Yrs of Service	Sum of Annual Regular Time	Employee Count
4	\$ 148,500	1	5	\$ 153,700	1
9	\$ 443,200	2	9	\$ 178,850	1
10	\$ 183,600	1	10	\$ 569,830	2
11	\$ 176,540	1	11	\$ 183,700	1
14	\$ 615,450	2	14	\$ 639,390	2
16	\$ 928,080	2	16	\$ 787,592	1
17	\$ 350,400	1	17	\$ 541,260	2
18	\$ 195,430	1	18	\$ 202,280	1
20	\$ 279,600	1	21	\$ 462,610	2
21	\$ 166,000	1	24	\$ 287,200	1
24	\$ 276,100	1	25	\$ 390,500	1
25	\$ 566,500	2	26	\$ 197,790	1
28	\$ 362,563	2	28	\$ 177,740	2
32	\$ 381,800	2	32	\$ 397,100	2
38	\$ 295,400	1	38	\$ 307,300	1
	<u>\$ 5,369,163</u>	<u>21</u>		<u>\$ 5,676,842</u>	<u>21</u>

5/07 - 12/07 (8/12 of \$5,369,163 for 2007 above)	\$ 3,579,442
1/08 - 4/08 (4/12 of \$5,676,842 for 2008 above)	\$ 1,892,281
Total Test Year	<u>\$ 5,471,723</u>
Total Test Year	\$ 5,471,723
Service labor allocation to LG&E	42.1%
Est amt charged to LG&E based on overall labor charges	<u>\$ 2,303,595</u>

	Income Stmt	Balance Sheet	Total
Total labor charged to LG&E	\$ 2,303,595	\$ 2,303,595	
Allocation percentage	78.2%	21.8%	100.0%
Allocated labor	<u>\$ 1,801,411</u>	<u>\$ 502,184</u>	<u>\$ 2,303,595</u>

Louisville Gas and Electric Company

Case No. 2007-00564

Case No. 2008-00252

Employee Annualized Base Labor

	<u>Employees</u>	<u>Base Labor</u>
1. LG&E Union Cumulative Annual Pay as of April 30, 2008	665	\$ 38,582,482

source: PeopleSoft System Report for Annualized Salaries

CONFIDENTIAL INFORMATION REDACTED

Louisville Gas & Electric Co Union Wage

Report for Company : 100

As of Date: 4/30/2008

<u>Years of Service</u>	<u>Number of Employees</u>	<u>Total Actual Pay</u>	<u>Cummulative Annual Pay</u>	<u>Average Annual Pay</u>
	44	\$1,778,816 00	1,778,816 00	\$40,427 64
	29	\$1,342,078 40	3,120,894 40	\$46,278 57
	18	\$889,241 60	4,010,136 00	\$49,402 31
	23	\$1,236,185 60	5,246,321 60	\$53,747 20
	9	\$504,129 60	5,750,451 20	\$56,014 40
	7	\$421,740 80	6,172,192 00	\$60,248 69
	96	\$5,784,480 00	11,956,672 00	\$60,255 00
	8	\$478,940 80	12,435,612 80	\$59,867 60
	10	\$392,280 00	13,027,892 80	\$59,228 00
	8	\$486,865 60	13,514,758 40	\$60,858 20
	1	\$61,484 80	13,576,243 20	\$61,484 80
	11	\$679,785 60	14,256,028 80	\$61,798 69
	1	\$52,686 40	14,308,715 20	\$52,686 40
	1	\$41,017 60	14,349,732 80	\$41,017 60
	1	\$62,795 20	14,412,528 00	\$62,795 20
	4	\$248,560 00	14,661,088 00	\$62,140 00
	19	\$1,130,126 40	15,791,214 40	\$59,480 34
	30	\$1,814,384 00	17,605,598 40	\$60,479 47
	38	\$2,304,910 40	19,910,508 80	\$60,655 54
	43	\$2,610,337 60	22,520,846 40	\$60,705 53
	27	\$1,617,512 00	24,138,358 40	\$59,907 85
	69	\$4,208,609 60	28,346,968 00	\$60,994 34
	34	\$2,056,683 20	30,403,651 20	\$60,490 68
	61	\$3,751,425 60	34,155,076 80	\$61,498 78
	25	\$1,518,088 00	35,673,164 80	\$60,723 52
	16	\$970,944 00	36,644,108 80	\$60,684 00
	7	\$418,100 80	37,062,209 60	\$59,728 69
	5	\$304,262 40	37,366,472 00	\$60,852 48
	3	\$185,764 80	37,552,236 80	\$61,921 60
	5	\$303,326 40	37,855,563 20	\$60,665 28
	4	\$243,796 80	38,099,360 00	\$60,949 20
	6	\$363,584 00	38,462,944 00	\$60,597 33
	2	\$119,537 60	38,582,481 60	\$59,768 80
Total Employees	665			

Louisville Gas and Electric Company

Case No. 2007-00564

Case No. 2008-00252

Employee Annualized Base Labor

	<u>Employees</u>	<u>Base Labor</u>
1. LG&E Exempt Cumulative Annual Pay as of April 30, 2008	208	\$ 17,464,850
2. LG&E Senior Management Cumulative Annual Pay as of April 30, 2008	4	610,940
3. Total LG&E Exempt Employees	<u>212</u>	<u>\$ 18,075,790</u>

source: PeopleSoft System Report for Annualized Salaries

CONFIDENTIAL INFORMATION REDACTED

Louisville Gas & Electric Co. Exempt

Report for Company : 100

As of Date: 4/30/2008

<u>Years of Service</u>	<u>Number of Employees</u>	<u>Total Actual Pay</u>	<u>Cummulative Annual Pay</u>	<u>Average Annual Pay</u>
	1	\$56,930.00	56,930.00	\$56,930.00
	3	\$219,200.00	276,130.00	\$73,066.67
	3	\$171,040.00	447,170.00	\$57,013.33
	5	\$347,130.00	794,300.00	\$69,426.00
	1	\$70,510.00	864,810.00	\$70,510.00
	2	\$126,880.00	991,690.00	\$63,440.00
	10	\$810,520.00	1,802,210.00	\$81,052.00
	4	\$329,390.00	2,131,600.00	\$82,347.50
	4	\$367,080.00	2,498,680.00	\$91,770.00
	4	\$350,160.00	2,848,840.00	\$87,540.00
	5	\$510,540.00	3,359,380.00	\$102,108.00
	3	\$287,670.00	3,647,050.00	\$95,890.00
	1	\$86,910.00	3,733,960.00	\$86,910.00
	1	\$95,310.00	3,829,270.00	\$95,310.00
	2	\$227,570.00	4,056,840.00	\$113,785.00
	2	\$160,140.00	4,216,980.00	\$80,070.00
	1	\$104,590.00	4,321,570.00	\$104,590.00
	6	\$456,590.00	4,778,160.00	\$76,098.33
	7	\$669,750.00	5,447,910.00	\$95,678.57
	6	\$498,060.00	5,945,970.00	\$83,010.00
	10	\$825,140.00	6,771,110.00	\$82,514.00
	9	\$774,770.00	7,545,880.00	\$86,085.56
	2	\$160,350.00	7,706,230.00	\$80,175.00
	4	\$398,580.00	8,104,810.00	\$99,645.00
	17	\$1,402,250.00	9,507,060.00	\$82,485.29
	13	\$1,078,090.00	10,585,150.00	\$82,930.00
	21	\$1,750,210.00	12,335,360.00	\$83,343.33
	10	\$811,540.00	13,146,900.00	\$81,154.00
	16	\$1,361,050.00	14,507,950.00	\$85,065.63
	12	\$1,012,930.00	15,520,880.00	\$84,410.83
	4	\$346,280.00	15,867,160.00	\$86,570.00
	2	\$138,720.00	16,005,880.00	\$69,360.00
	5	\$449,390.00	16,455,270.00	\$89,878.00
	1	\$77,050.00	16,532,320.00	\$77,050.00
	3	\$244,040.00	16,776,360.00	\$81,346.67
	5	\$456,510.00	17,232,870.00	\$91,302.00
	2	\$141,500.00	17,374,370.00	\$70,750.00
	1	\$90,480.00	17,464,850.00	\$90,480.00
Total Employees	208			

CONFIDENTIAL INFORMATION REDACTED

Louisville Gas & Electric Co. Senior Management

Report for Company : 100

As of Date: 4/30/2008

<u>Years of Service</u>	<u>Number of Employees</u>	<u>Total Actual Pay</u>	<u>Cummulative Annual Pay</u>	<u>Average Annual Pay</u>
	1	\$139,200.00	139,200.00	\$139,200.00
	1	\$145,700.00	284,900.00	\$145,700.00
	1	\$147,140.00	432,040.00	\$147,140.00
	1	\$178,900.00	610,940.00	\$178,900.00
Total Employees	4			

Louisville Gas and Electric Company

Case No. 2007-00564

Case No. 2008-00252

Employee Annualized Base Labor

	<u>Employees</u>	<u>Base Labor</u>
1. LG&E Nonexempt Cumulative Annual Pay as of April 30, 2008	87	\$ 3,772,476

source: PeopleSoft System Report for Annualized Salaries

CONFIDENTIAL INFORMATION REDACTED

Louisville Gas & Electric Co. Nonexempt

Report for Company : 100

As of Date: 4/30/2008

<u>Years of Service</u>	<u>Number of Employees</u>	<u>Total Actual Pay</u>	<u>Cummulative Annual Pay</u>	<u>Average Annual Pay</u>
	5	\$165,340.00	165,340.00	\$33,068.00
	2	\$67,866.00	233,206.00	\$33,933.00
	2	\$55,020.00	288,226.00	\$27,510.00
	1	\$31,230.00	319,456.00	\$31,230.00
	4	\$157,600.00	477,056.00	\$39,400.00
	10	\$396,820.00	873,876.00	\$39,682.00
	2	\$70,130.00	944,006.00	\$35,065.00
	4	\$168,110.00	1,112,116.00	\$42,027.50
	4	\$152,780.00	1,264,896.00	\$38,195.00
	1	\$53,140.00	1,318,036.00	\$53,140.00
	1	\$42,360.00	1,360,396.00	\$42,360.00
	1	\$49,850.00	1,410,246.00	\$49,850.00
	1	\$36,500.00	1,446,746.00	\$36,500.00
	3	\$126,680.00	1,573,426.00	\$42,226.67
	1	\$50,870.00	1,624,296.00	\$50,870.00
	2	\$93,870.00	1,718,166.00	\$46,935.00
	1	\$44,960.00	1,763,126.00	\$44,960.00
	5	\$236,120.00	1,999,246.00	\$47,224.00
	3	\$136,710.00	2,135,956.00	\$45,570.00
	5	\$253,350.00	2,389,306.00	\$50,670.00
	5	\$225,450.00	2,614,756.00	\$45,090.00
	5	\$294,500.00	2,909,256.00	\$58,900.00
	7	\$309,810.00	3,219,066.00	\$44,258.57
	4	\$174,490.00	3,393,556.00	\$43,622.50
	4	\$207,900.00	3,601,456.00	\$51,975.00
	1	\$52,230.00	3,653,686.00	\$52,230.00
	1	\$31,600.00	3,685,286.00	\$31,600.00
	1	\$41,700.00	3,726,986.00	\$41,700.00
	1	\$45,490.00	3,772,476.00	\$45,490.00
Total Employees	87			

Louisville Gas and Electric Company
Case No. 2007-00564
Case No. 2008-00252

Employee Annualized Base Labor

	<u>Employees</u>	<u>Base Labor</u>
1. Servco Exempt Cumulative Annual Pay as of April 30, 2008 ⁽¹⁾	748	\$ 63,013,452
2. Servco Senior Management Cumulative Annual Pay as of April 30, 2008 ⁽¹⁾	59	11,364,984
3. Employees and Salaries Excluded from Pro forma adjustment ⁽²⁾	(21)	(5,676,842)
4. Total Servco Exempt Subject to Pro forma Adjustment	786	\$ 68,701,594
5. Servco Allocation Percentage to LG&E	42.1%	42.1%
6. Servco Exempt Allocated to LG&E	331	\$ 28,923,371

⁽¹⁾source: PeopleSoft Report for Annualized Salaries

⁽²⁾ See part a , page 3 of 3

CONFIDENTIAL INFORMATION REDACTED

E.ON U.S Services Inc. Senior Management

Report for Company : 020

As of Date: 4/30/2008

<u>Years of Service</u>	<u>Number of Employees</u>	<u>Total Actual Pay</u>	<u>Cummulative Annual Pay</u>	<u>Average Annual Pay</u>
	1	\$0.01	0.01	\$0.01
	2	\$315,270.00	315,270.01	\$157,635.00
	1	\$183,700.00	498,970.01	\$183,700.00
	2	\$274,450.00	773,420.01	\$137,225.00
	1	\$152,980.00	926,400.01	\$152,980.00
	1	\$178,850.00	1,105,250.01	\$178,850.00
	2	\$320,300.00	1,425,550.01	\$160,150.00
	2	\$348,810.00	1,774,360.01	\$174,405.00
	5	\$958,819.00	2,733,179.01	\$191,763.80
	5	\$1,134,400.00	3,867,579.01	\$226,880.00
	2	\$295,550.00	4,163,129.01	\$147,775.00
	4	\$1,316,772.00	5,479,901.01	\$329,193.00
	2	\$551,170.00	6,031,071.01	\$275,585.00
	1	\$202,280.00	6,233,351.01	\$202,280.00
	2	\$416,783.00	6,650,134.01	\$208,391.50
	2	\$331,470.00	6,981,604.01	\$165,735.00
	2	\$282,440.00	7,264,044.01	\$141,220.00
	5	\$743,340.00	8,007,384.01	\$148,668.00
	2	\$438,330.00	8,445,714.01	\$219,165.00
	5	\$1,059,980.00	9,505,694.01	\$211,996.00
	3	\$496,480.00	10,002,174.01	\$165,493.33
	1	\$204,370.00	10,206,544.01	\$204,370.00
	1	\$210,300.00	10,416,844.01	\$210,300.00
	2	\$356,920.00	10,773,764.01	\$178,460.00
	1	\$147,050.00	10,920,814.01	\$147,050.00
	2	\$444,170.00	11,364,984.01	\$222,085.00
Total Employees	59			

CONFIDENTIAL INFORMATION REDACTED

E ON U.S. Services Inc. Exempt

Report for Company : 020

As of Date: 4/30/2008

<u>Years of Service</u>	<u>Number of Employees</u>	<u>Total Actual Pay</u>	<u>Cummulative Annual Pay</u>	<u>Average Annual Pay</u>
	53	\$3,670,950.00	3,670,950.00	\$69,263.21
	31	\$2,022,390.00	5,693,340.00	\$65,238.39
	32	\$2,342,190.00	8,035,530.00	\$73,193.44
	17	\$1,263,270.00	9,298,800.00	\$74,310.00
	4	\$366,670.00	9,665,470.00	\$91,667.50
	19	\$1,738,132.00	11,403,602.00	\$91,480.63
	34	\$2,681,000.00	14,084,602.00	\$78,852.94
	41	\$3,325,870.00	17,410,472.00	\$81,118.78
	12	\$1,013,200.00	18,423,672.00	\$84,433.33
	51	\$4,135,720.00	22,559,392.00	\$81,092.55
	31	\$2,864,570.00	25,423,962.00	\$92,405.48
	18	\$1,700,780.00	27,124,742.00	\$94,487.78
	16	\$1,540,010.00	28,664,752.00	\$96,250.63
	17	\$1,562,730.00	30,227,482.00	\$91,925.29
	8	\$697,890.00	30,925,372.00	\$87,236.25
	13	\$1,056,420.00	31,981,792.00	\$81,263.08
	11	\$965,790.00	32,947,582.00	\$87,799.09
	21	\$1,820,770.00	34,768,352.00	\$86,703.33
	18	\$1,592,240.00	36,360,592.00	\$88,457.78
	17	\$1,473,580.00	37,834,172.00	\$86,681.18
	14	\$1,341,520.00	39,175,692.00	\$95,822.86
	23	\$2,007,900.00	41,183,592.00	\$87,300.00
	25	\$2,231,340.00	43,414,932.00	\$89,253.60
	22	\$1,941,390.00	45,356,322.00	\$88,245.00
	7	\$584,210.00	45,940,532.00	\$83,458.57
	18	\$1,664,520.00	47,605,052.00	\$92,473.33
	18	\$1,618,140.00	49,223,192.00	\$89,896.67
	15	\$1,134,850.00	50,358,042.00	\$75,656.67
	20	\$1,682,710.00	52,040,752.00	\$84,135.50
	20	\$1,865,240.00	53,905,992.00	\$93,262.00
	15	\$1,258,060.00	55,164,052.00	\$83,870.67
	17	\$1,630,410.00	56,794,462.00	\$95,906.47
	18	\$1,560,930.00	58,355,392.00	\$86,718.33
	11	\$987,820.00	59,343,212.00	\$89,801.82
	9	\$770,440.00	60,113,652.00	\$85,604.44
	8	\$766,760.00	60,880,412.00	\$95,845.00
	10	\$884,320.00	61,764,732.00	\$88,432.00
	7	\$618,710.00	62,383,442.00	\$88,387.14
	2	\$200,660.00	62,584,102.00	\$100,330.00
	1	\$88,440.00	62,672,542.00	\$88,440.00
	1	\$78,460.00	62,751,002.00	\$78,460.00
	2	\$177,460.00	62,928,462.00	\$88,730.00
	1	\$84,990.00	63,013,452.00	\$84,990.00
Total Employees	748			

5/20/2008

Louisville Gas and Electric Company

Case No. 2007-00564

Case No. 2008-00252

Employee Annualized Base Labor

	<u>Employees</u>	<u>Base Labor</u>
1. Servco Non-Exempt Cumulative Annual Pay as of April 30, 2008	243	\$ 9,852,827
2. Servco Allocation Percentage to LG&E	42.1%	42.1%
3. Servco Non-Exempt Allocated to LG&E	102	\$ 4,148,040

source: PeopleSoft System Report for Annualized Salaries

CONFIDENTIAL INFORMATION REDACTED

E ON U.S. Services Inc. Nonexempt

Report for Company : 020

As of Date: 4/30/2008

<u>Years of Service</u>	<u>Number of Employees</u>	<u>Total Actual Pay</u>	<u>Cummulative Annual Pay</u>	<u>Average Annual Pay</u>
	33	\$969,446.80	969,446.80	\$29,377.18
	22	\$715,750.00	1,685,196.80	\$32,534.09
	11	\$408,460.00	2,093,656.80	\$37,132.73
	8	\$257,090.00	2,350,746.80	\$32,136.25
	1	\$39,400.00	2,390,146.80	\$39,400.00
	7	\$228,700.00	2,618,846.80	\$32,671.43
	19	\$746,240.00	3,365,086.80	\$39,275.79
	25	\$1,011,030.00	4,376,116.80	\$40,441.20
	9	\$393,410.00	4,769,526.80	\$43,712.22
	14	\$600,210.00	5,369,736.80	\$42,872.14
	7	\$325,700.00	5,695,436.80	\$46,528.57
	9	\$414,490.00	6,109,926.80	\$46,054.44
	4	\$197,140.00	6,307,066.80	\$49,285.00
	6	\$291,710.00	6,598,776.80	\$48,618.33
	2	\$122,560.00	6,721,336.80	\$61,280.00
	5	\$243,330.00	6,964,666.80	\$48,666.00
	2	\$84,730.00	7,049,396.80	\$42,365.00
	4	\$226,560.00	7,275,956.80	\$56,640.00
	3	\$117,120.00	7,393,076.80	\$39,040.00
	3	\$160,730.00	7,553,806.80	\$53,576.67
	2	\$111,960.00	7,665,766.80	\$55,980.00
	4	\$168,610.00	7,834,376.80	\$42,152.50
	7	\$343,290.00	8,177,666.80	\$49,041.43
	2	\$84,790.00	8,262,456.80	\$42,395.00
	2	\$99,000.00	8,361,456.80	\$49,500.00
	3	\$132,730.00	8,494,186.80	\$44,243.33
	5	\$241,410.00	8,735,596.80	\$48,282.00
	3	\$144,360.00	8,879,956.80	\$48,120.00
	4	\$180,300.00	9,060,256.80	\$45,075.00
	5	\$242,080.00	9,302,336.80	\$48,416.00
	3	\$130,640.00	9,432,976.80	\$43,546.67
	2	\$92,620.00	9,525,596.80	\$46,310.00
	1	\$34,940.00	9,560,536.80	\$34,940.00
	1	\$46,340.00	9,606,876.80	\$46,340.00
	2	\$99,360.00	9,706,236.80	\$49,680.00
	3	\$146,590.00	9,852,826.80	\$48,863.33
Total Employees	243			

Louisville Gas and Electric Company

Case No. 2007-00564

Case No. 2008-00252

Servco Allocation Percentage to LG&E

1. Total Servco Straight Time Labor for 12 months ended April 30, 2008	\$ 71,149,522
2. Servco Straight Time Labor allocated to LG&E	29,974,785
3. % Servco allocated to LG&E to total	<u>42.1%</u>

Louisville Gas and Electric Company

Case No. 2007-00564

Case No. 2008-00252

Union Overtime/Premiums

Exp. Type FERC	0111 Union Overtime	0112 Union Doubletime	0145 Union Labor Premiums	Total
107	1,377,368	261,479	47,540	1,686,387
108	134,482	31,487	5,453	171,422
143	9,923	43,848	-	53,771
146	170,721	58,459	7,124	236,304
163	4,207	3,485	186	7,878
184	96,833	1,322	4,456	102,611
186	344	-	-	344
416	3,133	353	328	3,814
426	18,154	3,188	156	21,498
500	22	-	-	22
501	324,866	65,355	25,687	415,908
502	2,012,880	649,634	199,570	2,862,084
505	74,083	10,944	10,944	95,971
506	434,425	87,085	31,741	553,251
510	9,857	758	523	11,138
511	34,037	6,827	2,146	43,010
512	805,337	359,015	56,807	1,221,159
513	246,047	124,184	13,215	383,447
514	5,350	726	534	6,609
538	32,053	16,923	5,061	54,038
539	335	-	-	335
542	1,374	2,147	115	3,636
543	7,194	4,866	224	12,284
544	14,191	10,212	540	24,943
548	28,304	6,912	1,844	37,060
552	477	-	-	477
553	13,615	7,585	667	21,868
562	43,797	11,129	6,068	60,994
563	64	130	-	194
566	259	-	164	423
569	247	-	-	247
570	16,681	1,402	13	18,096
571	198	221	3	422
580	133	-	4,420	4,553
582	3,824	927	21	4,771
583	271,484	98,232	25,644	395,359
584	9,202	1,506	315	11,023
585	3,739	-	85	3,824
586	274,759	4,310	8,082	287,150
588	34,423	2,581	930	37,935
590	1,993	-	14	2,007
591	1,797	-	-	1,797
592	16,537	5,136	199	21,871
593	494,508	164,884	50,493	709,885
594	65,193	20,470	3,550	89,213
595	15,494	402	115	16,011
596	3,743	434	1,177	5,354
598	5,132	404	1,164	6,700

Louisville Gas and Electric Company

Case No. 2007-00564

Case No. 2008-00252

Union Overtime/Premiums

Exp Type FERC	0111 Union Overtime	0112 Union Doubletime	0145 Union Labor Premiums	Total
814	2,922	-	727	3,649
816	11,547	-	340	11,887
817	46,978	688	5,270	52,936
818	37,118	2,388	6,730	46,236
821	71,071	9,422	11,918	92,410
832	14,203	1,363	935	16,502
833	17,033	-	255	17,288
834	48,433	151	2,046	50,630
835	962	585	510	2,057
836	24,118	1,515	442	26,075
837	3,246	-	1,105	4,351
850	1,498	-	7	1,505
856	39,664	-	1,062	40,726
863	19,369	2,707	170	22,246
874	59,007	5,620	2,583	67,210
875	68,294	-	5,157	73,451
876	22,153	-	2,983	25,136
877	280	-	170	450
878	-	-	85	85
879	40,262	6,335	5,761	52,358
880	58,986	846	3,065	62,897
886	3,811	210	605	4,627
887	414,991	26,800	42,291	484,082
889	6,084	320	510	6,914
890	13,349	1,729	1,785	16,863
891	11,065	397	1,905	13,367
892	131,518	6,456	7,153	145,127
894	7,988	-	1,700	9,688
903	472	-	-	472
905	2,929	210	606	3,745
909	1,150	-	-	1,150
910	86	-	-	86
920	115,725	-	-	115,725
922	(2,198)	(16)	(85)	(2,299)
925	6,444	2,116	-	8,560
935	17,035	1,217	2,724	20,975
Total	8,440,410	2,140,022	627,833	11,208,265

Louisville Gas and Electric Company
Case No. 2007-00564
Case No. 2008-00252

Non-Exempt Overtime/Premiums

Exp Type	0121	0126	0131	0121	0131	0145	Total
	LG&E	LG&E	LG&E	Charged from Servco	Charged from Servco	Charged from Servco	
FERC	Non-Bargaining Unit Overtime	Hourly Non-Union Overtime	Temporary Overtime	Non-Bargaining Unit Overtime	Temporary Overtime	Labor Premiums	
107	\$ 2,960	\$ -	\$ 3,764	\$ 1,686	\$ -	\$ 2	\$ 8,412
146	2,871	-	-	-	-	-	2,871
163	873	-	3,286	-	-	-	4,159
184	18,635	-	92	420	-	-	19,147
426	-	-	-	231	-	-	231
500	(76)	-	-	1,545	-	-	1,469
501	-	-	-	237	-	-	237
502	4,678	-	13,577	1,125	-	-	19,380
506	5,008	-	72	0	-	-	5,079
510	4,369	-	1,652	901	-	-	6,922
511	-	-	723	-	-	-	723
512	557	-	44,304	-	-	-	44,861
513	13	-	8,261	-	-	-	8,274
543	-	-	1,020	-	-	-	1,020
544	-	-	1,363	-	-	-	1,363
548	104	-	-	-	-	-	104
560	-	-	-	593	-	-	593
561	-	-	-	-	-	3,601	3,601
562	-	-	-	306	-	-	306
566	-	-	-	2,290	-	-	2,290
571	810	-	-	-	-	-	810
581	-	-	-	-	-	1,547	1,547
583	111,816	60,567	-	16,155	-	2,780	191,318
586	10,166	-	-	2	-	-	10,168
588	12,735	-	-	3,283	-	-	16,017
592	-	-	-	-	-	-	-
593	4,370	-	-	-	-	-	4,370
596	2,679	-	-	-	-	-	2,679
814	265	-	-	-	-	-	265
818	-	-	16	-	-	-	16
830	489	-	14	-	-	-	503
836	-	-	56	-	-	-	56
874	6,778	-	-	-	-	-	6,778
880	4,200	-	-	98	-	-	4,297
887	8,014	353	-	-	-	-	8,368
901	-	-	-	399	-	300	699
902	486	-	-	-	-	-	486
903	33,447	-	-	101,116	-	8,654	143,217
910	-	-	-	36	-	-	36
920	6,371	-	355	40,257	1,390	-	48,374
922	(1,745)	-	(33)	-	-	-	(1,778)
935	-	-	-	16,035	-	3,959	19,994
Total	\$ 240,872	\$ 60,921	\$ 78,523	\$ 186,714	\$ 1,390	\$ 20,843	\$ 589,263

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 90

Responding Witness: Valerie L. Scott

Q-90. Refer to Item 13 in Volume 1 of 3 of the response to Staff's first request.

