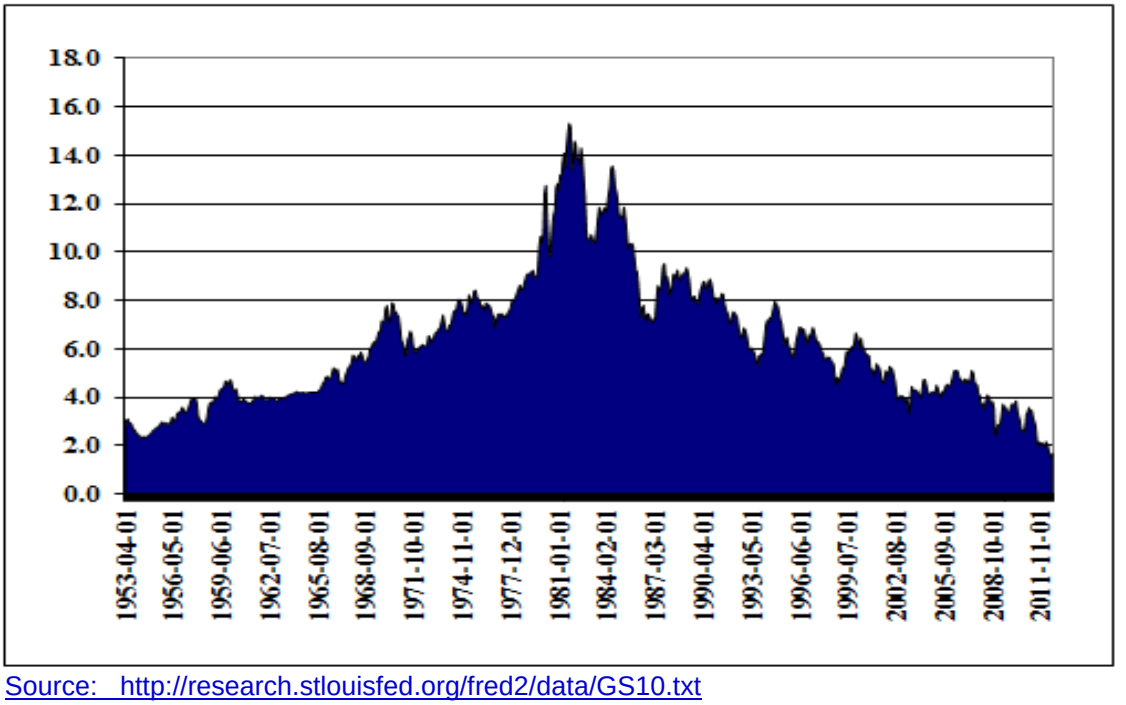
Exhibit JRW-1
Louisville Gas & Electric Company
Cost of Capital

Weighted Average Cost of Capital

Capital Source	Capitalization Ratio	Cost Rate	Weighted Cost Rate
Long-Term Debt	50.00%	3.81%	1.91%
Common Equity	50.00%	8.50%	4.25%
Total Capital	100.0%		6.16%

Exhibit JRW-2

Panel A
Ten-Year Treasury Yields
1953-Present



Source: http://research.stlouisfed.org/fred2/data/GS10.txt

Panel B
Long-Term Moody's Baa Yields Minus Ten-Year Treasury Yields
2000-Present

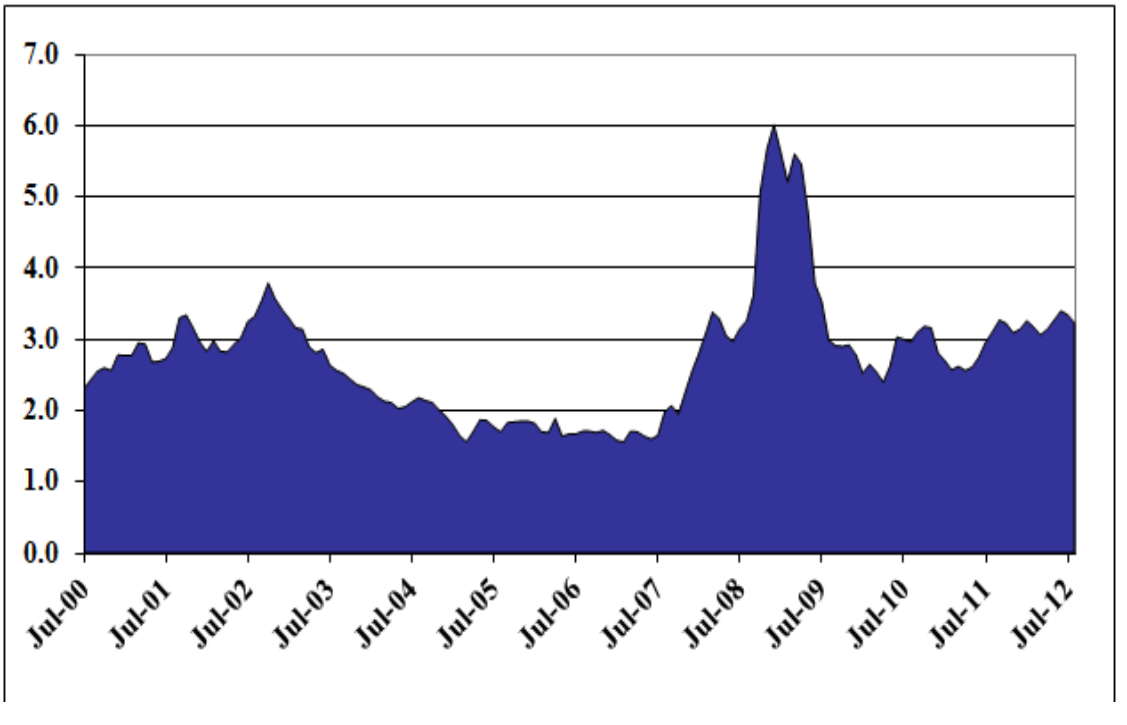
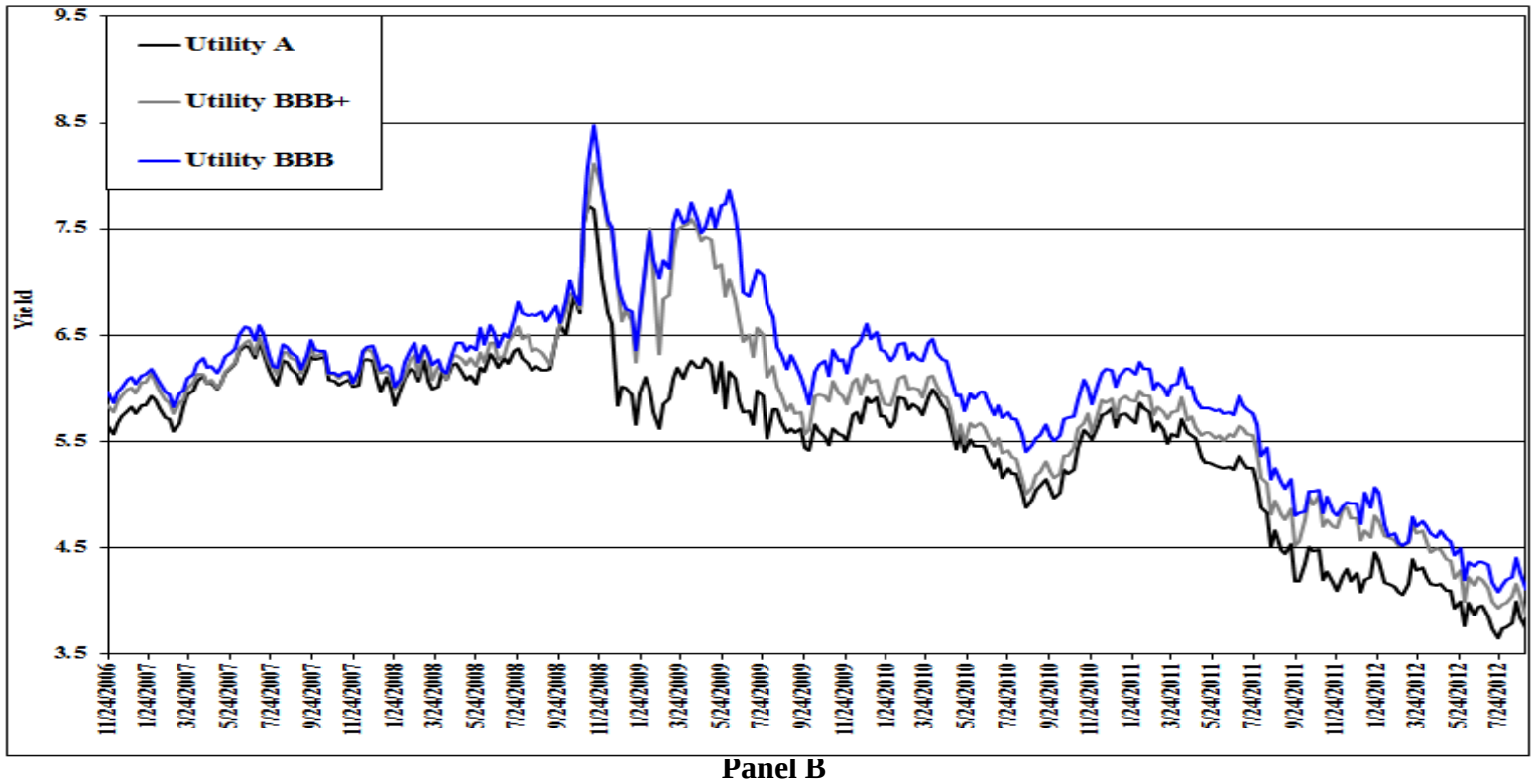


