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Governor

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Energy and Environment Cabinet

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David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

February 28, 2012

PARTIES OF RECORD

RE: Informal Conference of February 22, 2012
for Case Nos. 2011-00231 and 2011-00232

Enclosed please find a memorandum that has been filed in the record of the above-referenced cases. Any comments regarding the contents of the memorandum should be submitted to the Commission within seven days of receipt of this letter. Any questions regarding these memorandums should be directed to Ron Handziak of the Commission Staff at 502-564-3940, extension 230.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

Attachments

cc: Attorney General

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Main Case File - Case No. 2011-00231
Main Case File - Case No. 2011-00232

FROM: Ronald Handziak, Team Leader 

DATE: February 27, 2012

RE: Informal Conference of February 22, 2012

At the request of Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (collectively the "Companies"), Commission Staff ("Staff") met with representatives of the Companies at the Commission's offices on February 22, 2012. The purpose of the meeting was to discuss changes to certain of the forms included in KU's and LG&E's monthly environmental surcharge filings. Kentucky Industrial Utility Customers, Inc. was in attendance, and the Attorney General attended telephonically. A list of attendees is attached to this memorandum.

On February 17, 2012 the Companies filed their monthly environmental surcharge reports for the expense month of January 2012, which implemented the revenue allocation methodology change specified in the Settlement Agreement, Stipulation, and Recommendation ("Settlement Agreement") approved in Case Nos. 2011-00161 and 2011-00162. The Companies explained that in preparing the reports they realized that the calculations using the new methodology produced unintended and inaccurate results. Customer classes that were not to be impacted by the methodology change, such as residential, were negatively impacted with a higher surcharge factor than would have been calculated under the historical method. The corrections necessary to eliminate this problem required the Companies to change certain forms included in the monthly reports, forms that had been approved in the Settlement Agreement in Case Nos. 2011-00161 and 2011-00162. The Companies explained the proposed changes to forms ES 1.00, ES 1.10 and ES 3.00, and provided an analysis comparing the results using the pre- and post-settlement formats, and as filed in the February 17, 2012 monthly environmental surcharge filing. A copy of the Companies' analysis is attached. Staff asked a few clarifying questions and requested that the comparative analysis of the monthly filing methods be provided electronically. The Companies requested that orders be issued by February 29, 2012.

There being nothing further to discuss, the meeting adjourned.

cc: Parties of Record
Attorney General

Attachments

MEETING TRACKING SIGN-IN SHEET

#525

DATE/TIME CONFERENCE ROOM

February 22, 2012 at 1:00 PM

CR # 1

NAME OF REQUESTOR/SUBJECT OF MEETING

LG&E and KU

Environmental Cost Reporting

NAME	AGENCY/COMPANY
Quang D. Nguyen	PSC
RICHARD RAFF	PSC - LEGAL
Errol K. Wigner	PSC - FA
Ron Hancziak	PSC - FA
Allison Sturgeon	LG&E / KU
Bob M. Cooney	LG&E / KU
Amanda Schneider	LG&E / KU
Mike Kurtz	KUC
JEFF SHAW	PSC - FA
Luis R. Rios	SKO for LG&E - KO
Larry Coode	AG - via phone

KENTUCKY UTILITIES COMPANY
ENVIRONMENTAL SURCHARGE REPORT

Calculation of Total E(m) and
 Jurisdictional Surcharge Billing Factor

For the Expense Month of January 2012

ONE STEP METHOD (Pre-Settlement)

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	84.75%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	14,710,590
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00474	=	(596,811)
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	14,113,779
(13)	Revenue Collected through Base Rates	= \$	11,614,699
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	2,499,080
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	=	105,753,858
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	2.36%

KENTUCKY UTILITIES COMPANY
ENVIRONMENTAL SURCHARGE REPORT
 Calculation of Total E(m) and
 Jurisdictional Surcharge Billing Factor

For the Expense Month of January 2012

TWO STEP METHOD - FORMS AS FILED FEBRUARY 17, 2012

Calculation of Adjusted Net Jurisdictional E(m)

