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

RECEIVED  
MAY 17 2010  
PUBLIC SERVICE  
COMMISSION

Louisville Gas and  
Electric Company  
State Regulation and Rates  
220 West Main Street  
PO Box 32010  
Louisville, Kentucky 40232  
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Robert M. Conroy  
Director - Rates  
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May 17, 2010

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") 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. 2009-00311, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after May 27, 2010.

Included in this filing is the final month of amortization for the Mill Creek Ash Dredging expense. The Deferred Debit Balance on ES Form 2.00 and the Ashpond Dredging Expense on ES Form 2.50 will be reported with a zero balance going forward.

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.

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

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

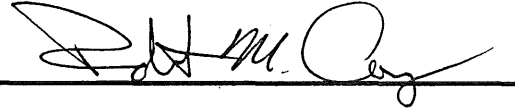
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of April 2010**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 1,998,563

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15 = 3.12%

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

Submitted by:



Title: Director, Rates

Date Submitted: May 17, 2010

**LOUISVILLE GAS AND ELECTRIC 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	= \$	238,604,916
(2) RB / 12	=	19,883,743
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.18%
(4) OE	=	1,590,098
(5) BAS	=	(189,461)
(6) BR	=	-
(7) E(m)	= \$	4,002,561
	$(2) \times (3) + (4) - (5) + (6)$	

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

(8) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	84.15%
(9) Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	3,368,155
(10) Adjustment for (Over)/Under-collection pursuant to Case No. 2009-00311	=	-
(11) Prior Period Adjustment (if necessary)	=	941,134
(12) Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	4,309,289
(13) Revenue Collected through Base Rates	= \$	2,310,726
(14) Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	1,998,563
(15) Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	64,004,468
(16) Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	3.12%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 248,446,376	
Eligible Pollution CWIP Excluding AFUDC	47,741,186	
Subtotal		\$ 296,187,562
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	768,916	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		768,916
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	42,560,004	
Pollution Control Deferred Income Taxes	15,791,558	
Subtotal		58,351,562
Environmental Compliance Rate Base	\$	238,604,916

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 585,817
Monthly Depreciation & Amortization Expense	801,110
less investment tax credit amortization	-
Monthly Property and Other Applicable Taxes	31,700
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	171,471
Less : Operating Expenses Associated with Retirements or Replacements	-
Occuring Since Last Roll-In of Surcharge into Existing Rates	
Total Pollution Control Operations Expense	\$ 1,590,098

**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	\$ 34,460	\$ 223,921	\$ (189,461)
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 34,460	\$ 223,921	\$ (189,461)

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

Plant, CWIP & Depreciation Expense

For the Month Ended: April 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	Deferred Tax Balance as of 4/30/2010	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ 192,860,844	\$ 37,126,515	\$ -	\$ 155,734,329	\$ 13,922,138		\$ 617,234	\$ 19,775
Subtotal	\$ 192,860,844	\$ 37,126,515	\$ -	\$ 155,734,329	\$ 13,922,138		\$ 617,234	\$ 19,775
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ (5,850,965)	\$ (2,914,284)	\$ -	\$ (2,936,681)	\$ (1,053,265)		\$ (13,202)	\$ (341)
<b>Net Total - 2001 Plan:</b>	\$ 187,009,879	\$ 34,212,231	\$ -	\$ 152,797,648	\$ 12,868,873		\$ 604,032	\$ 19,435
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ 30,861,686	\$ 9,126,959	\$ -	\$ 21,734,727	\$ 1,063,625		\$ 103,474	\$ 2,769
Project 8 - Precipitator Upgrades - All Plants	\$ 11,929,133	\$ 2,735,234	\$ -	\$ 9,193,899	\$ 939,796		\$ 47,792	\$ 1,173
Project 9 - Clearwell Water System - Mill Creek	\$ 1,197,310	\$ 417,861	\$ -	\$ 779,449	\$ 30,055		\$ 3,702	\$ 99
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ 2,734,620	\$ 1,174,748	\$ -	\$ 1,559,872	\$ 79,361		\$ 8,614	\$ 199
Subtotal	\$ 46,722,749	\$ 13,454,802	\$ -	\$ 33,267,947	\$ 2,112,836		\$ 163,582	\$ 4,240
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ (7,839,520)	\$ (6,665,432)	\$ -	\$ (1,174,088)	\$ (796,041)		\$ (27,125)	\$ (387)
<b>Net Total - 2003 Plan:</b>	\$ 38,883,229	\$ 6,789,370	\$ -	\$ 32,093,859	\$ 1,316,794		\$ 136,457	\$ 3,853
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,607,107	\$ 338,266	\$ 1,356,666	\$ 5,625,507	\$ 203,069		\$ 9,741	\$ 700
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 253,792	\$ 52,594	\$ 4,529,369	\$ 227,039		\$ 8,397	\$ 564
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 71,643	\$ -	\$ 778,457	\$ 67,209		\$ 2,564	\$ 99
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 35,629	\$ -	\$ 272,878	\$ 17,348		\$ 1,147	\$ 35
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,075,907	\$ -	\$ 6,285,170	\$ 947,767		\$ 22,206	\$ 797
Subtotal	\$ 17,857,360	\$ 1,775,238	\$ 1,409,259	\$ 17,491,382	\$ 1,462,432		\$ 44,055	\$ 2,193
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (1,191,665)	\$ (548,068)	\$ -	\$ (643,598)	\$ (131,696)		\$ (3,438)	\$ (80)
<b>Net Total - 2005 Plan:</b>	\$ 16,665,695	\$ 1,227,170	\$ 1,409,259	\$ 16,847,784	\$ 1,330,736		\$ 40,616	\$ 2,114

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

Plant, CWIP & Depreciation Expense

For the Month Ended: April 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	Deferred Tax Balance  as of 4/30/2010	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ 44,397,114	\$ 44,397,114	\$ -		\$ -	\$ 5,441
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 171,079	\$ 191,409	\$ 3,460,407	\$ 175,399		\$ 9,777	\$ 414
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 104,624	\$ -	\$ 1,945,722	\$ 34,624		\$ 8,867	\$ 248
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 55,531	\$ -	\$ 341,620	\$ 65,132		\$ 1,361	\$ 43
Subtotal	\$ 5,887,574	\$ 331,233	\$ 44,588,523	\$ 50,144,864	\$ 275,155		\$ 20,005	\$ 6,145
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 5,887,574	\$ 331,233	\$ 44,588,523	\$ 50,144,864	\$ 275,155		\$ 20,005	\$ 6,145
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 248,289	\$ 248,289	\$ -		\$ -	\$ 33
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 706,534	\$ 706,534	\$ -		\$ -	\$ 120
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 788,580	\$ 788,580	\$ -		\$ -	\$ -
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 1,743,403	\$ 1,743,403	\$ -		\$ -	\$ 153
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 1,743,403	\$ 1,743,403	\$ -		\$ -	\$ 153
<b>Net Total - All Plans:</b>	\$ 248,446,376	\$ 42,560,004	\$ 47,741,186	\$ 253,627,558	\$ 15,791,558		\$ 801,110	\$ 31,700

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

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

Inventory of Emission Allowances

For the Month Ended: April 30, 2010

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NO <sub>x</sub> Annual	NO <sub>x</sub> Ozone Season	SO <sub>2</sub>	NO <sub>x</sub> Annual	NO <sub>x</sub> Ozone Season	
Current Year	166,486	9,705	7,643	\$ 3,765.58	\$ -	\$ 150.57	
2011	62,379	14,133	6,212				
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030 - 2039	623,790						

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	169,308	0	2,822	0	0	166,486	
Dollars	\$ 3,829.42	\$ -	\$ 63.84	\$ -	\$ -	\$ 3,765.58	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	160,732	-	2,784			157,948	
Dollars	\$ 3,635.45	\$ -	\$ 62.98	\$ -	\$ -	\$ 3,572.47	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,576	-	38	-	-	8,538	
Dollars	\$ 193.97	\$ -	\$ 0.86	\$ -	\$ -	\$ 193.11	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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



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

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	7,643	0	0	0	0	7,643	
Dollars	\$ 150.57	\$ -	\$ -	\$ -	\$ -	\$ 150.57	
\$/Allowance	\$ .02	\$ -	\$ -	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,477	-	-	-	-	7,477	
Dollars	\$ 147.30	\$ -	\$ -	\$ -	\$ -	\$ 147.30	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	166	-	-	-	-	166	
Dollars	\$ 3.27	\$ -	\$ -	\$ -	\$ -	\$ 3.27	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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.

**LOUISVILLE GAS AND ELECTRIC 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	10,735	0	1,029	1	0	9,705	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	10,615	-	1,029	-	-	9,586	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	120	-	-	1	-	119	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 443,322
10th Previous Month	575,403
9th Previous Month	425,094
8th Previous Month	508,389
7th Previous Month	601,705
6th Previous Month	371,225
5th Previous Month	370,063
4th Previous Month	611,664
3rd Previous Month	435,407
2nd Previous Month	468,423
Previous Month	583,346
Current Month	757,288
Total 12 Month O&M	\$ 6,151,329

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 6,151,329
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 768,916

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: April 30, 2010

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2001 Plan</b>				
506104 - NOx Operation – Consumables		190,602.87	76,259.08	266,861.95
506105 - NOx Operation – Labor and Other		7,911.20	6,647.81	14,559.01
512101 - NOx Maintenance		29,168.71	51,000.61	80,169.32
Total 2001 Plan O&M Expenses		227,682.78	133,907.50	361,590.28
<b>2005 Plan</b>				
502006-Scrubber Operations			39,926.08	39,926.08
512005-Scrubber Maintenance			60,625.96	60,625.96
Ashpond Dredging Expense		171,471.16		171,471.16
Total 2005 Plan O&M Expenses		171,471.16	100,552.04	272,023.20
<b>2006 Plan</b>				
506109 - Sorbent Injection Operation		-	123,147.44	123,147.44
512102 - Sorbent Injection Maintenance		-	527.24	527.24
506110 - Mercury Monitors Operation	-	-	-	-
512103 - Mercury Monitors Maintenance	-	-	-	-
502006 - Scrubber Operations			-	-
512005 - Scrubber Maintenance			-	-
506104 - NOx Operation – Consumables			-	-
506105 - NOx Operation – Labor and Other			-	-
512101 - NOx Maintenance			-	-
506001 - Precipitator Operation			-	-
506111 - Activated Carbon			-	-
512011 - Precipitator Maintenance			-	-
Total 2006 Plan O&M Expenses	\$ -	-	123,674.68	123,674.68
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
<b>Current Month O&amp;M Expense for All Plans</b>	<b>\$ -</b>	<b>399,153.94</b>	<b>358,134.22</b>	<b>757,288.16</b>

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
CCP Disposal Facilities Expenses  
For the Month Ended: April 30, 2010

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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			\$ -

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

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

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

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

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

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	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-09	50,442,615	4,674,018	666,606	931,685	56,714,924	55,783,239	14,535,213	71,250,137	70,318,452	
Jun-09	66,018,892	4,900,967	940,243	1,535,289	73,395,391	71,860,102	7,917,583	81,312,974	79,777,685	
Jul-09	75,660,981	2,447,088	1,074,953	1,356,468	80,539,490	79,183,022	7,698,609	88,238,099	86,881,631	
Aug-09	72,375,034	2,006,115	1,028,955	835,493	76,245,596	75,410,103	6,731,611	82,977,207	82,141,714	
Sep-09	68,118,532	(1,093,633)	975,907	336,310	68,337,116	68,000,806	7,998,118	76,335,234	75,998,924	
Oct-09	60,422,151	(631,634)	764,250	620,589	61,175,356	60,554,767	9,284,929	70,460,285	69,839,696	
Nov-09	50,029,237	(510,379)	628,113	761,325	50,908,296	50,146,971	9,703,778	60,612,074	59,850,749	
Dec-09	58,143,434	(1,826,641)	823,759	749,427	57,889,979	57,140,552	10,501,167	68,391,146	67,641,719	
Jan-10	66,862,994	(950,652)	1,556,289	1,306,389	68,775,021	67,468,632	10,796,885	79,571,906	78,265,517	
Feb-10	62,148,756	96,267	1,383,572	1,807,451	65,436,045	63,628,594	15,594,307	81,030,352	79,222,901	
Mar-10	60,197,936	1,038,847	1,284,971	1,403,818	63,925,572	62,521,754	7,802,512	71,728,084	70,324,266	
Apr-10	54,875,216	255,564	1,224,291	(197,282)	56,157,790	56,355,072	10,615,394	66,773,184	66,970,466	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$	64,004,468			
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) =									84.15%	
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$	230,928.00		



ES FORM 3.10

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 54,875,216	\$ 54,875,216
Fuel Adjustment Clause	\$ 255,564	\$ 255,564
DSM	\$ 1,224,291	\$ 1,224,291
Environmental Surcharge		\$ (197,282)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 56,355,072	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 10,615,394	\$ 10,615,394
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 10,615,394	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 66,970,466	
<b>Reconciling Revenues</b>		
Brokered	\$ 230,928	\$ 230,928
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 1,529,476
Miscellaneous		\$ 1,162,622
Total Company Revenues per Income Statement =		\$ 69,696,210



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

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

June 18, 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), Louisville Gas and Electric Company ("LG&E") 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. 2009-00502, LG&E 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 "Robert M. Conroy", is written over a horizontal line.

Robert M. Conroy

Enclosures

ES FORM 1.00

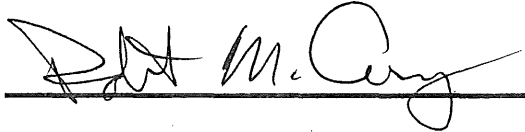
**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**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	=	\$	<b>1,031,640</b>
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15	=		<b>1.61%</b>

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

Submitted by:



Title: Director, Rates

Date Submitted: June 18, 2010

**LOUISVILLE GAS AND ELECTRIC 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		= \$	238,038,338
(2) RB / 12		=	19,836,528
(3) (ROR + (ROR - DR) (TR / (1 - TR)))		=	10.97%
(4) OE		=	1,280,583
(5) BAS		=	-
(6) BR		=	-
(7) E(m)	(2) x (3) + (4) - (5) + (6)	= \$	3,456,650

**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)]	= \$	2,950,596
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2009-00502	=	390,130
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	3,340,726
(13)	Revenue Collected through Base Rates	= \$	2,309,086
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	1,031,640
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	64,093,415
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	1.61%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 248,446,376	
Eligible Pollution CWIP Excluding AFUDC	48,136,185	
Subtotal		\$ 296,582,561
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	769,473	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		769,473
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	43,404,879	
Pollution Control Deferred Income Taxes	15,908,817	
Subtotal		59,313,696
Environmental Compliance Rate Base		\$ 238,038,338

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 447,773
Monthly Depreciation & Amortization Expense	801,110
less investment tax credit amortization	-
Monthly Property and Other Applicable Taxes	31,700
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 1,280,583

**Determination of Beneficial Reuse Operating Expenses**

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

**Proceeds From By-Product and Allowance Sales**

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

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

Plant, CWIP & Depreciation Expense

For the Month Ended: 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) Deferred Tax Balance  as of 5/31/2010	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ 192,860,844	\$ 37,743,749	\$ -	\$ 155,117,095	\$ 13,988,953		\$ 617,234	\$ 19,775
Subtotal	\$ 192,860,844	\$ 37,743,749	\$ -	\$ 155,117,095	\$ 13,988,953		\$ 617,234	\$ 19,775
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ (5,850,965)	\$ (2,914,284)	\$ -	\$ (2,936,681)	\$ (1,053,265)		\$ (13,202)	\$ (341)
<b>Net Total - 2001 Plan:</b>	\$ 187,009,879	\$ 34,829,465	\$ -	\$ 152,180,414	\$ 12,935,688		\$ 604,032	\$ 19,435
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ 30,861,686	\$ 9,230,433	\$ -	\$ 21,631,253	\$ 1,070,828		\$ 103,474	\$ 2,769
Project 8 - Precipitator Upgrades - All Plants	\$ 11,929,133	\$ 2,783,026	\$ -	\$ 9,146,107	\$ 939,337		\$ 47,792	\$ 1,173
Project 9 - Clearwell Water System - Mill Creek	\$ 1,197,310	\$ 421,563	\$ -	\$ 775,747	\$ 30,370		\$ 3,702	\$ 99
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ 2,734,620	\$ 1,183,362	\$ -	\$ 1,551,258	\$ 79,964		\$ 8,614	\$ 199
Subtotal	\$ 46,722,749	\$ 13,618,384	\$ -	\$ 33,104,365	\$ 2,120,499		\$ 163,582	\$ 4,240
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ (7,839,520)	\$ (6,665,432)	\$ -	\$ (1,174,088)	\$ (796,041)		\$ (27,125)	\$ (387)
<b>Net Total - 2003 Plan:</b>	\$ 38,883,229	\$ 6,952,952	\$ -	\$ 31,930,277	\$ 1,324,458		\$ 136,457	\$ 3,853
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,607,107	\$ 348,007	\$ 1,367,011	\$ 5,626,111	\$ 208,630		\$ 9,741	\$ 700
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 262,189	\$ 54,540	\$ 4,522,919	\$ 233,484		\$ 8,397	\$ 564
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 74,207	\$ -	\$ 775,893	\$ 69,262		\$ 2,564	\$ 99
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 36,775	\$ -	\$ 271,732	\$ 17,519		\$ 1,147	\$ 35
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,098,113	\$ -	\$ 6,262,964	\$ 964,798		\$ 22,206	\$ 797
Subtotal	\$ 17,857,360	\$ 1,819,292	\$ 1,421,551	\$ 17,459,619	\$ 1,493,692		\$ 44,055	\$ 2,193
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (1,191,665)	\$ (548,068)	\$ -	\$ (643,598)	\$ (131,696)		\$ (3,438)	\$ (80)
<b>Net Total - 2005 Plan:</b>	\$ 16,665,695	\$ 1,271,224	\$ 1,421,551	\$ 16,816,022	\$ 1,361,996		\$ 40,616	\$ 2,114

LOUISVILLE GAS AND ELECTRIC 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	Deferred Tax Balance as of 5/31/2010	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ 44,424,409	\$ 44,424,409	\$ -		\$ -	\$ 5,441
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 180,855	\$ 198,420	\$ 3,457,641	\$ 184,079		\$ 9,777	\$ 414
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 113,491	\$ -	\$ 1,936,855	\$ 36,427		\$ 8,867	\$ 248
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 56,891	\$ -	\$ 340,260	\$ 66,169		\$ 1,361	\$ 43
Subtotal	\$ 5,887,574	\$ 351,238	\$ 44,622,829	\$ 50,159,165	\$ 286,675		\$ 20,005	\$ 6,145
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 5,887,574	\$ 351,238	\$ 44,622,829	\$ 50,159,165	\$ 286,675		\$ 20,005	\$ 6,145
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 270,023	\$ 270,023	\$ -		\$ -	\$ 33
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 1,032,852	\$ 1,032,852	\$ -		\$ -	\$ 120
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 788,930	\$ 788,930	\$ -		\$ -	\$ -
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 2,091,805	\$ 2,091,805	\$ -		\$ -	\$ 153
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 2,091,805	\$ 2,091,805	\$ -		\$ -	\$ 153
<b>Net Total - All Plans:</b>	\$ 248,446,376	\$ 43,404,879	\$ 48,136,185	\$ 253,177,682	\$ 15,908,817		\$ 801,110	\$ 31,700

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

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

Inventory of Emission Allowances

For the Month Ended: 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	163,426	8,496	6,434	\$ 3,696.36	\$ -	\$ 126.75	
2011	62,379	14,133	6,212				
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030 - 2039	623,790						

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.



