an e·on company

Mr. Jeff DeRouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

Louisville Gas and Electric Company
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
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Lonnie E. Bellar
Vice President
T 502-627-4830
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May 10, 2010

RE: ***Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Base Rates*** **– Case No. 2009-00549**

Dear Mr. DeRouen:

Please find enclosed and accept for filing the original and ten (10) copies of the Response of Louisville Gas and Electric Company to the Fourth Data Request of Commission Staff dated April 30, 2010, in the above-referenced matter.

Should you have any questions regarding the enclosed, please contact me at your convenience.

Sincerely,

Lonnie E. Bellar

cc: Parties of Record

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **S. Bradford Rives**, being duly sworn, deposes and says that he is Chief Financial Officer for Louisville Gas and Electric Company and an employee of E.ON U.S. Services, Inc., and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

SBRives
S. Bradford Rives

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 7th day of May 2010.

Victoria B. Harper (SEAL)
Notary Public

My Commission Expires:

Sept 20, 2010

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Valerie L. Scott**, being duly sworn, deposes and says that she is Controller for Louisville Gas and Electric Company and an employee of E.ON U.S. Services, Inc., and that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge and belief.

Valerie L. Scott

Valerie L. Scott

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 7th day of May 2009.

Victoria B. Harper (SEAL)
Notary Public

My Commission Expires:

Sept 20, 2010

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says that he is Director - Rates for E.ON U.S. Services, Inc., and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Robert M. Conroy
Robert M. Conroy

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 7th day of May 2010.

Victoria B. Harper (SEAL)
Notary Public

My Commission Expires:

Sept 20, 2010

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Sidney L. "Butch" Cockerill**, being duly sworn, deposes and says that he is Director – Revenue Collections for E.ON U.S. Services, Inc., and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Sidney L. "Butch" Cockerill

Sidney L. "Butch" Cockerill

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 5th day of May 2010.

______________________(SEAL)
Notary Public

My Commission Expires:

October 16, 2012

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Ronald L. Miller**, being duly sworn, deposes and says that he is Director – Corporate Tax for E.ON U.S. Services, Inc., and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Ronald L. Miller

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 7th day of May 2010.

Victoria B. Harper (SEAL)
Notary Public

My Commission Expires:

Sept 20, 2010

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Shannon L. Charnas**, being duly sworn, deposes and says that she is Director – Utility Accounting and Reporting for E.ON U.S. Services, Inc., and that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge and belief.

Shannon L Charnas
Shannon L. Charnas

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 7th day of May 2010.

Victoria B. Harper (SEAL)
Notary Public

My Commission Expires:

Sept 20, 2010

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **William Steven Seelye**, being duly sworn, deposes and states that he is a Principal and Senior Analyst with The Prime Group, LLC, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

W. Seelye
William Steven Seelye

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 7th day of May 2010.

Patsy W. Luttrell (SEAL)
Notary Public

My Commission Expires:

12-02-10

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND	)	CASE NO.
ELECTRIC COMPANY FOR AN ADJUSTMENT	)	2009-00549
OF ITS ELECTRIC AND GAS BASE RATES	)	

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO THE
FOURTH DATA REQUEST OF COMMISSION STAFF
DATED APRIL 30, 2010

FILED: May 10, 2010

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

Response to Fourth Data Request of Commission Staff
Dated April 30, 2010

Question No. 1

Responding Witness: Valerie L. Scott

Q-1. Refer to the letter submitted by LG&E on April 19, 2010 concerning revisions to information provided in its application filed in this proceeding related to its proposed adjustment for labor and labor-related costs.

a. Explain why the amount of the 2009 Winter Storm Restoration regulatory asset has increased from $2,119, 395 to $2,171,776.

b. Explain whether the differences in the adjustments for labor and labor-related costs in the letter of $1,834,988 (electric) and $458,747 (gas) from the amounts of $1,827,123 and $456,780, respectively, in Rives Exhibit 1, Reference Schedule 1.16, are or are not related to the change in the regulatory asset amount.

c. Provide an updated version of Exhibit 1, Reference Schedule 1.16, which shows the derivation of the amounts contained in the letter.

A-1. a. The amount of total labor actually charged to the regulatory asset was $2,171,776. The $2,119,395 used in the originally submitted Rives Exhibit 1, Reference Schedule 1.16 was calculated from information compiled in preparing responses in the Commission's Case No. 2009-00175, *Application of Louisville Gas and Electric Company for an Order Approving the Establishment of a Regulatory Asset.* In preparing responses to requests for information in this case, LG&E referred to the actual journal entries used to record the 2009 Winter Storm Restoration regulatory asset and determined that subsequent adjustments had been made to the labor charged to the storm by various employees to reflect actual costs.

b. The difference between the $1,827,123 (electric) and $456,780 (gas) adjustments to wages on the originally submitted Rives Exhibit 1, Reference Schedule 1.16, and the $1,834,988 (electric) and $458,747 (gas) adjustments to wages on the updated Rives Exhibit 1, Reference Schedule 1.16 included in the attachment to the response to Question No. 2, is related to adjusting the labor charged to the regulatory asset to the actual amount recorded, as discussed in the response to (a) above. These amounts reflect the total labor adjustment after the related adjustments to payroll taxes, 401(k) costs, and the jurisdictional factor. See attached for a summary of the changes for each of these amounts.

c. See Rives Exhibit 1, Reference Schedule 1.16 included in the attachment to the response to Question No. 2.

LOUISVILLE GAS AND ELECTRIC COMPANY

Summary of Revised Adjustment to Reflect Increases in Labor and Labor-Related Costs
As Applied to the Twelve Months Ended October 31, 2009

		Electric As Adjusted	Electric As Filed	Electric Difference
1	Wages (Page 2)	$ 1,655,875	$ 1,648,778	$ 7,097
2	Payroll Taxes (Page 3)	117,846	117,340	506
3	401(k) (Page 4)	61,267	61,005	262
4	Total	$ 1,834,988	$ 1,827,123	$ 7,865
		Gas As Adjusted	**Gas As Filed**	**Gas Difference**
5	Wages (Page 2)	$ 413,969	$ 412,194	$ 1,775
6	Payroll Taxes (Page 3)	29,461	29,335	126
7	401(k) (Page 4)	15,317	15,251	66
8	Total	$ 458,747	$ 456,780	$ 1,967
		Total As Adjusted	**Total As Filed**	**Total Difference**
9	Wages (Page 2)	$ 2,069,844	$ 2,060,972	$ 8,872
10	Payroll Taxes (Page 3)	147,307	146,675	632
11	401(k) (Page 4)	76,584	76,256	328
12	Total	$ 2,293,735	$ 2,283,903	$ 9,832

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

Response to Fourth Data Request of Commission Staff Dated April 30, 2010

Question No. 2

Responding Witness: S. Bradford Rives, Valerie L. Scott, Shannon L. Charnas, Robert M. Conroy, Ronald L. Miller, William S. Seelye

Q-2. In addition to the revisions presented in its April 19, 2010 letter, LG&E previously noted errors in the exhibits included in its application in various responses to data requests from Commission Staff and intervenors. Provide an updated version of all affected exhibits and schedules to the Rives Testimony reflecting the impact of the revisions noted in the letter and the revisions noted previously in LG&E's responses to data requests.