(9)	Jurisdictional Allocation Ratio for Expense Month – ES Form 3.10	=		84.75%
(10)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$		14,710,590
(11)	Adjustment for (Over)/Under-collection pursuant to Case No. 2011-00231	= \$		(596,811)
(12)	Prior Period Adjustment (if necessary)	= \$		-
(13)	Revenue Collected through Base Rates	= \$		11,614,699
(14)	Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=		2,499,080

Calculation of Group Environmental Surcharge Billing Factors

		<u>GROUP 1 (Total Revenue)</u>		<u>GROUP 2 (Net Revenue)</u>	
(15)	Revenue as a Percentage of 12-month Total Revenue ending with the Current Month – ES Form 3.00	=	39.50%		60.50%
(16)	Group E(m) [(14) x (15)]	= \$	987,137	\$	1,511,943
(17)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month – ES Form 3.00	= \$	41,768,106	\$	36,566,487
(18)	Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	2.36%		4.13%

KENTUCKY UTILITIES COMPANY
ENVIRONMENTAL SURCHARGE REPORT
 Calculation of Total E(m) and
 Jurisdictional Surcharge Billing Factor

For the Expense Month of January 2012

TWO STEP METHOD - FORMS AS FILED NOVEMBER 21, 2011

Calculation of Adjusted Total Jurisdictional E(m)

(9)	Jurisdictional Allocation Ratio for Expense Month – ES Form 3.10	=		84.75%
(10)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$		14,710,590
(11)	Prior Period Adjustment related to Rate Base or OE (if necessary)	= \$		-
(12)	Adjusted Total Jurisdictional E(m) [(10) + (11)]	=		14,710,590

Calculation of Group Environmental Surcharge Billing Factors

			<u>GROUP 1 (Total Revenue)</u>		<u>GROUP 2 (Net Revenue)</u>
(13)	Revenue as a Percentage of Total Revenue for Current Month – ES Form 3.00	=	47.44%		52.56%
(14)	Group E(m) [(12) x (13)]	= \$	6,978,704	\$	7,731,886
(15)	Adjustment for (Over)/Under-collection pursuant to Case No. 2011-00231	= \$	(283,127)	\$	(313,684)
(16)	Prior Period Adjustment related to Revenue (if necessary)	= \$	-	\$	-
(17)	Revenue Collected through Base Rates	= \$	4,873,646	\$	6,741,053
(18)	Net Group E(m) = Group E(m) less Expense Month Revenue Collected Through Base Rates [(14) + (15) + (16) - (17)]	= \$	1,821,931	\$	677,150
(19)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month – ES Form 3.00	= \$	41,768,106	\$	36,566,487
(20)	Group Environmental Surcharge Billing Factors [(18) - (19)]	=	4.36%		1.85%

KENTUCKY UTILITIES COMPANY
SUMMARY OF ECR MONTHLY FILING METHODS

12 Month Period (2011)

KU

ONE STEP METHOD (Pre-Settlement)

Net Jurisdictional E(m)	\$	37,182,942
Group 1 - Revenue Collected	\$	14,711,815
Group 2 - Revenue Collected	\$	21,730,852
Total Revenue Collected	\$	<u>36,442,667</u>
Difference	\$	(740,275)

TWO STEP METHOD - FORMS AS FILED FEBRUARY 17, 2012

Net Jurisdictional E(m)	\$	37,182,942
Group 1 - Revenue Collected	\$	14,700,049
Group 2 - Revenue Collected	\$	21,833,794
Total Revenue Collected	\$	<u>36,533,843</u>
Difference	\$	(649,099)

TWO STEP METHOD - FORMS AS FILED NOVEMBER 21, 2011

Net Jurisdictional E(m)	\$	37,182,942
Group 1 - Revenue Collected	\$	20,692,003
Group 2 - Revenue Collected	\$	15,549,827
Total Revenue Collected	\$	<u>36,241,830</u>
Difference	\$	(941,112)

