



a PPL company

Jeff DeRouen, Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

November 21, 2011

RECEIVED

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PUBLIC SERVICE
COMMISSION

**Louisville Gas and
Electric Company**
State Regulation and Rates
220 West Main Street
P.O. Box 32010
Louisville, Kentucky 40232
www.lge-ku.com

Robert M. Conroy
Director - Rates
T 502-627-3324
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robert.conroy@lge-ku.com

RE: *In the Matter of: The Application of Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Approval of Its 2011 Compliance Plan for Recovery by Environmental Surcharge - Case No. 2011-00162*

Dear Mr. DeRouen:

Enclosed please find an original and fifteen (15) copies of Louisville Gas and Electric Company's (LG&E) proposed ES Forms to conform to the Terms of the Settlement Agreement, Stipulation and Recommendation (Settlement Agreement), in the above-referenced matter.

Also enclosed please find an original and fifteen (15) copies of LG&E's proposed Environmental Cost Recovery Surcharge tariff to conform to the Terms of the Settlement Agreement, in the above-referenced matter.

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

Sincerely,

Robert M. Conroy

Enclosures

cc: Parties of Record

Louisville Gas and Electric Company

P.S.C. Electric No. 8, First Revision of Original Sheet No. 87
 Canceling P.S.C. Electric No. 8, Original Sheet No. 87

| Adjustment Clause | ECR |
|--|-----|
| Environmental Cost Recovery Surcharge | |
| APPLICABLE | |
| In all territory served. | |
| AVAILABILITY OF SERVICE | |
| This schedule is mandatory to all Standard Electric Rate Schedules listed in Section 1 of the General Index except CTAC and Special Charges, all Pilot Programs listed in Section 3 of the General Index, and the FAC and DSM Adjustment Clauses. <u>Standard Electric Rate Schedules subject to this schedule are divided into Group 1 or Group 2 as follows:</u> | |
| <p><u>Group 1: Rate Schedules RS; VFD; LS; RLS; DSK; LE; TE; and Pilot Programs RRP and LEV.</u></p> <p><u>Group 2: Rate Schedules GS; PS; ITODS; CTODS; ITODP; CTODP; RTS; FLS; and Pilot Program GRP.</u></p> <p><u>Prior to billings for the first billing cycle in March 2012 (cycle beginning February 29, 2012), all rate schedules noted above will be included in Group 1 for purposes of determining and applying the Environmental Surcharge Billing Factor.</u></p> | |
| RATE | |
| The monthly billing amount under each of the schedules to which this mechanism is applicable, shall be increased or decreased by a percentage factor calculated in accordance with the following formula. | |
| <u>Group Environmental Surcharge Billing Factor = Group E(m) / Group R(m)</u> | |
| As set forth below, <u>Group E(m)</u> is the <u>sum of Jurisdictional E(m)</u> of each approved environmental compliance plan revenue requirement of environmental compliance costs for the current expense month <u>allocated to each of Group 1 and Group 2.</u> <u>Group R(m) for Group 1 is the 12-month average revenue for the current expense month and for Group 2 it is the 12-month average non-fuel revenue for the current expense month.</u> | |
| DEFINITIONS | |
| 1) For all Plans, E(m) = [(RB/12) (ROR + (ROR - DR) (TR / (1 - TR)))] + OE - BAS + BR | |
| a) RB is the Total Environmental Compliance Rate Base. | |
| b) ROR is the Rate of Return on Environmental Compliance Rate Base, designated as the overall rate of return [cost of short-term debt, long-term debt, preferred stock, and common equity]. | |
| c) DR is the Debt Rate [cost of short-term debt and long-term debt]. | |
| d) TR is the Composite Federal and State Income Tax Rate. | |
| e) OE is the Operating Expenses [Depreciation and Amortization Expense, Property Taxes, and O&M Expense, adjusted for the Average Month Expense already included in existing rates]. <u>OE includes operation and maintenance expense recovery authorized by the K.P.S.C. in all approved ECR Plan proceedings</u> | |
| f) BAS is the total proceeds from by-product and allowance sales <u>applicable to the pre-2011 Plans only.</u> | |
| g) BR is the operation and maintenance expenses, and/or revenues if applicable, associated with Beneficial Reuse <u>applicable to the pre-2011 Plans only.</u> | |
| h) Plans are the environmental surcharge compliance plans submitted to and approved by the Kentucky Public Service Commission pursuant to KRS 278.183. | |