ES FORM 2.31

**LOUISVILLE GAS AND ELECTRIC 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	166,486	0	3,060	0	0	163,426	
Dollars	\$ 3,765.58	\$ -	\$ 69.22	\$ -	\$ -	\$ 3,696.36	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	157,948	-	3,015			154,933	
Dollars	\$ 3,572.47	\$ -	\$ 68.21	\$ -	\$ -	\$ 3,504.26	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,538	-	45	-	-	8,493	
Dollars	\$ 193.11	\$ -	\$ 1.01	\$ -	\$ -	\$ 192.10	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

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

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	7,643	0	1,198	11	0	6,434	
Dollars	\$ 150.57	\$ -	\$ 23.60	\$ 0.22	\$ -	\$ 126.75	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ 0.02	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,477	-	1,198	-	-	6,279	
Dollars	\$ 147.30	\$ -	\$ 23.60	\$ -	\$ -	\$ 123.70	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	166	-	-	11	-	155	
Dollars	\$ 3.27	\$ -	\$ -	\$ 0.22	\$ -	\$ 3.05	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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.

**LOUISVILLE GAS AND ELECTRIC 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	9,705	0	1,198	11	0	8,496	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	9,586	-	1,198	-	-	8,388	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	119	-	-	11	-	108	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 575,403
10th Previous Month	425,094
9th Previous Month	508,389
8th Previous Month	601,705
7th Previous Month	371,225
6th Previous Month	370,063
5th Previous Month	611,664
4th Previous Month	435,407
3rd Previous Month	468,423
2nd Previous Month	583,346
Previous Month	757,288
Current Month	447,773
Total 12 Month O&M	\$ 6,155,780

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 6,155,780
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 769,473

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: May 31, 2010

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2001 Plan</b>				
506104 - NOx Operation – Consumables		193,405.76	47,015.69	240,421.45
506105 - NOx Operation – Labor and Other		5,455.69	3,793.15	9,248.84
512101 - NOx Maintenance		5,738.23	8,608.34	14,346.57
Total 2001 Plan O&M Expenses		204,599.68	59,417.18	264,016.86
<b>2005 Plan</b>				
502006-Scrubber Operations			36,992.82	36,992.82
512005-Scrubber Maintenance			58,311.63	58,311.63
Ashpond Dredging Expense		-	-	-
Total 2005 Plan O&M Expenses		-	95,304.45	95,304.45
<b>2006 Plan</b>				
506109 - Sorbent Injection Operation		-	88,398.15	88,398.15
512102 - Sorbent Injection Maintenance		-	53.54	53.54
506110 - Mercury Monitors Operation		-	-	-
512103 - Mercury Monitors Maintenance		-	-	-
502006 - Scrubber Operations			-	-
512005 - Scrubber Maintenance			-	-
506104 - NOx Operation – Consumables			-	-
506105 - NOx Operation – Labor and Other			-	-
512101 - NOx Maintenance			-	-
506001 - Precipitator Operation			-	-
506111 - Activated Carbon			-	-
512011 - Precipitator Maintenance			-	-
Total 2006 Plan O&M Expenses	\$ -	-	88,451.69	88,451.69
<b>2009 Plan</b>				
502012 - ECR Landfill Operations		-	-	-
512105 - ECR Landfill Maintenance		-	-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-	-	-
Net 2009 Plan O&M Expenses		-	-	-
<b>Current Month O&amp;M Expense for All Plans</b>	\$ -	204,599.68	243,173.32	447,773.00

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

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

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

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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
Total Monthly Beneficial Reuse Expense			\$ -
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ -
Net Beneficial Reuse O&M Expense			\$ -

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

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

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

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



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

Monthly Average Revenue Computation of R (m)

For the Month Ended: May 31, 2010

(1)	Kentucky Jurisdictional Revenues					(7)	Non-	Total Company Revenues	
	(2)	(3)	(4)	(5)	(6)		Jurisdictional	(8)	(9)
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	66,018,892	4,900,967	940,243	1,535,289	73,395,391	71,860,102	7,917,583	81,312,974	79,777,685
Jul-09	75,660,981	2,447,088	1,074,953	1,356,468	80,539,490	79,183,023	7,698,609	88,238,099	86,881,631
Aug-09	72,375,034	2,006,115	1,028,955	835,493	76,245,596	75,410,104	6,731,611	82,977,207	82,141,714
Sep-09	68,118,532	(1,093,633)	975,907	336,310	68,337,116	68,000,805	7,998,118	76,335,233	75,998,923
Oct-09	60,422,151	(631,634)	764,250	620,589	61,175,356	60,554,767	9,284,929	70,460,285	69,839,696
Nov-09	50,029,237	(510,379)	628,113	761,325	50,908,296	50,146,971	9,703,778	60,612,074	59,850,749
Dec-09	58,143,434	(1,826,641)	823,759	749,427	57,889,979	57,140,552	10,501,167	68,391,145	67,641,718
Jan-10	66,862,994	(950,652)	1,556,289	1,306,389	68,775,021	67,468,632	10,796,885	79,571,906	78,265,517
Feb-10	62,148,756	96,267	1,383,572	1,807,451	65,436,045	63,628,594	15,594,307	81,030,352	79,222,901
Mar-10	60,197,936	1,038,847	1,284,971	1,403,818	63,925,572	62,521,754	7,802,512	71,728,084	70,324,266
Apr-10	54,875,216	255,564	1,224,291	(197,282)	56,157,790	56,355,072	10,615,394	66,773,184	66,970,466
May-10	54,313,958	1,317,675	1,218,972	572,800	57,423,405	56,850,605	9,752,830	67,176,235	66,603,435
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 64,093,415			
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 = \$	221,498.96	

ES FORM 3.10

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 54,313,958	\$ 54,313,958
Fuel Adjustment Clause	\$ 1,317,675	\$ 1,317,675
DSM	\$ 1,218,972	\$ 1,218,972
Environmental Surcharge		\$ 572,800
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 56,850,605	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 9,752,830	\$ 9,752,830
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 9,752,830	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 66,603,436	
<b>Reconciling Revenues</b>		
Brokered	\$ 221,499	\$ 221,499
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 11,555,913
Miscellaneous		\$ 1,141,443
Total Company Revenues per Income Statement =		\$ 80,095,090



an **e-on** company

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

**RECEIVED**

**JUL 19 2010**

**PUBLIC SERVICE  
COMMISSION**

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

July 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), Louisville Gas and Electric Company ("LG&E") 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. 2009-00502, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after July 29, 2010.

It has come to my attention that expenses associated with Scrubber Maintenance were inadvertently included on ES Form 2.50 for the expense months of March, April, and May 2010. Attached to this letter are revised ES Forms 2.50, 2.40, 2.00, and 1.10 for each month, reflecting the correction. The cumulative effect on Net Jurisdictional E(m) is a reduction of \$178,957. The impact of the over-collection is reflected on ES Form 1.10 in the June 2010 expense month filing.

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 extending to the right.

Robert M. Conroy

Enclosures

ES FORM 1.00

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

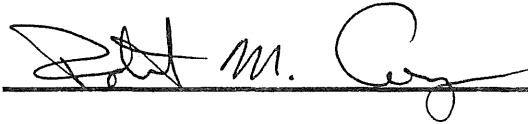
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of June 2010**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ (69,298)

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15 = -0.11%

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

Submitted by:



Title: Director, Rates

Date Submitted: July 19, 2010

**LOUISVILLE GAS AND ELECTRIC 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	= \$	238,182,734
(2)	RB / 12	=	19,848,561
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.97%
(4)	OE	=	1,258,869
(5)	BAS	=	-
(6)	BR	=	-
(7)	$E(m) \quad (2) \times (3) + (4) - (5) + (6)$	= \$	3,436,256

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	93.53%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	3,213,930
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2009-00502	=	-
(11)	Prior Period Adjustment (if necessary)	=	(178,957)
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	3,034,973
(13)	Revenue Collected through Base Rates	= \$	3,104,271
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	(69,298)
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	64,794,282
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) + (15)]	=	-0.11%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 248,446,376	
Eligible Pollution CWIP Excluding AFUDC	49,287,181	
Subtotal		\$ 297,733,557
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	725,008	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		725,008
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	44,249,755	
Pollution Control Deferred Income Taxes	16,026,076	
Subtotal		60,275,831
Environmental Compliance Rate Base		\$ 238,182,734

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 426,059
Monthly Depreciation & Amortization Expense	801,110
less investment tax credit amortization	-
Monthly Property and Other Applicable Taxes	31,700
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 1,258,869

**Determination of Beneficial Reuse Operating Expenses**

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

**Proceeds From By-Product and Allowance Sales**

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

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

Plant, CWIP & Depreciation Expense

For the Month Ended: June 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	Deferred Tax Balance as of 6/30/2010	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ 192,860,844	\$ 38,360,983	\$ -	\$ 154,499,861	\$ 14,055,769		\$ 617,234	\$ 19,775
Subtotal	\$ 192,860,844	\$ 38,360,983	\$ -	\$ 154,499,861	\$ 14,055,769		\$ 617,234	\$ 19,775
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ (5,850,965)	\$ (2,914,284)	\$ -	\$ (2,936,681)	\$ (1,053,265)		\$ (13,202)	\$ (341)
<b>Net Total - 2001 Plan:</b>	<b>\$ 187,009,879</b>	<b>\$ 35,446,699</b>	<b>\$ -</b>	<b>\$ 151,563,180</b>	<b>\$ 13,002,504</b>		<b>\$ 604,032</b>	<b>\$ 19,435</b>
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ 30,861,686	\$ 9,333,907	\$ -	\$ 21,527,779	\$ 1,078,031		\$ 103,474	\$ 2,769
Project 8 - Precipitator Upgrades - All Plants	\$ 11,929,133	\$ 2,830,819	\$ -	\$ 9,098,314	\$ 938,878		\$ 47,792	\$ 1,173
Project 9 - Clearwell Water System - Mill Creek	\$ 1,197,310	\$ 425,265	\$ -	\$ 772,045	\$ 30,685		\$ 3,702	\$ 99
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ 2,734,620	\$ 1,191,976	\$ -	\$ 1,542,644	\$ 80,568		\$ 8,614	\$ 199
Subtotal	\$ 46,722,749	\$ 13,781,966	\$ -	\$ 32,940,783	\$ 2,128,162		\$ 163,582	\$ 4,240
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ (7,839,520)	\$ (6,665,432)	\$ -	\$ (1,174,088)	\$ (796,041)		\$ (27,125)	\$ (387)
<b>Net Total - 2003 Plan:</b>	<b>\$ 38,883,229</b>	<b>\$ 7,116,534</b>	<b>\$ -</b>	<b>\$ 31,766,695</b>	<b>\$ 1,332,121</b>		<b>\$ 136,457</b>	<b>\$ 3,853</b>
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,607,107	\$ 357,748	\$ 1,507,194	\$ 5,756,554	\$ 214,191		\$ 9,741	\$ 700
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 270,586	\$ 66,634	\$ 4,526,616	\$ 239,929		\$ 8,397	\$ 564
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 76,772	\$ -	\$ 773,328	\$ 71,315		\$ 2,564	\$ 99
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 37,922	\$ -	\$ 270,585	\$ 17,689		\$ 1,147	\$ 35
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,120,319	\$ -	\$ 6,240,758	\$ 981,828		\$ 22,206	\$ 797
Subtotal	\$ 17,857,360	\$ 1,863,347	\$ 1,573,828	\$ 17,567,842	\$ 1,524,953		\$ 44,055	\$ 2,193
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (1,191,665)	\$ (548,068)	\$ -	\$ (643,598)	\$ (131,696)		\$ (3,438)	\$ (80)
<b>Net Total - 2005 Plan:</b>	<b>\$ 16,665,695</b>	<b>\$ 1,315,279</b>	<b>\$ 1,573,828</b>	<b>\$ 16,924,244</b>	<b>\$ 1,393,256</b>		<b>\$ 40,616</b>	<b>\$ 2,114</b>

**LOUISVILLE GAS AND ELECTRIC 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) Deferred Tax Balance  as of 6/30/2010	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ 44,873,122	\$ 44,873,122	\$ -		\$ -	\$ 5,441
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 190,632	\$ 304,198	\$ 3,553,643	\$ 192,759		\$ 9,777	\$ 414
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 122,358	\$ -	\$ 1,927,988	\$ 38,229		\$ 8,867	\$ 248
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 58,252	\$ -	\$ 338,899	\$ 67,207		\$ 1,361	\$ 43
Subtotal	\$ 5,887,574	\$ 371,242	\$ 45,177,320	\$ 50,693,652	\$ 298,195		\$ 20,005	\$ 6,145
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 5,887,574	\$ 371,242	\$ 45,177,320	\$ 50,693,652	\$ 298,195		\$ 20,005	\$ 6,145
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 298,307	\$ 298,307	\$ -		\$ -	\$ 33
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 1,321,507	\$ 1,321,507	\$ -		\$ -	\$ 120
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 916,219	\$ 916,219	\$ -		\$ -	\$ -
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 2,536,033	\$ 2,536,033	\$ -		\$ -	\$ 153
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 2,536,033	\$ 2,536,033	\$ -		\$ -	\$ 153
<b>Net Total - All Plans:</b>	\$ 248,446,376	\$ 44,249,755	\$ 49,287,181	\$ 253,483,803	\$ 16,026,076		\$ 801,110	\$ 31,700

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



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

Inventory of Emission Allowances

For the Month Ended: 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	159,801	7,097	5,035	\$ 3,614.36	\$ -	\$ 99.20	
2011	62,379	14,133	6,212				
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030 - 2040	686,169						

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	163,426	0	3,625	0	0	159,801	
Dollars	\$ 3,696.36	\$ -	\$ 82.00	\$ -	\$ -	\$ 3,614.36	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	154,933	-	3,584			151,349	
Dollars	\$ 3,504.26	\$ 0.02	\$ 81.08	\$ -	\$ -	\$ 3,423.20	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,493	-	41	-	-	8,452	
Dollars	\$ 192.10	\$ (0.02)	\$ 0.92	\$ -	\$ -	\$ 191.16	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

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

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	6,434	0	1,382	17	0	5,035	
Dollars	\$ 126.75	\$ -	\$ 27.22	\$ 0.33	\$ -	\$ 99.20	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ 0.02	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	6,279	-	1,382	-	-	4,897	
Dollars	\$ 123.70	\$ -	\$ 27.22	\$ -	\$ -	\$ 96.48	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	155	-	-	17	-	138	
Dollars	\$ 3.05	\$ -	\$ -	\$ 0.33	\$ -	\$ 2.72	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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.

**LOUISVILLE GAS AND ELECTRIC 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	8,496	0	1,382	17	0	7,097	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	8,388	-	1,382	-	-	7,006	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	108	-	-	17	-	91	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 425,094
10th Previous Month	508,389
9th Previous Month	601,705
8th Previous Month	371,225
7th Previous Month	370,063
6th Previous Month	611,664
5th Previous Month	435,407
4th Previous Month	468,423
3rd Previous Month	495,912
2nd Previous Month	696,662
Previous Month	389,461
Current Month	426,059
Total 12 Month O&M	\$ 5,800,064

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 5,800,064
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 725,008

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: June 30, 2010

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2001 Plan</b>				
506104 - NOx Operation -- Consumables		158,865.61	43,794.25	202,659.86
506105 - NOx Operation -- Labor and Other		5,687.16	4,154.60	9,841.76
512101 - NOx Maintenance		47,626.15	11,079.81	58,705.96
Total 2001 Plan O&M Expenses		212,178.92	59,028.66	271,207.58
<b>2005 Plan</b>				
502006-Scrubber Operations			19,518.71	19,518.71
512005-Scrubber Maintenance			-	-
Ashpond Dredging Expense		-	-	-
Total 2005 Plan O&M Expenses		-	19,518.71	19,518.71
<b>2006 Plan</b>				
506109 - Sorbent Injection Operation		-	94,801.41	94,801.41
512102 - Sorbent Injection Maintenance		-	260.79	260.79
506110 - Mercury Monitors Operation		-	-	-
512103 - Mercury Monitors Maintenance		40,271.00	-	40,271.00
502006 - Scrubber Operations			-	-
512005 - Scrubber Maintenance			-	-
506104 - NOx Operation -- Consumables			-	-
506105 - NOx Operation -- Labor and Other			-	-
512101 - NOx Maintenance			-	-
506001 - Precipitator Operation			-	-
506111 - Activated Carbon			-	-
512011 - Precipitator Maintenance			-	-
Total 2006 Plan O&M Expenses	\$ -	40,271.00	95,062.20	135,333.20
<b>2009 Plan</b>				
502012 - ECR Landfill Operations			-	-
512105 - ECR Landfill Maintenance			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)			-	-
Net 2009 Plan O&M Expenses			-	-
Current Month O&M Expense for All Plans	\$ -	252,449.92	173,609.57	426,059.49

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
CCP Disposal Facilities Expenses  
For the Month Ended: June 30, 2010

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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
Total Monthly Beneficial Reuse Expense			\$ -
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ -
Net Beneficial Reuse O&M Expense			\$ -



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

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

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

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

LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT

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	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)
Jul-09	75,660,981	2,447,088	1,074,953	1,356,468	80,539,490	79,183,022	7,698,609	88,238,099	86,881,631
Aug-09	72,375,034	2,006,115	1,028,955	835,493	76,245,596	75,410,103	6,731,611	82,977,207	82,141,714
Sep-09	68,118,532	(1,093,633)	975,907	336,310	68,337,116	68,000,806	7,998,118	76,335,234	75,998,924
Oct-09	60,422,151	(631,634)	764,250	620,589	61,175,356	60,554,767	9,284,929	70,460,285	69,839,696
Nov-09	50,029,237	(510,379)	628,113	761,325	50,908,296	50,146,971	9,703,778	60,612,074	59,850,749
Dec-09	58,143,434	(1,826,641)	823,759	749,427	57,889,979	57,140,552	10,501,167	68,391,146	67,641,719
Jan-10	66,862,994	(950,652)	1,556,289	1,306,389	68,775,021	67,468,632	10,796,885	79,571,906	78,265,517
Feb-10	62,148,756	96,267	1,383,572	1,807,451	65,436,045	63,628,594	15,594,307	81,030,352	79,222,901
Mar-10	60,197,936	1,038,847	1,284,971	1,403,818	63,925,572	62,521,754	7,802,512	71,728,084	70,324,266
Apr-10	54,875,216	255,564	1,224,291	(197,282)	56,157,790	56,355,072	10,615,394	66,773,184	66,970,466
May-10	54,313,958	1,317,675	1,218,972	572,800	57,423,405	56,850,605	9,752,830	67,176,235	66,603,435
Jun-10	76,709,495	1,581,038	1,979,975	2,482,673	82,753,181	80,270,508	5,551,039	88,304,220	85,821,547
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 64,794,282			
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) =									93.53%
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$ 138,849.55		