KENTUCKY UTILITIES COMPANY
Comparison of ECR Monthly Filing Methods

<u>ONE STEP METHOD</u>	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	12 Month
(1) Jurisdictional Allocation Ratio for Expense Month	85.12%	86.06%	86.01%	87.31%	84.19%	84.42%	85.70%	87.18%	87.51%	85.36%	86.51%	83.93%	
(2) Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	13,982,399	14,549,287	14,761,155	14,649,773	14,320,886	14,583,026	14,681,459	15,447,536	14,929,529	14,559,275	15,026,352	14,920,920	
(3) Adjustment for (Over)/Under Collection per Review Case	-	-	(881,730)	(881,730)	(881,730)	(881,730)	(881,730)	(881,732)	-	-	-	-	
(4) Prior Period Adjustment (if necessary)	(78,018)	-	-	-	-	-	-	-	-	-	-	-	
(5) Adjusted Jurisdictional E(m)	13,904,381	14,549,287	13,879,425	13,768,043	13,439,156	13,701,296	13,799,729	14,565,804	14,929,529	14,559,275	15,026,352	14,920,920	
(6) Revenue Collected through Base Rates	(13,818,379)	(11,827,563)	(10,993,252)	(10,044,427)	(9,618,565)	(11,018,257)	(11,760,729)	(12,465,088)	(11,546,729)	(10,611,732)	(9,449,751)	(10,705,782)	
(7) Net Jurisdictional E(m)	86,002	2,721,724	2,886,174	3,723,616	3,820,591	2,683,039	2,039,000	2,100,715	3,382,800	3,947,543	5,576,601	4,215,138	37,182,942
(8) Avg Monthly Juris Revenue for 12-mo ended Current Month	106,403,777	107,016,860	107,050,264	107,531,674	108,246,609	109,115,040	109,303,925	109,140,745	108,584,502	108,871,982	108,673,513	107,595,608	
(9) Jurisdictional Billing Factor = (7) / (8)	0.08%	2.54%	2.70%	3.46%	3.53%	2.46%	1.87%	1.92%	3.12%	3.63%	5.13%	3.92%	
Revenue Collected - Group 1 Calculated (2mo Lag)	35,574	940,316	846,137	1,405,718	1,558,132	1,245,033	807,320	599,065	1,004,371	1,457,457	2,684,781	2,127,911	14,711,815
Revenue Collected - Group 2 Calculated (2mo Lag)	49,851	1,498,230	1,633,748	2,333,024	2,457,008	1,780,483	1,354,620	1,340,571	1,777,794	2,091,460	2,974,527	2,439,536	21,730,852
Revenue Collected - Total (2mo Lag)	85,425	2,438,547	2,479,884	3,738,743	4,015,140	3,025,516	2,161,940	1,939,636	2,782,165	3,548,917	5,659,308	4,567,447	36,442,667

