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MAY 17 2010

PUBLIC SERVICE  
COMMISSION

Kentucky Utilities Company  
State Regulation and Rates  
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Jeff DeRouen, Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602

May 17, 2010

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of April 2010. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2009-00310, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after May 27, 2010.

It has come to my attention that the ECR Revenue from Base Rates included on ES Form 1.10 in our February 2010 expense month filing was overstated resulting in an understated ECR billing factor. The amount of the overstatement is reflected as a Prior Period Adjustment on ES Form 1.10 for the April 2010 expense month.

It has also come to my attention that on ES Form 2.10 the Company has inadvertently included project costs in its CWIP balance that should have been included in Plant in Service as of July 2008. The CWIP and Plant in Service balances reported on ES Form 2.10 in this month's filing reflect the correct balances. The cumulative effect on rate base, depreciation expense and property tax expense will be provided in a subsequent filing.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', with a long horizontal line extending to the right.

Robert M. Conroy

Enclosures

ES FORM 1.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of April 2010**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 8,437,403

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 9.29%

Effective Date for Billing: June billing cycle beginning May 27, 2010

Submitted by:



Title: Director, Rates

Date Submitted: May 17, 2010

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of April 2010

**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

		Environmental Compliance Plans	
(1) RB	= \$		1,346,901,929
(2) RB / 12	= \$		112,241,827
(3) (ROR + (ROR - DR) (TR / (1 - TR)))	=		11.00%
(4) OE	= \$		3,920,867
(5) BAS	= \$		(242,371)
(6) BR	= \$		-
(7) E(m)	= \$	(2) x (3) + (4) - (5) + (6)	16,509,839

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

(8) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=		87.37%
(9) Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$		14,424,646
(10) Adjustment for (Over)/Under-collection pursuant to Case No. 2009-00310	=		636,995
(11) Prior Period Adjustment (if necessary)	=		3,913,660
(12) Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=		18,975,301
(13) Revenue Collected through Base Rates	= \$		10,537,898
(14) Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$		8,437,403
(15) Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$		90,787,105
(16) Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=		9.29%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of April 2010

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 865,927,225	
Eligible Pollution CWIP Excluding AFUDC	657,956,527	
Subtotal		\$ 1,523,883,752
Additions:		
Inventory - Limestone	\$ 590,113	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	777,236	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	707,821	
Cash Working Capital Allowance	1,945,894	
Subtotal		3,167,354
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	86,544,835	
Pollution Control Deferred Income Taxes	65,187,243	
Pollution Control Deferred Investment Tax Credit	28,417,099	
Subtotal		180,149,177
Environmental Compliance Rate Base		\$ 1,346,901,929

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,157,625
Monthly Depreciation & Amortization Expense	2,559,171
Monthly Taxes Other Than Income Taxes	174,983
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	33,950
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	29,088
Monthly Surcharge Consultant Fee	
Total Pollution Control Operations Expense	\$ 3,920,867

**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	\$ 44,024	\$ 286,166	\$ (242,142)
Scrubber By-Products Sales	50,369	50,597	(229)
Total Proceeds from Sales	\$ 94,392	\$ 336,763	\$ (242,371)

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: April 30, 2010**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	69,416.36	44,365.00		41,777.00	72,004.36	
Dollars	\$ 573,424.71	\$ 362,007.62	\$ -	\$ 345,319.83	\$ 590,112.50	
\$/Ton	\$ 8.26	\$ 8.16		\$8.27	\$8.20	
At E.W. Brown:						
Tons	2,690.77	0.00	(811.00)		1,879.77	Adjustment for limestone converted to slurry
Dollars	\$ 30,190.43	\$ -	\$ (9,099.42)	\$ -	\$ 21,091.01	for testing purposes
\$/Ton	\$ 11.22		\$ 11.22		\$ 11.22	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 534,730.17

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: April 30, 2010

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC  as of 4/30/2010	(7) Deferred Tax Balance  as of 4/30/2010	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ 9,775,541	\$ 1,672,098	\$ -	\$ 8,103,443	\$ -	\$ 1,192,914	\$ 20,725	\$ 1,023
Project 17 - KU Nox SCR's	\$ 216,964,277	\$ 34,587,500	\$ 1,142,172	\$ 183,518,950	\$ -	\$ 31,768,263	\$ 558,726	\$ 23,219
Subtotal	\$ 226,739,818	\$ 36,259,598	\$ 1,142,172	\$ 191,622,392	\$ -	\$ 32,961,177	\$ 579,451	\$ 24,243
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ (2,720,546)	\$ (961,856)	\$ -	\$ (1,758,690)	\$ -	\$ (224,168)	\$ (6,740)	\$ (220)
<b>Net Total - 2001 Plan:</b>	\$ 224,019,272	\$ 35,297,742	\$ 1,142,172	\$ 189,863,702	\$ -	\$ 32,737,009	\$ 572,711	\$ 24,023
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ 16,148,295	\$ 2,350,788	\$ -	\$ 13,797,507	\$ -	\$ 2,466,409	\$ 37,545	\$ 1,743
Subtotal	\$ 16,148,295	\$ 2,350,788	\$ -	\$ 13,797,507	\$ -	\$ 2,466,409	\$ 37,545	\$ 1,743
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ 16,148,295	\$ 2,350,788	\$ -	\$ 13,797,507	\$ -	\$ 2,466,409	\$ 37,545	\$ 1,743
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 52,670	\$ -	\$ 782,376	\$ -	\$ 60,404	\$ 1,941	\$ 99
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 19,697,162	\$ 1,106,570	\$ 30,593,277	\$ 49,183,869	\$ -	\$ 1,659,642	\$ 45,960	\$ 5,814
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 600,184,169	\$ 49,542,487	\$ 416,539,341	\$ 967,181,023	\$ -	\$ 28,602,336	\$ 1,886,360	\$ 117,718
Subtotal	\$ 620,716,377	\$ 50,701,727	\$ 447,132,618	\$ 1,017,147,268	\$ -	\$ 30,322,382	\$ 1,934,261	\$ 123,630
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,707,385)	\$ (2,225,592)	\$ -	\$ (2,481,793)	\$ -	\$ (840,847)	\$ (8,731)	\$ (310)
<b>Net Total - 2005 Plan:</b>	\$ 616,008,992	\$ 48,476,135	\$ 447,132,618	\$ 1,014,665,475	\$ -	\$ 29,481,535	\$ 1,925,531	\$ 123,320

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: April 30, 2010

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC  as of 4/30/2010	(7) Deferred Tax Balance  as of 4/30/2010	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ -	\$ -	\$ 189,447,329	\$ 189,447,329	\$ 28,417,099	\$ -	\$ -	\$ 23,194
Project 24 - Sorbent Injection	\$ 7,397,285	\$ 310,062	\$ 5,353,987	\$ 12,441,210	\$ -	\$ 441,229	\$ 16,679	\$ 1,563
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 75,520	\$ -	\$ 956,433	\$ -	\$ 40,042	\$ 3,424	\$ 121
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,354,119	\$ 47,422	\$ (11,063)	\$ 1,295,634	\$ -	\$ 23,293	\$ 3,388	\$ 164
Subtotal	\$ 9,783,357	\$ 433,005	\$ 194,790,254	\$ 204,140,606	\$ 28,417,099	\$ 504,564	\$ 23,491	\$ 25,042
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (32,691)	\$ (12,835)	\$ -	\$ (19,856)	\$ -	\$ (2,274)	\$ (107)	\$ (19)
<b>Net Total - 2006 Plan:</b>	\$ 9,750,666	\$ 420,170	\$ 194,790,254	\$ 204,120,750	\$ 28,417,099	\$ 502,290	\$ 23,384	\$ 25,023
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 4,505,874	\$ 4,505,874	\$ -	\$ -	\$ -	\$ 88
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 118,298	\$ 118,298	\$ -	\$ -	\$ -	\$ 3
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 8,541,715	\$ 8,541,715	\$ -	\$ -	\$ -	\$ 680
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 997,648	\$ 997,648	\$ -	\$ -	\$ -	\$ 103
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 727,948	\$ 727,948	\$ -	\$ -	\$ -	\$ -
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 14,891,483	\$ 14,891,483	\$ -	\$ -	\$ -	\$ 874
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 14,891,483	\$ 14,891,483	\$ -	\$ -	\$ -	\$ 874
<b>Net Total - All Plans:</b>	\$ 865,927,225	\$ 86,544,835	\$ 657,956,527	\$ 1,437,338,917	\$ 28,417,099	\$ 65,187,243	\$ 2,559,171	\$ 174,983

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

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Inventory of Emission Allowances

For the Month Ended: April 30, 2010

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	86,962	13,094	11,076	\$ 743,287.01	-	\$ 34,817.24	
2011	77,535	15,158	6,683				
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030 - 2039	775,350						

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.



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year**

For the Expense Month of April 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	90,934	0	3,972	0	0	86,962	
Dollars	\$ 777,236.72	\$ -	\$ 33,949.71	\$ -	\$ -	\$ 743,287.01	
\$/Allowance	\$ 8.55	\$ -	\$ 8.55	\$ -	\$ -	\$ 8.55	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	90,896	-	3,972	-	-	86,924	
Dollars	\$ 776,911.92	\$ -	\$ 33,949.71	\$ -	\$ -	\$ 742,962.21	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	38	-	-	-	-	38	
Dollars	\$ 324.80	\$ -	\$ -	\$ -	\$ -	\$ 324.80	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E							
Quantity	0	0				0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of April 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	11,076	0	0	0	0	11,076	
Dollars	\$ 34,817.24	\$ -	\$ -	\$ -	\$ -	\$ 34,817.24	
\$/Allowance	\$ 3.14	\$ -	\$ -	\$ -	\$ -	\$ 3.14	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	10,903	-	-	-	-	10,903	
Dollars	\$ 34,273.42	\$ -	\$ -	\$ -	\$ -	\$ 34,273.42	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	173	-	-	-	-	173	
Dollars	\$ 543.82	\$ -	\$ -	\$ -	\$ -	\$ 543.82	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of April 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	14,059	0	965	0	0	13,094	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	13,853	-	965	-	-	12,888	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	206	0	0	0	0	206	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: April 30, 2010

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,240,252
10th Previous Month	1,184,920
9th Previous Month	1,045,141
8th Previous Month	1,340,451
7th Previous Month	1,286,063
6th Previous Month	1,311,386
5th Previous Month	1,277,270
4th Previous Month	1,418,483
3rd Previous Month	1,495,108
2nd Previous Month	1,447,263
Previous Month	1,363,192
Current Month	1,157,625
<b>Total 12 Month O&amp;M</b>	<b>\$ 15,567,154</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 15,567,154
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 1,945,894</b>

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: April 30, 2010

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506104 - NOx Operation -- Consumables		152,812.67				152,812.67
506105 - NOx Operation -- Labor and Other		0.00				0.00
512101 - NOx Maintenance		92,238.51				92,238.51
<b>Total 2001 Plan O&amp;M Expenses</b>		<b>245,051.18</b>				<b>245,051.18</b>
<b>2005 Plan</b>						
502006 - Scrubber Operations	-	251,446.60				251,446.60
512005 - Scrubber Maintenance	-	118,686.66				118,686.66
<b>Total 2005 Plan O&amp;M Expenses</b>	-	<b>370,133.26</b>				<b>370,133.26</b>
<b>2006 Plan</b>						
506109 - Sorbent Injection Operation		535,192.35			-	535,192.35
512102 - Sorbent Injection Maintenance		7,248.63			-	7,248.63
506110 - Mercury Monitors Operation	-	-	-	-	-	0.00
512103 - Mercury Monitors Maintenance	-	-	-	-	-	0.00
506104 - NOx Operation -- Consumables					-	0.00
506105 - NOx Operation -- Labor and Other					-	0.00
512101 - NOx Maintenance					-	0.00
502006 - Scrubber Operations					-	0.00
512005 - Scrubber Maintenance					-	0.00
506001 - Precipitator Operation					-	0.00
506111 - Activated Carbon					-	0.00
512011 - Precipitator Maintenance					-	0.00
<b>Total 2006 Plan O&amp;M Expenses</b>	-	<b>542,440.98</b>	-	-	-	<b>542,440.98</b>
<b>2009 Plan</b>						
506104 - NOx Operation -- Consumables	-					-
506105 - NOx Operation -- Labor and Other	-					-
512101 - NOx Maintenance	-					-
506109 - Sorbent Injection Operation						-
512102 - Sorbent Injection Maintenance						-
502012 - ECR Landfill Operations		-			-	-
512105 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-			-	-
<b>Total 2009 Plan O&amp;M Expenses</b>	-	<b>0.00</b>			-	<b>0.00</b>
<b>Current Month O&amp;M Expense for All Plans</b>	-	<b>1,157,625.42</b>	-	-	-	<b>1,157,625.42</b>

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**CCP Disposal Facilities Expenses**  
**For the Month Ended: April 30, 2010**

On-Site CCP Disposal O&M Expense	Ghent	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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Beneficial Reuse - Operations & Maintenance Expenses  
For the Month Ended: April 30, 2010**

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			\$ -

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse Opportunities  
For the Month Ended: April 30, 2010

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	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 33						
(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 33 [(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIU C Question No. 20  
Page 16 of 500  
County

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



### KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Monthly Average Revenue Computation of R (m)

For the Month Ended: April 30, 2010

(1)	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues	Total Company Revenues	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Total Including Off-System Sales (See Note 1)	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)
May-09	\$ 69,322,766	\$ 4,718,187	\$ 629,731	\$ 6,846,073	\$ 81,516,758	\$ 74,670,685	\$ 13,588,043	\$ 95,104,801	\$ 88,258,728
Jun-09	81,386,154	3,830,509	792,159	9,264,170	95,272,992	86,008,822	12,312,017	107,585,009	98,320,839
Jul-09	82,059,052	(1,701,153)	905,261	9,580,287	90,843,447	81,263,160	14,094,535	104,937,982	95,357,695
Aug-09	85,508,922	5,150,078	859,304	8,912,825	100,431,129	91,518,304	13,601,717	114,032,846	105,120,021
Sep-09	88,427,592	1,900,063	836,711	10,484,635	101,649,001	91,164,366	12,602,250	114,251,251	103,766,616
Oct-09	83,446,599	2,469,239	680,516	10,195,905	96,792,259	86,596,354	12,439,021	109,231,280	99,035,375
Nov-09	71,835,175	914,191	665,925	8,221,127	81,636,418	73,415,291	12,421,381	94,057,799	85,836,672
Dec-09	91,427,506	276,949	992,422	11,126,810	103,823,687	92,696,877	17,851,202	121,674,889	110,548,079
Jan-10	108,008,979	(2,482,512)	1,958,642	14,951,912	122,437,021	107,485,109	19,926,620	142,363,641	127,411,729
Feb-10	106,658,969	886,866	1,685,828	13,417,060	122,648,723	109,231,663	24,442,776	147,091,499	133,674,439
Mar-10	99,982,694	3,785,949	1,520,431	11,257,977	116,547,052	105,289,075	12,638,911	129,185,963	117,927,986
Apr-10	88,966,697	(74,718)	1,213,575	(2,363,973)	87,741,581	90,105,554	13,019,730	100,761,311	103,125,284
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 90,787,105			
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									87.37%
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$		-

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended: April 30, 2010

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 88,966,697	\$ 88,966,697
Fuel Adjustment Clause	\$ (74,718)	\$ (74,718)
DSM	\$ 1,213,575	\$ 1,213,575
Environmental Surcharge		\$ (2,363,973)
CSR Credits		\$ (931,115)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 90,105,554	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 201	\$ 201
Virginia Retail	\$ 5,709,762	\$ 5,709,762
Wholesale	\$ 6,684,941	\$ 6,684,941
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 624,826	\$ 624,826
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 13,019,730	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 103,125,285	
<b>Reconciling Revenues</b>		
Brokered	\$ -	\$ -
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (7,228,101)
Provision for Refund		\$ -
Miscellaneous		\$ 11,143,953
Total Company Revenues per Income Statement =		\$ 103,746,049



RECEIVED

JUN 18 2010

PUBLIC SERVICE  
COMMISSION

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

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

June 19, 2010

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
robert.conroy@eon-us.com

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of May 2010. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2009-00501, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after June 29, 2010.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', written over a horizontal line.

Robert M. Conroy

Enclosures

ES FORM 1.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

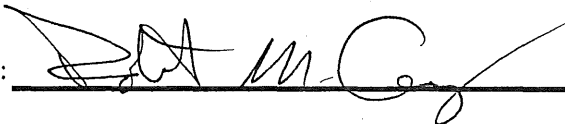
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of May 2010**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 5,960,363

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 6.51%

Effective Date for Billing: July billing cycle beginning June 29, 2010

Submitted by:



Title: Director, Rates

Date Submitted: June 18, 2010

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of May 2010

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

		Environmental Compliance Plans	
(1)	RB	= \$	1,355,942,350
(2)	RB / 12	= \$	112,995,196
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.12%
(4)	OE	= \$	4,191,416
(5)	BAS	= \$	(6,404)
(6)	BR	= \$	-
(7)	E(m)	= \$	16,762,886
			$(2) \times (3) + (4) - (5) + (6)$

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	86.68%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	14,530,070
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 09-310 & 09-501	=	1,254,646
(11)	Prior Period Adjustment (if necessary)	=	
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	15,784,716
(13)	Revenue Collected through Base Rates	= \$	9,824,353
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	5,960,363
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	91,514,672
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) + (15)]	=	6.51%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of May 2010

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 871,228,077	
Eligible Pollution CWIP Excluding AFUDC	665,976,154	
Subtotal		\$ 1,537,204,231
Additions:		
Inventory - Limestone	\$ 470,137	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	740,520	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	671,105	
Cash Working Capital Allowance	1,968,249	
Subtotal		3,033,018
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	89,088,139	
Pollution Control Deferred Income Taxes	66,756,046	
Pollution Control Deferred Investment Tax Credit	28,450,714	
Subtotal		184,294,899
Environmental Compliance Rate Base		\$ 1,355,942,350

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,419,088
Monthly Depreciation & Amortization Expense	2,565,514
Monthly Taxes Other Than Income Taxes	174,960
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	36,716
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	31,854
Monthly Surcharge Consultant Fee	
Total Pollution Control Operations Expense	\$ 4,191,416

**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	44,194	50,597	(6,404)
Total Proceeds from Sales	\$ 44,194	\$ 50,597	\$ (6,404)

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: May 31, 2010**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	72,004.36	34,605.00		49,130.00	57,479.36	
Dollars	\$ 590,112.50	\$ 284,395.38	\$ -	\$ 404,370.44	\$ 470,137.44	
\$/Ton	\$ 8.20	\$ 8.22		\$8.23	\$8.18	
At E.W. Brown:						
Tons	1,879.77	7,942.23	(2,883.00)		6,939.00	Adjustment for limestone converted to slurry
Dollars	\$ 21,091.01	\$ 89,350.12	\$ (32,417.20)	\$ -	\$ 78,023.93	for testing purposes
\$/Ton	\$ 11.22	\$ 11.25	\$ 11.24		\$ 11.24	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 471,688.03

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: May 31, 2010

(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	Unamortized ITC as of 5/31/2010	Deferred Tax Balance as of 5/31/2010	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ 9,775,541	\$ 1,692,824	\$ -	\$ 8,082,717	\$ -	\$ 1,198,990	\$ 20,725	\$ 1,023
Project 17 - KU Nox SCR's	\$ 216,964,277	\$ 35,146,225	\$ 1,142,172	\$ 182,960,224	\$ -	\$ 31,810,767	\$ 558,726	\$ 23,219
Subtotal	\$ 226,739,818	\$ 36,839,049	\$ 1,142,172	\$ 191,042,941	\$ -	\$ 33,009,756	\$ 579,451	\$ 24,243
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ (2,720,546)	\$ (961,856)	\$ -	\$ (1,758,690)	\$ -	\$ (224,168)	\$ (6,740)	\$ (220)
<b>Net Total - 2001 Plan:</b>	\$ 224,019,272	\$ 35,877,193	\$ 1,142,172	\$ 189,284,251	\$ -	\$ 32,785,588	\$ 572,711	\$ 24,023
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ 16,148,295	\$ 2,388,333	\$ -	\$ 13,759,962	\$ -	\$ 2,470,485	\$ 37,545	\$ 1,743
Subtotal	\$ 16,148,295	\$ 2,388,333	\$ -	\$ 13,759,962	\$ -	\$ 2,470,485	\$ 37,545	\$ 1,743
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ 16,148,295	\$ 2,388,333	\$ -	\$ 13,759,962	\$ -	\$ 2,470,485	\$ 37,545	\$ 1,743
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 54,611	\$ -	\$ 780,435	\$ -	\$ 62,073	\$ 1,941	\$ 99
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 19,697,162	\$ 1,152,530	\$ 31,922,967	\$ 50,467,599	\$ -	\$ 1,735,441	\$ 45,960	\$ 5,814
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 600,184,169	\$ 51,428,847	\$ 425,313,948	\$ 974,069,270	\$ -	\$ 30,001,761	\$ 1,886,360	\$ 117,718
Subtotal	\$ 620,716,377	\$ 52,635,988	\$ 457,236,915	\$ 1,025,317,303	\$ -	\$ 31,799,275	\$ 1,934,261	\$ 123,630
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,707,385)	\$ (2,225,592)	\$ -	\$ (2,481,793)	\$ -	\$ (840,847)	\$ (8,731)	\$ (310)
<b>Net Total - 2005 Plan:</b>	\$ 616,008,992	\$ 50,410,397	\$ 457,236,915	\$ 1,022,835,510	\$ -	\$ 30,958,428	\$ 1,925,531	\$ 123,320



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: May 31, 2010

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC  as of 5/31/2010	(7) Deferred Tax Balance  as of 5/31/2010	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ -	\$ -	\$ 189,671,429	\$ 189,671,429	\$ 28,450,714	\$ -	\$ -	\$ 23,194
Project 24 - Sorbent Injection	\$ 12,751,272	\$ 333,201	\$ -	\$ 12,418,071	\$ -	\$ 482,818	\$ 23,139	\$ 1,563
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 78,944	\$ -	\$ 953,009	\$ -	\$ 41,896	\$ 3,424	\$ 121
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,354,119	\$ 50,811	\$ (11,063)	\$ 1,292,246	\$ -	\$ 25,251	\$ 3,388	\$ 164
Subtotal	\$ 15,137,344	\$ 462,955	\$ 189,660,366	\$ 204,334,755	\$ 28,450,714	\$ 549,966	\$ 29,951	\$ 25,042
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (85,826)	\$ (50,739)	\$ -	\$ (35,087)	\$ -	\$ (8,421)	\$ (223)	\$ (42)
<b>Net Total - 2006 Plan:</b>	\$ 15,051,518	\$ 412,216	\$ 189,660,366	\$ 204,299,669	\$ 28,450,714	\$ 541,545	\$ 29,727	\$ 25,000
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 7,085,567	\$ 7,085,567	\$ -	\$ -	\$ -	\$ 88
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 124,756	\$ 124,756	\$ -	\$ -	\$ -	\$ 3
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 8,946,090	\$ 8,946,090	\$ -	\$ -	\$ -	\$ 680
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 1,052,388	\$ 1,052,388	\$ -	\$ -	\$ -	\$ 103
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 727,900	\$ 727,900	\$ -	\$ -	\$ -	\$ -
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 17,936,700	\$ 17,936,700	\$ -	\$ -	\$ -	\$ 874
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 17,936,700	\$ 17,936,700	\$ -	\$ -	\$ -	\$ 874
<b>Net Total - All Plans:</b>	\$ 871,228,077	\$ 89,088,139	\$ 665,976,154	\$ 1,448,116,093	\$ 28,450,714	\$ 66,756,046	\$ 2,565,514	\$ 174,960

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

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Inventory of Emission Allowances

For the Month Ended: May 31, 2010

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	82,990	12,210	10,192	\$ 709,337.28	\$ -	\$ 32,038.40	
2011	77,535	15,158	6,683				
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030 - 2039	775,350						

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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year**

For the Expense Month of May 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	86,962	0	3,972	0	0	82,990	
Dollars	\$ 743,287.01	\$ -	\$ 33,949.73	\$ -	\$ -	\$ 709,337.28	
\$/Allowance	\$ 8.55	\$ -	\$ 8.55	\$ -	\$ -	\$ 8.55	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	86,924	-	3,972	-	-	82,952	
Dollars	\$ 742,962.21	\$ -	\$ 33,949.73	\$ -	\$ -	\$ 709,012.48	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	38	-	-	-	-	38	
Dollars	\$ 324.80	\$ -	\$ -	\$ -	\$ -	\$ 324.80	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E</b>							
Quantity	0	0				0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of May 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	11,076	0	880	4	0	10,192	
Dollars	\$ 34,817.24	\$ -	\$ 2,766.27	\$ 12.57	\$ -	\$ 32,038.40	
\$/Allowance	\$ 3.14	\$ -	\$ 3.14	\$ 3.14	\$ -	\$ 3.14	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	10,903	-	880	-	-	10,023	
Dollars	\$ 34,273.42	\$ -	\$ 2,766.27	\$ -	\$ -	\$ 31,507.15	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	173	-	-	4	-	169	
Dollars	\$ 543.82	\$ -	\$ -	\$ 12.57	\$ -	\$ 531.25	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of May 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	13,094	0	880	4	0	12,210	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	12,888	-	880	-	-	12,008	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	206	0	0	4	0	202	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: May 31, 2010

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,184,920
10th Previous Month	1,045,141
9th Previous Month	1,340,451
8th Previous Month	1,286,063
7th Previous Month	1,311,386
6th Previous Month	1,277,270
5th Previous Month	1,418,483
4th Previous Month	1,495,108
3rd Previous Month	1,447,263
2nd Previous Month	1,363,192
Previous Month	1,157,625
Current Month	1,419,088
<b>Total 12 Month O&amp;M</b>	<b>\$ 15,745,990</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 15,745,990
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 1,968,249</b>

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Pollution Control - Operations & Maintenance Expenses**

For the Month Ended: May 31, 2010

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506104 - NOx Operation -- Consumables		220,715.56				220,715.56
506105 - NOx Operation -- Labor and Other		0.00				0.00
512101 - NOx Maintenance		9,593.14				9,593.14
<b>Total 2001 Plan O&amp;M Expenses</b>		<b>230,308.70</b>				<b>230,308.70</b>
<b>2005 Plan</b>						
502006 - Scrubber Operations	-	349,019.84				349,019.84
512005 - Scrubber Maintenance	-	105,636.14				105,636.14
<b>Total 2005 Plan O&amp;M Expenses</b>	<b>-</b>	<b>454,655.98</b>				<b>454,655.98</b>
<b>2006 Plan</b>						
506109 - Sorbent Injection Operation		712,616.34			-	712,616.34
512102 - Sorbent Injection Maintenance		21,507.03			-	21,507.03
506110 - Mercury Monitors Operation	-	-	-	-	-	0.00
512103 - Mercury Monitors Maintenance	-	-	-	-	-	0.00
506104 - NOx Operation -- Consumables					-	0.00
506105 - NOx Operation -- Labor and Other					-	0.00
512101 - NOx Maintenance					-	0.00
502006 - Scrubber Operations					-	0.00
512005 - Scrubber Maintenance					-	0.00
506001 - Precipitator Operation					-	0.00
506111 - Activated Carbon					-	0.00
512011 - Precipitator Maintenance					-	0.00
<b>Total 2006 Plan O&amp;M Expenses</b>	<b>-</b>	<b>734,123.37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>734,123.37</b>
<b>2009 Plan</b>						
506104 - NOx Operation -- Consumables	-					-
506105 - NOx Operation -- Labor and Other	-					-
512101 - NOx Maintenance	-					-
506109 - Sorbent Injection Operation						-
512102 - Sorbent Injection Maintenance						-
502012 - ECR Landfill Operations		-			-	-
512105 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)						-
<b>Total 2009 Plan O&amp;M Expenses</b>	<b>-</b>	<b>0.00</b>				<b>0.00</b>
<b>Current Month O&amp;M Expense for All Plans</b>	<b>-</b>	<b>1,419,088.05</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,419,088.05</b>

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: May 31, 2010

On-Site CCP Disposal O&M Expense	Ghent	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.



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Beneficial Reuse - Operations & Maintenance Expenses**

**For the Month Ended: May 31, 2010**

Third Party	O&M Expense Account	Plant	Total O&M
<b>Total Monthly Beneficial Reuse Expense</b>			\$ -
<b>Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)</b>			\$ -
<b>Net Beneficial Reuse O&amp;M Expense</b>			\$ -

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse Opportunities  
For the Month Ended: May 31, 2010

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)</b>						
(1) 12 Months Ending with Expense Month	\$ -	\$ -	\$ -	\$ -	\$ -	
(2) Monthly Amount [(1) / 12]	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>2009 Plan Project 33</b>						
(3) Monthly Amount (Expense/Revenue)	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Beneficial Reuse - Generating Station</b>						
(4) Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Beneficial Reuse in Base Rates</b>						
(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 33 [(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIU-C Question No. 20  
Page 34 of 500  
Conroy

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**  
Monthly Average Revenue Computation of R (m)

For the Month Ended: May 31, 2010

(1)	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues	Total Company Revenues	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total	Total Excluding Environmental Surcharge	Total Including Off-System Sales	Total	Total Excluding Environmental Surcharge
					(2)+(3)+(4)+(5)	(6)-(5)	(See Note 1)	(6)+(8)	(9)-(5)
Jun-09	\$ 81,386,154	\$ 3,830,509	\$ 792,159	\$ 9,264,170	\$ 95,272,992	\$ 86,008,822	\$ 12,312,017	\$ 107,585,009	\$ 98,320,839
Jul-09	82,059,052	(1,701,153)	905,261	9,580,287	90,843,447	81,263,160	14,094,535	104,937,982	95,357,695
Aug-09	85,508,922	5,150,078	859,304	8,912,825	100,431,129	91,518,304	13,601,717	114,032,846	105,120,021
Sep-09	88,427,592	1,900,063	836,711	10,484,635	101,649,001	91,164,366	12,602,250	114,251,251	103,766,616
Oct-09	83,446,599	2,469,239	680,516	10,195,905	96,792,259	86,596,354	12,439,021	109,231,280	99,035,375
Nov-09	71,835,175	914,191	665,925	8,221,127	81,636,418	73,415,291	12,421,381	94,057,798	85,836,671
Dec-09	91,427,506	276,949	992,422	11,126,810	103,823,687	92,696,877	17,851,202	121,674,889	110,548,079
Jan-10	108,008,979	(2,482,512)	1,958,642	14,951,912	122,437,021	107,485,109	19,926,620	142,363,641	127,411,729
Feb-10	106,658,969	886,866	1,685,828	13,417,060	122,648,723	109,231,663	24,442,776	147,091,499	133,674,439
Mar-10	99,982,694	3,785,949	1,520,431	11,257,977	116,547,052	105,289,075	12,638,911	129,185,963	117,927,986
Apr-10	88,966,697	(74,718)	1,213,575	(2,363,973)	87,741,581	90,105,554	13,019,730	100,761,312	103,125,285
May-10	82,226,032	149,083	1,026,376	1,775,548	85,177,039	83,401,491	12,813,334	97,990,373	96,214,825
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 91,514,672			
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									86.68%
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$ 6,349.04	

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended: May 31, 2010

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 82,226,032	\$ 82,226,032
Fuel Adjustment Clause	\$ 149,083	\$ 149,083
DSM	\$ 1,026,376	\$ 1,026,376
Environmental Surcharge		\$ 1,775,548
CSR Credits		\$ (442,310)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 83,401,492	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 156	\$ 156
Virginia Retail	\$ 3,917,665	\$ 3,917,665
Wholesale	\$ 7,655,939	\$ 7,655,939
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 1,239,574	\$ 1,239,574
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 12,813,334	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 96,214,826	
<b>Reconciling Revenues</b>		
Brokered	\$ 6,349	\$ 6,349
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 13,068,000
Provision for Refund		\$ 987,769
Miscellaneous		\$ 4,142,803
Total Company Revenues per Income Statement =		\$ 115,752,985



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

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

**RECEIVED**

**JUL 19 2010**

**PUBLIC SERVICE  
COMMISSION**

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
robert.conroy@eon-us.com

July 19, 2010

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of June 2010. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2009-00501, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after July 29, 2010.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert M. Conroy', is written over a horizontal line.

Robert M. Conroy

Enclosures

ES FORM 1.00


**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of June 2010**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 4,104,003

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 4.44%

Effective Date for Billing: August billing cycle beginning July 29, 2010

Submitted by:   
\_\_\_\_\_

Title: Director, Rates

Date Submitted: July 19, 2010

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of June 2010

**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

		Environmental Compliance Plans
(1) RB	= \$	1,361,085,613
(2) RB / 12	= \$	113,423,801
(3) (ROR + (ROR - DR) (TR / (1 - TR)))	=	11.12%
(4) OE	= \$	4,940,046
(5) BAS	= \$	(7,711)
(6) BR	= \$	-
(7) E(m)	(2) x (3) + (4) - (5) + (6)	17,560,484

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	86.14%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	15,126,601
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 09-310 & 09-501	=	617,651
(11)	Prior Period Adjustment (if necessary)	=	
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	15,744,252
(13)	Revenue Collected through Base Rates	= \$	11,640,249
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	4,104,003
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	92,476,215
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	4.44%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of June 2010

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,241,511,786	
Eligible Pollution CWIP Excluding AFUDC	306,798,153	
Subtotal		\$ 1,548,309,939
Additions:		
Inventory - Limestone	\$ 625,615	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	692,218	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	622,803	
Cash Working Capital Allowance	2,019,910	
Subtotal		3,191,854
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	91,879,000	
Pollution Control Deferred Income Taxes	69,858,817	
Pollution Control Deferred Investment Tax Credit	28,678,363	
Subtotal		190,416,180
Environmental Compliance Rate Base		\$ 1,361,085,613

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,598,206
Monthly Depreciation & Amortization Expense	3,123,462
Monthly Taxes Other Than Income Taxes	174,939
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	48,301
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	43,439
Monthly Surcharge Consultant Fee	
Total Pollution Control Operations Expense	\$ 4,940,046

**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	42,886	50,597	(7,711)
Total Proceeds from Sales	\$ 42,886	\$ 50,597	\$ (7,711)



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: June 30, 2010**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	57,479.36	49,301.00		47,171.00	59,609.36	
Dollars	\$ 470,137.44	\$ 399,082.28	\$ -	\$ 386,100.78	\$ 483,118.94	
\$/Ton	\$ 8.18	\$ 8.09		\$8.19	\$8.10	
At E.W. Brown:						
Tons	6,939.00	11,420.74	(2,883.00)	2,808.00	12,668.74	Adjustment for limestone converted to slurry
Dollars	\$ 78,023.93	\$ 128,483.36	\$ (32,417.20)	\$ 31,594.21	\$ 142,495.88	for testing purposes
\$/Ton	\$ 11.24	\$ 11.25	\$ 11.24	\$11.25	\$ 11.25	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 549,141.48

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: June 30, 2010

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC as of 6/30/2010	(7) Deferred Tax Balance as of 6/30/2010	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ 9,775,541	\$ 1,713,549	\$ -	\$ 8,061,992	\$ -	\$ 1,205,065	\$ 20,725	\$ 1,023
Project 17 - KU Nox SCR's	\$ 216,964,277	\$ 35,704,951	\$ 1,142,172	\$ 182,401,499	\$ -	\$ 31,853,271	\$ 558,726	\$ 23,219
Subtotal	\$ 226,739,818	\$ 37,418,500	\$ 1,142,172	\$ 190,463,490	\$ -	\$ 33,058,336	\$ 579,451	\$ 24,243
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ (2,720,546)	\$ (961,856)	\$ -	\$ (1,758,690)	\$ -	\$ (224,168)	\$ (6,740)	\$ (220)
<b>Net Total - 2001 Plan:</b>	<b>\$ 224,019,272</b>	<b>\$ 36,456,644</b>	<b>\$ 1,142,172</b>	<b>\$ 188,704,800</b>	<b>\$ -</b>	<b>\$ 32,834,168</b>	<b>\$ 572,711</b>	<b>\$ 24,023</b>
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ 16,148,295	\$ 2,425,878	\$ -	\$ 13,722,417	\$ -	\$ 2,474,561	\$ 37,545	\$ 1,743
Subtotal	\$ 16,148,295	\$ 2,425,878	\$ -	\$ 13,722,417	\$ -	\$ 2,474,561	\$ 37,545	\$ 1,743
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	<b>\$ 16,148,295</b>	<b>\$ 2,425,878</b>	<b>\$ -</b>	<b>\$ 13,722,417</b>	<b>\$ -</b>	<b>\$ 2,474,561</b>	<b>\$ 37,545</b>	<b>\$ 1,743</b>
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 56,553	\$ -	\$ 778,493	\$ -	\$ 63,743	\$ 1,941	\$ 99
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 19,697,162	\$ 1,198,490	\$ 32,859,687	\$ 51,358,359	\$ -	\$ 1,811,241	\$ 45,960	\$ 5,814
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 970,835,852	\$ 53,867,612	\$ 61,499,611	\$ 978,467,850	\$ -	\$ 32,937,102	\$ 2,438,766	\$ 117,718
Subtotal	\$ 991,368,060	\$ 55,122,655	\$ 94,359,298	\$ 1,030,604,702	\$ -	\$ 34,812,086	\$ 2,486,667	\$ 123,630
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,707,385)	\$ (2,225,592)	\$ -	\$ (2,481,793)	\$ -	\$ (840,847)	\$ (8,731)	\$ (310)
<b>Net Total - 2005 Plan:</b>	<b>\$ 986,660,675</b>	<b>\$ 52,897,064</b>	<b>\$ 94,359,298</b>	<b>\$ 1,028,122,909</b>	<b>\$ -</b>	<b>\$ 33,971,238</b>	<b>\$ 2,477,936</b>	<b>\$ 123,320</b>

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: June 30, 2010

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC as of 6/30/2010	(7) Deferred Tax Balance as of 6/30/2010	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ -	\$ -	\$ 191,189,088	\$ 191,189,088	\$ 28,678,363	\$ -	\$ -	\$ 23,194
Project 24 - Sorbent Injection	\$ 12,751,272	\$ 362,799	\$ -	\$ 12,388,473	\$ -	\$ 521,895	\$ 29,598	\$ 1,563
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 82,368	\$ -	\$ 949,585	\$ -	\$ 43,751	\$ 3,424	\$ 121
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 54,193	\$ -	\$ 1,294,972	\$ -	\$ 27,201	\$ 3,382	\$ 164
Subtotal	\$ 15,132,390	\$ 499,360	\$ 191,189,088	\$ 205,822,118	\$ 28,678,363	\$ 592,846	\$ 36,404	\$ 25,042
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 14,683,544	\$ 99,415	\$ 191,189,088	\$ 205,773,217	\$ 28,678,363	\$ 578,850	\$ 35,270	\$ 24,979
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 8,211,285	\$ 8,211,285	\$ -	\$ -	\$ -	\$ 88
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 313,291	\$ 313,291	\$ -	\$ -	\$ -	\$ 3
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 9,375,493	\$ 9,375,493	\$ -	\$ -	\$ -	\$ 680
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 1,364,885	\$ 1,364,885	\$ -	\$ -	\$ -	\$ 103
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 842,640	\$ 842,640	\$ -	\$ -	\$ -	\$ -
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 20,107,596	\$ 20,107,596	\$ -	\$ -	\$ -	\$ 874
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 20,107,596	\$ 20,107,596	\$ -	\$ -	\$ -	\$ 874
<b>Net Total - All Plans:</b>	\$ 1,241,511,786	\$ 91,879,000	\$ 306,798,153	\$ 1,456,430,939	\$ 28,678,363	\$ 69,858,817	\$ 3,123,462	\$ 174,939

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

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Inventory of Emission Allowances

For the Month Ended: June 30, 2010

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	77,920	10,622	8,604	\$ 666,002.65	-	\$ 27,046.54	
2011	77,535	15,158	6,683				
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030 - 2040	852,885						

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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of June 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	82,990	0	5,070	0	0	77,920	
Dollars	\$ 709,337.28	\$ -	\$ 43,334.63	\$ -	\$ -	\$ 666,002.65	
\$/Allowance	\$ 8.55	\$ -	\$ 8.55	\$ -	\$ -	\$ 8.55	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	82,952	-	5,070	-	-	77,882	
Dollars	\$ 709,012.48	\$ -	\$ 43,334.63	\$ -	\$ -	\$ 665,677.85	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	38	-	-	-	-	38	
Dollars	\$ 324.80	\$ -	\$ -	\$ -	\$ -	\$ 324.80	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E</b>							
Quantity	0	0				0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of June 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	10,192	0	1,580	8	0	8,604	
Dollars	\$ 32,038.40	\$ -	\$ 4,966.71	\$ 25.15	\$ -	\$ 27,046.54	
\$/Allowance	\$ 3.14	\$ -	\$ 3.14	\$ 3.14	\$ -	\$ 3.14	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	10,023	-	1,580	-	-	8,443	
Dollars	\$ 31,507.15	\$ -	\$ 4,966.71	\$ -	\$ -	\$ 26,540.44	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	169	-	-	8	-	161	
Dollars	\$ 531.25	\$ -	\$ -	\$ 25.15	\$ -	\$ 506.10	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of June 2010

	Beginning Inventory	Allocations/ Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	12,210	0	1,580	8	0	10,622	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	12,008	-	1,580	-	-	10,428	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	202	0	0	8	0	194	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: June 30, 2010

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,045,141
10th Previous Month	1,340,451
9th Previous Month	1,286,063
8th Previous Month	1,311,386
7th Previous Month	1,277,270
6th Previous Month	1,418,483
5th Previous Month	1,495,108
4th Previous Month	1,447,263
3rd Previous Month	1,363,192
2nd Previous Month	1,157,625
Previous Month	1,419,088
Current Month	1,598,206
Total 12 Month O&M	\$ 16,159,276

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 16,159,276
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 2,019,910



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Pollution Control - Operations & Maintenance Expenses

For the Month Ended: June 30, 2010

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506104 - NOx Operation -- Consumables		269,562.44				269,562.44
506105 - NOx Operation -- Labor and Other		0.00				0.00
512101 - NOx Maintenance		16,068.93				16,068.93
Total 2001 Plan O&M Expenses		285,631.37				285,631.37
<b>2005 Plan</b>						
502006 - Scrubber Operations	64,011	300,664.80				364,676.21
512005 - Scrubber Maintenance	23,875	137,787.90				161,662.95
Total 2005 Plan O&M Expenses	87,886	438,452.70				526,339.16
<b>2006 Plan</b>						
506109 - Sorbent Injection Operation		759,014.78			-	759,014.78
512102 - Sorbent Injection Maintenance		27,220.77			-	27,220.77
506110 - Mercury Monitors Operation	-	-	-	-	-	0.00
512103 - Mercury Monitors Maintenance	-	-	-	-	-	0.00
506104 - NOx Operation -- Consumables					-	0.00
506105 - NOx Operation -- Labor and Other					-	0.00
512101 - NOx Maintenance					-	0.00
502006 - Scrubber Operations					-	0.00
512005 - Scrubber Maintenance					-	0.00
506001 - Precipitator Operation					-	0.00
506111 - Activated Carbon					-	0.00
512011 - Precipitator Maintenance					-	0.00
Total 2006 Plan O&M Expenses	-	786,235.55	-	-	-	786,235.55
<b>2009 Plan</b>						
506104 - NOx Operation -- Consumables	-					-
506105 - NOx Operation -- Labor and Other	-					-
512101 - NOx Maintenance	-					-
506109 - Sorbent Injection Operation						-
512102 - Sorbent Injection Maintenance						-
502012 - ECR Landfill Operations		-			-	-
512105 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-			-	-
Total 2009 Plan O&M Expenses	-	0.00			-	0.00
Current Month O&M Expense for All Plans	87,886	1,510,319.62	-	-	-	1,598,206.08

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**CCP Disposal Facilities Expenses**  
**For the Month Ended: June 30, 2010**

On-Site CCP Disposal O&M Expense	Ghent	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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Beneficial Reuse - Operations & Maintenance Expenses**

**For the Month Ended: June 30, 2010**

Third Party	O&M Expense Account	Plant	Total O&M
<b>Total Monthly Beneficial Reuse Expense</b>			\$ -
<b>Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)</b>			\$ -
<b>Net Beneficial Reuse O&amp;M Expense</b>			\$ -

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Beneficial Reuse Opportunities  
For the Month Ended: June 30, 2010

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	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 33						
(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 33 [(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIU C Question No. 20  
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Cantoy

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**  
Monthly Average Revenue Computation of R (m)

For the Month Ended: June 30, 2010

(1)	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues	Total Company Revenues	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Total Including Off-System Sales (See Note 1)	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)
Jul-09	\$ 82,059,052	\$ (1,701,153)	\$ 905,261	\$ 9,580,287	\$ 90,843,447	\$ 81,263,160	\$ 14,094,535	\$ 104,937,982	\$ 95,357,695
Aug-09	85,508,922	5,150,078	859,304	8,912,825	100,431,129	91,518,304	13,601,717	114,032,846	105,120,021
Sep-09	88,427,592	1,900,063	836,711	10,484,635	101,649,001	91,164,366	12,602,250	114,251,251	103,766,616
Oct-09	83,446,599	2,469,239	680,516	10,195,905	96,792,259	86,596,354	12,439,021	109,231,280	99,035,375
Nov-09	71,835,175	914,191	665,925	8,221,127	81,636,418	73,415,291	12,421,381	94,057,798	85,836,671
Dec-09	91,427,506	276,949	992,422	11,126,810	103,823,687	92,696,877	17,851,202	121,674,889	110,548,079
Jan-10	108,008,979	(2,482,512)	1,958,642	14,951,912	122,437,021	107,485,109	19,926,620	142,363,641	127,411,729
Feb-10	106,658,969	886,866	1,685,828	13,417,060	122,648,723	109,231,663	24,442,776	147,091,499	133,674,439
Mar-10	99,982,694	3,785,949	1,520,431	11,257,977	116,547,052	105,289,075	12,638,911	129,185,963	117,927,986
Apr-10	88,966,697	(74,718)	1,213,575	(2,363,973)	87,741,581	90,105,554	13,019,730	100,761,312	103,125,285
May-10	82,226,032	149,083	1,026,376	1,775,548	85,177,039	83,401,492	12,813,334	97,990,373	96,214,825
Jun-10	97,262,931	(1,166,523)	1,450,927	8,898,569	106,445,904	97,547,335	15,690,999	122,136,903	113,238,334
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 92,476,215			
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									
									86.14%
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$ 1,950.45	

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended: June 30, 2010

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 97,262,931	\$ 97,262,931
Fuel Adjustment Clause	\$ (1,166,523)	\$ (1,166,523)
DSM	\$ 1,450,927	\$ 1,450,927
Environmental Surcharge		\$ 8,898,569
CSR Credits		\$ (447,436)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 97,547,335	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 214	\$ 214
Virginia Retail	\$ 5,229,164	\$ 5,229,164
Wholesale	\$ 10,086,068	\$ 10,086,068
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 375,553	\$ 375,553
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 15,690,999	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 113,238,334	
<b>Reconciling Revenues</b>		
Brokered	\$ 1,950	\$ 1,950
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 8,971,000
Provision for Refund		\$ (632,390)
Miscellaneous		\$ 843,986
Total Company Revenues per Income Statement =		\$ 130,874,013



an **e-on** company

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

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

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**AUG 20 2010**

**PUBLIC SERVICE  
COMMISSION**

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
robert.conroy@eon-us.com

August 20, 2010

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of July 2010. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2009-00501, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after August 30, 2010.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy'. The signature is fluid and cursive, with a large loop at the end.

Robert M. Conroy

Enclosures

ES FORM 1.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

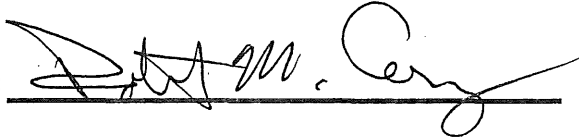
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of July 2010**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 3,441,247

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 3.62%

Effective Date for Billing: September billing cycle beginning August 30, 2010

Submitted by:



Title: Director, Rates

Date Submitted: August 20, 2010



**KENTUCKY UTILITIES COMPANY  
 ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of July 2010

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

		Environmental Compliance Plans	
(1)	RB	= \$	1,360,915,177
(2)	RB / 12	= \$	113,409,598
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.12%
(4)	OE	= \$	5,574,316
(5)	BAS	= \$	(7,559)
(6)	BR	= \$	-
(7)	E(m)	= \$	18,193,022
			$(2) \times (3) + (4) - (5) + (6)$

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	86.06%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	15,656,915
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 09-310 & 09-501	=	617,651
(11)	Prior Period Adjustment (if necessary)	=	
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	16,274,566
(13)	Revenue Collected through Base Rates	= \$	12,833,319
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	3,441,247
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	94,995,288
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	3.62%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of July 2010

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,241,511,786	
Eligible Pollution CWIP Excluding AFUDC	313,042,837	
Subtotal		\$ 1,554,554,623
Additions:		
Inventory - Limestone	\$ 781,316	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	641,094	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	571,679	
Cash Working Capital Allowance	2,098,945	
Subtotal		3,375,467
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	95,571,467	
Pollution Control Deferred Income Taxes	72,752,280	
Pollution Control Deferred Investment Tax Credit	28,691,166	
Subtotal		197,014,913
Environmental Compliance Rate Base		\$ 1,360,915,177

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,677,427
Monthly Depreciation & Amortization Expense	3,675,862
Monthly Taxes Other Than Income Taxes	174,939
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	50,950
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	46,088
Monthly Surcharge Consultant Fee	
Total Pollution Control Operations Expense	\$ 5,574,316

**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	43,038	50,597	(7,559)
Total Proceeds from Sales	\$ 43,038	\$ 50,597	\$ (7,559)

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: July 31, 2010**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	59,609.36	68,681.00		47,441.00	80,849.36	
Dollars	\$ 483,118.94	\$ 558,372.82	\$ -	\$ 385,687.38	\$ 655,804.38	
\$/Ton	\$ 8.10	\$ 8.13		\$8.13	\$8.11	
At E. W. Brown:						
Tons	12,668.74	3,677.95		5,204.00	11,142.69	
Dollars	\$ 142,495.88	\$ 41,634.40	\$ -	\$ 58,618.22	\$ 125,512.06	
\$/Ton	\$ 11.25	\$ 11.32		\$11.26	\$ 11.26	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 704,843.10

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: July 31, 2010

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC as of 7/31/2010	(7) Deferred Tax Balance as of 7/31/2010	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ 9,775,541	\$ 1,734,275	\$ -	\$ 8,041,266	\$ -	\$ 1,211,141	\$ 20,725	\$ 1,023
Project 17 - KU Nox SCR's	\$ 216,964,277	\$ 36,263,676	\$ 1,142,172	\$ 181,842,773	\$ -	\$ 31,895,774	\$ 558,726	\$ 23,219
Subtotal	\$ 226,739,818	\$ 37,997,951	\$ 1,142,172	\$ 189,884,040	\$ -	\$ 33,106,916	\$ 579,451	\$ 24,243
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ (2,720,546)	\$ (961,856)	\$ -	\$ (1,758,690)	\$ -	\$ (224,168)	\$ (6,740)	\$ (220)
<b>Net Total - 2001 Plan:</b>	\$ 224,019,272	\$ 37,036,095	\$ 1,142,172	\$ 188,125,350	\$ -	\$ 32,882,748	\$ 572,711	\$ 24,023
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ 16,148,295	\$ 2,463,422	\$ -	\$ 13,684,873	\$ -	\$ 2,478,637	\$ 37,545	\$ 1,743
Subtotal	\$ 16,148,295	\$ 2,463,422	\$ -	\$ 13,684,873	\$ -	\$ 2,478,637	\$ 37,545	\$ 1,743
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ 16,148,295	\$ 2,463,422	\$ -	\$ 13,684,873	\$ -	\$ 2,478,637	\$ 37,545	\$ 1,743
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 58,494	\$ -	\$ 776,552	\$ -	\$ 65,412	\$ 1,941	\$ 99
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 19,697,162	\$ 1,244,450	\$ 33,609,461	\$ 52,062,173	\$ -	\$ 1,887,041	\$ 45,960	\$ 5,814
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 970,835,852	\$ 56,858,784	\$ 64,923,755	\$ 978,900,824	\$ -	\$ 35,657,557	\$ 2,991,171	\$ 117,718
Subtotal	\$ 991,368,060	\$ 58,161,728	\$ 98,533,216	\$ 1,031,739,548	\$ -	\$ 37,610,010	\$ 3,039,073	\$ 123,630
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,707,385)	\$ (2,225,592)	\$ -	\$ (2,481,793)	\$ -	\$ (840,847)	\$ (8,731)	\$ (310)
<b>Net Total - 2005 Plan:</b>	\$ 986,660,675	\$ 55,936,136	\$ 98,533,216	\$ 1,029,257,755	\$ -	\$ 36,769,163	\$ 3,030,342	\$ 123,320

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: July 31, 2010

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC as of 7/31/2010	(7) Deferred Tax Balance as of 7/31/2010	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ -	\$ -	\$ 191,274,440	\$ 191,274,440	\$ 28,691,166	\$ -	\$ -	\$ 23,194
Project 24 - Sorbent Injection	\$ 12,751,272	\$ 392,397	\$ -	\$ 12,358,875	\$ -	\$ 560,971	\$ 29,598	\$ 1,563
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 85,792	\$ -	\$ 946,161	\$ -	\$ 45,605	\$ 3,424	\$ 121
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 57,569	\$ 2,983	\$ 1,294,579	\$ -	\$ 29,153	\$ 3,376	\$ 164
Subtotal	\$ 15,132,390	\$ 535,758	\$ 191,277,423	\$ 205,874,056	\$ 28,691,166	\$ 635,730	\$ 36,398	\$ 25,042
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 14,683,544	\$ 135,813	\$ 191,277,423	\$ 205,825,155	\$ 28,691,166	\$ 621,733	\$ 35,264	\$ 24,979
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 9,680,475	\$ 9,680,475	\$ -	\$ -	\$ -	\$ 88
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 387,331	\$ 387,331	\$ -	\$ -	\$ -	\$ 3
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 9,565,654	\$ 9,565,654	\$ -	\$ -	\$ -	\$ 680
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 1,611,154	\$ 1,611,154	\$ -	\$ -	\$ -	\$ 103
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 845,411	\$ 845,411	\$ -	\$ -	\$ -	\$ -
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 22,090,025	\$ 22,090,025	\$ -	\$ -	\$ -	\$ 874
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 22,090,025	\$ 22,090,025	\$ -	\$ -	\$ -	\$ 874
<b>Net Total - All Plans:</b>	\$ 1,241,511,786	\$ 95,571,467	\$ 313,042,837	\$ 1,458,983,156	\$ 28,691,166	\$ 72,752,280	\$ 3,675,862	\$ 174,939

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

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Inventory of Emission Allowances

For the Month Ended: July 31, 2010

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	78,264	8,971	6,867	\$ 620,352.42	-	\$ 21,586.31	
2011	77,535	15,158	6,683				
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030 - 2040	852,885						

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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of July 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	77,920	5,700	5,356	0	0	78,264	
Dollars	\$ 666,002.65	\$ 128.92	\$ 45,779.15	\$ -	\$ -	\$ 620,352.42	
\$/Allowance	\$ 8.55	\$ 0.02	\$ 8.55	\$ -	\$ -	\$ 7.93	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	77,882	-	5,356	-	-	76,801	Total includes allowances purchased from LG&E. See below.
Dollars	\$ 665,677.85	\$ -	\$ 45,779.15	\$ -	\$ -	\$ 619,995.39	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	38	-	-	-	-	1,463	Total includes allowances purchased from LG&E. See below.
Dollars	\$ 324.80	\$ -	\$ -	\$ -	\$ -	\$ 357.03	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E</b>							
Quantity	0	5,700				5,700	Purchase from LG&E - 4,275 coal fuel allowances at \$96.69 and
Dollars	\$ -	\$ 128.92				\$ 128.92	1,425 other fuel allowances at \$32.23. Included in ending
\$/Allowance	\$ -	\$ 0.02	\$ -	\$ -	\$ -	\$ 0.02	inventory balances above.

fix formulas next month

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of July 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	8,604	(86)	1,645	6	0	6,867	
Dollars	\$ 27,046.54	\$ (270.34)	\$ 5,171.03	\$ 18.86	\$ -	\$ 21,586.31	
\$/Allowance	\$ 3.14	\$ 3.14	\$ 3.14	\$ 3.14	\$ -	\$ 3.14	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	8,443	(86)	1,645	-	-	6,712	True-up with EPA
Dollars	\$ 26,540.44	\$ (270.34)	\$ 5,171.03	\$ -	\$ -	\$ 21,099.07	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	161		-	6	-	155	
Dollars	\$ 506.10	\$ -	\$ -	\$ 18.86	\$ -	\$ 487.24	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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.



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of July 2010

	Beginning Inventory	Allocations/ Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	10,622	0	1,645	6	0	8,971	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	10,428	-	1,645	-	-	8,783	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	194	0	0	6	0	188	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: July 31, 2010

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,340,451
10th Previous Month	1,286,063
9th Previous Month	1,311,386
8th Previous Month	1,277,270
7th Previous Month	1,418,483
6th Previous Month	1,495,108
5th Previous Month	1,447,263
4th Previous Month	1,363,192
3rd Previous Month	1,157,625
2nd Previous Month	1,419,088
Previous Month	1,598,206
Current Month	1,677,427
<b>Total 12 Month O&amp;M</b>	<b>\$ 16,791,562</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 16,791,562
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 2,098,945</b>

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Pollution Control - Operations & Maintenance Expenses**

For the Month Ended: July 31, 2010

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506104 - NOx Operation -- Consumables		262,790.40				262,790.40
506105 - NOx Operation -- Labor and Other		0.00				0.00
512101 - NOx Maintenance		12,556.94				12,556.94
<b>Total 2001 Plan O&amp;M Expenses</b>		<b>275,347.34</b>				<b>275,347.34</b>
<b>2005 Plan</b>						
502006 - Scrubber Operations	58,618	300,683.07				359,301.29
512005 - Scrubber Maintenance	28,820	142,998.24				171,817.74
<b>Total 2005 Plan O&amp;M Expenses</b>	<b>87,438</b>	<b>443,681.31</b>				<b>531,119.03</b>
<b>2006 Plan</b>						
506109 - Sorbent Injection Operation		854,254.51			-	854,254.51
512102 - Sorbent Injection Maintenance		6,637.77			-	6,637.77
506110 - Mercury Monitors Operation	-	-	-	-	-	0.00
512103 - Mercury Monitors Maintenance	10,068	-	-	-	-	10,068.00
506104 - NOx Operation -- Consumables					-	0.00
506105 - NOx Operation -- Labor and Other					-	0.00
512101 - NOx Maintenance					-	0.00
502006 - Scrubber Operations					-	0.00
512005 - Scrubber Maintenance					-	0.00
506001 - Precipitator Operation					-	0.00
506111 - Activated Carbon					-	0.00
512011 - Precipitator Maintenance					-	0.00
<b>Total 2006 Plan O&amp;M Expenses</b>	<b>10,068</b>	<b>860,892.28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>870,960.28</b>
<b>2009 Plan</b>						
506104 - NOx Operation -- Consumables	-					-
506105 - NOx Operation -- Labor and Other	-					-
512101 - NOx Maintenance	-					-
506109 - Sorbent Injection Operation						-
512102 - Sorbent Injection Maintenance						-
502012 - ECR Landfill Operations					-	-
512105 - ECR Landfill Maintenance					-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)					-	-
<b>Total 2009 Plan O&amp;M Expenses</b>	<b>-</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>
<b>Current Month O&amp;M Expense for All Plans</b>	<b>97,506</b>	<b>1,579,920.93</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,677,426.65</b>

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**CCP Disposal Facilities Expenses  
For the Month Ended: July 31, 2010**

On-Site CCP Disposal O&M Expense		Ghent	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.



## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Beneficial Reuse Opportunities  
For the Month Ended: July 31, 2010

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	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 33						
(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 33 [(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIU C Question No. 20  
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Note 1: Trimble County projects for the 2009 Plan are proportionately shared by KU at 48% and LG&E at 52%.

### KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Monthly Average Revenue Computation of R (m)

For the Month Ended: July 31, 2010

(1)	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues	Total Company Revenues		
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Month	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Total Including Off-System Sales (See Note 1)	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)	
Aug-09	\$ 85,508,922	\$ 5,150,078	\$ 859,304	\$ 8,912,825	\$ 100,431,129	\$ 91,518,304	\$ 13,601,717	\$ 114,032,846	\$ 105,120,021	
Sep-09	88,427,592	1,900,063	836,711	10,484,635	101,649,001	91,164,366	12,602,250	114,251,251	103,766,616	
Oct-09	83,446,599	2,469,239	680,516	10,195,905	96,792,259	86,596,354	12,439,021	109,231,280	99,035,375	
Nov-09	71,835,175	914,191	665,925	8,221,127	81,636,418	73,415,291	12,421,381	94,057,798	85,836,671	
Dec-09	91,427,506	276,949	992,422	11,126,810	103,823,687	92,696,877	17,851,202	121,674,889	110,548,079	
Jan-10	108,008,979	(2,482,512)	1,958,642	14,951,912	122,437,021	107,485,109	19,926,620	142,363,641	127,411,729	
Feb-10	106,658,969	886,866	1,685,828	13,417,060	122,648,723	109,231,663	24,442,776	147,091,499	133,674,439	
Mar-10	99,982,694	3,785,949	1,520,431	11,257,977	116,547,052	105,289,075	12,638,911	129,185,963	117,927,986	
Apr-10	88,966,697	(74,718)	1,213,575	(2,363,973)	87,741,581	90,105,554	13,019,730	100,761,312	103,125,285	
May-10	82,226,032	149,083	1,026,376	1,775,548	85,177,039	83,401,492	12,813,334	97,990,373	96,214,825	
Jun-10	97,262,931	(1,166,523)	1,450,927	8,898,569	106,445,904	97,547,335	15,690,999	122,136,902	113,238,333	
Jul-10	106,950,966	2,788,124	1,752,947	7,329,791	118,821,827	111,492,036	18,062,588	136,884,415	129,554,624	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 94,995,288				
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									86.06%	
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$		63.97	

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended: July 31, 2010

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 106,950,966	\$ 106,950,966
Fuel Adjustment Clause	\$ 2,788,124	\$ 2,788,124
DSM	\$ 1,752,947	\$ 1,752,947
Environmental Surcharge		\$ 7,329,791
CSR Credits		\$ (439,656)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 111,492,037	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 213	\$ 213
Virginia Retail	\$ 4,901,487	\$ 4,901,487
Wholesale	\$ 12,566,940	\$ 12,566,940
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 593,948	\$ 593,948
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 18,062,588	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 129,554,625	
<b>Reconciling Revenues</b>		
Brokered	\$ 64	\$ 64
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 6,825,000
Provision for Refund		\$ -
Miscellaneous		\$ (599,402)
Total Company Revenues per Income Statement =		\$ 142,670,422





**RECEIVED**

**SEP 17 2010**

**PUBLIC SERVICE  
COMMISSION**

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

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

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
robert.conroy@eon-us.com

September 17, 2010

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of August 2010. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2009-00501, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after September 29, 2010.

Pursuant to the Commission's Order in Case No. 2009-00548, all costs associated with the 2001 and 2003 ECR Plans are removed from the ECR monthly filing. KU will revise the ES Forms that include references to the 2001 and 2003 Plans in the next 2-year review case. The previous months O&M expenses reported on ES Form 2.40 have also been revised to remove the O&M for the 2001 Plan.

Included in this filing is an adjustment to reflect the cumulative effect of the error reported to the Commission with the April 2010 expense month filing. Attached to the filing is Attachment 1 that includes a detailed description of adjustment and supporting calculations.

Please contact me if you have any questions about this filing.

Sincerely,

  
Robert M. Conroy

Enclosures

ES FORM 1.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

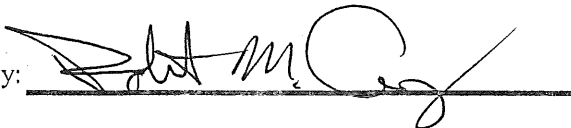
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of August 2010**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 552,858

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 0.57%

Effective Date for Billing: October billing cycle beginning September 29, 2010

Submitted by:



Title: Director, Rates

Date Submitted: September 17, 2010

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of August 2010

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

		Environmental Compliance Plans	
(1) RB		= \$	1,194,564,467
(2) RB / 12		= \$	99,547,039
(3) (ROR + (ROR - DR) (TR / (1 - TR)))		=	11.12%
(4) OE		= \$	4,929,810
(5) BAS		= \$	(27,636)
(6) BR		= \$	-
(7) E(m)	(2) x (3) + (4) - (5) + (6)	= \$	16,027,077

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	87.69%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	14,054,144
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 09-501	=	617,651
(11)	Prior Period Adjustment (if necessary)	=	202,938
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	14,874,733
(13)	Revenue Collected through Base Rates	= \$	14,321,875
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	552,858
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	97,785,530
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) + (15)]	=	0.57%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of August 2010

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,001,344,219	
Eligible Pollution CWIP Excluding AFUDC	317,761,525	
Subtotal		\$ 1,319,105,744
Additions:		
Inventory - Limestone	\$ 945,454	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	593,540	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	524,125	
Cash Working Capital Allowance	1,798,763	
Subtotal		3,191,869
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	59,147,420	
Pollution Control Deferred Income Taxes	40,231,703	
Pollution Control Deferred Investment Tax Credit	28,354,023	
Subtotal		127,733,146
Environmental Compliance Rate Base		\$ 1,194,564,467

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,671,859
Monthly Depreciation & Amortization Expense	3,065,606
Monthly Taxes Other Than Income Taxes	149,173
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	48,034
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	43,172
Monthly Surcharge Consultant Fee	
Total Pollution Control Operations Expense	\$ 4,929,810

**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	22,962	50,597	(27,636)
Total Proceeds from Sales	\$ 22,962	\$ 50,597	\$ (27,636)

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: August 31, 2010**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	80,849.36	57,238.00		40,923.00	97,164.36	
Dollars	\$ 655,804.38	\$ 466,722.18	\$ -	\$ 333,721.28	\$ 788,805.28	
\$/Ton	\$ 8.11	\$ 8.15		\$8.15	\$8.12	
At E.W. Brown:						
Tons	11,142.69	6,644.30		5,083.00	12,703.99	
Dollars	\$ 125,512.06	\$ 93,813.48	\$ -	\$ 62,676.80	\$ 156,648.74	
\$/Ton	\$ 11.26	\$ 14.12		\$12.33	\$ 12.33	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 868,980.68

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: August 31, 2010

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC as of 8/31/2010	(7) Deferred Tax Balance as of 8/31/2010	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 17 - KU Nox SCR's	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 60,436	\$ -	\$ 774,610	\$ -	\$ 67,081	\$ 1,941	\$ 99
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 19,697,162	\$ 1,290,410	\$ 34,241,464	\$ 52,648,216	\$ -	\$ 1,962,840	\$ 45,960	\$ 5,814
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 970,835,852	\$ 59,849,955	\$ 68,727,688	\$ 979,713,585	\$ -	\$ 38,378,013	\$ 2,991,171	\$ 117,718
Subtotal	\$ 991,368,060	\$ 61,200,801	\$ 102,969,152	\$ 1,033,136,411	\$ -	\$ 40,407,934	\$ 3,039,073	\$ 123,630
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,707,385)	\$ (2,225,592)	\$ -	\$ (2,481,793)	\$ -	\$ (840,847)	\$ (8,731)	\$ (310)
<b>Net Total - 2005 Plan:</b>	\$ 986,660,675	\$ 58,975,209	\$ 102,969,152	\$ 1,030,654,618	\$ -	\$ 39,567,087	\$ 3,030,342	\$ 123,320

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: August 31, 2010

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC as of 8/31/2010	(7) Deferred Tax Balance as of 8/31/2010	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ -	\$ -	\$ 189,026,821	\$ 189,026,821	\$ 28,354,023	\$ -	\$ -	\$ 23,194
Project 24 - Sorbent Injection	\$ 12,751,272	\$ 421,995	\$ 203,561	\$ 12,532,838	\$ -	\$ 600,048	\$ 29,598	\$ 1,563
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 89,216	\$ -	\$ 942,737	\$ -	\$ 47,460	\$ 3,424	\$ 121
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 60,945	\$ -	\$ 1,288,220	\$ -	\$ 31,105	\$ 3,376	\$ 164
Subtotal	\$ 15,132,390	\$ 572,156	\$ 189,230,382	\$ 203,790,616	\$ 28,354,023	\$ 678,613	\$ 36,398	\$ 25,042
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 14,683,544	\$ 172,211	\$ 189,230,382	\$ 203,741,715	\$ 28,354,023	\$ 664,616	\$ 35,264	\$ 24,979
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 11,614,416	\$ 11,614,416	\$ -	\$ -	\$ -	\$ 88
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 554,231	\$ 554,231	\$ -	\$ -	\$ -	\$ 3
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 9,907,481	\$ 9,907,481	\$ -	\$ -	\$ -	\$ 680
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 2,623,665	\$ 2,623,665	\$ -	\$ -	\$ -	\$ 103
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 862,197	\$ 862,197	\$ -	\$ -	\$ -	\$ -
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 25,561,991	\$ 25,561,991	\$ -	\$ -	\$ -	\$ 874
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 25,561,991	\$ 25,561,991	\$ -	\$ -	\$ -	\$ 874
<b>Net Total - All Plans:</b>	\$ 1,001,344,219	\$ 59,147,420	\$ 317,761,525	\$ 1,259,958,324	\$ 28,354,023	\$ 40,231,703	\$ 3,065,606	\$ 149,173

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

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Inventory of Emission Allowances

For the Month Ended: August 31, 2010

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	80,527	7,259	5,155	\$ 577,791.35	\$ -	\$ 16,204.67	
2011	77,535	15,158	6,683				
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030 - 2040	852,885						

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.



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of August 2010

	Beginning Inventory	Allocations/ Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	78,264	7,648	5,385	0	0	80,527	
Dollars	\$ 620,352.42	\$ 122.62	\$ 42,683.69	\$ -	\$ -	\$ 577,791.35	
\$/Allowance	\$ 7.93	\$ 0.02	\$ 7.93	\$ -	\$ -	\$ 7.18	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	78,226	2,265	5,385	-	-	80,527	Ending inventory includes allowances purchased from LG&E. See below.
Dollars	\$ 620,027.62	\$ 324.80	\$ 42,683.69	\$ -	\$ -	\$ 577,791.35	Allocation from EPA Conservation & Renewables Pool (2,227). Beginning inventory adjusted to reflect July sale to KU of 100% coal allowances and no other fuel allowances.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	38	(38)	-	-	-	0	Allowances transferred to Coal Fuel.
Dollars	\$ 324.80	\$ (324.80)	\$ -	\$ -	\$ -	\$ -	Beginning inventory adjusted to reflect July sale to KU of 100% coal allowances and no other fuel allowances.
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E</b>							
Quantity	0	5,421					Purchase from LG&E; included in ending Coal inventory balance above.
Dollars	\$ -	\$ 122.62					
\$/Allowance	\$ -	\$ 0.02	\$ -	\$ -	\$ -		

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of August 2010

	Beginning Inventory	Allocations/ Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	6,867	0	1,702	10	0	5,155	
Dollars	\$ 21,586.31	\$ -	\$ 5,350.21	\$ 31.43	\$ -	\$ 16,204.67	
\$/Allowance	\$ 3.14	\$ -	\$ 3.14	\$ 3.14	\$ -	\$ 3.14	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	6,712	-	1,702	-	-	5,010	
Dollars	\$ 21,099.07	\$ -	\$ 5,350.21	\$ -	\$ -	\$ 15,748.86	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	155	-	-	10	-	145	
Dollars	\$ 487.24	\$ -	\$ -	\$ 31.43	\$ -	\$ 455.81	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances (NOx) - Annual Allowance Allocation**

For the Expense Month of August 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	8,971	0	1,702	10	0	7,259	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	8,783	-	1,702	-	-	7,081	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	188	0	0	10	0	178	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: August 31, 2010

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,075,525
10th Previous Month	1,126,771
9th Previous Month	1,169,895
8th Previous Month	1,080,424
7th Previous Month	1,245,270
6th Previous Month	1,173,542
5th Previous Month	1,030,809
4th Previous Month	912,574
3rd Previous Month	1,188,779
2nd Previous Month	1,312,575
Previous Month	1,402,080
Current Month	1,671,859
Total 12 Month O&M	\$ 14,390,101

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 14,390,101
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 1,798,763

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Pollution Control - Operations & Maintenance Expenses**

For the Month Ended: August 31, 2010

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506104 - NOx Operation -- Consumables		0.00				0.00
506105 - NOx Operation -- Labor and Other		0.00				0.00
512101 - NOx Maintenance		0.00				0.00
Total 2001 Plan O&M Expenses		0.00				0.00
<b>2005 Plan</b>						
502006 - Scrubber Operations	62,676.80	258,402.11				321,078.91
512005 - Scrubber Maintenance	38,622.01	210,611.66				249,233.67
Total 2005 Plan O&M Expenses	101,298.81	469,013.77				570,312.58
<b>2006 Plan</b>						
506109 - Sorbent Injection Operation		1,082,896.81			-	1,082,896.81
512102 - Sorbent Injection Maintenance		18,649.17			-	18,649.17
506110 - Mercury Monitors Operation	-	-	-	-	-	0.00
512103 - Mercury Monitors Maintenance	-	-	-	-	-	0.00
506104 - NOx Operation -- Consumables					-	0.00
506105 - NOx Operation -- Labor and Other					-	0.00
512101 - NOx Maintenance					-	0.00
502006 - Scrubber Operations					-	0.00
512005 - Scrubber Maintenance					-	0.00
506001 - Precipitator Operation					-	0.00
506111 - Activated Carbon					-	0.00
512011 - Precipitator Maintenance					-	0.00
Total 2006 Plan O&M Expenses	-	1,101,545.98	-	-	-	1,101,545.98
<b>2009 Plan</b>						
506104 - NOx Operation -- Consumables	-					-
506105 - NOx Operation -- Labor and Other	-					-
512101 - NOx Maintenance	-					-
506109 - Sorbent Injection Operation						-
512102 - Sorbent Injection Maintenance						-
502012 - ECR Landfill Operations		-			-	-
512105 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-			-	-
Total 2009 Plan O&M Expenses	-	0.00			-	0.00
<b>Current Month O&amp;M Expense for All Plans</b>	<b>101,298.81</b>	<b>1,570,559.75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,671,858.56</b>

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: August 31, 2010

On-Site CCP Disposal O&M Expense		Ghent	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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse - Operations & Maintenance Expenses

For the Month Ended: August 31, 2010

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			\$ -

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Beneficial Reuse Opportunities  
For the Month Ended: August 31, 2010

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	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 33						
(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 33 [(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIUC Question No. 20  
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Note 1: Trimble County projects for the 2009 Plan are proportionately shared by KU at 48% and LG&E at 52%.



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Monthly Average Revenue Computation of R (m)

For the Month Ended: August 31, 2010

(1)	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues	Total Company Revenues	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Total Including Off-System Sales (See Note 1)	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)
Sep-09	\$ 88,427,592	\$ 1,900,063	\$ 836,711	\$ 10,484,635	\$ 101,649,001	\$ 91,164,366	\$ 12,602,250	\$ 114,251,251	\$ 103,766,616
Oct-09	83,446,599	2,469,239	680,516	10,195,905	96,792,259	86,596,354	12,439,021	109,231,280	99,035,375
Nov-09	71,835,175	914,191	665,925	8,221,127	81,636,418	73,415,291	12,421,381	94,057,798	85,836,671
Dec-09	91,427,506	276,949	992,422	11,126,810	103,823,687	92,696,877	17,851,202	121,674,889	110,548,079
Jan-10	108,008,979	(2,482,512)	1,958,642	14,951,912	122,437,021	107,485,109	19,926,620	142,363,641	127,411,729
Feb-10	106,658,969	886,866	1,685,828	13,417,060	122,648,723	109,231,663	24,442,776	147,091,499	133,674,439
Mar-10	99,982,694	3,785,949	1,520,431	11,257,977	116,547,052	105,289,075	12,638,911	129,185,963	117,927,986
Apr-10	88,966,697	(74,718)	1,213,575	(2,363,973)	87,741,581	90,105,554	13,019,730	100,761,312	103,125,285
May-10	82,226,032	149,083	1,026,376	1,775,548	85,177,039	83,401,492	12,813,334	97,990,373	96,214,825
Jun-10	97,262,931	(1,166,523)	1,450,927	8,898,569	106,445,904	97,547,335	15,690,999	122,136,902	113,238,333
Jul-10	106,950,966	2,788,124	1,752,947	7,329,791	118,821,827	111,492,037	18,062,588	136,884,416	129,554,625
Aug-10	114,196,065	9,264,416	1,540,726	5,630,958	130,632,165	125,001,207	17,551,825	148,183,990	142,553,032
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 97,785,530			
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									87.69%
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$ 18.44	

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Reconciliation of Reported Revenues

For the Month Ended: August 31, 2010

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 114,196,065	\$ 114,196,065
Fuel Adjustment Clause	\$ 9,264,416	\$ 9,264,416
DSM	\$ 1,540,726	\$ 1,540,726
Environmental Surcharge		\$ 5,630,958
CSR Credits		\$ (442,686)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 125,001,207	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 337	\$ 337
Virginia Retail	\$ 5,160,598	\$ 5,160,598
Wholesale	\$ 11,863,852	\$ 11,863,852
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 527,038	\$ 527,038
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 17,551,825	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 142,553,033	
<b>Reconciling Revenues</b>		
Brokered	\$ 18	\$ 18
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 8,939,000
Provision for Refund		\$ -
Miscellaneous		\$ (5,241,982)
Total Company Revenues per Income Statement =		\$ 151,438,341

# Attachment 1

## Kentucky Utilities Company

### Revisions to Net Jurisdictional E(m) for Expense Month August 2010

### **Cumulative Impact of Adjustment for Ghent SO<sub>2</sub> Common Description**

In its April 2010 expense month filing, KU restated its Plant in Service balance to correct a reporting error that was discovered in May 2010. In July 2008, the Ghent 4 FGD and \$7.2 million of associated "common" assets that serve multiple FGDs were placed in service. Due to a change in systems used to track the Company's assets and an internal realignment of personnel responsibilities, the \$7.2 million of common assets was not moved from Construction Work in Progress ("CWIP") to Plant in Service *for ECR reporting and cost recovery purposes only*. The effect of this reporting difference was an overstatement of the earned return on rate base, and an understatement of depreciation expense and property tax expense that should have been included in the monthly ECR reports.

The cumulative impact of the reporting error extends over the expense months of August 2008 through March 2010. The expense months of August 2008 through February 2009 were part of the most recent ECR two-year review case (Case No. 2009-00310). Because that review proceeding is closed, KU is forgoing ECR recovery of \$256,679 for the expense months of August 2008 through February 2009. For the expense months of March 2009 through March 2010, KU has included \$202,938 on ES Form 1.10 as a prior period adjustment in the August 2010 expense month filing. Please see Attachment 1 for the detailed calculations of the adjustment.

**KU ECR Project 21 - Cumulative Impact of Adjustment for Ghent SO2 Common**

Expense Month	Change to Return on Rate Base (See Page 2)	Change to O&M (See Page 3)	Change to Total E(m)	Retail Juris Allocation	Change to Juris E(m)
Aug-08	\$ 73,859	\$ 8,416	\$ 82,275	85.16%	\$ 70,065
Sep-08	124,166	26,268	150,435	82.47%	124,064
Oct-08	(1,199)	15,798	14,599	77.38%	11,297
Nov-08	(1,563)	15,798	14,235	75.52%	10,750
Dec-08	(1,928)	15,798	13,870	79.97%	11,092
Jan-09	(2,288)	15,790	13,502	83.81%	11,316
Feb-09	(3,580)	24,518	20,937	86.43%	18,096
Mar-09	(3,983)	24,501	20,518	85.16%	17,473
Apr-09	(4,386)	24,501	20,115	87.67%	17,635
May-09	(4,789)	24,501	19,712	84.60%	16,676
Jun-09	(5,191)	24,501	19,309	87.48%	16,892
Jul-09	(5,594)	24,501	18,906	85.22%	16,112
Aug-09	(5,997)	24,501	18,503	87.06%	16,109
Sep-09	(6,400)	24,501	18,101	87.86%	15,903
Oct-09	(6,711)	24,503	17,792	87.44%	15,557
Nov-09	(7,118)	24,503	17,384	85.53%	14,869
Dec-09	(7,444)	24,503	17,058	83.85%	14,303
Jan-10	(7,842)	24,464	16,622	84.36%	14,022
Feb-10	(8,241)	24,464	16,224	81.71%	13,257
Mar-10	(8,639)	24,464	15,826	89.28%	14,129
Grand Total - Cumulative Impact of Adjustment to Project 21					\$ 459,617
Impact of Adjustment to months in previous ECR 2-Year Review period (Case No. 2009-00310) KU is not seeking ECR recovery of this amount (Expense months Aug08 - Feb09)					\$ 256,679
Adjustment to Project 21 included in Aug10 ECR filing (Expense months Mar09 - Mar10)					<u>\$ 202,938</u>

KU ECR Project 21 - Adjustment to Rate Base

AS FILED - KU PROJECT 21 - ES FORM 2.10							
Expense Month	TOTAL Plant in Service	Accumulated Depreciation	CWIP Amount excluding AFUDC	Deferred Tax Balance	Total E(m)	Rate of Return	Juris Return on Rate Base
Aug-08	\$ 425,024,402	\$ (12,268,932)	\$ 303,299,313	\$ (5,617,175)	\$ 710,437,608	11.13%	\$ 6,589,309
Sep-08	425,024,402	(14,248,070)	324,587,945	(6,404,269)	728,960,008	11.13%	6,761,104
Oct-08	425,024,403	(16,227,208)	344,373,531	(6,026,312)	747,144,413	11.13%	6,929,764
Nov-08	425,024,403	(18,206,347)	368,282,474	(6,745,558)	768,354,973	11.13%	7,126,492
Dec-08	425,024,403	(20,185,485)	389,554,723	(7,464,803)	786,928,838	11.13%	7,298,765
Jan-09	425,024,403	(22,164,623)	404,919,510	(8,186,803)	799,592,487	11.13%	7,416,220
Feb-09	425,024,403	(23,342,217)	423,077,580	(9,220,145)	815,539,621	11.12%	7,557,334
Mar-09	560,694,414	(24,889,094)	309,206,361	(10,582,247)	834,429,435	11.12%	7,732,379
Apr-09	560,694,414	(26,649,753)	325,163,661	(11,861,187)	847,347,135	11.12%	7,852,083
May-09	592,380,842	(28,460,999)	308,543,376	(13,231,604)	859,231,615	11.12%	7,962,213
Jun-09	592,380,842	(30,322,834)	326,348,733	(14,582,342)	873,824,400	11.12%	8,097,439
Jul-09	592,380,842	(32,184,668)	337,332,840	(15,933,080)	881,595,935	11.12%	8,169,456
Aug-09	592,380,842	(34,046,503)	348,282,608	(17,283,817)	889,333,130	11.12%	8,241,154
Sep-09	592,380,842	(35,908,337)	360,721,561	(18,634,555)	898,559,511	11.12%	8,326,651
Oct-09	592,380,842	(37,786,281)	374,298,497	(19,979,140)	908,913,919	11.12%	8,422,602
Nov-09	592,380,842	(39,648,115)	385,064,317	(21,329,380)	916,467,663	11.12%	8,492,600
Dec-09	592,380,842	(41,509,950)	391,359,463	(22,679,621)	919,550,735	11.00%	8,429,215
Jan-10	592,380,842	(43,371,784)	398,765,873	(24,060,147)	923,714,785	11.00%	8,467,386
Feb-10	592,380,842	(45,233,619)	407,107,233	(25,440,672)	928,813,784	11.00%	8,514,126
Mar-10	592,380,842	(47,095,453)	415,232,193	(26,821,198)	933,696,384	11.00%	8,558,884

AS REVISED - PROJECT 21								
Expense Month	TOTAL Plant in Service	Accumulated Depreciation	CWIP Amount excluding AFUDC	Deferred Tax Balance	Total E(m)	Rate of Return	Juris Return on Rate Base	Change to Return on Rate Base
Aug-08	\$ 437,404,375	\$ (12,257,400)	\$ 297,897,470	\$ (4,643,628)	\$ 718,400,817	11.13%	\$ 6,663,168	\$ 73,859
Sep-08	432,827,730	(14,262,807)	329,164,590	(5,382,300)	742,347,213	11.13%	6,885,270	124,166
Oct-08	432,827,730	(16,257,743)	336,570,204	(6,125,045)	747,015,146	11.13%	6,928,565	(1,199)
Nov-08	432,827,730	(18,252,679)	360,479,148	(6,867,789)	768,186,409	11.13%	7,124,929	(1,563)
Dec-08	432,827,730	(20,247,615)	381,751,396	(7,610,534)	786,720,977	11.13%	7,296,837	(1,928)
Jan-09	432,827,730	(22,242,551)	397,116,183	(8,355,571)	799,345,790	11.13%	7,413,932	(2,288)
Feb-09	432,827,730	(23,600,171)	415,274,253	(9,348,525)	815,153,287	11.12%	7,553,754	(3,580)
Mar-09	568,497,740	(25,171,573)	301,403,035	(10,729,575)	833,999,627	11.12%	7,728,397	(3,983)
Apr-09	568,497,740	(26,956,757)	317,360,335	(12,027,465)	846,873,853	11.12%	7,847,698	(4,386)
May-09	600,184,169	(28,792,529)	300,740,049	(13,416,831)	858,714,858	11.12%	7,957,424	(4,789)
Jun-09	600,184,169	(30,678,889)	318,545,406	(14,786,517)	873,264,169	11.12%	8,092,248	(5,191)
Jul-09	600,184,169	(32,565,249)	329,529,514	(16,156,204)	880,992,230	11.12%	8,163,861	(5,594)
Aug-09	600,184,169	(34,451,609)	340,479,281	(17,525,891)	888,685,951	11.12%	8,235,156	(5,997)
Sep-09	600,184,169	(36,337,968)	352,918,235	(18,895,578)	897,868,857	11.12%	8,320,251	(6,400)
Oct-09	600,184,169	(38,224,328)	366,495,170	(20,265,265)	908,189,746	11.12%	8,415,892	(6,711)
Nov-09	600,184,169	(40,110,688)	377,260,990	(21,634,952)	915,699,519	11.12%	8,485,482	(7,118)
Dec-09	600,184,169	(41,997,048)	383,556,136	(23,004,639)	918,738,619	11.00%	8,421,771	(7,444)
Jan-10	600,184,169	(43,883,408)	390,962,547	(24,404,063)	922,859,245	11.00%	8,459,543	(7,842)
Feb-10	600,184,169	(45,769,767)	399,303,906	(25,803,487)	927,914,820	11.00%	8,505,886	(8,241)
Mar-10	600,184,169	(47,656,127)	407,428,866	(27,202,912)	932,753,996	11.00%	8,550,245	(8,639)

KU ECR Project 21 - Adjustment to O&M

Expense Month	AS FILED - KU PROJECT 21 - ES FORM 2.10			AS REVISED - PROJECT 21			CHANGE TO O&M		
	Monthly	Monthly	Total	Monthly	Monthly	Total	Monthly	Monthly	Total Change to O&M
	Depreciation Expense	Property Tax Expense		Depreciation Expense	Property Tax Expense		Depreciation Expense	Property Tax Expense	
Aug-08	\$ 1,979,138	\$ 67,714	\$ 2,046,852	\$ 1,987,554	\$ 67,714	\$ 2,055,268	\$ 8,416	\$ -	\$ 8,416
Sep-08	1,979,138	67,714	2,046,852	2,005,407	67,714	2,073,121	26,268	-	26,268
Oct-08	1,979,138	67,714	2,046,852	1,994,936	67,714	2,062,650	15,798	-	15,798
Nov-08	1,979,138	67,714	2,046,852	1,994,936	67,714	2,062,650	15,798	-	15,798
Dec-08	1,979,138	67,714	2,046,852	1,994,936	67,714	2,062,650	15,798	-	15,798
Jan-09	1,979,138	99,299	2,078,437	1,994,936	99,291	2,094,228	15,798	(8)	15,790
Feb-09	1,333,095	99,299	1,432,394	1,357,620	99,291	1,456,911	24,525	(8)	24,518
Mar-09	1,546,877	99,316	1,646,193	1,571,402	99,291	1,670,693	24,525	(25)	24,501
Apr-09	1,760,659	99,316	1,859,975	1,785,184	99,291	1,884,475	24,525	(25)	24,501
May-09	1,811,247	99,316	1,910,563	1,835,772	99,291	1,935,063	24,525	(25)	24,501
Jun-09	1,861,835	99,316	1,961,151	1,886,360	99,291	1,985,651	24,525	(25)	24,501
Jul-09	1,861,835	99,316	1,961,151	1,886,360	99,291	1,985,651	24,525	(25)	24,501
Aug-09	1,861,835	99,316	1,961,151	1,886,360	99,291	1,985,651	24,525	(25)	24,501
Sep-09	1,861,835	99,316	1,961,151	1,886,360	99,291	1,985,651	24,525	(25)	24,501
Oct-09	1,861,835	99,314	1,961,149	1,886,360	99,291	1,985,651	24,525	(23)	24,503
Nov-09	1,861,835	99,314	1,961,149	1,886,360	99,291	1,985,651	24,525	(23)	24,503
Dec-09	1,861,835	99,314	1,961,149	1,886,360	99,291	1,985,651	24,525	(23)	24,503
Jan-10	1,861,835	117,779	1,979,613	1,886,360	117,718	2,004,078	24,525	(61)	24,464
Feb-10	1,861,835	117,779	1,979,613	1,886,360	117,718	2,004,078	24,525	(61)	24,464
Mar-10	1,861,835	117,779	1,979,613	1,886,360	117,718	2,004,078	24,525	(61)	24,464



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

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

**RECEIVED**

October 18, 2010

**OCT 18 2010**

RE: Monthly Environmental Surcharge Report  
**PUBLIC SERVICE COMMISSION**

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
robert.conroy@eon-us.com

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of September 2010. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2009-00501, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after October 28, 2010.

It has come to my attention that the ECR Revenue from Base Rates included on ES Form 1.10 in our August 2010 expense month filing was overstated resulting in an understated ECR billing factor. The amount of the overstatement is reflected as a Prior Period Adjustment on ES Form 1.10 for the September 2010 expense month.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', is written over the word 'Sincerely,'.

Robert M. Conroy

Enclosures



ES FORM 1.00


## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

### Net Jurisdictional E(m) and Jurisdictional Environmental Surcharge Billing Factor For the Expense Month of September 2010

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 2,991,832

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 2.98%

Effective Date for Billing: November billing cycle beginning October 28, 2010

Submitted by: 

Title: Director, Rates

Date Submitted: October 18, 2010

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of September 2010

**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

		Environmental Compliance Plans
(1) RB	= \$	1,211,210,920
(2) RB / 12	= \$	100,934,243
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.12%
(4) OE	= \$	4,557,515
(5) BAS	= \$	(14,155)
(6) BR	= \$	-
(7) E(m)	$(2) \times (3) + (4) - (5) + (6)$	15,795,558

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	88.85%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	14,034,353
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 09-501	=	617,650
(11)	Prior Period Adjustment (if necessary)	=	(183,251)
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	14,468,752
(13)	Revenue Collected through Base Rates	= \$	11,476,920
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	2,991,832
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	100,402,603
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) + (15)]	=	2.98%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of September 2010

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,001,344,219	
Eligible Pollution CWIP Excluding AFUDC	340,059,642	
Subtotal		\$ 1,341,403,861
Additions:		
Inventory - Limestone	\$ 1,006,446	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	563,460	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	494,045	
Cash Working Capital Allowance	1,828,995	
Subtotal		3,253,013
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	62,222,891	
Pollution Control Deferred Income Taxes	43,072,511	
Pollution Control Deferred Investment Tax Credit	28,150,552	
Subtotal		133,445,954
Environmental Compliance Rate Base		\$ 1,211,210,920

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,317,383
Monthly Depreciation & Amortization Expense	3,065,606
Monthly Taxes Other Than Income Taxes	149,173
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	30,215
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	25,353
Monthly Surcharge Consultant Fee	-
Total Pollution Control Operations Expense	\$ 4,557,515

**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	36,442	50,597	(14,155)
Total Proceeds from Sales	\$ 36,442	\$ 50,597	\$ (14,155)

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: September 30, 2010**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	97,164.36	35,960.00	23,136.00	36,859.00	119,401.36	Adjustment to actual based on annual inventory fly-over.
Dollars	\$ 788,805.28	\$ 299,380.47	\$ -	\$ 255,447.37	\$ 832,738.38	
\$/Ton	\$ 8.12	\$ 8.33		\$6.93	\$6.97	
At E. W. Brown:						
Tons	12,703.99	4,095.88	(146.00)	3,803.00	12,850.87	Adjustment to actual based on annual inventory fly-over.
Dollars	\$ 156,648.74	\$ 68,465.37	\$ -	\$ 51,406.00	\$ 173,708.11	
\$/Ton	\$ 12.33	\$ 16.72	\$ -	\$13.52	\$ 13.52	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 929,973.15

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: September 30, 2010

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC as of 9/30/2010	(7) Deferred Tax Balance as of 9/30/2010	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 17 - KU Nox SCR's	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 62,377	\$ -	\$ 772,669	\$ -	\$ 68,751	\$ 1,941	\$ 99
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 19,697,162	\$ 1,336,370	\$ 34,322,832	\$ 52,683,623	\$ -	\$ 2,038,640	\$ 45,960	\$ 5,814
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 970,835,852	\$ 62,841,126	\$ 86,055,784	\$ 994,050,510	\$ -	\$ 41,098,468	\$ 2,991,171	\$ 117,718
Subtotal	\$ 991,368,060	\$ 64,239,874	\$ 120,378,615	\$ 1,047,506,801	\$ -	\$ 43,205,859	\$ 3,039,073	\$ 123,630
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,707,385)	\$ (2,225,592)	\$ -	\$ (2,481,793)	\$ -	\$ (840,847)	\$ (8,731)	\$ (310)
<b>Net Total - 2005 Plan:</b>	\$ 986,660,675	\$ 62,014,282	\$ 120,378,615	\$ 1,045,025,008	\$ -	\$ 42,365,011	\$ 3,030,342	\$ 123,320

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: September 30, 2010

(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	Unamortized ITC as of 9/30/2010	Deferred Tax Balance as of 9/30/2010	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ -	\$ -	\$ 187,670,346	\$ 187,670,346	\$ 28,150,552	\$ -	\$ -	\$ 23,194
Project 24 - Sorbent Injection	\$ 12,751,272	\$ 451,594	\$ 203,561	\$ 12,503,240	\$ -	\$ 639,124	\$ 29,598	\$ 1,563
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 92,640	\$ -	\$ 939,313	\$ -	\$ 49,314	\$ 3,424	\$ 121
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 64,321	\$ -	\$ 1,284,844	\$ -	\$ 33,058	\$ 3,376	\$ 164
Subtotal	\$ 15,132,390	\$ 608,554	\$ 187,873,907	\$ 202,397,743	\$ 28,150,552	\$ 721,496	\$ 36,398	\$ 25,042
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 14,683,544	\$ 208,609	\$ 187,873,907	\$ 202,348,842	\$ 28,150,552	\$ 707,499	\$ 35,264	\$ 24,979
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 16,157,082	\$ 16,157,082	\$ -	\$ -	\$ -	\$ 88
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 744,538	\$ 744,538	\$ -	\$ -	\$ -	\$ 3
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 10,865,127	\$ 10,865,127	\$ -	\$ -	\$ -	\$ 680
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 3,176,960	\$ 3,176,960	\$ -	\$ -	\$ -	\$ 103
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 862,821	\$ 862,821	\$ -	\$ -	\$ -	\$ -
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 592	\$ 592	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 31,807,120	\$ 31,807,120	\$ -	\$ -	\$ -	\$ 874
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 31,807,120	\$ 31,807,120	\$ -	\$ -	\$ -	\$ 874
<b>Net Total - All Plans:</b>	\$ 1,001,344,219	\$ 62,222,891	\$ 340,059,642	\$ 1,279,180,970	\$ 28,150,552	\$ 43,072,511	\$ 3,065,606	\$ 149,173

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

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

### Inventory of Emission Allowances

For the Month Ended: September 30, 2010

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	82,875	5,979	3,875	\$ 551,721.77	-	\$ 12,181.02	
2011	77,535	15,158	6,683				
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030 - 2040	852,885						

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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of September 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	80,527	6,000	3,652	0	0	82,875	
Dollars	\$ 577,791.35	\$ 133.98	\$ 26,203.56	\$ -	\$ -	\$ 551,721.77	
\$/Allowance	\$ 7.18	\$ 0.02	\$ 7.18	\$ -	\$ -	\$ 6.66	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	80,527	-	3,652	-	-	82,875	Ending inventory includes allowances purchased from LG&E. See below.
Dollars	\$ 577,791.35	\$ (0.01)	\$ 26,203.56	\$ -	\$ -	\$ 551,721.77	Adjustment to correct August 2010 ending inventory balance.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E</b>							
Quantity	0	6,000					Purchase from LG&E; included in ending Coal inventory balance above.
Dollars	\$ -	\$ 133.99					
\$/Allowance	\$ -	\$ 0.02	\$ -	\$ -	\$ -		

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



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation**

For the Expense Month of September 2010

	Beginning Inventory	Allocations/ Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	5,155	0	1,276	4	0	3,875	
Dollars	\$ 16,204.67	\$ -	\$ 4,011.08	\$ 12.57	\$ -	\$ 12,181.02	
\$/Allowance	\$ 3.14	\$ -	\$ 3.14	\$ 3.14	\$ -	\$ 3.14	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	5,010	-	1,276	-	-	3,734	
Dollars	\$ 15,748.86	\$ 0.01	\$ 4,011.08	\$ -	\$ -	\$ 11,737.79	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	145	-	-	4	-	141	
Dollars	\$ 455.81	\$ (0.01)	\$ -	\$ 12.57	\$ -	\$ 443.23	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of September 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	7,259	0	1,276	4	0	5,979	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,081	-	1,276	-	-	5,805	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	178	0	0	4	0	174	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**O&M Expenses and Determination of Cash Working Capital Allowance**

For the Month Ended: September 30, 2010

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,126,771
10th Previous Month	1,169,895
9th Previous Month	1,080,424
8th Previous Month	1,245,270
7th Previous Month	1,173,542
6th Previous Month	1,030,809
5th Previous Month	912,574
4th Previous Month	1,188,779
3rd Previous Month	1,312,575
2nd Previous Month	1,402,080
Previous Month	1,671,859
Current Month	1,317,383
<b>Total 12 Month O&amp;M</b>	<b>\$ 14,631,959</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 14,631,959
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 1,828,995</b>

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Pollution Control - Operations & Maintenance Expenses

For the Month Ended: September 30, 2010

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506104 - NOx Operation -- Consumables		0.00				0.00
506105 - NOx Operation -- Labor and Other		0.00				0.00
512101 - NOx Maintenance		0.00				0.00
Total 2001 Plan O&M Expenses		0.00				0.00
<b>2005 Plan</b>						
502006 - Scrubber Operations	51,406.00	195,523.65				246,929.65
512005 - Scrubber Maintenance	35,872.29	289,814.98				325,687.27
Total 2005 Plan O&M Expenses	87,278.29	485,338.63				572,616.92
<b>2006 Plan</b>						
506109 - Sorbent Injection Operation		715,217.66			-	715,217.66
512102 - Sorbent Injection Maintenance		29,548.18			-	29,548.18
506110 - Mercury Monitors Operation	-	-	-	-	-	0.00
512103 - Mercury Monitors Maintenance	-	-	-	-	-	0.00
506104 - NOx Operation -- Consumables					-	0.00
506105 - NOx Operation -- Labor and Other					-	0.00
512101 - NOx Maintenance					-	0.00
502006 - Scrubber Operations					-	0.00
512005 - Scrubber Maintenance					-	0.00
506001 - Precipitator Operation					-	0.00
506111 - Activated Carbon					-	0.00
512011 - Precipitator Maintenance					-	0.00
Total 2006 Plan O&M Expenses	-	744,765.84	-	-	-	744,765.84
<b>2009 Plan</b>						
506104 - NOx Operation -- Consumables	-					-
506105 - NOx Operation -- Labor and Other	-					-
512101 - NOx Maintenance	-					-
506109 - Sorbent Injection Operation						-
512102 - Sorbent Injection Maintenance						-
502012 - ECR Landfill Operations		-			-	-
512105 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-			-	-
Total 2009 Plan O&M Expenses	-	0.00			-	0.00
Current Month O&M Expense for All Plans	87,278.29	1,230,104.47	-	-	-	1,317,382.76

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**CCP Disposal Facilities Expenses**  
**For the Month Ended: September 30, 2010**

On-Site CCP Disposal O&M Expense	Ghent	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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse - Operations & Maintenance Expenses

For the Month Ended: September 30, 2010

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			\$ -

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse Opportunities  
For the Month Ended: September 30, 2010

On-Site CCP Disposal O&M Expense		E. W. Brown	Ghent	Green River	Tyrone	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 33							
(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 33 [(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)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIU C Question No. 20  
 Page 111 of 500  
 Conroy

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

### KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Monthly Average Revenue Computation of R (m)

For the Month Ended: September 30, 2010

(1)	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues	Total Company Revenues	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total <small>(2)+(3)+(4)+(5)</small>	Total Excluding Environmental Surcharge <small>(6)-(5)</small>	Total Including Off-System Sales <small>(See Note 1)</small>	Total <small>(6)+(8)</small>	Total Excluding Environmental Surcharge <small>(9)-(5)</small>
Oct-09	\$ 83,446,599	\$ 2,469,239	\$ 680,516	\$ 10,195,905	\$ 96,792,259	\$ 86,596,354	\$ 12,439,021	\$ 109,231,280	\$ 99,035,375
Nov-09	71,835,175	914,191	665,925	8,221,127	81,636,418	73,415,291	12,421,381	94,057,798	85,836,671
Dec-09	91,427,506	276,949	992,422	11,126,810	103,823,687	92,696,877	17,851,202	121,674,889	110,548,079
Jan-10	108,008,979	(2,482,512)	1,958,642	14,951,912	122,437,021	107,485,109	19,926,620	142,363,641	127,411,729
Feb-10	106,658,969	886,866	1,685,828	13,417,060	122,648,723	109,231,663	24,442,776	147,091,499	133,674,439
Mar-10	99,982,694	3,785,949	1,520,431	11,257,977	116,547,052	105,289,075	12,638,911	129,185,963	117,927,986
Apr-10	88,966,697	(74,718)	1,213,575	(2,363,973)	87,741,581	90,105,554	13,019,730	100,761,312	103,125,285
May-10	82,226,032	149,083	1,026,376	1,775,548	85,177,039	83,401,492	12,813,334	97,990,373	96,214,825
Jun-10	97,262,931	(1,166,523)	1,450,927	8,898,569	106,445,904	97,547,335	15,690,999	122,136,902	113,238,333
Jul-10	106,950,966	2,788,124	1,752,947	7,329,791	118,821,827	111,492,037	18,062,588	136,884,416	129,554,625
Aug-10	114,196,065	9,264,416	1,540,726	5,630,958	130,632,165	125,001,207	17,551,825	148,183,991	142,553,033
Sep-10	115,252,388	5,976,449	1,340,408	4,465,805	127,035,049	122,569,244	15,383,156	142,418,205	137,952,400
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 100,402,603			
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									88.85%
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$		417.01



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Reconciliation of Reported Revenues

For the Month Ended: September 30, 2010

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 115,252,388	\$ 115,252,388
Fuel Adjustment Clause	\$ 5,976,449	\$ 5,976,449
DSM	\$ 1,340,408	\$ 1,340,408
Environmental Surcharge		\$ 4,465,805
CSR Credits		\$ (761,293)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 122,569,244	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 248	\$ 248
Virginia Retail	\$ 5,024,312	\$ 5,024,312
Wholesale	\$ 9,827,893	\$ 9,827,893
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 530,703	\$ 530,703
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 15,383,156	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 137,952,400	
<b>Reconciling Revenues</b>		
Brokered	\$ 417	\$ 417
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (22,706,000)
Provision for Refund		\$ -
Miscellaneous		\$ 3,250,871
Total Company Revenues per Income Statement =		\$ 122,202,199



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

**Kentucky Utilities Company**  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

November 19, 2010

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of October 2010. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2009-00501, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after November 29, 2010.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Robert M. Conroy', is written over a faint, larger version of the same signature.

Robert M. Conroy

Enclosures

ES FORM 1.00


## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

### Net Jurisdictional E(m) and Jurisdictional Environmental Surcharge Billing Factor For the Expense Month of October 2010

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 4,713,156

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 4.65%

Effective Date for Billing: December billing cycle beginning November 29, 2010

Submitted by: 

Title: Director, Rates

Date Submitted: November 19, 2010

**KENTUCKY UTILITIES COMPANY  
 ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of October 2010

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

		Environmental Compliance Plans	
(1)	RB	= \$	1,217,179,737
(2)	RB / 12	= \$	101,431,645
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.12%
(4)	OE	= \$	4,123,547
(5)	BAS	= \$	(21,963)
(6)	BR	= \$	-
(7)	E(m)	= \$	15,424,709
			$(2) \times (3) + (4) - (5) + (6)$

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	90.72%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	13,993,296
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 09-501	=	617,650
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	14,610,946
(13)	Revenue Collected through Base Rates	= \$	9,897,790
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	4,713,156
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	101,296,429
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	4.65%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of October 2010

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,001,344,219	
Eligible Pollution CWIP Excluding AFUDC	351,741,393	
Subtotal		\$ 1,353,085,612
Additions:		
Inventory - Limestone	\$ 1,130,633	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	604,439	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	535,024	
Cash Working Capital Allowance	1,800,373	
Subtotal		3,389,557
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	65,298,362	
Pollution Control Deferred Income Taxes	45,913,318	
Pollution Control Deferred Investment Tax Credit	28,083,752	
Subtotal		139,295,432
Environmental Compliance Rate Base		\$ 1,217,179,737

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 897,799
Monthly Depreciation & Amortization Expense	3,065,606
Monthly Taxes Other Than Income Taxes	149,173
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	15,831
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	10,969
Monthly Surcharge Consultant Fee	
Total Pollution Control Operations Expense	\$ 4,123,547

**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	28,635	50,597	(21,963)
Total Proceeds from Sales	\$ 28,635	\$ 50,597	\$ (21,963)

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: October 31, 2010**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	119,401.36	42,422.00	0.00	31,854.00	129,969.36	
Dollars	\$ 832,738.38	\$ 346,073.26	\$ -	\$ 229,671.12	\$ 949,140.52	
\$/Ton	\$ 6.97	\$ 8.16		\$7.21	\$7.30	
At E.W. Brown:						
Tons	12,850.87	3,161.17	0.00	3,457.00	12,555.04	
Dollars	\$ 173,708.11	\$ 57,758.00	\$ -	\$ 49,973.54	\$ 181,492.57	
\$/Ton	\$ 13.52	\$ 18.27		\$14.46	\$ 14.46	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 1,054,159.75

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: October 31, 2010

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service (2)-(3)+(4)	(6) Unamortized ITC as of 10/31/2010	(7) Deferred Tax Balance as of 10/31/2010	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 17 - KU Nox SCR's	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Total - 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Total - 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 64,319	\$ -	\$ 770,727	\$ -	\$ 70,420	\$ 1,941	\$ 99
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 19,697,162	\$ 1,382,330	\$ 34,359,744	\$ 52,674,576	\$ -	\$ 2,114,440	\$ 45,960	\$ 5,814
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 970,835,852	\$ 65,832,297	\$ 92,981,977	\$ 997,985,532	\$ -	\$ 43,818,924	\$ 2,991,171	\$ 117,718
Subtotal	\$ 991,368,060	\$ 67,278,946	\$ 127,341,722	\$ 1,051,430,835	\$ -	\$ 46,003,783	\$ 3,039,073	\$ 123,630
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,707,385)	\$ (2,225,592)	\$ -	\$ (2,481,793)	\$ -	\$ (840,847)	\$ (8,731)	\$ (310)
Net Total - 2005 Plan	\$ 986,660,675	\$ 65,053,355	\$ 127,341,722	\$ 1,048,949,042	\$ -	\$ 45,162,936	\$ 3,030,342	\$ 123,320

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: October 31, 2010

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC  as of 10/31/2010	(7) Deferred Tax Balance  as of 10/31/2010	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ -	\$ -	\$ 187,225,010	\$ 187,225,010	\$ 28,083,752	\$ -	\$ -	\$ 23,194
Project 24 - Sorbent Injection	\$ 12,751,272	\$ 481,192	\$ 203,561	\$ 12,473,641	\$ -	\$ 678,201	\$ 29,598	\$ 1,563
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 96,064	\$ -	\$ 935,889	\$ -	\$ 51,169	\$ 3,424	\$ 121
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 67,697	\$ -	\$ 1,281,468	\$ -	\$ 35,010	\$ 3,376	\$ 164
Subtotal	\$ 15,132,390	\$ 644,952	\$ 187,428,571	\$ 201,916,009	\$ 28,083,752	\$ 764,379	\$ 36,398	\$ 25,042
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 14,683,544	\$ 245,007	\$ 187,428,571	\$ 201,867,108	\$ 28,083,752	\$ 750,382	\$ 35,264	\$ 24,979
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 19,980,677	\$ 19,980,677	\$ -	\$ -	\$ -	\$ 88
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 921,248	\$ 921,248	\$ -	\$ -	\$ -	\$ 3
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 11,290,047	\$ 11,290,047	\$ -	\$ -	\$ -	\$ 680
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 3,909,890	\$ 3,909,890	\$ -	\$ -	\$ -	\$ 103
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 866,937	\$ 866,937	\$ -	\$ -	\$ -	\$ -
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 2,301	\$ 2,301	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 36,971,100	\$ 36,971,100	\$ -	\$ -	\$ -	\$ 874
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 36,971,100	\$ 36,971,100	\$ -	\$ -	\$ -	\$ 874
<b>Net Total - All Plans:</b>	\$ 1,001,344,219	\$ 65,298,362	\$ 351,741,393	\$ 1,287,787,250	\$ 28,083,752	\$ 45,913,318	\$ 3,065,606	\$ 149,173

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



## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

### Inventory of Emission Allowances

For the Month Ended: October 31, 2010

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	81,073	4,990	3,867	\$ 592,726.16	-	\$ 12,155.87	
2011	77,535	15,158	6,683				
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030 - 2040	852,885						

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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of October 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	82,875	489	2,291	0	0	81,073	
Dollars	\$ 551,721.77	\$ 56,835.43	\$ 15,831.04	\$ -	\$ -	\$ 592,726.16	
\$/Allowance	\$ 6.66	\$ 116.23	\$ 6.91	\$ -	\$ -	\$ 7.31	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	82,875	489	2,291	-	-	81,073	Net of sales/purchases with OMU (purchased 1076 / sold 587)
Dollars	\$ 551,721.77	\$ 56,835.43	\$ 15,831.04	\$ -	\$ -	\$ 592,726.16	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E							
Quantity	0	0					
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of October 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	3,875	0	0	0	8	3,867	
Dollars	\$ 12,181.02	\$ -	\$ -	\$ -	\$ 25.15	\$ 12,155.87	
\$/Allowance	\$ 3.14	\$ -	\$ -	\$ -	\$ 3.14	\$ 3.14	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	3,734	-	-	-	8	3,726	Sales to OMU
Dollars	\$ 11,737.79	\$ -	\$ -	\$ -	\$ 25.15	\$ 11,712.64	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	141		-	-	-	141	
Dollars	\$ 443.23	\$ -	\$ -	\$ -	\$ -	\$ 443.23	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**Inventory of Emission Allowances (NOx) - Annual Allowance Allocation**

**For the Expense Month of October 2010**

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	5,979	0	900	2	87	4,990	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	5,805	-	900	-	87	4,818	Sales to OMU
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	174	0	0	2	0	172	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**O&M Expenses and Determination of Cash Working Capital Allowance**

**For the Month Ended: October 31, 2010**

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,169,895
10th Previous Month	1,080,424
9th Previous Month	1,245,270
8th Previous Month	1,173,542
7th Previous Month	1,030,809
6th Previous Month	912,574
5th Previous Month	1,188,779
4th Previous Month	1,312,575
3rd Previous Month	1,402,080
2nd Previous Month	1,671,859
Previous Month	1,317,383
Current Month	897,799
<b>Total 12 Month O&amp;M</b>	<b>\$ 14,402,987</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 14,402,987
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 1,800,373</b>

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Pollution Control - Operations & Maintenance Expenses

For the Month Ended: October 31, 2010

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506104 - NOx Operation -- Consumables		0.00				0.00
506105 - NOx Operation -- Labor and Other		0.00				0.00
512101 - NOx Maintenance		0.00				0.00
Total 2001 Plan O&M Expenses		0.00				0.00
<b>2005 Plan</b>						
502006 - Scrubber Operations	49,973.54	157,237.55				207,211.09
512005 - Scrubber Maintenance	27,246.41	83,743.32				110,989.73
Total 2005 Plan O&M Expenses	77,219.95	240,980.87				318,200.82
<b>2006 Plan</b>						
506109 - Sorbent Injection Operation		575,622.09			-	575,622.09
512102 - Sorbent Injection Maintenance		3,976.32			-	3,976.32
506110 - Mercury Monitors Operation	-	-	-	-	-	0.00
512103 - Mercury Monitors Maintenance	-	-	-	-	-	0.00
506104 - NOx Operation -- Consumables					-	0.00
506105 - NOx Operation -- Labor and Other					-	0.00
512101 - NOx Maintenance					-	0.00
502006 - Scrubber Operations					-	0.00
512005 - Scrubber Maintenance					-	0.00
506001 - Precipitator Operation					-	0.00
506111 - Activated Carbon					-	0.00
512011 - Precipitator Maintenance					-	0.00
Total 2006 Plan O&M Expenses	-	579,598.41	-	-	-	579,598.41
<b>2009 Plan</b>						
506104 - NOx Operation -- Consumables	-					-
506105 - NOx Operation -- Labor and Other	-					-
512101 - NOx Maintenance	-					-
506109 - Sorbent Injection Operation						-
512102 - Sorbent Injection Maintenance						-
502012 - ECR Landfill Operations		-			-	-
512105 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-			-	-
Total 2009 Plan O&M Expenses	-	0.00			-	0.00
Current Month O&M Expense for All Plans	77,219.95	820,579.28	-	-	-	897,799.23

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: October 31, 2010

On-Site CCP Disposal O&M Expense		Ghent	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.

**KENTUCKY UTILITIES COMPANY  
 ENVIRONMENTAL SURCHARGE REPORT  
 Beneficial Reuse - Operations & Maintenance Expenses  
 For the Month Ended: October 31, 2010**

Third Party	O&M Expense Account	Plant	Total O&M
<b>Total Monthly Beneficial Reuse Expense</b>			\$ -
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ -
<b>Net Beneficial Reuse O&amp;M Expense</b>			<b>\$ -</b>



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse Opportunities  
For the Month Ended: October 31, 2010

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	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 33						
(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 33 [(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIUC Question No. 20  
Page 129 of 500  
Cdnby

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Monthly Average Revenue Computation of R (m)

For the Month Ended: October 31, 2010

(1)	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues	Total Company Revenues	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Total Including Off-System Sales (See Note 1)	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)
Nov-09	\$ 71,835,175	\$ 914,191	\$ 665,925	\$ 8,221,127	\$ 81,636,418	\$ 73,415,291	\$ 12,421,381	\$ 94,057,798	\$ 85,836,671
Dec-09	91,427,506	276,949	992,422	11,126,810	103,823,687	92,696,877	17,851,202	121,674,889	110,548,079
Jan-10	108,008,979	(2,482,512)	1,958,642	14,951,912	122,437,021	107,485,109	19,926,620	142,363,641	127,411,729
Feb-10	106,658,969	886,866	1,685,828	13,417,060	122,648,723	109,231,663	24,442,776	147,091,499	133,674,439
Mar-10	99,982,694	3,785,949	1,520,431	11,257,977	116,547,052	105,289,075	12,638,911	129,185,963	117,927,986
Apr-10	88,966,697	(74,718)	1,213,575	(2,363,973)	87,741,581	90,105,554	13,019,730	100,761,312	103,125,285
May-10	82,226,032	149,083	1,026,376	1,775,548	85,177,039	83,401,492	12,813,334	97,990,373	96,214,825
Jun-10	97,262,931	(1,166,523)	1,450,927	8,898,569	106,445,904	97,547,335	15,690,999	122,136,902	113,238,333
Jul-10	106,950,966	2,788,124	1,752,947	7,329,791	118,821,827	111,492,037	18,062,588	136,884,416	129,554,625
Aug-10	114,196,065	9,264,416	1,540,726	5,630,958	130,632,165	125,001,207	17,551,825	148,183,991	142,553,033
Sep-10	115,252,388	5,976,449	1,340,408	4,465,805	127,035,049	122,569,244	15,383,156	142,418,204	137,952,399
Oct-10	94,328,977	2,032,353	960,928	678,496	98,000,754	97,322,258	9,950,814	107,951,568	107,273,072
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 101,296,429			
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									90.72%
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$	-

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Reconciliation of Reported Revenues**

**For the Month Ended: October 31, 2010**

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 94,328,977	\$ 94,328,977
Fuel Adjustment Clause	\$ 2,032,353	\$ 2,032,353
DSM	\$ 960,928	\$ 960,928
Environmental Surcharge		\$ 678,496
CSR Credits		\$ (720,914)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 97,322,258	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 218	\$ 218
Virginia Retail	\$ 4,618,053	\$ 4,618,053
Wholesale	\$ 4,357,636	\$ 4,357,636
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 974,906	\$ 974,906
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 9,950,814	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 107,273,072	
<b>Reconciling Revenues</b>		
Brokered	\$ -	\$ -
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (10,691,000)
Provision for Refund		\$ 6
Miscellaneous		\$ 970,058
Total Company Revenues per Income Statement =		\$ 97,509,718



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

**RECEIVED**

**DEC 20 2010**

**PUBLIC SERVICE  
COMMISSION**

**Kentucky Utilities Company**  
State Regulation and Rates  
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PO Box 32010  
Louisville, Kentucky 40232  
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[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

December 20, 2010

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of November 2010. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2009-00501, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after December 30, 2010.