A-2. The summary provided below identifies the revisions and updates previously identified in various responses to data requests. The overall rate increase impact of these revisions is a decrease of $948,972 for Electric and a decrease of $583,696 for Gas to LG&E's Overall Revenue Deficiency as shown on the attached Revised Exhibit 8.

Summary

The following revised exhibits are attached:

- Revised Exhibit 1, Adjustments to Operating Revenues, Operating Expenses and Net Operating Income: Corrected for revisions to Reference Schedules 1.10, 1.12, 1.16, 1.17, 1.21, 1.31, 1.40, 1.42, 1.45, 1.46, and new Reference Schedule 1.48.

- Revised Exhibit 1, Reference Schedule 1.10, To Eliminate DSM Revenue and Expenses: Correction to DSM expenses for related burden expenses not initially included. See response to KPSC 2-34.

- Revised Exhibit 1, Reference Schedule 1.12, Adjustment to Annualize Year-End Customers: Corrections to customers billed and billed kWh for General Service Rate GS and Industrial Service Rate IS-Primary. See response to AG 1-256.

- Revised Exhibit 1, Reference Schedule 1.16, Adjustment to Reflect Increases in Labor and Labor-Related Costs: Correction of labor costs related to 2009 Winter Storm regulatory asset to reflect the final amounts. See April 19, 2010 letter and response to Question No. 1.

- Revised Exhibit 1, Reference Schedule 1.17, To Adjust for Pension, Post-Retirement, and Post-Employment Costs: Update for 2010 Mercer Study and correction of expenses related to DSM burden amounts. See response to KPSC 2-40 and KPSC 3-19.

- Revised Exhibit 1, Reference Schedule 1.21, Adjustment to Reflect Normalized Storm Damage Expense: Correction of storm damage expenses in 2008 and 2009 as filed with the direct testimony of Valerie L. Scott, Scott Exhibit 1.

- Revised Exhibit 1, Reference Schedule 1.31, Adjustment to Reflect Amortization of Rate Case Expenses: Revised estimate of newspaper advertising expense. See response to KPSC 1-57.

- Revised Exhibit 1, Reference Schedule 1.40, Adjustment to Revenues for Temperature Normalization: Correction of temperature-sensitive volumes not subject to normalization and should have been excluded. See response to KPSC 2-105.

- Revised Exhibit 1, Reference Schedule 1.42, Federal and State Income Taxes Corresponding to Annualization and Adjustment of Year-End Interest Expense: Corrected for revisions to Rives Exhibit 2.

- Revised Exhibit 1, Reference Schedule 1.45, Adjustment for Tax Basis Depreciation Reduction: Correction for error in book depreciation lives used to amortize the Advanced Coal Investment Tax Credit. See response to KPSC 2-47.

- Revised Exhibit 1, Reference Schedule 1.46, Adjustment for Amortization of Investment Tax Credit: Correction for error in book depreciation lives used to amortize the Advanced Coal Investment Tax Credit. See response to KPSC 2-47.

- Revised Exhibit 1, Reference Schedule 1.48, Adjustment to Remove Charges Incorrectly Booked Above the Line: New proposed adjustment to remove charges booked above the line that should have been below the line. See response to AG 1-110.

- Revised Exhibit 2, Capitalization at October 31, 2009: Correction of Advanced Coal Investment Tax Credit to reflect revised amortization amount. Update to Annual Cost Rate as of March 31, 2010.

- Revised Exhibit 7, Rates of Return – Actual and Requested Pro-Formed for the Rate Increase: Revised to reflect revisions to Exhibit 1 and Exhibit 8.

- Revised Exhibit 8, Calculation of Overall Revenue Deficiency/(Sufficiency) at October 31, 2009: Revised to reflect revisions to Exhibit 1 and Exhibit 2.

- Revised Exhibit 9, Kentucky Jurisdictional Rate of Return on Common Equity: Revised to reflect revisions to Exhibit 1 and Exhibit 2.

LOUISVILLE GAS AND ELECTRIC COMPANY

Adjustments to Electric and Gas Operating Revenues, Operating Expenses and Net Operating Income
For the Twelve Months Ended October 31, 2009