<u>TWO STEP METHOD - FORMS FILED FEBRUARY 17, 2012</u>	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	12 Month
TOTAL													0.00%
(10) Jurisdictional Allocation Ratio for Expense Month	85.12%	86.06%	86.01%	87.31%	84.19%	84.42%	85.70%	87.18%	87.51%	85.36%	86.51%	83.93%	
(11) Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	13,982,399	14,549,287	14,761,155	14,649,773	14,320,886	14,583,026	14,681,459	15,447,536	14,929,529	14,559,275	15,026,352	14,920,920	
(12) Adjustment for (Over)/Under Collection per Review Case	-	-	(881,730)	(881,730)	(881,730)	(881,730)	(881,730)	(881,732)	-	-	-	-	
(13) Prior Period Adjustment (if necessary)	(78,018)	-	-	-	-	-	-	-	-	-	-	-	
(14) Revenue Collected through Base Rates	(13,818,379)	(11,827,563)	(10,993,252)	(10,044,427)	(9,618,565)	(11,018,257)	(11,760,729)	(12,465,088)	(11,546,729)	(10,611,732)	(9,449,751)	(10,705,782)	
(15) Net Jurisdictional E(m)	86,002	2,721,724	2,886,174	3,723,616	3,820,591	2,683,039	2,039,000	2,100,715	3,382,800	3,947,543	5,576,601	4,215,138	
GROUP 1													
(16) Revenue as Percentage of Total Revenue for 12-mo ended Current Mo	40.99%	40.91%	40.55%	40.76%	40.81%	40.75%	40.53%	40.53%	40.48%	40.18%	40.26%	39.94%	
(17) Jurisdictional Group E(m) = (15) * (16)	35,253	1,113,466	1,170,210	1,517,655	1,559,290	1,093,324	826,375	851,404	1,369,434	1,585,952	2,244,959	1,683,610	15,050,931
(18) Avg Monthly Juris Revenue for 12-mo ended Current Month	43,700,385	43,864,863	43,473,707	43,897,348	44,250,243	44,535,325	44,370,223	44,244,897	43,961,669	43,743,037	43,750,596	42,975,816	
(19) Jurisdictional Group Billing Factor = (17) / (18)	0.08%	2.54%	2.69%	3.46%	3.52%	2.45%	1.86%	1.92%	3.12%	3.63%	5.13%	3.92%	
GROUP 2													
(20) Revenue as Percentage of Total Revenue for 12-mo ended Current Mo	59.01%	59.09%	59.45%	59.24%	59.19%	59.25%	59.47%	59.47%	59.52%	59.82%	59.74%	60.06%	
(21) Jurisdictional Group E(m) = (15) * (20)	50,748	1,608,258	1,715,964	2,205,961	2,261,301	1,589,715	1,212,625	1,249,311	2,013,366	2,361,591	3,331,642	2,531,528	22,132,011
(22) Avg Monthly Juris Revenue for 12-mo ended Current Month	35,469,281	35,776,397	36,034,085	36,278,731	36,733,634	37,343,803	37,740,567	37,485,170	37,024,551	37,103,816	36,904,874	36,933,006	
(23) Jurisdictional Group Billing Factor = (21) / (22)	0.14%	4.50%	4.78%	6.08%	6.16%	4.26%	3.21%	3.33%	5.44%	6.36%	9.03%	6.85%	
Revenue Collected - Group 1 Calculated (2mo Lag)	35,505	938,518	844,778	1,403,475	1,555,604	1,245,033	806,027	598,916	1,004,275	1,457,357	2,684,649	2,127,911	14,700,049
Revenue Collected - Group 2 Calculated (2mo Lag)	50,061	1,512,875	1,707,217	2,371,149	2,483,472	1,772,027	1,294,061	1,262,396	1,761,015	2,168,789	3,073,289	2,377,443	21,833,794
Revenue Collected - Total (2mo Lag)	85,566	2,451,393	2,551,996	3,774,624	4,039,076	3,015,060	2,100,088	1,861,312	2,765,290	3,626,146	5,757,937	4,505,354	36,533,843