Exhibit JRW-2
Panel A
Thirty-Year Public Utility Yields



Panel B
Thirty-Year Public Utility Yield Spread Over Treasuries

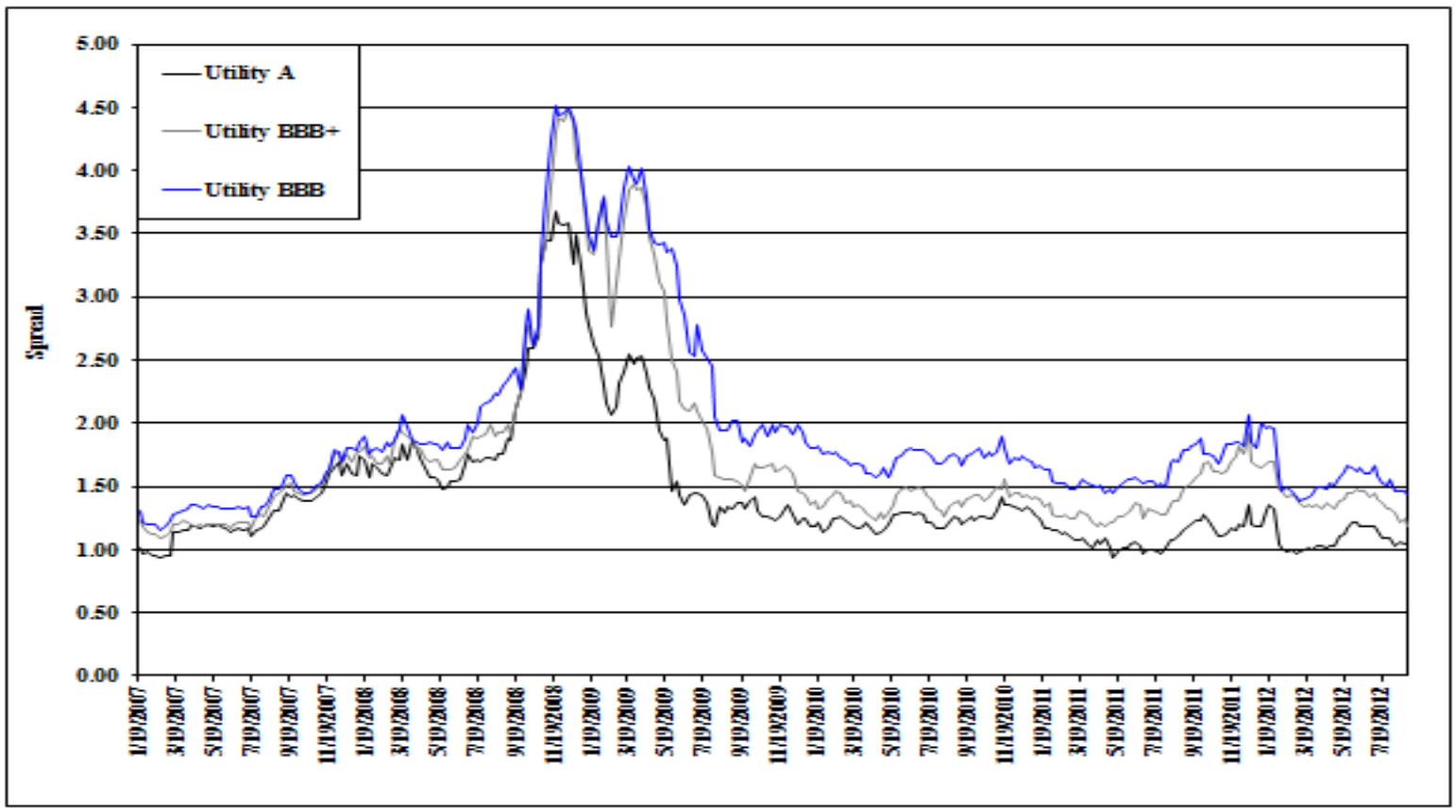


Exhibit JRW-3

Dow Jones Utility Index vs. S&P 500 - 2011-12

Exhibit JRW-4

Louisville Gas & Electric Company

Summary Financial Statistics

Electric Proxy Group

Company	Operating Revenue ($mil)	Percent Elec Revenue	Percent Gas Revenue	Net Plant ($mil)	Market Cap ($mil)	S&P Bond Rating	Moody's Bond Rating	Pre-Tax Interest Coverage	Primary Service Area	Common Equity Ratio	Return on Equity	Market to Book Ratio
ALLETE, Inc. (NYSE-ALE)	926.0	90		2,002.8	1.6	A-	A2	3.9	MN, WI	56.3	7.7	1.44
Alliant Energy Corporation (NYSE-LNT)	3,486.0	74	12	7,081.3	5.3	BBB+	A2/A3	3.7	WS,IA,IL,MN	51.2	8.5	1.68
Ameren Corporation (NYSE-AEE)	7,285.0	87	13	17,535.0	8.2	BBB/BBB-	Baa1/Baa2	3.1	IL,MO	51	0.6	1.10
American Electric Power Co. (NYSE-AEP)	15,011.0	95		37,432.0	20.1	BBB	Baa2	3.3	10 States	44.7	13.8	1.36
Avista Corporation (NYSE-AVA)	1,595.5	61	34	2,872.9	1.6	A-	A3	3.3	WA,OR,ID	44	8.2	1.34
Black Hills Corporation (NYSE-BKH)	1,234.7	50	41	2,819.1	1.4	BBB+	A3	1.4	CO,SD,WY,MT	44.8	4.5	1.16
Cleco Corporation (NYSE-CNL)	1,086.4	94		2,906.0	2.6	BBB	Baa2	3.5	LA	51.9	14.2	1.84
CMS Energy Corporation (NYSE-CMS)	6,191.0	62	34	10,755.0	6.3	BBB/BBB-	Baa2	2.5	MI	29.6	11.7	2.07
Consolidated Edison, Inc. (NYSE-ED)	12,666.0	70	13	25,255.0	18.7	A-	A3/Baa1	3.8	NY,PA	51	8.8	1.62
Dominion Resources, Inc. (NYSE-D)	13,814.0	51	12	30,288.0	30.8	A	Baa1	3.7	VA,NC	36.7	11.9	2.59
DTE Energy Company (NYSE-DTE)	8,715.0	59	16	13,924.0	10.4	A	A2	3.3	MI	47.1	9.9	1.46
Duke Energy Corporation (NYSE-DUK)	14,496.0	73	3	42,892.0	29.5	A-	A3	3.3	NC,SC,FL,OH,KY	52.5	6.5	1.30
Edison International (NYSE-EIX)	12,834.0	84		32,680.0	15.0	BBB+	A1	2.7	CA	38.2	NM	1.50
Exelon Corporation (NYSE-EXC)	18,559.0	51	4	42,105.0	32.1	BBB+/BBB	Baa1	6.7	PA,MD,IL	53.5	11.3	1.46
FirstEnergy Corporation (ASE-FE)	16,760.0	63		30,566.0	21.1	BBB	Baa2	2.4	OH,PANJ,WV,MD,NY	42.1	8.8	1.58
Great Plains Energy Incorporated (NYSE-GXP)	2,304.8	100		7,119.2	3.1	BBB/BBB-	Baa1/Baa2	2.2	MO,KS	41.8	5.6	1.04
Hawaiian Electric Industries, Inc. (NYSE-HE)	3,346.6	92		3,375.7	2.8	BBB-	Baa2	3.8	HI	47.7	9.7	1.79
IDACORP, Inc. (NYSE-IDA)	1,016.4	100		3,420.6	2.2	A-	A2	2.6	ID	51.8	10.1	1.29
MGE Energy, Inc. (NYSE-MGEE)	531.0	72	27	1,006.9	1.1	AA-	A1	5.8	WI	60.6	10.8	2.01
Nextera Energy (NYSE-NEE)	15,579.0	68		43,968.0	29.4	A	Aa3	3.5	FL	38.8	14.1	1.93
Northeast Utilities (NYSE-NU)	4,330.0	90	9	10,613.2	12.6	A-	A3	3	CT,NH,MA	40.3	9.6	3.10
OGE Energy Corp. (NYSE-OGE)	3,916.1	57	10	7,704.6	5.3	BBB	Baa1	4.4	OK,AR	42.3	14.6	2.07
Pepco Holdings, Inc. (NYSE-POM)	5,578.0	76	4	8,399.0	4.5	A-/BBB+	Baa1/Baa2	2.5	DC.MD,VA,NJ	45.3	6.1	1.03
PG&E Corporation (NYSE-PCG)	15,000.0	78	22	34,249.0	19.2	BBB/BBB-	A3/Baa1	3.5	CA	48.3	7.3	1.53
Pinnacle West Capital Corp. (NYSE-PNW)	3,213.2	100		9,889.0	5.9	BBB	Baa1	3.3	AZ	49.8	9.4	1.57
PNM Resources, Inc. (NYSE-PNM)	1,618.3	80		3,656.2	1.6	BBB	Baa1/Baa2	2.8	NM,TX	45.2	11.3	1.03
Portland General Electric (NYSE-POR)	1,808.0	100		4,288.0	2.1	A-	A3	2.7	OR	49.3	7.6	1.22
SCANA Corporation (NYSE-SCG)	4,234.0	57	18	10,255.0	6.3	BBB+	Baa1/Baa2	2.9	SC,NC,GA	42.1	9.8	1.60
Southern Company (NYSE-SO)	17,249.0	95		45,855.0	41.5	A	A2/A3	4.9	GA,AL,FL,MS	46.5	12.1	2.25
TECO Energy, Inc. (NYSE-TE)	3,277.3	62	12	5,985.6	3.9	BBB+	A3	3.2	FL	42.9	12.2	1.73
UIL Holdings Corporation (NYSE-UIL)	1,467.7	54	46	2,605.6	1.9	BBB	Baa2	3.0	CT	38.8	11.6	1.69
UNS Energy Corp. (NYSE-UNS)	1,483.6	85	9	3,203.9	1.6	BBB-	Baa2	NA	AZ	33.3	11.6	1.70
Westar Energy, Inc. (NYSE-WR)	2,164.9	100		6,884.9	3.9	BBB+	A3	3.0	KS	45.9	8.7	1.40
Wisconsin Energy Corporation (NYSE-WEC)	4,348.9	74	24	10,235.0	9.5	A-/BBB+	A2/A3	3.7	WI	43.9	13.2	2.33
Xcel Energy Inc. (NYSE-XEL)	10,416.3	83	16	22,672.7	14.2	A-	A3	3.1	MN,WI,ND,SD,MI	45.5	9.8	1.67
Mean	6,786.9	77	18	15,614.3	10.8	BBB+	A3/Baa1	3.4		45.6	9.8	1.64
Median	4,234.0	76	13	9,889.0	5.9	BBB+	A3/Baa1	3.3		45.3	9.8	1.58

Data Source: *AUS Utility Reports* , August, 2012; Pre-Tax Interest Coverage and Primary Service Territory are from *Value Line Investment Survey* , 2012.

Exhibit JRW-4

Louisville Gas & Electric Company

Summary Financial Statistics

Gas Proxy Group

Company	Operating Revenue ($mil)	Percent Gas Revenue	Net Plant ($mil)	Market Capital ($bil)	S&P Bond Rating	Moody's Bond Rating	Pre-Tax Interest Coverage	Primary Service Area	Common Equity Ratio	Return on Equity	Market to Book Ratio
AGL Resources Inc. (NYSE-AGL)	2,864.0	73	7,973.0	4.70	A+	Aa3	6.5	GA,TN,VA,NJ,FL, MD,IL	44.2	6.7	1.37
Atmos Energy Corporation (NYSE-ATO)	3,977.5	62	5,334.0	3.30	BBB+	Baa2	3.1	LA,KY,TX,MS,CO ,KS,KY	49.8	7.6	1.40
Laclede Group, Inc. (NYSE-LG)	1,384.4	58	957.7	1.12	A	A2	4.7	MO	62.8	11.4	1.50
Northwest Natural Gas Co. (NYSE-NWN)	843.2	44	1,900.9	1.40	A+	A1	7.0	OR,WA	49.7	8.7	1.77
Piedmont Natural Gas Co., Inc. (NYSE-PNY)	1,169.6	100	2,813.6	3.32	A	A3	3.4	NC,SC,TN	50.2	10.2	2.18
South Jersey Industries, Inc. (NYSE-SJI)	771.5	63	1,387.0	1.60	A	A2	5.7	NJ	46.4	14.4	2.40
Southwest Gas Corporation (NYSE-SWX)	1,916.4	72	3,234.9	2.10	BBB+	Baa1	3.5	AZ,NV,CA	48.2	9.7	1.62
WGL Holdings, Inc. (NYSE-WGL)	2,505.6	44	2,547.6	2.10	A+	A2	5.7	DC,MD,VA	62.6	7.6	1.63
Mean	1,929.0	65	3,268.6	2.46	A	A2/A3	5.0		51.7	9.5	1.73
Median	1,650.4	63	2,680.6	2.10	A	A2/A3	5.2		49.8	9.2	1.63

Data Source: AUS *Utility Reports*, August, 2012; Market Capital, Pre-Tax Interest Coverage and Primary Service Territory are from *Value Line Investment Survey*, 2012.

Exhibit JRW-5
Louisville Gas & Electric Company
Capital Structure Ratios

Panel A -LG&E's Proposed Capitalization Ratios

Capital Source	Capitalization Ratio	Cost Rates
Long-Term Debt	44.36%	3.81%
Common Equity	55.64%	
Total	100.00%	100.00%

Panel B - PPL's Capitalization Ratios

Short-Term Debt	1.93%
Long-Term Debt	60.18%
Preferred Stock	0.84%
Common Equity	37.05%
Total Capital	100.00%

Source: Value Line Investment Survey

Panel C - Electric Proxy Group Capitalization Ratios

Short-Term Debt	5.73%
Long-Term Debt	47.75%
Preferred Stock	0.52%
Common Equity	46.00%
Total Capital	100.00%

Panel D - Gas Proxy Group Capitalization Ratios

Short-Term Debt	12.74%
Long-Term Debt	37.32%
Preferred Stock	0.18%
Common Equity	49.76%
Total Capital	100.00%

Panel E - AG's Recommended Capitalization Ratios

Capital Source	LG&E's Recommended	Adjustment Factor	DNCP Recommended	Cost Rates
Long-Term Debt	44.36%	1.13	50.00%	3.81%
Common Equity	55.64%	0.90	50.00%	
Total	100.00%		100.00%	

Attachment JRW-5
Louisville Gas & Electric Company
Capital Structure Ratios

Electric Proxy Group

	Short-Term Debt	Long-Term Debt	Preferred Stock	Common Stock	Total Capital
ALLETE	0.3%	44.1%	0.0%	55.5%	100%
Alliant Energy	1.7%	43.4%	3.3%	51.7%	100%
Amer. Elec. Power	9.4%	45.9%	0.0%	44.7%	100%
Ameren Corp.	2.2%	43.9%	0.9%	53.0%	100%
Avista Corp.	4.6%	49.0%	0.0%	46.4%	100%
Black Hills	12.2%	45.1%	0.0%	42.6%	100%
Cleco Corp.	0.9%	48.1%	0.0%	51.1%	100%
CMS Energy Corp.	10.2%	59.8%	0.4%	29.6%	100%
Consol. Edison	2.4%	45.0%	0.9%	51.7%	100%
Dominion Resources	10.1%	53.3%	0.8%	35.8%	100%
DTE Energy	6.2%	47.5%	0.0%	46.3%	100%
Duke Energy	5.3%	42.7%	0.0%	52.0%	100%
Edison Int'l	1.8%	52.1%	3.9%	42.2%	100%
Exelon Corp.	4.3%	43.6%	0.3%	51.8%	100%
FirstEnergy Corp.	5.3%	51.3%	0.0%	43.4%	100%
G't Plains Energy	17.0%	39.4%	0.6%	43.1%	100%
Hawaiian Elec.	4.4%	42.4%	1.1%	52.0%	100%
IDACORP Inc.	4.9%	43.4%	0.0%	51.8%	100%
MGE Energy	0.3%	39.5%	0.0%	60.2%	100%
NextEra Energy	5.7%	54.9%	0.0%	39.4%	100%
Northeast Utilities	6.7%	49.1%	1.2%	42.9%	100%
OGE Energy	5.0%	49.1%	0.0%	46.0%	100%
Pepco Holdings	9.0%	44.7%	0.0%	46.3%	100%
PG&E Corp.	8.0%	44.4%	1.0%	46.6%	100%
Pinnacle West Capital	6.5%	41.3%	0.0%	52.2%	100%
PNM Resources	2.5%	50.0%	0.3%	47.1%	100%
Portland General	3.8%	47.7%	0.0%	48.5%	100%
SCANA Corp.	7.4%	50.3%	0.0%	42.3%	100%
Southern Co.	6.3%	45.5%	2.6%	45.6%	100%
TECO Energy	7.2%	50.3%	0.0%	42.4%	100%
UIL Holdings	8.6%	53.5%	0.0%	37.9%	100%
UNS Energy	0.4%	67.5%	0.0%	32.1%	100%
Westar Energy	5.4%	46.7%	0.4%	47.6%	100%
Wisconsin Energy	7.5%	49.4%	0.3%	42.8%	100%
Xcel Energy Inc.	6.9%	47.5%	0.0%	45.6%	100%
Mean	5.7%	47.8%	0.5%	46.0%	100%

Data Source: *Value Line Investment Survey.*

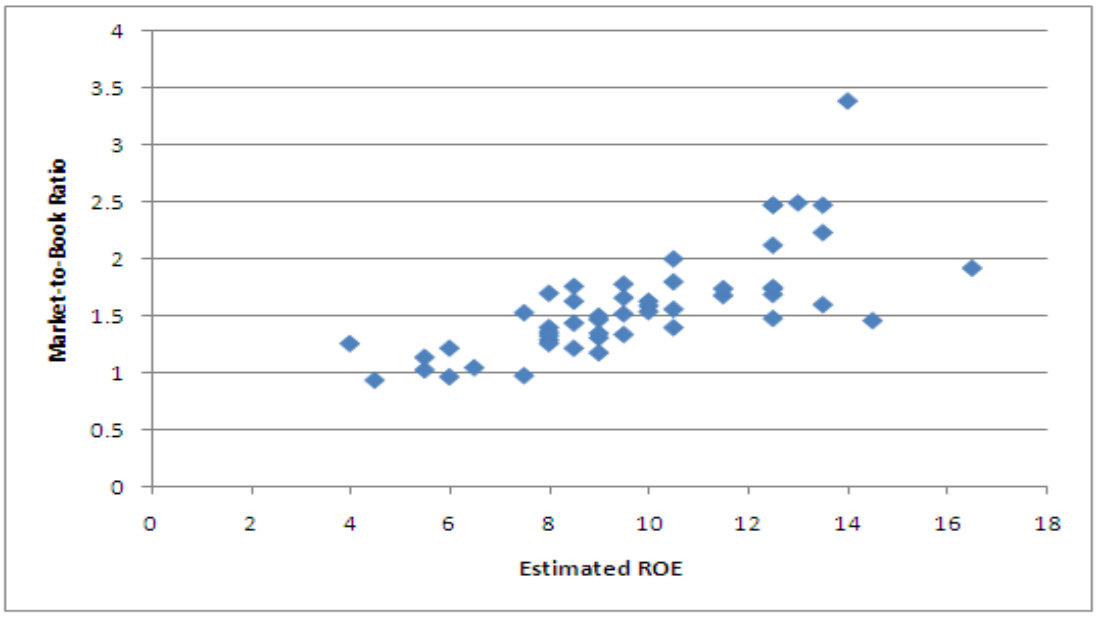
Attachment JRW-5
Louisville Gas & Electric Company
Capital Structure Ratios

Gas Proxy Group

	Short-Term Debt	Long-Term Debt	Preferred Stock	Common Stock	Total Capital
AGL Resources	21.9%	40.4%	0.0%	37.7%	100%
Atmos Energy	4.5%	47.2%	0.0%	48.3%	100%
Laclede Group	4.7%	37.0%	0.0%	58.3%	100%
Northwest Nat. Gas	11.8%	41.7%	0.0%	46.5%	100%
Piedmont Natural Gas	16.5%	33.7%	0.0%	49.8%	100%
South Jersey Inds.	23.6%	30.9%	0.0%	45.5%	100%
Southwest Gas	13.0%	37.6%	0.0%	49.4%	100%
WGL Holdings Inc.	5.9%	29.9%	1.4%	62.7%	100%
Mean	12.7%	37.3%	0.2%	49.8%	100%