- a. Provide a schedule listing all accounts shown in Volume 1 of 3, Item 13 to which salaries and payroll overheads were reported for LG&E employee salaries and salary overheads during the test year. State the amount of salaries and each individual payroll overhead charged to each account separately.
- b. Provide a schedule listing all accounts as shown in Item 13 to which salaries and payroll overheads were reported by LG&E for services provided by SERVCO employees during the test year. State the amount of salaries and each individual payroll overhead charged to each account separately.
- c. Provide a schedule listing all accounts as shown in Item 13 to which salaries, other compensation and payroll overheads were reported by LG&E during the test year for services provided by the executive employees listed in Volume 3 of 3 of LG&E's response to Staff's first request, Item 46. State the amount of salaries, other compensation and each individual payroll overhead charged to each account separately.
- d. Provide a schedule listing all accounts as shown in Volume 1 of 3 of LG&E's response to Staff's first request, Item 13, to which salaries and payroll overheads were reported by LG&E for services provided by KU employees during the test year. State the amount of salaries and each individual payroll overhead charged to each account separately.
- e. Provide a schedule listing all accounts as shown in Volume 1 of 3 of LG&E's response to Staff's first request, Item 13 to which any salaries, other compensation and payroll overheads were reported during the test year that are not captured in the responses to (a), (b), (c), and (d). State the amount of salaries, other compensation and each individual payroll overhead charged to each account separately. Provide an employer name for all employees included in this response.

- A-90. a. See attached.
- b. See attached.
- c. Expenses related to salary, other compensation and payroll overheads are not recorded in the Company's general ledger by individual employee or type of employee. Executive employee salary, other compensation and payroll overheads are intermingled with other exempt employee salary, other compensation and payroll overheads and are included in the response to part (b), as executive employees are all Servco employees.
- d. See attached.
- e. None.

Louisville Gas and Electric Company
CASE NO. 2007-00564
CASE NO. 2008-00252
Salaries and Payroll Overheads by Account
For Services Provided by LG&E Employees to LG&E

Account	LABOR	401(K)	DENTAL	FASB 112	FASB 106	FICA	HOLIDAY	LIFE	LONG-TERM DISABILITY	MEDICAL	MISC	OTHER OFF DUTY	PENSION	RETIREMENT INCOME	SICK	TIA	TUITION	UNEMPLOYMENT	VACATION	WORKERS' COMP	TOTAL
Account																					
511100	291,814.61						12,260.58					1,147.30			6,200.39	26,256.30			24,092.58		361,771.76
512005	1,328,994.03						50,468.37					4,798.03			25,760.22	121,082.66			100,230.35		1,631,333.66
512015	92,740.36						3,962.99					367.37			1,951.48	8,394.96			7,719.70		115,136.86
512017	183,830.30						5,923.25					632.90			3,131.17	16,077.86			12,098.72		221,694.20
512100	4,162,730.21						158,783.28					15,335.57			81,249.66	373,032.87			314,065.71		5,105,197.30
512101	65,604.18						2,433.61					233.79			1,203.43	5,779.27			4,603.16		79,857.44
512103	2,931.57						117.30					9.32			61.05	260.62			220.86		3,600.72
513100	1,517,617.59						54,147.23					5,348.93			27,973.26	134,434.92			107,539.02		1,847,080.95
513900	(889.15)						(43.46)					(9.05)			(17.20)	(129.88)			(89.26)		(1,178.00)
514100	48,362.68	723.23	153.78	(6.90)	2,639.15	1,621.21	2,034.81	100.29	116.81	2,034.08	23.97	195.95	1,098.63	25.72	3,082.30	4,140.58		28.57	3,994.80	181.01	68,550.67
535100	41,301.25						2,071.68					187.80			1,062.60	3,743.70			4,096.61		52,663.64
538100	133,064.92						3,914.20					384.45			2,011.14	11,985.67			7,764.58		159,124.96
539100	10,772.29						467.77					42.82			232.20	954.72			896.49		13,366.29
541100	3,574.25						174.54					13.41			80.76	315.88			309.36		4,468.20
542100	28,334.81						1,180.85					129.66			553.85	2,445.91			2,383.40		34,928.48
543100	45,457.89						1,468.25					354.17			716.66	4,256.20			2,842.52		54,895.69
544100	126,469.48						4,423.92					395.60			2,135.01	11,016.15			8,244.87		152,685.03
548100	180,076.41						7,135.43					672.90			3,579.20	16,003.63			13,894.44		221,362.01
551100	685.40						36.05					3.52			19.54	63.92			76.29		884.72
552100	5,861.20	191.65	40.65	(29.54)	413.00	488.49	260.79	31.63	33.35	537.54		37.95	680.71	9.97	121.26	682.37		15.01	501.39	45.65	9,923.07
553100	135,391.01						5,547.68					478.37			2,861.06	11,864.57			10,561.84		166,704.53
556900	264.72						12.99					0.86			6.08	23.80			22.64		331.09
557100	264.72						12.97					0.85			6.08	24.07			22.59		331.28
560900	84.73						4.15					0.27			1.94	7.70			7.24		106.03
562100	532,856.15						23,465.69					2,207.78			12,036.34	47,516.68			46,230.21		664,312.85
563100	288.44						4.39					0.46			2.39	24.60			8.85		329.13
566100	70,517.71						3,503.70					321.41			1,758.73	6,321.01			6,800.49		89,223.05
566900	373.28						17.83					1.52			8.99	32.94			33.44		468.00
569100	3,758.62	169.74	30.87	7.36	328.17	347.06	167.87	22.78	26.49	420.08	13.68	27.28	456.26	8.91	86.72	421.47		10.45	305.98	35.25	6,645.04
570100	166,058.07						7,463.14					738.50			3,739.54	14,814.46			14,850.59		207,664.30
571100	1,638.11						17.44					2.45			12.51	133.56			42.73		1,846.80
573100	744.98						38.47					3.55			17.62	66.91			73.30		944.83
580100	26,900.65						1,107.18					80.42			535.80	2,416.34			2,001.35		33,041.74
582100	194,629.41						9,464.88					911.09			4,782.78	17,404.75			18,586.34		245,779.25
583001	879,361.62						24,003.36					2,387.27			11,926.78	76,141.61			46,527.46		1,040,348.10
583003	4,946.17						239.07					20.88			109.81	429.75			442.33		6,188.01
583005	913,848.05						38,546.21					3,607.74			19,825.07	82,758.91			76,524.96		1,135,110.94
583008	8,198.14						355.32					31.33			170.75	798.42			681.54		10,235.50
583009	3,874.76						198.18					18.05			100.02	368.69			403.25		4,962.95
583100	179,911.00						7,225.67					656.29			3,581.12	15,479.11			13,693.84		220,547.03
584001	59,032.46						2,450.47					239.55			1,269.65	5,113.13			4,814.57		72,919.83
584002	458.15						22.31					1.89			11.06	40.78			40.15		574.34
584003	2,557.25						80.23					6.22			37.09	220.39			142.58		3,043.76
584005	29,903.07						1,388.73					124.01			707.58	2,651.38			2,684.58		37,459.35
584008	1,387.31						70.69					6.95			39.99	136.87			155.82		1,797.63
585100	7,107.97						157.42					18.49			75.51	588.50			298.86		8,246.75
586100	2,148,396.15						92,743.85					8,668.54			47,424.29	193,764.86			183,072.34		2,674,070.03
588100	481,181.24	5,647.60	1,011.13	(950.34)	3,711.88	11,685.07	21,011.04	939.92	1,028.06	13,885.49	178.46	2,813.79	26,853.23	270.64	10,583.21	50,440.24	1,260.00	523.23	40,866.37	0.76	672,941.02
588900	2,834.72						136.61					10.33			68.97	249.13			251.55		3,551.31
590100	2,889.29						43.26					2.84			20.27	262.76			75.34		3,293.76
591003	10,923.14	404.95	79.48	(30.11)	923.30	1,015.02	445.31	58.74	67.08	1,083.28	16.98	64.62	1,167.07	18.00	214.38	1,204.83		28.08	834.68	74.37	18,593.20
592100	163,195.73						7,069.04					652.26			3,469.16	14,565.72			13,628.33		202,580.24
593001	454,483.25						15,797.35					1,392.73			7,801.68	40,398.55			29,689.85		549,563.41
593002	1,057,414.08						25,819.41					2,417.82			12,990.49	93,813.20			50,244.21		1,242,699.21
593003	46,054.27						296.02					33.69			156.67	4,011.07			601.23		51,152.95
593004	114,012.42						5,566.08					526.00			2,818.29	10,185.16			10,928.88		144,036.83
594002	275,417.06						9,258.57					859.35			4,741.70	24,630.55			18,097.68		333,004.91
594003	1,185.62						3.78					0.45			2.06	104.47			7.19		1,303.57
595100	116,234.54						5,070.79					457.10			2,527.42	10,431.56			9,887.49		144,608.90
596100	50,878.28						2,108.68					201.53			1,106.70	4,537.57			4,205.76		63,038.52
598100	42,413.20	1,643.69	349.60	(15.55)	5,998.02	3,684.62	1,772.98	227.91	265.60	4,622.94	54.52	169.80	2,496.92	58.61	913.54	3,777.47		65.02	3,520.88	411.40	72,431.17
807001	23,607.77						1,192.56					111.96			614.28	2,148.44			2,378.31		30,053.32

Louisville Gas and Electric Company
CASE NO. 2007-00564
CASE NO. 2008-00252
Salaries and Payroll Overheads by Account
For Services Provided by LG&E Employees to LG&E

	LABOR	401(K)	DENTAL	FASB 112	FASB 106	FICA	HOLIDAY	LIFE	LONG-TERM DISABILITY	MEDICAL	MISC	OTHER OFF DUTY	PENSION	RETIREMENT INCOME	SICK	TIA	TUITION	UNEMPLOYMENT	VACATION	WORKERS' COMP	TOTAL			
Account												1,376.39			7,494.01	27,111.91					28,806.70		382,526.03	
814003	303,080.48						14,656.54					167.11			970.65	4,243.17							3,548.53	59,015.82
816100	48,340.64						1,745.72					1,246.71			6,763.13	28,221.05							25,995.35	391,244.85
817100	315,936.39						13,082.22					1,575.05			8,336.64	34,847.02	(945.39)						33,756.64	463,464.92
818100	369,233.38						16,661.58					2,109.77			9,829.73	45,161.29							41,118.73	603,704.80
821100	484,805.95						20,679.33					1,015.59			5,363.70	20,079.81							21,463.64	282,245.10
830100	223,206.06						10,914.30					660.43			3,796.04	14,966.27							14,240.85	208,603.88
832100	167,522.91						7,417.38					162.39			968.86	4,927.30							3,641.68	69,169.47
833100	57,498.32						1,970.92					1,501.94			8,672.63	34,040.54							32,350.44	477,563.62
834100	384,609.90						16,388.17					194.21			1,051.37	3,973.23							4,097.68	55,044.41
835100	43,609.81						2,118.11					456.68			2,519.39	10,771.50							9,479.71	150,189.51
836100	122,286.42						4,675.81					279.57			1,471.37	5,455.67							5,871.18	74,408.24
837100	58,500.29						2,830.16					15.29			75.09	371.63							267.79	5,257.03
850100	4,390.46						136.77					933.71			5,097.05	17,815.74							19,676.16	250,454.85
851100	197,039.07						9,893.12					651.71			3,817.21	16,852.12							14,371.97	232,413.45
856100	189,285.72						651.71					443.74			2,339.66	10,119.41							8,989.73	142,362.36
863100	115,888.50						4,581.32					1,318.94			7,202.09	25,196.95							27,812.02	354,257.17
871100	278,730.75						13,996.42					916.90			4,690.83	19,104.98							18,304.06	266,142.65
874001	213,918.97						9,206.91					12.77			57.27	780.55							210.76	10,174.30
874002	9,001.39						111.56					124.53			647.23	2,750.22							2,486.12	39,212.01
874005	31,884.48						1,319.43					167.83			776.54	2,794.08							3,026.11	40,970.48
874006	32,645.68						1,560.24					450.53			2,487.51	10,702.04							9,579.16	147,911.51
874007	119,778.59						4,913.28					136.85			695.41	3,570.22							2,712.10	46,896.15
874008	38,417.91						1,363.66					1,338.69			7,691.47	33,253.83							28,934.10	458,151.65
875100	372,198.40						14,735.16					953.88			4,740.41	19,278.22							18,955.55	267,004.43
876100	213,533.71						9,542.66					122.30			640.22	2,371.19							2,482.80	34,263.43
877100	27,337.53						1,309.39					25.87			137.46	445.56							496.93	6,607.62
878100	5,261.65						340.15					377.35			2,057.73	11,854.48							7,819.08	158,473.70
879100	132,415.26						3,949.80					3,619.85	14,663.26	143.97	17,012.98	71,170.43		285.67	65,931.18	(0.33)		976,979.23		
880100	750,071.75	3,072.99	551.62	(581.11)	2,024.13	6,374.65	33,887.08	510.30	561.95	7,582.05	96.81	93.54	14,663.26	29.82	504.10	2,166.50		37.58	1,948.97	206.02		40,985.19		
886100	24,282.66	906.10	192.18	(20.46)	3,302.13	2,123.04	981.33	124.25	146.76	2,549.75	31.38	10,305.58	1,379.54	29.82	55,479.63	238,782.37			214,064.97			3,278,207.77		
887100	2,651,693.65						107,881.57					130.24			714.69	3,104.32							2,886.33	41,451.82
889100	33,209.36						1,406.88					257.11			1,218.71	5,967.94							4,979.95	79,477.91
890100	64,587.10						2,467.10					532.20			2,861.94	11,224.85							10,901.53	156,893.63
891100	125,858.06						5,515.05					1,761.56			9,675.58	46,666.47							37,074.92	635,021.54
892100	521,123.01						18,720.00					1,618.16			2,739.64	10,558.42							10,585.42	147,750.27
894100	117,919.14						5,435.47					1,572.11			8,618.16	30,371.11							33,242.66	428,394.88
902001	337,757.59						16,833.25					2,124.41			11,472.14	40,616.12							44,353.21	572,500.82
903001	451,516.42						22,418.52					114.51			615.72	2,148.58							2,358.21	30,785.42
903002	24,354.20						1,194.20					369.80			2,009.58	6,999.88							7,721.71	99,332.74
903006	78,337.97						3,893.80					1,105.16			6,066.06	23,826.40							23,283.30	331,073.30
903007	265,049.30						11,743.08					693.17			3,687.34	12,942.55							14,172.60	184,740.42
903008	146,027.89						7,216.87					682.88			3,672.80	12,901.66							14,175.97	182,945.59
903022	144,327.60						7,184.68					58.20			308.90	1,097.03							1,208.02	15,413.13
903023	12,128.19						612.79					400.41			2,153.81	7,515.30							8,280.88	106,629.51
903025	84,096.88						4,182.23					15.06			66.50	247.01							249.60	3,680.93
903030	2,980.47						122.29					348.03			1,889.54	6,580.60							7,248.88	93,210.10
903035	73,498.61						3,644.44					0.40			2.75	9.59							10.25	146.95
903909	118.08						5.88					0.14			1.02	4.03							3.78	55.42
903912	44.28						2.17					0.86			3.16	31.90							13.64	383.05
903930	326.33						7.16									10.07								120.78
903936	110.71																							
905001	43,737.80	1,712.21	339.31	(248.74)	3,717.83	3,730.37	1,943.06	262.05	301.48	4,560.69	56.81	304.81	5,446.46	66.82	935.74	5,086.42		114.32	3,780.16	212.79		76,960.39		
905003	56,146.79						2,787.65					266.90			1,434.84	5,009.71							5,513.23	71,159.12
908901	236.24						11.33					0.96			6.03	19.21							21.72	295.49
909013	1,149.51															127.03								1,276.54
910001	456.96						16.85					1.77			10.38	39.71							36.06	561.73
920100	170,711.95	2,440.51	448.35	(685.02)	1,704.40	5,163.74	8,282.04	408.49	464.72	6,138.40	81.00	1,133.28	11,806.02	103.60	4,072.00	18,844.44		229.21	16,155.78	(3.60)		247,499.31		
920900	163,058.37						2,109.64					198.71</												

Louisville Gas and Electric Company
CASE NO. 2007-00564
CASE NO. 2008-00252
Salaries and Payroll Overheads by Account
For Services Provided by LG&E Employees to LG&E

Account	LABOR	401(K)	DENTAL	FASB 112	FASB 106	FICA	HOLIDAY	LIFE	LONG-TERM DISABILITY	MEDICAL	MISC	OTHER OFF DUTY	PENSION	RETIREMENT INCOME	SICK	TIA	TUITION	UNEMPLOYMENT	VACATION	WORKERS' COMP	TOTAL
Account																				5,059.87	5,059.87
925023																				96.45	96.45
925025																				18,270.41	18,270.41
925026																					876.04
925100	685.77						36.29					2.45			17.25	66.99				67.29	(0.19)
925912																	99,278.80				99,278.80
926001								207,690.50													207,690.50
926002										4,333,692.05	61,104.80										4,394,796.85
926003																					326,859.49
926004			326,859.49							247,538.00											247,543.11
926005													5.11								(2,190.89)
926012								(2,190.89)													(46,320.71)
926013										(46,943.20)	622.49										(3,652.32)
926014			(3,652.32)																		(3,056.75)
926015			(3,665.28)							608.53											(4,538.06)
926019											(4,538.06)										10,911.07
926022							10,911.07														231,675.34
926023										228,685.65	2,989.69										17,270.14
926024			17,270.14																		13,072.79
926025										13,072.79											3,038.07
926032								3,038.07													63,357.85
926033										62,543.51	814.34										4,755.16
926034			4,755.16																		3,592.79
926035										3,592.79											987.00
926100																	987.00				987.00
926101													7,813,526.23								7,813,526.23
926102	1,541,442.58																				1,541,442.58
926105				(28,255.87)																	(28,255.87)
926106					2,208,275.92																2,208,275.92
926116														51,324.10							51,324.10
926117													(5,464,117.97)								(5,464,117.97)
926118					3,361,534.29																3,361,534.29
926121														32,585.19							(17,991.35)
926122	(17,991.35)																				215.36
926123				215.36																	(98,225.74)
926124					(98,225.74)																(345.45)
926126														(61,381.09)							(61,381.09)
926127																					37,584.71
926128																					413,123.61
926131																					81,315.72
926132	81,315.72																				(2,519.18)
926133				(2,519.18)																	116,670.03
926134					116,670.03																2,511.47
926136														2,511.47							(289,601.53)
926137																					177,547.82
926138																					113,676.41
926141																					113,676.41
926142	22,272.88																				22,272.88
926143				(474.56)																	(474.56)
926144					32,057.24																32,057.24
926146																					734.25
926147														(79,607.96)							(79,607.96)
926148																					48,778.83
926148					48,778.83																1,828.44
926161														1,828.44							345.60
926162	345.60																				0.92
926163				0.92																	509.34
926164					509.34																13.56
926166																					(1,279.56)
926167														(1,279.56)							776.00
926168					776.00																74.53
926169			74.53																		51.55
926170								51.55													57.98
926171									57.98												980.02
926172										968.16	11.86										387,285.52
926181														387,285.52							75,825.93
926182	75,825.93																				

Louisville Gas and Electric Company
CASE NO. 2007-00564
CASE NO. 2008-00252
Salaries and Payroll Overheads by Account
For Services Provided by LG&E Employees to LG&E

Account	LABOR	401(K)	DENTAL	FASB 112	FASB 106	FICA	HOLIDAY	LIFE	LONG-TERM DISABILITY	MEDICAL	MISC	OTHER OFF DUTY	PENSION	RETIREMENT INCOME	SICK	TIA	TUITION	UNEMPLOYMENT	VACATION	WORKERS' COMP	TOTAL
926183				(1,088.06)																	(1,088.06)
926184					109,264.29									2,617.75							109,264.29
926186													(272,459.43)								(272,459.43)
926187																					166,202.07
926188					166,202.07																16,122.09
926189			16,122.09					10,382.93													10,382.93
926190									12,189.68												12,189.68
926192										213,365.35	2,669.18						6,220.64				216,034.53
926901																		96.20	5,210.85	608.83	6,220.64
935101	62,771.50	2,432.70	517.38	(23.06)	8,876.99	5,453.24	2,624.00	337.24	393.15	6,841.93	80.65	251.30	3,695.44	86.71	1,351.98	5,590.67					107,197.70
935201	789.44						11.12					0.74			5.46	107.72					25.94
935391	222,452.13						10,506.76					993.55			5,317.37	19,825.71					279,599.72
TOTAL	59,066,823.35	1,249,430.07	473,387.26	(39,920.73)	8,141,896.48	(185,609.01)	2,414,553.42	305,043.88	365,483.96	6,321,403.25	83,473.40	229,978.57	3,358,000.54	75,472.43	1,237,162.42	5,436,167.86	100,668.02	(4,489.92)	4,776,527.58	971,691.09	95,377,143.92
TC Burden check		66,966.68	13,801.43	(2,552.73)	237,830.51	445.39	70,013.52	9,011.83	11,171.01	190,183.49	2,651.16	8,542.24	101,526.81	2,150.70	34,950.56	165,620.96		14.03	137,239.59	16,325.53	1,065,892.71

Louisville Gas and Electric Company
 CASE NO. 2007-00564
 CASE NO. 2008-00252
 Salaries and Payroll Overheads by Account
 For Services Provided by Service Employees to LG&E

Account	LABOR	401(K)	DENTAL	FASB 112	FASB 106	FICA	HOLIDAY	LIFE	LONG-TERM DISABILITY	MEDICAL	MISC	OTHER OFF DUTY	PENSION	RETIREMENT INCOME	SICK	TIA	TUITION	UNEMPLOYMENT	VACATION	WORKERS' COMP	TOTAL		
107001	3,171,216.48	126,233.83	23,329.59	(38,379.74)	84,323.45	268,242.32	150,756.15	21,366.14	24,405.60	319,213.51	4,257.66	32,186.12	620,689.10	5,289.24	66,239.74	462,411.63			12,023.95	288,937.23	(660.27)	5,642,981.73	
108901	5,355.81	240.49	38.71	32.05	144.96	498.21	260.79	38.51	35.74	579.62	2.76	58.91	1,140.10	15.00	166.70	771.43			22.60	416.23	4.14	9,822.76	
163002	63,347.83	2,616.86	467.55	(506.07)	1,698.16	5,422.01	3,023.58	434.37	479.69	6,461.15	87.64	651.46	12,514.19	122.18	1,436.99	9,195.95			243.08	5,617.72	(1.71)	113,307.63	
163100	74,288.99	3,000.07	553.47	(793.44)	1,983.65	6,352.53	3,552.02	504.15	362.74	7,549.69	85.77	754.33	14,804.80	131.24	1,629.25	10,827.47			288.35	6,716.38	(9.10)	132,782.36	
183301	40,523.41	1,594.51	305.25	(801.26)	1,125.18	3,375.45	1,938.97	255.10	310.77	4,069.15	52.78	413.33	7,791.55	48.51	770.10	5,875.40			153.41	3,825.89	(9.46)	71,618.04	
184150	(0.23)						(0.05)					(0.24)			(0.35)	(0.42)	0.02						
184307	82,981.65	3,395.45	617.34	(726.45)	2,221.33	7,092.92	3,960.85	569.57	629.62	8,436.35	106.59	845.62	16,423.48	156.40	1,841.03	12,072.72			319.92	7,433.89	(7.47)	148,370.81	
184504	30,401.82	1,286.21	226.65	(109.84)	819.03	2,623.74	1,449.97	214.28	227.67	3,112.57	39.96	312.32	6,034.24	66.92	716.79	4,405.22			117.81	2,645.36	1.54	54,592.26	
184510	8,645.80	353.44	63.98	(83.19)	231.39	738.39	412.90	58.77	65.60	880.11	11.04	88.49	1,709.30	15.80	192.63	1,257.09			33.16	774.30	(0.64)	15,448.36	
184514	47,904.99	2,028.55	357.25	(165.63)	1,290.99	4,134.96	2,284.31	337.96	358.65	4,904.77	62.89	492.12	9,509.74	106.04	1,130.64	6,940.77			185.61	4,165.66	2.56	86,033.03	
184516	161,812.00	6,518.54	1,194.43	(1,848.44)	4,320.66	13,711.19	7,715.52	1,093.34	1,243.31	16,372.96	215.58	1,649.65	31,787.74	277.55	3,457.15	23,562.04			614.88	14,685.94	(26.04)	288,358.00	
184518	73,594.76	3,051.96	545.67	(581.55)	1,974.18	6,313.43	3,516.69	503.55	554.12	7,521.98	93.95	755.29	14,576.19	142.40	1,690.42	10,681.68			284.27	6,513.62	0.04	171,732.65	
184600	246,028.06	9,969.61	1,826.93	(2,421.66)	6,589.13	21,128.61	11,761.00	1,673.59	1,850.56	25,054.16	263.66	2,506.64	49,271.64	447.04	5,499.04	35,857.48			951.27	22,065.50	(20.06)	440,302.20	
184602	723,231.19	29,580.46	5,366.32	(5,824.45)	19,385.94	62,167.50	34,539.53	4,983.75	5,448.97	73,688.61	819.59	7,393.53	144,544.98	1,394.43	16,295.94	105,262.51			2,795.17	64,417.64	(45.72)	1,295,445.89	
184603	539,102.88	21,992.97	3,984.32	(4,465.24)	14,436.23	46,346.88	25,758.39	3,713.40	4,069.67	54,952.64	627.87	5,531.39	107,599.04	1,032.04	12,125.08	78,480.24			2,080.41	48,050.35	(36.56)	965,381.94	
184605	527,224.95	21,566.61	3,910.40	(4,819.60)	14,144.10	45,043.12	25,163.62	3,599.79	3,997.72	53,623.76	636.59	5,382.67	104,629.90	979.95	11,733.49	76,673.61	986.00		2,019.64	47,180.98	(40.60)	943,636.70	
184612	35,224.45	1,432.11	262.33	(294.66)	947.33	3,022.61	1,681.13	243.18	266.17	3,578.95	37.80	358.17	7,060.77	67.27	780.58	5,134.58			134.99	3,155.84	(3.81)	63,089.79	
186049	1,691.28																						
186200	86,778.09	3,438.17	633.63	(789.75)	2,283.93	7,468.34	4,080.93	588.35	646.25	8,678.00	86.84	870.67	17,186.56	158.67	1,876.25	12,657.37			337.09	7,689.12	(11.57)	154,656.98	
186225	25,929.16	1,054.73	192.01	(261.15)	693.17	2,207.83	1,237.41	176.33	197.75	2,632.37	34.07	264.65	5,111.55	46.69	567.80	3,772.54			99.37	2,334.42	(2.84)	46,287.86	
186235	62,346.39	2,585.50	463.06	(451.30)	1,573.83	5,142.24	2,935.14	437.03	498.55	6,203.37	136.37	629.37	11,579.87	122.68	1,240.56	9,038.01			225.45	5,657.15	(16.84)	110,446.43	
186251	44,252.27	1,833.61	332.59	(429.83)	1,185.20	3,778.12	2,116.83	298.41	333.13	4,516.75	58.46	448.42	8,730.23	80.73	1,004.94	6,424.24			172.68	3,958.29	(0.87)	79,094.20	
186260	21,828.92	887.51	161.47	(222.24)	583.32	1,858.48	1,041.79	148.28	166.52	2,216.41	28.78	223.05	4,301.43	39.16	478.03	3,175.70			83.67	1,965.23	(2.34)	38,963.17	
408105																							
408106																							
408107							97,802.09																
408115																					4,587.80		4,587.80
408116										65,944.64													65,944.64
408117																							
408118																							
408119																							
408120							680.53																680.53
408125																							
408126																							
408127							20,256.39																20,256.39
408175																							
408176																							
408177							24,000.47																
408185																							
408186																							
408187							1,163,871.99																
408188																							
408189																							
408190																							
408191							145,545.16																145,545.16
408193																							
408194							143,760.56																143,760.56
408195																							
408196																							
408197							357,309.88																
426491	252,292.06	10,519.62	1,871.15	(1,467.95)	6,775.38	21,666.99	12,030.23	1,757.45	1,904.01	25,744.66	335.51	2,590.52	49,896.38	520.82	5,790.65	36,608.71			14,369.53	972.03	22,206.61	(2.09)	452,012.74
426501	164,380.22	6,369.09	1,210.00	(1,733.13)	4,402.86	14,145.19	7,843.31	1,143.19	1,253.04	16,574.46	124.33	1,671.72	33,575.98	292.67	3,415.56	24,144.13			623.83	15,041.48	(47.87)	294,430.06	
426591	35,539.92	1,464.09	258.37	(422.20)	942.56	2,957.32	1,679.95	234.11	276.32	3,574.88	66.23	363.72	6,671.30	59.10	758.24	5,136.34			132.38	3,185.40	(2.96)	62,875.07	
500100	74,284.05						3,529.15																
500900	638,919.98						30,455.63																
501019	8,035.87						383.45																
501090	307,873.21						14,702.45																
501990	210,777.67						10,067.52																
502002	1.02																						
502100	113,868.21						5,367.87																
506100	0.10																						
510100	251,571.72						11,931.41																
512005	67.31						3.33																
512100	1,009.61						49.95																
512103	5,801.92						284.13																