Please note that KU has revised the subaccount numbers and names shown on ES Form 2.50. Approved ECR-related O&M expenses were originally included in total O&M accounts; however, KU subsequently determined that separate identification and tracking of ECR-related O&M is more efficient. As such we have created new subaccounts and included the revised subaccount numbers on the form. Also, the word "ECR" has also been added to those subaccount names that did not previously include it.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', is written over a horizontal line.

Robert M. Conroy

Enclosures

"In November 2010, E.ON U.S. LLC was renamed LG&E and KU Energy LLC."

ES FORM 1.00

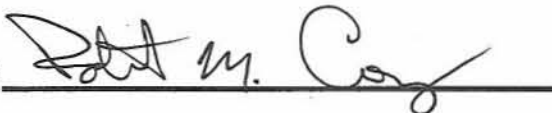
**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of November 2010**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 4,221,007

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 4.11%

Effective Date for Billing: January billing cycle beginning December 30, 2010

Submitted by: 

Title: Director, Rates

Date Submitted: December 20, 2010

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of November 2010

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

		Environmental Compliance Plans
(1)	RB	= \$ 1,221,342,014
(2)	RB / 12	= \$ 101,778,501
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	= 11.12%
(4)	OE	= \$ 4,267,691
(5)	BAS	= \$ (19,336)
(6)	BR	= \$ -
(7)	E(m) $(2) \times (3) + (4) - (5) + (6)$	= \$ 15,604,796

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	= 88.01%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$ 13,733,781
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 09-501	= -
(11)	Prior Period Adjustment (if necessary)	= -
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	= 13,733,781
(13)	Revenue Collected through Base Rates	= \$ 9,512,774
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$ 4,221,007
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$ 102,819,017
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) + (15)]	= 4.11%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of November 2010

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,001,344,219	
Eligible Pollution CWIP Excluding AFUDC	361,801,863	
Subtotal		\$ 1,363,146,082
Additions:		
Inventory - Limestone	\$ 966,035	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	587,433	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	518,018	
Cash Working Capital Allowance	1,784,233	
Subtotal		3,191,813
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	68,373,833	
Pollution Control Deferred Income Taxes	48,754,126	
Pollution Control Deferred Investment Tax Credit	27,867,922	
Subtotal		144,995,881
Environmental Compliance Rate Base		\$ 1,221,342,014

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,040,769
Monthly Depreciation & Amortization Expense	3,065,606
Monthly Taxes Other Than Income Taxes	149,173
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	17,005
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	12,143
Monthly Surcharge Consultant Fee	-
Total Pollution Control Operations Expense	\$ 4,267,691

**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	31,261	50,597	(19,336)
Total Proceeds from Sales	\$ 31,261	\$ 50,597	\$ (19,336)

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: November 30, 2010**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	129,969.36	16,250.00	0.00	34,361.00	111,858.36	
Dollars	\$ 949,140.52	\$ 136,709.93	\$ -	\$ 255,170.78	\$ 830,679.67	
\$/Ton	\$ 7.30	\$ 8.41		\$7.43	\$7.43	
At E.W. Brown:						
Tons	12,555.04	0.00	0.00	4,208.00	8,347.04	
Dollars	\$ 181,492.57	\$ 22,100.00	\$ -	\$ 68,236.94	\$ 135,355.63	Purchase is the contract minimum
\$/Ton	\$ 14.46			\$16.22	\$ 16.22	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 889,561.96



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: November 30, 2010

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service  (2)-(3)+(4)	(6) Unamortized IIC as of 11/30/2010	(7) Deferred Tax Balance as of 11/30/2010	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 17 - KU Nox SCR's	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 66,260.23	\$ -	\$ 768,786	\$ -	\$ 72,089	\$ 1,941	\$ 99
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 19,697,162	\$ 1,428,290.36	\$ 34,490,957	\$ 52,759,829	\$ -	\$ 2,190,240	\$ 45,960	\$ 5,814
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 970,835,852	\$ 68,823,468.51	\$ 99,387,151	\$ 1,001,399,535	\$ -	\$ 46,539,379	\$ 2,991,171	\$ 117,718
Subtotal	\$ 991,368,060	\$ 70,318,019	\$ 133,878,109	\$ 1,054,928,149	\$ -	\$ 48,801,708	\$ 3,039,073	\$ 123,630
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,707,385)	\$ (2,225,592)	\$ -	\$ (2,481,793)	\$ -	\$ (840,847)	\$ (8,731)	\$ (310)
<b>Net Total - 2005 Plan:</b>	\$ 986,660,675	\$ 68,092,427	\$ 133,878,109	\$ 1,052,446,356	\$ -	\$ 47,960,860	\$ 3,030,342	\$ 123,320

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: November 30, 2010

(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	Unamortized ITC as of 11/30/2010	Deferred Tax Balance as of 11/30/2010	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ -	\$ -	\$ 185,786,150	\$ 185,786,150	\$ 27,867,922	\$ -	\$ -	\$ 23,194
Project 24 - Sorbent Injection	\$ 12,751,272	\$ 510,790.10	\$ 203,561	\$ 12,444,043	\$ -	\$ 717,277	\$ 29,598	\$ 1,563
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 99,487.44	\$ -	\$ 932,466	\$ -	\$ 53,023	\$ 3,424	\$ 121
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 71,072.75	\$ -	\$ 1,278,092	\$ -	\$ 36,962	\$ 3,376	\$ 164
Subtotal	\$ 15,132,390	\$ 681,350	\$ 185,989,711	\$ 200,440,751	\$ 27,867,922	\$ 807,262	\$ 36,398	\$ 25,042
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 14,683,544	\$ 281,405	\$ 185,989,711	\$ 200,391,850	\$ 27,867,922	\$ 793,266	\$ 35,264	\$ 24,979
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 22,930,489	\$ 22,930,489	\$ -	\$ -	\$ -	\$ 88
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 1,340,109	\$ 1,340,109	\$ -	\$ -	\$ -	\$ 3
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 11,438,576	\$ 11,438,576	\$ -	\$ -	\$ -	\$ 680
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 5,351,276	\$ 5,351,276	\$ -	\$ -	\$ -	\$ 103
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 870,343	\$ 870,343	\$ -	\$ -	\$ -	\$ -
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 3,250	\$ 3,250	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 41,934,044	\$ 41,934,044	\$ -	\$ -	\$ -	\$ 874
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 41,934,044	\$ 41,934,044	\$ -	\$ -	\$ -	\$ 874
<b>Net Total - All Plans:</b>	\$ 1,001,344,219	\$ 68,373,833	\$ 361,801,863	\$ 1,294,772,249	\$ 27,867,922	\$ 48,754,126	\$ 3,065,606	\$ 149,173

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances**

**For the Month Ended: November 30, 2010**

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	78,747	4,011	3,867	\$ 575,720.73	\$ -	\$ 12,155.87	
2011	77,535	15,158	6,683				
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030 - 2040	852,885						

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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year**

For the Expense Month of November 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	81,073	0	2,326	0	0	78,747	
Dollars	\$ 592,726.16	\$ -	\$ 17,005.43	\$ -	\$ -	\$ 575,720.73	
\$/Allowance	\$ 7.31	\$ -	\$ 7.31	\$ -	\$ -	\$ 7.31	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	81,073	-	2,326	-	-	78,747	
Dollars	\$ 592,726.16	\$ -	\$ 17,005.43	\$ -	\$ -	\$ 575,720.73	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E							
Quantity	0	0					
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation**

For the Expense Month of November 2010

	Beginning Inventory	Allocations/ Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	3,867	0	0	0	0	3,867	
Dollars	\$ 12,155.87	\$ -	\$ -	\$ -	\$ -	\$ 12,155.87	
\$/Allowance	\$ 3.14	\$ -	\$ -	\$ -	\$ -	\$ 3.14	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	3,726	-	-	-	-	3,726	
Dollars	\$ 11,712.64	\$ -	\$ -	\$ -	\$ -	\$ 11,712.64	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	141	-	-	-	-	141	
Dollars	\$ 443.23	\$ -	\$ -	\$ -	\$ -	\$ 443.23	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**Inventory of Emission Allowances (NOx) - Annual Allowance Allocation**

For the Expense Month of November 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	4,990	0	979	0	0	4,011	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	4,818	-	979	-	-	3,839	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	172	0	0	0	0	172	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: November 30, 2010

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,080,424
10th Previous Month	1,245,270
9th Previous Month	1,173,542
8th Previous Month	1,030,809
7th Previous Month	912,574
6th Previous Month	1,188,779
5th Previous Month	1,312,575
4th Previous Month	1,402,080
3rd Previous Month	1,671,859
2nd Previous Month	1,317,383
Previous Month	897,799
Current Month	1,040,769
<b>Total 12 Month O&amp;M</b>	<b>\$ 14,273,861</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 14,273,861
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 1,784,233</b>

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Pollution Control - Operations & Maintenance Expenses

For the Month Ended: November 30, 2010

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506154 - ECR NOx Operation -- Consumables		0.00				0.00
506155 - ECR NOx Operation -- Labor and Other		0.00				0.00
512151 - ECR NOx Maintenance		0.00				0.00
Total 2001 Plan O&M Expenses		0.00				0.00
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	68,236.94	181,213.80				249,450.74
512055 - ECR Scrubber Maintenance	25,914.02	174,389.09				200,303.11
Total 2005 Plan O&M Expenses	94,150.96	355,602.89				449,753.85
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation		583,387.61			-	583,387.61
512152 - ECR Sorbent Injection Maintenance		7,627.95			-	7,627.95
506150 - ECR Mercury Monitors Operation	-	-	-	-	-	0.00
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation -- Consumables					-	0.00
506155 - ECR NOx Operation -- Labor and Other					-	0.00
512151 - ECR NOx Maintenance					-	0.00
502056 - ECR Scrubber Operations					-	0.00
512055 - ECR Scrubber Maintenance					-	0.00
506051 - ECR Precipitator Operation					-	0.00
506151 - ECR Activated Carbon					-	0.00
512051 - ECR Precipitator Maintenance					-	0.00
Total 2006 Plan O&M Expenses	-	591,015.56	-	-	-	591,015.56
<b>2009 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-					-
506155 - ECR NOx Operation -- Labor and Other	-					-
512151 - ECR NOx Maintenance	-					-
506159 - ECR Sorbent Injection Operation						-
512152 - ECR Sorbent Injection Maintenance						-
502012 - ECR Landfill Operations		-			-	-
512105 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-			-	-
Total 2009 Plan O&M Expenses	-	0.00			-	0.00
<b>Current Month O&amp;M Expense for All Plans</b>	<b>94,150.96</b>	<b>946,618.45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,040,769.41</b>

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



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: November 30, 2010

On-Site CCP Disposal O&M Expense		Ghent	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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Beneficial Reuse - Operations & Maintenance Expenses  
For the Month Ended: November 30, 2010**

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			\$ -

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Beneficial Reuse Opportunities  
For the Month Ended: November 30, 2010**

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	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 33						
(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 33 [(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%.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Monthly Average Revenue Computation of R (m)

For the Month Ended: November 30, 2010

(1) Month	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues		Total Company Revenues	
	(2) Base Rate Revenues	(3) Fuel Clause Revenues	(4) DSM Revenues	(5) Environmental Surcharge Revenues	(6) Total (2)+(3)+(4)+(5)	(7) Total Excluding Environmental Surcharge (6)-(5)	(8) Total Including Off-System Sales (See Note 1)	(9) Total (6)+(8)	(10) Total Excluding Environmental Surcharge (9)-(5)	
Dec-09	\$ 91,427,506	\$ 276,949	\$ 992,422	\$ 11,126,810	\$ 103,823,687	\$ 92,696,877	\$ 17,851,202	\$ 121,674,889	\$ 110,548,079	
Jan-10	108,008,979	(2,482,512)	1,958,642	14,951,912	122,437,021	107,485,109	19,926,620	142,363,641	127,411,729	
Feb-10	106,658,969	886,866	1,685,828	13,417,060	122,648,723	109,231,663	24,442,776	147,091,499	133,674,439	
Mar-10	99,982,694	3,785,949	1,520,431	11,257,977	116,547,052	105,289,075	12,638,911	129,185,963	117,927,986	
Apr-10	88,966,697	(74,718)	1,213,575	(2,363,973)	87,741,581	90,105,554	13,019,750	100,761,312	103,125,285	
May-10	82,226,032	149,083	1,026,376	1,775,548	85,177,039	83,401,492	12,813,334	97,990,373	96,214,825	
Jun-10	97,262,931	(1,166,523)	1,450,927	8,898,569	106,445,904	97,547,335	15,690,999	122,136,902	113,238,333	
Jul-10	106,950,966	2,788,124	1,752,947	7,329,791	118,821,827	111,492,037	18,062,588	136,884,416	129,554,625	
Aug-10	114,196,065	9,264,416	1,540,726	5,630,958	130,632,165	125,001,207	17,551,825	148,183,991	142,553,033	
Sep-10	115,252,388	5,976,449	1,340,408	4,465,805	127,035,049	122,569,244	15,383,156	142,418,204	137,952,399	
Oct-10	94,328,977	2,032,353	960,928	678,496	98,000,754	97,322,258	9,950,814	107,951,568	107,273,072	
Nov-10	88,962,545	1,821,557	902,245	2,948,221	94,634,568	91,686,347	12,488,616	107,123,184	104,174,963	
<b>Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.</b>										
						\$ 102,819,017				
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =										
									88.01%	
								Note 1 - Excludes Brokered Sales, Total for Current Month = \$		
								-		

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended: November 30, 2010

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 88,962,545	\$ 88,962,545
Fuel Adjustment Clause	\$ 1,821,557	\$ 1,821,557
DSM	\$ 902,245	\$ 902,245
Environmental Surcharge		\$ 2,948,221
CSR Credits		\$ (738,769)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 91,686,347	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 333	\$ 333
Virginia Retail	\$ 5,059,010	\$ 5,059,010
Wholesale	\$ 6,298,732	\$ 6,298,732
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 1,130,540	\$ 1,130,540
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 12,488,616	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 104,174,962	
<b>Reconciling Revenues</b>		
Brokered	\$ -	\$ -
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 641,000
Provision for Refund		\$ -
Miscellaneous		\$ (2,181,819)
Total Company Revenues per Income Statement =		\$ 104,843,596



a PPL company

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

January 18, 2011

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of December 2010. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2010-00241, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after January 28, 2011.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', written over a horizontal line.

Robert M. Conroy

Enclosures

RECEIVED

JAN 18 2011

PUBLIC SERVICE  
COMMISSION

Kentucky Utilities Company  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

ES FORM 1.00

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of December 2010

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 2,656,468

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 2.55%

Effective Date for Billing: February billing cycle beginning January 28, 2011

Submitted by: 

Title: Director, Rates

Date Submitted: January 18, 2011

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of December 2010

**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

		Environmental Compliance Plans	
(1)	RB	= \$	1,222,653,216
(2)	RB / 12	= \$	101,887,768
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.86%
(4)	OE	= \$	5,000,105
(5)	BAS	= \$	(31,467)
(6)	BR	= \$	-
(7)	E(m)	= \$	16,096,584
			$(2) \times (3) + (4) - (5) + (6)$

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	86.99%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	14,002,418
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00241	=	577,091
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	14,579,509
(13)	Revenue Collected through Base Rates	= \$	11,923,041
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	2,656,468
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	104,328,682
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) + (15)]	=	2.55%



ES FORM 2.00

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of December 2010

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,068,866,340	
Eligible Pollution CWIP Excluding AFUDC	302,054,237	
Subtotal		\$ 1,370,920,577
Additions:		
Inventory - Limestone	\$ 992,046	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	566,136	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	496,721	
Cash Working Capital Allowance	1,858,325	
Subtotal		3,270,618
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	71,544,961	
Pollution Control Deferred Income Taxes	52,214,376	
Pollution Control Deferred Investment Tax Credit	27,778,642	
Subtotal		151,537,979
Environmental Compliance Rate Base		\$ 1,222,653,216

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,673,161
Monthly Depreciation & Amortization Expense	3,161,263
Monthly Taxes Other Than Income Taxes	149,173
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	21,370
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	16,508
Monthly Surcharge Consultant Fee	
Total Pollution Control Operations Expense	\$ 5,000,105

**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	19,130	50,597	(31,467)
Total Proceeds from Sales	\$ 19,130	\$ 50,597	\$ (31,467)

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: December 31, 2010**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	111,858.36	42,575.00	0.00	42,324.00	112,109.36	
Dollars	\$ 830,679.67	\$ 366,730.91	\$ -	\$ 324,133.77	\$ 873,276.81	
\$/Ton	\$ 7.43	\$ 8.61		\$7.66	\$7.79	
At E.W. Brown:						
Tons	8,347.04	4,622.74	0.00	6,251.00	6,718.78	
Dollars	\$ 135,355.63	\$ 74,895.87	\$ -	\$ 91,482.79	\$ 118,768.71	
\$/Ton	\$ 16.22	\$ 16.20		\$14.63	\$ 17.68	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 915,572.18

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: December 31, 2010

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC as of 12/31/2010	(7) Deferred Tax Balance as of 12/31/2010	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 17 - KU Nox SCR's	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 68,201.71	\$ -	\$ 766,844	\$ -	\$ 73,759	\$ 1,941	\$ 99
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 34,655,229	\$ 1,488,970.98	\$ 19,236,346	\$ 52,402,604	\$ -	\$ 2,405,780	\$ 60,681	\$ 5,814
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,023,399,907	\$ 71,895,576.34	\$ 51,961,059	\$ 1,003,465,389	\$ -	\$ 49,739,536	\$ 3,072,108	\$ 117,718
Subtotal	\$ 1,058,890,181	\$ 73,452,749	\$ 71,197,405	\$ 1,056,634,837	\$ -	\$ 52,219,075	\$ 3,134,730	\$ 123,630
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,707,385)	\$ (2,225,592)	\$ -	\$ (2,481,793)	\$ -	\$ (840,847)	\$ (8,731)	\$ (310)
<b>Net Total - 2005 Plan:</b>	\$ 1,054,182,796	\$ 71,227,157	\$ 71,197,405	\$ 1,054,153,044	\$ -	\$ 51,378,227	\$ 3,125,999	\$ 123,320

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Plant, CWIP & Depreciation Expense**

For the Month Ended: December 31, 2010

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC  as of 12/31/2010	(7) Deferred Tax Balance  as of 12/31/2010	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ -	\$ -	\$ 185,190,950	\$ 185,190,950	\$ 27,778,642	\$ -	\$ -	\$ 23,194
Project 24 - Sorbent Injection	\$ 12,751,272	\$ 540,388.35	\$ 203,561	\$ 12,414,445	\$ -	\$ 756,354	\$ 29,598	\$ 1,563
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 102,911.33	\$ -	\$ 929,042	\$ -	\$ 54,878	\$ 3,424	\$ 121
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 74,448.73	\$ -	\$ 1,274,716	\$ -	\$ 38,915	\$ 3,376	\$ 164
Subtotal	\$ 15,132,390	\$ 717,748	\$ 185,394,511	\$ 199,809,152	\$ 27,778,642	\$ 850,146	\$ 36,398	\$ 25,042
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 14,683,544	\$ 317,803	\$ 185,394,511	\$ 199,760,252	\$ 27,778,642	\$ 836,149	\$ 35,264	\$ 24,979
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 23,839,941	\$ 23,839,941	\$ -	\$ -	\$ -	\$ 88
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 1,707,556	\$ 1,707,556	\$ -	\$ -	\$ -	\$ 3
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 13,062,172	\$ 13,062,172	\$ -	\$ -	\$ -	\$ 680
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 5,493,583	\$ 5,493,583	\$ -	\$ -	\$ -	\$ 103
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,111,660	\$ 1,111,660	\$ -	\$ -	\$ -	\$ -
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 247,409	\$ 247,409	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 45,462,321	\$ 45,462,321	\$ -	\$ -	\$ -	\$ 874
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 45,462,321	\$ 45,462,321	\$ -	\$ -	\$ -	\$ 874
<b>Net Total - All Plans:</b>	\$ 1,068,866,340	\$ 71,544,961	\$ 302,054,237	\$ 1,299,375,616	\$ 27,778,642	\$ 52,214,376	\$ 3,161,263	\$ 149,173

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances**

**For the Month Ended: December 31, 2010**

Vintage Year *	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	79,071	1,075	3,867	\$ 554,423.13	\$ -	\$ 12,155.87	
2011	77,535	15,158	6,683				
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030 - 2040	852,885						

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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of December 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	78,747	3,247	2,923	0	0	79,071	
Dollars	\$ 575,720.73	\$ 72.51	\$ 21,370.11	\$ -	\$ -	\$ 554,423.13	
\$/Allowance	\$ 7.31	\$ 0.02	\$ 7.31	\$ -	\$ -	\$ 7.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	78,747	-	2,923	-	-	79,071	Ending Inventory includes purchase from LG&E as shown below.
Dollars	\$ 575,720.73	\$ -	\$ 21,370.11	\$ -	\$ -	\$ 554,423.13	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E							
Quantity	0	3,247					Purchase from LG&E - included in Ending Inventory - Coal Fuel as shown above.
Dollars	\$ -	\$ 72.51					
\$/Allowance	\$ -	\$ 0.02	\$ -	\$ -	\$ -		

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of December 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	3,867	0	0	0	0	3,867	
Dollars	\$ 12,155.87	\$ -	\$ -	\$ -	\$ -	\$ 12,155.87	
\$/Allowance	\$ 3.14	\$ -	\$ -	\$ -	\$ -	\$ 3.14	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	3,726	-	-	-	-	3,726	
Dollars	\$ 11,712.64	\$ -	\$ -	\$ -	\$ -	\$ 11,712.64	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	141	-	-	-	-	141	
Dollars	\$ 443.23	\$ -	\$ -	\$ -	\$ -	\$ 443.23	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of December 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	4,011	0	1,427	9	1,500	1,075	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	3,839	-	1,427	-	1,500	912	Allowances sold to LG&E
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	172	0	0	9	0	163	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**O&M Expenses and Determination of Cash Working Capital Allowance**

**For the Month Ended: December 31, 2010**

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,245,270
10th Previous Month	1,173,542
9th Previous Month	1,030,809
8th Previous Month	912,574
7th Previous Month	1,188,779
6th Previous Month	1,312,575
5th Previous Month	1,402,080
4th Previous Month	1,671,859
3rd Previous Month	1,317,383
2nd Previous Month	897,799
Previous Month	1,040,769
Current Month	1,673,161
<b>Total 12 Month O&amp;M</b>	<b>\$ 14,866,598</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 14,866,598
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 1,858,325</b>

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Pollution Control - Operations & Maintenance Expenses**

For the Month Ended: December 31, 2010

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506154 - ECR NOx Operation -- Consumables		0.00				0.00
506155 - ECR NOx Operation -- Labor and Other		0.00				0.00
512151 - ECR NOx Maintenance		0.00				0.00
Total 2001 Plan O&M Expenses		0.00				0.00
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	91,482.79	254,590.60				346,073.39
512055 - ECR Scrubber Maintenance	32,843.29	244,568.26				277,411.55
Total 2005 Plan O&M Expenses	124,326.08	499,158.86				623,484.94
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation		1,022,599.15			-	1,022,599.15
512152 - ECR Sorbent Injection Maintenance		27,077.38			-	27,077.38
506150 - ECR Mercury Monitors Operation	-	-	-	-	-	0.00
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation -- Consumables					-	0.00
506155 - ECR NOx Operation -- Labor and Other					-	0.00
512151 - ECR NOx Maintenance					-	0.00
502056 - ECR Scrubber Operations					-	0.00
512055 - ECR Scrubber Maintenance					-	0.00
506051 - ECR Precipitator Operation					-	0.00
506151 - ECR Activated Carbon					-	0.00
512051 - ECR Precipitator Maintenance					-	0.00
Total 2006 Plan O&M Expenses	-	1,049,676.53	-	-	-	1,049,676.53
<b>2009 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-					-
506155 - ECR NOx Operation -- Labor and Other	-					-
512151 - ECR NOx Maintenance	-					-
506159 - ECR Sorbent Injection Operation						-
512152 - ECR Sorbent Injection Maintenance						-
502012 - ECR Landfill Operations		-			-	-
512105 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-			-	-
Total 2009 Plan O&M Expenses	-	0.00				0.00
<b>Current Month O&amp;M Expense for All Plans</b>	<b>124,326.08</b>	<b>1,548,835.39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,673,161.47</b>

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: December 31, 2010

On-Site CCP Disposal O&M Expense		Ghent	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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Beneficial Reuse - Operations & Maintenance Expenses  
For the Month Ended: December 31, 2010**

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			\$ -

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse Opportunities  
For the Month Ended: December 31, 2010

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	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 33						
(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 33 [(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%.

Attachment to Response to KU KIU C Question No. 20  
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**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Monthly Average Revenue Computation of R (m)

For the Month Ended: December 31, 2010

(1)	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues	Total Company Revenues	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Total Including Off-System Sales (See Note 1)	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)
Jan-10	\$ 108,008,979	\$ (2,482,512)	\$ 1,958,642	\$ 14,951,912	\$ 122,437,021	\$ 107,485,109	\$ 19,926,620	\$ 142,363,641	\$ 127,411,729
Feb-10	106,658,969	886,866	1,685,828	13,417,060	122,648,723	109,231,663	24,442,776	147,091,499	133,674,439
Mar-10	99,982,694	3,785,949	1,520,431	11,257,977	116,547,052	105,289,075	12,638,911	129,185,963	117,927,986
Apr-10	88,966,697	(74,718)	1,213,575	(2,363,973)	87,741,581	90,105,554	13,019,730	100,761,312	103,125,285
May-10	82,226,032	149,083	1,026,376	1,775,548	85,177,039	83,401,492	12,813,334	97,990,373	96,214,825
Jun-10	97,262,931	(1,166,523)	1,450,927	8,898,569	106,445,904	97,547,335	15,690,999	122,136,902	113,238,333
Jul-10	106,950,966	2,788,124	1,752,947	7,329,791	118,821,827	111,492,037	18,062,588	136,884,416	129,554,625
Aug-10	114,196,065	9,264,416	1,540,726	5,630,958	130,632,165	125,001,207	17,551,825	148,183,991	142,553,033
Sep-10	115,252,388	5,976,449	1,340,408	4,465,805	127,035,049	122,569,244	15,383,156	142,418,204	137,952,399
Oct-10	94,328,977	2,032,353	960,928	678,496	98,000,754	97,322,258	9,950,814	107,951,568	107,273,072
Nov-10	88,962,545	1,821,557	902,245	2,948,221	94,634,568	91,686,347	12,488,616	107,123,183	104,174,962
Dec-10	113,173,146	(3,885,712)	1,525,425	5,096,959	115,909,817	110,812,859	16,568,025	132,477,842	127,380,884
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 104,328,682			
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									86.99%
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$		-

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Reconciliation of Reported Revenues**

**For the Month Ended: December 31, 2010**

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 113,173,146	\$ 113,173,146
Fuel Adjustment Clause	\$ (3,885,712)	\$ (3,885,712)
DSM	\$ 1,525,425	\$ 1,525,425
Environmental Surcharge		\$ 5,096,959
CSR Credits		\$ (696,797)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 110,812,859	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 565	\$ 565
Virginia Retail	\$ 6,876,137	\$ 6,876,137
Wholesale	\$ 8,707,300	\$ 8,707,300
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 984,023	\$ 984,023
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 16,568,025	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 127,380,884	
<b>Reconciling Revenues</b>		
Brokered	\$ -	\$ -
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 31,183,000
Provision for Refund		\$ -
Miscellaneous		\$ 170,783
Total Company Revenues per Income Statement =		\$ 163,134,828



a PPL company

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

February 18, 2011

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of January 2011. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2010-00241, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after February 28, 2011.

Please note that with Trimble County Unit 2 being placed in-service in January 2011, the ECR-related costs associated with the Air Quality Control Systems on Trimble County Unit 2 have been moved from CWIP to Plant-in-Service.

Additionally, KU revised ES Form 2.50 to include O&M Account 506152 – ECR Sorbent Reactant – Reagent Only. The expenses associated with the Sorbent Reactant – Reagent were originally included in the total O&M Account 506159; however, KU subsequently determined that separate identification and tracking of these costs is more efficient. As such, we have included this separate subaccount number on the form.

Also, it has come to my attention that on ES Form 2.10, KU has inadvertently included projects costs in its CWIP balance that should have been removed as of September 2009. Attached to this filing is Attachment 1 that includes the cumulative effect of the error that is reflected as a Prior Period Adjustment on ES Form 1.10.

**RECEIVED**

**FEB 18 2011**

**PUBLIC SERVICE  
COMMISSION**

**Kentucky Utilities Company**  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

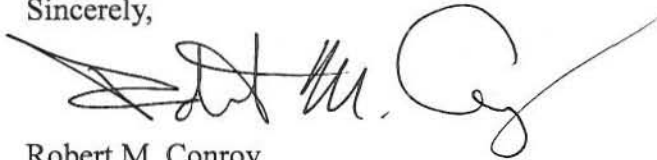
Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)



Jeff DeRouen, Executive Director  
Public Service Commission of Kentucky  
February 18, 2011  
Page Two

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read "R. M. Conroy". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Robert M. Conroy

Enclosures

ES FORM 1.00

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

### Net Jurisdictional E(m) and Jurisdictional Environmental Surcharge Billing Factor For the Expense Month of January 2011

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates -- ES Form 1.10, line 14	= \$	86,002
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16	=	0.08%

Effective Date for Billing: March billing cycle beginning February 28, 2011

Submitted by:



Title: Director, Rates

Date Submitted: February 18, 2011

**KENTUCKY UTILITIES COMPANY  
 ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of January 2011

**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

		Environmental Compliance Plans	
(1)	RB	= \$	1,217,833,316
(2)	RB / 12	= \$	101,486,110
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.86%
(4)	OE	= \$	5,373,215
(5)	BAS	= \$	(32,084)
(6)	BR	= \$	-
(7)	E(m)	= \$	16,426,691
			(2) x (3) + (4) - (5) + (6)

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	85.12%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	13,982,399
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00241	=	-
(11)	Prior Period Adjustment (if necessary)	=	(78,018)
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	13,904,381
(13)	Revenue Collected through Base Rates	= \$	13,818,379
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	86,002
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	106,403,777
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	0.08%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of January 2011

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,252,593,579	
Eligible Pollution CWIP Excluding AFUDC	120,351,944	
Subtotal		\$ 1,372,945,523
Additions:		
Inventory - Limestone	\$ 915,541	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	557,137	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	487,722	
Cash Working Capital Allowance	1,906,078	
Subtotal		3,232,868
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	75,134,023	
Pollution Control Deferred Income Taxes	55,677,458	
Pollution Control Deferred Investment Tax Credit	27,533,594	
Subtotal		158,345,075
Environmental Compliance Rate Base		\$ 1,217,833,316

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,627,292
Monthly Depreciation & Amortization Expense	3,579,198
Monthly Taxes Other Than Income Taxes	162,365
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	9,222
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	4,360
Monthly Surcharge Consultant Fee	
Total Pollution Control Operations Expense	\$ 5,373,215

**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	\$ 12,727	\$ -	\$ 12,727
Scrubber By-Products Sales	5,786	50,597	(44,811)
Total Proceeds from Sales	\$ 18,513	\$ 50,597	\$ (32,084)

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: January 31, 2011**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	112,109.36	43,673.00	0.00	49,598.00	106,184.36	
Dollars	\$ 873,276.81	\$ 391,166.22	\$ -	\$ 399,594.70	\$ 864,848.33	
\$/Ton	\$ 7.79	\$ 8.96		\$8.06	\$8.14	
At E.W. Brown:						
Tons	6,718.78	3,866.21	0.00	7,343.00	3,241.99	
Dollars	\$ 118,768.71	\$ 46,742.70	\$ -	\$ 114,818.28	\$ 50,693.13	
\$/Ton	\$ 17.68	\$ 12.09		\$15.64	\$ 15.64	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 839,068.12

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: January 31, 2011

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC  as of 1/31/2011	(7) Deferred Tax Balance  as of 1/31/2011	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 17 - KU Nox SCR's	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 70,143.19	\$ -	\$ 764,903	\$ -	\$ 75,329	\$ 1,941	\$ 96
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 34,655,229	\$ 1,564,372.18	\$ 19,247,836	\$ 52,338,692	\$ -	\$ 2,541,036	\$ 75,401	\$ 6,550
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,023,399,907	\$ 75,048,620.80	\$ 53,455,480	\$ 1,001,806,766	\$ -	\$ 52,652,979	\$ 3,153,044	\$ 125,433
Subtotal	\$ 1,058,890,181	\$ 76,683,136	\$ 72,703,316	\$ 1,054,910,361	\$ -	\$ 55,269,344	\$ 3,230,387	\$ 132,079
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,707,385)	\$ (2,225,592)	\$ -	\$ (2,481,793)	\$ -	\$ (840,847)	\$ (8,731)	\$ (310)
<b>Net Total - 2005 Plan:</b>	\$ 1,054,182,796	\$ 74,457,544	\$ 72,703,316	\$ 1,052,428,568	\$ -	\$ 54,428,497	\$ 3,221,657	\$ 131,769

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: January 31, 2011

(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	Unamortized ITC as of 1/31/2011	Deferred Tax Balance as of 1/31/2011	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ 183,727,239	\$ 322,277.49	\$ -	\$ 183,404,962	\$ 27,533,594	\$ 369,679	\$ 322,277	\$ 23,149
Project 24 - Sorbent Injection	\$ 12,751,272	\$ 569,986.60	\$ 203,561	\$ 12,384,847	\$ -	\$ 796,056	\$ 29,598	\$ 1,552
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 106,335.22	\$ -	\$ 925,618	\$ -	\$ 56,589	\$ 3,424	\$ 116
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 77,824.71	\$ -	\$ 1,271,340	\$ -	\$ 40,634	\$ 3,376	\$ 159
Subtotal	\$ 198,859,629	\$ 1,076,424	\$ 203,561	\$ 197,986,767	\$ 27,533,594	\$ 1,262,958	\$ 358,676	\$ 24,976
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 198,410,783	\$ 676,479	\$ 203,561	\$ 197,937,866	\$ 27,533,594	\$ 1,248,961	\$ 357,542	\$ 24,913
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 24,804,495	\$ 24,804,495	\$ -	\$ -	\$ -	\$ 2,980
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 2,062,376	\$ 2,062,376	\$ -	\$ -	\$ -	\$ 213
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 13,522,871	\$ 13,522,871	\$ -	\$ -	\$ -	\$ 1,633
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 5,641,451	\$ 5,641,451	\$ -	\$ -	\$ -	\$ 687
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,149,783	\$ 1,149,783	\$ -	\$ -	\$ -	\$ 139
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 264,091	\$ 264,091	\$ -	\$ -	\$ -	\$ 31
Subtotal	\$ -	\$ -	\$ 47,445,067	\$ 47,445,067	\$ -	\$ -	\$ -	\$ 5,683
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 47,445,067	\$ 47,445,067	\$ -	\$ -	\$ -	\$ 5,683
<b>Net Total - All Plans:</b>	\$ 1,252,593,579	\$ 75,134,023	\$ 120,351,944	\$ 1,297,811,500	\$ 27,533,594	\$ 55,677,458	\$ 3,579,198	\$ 162,365

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances**

**For the Month Ended: January 31, 2011**

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	157,520	14,872	10,550	\$ 545,252.69	\$ -	\$ 12,155.87	
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031 - 2040	775,350						

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.



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year**

For the Expense Month of January 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	156,606	3,519	2,605	0	0	157,520	
Dollars	\$ 554,423.13	\$ 51.89	\$ 9,222.33	\$ -	\$ -	\$ 545,252.69	
\$/Allowance	\$ 3.54	\$ 0.01	\$ 3.54	\$ -	\$ -	\$ 3.46	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	156,606	-	2,605	-	-	157,520	Beginning Inventory includes 77,535 for 2011; Ending Inventory includes purchase from LG&E as shown below.
Dollars	\$ 554,423.13	\$ -	\$ 9,222.33	\$ -	\$ -	\$ 545,252.69	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E</b>							
Quantity	0	3,519					Purchase from LG&E - included in Ending Inventory - Coal Fuel as shown above.
Dollars	\$ -	\$ 51.89					
\$/Allowance	\$ -	\$ 0.01	\$ -	\$ -	\$ -		

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of January 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	10,550	0	0	0	0	10,550	
Dollars	\$ 12,155.87	\$ -	\$ -	\$ -	\$ -	\$ 12,155.87	
\$/Allowance	\$ 1.15	\$ -	\$ -	\$ -	\$ -	\$ 1.15	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	10,314	-	-	-	-	10,314	Beginning balance includes 6,588 allowances for 2011
Dollars	\$ 11,712.64	\$ 171.31	\$ -	\$ -	\$ -	\$ 11,883.95	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	236	-	-	-	-	236	Beginning balance includes 95 allowances for 2011
Dollars	\$ 443.23	\$ (171.31)	\$ -	\$ -	\$ -	\$ 271.92	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances (NOx) - Annual Allowance Allocation**

For the Expense Month of January 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	16,233	0	1,360	1	0	14,872	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	15,936	-	1,360	-	-	14,576	Beginning balance includes 15,024 allowances for 2011
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	297	0	0	1	0	296	Beginning balance includes 134 allowances for 2011
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**O&M Expenses and Determination of Cash Working Capital Allowance**

For the Month Ended: January 31, 2011

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,173,542
10th Previous Month	1,030,809
9th Previous Month	912,574
8th Previous Month	1,188,779
7th Previous Month	1,312,575
6th Previous Month	1,402,080
5th Previous Month	1,671,859
4th Previous Month	1,317,383
3rd Previous Month	897,799
2nd Previous Month	1,040,769
Previous Month	1,673,161
Current Month	1,627,292
<b>Total 12 Month O&amp;M</b>	<b>\$ 15,248,621</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 15,248,621
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 1,906,078</b>

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: January 31, 2011

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506154 - ECR NOx Operation -- Consumables		-				-
506155 - ECR NOx Operation -- Labor and Other		-				-
512151 - ECR NOx Maintenance		-				-
Total 2001 Plan O&M Expenses		-				-
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	114,818.28	299,868.84				414,687.12
512055 - ECR Scrubber Maintenance	37,960.42	140,960.37				178,920.79
Total 2005 Plan O&M Expenses	152,778.70	440,829.21				593,607.91
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation		21,539.15			7,168.43	28,707.58
506152 - ECR Sorbent Reactant - Reagent Only		927,273.88			13,848.21	941,122.09
512152 - ECR Sorbent Injection Maintenance		6,816.38			-	6,816.38
506150 - ECR Mercury Monitors Operation	-	-	-	-	-	0.00
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation -- Consumables					23,465.77	23,465.77
506155 - ECR NOx Operation -- Labor and Other					1,219.10	1,219.10
512151 - ECR NOx Maintenance					223.40	223.40
502056 - ECR Scrubber Operations					21,268.98	21,268.98
512055 - ECR Scrubber Maintenance					9,647.72	9,647.72
506051 - ECR Precipitator Operation					-	-
506151 - ECR Activated Carbon					-	-
512051 - ECR Precipitator Maintenance					1,213.07	1,213.07
Total 2006 Plan O&M Expenses	-	955,629.41	-	-	78,054.68	1,033,684.09
<b>2009 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-					-
506155 - ECR NOx Operation -- Labor and Other	-					-
512151 - ECR NOx Maintenance	-					-
506159 - ECR Sorbent Injection Operation	-					-
506152 - ECR Sorbent Reactant - Reagent Only	-					-
512152 - ECR Sorbent Injection Maintenance	-					-
502012 - ECR Landfill Operations		-			-	-
512105 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)					-	-
Total 2009 Plan O&M Expenses	-	0.00				0.00
<b>Current Month O&amp;M Expense for All Plans</b>	<b>152,778.70</b>	<b>1,396,458.62</b>	<b>-</b>	<b>-</b>	<b>78,054.68</b>	<b>1,627,292.00</b>

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: January 31, 2011

On-Site CCP Disposal O&M Expense		Ghent	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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**Beneficial Reuse - Operations & Maintenance Expenses**  
**For the Month Ended: January 31, 2011**

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			\$ -

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse Opportunities  
For the Month Ended: January 31, 2011

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	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 33						
(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 33 [(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIUC Question No. 20  
Page 184 of 500  
Conroy

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



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Monthly Average Revenue Computation of R (m)

For the Month Ended: January 31, 2011

(1) Month	Kentucky Jurisdictional Revenues					Non-Jurisdictional Revenues		Total Company Revenues	
	(2) Base Rate Revenues	(3) Fuel Clause Revenues	(4) DSM Revenues	(5) Environmental Surcharge Revenues	(6) Total (2)+(3)+(4)+(5)	(7) Total Excluding Environmental Surcharge (6)-(5)	(8) Total Including Off-System Sales (See Note 1)	(9) Total (6)+(8)	(10) Total Excluding Environmental Surcharge (9)-(5)
Feb-10	\$ 106,658,969	\$ 886,866	\$ 1,685,828	\$ 13,417,060	\$ 122,648,723	\$ 109,231,663	\$ 24,442,776	\$ 147,091,499	\$ 133,674,439
Mar-10	99,982,694	3,785,949	1,520,431	11,257,977	116,547,052	105,289,075	12,638,911	129,185,963	117,927,986
Apr-10	88,966,697	(74,718)	1,213,575	(2,363,973)	87,741,581	90,105,554	13,019,730	100,761,312	103,125,285
May-10	82,226,032	149,083	1,026,376	1,775,548	85,177,039	83,401,492	12,813,334	97,990,373	96,214,825
Jun-10	97,262,931	(1,166,523)	1,450,927	8,898,569	106,445,904	97,547,335	15,690,999	122,136,902	113,238,333
Jul-10	106,950,966	2,788,124	1,752,947	7,329,791	118,821,827	111,492,037	18,062,588	136,884,416	129,554,625
Aug-10	114,196,065	9,264,416	1,340,726	5,630,958	130,632,165	125,001,207	17,551,825	148,183,991	142,553,033
Sep-10	115,252,388	5,976,449	1,340,408	4,465,805	127,035,049	122,569,244	15,383,156	142,418,204	137,952,399
Oct-10	94,328,977	2,032,353	960,928	678,496	98,000,754	97,322,258	9,950,814	107,951,568	107,273,072
Nov-10	88,962,545	1,821,557	902,245	2,948,221	94,634,568	91,686,347	12,488,616	107,123,183	104,174,962
Dec-10	113,173,146	(3,885,712)	1,525,425	5,096,959	115,909,817	110,812,859	16,568,025	132,477,842	127,380,884
Jan-11	133,983,325	(4,079,961)	2,482,893	5,407,256	137,793,514	132,386,258	23,134,950	160,928,464	155,521,208
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.					\$ 106,403,777				
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations):									
Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									85.12%
Note 1 - Excludes Brokered Sales,									
Total for Current Month =								\$	(15.07)

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Reconciliation of Reported Revenues**

**For the Month Ended: January 31, 2011**

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 133,983,325	\$ 133,983,325
Fuel Adjustment Clause	\$ (4,079,961)	\$ (4,079,961)
DSM	\$ 2,482,893	\$ 2,482,893
Environmental Surcharge		\$ 5,407,256
CSR Credits		\$ (788,394)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 132,386,258	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 361	\$ 361
Virginia Retail	\$ 9,400,638	\$ 9,400,638
Wholesale	\$ 10,441,396	\$ 10,441,396
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 3,292,556	\$ 3,292,556
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 23,134,950	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 155,521,208	
<b>Reconciling Revenues</b>		
Brokered	\$ (15)	\$ (15)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (9,706,000)
Provision for Refund		\$ -
Miscellaneous		\$ 2,798,599
Total Company Revenues per Income Statement =		\$ 153,232,654

# **Attachment 1**

## **Kentucky Utilities Company**

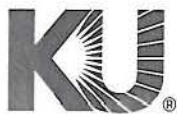
### **Revisions to Net Jurisdictional E(m) for Expense Month January 2011**

## Attachment 1

## KU ECR Project 20 - Cumulative Impact of Adjustment for Brown Ash Handling Equipment

1	2	3	4	5	6	7	8	9
Expense Month	CWIP Overstated	Rate of Return	Change to		Change to O&M (Property Taxes)	Change to Total E(m)	Retail Juris Allocation	Change to Juris E(m)
			Return on Rate Base	Property Tax Rate				
Sep-09	\$ (642,756)	11.12%	\$ (5,956)	n/a	\$ -	\$ (5,956)	87.86%	\$ (5,233)
Oct-09	(642,756)	11.12%	(5,956)	n/a	-	(5,956)	87.44%	\$ (5,208)
Nov-09	(642,756)	11.12%	(5,956)	n/a	-	(5,956)	85.53%	\$ (5,094)
Dec-09	(642,756)	11.00%	(5,892)	n/a	-	(5,892)	83.85%	\$ (4,940)
Jan-10	(642,756)	11.00%	(5,892)	0.15%	(80)	(5,972)	84.36%	\$ (5,038)
Feb-10	(642,756)	11.00%	(5,892)	0.15%	(80)	(5,972)	81.71%	\$ (4,880)
Mar-10	(642,756)	11.00%	(5,892)	0.15%	(80)	(5,972)	89.28%	\$ (5,332)
Apr-10	(642,756)	11.00%	(5,892)	0.15%	(80)	(5,972)	87.37%	\$ (5,218)
May-10	(642,756)	11.12%	(5,956)	0.15%	(80)	(6,037)	86.68%	\$ (5,232)
Jun-10	(642,756)	11.12%	(5,956)	0.15%	(80)	(6,037)	86.14%	\$ (5,200)
Jul-10	(642,756)	11.12%	(5,956)	0.15%	(80)	(6,037)	86.06%	\$ (5,195)
Aug-10	(642,756)	11.12%	(5,956)	0.15%	(80)	(6,037)	87.69%	\$ (5,293)
Sep-10	(642,756)	11.12%	(5,956)	0.15%	(80)	(6,037)	88.85%	\$ (5,363)
Oct-10	(642,756)	11.12%	(5,956)	0.15%	(80)	(6,037)	90.72%	\$ (5,476)
Nov-10	(642,756)	11.12%	(5,956)	0.15%	(80)	(6,037)	88.01%	\$ (5,313)
Total - Cumulative Impact of Adjustment for Project 20 - Ash Handling Equipment								\$ (78,018)

Property Taxes on CWIP are based on the year-end CWIP balance. The adjustment does not apply to months in 2009 because CWIP balance was properly stated at December 31, 2008.



a PPL company

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

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Kentucky Utilities Company  
State Regulation and Rates  
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PO Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

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T 502-627-3324  
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March 18, 2011

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of February 2011. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2010-00241, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after March 30, 2011.

Please note that KU revised ES Form 2.0 to include a footnote to reflect KU's share of SO<sub>2</sub> emission allowance expense associated with Trimble County Unit 2 that is not included on ES Form 2.31. The emission allowance inventory is maintained by the generating station operator, LG&E, therefore the allowance expense is not included on KU's ES Form 2.31.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'R M Conroy', written over a large, stylized circular flourish.

Robert M. Conroy

Enclosures

ES FORM 1.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of February 2011**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 2,721,724

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 2.54%

Effective Date for Billing: April billing cycle beginning March 30, 2011

Submitted by:



Title: Director, Rates

Date Submitted: March 18, 2011

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of February 2011

**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

		Environmental Compliance Plans	
(1)	RB	= \$	1,214,036,916
(2)	RB / 12	= \$	101,169,743
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.86%
(4)	OE	= \$	5,906,623
(5)	BAS	= \$	(12,324)
(6)	BR	= \$	-
(7)	E(m)	= \$	16,905,981
			$(2) \times (3) + (4) - (5) + (6)$

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	86.06%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	14,549,287
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00241	=	-
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	14,549,287
(13)	Revenue Collected through Base Rates	= \$	11,827,563
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	2,721,724
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	107,016,860
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) + (15)]	=	2.54%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of February 2011

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,252,593,579	
Eligible Pollution CWIP Excluding AFUDC	123,872,733	
Subtotal		\$ 1,376,466,312
Additions:		
Inventory - Limestone	\$ 704,986	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	548,746	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	479,331	
Cash Working Capital Allowance	1,989,279	
Subtotal		3,097,123
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	79,045,364	
Pollution Control Deferred Income Taxes	59,015,174	
Pollution Control Deferred Investment Tax Credit	27,465,981	
Subtotal		165,526,519
Environmental Compliance Rate Base		\$ 1,214,036,916

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,839,149
Monthly Depreciation & Amortization Expense	3,901,476
Monthly Taxes Other Than Income Taxes	162,365
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33 (See Note 1)	8,495
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	3,633
Monthly Surcharge Consultant Fee	
Total Pollution Control Operations Expense	\$ 5,906,623

**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	38,274	50,597	(12,324)
Total Proceeds from Sales	\$ 38,274	\$ 50,597	\$ (12,324)

Note 1: Monthly Emission Allowance Expense includes KU's share of Trimble County Unit 2 SO<sub>2</sub> emission allowance expense not reflected on ES Form 2.31. Current month KU TC2 emission allowance expense = \$ 0.75



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: February 28, 2011**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
<b>At Ghent:</b>						
Tons	106,184.36	39,052.00	0.00	64,801.00	80,435.36	
Dollars	\$ 864,848.33	\$ 342,461.74	\$ -	\$ 538,650.16	\$ 668,659.91	
\$/Ton	\$ 8.14	\$ 8.77		\$8.31	\$8.31	
<b>At E.W. Brown:</b>						
Tons	3,241.99	4,931.52	0.00	5,482.00	2,691.51	
Dollars	\$ 50,693.13	\$ 59,622.07	\$ -	\$ 73,988.77	\$ 36,326.43	
\$/Ton	\$ 15.64	\$ 12.09		\$13.50	\$ 13.50	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 628,513.00

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: February 28, 2011

(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	Unamortized ITC as of 2/28/2011	Deferred Tax Balance as of 2/28/2011	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 17 - KU Nox SCR's	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 72,084.67	\$ -	\$ 762,961	\$ -	\$ 76,900	\$ 1,941	\$ 96
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 34,655,229	\$ 1,639,773.38	\$ 19,327,293	\$ 52,342,748	\$ -	\$ 2,676,293	\$ 75,401	\$ 6,550
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,023,399,907	\$ 78,201,665.26	\$ 53,586,818	\$ 998,785,060	\$ -	\$ 55,566,422	\$ 3,153,044	\$ 125,433
Subtotal	\$ 1,058,890,181	\$ 79,913,523	\$ 72,914,111	\$ 1,051,890,769	\$ -	\$ 58,319,614	\$ 3,230,387	\$ 132,079
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,707,385)	\$ (2,225,592)	\$ -	\$ (2,481,793)	\$ -	\$ (840,847)	\$ (8,731)	\$ (310)
<b>Net Total - 2005 Plan:</b>	\$ 1,054,182,796	\$ 77,687,932	\$ 72,914,111	\$ 1,049,408,976	\$ -	\$ 57,478,767	\$ 3,221,657	\$ 131,769

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: February 28, 2011

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC as of 2/28/2011	(7) Deferred Tax Balance as of 2/28/2011	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
(2)-(3)+(4)								
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ 183,727,239	\$ 966,832.46	\$ 50,211	\$ 182,810,618	\$ 27,465,981	\$ 613,992	\$ 644,555	\$ 23,149
Project 24 - Sorbent Injection	\$ 12,751,272	\$ 599,584.85	\$ 203,561	\$ 12,355,248	-	\$ 835,759	\$ 29,598	\$ 1,552
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 109,759.11	-	\$ 922,194	-	\$ 58,301	\$ 3,424	\$ 116
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 81,200.69	-	\$ 1,267,964	-	\$ 42,353	\$ 3,376	\$ 159
Subtotal	\$ 198,859,629	\$ 1,757,377	\$ 253,772	\$ 197,356,024	\$ 27,465,981	\$ 1,550,404	\$ 680,953	\$ 24,976
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	-	\$ (48,901)	-	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 198,410,783	\$ 1,357,432	\$ 253,772	\$ 197,307,123	\$ 27,465,981	\$ 1,536,408	\$ 679,819	\$ 24,913
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 26,833,049	\$ 26,833,049	-	-	-	\$ 2,980
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 2,416,639	\$ 2,416,639	-	-	-	\$ 213
Project 30 - Ghent CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 14,310,458	\$ 14,310,458	-	-	-	\$ 1,633
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 5,625,803	\$ 5,625,803	-	-	-	\$ 687
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,231,048	\$ 1,231,048	-	-	-	\$ 139
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 287,852	\$ 287,852	-	-	-	\$ 31
Subtotal	\$ -	\$ -	\$ 50,704,850	\$ 50,704,850	-	-	-	\$ 5,683
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	-	-	-	-	-	-
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 50,704,850	\$ 50,704,850	-	-	-	\$ 5,683
<b>Net Total - All Plans:</b>	\$ 1,252,593,579	\$ 79,045,364	\$ 123,872,733	\$ 1,297,420,949	\$ 27,465,981	\$ 59,015,174	\$ 3,901,476	\$ 162,365

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances**

**For the Month Ended: February 28, 2011**

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	162,079	13,742	10,550	\$ 536,861.63	\$ -	\$ 12,155.87	
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031 - 2040	775,350						

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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year**

For the Expense Month of February 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	157,520	7,013	2,454	0	0	162,079	
Dollars	\$ 545,252.69	\$ 103.42	\$ 8,494.48	\$ -	\$ -	\$ 536,861.63	
\$/Allowance	\$ 3.46	\$ 0.01	\$ 3.46	\$ -	\$ -	\$ 3.31	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	157,520	-	2,454	-	-	162,079	Ending Inventory includes purchase from LG&E as shown below.
Dollars	\$ 545,252.69	\$ -	\$ 8,494.48	\$ -	\$ -	\$ 536,861.63	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	7,013					Purchase from LG&E - included in Ending Inventory - Coal Fuel as shown above.
Dollars	\$ -	\$ 103.42					
\$/Allowance	\$ -	\$ 0.01	\$ -	\$ -	\$ -		

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of February 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	10,550	0	0	0	0	10,550	
Dollars	\$ 12,155.87	\$ -	\$ -	\$ -	\$ -	\$ 12,155.87	
\$/Allowance	\$ 1.15	\$ -	\$ -	\$ -	\$ -	\$ 1.15	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	10,314	-	-	-	-	10,314	
Dollars	\$ 11,883.95	\$ -	\$ -	\$ -	\$ -	\$ 11,883.95	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	236	-	-	-	-	236	
Dollars	\$ 271.92	\$ -	\$ -	\$ -	\$ -	\$ 271.92	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of February 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	14,872	0	1,126	4	0	13,742	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	14,576	-	1,126	-	-	13,450	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	296	0	0	4	0	292	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: February 28, 2011

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,030,809
10th Previous Month	912,574
9th Previous Month	1,188,779
8th Previous Month	1,312,575
7th Previous Month	1,402,080
6th Previous Month	1,671,859
5th Previous Month	1,317,383
4th Previous Month	897,799
3rd Previous Month	1,040,769
2nd Previous Month	1,673,161
Previous Month	1,627,292
Current Month	1,839,149
<b>Total 12 Month O&amp;M</b>	<b>\$ 15,914,228</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 15,914,228
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 1,989,279</b>



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Pollution Control - Operations & Maintenance Expenses

For the Month Ended: February 28, 2011

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506154 - ECR NOx Operation -- Consumables		-				-
506155 - ECR NOx Operation -- Labor and Other		-				-
512151 - ECR NOx Maintenance		-				-
Total 2001 Plan O&M Expenses		-				-
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	73,988.77	397,705.38				471,694.15
512055 - ECR Scrubber Maintenance	32,047.56	204,802.63				236,850.19
Total 2005 Plan O&M Expenses	106,036.33	602,508.01				708,544.34
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation		16,869.53			6,543.55	23,413.08
506152 - ECR Sorbent Reactant - Reagent Only		857,594.76			34,687.63	892,282.39
512152 - ECR Sorbent Injection Maintenance		1,557.22			-	1,557.22
506150 - ECR Mercury Monitors Operation	-	-	-	-	-	0.00
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation -- Consumables					77,174.57	77,174.57
506155 - ECR NOx Operation -- Labor and Other					1,711.26	1,711.26
512151 - ECR NOx Maintenance					744.43	744.43
502056 - ECR Scrubber Operations					51,198.49	51,198.49
512055 - ECR Scrubber Maintenance					22,043.98	22,043.98
506051 - ECR Precipitator Operation					-	-
506151 - ECR Activated Carbon					55,817	55,817.49
512051 - ECR Precipitator Maintenance					4,661.80	4,661.80
Total 2006 Plan O&M Expenses	-	876,021.51	-	-	254,583.20	1,130,604.71
<b>2009 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-					-
506155 - ECR NOx Operation -- Labor and Other	-					-
512151 - ECR NOx Maintenance	-					-
506159 - ECR Sorbent Injection Operation	-					-
506152 - ECR Sorbent Reactant - Reagent Only	-					-
512152 - ECR Sorbent Injection Maintenance	-					-
502012 - ECR Landfill Operations		-			-	-
512105 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-			-	-
Total 2009 Plan O&M Expenses	-	0.00			-	0.00
<b>Current Month O&amp;M Expense for All Plans</b>	106,036.33	1,478,529.52	-	-	254,583.20	1,839,149.05

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: February 28, 2011

On-Site CCP Disposal O&M Expense		Ghent	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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Beneficial Reuse - Operations & Maintenance Expenses  
For the Month Ended: February 28, 2011**

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			\$ -

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Beneficial Reuse Opportunities  
 For the Month Ended: February 28, 2011

On-Site CCP Disposal O&M Expense		E. W. Brown	Ghent	Green River	Tyrone	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 33							
(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 33 [(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)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIU C Question No. 20  
 Page 204 of 500  
 Conroy

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**  
Monthly Average Revenue Computation of R (m)

For the Month Ended: February 28, 2011

(1)	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues	Total Company Revenues	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Total Including Off-System Sales (See Note 1)	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)
Mar-10	\$ 99,982,694	\$ 3,785,949	\$ 1,520,431	\$ 11,257,977	\$ 116,547,052	\$ 105,289,075	\$ 12,638,911	\$ 129,185,963	\$ 117,927,986
Apr-10	88,966,697	(74,718)	1,213,575	(2,363,973)	87,741,581	90,105,554	13,019,730	100,761,312	103,125,285
May-10	82,226,032	149,083	1,026,376	1,775,548	85,177,039	83,401,492	12,813,334	97,990,373	96,214,825
Jun-10	97,262,931	(1,166,523)	1,450,927	8,898,569	106,445,904	97,547,335	15,690,999	122,136,902	113,238,333
Jul-10	106,950,966	2,788,124	1,752,947	7,329,791	118,821,827	111,492,037	18,062,588	136,884,416	129,554,625
Aug-10	114,196,065	9,264,416	1,540,726	5,630,958	130,632,165	125,001,207	17,551,825	148,183,991	142,553,033
Sep-10	115,252,388	5,976,449	1,340,408	4,465,805	127,035,049	122,569,244	15,383,156	142,418,204	137,952,399
Oct-10	94,328,977	2,032,353	960,928	678,496	98,000,754	97,322,258	9,950,814	107,951,568	107,273,072
Nov-10	88,962,545	1,821,557	902,245	2,948,221	94,634,568	91,686,347	12,488,616	107,123,183	104,174,962
Dec-10	113,173,146	(3,885,712)	1,525,425	5,096,959	115,909,817	110,812,859	16,568,025	132,477,842	127,380,884
Jan-11	133,983,325	(4,079,961)	2,482,893	5,407,256	137,793,514	132,386,258	23,134,950	160,928,464	155,521,208
Feb-11	112,247,614	2,435,023	1,906,011	3,026,209	119,614,857	116,588,648	18,880,778	138,495,635	135,469,426
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 107,016,860			
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									86.06%
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$	(3,760.18)	

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

**Reconciliation of Reported Revenues**

**For the Month Ended: February 28, 2011**

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 112,247,614	\$ 112,247,614
Fuel Adjustment Clause	\$ 2,435,023	\$ 2,435,023
DSM	\$ 1,906,011	\$ 1,906,011
Environmental Surcharge		\$ 3,026,209
CSR Credits		\$ (926,797)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 116,588,648	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 520	\$ 520
Virginia Retail	\$ 7,125,286	\$ 7,125,286
Wholesale	\$ 7,853,614	\$ 7,853,614
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 3,901,358	\$ 3,901,358
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 18,880,778	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 135,469,426	
<b>Reconciling Revenues</b>		
Brokered	\$ (3,760)	\$ (3,760)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (11,773,000)
Provision for Refund		\$ -
Miscellaneous		\$ 1,287,801
Total Company Revenues per Income Statement =		\$ 127,079,879



a PPL company

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

April 19, 2011

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PUBLIC SERVICE  
COMMISSION

Kentucky Utilities Company  
State Regulation and Rates  
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PO Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of March 2011. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2010-00241, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after April 29, 2011.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', written over a horizontal line.