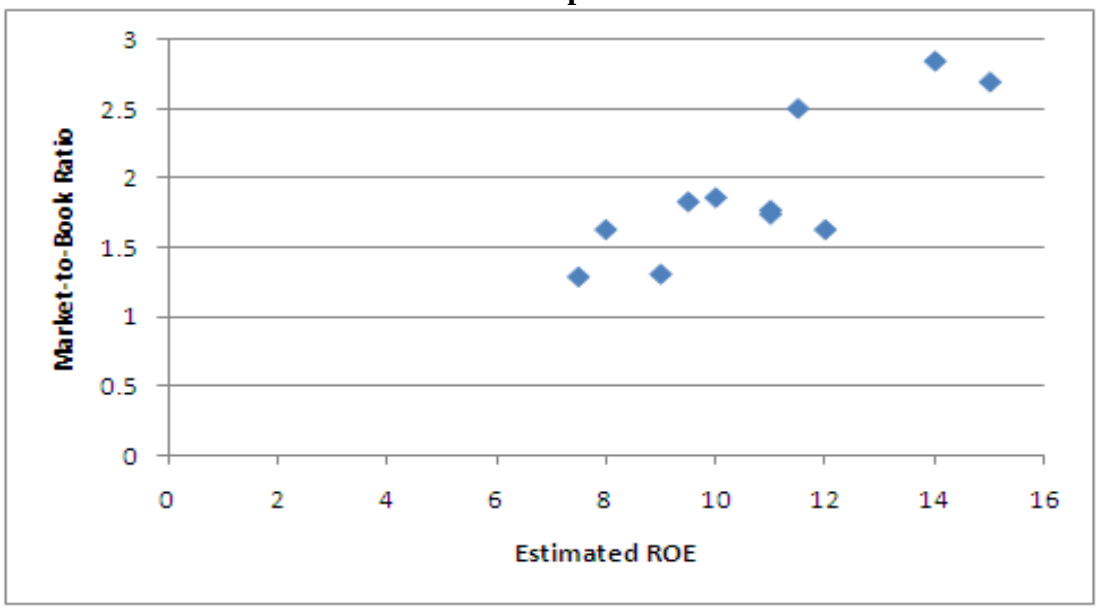
Data Source: *Value Line Investment Survey.*

Exhibit JRW-6
Electric Utilities
Panel A



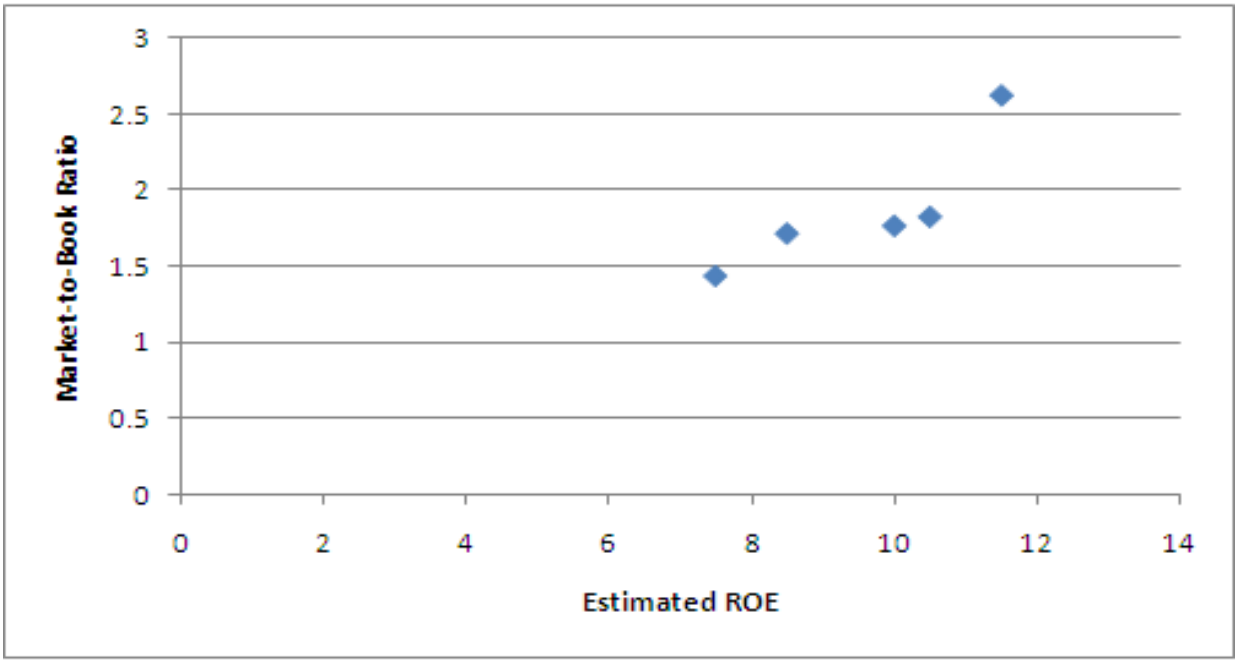
R-Square = .52, N=51.

Panel B
Gas Companies



R-Square = .71, N=11.

Exhibit JRW-6
Water Companies
Panel C



R-Square = .77, N=5.

Exhibit JRW-7
Long-Term 'A' Rated Public Utility Bonds

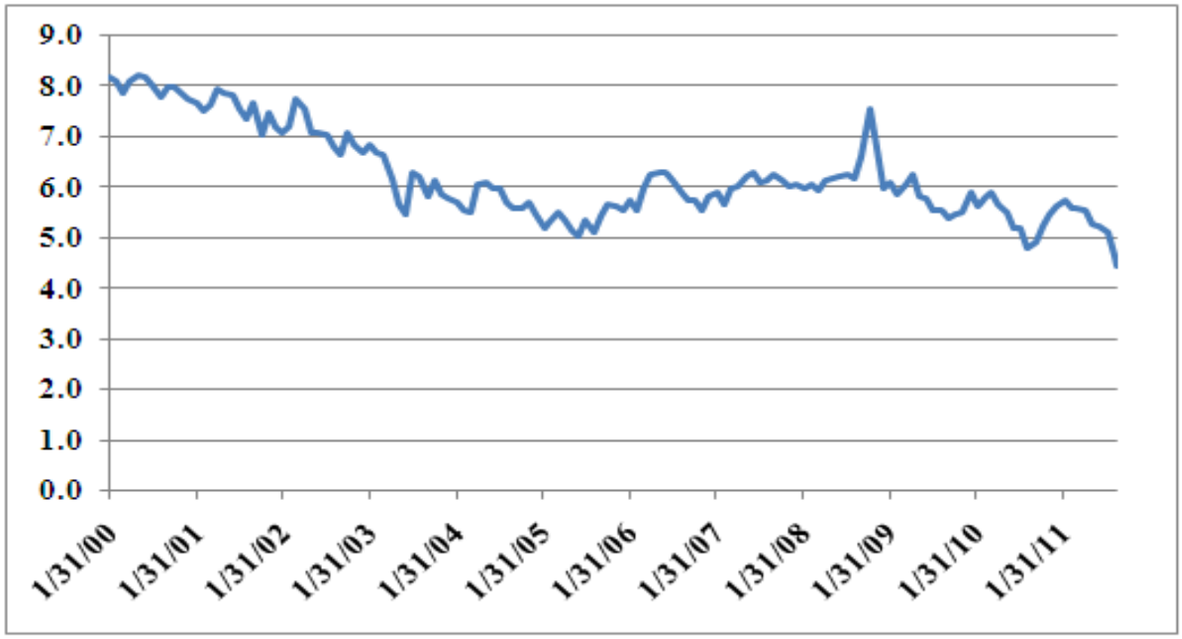
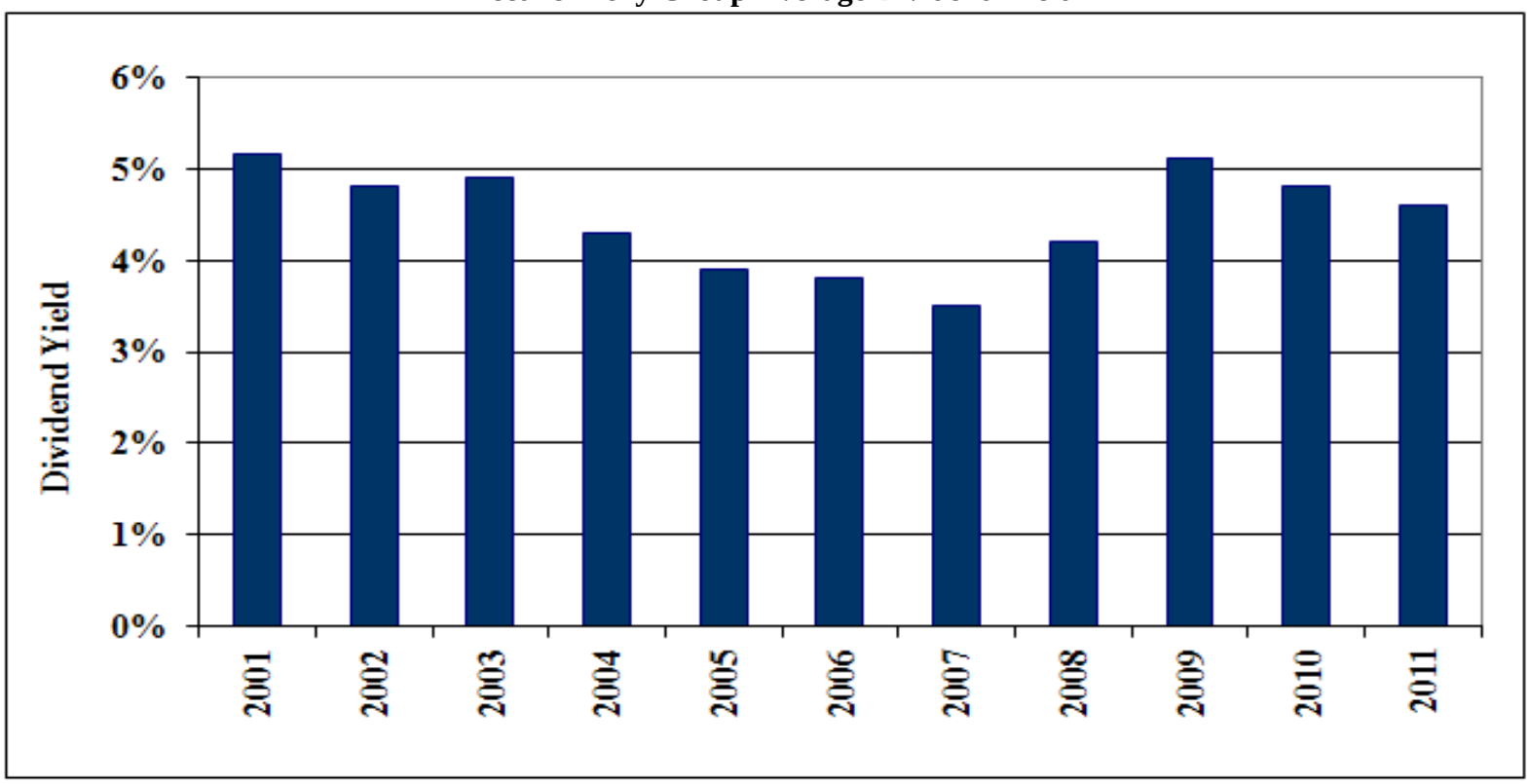