<u>TWO STEP METHOD - FORMS FILED NOVEMBER 21, 2011</u>	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	12 Month
GROUP 1													
(24) Total Jurisdictional E(m) = (2)	13,982,399	14,549,287	14,761,155	14,649,773	14,320,886	14,583,026	14,681,459	15,447,536	14,929,529	14,559,275	15,026,352	14,920,920	
(25) Revenue as Percentage of Total Revenue for Current Month	50.47%	46.59%	41.64%	38.56%	34.12%	37.60%	38.81%	41.15%	37.34%	30.89%	36.10%	41.07%	
(26) Jurisdictional Group E(m) = (24) * (25)	7,056,917	6,778,513	6,146,545	5,648,953	4,886,286	5,483,218	5,697,874	6,356,661	5,574,686	4,497,360	5,424,513	6,128,022	
(27) Adjustment for (Over)/Under Collection per Review Case	-	-	(367,152)	(339,995)	(300,846)	(331,530)	(342,199)	(362,833)	-	-	-	-	
(28) Prior Period Adjustment	(39,376)	-	-	-	-	-	-	-	-	-	-	-	
(29) Revenue Collected through Base Rates	(6,318,358)	(4,846,749)	(3,933,310)	(3,271,018)	(2,740,826)	(3,618,765)	(3,944,356)	(4,595,445)	(3,774,888)	(2,649,924)	(2,777,722)	(3,741,577)	
(30) Net Jurisdictional Group E(m)	699,184	1,931,764	1,846,082	2,037,940	1,844,614	1,532,923	1,411,319	1,398,383	1,799,798	1,847,437	2,646,791	2,386,444	21,382,678
(31) Avg Monthly Juris Revenue for 12-mo ended Current Month	43,700,385	43,864,863	43,473,707	43,897,348	44,250,243	44,535,325	44,370,223	44,244,897	43,961,669	43,743,037	43,750,596	42,975,816	
(32) Jurisdictional Group Billing Factor = (31) / (30)	1.60%	4.40%	4.25%	4.64%	4.17%	3.44%	3.18%	3.16%	4.09%	4.22%	6.05%	5.55%	
GROUP 2													
(33) Total Jurisdictional E(m) = (2)	13,982,399	14,549,287	14,761,155	14,649,773	14,320,886	14,583,026	14,681,459	15,447,536	14,929,529	14,559,275	15,026,352	14,920,920	
(34) Revenue as Percentage of Total Revenue for Current Month	49.53%	53.41%	58.36%	61.44%	65.88%	62.40%	61.19%	58.85%	62.66%	69.11%	63.90%	58.93%	
(35) Jurisdictional Group E(m) = (33) * (34)	6,925,482	7,770,774	8,614,610	9,000,821	9,434,600	9,099,808	8,983,585	9,090,875	9,354,843	10,061,915	9,601,839	8,792,898	
(36) Adjustment for (Over)/Under Collection per Review Case	-	-	(514,578)	(541,735)	(580,884)	(550,200)	(539,531)	(518,899)	-	-	-	-	
(37) Prior Period Adjustment	(38,642)	-	-	-	-	-	-	-	-	-	-	-	
(38) Revenue Collected through Base Rates	(7,500,022)	(6,980,815)	(7,059,941)	(6,773,409)	(6,877,740)	(7,399,492)	(7,816,373)	(7,869,643)	(7,771,841)	(7,961,809)	(6,672,029)	(6,984,204)	
(39) Net Jurisdictional Group E(m)	(613,182)	789,960	1,040,991	1,685,676	1,975,976	1,150,116	627,681	702,332	1,583,001	2,100,107	2,929,810	1,828,694	15,800,263
(40) Avg Monthly Juris Revenue for 12-mo ended Current Month	35,469,281	35,776,397	36,034,085	36,278,731	36,733,634	37,343,803	37,740,567	37,485,170	37,024,551	37,103,816	36,904,874	36,933,006	
(41) Jurisdictional Group Billing Factor = (41) / (40)	-1.73%	2.21%	2.89%	4.65%	5.38%	3.08%	1.66%	1.87%	4.28%	5.68%	7.94%	4.95%	
Revenue Collected - Group 1 Calculated (2mo Lag)	704,187	1,628,244	1,332,693	1,884,616	1,840,255	1,742,826	1,376,588	983,686	1,319,883	1,697,640	3,165,222	3,016,222	20,692,003
Revenue Collected - Group 2 Calculated (2mo Lag)	(604,875)	743,109	1,034,790	1,811,904	2,170,114	1,282,014	669,834	709,688	1,384,591	1,928,652	2,702,617	1,717,388	15,549,827
Revenue Collected - Total (2mo Lag)	99,313	2,371,353	2,367,483	3,696,520	4,010,369	3,024,840	2,046,420	1,693,374	2,704,474	3,626,292	5,867,799	4,733,610	36,241,830

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

Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor

For the Expense Month of January 2012

ONE STEP METHOD (Pre-Settlement)

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	85.04%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	943,092
(10)	Adjustment for (Over)/Under-collection pursuant to	=	241,530
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	1,184,622
(13)	Revenue Collected through Base Rates	=	681,464
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	503,158
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	=	75,194,874
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	0.67%

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

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

For the Expense Month of January 2012

TWO STEP METHOD - FORMS AS FILED FEBRUARY 17, 2012

Calculation of Adjusted Net Jurisdictional E(m)

(9)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=		85.04%
(10)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$		943,092
(11)	Adjustment for (Over)/Under-collection pursuant to Case No. 2011-00232	= \$		241,530
(12)	Prior Period Adjustment (if necessary)	=		-
(13)	Revenue Collected through Base Rates	=		681,464
(14)	Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=		503,158

Calculation of Group Environmental Surcharge Billing Factors

		<u>GROUP 1 (Total Revenue)</u>		<u>GROUP 2 (Net Revenue)</u>	
(15)	Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	42.13%		57.87%
(16)	Group E(m) [(14) x (15)]	= \$	211,980	\$	291,177
(17)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	31,682,177	\$	28,684,742
(18)	Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	0.67%		1.02%

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

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

For the Expense Month of January 2012

TWO STEP METHOD - FORMS AS FILED NOVEMBER 21, 2011

Calculation of Adjusted Total Jurisdictional E(m)