ES FORM 3.10

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 76,709,495	\$ 76,709,495
Fuel Adjustment Clause	\$ 1,581,038	\$ 1,581,038
DSM	\$ 1,979,975	\$ 1,979,975
Environmental Surcharge		\$ 2,482,673
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 80,270,508	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 5,551,039	\$ 5,551,039
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 5,551,039	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 85,821,547	
<b>Reconciling Revenues</b>		
Brokered	\$ 138,850	\$ 138,850
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 7,986,514
Miscellaneous		\$ 990,269
Total Company Revenues per Income Statement =		\$ 97,419,852

# Exhibit 1

## Louisville Gas and Electric Company

### Revisions to Net Jurisdictional E(m) for Expense Months March 2010 through May 2010

Summary of Calculation of Prior Period Adjustment included  
in the June 2010 Expense Month Filing

Expense Month	Change to Total E(m)	Retail Jurisdictional Allocation	Adjustment to Net E(m)
March 2010	\$ (87,536)	88.90%	\$ (77,820)
April 2010	\$ (60,798)	84.15%	\$ (51,161)
May 2010	\$ (58,548)	85.36%	\$ (49,976)
Total Adjustment for June 2010 Expense Month Filing:			\$ (178,957)

ES FORM 1.10

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

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

For the Expense Month of March 2010 as Revised July 19, 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	April 2010 as filed
(1) RB	= \$	239,208,510	\$ 239,219,439 \$ (10,929)
(2) RB / 12	=	19,934,043	19,934,953 (910)
(3) (ROR + (ROR - DR) (TR / (1 - TR)))	=	11.18%	11.18%
(4) OE	=	1,328,722	1,416,156 (87,434)
(5) BAS	=	-	-
(6) BR	=	-	-
(7) E(m)	= \$	3,557,348	\$ 3,644,884 \$ (87,536)
		(2) x (3) + (4) - (5) + (6)	

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	= 88.90%	88.90%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$ 3,162,482	\$ 3,240,302 \$ (77,820)
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2009-00311	= -	-
(11)	Prior Period Adjustment (if necessary)	= -	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	= 3,162,482	3,240,302 (77,820)
(13)	Revenue Collected through Base Rates	= \$ 2,590,497	\$ 2,590,497 \$ -
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$ 571,985	\$ 649,805 \$ (77,820)
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$ 63,776,579	\$ 63,776,579 \$ -
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	= 0.90%	1.02% -0.12%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of March 2010 as Revised July 19, 2010

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 248,446,376	
Eligible Pollution CWIP Excluding AFUDC	47,262,768	
Subtotal		\$ 295,709,144
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	717,321	
Deferred Debit Balance -- Mill Creek Ash Dredging	171,471	
Subtotal		888,792
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	41,715,128	
Pollution Control Deferred Income Taxes	15,674,298	
Subtotal		57,389,426
Environmental Compliance Rate Base		\$ 239,208,510

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 324,441
Monthly Depreciation & Amortization Expense	801,110
less investment tax credit amortization	-
Monthly Property and Other Applicable Taxes	31,700
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	171,471
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 1,328,722

**Determination of Beneficial Reuse Operating Expenses**

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

**Proceeds From By-Product and Allowance Sales**

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

ES FORM 2.40

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

For the Month Ended: March 31, 2010 as Revised July 19, 2010

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 431,957
10th Previous Month	443,322
9th Previous Month	575,403
8th Previous Month	425,094
7th Previous Month	508,389
6th Previous Month	601,705
5th Previous Month	371,225
4th Previous Month	370,063
3rd Previous Month	611,664
2nd Previous Month	435,407
Previous Month	468,423
Current Month	495,912
Total 12 Month O&M	\$ 5,738,564

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 5,738,564
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 717,321



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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: March 31, 2010 as Revised July 19, 2010

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2001 Plan</b>				
506104 - NOx Operation -- Consumables		103,404.68	62,005.20	165,409.88
506105 - NOx Operation -- Labor and Other		3,358.50	4,985.93	8,344.43
512101 - NOx Maintenance		26,062.46	9,978.45	36,040.91
Total 2001 Plan O&M Expenses		132,825.64	76,969.58	209,795.22
<b>2005 Plan</b>				
502006-Scrubber Operations			43,087.59	43,087.59
512005-Scrubber Maintenance				
Ashpond Dredging Expense		171,471.16		171,471.16
Total 2005 Plan O&M Expenses		171,471.16	43,087.59	214,558.75
<b>2006 Plan</b>				
506109 - Sorbent Injection Operation		-	71,514.31	71,514.31
512102 - Sorbent Injection Maintenance		-	43.74	43.74
506110 - Mercury Monitors Operation		-	-	-
512103 - Mercury Monitors Maintenance		-	-	-
502006 - Scrubber Operations			-	-
512005 - Scrubber Maintenance			-	-
506104 - NOx Operation -- Consumables			-	-
506105 - NOx Operation -- Labor and Other			-	-
512101 - NOx Maintenance			-	-
506001 - Precipitator Operation			-	-
506111 - Activated Carbon			-	-
512011 - Precipitator Maintenance			-	-
Total 2006 Plan O&M Expenses	\$ -	-	71,558.05	71,558.05
<b>2009 Plan</b>				
502012 - ECR Landfill Operations			-	-
512105 - ECR Landfill Maintenance			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)			-	-
Net 2009 Plan O&M Expenses			-	-
Current Month O&M Expense for All Plans	\$ -	304,296.80	191,615.22	495,912.02

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

ES FORM 1.10

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

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

For the Expense Month of April 2010 as Revised July 19, 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	April 2010 as filed	
(1)	RB	= \$ 238,586,409	\$ 238,604,916	\$ (18,507)
(2)	RB / 12	= 19,882,201	19,883,743	(1,542)
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	= 11.18%	11.18%	
(4)	OE	= 1,529,472	1,590,098	(60,626)
(5)	BAS	= (189,461)	(189,461)	-
(6)	BR	= -	-	-
(7)	E(m) <span style="float: right;">(2) x (3) + (4) - (5) + (6)</span>	= \$ 3,941,763	\$ 4,002,361	\$ (60,798)

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	= 84.15%	84.15%	
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$ 3,316,994	\$ 3,368,155	\$ (51,161)
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2009-00311	= -		
(11)	Prior Period Adjustment (if necessary)	= 941,134	941,134	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	= 4,258,128	4,309,289	(51,161)
(13)	Revenue Collected through Base Rates	= \$ 2,310,726	\$ 2,310,726	-
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$ 1,947,402	\$ 1,998,563	\$ (51,161)
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$ 64,004,468	\$ 64,004,468	-
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) + (15)]	= 3.04%	3.12%	-0.08%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of April 2010 as Revised July 19, 2010

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 248,446,376	
Eligible Pollution CWIP Excluding AFUDC	47,741,186	
Subtotal		\$ 296,187,562
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	750,409	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		750,409
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	42,560,004	
Pollution Control Deferred Income Taxes	15,791,558	
Subtotal		58,351,562
Environmental Compliance Rate Base		\$ 238,586,409

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 525,191
Monthly Depreciation & Amortization Expense	801,110
less investment tax credit amortization	-
Monthly Property and Other Applicable Taxes	31,700
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	171,471
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 1,529,472

**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	\$ 34,460	\$ 223,921	\$ (189,461)
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 34,460	\$ 223,921	\$ (189,461)

ES FORM 2.40

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

For the Month Ended: April 30, 2010 as Revised July 19, 2010

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 443,322
10th Previous Month	575,403
9th Previous Month	425,094
8th Previous Month	508,389
7th Previous Month	601,705
6th Previous Month	371,225
5th Previous Month	370,063
4th Previous Month	611,664
3rd Previous Month	435,407
2nd Previous Month	468,423
Previous Month	495,912
Current Month	696,662
Total 12 Month O&M	\$ 6,003,269

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 6,003,269
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 750,409

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: April 30, 2010 as Revised July 19, 2010

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2001 Plan</b>				
506104 - NOx Operation -- Consumables		190,602.87	76,259.08	266,861.95
506105 - NOx Operation -- Labor and Other		7,911.20	6,647.81	14,559.01
512101 - NOx Maintenance		29,168.71	51,000.61	80,169.32
Total 2001 Plan O&M Expenses		227,682.78	133,907.50	361,590.28
<b>2005 Plan</b>				
502006-Scrubber Operations			39,926.08	39,926.08
512005-Scrubber Maintenance			-	-
Ashpond Dredging Expense		171,471.16		171,471.16
Total 2005 Plan O&M Expenses		171,471.16	39,926.08	211,397.24
<b>2006 Plan</b>				
506109 - Sorbent Injection Operation		-	123,147.44	123,147.44
512102 - Sorbent Injection Maintenance		-	527.24	527.24
506110 - Mercury Monitors Operation		-	-	-
512103 - Mercury Monitors Maintenance		-	-	-
502006 - Scrubber Operations			-	-
512005 - Scrubber Maintenance			-	-
506104 - NOx Operation -- Consumables			-	-
506105 - NOx Operation -- Labor and Other			-	-
512101 - NOx Maintenance			-	-
506001 - Precipitator Operation			-	-
506111 - Activated Carbon			-	-
512011 - Precipitator Maintenance			-	-
Total 2006 Plan O&M Expenses	\$ -	-	123,674.68	123,674.68
<b>2009 Plan</b>				
502012 - ECR Landfill Operations			-	-
512105 - ECR Landfill Maintenance			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)			-	-
Net 2009 Plan O&M Expenses			-	-
<b>Current Month O&amp;M Expense for All Plans</b>	\$ -	399,153.94	297,508.26	696,662.20

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

ES FORM 1.10

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

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

For the Expense Month of May 2010 as Refiled July 19, 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	May 2010 as filed	
(1)	RB	= \$ 238,012,541	\$ 238,038,338	\$ (25,797)
(2)	RB / 12	= 19,834,378	19,836,528	(2,150)
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	= 10.97%	10.97%	
(4)	OE	= 1,222,271	1,280,583	(58,312)
(5)	BAS	= -	-	
(6)	BR	= -	-	
(7)	E(m) <span style="float: right;">(2) x (3) + (4) - (5) + (6)</span>	= \$ 3,398,102	\$ 3,456,650	\$ (58,548)

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	= 85.36%	85.36%	
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$ 2,900,620	\$ 2,950,596	\$ (49,976)
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2009-00502	= 390,130	390,130	
(11)	Prior Period Adjustment (if necessary)	= -	-	
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	= 3,290,750	3,340,726	(49,976)
(13)	Revenue Collected through Base Rates	= \$ 2,309,086	\$ 2,309,086	\$ -
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$ 981,664	\$ 1,031,640	\$ (49,976)
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$ 64,093,415	\$ 64,093,415	\$ -
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) + (15)]	= 1.53%	1.61%	-0.08%

ES FORM 2.00

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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of May 2010 as Refiled July 19, 2010

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 248,446,376	
Eligible Pollution CWIP Excluding AFUDC	48,136,185	
Subtotal		\$ 296,582,561
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	743,676	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		743,676
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	43,404,879	
Pollution Control Deferred Income Taxes	15,908,817	
Subtotal		59,313,696
Environmental Compliance Rate Base		\$ 238,012,541

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 389,461
Monthly Depreciation & Amortization Expense	801,110
less investment tax credit amortization	-
Monthly Property and Other Applicable Taxes	31,700
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 1,222,271

**Determination of Beneficial Reuse Operating Expenses**

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

**Proceeds From By-Product and Allowance Sales**

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

ES FORM 2.40

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

For the Month Ended: May 2010 as Refined July 19, 2010

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 575,403
10th Previous Month	425,094
9th Previous Month	508,389
8th Previous Month	601,705
7th Previous Month	371,225
6th Previous Month	370,063
5th Previous Month	611,664
4th Previous Month	435,407
3rd Previous Month	468,423
2nd Previous Month	495,912
Previous Month	696,662
Current Month	389,461
Total 12 Month O&M	\$ 5,949,408

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 5,949,408
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 743,676



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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: May 2010 as Refined July 19, 2010

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2001 Plan</b>				
506104 - NOx Operation -- Consumables		193,405.76	47,015.69	240,421.45
506105 - NOx Operation -- Labor and Other		5,455.69	3,793.15	9,248.84
512101 - NOx Maintenance		5,738.23	8,608.34	14,346.57
Total 2001 Plan O&M Expenses		204,599.68	59,417.18	264,016.86
<b>2005 Plan</b>				
502006 - Scrubber Operations			36,992.82	36,992.82
512005 - Scrubber Maintenance				
Ashpond Dredging Expense		-		-
Total 2005 Plan O&M Expenses		-	36,992.82	36,992.82
<b>2006 Plan</b>				
506109 - Sorbent Injection Operation		-	88,398.15	88,398.15
512102 - Sorbent Injection Maintenance		-	53.54	53.54
506110 - Mercury Monitors Operation		-	-	-
512103 - Mercury Monitors Maintenance		-	-	-
502006 - Scrubber Operations			-	-
512005 - Scrubber Maintenance			-	-
506104 - NOx Operation -- Consumables			-	-
506105 - NOx Operation -- Labor and Other			-	-
512101 - NOx Maintenance			-	-
506001 - Precipitator Operation			-	-
506111 - Activated Carbon			-	-
512011 - Precipitator Maintenance			-	-
Total 2006 Plan O&M Expenses	\$ -	-	88,451.69	88,451.69
<b>2009 Plan</b>				
502012 - ECR Landfill Operations			-	-
512105 - ECR Landfill Maintenance			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)			-	-
Net 2009 Plan O&M Expenses			-	-
<b>Current Month O&amp;M Expense for All Plans</b>	\$ -	204,599.68	184,861.69	389,461.37

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

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COMMISSION

Louisville Gas and  
Electric 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  
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August 20, 2010

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") 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. 2009-00502, LG&E 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", written over a horizontal line.

Robert M. Conroy

Enclosures

ES FORM 1.00

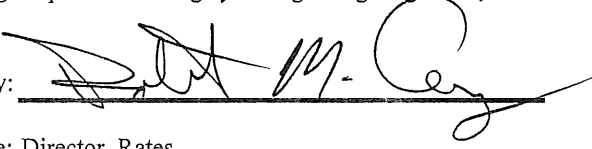
**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**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 = \$ (397,817)

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15 = -0.60%

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

Submitted by: 

Title: Director, Rates

Date Submitted: August 20, 2010

**LOUISVILLE GAS AND ELECTRIC 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		= \$	237,736,661
(2) RB / 12		=	19,811,388
(3) (ROR + (ROR - DR) (TR / (1 - TR)))		=	10.97%
(4) OE		=	1,252,614
(5) BAS		=	97
(6) BR		=	-
(7) E(m)	(2) x (3) + (4) - (5) + (6)	= \$	3,425,827

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	92.29%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	3,161,696
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2009-00502	=	-
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	3,161,696
(13)	Revenue Collected through Base Rates	= \$	3,559,513
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	(397,817)
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	65,947,483
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	-0.60%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 248,446,376	
Eligible Pollution CWIP Excluding AFUDC	49,803,903	
Subtotal		\$ 298,250,279
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	724,347	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		724,347
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	45,094,630	
Pollution Control Deferred Income Taxes	16,143,335	
Subtotal		61,237,965
Environmental Compliance Rate Base		\$ 237,736,661

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 419,804
Monthly Depreciation & Amortization Expense	801,110
less investment tax credit amortization	-
Monthly Property and Other Applicable Taxes	31,700
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 1,252,614

**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	\$ 97	\$ -	\$ 97
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 97	\$ -	\$ 97

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

Plant, CWIP & Depreciation Expense

For the Month Ended: July 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	Deferred Tax Balance  as of 7/31/2010	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ 192,860,844	\$ 38,978,217	\$ -	\$ 153,882,626	\$ 14,122,584		\$ 617,234	\$ 19,775
Subtotal	\$ 192,860,844	\$ 38,978,217	\$ -	\$ 153,882,626	\$ 14,122,584		\$ 617,234	\$ 19,775
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ (5,850,965)	\$ (2,914,284)	\$ -	\$ (2,936,681)	\$ (1,053,265)		\$ (13,202)	\$ (341)
<b>Net Total - 2001 Plan:</b>	<b>\$ 187,009,879</b>	<b>\$ 36,063,933</b>	<b>\$ -</b>	<b>\$ 150,945,945</b>	<b>\$ 13,069,319</b>		<b>\$ 604,032</b>	<b>\$ 19,435</b>
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ 30,861,686	\$ 9,437,381	\$ -	\$ 21,424,304	\$ 1,085,235		\$ 103,474	\$ 2,769
Project 8 - Precipitator Upgrades - All Plants	\$ 11,929,133	\$ 2,878,611	\$ -	\$ 9,050,522	\$ 938,419		\$ 47,792	\$ 1,173
Project 9 - Clearwell Water System - Mill Creek	\$ 1,197,310	\$ 428,966	\$ -	\$ 768,344	\$ 31,000		\$ 3,702	\$ 99
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ 2,734,620	\$ 1,200,590	\$ -	\$ 1,534,030	\$ 81,172		\$ 8,614	\$ 199
Subtotal	\$ 46,722,749	\$ 13,945,548	\$ -	\$ 32,777,201	\$ 2,135,825		\$ 163,582	\$ 4,240
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ (7,839,520)	\$ (6,665,432)	\$ -	\$ (1,174,088)	\$ (796,041)		\$ (27,125)	\$ (387)
<b>Net Total - 2003 Plan:</b>	<b>\$ 38,883,229</b>	<b>\$ 7,280,116</b>	<b>\$ -</b>	<b>\$ 31,603,112</b>	<b>\$ 1,339,784</b>		<b>\$ 136,457</b>	<b>\$ 3,853</b>
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,607,107	\$ 367,489	\$ 1,515,559	\$ 5,755,178	\$ 219,752		\$ 9,741	\$ 700
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 278,983	\$ 74,369	\$ 4,525,955	\$ 246,374		\$ 8,397	\$ 564
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 79,336	\$ -	\$ 770,764	\$ 73,367		\$ 2,564	\$ 99
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 39,069	\$ -	\$ 269,439	\$ 17,860		\$ 1,147	\$ 35
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,142,525	\$ -	\$ 6,218,552	\$ 998,859		\$ 22,206	\$ 797
Subtotal	\$ 17,857,360	\$ 1,907,402	\$ 1,589,929	\$ 17,539,888	\$ 1,556,213		\$ 44,055	\$ 2,193
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (1,191,665)	\$ (548,068)	\$ -	\$ (643,598)	\$ (131,696)		\$ (3,438)	\$ (80)
<b>Net Total - 2005 Plan:</b>	<b>\$ 16,665,695</b>	<b>\$ 1,359,334</b>	<b>\$ 1,589,929</b>	<b>\$ 16,896,290</b>	<b>\$ 1,424,517</b>		<b>\$ 40,616</b>	<b>\$ 2,114</b>

LOUISVILLE GAS AND ELECTRIC 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) Deferred Tax Balance  as of 7/31/2010	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ 44,910,678	\$ 44,910,678	\$ -		\$ -	\$ 5,441
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 200,408	\$ 456,852	\$ 3,696,520	\$ 201,438		\$ 9,777	\$ 414
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 131,225	\$ -	\$ 1,919,121	\$ 40,032		\$ 8,867	\$ 248
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 59,613	\$ -	\$ 337,538	\$ 68,244		\$ 1,361	\$ 43
Subtotal	\$ 5,887,574	\$ 391,247	\$ 45,367,530	\$ 50,863,857	\$ 309,715		\$ 20,005	\$ 6,145
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 5,887,574	\$ 391,247	\$ 45,367,530	\$ 50,863,857	\$ 309,715		\$ 20,005	\$ 6,145
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 337,120	\$ 337,120	\$ -		\$ -	\$ 33
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 1,590,875	\$ 1,590,875	\$ -		\$ -	\$ 120
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 918,449	\$ 918,449	\$ -		\$ -	\$ -
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 2,846,444	\$ 2,846,444	\$ -		\$ -	\$ 153
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 2,846,444	\$ 2,846,444	\$ -		\$ -	\$ 153
<b>Net Total - All Plans:</b>	\$ 248,446,376	\$ 45,094,630	\$ 49,803,903	\$ 253,155,650	\$ 16,143,335		\$ 801,110	\$ 31,700

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

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

Inventory of Emission Allowances

For the Month Ended: 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	150,145	5,711	3,649	\$ 3,395.96	\$ -	\$ 71.90	
2011	62,379	14,133	6,212				
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030 - 2040	686,169						

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



**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	159,801	0	3,956	0	5,700	150,145	
Dollars	\$ 3,614.36	\$ -	\$ 89.48	\$ -	\$ 128.92	\$ 3,395.96	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ -	\$ 0.02	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	151,349	-	3,899		4,275	143,175	Sale of allowances to KU
Dollars	\$ 3,423.20	\$ 0.01	\$ 88.20	\$ -	\$ 96.69	\$ 3,238.32	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,452	-	57	-	1,425	6,970	Sale of allowances to KU
Dollars	\$ 191.16	\$ (0.01)	\$ 1.28	\$ -	\$ 32.23	\$ 157.64	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

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

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	5,035	0	1,364	22	0	3,649	
Dollars	\$ 99.20	\$ -	\$ 26.87	\$ 0.43	\$ -	\$ 71.90	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ 0.02	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	4,897	-	1,364	-	-	3,533	
Dollars	\$ 96.48	\$ -	\$ 26.87	\$ -	\$ -	\$ 69.61	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	138	-	-	22	-	116	
Dollars	\$ 2.72	\$ -	\$ -	\$ 0.43	\$ -	\$ 2.29	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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.