Louisville Gas and Electric Company
CASE NO. 2007-00564
CASE NO. 2008-00252
Salaries and Payroll Overheads by Account
For Services Provided by Servco Employees to LG&E

Account	LABOR	401(K)	DENTAL	FASB 112	FASB 106	FICA	HOLIDAY	LIFE	LONG-TERM DISABILITY	MEDICAL	MISC	OTHER OFF DUTY	PENSION	RETIREMENT INCOME	SICK	TIA	TUITION	UNEMPLOYMENT	VACATION	WORKERS' COMP	TOTAL
513100	68,462.32						3,286.57					720.98			2,017.14	9,673.08			5,425.35		89,586.44
513900	25,802.77						1,250.59					163.60			502.48	3,765.89			2,529.09		34,114.42
514100	5,153.59						233.73					49.22			37.82	793.02			521.84		6,789.22
553100	2,854.95						141.20					28.77			95.97	412.96			224.26		3,758.11
556900	710,028.87						33,898.00					7,235.73			15,420.68	103,403.17			64,206.43		934,192.88
560100	19,849.78						928.39					280.34			432.14	2,888.53			1,743.27		26,042.45
560900	473,635.38						22,586.09					4,832.36			10,367.66	68,932.42			42,578.94		622,932.85
561601	10,864.26						515.24					103.64			93.63	1,641.22			1,203.07		14,421.16
561900	333,650.13						15,941.94					3,402.09			7,420.68	48,480.32			29,971.24		438,666.40
561901	192,456.80						9,027.89					1,915.35			4,002.52	27,579.77			17,297.49		252,279.82
562100	27,116.16						1,284.73					285.65			712.66	3,926.47			2,198.32		35,523.99
563100	6,913.36						331.20					68.88			178.79	1,007.48			583.08		9,084.79
566100	49,321.85						2,242.45					475.32			1,024.26	7,193.20			4,232.33		64,489.41
566900	16,020.85						766.54					169.72			422.82	2,319.67			1,316.70		21,016.30
570100	57,370.44						2,743.48					588.57			1,260.14	8,367.59			5,176.15		75,506.37
571100	4,356.77						209.49					49.21			128.56	622.54			337.53		5,704.10
580100	518,558.98						24,791.60					5,292.30			11,331.46	75,581.85			46,897.66		682,453.85
580900	227,285.51						10,855.14					2,329.44			5,092.88	33,067.90			20,285.55		298,916.42
581900	251,408.15						11,947.50					2,532.83			5,261.89	36,499.69			22,960.83		330,610.89
583001	67,689.94						2,287.39					513.13			1,344.15	9,052.72			3,824.93		84,712.26
583005	0.17																				0.17
586100	75,619.76						3,606.41					771.50			1,657.03	11,000.66			6,795.16		99,450.52
588100	441,266.46						20,868.95					4,495.79			9,637.55	64,103.13			39,114.86		579,486.74
589500	187,570.83						8,968.74					1,918.51			4,437.24	27,232.31			16,462.74		246,590.37
592100	404.03						19.28					4.04			8.18	57.93			38.21		531.67
593002	1,048.67						49.48					10.88			30.05	145.93			81.99		1,367.00
593004	73,788.35						3,526.93					757.20			1,747.33	10,711.30			6,439.95		96,971.06
814003	250.78						11.17					2.25			0.27	39.38			27.11		330.96
834100	167.19						8.27					1.69			5.62	24.18			13.13		220.08
880100	341,070.53						16,284.74					3,493.97			7,601.70	49,655.84			30,483.69		448,590.47
880900	82,371.10						3,943.84					851.95			1,991.71	11,919.67			7,154.05		108,232.32
901001	665,023.58						31,708.64					6,788.45			14,617.09	96,817.21			59,646.77		874,601.74
901900	175,560.91						8,353.92					1,801.64			3,881.40	25,488.09			15,630.10		230,716.06
902001	54,692.80						2,609.30					560.07			1,250.58	7,919.14			4,837.89		71,869.78
903006	23,233.90						1,104.54					238.94			392.56	3,456.34			2,247.13		30,670.41
903007	68,474.29						3,276.04					710.64			1,678.13	9,937.59			5,907.71		89,984.40
903012	87,210.66						4,181.22					916.02			2,360.73	12,530.26			7,162.07		114,360.98
903022	70,189.64						3,343.49					712.78			1,505.06	10,229.64			6,343.70		92,324.31
903030	945,131.42						42,226.78					8,965.36			18,744.02	137,042.27			80,814.84		1,232,924.69
903031	89,498.62						4,247.46					901.92			1,847.83	13,104.75			8,149.48		117,750.06
903036	7,619.68						372.44					75.72			171.19	1,105.90			729.63		10,074.56
903901	985.43						46.17					10.78			18.26	147.07			87.18		1,294.89
903902	11,652.22						551.33					117.44			239.53	1,706.65			1,067.33		15,334.50
903906	21,574.14						1,032.07					222.10			564.05	3,065.77			1,819.82		28,277.95
903907	14.21															1.94					16.15
903909	506.37						23.49					5.07			10.23	73.28			44.20		662.64
903912	127,005.47						5,927.59					1,256.37			2,615.25	18,394.33			11,381.78		166,580.79
903930	606,332.56						26,763.26					5,718.81			12,153.64	88,061.27			50,649.84		789,682.38
903931	125.44						4.51					1.01			2.72	17.44			7.53		158.65
903936	114,397.45						5,456.61					1,164.41			2,517.35	16,699.44			10,259.82		150,495.08
905001	67,717.08						3,201.55					696.60			1,572.18	9,632.23			5,865.68		88,683.32
907001	20,483.27						978.35					208.68			445.06	2,983.86			1,833.33		26,952.55
907900	93,392.55						4,456.15					954.42			2,046.90	13,598.54			8,395.92		122,844.48
908901	120,546.73						5,716.80					1,224.89			2,658.84	17,525.90			10,708.44		158,381.62
910001	22,664.78						1,097.04					224.44			581.84	3,305.70			1,979.80		29,853.60
920001	51,051.30						2,423.55					516.18			930.40	7,458.72			4,862.64		67,242.79
920100	1,845,875.36						85,899.81					18,448.15			39,287.64	413,083.25			162,233.41		2,564,827.62
920900	9,607,976.95						454,392.75					97,192.58			211,429.38	1,398,374.95			852,197.90		12,621,564.52
920901	499,955.77						23,882.18					5,099.34			11,129.64	72,733.62			44,816.56		657,617.11
921002																	3,442.75				3,442.75
925002																				(1,790.51)	(1,790.51)
925004	3,831.71						186.32					39.56			114.14	555.46			308.73		5,035.92
925012																				(4,777.54)	(4,777.54)
925022																				(123.66)	(123.66)
925025																				(2.13)	(2.13)

Louisville Gas and Electric Company
CASE NO. 2007-00564
CASE NO. 2008-00252
Salaries and Payroll Overheads by Account
For Services Provided by Servco Employees to LG&E

Account	LABOR	401(K)	DENTAL	FASB 112	FASB 106	FICA	HOLIDAY	LIFE	LONG-TERM DISABILITY	MEDICAL	MISC	OTHER OFF DUTY	PENSION	RETIREMENT INCOME	SICK	TIA	TUITION	UNEMPLOYMENT	VACATION	WORKERS' COMP	TOTAL
Account																				(812.88)	(812.88)
925026																				428.09	428.09
925027																				0.01	0.01
925100																				1,057.07	1,057.07
925902																					40,221.15
925904	30,570.73						1,460.69					310.54			677.86	4,455.70			2,745.63	3,473.28	3,473.28
925912																				68.31	68.31
925922																	25,683.87				25,683.87
926001																					15,984.10
926002								15,984.10													220,305.04
926003										213,687.74	6,617.30										18,810.28
926004			18,810.28																		16,770.62
926005									16,770.62												32,013.65
926012								32,013.65													390,166.19
926013										390,166.19	17,741.41										17,741.41
926014			38,885.05																		31,989.60
926015									31,989.60												(3,897.65)
926019											(3,897.65)										2,143.15
926022								2,143.15													30,639.75
926023										30,639.75	649.23										649.23
926024			2,461.71																		2,344.64
926025									2,344.64												423,408.29
926101													423,408.29								423,408.29
926102		87,099.28																			87,099.28
926105				(17,084.58)																	(17,084.58)
926106					45,644.18									7,637.49							45,644.18
926116													15,733.24								7,637.49
926117					7,046.26																15,733.24
926118													809,798.49								7,046.26
926121																					809,798.49
926122	160,967.13																				160,967.13
926123				(22,200.02)																	(22,200.02)
926124					87,323.97									19,493.78							87,323.97
926126															30,265.30						19,493.78
926127																					30,265.30
926128					27,362.06																27,362.06
926131													59,144.48								59,144.48
926132	12,299.15																				12,299.15
926133				(3,207.71)																	(3,207.71)
926134					6,336.94																6,336.94
926136																					761.22
926137													2,180.73								2,180.73
926138					1,970.25										1,526.18						1,970.25
926161																					1,526.18
926162	316.31																				316.31
926163				(106.17)																	(106.17)
926164					163.36																163.36
926166															55.97						55.97
926167																					12.94
926168					50.56																50.56
926169			59.60																		59.60
926170								54.19													54.19
926171									61.96												61.96
926172										809.61	10.60										820.21
926181													395,077.97								395,077.97
926182	82,162.49																				82,162.49
926183				(20,544.26)																	(20,544.26)
926184					42,322.56																42,322.56
926186																					5,037.08
926187																					14,572.88
926188					13,173.24																14,572.88
926189			16,293.91																		13,173.24
926190								14,403.92													16,293.91
926191									15,742.42												14,403.92
926192										205,231.68	4,207.09										15,742.42
926901																	139,177.94				209,438.77
																					139,177.94

Louisville Gas and Electric Company
CASE NO. 2007-00564
CASE NO. 2008-00252
Salaries and Payroll Overheads by Account
For Services Provided by Service Employees to LG&E

Account	LABOR	401(K)	DENTAL	FASB 112	FASB 106	FICA	HOLIDAY	LIFE	LONG-TERM DISABILITY	MEDICAL	MISC	OTHER OFF DUTY	PENSION	RETIREMENT INCOME	SICK	TIA	TUITION	UNEMPLOYMENT	VACATION	WORKERS' COMP	TOTAL
926901								20,364.18													20,364.18
926903										327,793.45											327,793.45
926904			20,627.47																		20,627.47
926905									23,631.19												23,631.19
926911													594,156.12								594,156.12
926912		130,108.08																			130,108.08
926915				(32,509.31)																	(32,509.31)
926916					63,038.18																63,038.18
926917													21,803.92								21,803.92
926918					26,816.10																26,816.10
926919											3,897.65										3,897.65
926920													70,204.59								70,204.59
926921					63,993.54																63,993.54
926922								65,579.64													65,579.64
926923										1,054,900.76											1,054,900.76
926924			66,513.77																		66,513.77
926925									75,928.55												75,928.55
926926													1,908,419.64								1,908,419.64
926927		419,526.10																			419,526.10
926929				(102,288.73)																	(102,288.73)
926930					202,731.44																202,731.44
926932								1,368.53													1,368.53
926933										22,053.26											22,053.26
926934			1,382.27																		1,382.27
926935									1,593.82												1,593.82
926936													39,837.68								39,837.68
926937		8,716.51																			8,716.51
926939				(2,277.06)																	(2,277.06)
926940					4,234.45																4,234.45
926941													1,458.62								1,458.62
926942					1,318.23																1,318.23
926982		51,184.12																			51,184.12
926983			8,044.56																		8,044.56
926984					24,632.05																24,632.05
926985				(11,764.34)																	(11,764.34)
926986								7,989.82													7,989.82
926987									9,264.31												9,264.31
926988										128,026.36											128,026.36
926989													230,568.23								230,568.23
926990														10,560.37							10,560.37
926991													8,644.44								8,644.44
926992					7,677.23																7,677.23
935391	317,110.50						15,010.59					3,204.56			7,263.39	45,828.87			27,801.34		416,219.25
935401	85,068.36						4,060.30					861.59			1,998.63	12,331.91	41.76		7,454.36		111,816.91
935488	1,937,763.26						90,998.04					19,524.08			42,665.54	281,351.77			170,036.84		2,542,339.53
TOTAL	30,183,733.81	1,215,393.16	221,251.03	(279,548.90)	799,110.56	2,574,610.09	1,425,066.00	204,273.78	227,109.28	3,033,449.68	37,493.35	304,876.12	5,913,996.83	55,115.41	657,968.82	4,534,352.29	170,306.74	115,713.43	2,681,168.89	(3,420.46)	54,072,019.91

Louisville Gas and Electric Company
CASE NO. 2007-00564
CASE NO. 2008-00252
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For Services Provided by KU Employees to LG&E

Account	LABOR	401(K)	DENTAL	FASB 112	FASB 106	FICA	HOLIDAY	LIFE	LONG-TERM			OTHER		RETIREMENT	SICK	TIA	TUITION	UNEMPLOYMENT	VACATION	WORKERS'	TOTAL
									DISABILITY	MEDICAL	MISC	OFF DUTY	PENSION								
107001	221,172.12	9,183.29	2,170.55	(6,947.31)	24,674.29	19,842.41	9,668.02	1,551.20	1,635.94	28,122.03	325.53	2,350.22	17,812.71	459.70	9,359.83	19,605.32	-	348.81	19,447.37	2,450.33	383,232.36
108901	1,146.35	-	-	-	-	98.87	-	-	-	-	-	-	-	-	-	91.07	-	-	1.75	-	1,338.04
184150	(0.01)	-	-	-	-	-	-	-	-	-	-	0.02	-	-	0.01	(0.02)	-	-	(0.01)	-	(0.01)
408105	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	211.23	-	211.23
408106	-	-	-	-	-	26,296.40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,296.40
408107	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	228.55	-	228.55
408115	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	202.91	-	202.91
408116	-	-	-	-	-	20,755.85	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,755.85
408117	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	155.12	-	155.12
408188	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.33	-	5.33
408189	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.76	-	0.76
408190	-	-	-	-	-	354.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	354.66
510100	267.03	-	-	-	-	-	12.79	-	-	-	-	3.01	-	-	10.89	21.65	-	-	24.10	-	339.47
546100	20,121.70	-	-	-	-	-	981.14	-	-	-	-	233.55	-	-	911.37	1,702.45	-	-	1,876.10	-	25,826.31
549100	0.01	-	-	-	-	-	0.01	-	-	-	(0.02)	-	-	-	0.01	-	-	-	-	-	0.01
551100	14,400.08	-	-	-	-	-	620.78	-	-	-	-	151.06	-	-	626.85	1,327.25	-	-	1,244.93	-	18,370.95
552100	39,544.79	-	-	-	-	-	1,649.80	-	-	-	-	396.60	-	-	1,588.80	3,422.98	-	-	3,251.80	-	49,853.97
553100	130,541.64	-	-	-	-	-	4,057.77	-	-	-	-	982.71	-	-	3,882.85	11,306.86	-	-	8,113.96	-	158,885.79
554100	33,194.73	-	-	-	-	-	1,257.92	-	-	-	-	305.15	-	-	1,221.13	2,843.44	-	-	2,525.44	-	41,347.81
566900	26.51	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.02	-	-	-	-	28.53
583001	29,348.53	-	-	-	-	-	35.79	-	-	-	-	8.48	-	-	30.50	2,367.46	-	-	67.39	-	31,858.15
593001	62,450.30	-	-	-	-	-	174.88	-	-	-	-	40.41	-	-	160.86	4,964.63	-	-	317.12	-	68,108.20
593002	9,701.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	771.20	-	-	-	-	10,472.61
593003	20,218.23	-	-	-	-	-	70.51	-	-	-	-	15.90	-	-	69.28	1,631.97	-	-	123.23	-	22,129.12
901900	1,727.71	-	-	-	-	-	88.26	-	-	-	-	21.60	-	-	79.12	140.95	-	-	182.92	-	2,240.56
903030	1,580.05	-	-	-	-	-	1.47	-	-	-	-	0.35	-	-	1.25	129.20	-	-	2.76	-	1,715.08
903930	404.91	-	-	-	-	-	11.05	-	-	-	-	2.62	-	-	9.42	33.00	-	-	20.80	-	481.80
910001	603.66	-	-	-	-	-	30.40	-	-	-	-	7.52	-	-	25.91	47.05	-	-	63.42	-	777.96
920100	170.20	-	-	-	-	-	8.08	-	-	-	-	1.68	-	-	2.96	25.56	-	-	16.18	-	224.66
920900	22,652.23	-	-	-	-	-	1,038.60	-	-	-	-	243.87	-	-	940.02	2,042.21	-	-	2,018.94	-	28,935.87
925002	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,924.92	1,924.92
925012	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,461.89	2,461.89
925026	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41.30	41.30
926001	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	930.94	-	-	-	-	930.94
926002	-	-	-	-	-	-	-	955.46	-	-	-	-	-	-	-	-	-	-	-	-	955.46
926003	-	-	-	-	-	-	-	-	-	17,399.00	14.51	-	-	-	-	-	-	-	-	-	17,413.51
926004	-	-	1,310.16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,310.16
926005	-	-	-	-	-	-	-	-	1,016.47	-	-	-	-	-	-	-	-	-	-	-	1,016.47
926012	-	-	-	-	-	-	-	1,424.55	-	-	-	-	-	-	-	-	-	-	-	-	1,424.55
926013	-	-	-	-	-	-	-	-	-	26,673.31	342.55	-	-	-	-	-	-	-	-	-	27,015.86
926014	-	-	2,025.99	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,025.99
926015	-	-	-	-	-	-	-	-	1,456.37	-	-	-	-	-	-	-	-	-	-	-	1,456.37
926019	-	-	-	-	-	-	-	-	-	-	177.11	-	-	-	-	-	-	-	-	-	177.11
926101	-	-	-	-	-	-	-	-	-	-	-	-	20,052.37	-	-	-	-	-	-	-	20,052.37
926102	-	5,570.34	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,570.34
926105	-	-	-	(7,685.84)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,685.84)
926106	-	-	-	-	6,595.64	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,595.64
926116	-	-	-	-	-	-	-	-	-	-	-	-	-	303.80	-	-	-	-	-	-	303.80
926117	-	-	-	-	-	-	-	-	-	-	-	-	(8,966.86)	-	-	-	-	-	-	-	(8,966.86)
926118	-	-	-	-	8,714.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,714.05
926121	-	-	-	-	-	-	-	-	-	-	-	-	29,898.57	-	-	-	-	-	-	-	29,898.57
926122	-	8,681.96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,681.96
926123	-	-	-	(3,402.18)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,402.18)
926124	-	-	-	-	9,955.48	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,955.48

Louisville Gas and Electric Company
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Salaries and Payroll Overheads by Account
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Account	LABOR	401(K)	DENTAL	FASB 112	FASB 106	FICA	HOLIDAY	LIFE	LONG-TERM DISABILITY	MEDICAL	MISC	OTHER OFF DUTY	PENSION	RETIREMENT INCOME	SICK	TIA	TUITION	UNEMPLOYMENT	VACATION	WORKERS' COMP	TOTAL
926126	-	-	-	-	-	-	-	-	-	-	-	-	-	505.23	-	-	-	-	-	-	505.23
926127	-	-	-	-	-	-	-	-	-	-	-	-	(13,255.61)	-	-	-	-	-	-	-	(13,255.61)
926128	-	-	-	-	13,100.75	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,100.75
926181	-	-	-	-	-	-	-	-	-	-	-	-	432.55	-	-	-	-	-	-	-	432.55
926182	-	119.32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	119.32
926183	-	-	-	2.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.90
926184	-	-	-	-	140.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	140.54
926186	-	-	-	-	-	-	-	-	-	-	-	-	-	7.67	-	-	-	-	-	-	7.67
926187	-	-	-	-	-	-	-	-	-	-	-	-	(198.97)	-	-	-	-	-	-	-	(198.97)
926188	-	-	-	-	189.38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	189.38
926189	-	-	28.61	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28.61
926190	-	-	-	-	-	-	-	25.70	-	-	-	-	-	-	-	-	-	-	-	-	25.70
926191	-	-	-	-	-	-	-	-	21.86	-	-	-	-	-	-	-	-	-	-	-	21.86
926192	-	-	-	-	-	-	-	-	-	353.42	3.28	-	-	-	-	-	-	-	-	-	356.70
926901	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,193.11	-	-	-	1,193.11
926903	-	-	-	-	-	-	-	-	-	1,031.36	-	-	-	-	-	-	-	-	-	-	1,031.36
926904	-	-	58.96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58.96
926905	-	-	-	-	-	-	-	-	74.08	-	-	-	-	-	-	-	-	-	-	-	74.08
935391	213,851.45	-	-	-	-	-	8,171.11	-	-	-	-	1,937.14	-	-	7,824.43	18,503.61	-	-	-	15,630.47	265,918.21
TOTAL	823,123.63	23,554.91	5,594.27	(18,032.43)	63,370.13	67,348.19	27,878.38	3,956.91	4,204.72	73,579.12	862.98	6,701.87	45,774.76	1,276.40	26,744.69	70,979.86	2,124.05	1,154.46	54,926.92	6,878.44	1,292,002.26

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 91

Responding Witness: Paula H. Pottinger, Ph.D. / Lonnie E. Bellar

- Q-91. Refer to Volume 3 of 3 of LG&E's response to Staff's first request, Item 46.
- a. State the name of the employer of each executive officer.
 - b. Provide a list of "other compensation" paid to each executive officer separately stating the amount and description of each component of other compensation.
 - c. For each executive officer whose annual salary increased by more than 3.7 percent, describe in detail the reason(s) for the officer's annual increase being greater than the increase granted to other employees during the test year.
 - d. Provide all executive salary studies and surveys relied upon to determine the test year and pro forma level of executive employee compensation.
 - e. At page 1 it is stated that 35.3 percent of the executive pay was included in the cost of providing service to LG&E ratepayers.
 - (1) Provide a schedule detailing the distribution of each individual's salary listed on page 1 to LG&E and each of LG&E's affiliates separately. The total for LG&E on this schedule should equal 32.5 percent of the total distributed salary. On this schedule show separately the amounts that were directly assigned to LG&E and each of its affiliates from the amounts that were allocated.
 - (2) For each allocation provided in response to (1), state the method of allocation and explain why the method of allocation is appropriate.
 - f. At page 1 it is stated that 4.2 percent of other compensation is included in the cost of providing service to LG&E ratepayers.
 - (1) Provide a schedule detailing the distribution of each individual's other compensation listed on page 1 to LG&E and each of LG&E's affiliates

separately. The total for LG&E on this schedule should equal 4.2 percent of the total distributed other compensation. On this schedule show separately the amounts that were directly assigned to LG&E and each of its affiliates from the amounts that were allocated.

(2) For each allocation provided in response to (1), state the method of allocation and explain why the method of allocation is appropriate.

- A-91.
- a. Each executive officer is employed by E.ON U.S. Services Inc.
 - b. A schedule of "other compensation" listed separately by amount and description for each executive officer as of the end of the test year and the two preceding calendar years is attached. Certain information is being filed under seal pursuant to a Petition for Confidential Protection.
 - c. Of the 16 officers whose annual salary increased by more than 3.7%;
 - Eleven officers (names filed under seal) received annual increases consistent with our 2008 salary planning process.
 - An additional adjustment was made to salaries for five officers (names filed under seal) to recognize their new roles.
 - d. A copy of the applicable page from each survey source has been filed under seal due to copyright law and the competitive nature of the information.
 - e. (1) Schedule 91(e)(1a) details the distribution of each officer's salary listed on page 1 to LG&E and each of LG&E affiliates separately. Schedule 91(e)(1b) reflects direct and indirect charges of officer wages. Schedule 91(e)(1c) reflects the above the line and below the line charges of these same officers' wages. As the schedule reflects, 35.3% was included in the cost of providing service. Of the 35.3%, 31.8% was charged above the line to rate payers. Certain information contain in these schedules is being filed under seal pursuant to a Petition for Confidential Protection.

(2) The indirect charges were determined by the respective Budget Coordinator in a manner consistent with the procedures in the Cost Allocation Manual (CAM). The CAM can be referenced in the original filing requirement 39 in this proceeding.
 - f. (1) Schedule 91(f)(1a) details the distribution of each individual's other compensation listed on page 1 to LG&E and each of LG&E affiliates separately. The total for LG&E on this schedule equals 4.2% of the total other compensation. Schedule 91(f)(1b) reflects direct and indirect charges of other compensation. Schedule 91f(1c) reflects the above the line and below the line

charges of these same officers' other compensation. Certain information contain in these schedules is being filed under seal pursuant to a Petition for Confidential Protection.

- (2) The indirect charges were determined by the respective Budget Coordinator in a manner consistent with the procedures in the CAM. The CAM can be referenced in the original filing in requirement 39 in this proceeding.

Schedule 91(f)(1c) shows, 3.6% (\$239,955) of other compensation was charged above the line to rate payers. The Company proposes an adjustment to move this expense below the line.