(9)	Jurisdictional Allocation Ratio for Expense Month – ES Form 3.10	=		85.04%
(10)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$		943,092
(11)	Prior Period Adjustment related to Rate Base or OE (if necessary)	= \$		-
(12)	Adjusted Total Jurisdictional E(m) [(10) + (11)]	=		943,092

Calculation of Group Environmental Surcharge Billing Factors

			<u>GROUP 1 (Total Revenue)</u>		<u>GROUP 2 (Net Revenue)</u>
(13)	Revenue as a Percentage of Total Revenue for Current Month – ES Form 3.00	=	43.67%		56.33%
(14)	Group E(m) [(12) x (13)]	= \$	411,848	\$	531,244
(15)	Adjustment for (Over)/Under-collection pursuant to Case No. 2011-00232	= \$	105,476	\$	136,054
(16)	Prior Period Adjustment related to Revenue (if necessary)	= \$	-	\$	-
(17)	Revenue Collected through Base Rates	= \$	278,644	\$	402,820
(18)	Net Group E(m) = Group E(m) less Expense Month Revenue Collected Through Base Rates [(14) + (15) + (16) - (17)]	= \$	238,680	\$	264,478
(19)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month – ES Form 3.00	= \$	31,682,177	\$	28,684,742
(20)	Group Environmental Surcharge Billing Factors [(18) - (19)]	=	0.75%		0.92%

LOUISVILLE GAS AND ELECTRIC COMPANY
SUMMARY OF ECR MONTHLY FILING METHODS

12 Month Period (2011)

LG&E

ONE STEP METHOD (Pre-Settlement)

Net Jurisdictional E(m)	\$ 6,086,527
Group 1 - Revenue Collected	\$ 2,615,534
Group 1 - Revenue Collected	<u>\$ 3,587,353</u>
Total Revenue Collected	\$ 6,202,887
Difference	\$ 116,360

TWO STEP METHOD - FORMS AS FILED FEBRUARY 17, 2012

Net Jurisdictional E(m)	\$ 6,086,527
Group 1 - Revenue Collected	\$ 2,603,292
Group 1 - Revenue Collected	<u>\$ 3,574,130</u>
Total Revenue Collected	\$ 6,177,422
Difference	\$ 90,895

TWO STEP METHOD - FORMS AS FILED NOVEMBER 21, 2011

Net Jurisdictional E(m)	\$ 6,086,527
Group 1 - Revenue Collected	\$ 2,687,474
Group 1 - Revenue Collected	<u>\$ 3,470,329</u>
Total Revenue Collected	\$ 6,157,803
Difference	\$ 71,276

