

LG&E Monthly Report to KPSC -- April 30, 2009

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LOUISVILLE GAS AND ELECTRIC COMPANY

Financial Reports

April 30, 2009

Prepared by Regulatory Accounting and Reporting

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Financial and Operating Reports

Louisville Gas and Electric Company
April 30, 2009

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Louisville Gas and Electric Company
Comparative Statement of Income
April 30, 2009

	Current Month		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	66,696,940.69	64,331,457.53	2,365,483.16 3.68
Gas Operating Revenues.....	29,716,264.05	24,590,721.69	5,125,542.36 20.84
Total Operating Revenues.....	96,413,204.74	88,922,179.22	7,491,025.52 8.42
Fuel for Electric Generation.....	26,840,095.84	21,704,759.18	5,135,336.66 23.66
Power Purchased.....	4,143,985.10	6,032,790.30	(1,888,805.20) (31.31)
Gas Supply Expenses.....	20,881,672.44	13,801,522.90	7,080,149.54 51.30
Other Operation Expenses.....	16,439,633.12	14,907,064.84	1,532,568.28 10.28
Maintenance.....	11,374,158.71	8,821,592.39	2,552,566.32 28.94
Depreciation.....	10,712,709.38	9,956,184.21	756,525.17 7.60
Amortization Expense.....	621,387.37	456,402.40	164,984.97 36.15
Regulatory Credits.....	(227,034.93)	(172,149.08)	(54,885.85) (31.88)
Taxes			
Federal Income.....	(164,837.42)	2,734,757.11	(2,899,594.53) (106.03)
State Income.....	(30,061.53)	520,906.12	(550,967.65) (105.77)
Deferred Federal Income - Net.....	-	-	- -
Deferred State Income - Net.....	-	-	- -
Property and Other.....	2,202,750.09	2,044,651.13	158,098.96 7.73
Investment Tax Credit.....	-	-	- -
Amortization of Investment Tax Credit.....	(196,559.00)	(322,577.00)	126,018.00 39.07
Loss (Gain) from Disposition of Allowances.....	-	(44.96)	44.96 100.00
Accretion Expense.....	165,058.63	157,463.21	7,595.42 4.82
Total Operating Expenses.....	92,762,957.80	80,643,322.75	12,119,635.05 15.03
Net Operating Income.....	3,650,246.94	8,278,856.47	(4,628,609.53) (55.91)
Other Income Less Deductions.....	3,799,885.55	(58,407.26)	3,858,292.81 6,605.84
Income Before Interest Charges.....	7,450,132.49	8,220,449.21	(770,316.72) (9.37)
Interest on Long-term Debt.....	3,633,120.85	4,301,523.08	(668,402.23) (15.54)
Amortization of Debt Expense - Net.....	124,146.49	120,887.47	3,259.02 2.70
Other Interest Expenses.....	181,490.58	408,895.92	(227,405.34) (55.61)
Total Interest Charges.....	3,938,757.92	4,831,306.47	(892,548.55) (18.47)
Net Income.....	3,511,374.57	3,389,142.74	122,231.83 3.61

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Louisville Gas and Electric Company
Comparative Statement of Income
April 30, 2009

	Year to Date		
	This Year	Last Year	Increase or Decrease
	Amount	Amount	Amount %
Electric Operating Revenues.....	299,214,387.62	288,727,399.82	10,486,987.80 3.63
Gas Operating Revenues.....	224,612,086.66	215,326,542.24	9,285,544.42 4.31
Total Operating Revenues.....	523,826,474.28	504,053,942.06	19,772,532.22 3.92
Fuel for Electric Generation.....	117,494,437.34	101,179,512.47	16,314,924.87 16.12
Power Purchased.....	23,100,438.32	29,915,573.67	(6,815,135.35) (22.78)
Gas Supply Expenses.....	173,431,543.86	166,311,107.22	7,120,436.64 4.28
Other Operation Expenses.....	74,713,842.78	63,361,343.76	11,352,499.02 17.92
Maintenance.....	69,231,487.55	35,481,694.40	33,749,793.15 95.12
Depreciation.....	42,312,939.04	40,067,662.57	2,245,276.47 5.60
Amortization Expense.....	2,090,153.62	1,762,468.67	327,684.95 18.59
Regulatory Credits.....	(761,569.56)	(688,593.95)	(72,975.61) (10.60)
Taxes			
Federal Income.....	(3,511,025.80)	12,442,024.51	(15,953,050.31) (128.22)
State Income.....	(408,569.48)	1,988,496.30	(2,397,065.78) (120.55)
Deferred Federal Income - Net.....	1,536,591.31	(333,729.55)	1,870,320.86 560.43
Deferred State Income - Net.....	(300,212.87)	46,924.12	(347,136.99) (739.78)
Property and Other.....	9,055,757.71	8,340,347.13	715,410.58 8.58
Investment Tax Credit.....	912,336.51	1,300,000.00	(387,663.49) (29.82)
Amortization of Investment Tax Credit.....	(960,758.72)	(1,303,990.16)	343,231.44 26.32
Loss (Gain) from Disposition of Allowances.....	(66,274.06)	(456,254.88)	389,980.82 85.47
Accretion Expense.....	655,336.18	629,852.84	25,483.34 4.05
Total Operating Expenses.....	508,526,453.73	460,044,439.12	48,482,014.61 10.54
Net Operating Income.....	15,300,020.55	44,009,502.94	(28,709,482.39) (65.23)
Other Income Less Deductions.....	8,921,905.70	(434,657.80)	9,356,563.50 2,152.63
Income Before Interest Charges.....	24,221,926.25	43,574,845.14	(19,352,918.89) (44.41)
Interest on Long-term Debt.....	14,695,726.28	17,105,275.16	(2,409,548.88) (14.09)
Amortization of Debt Expense - Net.....	495,317.79	483,549.78	11,768.01 2.43
Other Interest Expenses.....	938,686.11	1,283,827.39	(345,141.28) (26.88)
Total Interest Charges.....	16,129,730.18	18,872,652.33	(2,742,922.15) (14.53)
Net Income.....	8,092,196.07	24,702,192.81	(16,609,996.74) (67.24)

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Louisville Gas and Electric Company
Comparative Statement of Income
April 30, 2009

	Year Ended Current Month		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	1,025,441,328.09	932,384,515.71	93,056,812.38 9.98
Gas Operating Revenues.....	467,650,637.50	392,391,112.07	75,259,525.43 19.18
Total Operating Revenues.....	1,493,091,965.59	1,324,775,627.78	168,316,337.81 12.71
Fuel for Electric Generation.....	360,851,659.32	317,506,068.88	43,345,590.44 13.65
Power Purchased.....	111,092,396.99	81,802,192.21	29,290,204.78 35.81
Gas Supply Expenses.....	360,271,070.62	288,710,020.24	71,561,050.38 24.79
Other Operation Expenses.....	205,420,288.18	177,437,780.09	27,982,508.09 15.77
Maintenance.....	128,275,637.71	94,014,608.10	34,261,029.61 36.44
Depreciation.....	123,597,180.62	120,446,401.97	3,150,778.65 2.62
Amortization Expense.....	6,208,086.69	5,859,616.94	348,469.75 5.95
Regulatory Credits.....	(2,139,587.86)	(1,992,809.55)	(146,778.31) (7.37)
Taxes			
Federal Income.....	24,090,359.37	32,975,342.97	(8,884,983.60) (26.94)
State Income.....	1,885,358.61	6,784,324.43	(4,898,965.82) (72.21)
Deferred Federal Income - Net.....	(394,795.45)	8,095,572.79	(8,490,368.24) (104.88)
Deferred State Income - Net.....	(2,840,632.63)	1,257,954.10	(4,098,586.73) (325.81)
Property and Other.....	24,672,482.93	22,457,792.07	2,214,690.86 9.86
Investment Tax Credit.....	7,733,364.51	7,679,626.00	53,738.51 0.70
Amortization of Investment Tax Credit.....	(3,527,688.63)	(3,931,611.70)	403,923.07 10.27
Loss (Gain) from Disposition of Allowances.....	(66,274.06)	(456,254.88)	389,980.82 85.47
Accretion Expense.....	1,915,043.01	1,816,581.88	98,461.13 5.42
Total Operating Expenses.....	1,347,043,949.93	1,160,463,206.54	186,580,743.39 16.08
Net Operating Income.....	146,048,015.66	164,312,421.24	(18,264,405.58) (11.12)
Other Income Less Deductions.....	(21,862,196.64)	63,212.02	(21,925,408.66) (34,685.51)
Income Before Interest Charges.....	124,185,819.02	164,375,633.26	(40,189,814.24) (24.45)
Interest on Long-term Debt.....	40,700,822.55	49,277,780.58	(8,576,958.03) (17.41)
Amortization of Debt Expense - Net.....	1,597,394.28	1,443,785.84	153,608.44 10.64
Other Interest Expenses.....	8,297,317.94	5,391,496.62	2,905,821.32 53.90
Total Interest Charges.....	50,595,534.77	56,113,063.04	(5,517,528.27) (9.83)
Net Income.....	73,590,284.25	108,262,570.22	(34,672,285.97) (32.03)
Preferred Dividend Requirements.....	-	5,000.00	(5,000.00) (100.00)
Earnings Available for Common.....	73,590,284.25	108,257,570.22	(34,667,285.97) (32.02)

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Louisville Gas and Electric Company
 Analysis of Retained Earnings
 April 30, 2009

	Current Month		Year to Date		Year Ended Current Month	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Balance at Beginning of Period.....	709,742,492.69	671,274,440.27	740,161,671.19	689,961,390.20	674,663,583.01	636,462,008.79
Add:						
Net Income for Period.....	3,511,374.57	3,389,142.74	8,092,196.07	24,702,192.81	73,590,284.25	108,262,570.22
FIN 48 Adjustment.....	-	-	-	-	-	(55,996.00)
Deduct:						
Adjustment to Retained Earnings.....	-	-	-	-	-	5,000.00
Common Dividends	-	-	-	-	-	-
Common Stock Without Par Value.....	-	-	35,000,000.00	40,000,000.00	35,000,000.00	70,000,000.00
Balance at End of Period.....	<u>713,253,867.26</u>	<u>674,663,583.01</u>	<u>713,253,867.26</u>	<u>674,663,583.01</u>	<u>713,253,867.26</u>	<u>674,663,583.01</u>

May 22, 2009

Louisville Gas and Electric Company
Comparative Balance Sheets as of April 30, 2009 and 2008

	This Year	Last Year	Liabilities and Other Credits	This Year	Last Year
Assets and Other Debits					
Utility Plant			Capitalization		
Utility Plant at Original Cost.....	4,548,673,762.35	4,378,886,316.00	Common Stock.....	425,170,424.09	425,170,424.09
Less Reserves for Depreciation and Amortization....	1,968,065,915.18	1,898,781,650.91	Common Stock Expense.....	(835,888.64)	(835,888.64)
Total.....	2,580,607,847.17	2,480,104,665.09	Paid-In Capital.....	83,530,392.00	60,000,000.00
			Other Comprehensive Income.....	(12,448,781.59)	(14,701,983.08)
			Retained Earnings.....	713,253,867.26	674,663,583.01
Investments			Total Common Equity.....	1,208,670,013.12	1,144,296,135.38
Ohio Valley Electric Corporation.....	594,286.00	594,286.00	Pollution Control Bonds - Net of Recquired Bonds	411,104,000.00	468,104,000.00
Nonutility Property-Less Reserve.....	11,879.20	11,879.20	LT Notes Payable to Associated Companies.....	485,000,000.00	410,000,000.00
Special Funds.....	18,686,177.51	27,638,933.84	Total Long-term Debt.....	896,104,000.00	878,104,000.00
Other.....	-	14,921,226.00	Total Capitalization.....	2,104,774,013.12	2,022,400,135.38
Total.....	19,292,342.71	43,166,325.04			
			Current and Accrued Assets		
Cash.....	3,820,155.44	1,491,264.02	ST Notes Payable to Associated Companies.....	132,010,400.00	158,075,200.00
Special Deposits.....	1,473,581.50	1,538,663.07	Accounts Payable.....	87,843,346.55	93,669,891.54
Temporary Cash Investments.....	119.71	36,310.25	Accounts Payable to Associated Companies.....	15,866,507.19	19,666,353.44
Accounts Receivable-Less Reserve.....	144,160,004.57	144,899,165.08	Customer Deposits.....	21,688,922.65	20,064,241.24
Accounts Receivable from Associated Companies.....	3,988,155.31	3,145,552.87	Taxes Accrued.....	6,439,265.16	7,299,525.53
Materials and Supplies-AI Average Cost			Interest Accrued.....	9,012,961.68	7,678,980.48
Fuel.....	51,671,224.31	41,626,021.35	ST Obligations Under Capital Leases.....	(1.00)	275,441.25
Plant Materials and Operating Supplies.....	28,383,345.42	26,612,701.77	Miscellaneous Current and Accrued Liabilities.....	31,818,900.35	11,902,402.67
Stores Expense.....	4,005,225.59	4,486,000.95	Total.....	304,680,302.58	318,632,036.15
Gas Stored Underground.....	25,403,450.31	16,329,064.58			
Allowance Inventory.....	5,562.36	10,618.57	Deferred Credits and Other		
Prepayments.....	4,401,537.02	4,000,140.28	Accumulated Deferred Income Taxes.....	412,064,151.86	398,795,538.80
Miscellaneous Current and Accrued Assets.....	5,128,024.80	-	Investment Tax Credit.....	50,300,647.92	46,094,972.04
Total.....	272,440,386.34	244,175,502.79	Regulatory Liabilities.....	96,070,852.75	54,711,741.54
			Customer Advances for Construction.....	10,006,105.25	20,132,319.04
Deferred Debits and Other			Asset Retirement Obligations.....	32,819,255.67	30,186,557.26
Unamortized Debt Expense.....	3,964,436.12	7,571,061.95	Other Deferred Credits.....	17,133,080.52	20,151,668.85
Unamortized Loss on Bonds.....	23,956,057.14	20,952,676.78	Miscellaneous Long-term Liabilities.....	47,367,509.91	30,980,503.38
Accumulated Deferred Income Taxes.....	62,955,745.53	52,590,459.57	Accum Provision for Postretirement Benefits.....	217,280,636.27	95,420,676.09
Deferred Regulatory Assets.....	331,075,859.50	150,694,189.56	Total.....	883,042,240.15	696,473,977.00
Other Deferred Debits.....	(1,796,118.66)	38,251,267.75	Total Liabilities and Other Credits.....	3,292,496,555.85	3,037,506,148.53
Total.....	420,155,979.63	270,059,655.61			
Total Assets and Other Debits.....	3,292,496,555.85	3,037,506,148.53			

May 22, 2009

Louisville Gas and Electric Company
Statement of Capitalization and Short-term Debt
April 30, 2009

	Authorized Shares	Issued and Outstanding Shares	Amount	Capital and ST Debt	Percent of Total Capital
Common Equity					
Common Stock - Without Par.....	75,000,000	21,294,223	425,170,424.09		
Common Stock Expense.....			(835,888.64)		
Paid-In Capital.....			83,530,392.00		
Other Comprehensive Income.....			(12,448,781.59)		
Retained Earnings.....			713,253,867.26		
Total Common Equity.....			1,208,670,013.12	54.04	57.43
Long-term Debt					
Pollution Control Bonds					
Jefferson County 2000 Series A due 05/01/27 5.375%.....			25,000,000.00		
Trimble County 2000 Series A due 08/01/30 Var%.....			83,335,000.00		
Jefferson County 2001 Series A due 09/01/27 Var%.....			10,104,000.00		
Jefferson County 2001 Series A due 09/01/26 Var%.....			22,500,000.00		
Trimble County 2001 Series A due 09/01/26 Var%.....			27,500,000.00		
Jefferson County 2001 Series B due 11/01/27 Var%.....			35,000,000.00		
Trimble County 2001 Series B due 11/01/27 Var%.....			35,000,000.00		
Trimble County 2002 Series A due 10/01/32 Var%.....			41,665,000.00		
Louisville Metro 2003 Series A due 10/01/33 Var%.....			128,000,000.00		
Louisville Metro 2005 Series A due 02/01/35 5.750%.....			40,000,000.00		
Louisville Metro 2007 Series A due 06/01/33 5.625%.....			31,000,000.00		
Louisville Metro 2007 Series B due 06/01/33 Var%.....			35,200,000.00		
Trimble County 2007 Series A due 06/01/33 4.600%.....			60,000,000.00		
			<u>574,304,000.00</u>	<u>25.68</u>	<u>27.28</u>
Less reacquired Bonds					
Louisville Metro 2003 Series A due 10/01/33 Var%.....			(128,000,000.00)		
Louisville Metro 2007 Series B due 06/01/33 Var%.....			(35,200,000.00)		
			<u>(163,200,000.00)</u>	<u>(7.30)</u>	<u>(7.75)</u>
Total Pollution Control Bonds - Net of Reacquired Bonds.....			411,104,000.00	18.38	19.53
Long-term Notes Payable to Associated Companies.....			485,000,000.00	21.68	23.04
Total Capitalization.....			2,104,774,013.12	94.10	100.00
Short-term Notes Payable to Associated Companies.....			132,010,400.00	5.90	
Total Capitalization and Short-term Debt.....			2,236,784,413.12	100.00	

Louisville Gas and Electric Company
Summary Trial Balance
April 30, 2009

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Utility Plant		
At Original Cost.....	4,548,673,762.35	4,548,673,762.35
Reserves for Depreciation and Amortization.....		(1,968,065,915.18)
Depreciation of Plant		
Electric.....	(1,644,668,083.96)	
Gas.....	(223,940,205.23)	
Common.....	(79,882,557.54)	
Amortization of Plant		
Common.....	(19,574,168.45)	
Gas.....	(800.00)	
Electric.....	(100.00)	
Investments.....		19,292,342.71
Special Funds.....	18,686,177.51	
Ohio Valley Electric Corporation.....	594,286.00	
Nonutility Property.....	75,239.56	
Nonutility Property Reserve.....	(63,360.36)	
Cash.....	3,820,155.44	3,820,155.44
Special Deposits.....		1,473,581.50
Other Special Deposits.....	1,473,581.50	
Temporary Cash Investments.....	119.71	119.71
Accounts Receivable - Less Reserve.....		144,160,004.57
Customers - Active.....	84,325,337.43	
Unbilled Revenues.....	51,079,222.32	
IMPA.....	2,623,371.62	
IMEA.....	2,555,479.67	
Sundry Accounts Receivable.....	1,732,737.03	
Wholesale Sales.....	1,501,889.11	
Rents Receivable.....	787,188.55	
Damage Claims.....	573,623.34	
Electricity Swaps.....	451,840.00	
Transmission Sales.....	128,817.36	
Employee Computer Loans.....	82,576.94	
Interest and Dividends Receivable.....	22,089.56	
Working Funds.....	21,280.00	
Other.....	246,658.21	
Reserves for Uncollectible Accounts		
Utility Customers		
Reserve.....	(1,498,599.00)	
A/R Miscellaneous.....	(711,855.00)	
Recoveries.....	(679,720.95)	
Accrual.....	(487,124.16)	
Charged Off.....	1,405,192.54	
Accounts Receivable from Associated Companies.....		3,988,155.31
E.ON US Services/Kentucky Utilities Company.....	3,988,155.31	
Fuel.....		51,671,224.31
Coal 1,233,180.66 Tons @ \$41.64; MMBtu 27,997,237.46 @ 183.40¢.....	51,347,814.99	
Fuel Oil 173,516 Gallons @ 161.30¢.....	279,880.74	
Gas Pipeline 5,300.00 Mcf @ \$8.21.....	43,528.58	
Plant Materials and Operating Supplies.....		28,383,345.42
Regular Materials and Supplies.....	27,941,805.02	
Limestone 54,827.91 Tons @ \$ 8.05.....	441,540.40	

May 22, 2009

Louisville Gas and Electric Company
Summary Trial Balance
April 30, 2009

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Stores Expense Undistributed.....	4,005,225.59	4,005,225.59
Gas Stored Underground - Current.....		25,403,450.31
Gas St. Underground*2,523,218.00 Mcf (14.73 psia) @ \$ 10.07.....	25,403,450.31	
Allowance Inventory.....	5,562.36	5,562.36
Prepayments.....		4,401,537.02
Insurance.....	2,645,302.16	
Taxes.....	315,072.03	
Rights of Way.....	266,666.70	
Franchises.....	252,381.69	
Risk Management and Workers Compensation.....	90,000.00	
Vehicle License.....	42,653.37	
Other.....	789,461.07	
Miscellaneous Current Assets.....		5,128,024.80
Derivative Asset - Non-Hedging.....	5,128,024.80	
Unamortized Debt Expense.....		3,964,436.12
Trimble County 2000 Series A due 08/01/30 Var%.....	817,836.60	
Jefferson County 2001 Series A due 09/01/27 Var%.....	369,273.96	
Jefferson County 2001 Series B due 11/01/27 Var%.....	203,412.10	
Trimble County 2001 Series A due 09/01/26 Var%.....	187,026.52	
Jefferson County 2001 Series A due 09/01/26 Var%.....	172,012.02	
Trimble County 2001 Series B due 11/01/27 Var%.....	203,445.46	
Trimble County 2002 Series A due 10/01/32 Var%.....	867,012.90	
Trimble County 2007 Series A due 06/01/33 4.600%.....	1,144,416.56	
Unamortized Loss on Bonds.....	23,956,057.14	23,956,057.14
Accumulated Deferred Income Taxes.....		62,955,745.53
Federal.....		
Electric.....	48,496,864.85	
Gas.....	4,851,338.23	
State.....		
Electric.....	8,722,799.93	
Gas.....	884,742.52	
Regulatory Assets.....		331,075,859.50
Pension and Postretirement Benefits.....	249,597,539.00	
Asset Retirement Obligations.....		
Electric.....	20,990,216.10	
Gas.....	8,230,190.52	
Common.....	25,198.60	
2008 Wind Storm.....	23,540,332.79	
MISO Exit Fee.....	6,575,406.98	
Gas Supply Clause/PBR.....	6,356,434.26	
Environmental Cost Recovery.....	5,545,577.00	
Fuel Adjustment Clause.....	5,126,000.00	
ECR Ash Hauling.....	2,057,653.98	
Rate Case Expenses.....	936,309.96	
EKPC FERC Transmission Costs.....	819,600.08	
KCCS Funding.....	660,400.23	
Other.....	615,000.00	
Other Deferred Debits.....	(1,796,118.66)	(1,796,118.66)
Total Assets and Other Debits.....	3,292,496,555.85	3,292,496,555.85

* Excludes:		\$	Mcf
Non-recoverable Base Gas	9,648,855.00		7,880,000
Recoverable Base Gas	<u>2,139,990.00</u>		<u>2,930,000</u>
	11,788,845.00		10,810,000

May 22, 2009

Louisville Gas and Electric Company
Summary Trial Balance
April 30, 2009

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Common Equity.....		1,208,670,013.12
Common Stock.....	425,170,424.09	
Common Stock Expense.....	(835,888.64)	
Paid-In Capital.....	83,530,392.00	
Other Comprehensive Income.....	(12,448,781.59)	
Retained Earnings.....	713,253,867.26	
Bonds.....	411,104,000.00	411,104,000.00
Long-term Notes Payable to Associated Companies.....	485,000,000.00	485,000,000.00
Short-term Notes Payable to Associated Companies.....	132,010,400.00	132,010,400.00
Accounts Payable.....		87,843,346.55
Regular.....	84,458,856.98	
Salaries and Wages Accrued.....	2,496,287.91	
Tax Collections - Payable.....	1,014,722.60	
Employee Withholdings Payable.....	(126,520.94)	
Accounts Payable to Associated Companies.....		15,866,507.19
E.ON US Services/Kentucky Utilities Company.....	15,866,507.19	
Customers' Deposits.....	21,688,922.65	21,688,922.65
Taxes Accrued.....	6,439,265.16	6,439,265.16
Interest Accrued.....		9,012,961.68
Jefferson County 2000 Series A due 05/01/27 5.375%.....	582,291.74	
Trimble County 2000 Series A due 08/01/30 Var%.....	1,203.75	
Jefferson County 2001 Series A due 09/01/27 Var%.....	303.22	
Jefferson County 2001 Series A due 09/01/26 Var%.....	15,410.99	
Trimble County 2001 Series A due 09/01/26 Var%.....	18,835.60	
Jefferson County 2001 Series B due 11/01/27 Var%.....	19,178.06	
Trimble County 2001 Series B due 11/01/27 Var%.....	19,178.37	
Trimble County 2002 Series A due 10/01/32 Var%.....	1,031.89	
Louisville Metro 2003 Series A 11/20/03 due 10/01/33 Var%.....	0.01	
Louisville Metro 2005 Series A due 02/01/35 5.750%.....	568,611.19	
Louisville Metro 2007 Series A due 06/01/33 5.625%.....	755,625.05	
Trimble County 2007 Series A due 06/01/33 4.600%.....	1,150,000.00	
Fidelia.....	4,865,800.56	
Interest Rate Swaps.....	611,108.50	
Customers' Deposits.....	226,549.82	
Other.....	177,832.93	
Short-term Obligations under Capital Leases.....	(1.00)	(1.00)
Miscellaneous Current and Accrued Liabilities.....		31,818,900.35
No-Notice Gas Payable.....	13,016,706.76	
Vacation Pay Accrued.....	5,477,890.52	
Customer Overpayments.....	3,514,093.94	
Postretirement Benefits - Current.....	3,411,968.00	
Derivative Liabilities - Non-Hedging.....	832,160.27	
Other.....	5,566,080.86	

May 22, 2009

Louisville Gas and Electric Company
Summary Trial Balance
April 30, 2009

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Accumulated Deferred Income Taxes.....		412,064,151.86
Federal		
Electric.....	305,806,908.79	
Gas.....	48,489,402.41	
State		
Electric.....	50,454,886.47	
Gas.....	7,312,954.19	
Investment Tax Credit.....		50,300,647.92
Job Development Credit		
Electric.....	28,349,553.25	
Gas.....	938,104.16	
Advanced Coal Credit.....	21,012,990.51	
Regulatory Liabilities.....		96,070,852.75
Deferred Taxes		
Federal		
Electric.....	22,823,270.30	
Gas.....	1,394,245.34	
State		
Electric.....	17,295,732.68	
Gas.....	2,567,058.44	
Gas Supply Clause/PBR.....	35,746,923.64	
DSM Cost Recovery.....	10,060,009.86	
MISO Schedule 10 Charges.....	2,911,495.24	
Asset Retirement Obligations		
Gas.....	2,603,345.97	
Electric.....	668,771.28	
Customers' Advances for Construction.....		10,006,105.25
Line Extensions		
Gas.....	7,780,164.61	
Electric.....	847,187.16	
Customer Advances - Museum Plaza.....	1,378,753.48	
Asset Retirement Obligations.....		32,819,255.67
Electric.....	24,421,834.63	
Gas.....	8,369,698.33	
Common.....	27,722.71	
Other Deferred Credits.....	17,133,080.52	17,133,080.52
Miscellaneous Long-term Liabilities.....		47,367,509.91
Long-term Derivative Liabilities - SFAS 133.....	41,872,948.60	
Workers' Compensation.....	5,494,561.31	
Accumulated Provision for Benefits.....		217,280,636.27
Pension Payable.....	135,235,667.00	
Postretirement Benefits - SFAS 106.....	78,478,235.27	
Post Employment Benefits Payable.....	3,747,857.00	
Post Employment Medicare Subsidy.....	(181,123.00)	
Total Liabilities and Other Credits.....	3,292,496,555.85	3,292,496,555.85

May 22, 2009

Louisville Gas and Electric Company
Statement of Cash Flows
April 30, 2009

	Year to Date	
	2009	2008
Cash Flows from Operating Activities		
Net income.....	8,092,196.07	24,702,192.81
Items not requiring (providing) cash currently:		
Depreciation.....	42,312,939.04	40,067,662.57
Amortization.....	2,090,153.62	1,762,468.67
Deferred income taxes - net.....	1,236,378.44	248,667.57
Investment tax credit - net.....	(48,422.21)	(3,990.16)
Other.....	876,739.44	2,776,042.99
Change in receivables.....	55,456,684.25	40,533,911.30
Change in inventory.....	85,418,970.81	69,052,262.08
Change in allowance inventory.....	397.85	840.90
Change in payables and accrued expenses.....	(31,700,088.39)	(7,745,961.41)
Change in regulatory assets.....	(13,836,182.67)	327,859.72
Change in regulatory liabilities.....	39,804,621.59	(403,796.08)
Change in other deferred debits.....	40,113,301.00	(5,530,562.03)
Change in other deferred credits.....	(26,518,935.93)	(20,710,584.56)
Other.....	(19,091,815.36)	10,493,878.92
Net cash provided (used) by operating activities.....	<u>184,206,937.55</u>	<u>155,570,893.29</u>
Cash Flows from Investing Activities		
Gross additions to utility plant - construction expenditures.....	(51,902,561.08)	(72,228,536.69)
Gross additions to common utility plant - construction expenditures.....	(5,017,444.25)	(9,484,055.18)
Change in restricted cash.....	468,541.83	(8,737,689.82)
Change in non-hedging derivatives.....	(3,044,692.54)	385,022.65
Net cash provided (used) by investing activities.....	<u>(59,496,156.04)</u>	<u>(90,065,259.04)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of long-term debt.....	(189,543.73)	(8,927.49)
Net change in short-term debt.....	(89,988,800.00)	79,834,000.00
Payments for reacquisition of long-term debt.....	-	(106,200,000.00)
Net change in short-term capital lease obligations.....	-	(129,996.44)
Net change in long-term capital lease obligations.....	(23,651.00)	(23,649.00)
Net change in restricted cash.....	-	(1,797,905.93)
Dividends on common stock.....	(35,000,000.00)	(40,000,000.00)
Net cash provided (used) by financing activities.....	<u>(125,201,994.73)</u>	<u>(68,326,478.86)</u>
Net Increase (Decrease) in Cash and Cash Equivalents.....	(491,213.22)	(2,820,844.61)
Cash and Cash Equivalents at Beginning of Period.....	<u>4,311,488.37</u>	<u>4,348,418.88</u>
Cash and Cash Equivalents at End of Period.....	<u><u>3,820,275.15</u></u>	<u><u>1,527,574.27</u></u>

May 22, 2009

Louisville Gas and Electric Company
Analysis of Interest Charges
April 30, 2009

	Current Month		Year to Date		Year Ended Current Month	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Interest on Long-term Debt						
Loan Agreement - Pollution Control Bonds						
1992 Series A Variable.....	-	-	-	-	-	(114,698.96)
1992 Series A Variable TC.....	-	-	-	-	-	(221,983.33)
1993 Series A Variable Rate.....	-	-	-	-	-	(130,235.14)
Jefferson County 2000 Series A due 05/01/27 5.375%....	111,979.17	164,062.50	447,916.68	539,670.12	582,293.75	1,176,232.62
Trimble County 2000 Series A due 08/01/30 Var%.....	15,463.27	212,212.58	89,446.24	1,075,479.85	1,616,104.11	3,450,708.22
Jefferson County 2001 Series A due 09/01/27 Var%.....	3,261.35	24,494.07	16,774.34	121,641.22	183,740.42	400,506.06
Jefferson County 2001 Series A due 09/01/26 Var%.....	19,263.69	59,414.16	103,214.76	239,637.08	388,829.10	795,470.12
Trimble County 2001 Series A due 09/01/26 Var%.....	23,544.52	72,617.29	126,151.38	292,889.74	475,235.55	972,241.19
Jefferson County 2001 Series B due 11/01/27 Var%.....	23,732.88	92,996.06	137,828.31	375,084.10	584,777.74	1,241,476.46
Trimble County 2001 Series B due 10/01/32 Var%.....	19,314.31	129,086.37	137,828.31	375,084.10	584,777.74	1,238,887.43
Louisville Metro 2003 Series A due 10/01/33 Var%.....	(5,409.06)	696,913.74	(21,636.24)	2,076,942.19	780,486.88	5,311,128.85
Louisville Metro 2005 Series A due 02/01/35 5.750%....	191,666.67	69,180.33	766,666.67	584,451.02	907,726.77	1,572,517.70
Louisville Metro 2007 Series A due 06/01/33 5.625%....	145,312.50	76,745.92	581,250.00	552,397.87	700,026.35	1,325,995.99
Trimble County 2007 Series B due 06/01/33 5.625%....	-	87,143.76	(0.03)	617,485.55	(48,964.84)	1,479,656.25
Trimble County 2007 Series A due 06/01/33 4.600%....	230,000.00	248,270.00	920,000.02	930,603.33	2,760,000.02	2,798,758.93
Interest Rate Swaps.....	611,108.53	434,586.25	2,422,428.93	1,409,701.48	5,807,870.31	2,452,508.54
Notes/Debentures.....	-	20,029.00	-	36,466.00	(36,466.00)	3,472,721.41
Fidelia.....	2,220,150.14	1,820,774.99	8,880,600.11	7,283,099.96	24,470,550.09	20,341,234.38
\$5.875 Mandatory Redeemable Preferred Stock.....						
Total.....	3,633,120.85	4,301,523.08	14,695,726.28	17,105,275.16	40,700,822.55	49,277,780.58
Amortization of Debt Expense - Net						
Amortization of Debt Expense.....	15,462.72	27,138.92	61,721.57	126,645.16	214,730.44	393,506.16
Amortization of Loss on Reacquired Debt.....	108,683.77	93,748.55	433,596.22	356,904.62	1,382,663.84	1,050,279.68
Total.....	124,146.49	120,887.47	495,317.79	483,549.78	1,597,394.28	1,443,785.84
Other Interest Charges						
Customers' Deposits.....	99,666.99	85,681.73	360,202.45	341,885.16	1,097,712.23	998,419.54
Federal Income Tax Deficiencies.....	-	-	-	-	-	-
Other Tax Deficiencies.....	-	-	-	1,111.00	(3,221.00)	(500.41)
Gas Refunds.....	-	-	-	-	-	544.60
Interest on DSM Cost Recovery.....	7,011.45	28,826.00	28,826.00	-	70,505.09	-
Interest on Debt to Associated Companies.....	58,561.89	323,059.20	401,066.41	940,676.24	5,691,466.50	4,392,238.45
Other Interest Expense.....	16,250.25	154.99	148,591.25	154.99	1,440,855.12	794.44
Total.....	181,490.58	408,895.92	938,686.11	1,283,827.39	8,297,317.94	5,391,496.62
Total Interest.....	3,938,757.92	4,831,306.47	16,129,730.18	18,872,652.33	50,595,534.77	56,113,063.04

May 22, 2009

Louisville Gas and Electric Company
Analysis of Taxes Charged
April 30, 2009

	<u>Current Month</u>		<u>Year To Date</u>	
	<u>This Year</u>	<u>Last Year</u>	<u>This Year</u>	<u>Last Year</u>
<u>Kind of Taxes</u>				
Taxes Charged to Accounts 408.1 and 409.1				
Property Taxes.....	1,456,758.89	1,352,184.77	5,925,008.74	5,408,739.08
Unemployment.....	7,344.24	40,889.16	95,778.22	70,950.66
FICA.....	568,199.74	482,621.79	2,384,575.72	2,109,691.24
Public Service Commission Fee.....	157,536.02	161,615.66	630,144.08	646,462.64
Federal Income.....	(164,837.42)	2,734,757.11	(3,511,025.80)	12,442,024.51
State Income.....	(30,061.53)	520,906.12	(408,569.48)	1,988,496.30
Miscellaneous.....	12,911.20	7,339.75	20,250.95	104,503.51
Total Charged to Operating Expense.....	2,007,851.14	5,300,314.36	5,136,162.43	22,770,867.94
Taxes Charged to Other Accounts.....	2,721,796.02	65,231.57	5,721,830.02	6,750,202.68
Taxes Accrued on Intercompany Accounts.....	(203,755.17)	(180,108.12)	(843,105.68)	(719,022.02)
Total Taxes Charged.....	4,525,891.99	5,185,437.81	10,014,886.77	28,802,048.60

ANALYSIS OF TAXES ACCRUED - ACCOUNT 236

	<u>Taxes Accrued</u>	<u>Accruals</u>	<u>Payments</u>	<u>Taxes Accrued</u>
	<u>At Beginning</u>	<u>To Date</u>	<u>To Date</u>	<u>At End</u>
<u>Kind of Taxes</u>	<u>Of Year</u>	<u>This Year</u>	<u>This Year</u>	<u>Of Month</u>
Property Taxes.....	9,963,700.60	6,001,980.00	9,710,231.13	6,255,449.47
Unemployment.....	68,978.84	67,799.78	136,215.89	562.73
FICA.....	698,416.45	2,043,476.57	2,428,370.10	313,522.92
Federal Income.....	5,330,534.78	3,833,293.12	8,389,725.90	774,102.00
State Income.....	1,741,239.63	(3,124,416.32)	(131,591.00)	(1,251,585.69)
Kentucky Sales and Use Tax.....	578,874.39	1,101,760.77	1,353,154.45	327,480.71
Miscellaneous.....	(0.00)	90,992.85	71,259.83	19,733.02
Totals.....	18,381,744.69	10,014,886.77	21,957,366.30	6,439,265.16

May 22, 2009

Louisville Gas and Electric Company
 Summary of Utility Plant
 April 30, 2009

	Beginning Balance	Additions	Retirements	Transfers/Adjustments	Net Additions	Ending Balance
101 Utility Plant in Service						
Common						
Common General Plant	156,628,323.83	2,877,474.55	(1,512,637.51)	-	1,364,837.04	157,993,160.87
Common Intangible Plant	30,504,727.59	1,466,137.51	(5,949,116.63)	-	(4,482,979.12)	26,021,748.47
	187,133,051.42	4,343,612.06	(7,461,754.14)	-	(3,118,142.08)	184,014,909.34
Electric						
Electric Distribution	768,525,773.32	3,856,627.97	(416,422.53)	18,468.18	3,458,673.62	771,984,446.94
Electric General Plant	16,739,305.40	202,607.52	(87,859.31)	-	114,748.21	16,854,053.61
Electric Hydro Production	40,692,754.42	57,848.28	(1,371.95)	743,189.41	799,665.74	41,492,420.16
Electric Intangible Plant	2,340.29	-	-	-	-	2,340.29
Electric Other Production	226,677,788.60	26,885.87	(79,430.62)	3,381,620.44	3,329,075.69	230,006,864.29
Electric Steam Production	1,957,945,552.56	8,896,898.49	(3,036,960.53)	12,545,269.79	18,405,207.75	1,976,350,760.31
Electric Transmission	256,087,174.79	2,949,743.27	(314,724.16)	(16,688,547.82)	(14,053,528.71)	242,033,646.08
	3,266,670,689.38	15,990,611.40	(3,936,769.10)	-	12,053,842.30	3,278,724,531.68
Gas						
Gas Distribution	473,727,554.77	572,817.63	(42,075.39)	-	530,742.24	474,258,297.01
Gas General Plant	9,038,472.86	11,468.17	(101,505.16)	-	(90,036.99)	8,948,435.87
Gas Intangible Plant	1,187.49	-	-	-	-	1,187.49
Gas Storage	62,441,928.04	455,885.32	(53,762.23)	-	402,123.09	62,844,051.13
Gas Transmission	12,901,908.09	81,935.53	(544.64)	-	81,390.89	12,983,298.98
	558,111,051.25	1,122,106.65	(197,887.42)	-	924,219.23	559,035,270.48
Total 101 Accounts	4,011,914,792.05	21,456,330.11	(11,596,410.66)	-	9,859,919.45	4,021,774,711.50
101 Property Under Capital Leases						
Electric Capital Leased Property	2,876,958.00	-	-	-	-	2,876,958.00
Electric Steam Production	2,876,958.00	-	-	-	-	2,876,958.00
Total 101101	2,876,958.00	-	-	-	-	2,876,958.00
105 Plant Held for Future Use						
Electric						
Electric Distribution	649,014.48	-	-	-	-	649,014.48
Electric Steam Production	4,182,559.70	-	-	-	-	4,182,559.70
	4,831,574.18	-	-	-	-	4,831,574.18
Total 105001	4,831,574.18	-	-	-	-	4,831,574.18
106 Completed Construction Not Classified						
Common						
Common General Plant	1,922,810.85	588,055.84	-	-	588,055.84	2,510,866.69
Common Intangible Plant	1,374,736.40	41,136,761.98	-	-	41,136,761.98	42,511,498.38
	3,297,547.25	41,724,817.82	-	-	41,724,817.82	45,022,365.07

May 22, 2009

Louisville Gas and Electric Company
 Summary of Utility Plant
 April 30, 2009

	Beginning Balance	Additions	Retirements	Transfers/Adjustments	Net Additions	Ending Balance
Electric						
Electric Distribution	53,528,201.00	6,708,848.34	-	-	6,708,848.34	60,237,049.34
Electric General Plant	121,321.11	(121,321.11)	-	-	(121,321.11)	-
Electric Hydro Production	56,785.36	(56,785.36)	-	-	(56,785.36)	-
Electric Intangible Plant	-	-	-	-	-	-
Electric Other Production	123,654.81	(123,654.81)	-	-	(123,654.81)	-
Electric Steam Production	13,060,279.51	(1,437,171.18)	-	-	(1,437,171.18)	11,623,108.33
Electric Transmission	1,573,129.06	(696,198.41)	-	-	(696,198.41)	876,930.65
	68,463,370.85	4,273,717.47	-	-	4,273,717.47	72,737,088.32
Gas						
Gas Distribution	37,599,096.45	2,498,073.55	-	-	2,498,073.55	40,097,170.00
Gas General Plant	-	179,482.20	-	-	179,482.20	179,482.20
Gas Intangible Plant	-	-	-	-	-	-
Gas Storage	1,318,828.23	(472,287.97)	-	-	(472,287.97)	846,540.26
Gas Transmission	38,917,924.68	2,205,267.78	-	-	2,205,267.78	41,123,192.46
Total 106 Accounts	110,678,842.78	48,203,803.07	-	-	48,203,803.07	158,882,645.85
117 Gas Stored Underground - Nonrecoverable						
Gas	2,139,990.00	-	-	-	-	2,139,990.00
Gas Stored Nonrecoverable	2,139,990.00	-	-	-	-	2,139,990.00
Total 117001	2,139,990.00	-	-	-	-	2,139,990.00
121 Nonutility Property Common						
Nonutility Property	75,239.56	-	-	-	-	75,239.56
Nonutility Property	75,239.56	-	-	-	-	75,239.56
Total 121001	75,239.56	-	-	-	-	75,239.56
107 Construction Work in Progress						
Construction Work in Progress						
Common	51,677,042.23	(41,050,985.63)	-	-	(41,050,985.63)	10,626,056.60
Electric	269,074,514.63	24,862,007.07	-	-	24,862,007.07	293,936,521.70
Gas	53,271,643.56	333,660.96	-	-	333,660.96	53,605,304.52
	374,023,200.42	(15,855,317.60)	-	-	(15,855,317.60)	358,167,882.82
Total Plant (Non-CWIP)	4,132,517,396.57	69,660,133.18	(11,596,410.66)	-	58,063,722.52	4,190,581,119.09
Total Plant + CWIP	4,506,540,596.99	53,804,815.58	(11,596,410.66)	-	42,208,404.92	4,548,749,001.91
Total Plant + CWIP - Nonutility (BS)	4,506,465,357.43	53,804,815.58	(11,596,410.66)	-	42,208,404.92	4,548,673,762.35