**Question No. 91b (LG&E)
Information as of 4/30/2008**

CONFIDENTIAL INFORMATION REDACTED

<i>Name</i>	<i>Title</i>	<i>Short-Term Bonus</i>	<i>Long-Term Bonus</i>	<i>Perquisites</i>	<i>Total Other Compensation (1)</i>
Daniel K. Arbough	Treasurer				
Michael S. Beer	VP Federal Regulation & Policy				
Lonnie Bellar	VP State Regulation and Rates				
Kent W. Blake	VP Corp Plan and Development				
Ralph Bowling	VP Power Operations - WKE				
Laura Green Douglas	VP Corp Resp&Community Affairs				
Chris Hermann	SVP Energy Delivery				
Chip Keeling	VP Communications				
John P. Malloy	VP Energy Delivery - Retail Business				
John R. McCall	EVP General Counsel & Corp Secretary				
Dorothy O'Brien	VP Deputy Gen Counsel/Environmental				
Paula H. Pottinger	SVP Human Resources				
S. Bradford Rives	Chief Financial Officer				
Valerie Leah Scott	Controller				
George R. Siemens	VP External Affairs				
David Sinclair	VP Energy Marketing				
Victor A. Staffieri	Chief Executive Officer				
Paul Gregory Thomas	VP Energy Delivery - Distribution Operations				
Paul W. Thompson	SVP Energy Services				
John N. Voyles	VP Regulated Generation				
Wendy C. Welsh	SVP Information Technology				
Average of all Executive Officers		\$150,741	\$142,722	\$24,198	\$317,662

LG&E Footnote

(1) Total Other Compensation is comprised of short-term bonus, long-term bonus and perquisites. Of the Total Other Compensation, 4.2% was included in the cost of providing service to LG&E rate payers.

**Question No. 91b (LG&E)
Information as of 12/31/2007**

CONFIDENTIAL INFORMATION REDACTED

<i>Name</i>	<i>Title</i>	<i>Short-Term Bonus</i>	<i>Long-Term Bonus</i>	<i>Perquisites</i>	<i>Total Other Compensation (1)</i>
Daniel K. Arbough	Treasurer				
Michael S. Beer	VP Federal Regulation & Policy				
Lonnie Bellar	VP State Regulation and Rates				
Kent W. Blake	VP Corp Plan and Development				
Ralph Bowling	VP Power Operations - WKE				
Laura Green Douglas	VP Corp Resp&Community Affairs				
Martyn Gallus	SVP Energy Marketing				
Chris Hermann	SVP Energy Delivery				
Chip Keeling	VP Communications				
John P. Malloy	VP Energy Delivery - Retail Business				
John R. McCall	EVP General Counsel & Corp Secretary				
Dorothy O'Brien	VP Deputy Gen Counsel/Environmental				
Paula H. Pottinger	SVP Human Resources				
S. Bradford Rives	Chief Financial Officer				
Valerie Leah Scott	Controller				
George R. Siemens	VP External Affairs				
Victor A. Staffieri	Chief Executive Officer				
Paul Gregory Thomas	VP Energy Delivery - Distribution Operations				
Paul W. Thompson	SVP Energy Services				
John N. Voyles	VP Regulated Generation				
Wendy C. Welsh	SVP Information Technology				
Average of all Executive Officers		\$140,527	\$275,923	\$28,072	\$444,522

LG&E Footnote

(1) Total Other Compensation is comprised of short-term bonus, long-term bonus and perquisites. Of the Total Other Compensation, 2.8% was included in the cost of providing service to LG&E rate payers.

**Question No. 91b (LG&E)
Information as of 12/31/2006**

CONFIDENTIAL INFORMATION REDACTED

<i>Name</i>	<i>Title</i>	<i>Short-Term Bonus</i>	<i>Long-Term Bonus</i>	<i>Perquisites</i>	<i>Total Other Compensation (1)</i>
Daniel K Arbough	Treasurer				
Michael S Beer	VP Federal Regulation & Policy				
Ralph Bowling	VP Power Operations - WKE				
Martyn Gallus	SVP Energy Marketing				
Chris Hermann	SVP - Energy Delivery				
Chip Keeling	VP Communications				
John R. McCall	EVP General Counsel & Corp Sec				
Paula H Pottinger	SVP Human Resources				
S. Bradford Rives	Chief Financial Officer				
Valerie Leah Scott	Controller				
George R Siemens	VP External Affairs				
Victor A Staffieri	Chief Executive Officer				
Paul W Thompson	SVP Energy Services				
David A Vogel	VP Retail and Gas Storage Ops				
John N Voyles	VP Regulated Generation				
Wendy C Welsh	SVP Information Technology				
Average of all Executive Officers		\$159,202	\$376,351	\$36,393	\$571,946

LG&E Footnote

(1) Total Other Compensation is comprised of short-term bonus, long-term bonus and perquisites. Of the Total Other Compensation, 1.3% was included in the cost of providing service to LG&E rate payers.

Question No. 91e(1a) (LG&E)

Information as of 4/30/2008

CONFIDENTIAL INFORMATION REDACTED

<i>Name</i>	<i>Title</i>	<i>Salary</i>	<i>Salary Charged to KU</i>	<i>Salary Charged to LG&E</i>	<i>Salary Charged to Servco</i>	<i>Salary Charged to Cap Corp</i>	<i>Salary Charged to WKE</i>	<i>Salary Charged to LEM</i>	<i>Salary Charged to International</i>	<i>Salary Charged to LGE Power Dev Inc</i>	<i>Salary Charged to LGE Power Inc</i>
Daniel K. Arbough	Treasurer										
Michael S. Beer	VP Federal Regulation & Policy										
Lonnie Bellar	VP State Regulation and Rates										
Kent W. Blake	VP Corp Plan and Development										
Ralph Bowling	VP Power Operations - WKE										
Laura Green Douglas	VP Corp Resp&Community Affairs										
Chris Hermann	SVP Energy Delivery										
Chip Keeling	VP Communications										
John P. Malloy	VP Energy Delivery - Retail Business										
John R. McCall	EVP General Counsel & Corp Secretary										
Dorothy O'Brien	VP Deputy Gen Counsel/Environmental										
Paula H. Pottinger	SVP Human Resources										
S. Bradford Rives	Chief Financial Officer										
Valerie Leah Scott	Controller										
George R. Siemens	VP External Affairs										
David Sinclair	VP Energy Marketing										
Victor A. Staffieri	Chief Executive Officer										
Paul Gregory Thomas	VP Energy Delivery - Distribution Operations										
Paul W. Thompson	SVP Energy Services										
John N. Voyles	VP Regulated Generation										
Wendy C. Welsh	SVP Information Technology										
Average of all Executive Officers		\$257,798	32.5%	35.3%							

Question No. 91e(1b) (LG&E)

E ON U.S. OFFICER WAGES - DIRECT AND INDIRECTLY CHARGED
TEST YEAR (5/1/07 - 4/30/08)

CONFIDENTIAL INFORMATION REDACTED

	100 LGE					110 KU						
	DIR	%	INDIR	%	TOT WGS	TOT %	DIR	%	INDIR	%	TOT WGS	TOT %
Arbough				43.8%		43.8%				43.0%		43.0%
Beer				43.8%		43.7%				37.5%		37.5%
Bellar				52.0%		52.0%	2.5%			39.8%		42.2%
Blake				46.9%		46.9%				42.9%		42.9%
Bowling		0.5%						3.4%				3.4%
Douglas				46.9%		46.9%				27.4%		27.4%
Hermann		40.0%		5.7%		45.7%	28.6%			5.7%		34.3%
Keeling				46.9%		46.9%				40.6%		40.6%
Malloy		53.9%		6.1%		60.0%	33.8%			6.1%		40.0%
McCall				24.0%		23.9%				23.1%		23.1%
O'Brien		22.4%		0.0%		22.4%	34.7%			0.0%		34.7%
Pottinger				38.0%		38.0%				38.1%		38.0%
Rives		1.1%		23.3%		24.4%		1.1%		23.3%		24.4%
Scott				39.4%		39.4%				35.9%		35.9%
Siemens				43.8%		43.7%				37.5%		37.5%
Sinclair				33.5%		33.5%				34.7%		34.7%
Staffieri				18.8%		18.8%				18.8%		18.8%
Thomas		12.5%		37.5%		50.0%		12.5%		37.5%		50.0%
Thompson		14.8%		19.3%		34.1%		17.1%		19.5%		36.6%
Voyles				50.0%		50.0%				50.0%		50.0%
Welsh				49.5%		49.5%				41.1%		41.1%
TOTAL	338,800	6.3%	1,571,929	29.0%	1,910,728	35.3%	312,572	5.8%	1,447,804	26.7%	1,760,376	32.5%

	20 Servco		4 Cap Corp		301 WKE		507 LEM		508 LGE INT'L		518 LGE PWR DEV		530 - LGE PWR INC	
	TOT WGS	TOT %	TOT WGS	TOT %	TOT WGS	TOT %	TOT WGS	TOT %	TOT WGS	TOT %	TOT WGS	TOT %	TOT WGS	TOT %
Arbough						9.4%								
Beer				3.8%		18.7%								
Bellar				4.7%		1.1%								
Blake				3.4%		6.7%								
Bowling						96.1%								
Douglas				24.1%		1.7%								
Hermann										20.0%				
Keeling				12.5%										
Malloy														
McCall				52.9%										
O'Brien				28.4%		1.0%				13.5%				0.1%
Pottinger				9.4%		11.7%		2.9%						
Rives				51.2%										
Scott				17.1%		0.5%		7.2%						
Siemens				18.7%										
Sinclair						31.8%								
Staffieri				62.5%										
Thomas														
Thompson		1.1%		0.5%		21.7%		4.1%				2.1%		
Voyles														
Welsh		0.2%		0.8%		5.6%		2.8%						
TOTAL	4,285	0.1%	1,197,934	22.2%	402,552	7.4%	43,144	0.8%	87,096	1.6%	7,465	0.1%	177	0.0%

Question No. 91e(1c) (LG&E)

E. ON U.S. OFFICER WAGES ABOVE/BELOW THE LINE
TEST YEAR (5/1/07 - 4/30/08)

CONFIDENTIAL INFORMATION REDACTED

	100 LGE				110 KU							
	ATL	%	BTL	%	TOT WGS	TOT %	ATL	%	BTL	%	TOT WGS	TOT %
Arbough		100.0%		100.0%		43.8%		100.0%		100.0%		43.0%
Bear						43.7%				100.0%		37.5%
Bellar		100.0%				52.0%		100.0%				42.2%
Blake		100.0%				46.9%		100.0%				42.9%
Bowling		100.0%						100.0%				3.4%
Douglas		100.0%				46.9%		100.0%				27.4%
Hermann		100.0%				45.7%		100.0%				34.3%
Keeling		100.0%				46.9%		100.0%				40.6%
Malloy		100.0%				60.0%		100.0%				40.0%
McCall		100.0%				23.9%		100.0%				23.1%
O'Brien		99.9%		0.1%		22.4%		100.0%		0.0%		34.7%
Pottinger		100.0%				38.0%		100.0%				38.0%
Rives		100.0%				24.4%		100.0%				24.4%
Scott		100.0%				39.4%		100.0%				35.9%
Siemens				100.0%		43.7%			100.0%	100.0%		37.5%
Sinclair		100.0%				33.5%		100.0%				34.7%
Staffieri		100.0%				18.8%		100.0%				18.8%
Thomas		100.0%				50.0%		100.0%				50.0%
Thompson		83.7%		16.3%		34.1%		84.8%		15.2%		36.6%
Voyles		100.0%				50.0%		100.0%				50.0%
Weish		100.0%				49.6%		100.0%		0.0%		41.1%
TOTAL	1,722,935	31.8%	187,794	3.5%	1,910,729	35.3%	1,596,566	29.5%	163,810	3.0%	1,760,376	32.5%

	20 Servco		4 Cap Corp		301 WKE		507 LEM		508 LGE INT'L		518 LGE PWR DEV		530 - LGE PWR INC	
	TOT WGS	TOT %	TOT WGS	TOT %	TOT WGS	TOT %	TOT WGS	TOT %	TOT WGS	TOT %	TOT WGS	TOT %	TOT WGS	TOT %
Arbough				3.8%		9.4%								
Bear				18.7%										
Bellar				4.7%		1.1%								
Blake				3.4%		6.7%								
Bowling						95.1%								
Douglas				24.1%		1.7%								
Hermann										20.0%				
Keeling				12.5%										
Malloy														
McCall				52.9%										
O'Brien				28.4%		1.0%				13.5%				0.1%
Pottinger				9.4%		11.7%		2.9%						
Rives				51.2%										
Scott				17.1%		0.5%		7.2%						
Siemens				18.7%										
Sinclair						31.8%								
Staffieri				62.5%										
Thomas														
Thompson		1.1%		0.5%		21.7%		4.1%			2.1%			
Voyles														
Weish		0.2%		0.8%		5.6%		2.8%						
TOTAL	4,285	0.1%	1,197,934	22.2%	402,552	7.4%	43,144	0.8%	87,096	1.6%	7,465	0.1%	177	0.0%

**Question No. 91f(1a) (LG&E)
Information as of 4/30/2008**

CONFIDENTIAL INFORMATION REDACTED

<i>Name</i>	<i>Title</i>	<i>Other Compensation</i>	<i>Other Charged to KU</i>	<i>Other Charged to LG&E</i>	<i>Other Charged to Servco</i>	<i>Other Charged to Capital Corp</i>	<i>Other Charged to WKE</i>	<i>Other Charged to LEM</i>	<i>Other Comp Charged to LGE International</i>	<i>Other Comp Charged to LGE Power Dev Inc</i>
Daniel K. Arbough	Treasurer									
Michael S. Beer	VP Federal Regulation & Policy									
Lonnie Bellar	VP State Regulation and Rates									
Kent W. Blake	VP Corp Plan and Development									
Ralph Bowling	VP Power Operations - WKE									
Laura Green Douglas	VP Corp Resp&Community Affairs									
Chris Hermann	SVP Energy Delivery									
Chip Keeling	VP Communications									
John P. Malloy	VP Energy Delivery - Retail Business									
John R. McCall	EVP General Counsel & Corp Secretary									
Dorothy O'Brien	VP Deputy Gen Counsel/Environmental									
Paula H. Pottinger	SVP Human Resources									
S. Bradford Rives	Chief Financial Officer									
Valerie Leah Scott	Controller									
George R. Siemens	VP External Affairs									
David Sinclair	VP Energy Marketing									
Victor A. Staffieri	Chief Executive Officer									
Paul Gregory Thomas	VP Energy Delivery - Distribution Operations									
Paul W. Thompson	SVP Energy Services									
John N. Voyles	VP Regulated Generation									
Wendy C. Welsh	SVP Information Technology									
Average of all Executive Officers		\$317,662	3.8%	4.2%						

Question No. 91f(1b) (LG&E)

E.ON U.S. OFFICER OTHER COMP DIRECT AND INDIRECTLY CHARGED
TEST YEAR (5/1/07 - 4/30/08)

CONFIDENTIAL INFORMATION REDACTED

	100 LGE				110 KUJ							
	DIR	%	INDIR	TOT OTH CMP	TOT %	DIR	%	INDIR	TOT OTH CMP	TOT %		
Arbough				43.75%					43.04%			
Beer				43.75%					37.50%			
Bellar				51.96%		2.46%			39.78%			
Blake				46.92%					42.93%			
Bowling		0.48%				3.38%						
Douglas				46.87%					27.38%			
Hermann		40.00%		5.72%		28.58%			5.72%			
Keeling				46.88%					40.62%			
Malloy		53.90%		6.14%		33.82%			6.14%			
McCall				23.95%					23.13%			
O'Brien		22.35%		0.01%		34.65%			0.01%			
Pottinger				38.00%					38.05%			
Rives		1.07%		23.30%		1.07%			23.30%			
Scott				39.44%					35.87%			
Siemens				43.75%					37.50%			
Sinclair				33.52%					34.66%			
Staffieri				18.75%					18.75%			
Thomas		12.50%		37.50%		12.50%			37.50%			
Thompson		14.77%		19.32%		17.11%			19.45%			
Voyles				50.00%					50.00%			
Welsh				49.56%					41.06%			
TOTAL	52.637	0.79%	226.071	3.39%	278.708	4.18%	50.810	0.76%	198.872	2.98%	249.683	3.74%

	20 Servco		4 Cap Corp		301 WKE		507 LEM		508 LGE INT'L		518 LGE PWR DEV		530 - LGE PWR INC	
	TOT OTH CMP	TOT %	TOT OTH CMP	TOT %	TOT OTH CMP	TOT %	TOT OTH CMP	TOT %	TOT OTH CMP	TOT %	TOT OTH CMP	TOT %	TOT OTH CMP	TOT %
Arbough														
Beer														
Bellar														
Blake														
Bowling														
Douglas														
Hermann														
Keeling														
Malloy														
McCall														
O'Brien														
Pottinger														
Rives														
Scott														
Siemens														
Sinclair														
Staffieri														
Thomas														
Thompson														
Voyles														
Welsh														
TOTAL			6.096.105	91.39%	33.427	0.50%	4.062	0.06%	8.850	0.13%	65	0.00%		

Note: All "OTHER COMP" for Servco, Capital Corp, WKE, LEM, LGE INT'L and LGE POWER was DIRECT

Question No. 91f(1c) (LG&E)

E.ON U.S. OFFICER OTHER COMP ABOVE/BELOW THE LINE
TEST YEAR (5/1/07 - 4/30/08)

CONFIDENTIAL INFORMATION REDACTED

	100 LGE					110 KU						
	ATL	%	BTL	%	TOT OTH CMP	TOT %	ATL	%	BTL	%	TOT OTH CMP	TOT %
	Arbough		0.34%		0.00%				0.33%		0.00%	
Beer		0.00%		0.00%				0.00%		0.00%		0.00%
Bellar		0.43%		0.00%				0.35%		0.00%		0.35%
Blake		0.00%		0.00%				0.00%		0.00%		0.00%
Bowling		0.00%		0.00%				0.00%		0.00%		0.00%
Douglas		0.32%		0.00%				0.19%		0.00%		0.19%
Hermann		0.00%		0.00%				0.00%		0.00%		0.00%
Keeling		0.53%		0.00%				0.46%		0.00%		0.46%
Malloy		0.50%		0.00%				0.33%		0.00%		0.33%
McCaill		0.00%		0.00%				0.00%		0.00%		0.00%
O'Brien		0.22%		0.00%				0.34%		0.00%		0.34%
Pottinger		0.00%		0.00%				0.00%		0.00%		0.00%
Rives		0.00%		0.00%				0.00%		0.00%		0.00%
Scott		0.34%		0.00%				0.31%		0.00%		0.31%
Siemens		0.00%		0.58%				0.00%		0.50%		0.50%
Sinclair		0.42%		0.00%				0.43%		0.00%		0.43%
Staffieri		0.00%		0.00%				0.00%		0.00%		0.00%
Thomas		0.51%		0.00%				0.51%		0.00%		0.51%
Thompson		0.00%		0.00%				0.00%		0.00%		0.00%
Voyles		0.00%		0.00%				0.00%		0.00%		0.00%
Welsh		0.00%		0.00%				0.00%		0.00%		0.00%
TOTAL	239,955	3.6%	38,751	0.58%	278,707	4.18%	216,466	3.24%	33,217	0.50%	249,683	3.74%

	20 Servco		4 Cap Corp		301 WKE		507 LEM		508 LGE INT'L		518 LGE PWR DEV		530 - LGE PWR INC	
	TOT OTH CMP	TOT %	TOT OTH CMP	TOT %	TOT OTH CMP	TOT %	TOT OTH CMP	TOT %	TOT OTH CMP	TOT %	TOT OTH CMP	TOT %	TOT OTH CMP	TOT %
	Arbough				0.23%		0.07%		0.00%		0.00%		0.00%	
Beer				2.43%		0.00%		0.00%		0.00%		0.00%		0.00%
Bellar				0.25%		0.01%		0.00%		0.00%		0.00%		0.00%
Blake				1.73%		0.00%		0.00%		0.00%		0.00%		0.00%
Bowling				2.34%		0.00%		0.00%		0.00%		0.00%		0.00%
Douglas				0.42%		0.01%		0.00%		0.00%		0.00%		0.00%
Hermann				6.06%		0.00%		0.00%		0.00%		0.00%		0.00%
Keeling				1.14%		0.00%		0.00%		0.00%		0.00%		0.00%
Malloy				0.88%		0.00%		0.00%		0.00%		0.00%		0.00%
McCaill				12.19%		0.00%		0.00%		0.00%		0.00%		0.00%
O'Brien				0.88%		0.01%		0.00%		0.13%		0.00%		0.00%
Pottinger				4.97%		0.00%		0.00%		0.00%		0.00%		0.00%
Rives				8.06%		0.00%		0.00%		0.00%		0.00%		0.00%
Scott				0.54%		0.00%		0.06%		0.00%		0.00%		0.00%
Siemens				1.45%		0.00%		0.00%		0.00%		0.00%		0.00%
Sinclair				1.43%		0.39%		0.00%		0.00%		0.00%		0.00%
Staffieri				30.06%		0.00%		0.00%		0.00%		0.00%		0.00%
Thomas				0.44%		0.00%		0.00%		0.00%		0.00%		0.00%
Thompson				7.87%		0.00%		0.00%		0.00%		0.00%		0.00%
Voyles				2.72%		0.00%		0.00%		0.00%		0.00%		0.00%
Welsh				5.29%		0.00%		0.00%		0.00%		0.00%		0.00%
TOTAL			6,096,106	91.39%	33,427	0.50%	4,062	0.06%	8,850	0.13%	65	0.00%		

Note: All "OTHER COMP" for Servco, Capital Corp, WKE, LEM, LGE INT'L and LGE POWER was ATL

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 92

Responding Witness: Valerie L. Scott

- Q-92. Refer to Reference Schedule 1.15 of Exhibit 1 to the Rives Testimony.
- a. Provide the total operating costs of SERVCO for the test year.
 - b. Provide a schedule detailing the full distribution of SERVCO's operating costs as reported in (a) to LG&E and LG&E's affiliates. Separate directly assigned costs from allocated costs on this schedule.
 - c. Provide the allocation factor used for the allocated costs reported in (b) and explain how each allocation factor is appropriate.
 - d. Provide a schedule detailing all charges by LG&E to SERVCO.
- A-92. a. Total operating costs for the test year for Servco are \$326,974,847, all of which are allocated to other companies within the E.ON U.S. LLC group of companies.
- b. See attached.
 - c. See attached for the allocation factors used during the test year. See the Cost Allocation Manual filed with the Commission on July 29, 2008 in Tab 39, for the explanation of each factor. Some operating costs are direct charged, where appropriate, rather than allocated. As each charge is incurred it is analyzed to determine if it should be direct charged or to identify the appropriate allocation method.
 - d. See attachment to PSC-1 Question No. 42(a).

DISTRIBUTION OF SERVCO OPERATING COSTS
 May 1, 2007 to April 30, 2008

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
FERC Account	FERC Account Description	BILLINGS TO KENTUCKY UTILITIES			BILLINGS FROM KU TO SERVCO	BILLINGS TO LOUISVILLE GAS & ELECTRIC			BILLINGS FROM LGE TO SERVCO	BILLINGS TO OTHER AFFILIATES	BILLINGS FROM OTHER AFFILIATES	SERVCO Total
		Direct	Indirect	Total		Direct	Indirect	Total				
107	Construction Work In Progress	227,769,564.76		227,769,564.76	89,230.42	65,594,913.98		65,594,913.98	(24,491.59)			
108	Accumulated Provision For Depreciation Of Utility Plant	208,655.60		208,655.60	26.21	582,207.72		582,207.72	964.13			
128	Other Special Funds	9,966.60		9,966.60		280,000.00		280,000.00				
131	Cash	145,347,744.69		145,347,744.69	35,135.10	512,182.55		512,182.55	68,853.15			
134	Other Special Deposits					1,509,063.00		1,509,063.00				
142	Customer Accounts Receivable	(19,901,964.01)		(19,901,964.01)		(2,488,690.78)		(2,488,690.78)				
143	Other Accounts Receivable	(111,594,738.68)		(111,594,738.68)	450.66	(16,312.91)		(16,312.91)	817.60			
146	Accounts Receivable From Associated Companies	(12,442,421.58)		(12,442,421.58)	101,447,787.42	(899.25)		(899.25)	45,569,125.50			
151	Fuel Stock	628.18		628.18		5,414.65		5,414.65				
154	Plant Materials And Operating Supplies	2,451.20		2,451.20	1,090.45				(73,181.56)			
163	Stores Expense Undistributed	317,857.89		317,857.89	(194.76)	606,557.70		606,557.70	100,910.18			
165	Prepayments	6,856,220.05		6,856,220.05	381,239.29	6,829,529.35		6,829,529.35	360,148.38			
171	Interest And Dividends Receivable	(234.02)		(234.02)								
174	Miscellaneous Current And Accrued Assets	5,051.99		5,051.99		1,108.97		1,108.97				
183	Preliminary Survey And Investigation Charges	1,785,795.21		1,785,795.21		475,797.37		475,797.37	72,334.19			
184	Cleaning Accounts	18,777,064.43		18,777,064.43	(1,388,116.94)	21,076,082.79		21,076,082.79	(1,806.18)			
186	Miscellaneous Deferred Debits	20,119,483.85		20,119,483.85		3,808,851.52		3,808,851.52				
228.3	Accumulated Provision For Pensions And Benefits	5,669,811.25		5,669,811.25		8,668,127.84		8,668,127.84				
230	Pollution Control Bonds Series Due Within One Year					32,086.34		32,086.34				
232	Accounts Payable	(63,613,453.21)		(63,613,453.21)	(12,793.75)	44,338,425.96		44,338,425.96	125,380.28			
234	Accounts Payable To Associated Companies	40,189,395.48		40,189,395.48	(2,051,186.43)	6,509,639.34		6,509,639.34	2,424,278.75			
236	Taxes Accrued	55,535,529.77		55,535,529.77	26,837,537.62	58,307,652.36		58,307,652.36	11,446,341.87			
237	Interest Accrued	749,418.35		749,418.35		1,272,109.18		1,272,109.18				
241	Tax Collections Payable	2,327,913.16		2,327,913.16		6,918,105.54		6,918,105.54	38.77			
242	Miscellaneous Current And Accrued Liabilities	4,591,086.65		4,591,086.65		330,320.95		330,320.95				
243	Obligations Under Capital Leases - Current					72,426.17		72,426.17				
252	Customer Advances For Construction	15,968.35		15,968.35								
253	Other Deferred Credits	1,156,837.06		1,156,837.06		703,298.47		703,298.47	3,251.99			
283	Accumulated Deferred Income Taxes - Other	113,551.05		113,551.05		127,633.23		127,633.23				
401	Operating Expense	(716.40)		(716.40)		565,658.47			450.95			870,160.59
403	Depreciation expense											6,544,792.58
408.1	Taxes Other Than Income Taxes, Utility Operating Income	2,120,660.57		2,120,660.57	264,500.57	2,109,923.86		2,109,923.86	4,946.84			
410.1	Provision For Deferred Income Taxes, Utility Operating Income	(113,551.05)		(113,551.05)		(127,633.23)		(127,633.23)				33,510,078.70
412	Cost and Expense of Construction or Other Services					1,696.59		1,696.59				
416	Cost And Expenses Of Merchandising, Jobbing And Contract Work					(295,573.88)		(295,573.88)				
421	Miscellaneous Nonoperating Income	(264,480.09)		(264,480.09)								
426.1	Donations	247,976.13	6,883.00	254,859.13	87,000.00	887,750.22	15,777.00	903,527.22	97,982.00			
426.4	Expenditures For Certain Civic, Political And Related Activities	145,891.36	725,179.85	871,071.21	(1,393.66)	222,718.27	599,422.47	822,140.74	118,305.72			
426.5	Other Deductions	286,062.06	299,282.81	585,344.87	7,042.07	986,700.76	284,805.06	1,271,505.82	70,432.05			11,751,617.31
430	Interest On Debt To Associated Companies	3,999,261.72		3,999,261.72	(1,771,173.95)	3,459,900.92		3,459,900.92	(482,751.32)			
431	Other Interest Expense								(38.59)			
456	Other Electric Revenues	(3,023.07)		(3,023.07)		(1,065.00)		(1,065.00)				
495	Other Gas Revenues					(435.00)		(435.00)				
500	Operation Supervision And Engineering	187,974.80	1,550,475.46	1,738,450.26	79,980.28	264,982.28	1,355,842.50	1,620,824.78	319.95			988,789.69
501	Fuel	973,905.04	424,643.69	1,398,548.73	39,634.56	994,556.99	401,815.25	1,396,372.24	5,785.62			
502	Steam Expenses	415,513.82	52,477.42	467,991.24	80,524.04	1,847,277.92	51,984.54	1,899,262.46	(1.02)			214,810.95
505	Electric Expenses	51,340.31		51,340.31	41,857.73	8,699.35		8,699.35				
506	Miscellaneous Steam Power Expenses	757,518.22		757,518.22	14,312.80	1,333,089.13	2,321.36	1,335,410.49	832.50			260,990.65
510	Maintenance Supervision And Engineering	1,041,629.34		1,041,629.34	64,916.40	806,832.85		806,832.85	(125.40)			1,010,733.45
511	Maintenance Of Structures	440,400.56		440,400.56	7,516.67	166,528.21		166,528.21	477.44			3,998.37
512	Maintenance Of Boiler Plant	1,521,088.85		1,521,088.85	155,232.80	2,230,888.97		2,230,888.97	11,117.71			136,225.65
513	Maintenance Of Electric Plant	595,420.17	40,071.33	635,491.50	40,195.88	367,844.60	67,381.57	435,226.17	1,879.23			190,632.13
514	Maintenance Of Miscellaneous Steam Plant	98,414.62		98,414.62	3,884.88	45,071.29		45,071.29	339.65			3,729.98
535	Operation Supervision And Engineering					17.07		17.07				
536	Electric Expenses					83.02		83.02				
539	Miscellaneous Hydraulic Power Generation Expenses	36,345.29		36,345.29		14,205.05		14,205.05				597.15
541	Maintenance Supervision And Engineering	3,503.19		3,503.19		33.00		33.00				
542	Maintenance Of Structures	4,733.13		4,733.13		58.59		58.59				
543	Maintenance Of Reservoirs, Dams And Waterways					2,165.54		2,165.54				