Robert M. Conroy

Enclosures

ES FORM 1.00

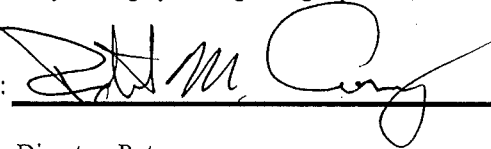
**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of March 2011**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 2,886,173

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 2.70%

Effective Date for Billing: May billing cycle beginning April 29, 2011

Submitted by:   
\_\_\_\_\_

Title: Director, Rates

Date Submitted: April 19, 2011



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of March 2011

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

		Environmental Compliance Plans	
(1)	RB	= \$	1,214,135,093
(2)	RB / 12	= \$	101,177,924
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.04%
(4)	OE	= \$	5,696,454
(5)	BAS	= \$	(295,642)
(6)	BR	= \$	-
(7)	E(m)	$(2) \times (3) + (4) - (5) + (6)$	= \$ 17,162,138

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	86.01%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	14,761,155
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00474	=	(881,730)
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	13,879,425
(13)	Revenue Collected through Base Rates	= \$	10,993,252
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	2,886,173
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	107,050,264
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	2.70%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of March 2011

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,252,593,579	
Eligible Pollution CWIP Excluding AFUDC	131,087,969	
Subtotal		\$ 1,383,681,548
Additions:		
Inventory - Limestone	\$ 771,146	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	539,862	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	470,447	
Cash Working Capital Allowance	2,064,001	
Subtotal		3,229,121
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	82,956,704	
Pollution Control Deferred Income Taxes	62,352,891	
Pollution Control Deferred Investment Tax Credit	27,465,981	
Subtotal		172,775,576
Environmental Compliance Rate Base		\$ 1,214,135,093

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,628,590
Monthly Depreciation & Amortization Expense	3,901,476
Monthly Taxes Other Than Income Taxes	162,365
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33 (See Note 1)	8,885
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	4,023
Monthly Surcharge Consultant Fee	
Total Pollution Control Operations Expense	\$ 5,696,454

**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	\$ 3,293	\$ 286,166	\$ (282,873)
Scrubber By-Products Sales	37,829	50,597	(12,769)
Total Proceeds from Sales	\$ 41,122	\$ 336,763	\$ (295,642)

Note 1: Monthly Emission Allowance Expense includes KU's share of Trimble County Unit 2 SO<sub>2</sub> emission allowance expense not reflected on ES Form 2.31. Current month KU TC2 emission allowance expense = \$ 0.58

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: March 31, 2011**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	80,435.36	51,818.00	0.00	45,605.00	86,648.36	
Dollars	\$ 668,659.91	\$ 438,024.78	\$ -	\$ 382,257.68	\$ 724,427.01	
\$/Ton	\$ 8.31	\$ 8.45		\$ 8.38	\$ 8.36	
At E. W. Brown:						
Tons	2,691.51	12,756.40	0.00	11,524.00	3,923.91	
Dollars	\$ 36,326.43	\$ 147,599.81	\$ -	\$ 137,207.30	\$ 46,718.94	
\$/Ton	\$ 13.50	\$ 11.57		\$ 11.91	\$ 11.91	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 694,672.61

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Plant, CWIP & Depreciation Expense**

For the Month Ended: March 31, 2011

(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	Unamortized ITC as of 3/31/2011	Deferred Tax Balance as of 3/31/2011	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 17 - KU Nox SCR's	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 74,026.15	\$ -	\$ 761,020	\$ -	\$ 78,471	\$ 1,941	\$ 96
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 34,655,229	\$ 1,715,174.58	\$ 19,459,047	\$ 52,399,101	\$ -	\$ 2,811,549	\$ 75,401	\$ 6,550
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,023,399,907	\$ 81,354,709.72	\$ 54,646,991	\$ 996,692,189	\$ -	\$ 58,479,865	\$ 3,153,044	\$ 125,433
Subtotal	\$ 1,058,890,181	\$ 83,143,910	\$ 74,106,039	\$ 1,049,852,309	\$ -	\$ 61,369,884	\$ 3,230,387	\$ 132,079
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,707,385)	\$ (2,225,592)	\$ -	\$ (2,481,793)	\$ -	\$ (840,847)	\$ (8,731)	\$ (310)
<b>Net Total - 2005 Plan:</b>	\$ 1,054,182,796	\$ 80,918,319	\$ 74,106,039	\$ 1,047,370,516	\$ -	\$ 60,529,037	\$ 3,221,657	\$ 131,769

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: March 31, 2011

(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	Unamortized ITC as of 3/31/2011	Deferred Tax Balance as of 3/31/2011	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ 183,727,239	\$ 1,611,387.43	\$ 289,341	\$ 182,405,193	\$ 27,465,981	\$ 858,305	\$ 644,555	\$ 23,149
Project 24 - Sorbent Injection	\$ 12,751,272	\$ 629,183.10	\$ 203,561	\$ 12,325,650	\$ -	\$ 875,461	\$ 29,598	\$ 1,552
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 113,183.00	\$ -	\$ 918,770	\$ -	\$ 60,013	\$ 3,424	\$ 116
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 84,576.67	\$ -	\$ 1,264,589	\$ -	\$ 44,072	\$ 3,376	\$ 159
Subtotal	\$ 198,859,629	\$ 2,438,330	\$ 492,902	\$ 196,914,201	\$ 27,465,981	\$ 1,837,851	\$ 680,953	\$ 24,976
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 198,410,783	\$ 2,038,385	\$ 492,902	\$ 196,865,300	\$ 27,465,981	\$ 1,823,854	\$ 679,819	\$ 24,913
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 29,662,853	\$ 29,662,853	\$ -	\$ -	\$ -	\$ 2,980
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 2,980,988	\$ 2,980,988	\$ -	\$ -	\$ -	\$ 213
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 16,210,828	\$ 16,210,828	\$ -	\$ -	\$ -	\$ 1,633
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 5,912,167	\$ 5,912,167	\$ -	\$ -	\$ -	\$ 687
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,389,195	\$ 1,389,195	\$ -	\$ -	\$ -	\$ 139
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 332,997	\$ 332,997	\$ -	\$ -	\$ -	\$ 31
Subtotal	\$ -	\$ -	\$ 56,489,028	\$ 56,489,028	\$ -	\$ -	\$ -	\$ 5,683
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 56,489,028	\$ 56,489,028	\$ -	\$ -	\$ -	\$ 5,683
<b>Net Total - All Plans:</b>	\$ 1,252,593,579	\$ 82,956,704	\$ 131,087,969	\$ 1,300,724,844	\$ 27,465,981	\$ 62,352,891	\$ 3,901,476	\$ 162,365

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

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Inventory of Emission Allowances

For the Month Ended: March 31, 2011

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	159,397	12,365	10,550	\$ 527,977.93	-	\$ 12,155.87	
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031 - 2040	775,350						

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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of March 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	162,079	0	2,682	0	0	159,397	
Dollars	\$ 536,861.63	\$ -	\$ 8,883.70	\$ -	\$ -	\$ 527,977.93	
\$/Allowance	\$ 3.31	\$ -	\$ 3.31	\$ -	\$ -	\$ 3.31	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	162,079	-	2,682	-	-	159,397	
Dollars	\$ 536,861.63	\$ -	\$ 8,883.70	\$ -	\$ -	\$ 527,977.93	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E</b>							
Quantity	0	0					
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of March 2011

	Beginning Inventory	Allocations/ Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	10,550	0	0	0	0	10,550	
Dollars	\$ 12,155.87	\$ -	\$ -	\$ -	\$ -	\$ 12,155.87	
\$/Allowance	\$ 1.15	\$ -	\$ -	\$ -	\$ -	\$ 1.15	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	10,314	-	-	-	-	10,314	
Dollars	\$ 11,883.95	\$ -	\$ -	\$ -	\$ -	\$ 11,883.95	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	236	-	-	-	-	236	
Dollars	\$ 271.92	\$ -	\$ -	\$ -	\$ -	\$ 271.92	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of March 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	13,742	0	1,377	0	0	12,365	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	13,450	-	1,377	-	-	12,073	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	292	0	0	0	0	292	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: March 31, 2011

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 912,574
10th Previous Month	1,188,779
9th Previous Month	1,312,575
8th Previous Month	1,402,080
7th Previous Month	1,671,859
6th Previous Month	1,317,383
5th Previous Month	897,799
4th Previous Month	1,040,769
3rd Previous Month	1,673,161
2nd Previous Month	1,627,292
Previous Month	1,839,149
Current Month	1,628,590
<b>Total 12 Month O&amp;M</b>	<b>\$ 16,512,009</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 16,512,009
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 2,064,001</b>

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Pollution Control - Operations & Maintenance Expenses

For the Month Ended: March 31, 2011

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-	-	-	-	-	-
506155 - ECR NOx Operation -- Labor and Other	-	-	-	-	-	-
512151 - ECR NOx Maintenance	-	-	-	-	-	-
Total 2001 Plan O&M Expenses	-	-	-	-	-	-
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	137,207.30	246,028.69	-	-	-	383,235.99
512055 - ECR Scrubber Maintenance	101,187.04	221,923.48	-	-	-	323,110.52
Total 2005 Plan O&M Expenses	238,394.34	467,952.17	-	-	-	706,346.51
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation	-	20,479.63	-	-	7,450.30	27,929.93
506152 - ECR Sorbent Reactant - Reagent Only	-	671,797.61	-	-	27,887.92	699,685.53
512152 - ECR Sorbent Injection Maintenance	-	53,412.94	-	-	-	53,412.94
506150 - ECR Mercury Monitors Operation	-	-	-	-	-	0.00
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation -- Consumables	-	-	-	-	56,451.26	56,451.26
506155 - ECR NOx Operation -- Labor and Other	-	-	-	-	1,503.51	1,503.51
512151 - ECR NOx Maintenance	-	-	-	-	649.13	649.13
502056 - ECR Scrubber Operations	-	-	-	-	37,300.10	37,300.10
512055 - ECR Scrubber Maintenance	-	-	-	-	18,626.48	18,626.48
506051 - ECR Precipitator Operation	-	-	-	-	-	-
506151 - ECR Activated Carbon	-	-	-	-	19,610.83	19,610.83
512051 - ECR Precipitator Maintenance	-	-	-	-	7,074.14	7,074.14
Total 2006 Plan O&M Expenses	-	745,690.18	-	-	176,553.67	922,243.85
<b>2009 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-	-	-	-	-	-
506155 - ECR NOx Operation -- Labor and Other	-	-	-	-	-	-
512151 - ECR NOx Maintenance	-	-	-	-	-	-
506159 - ECR Sorbent Injection Operation	-	-	-	-	-	-
506152 - ECR Sorbent Reactant - Reagent Only	-	-	-	-	-	-
512152 - ECR Sorbent Injection Maintenance	-	-	-	-	-	-
502012 - ECR Landfill Operations	-	-	-	-	-	-
512105 - ECR Landfill Maintenance	-	-	-	-	-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-	-	-	-	-	-
Total 2009 Plan O&M Expenses	-	0.00	-	-	-	0.00
<b>Current Month O&amp;M Expense for All Plans</b>	<b>238,394.34</b>	<b>1,213,642.35</b>	<b>-</b>	<b>-</b>	<b>176,553.67</b>	<b>1,628,590.36</b>

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
CCP Disposal Facilities Expenses  
For the Month Ended: March 31, 2011

On-Site CCP Disposal O&M Expense		Ghent	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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Beneficial Reuse - Operations & Maintenance Expenses**

**For the Month Ended: March 31, 2011**

Third Party	O&M Expense Account	Plant	Total O&M
<b>Total Monthly Beneficial Reuse Expense</b>			\$ -
<b>Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)</b>			\$ -
<b>Net Beneficial Reuse O&amp;M Expense</b>			\$ -

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Beneficial Reuse Opportunities  
For the Month Ended: March 31, 2011

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)</b>						
(1) 12 Months Ending with Expense Month	\$ -	\$ -	\$ -	\$ -	\$ -	
(2) Monthly Amount [(1) / 12]	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>2009 Plan Project 33</b>						
(3) Monthly Amount (Expense/Revenue)	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Beneficial Reuse - Generating Station</b>						
(4) Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Beneficial Reuse in Base Rates</b>						
(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 33 [(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%.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Monthly Average Revenue Computation of R (m)

For the Month Ended: March 31, 2011

(1) Month	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues	Total Company Revenues	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total	Total Excluding Environmental Surcharge	Total Including Off-System Sales	Total	Total Excluding Environmental Surcharge
					(2)+(3)+(4)+(5)	(6)-(5)	(See Note 1)	(6)+(8)	(9)-(5)
Apr-10	\$ 88,966,697	\$ (74,718)	\$ 1,213,575	\$ (2,363,973)	\$ 87,741,581	\$ 90,105,554	\$ 13,019,730	\$ 100,761,312	\$ 103,125,285
May-10	82,226,032	149,083	1,026,376	1,775,548	85,177,039	83,401,492	12,813,334	97,990,373	96,214,825
Jun-10	97,262,931	(1,166,523)	1,450,927	8,898,569	106,445,904	97,547,335	15,690,999	122,136,902	113,238,333
Jul-10	106,950,966	2,788,124	1,752,947	7,329,791	118,821,827	111,492,037	18,062,588	136,884,416	129,554,625
Aug-10	114,196,065	9,264,416	1,540,726	5,630,958	130,632,165	125,001,207	17,551,825	148,183,991	142,553,033
Sep-10	115,252,388	5,976,449	1,340,408	4,465,805	127,035,049	122,569,244	15,383,156	142,418,204	137,952,399
Oct-10	94,328,977	2,032,353	960,928	678,496	98,000,754	97,322,258	9,950,814	107,951,568	107,273,072
Nov-10	88,962,545	1,821,557	902,245	2,948,221	94,634,568	91,686,347	12,488,616	107,123,183	104,174,962
Dec-10	113,173,146	(3,885,712)	1,525,425	5,096,959	115,909,817	110,812,859	16,568,025	132,477,842	127,380,884
Jan-11	133,983,325	(4,079,961)	2,482,893	5,407,256	137,793,514	132,386,258	23,134,950	160,928,464	155,521,208
Feb-11	112,247,614	2,435,023	1,906,011	3,026,209	119,614,857	116,588,648	18,880,778	138,495,634	135,469,425
Mar-11	104,076,223	45,175	1,568,534	169,800	105,859,733	105,689,933	17,187,533	123,047,266	122,877,466
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 107,050,264			
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									86.01%
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$ 973.62	

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended: March 31, 2011

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 104,076,223	\$ 104,076,223
Fuel Adjustment Clause	\$ 45,175	\$ 45,175
DSM	\$ 1,568,534	\$ 1,568,534
Environmental Surcharge		\$ 169,800
CSR Credits		\$ (738,920)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 105,689,933	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 243	\$ 243
Virginia Retail	\$ 6,442,790	\$ 6,442,790
Wholesale	\$ 7,759,296	\$ 7,759,296
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 2,985,203	\$ 2,985,203
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 17,187,533	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 122,877,465	
<b>Reconciling Revenues</b>		
Brokered	\$ 974	\$ 974
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (1,392,000)
Provision for Refund		\$ -
Miscellaneous		\$ 4,195,369
Total Company Revenues per Income Statement =		\$ 125,112,688





a PPL company

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

May 20, 2011

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of April 2011. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2010-00241, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after May 31, 2011.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', written over a large, stylized circular flourish.

Robert M. Conroy

Enclosures

RECEIVED

MAY 20 2011

PUBLIC SERVICE  
COMMISSION

Kentucky Utilities Company  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

ES FORM 1.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of April 2011**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 3,723,617

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 3.46%

Effective Date for Billing: June billing cycle beginning May 31, 2011

Submitted by:



Title: Director, Rates

Date Submitted: May 20, 2011

**KENTUCKY UTILITIES COMPANY  
 ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of April 2011

**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

		Environmental Compliance Plans	
(1)	RB	= \$	1,212,576,264
(2)	RB / 12	= \$	101,048,022
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.04%
(4)	OE	= \$	5,661,285
(5)	BAS	= \$	37,954
(6)	BR	= \$	-
(7)	E(m)	= \$	16,779,033
			$(2) \times (3) + (4) - (5) + (6)$

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	87.31%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	14,649,774
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00474	=	(881,730)
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	13,768,044
(13)	Revenue Collected through Base Rates	= \$	10,044,427
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	3,723,617
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	107,531,674
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	3.46%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of April 2011

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,252,797,141	
Eligible Pollution CWIP Excluding AFUDC	136,368,498	
Subtotal		\$ 1,389,165,639
Additions:		
Inventory - Limestone	\$ 781,592	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	530,627	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	461,212	
Cash Working Capital Allowance	2,149,034	
Subtotal		3,315,365
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	86,868,281	
Pollution Control Deferred Income Taxes	65,694,618	
Pollution Control Deferred Investment Tax Credit	27,341,841	
Subtotal		179,904,740
Environmental Compliance Rate Base		\$ 1,212,576,264

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,592,835
Monthly Depreciation & Amortization Expense	3,901,712
Monthly Taxes Other Than Income Taxes	162,365
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33 (See Note 1)	9,235
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	4,373
Monthly Surcharge Consultant Fee	
Total Pollution Control Operations Expense	\$ 5,661,285

**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	88,551	50,597	37,954
Total Proceeds from Sales	\$ 88,551	\$ 50,597	\$ 37,954

Note 1: Monthly Emission Allowance Expense includes KU's share of Trimble County Unit 2 SO<sub>2</sub> emission allowance expense not reflected on ES Form 2.31. Current month KU TC2 emission allowance expense = \$ 0.01

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: April 30, 2011**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	86,648.36	36,519.00	0.00	40,340.00	82,827.36	
Dollars	\$ 724,427.01	\$ 319,257.62	\$ -	\$ 341,917.59	\$ 701,767.04	
\$/Ton	\$ 8.36	\$ 8.74		\$8.48	\$8.47	
At E.W. Brown:						
Tons	3,923.91	5,107.88	0.00	2,261.00	6,770.79	
Dollars	\$ 46,718.94	\$ 59,762.19	\$ -	\$ 26,656.27	\$ 79,824.86	
\$/Ton	\$ 11.91	\$ 11.70		\$11.79	\$ 11.79	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 705,118.56

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: April 30, 2011

(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	Unamortized ITC as of 4/30/2011	Deferred Tax Balance as of 4/30/2011	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 17 - KU Nox SCR's	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 75,967.63	\$ -	\$ 759,078	\$ -	\$ 80,041	\$ 1,941	\$ 96
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 34,655,229	\$ 1,790,575.78	\$ 19,489,513	\$ 52,354,166	\$ -	\$ 2,946,805	\$ 75,401	\$ 6,550
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,023,399,907	\$ 84,507,754.18	\$ 55,605,944	\$ 994,498,096	\$ -	\$ 61,393,308	\$ 3,153,044	\$ 125,433
Subtotal	\$ 1,058,890,181	\$ 86,374,298	\$ 75,095,457	\$ 1,047,611,341	\$ -	\$ 64,420,154	\$ 3,230,387	\$ 132,079
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,707,385)	\$ (2,225,592)	\$ -	\$ (2,481,793)	\$ -	\$ (840,847)	\$ (8,731)	\$ (310)
<b>Net Total - 2005 Plan:</b>	\$ 1,054,182,796	\$ 84,148,706	\$ 75,095,457	\$ 1,045,129,547	\$ -	\$ 63,579,307	\$ 3,221,657	\$ 131,769

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: April 30, 2011

(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	Unamortized ITC as of 4/30/2011	Deferred Tax Balance as of 4/30/2011	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ 183,727,239	\$ 2,255,942.40	\$ 376,472	\$ 181,847,769	\$ 27,341,841	\$ 1,102,618	\$ 644,555	\$ 23,149
Project 24 - Sorbent Injection	\$ 12,954,833	\$ 659,017.99	\$ -	\$ 12,295,815	\$ -	\$ 919,174	\$ 29,835	\$ 1,552
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 116,606.89	\$ -	\$ 915,346	\$ -	\$ 61,724	\$ 3,424	\$ 116
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 87,952.65	\$ -	\$ 1,261,213	\$ -	\$ 45,791	\$ 3,376	\$ 159
Subtotal	\$ 199,063,191	\$ 3,119,520	\$ 376,472	\$ 196,320,143	\$ 27,341,841	\$ 2,129,308	\$ 681,190	\$ 24,976
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 198,614,345	\$ 2,719,575	\$ 376,472	\$ 196,271,242	\$ 27,341,841	\$ 2,115,311	\$ 680,056	\$ 24,913
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 31,555,987	\$ 31,555,987	\$ -	\$ -	\$ -	\$ 2,980
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 3,076,497	\$ 3,076,497	\$ -	\$ -	\$ -	\$ 213
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 18,241,340	\$ 18,241,340	\$ -	\$ -	\$ -	\$ 1,633
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 6,214,068	\$ 6,214,068	\$ -	\$ -	\$ -	\$ 687
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,456,308	\$ 1,456,308	\$ -	\$ -	\$ -	\$ 139
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 352,370	\$ 352,370	\$ -	\$ -	\$ -	\$ 31
Subtotal	\$ -	\$ -	\$ 60,896,569	\$ 60,896,569	\$ -	\$ -	\$ -	\$ 5,683
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 60,896,569	\$ 60,896,569	\$ -	\$ -	\$ -	\$ 5,683
<b>Net Total - All Plans:</b>	\$ 1,252,797,141	\$ 86,868,281	\$ 136,368,498	\$ 1,302,297,358	\$ 27,341,841	\$ 65,694,618	\$ 3,901,712	\$ 162,365

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

Attachment to Response to KU KIUC Question No. 20  
Page 231 of 500  
Conroy

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Inventory of Emission Allowances

For the Month Ended: April 30, 2011

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	156,609	11,140	10,550	\$ 518,743.12	\$ -	\$ 12,155.87	
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031 - 2040	775,350						

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.



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year**

For the Expense Month of April 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	159,397	0	2,788	0	0	156,609	
Dollars	\$ 527,977.93	\$ -	\$ 9,234.81	\$ -	\$ -	\$ 518,743.12	
\$/Allowance	\$ 3.31	\$ -	\$ 3.31	\$ -	\$ -	\$ 3.31	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	159,397	-	2,788	-	-	156,609	
Dollars	\$ 527,977.93	\$ -	\$ 9,234.81	\$ -	\$ -	\$ 518,743.12	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E</b>							
Quantity	0	0					
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of April 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	10,550	0	0	0	0	10,550	
Dollars	\$ 12,155.87	\$ -	\$ -	\$ -	\$ -	\$ 12,155.87	
\$/Allowance	\$ 1.15	\$ -	\$ -	\$ -	\$ -	\$ 1.15	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	10,314	-	-	-	-	10,314	
Dollars	\$ 11,883.95	\$ -	\$ -	\$ -	\$ -	\$ 11,883.95	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	236	-	-	-	-	236	
Dollars	\$ 271.92	\$ -	\$ -	\$ -	\$ -	\$ 271.92	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of April 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	12,365	0	1,021	0	204	11,140	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	12,073	-	1,021	-	204	10,848	Sales to OMU
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	292	0	0	0	0	292	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: April 30, 2011

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,188,779
10th Previous Month	1,312,575
9th Previous Month	1,402,080
8th Previous Month	1,671,859
7th Previous Month	1,317,383
6th Previous Month	897,799
5th Previous Month	1,040,769
4th Previous Month	1,673,161
3rd Previous Month	1,627,292
2nd Previous Month	1,839,149
Previous Month	1,628,590
Current Month	1,592,835
Total 12 Month O&M	\$ 17,192,271

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 17,192,271
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 2,149,034

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Pollution Control - Operations & Maintenance Expenses**

For the Month Ended: April 30, 2011

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-	-	-	-	-	-
506155 - ECR NOx Operation -- Labor and Other	-	-	-	-	-	-
512151 - ECR NOx Maintenance	-	-	-	-	-	-
Total 2001 Plan O&M Expenses	-	-	-	-	-	-
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	26,656.27	232,911.91	-	-	-	259,568.18
512055 - ECR Scrubber Maintenance	127,257.16	508,179.13	-	-	-	635,436.29
Total 2005 Plan O&M Expenses	153,913.43	741,091.04	-	-	-	895,004.47
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation	-	20,547.54	-	-	5,450.20	25,997.74
506152 - ECR Sorbent Reactant - Reagent Only	-	629,246.93	-	-	1,786.94	631,033.87
512152 - ECR Sorbent Injection Maintenance	-	4,552.96	-	-	-	4,552.96
506150 - ECR Mercury Monitors Operation	-	-	-	-	-	0.00
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation -- Consumables	-	-	-	-	3,151.81	3,151.81
506155 - ECR NOx Operation -- Labor and Other	-	-	-	-	2,464.41	2,464.41
512151 - ECR NOx Maintenance	-	-	-	-	703.84	703.84
502056 - ECR Scrubber Operations	-	-	-	-	0.00	0.00
512055 - ECR Scrubber Maintenance	-	-	-	-	27,493.92	27,493.92
506051 - ECR Precipitator Operation	-	-	-	-	-	-
506151 - ECR Activated Carbon	-	-	-	-	(4,277.92)	(4,277.92)
512051 - ECR Precipitator Maintenance	-	-	-	-	6,709.68	6,709.68
Total 2006 Plan O&M Expenses	-	654,347.43	-	-	43,482.88	697,830.31
<b>2009 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-	-	-	-	-	-
506155 - ECR NOx Operation -- Labor and Other	-	-	-	-	-	-
512151 - ECR NOx Maintenance	-	-	-	-	-	-
506159 - ECR Sorbent Injection Operation	-	-	-	-	-	-
506152 - ECR Sorbent Reactant - Reagent Only	-	-	-	-	-	-
512152 - ECR Sorbent Injection Maintenance	-	-	-	-	-	-
502012 - ECR Landfill Operations	-	-	-	-	-	-
512105 - ECR Landfill Maintenance	-	-	-	-	-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-	-	-	-	-	-
Total 2009 Plan O&M Expenses	-	0.00	-	-	-	0.00
<b>Current Month O&amp;M Expense for All Plans</b>	<b>153,913.43</b>	<b>1,395,438.47</b>	<b>-</b>	<b>-</b>	<b>43,482.88</b>	<b>1,592,834.78</b>

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: April 30, 2011

On-Site CCP Disposal O&M Expense		Ghent	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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Beneficial Reuse - Operations & Maintenance Expenses  
For the Month Ended: April 30, 2011**

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			\$ -

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Beneficial Reuse Opportunities  
For the Month Ended: April 30, 2011

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)</b>						
(1) 12 Months Ending with Expense Month	\$ -	\$ -	\$ -	\$ -	\$ -	
(2) Monthly Amount [(1) / 12]	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>2009 Plan Project 33</b>						
(3) Monthly Amount (Expense/Revenue)	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Beneficial Reuse - Generating Station</b>						
(4) Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Beneficial Reuse in Base Rates</b>						
(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 33 [(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIU/C Question No. 20  
Page 240 of 500  
County

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



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Monthly Average Revenue Computation of R (m)

For the Month Ended: April 30, 2011

(1)	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues	Total Company Revenues	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total	Total Excluding Environmental Surcharge	Total Including Off-System Sales	Total	Total Excluding Environmental Surcharge
					(2)+(3)+(4)+(5)	(6)-(5)	(See Note 1)	(6)+(8)	(9)-(5)
May-10	\$ 82,226,032	\$ 149,083	\$ 1,026,376	\$ 1,775,548	\$ 85,177,039	\$ 83,401,492	\$ 12,813,334	\$ 97,990,373	\$ 96,214,825
Jun-10	97,262,931	(1,166,523)	1,450,927	8,898,569	106,445,904	97,547,335	15,690,999	122,136,902	113,238,333
Jul-10	106,950,966	2,788,124	1,752,947	7,329,791	118,821,827	111,492,037	18,062,588	136,884,416	129,554,625
Aug-10	114,196,065	9,264,416	1,540,726	5,630,958	130,632,165	125,001,207	17,551,825	148,183,991	142,553,033
Sep-10	115,252,388	5,976,449	1,340,408	4,465,805	127,035,049	122,569,244	15,383,156	142,418,204	137,952,399
Oct-10	94,328,977	2,032,353	960,928	678,496	98,000,754	97,322,258	9,950,814	107,951,568	107,273,072
Nov-10	88,962,545	1,821,557	902,245	2,948,221	94,634,568	91,686,347	12,488,616	107,123,183	104,174,962
Dec-10	113,173,146	(3,885,712)	1,525,425	5,096,959	115,909,817	110,812,859	16,568,025	132,477,842	127,380,884
Jan-11	133,983,325	(4,079,961)	2,482,893	5,407,256	137,793,514	132,386,258	23,134,950	160,928,464	155,521,208
Feb-11	112,247,614	2,435,023	1,906,011	3,026,209	119,614,857	116,588,648	18,880,778	138,495,634	135,469,425
Mar-11	104,076,223	45,175	1,568,534	169,800	105,859,733	105,689,933	17,187,533	123,047,265	122,877,465
Apr-11	94,847,487	(228,729)	1,263,716	2,360,485	98,242,959	95,882,474	13,938,469	112,181,428	109,820,943
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 107,531,674			
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									87.31%
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$ 15.29	

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Reconciliation of Reported Revenues**

**For the Month Ended: April 30, 2011**

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 94,847,487	\$ 94,847,487
Fuel Adjustment Clause	\$ (228,729)	\$ (228,729)
DSM	\$ 1,263,716	\$ 1,263,716
Environmental Surcharge		\$ 2,360,485
CSR Credits		\$ (924,985)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 95,882,475	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 238	\$ 238
Virginia Retail	\$ 5,739,807	\$ 5,739,807
Wholesale	\$ 7,248,820	\$ 7,248,820
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 949,605	\$ 949,605
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 13,938,469	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 109,820,943	
<b>Reconciling Revenues</b>		
Brokered	\$ 15	\$ 15
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (8,170,000)
Provision for Refund		\$ -
Miscellaneous		\$ 4,226,465
Total Company Revenues per Income Statement =		\$ 107,312,924



a PPL company

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

June 17, 2011

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of May 2011. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2010-00474, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after June 29, 2011.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert M. Conroy', written over a horizontal line.

Robert M. Conroy

Enclosures

RECEIVED

JUN 17 2011

PUBLIC SERVICE  
COMMISSION

Kentucky Utilities Company  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

ES FORM 1.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

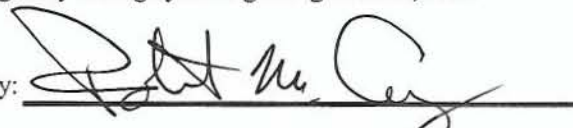
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of May 2011**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 3,820,591

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 3.53%

Effective Date for Billing: July billing cycle beginning June 29, 2011

Submitted by:



Title: Director, Rates

Date Submitted: June 17, 2011

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of May 2011

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

		Environmental Compliance Plans	
(1)	RB	= \$	1,211,354,448
(2)	RB / 12	= \$	100,946,204
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.04%
(4)	OE	= \$	5,857,242
(5)	BAS	= \$	(8,495)
(6)	BR	= \$	-
(7)	E(m) <span style="float: right;"><math>(2) \times (3) + (4) - (5) + (6)</math></span>	= \$	17,010,198

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	84.19%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	14,320,886
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00474	=	(881,730)
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	13,439,156
(13)	Revenue Collected through Base Rates	= \$	9,618,565
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	3,820,591
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	108,246,609
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) + (15)]	=	3.53%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of May 2011

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,252,797,141	
Eligible Pollution CWIP Excluding AFUDC	142,424,012	
Subtotal		\$ 1,395,221,153
Additions:		
Inventory - Limestone	\$ 689,930	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	523,248	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	453,833	
Cash Working Capital Allowance	2,224,234	
Subtotal		3,291,524
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	90,780,094	
Pollution Control Deferred Income Taxes	69,036,294	
Pollution Control Deferred Investment Tax Credit	27,341,841	
Subtotal		187,158,229
Environmental Compliance Rate Base		\$ 1,211,354,448

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,790,381
Monthly Depreciation & Amortization Expense	3,901,949
Monthly Taxes Other Than Income Taxes	162,365
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33 (See Note 1)	7,409
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	2,547
Monthly Surcharge Consultant Fee	
Total Pollution Control Operations Expense	\$ 5,857,242

**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	42,102	50,597	(8,495)
Total Proceeds from Sales	\$ 42,102	\$ 50,597	\$ (8,495)

Note 1: Monthly Emission Allowance Expense includes KU's share of Trimble County Unit 2 SO<sub>2</sub> emission allowance expense not reflected on ES Form 2.31. Current month KU TC2 emission allowance expense = \$ 1.32

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: May 31, 2011**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	82,827.36	29,368.00	0.00	39,617.00	72,578.36	
Dollars	\$ 701,767.04	\$ 257,337.12	\$ -	\$ 340,051.32	\$ 619,052.84	
\$/Ton	\$ 8.47	\$ 8.76		\$8.58	\$8.53	
At E.W. Brown:						
Tons	6,770.79	8,541.64	0.00	9,275.00	6,037.43	
Dollars	\$ 79,824.86	\$ 99,937.21	\$ -	\$ 108,884.95	\$ 70,877.12	
\$/Ton	\$ 11.79	\$ 11.70		\$11.74	\$ 11.74	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 613,456.62

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: May 31, 2011

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC  as of 5/31/2011	(7) Deferred Tax Balance  as of 5/31/2011	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 17 - KU Nox SCR's	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 77,909.11	\$ -	\$ 757,137	\$ -	\$ 81,612	\$ 1,941	\$ 96
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 34,655,229	\$ 1,865,976.98	\$ 19,484,822	\$ 52,274,074	\$ -	\$ 3,082,061	\$ 75,401	\$ 6,550
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,023,399,907	\$ 87,660,798.64	\$ 55,760,460	\$ 991,499,568	\$ -	\$ 64,306,751	\$ 3,153,044	\$ 125,433
Subtotal	\$ 1,058,890,181	\$ 89,604,685	\$ 75,245,282	\$ 1,044,530,779	\$ -	\$ 67,470,424	\$ 3,230,387	\$ 132,079
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,707,385)	\$ (2,225,592)	\$ -	\$ (2,481,793)	\$ -	\$ (840,847)	\$ (8,731)	\$ (310)
<b>Net Total - 2005 Plan:</b>	\$ 1,054,182,796	\$ 87,379,093	\$ 75,245,282	\$ 1,042,048,985	\$ -	\$ 66,629,576	\$ 3,221,657	\$ 131,769



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: May 31, 2011

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC as of 5/31/2011	(7) Deferred Tax Balance as of 5/31/2011	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
<b>2006 Plan:</b>				(2)-(3)+(4)				
Project 23 - TC2 AQCS Equipment	\$ 183,727,239	\$ 2,900,497.37	\$ 2,244,677	\$ 183,071,419	\$ 27,341,841	\$ 1,346,931	\$ 644,555	\$ 23,149
Project 24 - Sorbent Injection	\$ 12,954,833	\$ 689,089.52	\$ -	\$ 12,265,744	\$ -	\$ 962,837	\$ 30,072	\$ 1,552
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 120,030.78	\$ -	\$ 911,922	\$ -	\$ 63,436	\$ 3,424	\$ 116
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 91,328.63	\$ -	\$ 1,257,837	\$ -	\$ 47,510	\$ 3,376	\$ 159
Subtotal	\$ 199,063,191	\$ 3,800,946	\$ 2,244,677	\$ 197,506,922	\$ 27,341,841	\$ 2,420,715	\$ 681,426	\$ 24,976
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 198,614,345	\$ 3,401,001	\$ 2,244,677	\$ 197,458,021	\$ 27,341,841	\$ 2,406,718	\$ 680,292	\$ 24,913
<b>2009 Plan:</b>								
Project 28 - Brown, 3 SCR	\$ -	\$ -	\$ 33,373,888	\$ 33,373,888	\$ -	\$ -	\$ -	\$ 2,980
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 4,382,006	\$ 4,382,006	\$ -	\$ -	\$ -	\$ 213
Project 30 - Ghent CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 18,807,313	\$ 18,807,313	\$ -	\$ -	\$ -	\$ 1,633
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 6,479,657	\$ 6,479,657	\$ -	\$ -	\$ -	\$ 687
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,517,514	\$ 1,517,514	\$ -	\$ -	\$ -	\$ 139
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 373,673	\$ 373,673	\$ -	\$ -	\$ -	\$ 31
Subtotal	\$ -	\$ -	\$ 64,934,052	\$ 64,934,052	\$ -	\$ -	\$ -	\$ 5,683
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 64,934,052	\$ 64,934,052	\$ -	\$ -	\$ -	\$ 5,683
<b>Net Total - All Plans:</b>	\$ 1,252,797,141	\$ 90,780,094	\$ 142,424,012	\$ 1,304,441,058	\$ 27,341,841	\$ 69,036,294	\$ 3,901,949	\$ 162,365

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances**

For the Month Ended: May 31, 2011

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	156,769	9,439	9,407	\$ 512,677.89	\$ -	\$ 10,838.89	
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031 - 2040	775,350						

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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of May 2011

	Beginning Inventory	Allocations/ Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	156,609	2,000	1,840	0	0	156,769	
Dollars	\$ 518,743.12	\$ 29.49	\$ 6,094.72	\$ -	\$ -	\$ 512,677.89	
\$/Allowance	\$ 3.31	\$ 0.01	\$ 3.31	\$ -	\$ -	\$ 3.27	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	156,609	-	1,840	-	-	156,769	Ending Inventory includes purchase from LG&E as shown below.
Dollars	\$ 518,743.12	\$ -	\$ 6,094.72	\$ -	\$ -	\$ 512,677.89	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E</b>							
Quantity	0	2,000					Purchase from LG&E - included in Ending Inventory - Coal Fuel as shown above.
Dollars	\$ -	\$ 29.49					
\$/Allowance	\$ -	\$ 0.01	\$ -	\$ -	\$ -		

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of May 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	10,550	0	1,140	3	0	9,407	
Dollars	\$ 12,155.87	\$ -	\$ 1,313.52	\$ 3.46	\$ -	\$ 10,838.89	
\$/Allowance	\$ 1.15	\$ -	\$ 1.15	\$ 1.15	\$ -	\$ 1.15	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	10,314	-	1,140	-	-	9,174	
Dollars	\$ 11,883.95	\$ -	\$ 1,313.52	\$ -	\$ -	\$ 10,570.43	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	236	-	-	3	-	233	
Dollars	\$ 271.92	\$ -	\$ -	\$ 3.46	\$ -	\$ 268.46	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of May 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	11,140	(407)	1,140	3	151	9,439	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	10,848	(399)	1,140	-	151	9,158	Sale to LG&E (151); true-up with EPA (-399)
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	292	(8)	0	3	0	281	True-up with EPA (-8)
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**O&M Expenses and Determination of Cash Working Capital Allowance**

For the Month Ended: May 31, 2011

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,312,575
10th Previous Month	1,402,080
9th Previous Month	1,671,859
8th Previous Month	1,317,383
7th Previous Month	897,799
6th Previous Month	1,040,769
5th Previous Month	1,673,161
4th Previous Month	1,627,292
3rd Previous Month	1,839,149
2nd Previous Month	1,628,590
Previous Month	1,592,835
Current Month	1,790,381
<b>Total 12 Month O&amp;M</b>	<b>\$ 17,793,872</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 17,793,872
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 2,224,234</b>

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Pollution Control - Operations & Maintenance Expenses

For the Month Ended: May 31, 2011

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506154 - ECR NOx Operation -- Consumables		-				-
506155 - ECR NOx Operation -- Labor and Other		-				-
512151 - ECR NOx Maintenance		-				-
<b>Total 2001 Plan O&amp;M Expenses</b>		-				-
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	108,884.95	260,523.84				369,408.79
512055 - ECR Scrubber Maintenance	40,755.59	257,941.99				298,697.58
<b>Total 2005 Plan O&amp;M Expenses</b>	149,640.54	518,465.83				668,106.37
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation		17,487.00			6,894.70	24,381.70
506152 - ECR Sorbent Reactant - Reagent Only		754,164.01			49,137.73	803,301.74
512152 - ECR Sorbent Injection Maintenance		9,344.94				9,344.94
506150 - ECR Mercury Monitors Operation	-	-	-	-	-	0.00
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation -- Consumables					68,741.44	68,741.44
506155 - ECR NOx Operation -- Labor and Other					2,572.45	2,572.45
512151 - ECR NOx Maintenance					954.60	954.60
502056 - ECR Scrubber Operations					87,828.43	87,828.43
512055 - ECR Scrubber Maintenance					25,070.39	25,070.39
506051 - ECR Precipitator Operation					-	-
506151 - ECR Activated Carbon					93,129.75	93,129.75
512051 - ECR Precipitator Maintenance					6,949.39	6,949.39
<b>Total 2006 Plan O&amp;M Expenses</b>	-	780,995.95	-	-	341,278.88	1,122,274.83
<b>2009 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-					-
506155 - ECR NOx Operation -- Labor and Other	-					-
512151 - ECR NOx Maintenance	-					-
506159 - ECR Sorbent Injection Operation	-					-
506152 - ECR Sorbent Reactant - Reagent Only	-					-
512152 - ECR Sorbent Injection Maintenance	-					-
502012 - ECR Landfill Operations		-			-	-
512105 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-			-	-
<b>Total 2009 Plan O&amp;M Expenses</b>	-	0.00			-	0.00
<b>Current Month O&amp;M Expense for All Plans</b>	149,640.54	1,299,461.78	-	-	341,278.88	1,790,381.20

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**CCP Disposal Facilities Expenses  
For the Month Ended: May 31, 2011**

On-Site CCP Disposal O&M Expense		Ghent	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.



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Beneficial Reuse - Operations & Maintenance Expenses**

**For the Month Ended: May 31, 2011**

Third Party	O&M Expense Account	Plant	Total O&M
<b>Total Monthly Beneficial Reuse Expense</b>			<b>\$ -</b>
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ -
Net Beneficial Reuse O&M Expense			\$ -

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Beneficial Reuse Opportunities  
For the Month Ended: May 31, 2011

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	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 33						
(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 33 [(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%.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Monthly Average Revenue Computation of R (m)

For the Month Ended: May 31, 2011

(1) Month	Kentucky Jurisdictional Revenues					Non-Jurisdictional Revenues		Total Company Revenues		
	(2) Base Rate Revenues	(3) Fuel Clause Revenues	(4) DSM Revenues	(5) Environmental Surcharge Revenues	(6) Total (2)+(3)+(4)+(5)	(7) Total Excluding Environmental Surcharge (6)-(5)	(8) Total Including Off-System Sales (See Note 1)	(9) Total (6)+(8)	(10) Total Excluding Environmental Surcharge (9)-(5)	
Jun-10	\$ 97,262,931	\$ (1,166,523)	\$ 1,450,927	\$ 8,898,569	\$ 106,445,904	\$ 97,547,335	\$ 15,690,999	\$ 122,136,902	\$ 113,238,333	
Jul-10	106,950,966	2,788,124	1,752,947	7,329,791	118,821,827	111,492,037	18,062,588	136,884,416	129,554,625	
Aug-10	114,196,065	9,264,416	1,540,726	5,630,958	130,632,165	125,001,207	17,551,825	148,183,991	142,553,033	
Sep-10	115,252,388	5,976,449	1,340,408	4,465,805	127,035,049	122,569,244	15,383,156	142,418,204	137,952,999	
Oct-10	94,328,977	2,032,353	960,928	678,496	98,000,754	97,322,258	9,950,814	107,951,568	107,273,072	
Nov-10	88,962,545	1,821,557	902,245	2,948,221	94,634,568	91,686,347	12,488,616	107,123,183	104,174,962	
Dec-10	113,173,146	(3,885,712)	1,525,425	5,096,959	115,909,817	110,812,859	16,568,025	132,477,842	127,380,884	
Jan-11	133,983,325	(4,079,961)	2,482,893	5,407,256	137,793,514	132,386,258	23,134,950	160,928,464	155,571,208	
Feb-11	112,247,614	2,435,023	1,906,011	3,026,209	119,614,857	116,588,648	18,880,778	138,495,634	135,469,425	
Mar-11	104,076,223	45,175	1,568,534	169,800	105,689,933	105,689,933	17,187,533	123,047,265	122,877,465	
Apr-11	94,847,487	(228,729)	1,263,716	2,360,485	98,242,959	95,882,475	13,938,469	112,181,428	109,820,943	
May-11	91,635,718	(742,243)	1,087,228	2,471,733	94,452,436	91,980,703	17,277,199	111,729,635	109,257,902	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.					\$	\$ 108,246,609				
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations):										
Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =					Note 1 - Excludes Brokered Sales, Total for Current Month = \$					84.19%
										(105,298.01)

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

### Reconciliation of Reported Revenues

For the Month Ended: May 31, 2011

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 91,635,718	\$ 91,635,718
Fuel Adjustment Clause	\$ (742,243)	\$ (742,243)
DSM	\$ 1,087,228	\$ 1,087,228
Environmental Surcharge		\$ 2,471,733
CSR Credits		\$ (950,559)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 91,980,703	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 210	\$ 210
Virginia Retail	\$ 5,182,681	\$ 5,182,681
Wholesale	\$ 8,739,309	\$ 8,739,309
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 3,354,999	\$ 3,354,999
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 17,277,199	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 109,257,902	
<b>Reconciling Revenues</b>		
Brokered	\$ (105,298)	\$ (105,298)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 9,131,000
Provision for Refund		\$ -
Miscellaneous		\$ 5,664,194
Total Company Revenues per Income Statement =		\$ 125,468,971



a PPL company

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

July 19, 2011

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of June 2011. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2010-00474, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after July 29, 2011.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy'. The signature is fluid and cursive, with a large loop at the end.

Robert M. Conroy

Enclosures

Kentucky Utilities Company  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

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JUL 19 2011

PUBLIC SERVICE  
COMMISSION

ES FORM 1.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

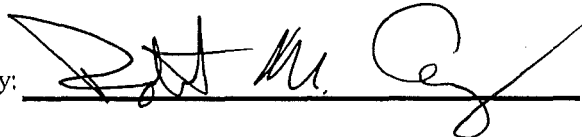
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of June 2011**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 2,683,040

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 2.46%

Effective Date for Billing: August billing cycle beginning July 29, 2011

Submitted by:



Title: Director, Rates

Date Submitted: July 19, 2011

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of June 2011

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

		Environmental Compliance Plans	
(1)	RB	= \$	1,214,206,242
(2)	RB / 12	= \$	101,183,854
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.04%
(4)	OE	= \$	6,093,956
(5)	BAS	= \$	(9,720)
(6)	BR	= \$	-
(7)	E(m)	= \$	17,274,374
			$(2) \times (3) + (4) - (5) + (6)$

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	84.42%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	14,583,027
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00474	=	(881,730)
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	13,701,297
(13)	Revenue Collected through Base Rates	= \$	11,018,257
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	2,683,040
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	109,115,040
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	2.46%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of June 2011

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,264,238,872	
Eligible Pollution CWIP Excluding AFUDC	140,939,582	
Subtotal		\$ 1,405,178,454
Additions:		
Inventory - Limestone	\$ 619,310	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	512,262	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	442,847	
Cash Working Capital Allowance	2,310,811	
Subtotal		3,296,495
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	94,683,811	
Pollution Control Deferred Income Taxes	72,367,195	
Pollution Control Deferred Investment Tax Credit	27,217,701	
Subtotal		194,268,707
Environmental Compliance Rate Base		\$ 1,214,206,242

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 2,005,186
Monthly Depreciation & Amortization Expense	3,920,254
Monthly Taxes Other Than Income Taxes	162,352
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33 (See Note 1)	11,026
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	6,164
Monthly Surcharge Consultant Fee	
Total Pollution Control Operations Expense	\$ 6,093,956

**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	40,878	50,597	(9,720)
Total Proceeds from Sales	\$ 40,878	\$ 50,597	\$ (9,720)

Note 1: Monthly Emission Allowance Expense includes KU's share of Trimble County Unit 2 SO<sub>2</sub> emission allowance expense not reflected on ES Form 2.31. Current month KU TC2 emission allowance expense = \$ 2.32



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: June 30, 2011**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	72,578.36	49,665.00	(7,098.00)	45,397.00	69,748.36	Adjustment due to limestone removed from inventory to perform required drainage work on Ghent gypsum stack
Dollars	\$ 619,052.84	\$ 429,710.01	\$ (60,900.84)	\$ 391,053.10	\$ 596,808.91	
\$/Ton	\$ 8.53	\$ 8.65		\$8.61	\$8.56	
At E.W. Brown:						
Tons	6,037.43	5,042.20	0.00	9,160.00	1,919.63	
Dollars	\$ 70,877.12	\$ 58,993.74	\$ -	\$ 107,369.76	\$ 22,501.10	
\$/Ton	\$ 11.74	\$ 11.70		\$11.72	\$ 11.72	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 542,836.67

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: June 30, 2011

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC  as of 6/30/2011	(7) Deferred Tax Balance  as of 6/30/2011	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 17 - KU Nox SCR's	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 79,850.59	\$ -	\$ 755,195	\$ -	\$ 83,183	\$ 1,941	\$ 96
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 34,655,229	\$ 1,941,378.18	\$ 15,127,571	\$ 47,841,422	\$ -	\$ 3,217,318	\$ 75,401	\$ 6,550
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,033,492,091	\$ 90,829,415.27	\$ 45,667,524	\$ 988,330,200	\$ -	\$ 67,211,189	\$ 3,168,617	\$ 125,433
Subtotal	\$ 1,068,982,365	\$ 92,850,644	\$ 60,795,095	\$ 1,036,926,817	\$ -	\$ 70,511,689	\$ 3,245,959	\$ 132,079
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,742,557)	\$ (2,252,070)	\$ -	\$ (2,490,487)	\$ -	\$ (844,229)	\$ (8,808)	\$ (323)
<b>Net Total - 2005 Plan:</b>	\$ 1,064,239,808	\$ 90,598,574	\$ 60,795,095	\$ 1,034,436,330	\$ -	\$ 69,667,460	\$ 3,237,152	\$ 131,756

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: June 30, 2011

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC  as of 6/30/2011	(7) Deferred Tax Balance  as of 6/30/2011	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ 185,111,959	\$ 3,547,862.18	\$ 1,838,630	\$ 183,402,727	\$ 27,217,701	\$ 1,593,037	\$ 647,365	\$ 23,149
Project 24 - Sorbent Injection	\$ 12,954,833	\$ 719,161.05	\$ -	\$ 12,235,672	\$ -	\$ 1,006,500	\$ 30,072	\$ 1,552
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 123,454.67	\$ -	\$ 908,498	\$ -	\$ 65,148	\$ 3,424	\$ 116
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 94,704.61	\$ -	\$ 1,254,461	\$ -	\$ 49,048	\$ 3,376	\$ 159
Subtotal	\$ 200,447,910	\$ 4,485,183	\$ 1,838,630	\$ 197,801,358	\$ 27,217,701	\$ 2,713,732	\$ 684,236	\$ 24,976
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 199,999,064	\$ 4,085,237	\$ 1,838,630	\$ 197,752,457	\$ 27,217,701	\$ 2,699,735	\$ 683,102	\$ 24,913
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 38,083,719	\$ 38,083,719	\$ -	\$ -	\$ -	\$ 2,980
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 9,857,411	\$ 9,857,411	\$ -	\$ -	\$ -	\$ 213
Project 30 - Ghent CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 21,445,174	\$ 21,445,174	\$ -	\$ -	\$ -	\$ 1,633
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 6,891,606	\$ 6,891,606	\$ -	\$ -	\$ -	\$ 687
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,592,760	\$ 1,592,760	\$ -	\$ -	\$ -	\$ 139
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 435,185	\$ 435,185	\$ -	\$ -	\$ -	\$ 31
Subtotal	\$ -	\$ -	\$ 78,305,856	\$ 78,305,856	\$ -	\$ -	\$ -	\$ 5,683
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 78,305,856	\$ 78,305,856	\$ -	\$ -	\$ -	\$ 5,683
<b>Net Total - All Plans:</b>	\$ 1,264,238,872	\$ 94,683,811	\$ 140,939,582	\$ 1,310,494,643	\$ 27,217,701	\$ 72,367,195	\$ 3,920,254	\$ 162,352

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Inventory of Emission Allowances

For the Month Ended: June 30, 2011

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	156,421	8,064	8,032	\$ 503,270.80	\$ -	\$ 9,254.59	
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031 - 2040	775,350						

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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of June 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	156,769	2,540	2,888	0	0	156,421	
Dollars	\$ 512,677.89	\$ 37.46	\$ 9,444.55	\$ -	\$ -	\$ 503,270.80	
\$/Allowance	\$ 3.27	\$ 0.01	\$ 3.27	\$ -	\$ -	\$ 3.22	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	156,769	-	2,888	-	-	156,421	Ending Inventory includes purchase from LG&E as shown below.
Dollars	\$ 512,677.89	\$ -	\$ 9,444.55	\$ -	\$ -	\$ 503,270.80	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E</b>							
Quantity	0	2,540					Purchase from LG&E - included in Ending Inventory - Coal Fuel as shown above.
Dollars	\$ -	\$ 37.46					
\$/Allowance	\$ -	\$ 0.01	\$ -	\$ -	\$ -		

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of June 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	9,407	0	1,371	4	0	8,032	
Dollars	\$ 10,838.89	\$ -	\$ 1,579.69	\$ 4.61	\$ -	\$ 9,254.59	
\$/Allowance	\$ 1.15	\$ -	\$ 1.15	\$ 1.15	\$ -	\$ 1.15	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	9,174	-	1,371	-	-	7,803	
Dollars	\$ 10,570.43	\$ -	\$ 1,579.69	\$ -	\$ -	\$ 8,990.74	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	233	-	-	4	-	229	
Dollars	\$ 268.46	\$ -	\$ -	\$ 4.61	\$ -	\$ 263.85	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of June 2011

	Beginning Inventory	Allocations/ Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	9,439	0	1,371	4	0	8,064	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	9,158	103	1,371	-	-	7,890	Transfer of 103 2010 vintage year allowances from Brown CT
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	to Brown Coal
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	281	(103)	0	4	0	174	Transfer of 103 2010 vintage year allowances from Brown CT
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	to Brown Coal
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: June 30, 2011

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,402,080
10th Previous Month	1,671,859
9th Previous Month	1,317,383
8th Previous Month	897,799
7th Previous Month	1,040,769
6th Previous Month	1,673,161
5th Previous Month	1,627,292
4th Previous Month	1,839,149
3rd Previous Month	1,628,590
2nd Previous Month	1,592,835
Previous Month	1,790,381
Current Month	2,005,186
Total 12 Month O&M	\$ 18,486,484

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 18,486,484
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 2,310,811



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Pollution Control - Operations & Maintenance Expenses

For the Month Ended: June 30, 2011

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506154 - ECR NOx Operation – Consumables		-				-
506155 - ECR NOx Operation – Labor and Other						-
512151 - ECR NOx Maintenance						-
Total 2001 Plan O&M Expenses						-
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	107,369.76	336,961.99				444,331.75
512055 - ECR Scrubber Maintenance	71,202.54	252,938.03				324,140.57
Total 2005 Plan O&M Expenses	178,572.30	589,900.02				768,472.32
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation		20,762.93			7,229.81	27,992.74
506152 - ECR Sorbent Reactant - Reagent Only		1,033,513.16			45,418.42	1,078,931.58
512152 - ECR Sorbent Injection Maintenance		4,771.61			81	4,852.13
506150 - ECR Mercury Monitors Operation	-	-	-	-	-	0.00
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation – Consumables					95,027.09	95,027.09
506155 - ECR NOx Operation – Labor and Other					2,165.04	2,165.04
512151 - ECR NOx Maintenance					-316.82	-316.82
502056 - ECR Scrubber Operations					83,498.59	83,498.59
512055 - ECR Scrubber Maintenance					32,990.44	32,990.44
506051 - ECR Precipitator Operation					-	-
506151 - ECR Activated Carbon					(93,129.75)	(93,129.75)
512051 - ECR Precipitator Maintenance					4,702.36	4,702.36
Total 2006 Plan O&M Expenses	-	1,059,047.70	-	-	177,665.70	1,236,713.40
<b>2009 Plan</b>						
506154 - ECR NOx Operation – Consumables	-					-
506155 - ECR NOx Operation – Labor and Other	-					-
512151 - ECR NOx Maintenance	-					-
506159 - ECR Sorbent Injection Operation	-					-
506152 - ECR Sorbent Reactant - Reagent Only	-					-
512152 - ECR Sorbent Injection Maintenance	-					-
502012 - ECR Landfill Operations		-			-	-
512105 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)					-	-
Total 2009 Plan O&M Expenses	-	0.00			-	0.00
<b>Current Month O&amp;M Expense for All Plans</b>	178,572.30	1,648,947.72	-	-	177,665.70	2,005,185.72

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

ES FORM 2.51

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: June 30, 2011

On-Site CCP Disposal O&M Expense	Ghent	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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Beneficial Reuse - Operations & Maintenance Expenses  
 For the Month Ended: June 30, 2011

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			\$ -

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Beneficial Reuse Opportunities  
 For the Month Ended: June 30, 2011

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	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 33						
(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 33 [(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIUC Question No. 20  
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 County

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Monthly Average Revenue Computation of R (m)

For the Month Ended: June 30, 2011

		Kentucky Jurisdictional Revenues					Non-Jurisdictional Revenues	Total Company Revenues	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Total Including Off-System Sales (See Note 1)	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)
Jul-10	\$ 106,950,966	\$ 2,788,124	\$ 1,752,947	\$ 7,329,791	\$ 118,821,827	\$ 111,492,037	\$ 18,062,588	\$ 136,884,416	\$ 129,554,625
Aug-10	114,196,065	9,264,416	1,540,726	5,630,958	130,632,165	125,001,207	17,551,825	148,183,991	142,553,033
Sep-10	115,252,388	5,976,449	1,340,408	4,465,805	127,035,049	122,569,244	15,383,156	142,418,204	137,952,399
Oct-10	94,328,977	2,032,353	960,928	678,496	98,000,754	97,322,258	9,950,814	107,951,568	107,273,072
Nov-10	88,962,545	1,821,557	902,245	2,948,221	94,634,568	91,686,347	12,488,616	107,123,183	104,174,962
Dec-10	113,173,146	(3,885,712)	1,525,425	5,096,959	115,909,817	110,812,859	16,568,025	132,477,842	127,380,884
Jan-11	133,983,325	(4,079,961)	2,482,893	5,407,256	137,793,514	132,386,258	23,134,950	160,928,464	155,521,208
Feb-11	112,247,614	2,435,023	1,906,011	3,026,209	119,614,857	116,588,648	18,880,778	138,495,634	135,469,425
Mar-11	104,076,223	45,175	1,568,534	169,800	105,859,733	105,689,933	17,187,533	123,047,265	122,877,465
Apr-11	94,847,487	(228,729)	1,263,716	2,360,485	98,242,959	95,882,475	13,938,469	112,181,428	109,820,943
May-11	91,635,718	(742,243)	1,087,228	2,471,733	94,452,436	91,980,703	17,277,199	111,729,634	109,257,901
Jun-11	106,315,211	381,783	1,271,511	3,699,167	111,667,672	107,968,505	19,923,777	131,591,449	127,892,282
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.					\$	109,115,040			
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									84.42%
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$		(130,207.18)

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Reconciliation of Reported Revenues

For the Month Ended: June 30, 2011

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 106,315,211	\$ 106,315,211
Fuel Adjustment Clause	\$ 381,783	\$ 381,783
DSM	\$ 1,271,511	\$ 1,271,511
Environmental Surcharge		\$ 3,699,167
CSR Credits		\$ (964,020)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 107,968,505	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 237	\$ 237
Virginia Retail	\$ 5,291,300	\$ 5,291,300
Wholesale	\$ 10,506,987	\$ 10,506,987
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 4,125,254	\$ 4,125,254
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 19,923,777	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 127,892,282	
<b>Reconciling Revenues</b>		
Brokered	\$ (130,207)	\$ (130,207)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 1,055,182
Provision for Refund		\$ -
Miscellaneous		\$ 1,473,348
Total Company Revenues per Income Statement =		\$ 133,025,752



a PPL company

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

Kentucky Utilities Company  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

August 19, 2011

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of July 2011. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2010-00474, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after August 30, 2011.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', written over a horizontal line.