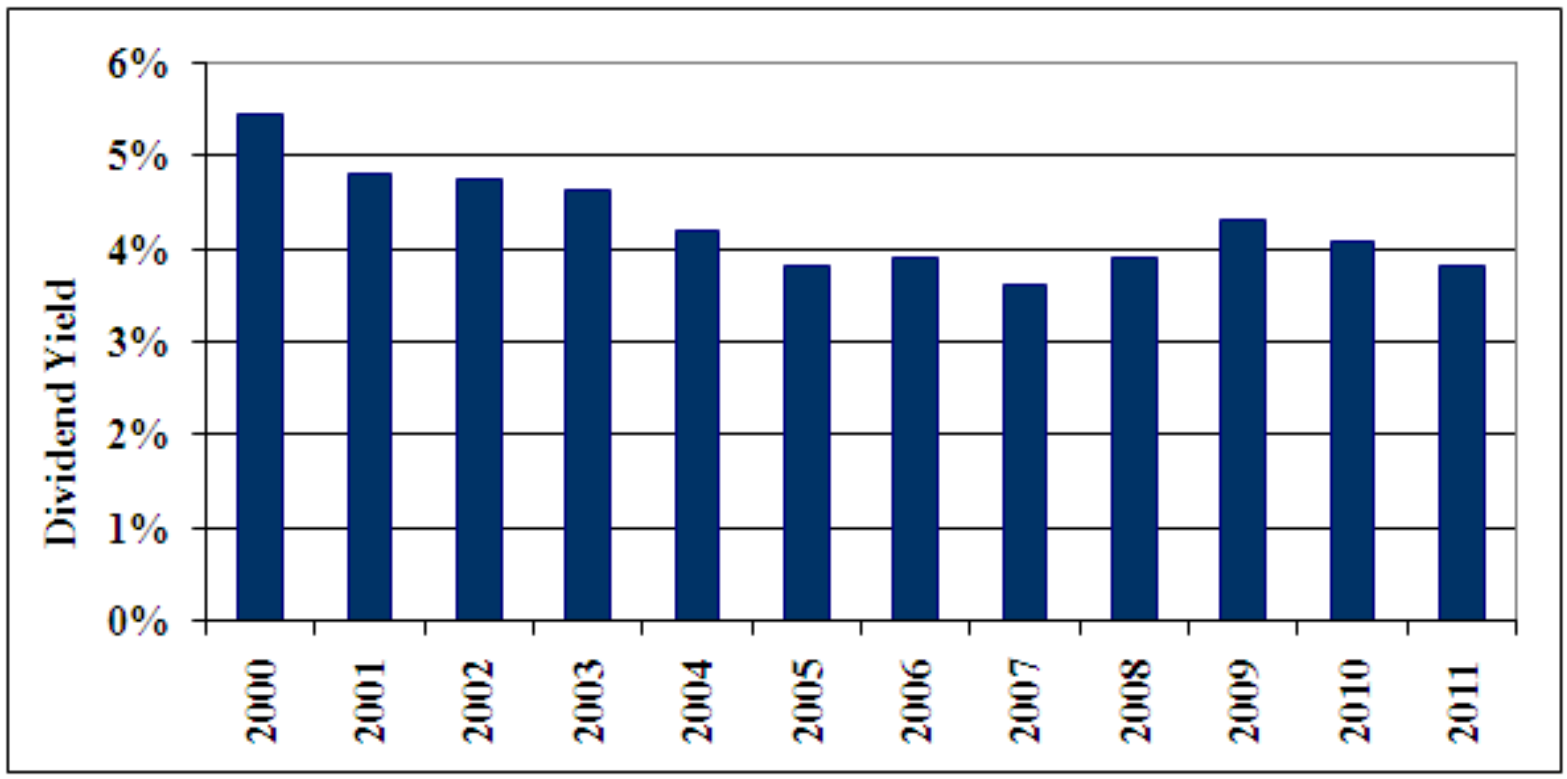
Exhibit JRW-7

Panel A
Electric Proxy Group Average Dividend Yield



Data Source: ***Value Line Investment Survey.***

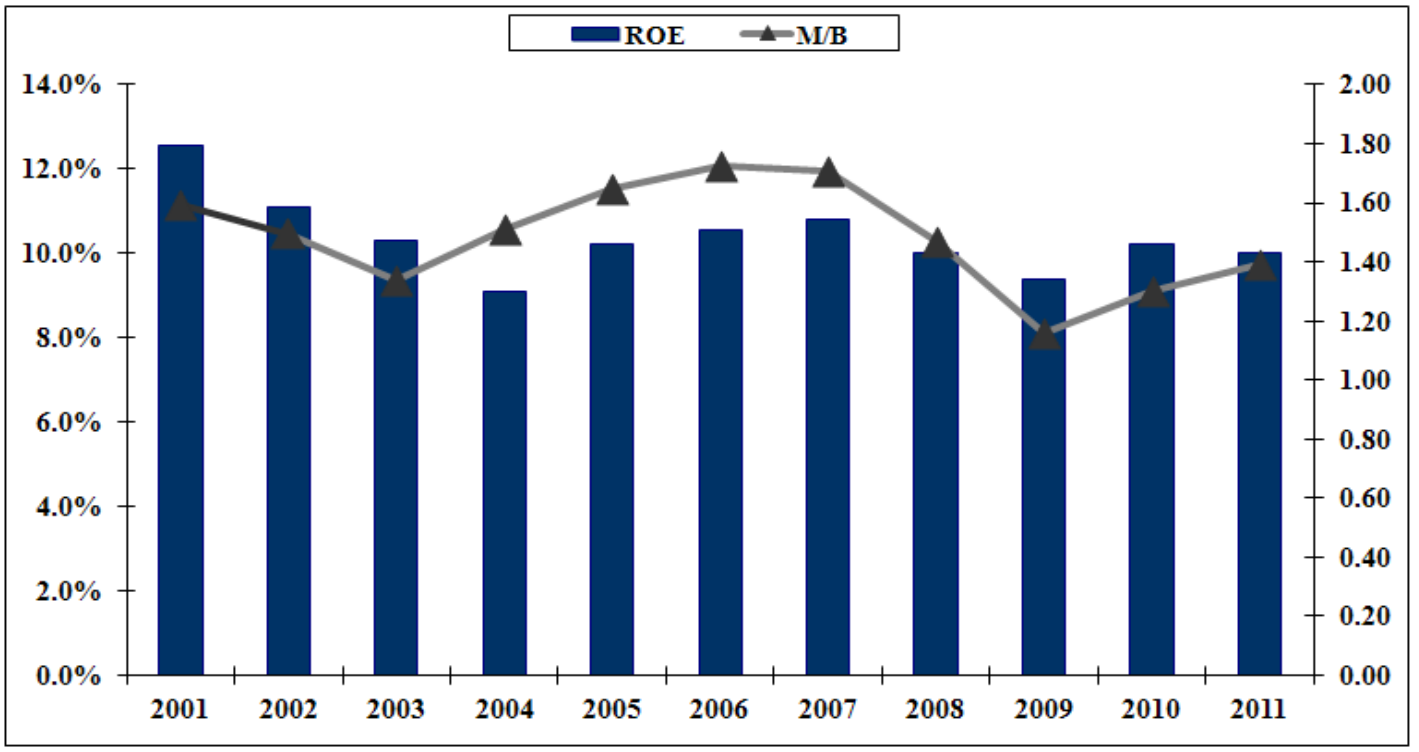
Panel B
Gas Proxy Group Average Dividend Yield



Data Source: ***Value Line Investment Survey.***

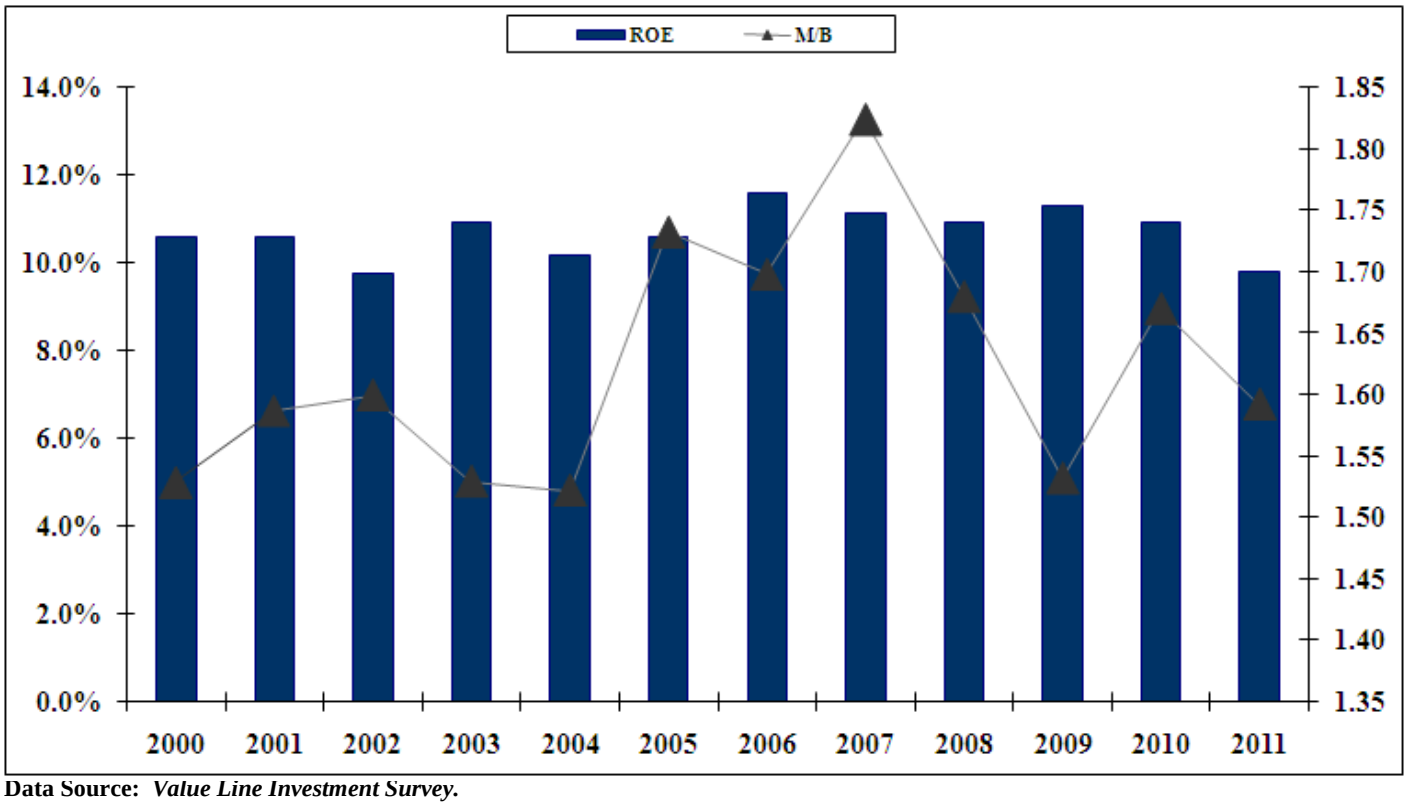
Exhibit JRW-7

Panel A
Electric Proxy Group Average Return on Equity and Market-to-Book Ratios



Data Source: ***Value Line Investment Survey.***

Panel B
Gas Proxy Group Average Return on Equity and Market-to-Book Ratios



Data Source: ***Value Line Investment Survey.***

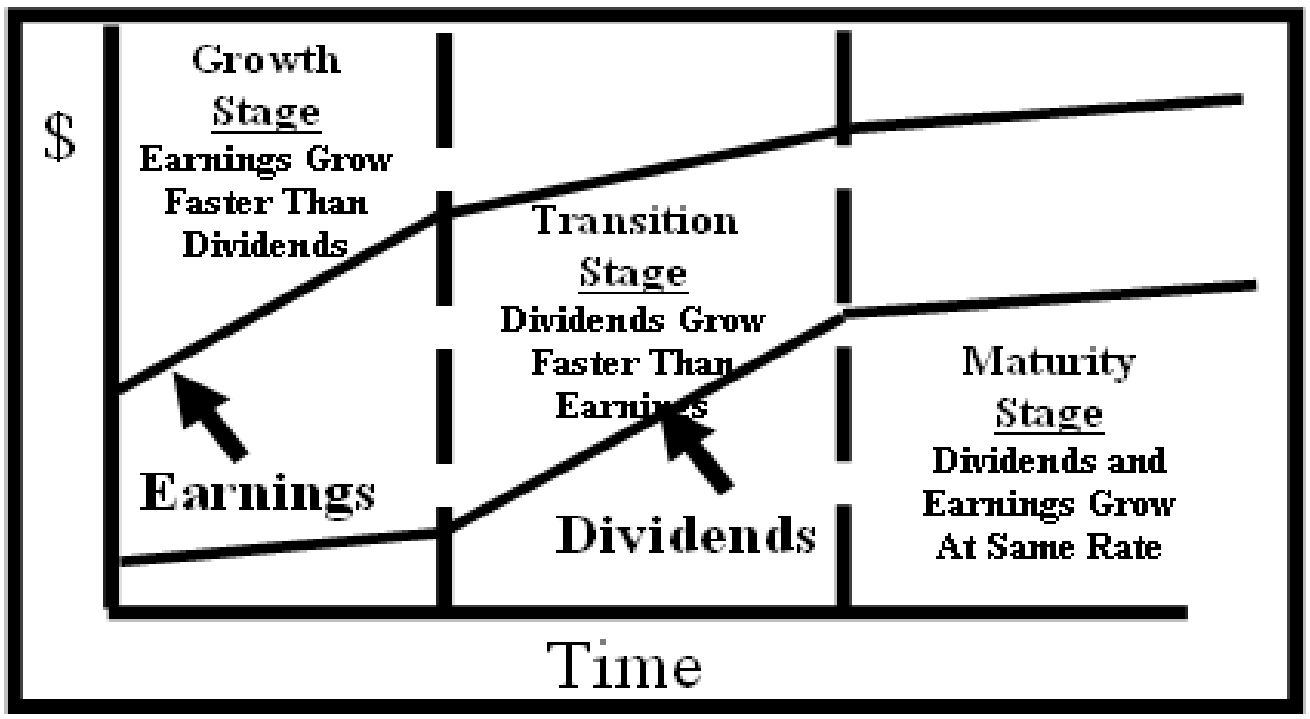
Exhibit JRW-8

Industry Average Betas

Industry Name	No.	Beta	Industry Name	No.	Beta	Industry Name	No.	Beta
Public/Private Equity	11	2.18	Natural Gas (Div.)	29	1.33	IT Services	60	1.06
Advertising	31	2.02	Financial Svcs. (Div.)	225	1.31	Retail Building Supply	8	1.04
Furn/Home Furnishings	35	1.81	Toiletries/Cosmetics	15	1.30	Computer Software	184	1.04
Heavy Truck & Equip	21	1.80	Apparel	57	1.30	Med Supp Non-Invasiv	146	1.03
Semiconductor Equip	12	1.79	Computers/Peripherals	87	1.30	Biotechnology	158	1.03
Retail (Hardlines)	75	1.77	Retail Store	37	1.29	E-Commerce	57	1.03
Newspaper	13	1.76	Chemical (Specialty)	70	1.28	Telecom. Equipment	99	1.02
Hotel/Gaming	51	1.74	Precision Instrument	77	1.28	Pipeline MLPs	27	0.98
Auto Parts	51	1.70	Wireless Networking	57	1.27	Telecom. Services	74	0.98
Steel	32	1.68	Restaurant	63	1.27	Oil/Gas Distribution	13	0.96
Entertainment	77	1.63	Shoe	19	1.25	Utility (Foreign)	4	0.96
Metal Fabricating	24	1.59	Publishing	24	1.25	Industrial Services	137	0.93
Automotive	12	1.59	Trucking	36	1.24	Bank (Midwest)	45	0.93
Insurance (Life)	30	1.58	Human Resources	23	1.24	Reinsurance	13	0.93
Oilfield Svcs/Equip.	93	1.55	Entertainment Tech	40	1.23	Food Processing	112	0.91
Coal	20	1.53	Engineering & Const	25	1.22	Medical Services	122	0.91
Chemical (Diversified)	31	1.51	Air Transport	36	1.21	Insurance (Prop/Cas.)	49	0.91
Building Materials	45	1.50	Machinery	100	1.20	Beverage	34	0.88
Semiconductor	141	1.50	Securities Brokerage	28	1.20	Telecom. Utility	25	0.88
R.E.I.T.	5	1.47	Petroleum (Integrated)	20	1.18	Tobacco	11	0.85
Homebuilding	23	1.45	Healthcare Information	25	1.17	Med Supp Invasive	83	0.85
Recreation	56	1.45	Packaging & Container	26	1.16	Educational Services	34	0.83
Railroad	12	1.44	Precious Metals	84	1.15	Environmental	82	0.81
Retail (Softlines)	47	1.44	Diversified Co.	107	1.14	Bank	426	0.77
Maritime	52	1.40	Funeral Services	6	1.14	Electric Util. (Central)	21	0.75
Office Equip/Supplies	24	1.38	Property Management	31	1.13	Electric Utility (West)	14	0.75
Cable TV	21	1.37	Pharmacy Services	19	1.12	Retail/Wholesale Food	30	0.75
Retail Automotive	20	1.37	Drug	279	1.12	Thrift	148	0.71
Chemical (Basic)	16	1.36	Aerospace/Defense	64	1.10	Electric Utility (East)	21	0.70
Paper/Forest Products	32	1.36	Foreign Electronics	9	1.09	Natural Gas Utility	22	0.66
Power	93	1.35	Internet	186	1.09	Water Utility	11	0.66
Petroleum (Producing)	176	1.34	Information Services	27	1.07	Total Market	5891	1.15
Electrical Equipment	68	1.33	Household Products	26	1.07			
Metals & Mining (Div.)	73	1.33	Electronics	139	1.07			

Source: Damodaran Online 2012 - http://pages.stern.nyu.edu/~adamodar/

Exhibit JRW-9
Three-Stage DCF Model



Source: William F. Sharpe, Gordon J. Alexander, and Jeffrey V. Bailey, Investments (Prentice-Hall, 1995), pp. 590-91.