Louisville Gas and Electric Company
 Summary of Utility Plant - Reserve for Depreciation of Utility Plant
 April 30, 2009

	Beginning Balance	Accruals	Retirements	Transfers/ Adjustments	RWIP Transfers Out	Cost of Removal	Salvage	Other Credits	Ending Balance
Life Reserve									
Common General Plant	(68,115,611.49)	(3,949,742.05)	1,512,637.51	-	-	-	-	-	(70,552,716.03)
Common General Plant - ARO	(1,199.60)	(11.44)	-	-	-	-	-	-	(1,211.04)
Electric Distribution	(255,961,891.88)	(5,492,987.43)	416,422.53	(246.70)	-	-	-	-	(261,038,703.48)
Electric Distribution - ARO	(12,796.60)	(122.04)	-	-	-	-	-	-	(12,918.64)
Electric General Plant	(13,702,714.67)	(196,009.37)	87,859.31	(34.23)	-	-	-	-	(13,810,898.96)
Electric Hydro Production	(8,147,012.81)	(197,336.41)	1,371.95	(450,445.28)	-	-	-	-	(8,793,422.55)
Electric Hydro Production - ARO	(17,314.16)	(165.36)	-	-	-	-	-	-	(17,479.52)
Electric Other Production	(48,776,531.63)	(2,635,682.81)	523.90	(386,081.21)	-	-	-	-	(51,797,771.75)
Electric Other Production - ARO	(118,219.64)	(48,349.16)	78,906.72	-	-	-	-	-	(87,662.08)
Electric Steam Production	(980,719,365.60)	(17,555,892.94)	3,036,960.53	(6,122,148.92)	-	-	-	-	(1,001,360,446.93)
Electric Steam Production - ARO	(2,382,766.82)	(54,503.66)	-	(2,407.93)	-	-	-	-	(2,439,678.41)
Electric Transmission	(120,367,314.51)	(1,358,049.35)	314,724.16	6,958,922.11	-	-	-	-	(114,451,717.59)
Electric Transmission - ARO	(3,029.54)	(33.11)	-	2,407.93	-	-	-	-	(654.72)
Gas Distribution	(115,555,571.04)	(3,338,673.99)	42,075.39	-	-	-	-	-	(118,852,169.64)
Gas Distribution - ARO	(20,060.41)	(106.68)	-	-	-	-	-	-	(20,167.09)
Gas General Plant	(6,241,137.60)	(146,021.63)	101,505.16	-	-	-	-	-	(6,285,654.07)
Gas Storage	(34,022,860.14)	(320,754.52)	53,762.23	-	-	-	-	-	(34,289,852.43)
Gas Storage - ARO	(409,284.68)	(2,941.92)	-	-	-	-	-	-	(412,226.60)
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	(9,358,516.52)	(19,723.66)	544.64	-	-	-	-	-	(9,377,695.54)
Non Utility Property	(63,360.36)	-	-	-	-	-	-	-	(63,360.36)
	(1,663,996,559.70)	(35,317,107.53)	5,647,294.03	(34,233)	-	-	-	-	(1,693,666,407.43)
Cost of Removal									
Common General Plant	(469,247.42)	(76,219.05)	-	-	-	72,279.96	-	-	(473,186.51)
Electric Distribution	(157,755,648.48)	(2,149,710.96)	-	(0.30)	-	549,061.95	-	-	(159,356,297.79)
Electric General Plant	3,866.64	-	-	-	-	-	3,866.64	-	3,866.64
Electric Hydro Production	814,671.45	(10,344.39)	-	(823.08)	-	3,619.91	-	-	807,123.89
Electric Other Production	(2,039,438.56)	(86,925.83)	-	(705.46)	-	1,382.32	-	-	(2,125,687.53)
Electric Steam Production	(75,412,706.30)	(4,474,180.57)	-	(3,135.35)	-	1,214,846.40	-	-	(78,675,175.82)
Electric Transmission	(23,681,680.84)	(404,781.07)	-	4,664.19	-	435,656.27	-	-	(23,646,141.45)
Gas Distribution	(58,299,094.86)	(1,153,642.61)	-	-	-	13,015.48	-	-	(59,439,721.99)
Gas General Plant	(0.02)	-	-	-	-	-	-	-	(0.02)
Gas Storage	(403,035.01)	(40,604.73)	-	-	-	9,211.15	-	-	(434,428.59)
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	(3,061,349.14)	(11,843.97)	-	-	-	47,271.66	-	-	(3,025,921.45)
Non Utility Property	(320,303,662.54)	(8,408,253.18)	-	-	-	2,346,345.10	-	-	(326,365,570.62)

May 22, 2009

Louisville Gas and Electric Company
 Summary of Utility Plant - Reserve for Depreciation of Utility Plant
 April 30, 2009

	Beginning Balance	Accruals	Retirements	Transfers/ Adjustments	RWIP Transfers Out	Cost of Removal	Salvage	Other Credits	Ending Balance
Salvage									
Common General Plant	301,592.06	5,765.22	-	-	-	-	-	-	307,357.28
Electric Distribution	15,611,295.13	416,228.43	-	-	-	-	-	-	16,027,523.56
Electric General Plant	132,019.58	2,490.37	-	-	-	-	-	-	134,509.95
Electric Hydro Production	433,316.55	-	-	-	-	-	(56,678.38)	-	376,638.17
Electric Other Production	2,644.83	-	-	-	-	-	(21,643.50)	-	(18,998.67)
Electric Steam Production	18,799,865.84	682,080.87	-	-	-	-	(430,232.93)	-	19,051,713.78
Electric Transmission	5,876,238.22	80,025.32	-	-	-	-	-	-	5,956,263.54
Gas Distribution	3,219,085.53	66,545.25	-	-	-	-	-	-	3,285,630.78
Gas General Plant	220,201.71	2,331.84	-	-	-	-	-	-	222,533.55
Gas Storage	236,769.87	4,876.12	-	-	-	-	-	-	241,645.99
Gas Stored Nonrecoverable	208,728.61	1,588.21	-	-	-	-	-	-	210,316.82
Gas Transmission	-	-	-	-	-	-	-	-	-
Non Utility Property	45,041,757.93	1,261,931.63	-	-	-	-	(508,554.81)	-	45,795,134.75
Total Reserves									
Common	(68,347,826.81)	(4,020,207.32)	1,512,637.51	-	-	72,279.96	-	-	(70,783,116.66)
Electric	(1,647,424,513.80)	(33,484,249.47)	3,936,769.10	(34.23)	-	2,204,566.85	(508,554.81)	-	(1,675,276,016.36)
Gas	(223,486,123.70)	(4,958,972.29)	197,887.42	-	-	69,498.29	-	-	(228,177,710.28)
	(1,939,258,464.31)	(42,463,429.08)	5,647,294.03	(34.23)	-	2,346,343.10	(508,554.81)	-	(1,974,236,843.30)
Retirement Work in Progress									
Common	(9,092,255.82)	-	-	-	(72,279.96)	34,441.54	(32,707.00)	-	(9,162,801.24)
Electric	28,458,992.95	-	-	-	(1,696,012.04)	4,069,420.79	(210,763.96)	(13,705.34)	30,607,932.40
Gas	4,095,496.74	-	-	-	(69,498.29)	212,041.62	(613.20)	78.18	4,237,505.05
	23,462,233.87	-	-	-	(1,837,790.29)	4,315,903.95	(244,084.16)	(13,627.16)	25,682,636.21
YTD ACTIVITY	(1,915,796,230.44)	(42,463,429.08)	5,647,294.03	(34.23)	1,837,790.29	(1,969,558.85)	(264,470.65)	13,627.16	(1,948,554,207.09)
Amortization									
Common	(23,433,131.46)	(2,090,153.62)	5,949,116.63	-	-	-	-	-	(19,574,168.45)
Electric	(100.00)	-	-	-	-	-	-	-	(100.00)
Gas	(800.00)	-	-	-	-	-	-	-	(800.00)
AMORTIZATION TOTAL	(23,434,031.46)	(2,090,153.62)	5,949,116.63	-	-	-	-	-	(19,575,068.45)
Depreciation & Amortization Total	(1,939,230,261.90)	(44,553,582.70)	11,596,410.66	(34.23)	1,837,790.29	(1,969,558.85)	(264,470.65)	13,627.16	(1,968,129,275.34)
Depr. & Amort - Nonutility for Balance Sheet									(1,968,065,915.18)
Utility Plant at Original Cost Less Reserve for Depreciation & Amortization (Excl nonutility)	2,567,298,455.89								2,580,607,847.17

May 22, 2009

LG&E Monthly Report to KPSC – March 31, 2009

LOUISVILLE GAS AND ELECTRIC COMPANY

Financial Reports

March 31, 2009

Prepared by Regulatory Accounting and Reporting

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Financial and Operating Reports

Louisville Gas and Electric Company
March 31, 2009

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Louisville Gas and Electric Company
Comparative Statement of Income
March 31, 2009

	Current Month		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	74,850,586.63	73,808,171.03	1,042,415.60 1.41
Gas Operating Revenues.....	43,423,303.37	46,431,444.44	(3,008,141.07) (6.48)
Total Operating Revenues.....	<u>118,273,890.00</u>	<u>120,239,615.47</u>	<u>(1,965,725.47)</u> <u>(1.63)</u>
Fuel for Electric Generation.....	27,421,947.75	25,624,500.52	1,797,447.23 7.01
Power Purchased.....	5,463,939.41	8,476,340.51	(3,012,401.10) (35.54)
Gas Supply Expenses.....	28,694,138.78	32,108,197.28	(3,414,058.50) (10.63)
Other Operation Expenses.....	16,063,481.17	16,271,795.59	(208,314.42) (1.28)
Maintenance.....	27,389,907.12	10,690,637.10	16,699,270.02 156.20
Depreciation.....	10,639,146.97	10,072,521.68	566,625.29 5.63
Amortization Expense.....	446,534.60	461,192.95	(14,658.35) (3.18)
Regulatory Credits.....	(178,987.39)	(172,146.83)	(6,840.56) (3.97)
Taxes			
Federal Income.....	(4,373,144.21)	1,110,441.06	(5,483,585.27) (493.82)
State Income.....	(604,566.17)	(169,900.54)	(434,665.63) (255.84)
Deferred Federal Income - Net.....	1,536,591.31	(333,729.55)	1,870,320.86 560.43
Deferred State Income - Net.....	(300,212.87)	46,924.12	(347,136.99) (739.78)
Property and Other.....	2,275,187.09	2,154,153.35	121,033.74 5.62
Investment Tax Credit.....	912,336.51	1,300,000.00	(387,663.49) (29.82)
Amortization of Investment Tax Credit.....	(254,732.72)	(336,259.16)	81,526.44 24.25
Loss (Gain) from Disposition of Allowances.....	(66,274.06)	(456,209.92)	389,935.86 85.47
Accretion Expense.....	164,239.51	157,463.21	6,776.30 4.30
Total Operating Expenses.....	<u>115,229,532.80</u>	<u>107,005,921.37</u>	<u>8,223,611.43</u> <u>7.69</u>
Net Operating Income.....	3,044,357.20	13,233,694.10	(10,189,336.90) (77.00)
Other Income Less Deductions.....	(2,518,057.08)	(24,408.09)	(2,493,648.99) (10,216.49)
Income Before Interest Charges.....	<u>526,300.12</u>	<u>13,209,286.01</u>	<u>(12,682,985.89)</u> <u>(96.02)</u>
Interest on Long-term Debt.....	3,651,892.14	4,463,554.34	(811,662.20) (18.18)
Amortization of Debt Expense - Net.....	124,100.32	120,887.47	3,212.85 2.66
Other Interest Expenses.....	281,641.95	200,480.29	81,161.66 40.48
Total Interest Charges.....	<u>4,057,634.41</u>	<u>4,784,922.10</u>	<u>(727,287.69)</u> <u>(15.20)</u>
Net Income.....	<u>(3,531,334.29)</u>	<u>8,424,363.91</u>	<u>(11,955,698.20)</u> <u>(141.92)</u>

April 22, 2009

Louisville Gas and Electric Company
Comparative Statement of Income
March 31, 2009

	Year to Date		
	This Year	Last Year	Increase or Decrease
	Amount	Amount	Amount %
Electric Operating Revenues.....	232,517,446.93	224,395,942.29	8,121,504.64 3.62
Gas Operating Revenues.....	194,895,822.61	190,735,820.55	4,160,002.06 2.18
Total Operating Revenues.....	427,413,269.54	415,131,762.84	12,281,506.70 2.96
Fuel for Electric Generation.....	90,654,341.50	79,474,753.29	11,179,588.21 14.07
Power Purchased.....	18,956,453.22	23,882,783.37	(4,926,330.15) (20.63)
Gas Supply Expenses.....	152,549,871.42	152,509,584.32	40,287.10 0.03
Other Operation Expenses.....	58,274,209.66	48,454,278.92	9,819,930.74 20.27
Maintenance.....	57,857,328.84	26,660,102.01	31,197,226.83 117.02
Depreciation.....	31,600,229.66	30,111,478.36	1,488,751.30 4.94
Amortization Expense.....	1,468,766.25	1,306,066.27	162,699.98 12.46
Regulatory Credits.....	(534,534.63)	(516,444.87)	(18,089.76) (3.50)
Taxes			
Federal Income.....	(3,346,188.38)	9,707,267.40	(13,053,455.78) (134.47)
State Income.....	(378,507.95)	1,467,590.18	(1,846,098.13) (125.79)
Deferred Federal Income - Net.....	1,536,591.31	(333,729.55)	1,870,320.86 560.43
Deferred State Income - Net.....	(300,212.87)	46,924.12	(347,136.99) (739.78)
Property and Other.....	6,853,007.62	6,295,696.00	557,311.62 8.85
Investment Tax Credit.....	912,336.51	1,300,000.00	(387,663.49) (29.82)
Amortization of Investment Tax Credit.....	(764,199.72)	(981,413.16)	217,213.44 22.13
Loss (Gain) from Disposition of Allowances.....	(66,274.06)	(456,209.92)	389,935.86 85.47
Accretion Expense.....	490,277.55	472,389.63	17,887.92 3.79
Total Operating Expenses.....	415,763,495.93	379,401,116.37	36,362,379.56 9.58
Net Operating Income.....	11,649,773.61	35,730,646.47	(24,080,872.86) (67.40)
Other Income Less Deductions.....	5,122,020.15	(376,250.54)	5,498,270.69 1,461.33
Income Before Interest Charges.....	16,771,793.76	35,354,395.93	(18,582,602.17) (52.56)
Interest on Long-term Debt.....	11,062,605.43	12,803,752.08	(1,741,146.65) (13.60)
Amortization of Debt Expense - Net.....	371,171.30	362,662.31	8,508.99 2.35
Other Interest Expenses.....	757,195.53	874,931.47	(117,735.94) (13.46)
Total Interest Charges.....	12,190,972.26	14,041,345.86	(1,850,373.60) (13.18)
Net Income.....	4,580,821.50	21,313,050.07	(16,732,228.57) (78.51)

April 22, 2009

Louisville Gas and Electric Company
Comparative Statement of Income
March 31, 2009

	Year Ended Current Month		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	1,023,075,844.93	934,459,354.31	88,616,490.62 9.48
Gas Operating Revenues.....	462,525,095.14	390,911,458.36	71,613,636.78 18.32
Total Operating Revenues.....	<u>1,485,600,940.07</u>	<u>1,325,370,812.67</u>	<u>160,230,127.40</u> 12.09
Fuel for Electric Generation.....	355,716,322.66	320,521,520.76	35,194,801.90 10.98
Power Purchased.....	112,981,202.19	80,135,088.96	32,846,113.23 40.99
Gas Supply Expenses.....	353,190,921.08	291,611,914.77	61,579,006.31 21.12
Other Operation Expenses.....	203,887,719.90	175,497,270.44	28,390,449.46 16.18
Maintenance.....	125,723,071.39	91,316,389.40	34,406,681.99 37.68
Depreciation.....	122,840,655.45	120,329,943.35	2,510,712.10 2.09
Amortization Expense.....	6,043,101.72	5,931,321.40	111,780.32 1.88
Regulatory Credits.....	(2,084,702.01)	(1,983,687.42)	(101,014.59) (5.09)
Taxes			
Federal Income.....	26,989,953.90	33,164,349.26	(6,174,395.36) (18.62)
State Income.....	2,436,326.26	6,927,699.07	(4,491,372.81) (64.83)
Deferred Federal Income - Net.....	(394,795.45)	8,095,572.79	(8,490,368.24) (104.88)
Deferred State Income - Net.....	(2,840,632.63)	1,257,954.10	(4,098,586.73) (325.81)
Property and Other.....	24,514,383.97	22,249,225.42	2,265,158.55 10.18
Investment Tax Credit.....	7,733,364.51	7,679,626.00	53,738.51 0.70
Amortization of Investment Tax Credit.....	(3,653,706.63)	(3,938,276.70)	284,570.07 7.23
Loss (Gain) from Disposition of Allowances.....	(66,319.02)	(456,273.47)	389,954.45 85.47
Accretion Expense.....	1,907,447.59	1,807,459.80	99,987.79 5.53
Total Operating Expenses.....	<u>1,334,924,314.88</u>	<u>1,160,147,097.93</u>	<u>174,777,216.95</u> 15.07
Net Operating Income.....	150,676,625.19	165,223,714.74	(14,547,089.55) (8.80)
Other Income Less Deductions.....	(25,720,489.45)	140,893.94	(25,861,383.39) (18,355.21)
Income Before Interest Charges.....	<u>124,956,135.74</u>	<u>165,364,608.68</u>	<u>(40,408,472.94)</u> (24.44)
Interest on Long-term Debt.....	41,369,224.78	48,569,441.39	(7,200,216.61) (14.82)
Amortization of Debt Expense - Net.....	1,594,135.26	1,441,565.70	152,569.56 10.58
Other Interest Expenses.....	8,524,723.28	5,104,611.23	3,420,112.05 67.00
Total Interest Charges.....	<u>51,488,083.32</u>	<u>55,115,618.32</u>	<u>(3,627,535.00)</u> (6.58)
Net Income.....	73,468,052.42	110,248,990.36	(36,780,937.94) (33.36)
Preferred Dividend Requirements.....	-	(430,145.91)	430,145.91 100.00
Earnings Available for Common.....	<u>73,468,052.42</u>	<u>110,679,136.27</u>	<u>(37,211,083.85)</u> (33.62)

April 22, 2009

Louisville Gas and Electric Company
Analysis of Retained Earnings
March 31, 2009

	Current Month		Year to Date		Year Ended Current Month	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Balance at Beginning of Period.....	748,273,826.98	702,850,076.36	740,161,671.19	689,961,390.20	671,274,440.27	634,438,554.55
Add:						
Net Income for Period.....	(3,531,334.29)	8,424,363.91	4,580,821.50	21,313,050.07	73,468,052.42	110,248,990.36
FIN 48 Adjustment.....	-	-	-	-	-	(55,996.00)
Deduct:						
Adjustment to Retained Earnings.....	-	-	-	-	-	3,787,254.55
Preferred Dividends						
\$25 Par Value						
5% Series.....						(430,145.91)
Without Par Value						
Auction Rate.....						
Common Dividends						
Common Stock Without Par Value.....	35,000,000.00	40,000,000.00	35,000,000.00	40,000,000.00	35,000,000.00	70,000,000.00
Balance at End of Period.....	<u>709,742,492.69</u>	<u>671,274,440.27</u>	<u>709,742,492.69</u>	<u>671,274,440.27</u>	<u>709,742,492.69</u>	<u>671,274,440.27</u>

April 22, 2009

Louisville Gas and Electric Company
Comparative Balance Sheets as of March 31, 2009 and 2008

	This Year	Last Year	Liabilities and Other Credits	This Year	Last Year
Assets and Other Debits					
Utility Plant			Capitalization		
Utility Plant at Original Cost.....	4,535,168,567.64	4,364,001,781.02	Common Stock.....	425,170,424.09	425,170,424.09
Less Reserves for Depreciation and Amortization.....	1,959,148,800.76	1,889,111,250.34	Common Stock Expense.....	(835,888.64)	(835,888.64)
			Paid-in Capital.....	83,530,392.00	60,000,000.00
Total.....	2,576,019,766.88	2,474,890,530.68	Other Comprehensive Income.....	(12,297,910.53)	(16,729,414.63)
			Retained Earnings.....	709,742,492.69	671,274,440.27
Investments			Total Common Equity.....	1,205,309,509.61	1,138,879,561.09
Ohio Valley Electric Corporation.....	594,286.00	594,286.00	Pollution Control Bonds - Net of reacquired Bonds	411,104,000.00	534,304,000.00
Nonutility Property-Less Reserve.....	11,879.20	11,879.20	LT Notes Payable to Associated Companies.....	485,000,000.00	410,000,000.00
Special Funds.....	16,703,834.55	13,491,863.28	Total Long-term Debt.....	896,104,000.00	944,304,000.00
Other.....	-	14,921,226.00	Total Capitalization.....	2,101,413,509.61	2,083,183,561.09
Total.....	17,309,999.75	29,019,254.48			
Current and Accrued Assets					
Cash.....	4,596,547.09	-3,065,365.54	Current and Accrued Liabilities		
Special Deposits.....	1,473,569.10	1,543,865.68	ST Notes Payable to Associated Companies.....	147,622,400.00	108,086,200.00
Temporary Cash Investments.....	119.71	36,237.89	Accounts Payable.....	85,490,341.15	106,635,795.49
Accounts Receivable-Less Reserve.....	161,607,185.38	179,360,457.36	Accounts Payable to Associated Companies.....	15,501,390.45	10,177,711.89
Accounts Receivable from Associated Companies.....	7,050,292.38	5,011,422.99	Customer Deposits.....	21,883,544.22	19,911,316.55
Materials and Supplies-At Average Cost			Taxes Accrued.....	6,402,668.27	11,035,882.29
Fuel.....	44,658,383.00	36,535,349.92	Interest Accrued.....	12,536,913.26	11,486,423.55
Plant Materials and Operating Supplies.....	28,352,312.49	26,609,496.65	ST Obligations Under Capital Leases.....	-	341,988.62
Stores Expense.....	3,966,246.19	4,537,670.78	Miscellaneous Current and Accrued Liabilities.....	32,785,756.95	12,032,189.65
Gas Stored Underground.....	39,077,531.14	23,358,692.02	Total.....	322,223,014.30	279,707,508.04
Allowance Inventory.....	5,648.07	10,786.27			
Prepayments.....	5,144,663.56	4,769,645.77	Deferred Credits and Other		
Miscellaneous Current and Accrued Assets.....	4,149,398.97	-	Accumulated Deferred Income Taxes.....	412,064,151.86	398,795,538.80
Total.....	300,081,897.08	284,838,990.87	Investment Tax Credit.....	50,497,206.92	46,417,549.04
			Regulatory Liabilities.....	95,321,783.78	54,426,533.81
Deferred Debits and Other			Customer Advances for Construction.....	10,103,233.66	10,730,003.85
Unamortized Debt Expense.....	3,972,529.34	8,812,729.51	Asset Retirement Obligations.....	33,239,849.37	30,047,914.20
Unamortized Loss on Bonds.....	24,059,827.88	19,822,969.17	Other Deferred Credits.....	17,092,561.05	20,943,851.27
Accumulated Deferred Income Taxes.....	62,955,745.53	53,881,247.57	Miscellaneous Long-term Liabilities.....	52,522,516.52	34,181,860.38
Deferred Regulatory Assets.....	335,626,266.70	150,457,746.08	Accum Provision for Postretirement Benefits.....	226,757,849.01	95,372,480.29
Other Deferred Debits.....	1,209,642.92	32,083,332.41	Total.....	897,599,152.17	690,915,731.64
Total.....	427,824,012.37	265,058,024.74	Total Liabilities and Other Credits.....	3,321,235,676.08	3,053,806,800.77
Total Assets and Other Debits.....	3,321,235,676.08	3,053,806,800.77			

April 22, 2009

Louisville Gas and Electric Company
Statement of Capitalization and Short-term Debt
March 31, 2009

	Authorized Shares	Issued and Outstanding Shares	Amount	Capital and ST Debt	Percent of Total Capital
Common Equity					
Common Stock - Without Par.....	75,000,000	21,294,223	425,170,424.09		
Common Stock Expense.....			(835,888.64)		
Paid-In Capital.....			83,530,392.00		
Other Comprehensive Income.....			(12,297,910.53)		
Retained Earnings.....			709,742,492.69		
Total Common Equity.....			1,205,309,509.61	53.60	57.36
Long-term Debt					
Pollution Control Bonds					
Jefferson County 2000 Series A due 05/01/27 Var%.....			25,000,000.00		
Trimble County 2000 Series A due 08/01/30 Var%.....			83,335,000.00		
Jefferson County 2001 Series A due 09/01/27 Var%.....			10,104,000.00		
Jefferson County 2001 Series A due 09/01/26 Var%.....			22,500,000.00		
Trimble County 2001 Series A due 09/01/26 Var%.....			27,500,000.00		
Jefferson County 2001 Series B due 11/01/27 Var%.....			35,000,000.00		
Trimble County 2001 Series B due 11/01/27 Var%.....			35,000,000.00		
Trimble County 2002 Series A due 10/01/32 Var%.....			41,665,000.00		
Louisville Metro 2003 Series A due 10/01/33 Var%.....			128,000,000.00		
Louisville Metro 2005 Series A due 02/01/35 Var%.....			40,000,000.00		
Louisville Metro 2007 Series A due 06/01/33 Var%.....			31,000,000.00		
Louisville Metro 2007 Series B due 06/01/33 Var%.....			35,200,000.00		
Trimble County 2007 Series A due 06/01/33 Var%.....			60,000,000.00		
			574,304,000.00	25.54	27.33
Less Reacquired Bonds					
Louisville Metro 2003 Series A due 10/01/33 Var%.....			(128,000,000.00)		
Louisville Metro 2007 Series B due 06/01/33 Var%.....			(35,200,000.00)		
			(163,200,000.00)	(7.26)	(7.77)
Total Pollution Control Bonds - Net of Reacquired Bonds.....			411,104,000.00	18.28	19.56
Long-term Notes Payable to Associated Companies.....			485,000,000.00	21.56	23.08
Total Capitalization.....			2,101,413,509.61	93.44	100.00
Short-term Notes Payable to Associated Companies.....			147,622,400.00	6.56	
Total Capitalization and Short-term Debt.....			2,249,035,909.61	100.00	

Louisville Gas and Electric Company
Summary Trial Balance
March 31, 2009

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Utility Plant		
At Original Cost.....	4,535,168,567.64	4,535,168,567.64
Reserves for Depreciation and Amortization.....		(1,959,148,800.76)
Depreciation of Plant		
Electric.....	(1,638,479,280.69)	
Gas.....	(222,926,270.37)	
Common.....	(78,789,568.62)	
Amortization of Plant		
Common.....	(18,952,781.08)	
Gas.....	(800.00)	
Electric.....	(100.00)	
Investments.....		17,309,999.75
Special Funds.....	16,703,834.55	
Ohio Valley Electric Corporation.....	594,286.00	
Nonutility Property.....	75,239.56	
Nonutility Property Reserve.....	(63,360.36)	
Cash.....	4,596,547.09	4,596,547.09
Special Deposits.....		1,473,569.10
Other Special Deposits.....	1,473,569.10	
Temporary Cash Investments.....	119.71	119.71
Accounts Receivable - Less Reserve.....		161,607,185.38
Customers - Active.....	88,412,974.94	
Unbilled Revenues.....	59,721,764.33	
Wholesale Sales.....	4,665,616.26	
Sundry Accounts Receivable.....	3,157,157.73	
IMPA.....	2,480,508.77	
IMEA.....	2,402,546.22	
Transmission Sales.....	790,424.99	
Rents Receivable.....	788,041.30	
Damage Claims.....	591,386.06	
Electricity Swaps.....	521,288.36	
Employee Computer Loans.....	84,049.18	
Interest and Dividends Receivable.....	59,198.43	
Working Funds.....	21,280.00	
Other.....	170,949.81	
Reserves for Uncollectible Accounts		
Utility Customers		
Reserve.....	(1,548,146.00)	
Recoveries.....	(611,508.10)	
Accrual.....	(487,307.16)	
Charged Off.....	1,098,815.26	
A/R Miscellaneous.....	(711,855.00)	
Accounts Receivable from Associated Companies.....		7,050,292.38
E.ON US Services/Kentucky Utilities Company.....	7,050,292.38	
Fuel.....		44,658,383.00
Coal 1,015,449.19 Tons @ \$43.62; MMBtu 23,061,011.44 @ 192.08¢.....	44,294,521.70	
Fuel Oil 201,928 Gallons @ 164.66¢.....	332,497.72	
Gas Pipeline 5,200.00 Mcf @ \$6.03.....	31,363.58	
Plant Materials and Operating Supplies.....		28,352,312.49
Regular Materials and Supplies.....	27,827,613.21	
Limestone 63,097.91 Tons @ \$ 8.32.....	524,699.28	

April 22, 2009

Louisville Gas and Electric Company
Summary Trial Balance
March 31, 2009

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Stores Expense Undistributed.....	3,966,246.19	3,966,246.19
Gas Stored Underground - Current.....		39,077,531.14
Gas St. Underground*3,881,404.00 Mcf (14.73 psia) @ \$ 10.07.....	39,077,531.14	
Allowance Inventory.....	5,648.07	5,648.07
Prepayments.....		5,144,663.56
Insurance.....	2,931,254.34	
Taxes.....	472,608.05	
Franchises.....	297,449.85	
Rights of Way.....	266,666.70	
Risk Management and Workers Compensation.....	90,000.00	
Vehicle License.....	46,530.95	
Other.....	1,040,153.67	
Miscellaneous Current Assets.....		4,149,398.97
Derivative Asset - Non-Hedging.....	4,083,124.91	
Miscellaneous Current Assets.....	66,274.06	
Unamortized Debt Expense.....		3,972,529.34
Trimble County 2000 Series A due 08/01/30 Var%.....	818,587.30	
Jefferson County 2001 Series A due 09/01/27 Var%.....	368,495.98	
Jefferson County 2001 Series B due 11/01/27 Var%.....	204,328.37	
Trimble County 2001 Series A due 09/01/26 Var%.....	187,925.69	
Jefferson County 2001 Series A due 09/01/26 Var%.....	172,839.00	
Trimble County 2001 Series B due 11/01/27 Var%.....	204,361.88	
Trimble County 2002 Series A due 10/01/32 Var%.....	867,641.86	
Trimble County 2007 Series A due 06/01/33 Var%.....	1,148,349.26	
Unamortized Loss on Bonds.....	24,059,827.88	24,059,827.88
Accumulated Deferred Income Taxes.....		62,955,745.53
Federal.....		
Electric.....	48,496,864.85	
Gas.....	4,851,338.23	
State.....		
Electric.....	8,722,799.93	
Gas.....	884,742.52	
Regulatory Assets.....		335,626,266.70
Pension and Postretirement Benefits.....	249,597,539.00	
Asset Retirement Obligations.....		
Electric.....	21,388,269.65	
Gas.....	8,190,887.99	
Common.....	25,064.98	
2008 Wind Storm.....	23,540,332.79	
Gas Supply Clause.....	9,714,449.17	
MISO Exit Fee.....	6,802,145.14	
Fuel Adjustment Clause.....	6,306,000.00	
Environmental Cost Recovery.....	4,759,473.00	
ECR Ash Hauling.....	2,229,125.14	
Rate Case Expenses.....	963,848.49	
EKPC FERC Transmission Costs.....	833,731.12	
KCCS Funding.....	660,400.23	
Other.....	615,000.00	
Other Deferred Debits.....	1,209,642.92	1,209,642.92
Total Assets and Other Debits.....	<u>3,321,235,676.08</u>	<u>3,321,235,676.08</u>

* Excludes:	\$	Mcf
Non-recoverable Base Gas	9,648,855.00	7,880,000
Recoverable Base Gas	<u>2,139,990.00</u>	<u>2,930,000</u>
	11,788,845.00	10,810,000

Louisville Gas and Electric Company
Summary Trial Balance
March 31, 2009

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Common Equity.....		1,205,309,509.61
Common Stock.....	425,170,424.09	
Common Stock Expense.....	(835,888.64)	
Paid-In Capital.....	83,530,392.00	
Other Comprehensive Income.....	(12,297,910.53)	
Retained Earnings.....	709,742,492.69	
Bonds.....	411,104,000.00	411,104,000.00
Long-term Notes Payable to Associated Companies.....	485,000,000.00	485,000,000.00
Short-term Notes Payable to Associated Companies.....	147,622,400.00	147,622,400.00
Accounts Payable.....		85,490,341.15
Regular.....	82,200,937.70	
Salaries and Wages Accrued.....	2,151,820.51	
Tax Collections - Payable.....	1,239,999.60	
Employee Withholdings Payable.....	(102,416.66)	
Accounts Payable to Associated Companies.....		15,501,390.45
E.ON US Services/Kentucky Utilities Company.....	15,501,390.45	
Customers' Deposits.....	21,883,544.22	21,883,544.22
Taxes Accrued.....	6,402,668.27	6,402,668.27
Interest Accrued.....		12,536,913.26
Jefferson County 2000 Series A due 05/01/27 Var%.....	470,312.57	
Trimble County 2000 Series A due 08/01/30 Var%.....	3,564.91	
Jefferson County 2001 Series A due 09/01/27 Var%.....	106.75	
Jefferson County 2001 Series A due 09/01/26 Var%.....	43,150.71	
Trimble County 2001 Series A due 09/01/26 Var%.....	52,739.71	
Jefferson County 2001 Series B due 11/01/27 Var%.....	43,726.00	
Trimble County 2001 Series B due 11/01/27 Var%.....	43,726.31	
Trimble County 2002 Series A due 10/01/32 Var%.....	4,570.56	
Louisville Metro 2005 Series A due 02/01/35 Var%.....	376,944.52	
Louisville Metro 2007 Series A due 06/01/33 Var%.....	610,312.55	
Trimble County 2007 Series A due 06/01/33 Var%.....	920,000.00	
Fidelity.....	9,029,850.43	
Customers' Deposits.....	172,973.46	
Interest Rate Swaps.....	586,176.35	
Other.....	178,758.43	
Miscellaneous Current and Accrued Liabilities.....		32,785,756.95
No-Notice Gas Payable.....	17,252,047.68	
Vacation Pay Accrued.....	5,477,890.52	
Postretirement Benefits - Current.....	3,411,968.00	
Customer Overpayments.....	3,226,143.08	
Derivative Liabilities - Non-Hedging.....	612,549.73	
Other.....	2,805,157.94	

May 4, 2009

Louisville Gas and Electric Company
Summary Trial Balance
March 31, 2009

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Accumulated Deferred Income Taxes.....		412,064,151.86
Federal		
Electric.....	305,806,908.79	
Gas.....	48,489,402.41	
State		
Electric.....	50,454,886.47	
Gas.....	7,312,954.19	
Investment Tax Credit.....		50,497,206.92
Investment Tax Credit (prior law)		
Job Development Credit		
Electric.....	28,533,370.25	
Gas.....	950,846.16	
Advanced Coal Credit.....	21,012,990.51	
Regulatory Liabilities.....		95,321,783.78
Deferred Taxes		
Federal		
Electric.....	22,823,270.30	
Gas.....	1,394,245.34	
State		
Electric.....	17,295,732.68	
Gas.....	2,567,058.44	
Gas Supply Clause.....	35,115,355.47	
DSM Cost Recovery.....	9,971,903.02	
MISO Schedule 10 Charges.....	2,887,915.68	
Asset Retirement Obligations		
Gas.....	2,600,752.40	
Electric.....	665,550.45	
Customers' Advances for Construction.....		10,103,233.66
Line Extensions		
Gas.....	7,863,280.79	
Electric.....	861,211.79	
Customer Advances - Museum Plaza.....	1,378,741.08	
Asset Retirement Obligations.....		33,239,849.37
Electric.....	24,881,099.46	
Gas.....	8,331,157.95	
Common.....	27,591.96	
Other Deferred Credits.....	17,092,561.05	17,092,561.05
Miscellaneous Long-term Liabilities.....		52,522,516.52
Long-term Derivative Liabilities - SFAS 133.....	47,147,492.45	
Workers' Compensation.....	5,375,024.07	
Accumulated Provision for Benefits.....		226,757,849.01
Pension Payable.....	143,135,667.00	
Postretirement Benefits - SFAS 106.....	80,065,357.01	
Post Employment Benefits Payable.....	3,747,857.00	
Post Employment Medicare Subsidy.....	(191,032.00)	
Total Liabilities and Other Credits.....	<u>3,321,235,676.08</u>	<u>3,321,235,676.08</u>

May 4, 2009

Louisville Gas and Electric Company
Statement of Cash Flows
March 31, 2009

	Year to Date	
	2009	2008
Cash Flows from Operating Activities		
Net income.....	4,580,821.50	21,313,050.07
Items not requiring (providing) cash currently:		
Depreciation.....	31,600,229.66	30,111,478.36
Amortization.....	1,468,766.25	1,306,066.27
Deferred income taxes - net.....	1,236,378.44	(1,042,120.43)
Investment tax credit - net.....	148,136.79	318,586.84
Other.....	3,335,582.69	2,793,863.33
Change in receivables.....	34,947,366.37	4,206,748.90
Change in inventory.....	78,827,743.62	67,064,841.36
Change in allowance inventory.....	312.14	673.20
Change in payables and accrued expenses.....	(29,669,304.37)	3,251,963.14
Change in regulatory assets.....	(18,386,589.87)	564,303.20
Change in regulatory liabilities.....	39,055,552.62	(689,003.81)
Change in other deferred debits.....	40,010,634.95	2,711,301.44
Change in other deferred credits.....	(26,559,455.40)	(19,918,402.14)
Other.....	(5,827,861.56)	13,120.71
Net cash provided (used) by operating activities.....	<u>154,768,313.83</u>	<u>112,006,470.44</u>
Cash Flows from Investing Activities		
Gross additions to utility plant - construction expenditures.....	(39,368,969.22)	(59,984,481.28)
Gross additions to common utility plant - construction expenditures.....	(3,869,038.47)	(7,018,001.36)
Change in restricted cash.....	468,541.83	5,376,107.57
Change in long-term investments.....	-	385,022.62
Change in non-hedging derivative liability.....	(2,135,958.34)	-
Net cash provided (used) by investing activities.....	<u>(44,905,424.20)</u>	<u>(61,241,352.45)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of long-term debt.....	(177,261.20)	-
Net change in short-term debt.....	(74,376,800.00)	29,845,000.00
Payments for reacquisition of long-term debt.....	-	(40,000,000.00)
Net change in short-term capital lease obligations.....	(23,650.00)	(63,449.07)
Net change in long-term capital lease obligations.....	-	(23,649.00)
Net change in restricted cash.....	-	(1,769,835.37)
Dividends on common stock.....	(35,000,000.00)	(40,000,000.00)
Net cash provided (used) by financing activities.....	<u>(109,577,711.20)</u>	<u>(52,011,933.44)</u>
Net Increase (Decrease) in Cash and Cash Equivalents.....	285,178.43	(1,246,815.45)
Cash and Cash Equivalents at Beginning of Period.....	<u>4,311,488.37</u>	<u>4,348,418.88</u>
Cash and Cash Equivalents at End of Period.....	<u>4,596,666.80</u>	<u>3,101,603.43</u>