**LOUISVILLE GAS AND ELECTRIC 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	7,097	0	1,364	22	0	5,711	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,006	-	1,364	-	-	5,642	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	91	-	-	22	-	69	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 508,389
10th Previous Month	601,705
9th Previous Month	371,225
8th Previous Month	370,063
7th Previous Month	611,664
6th Previous Month	435,407
5th Previous Month	468,423
4th Previous Month	495,912
3rd Previous Month	696,662
2nd Previous Month	389,461
Previous Month	426,059
Current Month	419,804
Total 12 Month O&M	\$ 5,794,774

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 5,794,774
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 724,347

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: July 31, 2010

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2001 Plan</b>				
506104 - NOx Operation -- Consumables		189,407.84	69,792.22	259,200.06
506105 - NOx Operation -- Labor and Other		4,501.56	5,348.80	9,850.36
512101 - NOx Maintenance		6,059.03	1,637.71	7,696.74
Total 2001 Plan O&M Expenses		199,968.43	76,778.73	276,747.16
<b>2005 Plan</b>				
502006-Scrubber Operations			26,881.15	26,881.15
512005-Scrubber Maintenance			-	-
Ashpond Dredging Expense			-	-
Total 2005 Plan O&M Expenses			26,881.15	26,881.15
<b>2006 Plan</b>				
506109 - Sorbent Injection Operation		-	83,161.94	83,161.94
512102 - Sorbent Injection Maintenance		-	2,810.97	2,810.97
506110 - Mercury Monitors Operation		-	-	-
512103 - Mercury Monitors Maintenance	30,203	-	-	30,203.00
502006 - Scrubber Operations			-	-
512005 - Scrubber Maintenance			-	-
506104 - NOx Operation -- Consumables			-	-
506105 - NOx Operation -- Labor and Other			-	-
512101 - NOx Maintenance			-	-
506001 - Precipitator Operation			-	-
506111 - Activated Carbon			-	-
512011 - Precipitator Maintenance			-	-
Total 2006 Plan O&M Expenses	\$ 30,203	-	85,972.91	116,175.91
<b>2009 Plan</b>				
502012 - ECR Landfill Operations			-	-
512105 - ECR Landfill Maintenance			-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)			-	-
Net 2009 Plan O&M Expenses			-	-
<b>Current Month O&amp;M Expense for All Plans</b>	<b>\$ 30,203</b>	<b>199,968.43</b>	<b>189,632.79</b>	<b>419,804.22</b>

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
CCP Disposal Facilities Expenses  
For the Month Ended: July 31, 2010

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

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

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

ES FORM 2.60

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

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

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

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

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



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

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	72,375,034	2,006,115	1,028,955	835,493	76,245,596	75,410,103	6,731,611	82,977,207	82,141,714	
Sep-09	68,118,532	(1,093,633)	975,907	336,310	68,337,116	68,000,806	7,998,118	76,335,234	75,998,924	
Oct-09	60,422,151	(631,634)	764,250	620,589	61,175,356	60,554,767	9,284,929	70,460,285	69,839,696	
Nov-09	50,029,237	(510,379)	628,113	761,325	50,908,296	50,146,971	9,703,778	60,612,074	59,850,749	
Dec-09	58,143,434	(1,826,641)	823,759	749,427	57,889,979	57,140,552	10,501,167	68,391,146	67,641,719	
Jan-10	66,862,994	(950,652)	1,556,289	1,306,389	68,775,021	67,468,632	10,796,885	79,571,906	78,265,517	
Feb-10	62,148,756	96,267	1,383,572	1,807,451	65,436,045	63,628,594	15,594,307	81,030,352	79,222,901	
Mar-10	60,197,936	1,038,847	1,284,971	1,403,818	63,925,572	62,521,754	7,802,512	71,728,084	70,324,266	
Apr-10	54,875,216	255,564	1,224,291	(197,282)	56,157,790	56,355,072	10,615,394	66,773,184	66,970,466	
May-10	54,313,958	1,317,675	1,218,972	572,800	57,423,405	56,850,605	9,752,830	67,176,235	66,603,435	
Jun-10	76,709,495	1,581,038	1,979,975	2,482,673	82,753,181	80,270,508	5,551,039	88,304,220	85,821,547	
Jul-10	87,940,963	2,659,992	2,420,480	1,519,099	94,540,534	93,021,435	7,765,917	102,306,451	100,787,352	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 65,947,483				
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) =									92.29%	
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$	309,896.03		

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 87,940,963	\$ 87,940,963
Fuel Adjustment Clause	\$ 2,659,992	\$ 2,659,992
DSM	\$ 2,420,480	\$ 2,420,480
Environmental Surcharge		\$ 1,519,099
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 93,021,435	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 7,765,917	\$ 7,765,917
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 7,765,917	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 100,787,352	
<b>Reconciling Revenues</b>		
Brokered	\$ 309,896	\$ 309,896
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (537,667)
Miscellaneous		\$ 2,085,548
Total Company Revenues per Income Statement =		\$ 104,164,228

**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

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

September 17, 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), Louisville Gas and Electric Company ("LG&E") 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. 2009-00502, LG&E 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. 2009-00549, all costs associated with the 2001 and 2003 ECR Plans are removed from the ECR monthly filing. LG&E 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.

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 large circular flourish at the end.

Robert M. Conroy

Enclosures

ES FORM 1.00

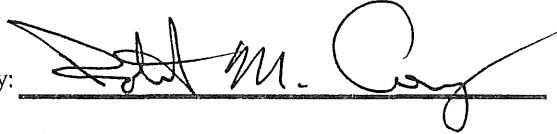
**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**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	=	\$	(1,681,232)
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15	=		-2.50%

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

Submitted by:



Title: Director, Rates

Date Submitted: September 17, 2010

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 22,553,269	
Eligible Pollution CWIP Excluding AFUDC	50,524,477	
Subtotal		\$ 73,077,746
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	297,560	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		297,560
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	1,814,640	
Pollution Control Deferred Income Taxes	1,777,012	
Subtotal		3,591,652
Environmental Compliance Rate Base		\$ 69,783,654

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 110,695
Monthly Depreciation & Amortization Expense	60,621
less investment tax credit amortization	-
Monthly Property and Other Applicable Taxes	8,412
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 179,728

**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	\$ 123	\$ -	\$ 123
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 123	\$ -	\$ 123

**LOUISVILLE GAS AND ELECTRIC 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		= \$	69,783,654
(2) RB / 12		=	5,815,305
(3) (ROR + (ROR - DR) (TR / (1 - TR)))		=	10.97%
(4) OE		=	179,728
(5) BAS		=	123
(6) BR		=	-
(7) E(m)	(2) x (3) + (4) - (5) + (6)	= \$	817,544

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	92.56%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	756,719
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2009-00502	=	-
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	756,719
(13)	Revenue Collected through Base Rates	= \$	2,437,951
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	(1,681,232)
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	67,236,254
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) + (15)]	=	-2.50%

LOUISVILLE GAS AND ELECTRIC 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) Deferred Tax Balance as of 8/31/2010	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 8 - Precipitator Upgrades - All Plants	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 9 - Clearwell Water System - Mill Creek	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,607,107	\$ 377,230	\$ 1,631,565	\$ 5,861,443	\$ 225,313		\$ 9,741	\$ 700
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 287,380	\$ 97,940	\$ 4,541,129	\$ 252,819		\$ 8,397	\$ 564
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 81,901	\$ -	\$ 768,200	\$ 75,420		\$ 2,564	\$ 99
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 40,215	\$ -	\$ 268,292	\$ 18,031		\$ 1,147	\$ 35
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,164,731	\$ -	\$ 6,196,347	\$ 1,015,890		\$ 22,206	\$ 797
Subtotal	\$ 17,857,360	\$ 1,951,456	\$ 1,729,505	\$ 17,635,410	\$ 1,587,473		\$ 44,055	\$ 2,193
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (1,191,665)	\$ (548,068)	\$ -	\$ (643,598)	\$ (131,696)		\$ (3,438)	\$ (80)
<b>Net Total - 2005 Plan:</b>	\$ 16,665,695	\$ 1,403,388	\$ 1,729,505	\$ 16,991,812	\$ 1,455,777		\$ 40,616	\$ 2,114

LOUISVILLE GAS AND ELECTRIC 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) Deferred Tax Balance  as of 8/31/2010	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ 44,328,288	\$ 44,328,288	\$ -		\$ -	\$ 5,441
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 210,185	\$ 471,067	\$ 3,700,958	\$ 210,118		\$ 9,777	\$ 414
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 140,093	\$ -	\$ 1,910,254	\$ 41,835		\$ 8,867	\$ 248
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 60,974	\$ -	\$ 336,177	\$ 69,282		\$ 1,361	\$ 43
Subtotal	\$ 5,887,574	\$ 411,251	\$ 44,799,355	\$ 50,275,677	\$ 321,235		\$ 20,005	\$ 6,145
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 5,887,574	\$ 411,251	\$ 44,799,355	\$ 50,275,677	\$ 321,235		\$ 20,005	\$ 6,145
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 375,739	\$ 375,739	\$ -		\$ -	\$ 33
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 2,684,906	\$ 2,684,906	\$ -		\$ -	\$ 120
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 934,972	\$ 934,972	\$ -		\$ -	\$ -
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 3,995,617	\$ 3,995,617	\$ -		\$ -	\$ 153
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 3,995,617	\$ 3,995,617	\$ -		\$ -	\$ 153
<b>Net Total - All Plans:</b>	\$ 22,553,269	\$ 1,814,640	\$ 50,524,477	\$ 71,263,106	\$ 1,777,012		\$ 60,621	\$ 8,412

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



LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT

Inventory of Emission Allowances

For the Month Ended: 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	143,080	4,346	2,284	\$ 3,195.25	\$ -	\$ 45.00	
2011	62,379	14,133	6,212				
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030 - 2040	686,169						

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	150,145	1,809	3,453	0	5,421	143,080	
Dollars	\$ 3,395.96	\$ -	\$ 78.10	\$ -	\$ 122.61	\$ 3,195.25	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ -	\$ 0.02	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	141,750	1,809	3,426		5,421	134,712	Sale of allowances to KU (5,421); allocation from EPA Conservation & Renewables Pool (1,809). Beginning inventory adjusted to reflect July sale to KU of 100% coal allowances and no other fuel allowances.
Dollars	\$ 3,206.09	\$ 1.80	\$ 77.49	\$ -	\$ 122.61	\$ 3,007.79	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,395	-	27	-	-	8,368	Beginning inventory adjusted to reflect July sale to KU of 100% coal allowances and no other fuel allowances.
Dollars	\$ 189.87	\$ (1.80)	\$ 0.61	\$ -	\$ -	\$ 187.46	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

ES FORM 2.32

**LOUISVILLE GAS AND ELECTRIC 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	3,649	0	1,344	21	0	2,284	
Dollars	\$ 71.90	\$ -	\$ 26.49	\$ 0.41	\$ -	\$ 45.00	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ 0.02	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	3,533	-	1,344	-	-	2,189	
Dollars	\$ 69.61	\$ 0.01	\$ 26.49	\$ -	\$ -	\$ 43.13	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	116	-	-	21	-	95	
Dollars	\$ 2.29	\$ (0.01)	\$ -	\$ 0.41	\$ -	\$ 1.87	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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 2.33

**LOUISVILLE GAS AND ELECTRIC 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	5,711	0	1,344	21	0	4,346	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	5,642	(50)	1,344	-	-	4,248	Transfer from Coal Fuel to Other Fuel
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	69	50	-	21	-	98	Transfer from Coal Fuel to Other Fuel
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 235,164
10th Previous Month	131,660
9th Previous Month	179,707
8th Previous Month	223,008
7th Previous Month	208,670
6th Previous Month	247,036
5th Previous Month	286,117
4th Previous Month	335,072
3rd Previous Month	125,444
2nd Previous Month	154,851
Previous Month	143,057
Current Month	110,695
Total 12 Month O&M	\$ 2,380,479

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 2,380,479
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 297,560

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: August 31, 2010

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2001 Plan</b>				
506104 - NOx Operation -- Consumables		-	-	-
506105 - NOx Operation -- Labor and Other		-	-	-
512101 - NOx Maintenance		-	-	-
Total 2001 Plan O&M Expenses		-	-	-
<b>2005 Plan</b>				
502006-Scrubber Operations			10,904.45	10,904.45
512005-Scrubber Maintenance			-	-
Ashpond Dredging Expense		-	-	-
Total 2005 Plan O&M Expenses		-	10,904.45	10,904.45
<b>2006 Plan</b>				
506109 - Sorbent Injection Operation		-	97,615.56	97,615.56
512102 - Sorbent Injection Maintenance		-	91.58	91.58
506110 - Mercury Monitors Operation		-	-	-
512103 - Mercury Monitors Maintenance		2,083.19	-	2,083.19
502006 - Scrubber Operations			-	-
512005 - Scrubber Maintenance			-	-
506104 - NOx Operation -- Consumables			-	-
506105 - NOx Operation -- Labor and Other			-	-
512101 - NOx Maintenance			-	-
506001 - Precipitator Operation			-	-
506111 - Activated Carbon			-	-
512011 - Precipitator Maintenance			-	-
Total 2006 Plan O&M Expenses	\$ -	2,083.19	97,707.14	99,790.33
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
<b>Current Month O&amp;M Expense for All Plans</b>	<b>\$ -</b>	<b>2,083.19</b>	<b>108,611.59</b>	<b>110,694.78</b>

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**CCP Disposal Facilities Expenses**  
**For the Month Ended: August 31, 2010**

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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			\$ -



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

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

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

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

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

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	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)
Sep-09	68,118,532	(1,093,633)	975,907	336,310	68,337,116	68,000,806	7,998,118	76,335,234	75,998,924
Oct-09	60,422,151	(631,634)	764,250	620,589	61,175,356	60,554,767	9,284,929	70,460,285	69,839,696
Nov-09	50,029,237	(510,379)	628,113	761,325	50,908,296	50,146,971	9,703,778	60,612,074	59,850,749
Dec-09	58,143,434	(1,826,641)	823,759	749,427	57,889,979	57,140,552	10,501,167	68,391,146	67,641,719
Jan-10	66,862,994	(950,652)	1,556,289	1,306,389	68,775,021	67,468,632	10,796,885	79,571,906	78,265,517
Feb-10	62,148,756	96,267	1,383,572	1,807,451	65,436,045	63,628,594	15,594,307	81,030,352	79,222,901
Mar-10	60,197,936	1,038,847	1,284,971	1,403,818	63,925,572	62,521,754	7,802,512	71,728,084	70,324,266
Apr-10	54,875,216	255,564	1,224,291	(197,282)	56,157,790	56,355,072	10,615,394	66,773,184	66,970,466
May-10	54,313,958	1,317,675	1,218,972	572,800	57,423,405	56,850,605	9,752,830	67,176,235	66,603,435
Jun-10	76,709,495	1,581,038	1,979,975	2,482,673	82,753,181	80,270,508	5,551,039	88,304,220	85,821,547
Jul-10	87,940,963	2,659,992	2,420,480	1,519,099	94,540,534	93,021,435	7,765,917	102,306,451	100,787,352
Aug-10	86,172,751	2,911,577	1,791,028	(125,080)	90,750,276	90,875,356	7,304,722	98,054,998	98,180,078
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 67,236,254			
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) =									92.56%
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$	324,701.56	

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 86,172,751	\$ 86,172,751
Fuel Adjustment Clause	\$ 2,911,577	\$ 2,911,577
DSM	\$ 1,791,028	\$ 1,791,028
Environmental Surcharge		\$ (125,080)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 90,875,355	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 7,304,722	\$ 7,304,722
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 7,304,722	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 98,180,078	
<b>Reconciling Revenues</b>		
Brokered	\$ 324,702	\$ 324,702
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 15,533,487
Miscellaneous		\$ 1,619,186
Total Company Revenues per Income Statement =		\$ 115,532,373



an *e-on* company

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

**RECEIVED**

OCT 18 2010

**PUBLIC SERVICE  
COMMISSION**

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

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

October 18, 2010

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") 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. 2009-00502, LG&E 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', with a large, stylized flourish at the end.