Exhibit JRW-10

Louisville Gas & Electric Company
Discounted Cash Flow Analysis

Panel A
Electric Proxy Group

Dividend Yield*	4.15%
Adjustment Factor	1.02175
Adjusted Dividend Yield	4.2%
Growth Rate**	4.35%
Equity Cost Rate	8.6%

* Page 2 of Exhibit JRW-10
** Based on data provided on pages 4, 6, 8, and 10 of Exhibit JRW-10

Panel B
Gas Proxy Group

Dividend Yield*	3.85%
Adjustment Factor	1.0225
Adjusted Dividend Yield	3.9%
Growth Rate**	4.50%
Equity Cost Rate	8.4%

* Page 3 of Exhibit JRW-10
** Based on data provided on pages 5, 7, 9, and 10 of Exhibit JRW-10

Exhibit JRW-10

Louisville Gas & Electric Company
Monthly Dividend Yields

Electric Proxy Group

Company	Apr	May	Jun	Jul	Aug	Sep	Mean
ALLETE, Inc. (NYSE-ALE)	4.6%	4.4%	4.8%	4.5%	4.4%	4.4%	4.5%
Alliant Energy Corporation (NYSE-LNT)	4.1%	4.2%	4.1%	4.0%	3.8%	3.9%	4.0%
Ameren Corporation (NYSE-AEE)	5.1%	5.1%	5.0%	4.8%	4.7%	4.8%	4.9%
American Electric Power Co. (NYSE-AEP)	4.9%	4.9%	5.0%	4.8%	4.5%	4.4%	4.8%
Avista Corporation (NYSE-AVA)	4.5%	4.6%	4.6%	4.5%	4.2%	4.4%	4.5%
Black Hills Corporation (NYSE-BKH)	4.5%	4.5%	4.7%	4.6%	4.6%	4.7%	4.6%
Cleco Corporation (NYSE-CNL)	3.2%	3.2%	3.1%	3.1%	2.9%	3.2%	3.1%
CMS Energy Corporation (NYSE-CMS)	4.4%	4.4%	4.2%	4.1%	3.9%	4.1%	4.2%
Consolidated Edison, Inc. (NYSE-ED)	4.2%	4.2%	4.1%	3.9%	3.8%	3.9%	4.0%
Dominion Resources, Inc. (NYSE-D)	4.2%	4.2%	4.0%	3.9%	3.9%	3.9%	4.0%
DTE Energy Company (NYSE-DTE)	4.3%	4.3%	4.3%	4.0%	3.9%	3.9%	4.1%
Duke Energy Corporation (NYSE-DUK)	4.7%	4.8%	4.7%	4.4%	4.5%	4.6%	4.6%
Edison International (NYSE-EIX)	3.0%	3.0%	3.0%	2.9%	2.8%	2.9%	2.9%
Exelon Corporation (NYSE-EXC)	5.6%	5.4%	5.5%	5.7%	5.4%	5.6%	5.5%
FirstEnergy Corporation (ASE-FE)	4.8%	4.9%	4.6%	4.6%	4.4%	4.8%	4.7%
Great Plains Energy Incorporated (NYSE-GXP)	4.3%	4.2%	4.3%	4.1%	3.8%	3.9%	4.1%
Hawaiian Electric Industries, Inc. (NYSE-HE)	4.9%	4.9%	4.7%	4.4%	4.3%	4.5%	4.6%
IDACORP, Inc. (NYSE-IDA)	3.3%	3.2%	3.4%	3.3%	3.1%	3.1%	3.2%
MGE Energy, Inc. (NYSE-MGEE)	3.5%	3.4%	3.4%	3.3%	3.2%	3.0%	3.3%
Nextera Energy (NYSE-NEE)	3.8%	4.0%	3.7%	3.6%	3.4%	3.4%	3.7%
Northeast Utilities (NYSE-NU)	3.2%	3.2%	3.4%	3.7%	3.4%	3.6%	3.4%
OGE Energy Corp. (NYSE-OGE)	3.0%	3.0%	3.0%	3.0%	2.9%	2.9%	3.0%
Pepco Holdings, Inc. (NYSE-POM)	5.8%	5.6%	5.8%	5.6%	5.5%	5.6%	5.7%
PG&E Corporation (NYSE-PCG)	4.2%	4.2%	4.2%	4.1%	4.0%	4.1%	4.1%
Pinnacle West Capital Corp. (NYSE-PNW)	4.4%	4.5%	4.4%	4.1%	3.9%	4.0%	4.2%
PNM Resources, Inc. (NYSE-PNM)	3.2%	2.7%	3.2%	3.1%	2.8%	2.8%	3.0%
Portland General Electric (NYSE-POR)	4.2%	4.3%	4.3%	4.2%	4.0%	4.0%	4.2%
SCANA Corporation (NYSE-SCG)	4.4%	4.4%	4.3%	4.2%	4.1%	4.1%	4.3%
Southern Company (NYSE-SO)	4.2%	4.3%	4.3%	4.2%	4.1%	4.3%	4.2%
TECO Energy, Inc. (NYSE-TE)	5.0%	5.0%	5.1%	4.9%	4.8%	4.9%	5.0%
UIL Holdings Corporation (NYSE-UIL)	5.1%	5.1%	5.3%	4.9%	4.6%	4.8%	5.0%
UNS Energy Corp. (NYSE-UNS)	4.8%	4.7%	4.7%	4.5%	4.2%	4.3%	4.5%
Westar Energy, Inc. (NYSE-WR)	4.7%	4.8%	4.8%	4.5%	4.3%	4.5%	4.6%
Wisconsin Energy Corporation (NYSE-WEC)	3.4%	3.5%	3.3%	3.1%	2.9%	3.1%	3.2%
Xcel Energy Inc. (NYSE-XEL)	3.9%	3.9%	3.8%	3.9%	3.7%	3.8%	3.8%
Mean	4.3%	4.3%	4.3%	4.1%	4.0%	4.1%	4.2%
Median	4.3%	4.3%	4.3%	4.1%	4.0%	4.1%	4.2%

Data Source: AUS *Utility Reports* , monthly issues.

Exhibit JRW-10

Louisville Gas & Electric Company
Monthly Dividend Yields

Gas Proxy Group

Company	Apr	May	Jun	Jul	Aug	Sep	Mean
AGL Resources Inc. (NYSE-ATG)	3.7%	3.8%	5.0%	4.9%	4.6%	4.6%	4.4%
Atmos Energy Corporation (NYSE-ATO)	4.5%	4.4%	4.2%	4.1%	3.8%	3.8%	4.1%
Laclede Group, Inc. (NYSE-LG)	4.2%	4.3%	4.3%	4.3%	4.1%	3.8%	4.2%
Northwest Natural Gas Co. (NYSE-NWN)	3.9%	4.0%	3.9%	3.7%	3.6%	3.6%	3.8%
Piedmont Natural Gas Co., Inc. (NYSE-PNY)	3.7%	4.1%	4.1%	3.8%	3.7%	3.7%	3.9%
South Jersey Industries, Inc. (NYSE-SJI)	3.2%	3.3%	3.4%	3.2%	3.1%	3.1%	3.2%
Southwest Gas Corporation (NYSE-SWX)	2.5%	2.6%	2.8%	2.7%	2.6%	2.7%	2.7%
WGL Holdings, Inc. (NYSE-WGL)	3.8%	4.1%	4.2%	4.0%	3.9%	3.9%	4.0%
Mean	3.7%	3.8%	4.0%	3.8%	3.7%	3.7%	3.8%
Median	3.8%	4.1%	4.2%	3.9%	3.8%	3.8%	3.9%

Data Source: AUS *Utility Reports* , monthly issues.

Exhibit JRW-10

Louisville Gas & Electric Company
DCF Equity Cost Growth Rate Measures
***Value Line* Historic Growth Rates**

Electric Proxy Group

Company	*Value Line* Historic Growth					
	Past 10 Years			Past 5 Years		
	Earnings	Dividends	Book Value	Earnings	Dividends	Book Value
ALLETE, Inc. (NYSE-ALE)				0.5%	12.0%	5.5%
Alliant Energy Corporation (NYSE-LNT)	2.0%	-3.0%	0.5%	5.0%	8.0%	3.5%
Ameren Corporation (NYSE-AEE)	-1.5%	-5.0%	3.5%	-1.5%	-6.5%	1.0%
American Electric Power Co. (NYSE-AEP)	2.0%	-3.0%	1.0%	1.5%	4.0%	5.0%
Avista Corporation (NYSE-AVA)	5.0%	7.5%	3.5%	9.5%	12.5%	4.0%
Black Hills Corporation (NYSE-BKH)	-4.0%	3.0%	7.5%	-4.0%	2.5%	4.0%
Cleco Corporation (NYSE-CNL)	5.0%	1.5%	8.0%	10.0%	2.0%	10.0%
CMS Energy Corporation (NYSE-CMS)	-5.5%	-7.5%	-4.5%	8.5%		2.0%
Consolidated Edison, Inc. (NYSE-ED)	1.0%	1.0%	4.0%	4.5%	1.0%	4.5%
Dominion Resources, Inc. (NYSE-D)	7.0%	3.5%	3.5%	6.5%	6.5%	3.5%
DTE Energy Company (NYSE-DTE)	2.0%	0.5%	3.5%	5.0%	1.5%	4.0%
Duke Energy Corporation (NYSE-DUK)				7.0%		-4.0%
Edison International (NYSE-EIX)		7.0%	11.0%	6.0%	5.5%	8.5%
Exelon Corporation (NYSE-EXC)	8.0%		5.5%	4.5%	7.0%	7.5%
FirstEnergy Corporation (ASE-FE)	0.5%	4.0%	3.0%	-2.0%	4.0%	1.5%
Great Plains Energy Incorporated (NYSE-GXP)	-2.5%	-6.5%	4.5%	-9.5%	-13.0%	5.5%
Hawaiian Electric Industries, Inc. (NYSE-HE)	-2.0%		2.0%	-3.0%		1.5%
IDACORP, Inc. (NYSE-IDA)	-0.5%	-4.5%	3.5%	8.5%		5.0%
MGE Energy, Inc. (NYSE-MGEE)	4.5%	1.0%	6.5%	6.5%	1.5%	6.0%
Nextera Energy (NYSE-NEE)	7.5%	6.5%	8.0%	11.0%	7.5%	9.0%
Northeast Utilities (NYSE-NU)		12.5%	3.0%	18.0%	8.5%	3.5%
OGE Energy Corp. (NYSE-OGE)	6.0%	1.0%	6.0%	8.5%	2.0%	8.5%
Pepco Holdings, Inc. (NYSE-POM)	-4.5%		0.5%	-4.5%	1.5%	0.5%
PG&E Corporation (NYSE-PCG)		8.5%	8.0%	3.5%	16.0%	6.5%
Pinnacle West Capital Corp. (NYSE-PNW)	-2.0%	4.0%	2.0%	1.0%	1.5%	
PNM Resources, Inc. (NYSE-PNM)	-7.5%	-0.5%	1.5%	-12.0%	-8.0%	-1.0%
Portland General Electric (NYSE-POR)				8.5%		2.0%
SCANA Corporation (NYSE-SCG)	4.5%	4.5%	3.5%	2.0%	4.0%	4.5%
Southern Company (NYSE-SO)	3.0%	3.0%	3.5%	3.0%	4.0%	6.0%
TECO Energy, Inc. (NYSE-TE)	-5.0%	-4.5%	-2.0%	3.5%	1.5%	6.5%
UIL Holdings Corporation (NYSE-UIL)	-2.0%			4.5%		-0.5%
UNS Energy Corp. (NYSE-UNS)	7.0%	20.0%	7.0%	13.0%	14.5%	5.0%
Westar Energy, Inc. (NYSE-WR)		-4.5%	-3.0%	1.0%	7.0%	6.0%
Wisconsin Energy Corporation (NYSE-WEC)	9.0%	3.0%	6.5%	10.0%	14.0%	7.0%
Xcel Energy Inc. (NYSE-XEL)	-1.0%	-4.0%		4.5%	3.5%	4.5%
Mean	1.3%	1.8%	3.7%	4.0%	4.3%	4.3%
Median	1.5%	1.3%	3.5%	4.5%	4.0%	4.5%
	Average of Median Figures =			3.2%		

Data Source: *Value Line Investment Survey.*

Exhibit JRW-10

Louisville Gas & Electric Company
DCF Equity Cost Growth Rate Measures
***Value Line* Historic Growth Rates**

Gas Proxy Group

Company	*Value Line* Historic Growth					
	Past 10 Years			Past 5 Years		
	Earnings	Dividends	Book Value	Earnings	Dividends	Book Value
AGL Resources Inc. (NYSE-ATG)	9.0%	5.0%	7.0%	4.5%	7.5%	5.5%
Atmos Energy Corporation (NYSE-ATO)	7.0%	1.5%	6.5%	4.0%	1.5%	4.5%
Laclede Group, Inc. (NYSE-LG)	6.5%	1.5%	5.0%	6.0%	2.5%	6.5%
Northwest Natural Gas Co. (NYSE-NWN)	4.0%	3.0%	4.0%	4.5%	4.5%	4.0%
Piedmont Natural Gas Co., Inc. (NYSE-PNY)	5.0%	4.5%	5.0%	4.5%	4.0%	3.0%
South Jersey Industries, Inc. (NYSE-SJI)	9.5%	6.5%	10.5%	7.0%	9.5%	7.0%
Southwest Gas Corporation (NYSE-SWX)	6.0%	2.0%	4.5%	6.5%	4.0%	5.0%
WGL Holdings, Inc. (NYSE-WGL)	3.0%	2.0%	4.0%	3.0%	2.5%	5.0%
Mean	6.3%	3.3%	5.8%	5.0%	4.5%	5.1%
Median	6.3%	2.5%	5.0%	4.5%	4.0%	5.0%
	Average of Median Figures =			4.5%		

Data Source: *Value Line Investment Survey.*

Exhibit JRW-10

Louisville Gas & Electric Company
DCF Equity Cost Growth Rate Measures
***Value Line* Projected Growth Rates**