April 22, 2009

Louisville Gas and Electric Company
Analysis of Interest Charges
March 31, 2009

	Current Month		Year to Date		Year Ended Current Month	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Interest on Long-term Debt						
Loan Agreement - Pollution Control Bonds						
1992 Series A Variable.....	-	-	-	-	-	68,549.25
1992 Series A Variable TC.....	-	-	-	-	-	1,312,605.51
1993 Series A Variable TC.....	-	-	-	-	-	76,721.59
Jefferson County 2000 Series A due 05/01/27 Var%.....	111,979.17	185,329.85	335,937.51	375,607.62	634,377.08	1,087,065.94
Trimble County 2000 Series A due 08/01/30 Var%.....	31,343.22	264,384.92	73,982.97	863,267.27	1,812,853.42	3,491,556.26
Jefferson County 2001 Series A due 09/01/27 Var%.....	3,884.43	29,262.31	13,512.99	97,147.15	204,973.14	407,558.92
Jefferson County 2001 Series A due 09/01/26 Var%.....	23,886.98	61,394.62	83,951.07	180,222.92	428,979.57	803,371.03
Trimble County 2001 Series A due 09/01/26 Var%.....	29,195.21	75,037.87	102,606.86	220,272.45	524,308.32	981,897.87
Jefferson County 2001 Series B due 11/01/27 Var%.....	28,239.72	96,095.92	114,095.43	282,088.04	654,040.92	1,254,343.42
Trimble County 2001 Series B due 11/01/27 Var%.....	28,239.72	96,095.92	114,095.43	282,088.04	654,040.92	1,251,754.68
Trimble County 2002 Series A due 10/01/32 Var%.....	27,227.22	149,922.29	67,942.49	465,535.18	1,053,606.62	1,712,959.65
Louisville Metro 2003 Series A due 10/01/33 Var%.....	(5,409.06)	490,357.33	(16,227.18)	1,380,028.45	1,482,809.68	4,992,881.79
Louisville Metro 2005 Series A due 02/01/35 Var%.....	191,666.67	203,881.79	575,000.00	515,270.69	785,240.43	1,624,698.48
Louisville Metro 2007 Series A due 06/01/33 Var%.....	145,312.50	193,595.01	435,937.50	475,651.95	631,459.77	1,430,845.81
Louisville Metro 2007 Series B due 06/01/33 Var%.....	-	227,323.57	(0.03)	530,341.79	38,178.92	1,264,965.36
Trimble County 2007 Series A due 06/01/33 Var%.....	230,000.00	230,000.00	690,000.02	682,333.33	2,778,270.02	2,568,333.37
Interest Rate Swaps.....	586,176.37	333,540.95	1,811,320.40	975,115.23	5,631,348.03	2,147,559.53
Notes/Debentures.....	-	6,557.00	-	16,437.00	(16,437.00)	3,452,692.41
Fidelity.....	2,220,149.99	1,820,774.99	6,660,449.97	5,462,324.97	24,071,174.94	19,820,425.50
\$5.875 Mandatory Redeemable Preferred Stock.....	-	-	-	-	-	0.02
Total.....	3,651,892.14	4,463,554.34	11,062,605.43	12,803,752.08	41,369,224.78	48,569,441.39
Amortization of Debt Expense - Net						
Amortization of Debt Expense.....	15,433.31	31,134.08	46,258.85	99,506.24	226,406.64	398,411.80
Amortization of Loss on Reacquired Debt.....	108,667.01	89,753.39	324,912.45	263,156.07	1,367,728.62	1,043,153.90
Total.....	124,100.32	120,887.47	371,171.30	362,662.31	1,594,135.26	1,441,565.70
Other Interest Charges						
Customers' Deposits.....	83,899.61	87,426.40	260,535.46	256,203.43	1,083,726.97	993,527.76
Federal Income Tax Deficiencies.....	-	-	-	-	-	(0.31)
Other Tax Deficiencies.....	-	1,111.00	-	1,111.00	(3,221.00)	(500.41)
Gas Refunds.....	-	-	-	-	-	1,020.36
Interest on DSM Cost Recovery.....	7,663.43	-	21,814.55	-	63,493.64	-
Interest on Debt to Associated Companies.....	75,489.29	111,942.89	342,504.52	617,617.04	5,955,963.81	4,109,924.38
Other Interest Expense.....	114,589.62	-	132,341.00	-	1,424,759.86	639.45
Total.....	281,641.95	200,480.29	757,195.53	874,931.47	8,524,723.28	5,104,611.23
Total Interest.....	4,057,634.41	4,784,922.10	12,190,972.26	14,041,345.86	51,488,083.32	55,115,618.32

April 22, 2009

Louisville Gas and Electric Company
Analysis of Taxes Charged
March 31, 2009

Kind of Taxes	Current Month		Year To Date	
	This Year	Last Year	This Year	Last Year
Taxes Charged to Accounts 408.1 and 409.1				
Property Taxes.....	1,456,758.89	1,352,184.77	4,468,249.85	4,056,554.31
Unemployment.....	80,904.50	13,748.89	88,433.98	30,061.50
FICA.....	579,987.68	535,676.64	1,816,375.98	1,627,069.45
Public Service Commission Fee.....	157,536.02	161,615.66	472,608.06	484,846.98
Federal Income.....	(4,373,144.21)	1,110,441.06	(3,346,188.38)	9,707,267.40
State Income.....	(604,566.17)	(169,900.54)	(378,507.95)	1,467,590.18
Miscellaneous.....	-	90,927.39	7,339.75	97,163.76
Total Charged to Operating Expense.....	(2,702,523.29)	3,094,693.87	3,128,311.29	17,470,553.58
Taxes Charged to Other Accounts.....	(954,273.81)	6,022,605.98	3,000,034.00	6,684,971.11
Taxes Accrued on Intercompany Accounts.....	(232,193.81)	(172,275.41)	(639,350.51)	(538,913.90)
Total Taxes Charged.....	(3,888,990.91)	8,945,024.44	5,488,994.78	23,616,610.79

ANALYSIS OF TAXES ACCRUED - ACCOUNT 236

Kind of Taxes	Taxes Accrued	Accruals	Payments	Taxes Accrued
	At Beginning Of Year	To Date This Year	To Date This Year	At End Of Month
Property Taxes.....	9,963,700.60	4,520,696.00	9,613,679.31	4,870,717.29
Unemployment.....	68,978.84	67,041.69	1,057.01	134,963.52
FICA.....	698,416.45	1,553,490.06	2,015,119.26	236,787.25
Federal Income.....	5,330,534.78	(1,477,818.83)	4,859,763.90	(1,007,047.95)
State Income.....	1,741,239.63	(37,771.86)	-	1,703,467.77
Kentucky Sales and Use Tax.....	578,874.39	774,280.15	907,838.85	445,315.69
Miscellaneous.....	-	89,077.57	70,612.87	18,464.70
Totals.....	18,381,744.69	5,488,994.78	17,468,071.20	6,402,668.27

April 22, 2009

Louisville Gas and Electric Company
Summary of Utility Plant
March 31, 2009

	Beginning Balance	Additions	Retirements	Transfers/Adjustments	Net Additions	Ending Balance
101 Utility Plant in Service						
Common						
Common General Plant	156,628,323.83	1,626,242.63	(1,500,095.03)	-	126,147.60	156,754,471.43
Common Intangible Plant	30,504,727.59	1,219,961.56	(5,949,116.63)	-	(4,729,155.07)	25,775,572.52
	187,133,051.42	2,846,204.19	(7,449,211.66)	-	(4,603,007.47)	182,530,043.95
Electric						
Electric Distribution	768,525,773.32	1,514,153.92	(84,438.53)	-	1,429,715.39	769,955,488.71
Electric General Plant	16,739,305.40	202,607.52	(87,859.31)	-	114,748.21	16,854,053.61
Electric Hydro Production	40,692,754.42	90,183.08	(1,371.95)	743,189.41	832,000.54	41,524,754.96
Electric Intangible Plant	2,340.29	-	-	-	-	2,340.29
Electric Other Production	226,677,788.60	26,885.87	(523.90)	3,381,620.44	3,407,982.41	230,085,771.01
Electric Steam Production	1,957,945,552.56	8,694,497.48	(2,872,208.79)	12,545,269.79	18,367,558.48	1,976,313,111.04
Electric Transmission	256,087,174.79	2,512,740.55	(287,192.51)	(16,670,079.64)	(14,444,531.60)	241,642,643.19
	3,266,670,689.38	13,041,068.42	(3,333,594.99)	-	9,707,473.43	3,276,378,162.81
Gas						
Gas Distribution	473,727,554.77	107,391.28	(15,578.71)	-	91,812.57	473,819,367.34
Gas General Plant	9,038,472.86	11,468.17	(101,505.16)	-	(90,036.99)	8,948,435.87
Gas Intangible Plant	1,187.49	-	-	-	-	1,187.49
Gas Storage	62,441,928.04	134,126.20	(1,514.17)	-	132,612.03	62,574,540.07
Gas Transmission	12,901,908.09	81,935.53	(544.64)	-	81,390.89	12,983,298.98
	558,111,051.25	334,921.18	(119,142.68)	-	215,778.50	558,326,829.75
Total 101 Accounts	4,011,914,792.05	16,222,193.79	(10,901,949.33)	-	5,320,244.46	4,017,235,036.51
101 Property Under Capital Leases						
Electric Capital Leased Property	2,876,958.00	-	-	-	-	2,876,958.00
Electric Steam Production	2,876,958.00	-	-	-	-	2,876,958.00
Total 101101	2,876,958.00	-	-	-	-	2,876,958.00
105 Plant Held for Future Use						
Electric	649,014.48	-	-	-	-	649,014.48
Electric Distribution	4,182,559.70	-	-	-	-	4,182,559.70
Electric Steam Production	4,831,574.18	-	-	-	-	4,831,574.18
Total 105001	4,831,574.18	-	-	-	-	4,831,574.18
106 Completed Construction Not Classified						
Common						
Common General Plant	1,922,810.85	(299,551.31)	-	-	(299,551.31)	1,623,259.54
Common Intangible Plant	1,374,736.40	(248,484.27)	-	-	(248,484.27)	1,126,252.13
	3,297,547.25	(548,035.58)	-	-	(548,035.58)	2,749,511.67

April 22, 2009

Louisville Gas and Electric Company
 Summary of Utility Plant
 March 31, 2009

	Beginning Balance	Additions	Retirements	Transfers/ Adjustments	Net Additions	Ending Balance
Electric						
Electric Distribution	53,528,201.00	3,524,261.96	-	-	3,524,261.96	57,052,462.96
Electric General Plant	121,321.11	(121,321.11)	-	-	(121,321.11)	-
Electric Hydro Production	56,785.36	(89,120.16)	-	-	(89,120.16)	(32,334.80)
Electric Intangible Plant	-	-	-	-	-	-
Electric Other Production	123,654.81	(123,654.81)	-	-	(123,654.81)	-
Electric Steam Production	13,060,279.51	(1,460,435.10)	-	-	(1,460,435.10)	11,599,844.41
Electric Transmission	1,573,129.06	(711,524.73)	-	-	(711,524.73)	861,604.33
	68,463,370.85	1,018,206.05	-	-	1,018,206.05	69,481,576.90
Gas						
Gas Distribution	37,599,096.45	1,897,054.26	-	-	1,897,054.26	39,496,150.71
Gas General Plant	-	105,958.59	-	-	105,958.59	105,958.59
Gas Intangible Plant	-	-	-	-	-	-
Gas Storage	1,318,828.23	(141,389.42)	-	-	(141,389.42)	1,177,438.81
Gas Transmission	38,917,924.68	1,861,623.43	-	-	1,861,623.43	40,779,548.11
Total 106 Accounts	110,678,842.78	2,331,793.90	-	-	2,331,793.90	113,010,636.68
117 Gas Stored Underground - Noncurrent						
Gas	2,139,990.00	-	-	-	-	2,139,990.00
Gas Stored Nonrecoverable	2,139,990.00	-	-	-	-	2,139,990.00
Total 117001	2,139,990.00	-	-	-	-	2,139,990.00
121 Nonutility Property						
Common	75,239.56	-	-	-	-	75,239.56
Nonutility Property	75,239.56	-	-	-	-	75,239.56
Total 121001	75,239.56	-	-	-	-	75,239.56
107 Construction Work in Progress						
Construction Work in Progress						
Common	51,677,042.23	1,570,869.86	-	-	1,570,869.86	53,247,912.09
Electric	269,074,514.63	20,549,928.19	-	-	20,549,928.19	289,624,442.82
Gas	53,271,643.56	(1,069,626.20)	-	-	(1,069,626.20)	52,202,017.36
	374,023,200.42	21,051,171.85	-	-	21,051,171.85	395,074,372.27
Total Plant (Non-CWIP)	4,132,517,396.57	18,553,987.69	(10,901,949.33)	-	7,652,038.36	4,140,169,434.93
Total Plant + CWIP	4,506,540,596.99	39,605,159.54	(10,901,949.33)	-	28,703,210.21	4,535,243,807.20
Total Plant + CWIP - Nonutility (BS)	4,506,465,357.43	39,605,159.54	(10,901,949.33)	-	28,703,210.21	4,535,168,567.64

April 22, 2009

Louisville Gas and Electric Company
Summary of Utility Plant - Reserve for Depreciation of Utility Plant
 March 31, 2009

	Beginning Balance	Accruals	Retirements	Transfers/ Adjustments	RWIP Transfers Out	Cost of Removal	Salvage	Other Credits	Ending Balance
Life Reserve									
Common General Plant	(68,115,611.49)	(2,865,748.91)	1,500,095.03	-	-	-	-	-	(69,481,265.37)
Common General Plant - ARO	(1,199.60)	(8.58)	-	-	-	-	-	-	(1,208.18)
Electric Distribution	(255,961,891.88)	(4,226,972.91)	84,438.53	-	-	-	-	-	(260,104,426.26)
Electric Distribution - ARO	(12,796.60)	(91.53)	-	-	-	-	-	-	(12,888.13)
Electric General Plant	(13,702,714.67)	(137,981.89)	87,859.31	(34.23)	-	-	-	-	(13,752,871.48)
Electric Hydro Production	(8,147,012.81)	(151,201.08)	1,371.95	(450,445.28)	-	-	-	-	(8,747,287.22)
Electric Hydro Production - ARO	(17,314.16)	(124.02)	-	-	-	-	-	-	(17,438.18)
Electric Other Production	(48,776,531.63)	(1,961,104.40)	523.90	(386,081.21)	-	-	-	-	(51,123,193.34)
Electric Other Production - ARO	(118,219.64)	(845.67)	-	-	-	-	-	-	(119,065.31)
Electric Steam Production	(980,719,365.60)	(13,122,912.53)	2,872,208.79	(6,122,148.92)	-	-	-	-	(997,092,218.26)
Electric Steam Production - ARO	(2,382,766.82)	(40,869.27)	-	(2,407.93)	-	-	-	-	(2,426,044.02)
Electric Transmission	(120,367,314.51)	(1,048,133.89)	287,192.51	6,958,675.41	-	-	-	-	(114,169,580.48)
Electric Transmission - ARO	(3,029.54)	(31.56)	-	2,407.93	-	-	-	-	(653.17)
Gas Distribution	(115,555,571.04)	(2,497,978.38)	15,578.71	-	-	-	-	-	(118,037,970.71)
Gas Distribution - ARO	(20,060.41)	(80.01)	-	-	-	-	-	-	(20,140.42)
Gas General Plant	(6,241,137.60)	(105,904.90)	101,505.16	-	-	-	-	-	(6,245,537.34)
Gas Storage	(34,022,860.14)	(247,002.66)	1,514.17	-	-	-	-	-	(34,268,348.63)
Gas Storage - ARO	(409,284.68)	(2,206.44)	-	-	-	-	-	-	(411,491.12)
Gas Stored Nonrecoverable	(9,358,516.52)	(16,270.64)	544.64	-	-	-	-	-	(9,374,242.52)
Gas Transmission	(63,360.36)	-	-	-	-	-	-	-	(63,360.36)
Non Utility Property	(1,663,996,559.70)	(26,425,469.27)	4,952,832.70	(34.23)	-	-	-	-	(1,685,469,230.50)
Cost of Removal									
Common General Plant	(469,247.42)	(54,658.47)	-	-	-	63,289.96	-	-	(460,615.93)
Electric Distribution	(157,755,648.48)	(1,652,763.02)	-	-	-	131,195.93	-	-	(159,277,215.57)
Electric General Plant	3,866.64	-	-	-	-	-	-	-	3,866.64
Electric Hydro Production	814,671.45	(6,843.39)	-	(823.08)	-	3,619.91	-	-	810,624.89
Electric Other Production	(2,039,438.56)	(57,958.04)	-	(705.46)	-	1,382.32	-	-	(2,096,719.74)
Electric Steam Production	(75,412,706.30)	(3,218,723.20)	-	(3,135.35)	-	1,145,995.23	-	-	(77,488,569.62)
Electric Transmission	(23,681,680.84)	(309,253.91)	-	4,663.89	-	405,445.43	-	-	(23,580,825.43)
Gas Distribution	(58,299,094.86)	(916,367.95)	-	-	-	8,835.03	-	-	(59,206,627.78)
Gas General Plant	(0.02)	-	-	-	-	-	-	-	(0.02)
Gas Storage	(403,035.01)	(32,140.24)	-	-	-	-	-	-	(435,175.25)
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	(3,061,349.14)	(10,993.13)	-	-	-	47,271.66	-	-	(3,025,070.61)
Non Utility Property	(320,303,662.54)	(6,259,701.35)	-	0.00	-	1,807,035.47	-	-	(324,756,328.42)

April 22, 2009

Louisville Gas and Electric Company
 Summary of Utility Plant - Reserve for Depreciation of Utility Plant
 March 31, 2009

	Beginning Balance	Accruals	Retirements	Transfers/ Adjustments	RWIP Transfers Out	Cost of Removal	Salvage	Other Credits	Ending Balance
Salvage									
Common General Plant	301,592.06	5,740.06	-	-	-	-	-	-	307,332.12
Electric Distribution	15,611,295.13	317,787.40	-	-	-	-	-	-	15,929,082.53
Electric General Plant	132,019.58	2,302.32	-	-	-	-	-	-	134,321.90
Electric Hydro Production	433,316.55	-	-	-	-	-	(56,678.38)	-	376,638.17
Electric Other Production	2,644.83	-	-	-	-	-	(21,643.50)	-	(18,998.67)
Electric Steam Production	18,799,865.84	530,249.01	-	-	-	-	(430,232.93)	-	18,899,881.92
Electric Transmission	5,876,238.22	61,334.62	-	-	-	-	-	-	5,937,572.84
Gas Distribution	3,219,085.53	50,964.10	-	-	-	-	-	-	3,270,049.63
Gas General Plant	220,201.71	2,162.66	-	-	-	-	-	-	222,364.37
Gas Storage	236,769.87	3,533.15	-	-	-	-	-	-	240,303.02
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	208,728.61	1,269.14	-	-	-	-	-	-	209,997.75
Non Utility Property	-	-	-	-	-	-	-	-	-
	<u>45,041,757.93</u>	<u>975,342.46</u>	-	-	-	-	<u>(508,554.81)</u>	-	<u>45,508,545.58</u>
Total Reserves									
Common	(68,347,826.81)	(2,914,675.90)	1,500,095.03	-	-	63,289.96	-	-	(69,699,117.72)
Electric	(1,647,424,513.80)	(25,024,136.96)	3,333,594.99	(34.23)	-	1,687,638.82	(508,554.81)	-	(1,667,936,005.99)
Gas	(223,486,123.70)	(3,771,015.30)	119,142.68	-	-	56,106.69	-	-	(227,081,889.63)
	<u>(1,939,258,464.31)</u>	<u>(31,709,828.16)</u>	<u>4,952,832.70</u>	<u>(34.23)</u>	-	<u>1,807,035.47</u>	<u>(508,554.81)</u>	-	<u>(1,964,717,013.34)</u>
Retirement Work in Progress									
Common	(9,092,255.82)	-	-	-	(63,289.96)	34,441.52	(32,707.00)	-	(9,153,811.26)
Electric	28,458,992.95	-	-	-	(1,179,084.01)	2,355,505.28	(198,488.79)	19,799.87	29,456,725.30
Gas	4,095,496.74	-	-	-	(56,106.69)	116,764.23	(613.20)	78.18	4,155,619.26
	<u>23,462,233.87</u>	-	-	-	<u>(1,298,480.66)</u>	<u>2,506,711.03</u>	<u>(231,808.99)</u>	<u>19,878.05</u>	<u>24,458,533.30</u>
YTD ACTIVITY	<u>(1,915,796,230.44)</u>	<u>(31,709,828.16)</u>	<u>4,952,832.70</u>	<u>(34.23)</u>	<u>1,298,480.66</u>	<u>(699,675.56)</u>	<u>(276,745.82)</u>	<u>(19,878.05)</u>	<u>(1,940,258,480.04)</u>
Amortization									
Common	(23,433,131.46)	(1,468,766.25)	5,949,116.63	-	-	-	-	-	(18,952,781.08)
Electric	(100.00)	-	-	-	-	-	-	-	(100.00)
Gas	(800.00)	-	-	-	-	-	-	-	(800.00)
	<u>(23,434,031.46)</u>	<u>(1,468,766.25)</u>	<u>5,949,116.63</u>	-	-	-	-	-	<u>(18,953,681.08)</u>
AMORTIZATION TOTAL	<u>(23,434,031.46)</u>	<u>(1,468,766.25)</u>	<u>5,949,116.63</u>	-	-	-	-	-	<u>(18,953,681.08)</u>
Depreciation & Amortization Total	<u>(1,939,230,261.90)</u>	<u>(33,178,594.41)</u>	<u>10,901,949.33</u>	<u>(34.23)</u>	<u>1,298,480.66</u>	<u>(699,675.56)</u>	<u>(276,745.82)</u>	<u>(19,878.05)</u>	<u>(1,959,212,161.12)</u>
Depr & Amort - Nonutility for Balance Sheet									<u>(1,959,148,800.76)</u>
Utility Plant at Original Cost Less Reserve for Depreciation & Amortization (Excl nonutility)	<u>2,567,298,455.89</u>								<u>2,576,019,766.88</u>

April 22, 2009

LG&E Monthly Report to KPSC – February 28, 2009

LOUISVILLE GAS AND ELECTRIC COMPANY

Financial Reports

February 28, 2009

Prepared by Regulatory Accounting and Reporting

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Financial and Operating Reports

Louisville Gas and Electric Company
February 28, 2009

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Louisville Gas and Electric Company
Comparative Statement of Income
February 28, 2009

	Current Month		
	This Year	Last Year	Increase or Decrease
	Amount	Amount	Amount
Electric Operating Revenues.....	73,076,180.55	70,497,462.18	2,578,718.37
Gas Operating Revenues.....	60,066,255.20	62,690,756.67	(2,626,501.47)
Total Operating Revenues.....	133,140,435.75	133,188,218.85	(47,783.10)
Fuel for Electric Generation.....	28,787,838.16	25,036,232.31	3,751,605.85
Power Purchased.....	5,362,093.77	5,672,073.29	(309,979.52)
Gas Supply Expenses.....	47,435,705.37	54,044,417.19	(6,608,711.82)
Other Operation Expenses.....	24,242,575.21	16,243,346.12	7,999,229.09
Maintenance.....	21,301,875.75	9,932,985.79	11,368,889.96
Depreciation.....	10,612,849.99	9,930,845.79	682,004.20
Amortization Expense.....	490,194.28	417,772.09	72,422.19
Regulatory Credits.....	(178,179.12)	(172,149.01)	(6,030.11)
Taxes			
Federal Income.....	(3,756,471.33)	2,303,303.82	(6,059,775.15)
State Income.....	(685,070.77)	438,724.52	(1,123,795.29)
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	-	-	-
Property and Other.....	2,313,295.90	2,057,398.33	255,897.57
Investment Tax Credit.....	-	-	-
Amortization of Investment Tax Credit.....	(196,559.00)	(322,577.00)	126,018.00
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	163,424.52	157,463.21	5,961.31
Total Operating Expenses.....	135,893,572.73	125,739,836.45	10,153,736.28
Net Operating Income.....	(2,753,136.98)	7,448,382.40	(10,201,519.38)
Other Income Less Deductions.....	(2,585,609.86)	400,184.95	(2,985,794.81)
Income Before Interest Charges.....	(5,338,746.84)	7,848,567.35	(13,187,314.19)
Interest on Long-term Debt.....	3,676,134.75	4,330,666.90	(654,532.15)
Amortization of Debt Expense - Net.....	123,619.28	120,887.42	2,731.86
Other Interest Expenses.....	226,654.88	244,166.45	(17,511.57)
Total Interest Charges.....	4,026,408.91	4,695,720.77	(669,311.86)
Net Income.....	(9,365,155.75)	3,152,846.58	(12,518,002.33)

(14.25)

(397.04)

March 26, 2009

Louisville Gas and Electric Company
Comparative Statement of Income
February 28, 2009

	Year to Date		
	This Year	Last Year	Increase or Decrease
	Amount	Amount	Amount %
Electric Operating Revenues.....	157,666,860.30	150,587,771.26	7,079,089.04 4.70
Gas Operating Revenues.....	151,472,519.24	144,304,376.11	7,168,143.13 4.97
Total Operating Revenues.....	309,139,379.54	294,892,147.37	14,247,232.17 4.83
Fuel for Electric Generation.....	63,232,393.75	53,850,252.77	9,382,140.98 17.42
Power Purchased.....	13,492,513.81	15,406,442.86	(1,913,929.05) (12.42)
Gas Supply Expenses.....	123,855,732.64	120,401,387.04	3,454,345.60 2.87
Other Operation Expenses.....	42,210,728.49	32,182,483.33	10,028,245.16 31.16
Maintenance.....	30,467,421.72	15,969,464.91	14,497,956.81 90.79
Depreciation.....	20,961,082.69	20,038,956.68	922,126.01 4.60
Amortization Expense.....	1,022,231.65	844,873.32	177,358.33 20.99
Regulatory Credits.....	(355,547.24)	(344,298.04)	(11,249.20) 3.27
Taxes			
Federal Income.....	1,026,955.83	8,596,826.34	(7,569,870.51) (88.05)
State Income.....	226,058.22	1,637,490.72	(1,411,432.50) (86.19)
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	-	-	-
Property and Other.....	4,577,820.53	4,141,542.65	436,277.88 10.53
Investment Tax Credit.....	-	-	-
Amortization of Investment Tax Credit.....	(509,467.00)	(645,154.00)	135,687.00 (21.03)
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	326,038.04	314,926.42	11,111.62 3.53
Total Operating Expenses.....	300,533,963.13	272,395,195.00	28,138,768.13 10.33
Net Operating Income.....	8,605,416.41	22,496,952.37	(13,891,535.96) (61.75)
Other Income Less Deductions.....	7,640,077.23	(351,842.45)	7,991,919.68 (2,271.45)
Income Before Interest Charges.....	16,245,493.64	22,145,109.92	(5,899,616.28) (26.64)
Interest on Long-term Debt.....	7,410,713.29	8,340,197.74	(929,484.45) (11.14)
Amortization of Debt Expense - Net.....	247,070.98	241,774.84	5,296.14 2.19
Other Interest Expenses.....	475,553.58	674,451.18	(198,897.60) (29.49)
Total Interest Charges.....	8,133,337.85	9,256,423.76	(1,123,085.91) (12.13)
Net Income.....	8,112,155.79	12,888,686.16	(4,776,530.37) (37.06)

March 26, 2009

Louisville Gas and Electric Company
Comparative Statement of Income
February 28, 2009

	Year Ended Current Month		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	1,022,033,429.33	929,086,575.18	92,946,854.15 10.00
Gas Operating Revenues.....	465,533,236.21	375,028,510.76	90,504,725.45 24.13
Total Operating Revenues.....	1,487,566,665.54	1,304,115,085.94	183,451,579.60 14.07
Fuel for Electric Generation.....	353,918,875.43	318,847,130.54	35,071,744.89 11.00
Power Purchased.....	115,993,603.29	77,643,345.32	38,350,257.97 49.39
Gas Supply Expenses.....	356,604,979.58	275,927,620.65	80,677,358.93 29.24
Other Operation Expenses.....	204,096,034.32	175,762,193.71	28,333,840.61 16.12
Maintenance.....	109,023,801.37	88,601,810.81	20,421,990.56 23.05
Depreciation.....	122,274,030.16	120,091,043.76	2,182,986.40 1.82
Amortization Expense.....	6,057,760.07	6,065,982.76	(8,222.69) (0.14)
Regulatory Credits.....	(2,077,861.45)	(1,974,567.52)	(103,293.93) 5.23
Taxes			
Federal Income.....	32,473,539.17	30,972,630.78	1,500,908.39 4.85
State Income.....	2,870,991.89	6,536,048.01	(3,665,056.12) (56.07)
Deferred Federal Income - Net.....	(2,265,116.31)	9,475,870.93	(11,740,987.24) (123.90)
Deferred State Income - Net.....	(2,493,495.64)	1,500,153.46	(3,993,649.10) (266.22)
Property and Other.....	24,393,350.23	22,320,698.69	2,072,651.54 9.29
Investment Tax Credit.....	8,121,028.00	8,979,626.00	(858,598.00) (9.56)
Amortization of Investment Tax Credit.....	(3,735,233.07)	(3,937,570.94)	202,337.87 (5.14)
Loss (Gain) from Disposition of Allowances.....	(456,254.88)	(553,092.69)	96,837.81 (17.51)
Accretion Expense.....	1,900,671.29	1,798,337.72	102,333.57 5.69
Total Operating Expenses.....	1,326,700,703.45	1,138,057,261.99	188,643,441.46 16.58
Net Operating Income.....	160,865,962.09	166,057,823.95	(5,191,861.86) (3.13)
Other Income Less Deductions.....	(23,226,840.46)	(91,562.96)	(23,135,277.50) 25,267.07
Income Before Interest Charges.....	137,639,121.63	165,966,260.99	(28,327,139.36) (17.07)
Interest on Long-term Debt.....	42,180,886.98	47,060,639.58	(4,879,752.60) (10.37)
Amortization of Debt Expense - Net.....	1,590,922.41	1,439,868.29	151,054.12 10.49
Other Interest Expenses.....	8,443,561.62	5,067,436.87	3,376,124.75 66.62
Total Interest Charges.....	52,215,371.01	53,567,944.74	(1,352,573.73) (2.53)
Net Income.....	85,423,750.62	112,398,316.25	(26,974,565.63) (24.00)
Preferred Dividend Requirements.....	-	345,743.14	(345,743.14) (100.00)
Earnings Available for Common.....	85,423,750.62	112,052,573.11	(26,628,822.49) (23.76)

March 26, 2009

Louisville Gas and Electric Company
 Analysis of Retained Earnings
 February 28, 2009

	Current Month		Year to Date		Year Ended Current Month	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Balance at Beginning of Period.....	757,638,982.73	699,697,229.78	740,161,671.19	689,961,390.20	702,850,076.36	659,382,571.80
Add:						
Net Income for Period.....	(9,365,155.75)	3,152,846.58	8,112,155.79	12,888,686.16	85,423,750.62	112,398,316.25
FIN 48 Adjustment.....	-	-	-	-	-	202,186.00
Deduct:						
Adjustment to Retained Earnings.....	-	-	-	-	-	3,787,254.55
Preferred Dividends						
\$25 Par Value						
5% Series.....						137,409.80
Without Par Value						
Auction Rate.....						208,333.34
Common Dividends						
Common Stock Without Par Value.....					40,000,000.00	65,000,000.00
Balance at End of Period.....	<u>748,273,826.98</u>	<u>702,850,076.36</u>	<u>748,273,826.98</u>	<u>702,850,076.36</u>	<u>748,273,826.98</u>	<u>702,850,076.36</u>

March 26, 2009

Louisville Gas and Electric Company
Comparative Balance Sheets as of February 28, 2009 and February 29, 2008

	This Year	Last Year	Liabilities and Other Credits	This Year	Last Year
Assets and Other Debits					
Utility Plant			Capitalization		
Utility Plant at Original Cost.....	4,523,296,815.44	4,352,224,585.33	Common Stock.....	425,170,424.09	425,170,424.09
Less Reserves for Depreciation and Amortization....	1,951,020,439.30	1,879,128,127.57	Common Stock Expense.....	(835,888.64)	(835,888.64)
Total.....	2,572,276,376.14	2,473,096,457.76	Paid-in Capital.....	83,530,392.00	60,000,000.00
			Other Comprehensive Income.....	(10,063,115.63)	(15,063,498.00)
Investments			Retained Earnings.....	748,273,826.98	702,850,076.36
Ohio Valley Electric Corporation.....	594,286.00	594,286.00	Total Common Equity.....	1,246,075,638.80	1,172,121,113.81
Nonutility Property-Less Reserve.....	11,879.20	11,879.20	Pollution Control Bonds - Net of Reacquired Bonds	411,104,000.00	574,304,000.00
Special Funds.....	17,660,721.41	13,457,300.44	LT Notes Payable to Associated Companies.....	485,000,000.00	410,000,000.00
Other.....	-	14,152,203.00	Total Long-term Debt.....	896,104,000.00	984,304,000.00
Total.....	18,266,886.61	28,215,668.64	Total Capitalization.....	2,142,179,638.80	2,156,425,113.81
Current and Accrued Assets			Current and Accrued Liabilities		
Cash.....	4,106,125.92	8,000,648.77	ST Notes Payable to Associated Companies.....	147,801,400.00	46,189,200.00
Special Deposits.....	1,473,565.78	2,353,638.13	Accounts Payable.....	103,178,008.46	115,224,238.95
Temporary Cash Investments.....	26.98	36,147.56	Accounts Payable to Associated Companies.....	15,749,148.16	14,326,007.49
Accounts Receivable-Less Reserve.....	189,228,596.85	193,810,776.26	Customer Deposits.....	21,823,591.97	19,647,757.55
Accounts Receivable from Associated Companies.....	9,552,968.88	8,158,985.37	Taxes Accrued.....	16,343,142.25	15,917,145.76
Materials and Supplies-At Average Cost			Interest Accrued.....	9,496,297.06	9,373,284.72
Fuel.....	40,858,417.68	37,806,806.06	ST Obligations Under Capital Leases.....	-	382,051.84
Plant Materials and Operating Supplies.....	28,346,520.17	26,604,707.18	Miscellaneous Current and Accrued Liabilities.....	27,591,926.96	11,087,695.35
Stores Expense.....	4,160,611.38	4,550,706.09	Total.....	341,983,514.86	232,147,381.66
Gas Stored Underground.....	56,181,716.38	37,472,786.86	Deferred Credits and Other		
Allowance Inventory.....	5,747.61	11,016.67	Accumulated Deferred Income Taxes.....	410,887,586.94	398,118,545.69
Prepayments.....	5,916,382.07	5,479,223.36	Investment Tax Credit.....	49,839,603.13	45,453,808.20
Miscellaneous Current and Accrued Assets.....	4,240,477.01	12,813.18	Regulatory Liabilities.....	51,305,541.52	55,685,953.08
Total.....	344,071,156.71	324,298,255.49	Customer Advances for Construction.....	10,215,114.96	14,848,047.29
Deferred Debits and Other			Asset Retirement Obligations.....	33,075,609.86	29,895,387.98
Unamortized Debt Expense.....	3,983,412.46	9,829,757.98	Other Deferred Credits.....	54,298,884.67	41,436,114.02
Unamortized Loss on Bonds.....	24,045,033.99	18,926,828.13	Miscellaneous Long-term Liabilities.....	45,071,364.97	6,175,269.79
Accumulated Deferred Income Taxes	62,737,693.63	53,391,727.03	Accum Provision for Postretirement Benefits.....	226,783,006.43	97,585,981.92
Deferred Regulatory Assets.....	313,684,425.75	151,519,144.63	Total.....	881,476,712.48	689,199,107.97
Other Deferred Debits.....	26,574,880.85	18,493,763.78	Total Liabilities and Other Credits.....	3,365,639,866.14	3,077,771,603.44
Total.....	431,025,446.68	252,161,221.55	Total Assets and Other Debits.....	3,365,639,866.14	3,077,771,603.44

March 26, 2009

Louisville Gas and Electric Company
Statement of Capitalization and Short-term Debt
February 28, 2009

	Authorized Shares	Issued and Outstanding Shares	Amount	Capital and ST Debt	Percent of Total Capital
Common Equity					
Common Stock - Without Par.....	75,000,000	21,294,223	425,170,424.09		
Common Stock Expense.....			(835,888.64)		
Paid-in Capital.....			83,530,392.00		
Other Comprehensive Income.....			(10,063,115.63)		
Retained Earnings.....			748,273,826.98		
Total Common Equity.....			1,246,075,638.80	54.42	58.17
Long-term Debt					
Pollution Control Bonds					
Jefferson County 2000 Series A 05/01/00 Due 05/01/27 Var%.....			25,000,000.00		
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%.....			83,335,000.00		
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%.....			10,104,000.00		
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%.....			22,500,000.00		
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%.....			27,500,000.00		
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%.....			35,000,000.00		
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%.....			35,000,000.00		
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%.....			41,665,000.00		
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%.....			128,000,000.00		
Louisville Metro 2005 Series A 04/13/05 Due 02/01/35 Var%.....			40,000,000.00		
Louisville Metro 2007 Series A 04/26/07 Due 06/01/33 Var%.....			31,000,000.00		
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%.....			35,200,000.00		
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%.....			60,000,000.00		
			574,304,000.00	25.08	26.81
Less Reacquired Bonds					
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%.....			(128,000,000.00)		
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%.....			(35,200,000.00)		
			(163,200,000.00)	(7.13)	(7.62)
Total Pollution Control Bonds - Net of Reacquired Bonds.....			411,104,000.00	17.95	19.19
Long-term Notes Payable to Associated Companies.....			485,000,000.00	21.18	22.64
Total Capitalization.....			2,142,179,638.80	93.55	100.00
Short-term Notes Payable to Associated Companies.....			147,801,400.00	6.45	
Total Capitalization and Short-term Debt.....			2,289,981,038.80	100.00	

March 26, 2009

Louisville Gas and Electric Company
Summary Trial Balance
February 28, 2009

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Utility Plant		
At Original Cost.....	4,523,296,815.44	4,523,296,815.44
Reserves for Depreciation and Amortization.....		(1,951,020,439.30)
Depreciation of Plant		
Electric.....	(1,632,519,814.70)	
Gas.....	(221,799,201.94)	
Common.....	(77,860,802.23)	
Amortization of Plant		
Common.....	(18,839,720.43)	
Gas.....	(800.00)	
Electric.....	(100.00)	
Investments.....		18,266,886.61
Special Funds.....	17,660,721.41	
Ohio Valley Electric Corporation.....	594,286.00	
Nonutility Property.....	75,239.56	
Nonutility Property Reserve.....	(63,360.36)	
Cash.....	4,106,125.92	4,106,125.92
Special Deposits.....		1,473,565.78
Other Special Deposits.....	1,473,557.90	
Restricted Cash - Short-term.....	7.88	
Temporary Cash Investments.....	26.98	26.98
Accounts Receivable - Less Reserve.....		189,228,596.85
Customers - Active.....	115,916,716.50	
Unbilled Revenues.....	62,730,000.00	
Sundry Accounts Receivable.....	3,511,121.96	
Wholesale Sales.....	2,540,409.86	
IMPA.....	2,344,366.52	
IMEA.....	2,267,158.82	
Damage Claims.....	602,843.66	
Electricity Swaps.....	470,331.51	
Transmission Sales.....	277,170.77	
Employee Computer Loans.....	85,392.03	
Rents Receivable.....	51,351.91	
Interest and Dividends Receivable.....	30,950.13	
Working Funds.....	21,280.00	
Other.....	668,379.30	
Reserves for Uncollectible Accounts		
Utility Customers		
Reserve.....	(1,458,099.00)	
Recoveries.....	(403,972.49)	
Accrual.....	(354,033.94)	
LEM Reserve.....	65.88	
Charged Off.....	758,006.43	
A/R Miscellaneous.....	(830,843.00)	
Accounts Receivable from Associated Companies.....		9,552,968.88
E.ON US Services/Kentucky Utilities Company.....	9,552,968.88	

March 26, 2009

Louisville Gas and Electric Company
Summary Trial Balance
February 28, 2009

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Fuel.....		40,858,417.68
Coal 904,107.83 Tons @ \$44.74; MMBtu 20,491,754.51 @ 197.41¢.....	40,453,122.92	
Fuel Oil 205,319 Gallons @ 186.23¢.....	382,374.82	
Gas Pipeline 4,318.00 Mcf @ \$5.31.....	22,919.94	
Plant Materials and Operating Supplies.....		28,346,520.17
Regular Materials and Supplies.....	27,856,321.41	
Limestone 59,814.91 Tons @ \$ 8.20.....	490,198.76	
Stores Expense Undistributed.....	4,160,611.38	4,160,611.38
Gas Stored Underground - Current.....		56,181,716.38
Gas St. Underground*5,575,879.00 Mcf (14.73 psia) @ \$ 10.08.....	56,181,716.38	
Allowance Inventory.....	5,747.61	5,747.61
Prepayments.....		5,916,382.07
Insurance.....	3,324,537.27	
Taxes.....	630,144.07	
Franchises.....	344,020.28	
Rights of Way.....	266,666.70	
Risk Management and Workers Compensation.....	90,000.00	
Vehicle License.....	3,904.95	
Other.....	1,257,108.80	
Miscellaneous Current Assets.....		4,240,477.01
Derivative Asset - Non-Hedging.....	4,240,477.01	
Unamortized Debt Expense.....		3,983,412.46
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%.....	821,475.69	
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%.....	369,854.16	
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%.....	204,339.02	
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%.....	187,919.23	
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%.....	172,760.36	
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%.....	204,372.67	
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%.....	870,409.37	
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%.....	1,152,281.96	
Unamortized Loss on Bonds.....	24,045,033.99	24,045,033.99
Accumulated Deferred Income Taxes.....		62,737,693.63
Federal.....		
Electric.....	48,130,030.39	
Gas.....	5,033,753.47	
State.....		
Electric.....	8,655,900.02	
Gas.....	918,009.75	
Regulatory Assets.....		313,684,425.75
Pension and Postretirement Benefits.....	249,597,539.00	
Asset Retirement Obligations.....		
Electric.....	21,248,540.29	
Gas.....	8,151,762.95	
Common.....	24,931.99	
2008 Wind Storm.....	23,538,555.22	
MISO Exit Fee.....	6,802,145.14	
ECR Ash Hauling.....	2,400,596.31	
Rate Case Expenses.....	948,672.46	
EKPC FERC Transmission Costs.....	847,862.16	
KCCS Funding.....	123,820.23	
Other Deferred Debits.....	26,574,880.85	26,574,880.85
Total Assets and Other Debits.....	3,365,639,866.14	3,365,639,866.14

* Excludes:

	\$	Mcf
Non-recoverable Base Gas	9,648,855.00	7,880,000
Recoverable Base Gas	<u>2,139,990.00</u>	<u>2,930,000</u>
	11,788,845.00	10,810,000

Louisville Gas and Electric Company
Summary Trial Balance
February 28, 2009

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Common Equity.....		1,246,075,638.80
Common Stock.....	425,170,424.09	
Common Stock Expense.....	(835,888.64)	
Paid-In Capital.....	83,530,392.00	
Other Comprehensive Income.....	(10,063,115.63)	
Retained Earnings.....	748,273,826.98	
Bonds.....	411,104,000.00	411,104,000.00
Long-term Notes Payable to Associated Companies.....	485,000,000.00	485,000,000.00
Short-term Notes Payable to Associated Companies.....	147,801,400.00	147,801,400.00
Accounts Payable.....		103,178,008.46
Regular.....	94,509,722.64	
TIA.....	5,545,364.03	
Tax Collections - Payable.....	1,654,617.75	
Salaries and Wages Accrued.....	1,502,868.62	
Employee Withholdings Payable.....	(34,564.58)	
Accounts Payable to Associated Companies.....		15,749,148.16
E.ON US Services/Kentucky Utilities Company.....	15,749,148.16	
Customers' Deposits.....	21,823,591.97	21,823,591.97
Taxes Accrued.....	16,343,142.25	16,343,142.25
Interest Accrued.....		9,496,297.06
Jefferson County 2000 Series A 05/01/00 Due 05/01/27 Var%.....	358,333.40	
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%.....	12,731.76	
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%.....	701.76	
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%.....	19,263.73	
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%.....	23,544.50	
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%.....	15,486.28	
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%.....	15,486.59	
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%.....	10,384.26	
Louisville Metro 2005 Series A 04/13/05 Due 02/01/35 Var%.....	185,277.85	
Louisville Metro 2007 Series A 04/26/07 Due 06/01/33 Var%.....	465,000.05	
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%.....	690,000.00	
Fidelia.....	6,809,700.44	
Customers' Deposits.....	92,320.78	
Interest Rate Swaps.....	617,155.45	
Other.....	180,910.21	
Miscellaneous Current and Accrued Liabilities.....		27,591,926.96
No-Notice Gas Payable.....	14,745,941.22	
Vacation Pay Accrued.....	4,934,171.81	
Postretirement Benefits - Current.....	3,411,968.00	
Customer Overpayments.....	3,178,392.45	
Derivative Liabilities - Non-Hedging.....	646,916.59	
Other.....	674,536.89	