DISTRIBUTION OF SERVCO OPERATING COSTS
 May 1, 2007 to April 30, 2008

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
FERC		BILLINGS TO KENTUCKY UTILITIES			BILLINGS FROM	BILLINGS TO LOUISVILLE GAS & ELECTRIC			BILLINGS FROM	BILLINGS TO	BILLINGS FROM	SERVCO
Account	FERC Account Description	Direct	Indirect	Total	KU TO SERVCO	Direct	Indirect	Total	LGE TO SERVCO	OTHER AFFILIATES	OTHER AFFILIATES	Total
		3,104.73		3,104.73		397.84		397.84				
544	Maintenance Of Electric Plant	277.54		277.54								
545	Maintenance Of Miscellaneous Hydraulic Plant	78.29		78.29								
546	Operation Supervision And Engineering	535.81		535.81		32,848.22		32,848.22				
548	Generation Expenses	11,278.88		11,278.88								
549	Miscellaneous Other Power Generation Expenses	20.22		20.22		2.21		2.21				
551	Maintenance Supervision And Engineering	10,431.70		10,431.70		3.32		3.32				320.00
552	Maintenance Of Structures	362,211.68		362,211.68	61.65	142,630.96		142,630.96				
553	Maintenance Of Generating And Electric Equipment	15,801.66		15,801.66								898,151.27
554	Maintenance Of Miscellaneous Other Power Generation Plant	94,815.50	1,432,515.67	1,527,331.17			1,012,771.66	1,012,771.66				
556	System Control And Load Dispatching	417.18		417.18		182.89		182.89				778,626.89
557	Other Expenses	23,172.23	1,037,209.85	1,060,382.08		28,047.57	670,277.52	698,325.09	529.50			600,684.53
560	Operation Supervision And Engineering	377,998.89	640,214.72	1,018,213.61		252,279.82	438,866.40	691,146.22				
561	Load Dispatching	25,117.03		25,117.03		14,421.16		14,421.16				10,096.15
561.6	Transmission Service Studies	38,397.90		38,397.90		69,902.78		69,902.78				32,044.25
562	Station Expenses	69,010.54	27,271.43	96,281.97		19,419.41		19,419.41				475,078.35
563	Overhead Line Expenses	404,922.12	666,990.02	1,091,912.14		262,486.65	387,420.55	649,907.20				
566	Miscellaneous Transmission Expenses					650.00		650.00				162,571.10
567	Rents	307,263.10		307,263.10		304,315.49		304,315.49	180.54			30,657.60
570	Maintenance Of Station Equipment	697,680.89		697,680.89		72,281.10		72,281.10				25,642.41
571	Maintenance Of Overhead Lines	89,895.76		89,895.76		44.66		44.66				
573	Maintenance Of Miscellaneous Transmission Plant	30.64		30.64		13.43		13.43				749,210.79
575.7	Market Administration, Monitoring And Compliance Services	762,723.89	305,784.93	1,068,508.82		858,367.58	299,467.75	1,157,835.33	352.98			314,239.87
580	Operation Supervision And Engineering		665,268.33	665,268.33	(301.60)		333,426.69	333,426.69				924.16
581	Load Dispatching	45,083.85		45,083.85		36,515.15		36,515.15				183,106.08
582	Station Expenses	192,978.57		192,978.57		346,686.57		346,686.57				
583	Overhead Line Expenses	2,483.22		2,483.22		10,511.70		10,511.70				
584	Underground Line Expenses	676.84		676.84		5,343.26		5,343.26				75,949.50
585	Street Lighting And Signal System Expenses	417,182.50	3,686.44	420,868.94		84,877.10	2,745.64	87,622.74	200.00			
586	Meter Expenses	366.57		366.57								715,474.81
587	Customer Installations Expenses	974,987.88	201,440.87	1,176,428.75	29,790.42	1,012,094.69	283,022.89	1,295,117.58	25,381.67			
588	Miscellaneous Distribution Expenses					150.00		150.00				1,408.82
589	Rents	6,787.84		6,787.84			303.21	303.21				
590	Maintenance Supervision And Engineering	214.15		214.15		47.89		47.89				426.23
591	Maintenance Of Structures	115,057.00		115,057.00		30,197.49		30,197.49				95,564.74
592	Maintenance Of Station Equipment	2,161,313.40		2,161,313.40		979,501.25		979,501.25				714.18
593	Maintenance Of Overhead Lines	31,299.99		31,299.99		57,095.10		57,095.10				
594	Maintenance Of Underground Lines	610.96		610.96		20,137.35		20,137.35				
595	Maintenance Of Line Transformers	50.89		50.89		41,360.81		41,360.81				
596	Maintenance Of Street Lighting And Signal Systems					5,526.12		5,526.12				
607	Purchased Gas Expenses					350.82		350.82				
813	Other Gas Supply Expenses					3,996.24		3,996.24				
814	Operation Supervision And Engineering					21,929.35		21,929.35				
816	Wells Expenses					19,649.33		19,649.33				2,140.70
817	Lines Expenses					59,407.87		59,407.87				
818	Compressor Station Expenses					6,013.03		6,013.03				
821	Purification Expenses					277.76		277.76				
824	Other Expenses											
825	Storage Well Royalties					(41.33)		(41.33)				
826	Rents					2,518.16		2,518.16				
830	Maintenance Supervision And Engineering					28,607.53		28,607.53				160.50
832	Maintenance Of Reservoirs And Wells					3,151.98		3,151.98				
833	Maintenance Of Lines					7,181.86		7,181.86				
834	Maintenance Of Compressor Station Equipment					421.57		421.57				
835	Maintenance Of Measuring And Regulating Station Equipment					6,125.35		6,125.35				
836	Maintenance Of Purification Equipment					1,325.06		1,325.06				
837	Maintenance Of Other Equipment					31.33		31.33				
850	Operation Supervision And Engineering					450.00		450.00				
851	System Control And Load Dispatching					12,813.01		12,813.01				234.74
856	Mains Expenses											

DISTRIBUTION OF SERVCO OPERATING COSTS
 May 1, 2007 to April 30, 2008

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
FERC Account FERC Account Description		BILLINGS TO KENTUCKY UTILITIES			BILLINGS FROM KU TO SERVCO	BILLINGS TO LOUISVILLE GAS & ELECTRIC			BILLINGS FROM LGE TO SERVCO	BILLINGS TO OTHER AFFILIATES	BILLINGS FROM OTHER AFFILIATES	SERVCO Total
		Direct	Indirect	Total		Direct	Indirect	Total				
863	Maintenance Of Mains					46,012.94		46,012.94				
874	Mains And Services Expenses					179,265.08		179,265.08				187.61
875	Measuring And Regulating Station Expenses-General					7,441.70		7,441.70				1,005.18
876	Measuring And Regulating Station Expenses-Industrial					4,421.60		4,421.60				
877	Measuring And Regulating Station Expenses-City Gate Check Stat					1,359.32		1,359.32				
878	Meter And House Regulator Expenses					639.58		639.58				
879	Customer Installations Expenses					3,971.86		3,971.86				
880	Other Expenses					1,032,736.52	109,448.89	1,142,185.41	122.08			440,282.65
881	Rents					15.00		15.00				
886	Maintenance Of Structures And Improvements					31.56		31.56				
887	Maintenance Of Mains					502,009.96		502,009.96				717.53
889	Maintenance Of Measuring And Regulating Station Equipment-Gen					2,904.14		2,904.14				
890	Maintenance Of Measuring And Regulating Station Equipment-Indus					2,063.43		2,063.43				
891	Maintenance Of Measuring And Regulating Station Equipment-City					2,151.83		2,151.83				
892	Maintenance Of Services					156,578.72		156,578.72				
894	Maintenance Of Other Equipment					5,701.72		5,701.72				
901	Supervision	1,268,995.71	261,626.57	1,530,622.28	(740.25)	890,215.90	314,127.15	1,204,343.05	11,882.42			956,864.38
902	Meter Reading Expenses	310,039.88	110.00	310,149.88		74,640.16	46.35	74,686.51				51,493.44
903	Customer Records And Collection Expenses	4,598,472.37	2,095,483.68	6,693,956.05	(1,055.65)	4,268,269.84	2,397,628.89	6,665,898.73	2,034.75			4,498,414.80
904	Uncollectible Accounts					2,000.00		2,000.00				
905	Miscellaneous Customer Accounts Expenses	219,115.28		219,115.28	28.80	112,251.56	37.50	112,289.06				171,129.95
907	Supervision	111,273.43	126,033.22	237,306.65		91,873.98	125,916.74	217,790.72	4,174.88			145,867.87
908	Customer Assistance Expenses	2,312.00	579,879.82	582,191.82		5,266.19	508,448.03	513,714.22	718.15			415,554.23
909	Informational And Instructional Advertising Expenses	478,879.32		478,879.32		548,448.83		548,448.83				30,930.12
910	Miscellaneous Customer Service And Informational Expenses	537,304.59	285,128.60	822,433.19		749,836.45	228,223.54	978,059.99				310,244.16
913	Advertising Expenses	29,500.01		29,500.01	160.00	32,409.13		32,409.13	160.00			43,208.98
920	Administrative And General Salaries	2,949,048.18	12,857,152.18	15,806,200.36	215,944.21	2,822,051.10	13,597,489.45	16,419,540.55	133,022.85			74,218,666.16
921	Office Supplies And Expenses	2,833,162.10	4,279,423.29	7,112,585.39	186,102.55	3,522,634.69	4,765,320.45	8,287,955.14	196,323.19			66,147,081.69
923	Outside Services Employed	7,626,775.68	3,049,455.90	10,676,231.58	177,613.16	3,448,556.31	2,949,084.37	6,397,640.68	8,241.38			73,532,723.11
924	Property Insurance	26,775.00		26,775.00		27,731.24		27,731.24				429,561.03
925	Injuries And Damages	113,602.08	39,662.93	153,265.01	12,473.25	84,164.26	53,364.87	137,529.13	590.60			1,205,882.73
926	Employee Pensions And Benefits	9,091,354.63	117,876.22	9,209,230.85	887,517.84	9,062,864.28	139,163.99	9,202,048.27	18,256.35			29,825,995.17
928	Regulatory commission expenses											969,038.09
930.1	General Advertising Expenses	769,900.47	11,912.67	781,813.14	350,031.20	566,053.35	12,075.11	578,128.46	278,816.91			1,099,215.75
930.2	Miscellaneous General Expenses	122,324.57	1,540,150.30	1,662,474.87	1,749.96	135,987.77	1,245,450.05	1,381,437.82	19,551.42			3,016,349.59
931	Rents	70.38		70.38		73.53		73.53	633,920.50			(6,446.22)
935	Maintenance Of General Plant	1,331,491.91	4,668,565.93	6,000,057.84	63,175.23	1,057,338.20	4,935,061.75	5,992,399.95	59,725.22			8,828,297.53
		<u>376,207,730.09</u>	<u>38,011,857.13</u>	<u>414,219,587.22</u>	<u>126,932,445.58</u>	<u>275,695,289.63</u>	<u>37,588,539.39</u>	<u>313,283,829.02</u>	<u>61,297,094.18</u>	<u>598,106,119.17</u>	<u>168,737,176.14</u>	<u>326,974,847.42</u>

Total intercompany billings [Total of Column (5) - (6) + (9) - (10) + (11) - (12)] 958,642,819.51

Reconciling Items Included in Intercompany billings, but not included in Servco Operating Expenses:

Servco convenience payments other than fuel	(140,077,846.87)
Fuel convenience payments	(108,023,721.61)
ZBA transfers/sweeps from E.ON Capital Corp.	(309,423,490.61)
Tax Settlements	8,949,927.90
Cash receipts transferred by receiving company to applicable company through Servco	(99,933,281.73)
Other miscellaneous (i.e., reclassification of charges within Servco)	6,840,440.83
	<u>326,974,847.42</u>

RATIO	LG&E %	KU %	WKE %	LEM-CONT %	ECC %	SERVCO %	TOTAL %
Ratios calculated using data from 12/31/06							
CONTRACT RATIO - KU, LG&E (coal)	51.01%	48.99%					100.00%
CONTRACT RATIO - KU, LG&E, WKE (coal)	37.22%	35.75%	27.03%				100.00%
CONTRACT RATIO - KU, LG&E (gas for CT's)	44.43%	55.57%					100.00%
ELECTRIC PEAK LOAD RATIO (KU & LG&E)	36.51%	63.49%					100.00%
ELECTRIC PEAK LOAD RATIO (KU & LG&E & WKE)	29.22%	50.81%	19.97%				100.00%
NUMBER OF CUSTOMERS RATIO-TOTAL	44.22%	55.78%					100.00%
NUMBER OF CUSTOMERS RATIO-RESIDENTIAL	45.79%	54.21%					100.00%
NUMBER OF CUSTOMERS RATIO-COMMERCIAL	34.41%	65.59%					100.00%
NUMBER OF CUSTOMERS RATIO-INDUSTRIAL	24.64%	75.36%					100.00%
TWO STEP NUMBER OF EMPLOYEES RATIO	40.37%	41.31%	15.40%	0.71%	2.11%		100.00%
PAYROLL RATIO - ALL	39.77%	41.82%	15.09%	1.07%	2.25%		100.00%
PAYROLL RATIO - KU & LG&E	48.74%	51.26%					100.00%
PAYROLL RATIO - KU & LG&E & WKE	41.13%	43.25%	15.61%				100.00%
PAYROLL RATIO - KU & LG&E & LEM	48.12%	50.60%		1.29%			100.00%
REVENUE RATIO - ALL	47.23%	42.71%	10.00%	0.03%	0.03%		100.00%
REVENUE RATIO - KU & LG&E	52.51%	47.49%					100.00%
REVENUE RATIO - KU & LG&E & WKE	47.26%	42.74%	10.01%				100.00%
REVENUE RATIO - KU & LG&E & LEM	52.49%	47.47%		0.04%			100.00%
TOTAL ASSETS RATIO - ALL	47.09%	46.00%	6.53%	0.12%	0.26%		100.00%
TOTAL ASSETS RATIO - KU & LG&E	50.58%	49.42%					100.00%
TOTAL ASSETS RATIO - KU & LG&E & WKE	47.27%	46.18%	6.55%				100.00%
TOTAL ASSETS RATIO - KU & LG&E & LEM	50.52%	49.35%		0.13%			100.00%
TOTAL UTILITY PLANT ASSETS RATIO - KU & LG&E	49.75%	50.25%					100.00%
COMBINATION REVENUE/TOTAL ASSETS/PAYROLL	44.67%	43.49%	10.53%	0.46%	0.84%		100.00%
COMBINATION REVENUE/TOTAL ASSETS/PAYROLL-LGE/KU	50.61%	49.39%					100.00%
COMBINATION REVENUE/TOTAL ASSETS/PAYROLL-LGE/KU/WKE	45.22%	44.06%	10.72%				100.00%
COMBINATION REVENUE/TOTAL ASSETS/PAYROLL-LGE/KU/LEM	50.37%	49.14%		0.49%			100.00%
NUMBER OF TRANSACTIONS RATIO - INVOICE A/P	45.22%	53.28%	0.62%	0.07%	0.81%		100.00%
NUMBER OF TRANSACTIONS RATIO - WAREHOUSE (LGE & KU)	16.37%	83.63%					100.00%
NUMBER OF TRANSACTIONS RATIO - WAREHOUSE (LGE & KU & WKE)	14.88%	76.01%	9.10%				100.00%
NON-FUEL MATERIAL & SERVICES EXP. RATIO	54.16%	45.84%					100.00%
RETAIL REVENUE RATIO	49.80%	50.10%					100.00%
NUMBER OF METERS RATIO	57.64%	42.36%					100.00%
REGULATORY MANDATE RATIO	30.48%	69.52%					100.00%
ENERGY MARKETING RATIO-LGE/KU	47.30%	52.70%					100.00%
ENERGY MARKETING RATIO-LGE/KU/WKE	18.23%	20.32%	61.45%				100.00%
LINE OF BUSINESS RATIOS	GENERATION	RETAIL	TRADING	TRANSMISSION	DISTRIBUTION	METERING	
NUMBER OF EMPLOYEES RATIO - LOB - LGE	17.99%	2.88%	1.51%	1.98%	14.52%	1.48%	40.37%
NUMBER OF EMPLOYEES RATIO - LOB - KU	15.48%	5.92%	1.76%	3.45%	12.96%	1.74%	41.31%
	<u>33.47%</u>	<u>8.81%</u>	<u>3.27%</u>	<u>5.43%</u>	<u>27.48%</u>	<u>3.23%</u>	<u>81.68%</u>

RATIOS NOT LISTED ABOVE

DEPARTMENTAL CHARGE RATIOS
INFORMATION SYSTEMS CHARGEBACK RATES
PROJECT RATIO

CALCULATED BY VARIOUS DEPARTMENTS - SEE DOCUMENTS ON FILE IN CORPORATE ACCOUNTING
CALCULATED BY IT DEPARTMENT - SEE DOCUMENTS ON FILE IN CORPORATE ACCOUNTING
CALCULATED BY AUDITING DEPARTMENT - SEE DOCUMENTS ON FILE IN CORPORATE ACCOUNTING

NOTE: These ratios were used from May 2007 through April 2008.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 93

Responding Witness: Valerie L. Scott

Q-93. For the test year actual, test year adjusted and calendar year and 2007:

- a. Provide the total annual costs of pensions, post-retirement benefits, and post-employment benefits for LG&E with the total costs for each period separate into the following components: Service Costs, Interest Costs, Return on Assets, Amortization of Transition Obligation, Amortization of Prior Service Costs and Gains and Losses.
- b. Provide the actuarial studies relied upon to respond to item (a) for the test year actual and test year adjusted. Demonstrate how the test year actual and test year adjusted were derived from these studies.
- c. On the schedule provided in a. apply the capitalization rate used to determine LG&E's annual expense for each year in the analysis and state how the capitalization rate was determined.

- A-93. a. See attached for the annual costs of pensions, post retirement benefits, and post employment benefits for calendar year 2007 and the test year (a-1). The Company does not break out pensions, post retirement benefits, or post employment benefits costs by the components requested in the general ledger. The pro forma annual cost broken down as requested is attached for pension and post retirement costs (a-2). However, post employment benefits are not reported in this manner due to the nature of the cost and it is included with the calendar year and test year attachment (a-1). In addition, an error in the calculation of the O&M percentage ratio was identified and corrected so the corrected pro forma calculations are included also for each category requested (a-3). See also Question Nos. 23 and 24.
- b. Mercer studies are only provided on a calendar year basis; therefore, there are no studies available for the test year. See 2008 projected Mercer study used for the test year adjusted at the following references:

Pension – Question No. 23

Post-retirement – Question No. 54

Post-employment – Question No. 55

In addition, see Question No. 23 and Question No. 24 for the calculation of test year adjusted amounts from the Mercer study.

- c. See the attachment in (a) for the applied O&M rates. See response for PSC-1 Question No. 22 for the determination of the capitalization rate.

LOUISVILLE GAS & ELECTRIC COMPANY
Annual costs of pensions, post retirement benefits and post employment benefits for the test year and 2007

	2007		Test Yr.		Test Yr. Pro forma (Original)		Test Yr. Pro forma (Corrected)	
	<u>LGE</u>	<u>Charge from</u> <u>Other Cos. to</u>	<u>LGE</u>	<u>Charge from</u> <u>Other Cos. to</u>	<u>LGE</u>	<u>Charge from</u> <u>Other Cos. to</u>	<u>LGE</u>	<u>Charge from</u> <u>Other Cos. to</u>
		<u>LG&E</u>		<u>LG&E</u>		<u>LG&E</u>		<u>LG&E</u>
(1) Pensions	2,936,586	6,105,099	3,426,602	5,959,772	See additional attachment		See additional attachment	
(2) % allocated to Balance Sheet	21.16%	18.41%	21.85%	20.38%				
(3) % allocated to Income Statement	78.84%	81.59%	78.15%	79.62%				
Sub total (line 1 x line 3)	2,315,204	4,981,150	2,677,890	4,745,170				
(4) Total pension expense	7,296,354		7,423,060					
(1) Post-retirement Benefits	8,343,068	916,947	8,142,077	862,481	See additional attachment		See additional attachment	
(2) % allocated to Balance Sheet	23.19%	18.60%	23.56%	21.65%				
(3) % allocated to Income Statement	76.81%	81.40%	76.44%	78.35%				
Sub total (line 1 x line 3)	6,408,310	746,395	6,223,804	675,754				
(4) Total post retirement expense	7,154,705		6,899,557					
(1) Post-employment Benefits	(69,186)	(312,369)	(39,920)	(297,581)	415,719	205,597	415,719	205,597
(2) % allocated to Balance Sheet	22.21%	24.04%	16.22%	23.82%	9.31%	22.87%	15.78%	22.87%
(3) % allocated to Income Statement	77.79%	75.96%	83.78%	76.18%	90.69%	77.13%	84.22%	77.13%
Sub total (line 1 x line 3)	(53,819.80)	(237,275.55)	(33,444.69)	(226,697.46)	377,015.56	158,569.12	350,118.54	158,569.12
(4) Total post employment expense	(291,095.34)		(260,142.15)		535,584.68		508,687.66	

LOUISVILLE GAS & ELECTRIC COMPANY
Total annual costs of Pensions for the test year adjusted - Original

	. Servco	42.1 % Servco Charged to Louisville Gas & Electric	Louisville Gas & Electric	Total Louisville Gas & Electric
Service Costs	\$ 8,911,696	\$ 3,751,824	\$ 4,085,777	\$ 7,837,601
Interest Costs	12,473,629	5,251,398	26,084,218	31,335,616
Return on Assets	(11,657,064)	(4,907,624)	(32,442,791)	(37,350,415)
Amortization of Transition Obligations	-	-	-	-
Amortization of Prior Service Cost	2,530,129	1,065,184	5,735,447	6,800,631
Gains and (Losses)	116,225	48,931	1,476,785	1,525,716
Totals	\$ 12,374,615	\$ 5,209,713	\$ 4,939,436	\$ 10,149,149

Percent Capitalized	21.76%	16.71%	
Amount Capitalized	\$ 1,133,851	\$ 825,472	\$ 1,959,323

Percent Expensed	78.24%	83.29%	
Amount Expensed	\$ 4,075,862	\$ 4,113,964	\$ 8,189,826

LOUISVILLE GAS & ELECTRIC COMPANY
Total annual costs of Post-retirement for the test year adjusted - Original

	42.1 % Servco			
	Servco	Charged to Louisville Gas & Electric	Louisville Gas & Electric	Total Louisville Gas & Electric
Service Costs	\$ 1,269,419	\$ 534,426	\$ 951,777	\$ 1,486,203
Interest Costs	1,146,761	482,786	5,346,946	5,829,732
Return on Assets	(654,550)	(275,566)	(143,448)	(419,014)
Amortization of Transition Obligations	109,514	46,105	669,665	715,770
Amortization of Prior Service Cost	148,961	62,713	1,933,539	1,996,252
Gains and (Losses)	-	-	(355,327)	(355,327)
Totals	\$ 2,020,105	\$ 850,464	\$ 8,403,152	\$ 9,253,616
Percent Capitalized		21.80%	20.38%	
Amount Capitalized		\$ 185,368	\$ 1,712,953	\$ 1,898,321
Percent Expensed		78.20%	79.62%	
Amount Expensed		\$ 665,096	\$ 6,690,199	\$ 7,355,295

LOUISVILLE GAS & ELECTRIC COMPANY

Total annual costs of Pensions for the test year adjusted - Corrected for Change in Capitalization Rate

	42.1 % Servco			
	Servco	Charged to Louisville Gas & Electric	Louisville Gas & Electric	Total Louisville Gas & Electric
Service Costs	\$ 8,911,696	\$ 3,751,824	\$ 4,085,777	\$ 7,837,601
Interest Costs	12,473,629	5,251,398	26,084,218	31,335,616
Return on Assets	(11,657,064)	(4,907,624)	(32,442,791)	(37,350,415)
Amortization of Transition Obligations	-	-	-	-
Amortization of Prior Service Cost	2,530,129	1,065,184	5,735,447	6,800,631
Gains and (Losses)	116,225	48,931	1,476,785	1,525,716
Totals	\$ 12,374,615	\$ 5,209,713	\$ 4,939,436	\$ 10,149,149

Percent Capitalized	21.76417%	22.17992%
Amount Capitalized	\$ 1,133,851	\$ 1,095,563

Percent Expensed	78.23583%	77.82008%
Amount Expensed	\$ 4,075,862	\$ 3,843,873

LOUISVILLE GAS & ELECTRIC COMPANY

Total annual costs of Post-retirement for the test year adjusted - Corrected for the Change in Capitalization Rate

	42.1 % Servco	Charged to Louisville	Louisville Gas &	Total Louisville
	Servco	Gas & Electric	Electric	Gas & Electric
Service Costs	\$ 1,269,419	\$ 534,426	\$ 951,777	\$ 1,486,203
Interest Costs	1,146,761	482,786	5,346,946	5,829,732
Return on Assets	(654,550)	(275,566)	(143,448)	(419,014)
Amortization of Transition Obligations	109,514	46,105	669,665	715,770
Amortization of Prior Service Cost	148,961	62,713	1,933,539	1,996,252
Gains and (Losses)	-	-	(355,327)	(355,327)
Totals	\$ 2,020,105	\$ 850,464	\$ 8,403,152	\$ 9,253,616

Percent Capitalized	21.79610%	23.91403%	
Amount Capitalized	\$ 185,368	\$ 2,009,532	\$ 2,194,900

Percent Expensed	78.20390%	76.08597%	
Amount Expensed	\$ 665,096	\$ 6,393,620	\$ 7,058,716

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 94

Responding Witness: Chris Hermann / Shannon L. Charnas

Q-94. Refer to Volume 1 of 3 of LG&E's response to Staff's first request, Items 30(a) and 30(b).