Robert M. Conroy

Enclosures

RECEIVED

AUG 19 2011

PUBLIC SERVICE  
COMMISSION

ES FORM 1.00


**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of July 2011**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 2,039,000

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 1.87%

Effective Date for Billing: September billing cycle beginning August 30, 2011

Submitted by: 

Title: Director, Rates

Date Submitted: August 19, 2011



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of July 2011

**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

		Environmental Compliance Plans	
(1)	RB	= \$	1,212,691,706
(2)	RB / 12	= \$	101,057,642
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.04%
(4)	OE	= \$	5,973,395
(5)	BAS	= \$	(1,066)
(6)	BR	= \$	-
(7)	E(m) <span style="margin-left: 20px;">(2) x (3) + (4) - (5) + (6)</span>	= \$	17,131,224

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	85.70%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	14,681,459
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00474	=	(881,730)
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	13,799,729
(13)	Revenue Collected through Base Rates	= \$	11,760,729
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	2,039,000
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	109,303,925
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	1.87%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of July 2011

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,264,238,872	
Eligible Pollution CWIP Excluding AFUDC	146,734,588	
Subtotal		\$ 1,410,973,460
Additions:		
Inventory - Limestone	\$ 563,097	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	501,264	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	431,849	
Cash Working Capital Allowance	2,368,745	
Subtotal		3,287,217
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	98,633,052	
Pollution Control Deferred Income Taxes	75,718,218	
Pollution Control Deferred Investment Tax Credit	27,217,701	
Subtotal		201,568,971
Environmental Compliance Rate Base		\$ 1,212,691,706

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,865,556
Monthly Depreciation & Amortization Expense	3,939,299
Monthly Taxes Other Than Income Taxes	162,352
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33 (See Note 1)	11,050
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	6,188
Monthly Surcharge Consultant Fee	
Total Pollution Control Operations Expense	\$ 5,973,395

**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	49,531	50,597	(1,066)
Total Proceeds from Sales	\$ 49,531	\$ 50,597	\$ (1,066)

Note 1: Monthly Emission Allowance Expense includes KU's share of Trimble County Unit 2 SO<sub>2</sub> emission allowance expense not reflected on ES Form 2.31. Current month KU TC2 emission allowance expense = \$ 0.78

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: July 31, 2011**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	69,748.36	39,281.00	0.00	47,416.00	61,613.36	
Dollars	\$ 596,808.91	\$ 357,811.63	\$ -	\$ 415,632.87	\$ 538,987.67	
\$/Ton	\$ 8.56	\$ 9.11		\$ 8.77	\$ 8.75	
At E.W. Brown:						
Tons	1,919.63	11,771.61	0.00	11,661.00	2,030.24	
Dollars	\$ 22,501.10	\$ 140,082.15	\$ -	\$ 138,474.20	\$ 24,109.05	
\$/Ton	\$ 11.72	\$ 11.90		\$ 11.87	\$ 11.87	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 486,623.38

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: July 31, 2011

(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	Unamortized ITC as of 7/31/2011	Deferred Tax Balance as of 7/31/2011	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 17 - KU Nox SCR's	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 81,792.07	\$ -	\$ 753,254	\$ -	\$ 84,753	\$ 1,941	\$ 96
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 34,655,229	\$ 2,016,779.38	\$ 15,127,571	\$ 47,766,020	\$ -	\$ 3,352,574	\$ 75,401	\$ 6,550
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,033,492,091	\$ 94,014,267.19	\$ 45,789,399	\$ 985,267,222	\$ -	\$ 70,133,461	\$ 3,184,852	\$ 125,433
Subtotal	\$ 1,068,982,365	\$ 96,112,839	\$ 60,916,970	\$ 1,033,786,497	\$ -	\$ 73,570,788	\$ 3,262,195	\$ 132,079
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,742,557)	\$ (2,252,070)	\$ -	\$ (2,490,487)	\$ -	\$ (844,229)	\$ (8,808)	\$ (323)
<b>Net Total - 2005 Plan:</b>	\$ 1,064,239,808	\$ 93,860,769	\$ 60,916,970	\$ 1,031,296,010	\$ -	\$ 72,726,559	\$ 3,253,387	\$ 131,756

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: July 31, 2011

(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	Unamortized ITC as of 7/31/2011	Deferred Tax Balance as of 7/31/2011	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ 185,111,959	\$ 4,198,036.82	\$ 2,169,746	\$ 183,083,668	\$ 27,217,701	\$ 1,838,050	\$ 650,175	\$ 23,149
Project 24 - Sorbent Injection	\$ 12,954,833	\$ 749,232.58	\$ -	\$ 12,205,601	\$ -	\$ 1,050,162	\$ 30,072	\$ 1,552
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 126,878.56	\$ -	\$ 905,074	\$ -	\$ 66,859	\$ 3,424	\$ 116
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 98,080.59	\$ -	\$ 1,251,085	\$ -	\$ 50,585	\$ 3,376	\$ 159
Subtotal	\$ 200,447,910	\$ 5,172,229	\$ 2,169,746	\$ 197,445,428	\$ 27,217,701	\$ 3,005,657	\$ 687,046	\$ 24,976
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 199,999,064	\$ 4,772,283	\$ 2,169,746	\$ 197,396,527	\$ 27,217,701	\$ 2,991,660	\$ 685,912	\$ 24,913
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 41,175,555	\$ 41,175,555	\$ -	\$ -	\$ -	\$ 2,980
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 10,787,319	\$ 10,787,319	\$ -	\$ -	\$ -	\$ 213
Project 30 - Ghent CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 22,440,941	\$ 22,440,941	\$ -	\$ -	\$ -	\$ 1,633
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 7,085,401	\$ 7,085,401	\$ -	\$ -	\$ -	\$ 687
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,670,832	\$ 1,670,832	\$ -	\$ -	\$ -	\$ 139
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 487,823	\$ 487,823	\$ -	\$ -	\$ -	\$ 31
Subtotal	\$ -	\$ -	\$ 83,647,871	\$ 83,647,871	\$ -	\$ -	\$ -	\$ 5,683
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 83,647,871	\$ 83,647,871	\$ -	\$ -	\$ -	\$ 5,683
<b>Net Total - All Plans:</b>	\$ 1,264,238,872	\$ 98,633,052	\$ 146,734,588	\$ 1,312,340,408	\$ 27,217,701	\$ 75,718,218	\$ 3,939,299	\$ 162,352

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

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Inventory of Emission Allowances

For the Month Ended: July 31, 2011

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	157,006	6,601	6,569	\$ 493,944.20	-	\$ 7,568.90	
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031 - 2040	775,350						

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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of July 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	156,421	3,500	2,915	0	0	157,006	
Dollars	\$ 503,270.80	\$ 52.15	\$ 9,378.75	\$ -	\$ -	\$ 493,944.20	
\$/Allowance	\$ 3.22	\$ 0.01	\$ 3.22	\$ -	\$ -	\$ 3.15	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	156,421	-	2,915	-	-	157,006	Ending Inventory includes purchase from LG&E as shown below.
Dollars	\$ 503,270.80	\$ -	\$ 9,378.75	\$ -	\$ -	\$ 493,944.20	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market</b>							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E</b>							
Quantity	0	3,500					Purchase from LG&E - included in Ending Inventory - Coal Fuel as shown above.
Dollars	\$ -	\$ 52.15					
\$/Allowance	\$ -	\$ 0.01	\$ -	\$ -	\$ -		

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of July 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	8,032	0	1,450	13	0	6,569	
Dollars	\$ 9,254.59	\$ -	\$ 1,670.71	\$ 14.98	\$ -	\$ 7,568.90	
\$/Allowance	\$ 1.15	\$ -	\$ 1.15	\$ 1.15	\$ -	\$ 1.15	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,803	-	1,450	-	-	6,353	
Dollars	\$ 8,990.74	\$ -	\$ 1,670.71	\$ -	\$ -	\$ 7,320.03	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	229	-	-	13	-	216	
Dollars	\$ 263.85	\$ -	\$ -	\$ 14.98	\$ -	\$ 248.87	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of July 2011

	Beginning Inventory	Allocations/ Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	8,064	0	1,450	13	0	6,601	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,890	-	1,450	-	-	6,440	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	174	0	0	13	0	161	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: July 31, 2011

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,671,859
10th Previous Month	1,317,383
9th Previous Month	897,799
8th Previous Month	1,040,769
7th Previous Month	1,673,161
6th Previous Month	1,627,292
5th Previous Month	1,839,149
4th Previous Month	1,628,590
3rd Previous Month	1,592,835
2nd Previous Month	1,790,381
Previous Month	2,005,186
Current Month	1,865,556
Total 12 Month O&M	\$ 18,949,960

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 18,949,960
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 2,368,745

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Pollution Control - Operations & Maintenance Expenses

For the Month Ended: July 31, 2011

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-	-	-	-	-	-
506155 - ECR NOx Operation -- Labor and Other	-	-	-	-	-	-
512151 - ECR NOx Maintenance	-	-	-	-	-	-
Total 2001 Plan O&M Expenses	-	-	-	-	-	-
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	138,474.20	267,647.22	-	-	-	406,121.42
512055 - ECR Scrubber Maintenance	59,420.32	175,055.17	-	-	-	234,475.49
Total 2005 Plan O&M Expenses	197,894.52	442,702.39	-	-	-	640,596.91
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation	-	18,350.97	-	-	7,297.90	25,648.87
506152 - ECR Sorbent Reactant - Reagent Only	-	903,092.96	-	-	52,055.08	955,148.04
512152 - ECR Sorbent Injection Maintenance	-	27,443.97	-	-	1,037	28,481.93
506150 - ECR Mercury Monitors Operation	-	-	-	-	-	0.00
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation -- Consumables	-	-	-	-	100,553.80	100,553.80
506155 - ECR NOx Operation -- Labor and Other	-	-	-	-	3,294.96	3,294.96
512151 - ECR NOx Maintenance	-	-	-	-	2,504.36	2,504.36
502056 - ECR Scrubber Operations	-	-	-	-	80,474.46	80,474.46
512055 - ECR Scrubber Maintenance	-	-	-	-	25,981.89	25,981.89
506051 - ECR Precipitator Operation	-	-	-	-	-	-
506151 - ECR Activated Carbon	-	-	-	-	0.00	-
512051 - ECR Precipitator Maintenance	-	-	-	-	2,871.43	2,871.43
Total 2006 Plan O&M Expenses	-	948,887.90	-	-	276,071.24	1,224,959.14
<b>2009 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-	-	-	-	-	-
506155 - ECR NOx Operation -- Labor and Other	-	-	-	-	-	-
512151 - ECR NOx Maintenance	-	-	-	-	-	-
506159 - ECR Sorbent Injection Operation	-	-	-	-	-	-
506152 - ECR Sorbent Reactant - Reagent Only	-	-	-	-	-	-
512152 - ECR Sorbent Injection Maintenance	-	-	-	-	-	-
502012 - ECR Landfill Operations	-	-	-	-	-	-
512105 - ECR Landfill Maintenance	-	-	-	-	-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-	-	-	-	-	-
Total 2009 Plan O&M Expenses	-	0.00	-	-	-	0.00
<b>Current Month O&amp;M Expense for All Plans</b>	<b>197,894.52</b>	<b>1,391,590.29</b>	<b>-</b>	<b>-</b>	<b>276,071.24</b>	<b>1,865,556.05</b>

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: July 31, 2011

On-Site CCP Disposal O&M Expense		Ghent	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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse - Operations & Maintenance Expenses  
For the Month Ended: July 31, 2011

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			\$ -

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Beneficial Reuse Opportunities  
For the Month Ended: July 31, 2011

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)</b>						
(1) 12 Months Ending with Expense Month	\$ -	\$ -	\$ -	\$ -	\$ -	
(2) Monthly Amount [(1) / 12]	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>2009 Plan Project 33</b>						
(3) Monthly Amount (Expense/Revenue)	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Beneficial Reuse - Generating Station</b>						
(4) Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Beneficial Reuse in Base Rates</b>						
(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 33 [(7) - (3)]	\$ -	\$ -	\$ -	\$ -	\$ -	
If Line (8) Greater than Zero, No Adjustment						
If Line (8) Less than Zero, Adjustment for Base Rates						
<b>Adjustment for Base Rate Amount (to ES Form 2.60)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

### KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Monthly Average Revenue Computation of R (m)

For the Month Ended: July 31, 2011

(1) Month	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues	Total Company Revenues	
	(2) Base Rate Revenues	(3) Fuel Clause Revenues	(4) DSM Revenues	(5) Environmental Surcharge Revenues	(6) Total <small>(2)+(3)+(4)+(5)</small>	(7) Total Excluding Environmental Surcharge <small>(6)-(5)</small>	(8) Total Including Off-System Sales <small>(See Note 1)</small>	(9) Total <small>(6)+(8)</small>	(10) Total Excluding Environmental Surcharge <small>(9)-(5)</small>
	Aug-10	\$ 114,196,065	\$ 9,264,416	\$ 1,540,726	\$ 5,630,958	\$ 130,632,165	\$ 125,001,207	\$ 17,551,825	\$ 148,183,991
Sep-10	115,252,388	5,976,449	1,340,408	4,465,805	127,035,049	122,569,244	15,383,156	142,418,204	137,952,399
Oct-10	94,328,977	2,052,353	960,928	678,496	98,000,754	97,322,258	9,950,814	107,951,568	107,273,072
Nov-10	88,962,545	1,821,557	902,245	2,948,221	94,634,568	91,686,347	12,488,616	107,123,183	104,174,962
Dec-10	113,173,146	(3,885,712)	1,525,425	5,096,959	115,909,817	110,812,859	16,568,025	132,477,842	127,380,884
Jan-11	133,983,325	(4,079,961)	2,482,893	5,407,256	137,793,514	132,386,258	23,134,950	160,928,464	155,521,208
Feb-11	112,247,614	2,435,023	1,906,011	3,026,209	119,614,857	116,588,648	18,880,778	138,495,634	135,469,425
Mar-11	104,076,223	45,175	1,568,534	169,800	105,859,733	105,689,933	17,187,533	123,047,265	122,877,465
Apr-11	94,847,487	(228,729)	1,263,716	2,360,485	98,242,959	95,882,475	13,938,469	112,181,428	109,820,943
May-11	91,635,718	(742,243)	1,087,228	2,471,733	94,452,436	91,980,703	17,277,199	111,729,634	109,257,901
Jun-11	106,315,211	381,783	1,271,511	3,699,167	111,667,672	107,968,505	19,923,777	131,591,449	127,892,282
Jul-11	110,242,427	2,120,794	1,395,447	4,011,785	117,770,453	113,758,668	18,980,114	136,750,567	132,738,782
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 109,303,925			
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									85.70%
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$		(47,421.18)

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended: July 31, 2011

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 110,242,427	\$ 110,242,427
Fuel Adjustment Clause	\$ 2,120,794	\$ 2,120,794
DSM	\$ 1,395,447	\$ 1,395,447
Environmental Surcharge		\$ 4,011,785
CSR Credits		\$ (902,755)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 113,758,668	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 313	\$ 313
Virginia Retail	\$ 5,160,365	\$ 5,160,365
Wholesale	\$ 10,610,123	\$ 10,610,123
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 3,209,313	\$ 3,209,313
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 18,980,114	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 132,738,782	
<b>Reconciling Revenues</b>		
Brokered	\$ (47,421)	\$ (47,421)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 12,501,818
Provision for Refund		\$ -
Miscellaneous		\$ 4,423,341
Total Company Revenues per Income Statement =		\$ 152,725,550





a PPL company

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

September 20, 2011

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of August 2011. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2010-00474, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after September 30, 2011.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', written over a horizontal line.

Robert M. Conroy

Enclosures

RECEIVED

SEP 20 2011

PUBLIC SERVICE  
COMMISSION

Kentucky Utilities Company  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

ES FORM 1.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

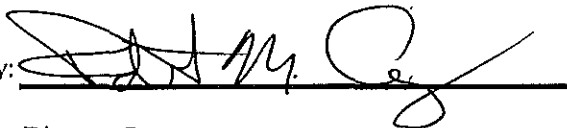
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of August 2011**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 2,100,716

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 1.92%

Effective Date for Billing: October billing cycle beginning September 30, 2011

Submitted by:



Title: Director, Rates

Date Submitted: September 20, 2011

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of August 2011

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

		Environmental Compliance Plans	
(1)	RB	= \$	1,213,318,388
(2)	RB / 12	= \$	101,109,866
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.04%
(4)	OE	= \$	6,543,787
(5)	BAS	= \$	(12,812)
(6)	BR	= \$	-
(7)	E(m)	= \$	17,719,128
			(2) x (3) + (4) - (5) + (6)

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	87.18%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	15,447,536
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00474	=	(881,732)
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	14,565,804
(13)	Revenue Collected through Base Rates	= \$	12,465,088
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	2,100,716
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	109,140,745
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	1.92%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of August 2011

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,264,238,872	
Eligible Pollution CWIP Excluding AFUDC	154,525,896	
Subtotal		\$ 1,418,764,768
Additions:		
Inventory - Limestone	\$ 614,230	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	490,256	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	420,841	
Cash Working Capital Allowance	2,464,257	
Subtotal		3,422,855
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	102,582,293	
Pollution Control Deferred Income Taxes	79,069,241	
Pollution Control Deferred Investment Tax Credit	27,217,701	
Subtotal		208,869,235
Environmental Compliance Rate Base		\$ 1,213,318,388

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 2,435,952
Monthly Depreciation & Amortization Expense	3,939,299
Monthly Taxes Other Than Income Taxes	162,352
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33 (See Note 1)	11,046
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	6,184
Monthly Surcharge Consultant Fee	
Total Pollution Control Operations Expense	\$ 6,543,787

**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	37,785	50,597	(12,812)
Total Proceeds from Sales	\$ 37,785	\$ 50,597	\$ (12,812)

Note 1: Monthly Emission Allowance Expense includes KU's share of Trimble County Unit 2 SO<sub>2</sub> emission allowance expense not reflected on ES Form 2.31. Current month KU TC2 emission allowance expense = \$ 0.61

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: August 31, 2011**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	61,613.37	43,818.00	0.00	38,863.00	66,568.37	
Dollars	\$ 538,987.67	\$ 395,535.57	\$ -	\$ 345,850.56	\$ 588,672.68	
\$/Ton	\$ 8.75	\$ 9.03		\$8.90	\$8.84	
At E.W. Brown:						
Tons	2,030.24	9,588.25	0.00	9,470.00	2,148.49	
Dollars	\$ 24,109.05	\$ 114,100.20	\$ -	\$ 112,651.63	\$ 25,557.62	
\$/Ton	\$ 11.87	\$ 11.90		\$11.90	\$ 11.90	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 537,756.96

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: August 31, 2011

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC  as of 8/31/2011	(7) Deferred Tax Balance  as of 8/31/2011	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 17 - KU Nox SCR's	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 83,733.55	\$ -	\$ 751,312	\$ -	\$ 86,324	\$ 1,941	\$ 96
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 34,655,229	\$ 2,092,180.58	\$ 15,129,033	\$ 47,692,081	\$ -	\$ 3,487,830	\$ 75,401	\$ 6,550
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,033,492,091	\$ 97,199,119.11	\$ 46,074,975	\$ 982,367,946	\$ -	\$ 73,055,732	\$ 3,184,852	\$ 125,433
Subtotal	\$ 1,068,982,365	\$ 99,375,033	\$ 61,204,008	\$ 1,030,811,340	\$ -	\$ 76,629,886	\$ 3,262,195	\$ 132,079
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,742,557)	\$ (2,252,070)	\$ -	\$ (2,490,487)	\$ -	\$ (844,229)	\$ (8,808)	\$ (323)
<b>Net Total - 2005 Plan:</b>	\$ 1,064,239,808	\$ 97,122,963	\$ 61,204,008	\$ 1,028,320,853	\$ -	\$ 75,785,657	\$ 3,253,387	\$ 131,756

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: August 31, 2011

(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	Unamortized ITC as of 8/31/2011	Deferred Tax Balance as of 8/31/2011	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ 185,111,959	\$ 4,848,211.46	\$ 1,994,545	\$ 182,258,292	\$ 27,217,701	\$ 2,083,063	\$ 650,175	\$ 23,149
Project 24 - Sorbent Injection	\$ 12,954,833	\$ 779,304.11	\$ -	\$ 12,175,529	\$ -	\$ 1,093,825	\$ 30,072	\$ 1,552
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 130,302.45	\$ -	\$ 901,651	\$ -	\$ 68,571	\$ 3,424	\$ 116
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 101,456.57	\$ -	\$ 1,247,709	\$ -	\$ 52,122	\$ 3,376	\$ 159
Subtotal	\$ 200,447,910	\$ 5,859,275	\$ 1,994,545	\$ 196,583,181	\$ 27,217,701	\$ 3,297,581	\$ 687,046	\$ 24,976
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 199,999,064	\$ 5,459,329	\$ 1,994,545	\$ 196,534,280	\$ 27,217,701	\$ 3,283,584	\$ 685,912	\$ 24,913
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 46,691,776	\$ 46,691,776	\$ -	\$ -	\$ -	\$ 2,980
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 11,619,833	\$ 11,619,833	\$ -	\$ -	\$ -	\$ 213
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 23,461,650	\$ 23,461,650	\$ -	\$ -	\$ -	\$ 1,633
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 7,244,785	\$ 7,244,785	\$ -	\$ -	\$ -	\$ 687
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,744,123	\$ 1,744,123	\$ -	\$ -	\$ -	\$ 139
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 565,174	\$ 565,174	\$ -	\$ -	\$ -	\$ 31
Subtotal	\$ -	\$ -	\$ 91,327,343	\$ 91,327,343	\$ -	\$ -	\$ -	\$ 5,683
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 91,327,343	\$ 91,327,343	\$ -	\$ -	\$ -	\$ 5,683
<b>Net Total - All Plans:</b>	\$ 1,264,238,872	\$ 102,582,293	\$ 154,525,896	\$ 1,316,182,476	\$ 27,217,701	\$ 79,069,241	\$ 3,939,299	\$ 162,352

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances**

For the Month Ended: August 31, 2011

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	156,547	5,086	5,054	\$ 484,672.38	\$ -	\$ 5,823.29	
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031 - 2040	775,350						

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.



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of August 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	157,006	2,500	2,959	0	0	156,547	
Dollars	\$ 493,944.20	\$ 37.25	\$ 9,309.07	\$ -	\$ -	\$ 484,672.38	
\$/Allowance	\$ 3.15	\$ 0.01	\$ 3.15	\$ -	\$ -	\$ 3.10	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	157,006	-	2,959	-	-	156,547	Ending Inventory includes purchase from LG&E as shown below.
Dollars	\$ 493,944.20	\$ -	\$ 9,309.07	\$ -	\$ -	\$ 484,672.38	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E</b>							
Quantity	0	2,500					Purchase from LG&E - included in Ending Inventory - Coal Fuel as shown above.
Dollars	\$ -	\$ 37.25					
\$/Allowance	\$ -	\$ 0.01	\$ -	\$ -	\$ -		

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of August 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	6,569	0	1,507	8	0	5,054	
Dollars	\$ 7,568.90	\$ -	\$ 1,736.39	\$ 9.22	\$ -	\$ 5,823.29	
\$/Allowance	\$ 1.15	\$ -	\$ 1.15	\$ 1.15	\$ -	\$ 1.15	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	6,353	-	1,507	-	-	4,846	
Dollars	\$ 7,320.03	\$ -	\$ 1,736.39	\$ -	\$ -	\$ 5,583.64	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	216	-	-	8	-	208	
Dollars	\$ 248.87	\$ -	\$ -	\$ 9.22	\$ -	\$ 239.65	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of August 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	6,601	0	1,507	8	0	5,086	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	6,440	-	1,507	-	-	4,933	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	161	0	0	8	0	153	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: August 31, 2011

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,317,383
10th Previous Month	897,799
9th Previous Month	1,040,769
8th Previous Month	1,673,161
7th Previous Month	1,627,292
6th Previous Month	1,839,149
5th Previous Month	1,628,590
4th Previous Month	1,592,835
3rd Previous Month	1,790,381
2nd Previous Month	2,005,186
Previous Month	1,865,556
Current Month	2,435,952
<b>Total 12 Month O&amp;M</b>	<b>\$ 19,714,053</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 19,714,053
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 2,464,257</b>

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Pollution Control - Operations & Maintenance Expenses**

For the Month Ended: August 31, 2011

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-	-	-	-	-	-
506155 - ECR NOx Operation -- Labor and Other	-	-	-	-	-	-
512151 - ECR NOx Maintenance	-	-	-	-	-	-
Total 2001 Plan O&M Expenses	-	-	-	-	-	-
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	112,651.63	252,523.06	-	-	-	365,174.69
512055 - ECR Scrubber Maintenance	55,975.01	300,474.15	-	-	-	356,449.16
Total 2005 Plan O&M Expenses	168,626.64	552,997.21	-	-	-	721,623.85
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation	-	21,353.09	-	-	11,166.54	32,519.63
506152 - ECR Sorbent Reactant - Reagent Only	-	987,248.41	-	-	43,404.36	1,030,652.77
512152 - ECR Sorbent Injection Maintenance	-	9,155.72	-	-	907	10,062.57
506150 - ECR Mercury Monitors Operation	-	-	-	-	-	0.00
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation -- Consumables	-	-	-	-	81,644.23	81,644.23
506155 - ECR NOx Operation -- Labor and Other	-	-	-	-	6,577.22	6,577.22
512151 - ECR NOx Maintenance	-	-	-	-	423.32	423.32
502056 - ECR Scrubber Operations	-	-	-	-	57,966.96	57,966.96
512055 - ECR Scrubber Maintenance	-	-	-	-	32,855.13	32,855.13
506051 - ECR Precipitator Operation	-	-	-	-	-	-
506151 - ECR Activated Carbon	-	-	-	-	446,075.78	446,075.78
512051 - ECR Precipitator Maintenance	-	-	-	-	15,550.24	15,550.24
Total 2006 Plan O&M Expenses	-	1,017,757.22	-	-	696,570.63	1,714,327.85
<b>2009 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-	-	-	-	-	-
506155 - ECR NOx Operation -- Labor and Other	-	-	-	-	-	-
512151 - ECR NOx Maintenance	-	-	-	-	-	-
506159 - ECR Sorbent Injection Operation	-	-	-	-	-	-
506152 - ECR Sorbent Reactant - Reagent Only	-	-	-	-	-	-
512152 - ECR Sorbent Injection Maintenance	-	-	-	-	-	-
502012 - ECR Landfill Operations	-	-	-	-	-	-
512105 - ECR Landfill Maintenance	-	-	-	-	-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-	-	-	-	-	-
Total 2009 Plan O&M Expenses	-	0.00	-	-	-	0.00
<b>Current Month O&amp;M Expense for All Plans</b>	<b>168,626.64</b>	<b>1,370,754.43</b>	<b>-</b>	<b>-</b>	<b>696,570.63</b>	<b>2,435,951.70</b>

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: August 31, 2011

On-Site CCP Disposal O&M Expense		Ghent	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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse - Operations & Maintenance Expenses  
For the Month Ended: August 31, 2011

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			\$ -

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Beneficial Reuse Opportunities  
For the Month Ended: August 31, 2011

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	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 33						
(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 33 [(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIUC Question No. 20  
Page 312 of 500  
County

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



### KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Monthly Average Revenue Computation of R (m)

For the Month Ended: August 31, 2011

(1) Month	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues	Total Company Revenues	
	(2) Base Rate Revenues	(3) Fuel Clause Revenues	(4) DSM Revenues	(5) Environmental Surcharge Revenues	(6) Total (2)+(3)+(4)+(5)	(7) Total Excluding Environmental Surcharge (6)-(5)	(8) Total Including Off-System Sales (See Note 1)	(9) Total (6)+(8)	(10) Total Excluding Environmental Surcharge (9)-(5)
Sep-10	\$ 115,252,388	\$ 5,976,449	\$ 1,340,408	\$ 4,465,805	\$ 127,035,049	\$ 122,569,244	\$ 15,383,156	\$ 142,418,204	\$ 137,952,399
Oct-10	94,328,977	2,032,353	960,928	678,496	98,000,754	97,322,258	9,950,814	107,951,568	107,273,072
Nov-10	88,962,545	1,821,557	902,245	2,948,221	94,634,568	91,686,347	12,488,616	107,123,183	104,174,962
Dec-10	113,173,146	(3,885,712)	1,525,425	5,096,959	115,909,817	110,812,859	16,568,025	132,477,842	127,380,884
Jan-11	133,983,325	(4,079,961)	2,482,893	5,407,256	137,793,514	132,386,258	23,134,950	160,928,464	155,521,208
Feb-11	112,247,614	2,435,023	1,906,011	3,026,209	119,614,857	116,588,648	18,880,778	138,495,634	135,469,425
Mar-11	104,076,223	45,175	1,568,534	169,800	105,859,733	105,689,933	17,187,533	123,047,265	122,877,465
Apr-11	94,847,487	(228,729)	1,263,716	2,360,485	98,242,959	95,882,475	13,938,469	112,181,428	109,820,943
May-11	91,635,718	(742,243)	1,087,228	2,471,733	94,452,436	91,980,703	17,277,199	111,729,634	109,257,901
Jun-11	106,315,211	381,783	1,271,511	3,699,167	111,667,672	107,968,505	19,923,777	131,591,449	127,892,282
Jul-11	110,242,427	2,120,794	1,395,447	4,011,785	117,770,453	113,758,668	18,980,114	136,750,567	132,738,782
Aug-11	119,521,530	1,916,931	1,604,581	3,072,496	126,115,539	123,043,043	18,097,210	144,212,749	141,140,253
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 109,140,745			
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									87.18%
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$	(42,737.13)	

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended: August 31, 2011

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 119,521,530	\$ 119,521,530
Fuel Adjustment Clause	\$ 1,916,931	\$ 1,916,931
DSM	\$ 1,604,581	\$ 1,604,581
Environmental Surcharge		\$ 3,072,496
CSR Credits		\$ (580,562)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 123,043,042	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 330	\$ 330
Virginia Retail	\$ 5,675,538	\$ 5,675,538
Wholesale	\$ 10,687,711	\$ 10,687,711
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 1,733,633	\$ 1,733,633
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 18,097,210	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 141,140,253	
<b>Reconciling Revenues</b>		
Brokered	\$ (42,737)	\$ (42,737)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 1,465,507
Provision for Refund		\$ -
Miscellaneous		\$ 3,434,712
Total Company Revenues per Income Statement =		\$ 148,489,669



a PPL company

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

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OCT 18 2011

PUBLIC SERVICE  
COMMISSION

Kentucky Utilities Company  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

October 18, 2011

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of September 2011. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2010-00474, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after October 28, 2011.

Attached to this letter is a copy of an invoice for services provided to the Commission by Vantage Consulting in Case No. 2011-00161, KU's 2011 ECR Compliance Plan filing. ES Form 2.0 reflects the expenses paid in September 2011. Subsequent monthly filings will include expenses paid in the appropriate expense month.

Please contact me if you have any questions about this filing.

Sincerely,

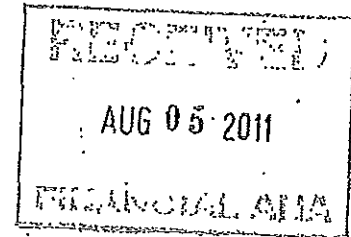
A handwritten signature in black ink, appearing to read 'Robert M. Conroy', written over a horizontal line.

Robert M. Conroy

Enclosures

**INVOICE FOR PROFESSIONAL FEES AND SERVICES**  
**FOR : VANTAGE ENERGY CONSULTING, LLC**  
 FED TAX ID # 27-2585037

INVOICE DATE: 8/1/2011  
 INVOICE #: 20110801  
 INVOICE PERIOD: 07/06/11 - 08/01/11  
 PROJECT NAME: Kentucky LGE Environmental Compliance  
 ITAGE PROJECT #: 2011-56



FIRM INVOICED: Mr. John A. Rogness III  
 Kentucky Public Service Commission  
 P.O. Box 615  
 211 Sower Boulevard  
 Frankfort, Kentucky 40602

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 AUG 3 2011  
 PUBLIC SERVICE  
 COMMISSION

PROJECT DESCRIPTION:  
 LGE Environmental Compliance

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	July	40	\$260	\$10,400.00		\$10,400.00	
Chuck Buechel	July	50	\$240	\$12,000.00		\$12,000.00	
Mike Bolsmenu	July	16	\$240	\$3,840.00		\$3,840.00	
Mark Fowler	July	18	\$240	\$4,320.00		\$4,320.00	
<b>SUB TOTALS</b>		<b>124</b>		<b>\$30,560.00</b>	<b>\$0.00</b>	<b>\$30,560.00</b>	
<b>TOTAL FEES</b>							<b>\$30,560.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$0.00</b>
<b>OVERNIGHT MAIL</b>							<b>\$0.00</b>
<b>COPYING - Black/White</b>							<b>\$166.60</b>
<b>COPYING - Color</b>							<b>\$263.40</b>
<b>MISCELLANEOUS</b>							
<b>Invoice Amount</b>							<b>\$30,990.00</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$30,990.00</b>

The information provided in the above invoice is believed to be accurate. Should any questions or discrepancies arise, please call or write to the following billing address.

**PLEASE REMIT TO:**

Vantage Energy Consulting, LLC.  
 21460 Overseas Hwy.  
 Cudjoe Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-744-3440

PO # 56277  
 X [Signature]  
 9-14-11

ES FORM 1.00

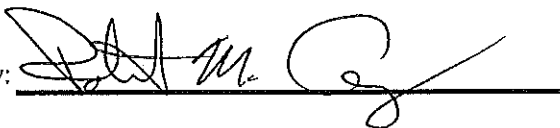
**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of September 2011**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 3,382,800

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 3.12%

Effective Date for Billing: November billing cycle beginning October 28, 2011

Submitted by: 

Title: Director, Rates

Date Submitted: October 18, 2011

**KENTUCKY UTILITIES COMPANY  
 ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of September 2011

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

		Environmental Compliance Plans	
(1)	RB	= \$	1,210,886,436
(2)	RB / 12	= \$	100,907,203
(3)	$(ROR + (ROR - DR)(TR / (1 - TR)))$	=	11.04%
(4)	OE	= \$	5,909,919
(5)	BAS	= \$	(10,294)
(6)	BR	= \$	-
(7)	E(m)	= \$	17,060,369
			$(2) \times (3) + (4) - (5) + (6)$

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	87.51%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	14,929,529
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00474	=	-
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	14,929,529
(13)	Revenue Collected through Base Rates	= \$	11,546,729
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	3,382,800
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	108,584,502
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	3.12%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of September 2011

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,264,238,872	
Eligible Pollution CWIP Excluding AFUDC	159,344,971	
Subtotal		\$ 1,423,583,843
Additions:		
Inventory - Limestone	\$ 612,729	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	481,593	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	412,178	
Cash Working Capital Allowance	2,523,192	
Subtotal		3,471,626
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	106,531,533	
Pollution Control Deferred Income Taxes	82,419,799	
Pollution Control Deferred Investment Tax Credit	27,217,701	
Subtotal		216,169,033
Environmental Compliance Rate Base		\$ 1,210,886,436

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,788,869
Monthly Depreciation & Amortization Expense	3,939,299
Monthly Taxes Other Than Income Taxes	162,352
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33 (See Note 1)	7,836
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	2,974
Monthly Surcharge Consultant Fee - Case No. 2011-00161	16,425
Total Pollution Control Operations Expense	\$ 5,909,919

**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	\$ 864	\$ -	\$ 864
Scrubber By-Products Sales	39,439	50,597	(11,158)
Total Proceeds from Sales	\$ 40,303	\$ 50,597	\$ (10,294)

Note 1: Monthly Emission Allowance Expense includes KU's share of Trimble County Unit 2 SO<sub>2</sub> emission allowance expense not reflected on ES Form 2.31. Current month KU TC2 emission allowance expense = \$ 0.43

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

For the Month Ended: September 30, 2011

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	66,568.36	43,956.00	8,465.00	51,480.00	67,509.36	Adjustment to actual based on annual inventory fly-over.
Dollars	\$ 588,672.68	\$ 394,525.74	\$ -	\$ 421,224.88	\$ 561,973.54	
\$/Ton	\$ 8.84	\$ 8.98		\$8.18	\$8.32	
At E. W. Brown:						
Tons	2,148.49	4,423.35	3,727.00	3,614.00	6,684.84	Adjustment to actual based on annual inventory fly-over.
Dollars	\$ 25,557.62	\$ 52,637.86	\$ -	\$ 27,439.84	\$ 50,755.64	
\$/Ton	\$ 11.90	\$ 11.90	\$ -	\$7.59	\$ 7.59	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 536,255.84



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: September 30, 2011

(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	Unamortized ITC as of 9/30/2011	Deferred Tax Balance as of 9/30/2011	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 17 - KU Nox SCR's	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 85,675.03	\$ -	\$ 749,371	\$ -	\$ 87,895	\$ 1,941	\$ 96
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 34,655,229	\$ 2,167,581.78	\$ 15,129,033	\$ 47,616,680	\$ -	\$ 3,623,086	\$ 75,401	\$ 6,550
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,033,492,091	\$ 100,383,971.03	\$ 46,194,326	\$ 979,302,446	\$ -	\$ 75,977,538	\$ 3,184,852	\$ 125,433
Subtotal	\$ 1,068,982,365	\$ 102,637,228	\$ 61,323,359	\$ 1,027,668,496	\$ -	\$ 79,688,519	\$ 3,262,195	\$ 132,079
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,742,557)	\$ (2,252,070)	\$ -	\$ (2,490,487)	\$ -	\$ (844,229)	\$ (8,808)	\$ (323)
<b>Net Total - 2005 Plan:</b>	\$ 1,064,239,808	\$ 100,385,158	\$ 61,323,359	\$ 1,025,178,010	\$ -	\$ 78,844,290	\$ 3,253,387	\$ 131,756

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: September 30, 2011

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC as of 9/30/2011	(7) Deferred Tax Balance as of 9/30/2011	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ 185,111,959	\$ 5,498,386.10	\$ 1,859,241	\$ 181,472,814	\$ 27,217,701	\$ 2,328,075	\$ 650,175	\$ 23,149
Project 24 - Sorbent Injection	\$ 12,954,833	\$ 809,375.64	\$ -	\$ 12,145,458	\$ -	\$ 1,137,488	\$ 30,072	\$ 1,552
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 133,726.34	\$ -	\$ 898,227	\$ -	\$ 70,283	\$ 3,424	\$ 116
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 104,832.55	\$ -	\$ 1,244,333	\$ -	\$ 53,660	\$ 3,376	\$ 159
Subtotal	\$ 200,447,910	\$ 6,546,321	\$ 1,859,241	\$ 195,760,831	\$ 27,217,701	\$ 3,589,505	\$ 687,046	\$ 24,976
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 199,999,064	\$ 6,146,376	\$ 1,859,241	\$ 195,711,930	\$ 27,217,701	\$ 3,575,509	\$ 685,912	\$ 24,913
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 49,227,791	\$ 49,227,791	\$ -	\$ -	\$ -	\$ 2,980
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 11,961,991	\$ 11,961,991	\$ -	\$ -	\$ -	\$ 213
Project 30 - Ghent CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 24,963,692	\$ 24,963,692	\$ -	\$ -	\$ -	\$ 1,633
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 7,439,966	\$ 7,439,966	\$ -	\$ -	\$ -	\$ 687
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,984,937	\$ 1,984,937	\$ -	\$ -	\$ -	\$ 139
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 583,992	\$ 583,992	\$ -	\$ -	\$ -	\$ 31
Subtotal	\$ -	\$ -	\$ 96,162,371	\$ 96,162,371	\$ -	\$ -	\$ -	\$ 5,683
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 96,162,371	\$ 96,162,371	\$ -	\$ -	\$ -	\$ 5,683
<b>Net Total - All Plans:</b>	\$ 1,264,238,872	\$ 106,531,533	\$ 159,344,971	\$ 1,317,052,311	\$ 27,217,701	\$ 82,419,799	\$ 3,939,299	\$ 162,352

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

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Inventory of Emission Allowances

For the Month Ended: September 30, 2011

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	156,903	3,544	3,262	\$ 478,071.76	\$ -	\$ 3,758.53	
2012	77,535	15,158	6,683				
2013	77,535	15,158	6,683				
2014	77,535	15,158	6,683				
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031 - 2040	775,350						

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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of September 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	156,547	2,500	2,144	0	0	156,903	
Dollars	\$ 484,672.38	\$ 37.25	\$ 6,637.87	\$ -	\$ -	\$ 478,071.76	
\$/Allowance	\$ 3.10	\$ 0.01	\$ 3.10	\$ -	\$ -	\$ 3.05	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	156,547	-	2,144	-	-	156,903	Ending Inventory includes purchase from LG&E as shown below.
Dollars	\$ 484,672.38	\$ -	\$ 6,637.87	\$ -	\$ -	\$ 478,071.76	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E							
Quantity	0	2,500					Purchase from LG&E - included in Ending Inventory - Coal Fuel as shown above.
Dollars	\$ -	\$ 37.25					
\$/Allowance	\$ -	\$ 0.01	\$ -	\$ -	\$ -		

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of September 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	5,054	0	1,040	2	750	3,262	
Dollars	\$ 5,823.29	\$ -	\$ 1,198.30	\$ 2.30	\$ 864.16	\$ 3,758.53	
\$/Allowance	\$ 1.15	\$ -	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.15	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	4,846	-	1,040	-	750	3,056	Sales to LG&E
Dollars	\$ 5,583.64	\$ -	\$ 1,198.30	\$ -	\$ 864.16	\$ 3,521.18	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	208	-	-	2	-	206	
Dollars	\$ 239.65	\$ -	\$ -	\$ 2.30	\$ -	\$ 237.35	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of September 2011

	Beginning Inventory	Allocations/ Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	5,086	0	1,040	2	500	3,544	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	4,933	-	1,040	-	500	3,393	Sales to LG&E
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	153	0	0	2	0	151	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: September 30, 2011

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 897,799
10th Previous Month	1,040,769
9th Previous Month	1,673,161
8th Previous Month	1,627,292
7th Previous Month	1,839,149
6th Previous Month	1,628,590
5th Previous Month	1,592,835
4th Previous Month	1,790,381
3rd Previous Month	2,005,186
2nd Previous Month	1,865,556
Previous Month	2,435,952
Current Month	1,788,869
<b>Total 12 Month O&amp;M</b>	<b>\$ 20,185,539</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 20,185,539
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 2,523,192</b>

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: September 30, 2011

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506154 - ECR NOx Operation – Consumables		-				-
506155 - ECR NOx Operation – Labor and Other		-				-
512151 - ECR NOx Maintenance		-				-
Total 2001 Plan O&M Expenses		-				-
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	27,439.84	322,939.65				350,379.49
512055 - ECR Scrubber Maintenance	23,748.66	237,209.19				260,957.85
Total 2005 Plan O&M Expenses	51,188.50	560,148.84				611,337.34
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation		16,949.85			10,839.30	27,789.15
506152 - ECR Sorbent Reactant - Reagent Only		904,264.75			31,812.67	936,077.42
512152 - ECR Sorbent Injection Maintenance		4,360.14			(2,317)	2,043.33
506150 - ECR Mercury Monitors Operation	-	-	-	-	-	0.00
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation – Consumables					41,498.89	41,498.89
506155 - ECR NOx Operation – Labor and Other					3,252.54	3,252.54
512151 - ECR NOx Maintenance					3,850.39	3,850.39
502056 - ECR Scrubber Operations					31,340.03	31,340.03
512055 - ECR Scrubber Maintenance					23,528.19	23,528.19
506051 - ECR Precipitator Operation					2,027	2,027.30
506151 - ECR Activated Carbon					70,391.02	70,391.02
512051 - ECR Precipitator Maintenance					35,733.69	35,733.69
Total 2006 Plan O&M Expenses	-	925,574.74	-	-	251,957.21	1,177,531.95
<b>2009 Plan</b>						
506154 - ECR NOx Operation – Consumables	-					-
506155 - ECR NOx Operation – Labor and Other	-					-
512151 - ECR NOx Maintenance	-					-
506159 - ECR Sorbent Injection Operation	-					-
506152 - ECR Sorbent Reactant - Reagent Only	-					-
512152 - ECR Sorbent Injection Maintenance	-					-
502012 - ECR Landfill Operations		-			-	-
512105 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-			-	-
Total 2009 Plan O&M Expenses	-	0.00			-	0.00
<b>Current Month O&amp;M Expense for All Plans</b>	<b>51,188.50</b>	<b>1,485,723.58</b>	<b>-</b>	<b>-</b>	<b>251,957.21</b>	<b>1,788,869.29</b>

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



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: September 30, 2011

On-Site CCP Disposal O&M Expense		Ghent	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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse - Operations & Maintenance Expenses

For the Month Ended: September 30, 2011

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			\$ -

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Beneficial Reuse Opportunities  
For the Month Ended: September 30, 2011

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)</b>						
(1) 12 Months Ending with Expense Month	\$ -	\$ -	\$ -	\$ -	\$ -	
(2) Monthly Amount [(1) / 12]	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>2009 Plan Project 33</b>						
(3) Monthly Amount (Expense/Revenue)	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Beneficial Reuse - Generating Station</b>						
(4) Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Beneficial Reuse in Base Rates</b>						
(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 33 [(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIU C Question No. 20  
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Note 1: Trimble County projects for the 2009 Plan are proportionately shared by KU at 48% and LG&E at 52%.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Monthly Average Revenue Computation of R (m)

For the Month Ended: September 30, 2011

(1)	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues	Total Company Revenues	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Total Including Off-System Sales (See Note 1)	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)
Oct-10	\$ 94,328,977	\$ 2,032,353	\$ 960,928	\$ 678,496	\$ 98,000,754	\$ 97,322,258	\$ 9,950,814	\$ 107,951,568	\$ 107,273,072
Nov-10	88,962,545	1,821,557	902,245	2,948,221	94,634,568	91,686,347	12,488,616	107,123,183	104,174,962
Dec-10	113,173,146	(3,885,712)	1,525,425	5,096,959	115,909,817	110,812,859	16,568,025	132,477,842	127,380,884
Jan-11	133,983,325	(4,079,961)	2,482,893	5,407,256	137,793,514	132,386,258	25,134,950	160,928,464	155,521,208
Feb-11	112,247,614	2,435,023	1,906,011	3,026,209	119,614,857	116,588,648	18,880,778	138,495,634	135,469,425
Mar-11	104,076,223	45,175	1,568,534	169,800	105,859,733	105,689,933	17,187,533	123,047,265	122,877,465
Apr-11	94,847,487	(228,729)	1,263,716	2,360,485	98,242,959	95,882,475	13,938,469	112,181,428	109,820,943
May-11	91,635,718	(742,243)	1,087,228	2,471,733	94,452,436	91,980,703	17,277,199	111,729,634	109,257,901
Jun-11	106,515,211	381,783	1,271,511	3,699,167	111,667,672	107,968,505	19,923,777	131,591,449	127,892,282
Jul-11	110,242,427	2,120,794	1,395,447	4,011,785	117,770,453	113,758,668	18,980,114	136,750,567	132,738,782
Aug-11	119,521,530	1,916,931	1,604,581	3,072,496	126,115,539	123,043,042	18,097,210	144,212,749	141,140,253
Sep-11	109,585,179	4,966,213	1,342,933	2,188,184	118,082,508	115,894,324	16,533,764	134,616,272	132,428,088
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 108,584,502			
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									87.51%
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$	(776.78)

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended: September 30, 2011

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 109,585,179	\$ 109,585,179
Fuel Adjustment Clause	\$ 4,966,213	\$ 4,966,213
DSM	\$ 1,342,933	\$ 1,342,933
Environmental Surcharge		\$ 2,188,184
CSR Credits		\$ (890,312)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 115,894,324	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 493	\$ 493
Virginia Retail	\$ 5,372,838	\$ 5,372,838
Wholesale	\$ 8,702,121	\$ 8,702,121
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 2,458,310	\$ 2,458,310
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 16,533,764	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 132,428,088	
<b>Reconciling Revenues</b>		
Brokered	\$ (777)	\$ (777)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (20,911,796)
Provision for Refund		\$ -
Miscellaneous		\$ 5,415,481
Total Company Revenues per Income Statement =		\$ 118,228,869

RECEIVED

NOV 18 2011

PUBLIC SERVICE  
COMMISSION



a PPL company

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

Kentucky Utilities Company  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

November 18, 2011

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of September 2011. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2010-00474, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after November 29, 2011.

Attached to this letter is a copy of an invoice for services provided to the Commission by Vantage Consulting in Case No. 2011-00161, KU's 2011 ECR Compliance Plan filing. ES Form 2.0 reflects the expenses paid in October 2011. Subsequent monthly filings will include expenses paid in the appropriate expense month.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink that reads "Robert M. Conroy".

Robert M. Conroy

Enclosures

**INVOICE FOR PROFESSIONAL FEES AND SERVICES**  
**FOR : VANTAGE ENERGY CONSULTING, LLC**  
 FED TAX ID # 27-2585037

INVOICE DATE: 9/1/2011  
 INVOICE #: 20110902  
 INVOICE PERIOD: 08/01/11 - 8/31/2011  
 PROJECT NAME: Kentucky LGE Environmental Compliance  
 ITAGE PROJECT #: 2011-56

FIRM INVOICED: Mr. John A. Rogness III  
 Kentucky Public Service Commission  
 P.O. Box 615  
 211 Sower Boulevard  
 Frankfort, Kentucky 40602

PROJECT DESCRIPTION:  
 LGE Environmental Compliance

CONSULTANT.	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	August	59	\$260	\$10,400.00	\$993.52	\$11,393.52	
Chuck Buechel	August	68	\$240	\$16,320.00	\$90.00	\$16,410.00	
Mike Bolsmenu	August	91	\$240	\$21,840.00		\$21,840.00	
Mark Fowler	August	30	\$240	\$7,200.00		\$7,200.00	
<b>SUB TOTALS</b>		<b>248</b>		<b>\$55,760.00</b>	<b>\$1,083.52</b>	<b>\$56,843.52</b>	
<b>TOTAL FEES</b>							<b>\$55,760.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$1,083.52</b>
<b>OVERNIGHT MAIL</b>							<b>\$0.00</b>
<b>COPYING - Black/White</b>							<b>\$35.00</b>
<b>COPYING - Color</b>							<b>\$34.20</b>
<b>MISCELLANEOUS</b>							
<b>Invoice Amount</b>							<b>\$56,912.72</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$56,912.72</b>

The information provided in the above invoice is believed to be accurate. Should any questions or discrepancies arise, please call or write to the following billing address.

PLEASE REMIT TO:

Vantage Energy Consulting, LLC.  
 21460 Overseas Hwy.  
 Cudjoe Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-744-3440

*[Handwritten signature]*  
 PO # 56678  
 x *[Handwritten signature]*  
 9-29-11

**RECEIVED**  
 OCT 06 2011  
 FINANCIAL

**INVOICE FOR PROFESSIONAL FEES AND SERVICES**  
**FOR : VANTAGE ENERGY CONSULTING, LLC**  
 FED TAX ID # 27-2585037

**INVOICE DATE:** 10/1/2011  
**INVOICE #:** 20110903  
**INVOICE PERIOD:** 09/01/2011-9/30/2011  
**PROJECT NAME:** Kentucky LGE Environmental Compliance  
**ITAGE PROJECT #:** 2011-56

**FIRM INVOICED:** Mr. John A. Rogness III  
 Kentucky Public Service Commission  
 P.O. Box 615  
 211 Sower Boulevard  
 Frankfort, Kentucky 40602

**PROJECT DESCRIPTION:**  
 LGE Environmental Compliance

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	September	76	\$260	\$19,760.00		\$19,760.00	✓
Chuck Buechel	September	26	\$240	\$6,240.00		\$6,240.00	✓
Mike Boismenu	September	88	\$240	\$21,120.00		\$21,120.00	✓
Mark Fowler	September	49	\$240	\$11,760.00		\$11,760.00	✓
<b>SUB TOTALS</b>		<b>239</b>		<b>\$58,880.00</b>	<b>\$0.00</b>	<b>\$58,880.00</b>	
<b>TOTAL FEES</b>							<b>\$58,880.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$0.00</b>
<b>OVERNIGHT MAIL</b>							<b>\$0.00</b>
<b>COPYING - Black/White</b>							<b>\$38.80</b>
<b>COPYING - Color</b>							<b>\$3.60</b>
<b>MISCELLANEOUS</b>							
<b>Invoice Amount</b>							<b>\$58,922.40</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$58,922.40</b>

*[Handwritten Signature]*  
 10/1/11

The information provided in the above invoice is believed to be accurate. Should any questions or discrepancies arise, please call or write to the following billing address.