		Electric Department			Gas Department		
	Reference Schedule (1)	Operating Revenues (2)	Operating Expenses (3)	Net Operating Income (4)	Operating Revenues (5)	Operating Expenses (6)	Net Operating Income (7)
1. Amount per books		958,491,753	824,538,507	$133,953,246	418,890,259	398,969,916	$19,920,343
2. Adjustments for known changes and to eliminate unrepresentative conditions:							
3. Adjustment to eliminate unbilled revenues	1.00	(2,871,000)	-	(2,871,000)	11,377,000	-	11,377,000
4. Adjustment to eliminate Merger Surcredit	1.01	2,323,679	-	2,323,679	-	-	-
5. Adjustment to eliminate Value Delivery Surcredit	1.02	(395)	-	(395)	(323)	-	(323)
6. To adjust mismatch in fuel cost recovery	1.03	(32,833,346)	(27,086,657)	(5,746,689)	-	-	-
7. To adjust base rates and FAC to reflect a full year of the base rate change and FAC roll-in	1.04	(3,104,008)	-	(3,104,008)	9,941,139	-	9,941,139
8. Adjustment to eliminate Environmental Surcharge revenues and expenses	1.05	(8,394,624)	(3,707,947)	(4,686,677)	-	-	-
9. To adjust base rate revenues and expenses to reflect a full year of the ECR roll-in	1.06	6,853,924	3,377,839	3,476,085	-	-	-
10. Off-system sales revenue adjustment for the ECR calculation	1.07	(2,033,628)	-	(2,033,628)	-	-	-
11. To eliminate net brokered and financial swap sales revenues and expenses	1.08	(10,165,209)	(248,375)	(9,916,834)	-	-	-
12. To eliminate ECR, MSR, DSM, FAC, and GSC accruals	1.09	3,333,166	-	3,333,166	2,228,479	-	2,228,479
13. REVISED-To eliminate DSM revenue and expenses	**1.10**	**(12,207,246)**	**(7,482,929)**	**(4,724,317)**	**(2,319,554)**	**(2,037,684)**	**(281,870)**
14. To reflect weather normalized electric sales margins	1.11	5,151,223	1,899,644	3,251,579	-	-	-
15. REVISED-Adjustment to annualize year-end customers	**1.12**	**11,481,673**	**7,977,616**	**3,504,057**	1,760,940	541,722	1,219,218
16. To adjust for customer billing corrections and rate switching	1.13	(875,110)	-	(875,110)	22,135	-	22,135
17. This adjustment left intentionally blank	1.14						
18. Adjustment to reflect annualized depreciation expenses	1.15	-	6,204,918	(6,204,918)	-	385,987	(385,987)
19. REVISED-Adjustment to reflect increases in labor and labor related costs	**1.16**	-	**1,834,988**	**(1,834,988)**	-	**458,747**	**(458,747)**
20. REVISED-Adjustment for pension, post retirement and post employment costs	**1.17**	-	**(1,376,550)**	**1,376,550**	-	**(344,138)**	**344,138**
21. Adjustment to reflect the increase in property insurance expense	1.18	-	355,686	(355,686)	-	88,922	(88,922)
22. Adjustment to reflect new pollution liability insurance expense	1.19	-	514,962	(514,962)	-	128,741	(128,741)
23. Adjustment for hazard tree program	1.20	-	1,759,303	(1,759,303)	-	-	-

LOUISVILLE GAS AND ELECTRIC COMPANY

Adjustments to Electric and Gas Operating Revenues, Operating Expenses and Net Operating Income
For the Twelve Months Ended October 31, 2009

		Electric Department			Gas Department		
	Reference Schedule (1)	Operating Revenues (2)	Operating Expenses (3)	Net Operating Income (4)	Operating Revenues (5)	Operating Expenses (6)	Net Operating Income (7)
24. **REVISED-Adjustment to reflect normalized storm damage expense**	**1.21**	-	**57,523**	**(57,523)**	-	-	-
25. Adjustment for injuries and damages FERC account 925	1.22	-	313,993	(313,993)	-	38,531	(38,531)
26. Adjustment to eliminate advertising expenses pursuant to Commission Rule 807 KAR 5:016	1.23	-	(404,623)	404,623	-	(149,398)	149,398
27. Adjustment for expenses related to retired mainframe	1.24	-	(1,048,815)	1,048,815	-	(352,000)	352,000
28. Adjustment for MISO Exit regulatory asset	1.25	-	(157,119)	157,119	-	-	-
29. Adjustment for EKPC regulatory asset	1.26	-	904,386	(904,386)	-	-	-
30. Adjustment for 2008 Wind storm regulatory asset	1.27	-	27,630,386	(27,630,386)	-	-	-
31. Adjustment for 2009 Winter storm regulatory asset	1.28	-	8,734,140	(8,734,140)	-	33,538	(33,538)
32. Adjustment for KCCS regulatory asset	1.29	-	343,330	(343,330)	-	-	-
33. Adjustment for CMRG regulatory asset	1.30	-	(1,940)	1,940	-	-	-
34. **REVISED-Adjustment to reflect amortization of rate case expenses**	**1.31**	-	**400,919**	**(400,919)**	-	**133,331**	**(133,331)**
35. Adjustment for Southwest Power Pool settlement expenses	1.32	-	(583,743)	583,743	-	-	-
36. Adjustment to remove out of period adjustment for resettlements related to MISO RSG	1.33	-	(429,911)	429,911	-	-	-
37. Adjustment for USGC settlement for gypsum contract	1.34	(654,600)	480,212	(1,134,812)	-	-	-
38. Adjustment to remove FERC Hydropower program charges	1.35	-	(157,135)	157,135	-	-	-
39. Adjustment for Interest rate swap amortization	1.36	-	205,798	(205,798)	-	52,677	(52,677)
40. Adjustment to correct Edison Electric Institute invoice	1.37	-	62,735	(62,735)	-	(62,735)	62,735
41. To adjust property tax expense	1.38	-	815,661	(815,661)	-	(29,440)	29,440
42. Adjustment to revenues and expenses to eliminate gas supply cost recoveries and gas supply expenses	1.39	-	-	-	(322,476,565)	(306,994,052)	(15,482,513)
43. **REVISED-Adjustment to revenues for temperature normalization**	**1.40**	-	-	-	**(248,758)**	-	**(248,758)**
44. **NEW-Adjustment to remove charges incorrectly booked above-the-line**	**1.48**	-	**(439)**	**439**	-	**(110)**	**110**

LOUISVILLE GAS AND ELECTRIC COMPANY

Adjustments to Electric and Gas Operating Revenues, Operating Expenses and Net Operating Income
For the Twelve Months Ended October 31, 2009

		Reference Schedule (1)	Electric Department Operating Revenues (2)	Electric Department Operating Expenses (3)	Electric Department Net Operating Income (4)	Gas Department Operating Revenues (5)	Gas Department Operating Expenses (6)	Gas Department Net Operating Income (7)
45. Total of above adjustments			$ (43,995,501)	$ 21,187,856	$ (65,183,357)	$ (299,715,507)	$ (308,107,361)	$ 8,391,854
46. Federal and state income taxes corresponding to base revenue and expense adjustments and above adjustments -	**37.1912 %**	**1.41**		**(24,242,503)**	**24,242,503**		**3,121,035**	**(3,121,035)**
47. REVISED-Federal and state income taxes corresponding to annualization and adjustment of year-end interest expense		**1.42**		**(88,638)**	**88,638**		(54,473)	54,473
48. Prior income tax true-ups and adjustments		1.43		2,641,449	(2,641,449)		232,125	(232,125)
49. Adjustment for domestic production activities deduction		1.44		(1,259,667)	1,259,667		-	-
50. REVISED-Adjustment for tax basis depreciation reduction		**1.45**		**241,638**	**(241,638)**		-	-
51. REVISED-Adjustment for amortization of investment tax credit		**1.46**		**179,911**	**(179,911)**		13,472	(13,472)
52. Total adjustments			(43,995,501)	(1,339,954)	(42,655,547)	(299,715,507)	(304,795,202)	5,079,695
53. Adjusted Net Operating Income			914,496,252	823,198,553	$ 91,297,699	119,174,752	94,174,714	$ 25,000,038