- a. Provide the level of conservation advertising reported for the years 2007, 2006, and 2005.
- b. Discuss the decision making process when determining whether an advertising expense is institutional (not includable for rate recovery) or conservation (includable for rate recovery). Include in this discussion how advertisements that include both institutional and conservation advertising are split into these two categories of expense.
- c. Explain why LG&E ratepayers should fund payments to the Chambers of Commerce included in account 930904.
- d. What is the E.ON Loyalty Survey and explain why LG&E ratepayers should fund payments for it.
- e. Describe the nature of each charge to account 930904 for JD Power and Associates, Chartwell Inc., Management Consultant, Schmidt Consulting, and Guideline and explain why these expenses should be funded by KU ratepayers.

A-94. a. Conservation advertising – FERC account 909:

2007	\$ 571,517.02
2006	496,022.95
2005	318,959.57

- b. To be included for rate recovery advertising expenses must meet one of the following criteria:
 - Information that directly impacts the customer's service or account (e.g. pricing information)

- Contact Information (e.g. telephone book listings)
- Billing and Payment Options (e.g. budget billing, automatic bank draft, e-bill, low income programs, etc.)
- Safety (e.g. electric and natural gas)

Expenses that do not meet the above criteria are charged to below-the-line accounts. The only exception is the McGruff Truck Campaign. While the program is related to safety it is not directly tied to utility safety and is therefore charged to a below-the-line account.

- c. LG&E did not include any payments to Chambers of Commerce in its response to PSC-1 Question Nos. 30(a) or 30(b).
- d. The E.ON Loyalty Survey is a polling survey conducted annually during the months of May and June. Six hundred telephone interviews are conducted among residential customers of LG&E and KU. These interviews are equally distributed across the LG&E and KU residential customer population. The survey measures customers' perceptions of performance in the categories of: pricing, image, customer orientation, reliability, communications products and services, billing and payment, and customer service. Survey results are blended with benchmark data, performance metrics and other surveys to develop an overall picture of the Company's performance and the cost associated with improving each category. Business plans are then developed and implemented to address potential improvement areas. The survey provides LG&E and KU with empirical data upon which to assess possible improvements to service for the benefit of customers.
- e. Payments for JD Power and Associates, Chartwell Inc., Management Consultant, Schmidt Consulting, and Guideline are included in account 930903. The nature of these invoices involves research work which provides LG&E and KU with empirical data for the purpose of improving customer service. The invoices are broken down by company as follows:

The J.D. Power & Associates invoices relate to the Electric Residential Study, a syndicated study conducted among subscribing and non-subscribing utilities across the United States. The charges represent E.ON U.S. subscription fees for the study, divided equally among LG&E and KU.

The Chartwell Inc. invoices represent membership renewals and access to the entire Chartwell Inc. database. Chartwell Inc. provides in-depth research on the most current issues affecting energy markets, technologies and services. They provide research reports, newsletters, online publications and information services on issues facing utility and energy company managers.

Schmidt Consulting Services conducted the telephone interviewing for the Residential and SME (Small to Medium Size Energy Users) E.ON Loyalty Surveys.

Management Consultant performed analysis of the results for the E.ON Loyalty Surveys, and the invoice represents these charges.

Guideline provided business research and analytical services. Guideline is a knowledge services company that offers a full suite of customized research and consulting solutions to address clients' critical business issues.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 95

Responding Witness: Valerie L. Scott

Q-95. Refer to Exhibit 1, Reference Schedule 1.25 of the Rives Testimony and Volume 1 of 3 of LG&E's response to Staff's first request, Item 13.

- a. Using the accounts provided in Item 13, provide a schedule of test year expenses paid to OVEC and state the basis for each charge.
- b. Explain how the change from allocating demand charges based on the percent of generation contributed to off-system sales to allocating demand charges based on ownership share better aligns OVEC charges used to serve native loads. This response should explain the relationship between native load use and ownership share.

A-95. a. See attached.

- b. Ownership share was selected as a better allocation of OVEC demand than percent of generation contributed to off-system sales because OVEC, as a lowest cost resource for power purchases, is almost always allocated to native load. The OVEC energy charges are allocated to LG&E based on the Inter-Company Power Agreement (ICPA) between the Companies, as the energy is used to serve LG&E's native load. The OVEC demand charges should be allocated using this same methodology. The ICPA reflects LG&E's ownership share and participation ratio of OVEC's energy production.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO 2008-00252

CASE NO 2007-00564

TEST YEAR EXPENSES PAID TO OVEC

General Ledger Date	Amount	Flow Date	Transaction Description	232010 Wholesale Purchases Accounts Payable	555015 Native Load Power Purchases - Energy	555016 Native Load Purchases - Demand	146100 Intercompany
31-May-07	(104,152.69)	Apr-07	Purchase Power Energy True up - previous month	104,152.69	(104,152.69)		
31-May-07	108,607.60	Apr-07	Purchase Power Demand True up - Previous Month	(108,607.60)		108,607.60	
1-May-07	919,832.00	Apr-07	2nd Estimated Payment for Demand and Energy	919,832.00			
23-May-07	7,091.01	Apr-07	True up Payment for Demand and Energy	7,091.01			
31-May-07	1,074,282.95	Apr-07	Intercompany A/P True up with KU	1,074,282.95			(1,074,282.95)
31-May-07	1,278,335.08	May-07	Purchase Power Energy Current Month Activity	(1,278,335.08)	1,278,335.08		
30-Jun-07	4,063.37	May-07	Purchase Power Energy True up - previous month	(4,063.37)	4,063.37		
31-May-07	1,441,614.12	May-07	Purchase Power Demand Current Month Accrual	(1,441,614.12)		1,441,614.12	
30-Jun-07	(67,038.99)	May-07	Purchase Power Demand True up - Previous Month	67,038.99		(67,038.99)	
24-May-07	694,546.00	May-07	1st Estimated Payment for Demand and Energy	694,546.00			
4-Jun-07	909,939.50	May-07	2nd Estimated Payment for Demand and Energy	909,939.50			
28-Jun-07	32,206.43	May-07	True up Payment for Demand and Energy	32,206.43			
30-Jun-07	1,020,281.65	May-07	Intercompany A/P True up with KU	1,020,281.65			(1,020,281.65)
30-Jun-07	1,524,876.83	Jun-07	Purchase Power Energy Current Month Activity	(1,524,876.83)	1,524,876.83		
31-Jul-07	(619.69)	Jun-07	Purchase Power Energy True up - previous month		(619.69)		
30-Sep-07	(5.31)	Jun-07	Purchase Power Energy True up - previous month		(5.31)		
30-Jun-07	1,395,125.48	Jun-07	Purchase Power Demand Current Month Accrual	(1,395,125.48)		1,395,125.48	
31-Jul-07	254,799.19	Jun-07	Purchase Power Demand True up - Previous Month			254,799.19	
19-Jun-07	929,601.50	Jun-07	1st Estimated Payment for Demand and Energy	929,601.50			
3-Jul-07	1,005,422.00	Jun-07	2nd Estimated Payment for Demand and Energy	1,005,422.00			

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO 2008-00252

CASE NO 2007-00564

TEST YEAR EXPENSES PAID TO OVEC

General Ledger Date	Amount	Flow Date	Transaction Description	232010 Wholesale Purchases Accounts Payable	555015 Native Load Power Purchases - Energy	555016 Native Load Purchases - Demand	146100 Intercompany
23-Jul-07	49,741.41	Jun-07	True up Payment for Demand and Energy Intercompany A/P	49,741.41			
31-Jul-07	1,189,416.90	Jun-07	True up with KU	1,189,416.90			(1,189,416.90)
31-Jul-07	(254,179.50)	Jun-07	True up Payment for Demand and Energy Purchase Power	(254,179.50)			
31-Jul-07	1,379,379.88	Jul-07	Energy Current Month Activity	(1,379,379.88)	1,379,379.88		
31-Aug-07	54,723.35	Jul-07	Purchase Power Energy True up - previous month	(54,723.35)	54,723.35		
31-Jul-07	1,441,627.49	Jul-07	Purchase Power Demand Current Month Accrual	(1,441,627.49)		1,441,627.49	
31-Aug-07	(25,892.64)	Jul-07	Purchase Power Demand True up - Previous Month	25,892.64		(25,892.64)	
16-Jul-07	808,683.50	Jul-07	1st Estimated Payment for Demand and Energy	808,683.50			
3-Aug-07	987,126.50	Jul-07	2nd Estimated Payment for Demand and Energy	987,126.50			
31-Aug-07	1,068,199.61	Jul-07	Intercompany A/P True up with KU	1,068,199.61			(1,068,199.61)
30-Sep-07	5.31	Jul-07	True Up Payment for Demand and Energy	5.31			
1-Oct-07	(3.98)	Jul-07	True Up Payment for Demand and Energy	(3.98)			
1-Oct-07	(14,171.53)	Jul-07	True Up Payment for Demand and Energy	(14,171.53)			
30-Nov-07	(1.35)	Jul-07	True Up Payment for Demand and Energy	(1.35)			
31-Aug-07	1,426,033.68	Aug-07	Purchase Power Energy Current Month Activity	(1,426,033.68)	1,426,033.68		
30-Sep-07	54,827.49	Aug-07	Purchase Power Energy True up - previous month		54,827.49		
31-Aug-07	1,441,627.24	Aug-07	Purchase Power Demand Current Month Accrual	(1,441,627.24)		1,441,627.24	
30-Sep-07	100,763.89	Aug-07	Purchase Power Demand True up - Previous Month			100,763.89	
20-Aug-07	927,875.50	Aug-07	1st Estimated Payment for Demand and Energy	927,875.50			
5-Sep-07	872,856.98	Aug-07	2nd Estimated Payment for Demand and Energy	872,856.98			
30-Sep-07	1,128,704.00	Aug-07	Intercompany A/P True up with KU	1,128,704.00			(1,128,704.00)
30-Sep-07	(155,591.38)	Aug-07	True Up Payment for Demand and Energy	(155,591.38)			

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO 2008-00252

CASE NO 2007-00564

TEST YEAR EXPENSES PAID TO OVEC

General Ledger Date	Amount	Flow Date	Transaction Description	232010 Wholesale Purchases Accounts Payable	555015 Native Load Power Purchases - Energy	555016 Native Load Purchases - Demand	146100 Intercompany
1-Oct-07	93.815 82	Aug-07	True Up Payment for Demand and Energy Purchase Power	93.815 82			
30-Sep-07	1,387,641 27	Sep-07	Energy Current Month Activity	(1,387,641 27)	1,387,641 27		
31-Oct-07	46.212 70	Sep-07	Purchase Power Energy True up - previous month	(46,212 70)	46.212 70		
30-Sep-07	1,395.107 83	Sep-07	Purchase Power Demand Current Month Accrual	(1,395.107 83)		1,395.107 83	
31-Oct-07	(14,613 59)	Sep-07	Purchase Power Demand True up - Previous Month	14.613 59		(14,613 59)	
18-Sep-07	888.951 50	Sep-07	1st Estimated Payment for Demand and Energy	888,951 50			
1-Oct-07	994.593 50	Sep-07	2nd Estimated Payment for Demand and Energy	994,593 50			
31-Oct-07	935.474 33	Sep-07	Intercompany A/P True up with KU	935,474 33			(935.474 33)
23-Oct-07	(4,671 12)	Sep-07	True Up Payment for Demand and Energy Purchase Power	(4,671 12)			
31-Oct-07	1,278.712 51	Oct-07	Energy Current Month Activity	(1,278.712 51)	1,278,712 51		
30-Nov-07	(26,049 75)	Oct-07	Purchase Power Energy True up - previous month	26,049 75	(26,049 75)		
31-Oct-07	1,441,630 38	Oct-07	Purchase Power Demand Current Month Accrual	(1,441,630 38)		1,441,630 38	
30-Nov-07	99,513 95	Oct-07	Purchase Power Demand True up - Previous Month	(99,513 95)		99,513 95	
23-Oct-07	792.637 00	Oct-07	1st Estimated Payment for Demand and Energy	792,637 00			
6-Nov-07	949.633 00	Oct-07	2nd Estimated Payment for Demand and Energy	949,633 00			
20-Nov-07	11.145 24	Oct-07	True Up Payment for Demand and Energy	11,145 24			
30-Nov-07	1,040,391 85	Oct-07	Intercompany A/P True up with KU	1,040,391 85			(1,040.391 85)
30-Nov-07	1,448,637 19	Nov-07	Purchase Power Energy Current Month Activity	(1,448,637 19)	1,448,637 19		
31-Dec-07	(29,644 00)	Nov-07	Purchase Power Energy True up - previous month	29,644 00	(29,644 00)		
30-Nov-07	1,395,118 33	Nov-07	Purchase Power Demand Current Month Accrual	(1,395,118 33)		1,395,118 33	

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO 2007-00564

TEST YEAR EXPENSES PAID TO OVEC

General Ledger Date	Amount	Flow Date	Transaction Description	232010 Wholesale Purchases Accounts Payable	555015 Native Load Power Purchases - Energy	555016 Native Load Purchases - Demand	146100 Intercompany
31-Dec-07	530,445 92	Nov-07	Purchase Power Demand True up - Previous Month	(530,445 92)		530,445 92	
20-Nov-07	874,115 00	Nov-07	1st Estimated Payment for Demand and Energy	874,115 00			
10-Dec-07	1,089,388 00	Nov-07	2nd Estimated Payment for Demand and Energy	1,089,388 00			
21-Dec-07	58,932 42	Nov-07	True Up Payment for Demand and Energy	58,932 42			
31-Dec-07	1,322,122 02	Nov-07	Intercompany A/P True up with KU	1,322,122 02			(1,322,122 02)
31-Dec-07	1,476,797 21	Dec-07	Purchase Power Energy Current Month Activity	(1,476,797 21)	1,476,797 21		
31-Jan-08	43,214 61	Dec-07	Purchase Power Energy True up - previous month	(43,214 61)	43,214 61		
31-Dec-07	1,441,627 45	Dec-07	Purchase Power Demand Current Month Accrual	(1,441,627 45)		1,441,627 45	
31-Jan-08	38,479 91	Dec-07	Purchase Power Demand True up - Previous Month	(38,479 91)		38,479 91	
31-Mar-08	(358,325 16)	Dec-07	Purchase Power Demand True up - Previous Month	358,325 16		(358,325 16)	
21-Dec-07	992,213 50	Dec-07	1st Estimated Payment for Demand and Energy	992,213 50			
9-Jan-08	858,994 50	Dec-07	2nd Estimated Payment for Demand and Energy	858,994 50			
31-Jan-08	1,092,691 40	Dec-07	Intercompany A/P True up with KU	1,092,691 40			(1,092,691 40)
31-Mar-08	(358,325 16)	Dec-07	Intercompany A/P True up with KU	(358,325 16)			358,325 16
8-Feb-08	56,219 78	Dec-07	True Up Payment for Demand and Energy	56,219 78			
31-Jan-08	1,706,312 94	Jan-08	Purchase Power Energy Current Month Activity	(1,706,312 94)	1,706,312 94		
29-Feb-08	(135,539 41)	Jan-08	Purchase Power Energy True up - previous month	135,539 41	(135,539 41)		
31-Jan-08	1,627,678 52	Jan-08	Purchase Power Demand Current Month Accrual	(1,627,678 52)		1,627,678 52	
29-Feb-08	(421,186 41)	Jan-08	Purchase Power Demand True up - Previous Month	421,186 41		(421,186 41)	
21-Jan-08	932,046 50	Jan-08	1st Estimated Payment for Demand and Energy	932,046 50			

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO 2008-00252

CASE NO 2007-00564

TEST YEAR EXPENSES PAID TO OVEC

General Ledger Date	Amount	Flow Date	Transaction Description	232010 Wholesale Purchases Accounts Payable	555015 Native Load Power Purchases - Energy	555016 Native Load Purchases - Demand	146100 Intercompany
8-Feb-08	1,256.578 50	Jan-08	2nd Estimated Payment for Demand and Energy	1,256.578 50			
29-Feb-08	772,173 37	Jan-08	Intercompany A/P True up with KU	772.173 37			(772.173 37)
11-Mar-08	(254,192 82)	Jan-08	True Up Payment for Demand and Energy	(254,192 82)			
30-Apr-08	70.660 09	Jan-08	True Up Payment for Demand and Energy	70.660 09			
29-Feb-08	1.289.280 39	Feb-08	Purchase Power Energy Current Month Activity	(1.289.280 39)	1,289.280 39		
31-Mar-08	10,133 27	Feb-08	Purchase Power Energy True up - previous month	(10.133 27)	10.133 27		
29-Feb-08	1.470.464 52	Feb-08	Purchase Power Demand Current Month Accrual	(1.470.464 52)		1,470,464 52	
31-Mar-08	(372.303 55)	Feb-08	Purchase Power Demand True up - Previous Month	372.303 55		(372.303 55)	
30-Apr-08	(0 01)	Feb-08	Purchase Power Demand True up - Previous Month	0 01		(0 01)	
27-Feb-08	1,061.435 61	Feb-08	1st Estimated Payment for Demand and Energy	1,061.435 61			
11-Mar-08	1,329.772 43	Feb-08	2nd Estimated Payment for Demand and Energy	1,329.772 43			
28-Mar-08	5.923 38	Feb-08	True Up Payment for Demand and Energy	5.923 38			
31-Mar-08	443.20	Feb-08	Intercompany A/P True up with KU	443 20			(443 20)
31-Mar-08	1,472.100 38	Mar-08	Purchase Power Energy Current Month Activity	(1.472.100 38)	1,472,100 38		
30-Apr-08	(42,417 38)	Mar-08	Purchase Power Energy True up - previous month	42.417 38	(42.417 38)		
31-Mar-08	1.626,574 87	Mar-08	Purchase Power Demand Current Month Accrual	(1,626.574 87)		1,626.574 87	
30-Apr-08	(240.160 50)	Mar-08	Purchase Power Demand True up - Previous Month	240,160 50		(240,160 50)	
28-Mar-08	1,224.600 38	Mar-08	1st Estimated Payment for Demand and Energy	1,224.600 38			
8-Apr-08	1.615.566 49	Mar-08	2nd Estimated Payment for Demand and Energy	1,615.566 49			
30-Apr-08	(777 03)	Mar-08	Intercompany A/P True up with KU	(777 03)			777.03
30-Apr-08	1.464,321 25	Apr-08	Purchase Power Energy Current Month Activity	(1.464.321 25)	1,464.321 25		

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

TEST YEAR EXPENSES PAID TO OVEC

General Ledger Date	Amount	Flow Date	Transaction Description	232010 Wholesale Purchases Accounts Payable	555015 Native Load Power Purchases - Energy	555016 Native Load Purchases - Demand	146100 Intercompany
30-Apr-08	1,575,165.31	Apr-08	Purchase Power Demand Current Month Accrual	(1,575,165.31)		1,575,165.31	
23-Apr-08	1,279,003.18	Apr-08	1st Estimated Payment for Demand and Energy	1,279,003.18			
Grand Totals				259,560.12	17,007,175.17	17,326,451.15	(10,285,079.09)

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 96

Responding Witness: Shannon L. Charnas

- Q-96. Refer to Exhibit 1, Reference Schedule 1.26, of the Rives Testimony and to Volume 3 of 3 of LG&E's response to Staff's first request, Item 57(b). Provide the actual rate case expenses incurred for LG&E's previous rate case.
- A-96. The actual rate case expenses incurred through May 31, 2004 for LG&E's previous rate case were \$1,160,790. There were other rate case expenses incurred after the establishment of the regulatory asset.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 97

Responding Witness: Shannon L. Charnas

Q-97. Refer to Exhibit 1, Reference Schedule 1.31, of the Rives Testimony.

- a. Provide the average per gallon costs for fuel for each of the 5 months immediately preceding April 2008.
- b. Provide the average per gallon costs of fuel for each month subsequent to the test year up to and including August 2008.

A-97. a. November 2007: \$3.14
December 2007: \$3.00
January 2008: \$3.09
February 2008: \$3.20
March 2008: \$3.45

b. May 2008: \$4.06
June 2008: \$4.23
July 2008: \$4.24
August 2008: \$3.85

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 98

Responding Witness: Valerie L. Scott

Q-98. Describe the safeguards in place to protect LG&E from unauthorized employee use of its credit cards and credit accounts.

A-98. The Company administers a Procurement Card (Pro Card) program as well as an American Express (AMEX) card program.

The Pro Card is registered in the Company's name and assigned to a specific employee to purchase low dollar items (i.e., books, subscriptions, classes or seminars, miscellaneous maintenance requirements, office, safety and crew supplies and automotive fuel and parts). Safeguards in place to protect the Company from unauthorized employee use include:

1. Each Pro Card is issued to a specific individual. The individual's supervisor or manager must authorize the request and issuance of the card. Pro Cards are issued only to employees of the Company.
2. Each Pro Card is assigned an individual credit limit (a transaction limit and monthly limit). The Pro Card may also be restricted to limit purchases to only certain merchant categories. Changes to the transaction limit, the monthly limit, and/or the merchant restrictions require written authorization.
3. When a new card is issued, the cardholder and the cardholder's line of authority Manager must each sign a written affirmation attesting to the proper use of the Pro Card.
4. Receipts for all purchases must be retained for 7 years by the cardholder with the business purpose noted and the supporting documentation. Supporting documentation includes a detailed description of the function, event or business purpose.
5. Receipts must be reconciled and attached to the monthly cardholder statement by the cardholder. The cardholder will sign the monthly statement as evidence of review

and reconciliation, then forward to the cardholder's supervisor or manager for review and approval.

6. The supervisor or manager of each cardholder must review the inventory of Pro Card(s) in use on an annual basis.
7. The cardholder is responsible for the security of the Pro Card and it must be kept in an accessible, but secure, location. A lost or stolen Pro Card must be reported to the bank by the cardholder immediately.
8. The Pro Card must be used strictly for business purposes and, under no circumstances, for personal use.
9. When a cardholder either leaves the Company or transfers from his/her work location, the card must be returned to the cardholder's supervisor or manager.

The AMEX card (corporate credit card) is issued to certain employees who have a need for recurring business travel throughout the year or other justified expenses as determined by management, and who obtain written approval from their Line of Business Vice President and the Corporate Credit Card Program Administrator. Other safeguards in place to protect the Company from unauthorized employee use include:

1. Corporate credit cards are issued only to employees of the Company and are to be used solely by the person to whom the card is issued.
2. When a new corporate credit card is issued, the cardholder must sign a written affirmation attesting to the proper use of the credit card and the abiding of the Corporate credit card policy. On an annual basis, each cardholder will receive a copy of the policy describing the proper use of the credit card.
3. All files, cards reports and related information are kept locked under the supervision of the AMEX Administrator.
4. All requests for cards are matched to the internal telephone directory to ensure that an employee is an active, current employee. Contractors are not eligible for the American Express card.
5. Applications are processed on a secured website by the AMEX Card Program Administrator.
6. The Company maintains a record of newly acquired company property assigned to employees in Peoplesoft. The assignment of the card to an employee is recorded before sending the AMEX card to the user. Charge card numbers are never put into the Peoplesoft system for security reasons.

7. A log of all American Express Cardholders is maintained in an email listing.
8. Renewal cards are sent to the AMEX Card Program Administrator's department. They are sent via intra-office mail, marked *confidential*, to the employee.
9. Human Resources sends a notification when an employee is terminated to the AMEX Card Program Administrator who reviews the company property owned records in Peoplesoft. The card for any employee with an AMEX card is canceled via the americanexpress.com site, noted in Peoplesoft and deleted from the distribution listing.
10. Monthly, the AMEX Card Program Administrator reviews the delinquency history report. Any cards delinquent more than 90 days are canceled by American Express.
11. There are no preset limits on the cards unless the cardholder is considered a credit risk. If a credit risk, they start with a \$500 retail limit and a \$4,000 travel limit. The card limit may not be increased more than 3 times in a 12 month period by AMEX. Retail limits are generally set at much lower than travel limits.
12. Payments to AMEX are made via company reimbursement system requiring certain approvals, etc. Only approved company expenses are paid, leaving non-approved and personal expenses as the responsibility of the employee. Employee expense reports must be approved by the employee's manager. Personal expenses must be reimbursed to the Company when the expense report is submitted for approval.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 99

Responding Witness: Chris Hermann / Shannon L. Charnas

Q-99. a. For the test year and the 3 previous calendar years provide the annual expense incurred by LG&E for contracted labor related to the following services.

Vegetation Management

Storm Damage

Meter Reading

Maintenance Contracts

Temporary Clerical/Accounting Services

Temporary Legal

b. Explain how LG&E selects the contractors providing the services listed in (a) and how it ensures that it is securing a competitive market based cost.

A-99. a. See attached.

b. Contractors are selected as a result of a competitive bid process. This process includes:

- Developing a well defined scope of work
- Determining the timeframe over which this work will be performed
- Identifying the qualified contractors capable of safely performing the work
- Developing a Request For Quotation (RFQ) that includes all technical and commercial requirements and expectations. Pricing can be requested in a number of ways based on the scope of work, but will always include a comprehensive breakdown of the contractors overhead costs, not just hourly rates
- Soliciting responses to that RFQ from the contractors identified above
- Developing an evaluation criteria for analyzing the responses
- Analyzing the responses consistent with the evaluation criteria

- Conducting follow-up meetings on all or a short list of the contractors providing responses to clarify the submittals and/or negotiate alternates to the original submittal
- Developing an award recommendation that is presented and approved to the appropriate level of management
- Award of the work to the recommended contractor(s)

To ensure we are getting the best pricing, we

- Do a comprehensive analysis of the contractors cost structure and negotiate out aspects we believe do not add value
- Attempt to lock in pricing for the term of the contract that we feel should remain firm
- Isolate those cost aspects that are more volatile and agree to routine reviews - but offer no guarantee to change (i.e. Fuel)
- Offer no guarantee of work
- Reserve the right to competitively bid individual scopes of work
- Conduct routine performance review meetings with contractors performing key work

LOUISVILLE GAS AND ELECTRIC COMPANY
CONTRACTED LABOR

SERVICE	TEST YEAR	2007	2006	2005
Vegetation Management	\$7,133,095.33	\$6,948,852.35	\$6,037,950.13	\$4,269,284.79
Storm Damage	7,565,177.16	6,478,838.85	8,742,963.84	7,058,253.90
Meter Reading	4,482,803.19	4,373,684.60	4,451,428.47	4,359,925.68
Maintenance Contracts	24,129,553.68	19,949,022.99	17,643,621.69	13,655,435.73
Temporary Clerical/Accounting Services	2,755,666.05	2,287,275.74	2,279,713.98	2,675,324.89
Temporary Legal	2,921,911.70	3,140,528.56	2,532,027.02	2,927,424.21
Total	<u>\$48,988,207.11</u>	<u>\$43,178,203.09</u>	<u>\$41,687,705.13</u>	<u>\$34,945,649.20</u>

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 100

Responding Witness: Chris Hermann

Q-100. Provide a discussion of LG&E's current vegetation management program and explain any changes made to that program since LG&E's last general rate case.