Electric Proxy Group

Company	*Value Line* Projected Growth Est'd. '09-'11 to '15-'17			*Value Line* Sustainable Growth		
	Earnings	Dividends	Book Value	Return on Equity	Retention Rate	Internal Growth
ALLETE, Inc. (NYSE-ALE)	7.5%	2.0%	4.0%	10.0%	41.0%	4.1%
Alliant Energy Corporation (NYSE-LNT)	6.0%	5.5%	3.5%	10.5%	33.0%	3.5%
Ameren Corporation (NYSE-AEE)	-1.0%	2.5%	0.5%	7.0%	28.0%	2.0%
American Electric Power Co. (NYSE-AEP)	4.5%	3.5%	4.5%	10.0%	41.0%	4.1%
Avista Corporation (NYSE-AVA)	5.5%	6.5%	3.5%	9.0%	38.0%	3.4%
Black Hills Corporation (NYSE-BKH)	7.0%	2.0%	2.0%	8.0%	37.0%	3.0%
Cleco Corporation (NYSE-CNL)	6.5%	11.5%	6.0%	11.5%	44.0%	5.1%
CMS Energy Corporation (NYSE-CMS)	7.0%	10.0%	5.0%	12.5%	39.0%	4.9%
Consolidated Edison, Inc. (NYSE-ED)	4.0%	1.0%	3.5%	9.0%	42.0%	3.8%
Dominion Resources, Inc. (NYSE-D)	5.0%	6.0%	5.0%	14.5%	32.0%	4.6%
DTE Energy Company (NYSE-DTE)	4.0%	3.5%	3.5%	9.5%	40.0%	3.8%
Duke Energy Corporation (NYSE-DUK)	4.5%	2.0%	3.5%	8.0%	34.0%	2.7%
Edison International (NYSE-EIX)	1.0%	3.5%	3.5%	9.0%	53.0%	4.8%
Exelon Corporation (NYSE-EXC)	-2.0%	0.0%	6.0%	12.5%	40.0%	5.0%
FirstEnergy Corporation (ASE-FE)	5.0%	1.5%	4.0%	10.0%	36.0%	3.6%
Great Plains Energy Incorporated (NYSE-GXP)	5.5%	5.0%	2.0%	7.5%	38.0%	2.9%
Hawaiian Electric Industries, Inc. (NYSE-HE)	9.0%	2.0%	4.5%	10.0%	33.0%	3.3%
IDACORP, Inc. (NYSE-IDA)	2.0%	8.0%	4.5%	8.5%	44.0%	3.7%
MGE Energy, Inc. (NYSE-MGEE)	4.5%	3.5%	5.0%	10.5%	24.0%	2.5%
Nextera Energy (NYSE-NEE)	5.0%	8.0%	6.5%	12.5%	47.0%	5.9%
Northeast Utilities (NYSE-NU)	8.0%	8.5%	8.0%	9.5%	47.0%	4.5%
OGE Energy Corp. (NYSE-OGE)	6.0%	4.5%	8.0%	11.5%	59.0%	6.8%
Pepco Holdings, Inc. (NYSE-POM)	7.0%	1.0%	2.0%	8.0%	31.0%	2.5%
PG&E Corporation (NYSE-PCG)	4.5%	2.0%	4.0%	10.5%	47.0%	4.9%
Pinnacle West Capital Corp. (NYSE-PNW)	5.0%	2.5%	3.0%	9.0%	35.0%	3.2%
PNM Resources, Inc. (NYSE-PNM)	16.0%	12.0%	3.0%	9.0%	50.0%	4.5%
Portland General Electric (NYSE-POR)	5.5%	3.5%	3.5%	8.5%	45.0%	3.8%
SCANA Corporation (NYSE-SCG)	4.0%	2.0%	5.5%	9.5%	43.0%	4.1%
Southern Company (NYSE-SO)	5.0%	4.0%	5.0%	12.5%	31.0%	3.9%
TECO Energy, Inc. (NYSE-TE)	6.5%	3.5%	4.5%	13.0%	41.0%	5.3%
UIL Holdings Corporation (NYSE-UIL)	4.0%	0.0%	3.5%	9.5%	29.0%	2.8%
UNS Energy Corp. (NYSE-UNS)	5.5%	7.5%	3.5%	14.0%	40.0%	5.6%
Westar Energy, Inc. (NYSE-WR)	6.5%	3.0%	4.5%	8.5%	39.0%	3.3%
Wisconsin Energy Corporation (NYSE-WEC)	6.5%	13.5%	3.5%	14.0%	37.0%	5.2%
Xcel Energy Inc. (NYSE-XEL)	6.0%	5.0%	4.5%	10.0%	38.0%	3.8%
Mean	5.3%	4.6%	4.2%	10.2%	39.3%	4.0%
Median	5.5%	3.5%	4.0%	10.0%	39.0%	3.8%
Average of Median Figures =		4.3%				3.8%

Data Source: *Value Line Investment Survey*.

Exhibit JRW-10

Louisville Gas & Electric Company
DCF Equity Cost Growth Rate Measures
***Value Line* Projected Growth Rates**

Gas Proxy Group

Company	*Value Line* Projected Growth Est'd. '09-'11 to '15-'17			*Value Line* Sustainable Growth		
	Earnings	Dividends	Book Value	Return on Equity	Retention Rate	Internal Growth
AGL Resources Inc. (NYSE-ATG)	8.0%	2.0%	5.0%	12.5%	52.0%	6.5%
Atmos Energy Corporation (NYSE-ATO)	4.0%	1.5%	6.0%	8.0%	46.0%	3.7%
Laclede Group, Inc. (NYSE-LG)	2.0%	2.5%	4.5%	11.5%	42.0%	4.8%
Northwest Natural Gas Co. (NYSE-NWN)	4.5%	2.5%	2.0%	12.0%	44.0%	5.3%
Piedmont Natural Gas Co., Inc. (NYSE-PNY)	2.5%	3.5%	1.5%	13.0%	28.0%	3.6%
South Jersey Industries, Inc. (NYSE-SJI)	9.0%	9.0%	6.5%	15.0%	47.0%	7.1%
Southwest Gas Corporation (NYSE-SWX)	9.0%	8.0%	6.0%	10.5%	58.0%	6.1%
WGL Holdings, Inc. (NYSE-WGL)	3.5%	2.5%	4.0%	10.0%	39.0%	3.9%
Mean	5.3%	3.9%	4.4%	11.6%	44.5%	5.1%
Median	4.3%	2.5%	4.8%	11.8%	45.0%	5.1%
Average of Median Figures =		3.8%			Median =	5.1%

Data Source: *Value Line Investment Survey*.

Exhibit JRW-10

Louisville Gas & Electric Company
DCF Equity Cost Growth Rate Measures
Analysts Projected EPS Growth Rate Estimates

Electric Proxy Group

Company	Yahoo	Zacks	Reuters	Average
ALLETE, Inc. (NYSE-ALE)	5.0%	5.0%	6.5%	5.5%
Alliant Energy Corporation (NYSE-LNT)	6.3%	6.2%	5.9%	6.1%
Ameren Corporation (NYSE-AEE)	-4.1%	-0.5%	-4.1%	-2.9%
American Electric Power Co. (NYSE-AEP)	3.4%	3.6%	3.4%	3.4%
Avista Corporation (NYSE-AVA)	4.0%	4.7%	4.5%	4.4%
Black Hills Corporation (NYSE-BKH)	6.0%	6.0%	na	6.0%
Cleco Corporation (NYSE-CNL)	3.0%	na	3.0%	3.0%
CMS Energy Corporation (NYSE-CMS)	6.1%	5.6%	6.1%	5.9%
Consolidated Edison, Inc. (NYSE-ED)	3.0%	3.4%	3.2%	3.2%
Dominion Resources, Inc. (NYSE-D)	5.0%	4.7%	5.4%	5.0%
DTE Energy Company (NYSE-DTE)	4.6%	4.9%	4.4%	4.7%
Duke Energy Corporation (NYSE-DUK)	2.4%	3.7%	3.5%	3.2%
Edison International (NYSE-EIX)	-0.9%	3.7%	2.4%	1.7%
Exelon Corporation (NYSE-EXC)	-9.5%	4.9%	-1.5%	-2.0%
FirstEnergy Corporation (ASE-FE)	-8.2%	0.5%	4.0%	-1.3%
Great Plains Energy Incorporated (NYSE-GXP)	6.5%	7.8%	6.4%	6.9%
Hawaiian Electric Industries, Inc. (NYSE-HE)	8.6%	6.7%	6.3%	7.2%
IDACORP, Inc. (NYSE-IDA)	4.0%	5.0%	4.5%	4.5%
MGE Energy, Inc. (NYSE-MGEE)	4.0%	4.0%	4.0%	4.0%
Nextera Energy (NYSE-NEE)	5.2%	5.7%	5.7%	5.6%
Northeast Utilities (NYSE-NU)	4.9%	6.6%	5.7%	5.7%
OGE Energy Corp. (NYSE-OGE)	5.4%	5.7%	5.3%	5.5%
Pepco Holdings, Inc. (NYSE-POM)	4.5%	3.8%	4.6%	4.3%
PG&E Corporation (NYSE-PCG)	0.4%	2.6%	2.9%	2.0%
Pinnacle West Capital Corp. (NYSE-PNW)	5.9%	5.9%	6.3%	6.0%
PNM Resources, Inc. (NYSE-PNM)	9.3%	9.3%	9.6%	9.4%
Portland General Electric (NYSE-POR)	3.6%	4.1%	4.2%	4.0%
SCANA Corporation (NYSE-SCG)	4.8%	4.4%	4.9%	4.7%
Southern Company (NYSE-SO)	5.4%	5.1%	5.4%	5.3%
TECO Energy, Inc. (NYSE-TE)	2.7%	3.3%	3.8%	3.2%
UIL Holdings Corporation (NYSE-UIL)	4.1%	4.5%	4.3%	4.3%
UNS Energy Corp. (NYSE-UNS)	8.0%	6.3%	8.0%	7.4%
Westar Energy, Inc. (NYSE-WR)	5.8%	6.1%	5.5%	5.8%
Wisconsin Energy Corporation (NYSE-WEC)	6.1%	5.5%	6.9%	6.1%
Xcel Energy Inc. (NYSE-XEL)	5.1%	4.9%	4.9%	4.9%
Mean	3.7%	4.8%	4.6%	4.4%
Median	4.8%	4.9%	4.7%	4.7%

Data Sources: www.reuters.com, www.zacks.com, http://quote.yahoo.com, September 5, 2012.

Exhibit JRW-10

Louisville Gas & Electric Company
DCF Equity Cost Growth Rate Measures
Analysts Projected EPS Growth Rate Estimates

Gas Proxy Group

Company	Yahoo	Zack's	Reuters	Average
AGL Resources Inc. (NYSE-GAS)	-5.7%	4.3%	5.0%	1.2%
Atmos Energy Corporation (NYSE-ATO)	5.5%	5.2%	5.3%	5.3%
Laclede Group, Inc. (NYSE-LG)	5.3%	3.0%	5.0%	4.4%
Northwest Natural Gas Co. (NYSE-NWN)	4.5%	4.1%	4.3%	4.3%
Piedmont Natural Gas Co., Inc. (NYSE-PNY)	4.6%	4.7%	5.2%	4.8%
South Jersey Industries, Inc. (NYSE-SJI)	6.0%	6.0%	7.0%	6.3%
Southwest Gas Corporation (NYSE-SWX)	4.1%	4.4%	2.5%	3.7%
WGL Holdings, Inc. (NYSE-WGL)	5.6%	5.4%	5.6%	5.5%
Mean	3.7%	4.6%	5.0%	4.4%
Median	4.9%	4.5%	5.1%	4.6%

Data Sources: www.reuters.com, www.zacks.com, http://quote.yahoo.com, August 21, 2012.

Exhibit JRW-10

Louisville Gas & Electric Company
DCF Growth Rate Indicators

Electric and Gas Proxy Groups
Summary Growth Rates

Growth Rate Indicator	Electric Proxy Group	Gas Proxy Group
Historic *Value Line* Growth in EPS, DPS, and BVPS	3.2%	4.5%
Projected *Value Line* Growth in EPS, DPS, and BVPS	4.3%	3.8%
Sustainable Growth ROE * Retention Rate	3.8%	5.1%
Projected EPS Growth from Yahoo, Zacks, and Reuters	4.7%	4.6%
Average of Historic and Projected Growth Rates	4.0%	4.5%
Average of Sustainable and Projected Growth Rates	4.3%	4.5%

Exhibit JRW-11

Louisville Gas & Electric Company
Capital Asset Pricing Model

Panel A
Electric Proxy Group

Risk-Free Interest Rate	**4.00%**
Beta*	**0.70**
Ex Ante Equity Risk Premium**	**5.00%**
CAPM Cost of Equity	**7.5%**

* See page 3 of Exhibit JRW-11
** See pages 5 and 6 of Exhibit JRW-11

Panel B
Gas Proxy Group

Risk-Free Interest Rate	**4.00%**
Beta*	**0.65**
Ex Ante Equity Risk Premium**	**5.00%**
CAPM Cost of Equity	**7.3%**

* See page 3 of Exhibit JRW-11
** See pages 5 and 6 of Exhibit JRW-11

Exhibit JRW-11

Ten-Year U.S. Treasury Yields
January 2000-Present

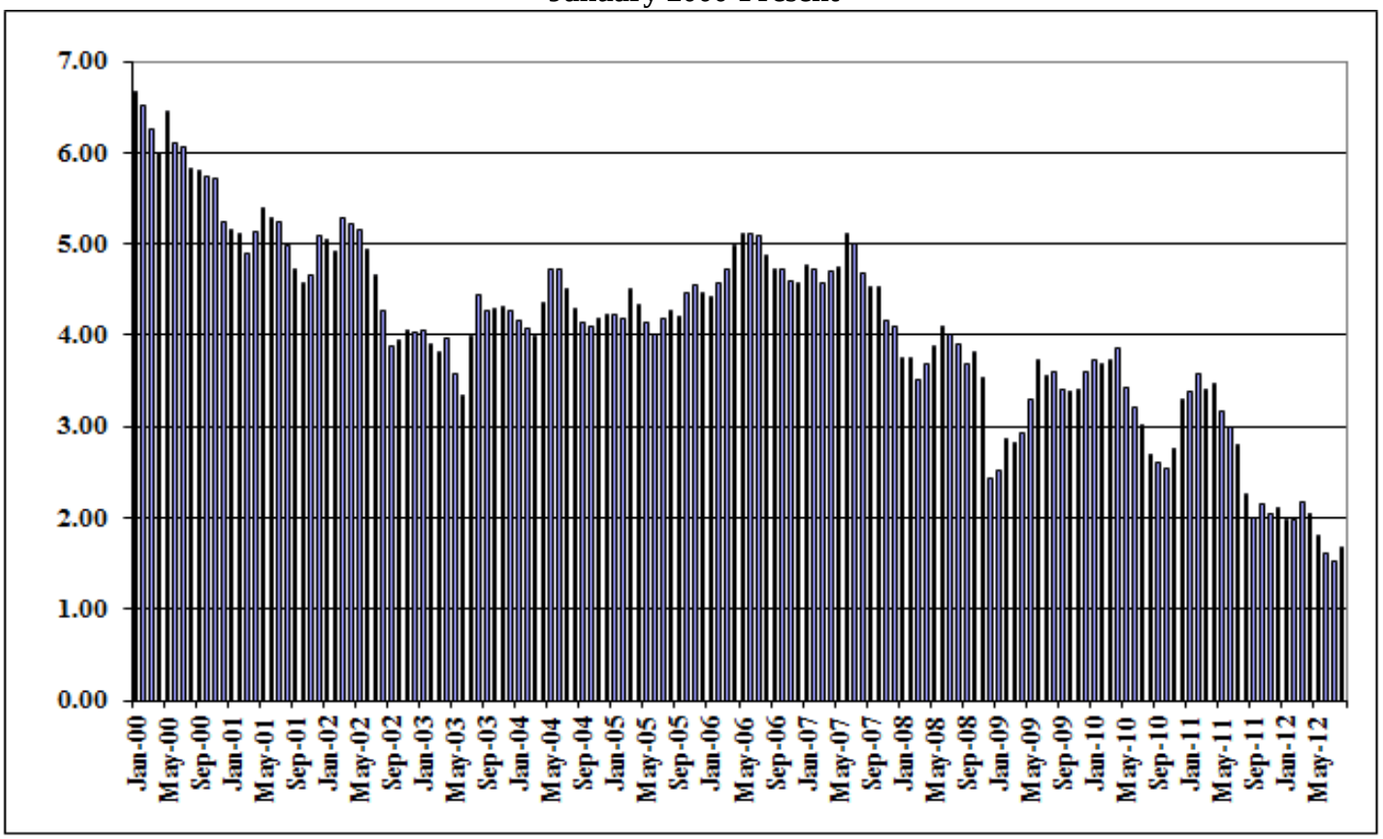
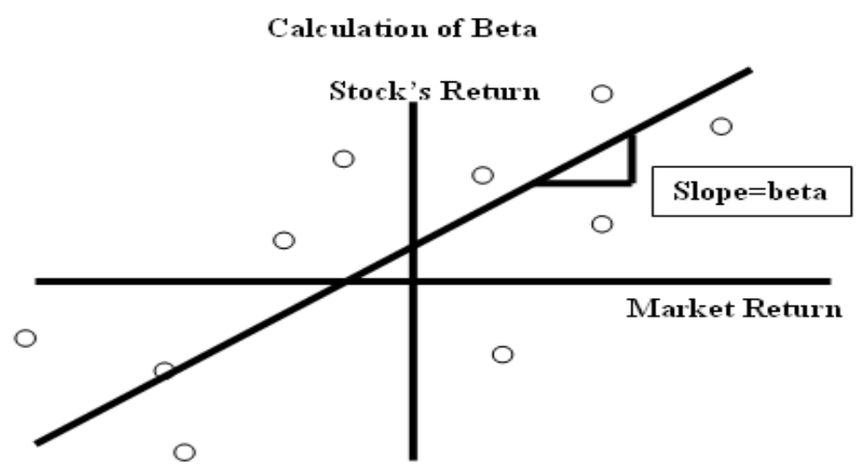