LOUISVILLE GAS AND ELECTRIC COMPANY

Capitalization at October 31, 2009
Revised Advanced Coal Investment Tax Credit (Col 7, Page 2)
with Annual Cost Rate as of March 31, 2010

	Per Books 10-31-09 (1)	Capital Structure (2)	Reacquired Bonds (not retired) (3)	Adjusted Total Company Capitalization (Col 1 + Col 3) (4)	Rate Base Percentage (Exhibit 3 Line 20) (5)	Capitalization (Col 4 x Col 5) (6)	Adjustments to Capitalization (Col 9, Pg 2) (7)	Adjusted Capitalization (Col 6 - Col 7) (8)	Adjusted Capital Structure (9)	Annual Cost Rate March 31, 2010 (10)	Cost of Capital (Col 10 x Col 9) (11)
ELECTRIC											
1. Short Term Debt	$ 150,667,400	6.59%	$ (150,667,400)	$ -	79.62%	$ -	$ -	$ -	0.00%	0.21%	0.00%
2. Long Term Debt	896,104,000	39.22%	157,937,294	1,054,041,294	79.62%	839,227,678	(5,987,600)	833,240,078	46.14%	4.60%	2.12%
3. Common Equity	1,237,876,536	54.19%	(7,269,894)	1,230,606,643	79.62%	979,809,009	(6,989,426)	972,819,583	53.86%	11.50%	6.19%
4. Total Capitalization	$ 2,284,647,936	100.00%	$ -	$ 2,284,647,936		$ 1,819,036,687	$ (12,977,026)	$ 1,806,059,661	100.00%		8.31%
GAS											
1. Short Term Debt	$ 150,667,400	6.59%	$ (150,667,400)	$ -	20.38%	$ -	$ -	$ -	0.00%	0.21%	0.00%
2. Long Term Debt	896,104,000	39.22%	157,937,294	1,054,041,294	20.38%	214,813,616	397,594	215,211,210	46.14%	4.60%	2.12%
3. Common Equity	1,237,876,536	54.19%	(7,269,894)	1,230,606,643	20.38%	250,797,634	464,119	251,261,753	53.86%	11.50%	6.19%
4. Total Capitalization	$ 2,284,647,936	100.00%	$ -	$ 2,284,647,936		$ 465,611,250	$ 861,713	$ 466,472,963	100.00%		8.31%

LOUISVILLE GAS AND ELECTRIC COMPANY

Capitalization at October 31, 2009
Revised Advanced Coal Investment Tax Credit (Col 7, Page 2)
with Annual Cost Rate as of March 31, 2010

	Capitalization (Col 6, Pg 1) (1)	Capital Structure (2)	Trimble County Inventories (a) (Col 2 x Col 3 Line 4) (3)	Investments in OVEC and Other (Col 2 x Col 4 Line 4) (4)	JDIC (Col 2 x Col 5 Line 4) (5)	Environmental Compliance Plans (b) (Col 2 x Col 6 Line 4) (6)	Advanced Coal Investment Tax Credit (Col 2 x Col 7 Line 4) (7)	Trimble County Joint Use Assets Transfer (Col 2 x Col 8 Line 4) (8)	Total Adjustments To Capital (9)
ELECTRIC									
1. Short Term Debt	$ -	0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Long Term Debt	839,227,678	46.14%	(2,295,290)	(279,685)	11,032,725	(2,469,489)	10,347,072	(22,322,933)	(5,987,600)
3. Common Equity	979,809,009	53.86%	(2,679,331)	(326,481)	12,878,687	(2,882,677)	12,078,312	(26,057,936)	(6,989,426)
4. Total Capitalization	$ 1,819,036,687	100.00%	$ (4,974,621)	$ (606,166)	$ 23,911,412	$ (5,352,166)	$ 22,425,384	$ (48,380,869)	$ (12,977,026)
GAS									
1. Short Term Debt	$ -	0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2. Long Term Debt	214,813,616	46.14%	-	-	397,594	-	-	-	397,594
3. Common Equity	250,797,634	53.86%	-	-	464,119	-	-	-	464,119
4. Total Capitalization	$ 465,611,250	100.00%	$ -	$ -	$ 861,713	$ -	$ -	$ -	$ 861,713

(a) Trimble County Inventories @ October 31, 2009	
Stores	$ 4,478,528
Stores Expense	641,802
Coal	14,237,794
Limestone	213,655
Fuel Oil	325,169
Emission Allowances	1,536
Total Trimble County Inventories	$ 19,898,483
Multiplied by Disallowed Portion	25.00%
Trimble County Inv. Disallowed	$ 4,974,621

(b) Environmental Compliance Plans:	
Total ECR Rate Base at 10/31/09	$ 240,117,179
Less: ECR Rate Base '01 and '03 Plans	176,206,210
Less: ECR Rate Base Roll-In '05 and '06 Plans	58,558,803
ECR Post '03 Rate Base	$ 5,352,166

Revised Exhibit 7
Sponsoring Witness: Rives
Page 1 of 1

LOUISVILLE GAS AND ELECTRIC COMPANY

Rates of Return - Actual and Requested
Pro-Formed for the Rate Increase
For the Twelve Months Ended October 31, 2009

		Electric (1)	Gas (2)	Total (3)
1. Net Original Cost Rate Base - Exhibit 3		$ 1,903,319,053	$ 487,092,690	$ 2,390,411,743
2. Pro Forma Rate Base - Exhibit 4		$ 1,848,429,367	$ 486,516,386	$ 2,334,945,753
3. Reproduction Cost Rate Base - Exhibit 5		$ 4,176,096,342	$ 1,057,075,140	$ 5,233,171,482
4. Net Operating Income - Actual - Exhibit 1		$ 133,953,246	$ 19,920,343	$ 153,873,589
5. Rate of Return (Actual):				
6. On Net Original Cost Rate Base		7.04%	4.09%	6.44%
7. On Pro Forma Rate Base		7.25%	4.09%	6.59%
8. On Reproduction Cost Rate Base		3.21%	1.88%	2.94%
9. Adjusted Net Operating Income - Exhibit 1		$ 91,297,699	$ 25,000,038	$ 116,297,737
10. Revenue Increase Applied For - Exhibit 8		94,024,399	22,014,464	116,038,863
11. Income Taxes - Exhibit 1, Reference Schedule 1.41	37.1912 %	(34,968,847)	(8,187,454)	(43,156,301)
12. Adjusted Net Operating Income Pro-formed for Rate Increase		$ 150,353,252	$ 38,827,048	$ 189,180,299
13. Rate of Return (Pro-forma):				
14. On Net Original Cost Rate Base		7.90%	7.97%	7.91%
15. On Pro Forma Rate Base		8.13%	7.98%	8.10%
16. On Reproduction Cost Rate Base		3.60%	3.67%	3.62%