Robert M. Conroy

Enclosures

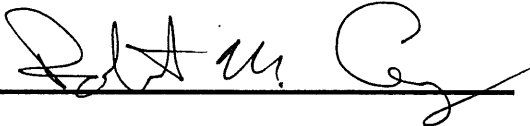
ES FORM 1.00

**LOUISVILLE GAS AND ELECTRIC 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	=	\$	(54,471)
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15	=		-0.08%

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

Submitted by: 

Title: Director, Rates

Date Submitted: October 18, 2010

**LOUISVILLE GAS AND ELECTRIC 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	= \$	69,927,954
(2)	RB / 12	=	5,827,330
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.97%
(4)	OE	=	234,877
(5)	BAS	=	134
(6)	BR	=	-
(7)	E(m) <span style="margin-left: 100px;"><math>(2) \times (3) + (4) - (5) + (6)</math></span>	= \$	874,001

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	90.68%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	792,544
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2009-00502	=	-
(11)	Prior Period Adjustment (if necessary)	=	(30,755)
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	761,789
(13)	Revenue Collected through Base Rates	= \$	816,260
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	(54,471)
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	68,965,871
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	-0.08%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 22,553,269	
Eligible Pollution CWIP Excluding AFUDC	50,784,281	
Subtotal		\$ 73,337,550
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	288,895	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		288,895
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	1,878,699	
Pollution Control Deferred Income Taxes	1,819,792	
Subtotal		3,698,491
Environmental Compliance Rate Base		\$ 69,927,954

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 165,844
Monthly Depreciation & Amortization Expense	60,621
less investment tax credit amortization	-
Monthly Property and Other Applicable Taxes	8,412
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 234,877

**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	\$ 134	\$ -	\$ 134
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 134	\$ -	\$ 134

**LOUISVILLE GAS AND ELECTRIC 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) Deferred Tax Balance  as of 9/30/2010	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 8 - Precipitator Upgrades - All Plants	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 9 - Clearwell Water System - Mill Creek	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,607,107	\$ 386,970	\$ 1,639,669	\$ 5,859,806	\$ 230,874		\$ 9,741	\$ 700
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 295,776	\$ 146,992	\$ 4,581,784	\$ 259,264		\$ 8,397	\$ 564
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 84,465	\$ -	\$ 765,635	\$ 77,473		\$ 2,564	\$ 99
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 41,362	\$ -	\$ 267,145	\$ 18,202		\$ 1,147	\$ 35
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,186,937	\$ -	\$ 6,174,141	\$ 1,032,920		\$ 22,206	\$ 797
Subtotal	\$ 17,857,360	\$ 1,995,511	\$ 1,786,661	\$ 17,648,511	\$ 1,618,733		\$ 44,055	\$ 2,193
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (1,191,665)	\$ (548,068)	\$ -	\$ (643,598)	\$ (131,696)		\$ (3,438)	\$ (80)
<b>Net Total - 2005 Plan:</b>	\$ 16,665,695	\$ 1,447,443	\$ 1,786,661	\$ 17,004,913	\$ 1,487,037		\$ 40,616	\$ 2,114



**LOUISVILLE GAS AND ELECTRIC 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) Deferred Tax Balance  as of 9/30/2010	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ 43,955,783	\$ 43,955,783	\$ -		\$ -	\$ 5,441
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 219,962	\$ 420,004	\$ 3,640,119	\$ 218,798		\$ 9,777	\$ 414
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 148,960	\$ -	\$ 1,901,387	\$ 43,638		\$ 8,867	\$ 248
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 62,335	\$ -	\$ 334,816	\$ 70,319		\$ 1,361	\$ 43
Subtotal	\$ 5,887,574	\$ 431,256	\$ 44,375,787	\$ 49,832,104	\$ 332,755		\$ 20,005	\$ 6,145
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 5,887,574	\$ 431,256	\$ 44,375,787	\$ 49,832,104	\$ 332,755		\$ 20,005	\$ 6,145
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 404,704	\$ 404,704	\$ -		\$ -	\$ 33
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 3,280,533	\$ 3,280,533	\$ -		\$ -	\$ 120
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 935,835	\$ 935,835	\$ -		\$ -	\$ -
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 761	\$ 761	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 4,621,833	\$ 4,621,833	\$ -		\$ -	\$ 153
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 4,621,833	\$ 4,621,833	\$ -		\$ -	\$ 153
<b>Net Total - All Plans:</b>	\$ 22,553,269	\$ 1,878,699	\$ 50,784,281	\$ 71,458,851	\$ 1,819,792		\$ 60,621	\$ 8,412

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

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

Inventory of Emission Allowances

For the Month Ended: 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	133,714	3,127	1,065	\$ 2,986.10	\$ -	\$ 20.99	
2011	62,379	14,133	6,212				
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030 - 2040	686,169						

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.

ES FORM 2.31

**LOUISVILLE GAS AND ELECTRIC 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	143,080	0	3,366	0	6,000	133,714	
Dollars	\$ 3,195.25	\$ -	\$ 75.16	\$ -	\$ 133.99	\$ 2,986.10	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ -	\$ 0.02	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	134,712	-	3,342		6,000	125,370	Sale of allowances to KU
Dollars	\$ 3,007.79	\$ 0.59	\$ 74.63	\$ -	\$ 133.99	\$ 2,799.76	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,368	-	24	-	-	8,344	
Dollars	\$ 187.46	\$ (0.59)	\$ 0.53	\$ -	\$ -	\$ 186.34	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

ES FORM 2.32

**LOUISVILLE GAS AND ELECTRIC 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	2,284	0	1,211	8	0	1,065	
Dollars	\$ 45.00	\$ -	\$ 23.85	\$ 0.16	\$ -	\$ 20.99	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ 0.02	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	2,189	-	1,211	-	-	978	
Dollars	\$ 43.13	\$ -	\$ 23.85	\$ -	\$ -	\$ 19.28	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	95	-	-	8	-	87	
Dollars	\$ 1.87	\$ -	\$ -	\$ 0.16	\$ -	\$ 1.71	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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.

**LOUISVILLE GAS AND ELECTRIC 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	4,346	0	1,211	8	0	3,127	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	4,248	-	1,211	-	-	3,037	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	98	-	-	8	-	90	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 131,660
10th Previous Month	179,707
9th Previous Month	223,008
8th Previous Month	208,670
7th Previous Month	247,036
6th Previous Month	286,117
5th Previous Month	335,072
4th Previous Month	125,444
3rd Previous Month	154,851
2nd Previous Month	143,057
Previous Month	110,695
Current Month	165,844
Total 12 Month O&M	\$ 2,311,159

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 2,311,159
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 288,895

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: September 30, 2010

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2001 Plan</b>				
506104 - NOx Operation -- Consumables		-	-	-
506105 - NOx Operation -- Labor and Other		-	-	-
512101 - NOx Maintenance		-	-	-
Total 2001 Plan O&M Expenses		-	-	-
<b>2005 Plan</b>				
502006-Scrubber Operations			38,657.06	38,657.06
512005-Scrubber Maintenance			-	-
Ashpond Dredging Expense		-		-
Total 2005 Plan O&M Expenses		-	38,657.06	38,657.06
<b>2006 Plan</b>				
506109 - Sorbent Injection Operation		-	125,974.39	125,974.39
512102 - Sorbent Injection Maintenance		-	-	-
506110 - Mercury Monitors Operation	-	-	-	-
512103 - Mercury Monitors Maintenance	-	1,212.54	-	1,212.54
502006 - Scrubber Operations			-	-
512005 - Scrubber Maintenance			-	-
506104 - NOx Operation -- Consumables			-	-
506105 - NOx Operation -- Labor and Other			-	-
512101 - NOx Maintenance			-	-
506001 - Precipitator Operation			-	-
506111 - Activated Carbon			-	-
512011 - Precipitator Maintenance			-	-
Total 2006 Plan O&M Expenses	\$ -	1,212.54	125,974.39	127,186.93
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
<b>Current Month O&amp;M Expense for All Plans</b>	\$ -	1,212.54	164,631.45	165,843.99

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

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

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

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

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

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



ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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			\$ -

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

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

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

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

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

Monthly Average Revenue Computation of R (m)

For the Month Ended: September 30, 2010

(1)	Kentucky Jurisdictional Revenues					(6)	(7)	Non-Jurisdictional Revenues	Total Company Revenues	
	(2)	(3)	(4)	(5)	(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-09	60,422,151	(631,634)	764,250	620,589	61,175,356	60,554,767	9,284,929	70,460,285	69,839,696	
Nov-09	50,029,237	(510,379)	628,113	761,325	50,908,296	50,146,971	9,703,778	60,612,074	59,850,749	
Dec-09	58,143,434	(1,826,641)	823,759	749,427	57,889,979	57,140,552	10,501,167	68,391,146	67,641,719	
Jan-10	66,862,994	(950,652)	1,556,289	1,306,389	68,775,021	67,468,632	10,796,885	79,571,906	78,265,517	
Feb-10	62,148,756	96,267	1,383,572	1,807,451	65,436,045	63,628,594	15,594,307	81,030,352	79,222,901	
Mar-10	60,197,936	1,038,847	1,284,971	1,403,818	63,925,572	62,521,754	7,802,512	71,728,084	70,324,266	
Apr-10	54,875,216	255,564	1,224,291	(197,282)	56,157,790	56,355,072	10,615,394	66,773,184	66,970,466	
May-10	54,313,958	1,317,675	1,218,972	572,800	57,423,405	56,850,605	9,752,830	67,176,235	66,603,435	
Jun-10	76,709,495	1,581,038	1,979,975	2,482,673	82,753,181	80,270,508	5,551,039	88,304,220	85,821,547	
Jul-10	87,940,963	2,659,992	2,420,480	1,519,099	94,540,534	93,021,435	7,765,917	102,306,451	100,787,352	
Aug-10	86,172,751	2,911,577	1,791,028	(125,080)	90,750,276	90,875,356	7,304,722	98,054,998	98,180,078	
Sep-10	85,610,679	1,618,012	1,527,512	(520,026)	88,236,177	88,756,203	9,116,965	97,353,142	97,873,168	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 68,965,871				
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) =									90.68%	
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$	80,222.99		

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 85,610,679	\$ 85,610,679
Fuel Adjustment Clause	\$ 1,618,012	\$ 1,618,012
DSM	\$ 1,527,512	\$ 1,527,512
Environmental Surcharge		\$ (520,026)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 88,756,203	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 9,116,965	\$ 9,116,965
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 9,116,965	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 97,873,168	
<b>Reconciling Revenues</b>		
Brokered	\$ 80,223	\$ 80,223
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (20,817,811)
Miscellaneous		\$ 1,674,255
Total Company Revenues per Income Statement =		\$ 78,289,809



**RECEIVED**  
OCT 19 2010  
PUBLIC SERVICE  
COMMISSION

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

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

October 19, 2010

RE: Monthly Environmental Surcharge Report

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

Dear Mr. DeRouen:

On Monday, October 18, 2010, pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") filed the original and three copies of its Environmental Surcharge Report for the month of September 2010. It has come to my attention that the prior period adjustment on ES Form 1.10 was inadvertently included as a reduction to jurisdictional revenue requirement.

As stated in our October 18, 2010 filing, 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 and thus an under-collection. Therefore, the amount of the overstatement reflected as a Prior Period Adjustment on ES Form 1.10 for the September 2010 expense month should be an increase to the jurisdictional revenue requirement, not a decrease.

Attached to this letter are revised ES Forms 1.00 and 1.10 for the expense month of September 2010 showing the corrected jurisdictional revenue requirement and billing factor LG&E will be applying to customer bills beginning October 28, 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 stylized and written in cursive.

Robert M. Conroy

Enclosures

ES FORM 1.00

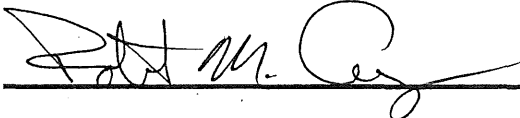
**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of September 2010 as Revised October 19, 2010**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 7,038

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15 = 0.01%

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

Submitted by: 

Title: Director, Rates

Date Submitted: October 19, 2010

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

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

For the Expense Month of September 2010 as Revised October 19, 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	=	\$	69,927,954
(2) RB / 12	=		5,827,330
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=		10.97%
(4) OE	=		234,877
(5) BAS	=		134
(6) BR	=		-
(7) E(m)		\$	874,001
			$(2) \times (3) + (4) - (5) + (6)$

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	90.68%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	792,544
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2009-00502	=	-
(11)	Prior Period Adjustment (if necessary)	=	30,755
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	823,299
(13)	Revenue Collected through Base Rates	= \$	816,260
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	7,038
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	68,965,871
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	0.01%



Jeff DeRouen, Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
P. O. Box 615  
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**Louisville Gas and  
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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), Louisville Gas and Electric Company ("LG&E") 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. 2009-00502, LG&E 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 "R. M. Conroy".

Robert M. Conroy

Enclosures



ES FORM 1.00

**LOUISVILLE GAS AND ELECTRIC 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	=	\$	29,051
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15	=		0.04%

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

Submitted by:



Title: Director, Rates

Date Submitted: November 19, 2010

**LOUISVILLE GAS AND ELECTRIC 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	= \$	70,830,963
(2)	RB / 12	=	5,902,580
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.97%
(4)	OE	=	163,405
(5)	BAS	=	-
(6)	BR	=	-
(7)	E(m)	= \$	810,918
			$(2) \times (3) + (4) - (5) + (6)$

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	85.51%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	693,416
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2009-00502	=	-
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	693,416
(13)	Revenue Collected through Base Rates	= \$	664,365
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	29,051
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	69,734,062
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	0.04%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 22,553,269	
Eligible Pollution CWIP Excluding AFUDC	51,798,791	
Subtotal		\$ 74,352,060
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	284,234	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		284,234
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	1,942,758	
Pollution Control Deferred Income Taxes	1,862,573	
Subtotal		3,805,331
Environmental Compliance Rate Base		\$ 70,830,963

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 94,372
Monthly Depreciation & Amortization Expense	60,621
less investment tax credit amortization	-
Monthly Property and Other Applicable Taxes	8,412
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 163,405

**Determination of Beneficial Reuse Operating Expenses**

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

**Proceeds From By-Product and Allowance Sales**

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

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

Plant, CWIP & Depreciation Expense

For the Month Ended: 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) Deferred Tax Balance as of 10/31/2010	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 8 - Precipitator Upgrades - All Plants	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 9 - Clearwell Water System - Mill Creek	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,607,107	\$ 396,711	\$ 1,668,020	\$ 5,878,417	\$ 236,435		\$ 9,741	\$ 700
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 304,173	\$ 473,775	\$ 4,900,170	\$ 265,709		\$ 8,397	\$ 564
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 87,030	\$ -	\$ 763,071	\$ 79,525		\$ 2,564	\$ 99
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 42,509	\$ -	\$ 265,999	\$ 18,373		\$ 1,147	\$ 35
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,209,143	\$ -	\$ 6,151,935	\$ 1,049,951		\$ 22,206	\$ 797
Subtotal	\$ 17,857,360	\$ 2,039,565	\$ 2,141,795	\$ 17,959,590	\$ 1,649,993		\$ 44,055	\$ 2,193
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (1,191,665)	\$ (548,068)	\$ -	\$ (643,598)	\$ (131,696)		\$ (3,438)	\$ (80)
<b>Net Total - 2005 Plan:</b>	\$ 16,665,695	\$ 1,491,497	\$ 2,141,795	\$ 17,315,993	\$ 1,518,297		\$ 40,616	\$ 2,114

**LOUISVILLE GAS AND ELECTRIC 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) Deferred Tax Balance  as of 10/31/2010	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)+(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ 43,835,711	\$ 43,835,711	\$ -		\$ -	\$ 5,441
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 229,738	\$ 420,004	\$ 3,630,342	\$ 227,478		\$ 9,777	\$ 414
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 157,827	\$ -	\$ 1,892,520	\$ 45,441		\$ 8,867	\$ 248
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 63,696	\$ -	\$ 333,455	\$ 71,357		\$ 1,361	\$ 43
Subtotal	\$ 5,887,574	\$ 451,260	\$ 44,255,715	\$ 49,692,028	\$ 344,275		\$ 20,005	\$ 6,145
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 5,887,574	\$ 451,260	\$ 44,255,715	\$ 49,692,028	\$ 344,275		\$ 20,005	\$ 6,145
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 441,661	\$ 441,661	\$ -		\$ -	\$ 33
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 4,016,879	\$ 4,016,879	\$ -		\$ -	\$ 120
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 940,313	\$ 940,313	\$ -		\$ -	\$ -
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 2,428	\$ 2,428	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 5,401,281	\$ 5,401,281	\$ -		\$ -	\$ 153
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 5,401,281	\$ 5,401,281	\$ -		\$ -	\$ 153
<b>Net Total - All Plans:</b>	\$ 22,553,269	\$ 1,942,758	\$ 51,798,791	\$ 72,409,302	\$ 1,862,573		\$ 60,621	\$ 8,412

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

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

**Inventory of Emission Allowances**

**For the Month Ended: 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	130,541	1,960	1,065	\$ 2,915.24	\$ -	\$ 20.99	
2011	62,379	14,133	6,212				
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030 - 2040	686,169						

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	133,714	0	3,173	0	0	130,541	
Dollars	\$ 2,986.10	\$ -	\$ 70.86	\$ -	\$ -	\$ 2,915.24	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	125,370	-	3,150	-	-	122,220	
Dollars	\$ 2,799.76	\$ 0.02	\$ 70.36	\$ -	\$ -	\$ 2,729.42	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,344	-	23	-	-	8,321	
Dollars	\$ 186.34	\$ (0.02)	\$ 0.50	\$ -	\$ -	\$ 185.82	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

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

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	1,065	0	0	0	0	1,065	
Dollars	\$ 20.99	\$ -	\$ -	\$ -	\$ -	\$ 20.99	
\$/Allowance	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	978	-	-	-	-	978	
Dollars	\$ 19.28	\$ -	\$ -	\$ -	\$ -	\$ 19.28	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	87	-	-	-	-	87	
Dollars	\$ 1.71	\$ -	\$ -	\$ -	\$ -	\$ 1.71	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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.