Exhibit JRW-11

Panel A
Betas



Electric Proxy Group

Company Name	Beta
ALLETE, Inc. (NYSE-ALE)	0.70
Alliant Energy Corporation (NYSE-LNT)	0.75
Ameren Corporation (NYSE-AEE)	0.80
American Electric Power Co. (NYSE-AEP)	0.70
Avista Corporation (NYSE-AVA)	0.70
Black Hills Corporation (NYSE-BKH)	0.85
Cleco Corporation (NYSE-CNL)	0.65
CMS Energy Corporation (NYSE-CMS)	0.75
Consolidated Edison, Inc. (NYSE-ED)	0.60
Dominion Resources, Inc. (NYSE-D)	0.70
DTE Energy Company (NYSE-DTE)	0.75
Duke Energy Corporation (NYSE-DUK)	0.60
Edison International (NYSE-EIX)	0.80
Exelon Corporation (NYSE-EXC)	0.80
FirstEnergy Corporation (ASE-FE)	0.80
Great Plains Energy Incorporated (NYSE-GXP)	0.75
Hawaiian Electric Industries, Inc. (NYSE-HE)	0.70
IDACORP, Inc. (NYSE-IDA)	0.70
MGE Energy, Inc. (NYSE-MGEE)	0.60
Nextera Energy (NYSE-NEE)	0.75
Northeast Utilities (NYSE-NU)	0.70
OGE Energy Corp. (NYSE-OGE)	0.80
Pepco Holdings, Inc. (NYSE-POM)	0.75
PG&E Corporation (NYSE-PCG)	0.55
Pinnacle West Capital Corp. (NYSE-PNW)	0.70
PNM Resources, Inc. (NYSE-PNM)	0.95
Portland General Electric (NYSE-POR)	0.75
SCANA Corporation (NYSE-SCG)	0.70
Southern Company (NYSE-SO)	0.55
TECO Energy, Inc. (NYSE-TE)	0.85
UIL Holdings Corporation (NYSE-UIL)	0.70
UNS Energy Corp. (NYSE-UNS)	0.75
Westar Energy, Inc. (NYSE-WR)	0.75
Wisconsin Energy Corporation (NYSE-WEC)	0.65
Xcel Energy Inc. (NYSE-XEL)	0.65
Mean	0.72
Median	0.70

Data Source: *Value Line Investment Survey, 2012.*

Gas Proxy Group

Company	
AGL Resources Inc. (NYSE-ATG)	0.75
Atmos Energy Corporation (NYSE-ATO)	0.70
Laclede Group, Inc. (NYSE-LG)	0.60
Northwest Natural Gas Co. (NYSE-NWN)	0.55
Piedmont Natural Gas Co., Inc. (NYSE-PNY)	0.65
South Jersey Industries, Inc. (NYSE-SJI)	0.65
Southwest Gas Corporation (NYSE-SWX)	0.75
WGL Holdings, Inc. (NYSE-WGL)	0.65
Mean	0.66
Median	0.65

Data Source: *Value Line Investment Survey, 2012.*

Exhibit JRW-11

Risk Premium Approaches

	Historical Ex Post Excess Returns	Surveys	Ex Ante Models and Market Data
Means of Assessing the Equity-Bond Risk Premium	Historical average is a popular proxy for the ex ante premium – but likely to be misleading	Investor and expert surveys can provide direct estimates of prevailing expected returns/premiums	Current financial market prices (simple valuation ratios or DCF-based measures) can give most objective estimates of feasible ex ante equity-bond risk premium
Problems/Debated Issues	Time variation in required returns and systematic selection and other biases have boosted valuations over time, and have exaggerated realized excess equity returns compared with ex ante expected premiums	Limited survey histories and questions of survey representativeness. Surveys may tell more about hoped-for expected returns than about objective required premiums due to irrational biases such as extrapolation.	Assumptions needed for DCF inputs, notably the trend earnings growth rate, make even these models' outputs subjective. The range of views on the growth rate, as well as the debate on the relevant stock and bond yields, leads to a range of premium estimates.

Source: Antti Ilmanen, Expected Returns on Stocks and Bonds," *Journal of Portfolio Management*, (Winter 2003).

Exhibit JRW-11

Louisville Gas & Electric Company
Capital Asset Pricing Model
Equity Risk Premium

Category	Study Authors	Publication Date	Time Period Of Study	Methodology	Return Measure	Range Low	Range High	Midpoint of Range	Mean	Median
Historical Risk Premium										
	Ibbotson	2012	1926-2011	Historical Stock Returns - Bond Returns	Arithmetic				5.70%	
					Geometric				4.10%	
	Bate	2008	1900-2007	Historical Stock Returns - Bond Returns	Geometric				4.50%	
	Shiller	2006	1926-2005	Historical Stock Returns - Bond Returns	Arithmetic				7.00%	
					Geometric				5.50%	
	Damodoran	2006	1926-2005	Historical Stock Returns - Bond Returns	Arithmetic				6.70%	
					Geometric				5.10%	
	Siegel	2005	1926-2005	Historical Stock Returns - Bond Returns	Arithmetic				6.10%	
					Geometric				4.60%	
	Dimson, Marsh, and Staunton	2006	1900-2005	Historical Stock Returns - Bond Returns	Arithmetic				5.50%	
	Goyal & Welch	2006	1872-2004	Historical Stock Returns - Bond Returns					4.77%	
	Median									5.50%
Ex Ante Models (Puzzle Research)										
	Claus Thomas	2001	1985-1998	Abnormal Earnings Model					3.00%	
	Arnott and Bernstein	2002	1810-2001	Fundamentals - Div Yld + Growth					2.40%	
	Constantinides	2002	1872-2000	Historical Returns & Fundamentals - P/D & P/E					6.90%	
	Cornell	1999	1926-1997	Historical Returns & Fundamental GDP/Earnings		3.50%	5.50%	4.50%	4.50%	
	Easton, Taylor, et al	2002	1981-1998	Residual Income Model					5.30%	
	Fama French	2002	1951-2000	Fundamental DCF with EPS and DPS Growth		2.55%	4.32%		3.44%	
	Harris & Marston	2001	1982-1998	Fundamental DCF with Analysts' EPS Growth					7.14%	
	Best & Byrne	2001								
	McKinsey	2002	1962-2002	Fundamental (P/E, D/P, & Earnings Growth)		3.50%	4.00%		3.75%	
	Siegel	2005	1802-2001	Historical Earnings Yield	Geometric				2.50%	
	Grabowski	2006	1926-2005	Historical and Projected		3.50%	6.00%	4.75%	4.75%	
	Maheu & McCurdy	2006	1885-2003	Historical Excess Returns, Structural Breaks,		4.02%	5.10%	4.56%	4.56%	
	Bostock	2004	1960-2002	Bond Yields, Credit Risk, and Income Volatility		3.90%	1.30%	2.60%	2.60%	
	Bakshi & Chen	2005	1982-1998	Fundamentals - Interest Rates					7.31%	
	Donaldson, Kamstra, & Kramer	2006	1952-2004	Fundamental, Dividend yld., Returns,, & Volatility		3.00%	4.00%	3.50%	3.50%	
	Campbell	2008	1982-2007	Historical & Projections (D/P & Earnings Growth)		4.10%	5.40%		4.75%	
	Best & Byrne	2001	Projection	Fundamentals - Div Yld + Growth					2.00%	
	Fernandez	2007	Projection	Required Equity Risk Premium					4.00%	
	DeLong & Magin	2008	Projection	Earnings Yield - TIPS					3.22%	
	Damodoran	2012	Projection	Fundamentals - Implied from FCF to Equity Model					6.11%	
	Social Security									
	Office of Chief Actuary		1900-1995							
	John Campbell	2001	1860-2000	Historical & Projections (D/P & Earnings Growth)	Arithmetic	3.00%	4.00%	3.50%	3.50%	
			Projected for 75 Years		Geometric	1.50%	2.50%	2.00%	2.00%	
	Peter Diamond	2001	ojected for 75 Ye	Fundamentals (D/P, GDP Growth)		3.00%	4.80%	3.90%	3.90%	
	John Shoven	2001	ojected for 75 Ye	Fundamentals (D/P, P/E, GDP Growth)		3.00%	3.50%	3.25%	3.25%	
	Median									3.75%
Surveys										
	Survey of Financial Forecasters	2012	0-Year Projectio	About 50 Financial Forecastsers					2.80%	
	Duke - CFO Magazine Survey	2012	0-Year Projectio	Approximately 800 CFOs					4.10%	
	Welch - Academics	2008	0-Year Projectio	Random Academics		5.00%	5.74%	5.37%	5.37%	
	Fernandez - Academics	2012	Long-Term	Survey of Academics					5.60%	
	Fernandez - Analysts	2012	Long-Term	Survey of Analysts					5.00%	
	Fernandez - Companies	2012	Long-Term	Survey of Companies					5.50%	
	Median									5.19%
Building Block										
	Ibbotson and Chen	2012	1926-2010	Historical Supply Model (D/P & Earnings Growth)	Arithmetic			5.99%	4.95%	
					Geometric			3.91%		
	Woolridge		2012	Current Supply Model (D/P & Earnings Growth)					4.90%	
	Median									4.93%
Mean										**4.84%**
Median										**5.06%**

Exhibit JRW-11

Louisville Gas & Electric Company
Capital Asset Pricing Model
Equity Risk Premium

Summary of 2010-12 Equity Risk Premium Studies

Category	Study Authors	Publication Date	Time Period Of Study	Methodology	Return Measure	Range Low	Range High	Midpoint of Range	Mean	Average
Historical Risk Premium										
	Ibbotson	2012	1926-2011	Historical Stock Returns - Bond Returns	Arithmetic				5.70%	
					Geometric				4.10%	
	Median									4.90%
Ex Ante Models (Puzzle Research)										
	Damodoran	2012	Projection	Fundamentals - Implied from FCF to Equity Model					6.11%	
	Median									6.11%
Surveys										
	Survey of Financial Forecasters	2012	10-Year Projection	About 50 Financial Forecastsers					2.80%	
	Duke - CFO Magazine Survey	2012	10-Year Projection	Approximately 800 CFOs					4.10%	
	Fernandez - Academics	2012	Long-Term	Survey of Academics					5.60%	
	Fernandez - Analysts	2012	Long-Term	Survey of Analysts					5.00%	
	Fernandez - Companies	2012	Long-Term	Survey of Companies					5.50%	
	Median									5.00%
Building Block										
	Ibbotson and Chen	2012	1926-2010	Historical Supply Model (D/P & Earnings Growth)	Arithmetic			5.99%	4.95%	
					Geometric			3.91%		
	Woolridge		2012	Current Supply Model (D/P & Earnings Growth)					4.90%	
	Median									4.93%
Mean										**5.23%**
Median										**4.96%**

Exhibit JRW-12

Louisville Gas & Electric Company
Company's Proposed Cost of Capital

Capital Source	Capitalization Ratio	Cost Rate	Weighted Cost Rate
Long-Term Debt	44.36%	3.81%	1.69%
Common Equity	55.64%	11.00%	6.12%
Total	100.00%	100.00%	7.81%

Summary of LGE's ROE Results

Panel A
Summary of Dr. Avera's Equity Cost Rate Approaches and Results

	Combination Utility Group			Non-Utility Group		
Approach	**Average**		**Midpoint**	**Average**		**Midpoint**
DCF						
Value Line	**10.00%**		**11.00%**	**12.20%**		**12.60%**
IBES	**10.20%**		**11.90%**	**10.90%**		**10.90%**
Zack's	**9.40%**		**9.60%**	**11.70%**		**12.20%**
br+sv	**9.00%**		**9.20%**	**13.20%**		**12.10%**
CAPM - Current Bond Yield						
Unadjusted		**10.60%**				
Size Adjusted		**11.40%**				
CAPM - Projected Bond Yield						
Unadjusted		**11.00%**				
Size Adjusted		**11.80%**				
Utility Risk Premium						
Current Bond Yields		**10.30%**				
Projected Bond Yields		**11.30%**				
Expected Earnings				**N/A**		
Value Line 2014-16	**10.40%**		**10.60%**	**N/A**		
Utility Proxy Group						

Panel B
Summary of Dr. Avera's DCF Results

	Gas Utility Group		Non-Utility Proxy Group
Average Adjusted Dividend Yield	**4.70%**		**2.90%**
Growth*	**5.00%**		**8.60%**
DCF Result	**9.70%**		**11.50%**

* Expected EPS Growth from IBES, Zacks, and *Value Line* , and br+sv growth.