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- T Deleted: including the fuel clause and demand-side management cost recovery mechanisms,
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Date of Issue: June 1, 2011
 Date Effective: December 16, 2011
 Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky

Louisville Gas and Electric Company

P.S.C. Electric No. 8, Original Sheet No. 87.1

| Adjustment Clause | ECR |
|---|--|
| Environmental Cost Recovery Surcharge | |
| <p>2) Total E(m) (sum of each approved environmental compliance plan revenue requirement) is multiplied by the Jurisdictional Allocation Ratio to arrive at Jurisdictional E(m). Jurisdictional E(m) is multiplied by the Group 1 and Group 2 percentages of total revenues to arrive at Group 1 E(m) and Group 2 E(m). Each individual Group E(m) is reduced by current expense month ECR revenue collected through base rates of each Rate Schedule included in the applicable Group to arrive at the Net Group 1 E(m) and Net Group 2 E(m).</p> | <p>T Deleted: Factor T Deleted: and V Deleted: Jurisdictional</p> |
| <p>3) The Group 1 R(m) is the average of total Group 1 monthly base revenue for the 12 months ending with the current expense month. Base revenue includes the customer, energy, and lighting charges for each rate schedule included in Group 1 to which this mechanism is applicable and automatic adjustment clause revenues for the Fuel Adjustment Clause and the Demand-Side Management Cost Recovery Mechanism as applicable for each rate schedule in Group 1.</p> | <p>T Deleted: revenue T Deleted: for the Company T Deleted: demand</p> |
| <p>4) The Group 2 R(m) is the average of total Group 2 monthly base non-fuel revenue for the 12 months ending with the current expense month. Base non-fuel revenue includes the customer, non-fuel energy, and demand charges for each rate schedule included in Group 2 to which this mechanism is applicable and automatic adjustment clause revenues for the Demand-Side Management Cost Recovery Mechanism as applicable for each rate schedule in Group 2. Non-fuel energy is equal to the tariff energy rate for each rate schedule included in Group 2 less the base fuel factor as defined on Sheet No. 85.1, Paragraph 6.</p> | <p>T T ↓</p> |
| <p>5) Current expense month (m) shall be the second month preceding the month in which the Environmental Surcharge is billed.</p> | |

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Date of Issue: June 1, 2011
Date Effective: December 16, 2011
Issued By: Lonnie E. Bellar, Vice President, State Regulation and Rates, Louisville, Kentucky

ES FORM 1.00

**LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT**

**Net Group E(m) and
Group Environmental Surcharge Billing Factors
For the Expense Month of**

GROUP 1 (Total Revenue)

Net Group E(m) = Group E(m) less Expense Month Revenue
Collected Through Base Rates -- ES Form 1.10, line 18 =

Group 1 ES Billing Factor -- ES Form 1.10, line 20 =

GROUP 2 (Net Revenue)

Net Group E(m) = Group E(m) less Expense Month Revenue
Collected Through Base Rates -- ES Form 1.10, line 18 =

Group 2 ES Billing Factor -- ES Form 1.10, line 20 =

Effective Date for Billing:

Submitted by: _____

Title: Director, Rates

Date Submitted:

ES FORM 1.10

**LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT**

Calculation of Total E(m) and
Group Surcharge Billing Factors

For the Expense Month of

Calculation of Total E(m)