**LOUISVILLE GAS AND ELECTRIC 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	3,127	0	1,167	0	0	1,960	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	3,037	-	1,167	-	-	1,870	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	90	-	-	-	-	90	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 179,707
10th Previous Month	223,008
9th Previous Month	208,670
8th Previous Month	247,036
7th Previous Month	286,117
6th Previous Month	335,072
5th Previous Month	125,444
4th Previous Month	154,851
3rd Previous Month	143,057
2nd Previous Month	110,695
Previous Month	165,844
Current Month	94,372
Total 12 Month O&M	\$ 2,273,872

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 2,273,872
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 284,234

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: October 31, 2010

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2001 Plan</b>				
506104 - NOx Operation -- Consumables		-	-	-
506105 - NOx Operation -- Labor and Other		-	-	-
512101 - NOx Maintenance		-	-	-
Total 2001 Plan O&M Expenses		-	-	-
<b>2005 Plan</b>				
502006-Scrubber Operations			21,991.45	21,991.45
512005-Scrubber Maintenance			-	-
Ashpond Dredging Expense		-	-	-
Total 2005 Plan O&M Expenses		-	21,991.45	21,991.45
<b>2006 Plan</b>				
506109 - Sorbent Injection Operation		-	68,783.65	68,783.65
512102 - Sorbent Injection Maintenance		-	-	-
506110 - Mercury Monitors Operation	-	-	-	-
512103 - Mercury Monitors Maintenance	-	3,596.54	-	3,596.54
502006 - Scrubber Operations			-	-
512005 - Scrubber Maintenance			-	-
506104 - NOx Operation -- Consumables			-	-
506105 - NOx Operation -- Labor and Other			-	-
512101 - NOx Maintenance			-	-
506001 - Precipitator Operation			-	-
506111 - Activated Carbon			-	-
512011 - Precipitator Maintenance			-	-
Total 2006 Plan O&M Expenses	\$ -	3,596.54	68,783.65	72,380.19
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
Current Month O&M Expense for All Plans	\$ -	3,596.54	90,775.10	94,371.64

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

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

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

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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
Total Monthly Beneficial Reuse Expense			\$ -
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ -
Net Beneficial Reuse O&M Expense			\$ -

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

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

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

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

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

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	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)	
Nov-09	50,029,237	(510,379)	628,113	761,325	50,908,296	50,146,971	9,703,778	60,612,074	59,850,749	
Dec-09	58,143,434	(1,826,641)	823,759	749,427	57,889,979	57,140,552	10,501,167	68,391,146	67,641,719	
Jan-10	66,862,994	(950,652)	1,556,289	1,306,389	68,775,021	67,468,632	10,796,885	79,571,906	78,265,517	
Feb-10	62,148,756	96,267	1,383,572	1,807,451	65,436,045	63,628,594	15,594,307	81,030,352	79,222,901	
Mar-10	60,197,936	1,038,847	1,284,971	1,403,818	63,925,572	62,521,754	7,802,512	71,728,084	70,324,266	
Apr-10	54,875,216	255,564	1,224,291	(197,282)	56,157,790	56,355,072	10,615,394	66,773,184	66,970,466	
May-10	54,313,958	1,317,675	1,218,972	572,800	57,423,405	56,850,605	9,752,830	67,176,235	66,603,435	
Jun-10	76,709,495	1,581,038	1,979,975	2,482,673	82,753,181	80,270,508	5,551,039	88,304,220	85,821,547	
Jul-10	87,940,963	2,659,992	2,420,480	1,519,099	94,540,534	93,021,435	7,765,917	102,306,451	100,787,352	
Aug-10	86,172,751	2,911,577	1,791,028	(125,080)	90,750,276	90,875,356	7,304,722	98,054,998	98,180,078	
Sep-10	85,610,679	1,618,012	1,527,512	(520,026)	88,236,177	88,756,203	9,116,965	97,353,142	97,873,168	
Oct-10	66,657,771	2,094,966	1,020,320	(1,726,986)	68,046,072	69,773,058	11,825,887	79,871,959	81,598,945	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 69,734,062				
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) =									85.51%	
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$	200,760.00		

ES FORM 3.10

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 66,657,771	\$ 66,657,771
Fuel Adjustment Clause	\$ 2,094,966	\$ 2,094,966
DSM	\$ 1,020,320	\$ 1,020,320
Environmental Surcharge		\$ (1,726,986)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 69,773,057	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 11,825,887	\$ 11,825,887
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 11,825,887	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 81,598,945	
<b>Reconciling Revenues</b>		
Brokered	\$ 200,760	\$ 200,760
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (10,173,304)
Miscellaneous		\$ 993,422
Total Company Revenues per Income Statement =		\$ 70,892,837





an *e-on* company

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**

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

December 20, 2010

RE: Monthly Environmental Surcharge Report

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

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") 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. 2009-00502, LG&E 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 LG&E 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, LG&E 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', 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."

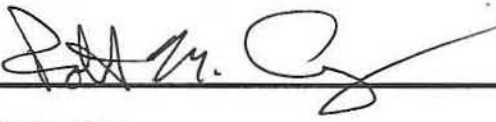
ES FORM 1.00

**LOUISVILLE GAS AND ELECTRIC 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	=	\$	129,947
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15	=		0.18%

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

Submitted by:   
Title: Director, Rates

Date Submitted: December 20, 2010

**LOUISVILLE GAS AND ELECTRIC 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	= \$	72,115,766
(2)	RB / 12	=	6,009,647
(3)	$(ROR + (ROR - DR)(TR / (1 - TR)))$	=	10.97%
(4)	OE	=	190,507
(5)	BAS	=	-
(6)	BR	=	-
(7)	E(m)	= \$	849,765
			$(2) \times (3) + (4) - (5) + (6)$

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	83.47%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	709,299
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2009-00502	=	-
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	709,299
(13)	Revenue Collected through Base Rates	= \$	579,352
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	129,947
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	70,602,931
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) + (15)]	=	0.18%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 22,553,269	
Eligible Pollution CWIP Excluding AFUDC	53,197,712	
Subtotal		\$ 75,750,981
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	276,955	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		276,955
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	2,006,817	
Pollution Control Deferred Income Taxes	1,905,353	
Subtotal		3,912,170
Environmental Compliance Rate Base		\$ 72,115,766

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 121,474
Monthly Depreciation & Amortization Expense	60,621
less investment tax credit amortization	-
Monthly Property and Other Applicable Taxes	8,412
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 190,507

**Determination of Beneficial Reuse Operating Expenses**

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

**Proceeds From By-Product and Allowance Sales**

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

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

Plant, CWIP & Depreciation Expense

For the Month Ended: 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	(6) Deferred Tax Balance  as of 11/30/2010	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 8 - Precipitator Upgrades - All Plants	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 9 - Clearwell Water System - Mill Creek	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,607,107	\$ 406,452	\$ 1,671,726	\$ 5,872,381	\$ 241,996		\$ 9,741	\$ 700
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 312,570	\$ 519,757	\$ 4,937,755	\$ 272,155		\$ 8,397	\$ 564
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 89,594	\$ -	\$ 760,506	\$ 81,578		\$ 2,564	\$ 99
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 43,655	\$ -	\$ 264,852	\$ 18,544		\$ 1,147	\$ 35
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,231,349	\$ -	\$ 6,129,729	\$ 1,066,982		\$ 22,206	\$ 797
Subtotal	\$ 17,857,360	\$ 2,083,620	\$ 2,191,483	\$ 17,965,223	\$ 1,681,254		\$ 44,055	\$ 2,193
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (1,191,665)	\$ (548,068)	\$ -	\$ (643,598)	\$ (131,696)		\$ (3,438)	\$ (80)
<b>Net Total - 2005 Plan:</b>	\$ 16,665,695	\$ 1,535,552	\$ 2,191,483	\$ 17,321,626	\$ 1,549,557		\$ 40,616	\$ 2,114

Attachment to Response to LGE KIUC-1 Question No. 19  
 Page 141 of 485  
 Conroy

**LOUISVILLE GAS AND ELECTRIC 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	(6) Deferred Tax Balance  as of 11/30/2010	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ 43,454,673	\$ 43,454,673	\$ -		\$ -	\$ 5,441
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 239,515	\$ 444,939	\$ 3,645,501	\$ 236,158		\$ 9,777	\$ 414
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 166,694	\$ -	\$ 1,883,653	\$ 47,243		\$ 8,867	\$ 248
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 65,056	\$ -	\$ 332,095	\$ 72,395		\$ 1,361	\$ 43
Subtotal	\$ 5,887,574	\$ 471,265	\$ 43,899,612	\$ 49,315,921	\$ 355,796		\$ 20,005	\$ 6,145
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 5,887,574	\$ 471,265	\$ 43,899,612	\$ 49,315,921	\$ 355,796		\$ 20,005	\$ 6,145
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 613,325	\$ 613,325	\$ -		\$ -	\$ 35
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 5,545,388	\$ 5,545,388	\$ -		\$ -	\$ 120
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 944,564	\$ 944,564	\$ -		\$ -	\$ -
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 3,340	\$ 3,340	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 7,106,617	\$ 7,106,617	\$ -		\$ -	\$ 153
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 7,106,617	\$ 7,106,617	\$ -		\$ -	\$ 153
<b>Net Total - All Plans:</b>	\$ 22,553,269	\$ 2,006,817	\$ 53,197,712	\$ 73,744,163	\$ 1,905,353		\$ 60,621	\$ 8,412

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

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

Inventory of Emission Allowances

For the Month Ended: 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	127,675	763	1,065	\$ 2,851.25	\$ -	\$ 20.99	
2011	62,379	14,133	6,212				
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030 - 2040	686,169						

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	130,541	0	2,866	0	0	127,675	
Dollars	\$ 2,915.24	\$ -	\$ 63.99	\$ -	\$ -	\$ 2,851.25	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	122,220	-	2,841	-	-	119,379	
Dollars	\$ 2,729.42	\$ -	\$ 63.43	\$ -	\$ -	\$ 2,665.99	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,321	-	25	-	-	8,296	
Dollars	\$ 185.82	\$ -	\$ 0.56	\$ -	\$ -	\$ 185.26	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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



ES FORM 2.32

**LOUISVILLE GAS AND ELECTRIC 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	1,065	0	0	0	0	1,065	
Dollars	\$ 20.99	\$ -	\$ -	\$ -	\$ -	\$ 20.99	
\$/Allowance	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	978	-	-	-	-	978	
Dollars	\$ 19.28	\$ -	\$ -	\$ -	\$ -	\$ 19.28	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	87	-	-	-	-	87	
Dollars	\$ 1.71	\$ -	\$ -	\$ -	\$ -	\$ 1.71	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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 2.33

**LOUISVILLE GAS AND ELECTRIC 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	1,960	0	1,197	0	0	763	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	1,870	-	1,197	-	-	673	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	90	-	-	-	-	90	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 223,008
10th Previous Month	208,670
9th Previous Month	247,036
8th Previous Month	286,117
7th Previous Month	335,072
6th Previous Month	125,444
5th Previous Month	154,851
4th Previous Month	143,057
3rd Previous Month	110,695
2nd Previous Month	165,844
Previous Month	94,372
Current Month	121,474
Total 12 Month O&M	\$ 2,215,639

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 2,215,639
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 276,955

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: November 30, 2010

O&M Expense Account	Cane Run	Mill Creek	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			22,286.43	22,286.43
512055-ECR Scrubber Maintenance			-	-
Ashpond Dredging Expense		-		-
Total 2005 Plan O&M Expenses		-	22,286.43	22,286.43
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			97,488.41	97,488.41
512152 - ECR Sorbent Injection Maintenance			442.46	442.46
506150 - ECR Mercury Monitors Operation	-			-
512153 - ECR Mercury Monitors Maintenance	-	1,257.04		1,257.04
502056 - ECR Scrubber Operations			-	-
512055 - ECR Scrubber Maintenance			-	-
506154 - ECR NOx Operation -- Consumables			-	-
506155 - ECR NOx Operation -- Labor and Other			-	-
512151 - ECR NOx Maintenance			-	-
506051 - ECR Precipitator Operation			-	-
506151 - ECR Activated Carbon			-	-
512051 - ECR Precipitator Maintenance			-	-
Total 2006 Plan O&M Expenses	\$ -	1,257.04	97,930.87	99,187.91
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
Current Month O&M Expense for All Plans	\$ -	1,257.04	120,217.30	121,474.34

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

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

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

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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			\$ -

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

**Beneficial Reuse Opportunities  
For the Month Ended: November 30, 2010**

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

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

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

Monthly Average Revenue Computation of R (m)

For the Month Ended: November 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	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)
Dec-09	58,143,434	(1,826,641)	823,759	749,427	57,889,979	57,140,552	10,501,167	68,391,146	67,641,719
Jan-10	66,862,994	(950,652)	1,556,289	1,306,389	68,775,021	67,468,632	10,796,885	79,571,906	78,265,517
Feb-10	62,148,756	96,267	1,383,572	1,807,451	65,436,045	63,628,594	15,594,307	81,030,352	79,222,901
Mar-10	60,197,936	1,038,847	1,284,971	1,403,818	63,925,572	62,521,754	7,802,512	71,728,084	70,324,266
Apr-10	54,875,216	255,564	1,224,291	(197,282)	56,157,790	56,355,072	10,615,394	66,773,184	66,970,466
May-10	54,313,958	1,317,675	1,218,972	572,800	57,423,405	56,850,605	9,752,830	67,176,235	66,603,435
Jun-10	76,709,495	1,581,038	1,979,975	2,482,673	82,753,181	80,270,508	5,551,039	88,304,220	85,821,547
Jul-10	87,940,963	2,659,992	2,420,480	1,519,099	94,540,534	93,021,435	7,765,917	102,306,451	100,787,352
Aug-10	86,172,751	2,911,577	1,791,028	(125,080)	90,750,276	90,875,356	7,304,722	98,054,998	98,180,078
Sep-10	85,610,679	1,618,012	1,527,512	(520,026)	88,236,177	88,756,203	9,116,965	97,353,142	97,873,168
Oct-10	66,657,771	2,094,966	1,020,320	(1,726,986)	68,046,072	69,773,058	11,825,887	79,871,959	81,598,945
Nov-10	58,149,914	1,624,586	798,900	(28,034)	60,545,367	60,573,401	11,992,836	72,538,203	72,566,237
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 70,602,931			
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) =									83.47%
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$ 199,588.00	



ES FORM 3.10

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 58,149,914	\$ 58,149,914
Fuel Adjustment Clause	\$ 1,624,586	\$ 1,624,586
DSM	\$ 798,900	\$ 798,900
Environmental Surcharge		\$ (28,034)
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 60,573,401	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 11,992,836	\$ 11,992,836
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 11,992,836	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 72,566,237	
<b>Reconciling Revenues</b>		
Brokered	\$ 199,588	\$ 199,588
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 1,593,036
Miscellaneous		\$ 1,143,549
Total Company Revenues per Income Statement =		\$ 75,474,376



a PPL company

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

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

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JAN 18 2011

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 18, 2011

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") 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. 2010-00242, LG&E 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

ES FORM 1.00

**LOUISVILLE GAS AND ELECTRIC 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	=	\$	924,626
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15	=		1.29%

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

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

Title: Director, Rates

Date Submitted: January 18, 2011

**LOUISVILLE GAS AND ELECTRIC 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	= \$	72,706,218
(2)	RB / 12	=	6,058,852
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.18%
(4)	OE	=	244,720
(5)	BAS	=	73
(6)	BR	=	-
(7)	E(m)	= \$	922,027
			$(2) \times (3) + (4) - (5) + (6)$

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

(8)	Jurisdictional Allocation Ratio for Expense Month – ES Form 3.00	=	83.46%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	769,524
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00242	=	795,605
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	1,565,129
(13)	Revenue Collected through Base Rates	= \$	640,503
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	924,626
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month – ES Form 3.00	= \$	71,544,113
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	1.29%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 22,553,269	
Eligible Pollution CWIP Excluding AFUDC	53,900,918	
Subtotal		\$ 76,454,187
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	271,040	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		271,040
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	2,070,876	
Pollution Control Deferred Income Taxes	1,948,133	
Subtotal		4,019,009
Environmental Compliance Rate Base		\$ 72,706,218

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 175,687
Monthly Depreciation & Amortization Expense	60,621
less investment tax credit amortization	-
Monthly Property and Other Applicable Taxes	8,412
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 244,720

**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	\$ 73	\$ -	\$ 73
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 73	\$ -	\$ 73

**LOUISVILLE GAS AND ELECTRIC 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) Deferred Tax Balance  as of 12/31/2010	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 8 - Precipitator Upgrades - All Plants	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 9 - Clearwell Water System - Mill Creek	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,607,107	\$ 416,193	\$ 1,673,611	\$ 5,864,526	\$ 247,557		\$ 9,741	\$ 700
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 320,967	\$ 562,480	\$ 4,972,082	\$ 278,600		\$ 8,397	\$ 564
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 92,159	\$ -	\$ 757,942	\$ 83,631		\$ 2,564	\$ 99
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 44,802	\$ -	\$ 263,706	\$ 18,715		\$ 1,147	\$ 35
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,253,555	\$ -	\$ 6,107,523	\$ 1,084,012		\$ 22,206	\$ 797
Subtotal	\$ 17,857,360	\$ 2,127,675	\$ 2,236,092	\$ 17,965,778	\$ 1,712,514		\$ 44,055	\$ 2,193
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (1,191,665)	\$ (548,068)	\$ -	\$ (643,598)	\$ (131,696)		\$ (3,438)	\$ (80)
<b>Net Total - 2005 Plan:</b>	\$ 16,665,695	\$ 1,579,607	\$ 2,236,092	\$ 17,322,180	\$ 1,580,818		\$ 40,616	\$ 2,114

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

Plant, CWIP & Depreciation Expense

For the Month Ended: December 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	Deferred Tax Balance  as of 12/31/2010	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ 43,308,528	\$ 43,308,528	\$ -		\$ -	\$ 5,441
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 249,291	\$ 444,939	\$ 3,635,724	\$ 244,837		\$ 9,777	\$ 414
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 175,561	\$ -	\$ 1,874,785	\$ 49,046		\$ 8,867	\$ 248
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 66,417	\$ -	\$ 330,734	\$ 73,432		\$ 1,361	\$ 43
Subtotal	\$ 5,887,574	\$ 491,270	\$ 43,753,466	\$ 49,149,771	\$ 367,316		\$ 20,005	\$ 6,145
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	<b>\$ 5,887,574</b>	<b>\$ 491,270</b>	<b>\$ 43,753,466</b>	<b>\$ 49,149,771</b>	<b>\$ 367,316</b>		<b>\$ 20,005</b>	<b>\$ 6,145</b>
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 779,636	\$ 779,636	\$ -		\$ -	\$ 33
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 5,654,322	\$ 5,654,322	\$ -		\$ -	\$ 120
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 1,209,709	\$ 1,209,709	\$ -		\$ -	\$ -
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 267,693	\$ 267,693	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 7,911,360	\$ 7,911,360	\$ -		\$ -	\$ 153
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,911,360</b>	<b>\$ 7,911,360</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ 153</b>
<b>Net Total - All Plans:</b>	<b>\$ 22,553,269</b>	<b>\$ 2,070,876</b>	<b>\$ 53,900,918</b>	<b>\$ 74,383,311</b>	<b>\$ 1,948,133</b>		<b>\$ 60,621</b>	<b>\$ 8,412</b>

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

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

Inventory of Emission Allowances

For the Month Ended: December 31, 2010

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NO <sub>x</sub> Annual	NO <sub>x</sub> Ozone Season	SO <sub>2</sub>	NO <sub>x</sub> Annual	NO <sub>x</sub> Ozone Season	
Current Year	121,259	777	1,065	\$ 2,707.97	\$ -	\$ 20.99	
2011	62,379	14,133	6,212				
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030 - 2040	686,169						

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



**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	127,675	0	3,169	0	3,247	121,259	
Dollars	\$ 2,851.25	\$ -	\$ 70.77	\$ -	\$ 72.51	\$ 2,707.97	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ -	\$ 0.02	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	119,379	-	3,139	-	3,247	112,993	Allowances sold to KU.
Dollars	\$ 2,665.99	\$ -	\$ 70.10	\$ -	\$ 72.51	\$ 2,523.38	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,296	-	30	-	-	8,266	
Dollars	\$ 185.26	\$ -	\$ 0.67	\$ -	\$ -	\$ 184.59	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

ES FORM 2.32

**LOUISVILLE GAS AND ELECTRIC 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	1,065	0	0	0	0	1,065	
Dollars	\$ 20.99	\$ -	\$ -	\$ -	\$ -	\$ 20.99	
\$/Allowance	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	978	-	-	-	-	978	
Dollars	\$ 19.28	\$ -	\$ -	\$ -	\$ -	\$ 19.28	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	87	-	-	-	-	87	
Dollars	\$ 1.71	\$ -	\$ -	\$ -	\$ -	\$ 1.71	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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.