March 26, 2009

Louisville Gas and Electric Company
Summary Trial Balance
February 28, 2009

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Accumulated Deferred Income Taxes.....		410,887,586.94
Federal		
Electric.....	304,020,117.14	
Gas.....	48,910,919.37	
State		
Electric.....	50,419,548.45	
Gas.....	7,537,001.98	
Investment Tax Credit.....		49,839,603.13
Job Development Credit		
Electric.....	28,775,369.98	
Gas.....	963,579.15	
Advanced Coal Credit.....	20,100,654.00	
Regulatory Liabilities.....		51,305,541.52
Deferred Taxes		
Federal		
Electric.....	23,556,055.90	
Gas.....	1,509,074.94	
State		
Electric.....	17,558,321.28	
Gas.....	2,601,796.38	
MISO Schedule 10 Charges.....	2,820,954.18	
Asset Retirement Obligations		
Gas.....	2,598,158.83	
Electric.....	661,180.01	
Customers' Advances for Construction.....		10,215,114.96
Line Extensions		
Gas.....	7,880,337.39	
Electric.....	861,211.79	
Customer Advances - Museum Plaza.....	1,473,557.90	
Customer Advances - Arena.....	7.88	
Asset Retirement Obligations		33,075,609.86
Electric.....	24,755,352.97	
Gas.....	8,292,795.06	
Common.....	27,461.83	
Other Deferred Credits.....	54,298,884.67	54,298,884.67
Miscellaneous Long-term Liabilities.....		45,071,364.97
Long-term Derivative Liabilities - SFAS 133.....	39,882,290.00	
Workers' Compensation.....	5,189,074.97	
Accumulated Provision for Benefits.....		226,783,006.43
Pension Payable.....	143,135,667.00	
Postretirement Benefits - SFAS 106.....	80,090,514.43	
Post Employment Benefits Payable.....	3,747,857.00	
Post Employment Medicare Subsidy.....	(191,032.00)	
Total Liabilities and Other Credits.....	<u>3,365,639,866.14</u>	<u>3,365,639,866.14</u>

March 26, 2009

Louisville Gas and Electric Company
Statement of Cash Flows
February 28, 2009

	Year to Date	
	2009	2008
Cash Flows from Operating Activities		
Net income.....	8,112,155.79	12,888,686.16
Items not requiring (providing) cash currently:		
Depreciation.....	20,961,082.69	20,038,956.68
Amortization.....	1,022,231.65	844,873.32
Deferred income taxes - net.....	-	(1,229,593.00)
Investment tax credit - net.....	(509,467.00)	(645,154.00)
Other.....	2,318,358.80	(1,359,535.71)
Change in receivables.....	4,918,106.42	(12,622,109.38)
Change in inventory.....	65,334,950.83	51,671,044.54
Change in allowance inventory.....	212.60	442.80
Change in payables and accrued expenses.....	(15,347,132.63)	(24,837,570.50)
Change in regulatory assets.....	3,555,251.08	(497,095.35)
Change in regulatory liabilities.....	(4,960,689.64)	570,415.46
Change in other deferred debits.....	13,530,336.01	13,052,597.42
Change in other deferred credits.....	10,646,868.22	573,860.61
Other.....	(3,309,040.26)	8,682,178.58
Net cash provided (used) by operating activities.....	<u>106,273,224.56</u>	<u>67,131,997.63</u>
Cash Flows from Investing Activities		
Gross additions to utility plant - construction expenditures.....	(24,407,116.78)	(30,190,921.37)
Gross additions to common utility plant - construction expenditures.....	(929,185.91)	(3,984,726.55)
Change in restricted cash.....	468,541.83	2,831,062.59
Change in other special funds.....	4,304,440.97	-
Change in long-term non-hedging derivative liability.....	(11,644,540.03)	-
Net cash provided (used) by investing activities.....	<u>(32,207,859.92)</u>	<u>(31,344,585.33)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of long-term debt.....	(49,250.11)	-
Net change in short-term debt.....	(74,197,800.00)	(32,052,000.00)
Net change in short-term capital lease obligations.....	(23,650.00)	(23,385.85)
Net change in long-term capital lease obligations.....	-	(23,649.00)
Net cash provided (used) by financing activities.....	<u>(74,270,700.11)</u>	<u>(32,099,034.85)</u>
Net Increase (Decrease) in Cash and Cash Equivalents.....	(205,335.47)	3,688,377.45
Cash and Cash Equivalents at Beginning of Period.....	<u>4,311,488.37</u>	<u>4,348,418.88</u>
Cash and Cash Equivalents at End of Period.....	<u><u>4,106,152.90</u></u>	<u><u>8,036,796.33</u></u>

March 26, 2009

Louisville Gas and Electric Company
Analysis of Interest Charges
February 28, 2009

	Current Month		Year to Date		Year-Ended Current Month	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Interest on Long-term Debt						
Loan Agreement - Pollution Control Bonds						
1992 Series A Variable.....	-	-	-	-	-	165,575.00
1992 Series A Variable TC.....	-	-	-	-	-	317,112.57
1993 Series A Variable Rate.....	-	-	-	-	-	185,774.09
Jefferson County 2000 Series A due May 1, 2027.....	111,979.17	106,770.83	223,958.34	190,277.77	707,727.76	977,326.37
Trimble County 2000 Series A due Aug. 1, 2030.....	23,750.48	261,945.06	42,639.75	598,882.35	2,045,895.12	3,486,273.75
Jefferson County 2001 Series A due Sep. 1, 2027.....	3,732.88	30,570.21	9,628.56	67,884.84	230,351.02	409,562.88
Jefferson County 2001 Series A due Sep. 1, 2026.....	22,863.73	57,433.68	60,064.09	118,828.30	466,487.21	811,535.31
Trimble County 2001 Series A due Sep. 1, 2026.....	27,944.56	70,196.71	73,411.65	145,234.58	570,150.98	991,876.45
Jefferson County 2001 Series B due Nov. 1, 2027.....	33,916.37	89,896.20	85,855.71	185,992.12	721,897.12	1,267,179.01
Trimble County 2001 Series B due Nov. 1, 2027.....	33,916.37	89,896.20	85,855.71	185,992.12	721,897.12	1,264,590.27
Trimble County 2002 Series A due Oct. 1, 2032.....	19,155.63	148,559.64	40,715.27	315,632.89	1,176,301.69	1,692,141.78
Louisville Metro 2003 Series A due Oct. 1, 2033.....	(5,409.06)	435,448.89	(10,818.12)	889,671.12	1,978,576.07	4,893,813.36
Louisville Metro 2005 Series A due Feb. 1, 2035.....	191,666.66	190,000.00	383,333.33	311,388.90	797,455.55	1,541,361.13
Louisville Metro 2007 Series A due Jun. 1, 2033.....	145,312.50	175,537.50	290,625.00	282,056.94	679,742.28	1,071,370.35
Louisville Metro 2007 Series B due Jun. 1, 2033.....	230,000.00	230,000.00	(0.03)	303,018.22	265,502.49	1,203,522.24
Trimble County 2007 Series A due Jun. 1, 2033.....	617,155.45	428,560.99	1,225,144.03	641,574.28	2,778,270.02	2,338,333.37
Interest Rate Swaps.....	-	9,880.00	-	9,880.00	(9,880.00)	1,935,491.83
Notes/Debentures.....	2,220,149.99	1,820,774.99	4,440,299.98	3,641,549.98	23,671,799.94	3,446,135.41
Fidelia.....	-	-	-	-	-	18,911,525.52
\$5.875 Mandatory Redeemable Preferred Stock.....	-	-	-	-	-	150,138.89
Total.....	3,676,134.75	4,330,666.90	7,410,713.29	8,340,197.74	42,180,886.98	47,060,639.58
Amortization of Debt Expense - Net						
Amortization of Debt Expense.....	15,412.77	34,186.08	30,825.54	68,372.16	242,107.41	401,331.74
Amortization of Loss on Recquired Debt.....	108,206.51	86,701.34	216,245.44	173,402.68	1,348,815.00	1,038,536.55
Total.....	123,619.28	120,887.42	247,070.98	241,774.84	1,590,922.41	1,439,868.29
Other Interest Charges						
Customers' Deposits.....	89,707.69	82,276.96	176,635.85	168,777.03	1,087,253.76	984,516.66
Federal Income Tax Deficiencies.....	-	-	-	-	-	(0.31)
Other Tax Deficiencies.....	-	-	-	-	(2,110.00)	180.30
Gas Refunds.....	-	-	-	-	-	1,496.12
Interest on DSM Cost Recovery.....	7,231.60	-	14,151.12	-	55,830.21	-
Interest on Debt to Associated Companies.....	97,369.33	161,889.49	267,015.23	505,674.15	5,992,417.41	4,072,662.54
Other Interest Expense.....	32,346.26	-	17,751.38	-	1,310,170.24	8,581.56
Total.....	226,654.88	244,166.45	475,553.58	674,451.18	8,443,561.62	5,067,436.87
Total Interest.....	4,026,408.91	4,695,720.77	8,133,337.85	9,256,423.76	52,215,371.01	53,567,944.74

March 26, 2009

Louisville Gas and Electric Company
Analysis of Taxes Charged
February 28, 2009

Kind of Taxes	Current Month		Year To Date	
	This Year	Last Year	This Year	Last Year
Taxes Charged to Accounts 408.1 and 409.1				
Property Taxes.....	1,511,213.95	1,352,184.77	3,011,490.96	2,704,369.54
Unemployment.....	12,891.35	11,722.97	7,529.48	16,312.61
FICA.....	631,654.58	531,874.93	1,236,388.30	1,091,392.81
Public Service Commission Fee.....	157,536.02	161,615.66	315,072.04	323,231.32
Federal Income.....	(3,756,471.33)	2,303,303.82	1,026,955.83	8,596,826.34
State Income.....	(685,070.77)	438,724.52	226,058.22	1,637,490.72
Miscellaneous.....	-	-	7,339.75	6,236.37
Total Charged to Operating Expense.....	(2,128,246.20)	4,799,426.67	5,830,834.58	14,375,859.71
Taxes Charged to Other Accounts.....	3,761,123.70	444,771.26	3,954,307.81	662,365.13
Taxes Accrued on Intercompany Accounts.....	(206,669.86)	(189,117.35)	(407,156.70)	(366,638.49)
Total Taxes Charged.....	1,426,207.64	5,055,080.58	9,377,985.69	14,671,586.35

ANALYSIS OF TAXES ACCRUED - ACCOUNT 236

Kind of Taxes	Taxes Accrued	Accruals	Payments	Taxes Accrued
	At Beginning Of Year	To Date This Year	To Date This Year	At End Of Month
Property Taxes.....	9,963,700.60	3,039,412.00	9,522,422.17	3,480,690.43
Unemployment.....	68,978.84	(5,990.52)	1,057.01	61,931.31
FICA.....	698,416.45	1,072,615.19	1,184,618.61	586,413.03
Federal Income.....	5,330,534.78	4,093,754.67	-	9,424,289.45
State Income.....	1,741,239.63	746,581.49	-	2,487,821.12
Kentucky Sales and Use Tax.....	578,874.39	395,577.35	689,721.21	284,730.53
Miscellaneous.....	-	36,035.51	18,769.13	17,266.38
Totals.....	18,381,744.69	9,377,985.69	11,416,588.13	16,343,142.25

March 26, 2009

Louisville Gas and Electric Company
 Summary of Utility Plant
 February 28, 2009

	Beginning Balance	Additions	Retirements	Transfers/ Adjustments	Net Additions	Ending Balance
101 Utility Plant in Service						
Common						
Common General Plant	156,628,323.83	550,399.03	(1,339,942.97)	-	(789,543.94)	155,838,779.89
Common Intangible Plant	30,504,727.59	771,740.50	(5,615,642.68)	-	(4,843,902.18)	25,660,825.41
	187,133,051.42	1,322,139.53	(6,955,585.65)	-	(5,633,446.12)	181,499,605.30
Electric						
Electric Distribution	768,525,773.32	399,402.24	(68,173.95)	-	331,228.29	768,857,001.61
Electric General Plant	16,739,305.40	154,890.96	(86,256.15)	-	68,634.81	16,807,940.21
Electric Hydro Production	40,692,754.42	-	-	-	-	40,692,754.42
Electric Intangible Plant	2,340.29	-	-	-	-	2,340.29
Electric Other Production	226,677,788.60	-	-	-	-	226,677,788.60
Electric Steam Production	1,957,945,552.56	2,687,991.82	(1,273,330.91)	-	1,414,660.91	1,959,360,213.47
Electric Transmission	256,087,174.79	274,851.82	(19,992.86)	-	254,858.96	256,342,033.75
	3,266,670,689.38	3,517,136.84	(1,447,753.87)	-	2,069,382.97	3,268,740,072.55
Gas						
Gas Distribution	473,727,554.77	-	-	-	-	473,727,554.77
Gas General Plant	9,038,472.86	-	(101,505.16)	-	(101,505.16)	8,936,967.70
Gas Intangible Plant	1,187.49	-	-	-	-	1,187.49
Gas Storage	62,441,928.04	-	-	-	-	62,441,928.04
Gas Transmission	12,901,908.09	-	-	-	-	12,901,908.09
	558,111,051.25	-	(101,505.16)	-	(101,505.16)	558,009,546.09
Total 101 Accounts	4,011,914,792.05	4,839,276.37	(8,504,844.68)	-	(3,665,568.31)	4,008,249,223.74
101 Property Under Capital Leases						
Electric Capital Leased Property	2,876,958.00	-	-	-	-	2,876,958.00
Electric Steam Production	2,876,958.00	-	-	-	-	2,876,958.00
Total 101101	2,876,958.00	-	-	-	-	2,876,958.00
105 Plant Held for Future Use						
Electric						
Electric Distribution	649,014.48	-	-	-	-	649,014.48
Electric Steam Production	4,182,559.70	-	-	-	-	4,182,559.70
	4,831,574.18	-	-	-	-	4,831,574.18
Total 105001	4,831,574.18	-	-	-	-	4,831,574.18
106 Completed Construction Not Classified						
Common						
Common General Plant	1,922,810.85	(3,742.88)	-	-	(3,742.88)	1,919,067.97
Common Intangible Plant	1,374,736.40	(177,269.58)	-	-	(177,269.58)	1,197,466.82
	3,297,547.25	(181,012.46)	-	-	(181,012.46)	3,116,534.79

March 26, 2009

Louisville Gas and Electric Company
 Summary of Utility Plant
 February 28, 2009

	Beginning Balance	Additions	Retirements	Transfers/Adjustments	Net Additions	Ending Balance
Electric						
Electric Distribution	53,528,201.00	3,786,003.65	-	-	3,786,003.65	57,314,204.65
Electric General Plant	121,321.11	(121,321.11)	-	-	(121,321.11)	-
Electric Hydro Production	56,785.36	9,636.33	-	-	9,636.33	66,421.69
Electric Intangible Plant	-	-	-	-	-	-
Electric Other Production	123,654.81	-	-	-	-	123,654.81
Electric Steam Production	13,060,279.51	3,372,081.44	-	-	3,372,081.44	16,432,360.95
Electric Transmission	1,573,129.06	(34,080.71)	-	-	(34,080.71)	1,539,048.35
	68,463,370.85	7,012,319.60	-	-	7,012,319.60	75,475,690.45
Gas						
Gas Distribution	37,599,096.45	1,600,755.62	-	-	1,600,755.62	39,199,852.07
Gas General Plant	-	-	-	-	-	-
Gas Intangible Plant	-	-	-	-	-	-
Gas Storage	1,318,828.23	4,204.95	-	-	4,204.95	1,323,033.18
Gas Transmission	38,917,924.68	1,604,960.57	-	-	1,604,960.57	40,522,885.25
Total 106 Accounts	110,678,842.78	8,436,267.71	-	-	8,436,267.71	119,115,110.49
117 Gas Stored Underground - Noncurrent						
Gas	2,139,990.00	-	-	-	-	2,139,990.00
Gas Stored Nonrecoverable	2,139,990.00	-	-	-	-	2,139,990.00
Total 117001	2,139,990.00	-	-	-	-	2,139,990.00
121 Nonutility Property Common						
Nonutility Property	75,239.56	-	-	-	-	75,239.56
	75,239.56	-	-	-	-	75,239.56
Total 121001	75,239.56	-	-	-	-	75,239.56
107 Construction Work in Progress						
Construction Work in Progress						
Common	51,677,042.23	(211,941.16)	-	-	(211,941.16)	51,465,101.07
Electric	269,074,514.63	14,282,543.38	-	-	14,282,543.38	283,357,058.01
Gas	53,271,643.56	(2,009,843.61)	-	-	(2,009,843.61)	51,261,799.95
	374,023,200.42	12,060,758.61	-	-	12,060,758.61	386,083,959.03
Total Plant (Non-CWIP)	4,132,517,396.57	13,275,544.08	(8,504,844.68)	-	4,770,699.40	4,137,288,095.97
Total Plant + CWIP	4,506,540,596.99	25,336,302.69	(8,504,844.68)	-	16,831,458.01	4,523,372,055.00
Total Plant + CWIP - Nonutility (BS)	4,506,465,357.43	25,336,302.69	(8,504,844.68)	-	16,831,458.01	4,523,296,815.44

March 26, 2009

Louisville Gas and Electric Company
 Summary of Utility Plant - Reserve for Depreciation of Utility Plant
 February 28, 2009

	Beginning Balance	Accruals	Retirements	Transfers/ Adjustments	RWIP Transfers Out	Cost of Removal	Salvage	Other Credits	Ending Balance
Life Reserve									
Common General Plant - ARO	(68,115,611.49)	(1,793,918.83)	1,339,942.97	-	-	-	-	-	(68,569,587.35)
Common General Plant - ARO	(1,199.60)	(5.72)	-	-	-	-	-	-	(1,205.32)
Electric Distribution	(255,961,891.88)	(2,965,386.65)	68,173.95	-	-	-	-	-	(258,859,104.58)
Electric Distribution - ARO	(12,796.60)	(61.02)	-	-	-	-	-	-	(12,857.62)
Electric General Plant	(13,702,714.67)	(80,038.99)	86,256.15	-	-	-	-	-	(13,696,497.51)
Electric Hydro Production	(8,147,012.81)	(105,897.70)	-	-	-	-	-	-	(8,252,910.51)
Electric Hydro Production - ARO	(17,314.16)	(82.68)	-	-	-	-	-	-	(17,396.84)
Electric Other Production	(48,776,531.63)	(1,291,248.44)	-	-	-	-	-	-	(50,067,780.07)
Electric Other Production - ARO	(118,219.64)	(563.78)	-	-	-	-	-	-	(118,783.42)
Electric Steam Production	(980,719,365.60)	(8,698,378.21)	1,273,330.91	-	-	-	-	-	(988,144,412.90)
Electric Steam Production - ARO	(2,382,766.82)	(27,241.69)	-	-	-	-	-	-	(2,410,008.51)
Electric Transmission	(120,367,314.51)	(732,088.03)	19,992.86	-	-	-	-	-	(121,079,409.68)
Electric Transmission - ARO	(3,029.54)	(30.01)	-	-	-	-	-	-	(3,059.55)
Gas Distribution	(115,555,571.04)	(1,658,395.31)	-	-	-	-	-	-	(117,213,966.35)
Gas Distribution - ARO	(20,060.41)	(53.34)	-	-	-	-	-	-	(20,113.75)
Gas General Plant	(6,241,137.60)	(66,135.12)	101,505.16	-	-	-	-	-	(6,205,767.56)
Gas Storage	(34,022,860.14)	(173,215.45)	-	-	-	-	-	-	(34,196,075.59)
Gas Storage - ARO	(409,284.68)	(1,470.96)	-	-	-	-	-	-	(410,755.64)
Gas Stored Nonrecoverable	(9,358,516.52)	(12,828.47)	-	-	-	-	-	-	(9,371,344.99)
Gas Transmission	(63,360.36)	-	-	-	-	-	-	-	(63,360.36)
Non Utility Property	(1,663,996,559.70)	(17,607,040.40)	2,889,202.00	-	-	-	-	-	(1,678,714,398.10)
Cost of Removal									
Common General Plant	(469,247.42)	(33,305.35)	-	-	-	798.12	-	-	(501,754.65)
Electric Distribution	(157,755,648.48)	(1,157,700.52)	-	-	-	17,983.87	-	-	(158,895,365.13)
Electric General Plant	3,866.64	-	-	-	-	-	-	-	3,866.64
Electric Hydro Production	814,671.45	(3,395.34)	-	-	-	-	-	-	811,276.11
Electric Other Production	(2,039,438.56)	(28,982.76)	-	-	-	-	-	-	(2,068,421.32)
Electric Steam Production	(75,412,706.30)	(1,964,124.05)	-	-	-	474,640.56	-	-	(76,902,189.79)
Electric Transmission	(23,681,680.84)	(213,870.60)	-	-	-	8,447.82	-	-	(23,887,103.62)
Gas Distribution	(58,299,094.86)	(679,404.73)	-	-	-	-	-	-	(58,978,499.59)
Gas General Plant	(0.02)	-	-	-	-	-	-	-	(0.02)
Gas Storage	(403,035.01)	(23,669.79)	-	-	-	-	-	-	(426,704.80)
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	(3,061,349.14)	(10,145.00)	-	-	-	-	-	-	(3,071,494.14)
Non Utility Property	(320,303,662.54)	(4,114,598.14)	-	-	-	501,870.37	-	-	(323,916,390.31)

March 26, 2009

Louisville Gas and Electric Company
 Summary of Utility Plant - Reserve for Depreciation of Utility Plant
 February 28, 2009

	Beginning Balance	Accruals	Retirements	Transfers/Adjustments	RWIP Transfers Out	Cost of Removal	Salvage	Other Credits	Ending Balance
Salvage									
Common General Plant	301,592.06	5,714.90	-	-	-	-	-	-	307,306.96
Electric Distribution	15,611,295.13	219,757.85	-	-	-	-	-	-	15,831,052.98
Electric General Plant	132,019.58	2,114.02	-	-	-	-	-	-	134,133.60
Electric Hydro Production	433,316.55	-	-	-	-	-	-	-	433,316.55
Electric Other Production	2,644.83	-	-	-	-	-	-	-	2,644.83
Electric Steam Production	18,799,865.84	378,329.27	-	-	-	-	(27,191.16)	-	19,151,003.95
Electric Transmission	5,876,238.22	42,622.43	-	-	-	-	-	-	5,918,860.65
Gas Distribution	3,219,085.53	35,404.40	-	-	-	-	-	-	3,254,489.93
Gas General Plant	220,201.71	2,004.93	-	-	-	-	-	-	222,206.64
Gas Storage	236,769.87	2,187.95	-	-	-	-	-	-	238,957.82
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	208,728.61	951.09	-	-	-	-	-	-	209,679.70
Non Utility Property	45,041,757.93	689,086.84	-	-	-	-	(27,191.16)	-	45,703,653.61
Total Reserves									
Common	(68,347,826.81)	(1,821,515.00)	1,339,942.97	-	-	798.12	-	-	(68,828,600.72)
Electric	(1,647,424,513.80)	(16,626,266.90)	1,447,753.87	-	-	501,072.25	(27,191.16)	-	(1,662,129,145.74)
Gas	(223,486,123.70)	(2,584,769.80)	101,505.16	-	-	-	-	-	(225,969,388.34)
	(1,939,258,464.31)	(21,032,551.70)	2,889,202.00	-	-	501,870.37	(27,191.16)	-	(1,956,927,134.80)
Retirement Work in Progress									
Common	(9,092,255.82)	-	-	-	(798.12)	369.07	(2,877.00)	-	(9,095,561.87)
Electric	28,458,992.95	-	-	-	(473,881.09)	1,309,238.78	(8,581.85)	323,562.25	29,609,331.04
Gas	4,095,496.74	-	-	-	-	75,224.68	(613.20)	78.18	4,170,186.40
	23,462,233.87	-	-	-	(474,679.21)	1,384,832.53	(12,072.05)	323,640.43	24,683,955.57
YTD ACTIVITY									
	(1,915,796,230.44)	(21,032,551.70)	2,889,202.00	-	474,679.21	(882,962.16)	(15,119.11)	(323,640.43)	(1,932,243,179.23)
Amortization									
Common	(23,433,131.46)	(1,022,231.65)	5,615,642.68	-	-	-	-	-	(18,839,720.43)
Electric	(100.00)	-	-	-	-	-	-	-	(100.00)
Gas	(800.00)	-	-	-	-	-	-	-	(800.00)
AMORTIZATION TOTAL	(23,434,031.46)	(1,022,231.65)	5,615,642.68	-	-	-	-	-	(18,840,620.43)
Depreciation & Amortization Total	(1,939,230,261.90)	(22,054,783.35)	8,504,844.68	-	474,679.21	(882,962.16)	(15,119.11)	(323,640.43)	(1,951,083,799.66)
Depr & Amort - Nonutility for Balance Sheet									
Utility Plant at Original Cost Less Reserve for Depreciation & Amortization (Excl nonutility)	2,567,298,455.80								2,572,276,376.14

March 26, 2009

LG&E Monthly Report to KPSC – January 31, 2009

LOUISVILLE GAS AND ELECTRIC COMPANY

Financial Reports

January 31, 2009

Prepared by Regulatory Accounting and Reporting

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Financial and Operating Reports

Louisville Gas and Electric Company
January 31, 2009

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Louisville Gas and Electric Company
Comparative Statement of Income
January 31, 2009

	Current Month		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	84,590,679.75	80,090,309.08	4,500,370.67 5.62
Gas Operating Revenues.....	91,408,264.04	81,613,619.44	9,794,644.60 12.00
Total Operating Revenues.....	175,998,943.79	161,703,928.52	14,295,015.27 8.84
Fuel for Electric Generation.....	34,444,555.59	28,814,020.46	5,630,535.13 19.54
Power Purchased.....	8,130,420.04	9,734,369.57	(1,603,949.53) (16.48)
Gas Supply Expenses.....	76,420,027.27	66,356,969.85	10,063,057.42 15.17
Other Operation Expenses.....	17,968,153.28	15,939,137.21	2,029,016.07 12.73
Maintenance.....	9,165,545.97	6,036,479.12	3,129,066.85 51.84
Depreciation.....	10,348,232.70	10,108,110.89	240,121.81 2.38
Amortization Expense.....	532,037.37	427,101.23	104,936.14 24.57
Regulatory Credits.....	(177,368.12)	(172,149.03)	(5,219.09) 3.03
Taxes			
Federal Income.....	4,783,427.16	6,293,522.52	(1,510,095.36) (23.99)
State Income.....	911,128.99	1,198,766.20	(287,637.21) (23.99)
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	-	-	-
Property and Other.....	2,264,524.63	2,084,144.32	180,380.31 8.65
Investment Tax Credit.....	-	-	-
Amortization of Investment Tax Credit.....	(312,908.00)	(322,577.00)	9,669.00 (3.00)
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	162,613.52	157,463.21	5,150.31 3.27
Total Operating Expenses.....	164,640,390.40	146,655,358.55	17,985,031.85 12.26
Net Operating Income.....	11,358,553.39	15,048,569.97	(3,690,016.58) (24.52)
Other Income Less Deductions.....	10,225,687.09	(752,027.40)	10,977,714.49 (1,459.75)
Income Before Interest Charges.....	21,584,240.48	14,296,542.57	7,287,697.91 50.98
Interest on Long-term Debt.....	3,734,578.54	4,009,530.84	(274,952.30) (6.86)
Amortization of Debt Expense - Net.....	123,451.70	120,887.42	2,564.28 2.12
Other Interest Expenses.....	248,898.70	430,284.73	(181,386.03) (42.15)
Total Interest Charges.....	4,106,928.94	4,560,702.99	(453,774.05) (9.95)
Net Income.....	17,477,311.54	9,735,839.58	7,741,471.96 79.52

February 20, 2009

Louisville Gas and Electric Company
Comparative Statement of Income
January 31, 2009

	Year to Date		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	84,590,679.75	80,090,309.08	4,500,370.67 5.62
Gas Operating Revenues.....	91,408,264.04	81,613,619.44	9,794,644.60 12.00
Total Operating Revenues.....	175,998,943.79	161,703,928.52	14,295,015.27 8.84
Fuel for Electric Generation.....	34,444,555.59	28,814,020.46	5,630,535.13 19.54
Power Purchased.....	8,130,420.04	9,734,369.57	(1,603,949.53) (16.48)
Gas Supply Expenses.....	76,420,027.27	66,356,969.85	10,063,057.42 15.17
Other Operation Expenses.....	17,968,153.28	15,939,137.21	2,029,016.07 12.73
Maintenance.....	9,165,545.97	6,036,479.12	3,129,066.85 51.84
Depreciation.....	10,348,232.70	10,108,110.89	240,121.81 2.38
Amortization Expense.....	532,037.37	427,101.23	104,936.14 24.57
Regulatory Credits.....	(177,368.12)	(172,149.03)	(5,219.09) 3.03
Taxes			
Federal Income.....	4,783,427.16	6,293,522.52	(1,510,095.36) (23.99)
State Income.....	911,128.99	1,198,766.20	(287,637.21) (23.99)
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	-	-	-
Property and Other.....	2,264,524.63	2,084,144.32	180,380.31 8.65
Investment Tax Credit.....	-	-	-
Amortization of Investment Tax Credit.....	(312,908.00)	(322,577.00)	9,669.00 (3.00)
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	162,613.52	157,463.21	5,150.31 3.27
Total Operating Expenses.....	164,640,390.40	146,655,358.55	17,985,031.85 12.26
Net Operating Income.....	11,358,553.39	15,048,569.97	(3,690,016.58) (24.52)
Other Income Less Deductions.....	10,225,687.09	(752,027.40)	10,977,714.49 (1,459.75)
Income Before Interest Charges.....	21,584,240.48	14,296,542.57	7,287,697.91 50.98
Interest on Long-term Debt.....	3,734,578.54	4,009,530.84	(274,952.30) (6.86)
Amortization of Debt Expense - Net.....	123,451.70	120,887.42	2,564.28 2.12
Other Interest Expenses.....	248,898.70	430,284.73	(181,386.03) (42.15)
Total Interest Charges.....	4,106,928.94	4,560,702.99	(453,774.05) (9.95)
Net Income.....	17,477,311.54	9,735,839.58	7,741,471.96 79.52

February 20, 2009

Louisville Gas and Electric Company
Comparative Statement of Income
January 31, 2009

	Year Ended Current Month		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	1,019,454,710.96	932,469,451.40	86,985,259.56 9.33
Gas Operating Revenues.....	468,159,737.68	372,533,782.94	95,625,954.74 25.67
Total Operating Revenues.....	1,487,614,448.64	1,305,003,234.34	182,611,214.30 13.99
Fuel for Electric Generation.....	350,167,269.58	319,261,790.01	30,905,479.57 9.68
Power Purchased.....	116,303,582.81	80,376,379.11	35,927,203.70 44.70
Gas Supply Expenses.....	363,213,691.40	271,239,318.42	91,974,372.98 33.91
Other Operation Expenses.....	196,096,805.23	175,126,693.37	20,970,111.86 11.97
Maintenance.....	97,654,911.41	84,066,239.57	13,588,671.84 16.16
Depreciation.....	121,592,025.96	119,974,013.73	1,618,012.23 1.35
Amortization Expense.....	5,985,337.88	6,137,406.68	(152,068.80) (2.48)
Regulatory Credits.....	(2,071,831.34)	(1,965,767.40)	(106,063.94) 5.40
Taxes			
Federal Income.....	38,533,314.32	33,992,045.04	4,541,269.28 13.36
State Income.....	3,994,787.18	7,280,149.73	(3,285,362.55) (45.13)
Deferred Federal Income - Net.....	(2,265,116.31)	9,475,870.93	(11,740,987.24) (123.90)
Deferred State Income - Net.....	(2,493,495.64)	1,500,153.46	(3,993,649.10) (266.22)
Property and Other.....	24,137,452.66	22,078,876.78	2,058,575.88 9.32
Investment Tax Credit.....	8,121,028.00	8,979,626.00	(858,598.00) (9.56)
Amortization of Investment Tax Credit.....	(3,861,251.07)	(3,944,235.94)	82,984.87 (2.10)
Loss (Gain) from Disposition of Allowances.....	(456,254.88)	(553,092.69)	96,837.81 (17.51)
Accretion Expense.....	1,894,709.98	1,790,039.44	104,670.54 5.85
Total Operating Expenses.....	1,316,546,967.17	1,134,815,506.24	181,731,460.93 16.01
Net Operating Income.....	171,067,481.47	170,187,728.10	879,753.37 0.52
Other Income Less Deductions.....	(20,241,045.65)	(156,899.70)	(20,084,145.95) 12,800.63
Income Before Interest Charges.....	150,826,435.82	170,030,828.40	(19,204,392.58) (11.29)
Interest on Long-term Debt.....	42,835,419.13	45,513,425.85	(2,678,006.72) (5.88)
Amortization of Debt Expense - Net.....	1,588,190.55	1,438,170.93	150,019.62 10.43
Other Interest Expenses.....	8,461,073.19	4,082,840.77	4,378,232.42 107.24
Total Interest Charges.....	52,884,682.87	51,034,437.55	1,850,245.32 3.63
Net Income.....	97,941,752.95	118,996,390.85	(21,054,637.90) (17.69)
Preferred Dividend Requirements.....	-	643,689.69	(643,689.69) (100.00)
Earnings Available for Common.....	97,941,752.95	118,352,701.16	(20,410,948.21) (17.25)

March 26, 2009

Louisville Gas and Electric Company
 Analysis of Retained Earnings
 January 31, 2009

	Current Month		Year to Date		Year Ended Current Month	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Balance at Beginning of Period.....	740,161,671.19	689,961,390.20	740,161,671.19	689,961,390.20	699,697,229.78	649,929,597.17
Add:						
Net Income for Period.....	17,477,311.54	9,735,839.58	17,477,311.54	9,735,839.58	97,941,752.95	118,996,390.85
FIN 48 Adjustment.....	-	-	-	-	-	202,186.00
Deduct:						
Adjustment to Retained Earnings.....	-	-	-	-	-	3,787,254.55
Preferred Dividends						
\$25 Par Value						
5% Series.....						
Without Par Value						
Auction Rate.....						
Common Dividends						
Common Stock Without Par Value.....						
Balance at End of Period.....	<u>757,638,982.73</u>	<u>699,697,229.78</u>	<u>757,638,982.73</u>	<u>699,697,229.78</u>	<u>40,000,000.00</u>	<u>65,000,000.00</u>
					<u>757,638,982.73</u>	<u>699,697,229.78</u>

March 26, 2009

Louisville Gas and Electric Company
Comparative Balance Sheets as of January 31, 2009 and 2008

	This Year	Last Year	Liabilities and Other Credits	This Year	Last Year
Assets and Other Debits					
Utility Plant			Capitalization		
Utility Plant at Original Cost.....	4,518,865,054.08	4,330,005,720.11	Common Stock.....	425,170,424.09	425,170,424.09
Less Reserves for Depreciation and Amortization.....	1,949,191,455.66	1,869,213,322.60	Common Stock Expense.....	(835,888.64)	(835,888.64)
Total.....	2,569,673,598.42	2,460,792,397.51	Paid-in Capital.....	83,530,392.00	60,000,000.00
			Other Comprehensive Income.....	(11,627,034.85)	(15,778,594.00)
			Retained Earnings.....	757,638,982.73	699,697,229.78
Investments			Total Common Equity.....	1,253,876,875.33	1,168,253,171.23
Ohio Valley Electric Corporation.....	594,286.00	594,286.00	Pollution Control Bonds - Net of reacquired Bonds	411,104,000.00	574,304,000.00
Nonutility Property-Less Reserve.....	11,879.20	11,879.20	LT Notes Payable to Associated Companies.....	485,000,000.00	410,000,000.00
Special Funds.....	22,657,726.59	13,415,869.22	Total Long-term Debt.....	896,104,000.00	984,304,000.00
Other.....	14,152,203.00	14,152,203.00	Total Capitalization.....	2,149,980,875.33	2,152,557,171.23
Total.....	23,263,891.79	28,174,237.42			
Current and Accrued Assets					
Cash.....	3,264,094.49	11,721,521.01	Current and Accrued Liabilities		
Special Deposits.....	1,612,084.73	6,646,955.88	ST Notes Payable to Associated Companies.....	210,627,400.00	73,151,200.00
Temporary Cash Investments.....	26.98	36,045.74	Accounts Payable.....	98,736,954.40	110,842,748.69
Accounts Receivable-Less Reserve.....	217,979,359.39	213,964,518.16	Accounts Payable to Associated Companies.....	11,547,306.36	31,497,479.78
Accounts Receivable from Associated Companies.....	3,564,031.87	76,673.84	Customer Deposits.....	21,619,542.58	19,505,748.17
Materials and Supplies-At Average Cost			Taxes Accrued.....	15,655,994.62	12,880,809.11
Fuel.....	42,050,047.17	41,413,951.63	Interest Accrued.....	10,935,622.75	9,064,318.32
Plant Materials and Operating Supplies.....	28,162,716.77	26,423,150.50	ST Obligations Under Capital Leases.....	23,650.00	429,086.69
Stores Expense.....	4,136,707.73	4,586,865.26	Miscellaneous Current and Accrued Liabilities.....	25,266,342.44	11,823,781.78
Gas Stored Underground.....	83,390,426.85	57,041,051.06	Total.....	394,412,812.95	269,195,172.54
Allowance Inventory.....	5,847.74	11,196.61			
Prepayments.....	6,395,452.20	5,819,408.95	Deferred Credits and Other		
Miscellaneous Current and Accrued Assets.....	3,831,080.14	317,603.42	Accumulated Deferred Income Taxes.....	410,892,327.69	398,118,545.69
Total.....	394,391,876.06	368,058,942.06	Investment Tax Credit.....	50,036,162.13	45,776,385.20
			Regulatory Liabilities.....	56,552,845.70	55,400,745.35
Deferred Debits and Other			Customer Advances for Construction.....	10,440,251.06	14,867,336.36
Unamortized Debt Expense.....	3,998,825.22	9,863,944.05	Asset Retirement Obligations.....	32,912,185.34	29,740,138.90
Unamortized Loss on Bonds.....	24,108,240.46	19,013,529.44	Other Deferred Credits.....	54,035,346.51	43,880,187.91
Accumulated Deferred Income Taxes.....	63,738,121.10	53,847,000.03	Miscellaneous Long-term Liabilities.....	48,824,138.97	6,203,202.79
Deferred Regulatory Assets.....	317,228,645.10	151,230,126.53	Accum Provision for Postretirement Benefits.....	226,808,233.63	97,605,033.98
Other Deferred Debits.....	38,491,981.16	22,363,742.91	Total.....	890,501,491.03	691,591,576.18
Total.....	447,565,813.04	256,318,342.96	Total Liabilities and Other Credits.....	3,434,895,179.31	3,113,343,919.95
Total Assets and Other Debits.....	3,434,895,179.31	3,113,343,919.95			

Louisville Gas and Electric Company
Statement of Capitalization and Short-term Debt
January 31, 2009

	Authorized Shares	Issued and Outstanding Shares	Amount		Percent of Total Capital and ST Debt	Capital
Common Equity						
Common Stock - Without Par.....	75,000,000	21,294,223	425,170,424.09			
Common Stock Expense.....			(835,888.64)			
Paid-In Capital.....			83,530,392.00			
Other Comprehensive Income.....			(11,627,034.85)			
Retained Earnings.....			757,638,982.73			
Total Common Equity.....			<u>1,253,876,875.33</u>		<u>53.12</u>	<u>58.32</u>
Long-term Debt						
Pollution Control Bonds						
Jefferson County 2000 Series A 05/01/00 Due 05/01/27 Var%.....			25,000,000.00			
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%.....			83,335,000.00			
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%.....			10,104,000.00			
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%.....			22,500,000.00			
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%.....			27,500,000.00			
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%.....			35,000,000.00			
Trimble County 2001 Series A 10/23/02 Due 10/01/32 Var%.....			41,665,000.00			
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%.....			40,000,000.00			
Louisville Metro 2007 Series A 04/13/05 Due 02/01/35 Var%.....			31,000,000.00			
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%.....			35,200,000.00			
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%.....			60,000,000.00			
			<u>574,304,000.00</u>	<u>24.33</u>		<u>26.71</u>
Less Reacquired Bonds						
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%.....			(128,000,000.00)			
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%.....			(35,200,000.00)			
			<u>(163,200,000.00)</u>	<u>(6.91)</u>		<u>(7.59)</u>
Total Pollution Control Bonds - Net of Reacquired Bonds.....			<u>411,104,000.00</u>	<u>17.42</u>		<u>19.12</u>
Long-term Notes Payable to Associated Companies.....			<u>485,000,000.00</u>	<u>20.55</u>		<u>22.56</u>
Total Capitalization.....			<u>2,149,980,875.33</u>	<u>91.09</u>		<u>100.00</u>
Short-term Notes Payable to Associated Companies.....			<u>210,627,400.00</u>	<u>8.91</u>		
Total Capitalization and Short-term Debt.....			<u>2,360,608,275.33</u>	<u>100.00</u>		