$E(m) = [(RB / 12) (ROR + (ROR - DR)(TR / (1 - TR)))] + OE - BAS + BR$, where
 RB = Environmental Compliance Rate Base
 ROR = Rate of Return on the Environmental Compliance Rate Base
 DR = Debt Rate (both short-term and long-term debt)
 TR = Composite Federal & State Income Tax Rate
 OE = Pollution Control Operating Expenses
 BAS = Total Proceeds from By-Product and Allowance Sales
 BR = Beneficial Reuse Operating Expenses

| | | Pre-2011 Environmental Compliance Plans | 2011 Environmental Compliance Plans |
|--|---|--|--|
| (1) RB | = | | |
| (2) RB / 12 | = | | |
| (3) $(ROR + (ROR - DR) (TR / (1 - TR)))$ | = | | |
| (4) OE | = | | |
| (5) BAS | = | | Not Applicable |
| (6) BR | = | | Not Applicable |
| (7) E(m) | $(2) \times (3) + (4) - (5) + (6)$ | | |
| (8) Total E(m) | $= \text{sum of Pre-2011 E(m)} + 2011 \text{ E(m)}$ | | |

Calculation of Adjusted Total Jurisdictional E(m)

| | |
|---|---|
| (9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3 10 | = |
| (10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)] | = |
| (11) Prior Period Adjustment related to Rate Base or OE (if necessary) | = |
| (12) Adjusted Total Jurisdictional E(m) [(10) + (11)] | = |

Calculation of Group Environmental Surcharge Billing Factors

| | | GROUP 1 (Total Revenue) | GROUP 2 (Net Revenue) |
|---|---|-------------------------|-----------------------|
| (13) Revenue as a Percentage of Total Revenue for Current Month -- ES Form 3 00 | = | | |
| (14) Group E(m) [(12) x (13)] | = | | |
| (15) Adjustment for (Over)/Under-collection pursuant to Case No | = | | |
| (16) Prior Period Adjustment related to Revenue (if necessary) | = | | |
| (17) Revenue Collected through Base Rates | = | | |
| (18) Net Group E(m) = Group E(m) less Expense Month Revenue Collected Through Base Rates [(14) + (15) + (16) - (17)] | = | | |
| (19) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3 00 | = | | |
| (20) Group Environmental Surcharge Billing Factors [(18) ÷ (19)] | = | | |

ES FORM 2.00

LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT
Revenue Requirements of Environmental Compliance Costs
For the Expense Month of

Determination of Environmental Compliance Rate Base

| | Pre-2011 Environmental Compliance Plans | | 2011 Environmental Compliance Plan | |
|---|---|--|------------------------------------|--|
| Eligible Pollution Control Plant | | | | |
| Eligible Pollution CWIP Excluding AFUDC | | | | |
| Subtotal | | | | |
| Additions: | | | | |
| Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33 | | | | |
| Cash Working Capital Allowance | | | | |
| Subtotal | | | | |
| Deductions: | | | | |
| Accumulated Depreciation on Eligible Pollution Control Plant | | | | |
| Pollution Control Deferred Income Taxes | | | | |
| Subtotal | | | | |
| Environmental Compliance Rate Base | | | | |

Determination of Pollution Control Operating Expenses

| | Pre-2011 Environmental Compliance Plan | 2011 Environmental Compliance Plan |
|---|--|------------------------------------|
| Monthly Operations & Maintenance Expense | | |
| Monthly Depreciation & Amortization Expense | | |
| less investment tax credit amortization | | |
| Monthly Taxes Other Than Income Taxes | | |
| Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33 | | |
| Monthly Surcharge Consultant Fee | | |
| Total Pollution Control Operations Expense | | |

Determination of Beneficial Reuse Operating Expenses

| | Environmental Compliance Plan |
|---|-------------------------------|
| Total Monthly Beneficial Reuse Expense | |
| Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61) | |
| Net Beneficial Reuse Operations Expense | |