Panel C
Summary of Dr. Avera's CAPM Results
Combination Utility Group

	Current Bond Yield		Projected Bond Yield
Risk-Free Rate	**2.90%**		**4.40%**
Beta	**0.74**		**0.74**
Market Risk Premium	**10.40%**		**8.90%**
CAPM Result	**10.60%**		**10.99%**
Size Adjustment	**0.78%**		**0.78%**
Adjusted CAPM Result	**11.4%**		**11.8%**

Panel D
Summary of Dr. Avera's RP Results
Combination Utility Group

	Current Bond Yield		Projected Bond Yield
BBB Bond Yield	**4.97%**		**6.74%**
Adjusted Risk Premium	**5.28%**		**4.54%**
Risk Premium Result	**10.25%**		**11.28%**

Panel E
Summary of Dr. Avera's Expected Earnings Approach

	Average		Midpoint
Adjusted Expected ROE	**10.40%**		**10.60%**

Exhibit JRW-12

Louisville Gas & Electric Company

Summary Financial Statistics

Electric Proxy Group

Company	Operating Revenue ($mil)	Percent Elec Revenue	Percent Gas Revenue	Net Plant ($mil)	Market Cap ($mil)	S&P Bond Rating	Moody's Bond Rating	Pre-Tax Interest Coverage	Primary Service Area	Common Equity Ratio	Return on Equity	Market to Book Ratio
ALLETE, Inc. (NYSE-ALE)	926.0	90		2,002.8	1.6	A-	A2	3.9	MN, WI	56.3	7.7	1.44
Alliant Energy Corporation (NYSE-LNT)	3,486.0	74	12	7,081.3	5.3	BBB+	A2/A3	3.7	WS,IA,IL,MN	51.2	8.5	1.68
Ameren Corporation (NYSE-AEE)	7,285.0	87	13	17,535.0	8.2	BBB/BBB-	Baa1/Baa2	3.1	IL,MO	51	0.6	1.10
Avista Corporation (NYSE-AVA)	1,595.5	61	34	2,872.9	1.6	A-	A3	3.3	WA,OR,ID	44	8.2	1.34
Black Hills Corporation (NYSE-BKH)	1,234.7	50	41	2,819.1	1.4	BBB+	A3	1.4	CO,SD,WY,MT	44.8	4.5	1.16
DTE Energy Company (NYSE-DTE)	8,715.0	59	16	13,924.0	10.4	A	A2	3.3	MI	47.1	9.9	1.46
Empire District Electric Co. (NYSE-EDE)	563.3	91	7	1,585.2	0.00	BBB+	A3	3.1	KS,OK,AR,MO	49.8	7.8	130.9
Exelon Corporation (NYSE-EXC)	18,559.0	51	4	42,105.0	32.1	BBB+/BBB	Baa1	6.7	PA,MD,IL	53.5	11.3	1.46
Northwestern Corporation (NYSE-NWE)	1,088.2	73	27	2,230.8	0.00	NR	NR	2.4	MT,SD,NE	45.5	10.7	168.5
PG&E Corporation (NYSE-PCG)	15,000.0	78	22	34,249.0	19.2	BBB/BBB-	A3/Baa1	3.5	CA	48.3	7.3	1.53
PPL Corporation (NYSE-PPL)	13,939.0	45	2	27,706.0	0.00	A-	A3	3.7	PA,KY,UK	37.2	16.5	149.2
Public Service Enterprise Group (NYSE-PEG)	10,600.0	43	22	18,233.0	0.00	BBB+/BBB	A1	6.6	NJ	57.7	14.3	156.3
SCANA Corporation (NYSE-SCG)	4,234.0	57	18	10,255.0	6.3	BBB+	Baa1/Baa2	2.9	SC,NC,GA	42.1	9.8	1.60
SEMPRA Energy (NYSE-SRE)	9,985.0	28	53	24,076.0	0.00	A/A-	A2	3.6	CA	45.5	14.2	172.8
TECO Energy, Inc. (NYSE-TE)	3,277.3	62	12	5,985.6	3.9	BBB+	A3	3.2	FL	42.9	12.2	1.73
UIL Holdings Corporation (NYSE-UIL)	1,467.7	54	46	2,605.6	1.9	BBB	Baa2	3.0	CT	38.8	11.6	1.69
Mean	6,372.2	63	22	13,454.1	5.7	BBB+	A3	3.6		47.2	9.7	49.62
Median	3,860.0	60	18	8,668.2	1.8	BBB+	A3	3.3		46.3	9.9	1.64

Data Source: *AUS Utility Reports*, August, 2012; Pre-Tax Interest Coverage and Primary Service Territory are from *Value Line Investment Survey*, 2012.

Avera DCF Eliminations - Combination Utility Group

	Company	Earnings Growth V Line	Earnings Growth IBES	Earnings Growth Zacks	br+sv Growth	
1	Alliant Energy	10.7%	10.5%	10.4%	9.0%	
2	ALLETE	11.0%	9.5%	9.5%	8.6%	
3	Ameren Corp.	4.6%	2.8%	9.1%	7.8%	
4	Avista Corp.	10.1%	8.6%	9.3%	8.5%	
5	Black Hills Corp.	11.5%	10.5%	10.5%	7.5%	
6	DTE Energy Co.	9.4%	8.7%	8.8%	8.2%	
7	Empire District Elec.	11.0%	15.2%	NA	8.0%	
8	Exelon Corp.	2.5%	-4.7%	5.5%	9.2%	
9	Northwestern Corp.	9.3%	9.3%	9.3%	8.6%	
10	PG&E Corp.	8.7%	5.7%	8.8%	9.5%	
11	PPL Corp.	10.2%	4.3%	NA	11.0%	
12	Pub Sv Enterprise Grp	4.7%	6.3%	6.7%	10.7%	
13	SCANA Corp.	7.9%	11.1%	8.4%	9.6%	
14	Sempra Energy	8.4%	10.9%	10.9%	9.9%	
15	TECO Energy	14.1%	9.2%	8.8%	10.4%	
16	UIL Holdings	8.1%	9.2%	9.1%	7.5%	Average
	Mean (b)	10.0%	10.2%	9.4%	9.0%	9.7%
	Mean (c)	8.9%	7.9%	8.9%	9.0%	8.7%
	Median (c)	9.4%	9.2%	9.1%	8.8%	9.1%

(a) Source: LG&E Exhibit WEA-2, page 3 of 3.

(b) Excludes highlighted figures.

(c) Includes all figures

br+sv Growth Versus *Value Line* Projected BVPS Growth

Company	Avera br+sv Growth	*Value Line* Projected BVPS Growth
Alliant Energy	4.1%	3.5%
ALLETE	4.8%	4.0%
Ameren Corp.	2.7%	0.0%
Avista Corp.	3.9%	3.5%
Black Hills Corp.	3.0%	2.0%
DTE Energy Co.	3.8%	3.5%
Empire District Elec.	3.1%	2.5%
Exelon Corp.	3.7%	6.0%
Northwestern Corp.	4.3%	4.5%
PG&E Corp.	5.3%	4.0%
PPL Corp.	5.7%	7.0%
Pub Sv Enterprise Grp	6.0%	5.5%
SCANA Corp.	5.2%	5.5%
Sempra Energy	6.0%	5.0%
TECO Energy	5.3%	4.5%
UIL Holdings	2.5%	3.5%
Mean	4.3%	4.0%

Data Source: LG&E Exhibit WEA-2, page 2, and Value Line Investment Survey, 2012.

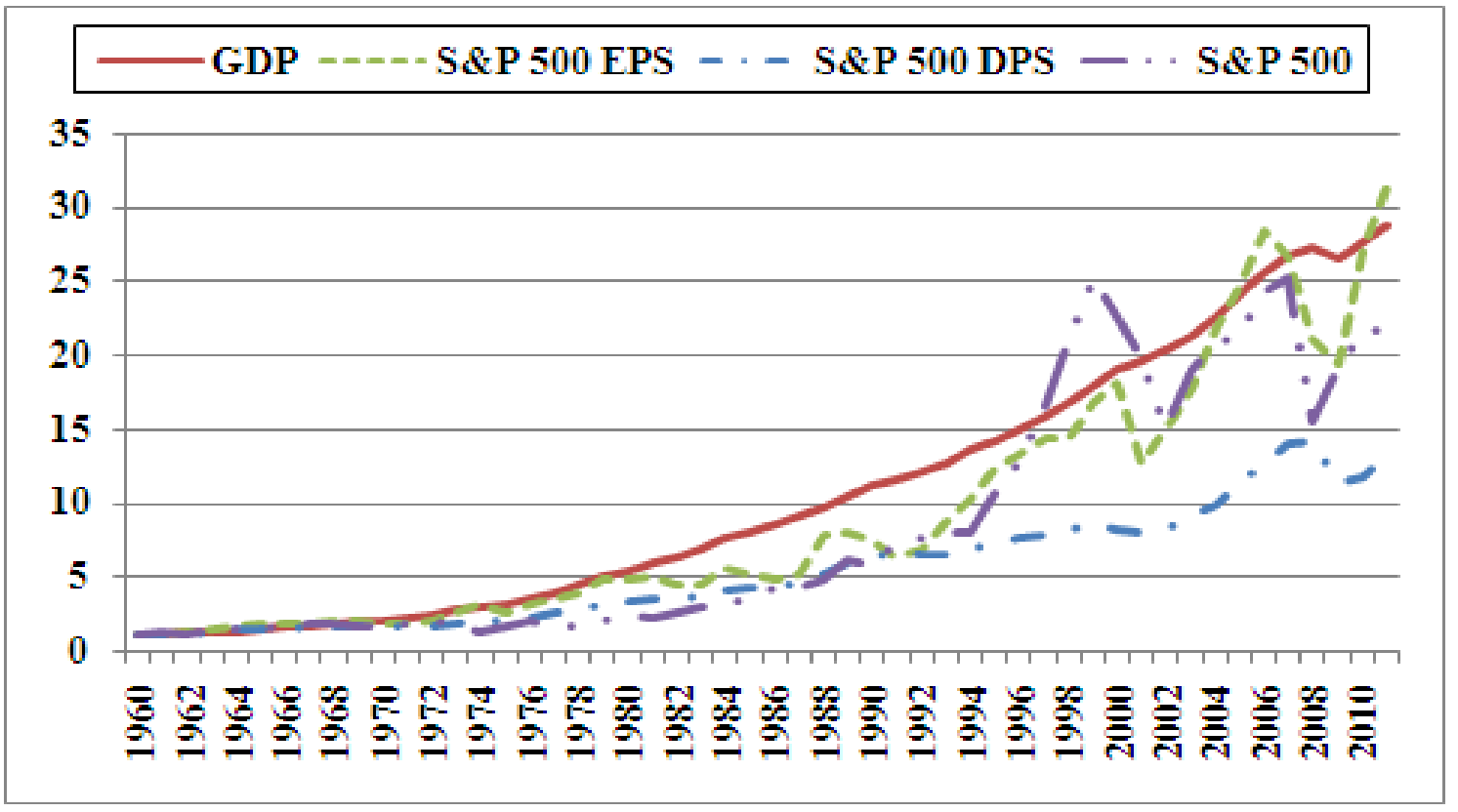
Growth Rates

GDP, S&P 500 Price, EPS, and DPS

	GDP	S&P 500	Earnings	Dividends	
1960	526.4	58.11	3.10	1.98	
1961	544.8	71.55	3.37	2.04	
1962	585.7	63.10	3.67	2.15	
1963	617.8	75.02	4.13	2.35	
1964	663.6	84.75	4.76	2.58	
1965	719.1	92.43	5.30	2.83	
1966	787.7	80.33	5.41	2.88	
1967	832.4	96.47	5.46	2.98	
1968	909.8	103.86	5.72	3.04	
1969	984.4	92.06	6.10	3.24	
1970	1038.3	92.15	5.51	3.19	
1971	1126.8	102.09	5.57	3.16	
1972	1237.9	118.05	6.17	3.19	
1973	1382.3	97.55	7.96	3.61	
1974	1499.5	68.56	9.35	3.72	
1975	1637.7	90.19	7.71	3.73	
1976	1824.6	107.46	9.75	4.22	
1977	2030.1	95.10	10.87	4.86	
1978	2293.8	96.11	11.64	5.18	
1979	2562.2	107.94	14.55	5.97	
1980	2788.1	135.76	14.99	6.44	
1981	3126.8	122.55	15.18	6.83	
1982	3253.2	140.64	13.82	6.93	
1983	3534.6	164.93	13.29	7.12	
1984	3930.9	167.24	16.84	7.83	
1985	4217.5	211.28	15.68	8.20	
1986	4460.1	242.17	14.43	8.19	
1987	4736.4	247.08	16.04	9.17	
1988	5100.4	277.72	24.12	10.22	
1989	5482.1	353.40	24.32	11.73	
1990	5800.5	330.22	22.65	12.35	
1991	5992.1	417.09	19.30	12.97	
1992	6342.3	435.71	20.87	12.64	
1993	6667.4	466.45	26.90	12.69	
1994	7085.2	459.27	31.75	13.36	
1995	7414.7	615.93	37.70	14.17	
1996	7838.5	740.74	40.63	14.89	
1997	8332.4	970.43	44.09	15.52	
1998	8793.5	1229.23	44.27	16.20	
1999	9353.5	1469.25	51.68	16.71	
2000	9951.5	1320.28	56.13	16.27	
2001	10286.2	1148.09	38.85	15.74	
2002	10642.3	879.82	46.04	16.08	
2003	11142.2	1111.91	54.69	17.88	
2004	11853.3	1211.92	67.68	19.41	
2005	12623.0	1248.29	76.45	22.38	
2006	13377.2	1418.30	87.72	25.05	
2007	14028.7	1468.36	82.54	27.73	
2008	14291.5	903.25	65.39	28.05	
2009	13939.0	1115.10	59.65	22.31	
2010	14526.5	1257.64	83.66	23.12	
2011	15094.0	1257.60	97.05	26.02	**Average**
Growth Rates	**6.80**	**6.21**	**6.98**	**5.18**	**6.29**

Data Sources: GDPA - http://research.stlouisfed.org/fred2/categories/106
S&P 500, EPS and DPS - http://pages.stern.nyu.edu/~adamodar/

Long-Term Growth of GDP, S&P 500, S&P 500 EPS, and S&P 500 DPS



	GDP	S&P 500	S&P 500 EPS	S&P 500 DPS
Growth Rates	6.80	6.21	6.98	5.18

Panel A
Historic GDP Growth Rates

10-Year Average	4.0%
20-Year Average	4.7%
30-Year Average	5.4%
40-Year Average	6.7%
50-Year Average	6.9%
60-Year Average	6.6%
Average of Periods	5.7%

Calculated from Page 1 of Exhibit JRW-14

Panel B
Projected GDP Growth Rates

	Time Frame	Projected Nominal GDP Growth Rate
Congressional Budget Office	2012-2022	4.8%
Survey of Financial Forecasters	Ten Year	4.9%
Energy Information Administration	2009-2035	4.8%

Sources:
http://www.cbo.gov/sites/default/files/cbofiles/attachments/02-01-OutlookTestimonyHouse.pdf
http://www.philadelphiafed.org/research-and-data/real-time-center/survey-of-professional-forecasters/2012/survq112.cfm
http://www.eia.gov/forecasts/aeo/er/

Attachment JRW-5
Louisville Gas & Electric Company
Capital Structure Ratios

Electric Proxy Group

	Short-Term Debt	Long-Term Debt	Preferred Stock	Common Stock	Total Capital
ALLETE, Inc. (NYSE-ALE)	0.3%	44.1%	0.0%	55.5%	100.0%
Alliant Energy Corporation (NYSE-LNT)	1.7%	43.4%	3.3%	51.7%	100.0%
Ameren Corporation (NYSE-AEE)	2.2%	43.9%	0.9%	53.0%	100.0%
Avista Corporation (NYSE-AVA)	4.6%	49.0%	0.0%	46.4%	100.0%
Black Hills Corporation (NYSE-BKH)	12.2%	45.1%	0.0%	42.6%	100.0%
DTE Energy Company (NYSE-DTE)	6.2%	47.5%	0.0%	46.3%	100.0%
Empire District Electric Co. (NYSE-EDE)	0.9%	49.5%	0.0%	49.6%	100.0%
Exelon Corporation (NYSE-EXC)	4.3%	43.6%	0.3%	51.8%	100.0%
Northwestern Corporation (NYSE-NWE)	8.7%	47.6%	0.0%	43.6%	100.0%
PG&E Corporation (NYSE-PCG)	8.0%	44.4%	1.0%	46.6%	100.0%
PPL Corporation (NYSE-PPL)	1.9%	60.2%	0.8%	37.1%	100.0%
Public Service Enterprise Group (NYSE-PEG)	3.4%	40.6%	0.0%	55.9%	100.0%
SCANA Corporation (NYSE-SCG)	7.4%	50.3%	0.0%	42.3%	100.0%
SEMPRA Energy (NYSE-SRE)	3.8%	48.2%	0.5%	47.5%	100.0%
TECO Energy, Inc. (NYSE-TE)	7.2%	50.3%	0.0%	42.4%	100.0%
UIL Holdings Corporation (NYSE-UIL)	8.6%	53.5%	0.0%	37.9%	100.0%
Mean	5.1%	47.6%	0.4%	46.9%	100.0%

Data Source: *Value Line Investment Survey.*