March 26, 2009

Louisville Gas and Electric Company
Summary Trial Balance
January 31, 2009

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Utility Plant		
At Original Cost.....	4,518,865,054.08	4,518,865,054.08
Reserves for Depreciation and Amortization.....		(1,949,191,455.66)
Depreciation of Plant		
Electric.....	(1,626,343,186.67)	
Gas.....	(220,771,160.81)	
Common.....	(78,111,039.35)	
Amortization of Plant		
Common.....	(23,965,168.83)	
Gas.....	(800.00)	
Electric.....	(100.00)	
Investments.....		23,263,891.79
Special Funds.....	22,657,726.59	
Ohio Valley Electric Corporation.....	594,286.00	
Nonutility Property.....	75,239.56	
Nonutility Property Reserve.....	(63,360.36)	
Cash.....	3,264,094.49	3,264,094.49
Special Deposits.....		1,612,084.73
Restricted Cash - Short-term.....	138,539.23	
Other Special Deposits.....	1,473,545.50	
Temporary Cash Investments.....	26.98	26.98
Accounts Receivable - Less Reserve.....		217,979,359.39
Customers - Active.....	118,351,571.31	
Unbilled Revenues.....	77,949,000.00	
Wholesale Sales.....	5,916,409.42	
IMPA.....	3,515,410.44	
Sundry Accounts Receivable.....	3,492,806.88	
IMEA.....	3,420,528.67	
Tax Refunds.....	3,360,522.77	
RAR Settlements.....	2,169,171.00	
Damage Claims.....	582,761.58	
Electricity Swaps.....	268,187.36	
Transmission Sales.....	201,257.31	
Employee Computer Loans.....	81,755.35	
Rents Receivable.....	50,622.58	
Interest and Dividends Receivable.....	29,982.66	
Working Funds.....	21,280.00	
Other.....	693,667.06	
Reserves for Uncollectible Accounts		
Utility Customers		
Reserve.....	(1,294,732.00)	
A/R Miscellaneous.....	(830,843.00)	
Recoveries.....	(191,088.69)	
Accrual.....	(182,136.60)	
Charged Off.....	373,225.29	
Accounts Receivable from Associated Companies.....		3,564,031.87
E.ON US Services/Kentucky Utilities Company.....	3,564,031.87	

February 20, 2009

Louisville Gas and Electric Company
Summary Trial Balance
January 31, 2009

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Fuel.....		42,050,047.17
Coal 893,964.20 Tons @ \$46.51; MMBtu 20,220,697.44 @ 205.61¢.....	41,575,098.81	
Fuel Oil 232,426 Gallons @ 189.76¢.....	441,043.48	
Gas Pipeline 4,900.00 Mcf @ \$6.92.....	33,904.88	
Plant Materials and Operating Supplies.....		28,162,716.77
Regular Materials and Supplies.....	27,809,935.04	
Limestone 43,406.91 Tons @ \$ 8.13.....	352,781.73	
Stores Expense Undistributed.....	4,136,707.73	4,136,707.73
Gas Stored Underground - Current.....		83,390,426.85
Gas St. Underground*8,276,281.00 Mcf (14.73 psia) @ \$ 10.08.....	83,390,426.85	
Allowance Inventory.....	5,847.74	5,847.74
Prepayments.....		6,395,452.20
Insurance.....	3,717,820.20	
Taxes.....	787,680.09	
Rights of Way.....	266,666.70	
Risk Management and Workers Compensation.....	90,000.00	
Vehicle License.....	7,809.90	
Other.....	1,525,475.31	
Miscellaneous Current Assets.....		3,831,080.14
Derivative Asset - Non-Hedging.....	3,831,080.14	
Unamortized Debt Expense.....		3,998,825.22
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%.....	824,672.09	
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%.....	371,520.17	
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%.....	205,251.02	
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%.....	188,814.23	
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%.....	173,583.36	
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%.....	205,284.67	
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%.....	873,485.02	
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%.....	1,156,214.66	
Unamortized Loss on Bonds.....	24,108,240.46	24,108,240.46
Accumulated Deferred Income Taxes.....		63,738,121.10
Federal.....		
Electric.....	48,823,248.69	
Gas.....	5,187,661.48	
State.....		
Electric.....	8,781,184.60	
Gas.....	946,026.33	
Regulatory Assets.....		317,228,645.10
Pension and Postretirement Benefits.....	249,597,539.00	
Asset Retirement Obligations.....		
Electric.....	21,109,441.91	
Gas.....	8,112,814.59	
Common.....	24,799.61	
Wind Storm.....	23,537,395.77	
MISO Exit Fee.....	12,150,766.52	
ECR Ash Hauling.....	2,572,067.47	
KCCS Funding.....	123,820.23	
Other Deferred Debits.....	38,491,981.16	38,491,981.16
Total Assets and Other Debits.....	<u>3,434,895,179.31</u>	<u>3,434,895,179.31</u>

* Excludes:		\$	Mcf
Non-recoverable Base Gas	9,648,855.00		7,880,000
Recoverable Base Gas	<u>2,139,990.00</u>		<u>2,930,000</u>
	11,788,845.00		10,810,000

Louisville Gas and Electric Company
Summary Trial Balance
January 31, 2009

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Common Equity.....		1,253,876,875.33
Common Stock.....	425,170,424.09	
Common Stock Expense.....	(835,888.64)	
Paid-In Capital.....	83,530,392.00	
Other Comprehensive Income.....	(11,627,034.85)	
Retained Earnings.....	757,638,982.73	
Bonds.....	411,104,000.00	411,104,000.00
Long-term Notes Payable to Associated Companies.....	485,000,000.00	485,000,000.00
Short-term Notes Payable to Associated Companies.....	210,627,400.00	210,627,400.00
Accounts Payable.....		98,736,954.40
Regular.....	89,350,221.15	
TIA.....	5,545,364.03	
Salaries and Wages Accrued.....	1,918,343.27	
Tax Collections - Payable.....	1,911,566.94	
Employee Withholdings Payable.....	11,459.01	
Accounts Payable to Associated Companies.....		11,547,306.36
E.ON US Services/Kentucky Utilities Company.....	11,547,306.36	
Customers' Deposits.....	21,619,542.38	21,619,542.38
Taxes Accrued.....	15,655,994.62	15,655,994.62
Interest Accrued.....		10,935,622.75
Jefferson County 2000 Series A 05/01/00 Due 05/01/27 Var%.....	246,354.23	
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%.....	11,666.92	
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%.....	785.95	
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%.....	104,401.01	
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%.....	127,601.18	
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%.....	145,765.19	
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%.....	145,765.50	
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%.....	9,287.27	
Louisville Metro 2005 Series A 04/13/05 Due 02/01/35 Var%.....	421,666.75	
Louisville Metro 2007 Series A 04/26/07 Due 06/01/33 Var%.....	319,687.55	
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%.....	459,999.98	
Fidelia.....	7,244,550.45	
Customers' Deposits.....	942,454.86	
Interest Rate Swaps.....	607,601.30	
Other.....	148,034.61	
Short-term Obligations under Capital Leases.....	23,650.00	23,650.00
Miscellaneous Current and Accrued Liabilities.....		25,266,342.44
Customer Overpayments.....	15,646,895.74	
Vacation Pay Accrued.....	4,934,171.81	
Postretirement Benefits - Current.....	3,411,968.00	
Derivative Liabilities - Non-Hedging.....	665,212.55	
Other.....	608,094.34	

March 26, 2009

Louisville Gas and Electric Company
Summary Trial Balance
January 31, 2009

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Accumulated Deferred Income Taxes.....		410,892,327.69
Federal		
Electric.....	304,006,807.39	
Gas.....	48,917,412.88	
State		
Electric.....	50,424,044.38	
Gas.....	7,544,063.04	
Investment Tax Credit.....		50,036,162.13
Job Development Credit		
Electric.....	28,959,186.98	
Gas.....	976,321.15	
Advanced Coal Credit.....	20,100,654.00	
Regulatory Liabilities.....		56,552,845.70
Deferred Taxes		
Federal		
Electric.....	23,556,055.90	
Gas.....	1,509,074.94	
State		
Electric.....	17,558,321.28	
Gas.....	2,601,796.38	
MISO Schedule 10 Charges.....	8,076,372.00	
Asset Retirement Obligations		
Gas.....	2,595,565.26	
Electric.....	655,659.94	
Customers' Advances for Construction.....		10,440,251.06
Line Extensions		
Gas.....	7,967,262.73	
Electric.....	860,903.60	
Customer Advances - Museum Plaza.....	1,473,545.50	
Customer Advances - Arena.....	138,539.23	
Asset Retirement Obligations		32,912,185.34
Electric.....	24,630,244.18	
Gas.....	8,254,608.85	
Common.....	27,332.31	
Other Deferred Credits.....	54,035,346.51	54,035,346.51
Miscellaneous Long-term Liabilities.....		48,824,138.97
Long-term Derivative Liabilities - SFAS 133.....	43,602,684.00	
Workers' Compensation.....	5,189,074.97	
Uncertain Tax Positions.....	32,380.00	
Accumulated Provision for Benefits.....		226,808,233.63
Pension Payable.....	143,135,667.00	
Postretirement Benefits - SFAS 106.....	80,115,741.63	
Post Employment Benefits Payable.....	3,747,857.00	
Post Employment Medicare Subsidy.....	(191,032.00)	
Total Liabilities and Other Credits.....	3,434,895,179.31	3,434,895,179.31

March 26, 2009

Louisville Gas and Electric Company
Statement of Cash Flows
January 31, 2009

	Year to Date	
	2009	2008
Cash Flows from Operating Activities		
Net income.....	17,477,311.54	9,735,839.58
Items not requiring (providing) cash currently:		
Depreciation.....	10,348,232.70	10,108,110.89
Amortization.....	532,037.37	427,101.23
Deferred income taxes - net.....	-	(1,684,866.00)
Investment tax credit - net.....	(312,908.00)	(322,577.00)
Other.....	1,186,112.90	(2,368,895.59)
Change in receivables.....	(17,843,719.11)	(24,693,539.75)
Change in inventory.....	37,142,317.92	28,641,032.28
Change in allowance inventory.....	112.47	262.86
Change in payables and accrued expenses.....	(25,753,400.50)	(14,770,881.47)
Change in regulatory assets.....	11,031.73	(208,077.25)
Change in regulatory liabilities.....	286,614.54	285,207.73
Change in other deferred debits.....	2,728,342.43	10,717,652.47
Change in other deferred credits.....	10,383,330.06	3,017,934.50
Other.....	(3,701,085.53)	6,973,872.57
Net cash provided (used) by operating activities.....	<u>32,484,330.52</u>	<u>25,858,177.05</u>
Cash Flows from Investing Activities		
Gross additions to utility plant - construction expenditures.....	(12,056,856.52)	(10,417,843.76)
Gross additions to common utility plant - construction expenditures.....	(375,010.47)	(1,520,361.48)
Change in long-term investments.....	(10,192,322.20)	-
Change in restricted cash.....	468,541.83	(1,420,823.94)
Net cash provided (used) by investing activities.....	<u>(22,155,647.36)</u>	<u>(13,359,029.18)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of long-term debt.....	(4,250.06)	-
Net change in short-term debt.....	(11,371,800.00)	(5,090,000.00)
Net change in short-term capital lease obligations.....	-	23,649.00
Net change in long-term capital lease obligations.....	-	(23,649.00)
Net cash provided (used) by financing activities.....	<u>(11,376,050.06)</u>	<u>(5,090,000.00)</u>
Net Increase (Decrease) in Cash and Cash Equivalents.....	(1,047,366.90)	7,409,147.87
Cash and Cash Equivalents at Beginning of Period.....	<u>4,311,488.37</u>	<u>4,348,418.88</u>
Cash and Cash Equivalents at End of Period.....	<u>3,264,121.47</u>	<u>11,757,566.75</u>

February 20, 2009

Louisville Gas and Electric Company
Analysis of Interest Charges
January 31, 2009

	Current Month		Year to Date		Year Ended Current Month	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Interest on Long-term Debt						
Loan Agreement - Pollution Control Bonds						
1992 Series A Variable.....	-	-	-	-	-	253,088.44
1992 Series A Variable TC.....	-	-	-	-	-	484,652.30
1993 Series A Variable Rate.....	111,979.17	83,506.94	111,979.17	83,506.94	702,519.42	284,064.06
Jefferson County 2000 Series A due May 1, 2027.....	18,889.27	336,937.29	18,889.27	336,937.29	2,284,089.70	939,583.32
Trimble County 2000 Series A due Aug. 1, 2030.....	5,895.68	37,314.63	5,895.68	37,314.63	257,188.35	407,368.08
Jefferson County 2001 Series A due Sep. 1, 2027.....	37,200.36	61,394.62	37,200.36	61,394.62	501,057.16	816,540.68
Jefferson County 2001 Series A due Sep. 1, 2026.....	45,467.09	75,037.87	45,467.09	75,037.87	612,403.13	997,994.12
Trimble County 2001 Series A due Sep. 1, 2026.....	51,939.34	96,095.92	51,939.34	96,095.92	777,876.95	1,273,940.34
Jefferson County 2001 Series B due Nov. 1, 2027.....	51,939.34	96,095.92	51,939.34	96,095.92	777,876.95	1,271,351.60
Trimble County 2001 Series B due Nov. 1, 2027.....	21,559.64	167,073.25	21,559.64	167,073.25	1,305,705.70	1,658,943.96
Trimble County 2002 Series A due Oct. 1, 2032.....	(5,409.06)	454,222.23	(5,409.06)	454,222.23	2,419,434.02	4,811,786.71
Louisville Metro 2003 Series A due Oct. 1, 2033.....	191,666.67	121,388.90	191,666.67	121,388.90	795,788.89	1,458,683.35
Louisville Metro 2005 Series A due Feb. 1, 2035.....	145,312.50	106,519.44	145,312.50	106,519.44	709,967.28	895,832.85
Louisville Metro 2007 Series A due Jun. 1, 2033.....	(0.03)	117,822.22	(0.03)	117,822.22	450,698.49	1,018,326.24
Louisville Metro 2007 Series B due Jun. 1, 2033.....	230,000.00	222,333.33	230,000.00	222,333.33	2,778,270.00	2,108,333.37
Trimble County 2007 Series A due Jun. 1, 2033.....	607,988.58	213,013.29	607,988.58	213,013.29	5,190,118.15	1,688,935.08
Interest Rate Swaps.....						3,436,255.54
Notes/Debentures.....	2,220,149.99	1,820,774.99	2,220,149.99	1,820,774.99	23,272,424.94	18,002,625.54
Fidelity.....						248,055.57
\$5.875 Mandatory Redeemable Preferred Stock.....						
Total.....	3,734,578.54	4,009,530.84	3,734,578.54	4,009,530.84	42,835,419.13	45,513,425.85
Amortization of Debt Expense - Net						
Amortization of Debt Expense.....	15,412.77	34,186.08	15,412.77	34,186.08	260,880.72	401,199.68
Amortization of Loss on Reacquired Debt.....	108,038.93	86,701.34	108,038.93	86,701.34	1,327,309.83	1,036,971.25
Total.....	123,451.70	120,887.42	123,451.70	120,887.42	1,588,190.55	1,438,170.93
Other Interest Charges						
Customers' Deposits.....	86,928.16	86,500.07	86,928.16	86,500.07	1,079,823.03	975,833.81
Federal Income Tax Deficiencies.....	-	-	-	-	-	(1,058,734.31)
Other Tax Deficiencies.....	-	-	-	-	(2,110.00)	180.30
Gas Refunds.....	6,919.52	-	6,919.52	-	48,598.61	1,971.88
Interest on DSM Cost Recovery.....	169,645.90	343,784.66	169,645.90	343,784.66	6,056,937.57	4,155,007.53
Interest on Debt to Associated Companies.....	(14,594.88)	-	(14,594.88)	-	1,277,823.98	8,581.56
Other Interest Expense.....						
Total.....	248,898.70	430,284.73	248,898.70	430,284.73	8,461,073.19	4,082,840.77
Total Interest.....	4,106,928.94	4,560,702.99	4,106,928.94	4,560,702.99	52,884,682.87	51,034,437.55

February 20, 2009

Louisville Gas and Electric Company
 Summary of Utility Plant
 January 31, 2009

	Beginning Balance	Additions	Retirements	Transfers/ Adjustments	Net Additions	Ending Balance
101 Utility Plant in Service						
Common						
Common General Plant	156,628,323.83	434,202.53	-	-	434,202.53	157,062,526.36
Common Intangible Plant	30,504,727.59	438,790.97	-	-	438,790.97	30,943,518.56
	187,133,051.42	872,993.50	-	-	872,993.50	188,006,044.92
Electric						
Electric Distribution	768,525,773.32	336,409.03	(28,081.85)	-	308,327.18	768,834,100.50
Electric General Plant	16,739,305.40	54,380.23	-	-	54,380.23	16,793,685.63
Electric Hydro Production	40,692,754.42	-	-	-	-	40,692,754.42
Electric Intangible Plant	2,340.29	-	-	-	-	2,340.29
Electric Other Production	226,677,788.60	-	-	-	-	226,677,788.60
Electric Steam Production	1,957,945,552.56	-	-	-	-	1,957,945,552.56
Electric Transmission	256,087,174.79	21,152.86	(4,088.49)	-	17,064.37	256,104,239.16
	3,266,670,689.38	411,942.12	(32,170.34)	-	379,771.78	3,267,050,461.16
Gas						
Gas Distribution	473,727,554.77	-	-	-	-	473,727,554.77
Gas General Plant	9,038,472.86	-	-	-	-	9,038,472.86
Gas Intangible Plant	1,187.49	-	-	-	-	1,187.49
Gas Storage	62,441,928.04	-	-	-	-	62,441,928.04
Gas Transmission	12,901,908.09	-	-	-	-	12,901,908.09
	558,111,051.25	-	-	-	-	558,111,051.25
Total 101 Accounts	4,011,914,792.05	1,284,935.62	(32,170.34)	-	1,252,765.28	4,013,167,557.33
101 Property Under Capital Leases						
Electric Capital Leased Property	2,876,958.00	-	-	-	-	2,876,958.00
Electric Steam Production	2,876,958.00	-	-	-	-	2,876,958.00
Total 101101	2,876,958.00	-	-	-	-	2,876,958.00
105 Plant Held for Future Use						
Electric						
Electric Distribution	649,014.48	-	-	-	-	649,014.48
Electric Steam Production	4,182,559.70	-	-	-	-	4,182,559.70
	4,831,574.18	-	-	-	-	4,831,574.18
Total 105001	4,831,574.18	-	-	-	-	4,831,574.18
106 Completed Construction Not Classified						
Common						
Common General Plant	1,922,810.85	(301,103.37)	-	-	(301,103.37)	1,621,707.48
Common Intangible Plant	1,374,736.40	(177,269.58)	-	-	(177,269.58)	1,197,466.82
	3,297,547.25	(478,372.95)	-	-	(478,372.95)	2,819,174.30

February 20, 2009

Louisville Gas and Electric Company
 Summary of Utility Plant
 January 31, 2009

	Beginning Balance	Additions	Retirements	Transfers/Adjustments	Net Additions	Ending Balance
Electric						
Electric Distribution	53,528,201.00	2,346,099.58	-	-	2,346,099.58	55,874,300.58
Electric General Plant	121,321.11	(54,380.23)	-	-	(54,380.23)	66,940.88
Electric Hydro Production	56,785.36	7,973.14	-	-	7,973.14	64,758.50
Electric Intangible Plant	-	-	-	-	-	-
Electric Other Production	123,654.81	-	-	-	-	123,654.81
Electric Steam Production	13,060,279.51	-	-	-	-	13,060,279.51
Electric Transmission	1,573,129.06	(10,089.75)	-	-	(10,089.75)	1,563,039.31
	68,463,370.85	2,289,602.74	-	-	2,289,602.74	70,752,973.59
Gas						
Gas Distribution	37,599,096.45	653,431.30	-	-	653,431.30	38,252,527.75
Gas General Plant	-	-	-	-	-	-
Gas Intangible Plant	-	-	-	-	-	-
Gas Storage	1,318,828.23	4,204.95	-	-	4,204.95	1,323,033.18
Gas Transmission	38,917,924.68	657,636.25	-	-	657,636.25	39,575,560.93
Total 106 Accounts	110,678,842.78	2,468,866.04	-	-	2,468,866.04	113,147,708.82
117 Gas Stored Underground - Noncurrent						
Gas	2,139,990.00	-	-	-	-	2,139,990.00
Gas Stored Nonrecoverable	2,139,990.00	-	-	-	-	2,139,990.00
Total 117001	2,139,990.00	-	-	-	-	2,139,990.00
121 Nonutility Property Common						
Nonutility Property	75,239.56	-	-	-	-	75,239.56
	75,239.56	-	-	-	-	75,239.56
Total 121001	75,239.56	-	-	-	-	75,239.56
107 Construction Work in Progress						
Construction Work in Progress						
Common	51,677,042.23	(19,610.08)	-	-	(19,610.08)	51,657,432.15
Electric	269,074,514.63	11,426,485.35	-	-	11,426,485.35	280,500,999.98
Gas	53,271,643.56	(2,728,809.94)	-	-	(2,728,809.94)	50,542,833.62
	374,023,200.42	8,678,065.33	-	-	8,678,065.33	382,701,265.75
Total Plant (Non-CWIP)	4,132,517,396.57	3,753,801.66	(32,170.34)	-	3,721,631.32	4,136,239,027.89
Total Plant + CWIP	4,506,540,596.99	12,431,866.99	(32,170.34)	-	12,399,696.65	4,518,940,293.64
Total Plant + CWIP - Nonutility for Balance Sheet	4,506,465,357.43	12,431,866.99	(32,170.34)	-	12,399,696.65	4,518,865,054.08

February 20, 2009

Louisville Gas and Electric Company
 Summary of Utility Plant - Reserve for Depreciation of Utility Plant
 January 31, 2009

	Beginning Balance	Accruals	Retirements	Transfers/Adjustments	RWIP Transfers Out	Cost of Removal	Salvage	Other Credits	Ending Balance
Life Reserve									
Common General Plant	(68,115,611.49)	(725,114.41)	-	-	-	-	-	-	(68,840,725.90)
Common General Plant - ARO	(1,199.60)	(2.86)	-	-	-	-	-	-	(1,202.46)
Electric Distribution	(255,961,891.88)	(1,705,333.14)	28,081.85	-	-	-	-	-	(257,639,143.17)
Electric Distribution - ARO	(12,796.60)	(30.51)	-	-	-	-	-	-	(12,827.11)
Electric General Plant	(13,702,714.67)	(22,242.15)	-	-	-	-	-	-	(13,724,956.82)
Electric Hydro Production	(8,147,012.81)	(61,419.03)	-	-	-	-	-	-	(8,208,431.84)
Electric Hydro Production - ARO	(17,314.16)	(41.34)	-	-	-	-	-	-	(17,355.50)
Electric Other Production	(48,776,531.63)	(626,114.97)	-	-	-	-	-	-	(49,402,646.60)
Electric Other Production - ARO	(118,219.64)	(281.89)	-	-	-	-	-	-	(118,501.53)
Electric Steam Production	(980,719,365.60)	(4,290,726.17)	-	-	-	-	-	-	(985,010,091.77)
Electric Steam Production - ARO	(2,382,766.82)	(13,620.84)	-	-	-	-	-	-	(2,396,387.66)
Electric Transmission	(120,367,314.51)	(409,714.25)	4,088.49	-	-	-	-	-	(120,772,940.27)
Electric Transmission - ARO	(3,029.54)	(15.01)	-	-	-	-	-	-	(3,044.55)
Gas Distribution	(115,555,571.04)	(819,890.96)	-	-	-	-	-	-	(116,375,462.00)
Gas Distribution - ARO	(20,060.41)	(26.67)	-	-	-	-	-	-	(20,087.08)
Gas General Plant	(6,241,137.60)	(26,594.31)	-	-	-	-	-	-	(6,267,731.91)
Gas Storage	(34,022,860.14)	(99,422.56)	-	-	-	-	-	-	(34,122,282.70)
Gas Storage - ARO	(409,284.68)	(735.48)	-	-	-	-	-	-	(410,020.16)
Gas Stored Nonrecoverable	(9,358,516.52)	(9,397.15)	-	-	-	-	-	-	(9,367,913.67)
Gas Transmission	(63,360.36)	-	-	-	-	-	-	-	(63,360.36)
Non Utility Property	(1,663,996,559.70)	(8,810,723.70)	32,170.34	-	-	-	-	-	(1,672,775,113.06)
Cost of Removal									
Common General Plant	(469,247.42)	(12,012.55)	-	-	-	10,289.65	-	-	(481,259.97)
Electric Distribution	(157,755,648.48)	(663,259.27)	-	-	-	-	-	-	(158,408,618.10)
Electric General Plant	3,866.64	-	-	-	-	-	-	-	3,866.64
Electric Hydro Production	814,671.45	-	-	-	-	-	-	-	814,671.45
Electric Other Production	(2,039,438.56)	-	-	-	-	-	-	-	(2,039,438.56)
Electric Steam Production	(75,412,706.30)	(712,706.80)	-	-	-	-	-	-	(76,125,413.10)
Electric Transmission	(23,681,680.84)	(118,546.17)	-	-	1,908.08	-	-	-	(23,798,318.93)
Gas Distribution	(58,299,094.86)	(442,706.61)	-	-	-	-	-	-	(58,741,801.47)
Gas General Plant	(0.02)	-	-	-	-	-	-	-	(0.02)
Gas Storage	(403,035.01)	(15,197.99)	-	-	-	-	-	-	(418,233.00)
Gas Stored Nonrecoverable	(3,061,349.14)	(9,299.58)	-	-	-	-	-	-	(3,070,648.72)
Gas Transmission	-	-	-	-	-	-	-	-	-
Non Utility Property	(320,303,662.54)	(1,973,728.97)	-	-	12,197.73	-	-	-	(322,265,193.78)
									February 20, 2009

Louisville Gas and Electric Company
 Summary of Utility Plant - Reserve for Depreciation of Utility Plant
 January 31, 2009

	Beginning Balance	Accruals	Retirements	Transfers/ Adjustments	RWIP Transfers Out	Cost of Removal	Salvage	Other Credits	Ending Balance
Salvage									
Common General Plant	301,592.06	5,689.74	-	-	-	-	-	-	307,281.80
Electric Distribution	15,611,295.13	121,857.28	-	-	-	-	-	-	15,733,152.41
Electric General Plant	132,019.58	1,925.48	-	-	-	-	-	-	133,945.06
Electric Hydro Production	433,316.55	-	-	-	-	-	-	-	433,316.55
Electric Other Production	2,644.83	-	-	-	-	-	-	-	2,644.83
Electric Steam Production	18,799,865.84	226,695.31	-	-	-	-	-	-	19,026,561.15
Electric Transmission	5,876,238.22	23,871.10	-	-	-	-	-	-	5,900,109.32
Gas Distribution	3,219,085.53	19,866.34	-	-	-	-	-	-	3,238,951.87
Gas General Plant	220,201.71	1,847.20	-	-	-	-	-	-	222,048.91
Gas Storage	236,769.87	842.04	-	-	-	-	-	-	237,611.91
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	208,728.61	634.06	-	-	-	-	-	-	209,362.67
Non Utility Property	-	-	-	-	-	-	-	-	-
	<u>45,041,757.93</u>	<u>403,228.55</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,444,986.48</u>
Total Reserves									
Common	(68,347,826.81)	(731,440.08)	-	-	-	-	-	-	(69,079,266.89)
Electric	(1,647,424,513.80)	(8,249,702.37)	32,170.34	-	-	12,197.73	-	-	(1,655,629,848.10)
Gas	(223,486,123.70)	(1,400,081.67)	-	-	-	-	-	-	(224,886,205.37)
	<u>(1,939,258,464.31)</u>	<u>(10,381,224.12)</u>	<u>32,170.34</u>	<u>-</u>	<u>-</u>	<u>12,197.73</u>	<u>-</u>	<u>-</u>	<u>(1,949,595,320.36)</u>
Retirement Work in Progress									
Common	(9,092,255.82)	-	-	-	-	-	(2,877.00)	-	(9,095,132.82)
Electric	28,458,992.95	-	-	-	(12,197.73)	253,187.34	233,311.36	353,367.51	29,286,661.43
Gas	4,095,496.74	-	-	-	-	3,327.26	(320.80)	16,541.36	4,115,044.56
	<u>23,462,233.87</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,197.73)</u>	<u>256,514.60</u>	<u>230,113.56</u>	<u>369,908.87</u>	<u>24,306,573.17</u>
YTD ACTIVITY	<u>(1,915,796,230.44)</u>	<u>(10,381,224.12)</u>	<u>32,170.34</u>	<u>-</u>	<u>12,197.73</u>	<u>(244,316.87)</u>	<u>(230,113.56)</u>	<u>(369,908.87)</u>	<u>(1,925,288,747.19)</u>
Amortization									
Common	(23,433,131.46)	(532,037.37)	-	-	-	-	-	-	(23,965,168.83)
Electric	(100.00)	-	-	-	-	-	-	-	(100.00)
Gas	(800.00)	-	-	-	-	-	-	-	(800.00)
	<u>(23,434,031.46)</u>	<u>(532,037.37)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,966,068.83)</u>
AMORTIZATION TOTAL	<u>(23,434,031.46)</u>	<u>(532,037.37)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,966,068.83)</u>
Depreciation & Amortization Total	<u>(1,939,230,261.90)</u>	<u>(10,913,261.49)</u>	<u>32,170.34</u>	<u>-</u>	<u>12,197.73</u>	<u>(244,316.87)</u>	<u>(230,113.56)</u>	<u>(369,908.87)</u>	<u>(1,949,254,816.02)</u>
Depr & Amort - Nonutility for Balance Sheet									<u>(1,949,191,455.66)</u>
Utility Plant at Original Cost Less Reserve for Depreciation & Amortization (Excl nonutility)	<u>2,567,298,455.89</u>								<u>2,569,673,598.42</u>

February 20, 2009

LG&E Monthly Report to KPSC – December 31, 2008

LOUISVILLE GAS AND ELECTRIC COMPANY

Financial Reports

December 31, 2008

Prepared by Regulatory Accounting and Reporting

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Financial and Operating Reports

Louisville Gas and Electric Company
December 31, 2009

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Louisville Gas and Electric Company
Comparative Statement of Income
December 31, 2008

	Current Month		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	91,497,605.04	81,888,072.91	9,609,532.13 11.74
Gas Operating Revenues.....	78,564,746.91	56,830,963.72	21,733,783.19 38.24
Total Operating Revenues.....	<u>170,062,351.95</u>	<u>138,719,036.63</u>	<u>31,343,315.32</u> 22.59
Fuel for Electric Generation.....	33,537,711.70	27,422,997.73	6,114,713.97 22.30
Power Purchased.....	12,992,672.20	8,949,954.84	4,042,717.36 45.17
Gas Supply Expenses.....	61,935,825.50	43,037,893.22	18,897,932.28 43.91
Other Operation Expenses.....	13,381,816.20	17,161,942.33	(3,780,126.13) (22.03)
Maintenance.....	(7,475,907.52)	9,131,561.74	(16,607,469.26) (181.87)
Depreciation.....	10,015,715.19	10,177,373.32	(161,658.13) (1.59)
Amortization Expense.....	528,090.66	470,973.77	57,116.89 12.13
Regulatory Credits.....	(176,561.26)	(163,026.95)	(13,534.31) 8.30
Taxes			
Federal Income.....	10,396,466.59	(3,659,106.61)	14,055,573.20 (384.13)
State Income.....	2,648,367.63	(853,510.73)	3,501,878.36 (410.29)
Deferred Federal Income - Net.....	(11,980,479.38)	6,847,487.01	(18,827,966.39) (274.96)
Deferred State Income - Net.....	(3,803,299.65)	792,413.52	(4,595,713.17) (579.96)
Property and Other.....	1,491,461.58	663,060.04	828,401.54 124.94
Investment Tax Credit.....	1,954,000.00	200,000.00	1,754,000.00 877.00
Amortization of Investment Tax Credit.....	(322,576.68)	(323,017.09)	440.41 (0.14)
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	161,806.63	148,341.13	13,465.50 9.08
Total Operating Expenses.....	<u>125,285,109.39</u>	<u>120,005,337.27</u>	<u>5,279,772.12</u> 4.40
Net Operating Income.....	44,777,242.56	18,713,699.36	26,063,543.20 139.28
Other Income Less Deductions.....	(17,491,087.01)	(553,717.58)	(16,937,369.43) 3,058.85
Income Before Interest Charges.....	<u>27,286,155.55</u>	<u>18,159,981.78</u>	<u>9,126,173.77</u> 50.25
Interest on Long-term Debt.....	3,031,997.26	3,938,369.87	(906,372.61) (23.01)
Amortization of Debt Expense - Net.....	250,924.27	120,887.43	130,036.84 107.57
Other Interest Expenses.....	593,254.62	481,491.82	111,762.80 23.21
Total Interest Charges.....	<u>3,876,176.15</u>	<u>4,540,749.12</u>	<u>(664,572.97)</u> (14.64)
Net Income.....	<u>23,409,979.40</u>	<u>13,619,232.66</u>	<u>9,790,746.74</u> 71.89

March 26, 2009

Louisville Gas and Electric Company
Comparative Statement of Income
December 31, 2008

	Year to Date		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	1,014,954,340.29	932,455,567.27	82,498,773.02 8.85
Gas Operating Revenues.....	458,365,093.08	352,681,729.03	105,683,364.05 29.97
Total Operating Revenues.....	<u>1,473,319,433.37</u>	<u>1,285,137,296.30</u>	<u>188,182,137.07</u> 14.64
Fuel for Electric Generation.....	344,536,734.45	317,263,561.17	27,273,173.28 8.60
Power Purchased.....	117,907,532.34	82,337,048.11	35,570,484.23 43.20
Gas Supply Expenses.....	353,150,633.98	253,592,219.13	99,558,414.85 39.26
Other Operation Expenses.....	194,067,789.16	173,152,656.19	20,915,132.97 12.08
Maintenance.....	94,525,844.56	82,541,992.85	11,983,851.71 14.52
Depreciation.....	121,351,904.15	119,573,064.67	1,778,839.48 1.49
Amortization Expense.....	5,880,401.74	6,199,962.23	(319,560.49) (5.15)
Regulatory Credits.....	(2,066,612.25)	(1,940,744.04)	(125,868.21) 6.49
Taxes			
Federal Income.....	40,043,409.68	34,624,584.99	5,418,824.69 15.65
State Income.....	4,282,424.39	7,620,508.53	(3,338,084.14) (43.80)
Deferred Federal Income - Net.....	(2,265,116.31)	9,475,870.93	(11,740,987.24) (123.90)
Deferred State Income - Net.....	(2,493,495.64)	1,500,153.46	(3,993,649.10) (266.22)
Property and Other.....	23,957,072.35	21,896,663.48	2,060,408.87 9.41
Investment Tax Credit.....	8,121,028.00	8,979,626.00	(858,598.00) (9.56)
Amortization of Investment Tax Credit.....	(3,870,920.07)	(3,950,900.94)	79,980.87 (2.02)
Loss (Gain) from Disposition of Allowances.....	(456,254.88)	(553,092.69)	96,837.81 (17.51)
Accretion Expense.....	1,889,559.67	1,780,917.36	108,642.31 6.10
Total Operating Expenses.....	<u>1,298,561,935.32</u>	<u>1,114,094,091.43</u>	<u>184,467,843.89</u> 16.56
Net Operating Income.....	174,757,498.05	171,043,204.87	3,714,293.18 2.17
Other Income Less Deductions.....	(31,218,760.14)	(804,832.57)	(30,413,927.57) 3,778.91
Income Before Interest Charges.....	<u>143,538,737.91</u>	<u>170,238,372.30</u>	<u>(26,699,634.39)</u> (15.68)
Interest on Long-term Debt.....	43,110,371.43	44,419,544.39	(1,309,172.96) (2.95)
Amortization of Debt Expense - Net.....	1,585,626.27	1,436,473.57	149,152.70 10.38
Other Interest Expenses.....	8,642,459.22	3,998,989.12	4,643,470.10 116.12
Total Interest Charges.....	<u>53,338,456.92</u>	<u>49,855,007.08</u>	<u>3,483,449.84</u> 6.99
Net Income.....	90,200,280.99	120,383,365.22	(30,183,084.23) (25.07)
Preferred Dividend Requirements.....	-	941,636.24	(941,636.24) (100.00)
Earnings Available for Common.....	<u>90,200,280.99</u>	<u>119,441,728.98</u>	<u>(29,241,447.99)</u> (24.48)

March 26, 2009

Louisville Gas and Electric Company
 Comparative Statement of Income
 December 31, 2008

	Year Ended Current Month		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	1,014,954,340.29	932,455,567.27	82,498,773.02 8.85
Gas Operating Revenues.....	458,365,093.08	352,681,729.03	105,683,364.05 29.97
Total Operating Revenues.....	1,473,319,433.37	1,285,137,296.30	188,182,137.07 14.64
Fuel for Electric Generation.....	344,536,734.45	317,263,561.17	27,273,173.28 8.60
Power Purchased.....	117,907,532.34	82,337,048.11	35,570,484.23 43.20
Gas Supply Expenses.....	353,150,633.98	253,592,219.13	99,558,414.85 39.26
Other Operation Expenses.....	194,067,789.16	173,152,656.19	20,915,132.97 12.08
Maintenance.....	94,525,844.56	82,541,992.85	11,983,851.71 14.52
Depreciation.....	121,351,904.15	119,573,064.67	1,778,839.48 1.49
Amortization Expense.....	5,880,401.74	6,199,962.23	(319,560.49) (5.15)
Regulatory Credits.....	(2,066,612.25)	(1,940,744.04)	(125,868.21) 6.49
Taxes			
Federal Income.....	40,043,409.68	34,624,584.99	5,418,824.69 15.65
State Income.....	4,282,424.39	7,620,508.53	(3,338,084.14) (43.80)
Deferred Federal Income - Net.....	(2,265,116.31)	9,475,870.93	(11,740,987.24) (123.90)
Deferred State Income - Net.....	(2,493,495.64)	1,500,153.46	(3,993,649.10) (266.22)
Property and Other.....	23,957,072.35	21,896,663.48	2,060,408.87 9.41
Investment Tax Credit.....	8,121,028.00	8,979,626.00	(858,598.00) (9.56)
Amortization of Investment Tax Credit.....	(3,870,920.07)	(3,950,900.94)	79,980.87 (2.02)
Loss (Gain) from Disposition of Allowances.....	(456,254.88)	(553,092.69)	96,837.81 (17.51)
Accretion Expense.....	1,889,559.67	1,780,917.36	108,642.31 6.10
Total Operating Expenses.....	1,298,561,935.32	1,114,094,091.43	184,467,843.89 16.56
Net Operating Income.....	174,757,498.05	171,043,204.87	3,714,293.18 2.17
Other Income Less Deductions.....	(31,218,760.14)	(804,832.57)	(30,413,927.57) 3,778.91
Income Before Interest Charges.....	143,538,737.91	170,238,372.30	(26,699,634.39) (15.68)
Interest on Long-term Debt.....	43,110,371.43	44,419,544.39	(1,309,172.96) (2.95)
Amortization of Debt Expense - Net.....	1,585,626.27	1,436,473.57	149,152.70 10.38
Other Interest Expenses.....	8,642,459.22	3,998,989.12	4,643,470.10 116.12
Total Interest Charges.....	53,338,456.92	49,855,007.08	3,483,449.84 6.99
Net Income.....	90,200,280.99	120,383,365.22	(30,183,084.23) (25.07)
Preferred Dividend Requirements.....	-	941,636.24	(941,636.24) (100.00)
Earnings Available for Common.....	90,200,280.99	119,441,728.98	(29,241,447.99) (24.48)

March 26, 2009

Louisville Gas and Electric Company
 Analysis of Retained Earnings
 December 31, 2008

	Current Month		Year to Date		Year Ended Current Month	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Balance at Beginning of Period.....	716,751,691.79	676,342,157.54	689,961,390.20	639,104,729.77	689,961,390.20	639,104,729.77
Add:						
Net Income for Period.....	23,409,979.40	13,619,232.66	90,200,280.99	120,383,365.22	90,200,280.99	120,383,365.22
FIN 48 Adjustment.....	-	-	-	202,186.00	-	202,186.00
Deduct:						
Adjustment to Retained Earnings.....	-	-	-	3,787,254.55	-	3,787,254.55
Preferred Dividends						
\$25 Par Value						
5% Series.....	-	-	-	316,636.25	-	316,636.25
Without Par Value						
Auction Rate.....	-	-	-	624,999.99	-	624,999.99
Common Dividends						
Common Stock Without Par Value.....	-	-	40,000,000.00	65,000,000.00	40,000,000.00	65,000,000.00
Balance at End of Period.....	<u>740,161,671.19</u>	<u>689,961,390.20</u>	<u>740,161,671.19</u>	<u>689,961,390.20</u>	<u>740,161,671.19</u>	<u>689,961,390.20</u>

March 26, 2009

Louisville Gas and Electric Company
Comparative Balance Sheets as of December 31, 2008 and 2007