**PLEASE REMIT TO:**  
 Vantage Energy Consulting, LLC.  
 21460 Overseas Hwy.  
 Cudjoe Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-744-3440



ES FORM 1.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

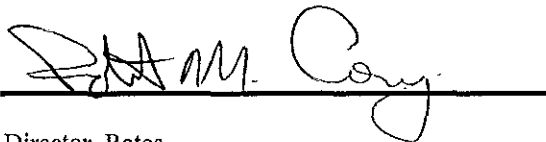
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of October 2011**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 3,947,541

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 3.63%

Effective Date for Billing: December billing cycle beginning November 29, 2011

Submitted by:



Title: Director, Rates

Date Submitted: November 18, 2011

**KENTUCKY UTILITIES COMPANY  
 ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of October 2011

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

		Environmental Compliance Plans	
(1)	RB	= \$	1,227,064,849
(2)	RB / 12	= \$	102,255,404
(3)	(ROR + (ROR - DR) (TR / (1 - TR)))	=	11.04%
(4)	OE	= \$	5,757,759
(5)	BAS	= \$	(9,565)
(6)	BR	= \$	-
(7)	E(m)	= \$	17,056,321
			(2) x (3) + (4) - (5) + (6)

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	85.36%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	14,559,276
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00474	=	-
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	14,559,276
(13)	Revenue Collected through Base Rates	= \$	10,611,735
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	3,947,541
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	108,871,982
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	3.63%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of October 2011

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,264,238,872	
Eligible Pollution CWIP Excluding AFUDC	182,770,493	
Subtotal		\$ 1,447,009,365
Additions:		
Inventory - Limestone	\$ 589,086	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	471,469	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	402,054	
Cash Working Capital Allowance	2,609,648	
Subtotal		3,524,315
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	110,480,774	
Pollution Control Deferred Income Taxes	85,770,356	
Pollution Control Deferred Investment Tax Credit	27,217,701	
Subtotal		223,468,831
Environmental Compliance Rate Base		\$ 1,227,064,849

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,589,445
Monthly Depreciation & Amortization Expense	3,939,299
Monthly Taxes Other Than Income Taxes	162,352
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33 (See Note 1)	10,133
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	5,271
Monthly Surcharge Consultant Fee - Case No. 2011-00161	61,393
Total Pollution Control Operations Expense	\$ 5,757,759

**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	41,032	50,597	(9,565)
Total Proceeds from Sales	\$ 41,032	\$ 50,597	\$ (9,565)

Note 1: Monthly Emission Allowance Expense includes KU's share of Trimble County Unit 2 SO<sub>2</sub> emission allowance expense not reflected on ES Form 2.31. Current month KU TC2 emission allowance expense = \$ 1.55

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: October 31, 2011**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	67,509.36	39,086.00	0.00	43,390.00	63,205.36	
Dollars	\$ 561,973.54	\$ 357,873.88	\$ -	\$ 372,496.58	\$ 547,350.84	
\$/Ton	\$ 8.32	\$ 9.16		\$8.58	\$8.66	
At E.W. Brown:						
Tons	6,684.84	0.00	0.00	1,188.00	5,496.84	
Dollars	\$ 50,755.64	\$ -	\$ -	\$ 9,020.07	\$ 41,735.57	
\$/Ton	\$ 7.59			\$7.59	\$ 7.59	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 512,613.07

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: October 31, 2011

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC as of 10/31/2011	(7) Deferred Tax Balance as of 10/31/2011	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)-(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 17 - KU Nox SCR's	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 87,616.51	\$ -	\$ 747,429	\$ -	\$ 89,465	\$ 1,941	\$ 96
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 34,655,229	\$ 2,242,982.98	\$ 15,129,041	\$ 47,541,287	\$ -	\$ 3,758,342	\$ 75,401	\$ 6,550
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,033,492,091	\$ 103,568,822.95	\$ 47,179,153	\$ 977,102,421	\$ -	\$ 78,899,345	\$ 3,184,852	\$ 125,433
Subtotal	\$ 1,068,982,365	\$ 105,899,422	\$ 62,308,194	\$ 1,025,391,137	\$ -	\$ 82,747,152	\$ 3,262,195	\$ 132,079
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,742,557)	\$ (2,252,070)	\$ -	\$ (2,490,487)	\$ -	\$ (844,229)	\$ (8,808)	\$ (323)
<b>Net Total - 2005 Plan:</b>	\$ 1,064,239,808	\$ 103,647,352	\$ 62,308,194	\$ 1,022,900,650	\$ -	\$ 81,902,923	\$ 3,253,387	\$ 131,756

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: October 31, 2011

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC as of 10/31/2011	(7) Deferred Tax Balance as of 10/31/2011	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ 185,111,959	\$ 6,148,560.74	\$ 1,897,579	\$ 180,860,977	\$ 27,217,701	\$ 2,573,088	\$ 650,175	\$ 23,149
Project 24 - Sorbent Injection	\$ 12,954,833	\$ 839,447.17	\$ -	\$ 12,115,386	\$ -	\$ 1,181,350	\$ 30,072	\$ 1,552
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 137,150.23	\$ -	\$ 894,803	\$ -	\$ 71,994	\$ 3,424	\$ 116
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 108,208.53	\$ -	\$ 1,240,957	\$ -	\$ 55,197	\$ 3,376	\$ 159
Subtotal	\$ 200,447,910	\$ 7,233,367	\$ 1,897,579	\$ 195,112,123	\$ 27,217,701	\$ 3,881,430	\$ 687,046	\$ 24,976
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 199,999,064	\$ 6,833,422	\$ 1,897,579	\$ 195,063,222	\$ 27,217,701	\$ 3,867,433	\$ 685,912	\$ 24,913
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 53,966,516	\$ 53,966,516	\$ -	\$ -	\$ -	\$ 2,980
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 12,692,487	\$ 12,692,487	\$ -	\$ -	\$ -	\$ 213
Project 30 - Ghent CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 41,610,539	\$ 41,610,539	\$ -	\$ -	\$ -	\$ 1,633
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 7,690,013	\$ 7,690,013	\$ -	\$ -	\$ -	\$ 687
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 2,015,312	\$ 2,015,312	\$ -	\$ -	\$ -	\$ 139
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 589,853	\$ 589,853	\$ -	\$ -	\$ -	\$ 31
Subtotal	\$ -	\$ -	\$ 118,564,719	\$ 118,564,719	\$ -	\$ -	\$ -	\$ 5,683
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 118,564,719	\$ 118,564,719	\$ -	\$ -	\$ -	\$ 5,683
<b>Net Total - All Plans:</b>	\$ 1,264,238,872	\$ 110,480,774	\$ 182,770,493	\$ 1,336,528,591	\$ 27,217,701	\$ 85,770,356	\$ 3,939,299	\$ 162,352

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

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Inventory of Emission Allowances

For the Month Ended: October 31, 2011

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	154,078	2,581	3,262	\$ 467,948.18	\$ -	\$ 3,758.53	
2012	77,535						
2013	77,535						
2014	77,535						
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031 - 2040	775,350						

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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of October 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	156,903	500	3,325	0	0	154,078	
Dollars	\$ 478,071.76	\$ 7.45	\$ 10,131.03	\$ -	\$ -	\$ 467,948.18	
\$/Allowance	\$ 3.05	\$ 0.01	\$ 3.05	\$ -	\$ -	\$ 3.04	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	156,903	-	3,325	-	-	154,078	Ending Inventory includes purchase from LG&E as shown below.
Dollars	\$ 478,071.76	\$ -	\$ 10,131.03	\$ -	\$ -	\$ 467,948.18	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E</b>							
Quantity	0	500					Purchase from LG&E - included in Ending Inventory - Coal Fuel
Dollars	\$ -	\$ 7.45					as shown above.
\$/Allowance	\$ -	\$ 0.01	\$ -	\$ -	\$ -		

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



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of October 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	3,262	0	0	0	0	3,262	
Dollars	\$ 3,758.53	\$ -	\$ -	\$ -	\$ -	\$ 3,758.53	
\$/Allowance	\$ 1.15	\$ -	\$ -	\$ -	\$ -	\$ 1.15	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	3,056	-	-	-	-	3,056	
Dollars	\$ 3,521.18	\$ -	\$ -	\$ -	\$ -	\$ 3,521.18	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	206	-	-	-	-	206	
Dollars	\$ 237.35	\$ -	\$ -	\$ -	\$ -	\$ 237.35	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of October 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	3,544	0	960	3	0	2,581	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	3,393	-	960	3	-	2,430	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	151	0	0	0	0	151	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: October 31, 2011

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,040,769
10th Previous Month	1,673,161
9th Previous Month	1,627,292
8th Previous Month	1,839,149
7th Previous Month	1,628,590
6th Previous Month	1,592,835
5th Previous Month	1,790,381
4th Previous Month	2,005,186
3rd Previous Month	1,865,556
2nd Previous Month	2,435,952
Previous Month	1,788,869
Current Month	1,589,445
Total 12 Month O&M	\$ 20,877,185

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 20,877,185
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 2,609,648

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Pollution Control - Operations & Maintenance Expenses**

For the Month Ended: October 31, 2011

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506154 - ECR NOx Operation – Consumables		-				-
506155 - ECR NOx Operation – Labor and Other		-				-
512151 - ECR NOx Maintenance		-				-
Total 2001 Plan O&M Expenses		-				-
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	9,020.07	267,807.87				276,827.94
512055 - ECR Scrubber Maintenance	28,291.82	103,271.24				131,563.06
Total 2005 Plan O&M Expenses	37,311.89	371,079.11				408,391.00
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation		17,772.56			11,145.05	28,917.61
506152 - ECR Sorbent Reactant - Reagent Only		796,276.37			-1,683.09	794,593.28
512152 - ECR Sorbent Injection Maintenance		291.43			6,086	6,377.23
506150 - ECR Mercury Monitors Operation	1,432	2,061	-	-	1,306	4,799.29
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation – Consumables					96,399.25	96,399.25
506155 - ECR NOx Operation – Labor and Other					2,436.70	2,436.70
512151 - ECR NOx Maintenance					2,047.63	2,047.63
502056 - ECR Scrubber Operations					94,510.77	94,510.77
512055 - ECR Scrubber Maintenance					29,643.72	29,643.72
506051 - ECR Precipitator Operation					3,709	3,709.49
506151 - ECR Activated Carbon					112,513.25	112,513.25
512051 - ECR Precipitator Maintenance					5,105.77	5,105.77
Total 2006 Plan O&M Expenses	1,432	816,401.77	-	-	363,220.22	1,181,053.99
<b>2009 Plan</b>						
506154 - ECR NOx Operation – Consumables	-					-
506155 - ECR NOx Operation – Labor and Other	-					-
512151 - ECR NOx Maintenance	-					-
506159 - ECR Sorbent Injection Operation	-					-
506152 - ECR Sorbent Reactant - Reagent Only	-					-
512152 - ECR Sorbent Injection Maintenance	-					-
502012 - ECR Landfill Operations		-			-	-
512105 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-			-	-
Total 2009 Plan O&M Expenses	-	0.00			-	0.00
<b>Current Month O&amp;M Expense for All Plans</b>	<b>38,743.89</b>	<b>1,187,480.88</b>	<b>-</b>	<b>-</b>	<b>363,220.22</b>	<b>1,589,444.99</b>

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: October 31, 2011

On-Site CCP Disposal O&M Expense	Ghent	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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse - Operations & Maintenance Expenses

For the Month Ended: October 31, 2011

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			\$ -

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Beneficial Reuse Opportunities  
For the Month Ended: October 31, 2011

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)</b>						
(1) 12 Months Ending with Expense Month	\$ -	\$ -	\$ -	\$ -	\$ -	
(2) Monthly Amount [(1) / 12]	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>2009 Plan Project 33</b>						
(3) Monthly Amount (Expense/Revenue)	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Beneficial Reuse - Generating Station</b>						
(4) Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Beneficial Reuse in Base Rates</b>						
(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 33 [(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIU C Question No. 20  
 Page 351 of 500  
 County

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Monthly Average Revenue Computation of R (m)

For the Month Ended: October 31, 2011

(1)	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues	Total Company Revenues	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Total Including Off-System Sales (See Note 1)	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)
Nov-10	\$ 88,962,545	\$ 1,821,557	\$ 902,245	\$ 2,948,221	\$ 94,634,568	\$ 91,686,347	\$ 12,488,616	\$ 107,123,183	\$ 104,174,962
Dec-10	113,173,146	(3,885,712)	1,525,425	5,096,959	115,909,817	110,812,859	16,568,025	132,477,842	127,380,884
Jan-11	133,983,325	(4,079,961)	2,482,893	5,407,256	137,793,514	132,386,258	23,134,950	160,928,464	155,521,208
Feb-11	112,247,614	2,435,023	1,906,011	3,026,209	119,614,857	116,588,648	18,880,778	138,495,634	135,469,425
Mar-11	104,076,223	45,175	1,568,534	169,800	105,859,733	105,689,933	17,187,533	123,047,265	122,877,465
Apr-11	94,847,487	(228,729)	1,263,716	2,360,485	98,242,959	95,882,475	13,938,469	112,181,428	109,820,943
May-11	91,635,718	(742,243)	1,087,228	2,471,733	94,452,436	91,980,703	17,277,199	111,729,634	109,257,901
Jun-11	106,315,211	381,783	1,271,511	3,699,167	111,667,672	107,968,505	19,923,777	131,591,449	127,892,282
Jul-11	110,242,427	2,120,794	1,395,447	4,011,785	117,770,453	113,758,668	18,980,114	136,750,567	132,738,782
Aug-11	119,521,530	1,916,931	1,604,581	3,072,496	126,115,539	123,043,042	18,097,210	144,212,749	141,140,253
Sep-11	109,585,179	4,966,213	1,342,933	2,188,184	118,082,508	115,894,324	16,533,764	134,616,272	132,428,088
Oct-11	96,323,891	3,485,600	962,525	1,928,584	102,700,601	100,772,017	17,285,351	119,985,952	118,057,368
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 108,871,982			
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									85.36%
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$	(11,823.38)	



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended: October 31, 2011

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 96,323,891	\$ 96,323,891
Fuel Adjustment Clause	\$ 3,485,600	\$ 3,485,600
DSM	\$ 962,525	\$ 962,525
Environmental Surcharge		\$ 1,928,584
CSR Credits		\$ (1,898,493)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 100,772,017	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 268	\$ 268
Virginia Retail	\$ 5,035,408	\$ 5,035,408
Wholesale	\$ 6,887,006	\$ 6,887,006
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 5,362,669	\$ 5,362,669
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 17,285,351	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 118,057,368	
<b>Reconciling Revenues</b>		
Brokered	\$ (11,823)	\$ (11,823)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (6,269,324)
Provision for Refund		\$ -
Miscellaneous		\$ (2,471,623)
Total Company Revenues per Income Statement =		\$ 109,334,689



a PPL company

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

RECEIVED

DEC 20 2011

PUBLIC SERVICE  
COMMISSION

**Kentucky Utilities Company**  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

December 20, 2011

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of November 2011. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2010-00474, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after December 30, 2011.

Attached to this letter is a copy of an invoice for services provided to the Commission by Vantage Consulting in Case No. 2011-00161, KU's 2011 ECR Compliance Plan filing. ES Form 2.0 reflects the expenses paid in November 2011. Subsequent monthly filings will include expenses paid in the appropriate expense month.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert M. Conroy'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert M. Conroy

Enclosures

**INVOICE FOR PROFESSIONAL FEES AND SERVICES**  
**FOR : VANTAGE ENERGY CONSULTING, LLC**  
 FED TAX ID # 27-2585037

**INVOICE DATE:** 11/1/2011  
**INVOICE #:** 20111004  
**INVOICE PERIOD:** 10/1/2011 - 10/31/2011  
**PROJECT NAME:** Kentucky LGE Environmental Compliance  
**ITAGE PROJECT #:** 2011-56

**FIRM INVOICED:** Mr. John A. Rogness III  
 Kentucky Public Service Commission  
 P.O. Box 615  
 211 Sower Boulevard  
 Frankfort, Kentucky 40602

*Approved*  
*DO # 58138*

*[Signature]*  
*11/1/11*

**PROJECT DESCRIPTION:**  
 LGE Environmental Compliance

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	October	32	\$260	\$8,320.00		\$8,320.00	
Chuck Buechel	October	10	\$240	\$2,400.00		\$2,400.00	
Mike Boismenu	October	22	\$240	\$5,280.00		\$5,280.00	
Mark Fowler	October	0	\$240	\$0.00		\$0.00	
<b>SUB TOTALS</b>		<b>64</b>		<b>\$16,000.00</b>	<b>\$0.00</b>	<b>\$16,000.00</b>	
<b>TOTAL FEES</b>							<b>\$16,000.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$0.00</b>
<b>OVERNIGHT MAIL</b>							<b>\$0.00</b>
<b>COPYING - Black/White</b>							<b>\$0.00</b>
<b>COPYING - Color</b>							<b>\$0.00</b>
<b>MISCELLANEOUS</b>							
<b>Invoice Amount</b>							<b>\$16,000.00</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$16,000.00</b>

The information provided in the above invoice is believed to be accurate. Should any questions or discrepancies arise, please call or write to the following billing address.

**PLEASE REMIT TO:**  
 Vantage Energy Consulting, LLC.  
 21460 Overseas Hwy.  
 Cudjoe Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-744-3440

*[Signature]*  
 11/7/11

ES FORM 1.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

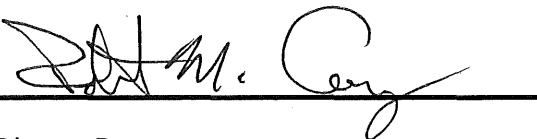
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of November 2011**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 5,576,601

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 5.13%

Effective Date for Billing: January billing cycle beginning December 30, 2011

Submitted by:



Title: Director, Rates

Date Submitted: December 20, 2011

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of November 2011

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

		Environmental Compliance Plans	
(1)	RB	= \$	1,225,988,797
(2)	RB / 12	= \$	102,165,733
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.04%
(4)	OE	= \$	6,086,129
(5)	BAS	= \$	(4,271)
(6)	BR	= \$	-
(7)	E(m)	= \$	17,369,497
			$(2) \times (3) + (4) - (5) + (6)$

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	86.51%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	15,026,352
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00474	=	-
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	15,026,352
(13)	Revenue Collected through Base Rates	= \$	9,449,751
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	5,576,601
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	108,673,513
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) + (15)]	=	5.13%

ES FORM 2.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of November 2011

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,264,238,872	
Eligible Pollution CWIP Excluding AFUDC	188,754,688	
Subtotal		\$ 1,452,993,560
Additions:		
Inventory - Limestone	\$ 661,141	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	460,727	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	391,312	
Cash Working Capital Allowance	2,725,817	
Subtotal		3,701,797
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	114,430,015	
Pollution Control Deferred Income Taxes	89,120,914	
Pollution Control Deferred Investment Tax Credit	27,155,631	
Subtotal		230,706,560
Environmental Compliance Rate Base		\$ 1,225,988,797

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,970,117
Monthly Depreciation & Amortization Expense	3,939,299
Monthly Taxes Other Than Income Taxes	162,352
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33 (See Note 1)	10,743
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862
Net Recoverable Emission Allowance Expense	5,881
Monthly Surcharge Consultant Fee - Case No. 2011-00161	8,480
Total Pollution Control Operations Expense	\$ 6,086,129

**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	46,327	50,597	(4,271)
Total Proceeds from Sales	\$ 46,327	\$ 50,597	\$ (4,271)

Note 1: Monthly Emission Allowance Expense includes KU's share of Trimble County Unit 2 SO<sub>2</sub> emission allowance expense not reflected on ES Form 2.31. Current month KU TC2 emission allowance expense = \$ 1.16

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: November 30, 2011**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	63,205.36	48,841.00	0.00	44,345.00	67,701.36	
Dollars	\$ 547,350.84	\$ 448,232.64	\$ -	\$ 393,491.21	\$ 602,092.27	
\$/Ton	\$ 8.66	\$ 9.18		\$8.87	\$8.89	
At E.W. Brown:						
Tons	5,496.84	0.00	0.00	2,903.00	2,593.84	
Dollars	\$ 41,735.57	\$ 83,400.07	\$ -	\$ 66,086.84	\$ 59,048.80	
\$/Ton	\$ 7.59			\$22.77	\$ 22.77	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 584,667.73

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: November 30, 2011

(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	Unamortized ITC as of 11/30/2011	Deferred Tax Balance as of 11/30/2011	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 16 - KU Nox modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 17 - KU Nox SCR's	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2003 Plan:</b>								
Project 18 - Ghent Ash Pond Dike Elevation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 89,557.99	\$ -	\$ 745,488	\$ -	\$ 91,036	\$ 1,941	\$ 96
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 34,655,229	\$ 2,318,384.18	\$ 15,129,554	\$ 47,466,398	\$ -	\$ 3,893,599	\$ 75,401	\$ 6,550
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,033,492,091	\$ 106,753,674.87	\$ 48,069,908	\$ 974,808,324	\$ -	\$ 81,821,151	\$ 3,184,852	\$ 125,433
Subtotal	\$ 1,068,982,365	\$ 109,161,617	\$ 63,199,462	\$ 1,023,020,210	\$ -	\$ 85,805,785	\$ 3,262,195	\$ 132,079
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,742,557)	\$ (2,252,070)	\$ -	\$ (2,490,487)	\$ -	\$ (844,229)	\$ (8,808)	\$ (323)
<b>Net Total - 2005 Plan:</b>	\$ 1,064,239,808	\$ 106,909,547	\$ 63,199,462	\$ 1,020,529,723	\$ -	\$ 84,961,556	\$ 3,253,387	\$ 131,756



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: November 30, 2011

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC as of 11/30/2011	(7) Deferred Tax Balance as of 11/30/2011	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ 185,111,959	\$ 6,798,735.38	\$ 1,971,747	\$ 180,284,970	\$ 27,155,631	\$ 2,818,101	\$ 650,175	\$ 23,149
Project 24 - Sorbent Injection	\$ 12,954,833	\$ 869,518.70	\$ -	\$ 12,085,315	\$ -	\$ 1,224,813	\$ 30,072	\$ 1,552
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 140,574.12	\$ -	\$ 891,379	\$ -	\$ 73,706	\$ 3,424	\$ 116
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 111,584.51	\$ -	\$ 1,237,581	\$ -	\$ 56,735	\$ 3,376	\$ 159
Subtotal	\$ 200,447,910	\$ 7,920,413	\$ 1,971,747	\$ 194,499,244	\$ 27,155,631	\$ 4,173,354	\$ 687,046	\$ 24,976
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 199,999,064	\$ 7,520,468	\$ 1,971,747	\$ 194,450,344	\$ 27,155,631	\$ 4,159,357	\$ 685,912	\$ 24,913
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 54,877,608	\$ 54,877,608	\$ -	\$ -	\$ -	\$ 2,980
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 13,606,380	\$ 13,606,380	\$ -	\$ -	\$ -	\$ 213
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 44,210,428	\$ 44,210,428	\$ -	\$ -	\$ -	\$ 1,633
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 8,154,233	\$ 8,154,233	\$ -	\$ -	\$ -	\$ 687
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 2,135,928	\$ 2,135,928	\$ -	\$ -	\$ -	\$ 139
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 598,903	\$ 598,903	\$ -	\$ -	\$ -	\$ 31
Subtotal	\$ -	\$ -	\$ 123,583,480	\$ 123,583,480	\$ -	\$ -	\$ -	\$ 5,683
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 123,583,480	\$ 123,583,480	\$ -	\$ -	\$ -	\$ 5,683
<b>Net Total - All Plans:</b>	\$ 1,264,238,872	\$ 114,430,015	\$ 188,754,688	\$ 1,338,563,546	\$ 27,155,631	\$ 89,120,914	\$ 3,939,299	\$ 162,352

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Inventory of Emission Allowances

For the Month Ended: November 30, 2011

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	150,541	1,653	3,262	\$ 457,206.01	\$ -	\$ 3,758.53	
2012	77,535						
2013	77,535						
2014	77,535						
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031 - 2040	775,350						

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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of November 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	154,078	0	3,537	0	0	150,541	
Dollars	\$ 467,948.18	\$ -	\$ 10,742.17	\$ -	\$ -	\$ 457,206.01	
\$/Allowance	\$ 3.04	\$ -	\$ 3.04	\$ -	\$ -	\$ 3.04	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	154,078	-	3,537	-	-	150,541	
Dollars	\$ 467,948.18	\$ -	\$ 10,742.17	\$ -	\$ -	\$ 457,206.01	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E</b>							
Quantity	0						
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of November 2011

	Beginning Inventory	Allocations/ Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	3,262	0	0	0	0	3,262	
Dollars	\$ 3,758.53	\$ -	\$ -	\$ -	\$ -	\$ 3,758.53	
\$/Allowance	\$ 1.15	\$ -	\$ -	\$ -	\$ -	\$ 1.15	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	3,056	-	-	-	-	3,056	
Dollars	\$ 3,521.18	\$ -	\$ -	\$ -	\$ -	\$ 3,521.18	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	206	-	-	-	-	206	
Dollars	\$ 237.35	\$ -	\$ -	\$ -	\$ -	\$ 237.35	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances (NOx) - Annual Allowance Allocation**

For the Expense Month of November 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	2,581	0	925	3	0	1,653	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	2,430	-	925	-	-	1,505	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	151	0	0	3	0	148	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**O&M Expenses and Determination of Cash Working Capital Allowance**

**For the Month Ended: November 30, 2011**

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 1,673,161
10th Previous Month	1,627,292
9th Previous Month	1,839,149
8th Previous Month	1,628,590
7th Previous Month	1,592,835
6th Previous Month	1,790,381
5th Previous Month	2,005,186
4th Previous Month	1,865,556
3rd Previous Month	2,435,952
2nd Previous Month	1,788,869
Previous Month	1,589,445
Current Month	1,970,117
<b>Total 12 Month O&amp;M</b>	<b>\$ 21,806,533</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 21,806,533
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 2,725,817</b>

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Pollution Control - Operations & Maintenance Expenses

For the Month Ended: November 30, 2011

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2001 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-	-	-	-	-	-
506155 - ECR NOx Operation -- Labor and Other	-	-	-	-	-	-
512151 - ECR NOx Maintenance	-	-	-	-	-	-
Total 2001 Plan O&M Expenses	-	-	-	-	-	-
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	66,086.84	285,662.02	-	-	-	351,748.86
512055 - ECR Scrubber Maintenance	53,307.59	179,361.02	-	-	-	232,668.61
Total 2005 Plan O&M Expenses	119,394.43	465,023.04	-	-	-	584,417.47
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation	-	19,295.76	-	-	9,954.18	29,249.94
506152 - ECR Sorbent Reactant - Reagent Only	-	847,014.36	-	-	54,767.51	901,781.87
512152 - ECR Sorbent Injection Maintenance	-	534.18	-	-	6,436	6,970.46
506150 - ECR Mercury Monitors Operation	-	-	-	-	9,794	9,794.08
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation -- Consumables	-	-	-	-	111,639.10	111,639.10
506155 - ECR NOx Operation -- Labor and Other	-	-	-	-	2,750.93	2,750.93
512151 - ECR NOx Maintenance	-	-	-	-	4,337.47	4,337.47
502056 - ECR Scrubber Operations	-	-	-	-	82,728.81	82,728.81
512055 - ECR Scrubber Maintenance	-	-	-	-	56,917.97	56,917.97
506051 - ECR Precipitator Operation	-	-	-	-	3,608	3,608.39
506151 - ECR Activated Carbon	-	-	-	-	171,846.56	171,846.56
512051 - ECR Precipitator Maintenance	-	-	-	-	4,073.71	4,073.71
Total 2006 Plan O&M Expenses	-	866,844.30	-	-	518,854.99	1,385,699.29
<b>2009 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-	-	-	-	-	-
506155 - ECR NOx Operation -- Labor and Other	-	-	-	-	-	-
512151 - ECR NOx Maintenance	-	-	-	-	-	-
506159 - ECR Sorbent Injection Operation	-	-	-	-	-	-
506152 - ECR Sorbent Reactant - Reagent Only	-	-	-	-	-	-
512152 - ECR Sorbent Injection Maintenance	-	-	-	-	-	-
502012 - ECR Landfill Operations	-	-	-	-	-	-
512105 - ECR Landfill Maintenance	-	-	-	-	-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-	-	-	-	-	-
Total 2009 Plan O&M Expenses	-	0.00	-	-	-	0.00
<b>Current Month O&amp;M Expense for All Plans</b>	119,394.43	1,331,867.34	-	-	518,854.99	1,970,116.76

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: November 30, 2011

On-Site CCP Disposal O&M Expense	Ghent	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.



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse - Operations & Maintenance Expenses  
For the Month Ended: November 30, 2011

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			\$ -

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Beneficial Reuse Opportunities  
For the Month Ended: November 30, 2011

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	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 33						
(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 33 [(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIUC Question No. 20  
 Page 379 of 500  
 County

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Monthly Average Revenue Computation of R (m)

For the Month Ended: November 30, 2011

(1)	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues	Total Company Revenues	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Total Including Off-System Sales (See Note 1)	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)
Dec-10	\$ 113,173,146	\$ (3,885,712)	\$ 1,525,425	\$ 5,096,959	\$ 115,909,817	\$ 110,812,859	\$ 16,568,025	\$ 132,477,842	\$ 127,380,884
Jan-11	133,983,325	(4,079,961)	2,482,893	5,407,256	137,793,514	132,386,258	23,134,950	160,928,464	155,521,208
Feb-11	112,247,614	2,435,023	1,906,011	3,026,209	119,614,857	116,588,648	18,880,778	138,495,634	135,469,425
Mar-11	104,076,223	45,175	1,568,534	169,800	105,859,733	105,689,933	17,187,533	123,047,265	122,877,465
Apr-11	94,847,487	(228,729)	1,263,716	2,360,485	98,242,959	95,882,475	13,938,469	112,181,428	109,820,943
May-11	91,635,718	(742,243)	1,087,228	2,471,733	94,452,436	91,980,703	17,277,199	111,729,634	109,257,901
Jun-11	106,315,211	381,783	1,271,511	3,699,167	111,667,672	107,968,505	19,923,777	131,591,449	127,892,282
Jul-11	110,242,427	2,120,794	1,395,447	4,011,785	117,770,453	113,758,668	18,980,114	136,750,567	132,738,782
Aug-11	119,521,530	1,916,931	1,604,581	3,072,496	126,115,539	123,043,042	18,097,210	144,212,749	141,140,253
Sep-11	109,585,179	4,966,213	1,342,933	2,188,184	118,082,508	115,894,324	16,533,764	134,616,272	132,428,088
Oct-11	96,323,891	3,485,600	962,525	1,928,584	102,700,601	100,772,017	17,285,351	119,985,952	118,057,368
Nov-11	86,262,441	2,079,249	963,030	2,749,517	92,054,236	89,304,719	13,924,512	105,978,748	103,229,231
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 108,673,513			
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									86.51%
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$ (1,645,26)	

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended: November 30, 2011

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 86,262,441	\$ 86,262,441
Fuel Adjustment Clause	\$ 2,079,249	\$ 2,079,249
DSM	\$ 963,030	\$ 963,030
Environmental Surcharge		\$ 2,749,517
CSR Credits		\$ (962,380)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 89,304,719	
<b>Non -Jurisdictional Revenues</b>		
Tennessee Retail	\$ 488	\$ 488
Virginia Retail	\$ 5,631,408	\$ 5,631,408
Wholesale	\$ 6,244,581	\$ 6,244,581
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 2,048,034	\$ 2,048,034
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 13,924,512	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 103,229,230	
<b>Reconciling Revenues</b>		
Brokered	\$ (1,645)	\$ (1,645)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 10,800,859
Provision for Refund		\$ -
Miscellaneous		\$ 1,925,449
Total Company Revenues per Income Statement =		\$ 117,741,031



a PPL company

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

**Kentucky Utilities Company**  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

RECEIVED

JAN 20 2012

PUBLIC SERVICE  
COMMISSION

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

January 20, 2012

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of December 2011. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2010-00474, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after January 31, 2012.

Included with this filing are the projects approved in the 2011 ECR Plan in accordance with the Commission's December 15, 2011 Order in Case No. 2011-00161. Additionally, KU revised the ES Forms as approved by the Commission in its Order in the above-cited case. The changes to the allocation of the monthly revenue requirement will be implemented with the January 2012 expense month pending issuance of the Commission's Final Order in Case No. 2011-00231.

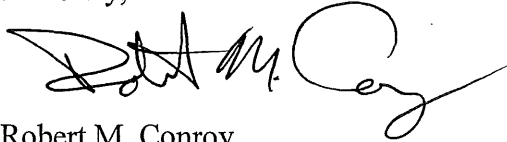
Also attached to this letter is a copy of an invoice for services provided to the Commission by Vantage Consulting in KU's 2011 ECR Compliance Plan filing. ES Form 2.0 reflects the expenses paid in December 2011.

Mr. Jeff DeRouen  
January 20, 2012

Attachment to Response to KU KIUC Question No. 20  
Page 374 of 500  
Conroy

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read "R. M. Conroy". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Robert M. Conroy

Enclosures

RECEIVED

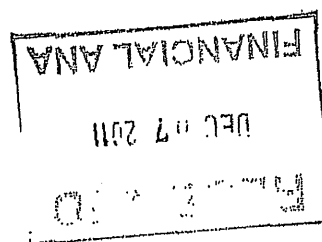
DEC 07 2011

PUBLIC SERVICE  
 COMMISSION

**INVOICE FOR PROFESSIONAL FEES AND SERVICES**  
**FOR : VANTAGE ENERGY CONSULTING, LLC**  
 FED TAX ID # 27-2585037

INVOICE DATE: 12/1/2011  
 INVOICE #: 20111105  
 INVOICE PERIOD: 11/1/2011-11/30/2011  
 PROJECT NAME: Kentucky LGE Environmental Compliance  
 ITAGE PROJECT #: 2011-56

FIRM INVOICED: Mr. John A. Rogness III  
 Kentucky Public Service Commission  
 P.O. Box 615  
 211 Sower Boulevard  
 Frankfort, Kentucky 40602



PROJECT DESCRIPTION:  
 LGE Environmental Compliance

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	November	50	\$260	\$13,000.00	\$2,315.63	\$15,315.63	
Chuck Buechel	November	40	\$240	\$9,600.00		\$9,600.00	
Mike Boismenu	November	24	\$240	\$5,760.00		\$5,760.00	
Mark Fowler	November	0	\$240	\$0.00		\$0.00	
<b>SUB TOTALS</b>		<b>114</b>		<b>\$28,360.00</b>	<b>\$2,315.63</b>	<b>\$30,675.63</b>	
<b>TOTAL FEES</b>							<b>\$28,360.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$2,315.63</b>
<b>OVERNIGHT MAIL</b>							<b>\$0.00</b>
<b>COPYING - Black/White</b>							<b>\$0.00</b>
<b>COPYING - Color</b>							<b>\$0.00</b>
<b>MISCELLANEOUS</b>							
<b>Invoice Amount</b>							<b>\$30,675.63</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$30,675.63</b>

The information provided in the above invoice is believed to be accurate. Should any questions or discrepancies arise, please call or write to the following billing address.

PLEASE REMIT TO:  
 Vantage Energy Consulting, LLC.  
 21460 Overseas Hwy.  
 Cudjoe Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-744-3440

*[Handwritten signature]*  
 12/12/11

ES FORM 1.00

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of December 2011

### 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 = \$ 4,215,138

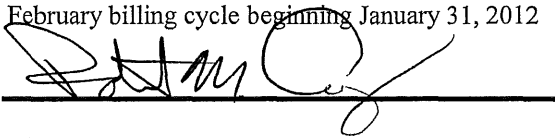
Group 1 ES Billing Factor -- ES Form 1.10, line 20 = 3.92%

### 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 = 0.00%

Effective Date for Billing: February billing cycle beginning January 31, 2012

Submitted by:   
\_\_\_\_\_

Title: Director, Rates

Date Submitted: January 20, 2012



ES FORM 1.10

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of December 2011

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	= \$	1,241,656,918	\$	19,369,355
(2) RB / 12	= \$	103,471,410	\$	1,614,113
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.04%		10.59%
(4) OE	= \$	5,249,209	\$	936,843
(5) BAS	= \$	2,416		Not Applicable
(6) BR	= \$	-		Not Applicable
(7) E(m)	= \$	$(2) \times (3) + (4) - (5) + (6)$	\$	1,107,778
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$	17,777,815		

Calculation of Adjusted Total Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	83.93%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	14,920,920
(11) Prior Period Adjustment related to Rate Base or OE (if necessary)	= \$	-
(12) Adjusted Total Jurisdictional E(m) [(10) + (11)]	=	14,920,920

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	=	100%		0%
(14) Group E(m) [(12) x (13)]	= \$	14,920,920	\$	-
(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	= \$	10,705,782	\$	-
(18) Net Group E(m) = Group E(m) less Expense Month Revenue Collected Through Base Rates [(14) + (15) + (16) - (17)]	= \$	4,215,138	\$	-
(19) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	107,595,608	\$	-
(20) Group Environmental Surcharge Billing Factors [(18) + (19)]	=	3.92%		0.00%

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of December 2011

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plan
Eligible Pollution Control Plant	\$ 1,316,450,254	\$ -
Eligible Pollution CWIP Excluding AFUDC	160,117,611	19,254,282
Subtotal	\$ 1,476,567,865	\$ 19,254,282
Additions:		
Inventory - Limestone	\$ 708,595	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	450,225	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	380,810	
Cash Working Capital Allowance	2,649,591	115,073
Subtotal	3,662,522	115,073
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	118,457,818	-
Pollution Control Deferred Income Taxes	92,960,020	-
Pollution Control Deferred Investment Tax Credit	27,155,631	-
Subtotal	238,573,469	-
Environmental Compliance Rate Base	\$ 1,241,656,918	\$ 19,369,355

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,063,355	\$ 920,585
Monthly Depreciation & Amortization Expense	4,017,862	-
Monthly Taxes Other Than Income Taxes	162,352	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	10,502	-
Add KU Current Month TC2 SO <sub>2</sub> Emission Allowance Expense not reflected on ES Form 2.31	0	-
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862	-
Net Recoverable Emission Allowance Expense	5,640	-
Monthly Surcharge Consultant Fee		16,258
Construction Monitoring Consultant Fee		-
Total Pollution Control Operations Expense	\$ 5,249,209	\$ 936,843

**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	53,014	50,597	2,416
Total Proceeds from Sales	\$ 53,014	\$ 50,597	\$ 2,416

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: December 31, 2011**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	67,701.36	52,445.00	0.00	47,274.00	72,872.36	
Dollars	\$ 602,092.27	\$ 498,450.88	\$ -	\$ 431,588.42	\$ 668,954.73	
\$/Ton	\$ 8.89	\$ 9.50		\$9.13	\$9.18	
At E.W. Brown:						
Tons	2,593.84	4,900.61	0.00	4,917.00	2,577.45	
Dollars	\$ 59,048.80	\$ 56,212.61	\$ -	\$ 75,621.35	\$ 39,640.06	
\$/Ton	\$ 22.77	\$ 11.47		\$15.38	\$ 15.38	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 632,121.45

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: December 31, 2011

(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	Unamortized ITC as of 12/31/2011	Deferred Tax Balance as of 12/31/2011	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 91,499.47	\$ -	\$ 743,546	\$ -	\$ 92,607	\$ 1,941	\$ 96
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 34,655,229	\$ 2,393,785.38	\$ 2,783,797	\$ 35,045,240	\$ -	\$ 4,028,855	\$ 75,401	\$ 6,550
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,076,601,003	\$ 110,007,382.85	\$ 5,419,313	\$ 972,012,933	\$ -	\$ 85,102,905	\$ 3,253,708	\$ 125,433
Subtotal	\$ 1,112,091,277	\$ 112,492,668	\$ 8,203,110	\$ 1,007,801,720	\$ -	\$ 89,224,367	\$ 3,331,051	\$ 132,079
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,742,557)	\$ (2,252,070)	\$ -	\$ (2,490,487)	\$ -	\$ (844,229)	\$ (8,808)	\$ (323)
<b>Net Total - 2005 Plan:</b>	\$ 1,107,348,721	\$ 110,240,598	\$ 8,203,110	\$ 1,005,311,233	\$ -	\$ 88,380,138	\$ 3,322,243	\$ 131,756
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ 185,111,959	\$ 7,448,910.02	\$ 3,006,318	\$ 180,669,366	\$ 27,155,631	\$ 3,063,113	\$ 650,175	\$ 23,149
Project 24 - Sorbent Injection	\$ 12,954,833	\$ 899,590.23	\$ -	\$ 12,055,243	\$ -	\$ 1,268,476	\$ 30,072	\$ 1,552
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 143,998.01	\$ -	\$ 887,955	\$ -	\$ 75,011	\$ 3,424	\$ 116
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 114,960.49	\$ -	\$ 1,234,205	\$ -	\$ 58,272	\$ 3,376	\$ 159
Subtotal	\$ 200,447,910	\$ 8,607,459	\$ 3,006,318	\$ 194,846,769	\$ 27,155,631	\$ 4,464,872	\$ 687,046	\$ 24,976
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 199,999,064	\$ 8,207,514	\$ 3,006,318	\$ 194,797,868	\$ 27,155,631	\$ 4,450,876	\$ 685,912	\$ 24,913
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 57,780,389	\$ 57,780,389	\$ -	\$ -	\$ -	\$ 2,980
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 14,596,452	\$ 14,596,452	\$ -	\$ -	\$ -	\$ 213
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 72,789,703	\$ 72,789,703	\$ -	\$ -	\$ -	\$ 1,633
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,102,469	\$ 9,707	\$ -	\$ 9,092,762	\$ -	\$ 129,006	\$ 9,707	\$ 687
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 2,725,696	\$ 2,725,696	\$ -	\$ -	\$ -	\$ 139
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 1,015,943	\$ 1,015,943	\$ -	\$ -	\$ -	\$ 31
Subtotal	\$ 9,102,469	\$ 9,707	\$ 148,908,183	\$ 158,000,945	\$ -	\$ 129,006	\$ 9,707	\$ 5,683
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 9,102,469	\$ 9,707	\$ 148,908,183	\$ 158,000,945	\$ -	\$ 129,006	\$ 9,707	\$ 5,683
<b>Subtotal - Pre-2011 Plans:</b>	\$ 1,316,450,254	\$ 118,457,818	\$ 160,117,611	\$ 1,358,110,046	\$ 27,155,631	\$ 92,960,020	\$ 4,017,862	\$ 162,352

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: December 31, 2011

(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	Unamortized ITC as of 12/31/2011	Deferred Tax Balance as of 12/31/2011	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2011 Plan:</b>								
Project 29 - Brown Landfill (Phase I)	\$ -	\$ -	\$ 14,268,107	\$ 14,268,107	\$ -	\$ -	\$ -	\$ -
Project 34 - E.W. Brown Station Air Compliance	\$ -	\$ -	\$ 43,610	\$ 43,610	\$ -	\$ -	\$ -	\$ -
Project 35 - Ghent Station Air Compliance	\$ -	\$ -	\$ 4,942,565	\$ 4,942,565	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 19,254,282	\$ 19,254,282	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ -	\$ -	\$ 19,254,282	\$ 19,254,282	\$ -	\$ -	\$ -	\$ -
<b>Net Total - All Plans:</b>	\$ 1,316,450,254	\$ 118,457,818	\$ 179,371,893	\$ 1,377,364,328	\$ 27,155,631	\$ 92,960,020	\$ 4,017,862	\$ 162,352

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

Note 2: Project 29 as approved in the 2009 ECR Plan recovers costs associated with the Brown Aux Pond (Phase II). In the 2011 Plan, Project 29 was amended to recover costs associated with the conversion of the Brown Main Ash Pond to the Brown Landfill (Phase I)

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Inventory of Emission Allowances

For the Month Ended: December 31, 2011

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	147,083	2	3,262	\$ 446,703.79	\$ -	\$ 3,758.53	
2012	77,535						
2013	77,535						
2014	77,535						
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031 - 2040	775,350						

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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of December 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	150,541	0	3,458	0	0	147,083	
Dollars	\$ 457,206.01	\$ -	\$ 10,502.22	\$ -	\$ -	\$ 446,703.79	
\$/Allowance	\$ 3.04	\$ -	\$ 3.04	\$ -	\$ -	\$ 3.04	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	150,541	-	3,458	-	-	147,083	
Dollars	\$ 457,206.01	\$ -	\$ 10,502.22	\$ -	\$ -	\$ 446,703.79	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0						
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of December 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	3,262	0	0	0	0	3,262	
Dollars	\$ 3,758.53	\$ -	\$ -	\$ -	\$ -	\$ 3,758.53	
\$/Allowance	\$ 1.15	\$ -	\$ -	\$ -	\$ -	\$ 1.15	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	3,056	-	-	-	-	3,056	
Dollars	\$ 3,521.18	\$ -	\$ -	\$ -	\$ -	\$ 3,521.18	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	206	-	-	-	-	206	
Dollars	\$ 237.35	\$ -	\$ -	\$ -	\$ -	\$ 237.35	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of December 2011

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	1,653	(18)	1,134	0	499	2	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	1,505	(5)	1,134	-	365	1	Ending Inventory includes sale to LG&E and (5) surrender
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	true-up allowances.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	148	(13)	0	0	134	1	Ending Inventory includes sale to LG&E and (13) surrender
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	true-up allowances.
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: December 31, 2011

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 1,627,292	
10th Previous Month	1,839,149	
9th Previous Month	1,628,590	
8th Previous Month	1,592,835	
7th Previous Month	1,790,381	
6th Previous Month	2,005,186	
5th Previous Month	1,865,556	
4th Previous Month	2,435,952	
3rd Previous Month	1,788,869	
2nd Previous Month	1,589,445	
Previous Month	1,970,117	
Current Month	1,063,355	920,585
<b>Total 12 Month O&amp;M</b>	<b>\$ 21,196,727</b>	<b>\$ 920,585</b>

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	21,196,727	\$ 920,585
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	2,649,591	\$ 115,073

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Pollution Control - Operations & Maintenance Expenses

For the Month Ended: December 31, 2011

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	75,621.35	353,490.30				429,111.65
512055 - ECR Scrubber Maintenance	54,058.16	170,326.31				224,384.47
<b>Total 2005 Plan O&amp;M Expenses</b>	<b>129,679.51</b>	<b>523,816.61</b>				<b>653,496.12</b>
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation					4,209.45	4,209.45
506152 - ECR Sorbent Reactant - Reagent Only					51,972.40	51,972.40
512152 - ECR Sorbent Injection Maintenance					183.95	183.95
506150 - ECR Mercury Monitors Operation	1,052.12	2,076.36	86.64	28.88	10,714.34	13,958.34
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation -- Consumables					90,927.20	90,927.20
506155 - ECR NOx Operation -- Labor and Other					4,004.40	4,004.40
512151 - ECR NOx Maintenance					12,304.69	12,304.69
502056 - ECR Scrubber Operations					78,341.37	78,341.37
512055 - ECR Scrubber Maintenance					36,549.27	36,549.27
506051 - ECR Precipitator Operation					3,758.61	3,758.61
506151 - ECR Activated Carbon					110,606.31	110,606.31
512051 - ECR Precipitator Maintenance					3,042.60	3,042.60
<b>Total 2006 Plan O&amp;M Expenses</b>	<b>1,052</b>	<b>2,076.36</b>	<b>87</b>	<b>29</b>	<b>406,614.59</b>	<b>409,858.59</b>
<b>2009 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-					-
506155 - ECR NOx Operation -- Labor and Other	-					-
512151 - ECR NOx Maintenance	-					-
506159 - ECR Sorbent Injection Operation	-					-
506152 - ECR Sorbent Reactant - Reagent Only	-					-
512152 - ECR Sorbent Injection Maintenance	-					-
502013 - ECR Landfill Operations		-			-	-
512107 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-			-	-
<b>Total 2009 Plan O&amp;M Expenses</b>	<b>-</b>	<b>0.00</b>			<b>-</b>	<b>0.00</b>
<b>Subtotal - Pre-2011 Plans</b>	<b>130,731.63</b>	<b>525,892.97</b>	<b>86.64</b>	<b>28.88</b>	<b>406,614.59</b>	<b>1,063,354.71</b>
<b>2011 Plan</b>						
506159 - ECR Sorbent Injection Operation	-	17,476.58				17,476.58
506152 - ECR Sorbent Reactant - Reagent Only	7,003	891,063.30				898,066.58
512152 - ECR Sorbent Injection Maintenance	-	5,041.60				5,041.60
506156 - ECR Baghouse Operations	-	-				-
512156 - ECR Baghouse Maintenance	-	-				-
506151 - ECR Activated Carbon	-	-				-
502013 - ECR Landfill Operations	-	-				-
512107 - ECR Landfill Maintenance	-	-				-
<b>Total 2011 Plan O&amp;M Expenses</b>	<b>7,003.28</b>	<b>913,581.48</b>				<b>920,584.76</b>
<b>Current Month O&amp;M Expense for All Plans</b>	<b>137,734.91</b>	<b>1,439,474.45</b>	<b>86.64</b>	<b>28.88</b>	<b>406,614.59</b>	<b>1,983,939.47</b>

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**CCP Disposal Facilities Expenses  
For the Month Ended: December 31, 2011**

On-Site CCP Disposal O&M Expense		Ghent	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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse - Operations & Maintenance Expenses  
For the Month Ended: December 31, 2011

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			\$ -

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Beneficial Reuse Opportunities  
For the Month Ended: December 31, 2011

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)</b>						
(1) 12 Months Ending with Expense Month	\$ -	\$ -	\$ -	\$ -	\$ -	
(2) Monthly Amount [(1) / 12]	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>2009 Plan Project 33</b>						
(3) Monthly Amount (Expense/Revenue)	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Beneficial Reuse - Generating Station</b>						
(4) Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Beneficial Reuse in Base Rates</b>						
(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 33 [(7) - (3)]	\$ -	\$ -	\$ -	\$ -	\$ -	
If Line (8) Greater than Zero, No Adjustment						
If Line (8) Less than Zero, Adjustment for Base Rates						
<b>Adjustment for Base Rate Amount (to ES Form 2.60)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Monthly Average Revenue Computation of R (m) for GROUP 1 AND GROUP 2

For the Month Ended: December 31, 2011

GROUP 1 (Total Revenues) - Kentucky Jurisdictional Revenues							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)
Jan-11	\$ 79,737,150	\$ 54,246,175	\$ (4,079,961)	\$ 2,482,893	\$ 5,407,256	\$ 137,793,514	\$ 132,386,258
Feb-11	67,038,171	45,209,443	2,435,023	1,906,011	3,026,209	119,614,857	116,588,648
Mar-11	62,170,354	41,905,870	45,175	1,568,534	169,800	105,859,733	105,689,933
Apr-11	56,843,357	38,004,130	(228,729)	1,263,716	2,360,485	98,242,959	95,882,475
May-11	55,933,365	35,702,353	(742,243)	1,087,228	2,471,733	94,452,436	91,980,703
Jun-11	64,274,550	42,040,661	381,783	1,271,511	3,699,167	111,667,672	107,968,505
Jul-11	67,568,168	42,674,259	2,120,794	1,395,447	4,011,785	117,770,453	113,758,668
Aug-11	72,619,227	46,902,303	1,916,931	1,604,581	3,072,496	126,115,539	123,043,042
Sep-11	66,398,438	43,186,740	4,966,213	1,342,933	2,188,184	118,082,508	115,894,324
Oct-11	57,391,197	38,932,694	3,485,600	962,525	1,928,584	102,700,601	100,772,017
Nov-11	52,704,870	33,557,570	2,079,249	963,030	2,749,517	92,054,236	89,304,719
Dec-11	60,036,690	39,439,553	(2,870,818)	1,272,580	3,531,568	101,409,572	97,878,004
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 107,595,608
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes from ES Form 3.10 =							\$ 97,878,004
GROUP 1 Revenues as a Percentage of Total Revenues for Current Month							100.00%

GROUP 2 (Net Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)	Total Non-Fuel Revenues plus DSM (2)+(5)
Jan-11						\$ -	\$ -	\$ -
Feb-11						\$ -	\$ -	\$ -
Mar-11						\$ -	\$ -	\$ -
Apr-11						\$ -	\$ -	\$ -
May-11						\$ -	\$ -	\$ -
Jun-11						\$ -	\$ -	\$ -
Jul-11						\$ -	\$ -	\$ -
Aug-11						\$ -	\$ -	\$ -
Sep-11						\$ -	\$ -	\$ -
Oct-11						\$ -	\$ -	\$ -
Nov-11						\$ -	\$ -	\$ -
Dec-11						\$ -	\$ -	\$ -
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.								\$ -
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes from ES Form 3.10 =							\$ 97,878,004	
GROUP 2 Revenues as a Percentage of Total Revenues for Current Month							0.00%	

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended: December 31, 2011

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 99,476,242	\$ 99,476,242
(2) Fuel Adjustment Clause	\$ (2,870,818)	\$ (2,870,818)
(3) DSM	\$ 1,272,580	\$ 1,272,580
(4) Environmental Surcharge		\$ 3,531,568
(5) CSR Credits		\$ (951,248)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 97,878,004	
<b>Non -Jurisdictional Revenues</b>		
(7) Tennessee Retail	\$ 762	\$ 762
(8) Virginia Retail	\$ 7,345,834	\$ 7,345,834
(9) Wholesale	\$ 8,049,228	\$ 8,049,228
(10) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 3,345,362	\$ 3,345,362
(11) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 18,741,185	
(12) Total Company Revenues for Environmental Surcharge Purposes =	\$ 116,619,190	
Jurisdictional Allocation Ratio for Current Month [(6) / (12)] =	83.93%	
<b>Reconciling Revenues</b>		
(13) Brokered	\$ -	\$ -
(14) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(15) Unbilled		\$ 7,896,197
(16) Provision for Refund		\$ -
(17) Miscellaneous		\$ 2,668,604
(18) Total Company Revenues per Income Statement =		\$ 129,764,310





a PPL company

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

**Kentucky Utilities Company**  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

RECEIVED

FEB 17 2012

PUBLIC SERVICE  
COMMISSION

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

February 17, 2012

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of January 2012. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2011-00231, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after February 29, 2012.

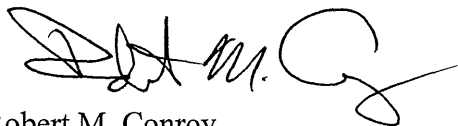
Included with this filing is the implementation of the changes to the allocation of the monthly revenue requirement approved by the Commission's Final Order dated January 31, 2012 in Case No. 2011-00231. Please note that some changes have been made to ES Form 1.10, with conforming changes to ES Forms 1.00 and 3.00. KU is requesting a technical conference with Commission Staff on Wednesday, February 22, 2012, to explain these changes.

Also attached to this letter is a copy of an invoice for services provided to the Commission by Vantage Consulting in KU's 2011 ECR Compliance Plan filing. ES Form 2.0 reflects the expenses paid in January 2012.

Mr. Jeff DeRouen  
February 17, 2012

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read "R. M. Conroy". The signature is stylized with a large, sweeping initial "R" and a long, horizontal flourish extending to the right.

Robert M. Conroy

Enclosures

Dennis G. Howard II  
Lawrence W. Cook  
Office of the Attorney General  
Office of Rate Intervention  
1024 Capital Center Drive, Suite 200  
Frankfort, KY 40601-8204

Michael L. Kurtz  
Kurt J. Boehm  
Boehm, Kurtz & Lowry  
36 East Seventh Street, Suite 1510  
Cincinnati, OH 45202

**INVOICE FOR PROFESSIONAL FEES AND SERVICES**  
**FOR : VANTAGE ENERGY CONSULTING, LLC**  
 FED TAX ID # . 27-2585037

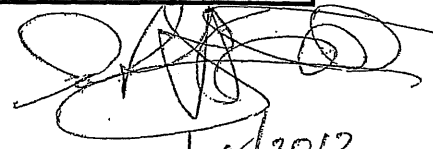
**INVOICE DATE:** 1/4/2011  
**INVOICE #:** 20111206  
**INVOICE PERIOD:** 12/1/2011-12/31/2011  
**PROJECT NAME:** Kentucky LGE Environmental Compliance  
**ITAGE PROJECT #:** 2011-56

**FIRM INVOICED:** Mr. John A. Rogness III  
 Kentucky Public Service Commission  
 P.O. Box 615  
 211 Sower Boulevard  
 Frankfort, Kentucky 40602

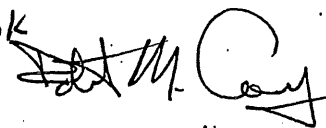
**PROJECT DESCRIPTION:**  
 LGE Environmental Compliance

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	December	8	\$260	\$2,080.00		\$2,080.00	✓
Chuck Buechel	December	6	\$240	\$1,440.00		\$1,440.00	✓
Mike Boismenu	December	1	\$240	\$240.00		\$240.00	✓
Mark Fowler	December	0	\$240	\$0.00		\$0.00	
<b>SUB TOTALS</b>		<b>15</b>		<b>\$3,760.00</b>	<b>\$0.00</b>	<b>\$3,760.00</b>	
<b>TOTAL FEES</b>							<b>\$3,760.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$0.00</b>
<b>OVERNIGHT MAIL</b>							<b>\$0.00</b>
<b>COPYING - Black/White</b>							<b>\$0.00</b>
<b>COPYING - Color</b>							<b>\$0.00</b>
<b>MISCELLANEOUS</b>							
<b>Invoice Amount</b>							<b>\$3,760.00</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$3,760.00</b>

The information provided in the above invoice is believed to be accurate. Should any questions or discrepancies arise, please call or write to the following billing address.