A-100. The Distribution Vegetation Management Program encompasses right of way maintenance for Louisville Gas and Electric Company and Kentucky Utilities Company (referred to as the "Companies"). The program is centralized and managed by a Forestry Manager and nine company Utility Arborists. Two arborists are dedicated to LG&E, and six are dedicated to KU, with one arborist working for both KU and LG&E. (LG&E has determined that mention of this shared employee was inadvertently omitted from Mr. Hermann's testimony at page 7, line 18.) All arborists are certified by the International Society of Arboriculture. The Companies employ four professional tree contractor companies (Nelson, Phillips, Townsend, and Wright). Utility line clearing is undertaken to maintain safety, reliability of service, and access to the utility's facilities for maintenance and repair.

LG&E's Distribution Vegetation Management Program encompasses 3,900 miles of right of way maintenance.

The Companies' primary focus and core value is to ensure the health and safety of our employees, business partners, and the public while maintaining the right of way for reliability purposes. Contractors and their employees will recognize and follow all laws, rules and regulations regarding public and worker safety. Any incident must be reported to the appropriate safety consultant immediately. Tree Trimming Contractors are held accountable for safety per OSHA and Company standards. Every new contract employee must complete a safety training program in the first 30 days.

The Companies employ an Integrated Vegetation Management ("IVM") Program that is the process of using chemical, manual, or mechanical techniques to control undesirable vegetation and includes natural or directional pruning, environmentally safe herbicides, and tree removals.

The IVM program includes flexibility to operate and maintain variable easement widths, differences between rural and urban service areas, applicable codes or

ordinances, and the need to maintain some level of flexibility in addressing landowner requests or concerns. Schedules and priorities for tree trimming are based on vegetation growth, cycle-last trim date, reliability data, and visual inspections. Reliability centered maintenance concepts are employed in establishing tree trimming priorities.

The plan includes the application of a flexible multi-cycle strategy to address growth and tree density which will vary across the service area. The Companies' plan is to maintain a proactive trim cycle while balancing the reactive needs of worst performing circuits. The Companies' goal is to maintain an average trim cycle of five years or less.

All tree-trimming is governed by approved principles of modern arboriculture and shall adhere to International Society of Arboriculture ("ISA") standards. Other standards utilized in the program include ANSI A300, NESC, and OSHA 1910.269 as well as compliance with tree ordinances and local codes. Contractors are held accountable for safety per OSHA and Company standards.

The reliability criteria used to develop the vegetation management plan are system SAIDI, SAIFI, and CAIDI. Work plans are prepared annually by circuit based on vegetation growth, cycle-last trim date, reliability data, and visual inspections by arborists who develop work plans to target trees that need to be trimmed or removed as well as the flexibility to prescribe a different trim cycle by circuit that addresses growth and tree density for that circuit. A mid-cycle "touch up" is used as needed based on field inspections for multi-phase lines. The vegetation plan strategy will balance the routine trimming plan to maintain an average trim cycle with the reliability centered maintenance plan to address the worst performing circuits. The top 10 worst performing circuits are identified by each reliability index. These circuits are evaluated to determine root cause of the outages. If the root cause is tree related, the arborist will visually inspect the circuit to determine the appropriate plan of action.

Each customer on the circuit receives a mailing notification letter, one to two weeks prior to beginning the circuit work. The crew "knocks on the door" before the work begins. Customer complaints are investigated. Customer satisfaction is included in the contractor evaluation. Customer education about tree trimming and planting trees is provided in consumer mail inserts, participation in community events, and media announcements.

The vegetation management strategy includes target pricing and firm bid work. Target pricing promotes efficiency in contractor resource management. The target price strategy deploys prescriptive tree management techniques. All trees and brush are planned, counted, and marked on a circuit map, span by span. Contractor work is prescribed and a target price is established for the work. Every circuit is inspected after the tree work is complete. Approximately 8 to 10 percent of the tree work is bid on a firm basis to validate target pricing and encourage contractor competition. Contractor's

performance is evaluated based on safety, productivity, quality, and customer satisfaction on a quarterly and annual basis.

Changes made to the distribution program since the last general rate case include:

- Added a Mid-Cycle Touch Up Plan to focus on fast growing trees on multi-phase lines.
- Increased focus on removal of hazard trees located off the right of way.
- Increased focus on tree clearance and removal of overhang limbs on three phase feeder circuits.
- Initiated a tree outage investigation program that focuses on tree caused outages.
- Increased application of herbicides. The herbicide plan is a proactive plan to control brush and small trees.

A Vegetation Management Plan was submitted, pursuant to the Commissions Order, Administrative Case 2006-00494, on December 19, 2007.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

***Response to Second Data Request of Commission Staff
Dated August 27, 2008***

Question No. 101

Responding Witness: S. Bradford Rives

Q-101. Provide an analysis showing test year amortization of debt issuance costs and debt discounts and premiums.

A-101. See attached.

Louisville Gas and Electric Company
 Amortization of Debt Expense
 For the test year ending April 30, 2008

Unamortized debt expense account	181128	181129	181119	181180	181181	181182	181183	181189	181190	181194	181125	181127	181126	TOTAL
TYPE	PCB	PCB	PCB	PCB	PCB									
SERIES	JC 2000 A	TC 2000 A	JC 2001 A	JC 2001 A	TC 2001 A	JC 2001 B	TC 2001 B	TC2002A	JC2003A	JC2003A	2007A	2007A	2007B	
BALANCE														
May 1, 2007	\$ 477,946.49	\$ 889,950.99	\$ 403,392.00	\$ 190,866.36	\$ 207,609.23	\$ 224,403.02	\$ 224,436.67	\$ 936,238.48	\$ 2,983,851.51	\$ 1,016,414.40	\$ 470,418.92	\$ 984,667.96	\$ 470,538.66	\$ 9,480,734.69
MONTHLY AMORTIZATION														
MAY	1,992.00	3,190.00	1,653.00	823.00	895.00	912.00	912.00	3,070.00	9,759.22	3,052.00	1,509.30	3,195.65	1,509.68	32,472.85
JUN	1,992.00	3,190.00	1,653.00	823.00	895.00	912.00	912.00	3,070.00	9,759.22	3,052.00	1,641.40	3,327.59	1,509.68	32,736.89
JUL	1,992.00	3,190.00	1,653.00	823.00	895.00	912.00	912.00	3,070.00	9,759.22	3,052.00	1,672.96	3,379.41	1,541.63	32,852.22
AUG	1,992.00	3,190.00	1,653.00	823.00	895.00	912.00	912.00	3,070.00	9,759.22	3,052.00	1,812.20	3,618.26	1,680.87	33,369.55
SEP	1,992.00	3,190.00	1,653.00	823.00	895.00	912.00	912.00	3,070.00	9,759.22	3,052.00	1,911.49	3,780.85	1,788.05	33,738.61
OCT	1,992.00	3,190.00	1,653.00	823.00	895.00	912.00	912.00	3,070.00	9,759.22	3,052.00	1,915.85	3,784.77	1,793.54	33,752.38
NOV	1,992.00	3,190.00	1,653.00	823.00	895.00	912.00	912.00	3,070.00	9,759.22	3,052.00	1,915.85	3,784.77	1,793.54	33,752.38
DEC	1,992.00	3,190.00	1,653.00	823.00	895.00	912.00	912.00	3,070.00	9,759.22	3,052.00	2,058.73	3,932.70	1,936.42	34,186.07
JAN	1,992.00	3,190.00	1,653.00	823.00	895.00	912.00	912.00	3,070.00	9,759.22	3,052.00	2,058.73	3,932.70	1,936.42	34,186.07
FEB	1,992.00	3,190.00	1,653.00	823.00	895.00	912.00	912.00	3,070.00	9,759.22	3,052.00	2,058.73	3,932.70	1,936.42	34,186.07
MAR	1,992.00	3,190.00	1,653.00	823.00	895.00	912.00	912.00	3,070.00	9,759.22	3,052.00	2,058.73	3,932.70	1,936.42	34,186.07
APR	1,992.00	3,190.00	1,653.00	823.00	895.00	912.00	912.00	3,070.00	9,759.22	3,052.00	2,058.73	3,932.70	1,936.42	34,186.07
Total Year	\$ 23,904.00	\$ 38,280.00	\$ 19,836.00	\$ 9,876.00	\$ 10,740.00	\$ 10,944.00	\$ 10,944.00	\$ 36,840.00	\$ 117,110.64	\$ 30,520.00	\$ 20,613.97	\$ 44,534.80	\$ 19,362.67	\$ 393,506.08
New costs to be amortized									\$ 119,232.88	\$ 176,050.49	\$ 251,475.80	\$ 137,497.21	\$ 684,256.38	
Transferred to Loss on reacquired debt										\$ (985,894.40)	\$ (625,855.44)	\$ (588,673.20)	\$ (2,200,423.04)	
Balance April 30, 2008	\$ 454,042.49	\$ 851,670.99	\$ 383,556.00	\$ 180,990.36	\$ 196,869.23	\$ 213,459.02	\$ 213,492.67	\$ 899,398.48	\$ 2,985,973.75	\$ 1,191,608.96	\$ 1,191,608.96	\$ 1,191,608.96	\$ 1,191,608.96	\$ 7,571,061.95

Louisville Gas and Electric Company
 Amortization of Debt Loss
 For the test year ending April 30, 2008

		189004	189007	189008	189009	189010	189014	189015	189018	189011	189012	189013	189017	189019	189024	189025	189030	189031	189033	TOTAL
Amount of Loss on Reacquired Debt		189004	189007	189008	189009	189010	189014	189015	189018	189011	189012	189013	189017	189019	189024	189025	189030	189031	189033	
TYPE		PCB	FMB	PCB	PCB	PCB	PCB	PCB	PCB	PCB	PCB	PCB	PCB	PCB	PCB	Preferred	PCB	PCB	PCB	
SERIES		1985	2009	1976	1975	1987	1990	TC 2000	JC2001	TC 2001	JC 2001	TC 2001	TC 2002	JC 2001	JC 2003	Stock	JC 1992A	JC 1993A	TC 1992B	
BALANCE		\$ 257,214.54	\$ 230,387.28	\$ 135,977.67	\$ 118,332.64	\$ 1,064,098.00	\$ 1,620,191.04	\$ 3,340,877.52	\$ 1,496,920.60	\$ 1,264,324.97	\$ 1,003,107.21	\$ 1,001,734.61	\$ 1,418,678.08	\$ 5,017,130.35	\$ 1,229,948.32	\$ 101,699.10	\$ 130,363.79	\$ 73,832.20	\$ 172,395.37	\$ 10,761,025.42
Mis. I, 2007																				
MONTHLY AMORTIZATION																				
MAY	2,625.00	7,944.00	1,826.00	956.00	8,582.00	6,732.00	11,975.00	6,452.00	5,450.00	4,088.00	4,072.00	4,651.00	15,859.00	3,904.00	391.18	413.87	234.39	147.29	86,622.73	
JUN	2,625.00	7,944.00	1,826.00	956.00	8,582.00	6,732.00	11,975.00	6,452.00	5,450.00	4,088.00	4,072.00	4,651.00	15,859.00	3,904.00	291.18	413.87	234.39	147.29	86,622.73	
JUL	2,625.00	7,944.00	1,826.00	956.00	8,582.00	6,732.00	11,975.00	6,452.00	5,450.00	4,088.00	4,072.00	4,651.00	15,859.00	3,904.00	291.18	413.87	234.39	147.29	86,701.31	
AUG	2,625.00	7,944.00	1,826.00	956.00	8,582.00	6,732.00	11,975.00	6,452.00	5,450.00	4,088.00	4,072.00	4,651.00	15,859.00	3,904.00	369.76	413.87	234.39	147.29	86,701.31	
SEP	2,625.00	7,944.00	1,826.00	956.00	8,582.00	6,732.00	11,975.00	6,452.00	5,450.00	4,088.00	4,072.00	4,651.00	15,859.00	3,904.00	369.76	413.87	234.39	147.29	86,701.31	
OCT	2,625.00	7,944.00	1,826.00	956.00	8,582.00	6,732.00	11,975.00	6,452.00	5,450.00	4,088.00	4,072.00	4,651.00	15,859.00	3,904.00	369.76	413.87	234.39	147.29	86,701.31	
NOV	2,625.00	7,944.00	1,826.00	956.00	8,582.00	6,732.00	11,975.00	6,452.00	5,450.00	4,088.00	4,072.00	4,651.00	15,859.00	3,904.00	369.76	413.87	234.39	147.29	86,701.31	
DEC	2,625.00	7,944.00	1,826.00	956.00	8,582.00	6,732.00	11,975.00	6,452.00	5,450.00	4,088.00	4,072.00	4,651.00	15,859.00	3,904.00	369.76	413.87	234.39	147.29	86,701.31	
JAN	2,625.00	7,944.00	1,826.00	956.00	8,582.00	6,732.00	11,975.00	6,452.00	5,450.00	4,088.00	4,072.00	4,651.00	15,859.00	3,904.00	369.76	413.87	234.39	147.29	86,701.31	
FEB	2,625.00	7,944.00	1,826.00	956.00	8,582.00	6,732.00	11,975.00	6,452.00	5,450.00	4,088.00	4,072.00	4,651.00	15,859.00	3,904.00	369.76	413.87	234.39	147.29	86,701.31	
MAR	2,625.00	7,944.00	1,826.00	956.00	8,582.00	6,732.00	11,975.00	6,452.00	5,450.00	4,088.00	4,072.00	4,651.00	15,859.00	3,904.00	369.76	413.87	234.39	147.29	86,701.31	
APR	2,625.00	7,944.00	1,826.00	956.00	8,582.00	6,732.00	11,975.00	6,452.00	5,450.00	4,088.00	4,072.00	4,651.00	15,859.00	3,904.00	369.76	413.87	234.39	147.29	86,701.31	
Total Year	\$ 31,500.00	\$ 97,328.00	\$ 21,912.00	\$ 11,472.00	\$ 102,984.00	\$ 81,024.00	\$ 143,700.00	\$ 77,424.00	\$ 67,400.00	\$ 49,016.00	\$ 48,864.00	\$ 55,812.00	\$ 190,108.00	\$ 12,952.10	\$ 4,201.38	\$ 7,025.18	\$ 4,784.10	\$ 6,167.48	\$ 1,070,279.24	
New and transferred costs																				
Balance April 30, 2008		\$ 225,714.54	\$ 115,039.28	\$ 115,065.67	\$ 107,060.64	\$ 961,114.00	\$ 1,339,167.04	\$ 3,197,177.52	\$ 1,419,496.60	\$ 1,198,924.97	\$ 956,451.21	\$ 932,870.61	\$ 1,362,866.08	\$ 4,836,828.55	\$ 2,241,818.11	\$ 130,077.72	\$ 749,200.05	\$ 657,756.70	\$ 165,827.89	\$ 10,932,676.78

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 102

Responding Witness: Counsel

- Q-102. List all adjustments to its test that were developed and contemplated by LG&E when preparing its application but were not included in its application. Explain why LG&E decided not to include these adjustments in its application.
- A-102. All decisions regarding which adjustments to include in the application in this proceeding were made in consultation with legal counsel. Any response to this question necessarily requires the Company to reveal the contents of communications with counsel and the mental impressions of counsel, which information is protected from disclosure by the attorney-client privilege and the work product doctrine.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 103

Responding Witness: Shannon L. Charnas

Q-103. Refer to Volume 2 of 3 of KU's response to Staff's first request, Item 31, concerning outside legal services. For each of the outside legal service providers listed below, describe the legal service provided and indicate whether the level of expense constitutes a recurring expense.

- 1) Boehl Stopher and Graves, LLP
- 2) Frost Brown Todd, LLC
- 3) Hunton & Williams
- 4) Jones Day Reavis & Pogue
- 5) Stoll Keenon and Ogden PLLC

A-103.

Firm	Legal Service	Recurring	Gas/Elec/ Both
Boehl Stopher & Graves	Litigation Representation	Yes	Both
Frost Brown Todd, LLC	Litigation, Corporate and Real Estate Representation	Yes	Both
Hunton & Williams	Litigation and Regulatory Representation	Yes	Both
Jones Day Reavis & Pogue	Corporate Representation	Yes	Both
Stoll Keenon and Ogden PLLC	Litigation and Regulatory Representation	Yes	Both

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 104

Responding Witness: Valerie L. Scott

- Q-104. For the 3 most recent years for which tax returns have been filed, provide a list of the companies that have filed a consolidated federal income tax return with LG&E. Identify which companies are regulated and which are not. For each year provide the taxable income or tax losses incurred by each company.
- A-104. See attached. The requested information is being filed pursuant to a Petition for Confidential Protection.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 105

Responding Witness: Valerie L. Scott

- Q-105. For the 3 most recent years for which tax returns have been filed, provide a list of the companies that have filed a consolidated state income tax return with LG&E. Identify which companies are regulated and which are not. For each year provide the taxable income or tax losses incurred by each company.
- A-105. See attached. The requested information is being filed pursuant to a Petition for Confidential Protection.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 106

Responding Witness: S. Bradford Rives

- Q-106. Refer to Volume 1 of 3 of LG&E's response to Staff's first request at Item 4(a), page 3 of 3, which includes among the list of long-term debt instruments several issuances of variable rate "Pollution Control Bonds" which the Commission has granted LG&E authority to refinance.
- a. For each pollution control debt instrument provide the following:
 - (1) The anticipated date refinancing will be completed.
 - (2) The anticipated cost rate to maturity.
 - (3) Updates to this request as new information becomes available.
 - b. If the specific cost rates to maturity cannot be reasonable estimated at the time of this response, state whether the anticipated cost rates are expected to be higher or lower than those shown in Item 4(a), page 3 of 3.
- A-106. a. The attachment shows the anticipated refinancing date for each bond and the initial cost rate based on current market conditions. The actual rates will not be known until the refinancing transactions are completed since market rates change daily. None of these costs are expected to apply through maturity since these are variable rate or limited term fixed rate bonds whose rates will reset periodically until maturity. Updates will be provided monthly beginning with the end of September.
- b. The rate to maturity for variable rate bonds or limited term fixed rate bonds cannot be known as the rates reset periodically until maturity. In general, as shown in the Attachment to 106a, current market conditions generally support an interest rate below the rate included in Volume 1 of 4 of LG&E's response to PSC-1 Question No. 4(a), page 3 of 3.

Louisville Gas and Electric Company
Case No. 2008-00252

Responding Witness: S. Bradford Rives

Schedule of Outstanding Long-Term Debt
For the Year Ended April 30, 2008

Schedule 3

Line No.	Type of Debt Issue (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Coupon interest Rate (1) (e)	Cost Rate at 04/30/08 (2) (f)	Cost Rate to Maturity (3) (g)	Bond Rating at 04/30/08 (4) (h)	Type of Obligation (i)	Estimated Additional Debt Cost (j)	Annualized Cost Col. (d) x Col. (g+j) (k)	Actual Test Year Interest Cost (5) (l)	Incremental Interest Expense (m)
1	Pollution Control Bond	5/19/2000	5/1/2027	25,000,000	Variable	7.875000%	8.294712%	AAA/Aaa	Unsecured	0.000000%	2,073,678	1,200,137	873,541
2	Pollution Control Bond	8/1/2000	8/1/2030	83,335,000	Variable	2.839000%	3.057372%	AAA/Aaa	Unsecured	3.161000%	5,182,080	3,632,688	1,549,392
3	Pollution Control Bond	9/11/2001	9/1/2027	10,104,000	Variable	2.626000%	2.822318%	AAA/Aaa	Unsecured	3.374000%	826,076	420,342	205,734
4	Pollution Control Bond	3/6/2002	9/1/2026	22,500,000	Variable	3.220000%	3.608000%	BBB+/A2	Unsecured	2.780000%	1,437,300	882,770	554,530
5	Pollution Control Bond	3/6/2002	9/1/2026	27,500,000	Variable	3.220000%	3.496873%	BBB+/A2	Unsecured	2.780000%	1,726,140	1,048,381	677,759
6	Pollution Control Bond	3/22/2002	11/1/2027	35,000,000	Variable	3.240000%	3.411429%	BBB+/A2	Unsecured	2.760000%	2,160,000	1,301,476	858,524
7	Pollution Control Bond	3/22/2002	11/1/2027	35,000,000	Variable	3.240000%	3.410880%	BBB+/A2	Unsecured	2.760000%	2,159,808	1,298,696	861,112
8	Pollution Control Bond	10/15/2002	10/1/2032	41,665,000	Variable	3.623000%	3.845374%	AAA/Aaa	Unsecured	2.377000%	2,592,552	1,807,306	785,246
9	Pollution Control Bond	11/20/2003	10/1/2033	128,000,000	Variable	6.415000%	6.655171%	A-A2	Unsecured	0.000000%	8,518,619	5,618,548	2,900,071
10	Pollution Control Bond	4/13/2005	2/1/2035	40,000,000	Variable	2.550000%	2.758683%	AAA/Aaa	Unsecured	3.450000%	2,483,473	1,655,990	827,483
12	Pollution Control Bond	4/26/2007	6/1/2033	31,000,000	Variable	2.530000%	2.625713%	AAA/Aaa	Unsecured	3.470000%	1,889,671	1,353,635	536,036
14	Pollution Control Bond	4/26/2007	6/1/2033	35,200,000	Variable	2.530000%	2.604005%	AAA/Aaa	Unsecured	3.470000%	2,138,050	1,503,768	634,282
16	Pollution Control Bond	4/26/2007	6/1/2033	60,000,000	4.600000%	4.600000%	4.689599%	AAA/Aaa	Unsecured	1.400000%	3,653,759	2,849,861	803,898
17	Fidelia - Unsecured Loan	4/30/2003	4/30/2013	100,000,000	4.550000%	4.550000%	4.550000%	not rated	Unsecured	2.450000%	7,000,000	4,550,000	2,450,000
18	Fidelia - Unsecured Loan	8/15/2003	8/15/2013	100,000,000	5.310000%	5.310000%	5.310000%	not rated	Unsecured	1.690000%	7,000,000	5,310,000	1,690,000
19	Fidelia - Unsecured Loan	1/15/2004	1/16/2012	25,000,000	4.330000%	4.330000%	4.330000%	not rated	Unsecured	2.670000%	1,750,000	1,082,500	667,500
20	Fidelia - Unsecured Loan	4/13/2007	4/13/2037	70,000,000	5.980000%	5.980000%	5.980000%	not rated	Unsecured	1.020000%	4,900,000	4,197,628	702,372
21	Fidelia - Unsecured Loan	4/13/2007	4/13/2031	68,000,000	5.930000%	5.930000%	5.930000%	not rated	Unsecured	1.070000%	4,760,000	4,043,601	716,399
22	Fidelia - Unsecured Loan	11/26/2007	11/26/2022	47,000,000	5.720000%	5.720000%	5.720000%	not rated	Unsecured	1.280000%	3,290,000	1,157,506	2,132,494
23	Interest Rate Swaps										5,215,035	2,452,509	2,762,526
24	Called Bond Expense										263,196	344,220	(81,024)
25	Amortization of Loss on Reacquired Debt										4,437	4,201	236
26													
27	Total Long-Term Debt and Annualized Cost			984,304,000							70,823,874	47,715,763	23,108,111
28													
29	Annualized Cost Rate (Total col (k) / Total Col. (d))				7.195%								
30	Annualized Cost Rate as filed				5.300%								
31	Incremental Interest Rate				1.895%								

- (1) Nominal Rate
- (2) Nominal Rate Plus Discount or Premium Amortization
- (3) Nominal Rate Plus Discount or Premium Amortization and Issuance Cost
- (4) Standard and Poor's / Moody's Agency Ratings
- (5) Sum of Accrued Interest Amortization of Discount or Premium and Issuance Cost
- (6) As of April 30, 2008, the offsetting interest was booked as Interest Revenue. Subsequent to the end of the test year, it was reclassified to Interest Expense.

Note 1: The cost to maturity of the variable rate bonds are based on interest rates at April 30, 2008.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 107

Responding Witness: S. Bradford Rives

Q-107. Refer to pages 21-23 of the Rives Testimony.

- a. Provide the article entitled "U.S. Utilities Ratings Analysis Now Portrayed in the S&P Corporate Ratings Matrix" dated November 30, 2007.
- b. The testimony states that LG&E is committed to maintaining its financial strength. Mr. Rives states that based on the financial scoring systems established by Standard and Poor's, LG&E has targeted an equity ratio of 52 percent. The equity ratio in this case approximates the target ratio at 52.48 percent (unadjusted) and 51.35 percent (adjusted to include imputed debt for purchased power agreements). Discuss the anticipated impacts on LG&E's stockholders and its customers, if its equity ratio dropped significantly below the target. When responding, include discussion of LG&E's resultant financial score using Standard and Poor's scoring system. Explain how these scores could limit LG&E's future access to attractively priced debt.

A-107. a. See attached.

- b. The impact to shareholders of reducing the percentage of equity (and a corresponding increase in debt) in the capital structure would be an increase in the risk. Increasing the debt would place additional obligations in a senior position to the shareholders in claiming rights to the cash flow of the Company. In exchange for accepting this additional risk, the shareholders would require a higher rate of return from the Company.

For customers, the impact of reducing the percentage of equity in the capital structure may be detrimental. It is in the best interest of the customers to have a financially sound utility that can attract capital to make the necessary investments required to provide reliable utility service. Bondholders, like shareholders, will be subjected to additional risk if additional debt is added to the capital structure. As a result, they will require a higher interest rate on the debt. This higher interest rate will apply to all of the Company's debt, not just the additional debt. The shareholders will require a higher return, but on a smaller equity base. The

customer pays higher rates if the weighted average cost of capital is higher with the reduced equity base.

As the creditworthiness of a company declines some investors are no longer willing to loan money to the company. For example, the bonds shown on lines 4 through 7 of Volume 1 of 4 of LG&E's response to PSC-1 Question No. 4, would not be marketable in the current structure at lower ratings. The Company would be forced to convert to a different mode which would increase the interest rates significantly for those bonds. As the risk increases fewer investors are willing to purchase the Company's bonds and capital is no longer available at attractive rates.

The S&P rating is based on a variety of factors, including capital structure. Clearly, as more debt is added to the capital structure the rating would decline, but the rating is not based on a formula. The Company cannot speculate on the reaction of the rating agency to changes in capital structure. However, market interest rates for differing credit ratings are available in the market.

The attached spreadsheet shows the impact, based on current market conditions, on debt rates assuming the company's rating was reduced to BBB-. The resulting increase in interest expense is over \$23 million annually.