**LOUISVILLE GAS AND ELECTRIC 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	763	1,500	1,469	17	0	777	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	673	-	1,469	-	-	704	Ending Inventory includes purchase from KU as shown below.
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	90	-	-	17	-	73	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
Quantity	0	1,500	0	0	0	0	Purchase from KU - included in Ending Inventory - Coal Fuel as shown above.
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

ES FORM 2.40

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

For the Month Ended: December 31, 2010

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 208,670
10th Previous Month	247,036
9th Previous Month	286,117
8th Previous Month	335,072
7th Previous Month	125,444
6th Previous Month	154,851
5th Previous Month	143,057
4th Previous Month	110,695
3rd Previous Month	165,844
2nd Previous Month	94,372
Previous Month	121,474
Current Month	175,687
Total 12 Month O&M	\$ 2,168,318

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 2,168,318
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 271,040

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: December 31, 2010

O&M Expense Account	Cane Run	Mill Creek	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			88,311.97	88,311.97
512055-ECR Scrubber Maintenance			-	-
Ashpond Dredging Expense		-	-	-
Total 2005 Plan O&M Expenses		-	88,311.97	88,311.97
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation		-	83,365.41	83,365.41
512152 - ECR Sorbent Injection Maintenance		-	1,889.80	1,889.80
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	2,120.31	-	2,120.31
502056 - ECR Scrubber Operations			-	-
512055 - ECR Scrubber Maintenance			-	-
506154 - ECR NOx Operation -- Consumables			-	-
506155 - ECR NOx Operation -- Labor and Other			-	-
512151 - ECR NOx Maintenance			-	-
506051 - ECR Precipitator Operation			-	-
506151 - ECR Activated Carbon			-	-
512051 - ECR Precipitator Maintenance			-	-
Total 2006 Plan O&M Expenses	\$ -	2,120.31	85,255.21	87,375.52
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
Current Month O&M Expense for All Plans	\$ -	2,120.31	173,567.18	175,687.49

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

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

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

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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			\$ -

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

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

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

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



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

Monthly Average Revenue Computation of R (m)

For the Month Ended: December 31, 2010

	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)	
Jan-10	66,862,994	(950,652)	1,556,289	1,306,389	68,775,021	67,468,632	10,796,885	79,571,906	78,265,517	
Feb-10	62,148,756	96,267	1,383,572	1,807,451	65,436,045	63,628,594	15,594,307	81,030,352	79,222,901	
Mar-10	60,197,936	1,038,847	1,284,971	1,403,818	63,925,572	62,521,754	7,802,512	71,728,084	70,324,266	
Apr-10	54,875,216	255,564	1,224,291	(197,282)	56,157,790	56,355,072	10,615,394	66,773,184	66,970,466	
May-10	54,313,958	1,317,675	1,218,972	572,800	57,423,405	56,850,605	9,752,830	67,176,235	66,603,435	
Jun-10	76,709,495	1,581,038	1,979,975	2,482,673	82,753,181	80,270,508	5,551,039	88,304,220	85,821,547	
Jul-10	87,940,963	2,659,992	2,420,480	1,519,099	94,540,534	93,021,435	7,765,917	102,306,451	100,787,352	
Aug-10	86,172,751	2,911,577	1,791,028	(125,080)	90,750,276	90,875,356	7,304,722	98,054,998	98,180,078	
Sep-10	85,610,679	1,618,012	1,527,512	(520,026)	88,236,177	88,756,203	9,116,965	97,353,142	97,873,168	
Oct-10	66,657,771	2,094,966	1,020,320	(1,726,986)	68,046,072	69,773,058	11,825,887	79,871,959	81,598,945	
Nov-10	58,149,914	1,624,586	798,900	(28,034)	60,545,367	60,573,401	11,992,836	72,538,203	72,566,237	
Dec-10	65,013,096	2,253,831	1,167,812	26,808	68,461,547	68,434,739	13,561,291	82,022,838	81,996,030	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$	71,544,113			
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) =									83.46%	
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$	181,024.00	

ES FORM 3.10

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 65,013,096	\$ 65,013,096
Fuel Adjustment Clause	\$ 2,253,831	\$ 2,253,831
DSM	\$ 1,167,812	\$ 1,167,812
Environmental Surcharge		\$ 26,808
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 68,434,739	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 13,561,291	\$ 13,561,291
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 13,561,291	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 81,996,030	
<b>Reconciling Revenues</b>		
Brokered	\$ 181,024	\$ 181,024
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 10,302,756
Miscellaneous		\$ 1,244,829
Total Company Revenues per Income Statement =		\$ 93,751,447



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), Louisville Gas and Electric Company ("LG&E") 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. 2010-00242, LG&E 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, LG&E 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, LG&E 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.

Louisville Gas and  
Electric 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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FEB 18 2011

PUBLIC SERVICE  
COMMISSION

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 written in a cursive style with a large, looped "C" at the end. There is a horizontal line drawn through the signature, crossing out the "R. M." portion.

Robert M. Conroy

Enclosures

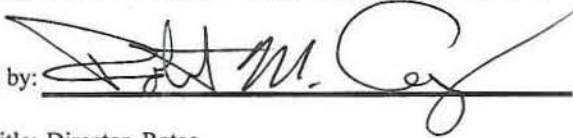
ES FORM 1.00

**LOUISVILLE GAS AND ELECTRIC 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	=	\$	792,420
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15	=		1.09%

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

Submitted by: 

Title: Director, Rates

Date Submitted: February 18, 2011

**LOUISVILLE GAS AND ELECTRIC 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	= \$ 72,440,628
(2)	RB / 12	= 6,036,719
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	= 11.18%
(4)	OE	= 236,209
(5)	BAS	= 52
(6)	BR	= -
(7)	E(m) <span style="float: right;">(2) x (3) + (4) - (5) + (6)</span>	= \$ 911,062

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	= 81.57%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$ 743,153
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00242	= 795,605
(11)	Prior Period Adjustment (if necessary)	= -
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	= 1,538,758
(13)	Revenue Collected through Base Rates	= \$ 746,338
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$ 792,420
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$ 72,673,888
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	= 1.09%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 65,553,070	
Eligible Pollution CWIP Excluding AFUDC	10,896,961	
Subtotal		\$ 76,450,031
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	257,567	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		257,567
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	2,210,362	
Pollution Control Deferred Income Taxes	2,056,608	
Subtotal		4,266,970
Environmental Compliance Rate Base		\$ 72,440,628

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 100,889
Monthly Depreciation & Amortization Expense	136,047
less investment tax credit amortization	(10,026)
Monthly Property and Other Applicable Taxes	9,299
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 236,209

**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	\$ 52	\$ -	\$ 52
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 52	\$ -	\$ 52

**LOUISVILLE GAS AND ELECTRIC 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) Deferred Tax Balance  as of 1/31/2011	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 8 - Precipitator Upgrades - All Plants	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 9 - Clearwell Water System - Mill Creek	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,607,107	\$ 425,934	\$ 1,673,611	\$ 5,854,785	\$ 252,416		\$ 9,741	\$ 733
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 329,363	\$ 562,431	\$ 4,963,636	\$ 284,317		\$ 8,397	\$ 622
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 94,723	\$ -	\$ 755,377	\$ 85,633		\$ 2,564	\$ 95
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 45,948	\$ -	\$ 262,559	\$ 18,845		\$ 1,147	\$ 33
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,275,761	\$ -	\$ 6,085,317	\$ 1,100,651		\$ 22,206	\$ 763
Subtotal	\$ 17,857,360	\$ 2,171,729	\$ 2,236,042	\$ 17,921,674	\$ 1,741,862		\$ 44,055	\$ 2,246
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (1,191,665)	\$ (548,068)	\$ -	\$ (643,598)	\$ (131,696)		\$ (3,438)	\$ (80)
<b>Net Total - 2005 Plan:</b>	\$ 16,665,695	\$ 1,623,661	\$ 2,236,042	\$ 17,278,076	\$ 1,610,166		\$ 40,616	\$ 2,166



**LOUISVILLE GAS AND ELECTRIC 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  (2)-(3)+(4)	(6) Deferred Tax Balance as of 1/31/2011	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 42,999,801	\$ 75,426	\$ -	\$ 42,924,375	\$ 68,111	\$ 10,026	\$ 75,426	\$ 5,414
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 259,068	\$ 444,939	\$ 3,625,947	\$ 253,370		\$ 9,777	\$ 454
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 184,428	\$ -	\$ 1,865,918	\$ 50,513		\$ 8,867	\$ 234
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 67,778	\$ -	\$ 329,373	\$ 74,448		\$ 1,361	\$ 41
Subtotal	\$ 48,887,375	\$ 586,700	\$ 444,939	\$ 48,745,613	\$ 446,442	\$ 10,026	\$ 95,431	\$ 6,144
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 48,887,375	\$ 586,700	\$ 444,939	\$ 48,745,613	\$ 446,442	\$ 10,026	\$ 95,431	\$ 6,144
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 854,538	\$ 854,538	\$ -		\$ -	\$ 975
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 5,825,093	\$ 5,825,093	\$ -		\$ -	\$ 707
Project 24 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,249,933	\$ 1,249,933	\$ -		\$ -	\$ 151
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 286,415	\$ 286,415	\$ -		\$ -	\$ 33
Subtotal	\$ -	\$ -	\$ 8,215,979	\$ 8,215,979	\$ -		\$ -	\$ 989
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 8,215,979	\$ 8,215,979	\$ -		\$ -	\$ 989
<b>Net Total - All Plans:</b>	\$ 65,553,070	\$ 2,210,362	\$ 10,896,961	\$ 74,239,668	\$ 2,056,608	\$ 10,026	\$ 136,047	\$ 9,299

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

**LOUISVILLE GAS AND ELECTRIC 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	176,583	13,352	7,277	\$ 2,603.92	\$ -	\$ 20.99	
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031 - 2040	623,790						

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	183,638	0	3,536	0	3,519	176,583	
Dollars	\$ 2,707.97	\$ -	\$ 52.16	\$ -	\$ 51.89	\$ 2,603.92	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ 0.01	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	175,372	-	3,485		3,519	168,368	Allowances sold to KU (3,519); Beginning inventory balance includes 62,379 allowances for 2011.
Dollars	\$ 2,523.38	\$ 62.69	\$ 51.40	\$ -	\$ 51.89	\$ 2,482.78	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,266	-	51	-	-	8,215	
Dollars	\$ 184.59	\$ (62.69)	\$ 0.76	\$ -	\$ -	\$ 121.14	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

ES FORM 2.32

**LOUISVILLE GAS AND ELECTRIC 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	7,277	0	0	0	0	7,277	
Dollars	\$ 20.99	\$ -	\$ -	\$ -	\$ -	\$ 20.99	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,106	-	-	-	-	7,106	Beginning balance includes 6,128 allowances for 2011
Dollars	\$ 19.28	\$ 1.21	\$ -	\$ -	\$ -	\$ 20.49	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	171	-	-	-	-	171	Beginning balance includes 84 allowances for 2011
Dollars	\$ 1.71	\$ (1.21)	\$ -	\$ -	\$ -	\$ 0.50	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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.

**LOUISVILLE GAS AND ELECTRIC 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	14,910	0	1,556	2	0	13,352	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	14,734	-	1,556	-	-	13,178	Beginning balance includes 14,030 allowances for 2011
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	176	-	-	2	-	174	Beginning balance includes 103 allowances for 2011
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 247,036
10th Previous Month	286,117
9th Previous Month	335,072
8th Previous Month	125,444
7th Previous Month	154,851
6th Previous Month	143,057
5th Previous Month	110,695
4th Previous Month	165,844
3rd Previous Month	94,372
2nd Previous Month	121,474
Previous Month	175,687
Current Month	100,889
Total 12 Month O&M	\$ 2,060,538

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 2,060,538
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 257,567

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: January 31, 2011

O&M Expense Account	Cane Run	Mill Creek	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			40,777.14	40,777.14
512055-ECR Scrubber Maintenance			-	-
Ashpond Dredging Expense		-		-
Total 2005 Plan O&M Expenses		-	40,777.14	40,777.14
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation		-	7,777.35	7,777.35
506152 - ECR Sorbent Reactant - Reagent Only		-	38,590.38	38,590.38
512152 - ECR Sorbent Injection Maintenance		-	94.26	94.26
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	270.55	-	270.55
502056 - ECR Scrubber Operations			4,989.02	4,989.02
512055 - ECR Scrubber Maintenance			2,263.03	2,263.03
506154 - ECR NOx Operation -- Consumables			5,504.32	5,504.32
506155 - ECR NOx Operation -- Labor and Other			285.96	285.96
512151 - ECR NOx Maintenance			52.40	52.40
506051 - ECR Precipitator Operation			-	-
506151 - ECR Activated Carbon			-	-
512051 - ECR Precipitator Maintenance			284.55	284.55
Total 2006 Plan O&M Expenses	\$ -	270.55	59,841.27	60,111.82
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
<b>Current Month O&amp;M Expense for All Plans</b>	<b>\$ -</b>	<b>270.55</b>	<b>100,618.41</b>	<b>100,888.96</b>

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

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

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

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

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

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



ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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			\$ -

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

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

On-Site CCP Disposal O&M Expense	Cane Run	Mill Creek	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 25</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 25 [(7) - (3)]	\$ -	\$ -	\$ -	
If Line (8) Greater than Zero, No Adjustment				
If Line (8) Less than Zero, Adjustment for Base Rates				
Adjustment for Base Rate Amount (to ES Form 2.60)	\$ -	\$ -	\$ -	\$ -

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

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

Monthly Average Revenue Computation of R (m)

For the Month Ended: January 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)
Feb-10	62,148,756	96,267	1,383,572	1,807,451	65,436,045	63,628,594	15,594,307	81,030,352	79,222,901
Mar-10	60,197,936	1,038,847	1,284,971	1,403,818	63,925,572	62,521,754	7,802,512	71,728,084	70,324,266
Apr-10	54,875,216	255,564	1,224,291	(197,282)	56,157,790	56,355,072	10,615,394	66,773,184	66,970,466
May-10	54,313,958	1,317,675	1,218,972	572,800	57,423,405	56,850,605	9,752,830	67,176,235	66,603,435
Jun-10	76,709,495	1,581,038	1,979,975	2,482,673	82,753,181	80,270,508	5,551,039	88,304,220	85,821,547
Jul-10	87,940,963	2,659,992	2,420,480	1,519,099	94,540,534	93,021,435	7,765,917	102,306,451	100,787,352
Aug-10	86,172,751	2,911,577	1,791,028	(125,080)	90,750,276	90,875,356	7,304,722	98,054,998	98,180,078
Sep-10	85,610,679	1,618,012	1,527,512	(520,026)	88,236,177	88,756,203	9,116,965	97,353,142	97,873,168
Oct-10	66,657,771	2,094,966	1,020,320	(1,726,986)	68,046,072	69,773,058	11,825,887	79,871,959	81,598,945
Nov-10	58,149,914	1,624,586	798,900	(28,034)	60,545,367	60,573,401	11,992,836	72,538,203	72,566,237
Dec-10	65,013,096	2,253,831	1,167,812	26,808	68,461,547	68,434,739	13,561,291	82,022,838	81,996,030
Jan-11	76,121,173	3,138,445	1,766,317	146,568	81,172,503	81,025,935	18,303,562	99,476,065	99,329,497
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 72,673,888			
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) =									81.57%
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$ (7,240.93)	

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 76,121,173	\$ 76,121,173
Fuel Adjustment Clause	\$ 3,138,445	\$ 3,138,445
DSM	\$ 1,766,317	\$ 1,766,317
Environmental Surcharge		\$ 146,568
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 81,025,935	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 18,303,562	\$ 18,303,562
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 18,303,562	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 99,329,497	
<b>Reconciling Revenues</b>		
Brokered	\$ (7,241)	\$ (7,241)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (8,562,046)
Miscellaneous		\$ 1,189,957
Total Company Revenues per Income Statement =		\$ 92,096,735



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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PUBLIC SERVICE  
COMMISSION

Louisville Gas and  
Electric 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  
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[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

March 18, 2011

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") 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. 2010-00242, LG&E 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 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

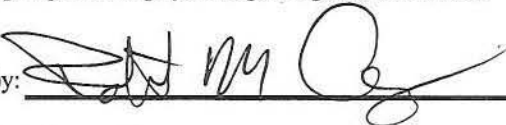
ES FORM 1.00

**LOUISVILLE GAS AND ELECTRIC 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	=	\$	1,025,872
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15	=		1.41%

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

Submitted by: 

Title: Director, Rates

Date Submitted: March 18, 2011

**LOUISVILLE GAS AND ELECTRIC 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	= \$	72,365,045
(2)	RB / 12	=	6,030,420
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.18%
(4)	OE	=	366,283
(5)	BAS	=	103
(6)	BR	=	-
(7)	E(m) <span style="float: right;"><math>(2) \times (3) + (4) - (5) + (6)</math></span>	= \$	1,040,381

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	82.87%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	862,164
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00242	=	795,605
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	1,657,769
(13)	Revenue Collected through Base Rates	= \$	631,897
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	1,025,872
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	72,968,060
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	1.41%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 65,553,070	
Eligible Pollution CWIP Excluding AFUDC	11,127,475	
Subtotal		\$ 76,680,545
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	246,693	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		246,693
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	2,425,274	
Pollution Control Deferred Income Taxes	2,136,919	
Subtotal		4,562,193
Environmental Compliance Rate Base		\$ 72,365,045

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 160,038
Monthly Depreciation & Amortization Expense	211,473
less investment tax credit amortization	(14,527)
Monthly Property and Other Applicable Taxes	9,299
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 366,283

**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	\$ 103	\$ -	\$ 103
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 103	\$ -	\$ 103



**LOUISVILLE GAS AND ELECTRIC 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	Deferred Tax Balance  as of 2/28/2011	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 8 - Precipitator Upgrades - All Plants	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 9 - Clearwell Water System - Mill Creek	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,607,107	\$ 435,675	\$ 1,674,354	\$ 5,845,787	\$ 257,276		\$ 9,741	\$ 733
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 337,760	\$ 574,396	\$ 4,967,204	\$ 290,034		\$ 8,397	\$ 622
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 97,288	\$ -	\$ 752,813	\$ 87,635		\$ 2,564	\$ 95
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 47,095	\$ -	\$ 261,412	\$ 18,975		\$ 1,147	\$ 33
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,297,966	\$ -	\$ 6,063,111	\$ 1,117,291		\$ 22,206	\$ 763
Subtotal	\$ 17,857,360	\$ 2,215,784	\$ 2,248,750	\$ 17,890,326	\$ 1,771,211		\$ 44,055	\$ 2,246
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (1,191,665)	\$ (548,068)	\$ -	\$ (643,598)	\$ (131,696)		\$ (3,438)	\$ (80)
<b>Net Total - 2005 Plan:</b>	\$ 16,665,695	\$ 1,667,716	\$ 2,248,750	\$ 17,246,729	\$ 1,639,514		\$ 40,616	\$ 2,166