**PLEASE REMIT TO:**  
 Vantage Energy Consulting, LLC.  
 21460 Overseas Hwy.  
 Cudjoe Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-744-3440

Approved PO # 60185  
 1/18/2012  
 OK  1/20/12  
 ECR proceeding

ES FORM 1.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of January 2012**

**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	987,137
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		2.36%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	1,511,943
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		4.13%

Effective Date for Billing: March billing cycle beginning February 29, 2012

Submitted by: \_\_\_\_\_

Title: Director, Rates

Date Submitted: February 17, 2012

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of January 2012

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plan
Eligible Pollution Control Plant	\$ 1,316,450,254	\$ -
Eligible Pollution CWIP Excluding AFUDC	168,797,824	19,759,625
Subtotal	\$ 1,485,248,078	\$ 19,759,625
Additions:		
Inventory - Limestone	\$ 814,016	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	437,694	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	368,279	
Cash Working Capital Allowance	2,580,444	227,197
Subtotal	3,686,266	227,197
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	122,564,184	-
Pollution Control Deferred Income Taxes	96,445,830	-
Pollution Control Deferred Investment Tax Credit	27,031,491	
Subtotal	246,041,505	-
Environmental Compliance Rate Base	\$ 1,242,892,839	\$ 19,986,822

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,074,115	\$ 896,992
Monthly Depreciation & Amortization Expense	4,096,425	-
Monthly Taxes Other Than Income Taxes	169,695	2,407
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	12,531	
Add KU Current Month TC2 SO <sub>2</sub> Emission Allowance Expense not reflected on ES Form 2.31	1	
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862	
Net Recoverable Emission Allowance Expense	7,670	
Monthly Surcharge Consultant Fee		1,993
Construction Monitoring Consultant Fee		-
Total Pollution Control Operations Expense	\$ 5,347,905	\$ 901,392

**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	48,446	50,597	(2,152)
Total Proceeds from Sales	\$ 48,446	\$ 50,597	\$ (2,152)

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: January 31, 2012

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC as of 1/31/2012	(7) Deferred Tax Balance as of 1/31/2012	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 93,440.95	\$ -	\$ 741,605	\$ -	\$ 94,086	\$ 1,941	\$ 93
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 34,655,229	\$ 2,469,186.58	\$ 2,783,797	\$ 34,969,839	\$ -	\$ 4,161,877	\$ 75,401	\$ 4,381
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,076,601,003	\$ 113,329,946.92	\$ 5,732,038	\$ 969,003,093	\$ -	\$ 88,086,605	\$ 3,322,564	\$ 121,502
Subtotal	\$ 1,112,091,277	\$ 115,892,574	\$ 8,515,834	\$ 1,004,714,537	\$ -	\$ 92,342,568	\$ 3,399,907	\$ 125,975
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,742,557)	\$ (2,252,070)	\$ -	\$ (2,490,487)	\$ -	\$ (844,229)	\$ (8,808)	\$ (323)
<b>Net Total - 2005 Plan:</b>	\$ 1,107,348,721	\$ 113,640,504	\$ 8,515,834	\$ 1,002,224,051	\$ -	\$ 91,498,339	\$ 3,391,099	\$ 125,652
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ 185,111,959	\$ 8,099,084.66	\$ 3,154,245	\$ 180,167,119	\$ 27,031,491	\$ 3,375,517	\$ 650,175	\$ 22,584
Project 24 - Sorbent Injection	\$ 12,954,833	\$ 929,661.76	\$ -	\$ 12,025,171	\$ -	\$ 1,307,435	\$ 30,072	\$ 1,507
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 147,421.90	\$ -	\$ 884,531	\$ -	\$ 76,184	\$ 3,424	\$ 111
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 118,336.47	\$ -	\$ 1,230,829	\$ -	\$ 59,596	\$ 3,376	\$ 154
Subtotal	\$ 200,447,910	\$ 9,294,505	\$ 3,154,245	\$ 194,307,650	\$ 27,031,491	\$ 4,818,733	\$ 687,046	\$ 24,356
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 199,999,064	\$ 8,894,560	\$ 3,154,245	\$ 194,258,749	\$ 27,031,491	\$ 4,804,736	\$ 685,912	\$ 24,293
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 59,747,142	\$ 59,747,142	\$ -	\$ -	\$ -	\$ 7,223
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 14,932,369	\$ 14,932,369	\$ -	\$ -	\$ -	\$ 1,825
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 77,886,411	\$ 77,886,411	\$ -	\$ -	\$ -	\$ 9,099
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,102,469	\$ 29,120	\$ (63,054)	\$ 9,010,295	\$ -	\$ 142,756	\$ 19,413	\$ 1,137
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 3,221,263	\$ 3,221,263	\$ -	\$ -	\$ -	\$ 341
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 1,403,614	\$ 1,403,614	\$ -	\$ -	\$ -	\$ 127
Subtotal	\$ 9,102,469	\$ 29,120	\$ 157,127,745	\$ 166,201,094	\$ -	\$ 142,756	\$ 19,413	\$ 19,750
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 9,102,469	\$ 29,120	\$ 157,127,745	\$ 166,201,094	\$ -	\$ 142,756	\$ 19,413	\$ 19,750
<b>Subtotal - Pre-2011 Plans:</b>	\$ 1,316,450,254	\$ 122,564,184	\$ 168,797,824	\$ 1,362,683,894	\$ 27,031,491	\$ 96,445,830	\$ 4,096,425	\$ 169,695

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: January 31, 2012

(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	Unamortized ITC as of 1/31/2012	Deferred Tax Balance as of 1/31/2012	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2011 Plan:</b>								
Project 29 - Brown Landfill (Phase I)	\$ -	\$ -	\$ 14,297,359	\$ 14,297,359	\$ -	\$ -	\$ -	\$ 1,784
Project 34 - E.W. Brown Station Air Compliance	\$ -	\$ -	\$ 74,000	\$ 74,000	\$ -	\$ -	\$ -	\$ 5
Project 35 - Ghent Station Air Compliance	\$ -	\$ -	\$ 5,388,266	\$ 5,388,266	\$ -	\$ -	\$ -	\$ 618
Subtotal	\$ -	\$ -	\$ 19,759,625	\$ 19,759,625	\$ -	\$ -	\$ -	\$ 2,407
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ -	\$ -	\$ 19,759,625	\$ 19,759,625	\$ -	\$ -	\$ -	\$ 2,407
<b>Net Total - All Plans:</b>	\$ 1,316,450,254	\$ 122,564,184	\$ 188,557,449	\$ 1,382,443,518	\$ 27,031,491	\$ 96,445,830	\$ 4,096,425	\$ 172,102

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

Note 2: Project 29 as approved in the 2009 ECR Plan recovers costs associated with the Brown Aux Pond (Phase II). In the 2011 Plan, Project 29 was amended to recover costs associated with the conversion of the Brown Main Ash Pond to the Brown Landfill (Phase I)

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Inventory of Emission Allowances

For the Month Ended: January 31, 2012

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	218,317	13,887	9,945	\$ 434,172.82	-	\$ 3,758.53	
2013	77,535						
2014	77,535						
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031	77,535						
2032 - 2040	697,815						

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.



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year**

For the Expense Month of January 2012

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	224,618	0	6,301	0	0	218,317	
Dollars	\$ 446,703.79	\$ -	\$ 12,530.97	\$ -	\$ -	\$ 434,172.82	
\$/Allowance	\$ 1.99	\$ -	\$ 1.99	\$ -	\$ -	\$ 1.99	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	224,618	-	6,301	-	-	218,317	Beginning inventory includes 77,535 2012 vintage allowances
Dollars	\$ 446,703.79	\$ -	\$ 12,530.97	\$ -	\$ -	\$ 434,172.82	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E							
Quantity	0						
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of January 2012

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	9,945	0	0	0	0	9,945	
Dollars	\$ 3,758.53	\$ -	\$ -	\$ -	\$ -	\$ 3,758.53	
\$/Allowance	\$ 0.38	\$ -	\$ -	\$ -	\$ -	\$ 0.38	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	9,644	-	-	-	-	9,644	Beginning inventory includes 6,588 2012 vintage allowances
Dollars	\$ 3,521.18	\$ -	\$ -	\$ -	\$ -	\$ 3,521.18	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	301	-	-	-	-	301	Beginning inventory includes 95 2012 vintage allowances
Dollars	\$ 237.35	\$ -	\$ -	\$ -	\$ -	\$ 237.35	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of January 2012

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	15,160	0	1,273	0	0	13,887	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	15,025	-	1,271	-	-	13,754	Beginning inventory includes 15,024 2012 vintage allowances
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	135	0	2	0	0	133	Beginning inventory includes 134 2012 vintage allowances
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: January 31, 2012

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 1,839,149	
10th Previous Month	1,628,590	
9th Previous Month	1,592,835	
8th Previous Month	1,790,381	
7th Previous Month	2,005,186	
6th Previous Month	1,865,556	
5th Previous Month	2,435,952	
4th Previous Month	1,788,869	
3rd Previous Month	1,589,445	
2nd Previous Month	1,970,117	
Previous Month	1,063,355	920,585
Current Month	1,074,115	896,992
<b>Total 12 Month O&amp;M</b>	<b>\$ 20,643,550</b>	<b>\$ 1,817,577</b>

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	20,643,550	\$ 1,817,577
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	2,580,444	\$ 227,197

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Pollution Control - Operations & Maintenance Expenses

For the Month Ended: January 31, 2012

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	43,251.54	331,806.31				375,057.85
512055 - ECR Scrubber Maintenance	77,565.93	238,914.11				316,480.04
Total 2005 Plan O&M Expenses	120,817.47	570,720.42				691,537.89
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation					11,005.18	11,005.18
506152 - ECR Sorbent Reactant - Reagent Only					40,252.56	40,252.56
512152 - ECR Sorbent Injection Maintenance					654.83	654.83
506150 - ECR Mercury Monitors Operation	(332.12)	(996.36)	(86.64)	(28.88)	(99.49)	-1,543.49
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation -- Consumables					86,312.08	86,312.08
506155 - ECR NOx Operation -- Labor and Other					3,326.84	3,326.84
512151 - ECR NOx Maintenance					2,735.32	2,735.32
502056 - ECR Scrubber Operations					70,515.21	70,515.21
512055 - ECR Scrubber Maintenance					36,100.80	36,100.80
506051 - ECR Precipitator Operation					6,327.63	6,327.63
506151 - ECR Activated Carbon					125,720.30	125,720.30
512051 - ECR Precipitator Maintenance					1,169.43	1,169.43
Total 2006 Plan O&M Expenses	(332)	-996.36	(87)	(29)	384,020.69	382,576.69
<b>2009 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-					-
506155 - ECR NOx Operation -- Labor and Other	-					-
512151 - ECR NOx Maintenance	-					-
506159 - ECR Sorbent Injection Operation	-					-
506152 - ECR Sorbent Reactant - Reagent Only	-					-
512152 - ECR Sorbent Injection Maintenance	-					-
502013 - ECR Landfill Operations		-			-	-
512107 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-			-	-
Total 2009 Plan O&M Expenses	-	0.00			-	0.00
Subtotal - Pre-2011 Plans	120,485.35	569,724.06	(86.64)	(28.88)	384,020.69	1,074,114.58
<b>2011 Plan</b>						
506159 - ECR Sorbent Injection Operation	-	22,808.70				22,808.70
506152 - ECR Sorbent Reactant - Reagent Only	(7,003)	878,146.46				871,143.18
512152 - ECR Sorbent Injection Maintenance	-	3,040.35				3,040.35
506156 - ECR Baghouse Operations	-	-				-
512156 - ECR Baghouse Maintenance	-	-				-
506151 - ECR Activated Carbon	-	-				-
502013 - ECR Landfill Operations	-	-				-
512107 - ECR Landfill Maintenance	-	-				-
Total 2011 Plan O&M Expenses	(7,003.28)	903,995.51				896,992.23
Current Month O&M Expense for All Plans	113,482.07	1,473,719.57	(86.64)	(28.88)	384,020.69	1,971,106.81

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: January 31, 2012

On-Site CCP Disposal O&M Expense		Ghent	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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse - Operations & Maintenance Expenses

For the Month Ended: January 31, 2012

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			\$ -

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse Opportunities  
For the Month Ended: January 31, 2012

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)</b>						
(1) 12 Months Ending with Expense Month	\$ -	\$ -	\$ -	\$ -	\$ -	
(2) Monthly Amount [(1) / 12]	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>2009 Plan Project 33</b>						
(3) Monthly Amount (Expense/Revenue)	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Beneficial Reuse - Generating Station</b>						
(4) Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Beneficial Reuse in Base Rates</b>						
(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 33 [(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIU C Question No. 20  
 Page 408 of 500  
 Conroy

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



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Monthly Average Revenue Computation of R (m) for GROUP 1 AND GROUP 2

For the Month Ended: January 31, 2012

GROUP 1 (Total Revenues) - Kentucky Jurisdictional Revenues							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)
Feb-11	\$ 32,635,322	\$ 18,969,026	\$ 1,088,872	\$ 1,623,831	\$ 1,396,963	\$ 55,714,014	\$ 54,317,051
Mar-11	27,450,296	15,266,098	(3,093)	1,299,831	52,404	44,065,538	44,013,133
Apr-11	23,497,876	12,598,013	(77,729)	954,628	924,135	37,896,924	36,972,789
May-11	20,385,022	10,436,993	(223,356)	785,163	846,707	32,230,529	31,383,822
Jun-11	25,633,377	13,896,895	147,165	917,307	1,406,254	42,000,998	40,594,743
Jul-11	27,603,951	14,758,887	765,845	1,016,977	1,557,949	45,703,610	44,145,661
Aug-11	31,406,289	17,329,922	706,301	1,191,044	1,252,761	51,886,318	50,633,557
Sep-11	26,501,643	14,151,999	1,659,425	964,630	812,851	44,090,546	43,277,696
Oct-11	19,821,945	9,769,750	878,169	654,011	596,602	31,720,477	31,123,875
Nov-11	20,589,623	10,316,815	638,564	694,309	998,827	33,238,137	32,239,310
Dec-11	26,276,488	14,063,413	(1,101,854)	958,158	1,456,145	41,652,350	40,196,204
Jan-12	32,954,435	18,495,325	(400,088)	1,269,757	2,672,773	54,992,202	52,319,429
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 41,768,106
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 105,753,858
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							39.50%

GROUP 2 (Net Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)	Total Non-Fuel Revenues plus DSM (2)+(5)
Feb-11	\$ 34,402,849	\$ 26,240,417	\$ 1,346,151	\$ 282,180	\$ 1,629,246	\$ 63,900,843	\$ 62,271,597	\$ 34,685,029
Mar-11	34,720,057	26,639,771	48,268	268,703	117,396	61,794,195	61,676,800	34,988,760
Apr-11	33,345,481	25,406,117	(151,000)	309,088	1,436,350	60,346,036	58,909,686	33,654,569
May-11	35,548,343	25,265,360	(518,887)	302,065	1,625,026	62,221,907	60,596,881	35,850,408
Jun-11	38,641,173	28,143,767	234,618	354,204	2,292,913	69,666,675	67,373,762	38,995,377
Jul-11	39,964,216	27,915,373	1,354,949	378,470	2,453,836	72,066,844	69,613,008	40,342,687
Aug-11	41,212,938	29,572,380	1,210,650	413,537	1,819,735	74,229,221	72,409,486	41,626,475
Sep-11	39,896,796	29,034,741	3,306,788	378,303	1,375,333	73,991,962	72,616,629	40,275,099
Oct-11	37,569,253	29,162,944	2,607,431	308,514	1,331,982	70,980,124	69,648,142	37,877,767
Nov-11	32,115,248	23,240,756	1,440,684	268,721	1,750,691	58,816,099	57,065,409	32,383,969
Dec-11	33,760,202	25,376,140	(1,768,964)	314,423	2,075,423	59,757,223	57,681,800	34,074,625
Jan-12	33,713,169	24,534,863	(612,116)	329,908	2,915,836	60,881,660	57,965,824	34,043,077
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 63,985,752	\$ 36,566,487
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 105,753,858	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							60.50%	

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Reconciliation of Reported Revenues**

**For the Month Ended: January 31, 2012**

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 109,697,793	\$ 109,697,793
(2) Fuel Adjustment Clause	\$ (1,012,204)	\$ (1,012,204)
(3) DSM	\$ 1,599,665	\$ 1,599,665
(4) Environmental Surcharge		\$ 5,588,609
(5) CSR Credits		\$ (46,844)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 110,285,253	
<b>Non -Jurisdictional Revenues</b>		
(7) Tennessee Retail	\$ 965	\$ 965
(8) Virginia Retail	\$ 8,836,055	\$ 8,836,055
(9) Wholesale	\$ 8,358,935	\$ 8,358,935
(10) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 2,649,618	\$ 2,649,618
(11) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 19,845,574	
(12) Total Company Revenues for Environmental Surcharge Purposes =	\$ 130,130,828	
Jurisdictional Allocation Ratio for Current Month [(6) / (12)] =	84.75%	
<b>Reconciling Revenues</b>		
(13) Brokered	\$ -	\$ -
(14) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(15) Unbilled		\$ 1,580,000
(16) Provision for Refund		\$ -
(17) Miscellaneous		\$ 276,708
(18) Total Company Revenues per Income Statement =		\$ 137,529,301



a PPL company

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MAR 19 2012

PUBLIC SERVICE COMMISSION

Kentucky Utilities Company  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

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

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

March 19, 2012

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of February 2012. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2011-00231, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after March 29, 2012.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', written over a horizontal line.

Robert M. Conroy

Enclosures

ES FORM 1.00

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of February 2012

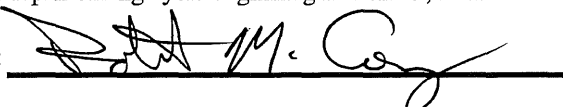
### GROUP 1 (Total Revenue)

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	940,298
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		2.28%

### GROUP 2 (Net Revenue)

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	1,467,020
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		3.99%

Effective Date for Billing: April billing cycle beginning March 29, 2012

Submitted by: 

Title: Director, Rates

Date Submitted: March 19, 2012

ES FORM 1.10

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of February 2012

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	= \$	1,244,978,286	\$	20,805,672
(2) RB / 12	= \$	103,748,191	\$	1,733,806
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.56%		10.13%
(4) OE	= \$	5,364,694	\$	631,013
(5) BAS	= \$	11,946		Not Applicable
(6) BR	= \$	-		Not Applicable
(7) E(m)                      (2) x (3) + (4) - (5) + (6)	= \$	16,308,557	\$	806,648
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$	17,115,205		

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=			87.48%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$			14,972,381
(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	= \$			11,968,252
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=			2,407,318

Calculation of Group Environmental Surcharge Billing Factors

		GROUP 1 (Total Revenue)		GROUP 2 (Net Revenue)
(15) Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	39.06%		60.94%
(16) Group E(m) [(14) x (15)]	= \$	940,298	\$	1,467,020
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	41,174,967	\$	36,741,226
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	2.28%		3.99%

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of February 2012

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plan
Eligible Pollution Control Plant	\$ 1,316,450,254	\$ -
Eligible Pollution CWIP Excluding AFUDC	178,610,919	20,499,899
Subtotal	\$ 1,495,061,173	\$ 20,499,899
Additions:		
Inventory - Limestone	\$ 923,835	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	425,825	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	356,410	
Cash Working Capital Allowance	2,486,996	305,773
Subtotal	3,690,768	305,773
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	126,670,551	-
Pollution Control Deferred Income Taxes	100,381,962	-
Pollution Control Deferred Investment Tax Credit	26,721,142	
Subtotal	253,773,655	-
Environmental Compliance Rate Base	\$ 1,244,978,286	\$ 20,805,672

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,091,566	\$ 628,606
Monthly Depreciation & Amortization Expense	4,096,425	-
Monthly Taxes Other Than Income Taxes	169,695	2,407
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	11,869	
Add KU Current Month TC2 SO <sub>2</sub> Emission Allowance Expense not reflected on ES Form 2.31	1	
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862	
Net Recoverable Emission Allowance Expense	7,008	
Monthly Surcharge Consultant Fee		-
Construction Monitoring Consultant Fee		-
Total Pollution Control Operations Expense	\$ 5,364,694	\$ 631,013

**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	62,543	50,597	11,946
Total Proceeds from Sales	\$ 62,543	\$ 50,597	\$ 11,946

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: February 29, 2012**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	84,084.36	41,150.00	0.00	34,525.00	90,709.36	
Dollars	\$ 786,976.71	\$ 397,565.14	\$ -	\$ 327,729.22	\$ 856,812.63	
\$/Ton	\$ 9.36	\$ 9.66		\$9.49	\$9.45	
At E.W. Brown:						
Tons	2,013.05	9,071.15	0.00	5,647.00	5,437.20	
Dollars	\$ 27,039.59	\$ 109,851.62	\$ -	\$ 69,868.71	\$ 67,022.50	
\$/Ton	\$ 13.43	\$ 12.11		\$12.37	\$ 12.33	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 847,361.79

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: February 29, 2012

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC  as of 2/29/2012	(7) Deferred Tax Balance  as of 2/29/2012	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 95,382.43	\$ -	\$ 739,663	\$ -	\$ 95,565	\$ 1,941	\$ 93
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 34,655,229	\$ 2,544,587.78	\$ 2,783,797	\$ 34,894,438	\$ -	\$ 4,294,898	\$ 75,401	\$ 4,381
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,076,601,003	\$ 116,652,510.99	\$ 5,854,880	\$ 965,803,372	\$ -	\$ 91,526,585	\$ 3,322,564	\$ 121,502
Subtotal	\$ 1,112,091,277	\$ 119,292,481	\$ 8,638,677	\$ 1,001,437,473	\$ -	\$ 95,917,049	\$ 3,399,907	\$ 125,975
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (4,742,557)	\$ (2,252,070)	\$ -	\$ (2,490,487)	\$ -	\$ (844,229)	\$ (8,808)	\$ (323)
<b>Net Total - 2005 Plan:</b>	\$ 1,107,348,721	\$ 117,040,411	\$ 8,638,677	\$ 998,946,986	\$ -	\$ 95,072,820	\$ 3,391,099	\$ 125,652
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ 185,111,959	\$ 8,749,259.30	\$ 3,148,755	\$ 179,511,454	\$ 26,721,142	\$ 3,681,962	\$ 650,175	\$ 22,584
Project 24 - Sorbent Injection	\$ 12,954,833	\$ 959,733.29	\$ -	\$ 11,995,100	\$ -	\$ 1,346,395	\$ 30,072	\$ 1,507
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 150,845.79	\$ -	\$ 881,107	\$ -	\$ 77,357	\$ 3,424	\$ 111
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 121,712.45	\$ -	\$ 1,227,453	\$ -	\$ 60,919	\$ 3,376	\$ 154
Subtotal	\$ 200,447,910	\$ 9,981,551	\$ 3,148,755	\$ 193,615,114	\$ 26,721,142	\$ 5,166,634	\$ 687,046	\$ 24,356
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 199,999,064	\$ 9,581,606	\$ 3,148,755	\$ 193,566,213	\$ 26,721,142	\$ 5,152,637	\$ 685,912	\$ 24,293
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 64,942,996	\$ 64,942,996	\$ -	\$ -	\$ -	\$ 7,223
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 15,145,129	\$ 15,145,129	\$ -	\$ -	\$ -	\$ 1,825
Project 30 - Ghent CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 80,718,953	\$ 80,718,953	\$ -	\$ -	\$ -	\$ 9,099
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,102,469	\$ 48,534	\$ (26,103)	\$ 9,027,832	\$ -	\$ 156,505	\$ 19,413	\$ 1,137
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 3,993,731	\$ 3,993,731	\$ -	\$ -	\$ -	\$ 341
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 2,048,781	\$ 2,048,781	\$ -	\$ -	\$ -	\$ 127
Subtotal	\$ 9,102,469	\$ 48,534	\$ 166,823,487	\$ 175,877,422	\$ -	\$ 156,505	\$ 19,413	\$ 19,750
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 9,102,469	\$ 48,534	\$ 166,823,487	\$ 175,877,422	\$ -	\$ 156,505	\$ 19,413	\$ 19,750
<b>Subtotal - Pre-2011 Plans:</b>	\$ 1,316,450,254	\$ 126,670,551	\$ 178,610,919	\$ 1,368,390,622	\$ 26,721,142	\$ 100,381,962	\$ 4,096,425	\$ 169,695



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: February 29, 2012

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC  as of 2/29/2012	(7) Deferred Tax Balance  as of 2/29/2012	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2011 Plan:</b>								
Project 29 - Brown Landfill (Phase I)	\$ -	\$ -	\$ 14,564,855	\$ 14,564,855	\$ -	\$ -	\$ -	\$ 1,784
Project 34 - E.W. Brown Station Air Compliance	\$ -	\$ -	\$ 118,782	\$ 118,782	\$ -	\$ -	\$ -	\$ 5
Project 35 - Ghent Station Air Compliance	\$ -	\$ -	\$ 5,816,262	\$ 5,816,262	\$ -	\$ -	\$ -	\$ 618
Subtotal	\$ -	\$ -	\$ 20,499,899	\$ 20,499,899	\$ -	\$ -	\$ -	\$ 2,407
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ -	\$ -	\$ 20,499,899	\$ 20,499,899	\$ -	\$ -	\$ -	\$ 2,407
<b>Net Total - All Plans:</b>	\$ 1,316,450,254	\$ 126,670,551	\$ 199,110,817	\$ 1,388,890,520	\$ 26,721,142	\$ 100,381,962	\$ 4,096,425	\$ 172,102

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

Note 2: Project 29 as approved in the 2009 ECR Plan recovers costs associated with the Brown Aux Pond (Phase II). In the 2011 Plan, Project 29 was amended to recover costs associated with the conversion of the Brown Main Ash Pond to the Brown Landfill (Phase I)

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Inventory of Emission Allowances

For the Month Ended: February 29, 2012

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	212,349	12,626	9,945	\$ 422,304.10	\$ -	\$ 3,758.53	
2013	77,535						
2014	77,535						
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031	77,535						
2032 - 2041	775,350						

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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of February 2012

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	218,317	0	5,968	0	0	212,349	
Dollars	\$ 434,172.82	\$ -	\$ 11,868.72	\$ -	\$ -	\$ 422,304.10	
\$/Allowance	\$ 1.99	\$ -	\$ 1.99	\$ -	\$ -	\$ 1.99	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	218,317	-	5,968	-	-	212,349	
Dollars	\$ 434,172.82	\$ -	\$ 11,868.72	\$ -	\$ -	\$ 422,304.10	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E</b>							
Quantity	0						
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of February 2012

	Beginning Inventory	Allocations/ Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	9,945	0	0	0	0	9,945	
Dollars	\$ 3,758.53	\$ -	\$ -	\$ -	\$ -	\$ 3,758.53	
\$/Allowance	\$ 0.38	\$ -	\$ -	\$ -	\$ -	\$ 0.38	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	9,644	-	-	-	-	9,644	
Dollars	\$ 3,521.18	\$ -	\$ -	\$ -	\$ -	\$ 3,521.18	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	301	-	-	-	-	301	
Dollars	\$ 237.35	\$ -	\$ -	\$ -	\$ -	\$ 237.35	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of February 2012

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	13,887	0	1,261	0	0	12,626	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	13,754	-	1,261	-	-	12,493	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	133	0	0	0	0	133	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

**For the Month Ended: February 29, 2012**

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 1,628,590	
10th Previous Month	1,592,835	
9th Previous Month	1,790,381	
8th Previous Month	2,005,186	
7th Previous Month	1,865,556	
6th Previous Month	2,435,952	
5th Previous Month	1,788,869	
4th Previous Month	1,589,445	
3rd Previous Month	1,970,117	
2nd Previous Month	1,063,355	920,585
Previous Month	1,074,115	896,992
Current Month	1,091,566	628,606
<b>Total 12 Month O&amp;M</b>	<b>\$ 19,895,967</b>	<b>\$ 2,446,183</b>

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	19,895,967	\$ 2,446,183
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	2,486,996	\$ 305,773

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: February 29, 2012

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	69,868.71	224,908.06				294,776.77
512055 - ECR Scrubber Maintenance	42,249.14	286,602.21				328,851.35
<b>Total 2005 Plan O&amp;M Expenses</b>	<b>112,117.85</b>	<b>511,510.27</b>				<b>623,628.12</b>
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation					5,207.38	5,207.38
506152 - ECR Sorbent Reactant - Reagent Only					45,886.92	45,886.92
512152 - ECR Sorbent Injection Maintenance					10,668.30	10,668.30
506150 - ECR Mercury Monitors Operation	3,467.48	6,102.44	64.56	21.52	1,782.26	11,438.26
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation -- Consumables					92,105.73	92,105.73
506155 - ECR NOx Operation -- Labor and Other					3,262.90	3,262.90
512151 - ECR NOx Maintenance					6,118.18	6,118.18
502056 - ECR Scrubber Operations					96,458.78	96,458.78
512055 - ECR Scrubber Maintenance					50,525.68	50,525.68
506051 - ECR Precipitator Operation					7,556.32	7,556.32
506151 - ECR Activated Carbon					128,153.34	128,153.34
512051 - ECR Precipitator Maintenance					10,556.58	10,556.58
<b>Total 2006 Plan O&amp;M Expenses</b>	<b>3,467.48</b>	<b>6,102.44</b>	<b>64.56</b>	<b>21.52</b>	<b>458,282.37</b>	<b>467,938.37</b>
<b>2009 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-					-
506155 - ECR NOx Operation -- Labor and Other	-					-
512151 - ECR NOx Maintenance	-					-
506159 - ECR Sorbent Injection Operation	-					-
506152 - ECR Sorbent Reactant - Reagent Only	-					-
512152 - ECR Sorbent Injection Maintenance	-					-
502013 - ECR Landfill Operations		-			-	-
512107 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-			-	-
<b>Total 2009 Plan O&amp;M Expenses</b>	<b>-</b>	<b>0.00</b>			<b>-</b>	<b>0.00</b>
<b>Subtotal - Pre-2011 Plans</b>	<b>115,585.33</b>	<b>517,612.71</b>	<b>64.56</b>	<b>21.52</b>	<b>458,282.37</b>	<b>1,091,566.49</b>
<b>2011 Plan</b>						
506159 - ECR Sorbent Injection Operation	-	20,973.14				20,973.14
506152 - ECR Sorbent Reactant - Reagent Only	-	588,635.09				588,635.09
512152 - ECR Sorbent Injection Maintenance	-	18,998.15				18,998.15
506156 - ECR Baghouse Operations	-	-				-
512156 - ECR Baghouse Maintenance	-	-				-
506151 - ECR Activated Carbon	-	-				-
502013 - ECR Landfill Operations	-	-				-
512107 - ECR Landfill Maintenance	-	-				-
<b>Total 2011 Plan O&amp;M Expenses</b>	<b>-</b>	<b>628,606.38</b>				<b>628,606.38</b>
<b>Current Month O&amp;M Expense for All Plans</b>	<b>115,585.33</b>	<b>1,146,219.09</b>	<b>64.56</b>	<b>21.52</b>	<b>458,282.37</b>	<b>1,720,172.87</b>

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: February 29, 2012

On-Site CCP Disposal O&M Expense		Ghent	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.



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Beneficial Reuse - Operations & Maintenance Expenses  
For the Month Ended: February 29, 2012**

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			\$ -

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Beneficial Reuse Opportunities  
 For the Month Ended: February 29, 2012

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	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 33						
(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 33 [(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%.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Monthly Average Revenue Computation of R (m) for GROUP 1 AND GROUP 2

For the Month Ended: February 29, 2012

GROUP 1 (Total Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)	
Mar-11	\$ 27,450,296	\$ 15,266,098	\$ (3,093)	\$ 1,299,831	\$ 52,404	\$ 44,065,538	\$ 44,013,133	
Apr-11	23,497,876	12,598,013	(77,729)	954,628	924,135	37,896,924	36,972,789	
May-11	20,385,022	10,436,993	(223,356)	785,163	846,707	32,230,529	31,383,822	
Jun-11	25,633,377	13,896,895	147,165	917,307	1,406,254	42,000,998	40,594,743	
Jul-11	27,603,951	14,758,887	765,845	1,016,977	1,557,949	45,703,610	44,145,661	
Aug-11	31,406,289	17,329,922	706,301	1,191,044	1,252,761	51,886,318	50,633,557	
Sep-11	26,501,643	14,151,999	1,659,425	964,630	812,851	44,090,546	43,277,696	
Oct-11	19,821,945	9,769,750	878,169	654,011	596,602	31,720,477	31,123,875	
Nov-11	20,589,623	10,316,815	638,564	694,309	998,827	33,238,137	32,239,310	
Dec-11	26,276,488	14,063,413	(1,101,854)	958,158	1,456,145	41,652,350	40,196,204	
Jan-12	32,954,435	18,495,325	(400,088)	1,269,757	2,672,773	54,992,202	52,319,430	
Feb-12	29,895,580	16,397,981	(218,606)	1,124,438	1,859,611	49,059,003	47,199,392	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 41,174,967	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 105,423,640	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month								39.06%

GROUP 2 (Net Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)	Total Non-Fuel Revenues plus DSM (2)+(5)
Mar-11	\$ 34,720,057	\$ 26,639,771	\$ 48,268	\$ 268,703	\$ 117,396	\$ 61,794,195	\$ 61,676,800	\$ 34,988,760
Apr-11	33,345,481	25,406,117	(151,000)	309,088	1,436,350	60,346,036	58,909,686	33,654,569
May-11	35,548,343	25,265,360	(518,887)	302,065	1,625,026	62,221,907	60,596,881	35,850,408
Jun-11	38,641,173	28,143,767	234,618	354,204	2,292,913	69,666,675	67,373,762	38,995,377
Jul-11	39,964,216	27,915,373	1,354,949	378,470	2,453,836	72,066,844	69,613,008	40,342,687
Aug-11	41,212,938	29,572,380	1,210,630	413,537	1,819,735	74,229,221	72,409,486	41,626,475
Sep-11	39,896,796	29,034,741	3,306,788	378,303	1,375,333	73,991,962	72,616,629	40,275,099
Oct-11	37,569,253	29,162,944	2,607,431	308,514	1,331,982	70,980,124	69,648,142	37,877,767
Nov-11	32,115,248	23,240,756	1,440,684	268,721	1,750,691	58,816,099	57,065,409	32,383,969
Dec-11	33,760,202	25,376,140	(1,768,964)	314,423	2,075,423	59,757,223	57,681,800	34,074,625
Jan-12	33,713,169	24,534,863	(612,116)	329,908	2,915,836	60,881,660	57,965,824	34,043,077
Feb-12	36,480,995	29,058,194	(413,455)	300,909	2,667,767	68,094,410	65,426,643	36,781,904
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 64,248,672	\$ 36,741,226
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 105,423,640	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month								60.94%

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended: February 29, 2012

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 111,832,749	\$ 111,832,749
(2) Fuel Adjustment Clause	\$ (632,061)	\$ (632,061)
(3) DSM	\$ 1,425,347	\$ 1,425,347
(4) Environmental Surcharge		\$ 4,527,378
(5) CSR Credits		\$ (1,951,776)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 112,626,035	
<b>Non -Jurisdictional Revenues</b>		
(7) Tennessee Retail	\$ 735	\$ 735
(8) Virginia Retail	\$ 7,892,170	\$ 7,892,170
(9) Wholesale	\$ 7,819,270	\$ 7,819,270
(10) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 408,013	\$ 408,013
(11) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 16,120,188	
(12) Total Company Revenues for Environmental Surcharge Purposes =	\$ 128,746,223	
Jurisdictional Allocation Ratio for Current Month [(6) / (12)] =	87.48%	
<b>Reconciling Revenues</b>		
(13) Brokered	\$ -	\$ -
(14) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(15) Unbilled		\$ (9,886,000)
(16) Provision for Refund		\$ -
(17) Miscellaneous		\$ 4,871,189
(18) Total Company Revenues per Income Statement =		\$ 126,307,014



a PPL company

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

April 20, 2012

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APR 20 2012

PUBLIC SERVICE  
COMMISSION

**Kentucky Utilities Company**  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
www.lge-ku.com

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
robert.conroy@lge-ku.com

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of March 2012. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2011-00231, KU has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after April 30, 2012.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', written over a horizontal line.

Robert M. Conroy

Enclosures

ES FORM 1.00

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of March 2012**

**GROUP 1 (Total Revenue)**

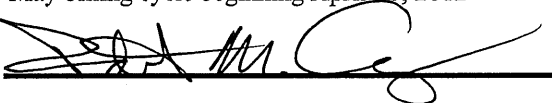
Group 1 E(m) -- ES Form 1.10, line 16	=	\$	840,179
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		2.05%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	1,315,231
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		3.58%

Effective Date for Billing: May billing cycle beginning April 30, 2012

Submitted by:



Title: Director, Rates

Date Submitted: April 20, 2012

ES FORM 1.10

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of March 2012

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	= \$	1,248,378,620	\$ 22,921,881
(2) RB / 12	= \$	104,031,552	\$ 1,910,157
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.56%	10.13%
(4) OE	= \$	5,516,465	\$ 813,019
(5) BAS	= \$	(272,586)	Not Applicable
(6) BR	= \$	5,524	Not Applicable
(7) E(m)	$(2) \times (3) + (4) - (5) + (6)$	16,780,307	\$ 1,006,518
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$	17,786,825	

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	87.24%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	15,517,226
(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	= \$	12,765,005
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	2,155,410

Calculation of Group Environmental Surcharge Billing Factors

		GROUP 1 (Total Revenue)	GROUP 2 (Net Revenue)
(15) Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	38.98%	61.02%
(16) Group E(m) [(14) x (15)]	= \$	840,179	\$ 1,315,231
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	40,983,486	\$ 36,744,733
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	2.05%	3.58%

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of March 2012

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plan
Eligible Pollution Control Plant	\$ 1,313,355,220	\$ -
Eligible Pollution CWIP Excluding AFUDC	180,494,800	22,514,782
Subtotal	\$ 1,493,850,020	\$ 22,514,782
Additions:		
Inventory - Limestone	\$ 1,032,932	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	415,257	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	345,842	
Cash Working Capital Allowance	2,446,052	407,099
Subtotal	3,748,353	407,099
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	120,858,671	-
Pollution Control Deferred Income Taxes	101,950,287	-
Pollution Control Deferred Investment Tax Credit	26,410,795	
Subtotal	249,219,753	-
Environmental Compliance Rate Base	\$ 1,248,378,620	\$ 22,921,881

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,295,518	\$ 810,612
Monthly Depreciation & Amortization Expense	4,046,071	-
Monthly Taxes Other Than Income Taxes	169,169	2,407
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	10,568	
Add KU Current Month TC2 SO <sub>2</sub> Emission Allowance Expense not reflected on ES Form 2.31	1	
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862	
Net Recoverable Emission Allowance Expense	5,707	
Monthly Surcharge Consultant Fee		-
Construction Monitoring Consultant Fee		-
Total Pollution Control Operations Expense	\$ 5,516,465	\$ 813,019

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 5,524
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	-
Net Beneficial Reuse Operations Expense	\$ 5,524

**Proceeds From By-Product and Allowance Sales**

	Total Proceeds	Amount in Base Rates	Net Proceeds
	(1)	(2)	(1) - (2)
Allowance Sales	\$ 887	\$ 286,166	\$ (285,279)
Scrubber By-Products Sales	63,290	50,597	12,693
Total Proceeds from Sales	\$ 64,177	\$ 336,763	\$ (272,586)



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: March 31, 2012**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	90,709.36	44,323.00	0.00	27,948.00	107,084.36	
Dollars	\$ 856,812.63	\$ 405,504.78	\$ -	\$ 263,100.68	\$ 999,216.73	
\$/Ton	\$ 9.45	\$ 9.15		\$9.41	\$9.33	
At E.W. Brown:						
Tons	5,437.20	3,248.06	0.00	5,932.00	2,753.26	
Dollars	\$ 67,022.50	\$ 39,334.00	\$ -	\$ 72,641.10	\$ 33,715.40	
\$/Ton	\$ 12.33	\$ 12.11		\$12.25	\$ 12.25	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 956,458.79

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: March 31, 2012

(1) Description	(2) Eligible Plant In Service	(3) Eligible Accumulated Depreciation	(4) CWIP Amount Excluding AFUDC	(5) Eligible Net Plant In Service	(6) Unamortized ITC as of 3/31/2012	(7) Deferred Tax Balance as of 3/31/2012	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 97,323.91	\$ -	\$ 737,722	\$ -	\$ 97,045	\$ 1,941	\$ 93
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 37,439,024	\$ 2,623,526.65	\$ -	\$ 34,815,497	\$ -	\$ 4,430,605	\$ 78,939	\$ 4,381
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,081,209,025	\$ 119,947,492.24	\$ 1,370,221	\$ 962,631,754	\$ -	\$ 94,084,571	\$ 3,294,981	\$ 121,502
Subtotal	\$ 1,119,483,095	\$ 122,668,343	\$ 1,370,221	\$ 998,184,973	\$ -	\$ 98,612,221	\$ 3,375,862	\$ 125,975
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (18,535,777)	\$ (12,151,676)	\$ -	\$ (6,384,101)	\$ -	\$ (2,348,704)	\$ (40,521)	\$ (850)
<b>Net Total - 2005 Plan:</b>	\$ 1,100,947,319	\$ 110,516,667	\$ 1,370,221	\$ 991,800,872	\$ -	\$ 96,263,517	\$ 3,335,341	\$ 125,126
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ 188,418,327	\$ 9,404,838.69	\$ -	\$ 179,013,488	\$ 26,410,795	\$ 4,004,384	\$ 655,579	\$ 22,584
Project 24 - Sorbent Injection	\$ 12,954,833	\$ 989,804.82	\$ -	\$ 11,965,028	\$ -	\$ 1,385,355	\$ 30,072	\$ 1,507
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 154,269.68	\$ -	\$ 877,683	\$ -	\$ 78,530	\$ 3,424	\$ 111
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 125,088.43	\$ -	\$ 1,224,077	\$ -	\$ 62,243	\$ 3,376	\$ 154
Subtotal	\$ 203,754,278	\$ 10,674,002	\$ -	\$ 193,080,277	\$ 26,410,795	\$ 5,530,513	\$ 692,451	\$ 24,356
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 203,305,432	\$ 10,274,057	\$ -	\$ 193,031,376	\$ 26,410,795	\$ 5,516,516	\$ 691,317	\$ 24,293
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 67,369,555	\$ 67,369,555	\$ -	\$ -	\$ -	\$ 7,223
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 15,198,194	\$ 15,198,194	\$ -	\$ -	\$ -	\$ 1,825
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 89,712,061	\$ 89,712,061	\$ -	\$ -	\$ -	\$ 9,099
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,102,469	\$ 67,947	\$ (74,590)	\$ 8,959,932	\$ -	\$ 170,254	\$ 19,413	\$ 1,137
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 4,421,426	\$ 4,421,426	\$ -	\$ -	\$ -	\$ 341
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 2,497,932	\$ 2,497,932	\$ -	\$ -	\$ -	\$ 127
Subtotal	\$ 9,102,469	\$ 67,947	\$ 179,124,579	\$ 188,159,100	\$ -	\$ 170,254	\$ 19,413	\$ 19,750
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 9,102,469	\$ 67,947	\$ 179,124,579	\$ 188,159,100	\$ -	\$ 170,254	\$ 19,413	\$ 19,750
<b>Subtotal - Pre-2011 Plans:</b>	\$ 1,313,355,220	\$ 120,858,671	\$ 180,494,800	\$ 1,372,991,349	\$ 26,410,795	\$ 101,950,287	\$ 4,046,071	\$ 169,169

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: March 31, 2012

(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	Unamortized ITC as of 3/31/2012	Deferred Tax Balance as of 3/31/2012	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2011 Plan:</b>								
Project 29 - Brown Landfill (Phase I)	\$ -	\$ -	\$ 14,604,359	\$ 14,604,359	\$ -	\$ -	\$ -	\$ 1,784
Project 34 - E.W. Brown Station Air Compliance	\$ -	\$ -	\$ 141,089	\$ 141,089	\$ -	\$ -	\$ -	\$ 5
Project 35 - Ghent Station Air Compliance	\$ -	\$ -	\$ 7,769,335	\$ 7,769,335	\$ -	\$ -	\$ -	\$ 618
Subtotal	\$ -	\$ -	\$ 22,514,782	\$ 22,514,782	\$ -	\$ -	\$ -	\$ 2,407
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ -	\$ -	\$ 22,514,782	\$ 22,514,782	\$ -	\$ -	\$ -	\$ 2,407
<b>Net Total - All Plans:</b>	\$ 1,313,355,220	\$ 120,858,671	\$ 203,009,582	\$ 1,395,506,131	\$ 26,410,795	\$ 101,950,287	\$ 4,046,071	\$ 171,576

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

Note 2: Project 29 as approved in the 2009 ECR Plan recovers costs associated with the Brown Aux Pond (Phase II). In the 2011 Plan, Project 29 was amended to recover costs associated with the conversion of the Brown Main Ash Pond to the Brown Landfill (Phase I)

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances

For the Month Ended: March 31, 2012

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	207,035	11,478	9,945	\$ 411,736.00	\$ -	\$ 3,758.53	
2013	77,535						
2014	77,535						
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031	77,535						
2032 - 2041	775,350						

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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year**

For the Expense Month of March 2012

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	212,349	0	5,314	0	0	207,035	
Dollars	\$ 422,304.10	\$ -	\$ 10,568.10	\$ -	\$ -	\$ 411,736.00	
\$/Allowance	\$ 1.99	\$ -	\$ 1.99	\$ -	\$ -	\$ 1.99	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	212,349	-	5,314	-	-	207,035	
Dollars	\$ 422,304.10	\$ -	\$ 10,568.10	\$ -	\$ -	\$ 411,736.00	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0						
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of March 2012

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	9,945	0	0	0	0	9,945	
Dollars	\$ 3,758.53	\$ -	\$ -	\$ -	\$ -	\$ 3,758.53	
\$/Allowance	\$ 0.38	\$ -	\$ -	\$ -	\$ -	\$ 0.38	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	9,644	-	-	-	-	9,644	
Dollars	\$ 3,521.18	\$ -	\$ -	\$ -	\$ -	\$ 3,521.18	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	301	-	-	-	-	301	
Dollars	\$ 237.35	\$ -	\$ -	\$ -	\$ -	\$ 237.35	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of March 2012

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	12,626	0	1,143	5	0	11,478	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	12,493	-	1,143	-	-	11,350	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	133	0	0	5	0	128	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**O&M Expenses and Determination of Cash Working Capital Allowance**

**For the Month Ended: March 31, 2012**

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 1,592,835	
10th Previous Month	1,790,381	
9th Previous Month	2,005,186	
8th Previous Month	1,865,556	
7th Previous Month	2,435,952	
6th Previous Month	1,788,869	
5th Previous Month	1,589,445	
4th Previous Month	1,970,117	
3rd Previous Month	1,063,355	920,585
2nd Previous Month	1,074,115	896,992
Previous Month	1,091,566	628,606
Current Month	1,301,042	810,612
<b>Total 12 Month O&amp;M</b>	<b>\$ 19,568,419</b>	<b>\$ 3,256,795</b>

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	19,568,419	\$ 3,256,795
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	2,446,052	\$ 407,099



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Pollution Control - Operations & Maintenance Expenses**

For the Month Ended: March 31, 2012

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	72,641.10	187,527.39				260,168.49
512055 - ECR Scrubber Maintenance	99,408.39	633,923.00				733,331.39
<b>Total 2005 Plan O&amp;M Expenses</b>	<b>172,049.49</b>	<b>821,450.39</b>				<b>993,499.88</b>
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation					8,171.85	8,171.85
506152 - ECR Sorbent Reactant -- Reagent Only					33,498.23	33,498.23
512152 - ECR Sorbent Injection Maintenance					807.85	807.85
506150 - ECR Mercury Monitors Operation	1,213.80	3,289.43	224.82	74.94	1,318.21	6,121.20
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation -- Consumables					53,917.79	53,917.79
506155 - ECR NOx Operation -- Labor and Other					3,614.87	3,614.87
512151 - ECR NOx Maintenance					3,880.34	3,880.34
502056 - ECR Scrubber Operations					44,166.63	44,166.63
512055 - ECR Scrubber Maintenance					(3,859.93)	-3,859.93
506051 - ECR Precipitator Operation					10,946.01	10,946.01
506151 - ECR Activated Carbon					112,868.65	112,868.65
512051 - ECR Precipitator Maintenance					27,884.22	27,884.22
<b>Total 2006 Plan O&amp;M Expenses</b>	<b>1,213.80</b>	<b>3,289.43</b>	<b>224.82</b>	<b>74.94</b>	<b>297,214.72</b>	<b>302,017.71</b>
<b>2009 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-					-
506155 - ECR NOx Operation -- Labor and Other	-					-
512151 - ECR NOx Maintenance	-					-
506159 - ECR Sorbent Injection Operation	-					-
506152 - ECR Sorbent Reactant - Reagent Only	-					-
512152 - ECR Sorbent Injection Maintenance	-					-
502013 - ECR Landfill Operations		-				-
512107 - ECR Landfill Maintenance		-				-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-				-
<b>Total 2009 Plan O&amp;M Expenses</b>	<b>-</b>	<b>0.00</b>				<b>0.00</b>
<b>Subtotal - Pre-2011 Plans</b>	<b>173,263.29</b>	<b>824,739.82</b>	<b>224.82</b>	<b>74.94</b>	<b>297,214.72</b>	<b>1,295,517.59</b>
<b>2011 Plan</b>						
506159 - ECR Sorbent Injection Operation	-	31,886.88				31,886.88
506152 - ECR Sorbent Reactant - Reagent Only	-	772,295.05				772,295.05
512152 - ECR Sorbent Injection Maintenance	-	6,429.96				6,429.96
506156 - ECR Baghouse Operations	-	-				-
512156 - ECR Baghouse Maintenance	-	-				-
506151 - ECR Activated Carbon	-	-				-
502013 - ECR Landfill Operations	-	-				-
512107 - ECR Landfill Maintenance	-	-				-
<b>Total 2011 Plan O&amp;M Expenses</b>	<b>-</b>	<b>810,611.89</b>				<b>810,611.89</b>
<b>Current Month O&amp;M Expense for All Plans</b>	<b>173,263.29</b>	<b>1,635,351.71</b>	<b>224.82</b>	<b>74.94</b>	<b>297,214.72</b>	<b>2,106,129.48</b>

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: March 31, 2012

On-Site CCP Disposal O&M Expense		Ghent	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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Beneficial Reuse - Operations & Maintenance Expenses**

**For the Month Ended: March 31, 2012**

Third Party	O&M Expense Account	Plant	Total O&M
Charah Inc.	501253 - ECR Fly Ash Disposal	Trimble County	5,524.20
Total Monthly Beneficial Reuse Expense			\$ 5,524.20
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ -
Net Beneficial Reuse O&M Expense			\$ 5,524.20

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Beneficial Reuse Opportunities  
For the Month Ended: March 31, 2012

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	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 33						
(3) Monthly Amount (Expense/Revenue)	\$ -	\$ -	\$ -	\$ -	\$ 5,524.20	\$ 5,524.20
Total Beneficial Reuse - Generating Station						
(4) Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ -	\$ -	\$ 5,524.20	\$ 5,524.20
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)]	\$ -	\$ -	\$ -	\$ -	\$ 5,524.20	\$ 5,524.20
(8) Less 2009 Plan Project 33 [(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%.

Attachment to Response to KU KIU C Question No. 20  
 Page 44 of 500  
 Ombry

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Monthly Average Revenue Computation of R (m) for GROUP 1 AND GROUP 2

For the Month Ended: March 31, 2012

GROUP 1 (Total Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)	
Apr-11	\$ 23,497,876	\$ 12,598,013	\$ (77,729)	\$ -954,628	\$ 924,135	\$ 37,896,924	\$ 36,972,789	
May-11	20,385,022	10,436,993	(223,356)	785,163	846,707	32,230,529	31,383,822	
Jun-11	25,633,377	13,896,895	147,165	917,307	1,406,254	42,000,998	40,594,743	
Jul-11	27,603,951	14,758,887	765,845	1,016,977	1,557,949	45,703,610	44,145,661	
Aug-11	31,406,289	17,329,922	706,301	1,191,044	1,252,761	51,886,318	50,633,557	
Sep-11	26,501,643	14,151,999	1,659,425	964,630	812,851	44,090,546	43,277,696	
Oct-11	19,821,945	9,769,750	878,169	654,011	596,602	31,720,477	31,123,875	
Nov-11	20,589,623	10,316,815	638,564	694,309	998,827	33,238,137	32,239,310	
Dec-11	26,276,488	14,063,413	(1,101,854)	958,158	1,456,145	41,652,350	40,196,204	
Jan-12	32,954,435	18,495,325	(400,088)	1,269,757	2,672,773	54,992,202	52,319,430	
Feb-12	29,895,580	16,397,981	(218,606)	1,124,438	1,859,611	49,059,003	47,199,393	
Mar-12	27,172,050	13,663,407	(53,037)	932,940	996,613	42,711,972	41,715,359	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$	40,983,486
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$	105,145,369
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month								38.98%

GROUP 2 (Net Revenues) - Kentucky Jurisdictional Revenues									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)	Total Non-Fuel Revenues plus DSM (2)+(5)	
Apr-11	\$ 33,345,481	\$ 25,406,117	\$ (151,000)	\$ 309,088	\$ 1,436,350	\$ 60,346,036	\$ 58,909,686	\$ 33,654,569	
May-11	35,548,343	25,265,360	(518,887)	302,065	1,625,026	62,221,907	60,596,881	35,850,408	
Jun-11	38,641,173	28,143,767	234,618	354,204	2,292,913	69,666,675	67,373,762	38,995,377	
Jul-11	39,964,216	27,915,373	1,354,949	378,470	2,453,836	72,066,844	69,613,008	40,342,687	
Aug-11	41,212,938	29,572,380	1,210,630	413,537	1,819,735	74,229,221	72,409,486	41,626,475	
Sep-11	39,896,796	29,034,741	3,306,788	378,303	1,375,333	73,991,962	72,616,629	40,275,099	
Oct-11	37,569,253	29,162,944	2,607,431	308,514	1,331,982	70,980,124	69,648,142	37,877,767	
Nov-11	32,115,248	23,240,756	1,440,684	268,721	1,750,691	58,816,099	57,065,409	32,383,969	
Dec-11	33,760,202	25,376,140	(1,768,964)	314,423	2,075,423	59,757,223	57,681,800	34,074,625	
Jan-12	33,713,169	24,534,863	(612,116)	329,908	2,915,836	60,881,660	57,965,824	34,043,077	
Feb-12	36,480,995	29,058,194	(413,455)	300,909	2,667,767	68,094,410	65,426,643	36,781,904	
Mar-12	34,750,615	25,712,288	(107,803)	280,220	1,511,947	62,147,266	60,635,320	35,030,835	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$	64,161,882	\$ 36,744,733
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$	105,145,369	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month								61.02%	

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended: March 31, 2012

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 101,298,360	\$ 101,298,360
(2) Fuel Adjustment Clause	\$ (160,840)	\$ (160,840)
(3) DSM	\$ 1,213,159	\$ 1,213,159
(4) Environmental Surcharge		\$ 2,508,559
(5) CSR Credits		\$ (988,585)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 102,350,679	
<b>Non -Jurisdictional Revenues</b>		
(7) Tennessee Retail	\$ 456	\$ 456
(8) Virginia Retail	\$ 7,048,073	\$ 7,048,073
(9) Wholesale	\$ 7,357,757	\$ 7,357,757
(10) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 557,230	\$ 557,230
(11) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 14,963,516	
(12) Total Company Revenues for Environmental Surcharge Purposes =	\$ 117,314,195	
Jurisdictional Allocation Ratio for Current Month [(6) / (12)] =	87.24%	
<b>Reconciling Revenues</b>		
(13) Brokered	\$ -	\$ -
(14) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(15) Unbilled		\$ (4,754,443)
(16) Provision for Refund		\$ -
(17) Miscellaneous		\$ 2,028,152
(18) Total Company Revenues per Income Statement =		\$ 116,107,878



a PPL company

Jeff DeRouen, Executive Director  
Public Service Commission of Kentucky  
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Frankfort, Kentucky 40602

**Kentucky Utilities Company**  
State Regulation and Rates  
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RECEIVED

MAY 21 2012

PUBLIC SERVICE  
COMMISSION

May 21, 2012

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of April 2012. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2011-00231, KU has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the June 2012 billing cycle which begins May 31, 2012.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', written over a horizontal line.