	This Year	Last Year	Liabilities and Other Credits	This Year	Last Year
Assets and Other Debits					
Utility Plant			Capitalization		
Utility Plant at Original Cost.....	4,506,465,357.43	4,319,126,191.18	Common Stock.....	425,170,424.09	425,170,424.09
Less Reserves for Depreciation and Amortization....	1,939,166,901.54	1,859,847,713.27	Common Stock Expense.....	(835,888.64)	(835,888.64)
Total.....	2,567,298,455.89	2,459,278,477.91	Paid-In Capital.....	83,530,392.00	60,000,000.00
Investments			Other Comprehensive Income.....	(13,565,682.79)	(13,132,184.00)
Ohio Valley Electric Corporation.....	594,286.00	594,286.00	Retained Earnings.....	740,161,671.19	689,961,390.20
Nonutility Property-Less Reserve.....	11,879.20	11,879.20	Total Common Equity.....	1,234,460,915.85	1,161,163,741.65
Special Funds.....	21,965,162.38	11,722,027.91	Pollution Control Bonds - Net of Reacquired Bonds	411,104,000.00	574,304,000.00
Other.....	-	14,152,203.00	LT Notes Payable to Associated Companies.....	485,000,000.00	410,000,000.00
Total.....	22,571,327.58	26,480,396.11	Total Long-term Debt.....	896,104,000.00	984,304,000.00
			Total Capitalization.....	2,130,564,915.85	2,145,467,741.65
Current and Accrued Assets					
Cash.....	4,311,461.39	4,312,502.37	Current and Accrued Liabilities		
Special Deposits.....	2,405,085.63	6,919,973.25	ST Notes Payable to Associated Companies.....	221,999,200.00	78,241,200.00
Temporary Cash Investments.....	26.98	35,916.51	Accounts Payable.....	116,032,640.12	116,607,085.85
Accounts Receivable-Less Reserve.....	202,308,420.55	189,314,670.23	Accounts Payable to Associated Companies.....	31,616,464.74	51,450,063.89
Accounts Receivable from Associated Companies.....	1,391,251.60	32,982.02	Customer Deposits.....	21,644,188.92	19,373,313.09
Materials and Supplies-At Average Cost			Taxes Accrued.....	18,381,744.69	4,221,592.94
Fuel.....	50,500,487.59	45,925,806.95	Interest Accrued.....	9,047,169.53	7,271,934.99
Plant Materials and Operating Supplies.....	28,032,517.35	26,407,266.82	ST Obligations Under Capital Leases.....	23,650.00	405,437.69
Stores Expense.....	4,196,808.99	4,584,569.70	Miscellaneous Current and Accrued Liabilities.....	12,170,820.44	11,510,623.55
Gas Stored Underground.....	112,152,402.51	81,188,407.26	Total.....	430,915,878.44	289,081,252.00
Allowance Inventory.....	5,960.21	11,459.47			
Prepayments.....	5,516,939.05	5,339,357.09	Deferred Credits and Other		
Miscellaneous Current and Accrued Assets.....	1,261,245.93	541,812.72	LT Obligations Under Capital Leases.....	-	23,649.00
Total.....	412,082,607.78	364,614,724.39	Accumulated Deferred Income Taxes.....	410,892,327.69	398,118,545.69
			Investment Tax Credit.....	50,349,070.13	46,098,962.20
Deferred Debits and Other			Regulatory Liabilities.....	56,266,231.16	55,115,537.62
Unamortized Debt Expense.....	4,014,237.98	9,898,130.12	Customer Advances for Construction.....	10,907,430.99	9,612,516.23
Unamortized Loss on Bonds.....	24,212,029.34	19,100,230.75	Asset Retirement Obligations.....	32,749,571.82	29,582,675.69
Accumulated Deferred Income Taxes.....	64,982,202.10	52,162,134.03	Other Deferred Credits.....	43,652,016.45	40,862,253.41
Deferred Regulatory Assets.....	317,239,676.83	151,022,049.28	Miscellaneous Long-term Liabilities.....	60,440,325.97	6,154,355.80
Other Deferred Debits.....	43,122,520.47	35,204,527.20	Accum Provision for Postretirement Benefits.....	228,785,289.47	97,643,180.50
Total.....	453,570,666.72	267,387,071.38	Total.....	894,042,263.68	683,211,676.14
Total Assets and Other Debits.....	3,455,523,057.97	3,117,760,669.79	Total Liabilities and Other Credits.....	3,455,523,057.97	3,117,760,669.79

March 26, 2009

Louisville Gas and Electric Company
Statement of Capitalization and Short-term Debt
December 31, 2008

	Authorized Shares	Issued and Outstanding Shares	Amount	Capital and ST Debt	Percent of Total Capital
Common Equity					
Common Stock - Without Par.....	75,000,000	21,294,223	425,170,424.09		
Common Stock Expense.....			(835,888.64)		
Paid-In Capital.....			83,530,392.00		
Other Comprehensive Income.....			(13,565,682.79)		
Retained Earnings.....			740,161,671.19		
Total Common Equity.....			<u>1,234,460,915.85</u>	<u>52.47</u>	<u>57.94</u>
Long-term Debt					
Pollution Control Bonds					
Jefferson County 2000 Series A 05/01/00 Due 05/01/27 Var%.....			25,000,000.00		
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%.....			83,335,000.00		
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%.....			10,104,000.00		
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%.....			22,500,000.00		
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%.....			27,500,000.00		
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%.....			35,000,000.00		
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%.....			35,000,000.00		
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%.....			41,665,000.00		
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%.....			128,000,000.00		
Louisville Metro 2005 Series A 04/13/05 Due 02/01/35 Var%.....			40,000,000.00		
Louisville Metro 2007 Series A 04/26/07 Due 06/01/33 Var%.....			31,000,000.00		
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%.....			35,200,000.00		
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%.....			60,000,000.00		
			<u>574,304,000.00</u>	<u>24.41</u>	<u>26.96</u>
Less Reacquired Bonds					
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%.....			(128,000,000.00)		
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%.....			(35,200,000.00)		
			<u>(163,200,000.00)</u>	<u>(6.94)</u>	<u>(7.66)</u>
Total Pollution Control Bonds - Net of Reacquired Bonds.....			411,104,000.00	17.47	19.30
Long-term Notes Payable to Associated Companies.....			485,000,000.00	20.62	22.76
Total Capitalization.....			<u>2,130,564,915.85</u>	<u>90.56</u>	<u>100.00</u>
Short-term Notes Payable to Associated Companies.....			221,999,200.00	9.44	
Total Capitalization and Short-term Debt.....			<u>2,352,564,115.85</u>	<u>100.00</u>	

March 26, 2009

Louisville Gas and Electric Company
Summary Trial Balance
December 31, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Utility Plant		
At Original Cost.....	4,506,465,357.43	4,506,465,357.43
Reserves for Depreciation and Amortization.....		(1,939,166,901.54)
Depreciation of Plant		
Electric.....	(1,618,965,520.85)	
Gas.....	(219,390,626.96)	
Common.....	(77,376,722.27)	
Amortization of Plant		
Common.....	(23,433,131.46)	
Gas.....	(800.00)	
Electric.....	(100.00)	
Investments.....		22,571,327.58
Special Funds.....	21,965,162.38	
Ohio Valley Electric Corporation.....	594,286.00	
Nonutility Property.....	75,239.56	
Nonutility Property Reserve.....	(63,360.36)	
Cash.....	4,311,461.39	4,311,461.39
Special Deposits.....		2,405,085.63
MAN Margin Call.....	468,541.83	
Restricted Cash - Short-term.....	463,016.10	
Other Special Deposits.....	1,473,527.70	
Temporary Cash Investments.....	26.98	26.98
Accounts Receivable - Less Reserve.....		202,308,420.55
Customers - Active.....	93,640,472.19	
Unbilled Revenues.....	73,103,000.00	
Wholesale Sales.....	14,035,527.25	
Sundry Accounts Receivable.....	10,408,415.48	
Tax Refunds.....	3,360,522.77	
IMEA.....	2,915,066.33	
IMPA.....	2,623,912.19	
RAR Settlements.....	2,169,171.00	
Damage Claims.....	636,670.31	
Interest and Dividends Receivable.....	220,222.78	
Transmission Sales.....	186,536.08	
Employee Computer Loans.....	77,775.24	
Working Funds.....	21,280.00	
Rents Receivable.....	12,000.00	
Officers and Employees.....	11.55	
Other.....	772,498.38	
Reserves for Uncollectible Accounts		
Utility Customers		
Reserve.....	(1,043,818.00)	
A/R Miscellaneous.....	(830,843.00)	
Accounts Receivable from Associated Companies.....		1,391,251.60
E.ON US Services/Kentucky Utilities Company.....	1,391,251.60	

January 22, 2009

Louisville Gas and Electric Company
Summary Trial Balance
December 31, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Fuel.....		50,500,487.59
Coal 1,056,603.29 Tons @ \$47.53; MMBtu 23,948,162.76 @ 209.70¢.....	50,220,129.97	
Fuel Oil 126,380 Gallons @ 221.83¢.....	280,357.62	
Plant Materials and Operating Supplies.....		28,032,517.35
Regular Materials and Supplies.....	27,588,417.92	
Limestone 57,648.91 Tons @ \$7.70.....	444,099.43	
Stores Expense Undistributed.....	4,196,808.99	4,196,808.99
Gas Stored Underground - Current.....		112,152,402.51
Gas St. Underground*11,130,841 Mcf (14.73 psia) @ \$10.08.....	112,152,402.51	
Allowance Inventory.....	5,960.21	5,960.21
Prepayments.....		5,516,939.05
Insurance.....	2,966,279.96	
Taxes.....	945,216.11	
Rights of Way.....	266,666.70	
Risk Management and Workers Compensation.....	90,000.00	
Vehicle License.....	11,714.85	
Other.....	1,237,061.43	
Miscellaneous Current Assets.....		1,261,245.93
Derivative Asset - Non-Hedging.....	1,261,245.93	
Unamortized Debt Expense.....		4,014,237.98
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%.....	827,868.49	
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%.....	373,186.18	
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%.....	206,163.02	
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%.....	189,709.23	
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%.....	174,406.36	
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%.....	206,196.67	
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%.....	876,560.67	
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%.....	1,160,147.36	
Unamortized Loss on Bonds.....	24,212,029.34	24,212,029.34
Accumulated Deferred Income Taxes.....		64,982,202.10
Federal		
Electric.....	49,665,002.21	
Gas.....	5,397,825.33	
State		
Electric.....	8,934,970.41	
Gas.....	984,404.15	
Regulatory Assets.....		317,239,676.83
Pension and Postretirement Benefits.....	249,597,539.00	
Asset Retirement Obligations		
Electric.....	20,970,978.05	
Gas.....	8,074,042.10	
Common.....	24,667.84	
Wind Storm.....	23,530,744.89	
MISO Exit Fee.....	12,174,346.08	
ECR Ash Hauling.....	2,743,538.64	
Other.....	123,820.23	
Other Deferred Debits.....	43,122,520.47	43,122,520.47
Total Assets and Other Debits.....	<u>3,455,523,057.97</u>	<u>3,455,523,057.97</u>

* Excludes:

	\$	Mcf
Non-recoverable Base Gas	9,648,855.00	7,880,000
Recoverable Base Gas	<u>2,139,990.00</u>	<u>2,930,000</u>
	11,788,845.00	10,810,000

January 22, 2009

Louisville Gas and Electric Company
Summary Trial Balance
December 31, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Common Equity.....		1,234,460,915.85
Common Stock.....	425,170,424.09	
Common Stock Expense.....	(835,888.64)	
Paid-In Capital.....	83,530,392.00	
Other Comprehensive Income.....	(13,565,682.79)	
Retained Earnings.....	740,161,671.19	
Bonds.....	411,104,000.00	411,104,000.00
Long-term Notes Payable to Associated Companies.....	485,000,000.00	485,000,000.00
Short-term Notes Payable to Associated Companies.....	221,999,200.00	221,999,200.00
Accounts Payable.....		116,032,640.12
Regular.....	105,301,948.12	
TIA.....	5,545,364.03	
Salaries and Wages Accrued.....	3,535,564.24	
Tax Collections - Payable.....	1,605,236.93	
Employee Withholdings Payable.....	44,526.80	
Accounts Payable to Associated Companies.....		31,616,464.74
E.ON US Services/Kentucky Utilities Company.....	31,616,464.74	
Customers' Deposits.....	21,644,188.92	21,644,188.92
Taxes Accrued.....	18,381,744.69	18,381,744.69
Interest Accrued.....		9,047,169.53
Jefferson County 2000 Series A 05/01/00 Due 05/01/27 Var%.....	134,375.06	
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%.....	12,222.49	
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%.....	112.35	
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%.....	67,200.66	
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%.....	82,134.09	
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%.....	93,825.86	
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%.....	93,826.17	
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%.....	20,711.80	
Louisville Metro 2005 Series A 04/13/05 Due 02/01/35 Var%.....	230,000.08	
Louisville Metro 2007 Series A 04/26/07 Due 06/01/33 Var%.....	174,375.05	
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%.....	229,999.98	
Fidelia.....	6,341,900.46	
Customers' Deposits.....	919,123.59	
Interest Rate Swaps.....	512,982.77	
Other.....	134,379.12	
Short-term Obligations under Capital Leases.....	23,650.00	23,650.00
Miscellaneous Current and Accrued Liabilities.....		12,170,820.44
Vacation Pay Accrued.....	4,934,171.81	
Postretirement Benefits - Current.....	3,411,968.00	
Customer Overpayments.....	3,131,269.99	
Derivative Liabilities - Non-Hedging.....	43,077.54	
Other.....	650,333.10	

March 26, 2009

Louisville Gas and Electric Company
Summary Trial Balance
December 31, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Accumulated Deferred Income Taxes.....		410,892,327.69
Federal		
Electric.....	304,006,807.39	
Gas.....	48,917,412.88	
State		
Electric.....	50,424,044.38	
Gas.....	7,544,063.04	
Investment Tax Credit.....		50,349,070.13
Job Development Credit		
Electric.....	29,259,369.98	
Gas.....	989,046.15	
Advanced Coal Credit.....	20,100,654.00	
Regulatory Liabilities.....		56,266,231.16
Deferred Taxes		
Federal		
Electric.....	23,556,055.90	
Gas.....	1,509,074.94	
State		
Electric.....	17,558,321.28	
Gas.....	2,601,796.38	
MISO Schedule 10 Charges.....	7,797,876.00	
Asset Retirement Obligations		
Gas.....	2,590,654.04	
Electric.....	652,452.62	
Customers' Advances for Construction.....		10,907,430.99
Line Extensions		
Gas.....	8,122,410.81	
Electric.....	848,476.38	
Customer Advances - Museum Plaza.....	1,473,527.70	
Customer Advances - Arena.....	463,016.10	
Asset Retirement Obligations		32,749,571.82
Electric.....	24,505,769.91	
Gas.....	8,216,598.51	
Common.....	27,203.40	
Other Deferred Credits.....	43,652,016.45	43,652,016.45
Miscellaneous Long-term Liabilities.....		60,440,325.97
Long-term Derivative Liabilities - SFAS 133.....	55,218,871.00	
Workers' Compensation.....	5,189,074.97	
Uncertain Tax Positions.....	32,380.00	
Accumulated Provision for Benefits.....		228,785,289.47
Pension Payable.....	143,135,667.00	
Postretirement Benefits - SFAS 106.....	82,092,797.47	
Post Employment Benefits Payable.....	3,747,857.00	
Post Employment Medicare Subsidy.....	(191,032.00)	
Total Liabilities and Other Credits.....	<u>3,455,523,057.97</u>	<u>3,455,523,057.97</u>

March 26, 2009

Louisville Gas and Electric Company
Statement of Cash Flows
December 31, 2008

	Year to Date	
	2008	2007
Cash Flows from Operating Activities		
Net income.....	90,200,280.99	120,383,365.22
Items not requiring (providing) cash currently:		
Depreciation.....	121,351,904.15	119,573,064.67
Amortization.....	5,880,401.74	6,199,962.23
Deferred income taxes - net.....	(4,758,611.95)	13,357,917.59
Investment tax credit - net.....	4,250,107.93	5,028,725.06
Other.....	14,928,215.27	(2,185,254.71)
Change in receivables.....	(7,603,579.08)	(18,938,353.71)
Change in inventory.....	(36,776,165.71)	(7,710,191.80)
Change in allowance inventory.....	5,499.26	3,943.53
Change in payables and accrued expenses.....	10,304,950.83	(74,175,686.33)
Change in regulatory assets.....	(166,217,627.55)	12,597,654.26
Change in regulatory liabilities.....	1,150,693.54	(255,033.24)
Change in other deferred debits.....	(6,262,177.75)	2,025,609.22
Change in other deferred credits.....	21,541,469.40	(10,415,781.88)
Other.....	122,040,369.11	(16,168,842.28)
Gain on disposal of property.....	(8,757,464.56)	-
Net cash provided (used) by operating activities.....	<u>161,278,265.62</u>	<u>149,321,097.83</u>
Cash Flows from Investing Activities		
Gross additions to utility plant - construction expenditures.....	(197,198,322.23)	(174,014,195.34)
Gross additions to common utility plant - construction expenditures.....	(37,182,024.85)	(29,121,325.88)
Loss on disposal of property.....	-	(357,016.26)
Proceeds received from sales of property.....	9,125,684.50	-
Change in long-term investments.....	29,897,445.26	-
Change in restricted cash.....	(297,009.40)	(3,036,153.25)
Net cash provided (used) by investing activities.....	<u>(195,654,226.72)</u>	<u>(206,528,690.73)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of long-term debt.....	74,186,467.28	308,320,562.59
Net change in short-term debt.....	143,758,000.00	10,417,200.00
Payments for retirement of long-term debt.....	-	(126,000,000.00)
Payments for reacquisition of long-term debt.....	(259,200,000.00)	-
Reissuance of reacquired long-term debt.....	96,000,000.00	-
Payments for retirement of preferred stock.....	-	(91,643,112.60)
Net change in short-term capital lease obligations.....	(381,787.69)	405,437.69
Net change in long-term capital lease obligations.....	(23,649.00)	23,649.00
Contributed capital.....	20,000,000.00	20,000,000.00
Dividends on preferred stock.....	-	(4,416,711.93)
Dividends on common stock.....	(40,000,000.00)	(65,000,000.00)
Net cash provided (used) by financing activities.....	<u>34,339,030.59</u>	<u>52,107,024.75</u>
Net Increase (Decrease) in Cash and Cash Equivalents.....	(36,930.51)	(5,100,568.15)
Cash and Cash Equivalents at Beginning of Period.....	<u>4,348,418.88</u>	<u>9,448,987.03</u>
Cash and Cash Equivalents at End of Period.....	<u>4,311,488.37</u>	<u>4,348,418.88</u>

March 26, 2009

Louisville Gas and Electric Company
Analysis of Interest Charges
December 31, 2008

	Current Month		Year to Date		Year Ended Current Month	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Interest on Long-term Debt						
Loan Agreement - Pollution Control Bonds						
1992 Series A Variable.....	-	-	-	350,482.41	-	350,482.41
1992 Series A Variable TC.....	-	-	-	670,142.71	-	670,142.71
1993 Series A Variable.....	-	-	-	392,885.10	-	392,885.10
Jefferson County 2000 Series A due May 1, 2027.....	111,979.17	81,944.43	674,047.19	937,881.94	674,047.19	937,881.94
Trimble County 2000 Series A due Aug. 1, 2030.....	40,973.04	297,459.66	2,602,137.72	3,377,447.50	2,602,137.72	3,377,447.50
Jefferson County 2001 Series A due Sep. 1, 2027.....	6,489.01	35,532.41	288,607.30	401,810.88	288,607.30	401,810.88
Jefferson County 2001 Series A due Sep. 1, 2026.....	37,200.35	62,620.68	525,251.42	822,985.11	525,251.42	822,985.11
Trimble County 2001 Series A due Sep. 1, 2026.....	45,467.10	76,536.38	641,973.91	1,005,870.63	641,973.91	1,005,870.63
Jefferson County 2001 Series B due Nov. 1, 2027.....	51,939.34	98,041.65	822,033.53	1,284,858.13	822,033.53	1,284,858.13
Trimble County 2001 Series B due Nov. 1, 2027.....	41,797.05	97,926.59	822,033.53	1,282,269.39	822,033.53	1,282,269.39
Louisville Metro 2003 Series A due Oct. 1, 2033.....	(688,312.42)	439,111.11	1,451,219.31	1,619,393.01	1,451,219.31	1,619,393.01
Louisville Metro 2005 Series A due Feb. 1, 2035.....	191,666.67	153,818.05	2,879,065.31	4,770,186.70	2,879,065.31	4,770,186.70
Louisville Metro 2007 Series A due Jun. 1, 2033.....	145,312.50	125,166.67	725,511.12	1,458,838.89	725,511.12	1,458,838.89
Louisville Metro 2007 Series B due Jun. 1, 2033.....	191,666.67	105,236.39	671,174.22	789,313.41	671,174.22	789,313.41
Louisville Metro 2007 Series A due Jun. 1, 2033.....	145,312.50	121,518.22	568,520.74	900,504.02	568,520.74	900,504.02
Trimble County 2007 Series B due Jun. 1, 2033.....	230,000.00	207,000.00	2,770,603.33	1,886,000.04	2,770,603.33	1,886,000.04
Interest Rate Swaps.....	545,396.11	145,078.41	4,795,142.86	1,592,721.30	4,795,142.86	1,592,721.30
Notes/Debentures.....		70,604.22	-	3,436,255.41	-	3,436,255.41
Fidelia.....	2,220,150.00	1,820,775.00	22,873,049.94	17,093,725.56	22,873,049.94	17,093,725.56
\$5.875 Mandatory Redeemable Preferred Stock.....		-	-	345,972.25	-	345,972.25
Total.....	3,031,997.26	3,938,369.87	43,110,371.43	44,419,544.39	43,110,371.43	44,419,544.39
Amortization of Debt Expense - Net						
Amortization of Debt Expense.....	15,412.77	34,186.08	279,654.03	401,067.62	279,654.03	401,067.62
Amortization of Loss on Reacquired Debt.....	235,511.50	86,701.35	1,305,972.24	1,035,405.95	1,305,972.24	1,035,405.95
Total.....	250,924.27	120,887.43	1,585,626.27	1,436,473.57	1,585,626.27	1,436,473.57
Other Interest Charges						
Customers' Deposits.....	97,447.22	85,683.90	1,079,394.94	969,040.88	1,079,394.94	969,040.88
Federal Income Tax Deficiencies.....	-	-	-	(1,058,734.31)	-	(1,058,734.31)
Other Tax Deficiencies.....	1,113.00	(1,781.00)	(2,110.00)	180.30	(2,110.00)	180.30
Gas Refunds.....	-	-	-	2,447.64	-	2,447.64
Interest on DSM Cost Recovery.....	4,597.53	-	41,679.09	-	41,679.09	-
Interest on Debt to Associated Companies.....	286,429.27	397,588.92	6,231,076.33	4,077,473.05	6,231,076.33	4,077,473.05
Other Interest Expense.....	203,667.60	-	1,292,418.86	8,581.56	1,292,418.86	8,581.56
Total.....	593,254.62	481,491.82	8,642,459.22	3,998,989.12	8,642,459.22	3,998,989.12
Total Interest.....	3,876,176.15	4,540,749.12	53,338,456.92	49,855,007.08	53,338,456.92	49,855,007.08

January 22, 2009

Louisville Gas and Electric Company
Analysis of Taxes Charged
December 31, 2008

Kind of Taxes	Current Month		Year To Date	
	This Year	Last Year	This Year	Last Year
Taxes Charged to Accounts 408.1 and 409.1				
Property Taxes.....	107,694.41	(94,526.41)	14,981,726.88	13,595,557.62
Unemployment.....	66,244.63	56,747.91	199,991.89	172,305.30
FICA.....	1,159,986.52	539,222.88	6,734,248.90	6,186,858.25
Public Service Commission Fee.....	157,536.02	161,615.66	1,914,910.02	1,921,929.68
Federal Income.....	10,396,466.59	(3,659,106.61)	40,043,409.68	34,624,584.99
State Income.....	2,648,367.63	(853,510.73)	4,282,424.39	7,620,508.53
Miscellaneous.....	-	-	126,194.66	20,012.63
Total Charged to Operating Expense.....	14,536,295.80	(3,849,557.30)	68,282,906.42	64,141,757.00
Taxes Charged to Other Accounts.....	(7,886,161.06)	694,979.52	8,047,867.17	2,139,975.29
Taxes Accrued on Intercompany Accounts.....	(453,485.77)	(158,475.17)	(2,516,439.19)	(2,237,807.97)
Total Taxes Charged.....	6,196,648.97	(3,313,052.95)	73,814,334.40	64,043,924.32

Analysis of Taxes Accrued - Account 236

Kind of Taxes	Taxes Accrued	Accruals	Payments	Taxes Accrued
	At Beginning Of Year	To Date This Year	To Date This Year	At End Of Month
Property Taxes.....	9,962,060.51	15,199,554.00	15,197,913.91	9,963,700.60
Unemployment.....	53,548.05	121,525.43	106,094.64	68,978.84
FICA.....	618,958.69	5,824,852.97	5,745,395.21	698,416.45
Federal Income.....	(6,107,469.91)	44,122,280.53	32,684,275.84	5,330,534.78
State Income.....	(832,671.91)	4,095,834.45	1,521,922.91	1,741,239.63
Kentucky Sales and Use Tax.....	527,167.51	4,302,798.29	4,251,091.41	578,874.39
Miscellaneous.....	(0.00)	147,488.73	147,488.73	(0.00)
Totals.....	4,221,592.94	73,814,334.40	59,654,182.65	18,381,744.69

March 26, 2009

Louisville Gas and Electric Company
 Summary of Utility Plant
 December 31, 2008

	Beginning Balance	Additions	Retirements	Transfers/Adjustments	Net Additions	Ending Balance
101 UTILITY PLANT IN SERVICE						
Common						
Common General Plant	149,510,912.37	9,321,070.77	(2,203,659.31)	-	7,117,411.46	156,628,323.83
Common Intangible Plant	28,321,223.19	2,183,504.40	-	-	2,183,504.40	30,504,727.59
	177,832,135.56	11,504,575.17	(2,203,659.31)	-	9,300,915.86	187,133,051.42
Electric						
Electric Distribution	761,760,235.51	22,850,240.37	(15,757,608.56)	(327,094.00)	6,765,537.81	768,525,773.32
Electric General Plant	16,648,246.38	91,059.02	-	-	91,059.02	16,739,305.40
Electric Hydro Production	29,738,481.51	11,126,279.14	(172,006.23)	-	10,954,272.91	40,692,754.42
Electric Intangible Plant	2,340.29	-	-	-	-	2,340.29
Electric Other Production	225,593,229.05	4,314,289.61	(3,188,604.12)	(41,125.94)	1,084,559.55	226,677,788.60
Electric Steam Production	1,954,464,626.73	29,409,041.43	(3,914,643.47)	(22,013,472.13)	3,480,925.83	1,957,945,552.56
Electric Transmission	254,545,457.73	5,660,818.20	(4,119,101.14)	-	1,541,717.06	256,087,174.79
	3,242,752,617.20	73,451,727.77	(27,151,963.52)	(22,381,692.07)	23,918,072.18	3,266,670,689.38
Gas						
Gas Distribution	464,243,423.53	11,294,120.87	(1,809,989.63)	-	9,484,131.24	473,727,554.77
Gas General Plant	9,033,095.77	5,377.09	-	-	5,377.09	9,038,472.86
Gas Intangible Plant	1,187.49	-	-	-	-	1,187.49
Gas Storage	62,254,077.12	191,817.23	(3,966.31)	-	187,850.92	62,441,928.04
Gas Transmission	12,901,908.09	-	-	-	-	12,901,908.09
	548,433,692.00	11,491,315.19	(1,813,955.94)	-	9,677,359.25	558,111,051.25
Total 101 Accounts	3,969,018,444.76	96,447,618.13	(31,169,578.77)	(22,381,692.07)	42,896,347.29	4,011,914,792.05
101 PROPERTY UNDER CAPITAL LEASES						
Electric Capital Leased Property	2,876,958.00	-	-	-	-	2,876,958.00
Electric Steam Production	2,876,958.00	-	-	-	-	2,876,958.00
Total 10101	2,876,958.00	-	-	-	-	2,876,958.00
105 PLANT HELD FOR FUTURE USE						
Electric						
Electric Distribution	649,014.48	-	-	-	-	649,014.48
Electric Steam Production	649,014.48	-	(7,693,350.48)	11,875,910.18	4,182,559.70	4,182,559.70
	649,014.48	-	(7,693,350.48)	11,875,910.18	4,182,559.70	4,831,574.18
Total 105001	649,014.48	-	(7,693,350.48)	11,875,910.18	4,182,559.70	4,831,574.18
106 COMPLETED CONSTRUCTION NOT CLASSIFIED						
Common						
Common General Plant	-	1,922,810.85	-	-	1,922,810.85	1,922,810.85
Common Intangible Plant	-	1,374,736.40	-	-	1,374,736.40	1,374,736.40
	-	3,297,547.25	-	-	3,297,547.25	3,297,547.25

January 22, 2009

Louisville Gas and Electric Company
 Summary of Utility Plant
 December 31, 2008

	Beginning Balance	Additions	Retirements	Transfers/Adjustments	Net Additions	Ending Balance
Electric						
Electric Distribution	-	53,528,201.00	-	-	53,528,201.00	53,528,201.00
Electric General Plant	-	121,321.11	-	-	121,321.11	121,321.11
Electric Hydro Production	-	56,785.36	-	-	56,785.36	56,785.36
Electric Intangible Plant	-	-	-	-	-	-
Electric Other Production	-	123,654.81	-	-	123,654.81	123,654.81
Electric Steam Production	-	13,060,279.51	-	-	13,060,279.51	13,060,279.51
Electric Transmission	-	1,573,129.06	-	-	1,573,129.06	1,573,129.06
	-	68,463,370.85	-	-	68,463,370.85	68,463,370.85
Gas						
Gas Distribution	-	37,599,096.45	-	-	37,599,096.45	37,599,096.45
Gas General Plant	-	-	-	-	-	-
Gas Intangible Plant	-	-	-	-	-	-
Gas Storage	-	1,318,828.23	-	-	1,318,828.23	1,318,828.23
Gas Transmission	-	38,917,924.68	-	-	38,917,924.68	38,917,924.68
	-	110,678,842.78	-	-	110,678,842.78	110,678,842.78
Total 106 Accounts						
	2,139,990.00	-	-	-	-	2,139,990.00
	2,139,990.00	-	-	-	-	2,139,990.00
117 GAS STORED UNDERGROUND-NONCURRENT						
Gas						
Gas Stored Nonrecoverable	2,139,990.00	-	-	-	-	2,139,990.00
	2,139,990.00	-	-	-	-	2,139,990.00
Total 117001						
	2,139,990.00	-	-	-	-	2,139,990.00
121 NONUTILITY PROPERTY						
Common						
Nonutility Property	75,239.56	-	-	-	-	75,239.56
	75,239.56	-	-	-	-	75,239.56
Total 121001						
	75,239.56	-	-	-	-	75,239.56
107 CONSTRUCTION WORK IN PROGRESS						
Construction Work in Progress						
Common						
Electric	28,559,694.35	22,379,902.43	-	-	22,379,902.43	50,939,596.78
Electric	253,332,706.20	19,914,473.30	-	-	19,914,473.30	273,247,179.50
Gas	62,549,383.39	(12,712,959.25)	-	-	(12,712,959.25)	49,836,424.14
	344,441,783.94	29,581,416.48	-	-	29,581,416.48	374,023,200.42
	3,974,759,646.80	207,126,460.91	(38,862,929.25)	(10,505,781.89)	157,757,749.77	4,132,517,396.57
Total Plant (Non-CWIP)						
	4,319,201,430.74	236,707,877.39	(38,862,929.25)	(10,505,781.89)	187,339,166.25	4,506,540,596.99
Total Plant + CWIP						
	4,319,126,191.18	236,707,877.39	(38,862,929.25)	(10,505,781.89)	187,339,166.25	4,506,465,357.43

Louisville Gas and Electric Company
 Summary of Utility Plant - Reserve for Depreciation of Utility Plant
 December 31, 2008

	Beginning Balance	Accruals	Retirements	Transfers/Adjustments	RWIP Transfers Out	Cost of Removal	Salvage	Other Credits	Ending Balance
LIFE RESERVE									
Common General Plant	(62,470,548.01)	(7,848,722.79)	2,203,659.31	-	-	-	-	-	(68,115,611.49)
Common General Plant - ARO	(1,165.28)	(34.32)	-	-	-	-	-	-	(1,199.60)
Electric Distribution	(251,806,875.04)	(19,912,625.40)	15,757,608.56	-	-	-	-	-	(255,961,891.88)
Electric Distribution - ARO	(12,367.53)	(429.07)	-	-	-	-	-	-	(12,796.60)
Electric General Plant	(13,439,232.21)	(263,482.46)	-	-	-	-	-	-	(13,702,714.67)
Electric Hydro Production	(7,723,349.03)	(595,670.01)	172,006.23	-	-	-	-	-	(8,147,012.81)
Electric Hydro Production - ARO	(16,818.08)	(496.08)	-	-	-	-	-	-	(17,314.16)
Electric Other Production	(44,478,208.05)	(7,486,927.70)	3,188,604.12	-	-	-	-	-	(48,776,531.63)
Electric Other Production - ARO	(114,837.08)	(3,382.56)	-	-	-	-	-	-	(118,219.64)
Electric Steam Production	(941,129,876.19)	(51,197,483.36)	11,607,993.95	-	-	-	-	-	(980,719,365.60)
Electric Steam Production - ARO	(2,207,905.66)	(174,861.16)	-	-	-	-	-	-	(2,382,766.82)
Electric Transmission	(119,682,480.73)	(4,803,934.92)	4,119,101.14	-	-	-	-	-	(120,367,314.51)
Electric Transmission - ARO	(2,336.94)	(692.60)	-	-	-	-	-	-	(3,029.54)
Gas Distribution	(107,951,332.92)	(9,414,227.75)	1,809,989.63	-	-	-	-	-	(115,555,571.04)
Gas Distribution - ARO	(19,162.71)	(897.70)	-	-	-	-	-	-	(20,060.41)
Gas General Plant	(5,813,343.75)	(427,793.85)	-	-	-	-	-	-	(6,241,137.60)
Gas Storage	(32,843,012.49)	(1,183,813.96)	3,966.31	-	-	-	-	-	(34,022,860.14)
Gas Storage - ARO	(401,123.53)	(8,161.15)	-	-	-	-	-	-	(409,284.68)
Gas Stored Nonrecoverable	(9,245,750.72)	(112,765.80)	-	-	-	-	-	-	(9,358,516.52)
Gas Transmission	(63,360.36)	-	-	-	-	-	-	-	(63,360.36)
Nonutility Property	(1,599,423,086.31)	(103,436,402.64)	38,862,929.25	-	-	-	-	-	(1,663,996,559.70)
COST OF REMOVAL									
Common General Plant	(467,853.64)	(123,305.56)	-	-	-	121,911.78	-	-	(469,247.42)
Electric Distribution	(151,076,941.89)	(7,689,885.13)	-	-	-	1,011,178.54	-	-	(157,755,648.48)
Electric General Plant	3,866.64	-	-	-	-	-	-	-	3,866.64
Electric Hydro Production	(77,225.71)	-	-	-	-	891,897.16	-	-	814,671.45
Electric Other Production	(2,093,564.72)	-	-	-	-	54,126.16	-	-	(2,039,438.56)
Electric Steam Production	(68,731,407.49)	(8,245,613.93)	-	-	-	1,564,315.12	-	-	(75,412,706.30)
Electric Transmission	(22,623,248.88)	(1,412,175.55)	-	-	-	516,542.17	-	(162,798.58)	(23,681,680.84)
Gas Distribution	(54,373,587.76)	(5,061,501.86)	-	-	-	1,135,994.76	-	-	(58,299,094.86)
Gas Storage	-	(0.02)	-	-	-	-	-	-	(0.02)
Gas Storage - ARO	(178,019.55)	(225,920.10)	-	-	-	904.64	-	-	(403,035.01)
Gas Stored Nonrecoverable	(2,949,754.18)	(111,594.96)	-	-	-	-	-	-	(3,061,349.14)
Gas Transmission	-	-	-	-	-	-	-	-	-
Nonutility Property	(302,567,737.18)	(22,869,997.11)	-	-	-	5,296,870.33	-	(162,798.58)	(320,303,662.54)

January 22, 2009

Louisville Gas and Electric Company
 Summary of Utility Plant - Reserve for Depreciation of Utility Plant
 December 31, 2008

	Beginning Balance	Accruals	Retirements	Transfers/ Adjustments	RWIP Transfers Out	Cost of Removal	Salvage	Other Credits	Ending Balance
SALVAGE									
Common General Plant	281,365.71	53,372.47	-	-	-	-	(33,146.12)	-	301,592.06
Electric Distribution	14,964,772.12	1,292,680.07	-	-	-	-	(646,157.06)	-	15,611,295.13
Electric General Plant	108,996.26	23,023.32	-	-	-	-	-	-	132,019.58
Electric Hydro Production	433,316.55	-	-	-	-	-	-	-	433,316.55
Electric Other Production	2,644.83	-	-	-	-	-	-	-	2,644.83
Electric Steam Production	16,574,762.21	2,415,050.18	-	-	-	-	(189,946.55)	-	18,799,865.84
Electric Transmission	5,667,496.85	285,007.29	-	-	-	-	(76,265.92)	-	5,876,238.22
Gas Distribution	2,996,641.58	226,700.80	-	-	-	-	(4,256.85)	-	3,219,085.53
Gas General Plant	190,825.93	29,375.78	-	-	-	-	-	-	220,201.71
Gas Storage	225,248.05	11,521.82	-	-	-	-	-	-	236,769.87
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	201,119.89	7,608.72	-	-	-	-	-	-	208,728.61
Nonutility Property	-	-	-	-	-	-	-	-	-
	<u>41,647,189.98</u>	<u>4,344,340.45</u>	-	-	-	-	<u>(949,772.50)</u>	-	<u>45,041,757.93</u>
TOTAL RESERVES									
Common	(62,721,561.58)	(7,918,690.20)	2,203,659.31	-	-	121,911.78	(33,146.12)	-	(68,347,826.81)
Electric	(1,587,460,819.77)	(97,771,899.07)	34,845,314.00	-	-	4,038,059.15	(912,369.53)	(162,798.58)	(1,647,424,513.80)
Gas	(210,161,252.16)	(16,271,470.03)	1,813,955.94	-	-	1,136,899.40	(4,256.85)	-	(223,486,123.70)
	<u>(1,860,343,633.51)</u>	<u>(121,962,059.30)</u>	<u>38,862,929.25</u>	-	-	<u>5,296,870.33</u>	<u>(949,772.50)</u>	<u>(162,798.58)</u>	<u>(1,939,258,464.31)</u>
RETIREMENT WORK IN PROGRESS									
Common	189,890.31	-	-	-	(88,765.66)	(9,167,483.47)	(25,897.00)	-	(9,092,255.82)
Electric	13,800,710.25	-	-	7,733,390.64	(3,018,703.16)	20,853,600.75	(813,051.14)	(10,096,954.39)	28,458,992.95
Gas	3,995,589.04	-	-	(107,031.61)	(1,076,830.43)	1,304,448.48	(4,137.38)	(16,541.56)	4,095,496.74
	<u>17,986,189.60</u>	-	-	<u>7,626,359.03</u>	<u>(4,184,299.25)</u>	<u>12,990,565.76</u>	<u>(843,085.52)</u>	<u>(10,113,495.75)</u>	<u>23,462,233.87</u>
YTD ACTIVITY	<u>(1,878,329,823.11)</u>	<u>(121,962,059.30)</u>	<u>38,862,929.25</u>	<u>(7,626,359.03)</u>	<u>4,184,299.25</u>	<u>(7,693,695.43)</u>	<u>(106,686.98)</u>	<u>9,950,697.17</u>	<u>(1,915,796,230.44)</u>
AMORTIZATION									
Common	(17,552,729.72)	(5,880,401.74)	-	-	-	-	-	-	(23,433,131.46)
Electric	(100.00)	-	-	-	-	-	-	-	(100.00)
Gas	(800.00)	-	-	-	-	-	-	-	(800.00)
AMORTIZATION TOTAL	<u>(17,553,629.72)</u>	<u>(5,880,401.74)</u>	-	-	-	-	-	-	<u>(23,434,031.46)</u>
Depreciation & Amortization Total	<u>(1,895,883,452.83)</u>	<u>(127,842,461.04)</u>	<u>38,862,929.25</u>	<u>(7,626,359.03)</u>	<u>4,184,299.25</u>	<u>(7,693,695.43)</u>	<u>(106,686.98)</u>	<u>9,950,697.17</u>	<u>(1,939,230,261.90)</u>
Depr & Amort - Nonutility for Balance Sheet									
Utility Plant at Original Cost Less Reserve for Depreciation & Amortization (Excl nonutility)	<u>2,423,306,098.71</u>								<u>(1,939,166,901.54)</u>
									<u>2,567,298,455.89</u>

January 22, 2009

LG&E Monthly Report to KPSC -- November 30, 2008

LOUISVILLE GAS AND ELECTRIC COMPANY

Financial Reports

November 30, 2008

Prepared by Regulatory Accounting and Reporting

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Financial and Operating Reports

Louisville Gas and Electric Company
November 30, 2009

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Louisville Gas and Electric Company
Comparative Statement of Income
November 30, 2008

	Current Month		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	89,492,289.17	61,950,523.69	27,541,765.48 44.46
Gas Operating Revenues.....	48,677,050.08	38,772,817.76	9,904,232.32 25.54
Total Operating Revenues.....	138,169,339.25	100,723,341.45	37,445,997.80 37.18
Fuel for Electric Generation.....	28,940,173.58	21,908,117.48	7,032,056.10 32.10
Power Purchased.....	16,519,470.73	6,503,770.91	10,015,699.82 154.00
Gas Supply Expenses.....	38,694,635.91	28,015,167.46	10,679,468.45 38.12
Other Operation Expenses.....	16,840,076.29	13,543,567.64	3,296,508.65 24.34
Maintenance.....	5,902,107.96	8,708,808.95	(2,806,700.99) (32.23)
Depreciation.....	10,370,004.78	9,962,018.41	407,986.37 4.10
Amortization Expense.....	525,701.37	501,349.77	24,351.60 4.86
Regulatory Credits.....	(175,758.31)	(163,026.95)	(12,731.36) 7.81
Taxes			
Federal Income.....	7,150,721.21	2,319,851.29	4,830,869.92 208.24
State Income.....	710,893.82	441,876.44	269,017.38 60.88
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	-	-	-
Property and Other.....	1,749,468.91	2,152,319.89	(402,850.98) (18.72)
Investment Tax Credit.....	-	-	-
Amortization of Investment Tax Credit.....	(322,576.68)	(329,198.00)	6,621.32 (2.01)
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	161,003.70	148,341.13	12,662.57 8.54
Total Operating Expenses.....	127,065,923.27	93,712,964.42	33,352,958.85 35.59
Net Operating Income.....	11,103,415.98	7,010,377.03	4,093,038.95 58.39
Other Income Less Deductions.....	(13,316,539.01)	752,565.53	(14,069,104.54) (1,869.49)
Income Before Interest Charges.....	(2,213,123.03)	7,762,942.56	(9,976,065.59) (128.51)
Interest on Long-term Debt.....	3,182,048.68	3,658,050.39	(476,001.71) (13.01)
Amortization of Debt Expense - Net.....	123,277.05	120,453.73	2,823.32 2.34
Other Interest Expenses.....	1,142,248.66	546,655.71	595,592.95 108.95
Total Interest Charges.....	4,447,574.39	4,325,159.83	122,414.56 2.83
Net Income.....	(6,660,697.42)	3,437,782.73	(10,098,480.15) (293.75)

December 19, 2008

Louisville Gas and Electric Company
Comparative Statement of Income
November 30, 2008