Proceeds From By-Product and Allowance Sales

| | Total Proceeds | Amount in Base Rates | Net Proceeds |
|----------------------------------|----------------|----------------------|--------------|
| | (1) | (2) | (1) - (2) |
| Allowance Sales | | | |
| Scrubber By-Products Sales | | | |
| Total Proceeds from Sales | | | |

LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT
 Plant, CWIP & Depreciation Expense

For the Month Ended:

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|--|---------------------------|-----------------------------------|-----------------------------|-------------------------------|----------------------------|---------------------------------|------------------------------|------------------------------|
| Description | Eligible Plant In Service | Eligible Accumulated Depreciation | CWIP Amount Excluding AFUDC | Eligible Net Plant In Service | Deferred Tax Balance as of | Monthly ITC Amortization Credit | Monthly Depreciation Expense | Monthly Property Tax Expense |
| | | | | (2)-(3)+(4) | | | | |
| 2005 Plan: Project 11 - Special Waste Landfill Expansion at Mill Creek Project 12 - Special Waste Landfill Expansion at Cane Run Station Project 13 - Scrubber Refurbishment at Trimble County Unit 1 Project 14 - Scrubber Refurbishment at Cane Run Unit 6 Project 15 - Scrubber Refurbishment at Cane Run Unit 5 Project 16 - Scrubber Improvements at Trimble County Unit 1 | | | | | | | | |
| Subtotal Less Retirements and Replacement resulting from implementation of 2005 Plan | | | | | | | | |
| Net Total - 2005 Plan: | | | | | | | | |
| 2006 Plan: Project 18 - TC2 AQCS Equipment Project 19 - Sorbent Injection Project 20 - Mercury Monitors Project 21 - Mill Creek Opacity and Particulate Monitors | | | | | | | | |
| Subtotal Less Retirements and Replacement resulting from implementation of 2006 Plan | | | | | | | | |
| Net Total - 2006 Plan: | | | | | | | | |
| 2009 Plan: Project 22 - Cane Run CCP Storage (Landfill - Phase 1) Project 23 - Trimble County Ash Treatment Basin (BAP/GSP) Project 24 - Trimble County CCP Storage (Landfill - Phase 1) Project 25 - Beneficial Reuse | | | | | | | | |
| Subtotal Less Retirements and Replacement resulting from implementation of 2009 Plan | | | | | | | | |
| Net Total - 2009 Plan: | | | | | | | | |
| 2011 Plan: Project 26 - Mill Creek Station Air Compliance Project 27 - Trimble County Unit 1 Air Compliance | | | | | | | | |
| Subtotal Less Retirements and Replacement resulting from implementation of 2011 Plan | | | | | | | | |
| Net Total - 2011 Plan: | | | | | | | | |
| Net Total - All Plans: | | | | | | | | |

Note 1: Trimble County projects for the 2009 Plan are proportionately shared by KU at 48% and LG&E at 52%.

**LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT**
Inventory of Emission Allowances

For the Month Ended:

| Vintage Year | Number of Allowances | | | Total Dollar Value Of Vintage Year | | | Comments and Explanations |
|--------------|----------------------|------------|------------------|------------------------------------|------------|------------------|---------------------------|
| | SO ₂ | NOx Annual | NOx Ozone Season | SO ₂ | NOx Annual | NOx Ozone Season | |
| Current Year | | | | | | | |
| 2012 | | | | | | | |
| 2013 | | | | | | | |
| 2014 | | | | | | | |
| 2015 | | | | | | | |
| 2016 | | | | | | | |
| 2017 | | | | | | | |
| 2018 | | | | | | | |
| 2019 | | | | | | | |
| 2020 | | | | | | | |
| 2021 | | | | | | | |
| 2022 | | | | | | | |
| 2023 | | | | | | | |
| 2024 | | | | | | | |
| 2025 | | | | | | | |
| 2026 | | | | | | | |
| 2027 | | | | | | | |
| 2028 | | | | | | | |
| 2029 | | | | | | | |
| 2030 | | | | | | | |
| 2031 - 2040 | | | | | | | |

In the "Comments and Explanation" Column, describe any allowance inventory adjustment other than the assignment of allowances by EPA. Inventory adjustments include, but are not limited to, purchases, allowances acquired as part of other purchases, and the sale of allowances.

**LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT
Inventory of Emission Allowances (SO₂) - Current Vintage Year**

0

| | Beginning Inventory | Allocations/Purchases | Utilized (Coal Fuel) | Utilized (Other Fuels) | Sold | Ending Inventory | Allocation, Purchase, or Sale Date & Vintage Years |
|--|---------------------|-----------------------|----------------------|------------------------|------|------------------|--|
| TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS | | | | | | | |
| Quantity | | | | | | | |
| Dollars | | | | | | | |
| \$/Allowance | | | | | | | |
| ALLOCATED ALLOWANCES FROM EPA: COAL FUEL | | | | | | | |
| Quantity | | | | | | | |
| Dollars | | | | | | | |
| ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS | | | | | | | |
| Quantity | | | | | | | |
| Dollars | | | | | | | |
| ALLOWANCES FROM PURCHASES: | | | | | | | |
| From Market: | | | | | | | |
| Quantity | | | | | | | |
| Dollars | | | | | | | |
| \$/Allowance | | | | | | | |
| From KU | | | | | | | |
| Quantity | | | | | | | |
| Dollars | | | | | | | |
| \$/Allowance | | | | | | | |

Emission Allowance Expense for Other Power Generation is excluded from expense reported on Form 2.00 for recovery through the monthly billing factor

LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT
 Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

0

| | Beginning Inventory | Allocations/Purchases | Utilized (Coal Fuel) | Utilized (Other Fuels) | Sold | Ending Inventory | Allocation, Purchase, or Sale Date & Vintage Years |
|--|---------------------|-----------------------|----------------------|------------------------|------|------------------|--|
| TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS | | | | | | | |
| Quantity | | | | | | | |
| Dollars | | | | | | | |
| \$/Allowance | | | | | | | |
| ALLOCATED ALLOWANCES FROM EPA: COAL FUEL | | | | | | | |
| Quantity | | | | | | | |
| Dollars | | | | | | | |
| ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS | | | | | | | |
| Quantity | | | | | | | |
| Dollars | | | | | | | |
| ALLOWANCES FROM PURCHASES: | | | | | | | |
| From Market: | | | | | | | |
| Quantity | | | | | | | |
| Dollars | | | | | | | |
| \$/Allowance | | | | | | | |
| From KU: | | | | | | | |
| Quantity | | | | | | | |
| Dollars | | | | | | | |
| \$/Allowance | | | | | | | |

Emission Allowance Expense for Other Power Generation is excluded from expense reported on Form 2.00 for recovery through the monthly billing factor.

**LOUISVILLE GAS AND ELECTRIC COMPANY
 ENVIRONMENTAL SURCHARGE REPORT
 Inventory of Emission Allowances (NOx) - Annual Allowance Allocation**

0

| | Beginning Inventory | Allocations/Purchases | Utilized (Coal Fuel) | Utilized (Other Fuels) | Sold | Ending Inventory | Allocation, Purchase, or Sale Date & Vintage Years |
|--|---------------------|-----------------------|----------------------|------------------------|------|------------------|--|
| TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS | | | | | | | |
| Quantity | | | | | | | |
| Dollars | | | | | | | |
| \$/Allowance | | | | | | | |
| ALLOCATED ALLOWANCES FROM EPA: COAL FUEL | | | | | | | |
| Quantity | | | | | | | |
| Dollars | | | | | | | |
| ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS | | | | | | | |
| Quantity | | | | | | | |
| Dollars | | | | | | | |
| ALLOWANCES FROM PURCHASES: | | | | | | | |
| From Market: | | | | | | | |
| Quantity | | | | | | | |
| Dollars | | | | | | | |
| \$/Allowance | | | | | | | |
| From KU: | | | | | | | |
| Quantity | | | | | | | |
| Dollars | | | | | | | |
| \$/Allowance | | | | | | | |

Emission Allowance Expense for Other Power Generation is excluded from expense reported on Form 2.00 for recovery through the monthly billing factor.