Revised Exhibit 8
Sponsoring Witness: Rives
Page 1 of 2

LOUISVILLE GAS AND ELECTRIC COMPANY

Calculation of Overall Revenue Deficiency/(Sufficiency) at October 31, 2009

	ORIGINAL ELECTRIC (1)	REVISED ELECTRIC (2)	DIFFERENCE ELECTRIC (3) (2) - (1)
1. Adjusted Electric Capitalization (Exhibit 2, Col 8)	$ 1,805,791,767	$ 1,806,059,661	$ 267,894
2. Total Cost of Capital (Exhibit 2, Col 11)	8.32%	8.31%	8.31%
3. Net Operating Income Found Reasonable (Line 1 x Line 2)	$ 150,241,875	$ 150,083,558	$ (158,317)
4. Pro-forma Net Operating Income	90,862,701	91,297,699	434,998
5. Net Operating Income Deficiency/(Sufficiency)	$ 59,379,174	$ 58,785,859	$ (593,315)
6. Gross Up Revenue Factor - Exhibit 1, Reference Schedule 1.47	0.62521919	0.62521919	0.62521919
7. Overall Revenue Deficiency/(Sufficiency)	$ 94,973,371	$ 94,024,399	$ (948,972)

Revised Exhibit 8
Sponsoring Witness: Rives
Page 2 of 2

LOUISVILLE GAS AND ELECTRIC COMPANY

Calculation of Overall Revenue Deficiency/(Sufficiency) at October 31, 2009

	ORIGINAL GAS (1)	REVISED GAS (2)	DIFFERENCE GAS (3) (2) - (1)
1 Adjusted Gas Capitalization (Exhibit 2, Col 8)	$ 466,472,963	$ 466,472,963	$ -
2 Total Cost of Capital (Exhibit 2, Col 11)	8.32%	8.31%	8.31%
3 Net Operating Income Found Reasonable (Line 1 x Line 2)	$ 38,810,551	$ 38,763,903	$ (46,648)
4 Pro-forma Net Operating Income	24,681,748	25,000,038	318,290
5 Net Operating Income Deficiency/(Sufficiency)	$ 14,128,803	$ 13,763,865	$ (364,938)
6 Gross Up Revenue Factor - Exhibit 1, Reference Schedule 1 47	0.62521919	0.62521919	0.62521919
7 Overall Revenue Deficiency/(Sufficiency)	$ 22,598,160	$ 22,014,464	$ (583,696)

LOUISVILLE GAS AND ELECTRIC COMPANY

Electric Rate of Return on Common Equity
For the Twelve Months Ended October 31, 2009

	Adjusted Electric Capitalization (Exhibit 2 Col 8) (1)	Percent of Total (2)	Annual Cost Rate (Exhibit 2 Col 10) (3)		Weighted Cost of Capital (Col 2 x Col 3) (4)	
1. Short Term Debt	$0	0.00%	0.21%		0.00%	
2. Long Term Debt	$833,240,078	46.14%	4.60%		2.12%	
3. Common Equity	$972,819,583	53.86%	5.46%	(a)	2.94%	(b)
4. Total Capitalization	$1,806,059,661	100.00%			5.06%	
5. Pro-forma Net Operating Income					$91,297,699	(c)
6. Net Operating Income / Total Capitalization					5.06%	(d)

Notes: (a) - Column 4, Line 3 / Column 2, Line 3
(b) - Column 4, Line 4 - Line 1 - Line 2
(c) - Exhibit 1, Line 52, Column 4
(d) - Column 4, Line 5 divided by Column 1, Line 4

Revised Exhibit 9
Sponsoring Witness: Rives
Page 2 of 2

LOUISVILLE GAS AND ELECTRIC COMPANY

Gas Rate of Return on Common Equity
For the Twelve Months Ended October 31, 2009

	Adjusted Gas Capitalization (Exhibit 2 Col 8)	Percent of Total	Annual Cost Rate (Exhibit 2 Col 10)		Weighted Cost of Capital (Col 2 x Col 3)	
	(1)	(2)	(3)		(4)	
1. Short Term Debt	$0	0.00%	0.21%		0.00%	
2. Long Term Debt	$215,211,210	46:14%	4.60%		2.12%	
3. Common Equity	$251,261,753	53.86%	6.02%	(a)	3.24%	(b)
4. Total Capitalization	$466,472,963	100.00%			5.36%	
5. Pro-forma Net Operating Income					$25,000,038	(c)
6. Net Operating Income / Total Capitalization					5.36%	(d)

Notes: (a) - Column 4, Line 3 / Column 2, Line 3
(b) - Column 4, Line 4 - Line 1 - Line 2
(c) - Exhibit 1, Line 52, Column 7
(d) - Column 4, Line 5 divided by Column 1, Line 4

Revised Exhibit 1
Reference Schedule 1.10
Sponsoring Witness: Conroy

LOUISVILLE GAS AND ELECTRIC COMPANY

Revised
To Eliminate DSM Revenues and Expenses
For the Twelve Months Ended October 31, 2009

	Electric	Gas
1. DSM revenue adjustment	$ (12,207,246)	$ (2,319,554)
2. DSM expense adjustment	(7,482,929)	(2,037,684)
3. Net Adjustment	$ (4,724,317)	$ (281,870)

Revised Exhibit 1
Reference Schedule 1.12
Sponsoring Witness: Seelye

LOUISVILLE GAS AND ELECTRIC COMPANY

Revised
Adjustment to Annualize Year-End Customers
At October 31, 2009

	Electric	Gas
1. Revenue adjustment	$ 11,481,673	$ 1,760,940
2. Expense adjustment	7,977,616	541,722
3. Net adjustment	$ 3,504,057	$ 1,219,218

Revised Exhibit 1
Reference Schedule 1.16
Sponsoring Witness: Scott
Page 1 of 4

LOUISVILLE GAS AND ELECTRIC COMPANY

Revised
Adjustment to Reflect Increases in Labor and Labor-Related Costs
As Applied to the Twelve Months Ended October 31, 2009