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November 30, 2007

U.S. Utilities Ratings Analysis Now Portrayed In The S&P Corporate Ratings Matrix

Primary Credit Analysts:

Todd A Shipman, CFA, New York (1) 212-438-7676; todd_shipman@standardandpoors.com
William Ferrara, New York (1) 212-438-1776; bill_ferara@standardandpoors.com
John W Whitlock, New York (1) 212-438-7678; john_whitlock@standardandpoors.com

Secondary Credit Analyst:

Michael Messer, New York (1) 212- 438-1618; michael_messer@standardandpoors.com

U.S. Utilities Ratings Analysis Now Portrayed In The S&P Corporate Ratings Matrix

The electric, gas, and water utility ratings ranking lists published today by Standard & Poor's U.S. Utilities & Infrastructure Ratings practice are categorized under the business risk/financial risk matrix used by the Corporate Ratings group. This is designed to present our rating conclusions in a clear and standardized manner across all corporate sectors. Incorporating utility ratings into a shared framework to communicate the fundamental credit analysis of a company furthers the goals of transparency and comparability in the ratings process. Table 1 shows the matrix.

Table 1

Business Risk/Financial Risk					
Business Risk Profile	Financial Risk Profile				
	Minimal	Modest	Intermediate	Aggressive	Highly leveraged
Excellent	AAA	AA	A	BBB	BB
Strong	AA	A	A-	BBB-	BB-
Satisfactory	A	BBB+	BBB	BB+	B+
Weak	BBB	BBB-	BB+	BB-	B
Vulnerable	BB	B+	B+	B	B-

The utilities rating methodology remains unchanged, and the use of the corporate risk matrix has not resulted in any changes to ratings or outlooks. The same five factors that we analyzed to produce a business risk score in the familiar 10-point scale are used in determining whether a utility possesses an "Excellent," "Strong," "Satisfactory," "Weak," or "Vulnerable" business risk profile:

- Regulation,
- Markets,
- Operations,
- Competitiveness, and
- Management.

Regulated utilities and holding companies that are utility-focused virtually always fall in the upper range ("Excellent" or "Strong") of business risk profiles. The defining characteristics of most utilities--a legally defined service territory generally free of significant competition, the provision of an essential or near-essential service, and the presence of regulators that have an abiding interest in supporting a healthy utility financial profile--underpin the business risk profiles of the electric, gas, and water utilities.

As the matrix concisely illustrates, the business risk profile loosely determines the level of financial risk appropriate for any given rating. Financial risk is analyzed both qualitatively and quantitatively, mainly with financial ratios and other metrics that are calculated after various analytical adjustments are performed on financial statements prepared under GAAP. Financial risk is assessed for utilities using, in part, the indicative ratio ranges in table 2.

Table 2

Financial Risk Indicative Ratios - U.S. Utilities**(Fully adjusted, historically demonstrated, and expected to consistently continue)**

	Cash flow		Debt leverage
	(FFO/debt) (%)	(FFO/interest) (x)	(Total debt/capital) (%)
Modest	40 - 60	4.0 - 6.0	25 - 40
Intermediate	25 - 45	3.0 - 4.5	35 - 50
Aggressive	10 - 30	2.0 - 3.5	45 - 60
Highly leveraged	Below 15	2.5 or less	Over 50

The indicative ranges for utilities differ somewhat from the guidelines used for their unregulated counterparts because of several factors that distinguish the financial policy and profile of regulated entities. Utilities tend to finance with long-maturity capital and fixed rates. Financial performance is typically more uniform over time, avoiding the volatility of unregulated industrial entities. Also, utilities fare comparatively well in many of the less-quantitative aspects of financial risk. Financial flexibility is generally quite robust, given good access to capital, ample short-term liquidity, and the like. Utilities that exhibit such favorable credit characteristics will often see ratings based on the more accommodative end of the indicative ratio ranges, especially when the company's business risk profile is solidly within its category. Conversely, a utility that follows an atypical financial policy or manages its balance sheet less conservatively, or falls along the lower end of its business risk designation, would have to demonstrate an ability to achieve financial metrics along the more stringent end of the ratio ranges to reach a given rating.

Note that even after we assign a company a business risk and financial risk, the committee does not arrive by rote at a rating based on the matrix. The matrix is a guide—it is not intended to convey precision in the ratings process or reduce the decision to plotting intersections on a graph. Many small positives and negatives that affect credit quality can lead a committee to a different conclusion than what is indicated in the matrix. Most outcomes will fall within one notch on either side of the indicated rating. Larger exceptions for utilities would typically involve the influence of related unregulated entities or extraordinary disruptions in the regulatory environment.

We will use the matrix, the ranking list, and individual company reports to communicate the relative position of a company within its business risk peer group and the other factors that produce the ratings.

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Louisville Gas and Electric Company
Case No. 2008-00252

Responding Witness: S. Bradford Rives

Schedule of Outstanding Long-Term Debt
For the Year Ended April 30, 2008

Schedule 3

Line No.	Type of Debt Issue (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Coupon Interest Rate (1) (e)	Cost Rate at 04/30/08 (2) (f)	Cost Rate to Maturity (3) (g)	Bond Rating at 04/30/08 (4) (h)	Type of Obligation (i)	Estimated Additional Debt Cost (j)	Annualized Cost Col. (d) x Col. (g+i) (k)	Actual Test Year Interest Cost (5) (l)	Incremental Interest Expense (m)
1	Pollution Control Bond	5/19/2000	5/1/2027	25,000,000	Variable	7.875000%	8.294712%	AAA/Aaa	Unsecured	0.000000%	2,073,678	1,200,137	873,541
2	Pollution Control Bond	8/1/2000	8/1/2030	83,335,000	Variable	2.839000%	3.057372%	AAA/Aaa	Unsecured	3.161000%	5,182,080	3,632,688	1,549,392
3	Pollution Control Bond	9/11/2001	9/1/2027	10,104,000	Variable	2.626000%	2.822318%	AAA/Aaa	Unsecured	3.374000%	626,076	420,342	205,734
4	Pollution Control Bond	3/6/2002	9/1/2026	22,500,000	Variable	3.220000%	3.608000%	BBB+/A2	Unsecured	2.780000%	1,437,300	882,770	554,530
5	Pollution Control Bond	3/6/2002	9/1/2026	27,500,000	Variable	3.220000%	3.496873%	BBB+/A2	Unsecured	2.780000%	1,726,140	1,048,381	677,759
6	Pollution Control Bond	3/22/2002	11/1/2027	35,000,000	Variable	3.240000%	3.411429%	BBB+/A2	Unsecured	2.760000%	2,160,000	1,301,476	858,524
7	Pollution Control Bond	3/22/2002	11/1/2027	35,000,000	Variable	3.240000%	3.410880%	BBB+/A2	Unsecured	2.760000%	2,159,808	1,298,696	861,112
8	Pollution Control Bond	10/15/2002	10/1/2032	41,665,000	Variable	3.623000%	3.845374%	AAA/Aaa	Unsecured	2.377000%	2,592,552	1,807,306	785,246
9	Pollution Control Bond	11/20/2003	10/1/2033	128,000,000	Variable	6.415000%	6.655171%	A-A2	Unsecured	0.000000%	8,518,619	5,618,548	2,900,071
10	Pollution Control Bond	4/13/2005	2/1/2035	40,000,000	Variable	2.550000%	2.758683%	AAA/Aaa	Unsecured	3.450000%	2,483,473	1,655,990	827,483
12	Pollution Control Bond	4/26/2007	6/1/2033	31,000,000	Variable	2.530000%	2.625713%	AAA/Aaa	Unsecured	3.470000%	1,889,671	1,353,635	536,036
14	Pollution Control Bond	4/26/2007	6/1/2033	35,200,000	Variable	2.530000%	2.604006%	AAA/Aaa	Unsecured	3.470000%	2,138,050	1,503,768	634,282
16	Pollution Control Bond	4/26/2007	6/1/2033	60,000,000	4.600000%	4.600000%	4.689599%	AAA/Aaa	Unsecured	1.400000%	3,653,759	2,849,861	803,898
17	Fidelity - Unsecured Loan	4/30/2003	4/30/2013	100,000,000	4.550000%	4.550000%	not rated	Unsecured	2.450000%	7,000,000	4,550,000	2,450,000	
18	Fidelity - Unsecured Loan	8/15/2003	8/15/2013	100,000,000	5.310000%	5.310000%	not rated	Unsecured	1.690000%	7,000,000	5,310,000	1,690,000	
19	Fidelity - Unsecured Loan	1/15/2004	1/16/2012	25,000,000	4.330000%	4.330000%	not rated	Unsecured	2.670000%	1,750,000	1,082,500	667,500	
20	Fidelity - Unsecured Loan	4/13/2007	4/13/2037	70,000,000	5.980000%	5.980000%	not rated	Unsecured	1.020000%	4,900,000	4,197,628	702,372	
21	Fidelity - Unsecured Loan	4/13/2007	4/13/2031	68,000,000	5.930000%	5.930000%	not rated	Unsecured	1.070000%	4,760,000	4,043,601	716,399	
22	Fidelity - Unsecured Loan	11/26/2007	11/26/2022	47,000,000	5.720000%	5.720000%	not rated	Unsecured	1.280000%	3,290,000	1,157,506	2,132,494	
23	Interest Rate Swaps										5,215,035	2,452,509	2,762,526
24	Called Bond Expense										263,196	344,220	(81,024)
25	Amortization of Loss on Reacquired Debt										4,437	4,201	236
26													
27	Total Long-Term Debt and Annualized Cost			984,304,000							70,823,874	47,715,763	23,108,111
28													
29	Annualized Cost Rate (Total col (k) / Total Col. (d))			7.195%									
30	Annualized Cost Rate as filed			5.300%									
31	Incremental Interest Rate			1.895%									

- (1) Nominal Rate
- (2) Nominal Rate Plus Discount or Premium Amortization
- (3) Nominal Rate Plus Discount or Premium Amortization and Issuance Cost
- (4) Standard and Poor's / Moody's Agency Ratings
- (5) Sum of Accrued Interest Amortization of Discount or Premium and Issuance Cost.
- (6) As of April 30, 2008, the offsetting interest was booked as Interest Revenue. Subsequent to the end of the test year, it was reclassified to Interest Expense.

Note 1: The cost to maturity of the variable rate bonds are based on interest rates at April 30, 2008.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 108

Responding Witness: S. Bradford Rives

- Q-108. Does Fidelity Corporation provide financing to any companies outside of the E.ON AG family? If yes, state the percentage of loans outside of the E.ON AG family to total loans issued by Fidelity.
- A-108. Fidelity does not provide financing to companies outside the E.ON AG family.

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

**Response to Second Data Request of Commission Staff
Dated August 27, 2008**

Question No. 109

Responding Witness: William E. Avera

- Q-109. Provide the capital structures for years 2007, 2006, and 2005 for the 17 entities included in Mr. Avera's Utility Proxy Group as shown on Schedule WEA-1 of the Avera Testimony. Also provide the cost of each debt and preferred stock component in the capital structures and the most recent authorized return on common equity.
- A-109. The information requested for the 17 entities listed in Schedule WEA-1 of Mr. Avera's testimony is attached. The most recently approved return on common equity for these entities as reported by Value Line indicated. Please note that not all cases have reported allowed returns and the dates of the most recent cases vary between jurisdictions

Utility Proxy Group - Capital Structure / Cost/Return

Allowed ROE

	2005		2006		2007		Allowed ROE
	Capital Structure	Cost/Return	Capital Structure	Cost/Return	Capital Structure	Cost/Return	
Allote							
common equity	60.60%	2.21%	63.00%	11.47%	63.73%	11.80%	11.60%
preferred stock	0.00%	n/a	0.00%	n/a	0.00%	n/a	
debt	39.31%	6.76%	36.91%	7.03%	36.27%	5.82%	
Alliant Energy							
common equity	48.25%	-0.32%	57.74%	11.81%	58.53%	15.86%	10.80%
preferred stock	4.82%	7.67%	5.31%	7.67%	5.32%	7.67%	
debt	46.88%	7.42%	36.95%	8.59%	36.15%	7.05%	
Consolidated Edison							
common equity	46.57%	9.84%	47.07%	9.21%	48.93%	10.24%	9.10%
preferred stock	1.36%	5.16%	1.25%	5.16%	1.15%	5.16%	
debt	52.08%	5.25%	51.68%	5.87%	49.92%	5.69%	
Constellation Energy							
common equity	49.32%	12.68%	46.56%	20.32%	50.45%	15.38%	11.00%
preferred stock	1.91%	6.05%	1.92%	6.05%	1.79%	6.95%	
debt	48.77%	6.31%	51.52%	6.45%	47.76%	6.17%	
Dominion Resources							
common equity	35.54%	9.94%	39.40%	10.69%	35.99%	26.99%	11.40%
preferred stock	0.88%	6.23%	0.78%	6.23%	0.98%	6.23%	
debt	63.58%	4.99%	59.81%	5.16%	63.02%	7.04%	
Duke Energy							
common equity	50.63%	11.02%	56.41%	7.14%	64.31%	7.08%	NC 11.0%
preferred stock	0.00%	n/a	0.00%	n/a	0.00%	n/a	SC 12.25%
debt	49.37%	2.38%	43.59%	3.13%	35.69%	5.82%	OH 12.8%
							IN 10.3%
Entergy Corp.							
common equity	45.09%	11.60%	46.69%	13.82%	41.55%	14.43%	10.0%-13.0%
preferred stock	2.68%	5.53%	2.02%	7.82%	1.64%	8.07%	
debt	52.23%	5.63%	51.29%	6.37%	56.81%	6.16%	
Exelon Corp.							
common equity	39.37%	10.12%	43.25%	15.91%	42.39%	26.99%	10.05%
preferred stock	0.38%	4.60%	0.38%	4.60%	0.36%	4.60%	
debt	60.25%	5.04%	56.38%	6.75%	57.24%	6.21%	
Integrus Energy Group							
common equity	52.35%	12.07%	42.35%	10.16%	53.26%	7.77%	10.90%
preferred stock	2.05%	6.07%	1.41%	6.07%	0.84%	6.07%	
debt	45.60%	5.46%	56.24%	4.87%	45.90%	5.00%	
MDU Resources Group							
common equity	60.57%	14.62%	62.87%	14.66%	65.50%	17.15%	11.4%-13.0%
preferred stock	0.48%	4.57%	0.44%	4.57%	0.39%	4.57%	
debt	38.94%	4.51%	36.69%	5.75%	34.11%	5.51%	
PG&E Corp.							
common equity	40.37%	12.70%	42.53%	12.69%	44.02%	11.76%	11.35%
preferred stock	1.41%	6.35%	1.37%	5.66%	1.30%	5.56%	
debt	58.22%	5.60%	56.10%	7.16%	54.69%	7.17%	
P S Enterprise Group							
common equity	31.67%	10.88%	37.19%	10.85%	42.36%	18.28%	9.75%
preferred stock	0.42%	5.00%	0.44%	5.00%	0.46%	5.00%	
debt	67.91%	5.93%	62.37%	6.99%	57.17%	7.40%	
SCANA Corp.							
common equity	40.00%	13.06%	43.40%	10.89%	43.45%	10.81%	SC Electric
preferred stock	1.86%	6.14%	1.74%	6.14%	1.66%	6.18%	11.00%
debt	58.14%	5.95%	54.86%	5.81%	54.89%	5.51%	SC Gas
							10.25%
Sempra Energy							
common equity	48.98%	14.94%	57.13%	18.72%	58.97%	13.18%	SDG&E 11.1%
preferred stock	1.45%	5.59%	1.36%	5.59%	1.27%	5.59%	SoCalGas
debt	48.57%	5.18%	41.51%	6.43%	39.77%	4.84%	10.82%
Vectren Corp.							
common equity	42.42%	11.97%	40.61%	9.27%	40.63%	11.80%	12.25%
preferred stock	0.00%	n/a	0.00%	n/a	0.00%	n/a	
debt	57.58%	5.41%	59.39%	5.57%	59.37%	5.60%	
Wisconsin Energy							
common equity	40.04%	11.52%	40.12%	10.95%	41.02%	10.83%	10.75%
preferred stock	0.45%	3.95%	0.42%	3.95%	0.40%	3.95%	
debt	59.51%	4.32%	59.46%	4.01%	58.58%	3.76%	
Xcel Energy, Inc.							
common equity	41.57%	9.43%	43.62%	9.76%	43.53%	9.10%	MN 11.47%
preferred stock	0.81%	4.04%	0.79%	4.04%	0.73%	4.04%	WI 10.75% TX 15.05%
debt	57.62%	6.20%	55.59%	6.57%	55.74%	6.45%	CO E 10.75% CO G 10.25%

Return on Common Equity = Net Income / Common Equity

Cost of Preferred Stock = Preferred Dividends / Preferred Stock

Cost of Debt = Interest Expense / Total Debt

Debt includes *Short-Term Debt*

Allowed Return As Reported in Value Line

Please note that some cases in some states have no reported ROE

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2008-00252

CASE NO. 2007-00564

Response to Second Data Request of Commission Staff

Dated August 27, 2008

Question No. 110

Responding Witness: J. Clay Murphy

- Q-110. Refer to Volume 1 of 5 of LG&E's application, Tab 7, at gas tariff sheet No. 30, Rate FT, and gas tariff sheet No. 50, Rate TS, and Volume 4 of 5 at pages 8-9 of the Murphy Testimony. A comparison of these transportation service tariffs to the transportation service tariffs of Kentucky's other major gas distribution utilities, Atmos Energy Corporation, Columbia Gas of Kentucky, Inc. ("Columbia"), Delta Natural Gas Company, Inc., and Duke Energy Kentucky, Inc., shows that only LG&E has tariffs that contain a minimum daily volume requirement, which, in the case of LG&E is 50 Mcf at each individual delivery point. Rate TS includes an alternate minimum volume requirement of 50,000 Mcf annually at each individual delivery point.
- a. Even though LG&E is not proposing to change these volume requirements as part of this case and these requirements have been in existence for a number of years, explain in detail why it is necessary for LG&E's transportation service tariffs to include a minimum daily volume requirement.
 - b. The alternate annual volume requirement of 50,000 Mcf in the Rate TS tariff is twice the size of the next largest volume requirement among Kentucky's other major gas utilities, Columbia's 25,000 Mcf requirement. Explain in detail why it is necessary for the alternate annual volume requirement for Rate TS to be at this level.
 - c. Describe the extent to which LG&E periodically reviews its tariffs in conjunction with changes within the natural gas industry to determine whether changes to items contained in its tariffs, such as minimum volume requirements for transportation service, might be in order.
- A-110. The provisions of LG&E's transportation services (minimum volume requirements, balancing provisions, cash-out provisions, *etc.*) differ from the provisions of transportation services of other Kentucky LDCs and are designed to meet LG&E's unique operating and other circumstances. In its May 29, 1987 Order in Administrative Case No. 297, the Commission acknowledged that

transportation tariffs could differ on a case-by-case basis when it stated “[w]hile the Commission is requiring all Class A LDCs and other intrastate transporters of natural gas to file a nondiscriminatory transportation tariff, its precise form and conditions may vary.” (at p. 53) LG&E’s transportation services are designed to facilitate natural gas transportation service on LG&E’s gas system while maintaining reliable service for sales customers.

- a. LG&E has two transportation tariffs both of which incorporate a minimum daily volume requirement of 50 Mcf per day, specifically Rate TS (which provides the customer with standby sales service) and Rate FT (which is a transportation-only service with no standby sales service).

This minimum daily volume requirement was incorporated into LG&E’s gas transportation tariffs based on the Commission Order dated May 29, 1987, in Administrative Case No. 297, which recognized that “problems do occur with load balancing and accounting for receipt and delivery of natural gas in transportation. Thus, availability may be subject to a minimum volume requirement that will address these concerns.” (at p. 53) The Commission further recognized that “[t]he availability of transportation service may have a minimum volume requirement, subject to the Commission’s approval, to help balance the utility’s planning and contractual needs. The volume level should be determined by each utility and included in its tariff.” (at p. 54)

Rate FT is a natural gas transportation-only service available to customers who use at least 50 Mcf per day. Under Rate FT, LG&E provides firm transportation service from the city-gate (the point where the customer delivers the gas to LG&E for its account) to the customer’s facility. If the customer electing service under Rate FT chooses not to purchase its own gas supply, or if the customer fails to deliver all or any part of its requirements, LG&E has no obligation to provide natural gas, storage, pipeline transportation services (or any associated balancing services) to the customer. Consequently, LG&E does not have resources available to provide firm balancing or other gas-related services to these customers. Customers served under Rate FT are at risk for their own supply and are required to manage and acquire their own supplies within the parameters of LG&E’s Rate FT.

The minimum daily volume requirement of 50 Mcf per day incorporated in Rate FT is intended to ensure that customers served under that rate schedule use gas primarily for processing and not space-heating. Allowing space-heating customers to transport under Rate FT poses risks with respect to LG&E’s system reliability and integrity because LG&E would not have the resources and flexibility available to manage the hourly or daily imbalances that these kinds of customers impose on its system. Extending Rate FT transportation service to predominantly temperature sensitive space-heating

customers, whose hourly and daily usage can fluctuate significantly during peak periods, could jeopardize LG&E's ability to meet its firm sales obligations. This is especially true when customers served under Rate FT provide inadequate or no resources to manage their own hourly and daily load variations.

Additionally, retaining the minimum daily volume requirement of 50 Mcf per day necessarily limits the number of customers served under Rate FT that may have to be physically isolated or curtailed to prevent a supply or other emergency. Under Rate FT, LG&E can issue an Operational Flow Order ("OFO") to protect system integrity. An OFO suspends "as-available" daily balancing service and requires Rate FT customers to follow a specific directive. If a customer fails to comply with an OFO directive, it is financially penalized, in addition to any other action which LG&E may be required to take. These other actions can include, for example, physically isolating or curtailing the customer in order to preserve system integrity. It would be impractical to physically isolate or curtail a large number of customers in the event of a supply or other emergency. In particular, it may be problematic or impractical to physically isolate or curtail numerous space-heating customers.

Another factor considered in retaining the minimum daily volume requirement of 50 Mcf per day is that it limits the costs shifted to sales customers when customers elect service under Rate FT. Although LG&E has included certain provisions in Rate FT to mitigate cost shifting, the fact remains that as customers elect service under Rate FT, they decrease their contribution to fixed costs, and these costs are ultimately shifted to remaining sales customers. Therefore, increasing the number of customers eligible for service under Rate FT increases the potential for cost responsibility to be shifted to sales customers. Additionally, if more customers switch to Rate FT, then LG&E would need to reduce the amount of natural gas supply and pipeline transportation it has under contract to serve firm sales customers. As a result, LG&E may have less ability to offer "as-available" balancing service, and it may impact customers served under Rate FT, for example, by issuing OFOs more frequently.

As a result of the reliability, cost shifting and other concerns described above, LG&E is not proposing to change the eligibility requirements (including the minimum daily threshold) associated with Rate FT. LG&E's reasons for including a minimum daily eligibility threshold of 50 Mcf per day in Rate TS are discussed below in its response to Part (b) of this same data request.

- b. Originally, Rate Schedule TS incorporated only a minimum daily volume requirement of 50 Mcf/day. In Case No. 2000-080, with Commission

approval, LG&E expanded the availability of Rate TS by allowing customers who did not meet the minimum volume requirement of 50 Mcf per day to qualify for transportation under Rate TS if they used 50,000 Mcf per year.

Like Rate FT, Rate TS allows a customer to purchase its own natural gas supply for delivery to LG&E. Unlike customers served under Rate FT, however, if a customer served under Rate TS chooses not to purchase its own natural gas supply or experiences a supply failure, then LG&E has an obligation to provide natural gas, storage, pipeline transportation service (or any associated balancing services) to the customer.

LG&E is concerned that further reducing the minimum requirement (either on a daily or annual basis) for service under Rate TS, could increase the number of space-heating customers served under this rate schedule. Space-heating customers require hourly and daily balancing not required by the predominantly process loads currently served under Rate TS. Space-heating customers (because their loads vary significantly with weather) put greater demands on the system in terms of meeting hourly and daily load variations.

Although LG&E will have the continued responsibility for serving these space-heating customers under Rate TS, it will not manage the gas deliveries made by these customers to LG&E. For example, during critical periods, when LG&E has the responsibility for serving these standby sales customers, the space-heating customers served under Rate TS may deliver all of, some of, none of, or more than their actual gas consumption. As a result, costs could be shifted to sales customers and system reliability could be diminished.

LG&E expressed the same concerns outlined above when it initially expanded the eligibility requirement under Rate TS to include customers using a minimum of 50,000 Mcf per year. At the time that this annual minimum requirement was included in Rate TS, it was LG&E's intention to review the activity under this rate schedule to meaningfully evaluate the impact of expanding the eligibility of Rate TS in terms of decreased reliability or increased costs. However, the number of customers served under this rate schedule has not increased in the last seven years, but has, instead, steadily decreased from about fifteen in 2000 to four in 2008.

LG&E's experience indicates that customers are not particularly interested in standby transportation service under Rate TS. As stated above, only four customers are currently served under Rate TS. Only one of those four is served under Rate TS as the result of previously expanding the eligibility requirement to include the annual threshold; that customer has not transported its own gas supplies in the last five years, instead, relying on

standby sales service from LG&E. LG&E finds that most customers interested in transportation service prefer service under Rate FT, not Rate TS. LG&E's concerns with expanding service eligibility under Rate FT are discussed in Part (a) above.

As further discussed in response to (c) below, LG&E considered withdrawing Rate TS under which it currently serves only four customers. Instead LG&E is retaining Rate TS, but is not proposing to modify the minimum requirements associated with Rate TS. LG&E continues to believe that expanding eligibility under Rate TS could increase operational and reliability risks, as well as shift costs to other customers for the reasons discussed above. Consequently, LG&E is not considering and does not support an expansion of its current eligibility requirements under Rate TS.

- c. LG&E evaluates the adequacy of its gas tariffs on an on-going basis in order to ensure that its services adequately address changes in the natural gas industry and ensure service reliability and system integrity.

In this proceeding, LG&E has proposed, for example, updates to its gas Curtailment Rules and Gas Service Restrictions, the addition of a new gas service (Rate DGGs), and the elimination of an unused service (Rider RBS) (see also, for example, LG&E's response to PSC-2 Question No. 39). In this proceeding, LG&E also considered withdrawing its Rate TS for transportation with standby sales service under which it currently serves only four customers. However, a review of the Commission Order dated May 29, 1987, in Administrative Case No. 297 shows that each Class A LDC must offer transportation service with standby sales service (at p. 37 and 69). Therefore, despite waning interest in transportation with standby sales service, LG&E has retained that service based on the requirement to provide such service expressed in Administrative Case No. 297.

In LG&E's previous rate proceeding in Case No. 2003-00433, LG&E proposed, and the Commission approved, the combination of two different interruptible gas sales services (Rate G-6 and Rate G-7) into a single interruptible gas service (Rate AAGS), and the modification of the reference price for the cash-out mechanism under each of LG&E's gas transportation tariffs (both Rate TS and Rate FT).

In LG&E's gas-only rate proceeding in Case No. 2000-080, LG&E proposed, and the Commission approved, the modification of the reference price for the cash-out mechanism under Rate FT applicable to over- and under-deliveries. LG&E proposed, and the Commission approved, an expansion of the eligibility for service under Rate TS to include customers using 50,000 Mcf per year if they did not meet the 50 Mcf per day minimum. As a part of that eligibility expansion, LG&E also received

Commission approval to modify Rate TS to include a cash-out mechanism applicable to over-deliveries and establish a pooling service for customers served under Rate TS (Rate PS-TS).

Each of these changes was proposed by LG&E to reflect changes in the natural gas industry and ensure that LG&E can properly manage its system operations and supply requirements, maintain system reliability and integrity, and operate its storage facilities without compromising service to LG&E's other customers or otherwise shifting costs to them.