ES FORM 2.40

LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended:

| Environmental Compliance Plan | | |
|-------------------------------|-----------------------|------------------|
| O&M Expenses | Pre-2011 Plans Amount | 2011 Plan Amount |
| 11th Previous Month | | |
| 10th Previous Month | | |
| 9th Previous Month | | |
| 8th Previous Month | | |
| 7th Previous Month | | |
| 6th Previous Month | | |
| 5th Previous Month | | |
| 4th Previous Month | | |
| 3rd Previous Month | | |
| 2nd Previous Month | | |
| Previous Month | | |
| Current Month | | |
| Total 12 Month O&M | | |

| Determination of Working Capital Allowance | | |
|--|-----|-----|
| 12 Months O&M Expenses | | |
| One Eighth (1/8) of 12 Month O&M Expenses | 1/8 | 1/8 |
| Pollution Control Cash Working Capital Allowance | | |

**LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT**
Pollution Control - Operations & Maintenance Expenses
For the Month Ended:

| O&M Expense Account | Cane Run | Mill Creek | Trimble County | Total |
|--|----------|------------|----------------|-------|
| 2005 Plan | | | | |
| 502056-ECR Scrubber Operations | | | | |
| 512055-ECR Scrubber Maintenance | | | | |
| Total 2005 Plan O&M Expenses | | | | |
| 2006 Plan | | | | |
| 506159 - ECR Sorbent Injection Operation | | | | |
| 506152 - ECR Sorbent Reactant - Reagent Only | | | | |
| 512152 - ECR Sorbent Injection Maintenance | | | | |
| 506150 - ECR Mercury Monitors Operation | | | | |
| 512153 - ECR Mercury Monitors Maintenance | | | | |
| 502056 - ECR Scrubber Operations | | | | |
| 512055 - ECR Scrubber Maintenance | | | | |
| 506154 - ECR NOx Operation -- Consumables | | | | |
| 506155 - ECR NOx Operation -- Labor and Other | | | | |
| 512151 - ECR NOx Maintenance | | | | |
| 506051 - ECR Precipitator Operation | | | | |
| 506151 - ECR Activated Carbon | | | | |
| 512051 - ECR Precipitator Maintenance | | | | |
| Total 2006 Plan O&M Expenses | | | | |
| 2009 Plan | | | | |
| 502012 - ECR Landfill Operations | | | | |
| 512105 - ECR Landfill Maintenance | | | | |
| Adjustment for CCP Disposal in Base Rates (ES Form 2.51) | | | | |
| Net 2009 Plan O&M Expenses | | | | |
| 2011 Plan | | | | |
| 502056 - ECR Scrubber Operations | | | | |
| 512055 - ECR Scrubber Maintenance | | | | |
| 506159 - ECR Sorbent Injection Operation | | | | |
| 506152 - ECR Sorbent Reactant - Reagent Only | | | | |
| 512152 - ECR Sorbent Injection Maintenance | | | | |
| 506156 - ECR Baghouse Operations | | | | |
| 512156 - ECR Baghouse Maintenance | | | | |
| 506151 - ECR Activated Carbon | | | | |
| Adjustment for Base Rates Baseline Amounts | | | | |
| Total 2011 Plan O&M Expenses | | | | |
| Current Month O&M Expense for All Plans | | | | |

Note 1: Trimble County projects for the 2009 Plan are proportionately shared by KU at 48% and LG&E at 52%.

LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT
CCP Disposal Facilities Expenses
For the Month Ended:

| On-Site CCP Disposal O&M Expense | Cane Run | Trimble County |
|--|----------|----------------|
| Existing CCP Disposal Facilities (Pre 2009 Plan Project) | | |
| (1) 12 Months Ending with Expense Month | | |
| (2) Monthly Amount [(1) / 12] | | |
| 2009 Plan Project | | |
| (3) Monthly Expense | | |
| Total Generating Station | | |
| (4) Monthly Expense [(2) + (3)] | | |
| Base Rates | | |
| (5) Annual Expense Amount (12 Mo Ending with Last Test Year) | | |
| (6) Monthly Expense Amount [(5) / 12] | | |
| (7) Total Generating Station Less Base Rates [(4) - (6)] | | |
| (8) Less 2009 Plan Project [(7) - (3)] | | |
| If Line (8) Greater than Zero, No Adjustment | | |
| If Line (8) Less than Zero, Adjustment for Base Rates | | |
| Adjustment for Base Rate Amount (to ES Form 2.50) | | |

Note 1: Trimble County projects for the 2009 Plan are proportionately shared by KU at 48% and LG&E at 52%.

Note 2: ES Form 2.51 will not be utilized until O&M costs associated with the 2009 Plan are incurred.

**LOUISVILLE GAS AND ELECTRIC COMPANY
 ENVIRONMENTAL SURCHARGE REPORT
 Beneficial Reuse - Operations & Maintenance Expenses
 For the Month Ended:**

| Third Party | O&M Expense Account | Plant | Total O&M |
|--|---------------------|-------|-----------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total Monthly Beneficial Reuse Expense | | | |
| Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61) | | | |
| Net Beneficial Reuse O&M Expense | | | |

**LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT**

**Beneficial Reuse Opportunities
For the Month Ended:**

| On-Site CCP Disposal O&M Expense | Cane Run | Mill Creek | Trimble County | Total |
|---|----------|------------|----------------|-------|
| Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project) | | | | |
| (1) 12 Months Ending with Expense Month | | | | |
| (2) Monthly Amount [(1) / 12] | | | | |
| 2009 Plan Project 25 | | | | |
| (3) Monthly Amount (Expense/Revenue) | | | | |
| Total Beneficial Reuse - Generating Station | | | | |
| (4) Monthly Expense [(2) + (3)] | | | | |
| Beneficial Reuse in Base Rates | | | | |
| (5) Annual Expense Amount (12 Mo Ending with Last Test Year) | | | | |
| (6) Monthly Expense Amount [(5) / 12] | | | | |
| (7) Total Generating Station Less Base Rates [(4) - (6)] | | | | |
| (8) Less 2009 Plan Project 25 [(7) - (3)] | | | | |
| If Line (8) Greater than Zero, No Adjustment | | | | |
| If Line (8) Less than Zero, Adjustment for Base Rates | | | | |
| Adjustment for Base Rate Amount (to ES Form 2.60) | | | | |

Note 1: Trimble County projects for the 2009 Plan are proportionately shared by KU at 48% and LG&E at 52%.

**LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended:

| | Revenues per Form 3.00 | Revenues per Income Statement |
|---|---------------------------|----------------------------------|
| Kentucky Retail Revenues | | |
| (1) Base Rates (Customer Charge, Energy Charge, Demand Charge) | | |
| (2) Fuel Adjustment Clause | \$ - | \$ - |
| (3) DSM | \$ - | \$ - |
| (4) Environmental Surcharge | \$ - | \$ - |
| (5) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes = | | \$ - |
| Non -Jurisdictional Revenues | | |
| (6) InterSystem (Total Less Transmission Portion Booked in Account 447) | \$ - | \$ - |
| (7) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes = | \$ - | \$ - |
| (8) Total Company Revenues for Environmental Surcharge Purposes = | | |
| Jurisdictional Allocation Ratio for Current Month [(6) / (12)] = | % | |
| Reconciling Revenues | | |
| (9) Brokered | | |
| (10) InterSystem (Transmission Portion Booked in Account 447) | \$ - | \$ - |
| (11) Unbilled | \$ - | \$ - |
| (12) Miscellaneous | \$ - | \$ - |
| (13) Total Company Revenues per Income Statement = | | \$ - |