		Electric (1)	Gas (2)	Total (3)
1	Wages (Page 2)	$ 1,655,875	$ 413,969	$ 2,069,844
2	Payroll Taxes (Page 3)	117,846	29,461	147,307
3	401(k) (Page 4)	61,267	15,317	76,584
4	Total	$ 1,834,988	$ 458,747	$ 2,293,735

Revised Exhibit 1
Reference Schedule 1.16
Sponsoring Witness: Scott
Page 2 of 4

LOUISVILLE GAS AND ELECTRIC COMPANY

Revised
Adjustment to Reflect Increases in Labor and Labor-Related Costs
As Applied to the Twelve Months Ended October 31, 2009

				Construction/	
1	Labor for 12 months ended October 31, 2009:		Operating	Other	Total
2	Base		$ 80,086,464	$ 22,567,954	$ 102,654,418
3	Overtime and Premium		10,110,697	2,430,191	12,540,888
4	Less: Labor Related to 2009 Winter Storm Restoration Regulatory Asset		(1,820,927)	(350,849)	(2,171,776)
5	TIA		7,727,097	2,003,375	9,730,472
6	Total Labor (Sum of Lines 2 - 5)		$ 96,103,331	$ 26,650,671	$ 122,754,002
7	Total labor Excluding TIA (Line 6 - Line 5)		$ 88,376,234	$ 24,647,296	$ 113,023,530
8	Total Operating and Construction/Other %		78 2%	21 8%	100 0%
9	Annualized base labor at October 31, 2009:				
10	Union				$ 40,765,358
11	November 2009 union wage increase applied to annualized base labor at 10/31/09 (Line 10 x 3 5%)				$ 1,426,788
12	Exempt LG&E				19,928,674
13	Non-Exempt				3,963,807
14	Exempt Servco (allocated to LG&E)		(42.6% of total)		34,173,639
15	Non-Exempt Servco (allocated to LG&E)		(42.6% of total)		4,681,953
16	Total Annualized Labor (Sum of Lines 10 - 15)				104,940,219
17	Union Overtime/Premiums (a)				11,550,023
18	Wage increase applied to union overtime annualized for 2009 (11/1/08-11/16/08 OT labor x 3.5%)				14,157
19	Wage increase applied to union overtime annualized for 2010 (Sum of Lines 18 - 17 x 3.5%)				404,746
20	Non-Exempt/Servco Overtime/Premium (a)				990,865
21	Wage Increase applied to Non-Exempt/Servco Overtime/Premium annualized for 2008 (11/1/08 - 2/22/09 OT labor x 3.5%)				7,724
22	Less: Labor Related to 2009 Winter Storm Restoration Regulatory Asset				(2,171,776)
23	Less: Wage Increase Applied to Labor Related to 2009 Winter Storm Restoration Regulatory Asset (Line 22 x 3.5%)				(76,012)
24	Total Annualized Labor (Sum of Lines 16 - 23)				$ 115,659,946
25	Operating Labor for 12 months ended October 31, 2009 (Line 7)				$ 88,376,234
26	Operating Labor based on annualized labor				
	$ 115,659,946	x	78 2%		90,446,078
27	Labor Adjustment Total (Line 26 - Line 25)				$ 2,069,844
28	Electric Department			80.0%	$ 1,655,875
29	Gas Department			20.0%	$ 413,969
30	Total				$ 2,069,844

(a) Represents actual numbers taken from the Company's financial records for the 12 months ended October 31, 2009

(b) All labor related to the 2009 winter storm restoration regulatory asset is assumed to be overtime and premiums

LOUISVILLE GAS AND ELECTRIC COMPANY

Revised
Adjustments to Reflect Increases in Payroll Taxes
As Applied to the Twelve Months Ended October 31, 2009

1	Operating Labor increase (Page 2 Line 27)		$	2,069,844
2	Percentage of wages that do not exceed Social Security (OASDI) limit			91.4%
3	Operating Labor increase subject to Social Security tax (Line 1 x Line 2)		$	1,891,837
4	Medicare Tax (Line 1 x 1.45%)		$	30,013
5	Social Security Tax (Line 3 x 6.2%)			117,294
6	Payroll Tax adjustment (Line 4 + Line 5)		$	147,307
7	Electric Department	80.0%	$	117,846
8	Gas Department	20.0%	$	29,461
9	Total		$	147,307

Revised Exhibit 1
Reference Schedule 1.16
Sponsoring Witness: Scott
Page 4 of 4

LOUISVILLE GAS AND ELECTRIC COMPANY

Revised
Adjustment to Reflect Increases in Company Contribution to 401(k)
As Applied to the Twelve Months Ended October 31, 2009

1	Direct total payroll for 12 months ended 10/31/09 before deducting storm-related labor (Page 2 Line 6 - Page 2 Line 4)		$ 124,925,778
2	Total 401(k) Company Contribution for 12 months ended 10/31/09		4,610,487
3	401(k) Company Contribution as a percent of payroll (Line 2 / Line 1)		3.7%
4	Operating Labor increase (Page 2 Line 27)		2,069,844
5	401(k) Company Contribution operating increase (Line 3 x Line 4)		$ 76,584
6	Electric Department	80.0%	$ 61,267
7	Gas Department	20.0%	$ 15,317
8	Total		$ 76,584

Revised Exhibit 1
Reference Schedule 1.17
Sponsoring Witness: Scott

LOUISVILLE GAS AND ELECTRIC COMPANY

Revised
To Adjust for Pension, Post Retirement and Post Employment
For the Twelve Months Ended October 31, 2009

			Pension	Post Retirement	Post Employment	Total
1	Pension, Post Retirement and Post Employment expenses in test year		$ 22,938,287	$ 6,825,417	$ 192,053	$ 29,955,757
2	Pension, Post Retirement, and Post Employment expenses annualized for 2010 Mercer Study		21,567,037	5,969,351	698,681	28,235,069
3	Total adjustment (Line 2 - Line 1)		$ (1,371,250)	$ (856,066)	$ 506,628	$ (1,720,688)
4	Electric Department (a)	80%				$ (1,376,550)
5	Gas Department (a)	20%				(344,138)
6	Total Adjustment					$ (1,720,688)

(a) Percentages taken from Reference Schedule 1.16

Revised Exhibit 1
Reference Schedule 1.21
Sponsoring Witness: Scott

LOUISVILLE GAS AND ELECTRIC COMPANY

Revised
Adjustment to Reflect Normalized Storm Damage Expense
For the Twelve Months Ended October 31, 2009

	Electric
1. Storm damage provision based upon ten year average	$ 4,814,018
2. Storm damage expenses incurred during the 12 months ended October 31, 2009	4,756,495
3. Adjustment	$ 57,523

Year	Expense (a)		CPI-All Urban Consumers	Amount
2009	$ 4,747,495	(b)	1.0000	$ 4,747,495
2008	6,107,323	(b)	0.9927	6,062,740
2007	2,172,000		1.0308	2,238,898
2006	5,726,000		1.0602	6,070,705
2005	1,983,000		1.0944	2,170,195
2004	13,867,000		1.1315	15,690,511
2003	2,350,000		1.1616	2,729,760
2002	2,465,175		1.1881	2,928,874
2001	2,329,376		1.2069	2,811,324
2000	2,167,000		1.2412	2,689,680
Total				$48,140,182
Ten Year Average				$ 4,814,018

(a) 2009 expense is for 12 months ended October 31, 2009.
All other years expenses are for calendar year.