LOUISVILLE GAS AND ELECTRIC COMPANY
Comparison of ECR Monthly Filing Methods

ONE STEP METHOD	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	12 Month
(1) Jurisdictional Allocation Ratio for Expense Month	81.57%	82.87%	83.35%	86.50%	86.82%	92.27%	91.80%	93.59%	87.55%	82.68%	81.95%	81.15%	
(2) Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	743,154	862,163	1,053,023	860,945	916,744	910,232	968,673	1,082,164	941,919	829,612	849,136	936,706	
(3) Adjustment for (Over)/Under Collection per Review Case	795,605	795,605	317,225	795,605	795,604	-	-	-	-	-	-	-	
(4) Prior Period Adjustment (if necessary)	-	-	-	-	-	-	-	-	-	-	-	-	
(5) Adjusted Jurisdictional E(m)	1,538,759	1,657,768	1,370,248	1,656,550	1,712,348	910,232	968,673	1,082,164	941,919	829,612	849,136	936,706	
(6) Revenue Collected through Base Rates	(746,338)	(631,897)	(641,449)	(603,043)	(778,769)	(778,769)	(823,052)	(937,365)	(785,071)	(630,391)	(562,500)	(610,687)	
(7) Net Jurisdictional E(m)	792,421	1,025,871	728,799	1,053,507	1,095,320	131,463	145,620	144,800	156,849	199,222	286,636	326,019	6,086,527
(8) Avg Monthly Juris Revenue for 12-mo ended Current Month	72,673,888	72,968,060	73,335,896	73,839,618	74,567,904	75,008,056	74,979,613	76,198,522	76,075,877	75,853,157	75,789,762	75,619,349	
(9) Jurisdictional Billing Factor = (7) / (8)	1.09%	1.41%	0.99%	1.43%	1.47%	0.18%	0.19%	0.19%	0.21%	0.26%	0.38%	0.43%	
Revenue Collected - Group 1 Calculated (2mo Lag)	293,305	339,433	243,625	522,201	638,750	87,213	74,487	45,273	46,794	71,591	123,207	129,654	2,615,534
Revenue Collected - Group 2 Calculated (2mo Lag)	438,913	541,891	409,075	699,536	723,569	97,772	95,183	82,404	78,242	101,062	158,952	160,753	3,587,353
Revenue Collected - Total (2mo Lag)	732,218	881,324	652,700	1,221,738	1,362,319	184,985	169,670	127,677	125,036	172,653	282,159	290,407	6,202,887
TWO STEP METHOD - FORMS FILED FEBRUARY 17, 2012													
TOTAL													
(10) Jurisdictional Allocation Ratio for Expense Month	81.57%	82.87%	83.35%	86.50%	86.82%	92.27%	91.80%	93.59%	87.55%	82.68%	81.95%	81.15%	
(11) Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio	743,154	862,163	1,053,023	860,945	916,744	910,232	968,673	1,082,164	941,919	829,612	849,136	936,706	
(12) Adjustment for (Over)/Under Collection per Review Case	795,605	795,605	317,225	795,605	795,604	-	-	-	-	-	-	-	
(13) Prior Period Adjustment (if necessary)	-	-	-	-	-	-	-	-	-	-	-	-	
(14) Revenue Collected through Base Rates	(746,338)	(631,897)	(641,449)	(603,043)	(778,769)	(778,769)	(823,052)	(937,365)	(785,071)	(630,391)	(562,500)	(610,687)	
(15) Net Jurisdictional E(m)	792,421	1,025,871	728,799	1,053,507	1,095,320	131,463	145,620	144,800	156,849	199,222	286,636	326,019	
GROUP 1													
(16) Revenue as Percentage of Total Revenue for 12-mo ended Current Month	43.40%	43.40%	43.20%	43.19%	43.06%	42.94%	42.92%	42.86%	42.86%	42.59%	42.66%	42.35%	
(17) Jurisdictional Group E(m) = (15) * (16)	343,925	445,194	314,814	455,007	471,675	56,447	62,497	62,064	67,219	84,840	122,271	138,065	2,624,018
(18) Avg Monthly Juris Revenue for 12-mo ended Current Month	31,712,140	31,834,906	31,847,009	32,059,035	32,271,161	32,358,675	32,325,125	32,748,900	32,679,257	32,366,807	32,413,155	32,080,419	
(19) Jurisdictional Group Billing Factor = (17) / (18)	1.08%	1.40%	0.99%	1.42%	1.46%	0.17%	0.19%	0.19%	0.26%	0.38%	0.43%	0.43%	
GROUP 2													
(20) Revenue as Percentage of Total Revenue for 12-mo ended Current Month	56.60%	56.60%	56.80%	56.81%	56.94%	57.06%	57.08%	57.14%	57.14%	57.41%	57.34%	57.65%	
(21) Jurisdictional Group E(m) = (15) * (20)	448,495	580,677	413,986	598,500	623,645	75,016	83,123	82,736	89,629	114,362	164,365	187,955	3,462,508
