

JCR



an e-on company

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

RECEIVED

MAY 07 2010

PUBLIC SERVICE  
COMMISSION

Louisville Gas and  
Electric Company  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
www.eon-us.com

May 7, 2010

Rick E. Lovekamp  
Manager Regulatory Affairs  
T 502-627-3780  
F 502-627-3213  
rick.lovekamp@eon-us.com

Re: *Application of Louisville Gas and Electric Company for Approval of  
Sale of Property to the Louisville Arena Authority, Inc.*  
Case No. 2006-00391

Dear Mr. DeRouen:

Pursuant to the Commission's Order in the aforementioned case, Louisville Gas and Electric Company ("LG&E") hereby notifies the Commission that virtually all work for the relocation of LG&E facilities and the construction of the transmission dispatch facility is complete. Due to the construction of a parking garage by the Galt House owners on the adjacent property, LG&E has agreed to allow the south driveway to be used as a construction entrance and, therefore, the driveway cannot be completed until the garage is completed. The completion of all related work is expected by the end of 2010. The entries below include an estimate of \$220,000 for the completion of this work, a very small portion of the overall Arena related work. If the completion of the remaining work exceeds the estimate included below by more than 10%, revised entries will provided upon completion.

The following summary accounting entries were made in LG&E's records for the relocation of facilities.

Account Description	Debit	Credit
Construction Work in Progress – Acct 107	\$63,270,030*	
Accounts Payable – Acct 232		\$63,270,030*
<i>To record construction work completed by LG&amp;E</i>		
Restricted Cash – Acct 134 and 128	\$14,396,572	
Customer Advance – Acct 252		\$14,396,572
<i>To record cash advance from the Arena Authority</i>		

<b>Account Description</b>	<b>Debit</b>	<b>Credit</b>
Customer Advance – Acct 252	\$14,396,572	
Accounts Receivable – Acct 143	\$48,363,992*	
Construction Work in Progress (CWIP) – Acct 107		\$62,760,564*
<i>To bill the Arena Authority for work performed</i>		
Cash – Acct 131	\$62,760,564*	
Accounts Receivable – Acct 143		\$48,363,992*
Restricted Cash – Acct 134 and 128		\$14,396,572
<i>To record payment received for work performed</i>		
Restricted Cash – Acct 134 and 128	\$509,466	
Customer Advance – Acct 252		\$509,466
<i>To record interest received on restricted cash</i>		
Customer Advance – Acct 252	\$509,466	
Restricted Cash – Acct 134 and 128		\$509,466
Cash – Acct 131	\$509,466	
CWIP – Acct 107		\$509,466
<i>To record interest on restricted cash applied to invoices for work performed</i>		
Accounts Receivable – Acct 143	\$21,961	
Interest Income – Acct 419		\$21,961
Cash – Acct 131	\$21,961	
Accounts Receivable – Acct 143		\$21,961
<i>To record interest charged to Arena Authority for late payments</i>		
Other Electric Revenues – Acct 456	\$136,472	
Cash – Acct 131		\$136,472
Accounts Receivable – Acct 143	\$136,472	
Other Electric Revenues – Acct 456		\$136,472
Cash – Acct 131	\$136,472	
Accounts Receivable – Acct 143		\$136,472
<i>To record legal fees paid by LG&amp;E, then billed to and reimbursed by the Arena Authority</i>		

\*Includes \$220,000 of estimated costs to complete between 2/1/10 and 12/31/10.

The following accounting entries were made in LG&E's records for the retirement of the Waterside facilities.

Account Description	Debit	Credit
Accumulated Depreciation – Acct 108	\$21,639,828	
Plant in Service – Acct 101		\$21,639,828
<i>To retire the remaining Waterside assets</i>		
Plant in Service – Acct 101		\$78,906
Accumulated Depreciation – Acct 108	\$31,610	
Asset Retirement Obligations – Acct 230	\$582,890	
Other Regulatory Assets – Acct 182		\$535,594
Accumulated Depreciation – Acct 108	\$13,397	
Cash – Acct 131		\$13,397
<i>Settlement and reversal of Waterside cost of removal/ARO</i>		

The following accounting entries were made in LG&E's and KU's records for the construction of the Simpsonville Transmission Center and Data Center.

Account Description	Debit	Credit
Plant in Service – Acct 101	\$5,016,176	
Cash – Acct 131		\$5,016,176
<i>To record the Simpsonville Transmission Center on LG&amp;E</i>		
Plant in Service – Acct 101	\$11,442,652	
Cash – Acct 131		\$11,442,652
<i>To record the Simpsonville Transmission Center on KU</i>		
Plant in Service – Acct 101	\$5,067,101	
Cash – Acct 131		\$5,067,101
<i>To record the Simpsonville Data Center on LG&amp;E</i>		
Plant in Service – Acct 101	\$4,691,907	
Cash – Acct 131		\$4,691,907
<i>To record the Simpsonville Data Center on KU</i>		

If the Commission has questions, please do not hesitate to contact me.

Sincerely,



Rick E. Lovekamp