(b) 2008 and 2009 expenses do not include 2008 Wind storm and 2009 Winter storm expenses that were recorded as regulatory assets.

Revised Exhibit 1
Reference Schedule 1.31
Sponsoring Witness: Charnas

LOUISVILLE GAS & ELECTRIC

Revised
Adjustment for Rate Case Amortization
For the Twelve Months Ended October 31, 2009

	Electric	Gas
1. Total Estimated cost of 2009 Rate Case	$ 955,000	$ 317,000
2. Amortization period in years	3	3
3. Annual amortization	318,333	105,667
4. 2009 Rate Case amortization included in test year	-	-
5. Net Adjustment for 2009 Rate Case expenses	318,333	105,667
6. 2008 Rate Case Annual amortization	247,757	82,993
7. 2008 Rate Case Annual amortization included in test year	(165,171)	(55,329)
8. Net Adjustment for 2008 Rate Case expenses	82,586	27,664
9. Total Adjustment (Line 5 + Line 8)	$ 400,919	$ 133,331

Revised Exhibit 1
Reference Schedule 1.40
Sponsoring Witness: Seelye

LOUISVILLE GAS AND ELECTRIC COMPANY

Revised
Adjustment to Revenues for Temperature Normalization
For the Twelve Months Ended October 31, 2009

		Gas
1. Revenues	$	(248,758)

Revised Exhibit 1
Reference Schedule 1.42
Sponsoring Witness: Miller

LOUISVILLE GAS AND ELECTRIC COMPANY

Revised
Calculation of Current Tax Adjustment Resulting
From "Interest Synchronization"

	Electric	Gas
1. Adjusted Capitalization - Exhibit 2	$ 1,806,059,661	$ 466,472,963
2. Weighted Cost of Debt - Exhibit 2	2.12%	2.12%
3. "Interest Synchronization"	$ 38,288,465	$ 9,889,227
4. Interest per books (excluding other interest)	38,050,134	9,742,761
5. "Interest Synchronization" adjustment (Line 4 - 3)	$ (238,331)	$ (146,466)
6. Composite Federal and State tax rate	37.1912%	37.1912%
7. Current tax adjustment from "Interest Synchronization"	$ (88,638)	$ (54,473)

Revised Exhibit 1
Reference Schedule 1.45
Sponsoring Witness: Miller

LOUISVILLE GAS AND ELECTRIC COMPANY

Revised
Adjustment for Tax Basis Depreciation Reduction
For the Twelve Months Ended October 31, 2009

	Electric	Gas
1. Permanent difference due to loss of depreciable tax basis	$ 241,638	$ -
2. Total Adjustment	$ 241,638	$ -

Revised Exhibit 1
Reference Schedule 1.46
Sponsoring Witness: Miller

LOUISVILLE GAS AND ELECTRIC COMPANY

Revised
Adjustment for Amortization of Investment Tax Credit (ITC)
For the Twelve Months Ended October 31, 2009

	Electric	Gas
1. Annualized amortization of ITC related to Trimble County 2	$ (621,179)	$ -
2. Adjust ITC amortization to normal level for test year	801,090	13,472
3. Total Adjustment	$ 179,911	$ 13,472

Revised Exhibit 1
Reference Schedule 1.48
Sponsoring Witness: Charnas

LOUISVILLE GAS AND ELECTRIC COMPANY

Adjustment to Remove Charges Incorrectly Booked Above-the-Line
For the Twelve Months Ended October 31, 2009

	Electric	Gas
1. Charges incorrectly booked above-the-line	$ 439	$ 110
2. Adjustment	$ (439)	$ (110)

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

Response to Fourth Data Request of Commission Staff
Dated April 30, 2010

Question No. 3

Responding Witness: Butch Cockerill

Q-3. Refer to page 2 of 2 of the attachment to the response to Item 1 of the Attorney General's supplemental request for information, which shows the increase in the number of customers assessed late-payment penalties which began in April 2009 after the Customer Care System ("CCS") became operational.

a. Provide, as of the most recent date for which such information is available, the number of customers paying their bills under the FLEX program.

b. Provide the number of customers who were paying their bills under the Extendicare or Select Due Date programs in March of 2009.

c. For the test year, provide a schedule which shows what the impact would have been on LG&E's late-payment penalty revenues if the number of days before such penalties were assessed had been 21, rather than 15, days from the date of billing. Describe the other financial impacts, if any, of extending the number of days from 15 to 21 before late-payment penalties would be assessed.

d. Explain whether the new CCS can accommodate a bill due date that does not change from month to month.

A-3. a. As of April 30, 2010, LG&E had 2,255 customers enrolled in the FLEX program.

b. The latest date for which we have information regarding the number of customers enrolled in the LG&E Extendicare and Select Due Date programs is December 2008. At that time, 3,850 customers were paying their bills under the Extendicare program, and 3,814 customers were paying under the Select Due Date program, for a combined total of 7,664. Data is not available beyond December 2008 due to how the data was archived when we implemented our new CCS. Though our archive process retained customer consumption and billing data, we were not able to retain some of the specific customer indicators that identified all our various program offerings such as Extendicare and Select Due Date. The December 2008 information was available because we compiled the data for another purpose and saved the report file prior to archiving our CIS data files.

c. This request asks the Company to provide data that would result from a counterfactual scenario. Whether and how customers would respond to a late-payment charge ("LPC") assessment date of 21 days from the bill date and the associated actual LPC revenue impact on the revenue requirement of changing the LPC assessment date contained in the data request is not known or measureable with reasonable certainty. Subject to this caveat, the data provided herein is purely descriptive of historical facts, not predictive of future events. The Company does not believe it is reasonable to assume that the historical payment patterns contained in the data attached hereto would continue if the LPC assessment date were extended; rather, it would be rational economic behavior for the customer to pay on the last day on which no penalties would be assessed. Moreover, there likely are many reasons why customers do not pay their bills on time, which reasons might not be affected by a 21-day LPC assessment date.