Robert M. Conroy

Enclosures

ES FORM 1.00

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of April 2012

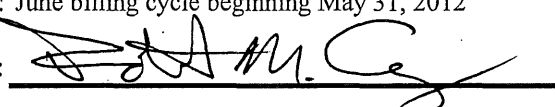
### GROUP 1 (Total Revenue)

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	1,295,234
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		3.19%

### GROUP 2 (Net Revenue)

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	2,056,822
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		5.58%

Effective Date for Billing: June billing cycle beginning May 31, 2012

Submitted by: 

Title: Director, Rates

Date Submitted: May 21, 2012



ES FORM 1.10

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of April 2012

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	= \$	1,253,579,055	\$	26,890,090
(2) RB / 12	= \$	104,464,921	\$	2,240,841
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.56%		10.13%
(4) OE	= \$	5,594,441	\$	658,397
(5) BAS	= \$	8,871		Not Applicable
(6) BR	= \$	-		Not Applicable
(7) E(m)	$(2) \times (3) + (4) - (5) + (6)$	16,617,066	\$	885,394
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$	17,502,460		

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	87.74%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	15,356,658
(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	= \$	11,407,791
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	3,352,056

Calculation of Group Environmental Surcharge Billing Factors

		GROUP 1 (Total Revenue)		GROUP 2 (Net Revenue)
(15) Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	38.64%		61.36%
(16) Group E(m) [(14) x (15)]	= \$	1,295,234	\$	2,056,822
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	40,541,313	\$	36,864,940
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	3.19%		5.58%

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of April 2012

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans		2011 Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 1,312,906,485		\$ -	
Eligible Pollution CWIP Excluding AFUDC	193,696,802		26,400,992	
Subtotal		\$ 1,506,603,287		\$ 26,400,992
Additions:				
Inventory - Limestone	\$ 1,254,511			
Less: Limestone Inventory in base rates	76,473			
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	407,284			
Less: Allowance Inventory Baseline	69,415			
Net Emission Allowance Inventory	337,869			
Cash Working Capital Allowance	2,421,470		489,098	
Subtotal		3,937,377		489,098
Deductions:				
Accumulated Depreciation on Eligible Pollution Control Plant	124,860,463		-	
Pollution Control Deferred Income Taxes	105,538,103		-	
Pollution Control Deferred Investment Tax Credit	26,563,043			
Subtotal		256,961,609		-
Environmental Compliance Rate Base		\$ 1,253,579,055		\$ 26,890,090

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,396,178	\$ 655,990
Monthly Depreciation & Amortization Expense	4,025,983	-
Monthly Taxes Other Than Income Taxes	169,169	2,407
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	7,973	
Add KU Current Month TC2 SO <sub>2</sub> Emission Allowance Expense not reflected on ES Form 2.31	-	
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862	
Net Recoverable Emission Allowance Expense	3,111	
Monthly Surcharge Consultant Fee		-
Construction Monitoring Consultant Fee		-
Total Pollution Control Operations Expense	\$ 5,594,441	\$ 658,397

**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	59,468	50,597	8,871
Total Proceeds from Sales	\$ 59,468	\$ 50,597	\$ 8,871

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: April 30, 2012**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	107,084.36	39,559.00	0.00	20,111.00	126,532.36	
Dollars	\$ 999,216.73	\$ 367,179.81	\$ -	\$ 188,174.31	\$ 1,178,222.23	
\$/Ton	\$ 9.33	\$ 9.28		\$9.36	\$9.31	
At E.W. Brown:						
Tons	2,753.26	11,191.52	0.00	7,659.00	6,285.78	
Dollars	\$ 33,715.40	\$ 135,529.30	\$ -	\$ 92,955.60	\$ 76,289.10	
\$/Ton	\$ 12.25	\$ 12.11		\$12.14	\$ 12.14	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 1,178,037.99

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: April 30, 2012

(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	Unamortized ITC as of 4/30/2012	Deferred Tax Balance as of 4/30/2012	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 99,265.39	\$ -	\$ 735,781	\$ -	\$ 98,524	\$ 1,941	\$ 93
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 37,439,024	\$ 2,706,003.20	\$ -	\$ 34,733,021	\$ -	\$ 4,564,935	\$ 82,477	\$ 4,381
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,080,760,291	\$ 123,147,597.31	\$ 1,171,911	\$ 958,784,605	\$ -	\$ 97,165,486	\$ 3,265,951	\$ 121,502
Subtotal	\$ 1,119,034,361	\$ 125,952,866	\$ 1,171,911	\$ 994,253,406	\$ -	\$ 101,828,945	\$ 3,350,369	\$ 125,975
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (18,535,777)	\$ (12,151,676)	\$ -	\$ (6,384,101)	\$ -	\$ (2,348,704)	\$ (40,521)	\$ (850)
<b>Net Total - 2005 Plan:</b>	\$ 1,100,498,584	\$ 113,801,190	\$ 1,171,911	\$ 987,869,305	\$ -	\$ 99,480,241	\$ 3,309,848	\$ 125,126
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ 188,418,327	\$ 10,065,822.83	\$ 1,533,475	\$ 179,885,980	\$ 26,563,043	\$ 4,320,270	\$ 660,984	\$ 22,584
Project 24 - Sorbent Injection	\$ 12,954,833	\$ 1,019,876.35	\$ -	\$ 11,934,957	\$ -	\$ 1,424,315	\$ 30,072	\$ 1,507
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 157,693.57	\$ -	\$ 874,259	\$ -	\$ 79,703	\$ 3,424	\$ 111
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 128,464.41	\$ -	\$ 1,220,701	\$ -	\$ 63,566	\$ 3,376	\$ 154
Subtotal	\$ 203,754,278	\$ 11,371,857	\$ 1,533,475	\$ 193,915,897	\$ 26,563,043	\$ 5,887,855	\$ 697,856	\$ 24,356
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 203,305,432	\$ 10,971,912	\$ 1,533,475	\$ 193,866,996	\$ 26,563,043	\$ 5,873,858	\$ 696,722	\$ 24,293
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 72,153,388	\$ 72,153,388	\$ -	\$ -	\$ -	\$ 7,223
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 15,385,678	\$ 15,385,678	\$ -	\$ -	\$ -	\$ 1,825
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 96,511,418	\$ 96,511,418	\$ -	\$ -	\$ -	\$ 9,099
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,102,469	\$ 87,361	\$ (56,734)	\$ 8,958,374	\$ -	\$ 184,004	\$ 19,413	\$ 1,137
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 4,488,444	\$ 4,488,444	\$ -	\$ -	\$ -	\$ 341
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 2,509,223	\$ 2,509,223	\$ -	\$ -	\$ -	\$ 127
Subtotal	\$ 9,102,469	\$ 87,361	\$ 190,991,416	\$ 200,006,524	\$ -	\$ 184,004	\$ 19,413	\$ 19,750
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 9,102,469	\$ 87,361	\$ 190,991,416	\$ 200,006,524	\$ -	\$ 184,004	\$ 19,413	\$ 19,750
<b>Subtotal - Pre-2011 Plans:</b>	\$ 1,312,906,485	\$ 124,860,463	\$ 193,696,802	\$ 1,381,742,825	\$ 26,563,043	\$ 105,538,103	\$ 4,025,983	\$ 169,169

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: April 30, 2012

(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	Unamortized ITC as of 4/30/2012	Deferred Tax Balance as of 4/30/2012	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2011 Plan:</b>								
Project 29 - Brown Landfill (Phase I)	\$ -	\$ -	\$ 14,721,695	\$ 14,721,695	\$ -	\$ -	\$ -	\$ 1,784
Project 34 - E.W. Brown Station Air Compliance	\$ -	\$ -	\$ 197,100	\$ 197,100	\$ -	\$ -	\$ -	\$ 5
Project 35 - Ghent Station Air Compliance	\$ -	\$ -	\$ 11,482,197	\$ 11,482,197	\$ -	\$ -	\$ -	\$ 618
Subtotal	\$ -	\$ -	\$ 26,400,992	\$ 26,400,992	\$ -	\$ -	\$ -	\$ 2,407
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ -	\$ -	\$ 26,400,992	\$ 26,400,992	\$ -	\$ -	\$ -	\$ 2,407
<b>Net Total - All Plans:</b>	\$ 1,312,906,485	\$ 124,860,463	\$ 220,097,794	\$ 1,408,143,817	\$ 26,563,043	\$ 105,538,103	\$ 4,025,983	\$ 171,576

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

Note 2: Project 29 as approved in the 2009 ECR Plan recovers costs associated with the Brown Aux Pond (Phase II). In the 2011 Plan, Project 29 was amended to recover costs associated with the conversion of the Brown Main Ash Pond to the Brown Landfill (Phase I)

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Inventory of Emission Allowances

For the Month Ended: April 30, 2012

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	203,026	10,652	9,945	\$ 403,763.20	-	\$ 3,758.53	
2013	77,535						
2014	77,535						
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031	77,535						
2032 - 2041	775,350						

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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of April 2012

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	207,035	0	4,009	0	0	203,026	
Dollars	\$ 411,736.00	\$ -	\$ 7,972.80	\$ -	\$ -	\$ 403,763.20	
\$/Allowance	\$ 1.99	\$ -	\$ 1.99	\$ -	\$ -	\$ 1.99	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	207,035	-	4,009	-	-	203,026	
Dollars	\$ 411,736.00	\$ -	\$ 7,972.80	\$ -	\$ -	\$ 403,763.20	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E							
Quantity	0						
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of April 2012

	Beginning Inventory	Allocations/ Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	9,945	0	0	0	0	9,945	
Dollars	\$ 3,758.53	\$ -	\$ -	\$ -	\$ -	\$ 3,758.53	
\$/Allowance	\$ 0.38	\$ -	\$ -	\$ -	\$ -	\$ 0.38	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	9,644	-	-	-	-	9,644	
Dollars	\$ 3,521.18	\$ -	\$ -	\$ -	\$ -	\$ 3,521.18	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	301	-	-	-	-	301	
Dollars	\$ 237.35	\$ -	\$ -	\$ -	\$ -	\$ 237.35	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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.



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of April 2012

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	11,478	0	816	10	0	10,652	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	11,350	-	816	-	-	10,534	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	128	0	0	10	0	118	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From LG&amp;E:</b>							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: April 30, 2012

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 1,790,381	
10th Previous Month	2,005,186	
9th Previous Month	1,865,556	
8th Previous Month	2,435,952	
7th Previous Month	1,788,869	
6th Previous Month	1,589,445	
5th Previous Month	1,970,117	
4th Previous Month	1,063,355	920,585
3rd Previous Month	1,074,115	896,992
2nd Previous Month	1,091,566	628,606
Previous Month	1,301,042	810,612
Current Month	1,396,178	655,990
<b>Total 12 Month O&amp;M</b>	<b>\$ 19,371,762</b>	<b>\$ 3,912,786</b>

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	19,371,762	\$ 3,912,786
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	2,421,470	\$ 489,098

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: April 30, 2012

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	92,955.60	188,174.31				281,129.91
512055 - ECR Scrubber Maintenance	96,179.85	816,522.88				912,702.73
<b>Total 2005 Plan O&amp;M Expenses</b>	<b>189,135.45</b>	<b>1,004,697.19</b>				<b>1,193,832.64</b>
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation					5,911.41	5,911.41
506152 - ECR Sorbent Reactant - Reagent Only					-	0.00
512152 - ECR Sorbent Injection Maintenance					7,328.64	7,328.64
506150 - ECR Mercury Monitors Operation	1,857.23	4,415.29	(34.74)	(11.58)	684.54	6,910.74
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation -- Consumables					-	0.00
506155 - ECR NOx Operation -- Labor and Other					4,525.25	4,525.25
512151 - ECR NOx Maintenance					3,806.89	3,806.89
502056 - ECR Scrubber Operations					-	0.00
512055 - ECR Scrubber Maintenance					119,475.01	119,475.01
506051 - ECR Precipitator Operation					7,505.16	7,505.16
506151 - ECR Activated Carbon					-	-
512051 - ECR Precipitator Maintenance					46,882.58	46,882.58
<b>Total 2006 Plan O&amp;M Expenses</b>	<b>1,857.23</b>	<b>4,415.29</b>	<b>(34.74)</b>	<b>(11.58)</b>	<b>196,119.48</b>	<b>202,345.68</b>
<b>2009 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-					-
506155 - ECR NOx Operation -- Labor and Other	-					-
512151 - ECR NOx Maintenance	-					-
506159 - ECR Sorbent Injection Operation	-					-
506152 - ECR Sorbent Reactant - Reagent Only	-					-
512152 - ECR Sorbent Injection Maintenance	-					-
502013 - ECR Landfill Operations		-				-
512107 - ECR Landfill Maintenance		-				-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-				-
<b>Total 2009 Plan O&amp;M Expenses</b>	<b>-</b>	<b>0.00</b>				<b>0.00</b>
<b>Subtotal - Pre-2011 Plans</b>	<b>190,992.68</b>	<b>1,009,112.48</b>	<b>(34.74)</b>	<b>(11.58)</b>	<b>196,119.48</b>	<b>1,396,178.32</b>
<b>2011 Plan</b>						
506159 - ECR Sorbent Injection Operation	-	26,643.64				26,643.64
506152 - ECR Sorbent Reactant - Reagent Only	-	627,856.13				627,856.13
512152 - ECR Sorbent Injection Maintenance	-	1,490.71				1,490.71
506156 - ECR Baghouse Operations	-	-				-
512156 - ECR Baghouse Maintenance	-	-				-
506151 - ECR Activated Carbon	-	-				-
502013 - ECR Landfill Operations	-	-				-
512107 - ECR Landfill Maintenance	-	-				-
<b>Total 2011 Plan O&amp;M Expenses</b>	<b>-</b>	<b>655,990.48</b>				<b>655,990.48</b>
<b>Current Month O&amp;M Expense for All Plans</b>	<b>190,992.68</b>	<b>1,665,102.96</b>	<b>(34.74)</b>	<b>(11.58)</b>	<b>196,119.48</b>	<b>2,052,168.80</b>

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**CCP Disposal Facilities Expenses  
For the Month Ended: April 30, 2012**

On-Site CCP Disposal O&M Expense		Ghent	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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**Beneficial Reuse - Operations & Maintenance Expenses**  
**For the Month Ended: April 30, 2012**

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			\$ -

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse Opportunities  
For the Month Ended: April 30, 2012

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	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 33						
(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 33 [(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIU/C Question No. 20  
 Page 462 of 500  
 County

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Monthly Average Revenue Computation of R (m) for GROUP 1 AND GROUP 2

For the Month Ended: April 30, 2012

GROUP 1 (Total Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)	
May-11	\$ 20,385,022	\$ 10,436,993	\$ (223,356)	\$ 785,163	\$ 846,707	\$ 32,230,529	\$ 31,383,822	
Jun-11	25,633,377	13,896,895	147,165	917,307	1,406,254	42,000,998	40,594,743	
Jul-11	27,603,951	14,758,887	765,845	1,016,977	1,557,949	45,703,610	44,145,661	
Aug-11	31,406,289	17,329,922	706,301	1,191,044	1,252,761	51,886,318	50,633,557	
Sep-11	26,501,643	14,151,999	1,659,425	964,630	812,851	44,090,546	43,277,696	
Oct-11	19,821,945	9,769,750	878,169	654,011	596,602	31,720,477	31,123,875	
Nov-11	20,589,623	10,316,815	638,564	694,309	998,827	33,238,137	32,239,310	
Dec-11	26,276,488	14,063,413	(1,101,854)	958,158	1,456,145	41,652,350	40,196,204	
Jan-12	32,954,435	18,495,325	(400,088)	1,269,757	2,672,773	54,992,202	52,319,430	
Feb-12	29,895,580	16,397,981	(218,606)	1,124,438	1,859,611	49,059,003	47,199,393	
Mar-12	27,172,050	13,663,407	(53,037)	932,940	996,613	42,711,972	41,715,359	
Apr-12	20,918,682	9,766,690	197,764	783,569	722,261	32,388,966	31,666,705	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 40,541,313	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 104,915,740	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							38.64%	

GROUP 2 (Net Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)	Total Non-Fuel Revenues plus DSM (2)+(5)
May-11	\$ 35,548,343	\$ 25,265,360	\$ (518,887)	\$ 302,065	\$ 1,625,026	\$ 62,221,907	\$ 60,596,881	\$ 35,850,408
Jun-11	38,641,173	28,143,767	234,618	354,204	2,292,913	69,666,675	67,373,762	38,995,377
Jul-11	39,964,216	27,915,373	1,354,949	378,470	2,453,836	72,066,844	69,613,008	40,342,687
Aug-11	41,212,938	29,572,380	1,210,630	413,537	1,819,735	74,229,221	72,409,486	41,626,475
Sep-11	39,896,796	29,034,741	3,306,788	378,303	1,375,333	73,991,962	72,616,629	40,275,099
Oct-11	37,569,253	29,162,944	2,607,431	308,514	1,331,982	70,980,124	69,648,142	37,877,767
Nov-11	32,115,248	23,240,756	1,440,684	268,721	1,750,691	58,816,099	57,065,409	32,383,969
Dec-11	33,760,202	25,376,140	(1,768,964)	314,423	2,075,423	59,757,223	57,681,800	34,074,625
Jan-12	33,713,169	24,534,863	(612,116)	329,908	2,915,836	60,881,660	57,965,824	34,043,077
Feb-12	36,480,995	29,058,194	(413,455)	300,909	2,667,767	68,094,410	65,426,643	36,781,904
Mar-12	34,750,615	25,712,288	(107,803)	280,220	1,511,947	62,147,266	60,635,320	35,030,835
Apr-12	34,757,205	25,879,488	483,680	339,851	1,407,746	62,867,969	61,460,223	35,097,056
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 64,374,427	\$ 36,864,940
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 104,915,740	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							61.36%	

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended: April 30, 2012

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 91,322,065	\$ 91,322,065
(2) Fuel Adjustment Clause	\$ 681,444	\$ 681,444
(3) DSM	\$ 1,123,419	\$ 1,123,419
(4) Environmental Surcharge		\$ 2,130,007
(5) CSR Credits		\$ (992,597)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 93,126,928	
<b>Non -Jurisdictional Revenues</b>		
(7) Tennessee Retail	\$ 394	\$ 394
(8) Virginia Retail	\$ 5,545,455	\$ 5,545,455
(9) Wholesale	\$ 6,969,692	\$ 6,969,692
(10) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 498,875	\$ 498,875
(11) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 13,014,416	
(12) Total Company Revenues for Environmental Surcharge Purposes =	\$ 106,141,344	
Jurisdictional Allocation Ratio for Current Month [(6) / (12)] =	87.74%	
<b>Reconciling Revenues</b>		
(13) Brokered	\$ -	\$ -
(14) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(15) Unbilled		\$ (3,034,000)
(16) Provision for Refund		\$ -
(17) Miscellaneous		\$ 4,379,662
(18) Total Company Revenues per Income Statement =		\$ 108,624,417



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JUN 19 2012

PUBLIC SERVICE  
COMMISSION



a PPL company

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

**Kentucky Utilities Company**  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
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Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
robert.conroy@lge-ku.com

June 19, 2012

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of May 2012. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2011-00231, KU has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the July 2012 billing cycle which begins June 29, 2012.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink that reads "Robert M. Conroy". The signature is stylized and written in cursive.

Robert M. Conroy

Enclosures

ES FORM 1.00

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of May 2012

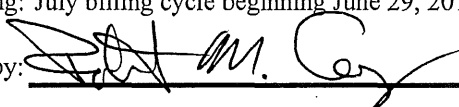
### GROUP 1 (Total Revenue)

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	1,159,195
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		2.84%

### GROUP 2 (Net Revenue)

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	1,836,141
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		4.97%

Effective Date for Billing: July billing cycle beginning June 29, 2012

Submitted by:   
\_\_\_\_\_

Title: Director, Rates

Date Submitted: June 19, 2012

ES FORM 1.10

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of May 2012

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	= \$	1,260,849,300	\$	30,004,260
(2) RB / 12	= \$	105,070,775	\$	2,500,355
(3) (ROR + (ROR - DR) (TR / (1 - TR)))	=	10.56%		10.13%
(4) OE	= \$	5,203,684	\$	861,021
(5) BAS	= \$	(5,484)		Not Applicable
(6) BR	= \$	-		Not Applicable
(7) E(m)	(2) x (3) + (4) - (5) + (6)	16,304,642	\$	1,114,307
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$	17,418,949		

Calculation of Adjusted Net Jurisdictional E(m)

(9)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	87.07%
(10)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	15,166,679
(11)	Adjustment for (Over)/Under-collection pursuant to Case No. 2011-00231	= \$	(596,812)
(12)	Prior Period Adjustment (if necessary)	= \$	-
(13)	Revenue Collected through Base Rates	= \$	11,574,531
(14)	Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	2,995,336

Calculation of Group Environmental Surcharge Billing Factors

		GROUP 1 (Total Revenue)		GROUP 2 (Net Revenue)
(15)	Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	38.70%	61.30%
(16)	Group E(m) [(14) x (15)]	= \$	1,159,195	\$ 1,836,141
(17)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	40,745,948	\$ 36,920,749
(18)	Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	2.84%	4.97%

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of May 2012

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plan
Eligible Pollution Control Plant	\$ 1,312,906,485	\$ -
Eligible Pollution CWIP Excluding AFUDC	209,582,226	29,407,835
Subtotal	\$ 1,522,488,711	\$ 29,407,835
Additions:		
Inventory - Limestone	\$ 1,361,909	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	398,638	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	329,223	
Cash Working Capital Allowance	2,323,251	596,425
Subtotal	3,937,909	596,425
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	128,928,101	-
Pollution Control Deferred Income Taxes	109,090,133	-
Pollution Control Deferred Investment Tax Credit	27,559,086	-
Subtotal	265,577,320	-
Environmental Compliance Rate Base	\$ 1,260,849,300	\$ 30,004,260

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,004,624	\$ 858,614
Monthly Depreciation & Amortization Expense	4,025,983	-
Monthly Taxes Other Than Income Taxes	169,169	2,407
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	8,770	-
Add KU Current Month TC2 SO <sub>2</sub> Emission Allowance Expense not reflected on ES Form 2.31	0	-
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862	-
Net Recoverable Emission Allowance Expense	3,908	-
Monthly Surcharge Consultant Fee	-	-
Construction Monitoring Consultant Fee	-	-
Total Pollution Control Operations Expense	\$ 5,203,684	\$ 861,021

**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	45,113	50,597	(5,484)
Total Proceeds from Sales	\$ 45,113	\$ 50,597	\$ (5,484)

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: May 31, 2012**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	126,532.36	49,450.00	0.00	39,681.00	136,301.36	
Dollars	\$ 1,178,222.23	\$ 453,520.30	\$ -	\$ 369,489.67	\$ 1,262,252.86	
\$/Ton	\$ 9.31	\$ 9.17		\$9.31	\$9.26	
At E.W. Brown:						
Tons	6,285.78	13,486.65	0.00	11,549.00	8,223.43	
Dollars	\$ 76,289.10	\$ 163,323.33	\$ -	\$ 139,956.70	\$ 99,655.73	
\$/Ton	\$ 12.14	\$ 12.11		\$12.12	\$ 12.12	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 1,285,435.25

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: May 31, 2012

(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	Unamortized ITC as of 5/31/2012	Deferred Tax Balance as of 5/31/2012	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 101,206.87	\$ -	\$ 733,839	\$ -	\$ 100,003	\$ 1,941	\$ 93
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 37,439,024	\$ 2,788,479.75	\$ -	\$ 34,650,544	\$ -	\$ 4,699,266	\$ 82,477	\$ 4,381
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,080,760,291	\$ 126,413,548.57	\$ 1,265,858	\$ 955,612,601	\$ -	\$ 100,224,595	\$ 3,265,951	\$ 121,502
Subtotal	\$ 1,119,034,361	\$ 129,303,235	\$ 1,265,858	\$ 990,996,984	\$ -	\$ 105,023,864	\$ 3,350,369	\$ 125,975
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (18,535,777)	\$ (12,151,676)	\$ -	\$ (6,384,101)	\$ -	\$ (2,348,704)	\$ (40,521)	\$ (850)
<b>Net Total - 2005 Plan:</b>	\$ 1,100,498,584	\$ 117,151,559	\$ 1,265,858	\$ 984,612,883	\$ -	\$ 102,675,160	\$ 3,309,848	\$ 125,126
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ 188,418,327	\$ 10,726,806.97	\$ 1,808,138	\$ 179,499,658	\$ 27,559,086	\$ 4,622,175	\$ 660,984	\$ 22,584
Project 24 - Sorbent Injection	\$ 12,954,833	\$ 1,049,947.88	\$ -	\$ 11,904,885	\$ -	\$ 1,463,275	\$ 30,072	\$ 1,507
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 161,117.46	\$ -	\$ 870,836	\$ -	\$ 80,876	\$ 3,424	\$ 111
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 131,840.39	\$ -	\$ 1,217,325	\$ -	\$ 64,890	\$ 3,376	\$ 154
Subtotal	\$ 203,754,278	\$ 12,069,713	\$ 1,808,138	\$ 193,492,704	\$ 27,559,086	\$ 6,231,216	\$ 697,856	\$ 24,356
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 203,305,432	\$ 11,669,768	\$ 1,808,138	\$ 193,443,803	\$ 27,559,086	\$ 6,217,219	\$ 696,722	\$ 24,293
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 74,930,257	\$ 74,930,257	\$ -	\$ -	\$ -	\$ 7,223
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 15,452,070	\$ 15,452,070	\$ -	\$ -	\$ -	\$ 1,825
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ -	\$ -	\$ 108,919,334	\$ 108,919,334	\$ -	\$ -	\$ -	\$ 9,099
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,102,469	\$ 106,774	\$ (22,205)	\$ 8,973,490	\$ -	\$ 197,753	\$ 19,413	\$ 1,137
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 4,710,240	\$ 4,710,240	\$ -	\$ -	\$ -	\$ 341
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 2,518,533	\$ 2,518,533	\$ -	\$ -	\$ -	\$ 127
Subtotal	\$ 9,102,469	\$ 106,774	\$ 206,508,229	\$ 215,503,924	\$ -	\$ 197,753	\$ 19,413	\$ 19,750
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 9,102,469	\$ 106,774	\$ 206,508,229	\$ 215,503,924	\$ -	\$ 197,753	\$ 19,413	\$ 19,750
<b>Subtotal - Pre-2011 Plans:</b>	\$ 1,312,906,485	\$ 128,928,101	\$ 209,582,226	\$ 1,393,560,610	\$ 27,559,086	\$ 109,090,133	\$ 4,025,983	\$ 169,169

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: May 31, 2012

(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	Unamortized ITC as of 5/31/2012	Deferred Tax Balance as of 5/31/2012	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2011 Plan:</b>								
Project 29 - Brown Landfill (Phase I)	\$ -	\$ -	\$ 15,509,496	\$ 15,509,496	\$ -	\$ -	\$ -	\$ 1,784
Project 34 - E.W. Brown Station Air Compliance	\$ -	\$ -	\$ 292,133	\$ 292,133	\$ -	\$ -	\$ -	\$ 5
Project 35 - Ghent Station Air Compliance	\$ -	\$ -	\$ 13,606,206	\$ 13,606,206	\$ -	\$ -	\$ -	\$ 618
Subtotal	\$ -	\$ -	\$ 29,407,835	\$ 29,407,835	\$ -	\$ -	\$ -	\$ 2,407
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ -	\$ -	\$ 29,407,835	\$ 29,407,835	\$ -	\$ -	\$ -	\$ 2,407
<b>Net Total - All Plans:</b>	\$ 1,312,906,485	\$ 128,928,101	\$ 238,990,061	\$ 1,422,968,445	\$ 27,559,086	\$ 109,090,133	\$ 4,025,983	\$ 171,576

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

Note 2: Project 29 as approved in the 2009 ECR Plan recovers costs associated with the Brown Aux Pond (Phase II). In the 2011 Plan, Project 29 was amended to recover costs associated with the conversion of the Brown Main Ash Pond to the Brown Landfill (Phase I)

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Inventory of Emission Allowances

For the Month Ended: May 31, 2012

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	198,842	9,445	8,738	\$ 395,442.36	\$ -	\$ 3,302.37	
2013	77,535						
2014	77,535						
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031	77,535						
2032 - 2041	775,350						

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.



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year**

For the Expense Month of May 2012

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	203,026	0	4,184	0	0	198,842	
Dollars	\$ 403,763.20	\$ -	\$ 8,320.84	\$ -	\$ -	\$ 395,442.36	
\$/Allowance	\$ 1.99	\$ -	\$ 1.99	\$ -	\$ -	\$ 1.99	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	203,026	-	4,184	-	-	198,842	
Dollars	\$ 403,763.20	\$ -	\$ 8,320.84	\$ -	\$ -	\$ 395,442.36	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E							
Quantity	0						
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of May 2012

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	9,945	0	1,189	18	0	8,738	
Dollars	\$ 3,758.53	\$ -	\$ 449.36	\$ 6.80	\$ -	\$ 3,302.37	
\$/Allowance	\$ 0.38	\$ -	\$ 0.38	\$ 0.38	\$ -	\$ 0.38	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	9,644	-	1,189	-	-	8,455	
Dollars	\$ 3,521.18	\$ 123.59	\$ 449.36	\$ -	\$ -	\$ 3,195.41	Adjustment to reallocate allowance values based on unit cost
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	301	-	-	18	-	283	
Dollars	\$ 237.35	\$ (123.59)	\$ -	\$ 6.80	\$ -	\$ 106.96	Adjustment to reallocate allowance values based on unit cost
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**Inventory of Emission Allowances (NOx) - Annual Allowance Allocation**

For the Expense Month of May 2012

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	10,652	0	1,189	18	0	9,445	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	10,534	-	1,189	-	-	9,345	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	118	0	0	18	0	100	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: May 31, 2012

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 2,005,186	
10th Previous Month	1,865,556	
9th Previous Month	2,435,952	
8th Previous Month	1,788,869	
7th Previous Month	1,589,445	
6th Previous Month	1,970,117	
5th Previous Month	1,063,355	920,585
4th Previous Month	1,074,115	896,992
3rd Previous Month	1,091,566	628,606
2nd Previous Month	1,301,042	810,612
Previous Month	1,396,178	655,990
Current Month	1,004,624	858,614
<b>Total 12 Month O&amp;M</b>	<b>\$ 18,586,005</b>	<b>\$ 4,771,399</b>

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	18,586,005	\$ 4,771,399
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	2,323,251	\$ 596,425

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Pollution Control - Operations & Maintenance Expenses**

For the Month Ended: May 31, 2012

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	139,956.70	357,343.93				497,300.63
512055 - ECR Scrubber Maintenance	69,919.63	166,842.65				236,762.28
Total 2005 Plan O&M Expenses	209,876.33	524,186.58				734,062.91
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation					8,301.32	8,301.32
506152 - ECR Sorbent Reactant - Reagent Only					-	0.00
512152 - ECR Sorbent Injection Maintenance					4,212.40	4,212.40
506150 - ECR Mercury Monitors Operation	2,816.50	5,783.50	(45.00)	(15.00)	461.95	9,001.95
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation -- Consumables					-	0.00
506155 - ECR NOx Operation -- Labor and Other					3,539.53	3,539.53
512151 - ECR NOx Maintenance					8,384.60	8,384.60
502056 - ECR Scrubber Operations					-	0.00
512055 - ECR Scrubber Maintenance					36,333.07	36,333.07
506051 - ECR Precipitator Operation					7,616.18	7,616.18
506151 - ECR Activated Carbon					22,012.15	22,012.15
512051 - ECR Precipitator Maintenance					171,159.74	171,159.74
Total 2006 Plan O&M Expenses	2,816.50	5,783.50	(45.00)	(15.00)	262,020.94	270,560.94
<b>2009 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-					-
506155 - ECR NOx Operation -- Labor and Other	-					-
512151 - ECR NOx Maintenance	-					-
506159 - ECR Sorbent Injection Operation	-					-
506152 - ECR Sorbent Reactant - Reagent Only	-					-
512152 - ECR Sorbent Injection Maintenance	-					-
502013 - ECR Landfill Operations		-			-	-
512107 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-			-	-
Total 2009 Plan O&M Expenses	-	0.00			-	0.00
Subtotal - Pre-2011 Plans	212,692.83	529,970.08	(45.00)	(15.00)	262,020.94	1,004,623.85
<b>2011 Plan</b>						
506159 - ECR Sorbent Injection Operation	-	29,901.87				29,901.87
506152 - ECR Sorbent Reactant - Reagent Only	-	806,236.73				806,236.73
512152 - ECR Sorbent Injection Maintenance	-	22,475.10				22,475.10
506156 - ECR Baghouse Operations	-	-				-
512156 - ECR Baghouse Maintenance	-	-				-
506151 - ECR Activated Carbon	-	-				-
502013 - ECR Landfill Operations	-	-				-
512107 - ECR Landfill Maintenance	-	-				-
Total 2011 Plan O&M Expenses	-	858,613.70				858,613.70
Current Month O&M Expense for All Plans	212,692.83	1,388,583.78	(45.00)	(15.00)	262,020.94	1,863,237.55

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

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**CCP Disposal Facilities Expenses  
For the Month Ended: May 31, 2012**

On-Site CCP Disposal O&M Expense		Ghent	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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse - Operations & Maintenance Expenses

For the Month Ended: May 31, 2012

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			\$ -

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse Opportunities  
For the Month Ended: May 31, 2012

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	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 33						
(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 33 [(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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment to Response to KU KIU/C Question No. 20  
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County

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



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Monthly Average Revenue Computation of R (m) for GROUP 1 AND GROUP 2

For the Month Ended: May 31, 2012

GROUP 1 (Total Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)	
Jun-11	\$ 25,633,377	\$ 13,896,895	\$ 147,165	\$ 917,307	\$ 1,406,254	\$ 42,000,998	\$ 40,594,743	
Jul-11	27,603,951	14,758,887	765,845	1,016,977	1,557,949	45,703,610	44,145,661	
Aug-11	31,406,289	17,329,922	706,301	1,191,044	1,252,761	51,886,318	50,633,557	
Sep-11	26,501,643	14,151,999	1,659,425	964,630	812,851	44,090,546	43,277,696	
Oct-11	19,821,945	9,769,750	878,169	654,011	596,602	31,720,477	31,123,875	
Nov-11	20,589,623	10,316,815	638,564	694,309	998,827	33,238,137	32,239,310	
Dec-11	26,276,488	14,063,413	(1,101,854)	958,158	1,456,145	41,652,350	40,196,204	
Jan-12	32,954,435	18,495,325	(400,088)	1,269,757	2,672,773	54,992,202	52,319,430	
Feb-12	29,895,580	16,397,981	(218,606)	1,124,438	1,859,611	49,059,003	47,199,393	
Mar-12	27,172,050	13,663,407	(53,037)	932,940	996,613	42,711,972	41,715,359	
Apr-12	20,918,682	9,766,690	197,764	783,569	722,261	32,388,966	31,666,705	
May-12	22,230,143	10,556,730	204,262	848,311	695,552	34,534,998	33,839,446	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 40,745,948	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 105,293,781	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							38.70%	

GROUP 2 (Net Revenues) - Kentucky Jurisdictional Revenues									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)	Total Non-Fuel Revenues plus DSM (2)+(5)	
Jun-11	\$ 38,641,173	\$ 28,143,767	\$ 234,618	\$ 354,204	\$ 2,292,913	\$ 69,666,675	\$ 67,373,762	\$ 38,995,377	
Jul-11	39,964,216	27,915,373	1,354,949	378,470	2,453,836	72,066,844	69,613,008	40,342,687	
Aug-11	41,212,938	29,572,380	1,210,630	413,537	1,819,735	74,229,221	72,409,486	41,626,475	
Sep-11	39,896,796	29,034,741	3,306,788	378,303	1,375,333	73,991,962	72,616,629	40,275,099	
Oct-11	37,569,253	29,162,944	2,607,431	308,514	1,331,982	70,980,124	69,648,142	37,877,767	
Nov-11	32,115,248	23,240,756	1,440,684	268,721	1,750,691	58,816,099	57,065,409	32,383,969	
Dec-11	33,760,202	25,376,140	(1,768,964)	314,423	2,075,423	59,757,223	57,681,800	34,074,625	
Jan-12	33,713,169	24,534,863	(612,116)	329,908	2,915,836	60,881,660	57,965,824	34,043,077	
Feb-12	36,480,995	29,058,194	(413,455)	300,909	2,667,767	68,094,410	65,426,643	36,781,904	
Mar-12	34,750,615	25,712,288	(107,803)	280,220	1,511,947	62,147,266	60,635,320	35,030,835	
Apr-12	34,757,205	25,879,488	483,680	339,851	1,407,746	62,867,969	61,460,223	35,097,056	
May-12	36,169,762	25,668,822	488,805	350,360	1,318,872	63,996,621	62,677,749	36,520,121	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 64,547,833	\$ 36,920,749	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 105,293,781		
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							61.30%		

Attachment to Response to KU KIUC Question No. 20  
 Page 481 of 500  
 Conroy

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended: May 31, 2012

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 94,625,456	\$ 94,625,456
(2) Fuel Adjustment Clause	\$ 693,068	\$ 693,068
(3) DSM	\$ 1,198,670	\$ 1,198,670
(4) Environmental Surcharge		\$ 2,014,424
(5) CSR Credits		\$ (1,017,273)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 96,517,194	
<b>Non -Jurisdictional Revenues</b>		
(7) Tennessee Retail	\$ 340	\$ 340
(8) Virginia Retail	\$ 5,582,652	\$ 5,582,652
(9) Wholesale	\$ 8,309,178	\$ 8,309,178
(10) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 445,553	\$ 445,553
(11) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 14,337,723	
(12) Total Company Revenues for Environmental Surcharge Purposes =	\$ 110,854,917	
Jurisdictional Allocation Ratio for Current Month [(6) / (12)] =	87.07%	
<b>Reconciling Revenues</b>		
(13) Brokered	\$ -	\$ -
(14) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(15) Unbilled		\$ 13,672,000
(16) Provision for Refund		\$ -
(17) Miscellaneous		\$ 7,255,635
(18) Total Company Revenues per Income Statement =		\$ 132,779,704



a PPL company

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

July 20, 2012

RECEIVED

JUL 20 2012

PUBLIC SERVICE  
COMMISSION

**Kentucky Utilities Company**  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
www.lge-ku.com

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
robert.conroy@lge-ku.com

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Kentucky Utilities Company ("KU") files the original and three copies of its Environmental Surcharge Report for the month of June 2012. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2011-00231, KU has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the August 2012 billing cycle which begins July 31, 2012.

Please contact me if you have any questions about this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. M. Conroy'. The signature is fluid and cursive, with a large loop at the end.

Robert M. Conroy

Enclosures

ES FORM 1.00

## KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of June 2012

### GROUP 1 (Total Revenue)

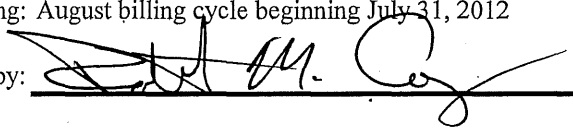
Group 1 E(m) -- ES Form 1.10, line 16	=	\$	639,742
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		1.57%

### GROUP 2 (Net Revenue)

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	1,017,620
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		2.75%

Effective Date for Billing: August billing cycle beginning July 31, 2012

Submitted by:

  
Title: Director, Rates

Date Submitted: July 20, 2012

ES FORM 1.10

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

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

For the Expense Month of June 2012

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	= \$	1,271,789,980	\$ 31,884,830
(2) RB / 12	= \$	105,982,498	\$ 2,657,069
(3) (ROR + (ROR - DR) (TR / (1 - TR)))	=	10.56%	10.13%
(4) OE	= \$	5,238,942	\$ 995,727
(5) BAS	= \$	(6,811)	Not Applicable
(6) BR	= \$	5,109	Not Applicable
(7) E(m)	(2) x (3) + (4) - (5) + (6)	= \$ 16,442,614	\$ 1,264,888
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$	17,707,502	

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	86.30%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	15,281,574
(11) Adjustment for (Over)/Under-collection pursuant to Case No. 2011-00231	= \$	(596,812)
(12) Prior Period Adjustment (if necessary)	= \$	-
(13) Revenue Collected through Base Rates	= \$	13,027,400
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	1,657,362

Calculation of Group Environmental Surcharge Billing Factors

		GROUP 1 (Total Revenue)	GROUP 2 (Net Revenue)
(15) Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	38.60%	61.40%
(16) Group E(m) [(14) x (15)]	= \$	639,742	\$ 1,017,620
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	40,667,416	\$ 36,984,810
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	1.57%	2.75%

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of June 2012

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plan
Eligible Pollution Control Plant	\$ 1,312,906,485	\$ 3,645,863
Eligible Pollution CWIP Excluding AFUDC	227,183,175	27,703,486
Subtotal	\$ 1,540,089,660	\$ 31,349,349
Additions:		
Inventory - Limestone	\$ 1,342,139	
Less: Limestone Inventory in base rates	76,473	
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	387,672	
Less: Allowance Inventory Baseline	69,415	
Net Emission Allowance Inventory	318,257	
Cash Working Capital Allowance	2,202,952	720,001
Subtotal	3,786,875	720,001
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	132,995,740	4,715
Pollution Control Deferred Income Taxes	112,652,278	179,805
Pollution Control Deferred Investment Tax Credit	26,438,537	
Subtotal	272,086,555	184,520
Environmental Compliance Rate Base	\$ 1,271,789,980	\$ 31,884,830

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,037,685	\$ 988,605
Monthly Depreciation & Amortization Expense	4,025,983	4,715
Monthly Taxes Other Than Income Taxes	169,169	2,407
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	10,966	
Add KU Current Month TC2 SO <sub>2</sub> Emission Allowance Expense not reflected on ES Form 2.31	1	
Less Monthly Emission Allowance Expense in base rates (1/12 of \$58,345.76)	4,862	
Net Recoverable Emission Allowance Expense	6,105	
Monthly Surcharge Consultant Fee		-
Construction Monitoring Consultant Fee		-
Total Pollution Control Operations Expense	\$ 5,238,942	\$ 995,727

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 5,109
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	-
Net Beneficial Reuse Operations Expense	\$ 5,109

**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	43,786	50,597	(6,811)
Total Proceeds from Sales	\$ 43,786	\$ 50,597	\$ (6,811)

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Limestone Inventory**

**For the Month Ended: June 30, 2012**

	Beginning Inventory	Purchases	Other Adjustments	Utilized	Ending Inventory	Reason(s) for Adjustments
Spare Parts						
Limestone						
At Ghent:						
Tons	136,301.36	39,792.00	0.00	49,073.00	127,020.36	
Dollars	\$ 1,262,252.86	\$ 371,093.47	\$ -	\$ 456,747.82	\$ 1,176,598.51	
\$/Ton	\$ 9.26	\$ 9.33		\$9.31	\$9.26	
At E.W. Brown:						
Tons	8,223.43	17,374.24	0.00	11,931.00	13,666.67	
Dollars	\$ 99,655.73	\$ 210,402.04	\$ -	\$ 144,517.03	\$ 165,540.74	
\$/Ton	\$ 12.12	\$ 12.11		\$12.11	\$ 12.11	

Ghent Limestone Inventory in Base Rates: \$ 76,473.34

Net to be included in ECR \$ 1,265,665.91

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Plant, CWIP & Depreciation Expense

For the Month Ended: June 30, 2012

(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	Unamortized ITC as of 6/30/2012	Deferred Tax Balance as of 6/30/2012	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2005 Plan:</b>								
Project 19 - Ash Handling at Ghent 1 and Ghent Station	\$ 835,046	\$ 103,148.35	\$ -	\$ 731,898	\$ -	\$ 101,483	\$ 1,941	\$ 93
Project 20 - ATB Expansion at E.W. Brown Station (Phase I)	\$ 37,439,024	\$ 2,870,956.30	\$ -	\$ 34,568,068	\$ -	\$ 4,833,596	\$ 82,477	\$ 4,381
Project 21 - FGD's at all E.W. Brown Units and at Ghent 1, 3, and 4	\$ 1,080,760,291	\$ 129,679,499.83	\$ 1,266,716	\$ 952,347,507	\$ -	\$ 103,281,748	\$ 3,265,951	\$ 121,502
Subtotal	\$ 1,119,034,361	\$ 132,653,604	\$ 1,266,716	\$ 987,647,472	\$ -	\$ 108,216,827	\$ 3,350,369	\$ 125,975
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (18,535,777)	\$ (12,151,676)	\$ -	\$ (6,384,101)	\$ -	\$ (2,348,704)	\$ (40,521)	\$ (850)
<b>Net Total - 2005 Plan:</b>	\$ 1,100,498,584	\$ 120,501,929	\$ 1,266,716	\$ 981,263,371	\$ -	\$ 105,868,123	\$ 3,309,848	\$ 125,126
<b>2006 Plan:</b>								
Project 23 - TC2 AQCS Equipment	\$ 188,418,327	\$ 11,387,791.11	\$ 1,924,631	\$ 178,955,167	\$ 26,438,537	\$ 4,936,152	\$ 660,984	\$ 22,584
Project 24 - Sorbent Injection	\$ 12,954,833	\$ 1,080,019.41	\$ -	\$ 11,874,814	\$ -	\$ 1,502,235	\$ 30,072	\$ 1,507
Project 25 - Mercury Monitors	\$ 1,031,953	\$ 164,541.35	\$ -	\$ 867,412	\$ -	\$ 82,049	\$ 3,424	\$ 111
Project 27 - E.W. Brown Electrostatic Precipitators	\$ 1,349,165	\$ 135,216.37	\$ -	\$ 1,213,949	\$ -	\$ 66,213	\$ 3,376	\$ 154
Subtotal	\$ 203,754,278	\$ 12,767,568	\$ 1,924,631	\$ 192,911,341	\$ 26,438,537	\$ 6,586,649	\$ 697,856	\$ 24,356
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ (448,846)	\$ (399,945)	\$ -	\$ (48,901)	\$ -	\$ (13,997)	\$ (1,134)	\$ (63)
<b>Net Total - 2006 Plan:</b>	\$ 203,305,432	\$ 12,367,623	\$ 1,924,631	\$ 192,862,441	\$ 26,438,537	\$ 6,572,653	\$ 696,722	\$ 24,293
<b>2009 Plan:</b>								
Project 28 - Brown 3 SCR	\$ -	\$ -	\$ 76,517,305	\$ 76,517,305	\$ -	\$ -	\$ -	\$ 7,223
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ -	\$ -	\$ 15,519,027	\$ 15,519,027	\$ -	\$ -	\$ -	\$ 1,825
Project 30 - Ghent CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 124,062,850	\$ 124,062,850	\$ -	\$ -	\$ -	\$ 9,099
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,102,469	\$ 126,188	\$ (44,421)	\$ 8,931,860	\$ -	\$ 211,503	\$ 19,413	\$ 1,137
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 4,913,753	\$ 4,913,753	\$ -	\$ -	\$ -	\$ 341
Project 33 - Beneficial Reuse	\$ -	\$ -	\$ 3,023,314	\$ 3,023,314	\$ -	\$ -	\$ -	\$ 127
Subtotal	\$ 9,102,469	\$ 126,188	\$ 223,991,828	\$ 232,968,109	\$ -	\$ 211,503	\$ 19,413	\$ 19,750
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 9,102,469	\$ 126,188	\$ 223,991,828	\$ 232,968,109	\$ -	\$ 211,503	\$ 19,413	\$ 19,750
<b>Subtotal - Pre-2011 Plans:</b>	\$ 1,312,906,485	\$ 132,995,740	\$ 227,183,175	\$ 1,407,093,921	\$ 26,438,537	\$ 112,652,278	\$ 4,025,983	\$ 169,169



**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Plant, CWIP & Depreciation Expense

For the Month Ended: June 30, 2012

(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	Unamortized ITC as of 6/30/2012	Deferred Tax Balance as of 6/30/2012	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2011 Plan:</b>								
Project 29 - Brown Landfill (Phase I)	\$ -	\$ -	\$ 16,029,577	\$ 16,029,577	\$ -	\$ -	\$ -	\$ 1,784
Project 34 - E.W. Brown Station Air Compliance	\$ -	\$ -	\$ 433,242	\$ 433,242	\$ -	\$ -	\$ -	\$ 5
Project 35 - Ghent Station Air Compliance	\$ 3,645,863	\$ 4,715	\$ 11,240,666	\$ 14,881,814	\$ -	\$ 179,805	\$ 4,715	\$ 618
Subtotal	\$ 3,645,863	\$ 4,715	\$ 27,703,486	\$ 31,344,634	\$ -	\$ 179,805	\$ 4,715	\$ 2,407
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ 3,645,863	\$ 4,715	\$ 27,703,486	\$ 31,344,634	\$ -	\$ 179,805	\$ 4,715	\$ 2,407
<b>Net Total - All Plans:</b>	\$ 1,316,552,349	\$ 133,000,455	\$ 254,886,661	\$ 1,438,438,555	\$ 26,438,537	\$ 112,832,082	\$ 4,030,699	\$ 171,576

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

Note 2: Project 29 as approved in the 2009 ECR Plan recovers costs associated with the Brown Aux Pond (Phase II). In the 2011 Plan, Project 29 was amended to recover costs associated with the conversion of the Brown Main Ash Pond to the Brown Landfill (Phase I)

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Inventory of Emission Allowances

For the Month Ended: June 30, 2012

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	193,625	7,875	7,168	\$ 385,067.18	\$ -	\$ 2,709.01	
2013	77,535						
2014	77,535						
2015	77,535						
2016	77,535						
2017	77,535						
2018	77,535						
2019	77,535						
2020	77,535						
2021	77,535						
2022	77,535						
2023	77,535						
2024	77,535						
2025	77,535						
2026	77,535						
2027	77,535						
2028	77,535						
2029	77,535						
2030	77,535						
2031	77,535						
2032 - 2041	775,350						

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.

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of June 2012

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	198,842	0	5,217	0	0	193,625	
Dollars	\$ 395,442.36	\$ -	\$ 10,375.18	\$ -	\$ -	\$ 385,067.18	
\$/Allowance	\$ 1.99	\$ -	\$ 1.99	\$ -	\$ -	\$ 1.99	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	198,842	-	5,217	-	-	193,625	
Dollars	\$ 395,442.36	\$ -	\$ 10,375.18	\$ -	\$ -	\$ 385,067.18	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	-	-	-	-	-	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0				0	
Dollars	\$ -	\$ -				\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E							
Quantity	0						
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Ozone Season Allowance Allocation

For the Expense Month of June 2012

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	8,738	0	1,564	6	0	7,168	
Dollars	\$ 3,302.37	\$ -	\$ 591.09	\$ 2.27	\$ -	\$ 2,709.01	
\$/Allowance	\$ 0.38	\$ -	\$ 0.38	\$ 0.38	\$ -	\$ 0.38	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	8,455	-	1,564	-	-	6,891	
Dollars	\$ 3,195.41	\$ -	\$ 591.09	\$ -	\$ -	\$ 2,604.32	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	283	-	-	6	-	277	
Dollars	\$ 106.96	\$ -	\$ -	\$ 2.27	\$ -	\$ 104.69	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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.

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Inventory of Emission Allowances (NOx) - Annual Allowance Allocation

For the Expense Month of June 2012

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	9,445	0	1,564	6	0	7,875	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	9,345	-	1,564	-	-	7,781	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	100	0	0	6	0	94	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From LG&E:							
Quantity	0	0	0	0	0	0	
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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: June 30, 2012

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 1,865,556	
10th Previous Month	2,435,952	
9th Previous Month	1,788,869	
8th Previous Month	1,589,445	
7th Previous Month	1,970,117	
6th Previous Month	1,063,355	920,585
5th Previous Month	1,074,115	896,992
4th Previous Month	1,091,566	628,606
3rd Previous Month	1,301,042	810,612
2nd Previous Month	1,396,178	655,990
Previous Month	1,004,624	858,614
Current Month	1,042,794	988,605
<b>Total 12 Month O&amp;M</b>	<b>\$ 17,623,613</b>	<b>\$ 5,760,005</b>

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	17,623,613	\$ 5,760,005
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	2,202,952	\$ 720,001

**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Pollution Control - Operations & Maintenance Expenses**

For the Month Ended: June 30, 2012

O&M Expense Account	E. W. Brown	Ghent	Green River	Tyrone	Trimble County	Total
<b>2005 Plan</b>						
502056 - ECR Scrubber Operations	144,517.03	342,512.93				487,029.96
512055 - ECR Scrubber Maintenance	104,847.35	143,974.74				248,822.09
<b>Total 2005 Plan O&amp;M Expenses</b>	<b>249,364.38</b>	<b>486,487.67</b>				<b>735,852.05</b>
<b>2006 Plan</b>						
506159 - ECR Sorbent Injection Operation					8,853.91	8,853.91
506152 - ECR Sorbent Reactant - Reagent Only					63,141.87	63,141.87
512152 - ECR Sorbent Injection Maintenance					2,393.53	2,393.53
506150 - ECR Mercury Monitors Operation	830.75	2,492.28	216.72	72.24	793.38	4,405.37
512153 - ECR Mercury Monitors Maintenance	-	-	-	-	-	0.00
506154 - ECR NOx Operation -- Consumables					63,397.15	63,397.15
506155 - ECR NOx Operation -- Labor and Other					5,394.95	5,394.95
512151 - ECR NOx Maintenance					2,647.71	2,647.71
502056 - ECR Scrubber Operations					64,501.89	64,501.89
512055 - ECR Scrubber Maintenance					43,821.80	43,821.80
506051 - ECR Precipitator Operation					5,990.07	5,990.07
506151 - ECR Activated Carbon					-	-
512051 - ECR Precipitator Maintenance					37,284.86	37,284.86
<b>Total 2006 Plan O&amp;M Expenses</b>	<b>830.75</b>	<b>2,492.28</b>	<b>216.72</b>	<b>72.24</b>	<b>298,221.12</b>	<b>301,833.11</b>
<b>2009 Plan</b>						
506154 - ECR NOx Operation -- Consumables	-					-
506155 - ECR NOx Operation -- Labor and Other	-					-
512151 - ECR NOx Maintenance	-					-
506159 - ECR Sorbent Injection Operation	-					-
506152 - ECR Sorbent Reactant - Reagent Only	-					-
512152 - ECR Sorbent Injection Maintenance	-					-
502013 - ECR Landfill Operations		-			-	-
512107 - ECR Landfill Maintenance		-			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-			-	-
<b>Total 2009 Plan O&amp;M Expenses</b>	<b>-</b>	<b>0.00</b>			<b>-</b>	<b>0.00</b>
<b>Subtotal - Pre-2011 Plans</b>	<b>250,195.13</b>	<b>488,979.95</b>	<b>216.72</b>	<b>72.24</b>	<b>298,221.12</b>	<b>1,037,685.16</b>
<b>2011 Plan</b>						
506159 - ECR Sorbent Injection Operation	-	32,167.54				32,167.54
506152 - ECR Sorbent Reactant - Reagent Only	-	930,710.46				930,710.46
512152 - ECR Sorbent Injection Maintenance	-	25,727.38				25,727.38
506156 - ECR Baghouse Operations	-	-				-
512156 - ECR Baghouse Maintenance	-	-				-
506151 - ECR Activated Carbon	-	-				-
502013 - ECR Landfill Operations	-	-				-
512107 - ECR Landfill Maintenance	-	-				-
<b>Total 2011 Plan O&amp;M Expenses</b>	<b>-</b>	<b>988,605.38</b>				<b>988,605.38</b>
<b>Current Month O&amp;M Expense for All Plans</b>	<b>250,195.13</b>	<b>1,477,585.33</b>	<b>216.72</b>	<b>72.24</b>	<b>298,221.12</b>	<b>2,026,290.54</b>

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

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

CCP Disposal Facilities Expenses  
For the Month Ended: June 30, 2012

On-Site CCP Disposal O&M Expense		Ghent	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.



**KENTUCKY UTILITIES COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

Beneficial Reuse - Operations & Maintenance Expenses  
For the Month Ended: June 30, 2012

Third Party	O&M Expense Account	Plant	Total O&M
Charah, Inc.	501253 - ECR Fly Ash Disposal	Trimble County	5,109.43
Total Monthly Beneficial Reuse Expense			\$ 5,109.43
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ -
Net Beneficial Reuse O&M Expense			\$ 5,109.43

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Beneficial Reuse Opportunities  
 For the Month Ended: June 30, 2012

On-Site CCP Disposal O&M Expense	E. W. Brown	Ghent	Green River	Tyrone	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 33						
(3) Monthly Amount (Expense/Revenue)	\$ -	\$ -	\$ -	\$ -	\$ 5,109.43	\$ 5,109.43
Total Beneficial Reuse - Generating Station						
(4) Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ -	\$ -	\$ 5,109.43	\$ 5,109.43
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)]	\$ -	\$ -	\$ -	\$ -	\$ 5,109.43	\$ 5,109.43
(8) Less 2009 Plan Project 33 [(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%.

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 Kentucky  
 Attachment to Response to KU KIU/C Question No. 20

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 Monthly Average Revenue Computation of R (m) for GROUP 1 AND GROUP 2

For the Month Ended: June 30, 2012

GROUP 1 (Total Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)	
Jul-11	\$ 27,603,951	\$ 14,758,887	\$ 765,845	\$ 1,016,977	\$ 1,557,949	\$ 45,703,610	\$ 44,145,661	
Aug-11	31,406,289	17,329,922	706,301	1,191,044	1,252,761	51,886,318	50,633,557	
Sep-11	26,501,643	14,151,999	1,659,425	964,630	812,851	44,090,546	43,277,696	
Oct-11	19,821,945	9,769,750	878,169	654,011	596,602	31,720,477	31,123,875	
Nov-11	20,589,623	10,316,815	638,564	694,309	998,827	33,238,137	32,239,310	
Dec-11	26,276,488	14,063,413	(1,101,854)	958,158	1,456,145	41,652,350	40,196,204	
Jan-12	32,954,435	18,495,325	(400,088)	1,269,757	2,672,773	54,992,202	52,319,430	
Feb-12	29,895,580	16,397,981	(218,606)	1,124,438	1,859,611	49,059,003	47,199,393	
Mar-12	27,172,050	13,663,407	(53,037)	932,940	996,613	42,711,972	41,715,359	
Apr-12	20,918,682	9,766,690	197,764	783,569	722,261	32,388,966	31,666,705	
May-12	22,230,143	10,556,730	204,262	848,311	695,552	34,534,998	33,839,446	
Jun-12	25,708,798	12,697,911	216,265	1,029,379	1,256,494	40,908,848	39,652,353	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 40,667,416	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 105,353,675	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							38.60%	

GROUP 2 (Net Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)	Total Non-Fuel Revenues plus DSM (2)+(5)
Jul-11	\$ 39,964,216	\$ 27,915,373	\$ 1,354,949	\$ 378,470	\$ 2,453,836	\$ 72,066,844	\$ 69,613,008	\$ 40,342,687
Aug-11	41,212,938	29,572,380	1,210,630	413,537	1,819,735	74,229,221	72,409,486	41,626,475
Sep-11	39,896,796	29,034,741	3,306,788	378,303	1,375,333	73,991,962	72,616,629	40,275,099
Oct-11	37,569,253	29,162,944	2,607,431	308,514	1,331,982	70,980,124	69,648,142	37,877,767
Nov-11	32,115,248	23,240,756	1,440,684	268,721	1,750,691	58,816,099	57,065,409	32,383,969
Dec-11	33,760,202	25,376,140	(1,768,964)	314,423	2,075,423	59,757,223	57,681,800	34,074,625
Jan-12	33,713,169	24,534,863	(612,116)	329,908	2,915,836	60,881,660	57,965,824	34,043,077
Feb-12	36,480,995	29,058,194	(413,455)	300,909	2,667,767	68,094,410	65,426,643	36,781,904
Mar-12	34,750,615	25,712,288	(107,803)	280,220	1,511,947	62,147,266	60,635,320	35,030,835
Apr-12	34,757,205	25,879,488	483,680	339,851	1,407,746	62,867,969	61,460,223	35,097,056
May-12	36,169,762	25,668,822	488,805	350,360	1,318,872	63,996,621	62,677,749	36,520,121
Jun-12	39,352,710	28,781,830	488,943	411,397	2,168,932	71,203,812	69,034,880	39,764,107
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 64,686,259	\$ 36,984,810
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 105,353,675	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							61.40%	

**KENTUCKY UTILITIES COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**

Reconciliation of Reported Revenues

For the Month Ended: June 30, 2012

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 106,541,250	\$ 106,541,250
(2) Fuel Adjustment Clause	\$ 705,208	\$ 705,208
(3) DSM	\$ 1,440,775	\$ 1,440,775
(4) Environmental Surcharge		\$ 3,425,426
(5) CSR Credits		\$ (1,006,443)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 108,687,233	
<b>Non -Jurisdictional Revenues</b>		
(7) Tennessee Retail	\$ 391	\$ 391
(8) Virginia Retail	\$ 5,517,621	\$ 5,517,621
(9) Wholesale	\$ 10,349,170	\$ 10,349,170
(10) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 1,384,440	\$ 1,384,440
(11) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 17,251,623	
(12) Total Company Revenues for Environmental Surcharge Purposes =	\$ 125,938,856	
Jurisdictional Allocation Ratio for Current Month [(6) / (12)] =	86.30%	
<b>Reconciling Revenues</b>		
(13) Brokered	\$ -	\$ -
(14) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(15) Unbilled		\$ 4,827,000
(16) Provision for Refund		\$ -
(17) Miscellaneous		\$ (550,468)
(18) Total Company Revenues per Income Statement =		\$ 132,634,371