	Year to Date		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	923,456,735.25	850,567,494.36	72,889,240.89 8.57
Gas Operating Revenues.....	379,800,346.17	295,850,765.31	83,949,580.86 28.38
Total Operating Revenues.....	<u>1,303,257,081.42</u>	<u>1,146,418,259.67</u>	<u>156,838,821.75</u> 13.68
Fuel for Electric Generation.....	310,999,022.75	289,840,563.44	21,158,459.31 7.30
Power Purchased.....	104,914,860.14	73,387,093.27	31,527,766.87 42.96
Gas Supply Expenses.....	291,214,808.48	210,554,325.91	80,660,482.57 38.31
Other Operation Expenses.....	180,685,972.96	155,990,713.86	24,695,259.10 15.83
Maintenance.....	102,001,752.08	73,410,431.11	28,591,320.97 38.95
Depreciation.....	111,336,188.96	109,395,691.35	1,940,497.61 1.77
Amortization Expense.....	5,352,311.08	5,728,988.46	(376,677.38) (6.57)
Regulatory Credits.....	(1,890,050.99)	(1,777,717.09)	(112,333.90) 6.32
Taxes			
Federal Income.....	29,646,943.09	38,283,691.60	(8,636,748.51) (22.56)
State Income.....	1,634,056.76	8,474,019.26	(6,839,962.50) (80.72)
Deferred Federal Income - Net.....	9,715,363.07	2,628,383.92	7,086,979.15 269.63
Deferred State Income - Net.....	1,309,804.01	707,739.94	602,064.07 85.07
Property and Other.....	22,465,610.77	21,233,603.44	1,232,007.33 5.80
Investment Tax Credit.....	6,167,028.00	8,779,626.00	(2,612,598.00) (29.76)
Amortization of Investment Tax Credit.....	(3,548,343.39)	(3,627,883.85)	79,540.46 (2.19)
Loss (Gain) from Disposition of Allowances.....	(456,254.88)	(553,092.69)	96,837.81 (17.51)
Accretion Expense.....	1,727,753.04	1,632,576.23	95,176.81 5.83
Total Operating Expenses.....	<u>1,173,276,825.93</u>	<u>994,088,754.16</u>	<u>179,188,071.77</u> 18.03
Net Operating Income.....	129,980,255.49	152,329,505.51	(22,349,250.02) (14.67)
Other Income Less Deductions.....	(13,727,673.13)	(251,114.99)	(13,476,558.14) 5,366.69
Income Before Interest Charges.....	<u>116,252,582.36</u>	<u>152,078,390.52</u>	<u>(35,825,808.16)</u> (23.56)
Interest on Long-term Debt.....	40,078,374.17	40,481,174.52	(402,800.35) (1.00)
Amortization of Debt Expense - Net.....	1,334,702.00	1,315,586.14	19,115.86 1.45
Other Interest Expenses.....	8,049,204.60	3,517,497.30	4,531,707.30 128.83
Total Interest Charges.....	<u>49,462,280.77</u>	<u>45,314,257.96</u>	<u>4,148,022.81</u> 9.15
Net Income.....	66,790,301.59	106,764,132.56	(39,973,830.97) (37.44)
Preferred Dividend Requirements.....	-	941,636.24	(941,636.24) (100.00)
Earnings Available for Common.....	<u>66,790,301.59</u>	<u>105,822,496.32</u>	<u>(39,032,194.73)</u> (36.88)

December 19, 2008

Louisville Gas and Electric Company
Comparative Statement of Income
November 30, 2008

	Year Ended Current Month		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	1,005,344,808.16	933,235,422.04	72,109,386.12 7.73
Gas Operating Revenues.....	436,631,309.89	344,973,674.66	91,657,635.23 26.57
Total Operating Revenues.....	<u>1,441,976,118.05</u>	<u>1,278,209,096.70</u>	<u>163,767,021.35</u> 12.81
Fuel for Electric Generation.....	338,422,020.48	314,161,262.85	24,260,757.63 7.72
Power Purchased.....	113,864,814.98	81,690,139.18	32,174,675.80 39.39
Gas Supply Expenses.....	334,252,701.70	243,883,452.51	90,369,249.19 37.05
Other Operation Expenses.....	197,847,915.29	174,736,960.66	23,110,954.63 13.23
Maintenance.....	111,133,313.82	82,146,246.86	28,987,066.96 35.29
Depreciation.....	121,513,562.28	119,688,447.81	1,825,114.47 1.52
Amortization Expense.....	5,823,284.85	6,209,233.39	(385,948.54) (6.22)
Regulatory Credits.....	(2,053,077.94)	(2,363,058.97)	309,981.03 (13.12)
Taxes			
Federal Income.....	25,987,836.48	47,504,967.43	(21,517,130.95) (45.29)
State Income.....	780,546.03	9,434,469.88	(8,653,923.85) (91.73)
Deferred Federal Income - Net.....	16,562,850.08	(2,080,921.61)	18,643,771.69 (895.94)
Deferred State Income - Net.....	2,102,217.53	(52,377.18)	2,154,594.71 (4,113.61)
Property and Other.....	23,128,670.81	23,288,758.89	(160,088.08) (0.69)
Investment Tax Credit.....	6,367,028.00	11,779,626.00	(5,412,598.00) (45.95)
Amortization of Investment Tax Credit.....	(3,871,360.48)	(3,951,643.12)	80,282.64 (2.03)
Loss (Gain) from Disposition of Allowances.....	(456,254.88)	(553,092.69)	96,837.81 (17.51)
Accretion Expense.....	1,876,094.17	2,175,962.96	(299,868.79) (13.78)
Total Operating Expenses.....	<u>1,293,282,163.20</u>	<u>1,107,698,434.85</u>	<u>185,583,728.35</u> 16.75
Net Operating Income.....	148,693,954.85	170,510,661.85	(21,816,707.00) (12.79)
Other Income Less Deductions.....	(14,281,390.71)	(146,976.72)	(14,134,413.99) 9,616.77
Income Before Interest Charges.....	<u>134,412,564.14</u>	<u>170,363,685.13</u>	<u>(35,951,120.99)</u> (21.10)
Interest on Long-term Debt.....	44,016,744.04	43,362,844.99	653,899.05 1.51
Amortization of Debt Expense - Net.....	1,455,589.43	1,434,776.17	20,813.26 1.45
Other Interest Expenses.....	8,530,696.42	3,873,816.05	4,656,880.37 120.21
Total Interest Charges.....	<u>54,003,029.89</u>	<u>48,671,437.21</u>	<u>5,331,592.68</u> 10.95
Net Income.....	80,409,534.25	121,692,247.92	(41,282,713.67) (33.92)
Preferred Dividend Requirements.....	-	1,243,749.48	(1,243,749.48) (100.00)
Earnings Available for Common.....	<u>80,409,534.25</u>	<u>120,448,498.44</u>	<u>(40,038,964.19)</u> (33.24)

December 19, 2008

Louisville Gas and Electric Company
Analysis of Retained Earnings
November 30, 2008

	Current Month		Year to Date		Year Ended Current Month	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Balance at Beginning of Period.....	723,412,389.21	672,960,370.81	689,961,390.20	639,104,729.77	676,342,157.54	624,478,727.65
Add:						
Net Income for Period.....	(6,660,697.42)	3,437,782.73	66,790,301.59	106,764,132.56	80,409,534.25	121,692,247.92
FIN 48 Adjustment.....	-	(55,996.00)	-	202,186.00	-	202,186.00
Deduct:						
Adjustment to Retained Earnings.....	-	-	-	3,787,254.55	-	3,787,254.55
Preferred Dividends						
\$25 Par Value						
5% Series.....	-	-	-	316,636.25	-	406,249.48
Without Par Value						
Auction Rate.....	-	-	-	624,999.99	-	837,500.00
Common Dividends						
Common Stock Without Par Value.....	-	-	40,000,000.00	65,000,000.00	40,000,000.00	65,000,000.00
Balance at End of Period.....	<u>716,751,691.79</u>	<u>676,342,157.54</u>	<u>716,751,691.79</u>	<u>676,342,157.54</u>	<u>716,751,691.79</u>	<u>676,342,157.54</u>

December 19, 2008

Louisville Gas and Electric Company
Comparative Balance Sheets as of November 30, 2008 and 2007

Assets and Other Debits	This Year	Last Year	Liabilities and Other Credits	This Year	Last Year
Utility Plant			Capitalization		
Utility Plant at Original Cost.....	4,498,705,061.62	4,285,008,067.81	Common Stock.....	425,170,424.09	425,170,424.09
Less Reserves for Depreciation and Amortization.....	1,956,022,390.37	1,859,538,295.78	Common Stock Expense.....	(835,888.64)	(835,888.64)
			Paid-in Capital.....	60,000,000.00	40,000,000.00
Total.....	2,542,682,671.25	2,425,469,772.03	Other Comprehensive Income.....	(14,359,141.35)	(13,933,101.00)
			Retained Earnings.....	716,751,691.79	676,342,157.54
Investments			Total Common Equity.....	1,186,727,085.89	1,126,743,591.99
Ohio Valley Electric Corporation.....	594,286.00	594,286.00	Pollution Control Bonds - Net of Reacquired Bonds	411,104,000.00	574,304,000.00
Nonutility Property-Less Reserve.....	11,879.20	11,879.20	LT Notes Payable to Associated Companies.....	485,000,000.00	410,000,000.00
Special Funds.....	13,531,009.85	20,081,928.30	Total Long-term Debt.....	896,104,000.00	984,304,000.00
Other.....	14,921,226.00	-	Total Capitalization.....	2,082,831,085.89	2,111,047,591.99
Total.....	29,058,401.05	20,688,093.50			
Current and Accrued Assets			Current and Accrued Liabilities		
Cash.....	5,694,580.75	3,404,206.59	ST Notes Payable to Associated Companies.....	243,622,200.00	90,115,000.00
Special Deposits.....	4,276,664.75	599,714.04	Accounts Payable.....	88,801,902.71	76,957,517.59
Temporary Cash Investments.....	26.98	35,779.47	Accounts Payable to Associated Companies.....	22,603,113.79	29,032,909.38
Accounts Receivable-Less Reserve.....	184,202,979.17	139,693,992.24	Customer Deposits.....	21,887,246.53	19,305,082.59
Accounts Receivable from Associated Companies.....	60,540.90	544,170.02	Taxes Accrued.....	12,063,876.82	23,564,776.20
Materials and Supplies-At Average Cost			Interest Accrued.....	7,318,258.72	7,458,114.07
Fuel.....	44,394,019.79	45,275,739.84	ST Obligations Under Capital Leases.....	70,949.28	420,119.91
Plant Materials and Operating Supplies.....	28,034,489.27	26,354,029.35	Miscellaneous Current and Accrued Liabilities.....	12,464,280.06	10,836,428.44
Stores Expense.....	4,247,441.02	4,552,901.38	Total.....	408,831,827.91	257,689,948.18
Gas Stored Underground.....	135,160,650.52	98,116,218.34			
Allowance Inventory.....	9,652.72	11,790.49	Deferred Credits and Other		
Prepayments.....	6,233,974.06	5,634,226.94	LT Obligations Under Capital Leases.....	-	47,299.00
Miscellaneous Current and Accrued Assets.....	426,804.83	623,833.46	Accumulated Deferred Income Taxes.....	402,121,254.65	393,259,391.03
Total.....	412,741,824.76	324,846,602.16	Investment Tax Credit.....	48,717,646.81	46,221,979.29
			Regulatory Liabilities.....	56,879,288.25	54,433,134.89
Deferred Debits and Other			Customer Advances for Construction.....	11,554,956.42	16,552,345.33
Unamortized Debt Expense.....	4,029,650.74	9,798,737.06	Asset Retirement Obligations.....	32,589,453.15	29,470,590.33
Unamortized Loss on Bonds.....	24,304,698.45	19,186,932.06	Other Deferred Credits.....	52,620,366.44	49,965,155.65
Accumulated Deferred Income Taxes.....	41,960,252.75	55,486,371.60	Miscellaneous Long-term Liabilities.....	60,361,958.47	6,585,931.00
Deferred Regulatory Assets.....	153,426,121.22	166,873,355.88	Accum Provision for Postretirement Benefits.....	91,479,179.64	90,478,589.16
Other Deferred Debits.....	39,783,397.41	33,402,091.56	Total.....	756,324,103.83	687,014,415.68
Total.....	263,504,120.57	284,747,488.16			
Total Assets and Other Debits.....	3,247,987,017.63	3,055,751,955.85	Total Liabilities and Other Credits.....	3,247,987,017.63	3,055,751,955.85

December 19, 2008

Louisville Gas and Electric Company
Statement of Capitalization and Short-term Debt
November 30, 2008

	Authorized Shares	Issued and Outstanding Shares	Amount	Percent of Total Capital and ST Debt	Capital
Common Equity					
Common Stock - Without Par.....	75,000,000	21,294,223	425,170,424.09		
Common Stock Expense.....			(835,888.64)		
Paid-in Capital.....			60,000,000.00		
Other Comprehensive Income.....			(14,359,141.35)		
Retained Earnings.....			716,751,691.79		
Total Common Equity.....			<u>1,186,727,085.89</u>	<u>51.01</u>	<u>56.98</u>
Long-term Debt					
Pollution Control Bonds					
Jefferson County 2000 Series A 05/01/00 Due 05/01/27 Var%.....			25,000,000.00		
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%.....			83,335,000.00		
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%.....			10,104,000.00		
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%.....			22,500,000.00		
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%.....			27,500,000.00		
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%.....			35,000,000.00		
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%.....			41,665,000.00		
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%.....			128,000,000.00		
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%.....			40,000,000.00		
Louisville Metro 2005 Series A 04/13/05 Due 02/01/35 Var%.....			31,000,000.00		
Louisville Metro 2007 Series A 04/26/07 Due 06/01/33 Var%.....			35,200,000.00		
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%.....			60,000,000.00		
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%.....			<u>574,304,000.00</u>	<u>24.68</u>	<u>27.58</u>
Less Reacquired Bonds					
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%.....			(128,000,000.00)		
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%.....			<u>(35,200,000.00)</u>	<u>(7.01)</u>	<u>(7.85)</u>
Total Pollution Control Bonds - Net of Reacquired Bonds.....			411,104,000.00	17.67	19.73
Long-term Notes Payable to Associated Companies.....			485,000,000.00	20.85	23.29
Total Capitalization.....			<u>2,082,831,085.89</u>	<u>89.53</u>	<u>100.00</u>
Short-term Notes Payable to Associated Companies.....			<u>243,622,200.00</u>	<u>10.47</u>	
Total Capitalization and Short-term Debt.....			<u><u>2,326,453,285.89</u></u>	<u><u>100.00</u></u>	

December 19, 2008

Louisville Gas and Electric Company
Summary Trial Balance
November 30, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Utility Plant		
At Original Cost.....	4,498,705,061.62	4,498,705,061.62
Reserves for Depreciation and Amortization.....		(1,956,022,390.37)
Depreciation of Plant		
Electric.....	(1,634,516,051.21)	
Gas.....	(219,831,753.61)	
Common.....	(78,768,644.75)	
Amortization of Plant		
Common.....	(22,905,040.80)	
Gas.....	(800.00)	
Electric.....	(100.00)	
Investments.....		29,058,401.05
Prepaid Pension.....	14,921,226.00	
Special Funds.....	13,531,009.85	
Ohio Valley Electric Corporation.....	594,286.00	
Nonutility Property.....	75,239.56	
Nonutility Property Reserve.....	(63,360.36)	
Cash.....	5,694,580.75	5,694,580.75
Special Deposits.....		4,276,664.75
MAN Margin Call.....	1,684,539.50	
Restricted Cash - Short-term.....	463,008.13	
Other Special Deposits.....	2,129,117.12	
Temporary Cash Investments.....	26.98	26.98
Accounts Receivable - Less Reserve.....		184,202,979.17
Customers - Active.....	74,014,615.41	
Unbilled Revenues.....	63,166,000.00	
Wholesale Sales.....	21,470,473.16	
Income Tax Receivable - Federal.....	11,878,963.44	
Sundry Accounts Receivable.....	6,021,441.51	
IMPA.....	2,258,317.17	
IMEA.....	2,186,593.25	
Tax Refunds.....	1,860,522.77	
RAR Settlements.....	1,038,234.00	
Damage Claims.....	651,303.76	
Transmission Sales.....	165,583.45	
Employee Computer Loans.....	78,581.00	
Rents Receivable.....	48,528.52	
Working Funds.....	21,280.00	
Interest and Dividends Receivable.....	13,184.06	
Officers and Employees.....	11.55	
Other.....	1,070,264.12	
Reserves for Uncollectible Accounts		
Utility Customers		
Charged Off.....	4,873,910.51	
Accrual.....	(2,919,306.39)	
Recoveries.....	(1,954,604.12)	
A/R Miscellaneous.....	(880,820.00)	
Reserve.....	(860,098.00)	
Accounts Receivable from Associated Companies.....		60,540.90
E.ON US Services/Kentucky Utilities Company.....	60,540.90	

Louisville Gas and Electric Company
Summary Trial Balance
November 30, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Fuel.....		44,394,019.79
Coal 966,014.53 Tons @ \$41.21; MMBtu 21,914,974.64 @ 181.65¢.....	39,807,963.24	
Gas Pipeline 293,153 Mcf @ \$14.08.....	4,126,420.35	
Fuel Oil 177,314 Gallons @ 259.22¢.....	459,636.20	
Plant Materials and Operating Supplies.....		28,034,489.27
Regular Materials and Supplies.....	27,684,965.40	
Limestone 45,777.91 Tons @ \$7.64.....	349,523.87	
Stores Expense Undistributed.....	4,247,441.02	4,247,441.02
Gas Stored Underground - Current.....		135,160,650.52
Gas St. Underground*13,380,890 Mcf (14.73 psia) @ \$10.10.....	135,160,650.52	
Allowance Inventory.....	9,652.72	9,652.72
Prepayments.....		6,233,974.06
Insurance.....	3,339,902.85	
Taxes.....	1,102,752.13	
Rights of Way.....	266,666.70	
Risk Management and Workers Compensation.....	90,000.00	
Vehicle License.....	15,619.80	
Other.....	1,419,032.58	
Miscellaneous Current Assets.....		426,804.83
Derivative Asset - Non-Hedging.....	426,804.83	
Unamortized Debt Expense.....		4,029,650.74
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%.....	831,064.89	
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%.....	374,852.19	
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%.....	175,229.36	
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%.....	190,604.23	
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%.....	207,075.02	
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%.....	207,108.67	
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%.....	879,636.32	
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%.....	1,164,080.06	
Unamortized Loss on Bonds.....		24,304,698.45
Refinanced and Called Bonds.....	24,304,698.45	
Accumulated Deferred Income Taxes.....		41,960,252.75
Federal.....		
Electric.....	29,603,332.56	
Gas.....	5,628,374.52	
State.....		
Electric.....	5,865,808.22	
Gas.....	862,737.45	
Regulatory Assets.....		153,426,121.22
Pension and Postretirement Benefits.....	109,420,059.00	
Asset Retirement Obligations.....		
Electric.....	20,833,145.42	
Gas.....	8,035,444.63	
Common.....	24,536.68	
MISO Exit Fee.....	12,197,925.69	
ECR Ash Hauling.....	2,915,009.80	
Other Deferred Debits.....	39,783,397.41	39,783,397.41
Total Assets and Other Debits.....	3,247,987,017.63	3,247,987,017.63

* Excludes:	\$	Mcf
Non-recoverable Base Gas	9,648,855.00	7,880,000
Recoverable Base Gas	<u>2,139,990.00</u>	<u>2,930,000</u>
	11,788,845.00	10,810,000

Louisville Gas and Electric Company
Summary Trial Balance
November 30, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Common Equity.....		1,186,727,085.89
Common Stock.....	425,170,424.09	
Common Stock Expense.....	(835,888.64)	
Paid-In Capital.....	60,000,000.00	
Other Comprehensive Income.....	(14,359,141.35)	
Retained Earnings.....	716,751,691.79	
Bonds.....		411,104,000.00
Pollution Control Bonds - Net of Reacquired Bonds.....	411,104,000.00	
Long-term Notes Payable to Associated Companies.....	485,000,000.00	485,000,000.00
Short-term Notes Payable to Associated Companies.....	243,622,200.00	243,622,200.00
Accounts Payable.....		88,801,902.71
Regular.....	84,780,565.98	
Salaries and Wages Accrued.....	2,963,292.00	
Tax Collections - Payable.....	1,058,044.73	
Accounts Payable to Associated Companies.....		22,603,113.79
E.ON US Services/Kentucky Utilities Company.....	22,603,113.79	
Customers' Deposits.....	21,887,246.53	21,887,246.53
Taxes Accrued.....	12,063,876.82	12,063,876.82
Interest Accrued.....		7,318,258.72
Jefferson County 2000 Series A 05/01/00 Due 05/01/27 Var%.....	22,395.89	
Trimble County 2000 Series A 08/01/00 Due 08/01/30 Var%.....	83,057.24	
Jefferson County 2001 Series A 09/11/01 Due 09/01/27 Var%.....	1,953.52	
Jefferson County 2001 Series A 03/06/01 Due 09/01/26 Var%.....	30,000.31	
Trimble County 2001 Series A 03/06/01 Due 09/01/26 Var%.....	36,667.00	
Jefferson County 2001 Series B 03/22/01 Due 11/01/27 Var%.....	41,886.53	
Trimble County 2001 Series B 03/22/01 Due 11/01/27 Var%.....	41,886.84	
Trimble County 2002 Series A 10/23/02 Due 10/01/32 Var%.....	60,912.84	
Louisville Metro 2003 Series A 11/20/03 Due 10/01/33 Var%.....	(0.04)	
Louisville Metro 2005 Series A 04/13/05 Due 02/01/35 Var%.....	38,333.41	
Louisville Metro 2007 Series A 04/26/07 Due 06/01/33 Var%.....	29,062.55	
Louisville Metro 2007 Series B 04/26/07 Due 06/01/33 Var%.....	0.03	
Trimble County 2007 Series A 04/26/07 Due 06/01/33 Var%.....	1,379,999.98	
Fidelia.....	4,121,750.46	
Customers' Deposits.....	932,061.29	
Interest Rate Swaps.....	454,473.31	
Other.....	43,817.56	
Short-term Obligations under Capital Leases.....	70,949.28	70,949.28
Miscellaneous Current and Accrued Liabilities.....		12,464,280.06
Vacation Pay Accrued.....	5,184,605.60	
Customer Overpayments.....	3,587,885.21	
Postretirement Benefits - Current.....	3,061,339.00	
Derivative Liabilities - Non-Hedging.....	176,029.79	
Other.....	454,420.46	

December 19, 2008

Louisville Gas and Electric Company
Summary Trial Balance
November 30, 2008

<u>Account - Subsidiary Account</u>	<u>Balance Subsidiary Account</u>	<u>Balance as Shown on Balance Sheets</u>
Accumulated Deferred Income Taxes.....		402,121,254.65
Federal		
Electric.....	292,605,264.35	
Gas.....	51,644,103.79	
Common.....	(1.00)	
State		
Electric.....	49,459,541.14	
Gas.....	8,412,346.37	
Investment Tax Credit.....		48,717,646.81
Job Development Credit		
Electric.....	29,568,708.84	
Gas.....	1,002,283.97	
Advanced Coal Credit.....	18,146,654.00	
Regulatory Liabilities.....		56,879,288.25
Deferred Taxes		
Federal		
Electric.....	23,808,514.86	
Gas.....	1,537,675.71	
State		
Electric.....	18,058,246.67	
Gas.....	2,720,482.89	
MISO Schedule 10 Charges.....	7,519,380.00	
Asset Retirement Obligations		
Gas.....	2,585,742.82	
Electric.....	649,245.30	
Customers' Advances for Construction.....		11,554,956.42
Line Extensions		
Gas.....	8,116,808.38	
Electric.....	846,022.79	
Customer Advances - Museum Plaza.....	2,129,117.12	
Customer Advances - Arena.....	463,008.13	
Asset Retirement Obligations.....		32,589,453.15
Electric.....	24,383,614.86	
Gas.....	8,178,763.19	
Common.....	27,075.10	
Other Deferred Credits.....	52,620,366.44	52,620,366.44
Miscellaneous Long-term Liabilities.....		60,361,958.47
Long-term Derivative Liabilities - SFAS 133.....	54,669,399.00	
Workers' Compensation.....	5,661,292.47	
Uncertain Tax Positions.....	31,267.00	
Accumulated Provision for Benefits.....		91,479,179.64
Postretirement Benefits - SFAS 106.....	74,514,212.12	
Pension Payable.....	13,347,081.00	
Post Employment Benefits Payable.....	3,762,588.00	
Post Employment Medicare Subsidy.....	(144,701.48)	
Total Liabilities and Other Credits.....	3,247,987,017.63	3,247,987,017.63

December 19, 2008

Louisville Gas and Electric Company
Statement of Cash Flows
November 30, 2008

	Year to Date	
	2008	2007
Cash Flows from Operating Activities		
Net income.....	66,790,301.59	106,764,132.56
Items not requiring (providing) cash currently:		
Depreciation.....	111,336,188.96	109,395,691.35
Amortization.....	5,352,311.08	5,728,988.46
Deferred income taxes - net.....	11,025,167.08	5,174,525.36
Investment tax credit - net.....	2,618,684.61	5,151,742.15
Other.....	13,127,910.14	(10,824,298.26)
Change in receivables.....	11,832,573.00	44,323,339.28
Change in inventory.....	(53,730,549.87)	(23,903,029.98)
Change in allowance inventory.....	1,806.75	3,612.51
Change in payables and accrued expenses.....	(32,885,767.01)	(98,570,762.63)
Change in regulatory assets.....	(2,404,071.94)	(3,253,652.34)
Change in regulatory liabilities.....	1,763,750.63	(937,435.97)
Change in other deferred debits.....	(6,170,582.77)	248,226.45
Change in other deferred credits.....	33,251,049.03	(1,312,879.64)
Other.....	(25,558,549.41)	(2,268,737.81)
Gain on disposal of property.....	(8,757,464.56)	-
Net cash provided (used) by operating activities.....	<u>127,592,757.31</u>	<u>135,719,461.49</u>
Cash Flows from Investing Activities		
Gross additions to utility plant - construction expenditures.....	(172,888,337.13)	(159,796,376.91)
Gross additions to common utility plant - construction expenditures.....	(31,838,107.64)	(21,014,485.49)
Proceeds received from sales of property.....	9,125,684.50	-
Change in long-term investments.....	34,715,026.61	5,458.27
Change in restricted cash.....	(1,513,007.07)	(5,075,794.43)
Net cash provided (used) by investing activities.....	<u>(162,398,740.73)</u>	<u>(185,881,198.56)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of long-term debt.....	74,329,309.68	308,454,141.72
Net change in short-term debt.....	165,381,000.00	22,291,000.00
Payments for retirement of long-term debt.....	-	(126,000,000.00)
Payments for reacquisition of long-term debt.....	(259,200,000.00)	-
Payments for retirement of preferred stock.....	-	(91,643,112.60)
Retirement of reacquired long-term debt.....	96,000,000.00	-
Net change in short-term capital lease obligations.....	(334,488.41)	420,119.91
Net change in long-term capital lease obligations.....	(23,649.00)	47,299.00
Dividends on preferred stock.....	-	(4,416,711.93)
Dividends on common stock.....	(40,000,000.00)	(65,000,000.00)
Net cash provided (used) by financing activities.....	<u>36,152,172.27</u>	<u>44,152,736.10</u>
Net Increase (Decrease) in Cash and Cash Equivalents.....	1,346,188.85	(6,009,000.97)
Cash and Cash Equivalents at Beginning of Period.....	<u>4,348,418.88</u>	<u>9,448,987.03</u>
Cash and Cash Equivalents at End of Period.....	<u>5,694,607.73</u>	<u>3,439,986.06</u>

December 19, 2008

Louisville Gas and Electric Company
Analysis of Interest Charges
November 30, 2008

	Current Month		Year to Date		Year Ended Current Month	
	This Year	Last Year	This Year	Last Year	This Year	Last Year
Interest on Long-term Debt						
Loan Agreement - Pollution Control Bonds						
1992 Series A Variable.....	-	-	-	350,482.41	-	447,328.99
1992 Series A Variable TC.....	-	-	-	670,142.71	-	854,819.42
1993 Series A Variable Rate.....	-	-	-	392,885.10	-	500,973.21
Jefferson County 2000 Series A due May 1, 2027.....	22,397.90	74,131.95	562,068.02	855,937.51	644,012.45	933,055.57
Trimble County 2000 Series A due Aug. 1, 2030.....	111,678.16	275,468.47	2,561,164.68	3,079,987.84	2,858,624.34	3,338,905.06
Jefferson County 2001 Series A due Sep. 1, 2027.....	9,711.92	32,992.37	282,118.29	366,278.47	317,650.70	398,414.79
Jefferson County 2001 Series A due Sep. 1, 2026.....	35,225.69	68,609.59	488,051.07	760,364.43	550,671.75	828,277.44
Trimble County 2001 Series A due Sep. 1, 2026.....	43,053.62	83,856.16	596,506.81	929,334.25	673,043.19	1,012,339.04
Jefferson County 2001 Series B due Nov. 1, 2027.....	50,254.04	107,589.04	770,094.19	1,186,816.48	868,135.84	1,293,830.17
Trimble County 2002 Series A due Oct. 1, 2032.....	50,254.04	106,726.04	770,094.19	1,184,342.80	868,020.78	1,291,356.49
Trimble County 2002 Series A due Oct. 1, 2033.....	76,454.14	139,834.59	1,409,422.26	1,465,574.96	1,563,240.31	1,593,218.26
Louisville Metro 2003 Series A due Oct. 1, 2033.....	-	379,520.00	3,567,377.73	4,331,075.59	4,006,488.84	4,715,751.14
Louisville Metro 2005 Series A due Feb. 1, 2035.....	38,333.34	113,166.67	533,844.45	1,333,672.22	659,011.12	1,455,938.88
Louisville Metro 2007 Series A due Jun. 1, 2033.....	29,062.52	92,948.33	525,861.72	684,077.02	631,098.11	684,077.02
Louisville Metro 2007 Series B due Jun. 1, 2033.....	-	103,840.00	568,520.74	778,985.80	690,038.96	778,985.80
Trimble County 2007 Series A due Jun. 1, 2033.....	230,000.00	230,000.00	2,540,603.33	1,679,000.04	2,747,603.33	1,679,000.04
Interest Rate Swaps.....	454,473.31	199,150.61	4,249,746.75	1,447,642.89	4,394,825.16	1,562,208.00
Notes/Debentures.....	-	16,136.02	-	3,365,651.19	70,604.22	3,365,651.19
Fidelity.....	2,031,150.00	1,634,080.55	20,652,899.94	15,272,950.56	22,473,674.94	16,184,825.57
\$5.875 Mandatory Redeemable Preferred Stock.....	-	-	-	345,972.25	-	443,888.91
Total.....	3,182,048.68	3,658,050.39	40,078,374.17	40,481,174.52	44,016,744.04	43,362,844.99
Amortization of Debt Expense - Net						
Amortization of Debt Expense.....	15,412.77	33,752.38	264,241.26	366,881.54	298,427.34	400,935.56
Amortization of Loss on Reacquired Debt.....	107,864.28	86,701.35	1,070,460.74	948,704.60	1,157,162.09	1,033,840.61
Total.....	123,277.05	120,453.73	1,334,702.00	1,315,586.14	1,455,589.43	1,434,776.17
Other Interest Charges						
Customers' Deposits.....	93,869.40	82,085.05	981,947.72	883,356.98	1,067,631.62	962,321.02
Federal Income Tax Deficiencies.....	-	-	-	(1,058,734.31)	-	(1,058,734.31)
Other Tax Deficiencies.....	-	-	(3,223.00)	1,961.30	(5,004.00)	1,961.30
Gas Refunds.....	-	-	-	2,447.64	-	2,923.40
Interest on DSM Cost Recovery.....	37,081.56	-	37,081.56	-	37,081.56	-
Interest on Debt to Associated Companies.....	794,500.28	464,570.66	5,944,647.06	3,679,884.13	6,342,235.98	3,956,563.08
Other Interest Expense.....	216,797.42	-	1,088,751.26	8,581.56	1,088,751.26	8,581.56
Total.....	1,142,248.66	546,655.71	8,049,204.60	3,517,497.30	8,530,696.42	3,873,816.05
Total Interest.....	4,447,574.39	4,325,159.83	49,462,280.77	45,314,257.96	54,003,029.89	48,671,437.21

December 19, 2008

Louisville Gas and Electric Company
Analysis of Taxes Charged
November 30, 2008

Kind of Taxes	Current Month		Year to Date	
	This Year	Last Year	This Year	Last Year
Taxes Charged to Accounts 408.1 and 409.1				
Property Taxes.....	1,352,184.77	1,448,547.16	14,874,032.47	13,690,084.03
Unemployment.....	10,476.22	4,369.25	133,747.26	115,557.39
FICA.....	229,271.90	537,655.26	5,574,262.38	5,647,635.37
Public Service Commission Fee.....	157,536.02	161,615.66	1,757,374.00	1,760,314.02
Federal Income.....	7,150,721.21	2,319,851.29	29,646,943.09	38,283,691.60
State Income.....	710,893.82	441,876.44	1,634,056.76	8,474,019.26
Miscellaneous.....	-	132.56	126,194.66	20,012.63
Total Charged to Operating Expense.....	9,611,083.94	4,914,047.62	53,746,610.62	67,991,314.30
Taxes Charged to Other Accounts.....	(8,459,734.57)	228,030.65	15,934,028.23	1,444,995.17
Taxes Accrued on Intercompany Accounts.....	(133,641.49)	(158,475.17)	(2,062,953.42)	(2,141,113.11)
Total Taxes Charged.....	1,017,707.88	4,983,603.10	67,617,685.43	67,295,196.36

Analysis of Taxes Accrued - Account 236

Kind of Taxes	Taxes Accrued	Accruals	Payments	Taxes Accrued
	At Beginning Of Year	To Date This Year	To Date This Year	At End Of Month
Property Taxes.....	9,962,060.51	15,092,782.43	14,590,252.14	10,464,590.80
Unemployment.....	53,548.05	53,970.39	106,094.64	1,423.80
FICA.....	618,958.69	5,084,912.13	5,351,547.51	352,323.31
Federal Income.....	(6,107,469.91)	42,656,841.75	36,549,371.84	-
State Income.....	(832,671.91)	871,809.58	(779,373.09)	818,510.76
Kentucky Sales and Use Tax.....	527,167.51	3,723,923.99	3,814,359.71	436,731.79
Miscellaneous.....	(0.00)	133,445.16	143,148.80	(9,703.64)
Totals.....	4,221,592.94	67,617,685.43	59,775,401.55	12,063,876.82

December 19, 2008

Louisville Gas and Electric Company
Summary of Utility Plant
November 30, 2008

	Beginning Balance	Additions	Retirements	Transfers/ Adjustments	Net Additions	Ending Balance
101 Utility Plant in Service						
Common						
Common General Plant	149,510,912.37	9,156,236.47	(82,102.83)	-	9,074,133.64	158,585,046.01
Common Intangible Plant	28,321,223.19	2,060,449.76	-	-	2,060,449.76	30,381,672.95
	177,832,135.56	11,216,686.23	(82,102.83)	-	11,134,583.40	188,966,718.96
Electric						
Electric Distribution	761,760,235.51	14,863,474.19	(187,985.69)	(327,094.00)	14,348,394.50	776,108,630.01
Electric General Plant	16,648,246.38	91,059.02	-	-	91,059.02	16,739,305.40
Electric Hydro Production	29,738,481.51	11,126,279.14	(172,006.23)	-	10,954,272.91	40,692,754.42
Electric Intangible Plant	2,340.29	-	-	-	-	2,340.29
Electric Other Production	225,593,229.05	515,040.96	(94,470.38)	(41,125.94)	379,444.64	225,972,673.69
Electric Steam Production	1,954,464,626.73	29,148,836.09	(3,553,351.69)	(22,013,472.13)	3,582,012.27	1,958,046,639.00
Electric Transmission	254,545,457.73	1,174,363.37	(83,137.31)	-	1,091,226.06	255,636,683.79
	3,242,752,617.20	56,919,052.77	(4,090,951.30)	(22,381,692.07)	30,446,409.40	3,273,199,026.60
Gas						
Gas Distribution	464,243,423.53	8,213,844.59	(11,934.98)	-	8,201,909.61	472,445,333.14
Gas General Plant	9,033,095.77	5,377.09	-	-	5,377.09	9,038,472.86
Gas Intangible Plant	1,187.49	-	-	-	-	1,187.49
Gas Storage	62,254,077.12	191,817.23	(3,966.31)	-	187,850.92	62,441,928.04
Gas Transmission	12,901,908.09	-	-	-	-	12,901,908.09
	548,433,692.00	8,411,038.91	(15,901.29)	-	8,395,137.62	556,828,829.62
Total 101 Accounts	3,969,018,444.76	76,546,777.91	(4,188,955.42)	(22,381,692.07)	49,976,130.42	4,018,994,575.18
101 Property Under Capital Leases						
Electric Capital Leased Property	2,876,958.00	-	-	-	-	2,876,958.00
Electric Steam Production	2,876,958.00	-	-	-	-	2,876,958.00
Total 101101	2,876,958.00	-	-	-	-	2,876,958.00
105 Plant Held for Future Use						
Electric	649,014.48	-	-	-	-	649,014.48
Electric Distribution	-	-	(7,693,350.48)	11,875,910.18	4,182,559.70	4,182,559.70
Electric Steam Production	649,014.48	-	(7,693,350.48)	11,875,910.18	4,182,559.70	4,831,574.18
Total 105001	649,014.48	-	(7,693,350.48)	11,875,910.18	4,182,559.70	4,831,574.18
106 Completed Construction Not Classified						
Common	-	1,964,539.33	-	-	1,964,539.33	1,964,539.33
Common General Plant	-	1,285,707.16	-	-	1,285,707.16	1,285,707.16
Common Intangible Plant	-	3,250,246.49	-	-	3,250,246.49	3,250,246.49

December 19, 2008

Louisville Gas and Electric Company
 Summary of Utility Plant
 November 30, 2008

	Beginning Balance	Additions	Retirements	Transfers/ Adjustments	Net Additions	Ending Balance
Electric						
Electric Distribution	-	53,430,478.53	-	-	53,430,478.53	53,430,478.53
Electric General Plant	-	121,321.11	-	-	121,321.11	121,321.11
Electric Hydro Production	-	41,032.72	-	-	41,032.72	41,032.72
Electric Intangible Plant	-	-	-	-	-	-
Electric Other Production	-	123,654.81	-	-	123,654.81	123,654.81
Electric Steam Production	-	12,849,759.07	-	-	12,849,759.07	12,849,759.07
Electric Transmission	-	6,173,237.98	-	-	6,173,237.98	6,173,237.98
	-	72,739,484.22	-	-	72,739,484.22	72,739,484.22
Gas						
Gas Distribution	-	37,359,063.54	-	-	37,359,063.54	37,359,063.54
Gas General Plant	-	-	-	-	-	-
Gas Intangible Plant	-	-	-	-	-	-
Gas Storage	-	1,276,371.43	-	-	1,276,371.43	1,276,371.43
Gas Transmission	-	-	-	-	-	-
	-	38,635,434.97	-	-	38,635,434.97	38,635,434.97
Total 106 Accounts	-	114,625,165.68	-	-	114,625,165.68	114,625,165.68
117 Gas Stored Underground - Noncurrent						
Gas						
Gas Stored Nonrecoverable	2,139,990.00	-	-	-	-	2,139,990.00
	2,139,990.00	-	-	-	-	2,139,990.00
Total 117001	2,139,990.00	-	-	-	-	2,139,990.00
121 Nonutility Property Common						
Nonutility Property	75,239.56	-	-	-	-	75,239.56
	75,239.56	-	-	-	-	75,239.56
Total 121001	75,239.56	-	-	-	-	75,239.56
107 Construction Work in Progress						
Construction Work in Progress						
Common	28,559,694.35	17,371,174.92	-	-	17,371,174.92	45,930,869.27
Electric	253,332,706.20	6,945,766.87	-	-	6,945,766.87	260,278,473.07
Gas	62,549,383.39	(13,521,927.15)	-	-	(13,521,927.15)	49,027,456.24
	344,441,783.94	10,795,014.64	-	-	10,795,014.64	355,236,798.58
	3,974,759,646.80	191,171,943.59	(11,882,305.90)	(10,505,781.89)	168,783,855.80	4,143,543,502.60
Total Plant (Non-CWIP)	3,974,759,646.80	191,171,943.59	(11,882,305.90)	(10,505,781.89)	168,783,855.80	4,143,543,502.60
Total Plant + CWIP	4,319,201,430.74	201,966,958.23	(11,882,305.90)	(10,505,781.89)	179,578,870.44	4,498,780,301.18
Total Plant + CWIP - Nonutility for Balance Sheet	4,319,126,191.18	201,966,958.23	(11,882,305.90)	(10,505,781.89)	179,578,870.44	4,498,705,061.62

Louisville Gas and Electric Company
 Summary of Utility Plant - Reserve for Depreciation of Utility Plant
 November 30, 2008