(22) Avg Monthly Juris Revenue for 12-mo ended Current Month	27,215,252	27,399,031	27,720,560	28,000,259	28,460,187	28,709,374	28,719,754	29,051,046	28,916,504	28,905,318	28,797,884	28,808,408	
(23) Jurisdictional Group Billing Factor = (21) / (22)	1.65%	2.12%	1.49%	2.14%	2.19%	0.28%	0.29%	0.28%	0.31%	0.40%	0.57%	0.65%	
Revenue Collected - Group 1 Calculated (2mo Lag)	291,730	337,620	242,334	519,466	635,581	86,801	74,151	45,151	46,685	71,449	122,890	129,425	2,603,292
Revenue Collected - Group 2 Calculated (2mo Lag)	447,936	549,089	416,995	695,674	703,032	94,571	94,151	80,448	76,219	99,186	154,462	162,366	3,574,130
Revenue Collected - Total (2mo Lag)	739,666	886,718	659,330	1,215,140	1,338,612	181,371	168,302	125,599	122,904	170,635	277,352	291,792	6,177,422
TWO STEP METHOD - FORMS FILED NOVEMBER 21, 2011													
GROUP 1													
(24) Total Jurisdictional E(m) = (2)	743,154	862,163	1,053,023	860,945	916,744	910,232	968,673	1,082,164	941,919	829,612	849,136	936,706	
(25) Revenue as Percentage of Total Revenue for Current Month	45.95%	44.65%	40.06%	38.51%	37.33%	42.74%	46.89%	47.15%	43.90%	35.46%	37.42%	41.47%	
(26) Jurisdictional Group E(m) = (24) * (25)	341,446	384,919	421,811	331,584	342,181	388,056	454,181	510,196	413,512	294,174	317,782	388,406	
(27) Adjustment for (Over)/Under Collection per Review Case	365,545	355,203	127,071	306,419	296,965	-	-	-	-	-	-	-	
(28) Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	
(29) Revenue Collected through Base Rates	(324,126)	(257,016)	(231,120)	(205,201)	(208,600)	(316,922)	(374,705)	(437,104)	(334,517)	(197,097)	(184,772)	(229,716)	
(30) Net Jurisdictional Group E(m)	382,865	483,108	317,762	432,802	430,546	72,134	79,477	73,092	78,995	97,077	133,010	168,690	2,739,555
(31) Avg Monthly Juris Revenue for 12-mo ended Current Month	31,712,140	31,834,906	31,847,009	32,059,035	32,271,161	32,358,675	32,325,125	32,748,900	32,679,257	32,366,807	32,413,155	32,080,419	
(32) Jurisdictional Group Billing Factor = (32) / (31)	1.21%	1.52%	1.00%	1.35%	1.33%	0.22%	0.25%	0.22%	0.24%	0.30%	0.41%	0.49%	
GROUP 2													
(33) Total Jurisdictional E(m) = (2)	743,154	862,163	1,053,023	860,945	916,744	910,232	968,673	1,082,164	941,919	829,612	849,136	936,706	
(34) Revenue as Percentage of Total Revenue for Current Month	54.05%	55.35%	59.94%	61.49%	62.67%	57.26%	53.11%	52.85%	56.10%	64.54%	62.58%	58.53%	
(35) Jurisdictional Group E(m) = (33) * (34)	401,708	477,245	631,213	529,361	574,563	521,176	514,491	571,968	528,407	535,358	531,354	548,300	
(36) Adjustment for (Over)/Under Collection per Review Case	430,060	440,402	190,154	489,166	498,639	-	-	-	-	-	-	-	
(37) Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	
(38) Revenue Collected through Base Rates	(422,212)	(374,882)	(410,329)	(397,842)	(408,428)	(461,847)	(448,347)	(500,261)	(450,554)	(433,294)	(377,728)	(380,971)	
(39) Net Jurisdictional Group E(m)	409,556	542,765	411,037	620,705	664,775	59,329	66,144	71,708	77,853	102,144	153,626	167,329	3,346,972
(40) Avg Monthly Juris Revenue for 12-mo ended Current Month	27,215,252	27,399,031	27,720,560	28,000,259	28,460,187	28,709,374	28,719,754	29,051,046	28,916,504	28,905,318	28,797,884	28,808,408	
(41) Jurisdictional Group Billing Factor = (41) / (42)	1.50%	1.98%	1.48%	2.22%	2.34%	0.21%	0.23%	0.25%	0.27%	0.35%	0.53%	0.58%	
Revenue Collected - Group 1 Calculated (2mo Lag)	324,760	366,381	244,604	494,116	580,158	110,923	94,297	53,173	54,863	81,755	133,683	148,760	2,687,474
Revenue Collected - Group 2 Calculated (2mo Lag)	409,045	513,240	414,026	721,484	749,397	74,794	74,919	69,725	66,205	88,574	144,370	144,549	3,470,329
Revenue Collected - Total (2mo Lag)	733,805	879,620	658,630	1,215,600	1,329,556	185,718	169,216	122,899	121,068	170,329	278,053	293,309	6,157,803