   Subject to these caveats, please see the attachment, which shows the number of customers assessed an LPC each month from April 2009 through October 2009. (The test year data for the period before CCS was implemented is not available through our CIS archive database.) The exhibit also shows the total amount of LPCs collected from those customers, as well as the amount of LPCs collected from those customers from and including day 16 through 21 following the bill date. Again, this is purely historical data, and likely does not reflect the actual LPC revenue impact of changing the LPC assessment date.

   In addition to the LPC revenue impact, the Company anticipates changing the LPC assessment date would have other financial impacts and pose other operational challenges. For example, the need for short-term financing would likely increase as a result of customers taking advantage of additional time to pay. On the operational side, assuming the Company would continue to issue disconnect notices on the 16th day after the bill date, if the LPC assessment date were extended to 21 days, the customer would have a disconnect notice issued prior to the LPC assessment.

   Another operational change would need to occur in the Company's Installment Plan process. Currently, customers need their disconnect notice to establish an installment plan. If the LPC assessment date were extended, it would be possible for an installment plan to be established for an amount less than the total amount required to avoid disconnection of service. In short, extending the LPC assessment date would likely create confusion and dissatisfaction for the Company's customers and require additional employee training.

d. It should be noted that even prior to implementation of CCS, the majority of LG&E's customers did not have a fixed due date each month. The attachment is an example of the 2008 meter reading and billing dates for customers in three of our twenty billing groups. As the exhibit shows, customers' monthly meter-reading dates and bill due dates were not fixed during 2008 (prior to CCS implementation).

Though the new CCS can accommodate a bill due date that does not change from month to month, offering such a bill due date is not recommended. Having customers' bill due dates be the same each month would create significant operational issues and increase operational expenses.

The current variance in customer bill due dates is a result of the Company's meter-reading process, which allows a "window" of time for meters to be read. Presently, company processes allow five days for a meter to be read before the customer's bill is generated. The purpose of the window is to read the maximum number of meters in the most cost-effective way and to minimize the number of estimated readings. Our current staffing levels are designed to optimize cost by maximizing the number of meters read per day. Though every effort is made to maximize the efficiencies of reading meters, various issues create the need for a meter-reading window. One key issue is the customer demographics. Even in large metropolitan areas, the number of customers in a specific geographic area may vary greatly. Our meter-reading software analyzes all these issues and creates meter-reading routes that attempt to maximize the number of meters read each day while minimizing driving time and avoiding revisiting streets and neighborhoods multiple times in same month. In addition to customer demographic issues, a meter-reading window is necessary to offset the effects of inclement weather, holidays, unexpected employee illnesses, and injuries. If a decision were made to establish a customer due date that did not change from month to month, the company would need to greatly increase the number of meter readers it currently employs or increase the number of customer bills calculated based upon estimated consumption. In addition, if a bill were held due to a billing exception that could be resolved within one or two days to adhere to a specific due date, LG&E would be required to hold the bill until the next month, when the customer would likely receive two bills at the same time. Because of these operational and financial issues, using a meter-reading window is an established business practice within the utility industry.

Louisville Gas and Electric Company

(1)	(2)	(3)	(4)
Posting Month	Total # Customer Accounts Assessed LPC	Total LPC Assessed	Total LPC Received Between Days 16 and 21
APR 2009	106,087	$ 1,040,185	$ 183,154
MAY 2009	127,113	$ 953,471	$ 301,023
JUN 2009	113,481	$ 599,558	$ 188,889
JUL 2009	124,354	$ 848,291	$ 276,421
AUG 2009	118,549	$ 724,499	$ 226,046
SEP 2009	111,548	$ 672,186	$ 220,229
OCT 2009	120,055	$ 692,977	$ 242,711
Total	821,187	$ 5,531,167	$ 1,638,472

Louisville Gas and Electric Company
Sample Customer Bill Due Dates for the Year 2008
Customer Meter Read Portions 01, 10, 19

Portion	Scheduled Read	Date to Bill	Bill Due Date
01	3-Jan-2008	7-Jan	22-Jan
01	1-Feb-2008	5-Feb	20-Feb
01	3-Mar-2008	5-Mar	20-Mar
01	2-Apr-2008	4-Apr	21-Apr
01	1-May-2008	5-May	20-May
01	2-Jun-2008	4-Jun	19-Jun
01	1-Jul-2008	3-Jul	18-Jul
01	1-Aug-2008	5-Aug	20-Aug
01	2-Sep-2008	4-Sep	19-Sep
01	1-Oct-2008	3-Oct	20-Oct
01	30-Oct-2008	3-Nov	18-Nov
01	1-Dec-2008	3-Dec	18-Dec
10	16-Jan-2008	18-Jan	4-Feb
10	14-Feb-2008	18-Feb	4-Mar
10	14-Mar-2008	18-Mar	2-Apr
10	15-Apr-2008	17-Apr	2-May
10	14-May-2008	16-May	3-Jun
10	13-Jun-2008	17-Jun	2-Jul
10	16-Jul-2008	18-Jul	4-Aug
10	14-Aug-2008	18-Aug	3-Sep
10	15-Sep-2008	17-Sep	2-Oct
10	14-Oct-2008	16-Oct	31-Oct
10	12-Nov-2008	14-Nov	3-Dec
10	12-Dec-2008	16-Dec	5-Jan
19	29-Jan-2008	31-Jan	15-Feb
19	27-Feb-2008	29-Feb	17-Mar
19	28-Mar-2008	1-Apr	15-Apr
19	28-Apr-2008	30-Apr	15-May
19	28-May-2008	30-May	16-Jun
19	26-Jun-2008	30-Jun	16-Jun
19	29-Jul-2008	31-Jul	15-Aug
19	27-Sep-2008	29-Sep	16-Sep
19	26-Sep-2008	30-Sep	15-Oct
19	27-Oct-2008	29-Oct	13-Nov
19	25-Nov-2008	1-Dec	16-Dec
19	29-Dec-2008	31-Dec	2-Jan

Note: Due to the historic three day meter read window, the timeframe to read the customer's meter was the scheduled read date plus the two business days prior to the scheduled read date.