	Beginning Balance	Accruals	Retirements	Transfers/ Adjustments	RWIP Transfers Out	Cost of Removal	Salvage	Other Credits	Ending Balance
Life Reserve									
Common General Plant	(62,470,548.01)	(7,109,585.85)	82,102.83	-	-	-	-	-	(69,498,031.03)
Common General Plant - ARO	(1,165.28)	(31.46)	-	-	-	-	-	-	(1,196.74)
Electric Distribution	(251,806,875.04)	(18,351,742.57)	187,985.69	-	-	-	-	-	(269,970,631.92)
Electric Distribution - ARO	(12,367.53)	(398.56)	-	-	-	-	-	-	(12,766.09)
Electric General Plant	(13,439,232.21)	(241,095.85)	-	-	-	-	-	-	(13,680,328.06)
Electric Hydro Production	(7,723,349.03)	(534,268.88)	172,006.23	-	-	-	-	-	(8,085,611.68)
Electric Hydro Production - ARO	(16,818.08)	(454.74)	-	-	-	-	-	-	(17,272.82)
Electric Other Production	(44,478,208.05)	(6,861,826.33)	94,470.38	-	-	-	-	-	(51,245,564.00)
Electric Other Production - ARO	(114,837.08)	(3,100.67)	-	-	-	-	-	-	(117,937.75)
Electric Steam Production	(941,129,876.19)	(47,016,030.16)	11,246,702.17	-	-	-	-	-	(976,899,204.18)
Electric Steam Production - ARO	(2,207,905.66)	(161,240.30)	-	-	-	-	-	-	(2,369,145.96)
Electric Transmission	(119,682,480.73)	(4,458,798.55)	83,137.31	-	-	-	-	-	(124,058,141.97)
Electric Transmission - ARO	(2,336.94)	(677.58)	-	-	-	-	-	-	(3,014.52)
Gas Distribution	(107,951,332.92)	(8,596,615.40)	11,934.98	-	-	-	-	-	(116,536,013.34)
Gas Distribution - ARO	(19,162.71)	(871.03)	-	-	-	-	-	-	(20,033.74)
Gas General Plant	(5,813,343.75)	(401,021.57)	-	-	-	-	-	-	(6,214,365.32)
Gas Storage	(32,843,012.49)	(1,084,429.26)	3,966.31	-	-	-	-	-	(33,923,475.44)
Gas Storage - ARO	(401,123.53)	(7,425.67)	-	-	-	-	-	-	(408,549.20)
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	(9,245,750.72)	(103,368.65)	-	-	-	-	-	-	(9,349,119.37)
Nonutility Property	(63,360.36)	-	-	-	-	-	-	-	(63,360.36)
	(1,599,423,086.31)	(94,932,983.08)	11,882,305.90	-	-	-	-	-	(1,682,473,763.49)
Cost of Removal									
Common General Plant	(467,853.64)	(111,266.95)	-	-	-	27,631.48	-	-	(551,489.11)
Electric Distribution	(151,076,941.89)	(7,058,406.32)	-	-	-	160,797.28	-	-	(157,974,550.93)
Electric General Plant	3,866.64	-	-	-	-	-	-	-	3,866.64
Electric Hydro Production	(77,225.71)	-	-	-	-	891,897.16	-	-	814,671.45
Electric Other Production	(2,093,564.72)	-	-	-	-	20,158.22	-	-	(2,073,406.50)
Electric Steam Production	(68,731,407.49)	(7,558,216.20)	-	-	-	1,333,341.35	-	-	(74,956,282.34)
Electric Transmission	(22,623,248.88)	(1,293,551.66)	-	-	-	349,510.00	-	(162,798.58)	(23,730,089.12)
Gas Distribution	(54,373,587.76)	(4,619,079.66)	-	-	-	983,869.65	-	-	(58,008,797.77)
Gas General Plant	-	(0.02)	-	-	-	-	-	-	(0.02)
Gas Storage	(178,019.55)	(210,725.27)	-	-	-	904.64	-	-	(387,840.18)
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	(2,949,754.18)	(102,295.38)	-	-	-	-	-	-	(3,052,049.56)
Nonutility Property	-	-	-	-	-	-	-	-	-
	(302,567,737.18)	(20,953,541.46)	-	-	-	3,768,109.78	-	(162,798.58)	(319,915,967.44)

December 19, 2008

Louisville Gas and Electric Company
 Summary of Utility Plant - Reserve for Depreciation of Utility Plant
 November 30, 2008

	Beginning Balance	Accruals	Retirements	Transfers/Adjustments	RWIP Transfers Out	Cost of Removal	Salvage	Other Credits	Ending Balance
Salvage									
Common General Plant	281,365.71	47,631.33	-	-	-	-	-	-	328,997.04
Electric Distribution	14,964,772.12	1,191,103.26	-	-	-	-	(156,808.30)	-	15,999,067.08
Electric General Plant	108,996.26	21,079.15	-	-	-	-	-	-	130,075.41
Electric Hydro Production	433,316.55	-	-	-	-	-	-	-	433,316.55
Electric Other Production	2,644.83	-	-	-	-	-	-	-	2,644.83
Electric Steam Production	16,574,762.21	2,199,623.11	-	-	-	-	(189,946.55)	-	18,584,438.77
Electric Transmission	5,667,496.85	261,132.45	-	-	-	-	(7,651.00)	-	5,920,978.30
Gas Distribution	2,996,641.58	206,901.20	-	-	-	-	(462.36)	-	3,203,080.42
Gas General Plant	190,825.93	27,507.97	-	-	-	-	-	-	218,333.90
Gas Storage	225,248.05	10,680.07	-	-	-	-	-	-	235,928.12
Gas Stored Nonrecoverable	-	-	-	-	-	-	-	-	-
Gas Transmission	201,119.89	6,974.66	-	-	-	-	-	-	208,094.55
Nonutility Property	-	-	-	-	-	-	-	-	-
	<u>41,647,189.98</u>	<u>3,972,633.20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(354,868.21)</u>	<u>-</u>	<u>45,264,954.97</u>
Total Reserves									
Common	(62,721,561.58)	(7,173,252.93)	82,102.83	-	-	27,631.48	-	-	(69,785,080.20)
Electric	(1,587,460,819.77)	(89,866,870.40)	11,784,301.78	-	-	2,755,704.01	(354,405.85)	(162,798.58)	(1,663,304,888.81)
Gas	(210,161,252.16)	(14,873,768.01)	15,901.29	-	-	984,774.29	(462.36)	-	(224,034,806.95)
	<u>(1,860,343,633.51)</u>	<u>(111,913,891.34)</u>	<u>11,882,305.90</u>	<u>-</u>	<u>-</u>	<u>3,768,109.78</u>	<u>(354,868.21)</u>	<u>(162,798.58)</u>	<u>(1,957,124,775.96)</u>
Retirement Work in Progress									
Common	189,890.31	-	-	-	(27,631.48)	(9,183,286.74)	(25,897.00)	-	(9,046,924.91)
Electric	13,800,710.25	-	-	7,733,390.64	(2,294,311.70)	20,044,480.41	(788,824.10)	(9,706,607.90)	28,788,837.60
Gas	3,995,589.04	-	-	(107,031.61)	(928,499.81)	1,246,853.80	(3,858.08)	-	4,203,053.34
	<u>17,986,189.60</u>	<u>-</u>	<u>-</u>	<u>7,626,359.03</u>	<u>(3,250,442.99)</u>	<u>12,108,047.47</u>	<u>(818,579.18)</u>	<u>(9,706,607.90)</u>	<u>23,944,966.03</u>
YTD Activity	<u>(1,878,329,823.11)</u>	<u>(111,913,891.34)</u>	<u>11,882,305.90</u>	<u>(7,626,359.03)</u>	<u>3,250,442.99</u>	<u>(8,339,937.69)</u>	<u>463,710.97</u>	<u>9,543,809.32</u>	<u>(1,933,179,809.93)</u>
Amortization									
Common	(17,552,729.72)	(5,352,311.08)	-	-	-	-	-	-	(22,905,040.80)
Electric	(100.00)	-	-	-	-	-	-	-	(100.00)
Gas	(800.00)	-	-	-	-	-	-	-	(800.00)
	<u>(17,553,629.72)</u>	<u>(5,352,311.08)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,905,940.80)</u>
Depreciation & Amortization Total	<u>(1,895,883,452.83)</u>	<u>(117,266,202.42)</u>	<u>11,882,305.90</u>	<u>(7,626,359.03)</u>	<u>3,250,442.99</u>	<u>(8,339,937.69)</u>	<u>463,710.97</u>	<u>9,543,809.32</u>	<u>(1,956,085,750.73)</u>
Depr & Amort - Nonutility for Balance Sheet									
Utility Plant at Original Cost Less Reserve for Depreciation & Amortization (Excl nonutility)	<u>2,423,306,098.71</u>								<u>(1,956,022,390.37)</u>

December 19, 2008

Louisville Gas and Electric Company
Case No. 2009-00549
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(6)(s)
Sponsoring Witness: S. Bradford Rives

Description of Filing Requirement:

Securities and Exchange Commission's annual report for the most recent two (2) years, Form 10-Ks and any Form 8-Ks issued within the past two (2) years, and Form 10-Qs issued during the past six (6) quarters updated as current information becomes available.

Response:

The below-listed documents are provided. Please note that LG&E terminated its status as an SEC registrant and ceased filing periodic reports under the Securities and Exchange Act of 1934 effective April 27, 2007. LG&E's deregistration occurred in connection with a restructuring transaction to refinance various issuances of secured debt for the purpose of converting them to unsecured debt, which restructuring transaction and the SEC deregistration, were considered by the Kentucky Commission in Case No. 2006-00445 and discussed in the order dated January 31, 2007.

- 2008 Annual Financial Statements and Additional Information
- 2007 Annual Financial Statements and Additional Information
- 2009 3rd Quarter Financial Statements and Additional Information
- 2009 2nd Quarter Financial Statements and Additional Information
- 2009 1st Quarter Financial Statements and Additional Information
- 2008 3rd Quarter Financial Statements and Additional Information
- 2008 2nd Quarter Financial Statements and Additional Information
- 2008 1st Quarter Financial Statements and Additional Information
- Report of Certain Material Changes – January 2009 – December 2009
- Report of Certain Material Changes – January 2008 – December 2008

2008 - Annual Financial Statements and Additional Information

Louisville Gas and Electric Company

Financial Statements and Additional Information

As of and For the Years Ended December 31, 2008 and 2007

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INDEX OF ABBREVIATIONS

AG	Attorney General of Kentucky
ARO	Asset Retirement Obligation
BART	Best Available Retrofit Technology
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule
CAVR	Clean Air Visibility Rule
CCN	Certificate of Public Convenience and Necessity
Clean Air Act	The Clean Air Act, as amended in 1990
CMRG	Carbon Management Research Group
Company	LG&E
CT	Combustion Turbines
DSM	Demand Side Management
ECR	Environmental Cost Recovery
E.ON	E.ON AG
E.ON U.S.	E.ON U.S. LLC (formerly LG&E Energy LLC and LG&E Energy Corp.)
E.ON U.S. Services	E.ON U.S. Services Inc. (formerly LG&E Energy Services Inc.)
EPA	U.S. Environmental Protection Agency
EPAct 2005	Energy Policy Act of 2005
FAC	Fuel Adjustment Clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Fidelia	Fidelia Corporation (an E.ON affiliate)
FIN	FASB Interpretation No.
FT and FT-A	Firm Transportation
GHG	Greenhouse Gas
GSC	Gas Supply Clause
Gwh	Gigawatt hours or one thousand Mwh
IBEW	International Brotherhood of Electrical Workers
IMEA	Illinois Municipal Electric Agency
IMPA	Indiana Municipal Power Agency
IRP	Integrated Resource Plan
IRS	Internal Revenue Service
KCCS	Kentucky Consortium for Carbon Storage
KDAQ	Kentucky Division for Air Quality
Kentucky Commission	Kentucky Public Service Commission
KIUC	Kentucky Industrial Utility Consumers, Inc.
KU	Kentucky Utilities Company
Kwh	Kilowatt hours
LG&E	Louisville Gas and Electric Company
LG&E Energy	LG&E Energy LLC (now E.ON U.S. LLC)
Mcf	Thousand Cubic Feet
MMcf	Million Cubic Feet
MISO	Midwest Independent Transmission System Operator, Inc.
MMBtu	Million British thermal units
Moody's	Moody's Investor Services, Inc.
MVA	Megavolt - ampere
Mw	Megawatts
Mwh	Megawatt hours
NAAQS	National Ambient Air Quality Standards
NERC	North American Electric Reliability Corporation
NNS	No-Notice Service

NO _x	Nitrogen Oxide
OVEC	Ohio Valley Electric Corporation
PBR	Performance-Based Ratemaking
PCB	Polychlorinated Biphenyl
PJM	PJM Interconnection
PUHCA 2005	Public Utility Holding Company Act of 2005
RRO	Regional Reliability Organization
RSG	Revenue Sufficiency Guarantee
S&P	Standard & Poor's Rating Service
SERC	SERC Reliability Corporation
SFAS	Statement of Financial Accounting Standards
SIP	State Implementation Plan
SO ₂	Sulfur Dioxide
TC2	Trimble County Unit 2
Tennessee Gas	Tennessee Gas Pipeline Company
Texas Gas	Texas Gas Transmission LLC
VDT	Value Delivery Team Process

Business

GENERAL

LG&E, incorporated in Kentucky in 1913, is a regulated public utility engaged in the generation, transmission, distribution and sale of electric energy and the storage, distribution and sale of natural gas. LG&E provides electric service to approximately 389,000 customers in Louisville and adjacent areas in Kentucky covering approximately 700 square miles in 9 counties. Natural gas service is provided to approximately 314,000 customers in its electric service area and 8 additional counties in Kentucky. Approximately 97% of the electricity generated by LG&E is produced by its coal-fired electric generating stations, all equipped with systems to reduce SO₂ emissions. The remainder is generated by a hydroelectric power plant and natural gas and oil fueled CTs. Underground natural gas storage fields help LG&E provide economical and reliable natural gas service to customers.

LG&E is a wholly-owned subsidiary of E.ON U.S., an indirect wholly-owned subsidiary of E.ON, a German corporation. LG&E's affiliate, KU, is a regulated public utility engaged in the generation, transmission, distribution and sale of electric energy in Kentucky, Virginia and Tennessee.

OPERATIONS

For the year ended December 31, 2008, 69% of total operating revenues were derived from electric operations and 31% from natural gas operations. Electric and gas operating revenues and the percentages by class of service on a combined basis for this period were as follows:

(in millions)	<u>Electric</u>	<u>Gas</u>	<u>Combined</u>	<u>% Combined</u>
Residential	\$ 301	\$ 281	\$ 582	40%
Industrial & Commercial	387	136	523	35%
Other Retail	76	20	96	7%
Wholesale	251	15	266	18%
Total	<u>\$1,015</u>	<u>\$ 452</u>	<u>\$1,467</u>	<u>100%</u>

See Note 11 of Notes to Financial Statements for financial information concerning segments of business for the years ended December 31, 2008 and 2007.

ELECTRIC OPERATIONS

The sources of electric operating revenues and volumes of sales for the years ended December 31, 2008 and 2007, were as follows:

	<u>2008</u>		<u>2007</u>	
	<u>Revenues</u>	<u>Volumes</u>	<u>Revenues</u>	<u>Volumes</u>
	<u>(millions)</u>	<u>(Gwh)</u>	<u>(millions)</u>	<u>(Gwh)</u>
Residential	\$ 301	4,206	\$ 309	4,486
Industrial & Commercial	387	6,574	382	6,830
Other Retail	76	1,303	75	1,342
Wholesale	251	7,884	167	6,186
Total	<u>\$1,015</u>	<u>19,967</u>	<u>\$ 933</u>	<u>18,844</u>

LG&E's peak electric load in 2008 was 2,502 Mw on September 2, 2008, when the temperature reached 94 degrees Fahrenheit in Louisville.

The Company's power generating system includes coal-fired units operated at its three steam generating stations. Natural gas and oil fueled CTs supplement the system during peak or emergency periods. As of December 31, 2008, LG&E owned and operated the following electric generating stations while maintaining a 13%-15% reserve margin:

	Summer Capability Rating (Mw)
Steam Stations:	
Mill Creek – Jefferson County, KY	1,472
Cane Run – Jefferson County, KY	563
Trimble County – Trimble County, KY (a)	<u>383</u>
Total Steam Stations	2,418
Ohio Falls Hydroelectric Station – Jefferson County, KY	52
CT Generators (Peaking capability):	
Zorn – Jefferson County, KY	14
Paddy's Run – Jefferson County, KY (b)	119
Cane Run – Jefferson County, KY	14
E.W. Brown – Mercer County, KY (b)	190
Trimble County – Trimble County, KY (b)	<u>328</u>
Total CT Generators	<u>665</u>
Total Capability Rating	<u>3,135</u>

- (a) Amount shown represents LG&E's 75% interest. See Note 10 of Notes to Financial Statements for information regarding jointly owned units.
- (b) Some of these units are jointly owned with KU. See Note 10 of Notes to Financial Statements for information regarding jointly owned units.

At December 31, 2008, LG&E's electric transmission system included 42 substations (30 of which are shared with the distribution system) with a total capacity of approximately 11,820 MVA and approximately 894 miles of lines. The electric distribution system included 93 substations (30 of which are shared with the transmission system) with a total capacity of approximately 5,060 MVA, 3,926 miles of overhead lines and 2,327 miles of underground conduit.

LG&E has contracts with the Tennessee Valley Authority to act as its transmission reliability coordinator and Southwest Power Pool, Inc. to function as its independent transmission operator, pursuant to FERC requirements. See Note 2 of Notes to Financial Statements.

GAS OPERATIONS

The sources of natural gas operating revenues and the sales volumes for the years ended December 31, 2008 and 2007, were as follows:

	2008		2007	
	Revenues (millions)	Volumes (MMcf)	Revenues (millions)	Volumes (MMcf)
Residential	\$ 281	21,338	\$ 218	19,811
Industrial & Commercial	136	10,914	101	10,182
Other Retail	20	1,677	15	1,553
Wholesale	15	12,241	19	13,575
Total	<u>\$ 452</u>	<u>46,170</u>	<u>\$ 353</u>	<u>45,121</u>

LG&E's natural gas transmission system includes 256 miles of transmission mains and the natural gas distribution system includes 4,235 miles of distribution mains.

The natural gas utility business is affected by seasonal temperatures. As a result, operating revenues (and associated operating expenses) are not generated evenly throughout the year. LG&E gas billings include a Weather Normalization Adjustment ("WNA") mechanism which adjusts the distribution cost component of the natural gas billings of residential and commercial customers to normal temperatures during the heating season months of November through April, somewhat mitigating the effect of above- or below-normal weather on residential and commercial revenues. In October 2006, the Kentucky Commission approved LG&E's request to extend the current WNA mechanism through April 30, 2009.

Five underground natural gas storage fields, with a current working gas capacity of approximately 15 million Mcf, help provide economical and reliable natural gas service to ultimate consumers. By using natural gas storage facilities, LG&E avoids the costs associated with typically more expensive pipeline transportation capacity to serve peak winter space-heating loads. Natural gas is stored in the summer season for withdrawal in the subsequent winter heating season. Without its storage capacity, LG&E would be forced to buy additional natural gas and pipeline transportation services during the winter months when customer demand increases and when the prices for natural gas supply and transportation services are typically at their highest. Several suppliers under contracts of varying duration provide competitively priced natural gas. The underground storage facilities, in combination with its purchasing practices, enable the Company to offer natural gas sales service at competitive rates. At December 31, 2008, LG&E had an 11 million Mcf inventory balance of natural gas stored underground valued at \$112 million.

A number of large commercial and industrial customers purchase their natural gas requirements directly from alternate suppliers for delivery through LG&E's distribution system. These large commercial and industrial customers account for approximately one-fourth of the Company's annual throughput.

The estimated maximum deliverability from storage during the early part of the heating season is expected to be in excess of 350,000 Mcf/day. Under mid-winter design conditions, LG&E expects to be able to withdraw about 300,000 Mcf/day from its storage facilities. The deliverability of natural gas from the storage facilities decreases as storage inventory levels are reduced by seasonal withdrawals.

During 2008, the maximum daily gas sendout was approximately 443,000 Mcf, occurring on January 24, 2008, when the average temperature for the day in Louisville was 15 degrees Fahrenheit. Supply on that day consisted of approximately 240,000 Mcf from pipeline deliveries, approximately 127,000 Mcf

delivered from underground storage and approximately 76,000 Mcf transported for large commercial and industrial customers.

RATES AND REGULATIONS

E.ON, LG&E's ultimate parent, is a registered holding company under PUHCA 2005. E.ON, its utility subsidiaries, including LG&E, and certain of its non-utility subsidiaries are subject to extensive regulation by the FERC with respect to numerous matters, including: electric utility facilities and operations, wholesale sales of power and related transactions, accounting practices, issuances and sales of securities, acquisitions and sales of utility properties, payments of dividends out of capital and surplus, financial matters and inter-system sales of non-power goods and services. LG&E believes that it has adequate authority (including financing authority) under existing FERC orders and regulations to conduct its business and will seek additional authorization when necessary.

In April 2007, LG&E completed a series of financial transactions that allowed it to cease periodic reporting under the Securities Exchange Act of 1934. See Note 7 of Notes to Financial Statements.

The Company is subject to the jurisdiction of the Kentucky Commission and the FERC in virtually all matters related to electric and gas utility regulation, and as such, its accounting is subject to SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation*. Given its competitive position in the marketplace and the status of regulation in Kentucky, there are no plans or intentions to discontinue the application of SFAS No. 71.

In July 2008, LG&E filed an application with the Kentucky Commission requesting increases in base electric and gas rates. In conjunction with the filing of the application for changes in base rates, based on previous Orders by the Kentucky Commission approving settlement agreements among all interested parties, the VDT surcredit terminated in August 2008. In January 2009, LG&E, the AG, KIUC and all other parties to the rate cases filed a settlement agreement with the Kentucky Commission, under which LG&E's base gas rates will increase by \$22 million annually, and base electric rates will decrease by \$13 million annually. An Order approving the settlement agreement was received in February 2009. The new rates were implemented effective February 6, 2009, at which time the merger surcredit terminated. (See Notes 2 and 14 of Notes to Financial Statements)

In September 2008, high winds from the remnants of the Hurricane Ike wind storm passed through the service territory causing significant outages and system damage. In October 2008, LG&E filed an application with the Kentucky Commission requesting approval to establish a regulatory asset, and defer for future recovery, \$24 million of expenses related to the storm restoration. In December 2008, the Kentucky Commission issued an Order allowing the Company to establish a regulatory asset of up to \$24 million based on its actual costs for storm damages and service restoration due to the wind storm.

In January 2009, a significant winter ice storm passed through LG&E's service territory causing approximately 205,000 customer outages, followed closely by a severe wind storm in February 2009, causing approximately 37,000 customer outages. LG&E currently estimates costs incurred of \$34 million of expenses and \$6 million of capital expenditures related to the restoration following the two storms. The Company expects to seek recovery of these costs from the Kentucky Commission.

For a further discussion of regulatory matters, see Notes 2 and 9 of Notes to Financial Statements.

COAL SUPPLY

Coal-fired generating units provided approximately 97% of LG&E's net Kwh generation for 2008. The remaining net generation for 2008 was provided by natural gas and oil fueled CT peaking units and a hydroelectric plant. Coal is expected to be the predominant fuel used by LG&E in the foreseeable future, with natural gas and oil being used for peaking capacity and flame stabilization in coal-fired boilers or in emergencies. The Company has no nuclear generating units and has no plans to build any in the foreseeable future.

Fuel inventory is maintained at levels estimated to be necessary to avoid operational disruptions at the coal-fired generating units. Reliability of coal deliveries can be affected from time to time by a number of factors, including fluctuations in demand, coal mine production issues and other supplier or transporter operating difficulties.

LG&E has entered into coal supply agreements with various suppliers for coal deliveries for 2009 and beyond and normally augments its coal supply agreements with spot market purchases. The Company has a coal inventory policy which it believes provides adequate protection under most contingencies.

LG&E expects to continue purchasing most of its coal, which has sulfur content in the 2.0% - 3.5% range, from western Kentucky, southern Indiana, southern Illinois, Ohio and West Virginia for the foreseeable future. This supply, in combination with the Company's SO₂ removal systems, is expected to enable LG&E to continue to provide electric service in compliance with existing environmental laws and regulations. Coal is delivered to LG&E's generating stations by a mix of transportation modes including rail and barge.

GAS SUPPLY

LG&E purchases natural gas supplies from multiple sources under contracts for varying periods of time, while transportation services are purchased from Texas Gas and Tennessee Gas.

LG&E currently transports natural gas on the Texas Gas system under Rate Schedules NNS and FT service. LG&E's total winter season NNS capacity is 184,900 MMBtu/day and its total summer season NNS capacity is 60,000 MMBtu/day. There are three separate NNS agreements with Texas Gas which are subject to termination by LG&E in equal amounts during 2010, 2011 and 2013. LG&E's total winter and summer season FT capacity with Texas Gas is 10,000 MMBtu/day and is under a single FT agreement. The FT agreement is subject to termination by LG&E during 2011. Effective November 1, 2008, LG&E contracted for transportation service with Texas Gas under Rate Schedule Short-Term Firm with a winter season capacity of 100 MMBtu/day and a summer season capacity of 18,000 MMBtu/day. This new Short-Term Firm agreement is subject to termination by LG&E during 2013. LG&E also transports on the Tennessee Gas system under Tennessee Gas' Rate Schedule FT-A. LG&E's contract capacity with Tennessee Gas is 51,000 MMBtu/day throughout the year (winter and summer seasons). The FT-A agreement with Tennessee Gas expires during 2012.

LG&E participates in rate and other proceedings affecting the regulated interstate natural gas pipelines that provide it service. Both Texas Gas and Tennessee Gas have active proceedings at the FERC in which LG&E is participating. However, neither pipeline is currently billing charges subject to refund, and neither currently has rate case proceedings before the FERC that would reasonably be expected to materially change the pipeline's base transportation rates under which LG&E receives service.

The Company also has a portfolio of supply arrangements of various terms with a number of suppliers designed to meet its firm sales obligations. These natural gas supply arrangements include pricing provisions that are market-responsive. In tandem with pipeline transportation services, these natural gas supplies provide the reliability and flexibility necessary to serve LG&E's natural gas customers.

For discussion of wholesale natural gas prices, see Note 2 of Notes to Financial Statements.

ENVIRONMENTAL MATTERS

Protection of the environment is a major priority for LG&E. Federal, state and local regulatory agencies have issued the Company permits for various activities subject to air quality, water quality and waste management laws and regulations. LG&E is also subject to extensive existing or potential environmental regulation. See Note 9 of Notes to Financial Statements for additional information.

STATE ENERGY POLICY

In November 2008, the Commonwealth of Kentucky issued an action plan to create efficient, sustainable energy solutions and strategies and move toward state energy independence. The plan outlines the following seven strategies to work toward these goals:

- Improve the energy efficiency of Kentucky's homes, buildings, industries and transportation fleet
- Increase Kentucky's use of renewable energy
- Sustainably grow Kentucky's production of biofuels
- Develop a coal-to-liquids industry in Kentucky to replace petroleum-based liquids
- Implement a major and comprehensive effort to increase gas supplies, including coal-to-gas in Kentucky
- Initiate aggressive carbon capture/sequestration projects for coal-generated electricity in Kentucky
- Examine the use of nuclear power for electricity generation in Kentucky

Legislative and regulatory actions as a result of these proposals and their impact on LG&E, which may be significant, cannot currently be predicted.

COMPETITION

At this time, neither the Kentucky General Assembly nor the Kentucky Commission has adopted or approved a plan or timetable for retail electric industry competition in Kentucky. The nature or timing of the ultimate legislative or regulatory actions regarding industry restructuring and their impact on LG&E, which may be significant, cannot currently be predicted. See Note 2 of Notes to Financial Statements for additional information.

EMPLOYEES AND LABOR RELATIONS

LG&E had 996 full-time regular employees at December 31, 2008, 679 of which were operating, maintenance and construction employees represented by the IBEW Local 2100. The Company and employees represented by the IBEW Local 2100 signed a three-year collective bargaining agreement in November 2008. The new agreement provides for negotiated increases or changes to wages, benefits or other provisions.

OFFICERS OF THE COMPANY

At December 31, 2008:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Effective Date of Election to Present Position</u>
Victor A. Staffieri	53	Chairman of the Board, President and Chief Executive Officer	May 2001
John R. McCall	65	Executive Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer	July 1994
S. Bradford Rives	50	Chief Financial Officer	September 2003
Chris Hermann	61	Senior Vice President – Energy Delivery	February 2003
Paula H. Pottinger	51	Senior Vice President – Human Resources	January 2006
Paul W. Thompson	51	Senior Vice President – Energy Services	June 2000
Wendy C. Welsh	54	Senior Vice President – Information Technology	December 2000
Michael S. Beer	50	Vice President – Federal Regulation and Policy	September 2004
Lonnie E. Bellar	44	Vice President – State Regulation and Rates	August 2007
Kent W. Blake	42	Vice President – Corporate Planning and Development	August 2007
D. Ralph Bowling	51	Vice President – Power Production	June 2008
Laura G. Douglas	59	Vice President – Corporate Responsibility and Community Affairs	November 2007
R. W. Chip Keeling	52	Vice President – Communications	March 2002
John P. Malloy	47	Vice President – Energy Delivery – Retail Business	April 2007
Dorothy E. O'Brien	55	Vice President and Deputy General Counsel – Legal and Environmental Affairs	October 2007
George R. Siemens	59	Vice President – External Affairs	January 2001
David S. Sinclair	47	Vice President – Energy Marketing	January 2008
P. Greg Thomas	52	Vice President – Energy Delivery – Distribution Operations	April 2007
John N. Voyles, Jr.	54	Vice President – Transmission & Generation Services	June 2008
Daniel K. Arbough	47	Treasurer	December 2000
Valerie L. Scott	52	Controller	January 2005

Officers generally serve in the same capacities at LG&E and its affiliates, E.ON U.S. and KU.

Risk Factors

LG&E is subject to a number of risks, including without limitation, those listed below and elsewhere in this document. Such risks could affect actual results and cause results to differ materially from those expressed in any forward-looking statements made by LG&E.

The electric and gas rates that LG&E charges customers, as well as other aspects of the business, are subject to significant and complex governmental regulation. Federal and state entities regulate many aspects of utility operations, including financial and capital structure matters; siting and construction of facilities; rates, terms and conditions of service and operations; mandatory reliability and safety standards; accounting and cost allocation methodologies; tax matters; acquisition and disposal of utility assets and securities and other matters. Such regulations may subject LG&E to higher operating costs or increased capital expenditures and failure to comply could result in sanctions or possible penalties. In any rate-setting proceedings, federal or state agencies, intervenors and other permitted parties may challenge LG&E's rate request and ultimately reduce, alter or limit the rates LG&E seeks.

Changes in transmission and wholesale power market structures could increase costs or reduce revenues. The resulting changes to transmission and wholesale power market structures and prices are not estimable and may result in unforeseen effects on energy purchases and sales, transmission and related costs or revenues. These can include commercial or regulatory changes affecting power pools, exchanges or markets in which LG&E participates.

Transmission and interstate market activities of LG&E, as well as other aspects of the business, are subject to significant FERC regulation. LG&E's business is subject to extensive regulation under the FERC covering matters including rates charged to transmission users, market-based or cost-based rates applicable to wholesale customers; interstate power market structure; construction and operation of transmission facilities; mandatory reliability standards; standards of conduct and affiliate restrictions; certain natural gas operations and other matters. Existing FERC regulation, changes thereto or issuances of new rules or situations of non-compliance, including but not limited to the areas of market-based tariff authority, RSG resettlements in the MISO market, mandatory reliability standards and natural gas transportation regulation can affect the earnings, operations or other activities of LG&E.

LG&E undertakes significant capital projects and is subject to unforeseen costs, delays or failures in such projects, as well as risk of full recovery of such costs. The completion of these facilities without delays or cost overruns is subject to risks in many areas including approval and licensing; permitting; land acquisition; construction problems or delays; increases in commodity prices or labor rates; contractor performance; weather and geological issues and political, labor and regulatory developments.

LG&E's costs of compliance with environmental laws are significant and are subject to continuing changes. Extensive federal, state and local environmental regulations are applicable to LG&E's air emissions, water discharges and the management of hazardous and solid waste, among other areas; and the costs of compliance or alleged non-compliance cannot be predicted with certainty. Costs may take the form of increased capital or operating and maintenance expenses; monetary fines, penalties or forfeitures or other restrictions.

LG&E's operating results are affected by weather conditions, including storms and seasonal temperature variations, as well as by significant man-made or accidental disturbances, including terrorism or natural disasters. These weather or man-made factors can significantly affect LG&E's

finances or operations by changing demand levels; causing outages; damaging infrastructure or requiring significant repair costs; affecting capital markets or impacting future growth.

LG&E is subject to risks regarding potential developments concerning global climate change matters. Such developments could include potential federal or state legislation or industry initiatives limiting GHG emissions; establishing costs or charges on GHG emissions or on fuels relating to such emissions; requiring GHG capture and sequestration; establishing renewable portfolio standards or generation fleet-diversification requirements to address GHG emissions; promoting energy efficiency and conservation; changes in transmission grid construction, operation or pricing to accommodate GHG-related initiatives; or other measures. LG&E's generation fleet is predominantly coal-fired and may be highly impacted by developments in this area.

LG&E's business is subject to risks associated with local, national and worldwide economic conditions. The consequences of a prolonged recession may include a lower level of economic activity and uncertainty or volatility regarding energy prices and the capital and commodity markets. A lower level of economic activity might result in a decline in energy consumption and slower customer growth, which may adversely affect LG&E's future revenues and growth. Instability in the financial markets, as a result of recession or otherwise, also may affect the cost of capital and LG&E's ability to raise capital. A deterioration of economic conditions may lead to decreased production by LG&E's industrial customers and, therefore, lower consumption of electricity and gas. Decreased economic activity may also lead to fewer commercial and industrial customers and increased unemployment, which may in turn impact residential customers' ability to pay. Further, worldwide economic activity has an impact on the demand for basic commodities needed for utility infrastructure. Changes in global demand may impact the ability to acquire sufficient supplies and the cost of those commodities may be higher than expected.

LG&E's business is concentrated in the Midwest United States, specifically Kentucky. Local and regional economic conditions, such as population growth, industrial growth or expansion and economic development, as well as the operational or financial performance of major industries or customers, can affect the demand for energy. Significant activities in LG&E's service territory include airport and logistics activities; automotive; chemical and rubber processing; educational institutions; health care facilities; metal fabrication and water and sewer utilities.

LG&E is subject to operational risks relating to its generating plants, transmission facilities and distribution equipment. Operation of power plants and transmission and distribution facilities subjects LG&E to many risks, including the breakdown or failure of equipment; accidents; labor disputes; delivery/transportation problems; disruptions of fuel supply and performance below expected levels.

LG&E could be negatively affected by rising interest rates, downgrades to company or bond insurer credit ratings that could impact the Company's bond credit ratings or other negative developments in its ability to access capital markets. In the ordinary course of business, LG&E is reliant upon adequate long-term and short-term financing means to fund its significant capital expenditures, debt interest or maturities and operating needs. As a capital-intensive business, LG&E is sensitive to developments in interest rate levels; credit rating considerations; insurance, security or collateral requirements; market liquidity and credit availability and refinancing steps necessary or advisable to respond to credit market changes. Changes in these conditions could result in increased costs to LG&E.

LG&E is subject to commodity price risk, credit risk, counterparty risk and other risks associated with the energy business. General market or pricing developments or failures by counterparties to

perform their obligations relating to energy, fuels, other commodities, goods, services or payments could result in potential increased costs to LG&E.

LG&E is subject to risks associated with defined benefit retirement plans, health care plans, wages and other employee-related matters. Risks include adverse developments in legislation or regulation, future costs or funding levels, returns on investments, market fluctuations, interest rates and actuarial matters. The Company is also subject to risk related to changing wage levels, whether related to collective bargaining agreements or employment market conditions, ability to attract and retain key personnel and changing costs of providing health care benefits.

LG&E is subject to risks associated with federal and state tax regulations. Changes in taxation as well as the inherent difficulty in quantifying potential tax effects of business decisions could negatively impact LG&E's results of operations. LG&E is required to make judgments in order to estimate its obligations to taxing authorities. These tax obligations include income, property, sales and use and employment-related taxes. LG&E also estimates its ability to utilize tax benefits and tax credits. Due to the revenue needs of the states and jurisdictions in which LG&E operates, various tax and fee increases may be proposed or considered. LG&E cannot predict whether legislation or regulation will be introduced or the effect on the Company of any such changes. If enacted, any changes could increase tax expense and could have a negative impact on LG&E's results of operations and cash flows.

Legal Proceedings

Rates and Regulatory Matters

For a discussion of current rates and regulatory matters, including electric and natural gas base rate increase proceedings, TC2 proceedings, Kentucky Commission, FERC proceedings and other rates or regulatory matters affecting LG&E, see Notes 2 and 9 of Notes to Financial Statements.

Environmental

For a discussion of environmental matters including additional reductions in SO₂, NO_x and other emissions mandated by recent or potential regulations; items regarding other emissions proceedings and the manufactured gas plant sites; global warming or climate change matters and other environmental items affecting LG&E, see Note 9 of Notes to Financial Statements.

Litigation

For a discussion of litigation matters, see Note 9 of Notes to Financial Statements.

Other

In the normal course of business, other lawsuits, claims, environmental actions and other governmental proceedings arise against LG&E. To the extent that damages are assessed in any of these lawsuits, the Company believes that its insurance coverage is adequate. Management, after consultation with legal counsel, does not anticipate that liabilities arising out of currently pending or threatened lawsuits and claims will have a material adverse effect on LG&E's financial position or results of operations.

Selected Financial Data

(in millions)	<u>Years Ended December 31</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating revenues	<u>\$ 1,467</u>	<u>\$ 1,286</u>	<u>\$ 1,338</u>	<u>\$ 1,424</u>	<u>\$ 1,173</u>
Net operating income	<u>\$ 219</u>	<u>\$ 230</u>	<u>\$ 223</u>	<u>\$ 230</u>	<u>\$ 185</u>
Net income	<u>\$ 90</u>	<u>\$ 120</u>	<u>\$ 117</u>	<u>\$ 129</u>	<u>\$ 96</u>
Total assets	<u>\$ 3,637</u>	<u>\$ 3,313</u>	<u>\$ 3,184</u>	<u>\$ 3,146</u>	<u>\$ 2,967</u>
Long-term obligations (including amounts due within one year)	<u>\$ 896</u>	<u>\$ 984</u>	<u>\$ 820</u>	<u>\$ 821</u>	<u>\$ 872</u>

Management's Discussion and Analysis and Notes to Financial Statements should be read in conjunction with the above information.

Management's Discussion and Analysis

The following discussion and analysis by management focuses on those factors that had a material effect on LG&E's financial results of operations and financial condition during 2008 and 2007 and should be read in connection with the financial statements and notes thereto.

Forward Looking Statements

Some of the following discussion may contain forward-looking statements that are subject to risks, uncertainties and assumptions. Such forward-looking statements are intended to be identified in this document by the words "anticipate," "expect," "estimate," "objective," "possible," "potential" and similar expressions. Actual results may materially vary. Factors that could cause actual results to materially differ include, but are not limited to: general economic conditions; business and competitive conditions in the energy industry; changes in federal or state legislation; unusual weather; actions by state or federal regulatory agencies; actions by credit rating agencies and other factors described from time to time in LG&E's reports, including those noted in the Risk Factors section of this report.

RESULTS OF OPERATIONS

The electric and gas utility business is affected by seasonal temperatures. As a result, operating revenues (and associated operating expenses) are not generated evenly throughout the year.

Net Income

Net income related to the electric business decreased \$30 million, while net income related to the natural gas business did not fluctuate during 2008 compared to 2007, resulting in an overall \$30 million net income decrease. The decrease was primarily the result of increased operating expenses (\$192 million), increased other expense-net (\$34 million) and increased interest expense (\$3 million), partially offset by increased gas and electric revenues (\$99 million and \$82 million, respectively) and decreased income taxes (\$18 million).

Revenues

Electric revenues in 2008 increased \$82 million primarily due to:

- Increased wholesale sales (\$84 million) due to higher sales volumes with third-parties (\$60 million) and KU (\$8 million), as a result of excess generation made available by KU via a mutual agreement. LG&E sells its lower cost electricity to KU to serve its native load and purchases KU's excess economic capacity for wholesale sales. Both LG&E and KU experienced lower native load requirements due to milder weather and the weakening economy resulting in higher volumes available for wholesale sales. Wholesale sales also increased due to higher fuel costs for sales to KU (\$8 million) and gains in energy marketing financial swaps (\$8 million).
- Increased fuel costs billed to customers through the FAC (\$16 million) due to increased fuel prices
- Increased ECR surcharge (\$6 million) due to increased recoverable capital spending
- Decreased merger surcredit (\$3 million) due to a lower rate approved by the Kentucky Commission in June 2008
- Increased DSM cost recovery (\$2 million) due to additional conservation programs
- Decreased VDT surcredit (\$2 million) due to its termination in August 2008
- Decreased retail sales volumes delivered (\$31 million) due to a 21% decrease in cooling

degree days and weakening economic conditions

Natural gas revenues in 2008 increased \$99 million primarily due to:

- Increased average cost of gas billed to retail customers through the GSC (\$76 million) due to increased natural gas supply costs
- Increased sales volumes (\$23 million) due to a 12% increase in heating degree days

Expenses

Fuel for electric generation and natural gas supply expenses comprise a large component of total operating expenses. Increases or decreases in the cost of fuel and natural gas supply are reflected in electric and natural gas retail rates, through the FAC and GSC, subject to the approval of the Kentucky Commission.

Fuel for electric generation increased a net \$27 million in 2008 primarily due to:

- Increased commodity and transportation costs for coal and natural gas (\$28 million)
- Decreased volumes of natural gas usage (\$1 million) due to decreased native load sales

Power purchased expense increased \$36 million in 2008 primarily due to:

- Increased purchase volumes from KU via a mutual agreement (\$34 million) whereby LG&E purchases KU's excess economic capacity for wholesale sales. KU experienced lower native load requirements as a result of milder weather and the weakening economy and increased generation availability.
- Increased prices for third-party purchases used to serve native load (\$3 million) during unit outages due to higher fuel costs
- Increased expenses (\$2 million) due to activities in the PJM market for the entire year of 2008 compared to only one quarter in 2007
- Decreased demand costs (\$3 million) for energy purchased on a long-term contract

Gas supply expenses increased \$93 million in 2008 due to:

- Increased cost of net gas supply billed to customers (\$97 million) due to higher purchased volumes and cost per Mcf
- Decreased expense (\$4 million) due to a decline in volume of wholesale sales of purchased gas

Other operation and maintenance expenses increased \$35 million in 2008 primarily due to increased other operation expenses (\$23 million) and increased maintenance expenses (\$12 million).

Other operation expenses increased \$23 million in 2008 primarily due to:

- Increased steam expense (\$5 million) due to a non-recurring capital lease adjustment in 2007
- Increased other power supply expense (\$5 million) due to a FERC Order resulting in additional MISO RSG resettlement costs and activities in the PJM market for the entire year of 2008 compared to only one quarter in 2007
- Increased cost of consumables (\$4 million) due to contract pricing
- Increased transmission expense paid to KU (\$3 million) due to increased firm transmission purchases and increased transmission rates
- Increased distribution expense (\$2 million) due to storm restoration
- Increased uncollectible accounts (\$2 million) due to the weakening economy
- Increased property taxes (\$2 million) due to net decrease in expense in 2007 as a result of the