**LOUISVILLE GAS AND ELECTRIC 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) Deferred Tax Balance as of 2/28/2011	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 42,999,801	\$ 226,279	\$ 11,430	\$ 42,784,952	\$ 108,057	\$ 14,527	\$ 150,853	\$ 5,414
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 268,845	\$ 444,939	\$ 3,616,171	\$ 261,903		\$ 9,777	\$ 454
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 193,295	\$ -	\$ 1,857,051	\$ 51,980		\$ 8,867	\$ 234
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 69,139	\$ -	\$ 328,012	\$ 75,465		\$ 1,361	\$ 41
Subtotal	\$ 48,887,375	\$ 757,558	\$ 456,369	\$ 48,586,186	\$ 497,405	\$ 14,527	\$ 170,857	\$ 6,144
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 48,887,375	\$ 757,558	\$ 456,369	\$ 48,586,186	\$ 497,405	\$ 14,527	\$ 170,857	\$ 6,144
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 931,134	\$ 931,134	\$ -		\$ -	\$ 97
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 5,837,209	\$ 5,837,209	\$ -		\$ -	\$ 707
Project 24 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,339,520	\$ 1,339,520	\$ -		\$ -	\$ 151
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 314,494	\$ 314,494	\$ -		\$ -	\$ 33
Subtotal	\$ -	\$ -	\$ 8,422,356	\$ 8,422,356	\$ -		\$ -	\$ 989
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 8,422,356	\$ 8,422,356	\$ -		\$ -	\$ 989
<b>Net Total - All Plans:</b>	\$ 65,553,070	\$ 2,425,274	\$ 11,127,475	\$ 74,255,271	\$ 2,136,919	\$ 14,527	\$ 211,473	\$ 9,299

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

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

For the Month Ended: 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	166,952	12,125	7,277	\$ 2,461.90	\$ -	\$ 20.99	
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031 - 2040	623,790						

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	176,583	0	2,618	0	7,013	166,952	
Dollars	\$ 2,603.92	\$ -	\$ 38.60	\$ -	\$ 103.42	\$ 2,461.90	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ 0.01	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	168,368	-	2,572	-	7,013	158,783	Allowances sold to KU (7,013)
Dollars	\$ 2,482.78	\$ -	\$ 37.92	\$ -	\$ 103.42	\$ 2,341.44	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,215	-	46	-	-	8,169	
Dollars	\$ 121.14	\$ -	\$ 0.68	\$ -	\$ -	\$ 120.46	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

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

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	7,277	0	0	0	0	7,277	
Dollars	\$ 20.99	\$ -	\$ -	\$ -	\$ -	\$ 20.99	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,106	-	-	-	-	7,106	
Dollars	\$ 20.49	\$ -	\$ -	\$ -	\$ -	\$ 20.49	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	171	-	-	-	-	171	
Dollars	\$ 0.50	\$ -	\$ -	\$ -	\$ -	\$ 0.50	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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 2.33

**LOUISVILLE GAS AND ELECTRIC 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	13,352	0	1,227	0	0	12,125	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	13,178	-	1,227	-	-	11,951	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	174	-	-	-	-	174	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 286,117
10th Previous Month	335,072
9th Previous Month	125,444
8th Previous Month	154,851
7th Previous Month	143,057
6th Previous Month	110,695
5th Previous Month	165,844
4th Previous Month	94,372
3rd Previous Month	121,474
2nd Previous Month	175,687
Previous Month	100,889
Current Month	160,038
Total 12 Month O&M	\$ 1,973,540

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,973,540
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 246,693

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: February 28, 2011

O&M Expense Account	Cane Run	Mill Creek	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			55,771.57	55,771.57
512055-ECR Scrubber Maintenance			-	-
Ashpond Dredging Expense		-		-
Total 2005 Plan O&M Expenses		-	55,771.57	55,771.57
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation		-	7,055.45	7,055.45
506152 - ECR Sorbent Reactant - Reagent Only		-	37,726.33	37,726.33
512152 - ECR Sorbent Injection Maintenance		-	443.43	443.43
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	8,996.11	-	8,996.11
502056 - ECR Scrubber Operations			12,009.53	12,009.53
512055 - ECR Scrubber Maintenance			5,170.82	5,170.82
506154 - ECR NOx Operation -- Consumables			18,102.67	18,102.67
506155 - ECR NOx Operation -- Labor and Other			401.38	401.38
512151 - ECR NOx Maintenance			174.61	174.61
506051 - ECR Precipitator Operation			-	-
506151 - ECR Activated Carbon			13,092.99	13,092.99
512051 - ECR Precipitator Maintenance			1,093.49	1,093.49
Total 2006 Plan O&M Expenses	\$ -	8,996.11	95,270.70	104,266.81
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
Current Month O&M Expense for All Plans	\$ -	8,996.11	151,042.27	160,038.38

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



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

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

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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			\$ -

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

**Beneficial Reuse Opportunities  
For the Month Ended: February 28, 2011**

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

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

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

Monthly Average Revenue Computation of R (m)

For the Month Ended: February 28, 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)
Mar-10	60,197,936	1,038,847	1,284,971	1,403,818	63,925,572	62,521,754	7,802,512	71,728,084	70,324,266
Apr-10	54,875,216	255,564	1,224,291	(197,282)	56,157,790	56,355,072	10,615,394	66,773,184	66,970,466
May-10	54,313,958	1,317,675	1,218,972	572,800	57,423,405	56,850,605	9,752,830	67,176,235	66,603,435
Jun-10	76,709,495	1,581,038	1,979,975	2,482,673	82,753,181	80,270,508	5,551,039	88,304,220	85,821,547
Jul-10	87,940,963	2,659,992	2,420,480	1,519,099	94,540,534	93,021,435	7,765,917	102,306,451	100,787,352
Aug-10	86,172,751	2,911,577	1,791,028	(125,080)	90,750,276	90,875,356	7,304,722	98,054,998	98,180,078
Sep-10	85,610,679	1,618,012	1,527,512	(520,026)	88,236,177	88,756,203	9,116,965	97,353,142	97,873,168
Oct-10	66,657,771	2,094,966	1,020,320	(1,726,986)	68,046,072	69,773,058	11,825,887	79,871,959	81,598,945
Nov-10	58,149,914	1,624,586	798,900	(28,034)	60,545,367	60,573,401	11,992,836	72,538,203	72,566,237
Dec-10	65,013,096	2,253,831	1,167,812	26,808	68,461,547	68,434,739	13,561,291	82,022,838	81,996,030
Jan-11	76,121,173	3,138,445	1,766,317	146,568	81,172,503	81,025,935	18,303,562	99,476,065	99,329,497
Feb-11	63,590,360	2,158,942	1,409,347	819,108	67,977,757	67,158,649	13,880,982	81,858,739	81,039,631
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 72,968,060			
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) =									82.87%
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$ (58,319.82)	

ES FORM 3.10

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 63,590,360	\$ 63,590,360
Fuel Adjustment Clause	\$ 2,158,942	\$ 2,158,942
DSM	\$ 1,409,347	\$ 1,409,347
Environmental Surcharge		\$ 819,108
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 67,158,649	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 13,880,982	\$ 13,880,982
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 13,880,982	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 81,039,631	
<b>Reconciling Revenues</b>		
Brokered	\$ (58,320)	\$ (58,320)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (1,714,645)
Miscellaneous		\$ 1,306,174
Total Company Revenues per Income Statement =		\$ 81,391,948



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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APR 19 2011

PUBLIC SERVICE  
COMMISSION

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

April 19, 2011

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") 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. 2010-00242, LG&E 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 "Robert M. Conroy".

Robert M. Conroy

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

Enclosures

ES FORM 1.00

**LOUISVILLE GAS AND ELECTRIC 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	=	\$	728,799
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15	=		0.99%

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

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

Title: Director, Rates

Date Submitted: April 19, 2011

**LOUISVILLE GAS AND ELECTRIC 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	= \$	72,746,119
(2)	RB / 12	=	6,062,177
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.31%
(4)	OE	=	356,400
(5)	BAS	=	(221,343)
(6)	BR	=	-
(7)	$E(m)$	= \$	1,263,375
	$(2) \times (3) + (4) - (5) + (6)$		

**Calculation of Jurisdictional Environmental Surcharge Billing Factor**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	83.35%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	1,053,023
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 10-242 & 10-475	=	317,225
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	1,370,248
(13)	Revenue Collected through Base Rates	= \$	641,449
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	728,799
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	73,335,896
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	0.99%



ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 65,553,070	
Eligible Pollution CWIP Excluding AFUDC	11,872,442	
Subtotal		\$ 77,425,512
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	229,697	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		229,697
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	2,640,185	
Pollution Control Deferred Income Taxes	2,268,905	
Subtotal		4,909,090
Environmental Compliance Rate Base		\$ 72,746,119

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 150,155
Monthly Depreciation & Amortization Expense	211,473
less investment tax credit amortization	(14,527)
Monthly Property and Other Applicable Taxes	9,299
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Less : Operating Expenses Associated with Retirements or Replacements	-
Occuring Since Last Roll-In of Surcharge into Existing Rates	
Total Pollution Control Operations Expense	\$ 356,400

**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	\$ 2,578	\$ 223,921	\$ (221,343)
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 2,578	\$ 223,921	\$ (221,343)

**LOUISVILLE GAS AND ELECTRIC 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	Deferred Tax Balance  as of 3/31/2011	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 8 - Precipitator Upgrades - All Plants	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 9 - Clearwell Water System - Mill Creek	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,607,107	\$ 445,415	\$ 1,674,354	\$ 5,836,046	\$ 262,135		\$ 9,741	\$ 733
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 346,157	\$ 576,925	\$ 4,961,336	\$ 295,751		\$ 8,397	\$ 622
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 99,852	\$ -	\$ 750,248	\$ 89,637		\$ 2,564	\$ 95
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 48,242	\$ -	\$ 260,266	\$ 19,105		\$ 1,147	\$ 33
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,320,172	\$ -	\$ 6,040,905	\$ 1,133,930		\$ 22,206	\$ 763
Subtotal	\$ 17,857,360	\$ 2,259,838	\$ 2,251,278	\$ 17,848,801	\$ 1,800,559		\$ 44,055	\$ 2,246
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (1,191,665)	\$ (548,068)	\$ -	\$ (643,598)	\$ (131,696)		\$ (3,438)	\$ (80)
<b>Net Total - 2005 Plan:</b>	\$ 16,665,695	\$ 1,711,770	\$ 2,251,278	\$ 17,205,203	\$ 1,668,863		\$ 40,616	\$ 2,166

**LOUISVILLE GAS AND ELECTRIC 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	Deferred Tax Balance  as of 3/31/2011	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 42,999,801	\$ 377,132	\$ 160,606	\$ 42,783,275	\$ 199,679	\$ 14,527	\$ 150,853	\$ 5,414
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 278,621	\$ 444,939	\$ 3,606,394	\$ 270,435		\$ 9,777	\$ 454
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 202,162	\$ -	\$ 1,848,184	\$ 53,448		\$ 8,867	\$ 234
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 70,500	\$ -	\$ 326,651	\$ 76,481		\$ 1,361	\$ 41
Subtotal	\$ 48,887,375	\$ 928,415	\$ 605,545	\$ 48,564,505	\$ 600,042	\$ 14,527	\$ 170,857	\$ 6,144
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	<b>\$ 48,887,375</b>	<b>\$ 928,415</b>	<b>\$ 605,545</b>	<b>\$ 48,564,505</b>	<b>\$ 600,042</b>	<b>\$ 14,527</b>	<b>\$ 170,857</b>	<b>\$ 6,144</b>
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,001,651	\$ 1,001,651	\$ -		\$ -	\$ 97
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 6,135,076	\$ 6,135,076	\$ -		\$ -	\$ 707
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 1,512,437	\$ 1,512,437	\$ -		\$ -	\$ 151
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 366,454	\$ 366,454	\$ -		\$ -	\$ 33
Subtotal	\$ -	\$ -	\$ 9,015,619	\$ 9,015,619	\$ -		\$ -	\$ 989
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,015,619</b>	<b>\$ 9,015,619</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ 989</b>
<b>Net Total - All Plans:</b>	<b>\$ 65,553,070</b>	<b>\$ 2,640,185</b>	<b>\$ 11,872,442</b>	<b>\$ 74,785,326</b>	<b>\$ 2,268,905</b>	<b>\$ 14,527</b>	<b>\$ 211,473</b>	<b>\$ 9,299</b>

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

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

Inventory of Emission Allowances

For the Month Ended: 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	164,370	10,723	7,277	\$ 2,423.83	\$ -	\$ 20.99	
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031 - 2040	623,790						

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	166,952	0	2,582	0	0	164,370	
Dollars	\$ 2,461.90	\$ -	\$ 38.07	\$ -	\$ -	\$ 2,423.83	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	158,783	-	2,531	-	-	156,252	
Dollars	\$ 2,341.44	\$ -	\$ 37.32	\$ -	\$ -	\$ 2,304.12	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,169	-	51	-	-	8,118	
Dollars	\$ 120.46	\$ -	\$ 0.75	\$ -	\$ -	\$ 119.71	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

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

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	7,277	0	0	0	0	7,277	
Dollars	\$ 20.99	\$ -	\$ -	\$ -	\$ -	\$ 20.99	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,106	-	-	-	-	7,106	
Dollars	\$ 20.49	\$ -	\$ -	\$ -	\$ -	\$ 20.49	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	171	-	-	-	-	171	
Dollars	\$ 0.50	\$ -	\$ -	\$ -	\$ -	\$ 0.50	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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.

**LOUISVILLE GAS AND ELECTRIC 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	12,125	0	1,401	1	0	10,723	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	11,951	-	1,401	-	-	10,550	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	174	-	-	1	-	173	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 335,072
10th Previous Month	125,444
9th Previous Month	154,851
8th Previous Month	143,057
7th Previous Month	110,695
6th Previous Month	165,844
5th Previous Month	94,372
4th Previous Month	121,474
3rd Previous Month	175,687
2nd Previous Month	100,889
Previous Month	160,038
Current Month	150,155
Total 12 Month O&M	\$ 1,837,578

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,837,578
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 229,697



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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: March 31, 2011

O&M Expense Account	Cane Run	Mill Creek	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			49,276.85	49,276.85
512055-ECR Scrubber Maintenance			-	-
Ashpond Dredging Expense		-		-
Total 2005 Plan O&M Expenses		-	49,276.85	49,276.85
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation		-	8,233.22	8,233.22
506152 - ECR Sorbent Reactant - Reagent Only		-	48,156.00	48,156.00
512152 - ECR Sorbent Injection Maintenance		-	-	-
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	11,364.00	-	11,364.00
502056 - ECR Scrubber Operations			8,749.41	8,749.41
512055 - ECR Scrubber Maintenance			4,369.19	4,369.19
506154 - ECR NOx Operation -- Consumables			13,241.65	13,241.65
506155 - ECR NOx Operation -- Labor and Other			352.64	352.64
512151 - ECR NOx Maintenance			152.26	152.26
506051 - ECR Precipitator Operation			-	-
506151 - ECR Activated Carbon			4,600.07	4,600.07
512051 - ECR Precipitator Maintenance			1,659.34	1,659.34
Total 2006 Plan O&M Expenses	\$ -	11,364.00	89,513.78	100,877.78
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
<b>Current Month O&amp;M Expense for All Plans</b>	\$ -	11,364.00	138,790.63	150,154.63

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

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

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

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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
Total Monthly Beneficial Reuse Expense			\$ -
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ -
Net Beneficial Reuse O&M Expense			\$ -

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

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

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

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

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

Monthly Average Revenue Computation of R (m)

For the Month Ended: March 31, 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	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	54,875,216	255,564	1,224,291	(197,282)	56,157,790	56,355,072	10,615,394	66,773,184	66,970,466
May-10	54,313,958	1,317,675	1,218,972	572,800	57,423,405	56,850,605	9,752,830	67,176,235	66,603,435
Jun-10	76,709,495	1,581,038	1,979,975	2,482,673	82,753,181	80,270,508	5,551,039	88,304,220	85,821,547
Jul-10	87,940,963	2,659,992	2,420,480	1,519,099	94,540,534	93,021,435	7,765,917	102,306,451	100,787,352
Aug-10	86,172,751	2,911,577	1,791,028	(125,080)	90,750,276	90,875,356	7,304,722	98,054,998	98,180,078
Sep-10	85,610,679	1,618,012	1,527,512	(520,026)	88,236,177	88,756,203	9,116,965	97,353,142	97,873,168
Oct-10	66,657,771	2,094,966	1,020,320	(1,726,986)	68,046,072	69,773,058	11,825,887	79,871,959	81,598,945
Nov-10	58,149,914	1,624,586	798,900	(28,034)	60,545,367	60,573,401	11,992,836	72,538,203	72,566,237
Dec-10	65,013,096	2,253,831	1,167,812	26,808	68,461,547	68,434,739	13,561,291	82,022,838	81,996,030
Jan-11	76,121,173	3,138,445	1,766,317	146,568	81,172,503	81,025,935	18,303,562	99,476,065	99,329,497
Feb-11	63,590,360	2,158,942	1,409,347	819,108	67,977,757	67,158,649	13,880,982	81,858,739	81,039,631
Mar-11	64,963,148	676,641	1,295,997	742,383	67,678,169	66,935,786	13,374,699	81,052,868	80,310,485
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 73,335,896			
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) =									83.35%
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$ 69,338.88	

ES FORM 3.10

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 64,963,148	\$ 64,963,148
Fuel Adjustment Clause	\$ 676,641	\$ 676,641
DSM	\$ 1,295,997	\$ 1,295,997
Environmental Surcharge		\$ 742,383
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 66,935,786	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 13,374,699	\$ 13,374,699
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 13,374,699	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 80,310,485	
<b>Reconciling Revenues</b>		
Brokered	\$ 69,339	\$ 69,339
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 420,839
Miscellaneous		\$ 1,234,776
Total Company Revenues per Income Statement =		\$ 82,777,821



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

RECEIVED  
MAY 20 2011  
PUBLIC SERVICE  
COMMISSION

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

May 20, 2011

RE: Monthly Environmental Surcharge Report

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

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") 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. 2010-00242, LG&E 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 "Robert M. Conroy", is written over a horizontal line.

Robert M. Conroy

Enclosures

ES FORM 1.00

**LOUISVILLE GAS AND ELECTRIC 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	=	\$	1,053,507
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15	=		1.43%

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

Submitted by:



Title: Director, Rates

Date Submitted: May 20, 2011



**LOUISVILLE GAS AND ELECTRIC 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	= \$	72,896,086
(2)	RB / 12	=	6,074,674
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.31%
(4)	OE	=	308,266
(5)	BAS	=	-
(6)	BR	=	-
(7)	E(m)	= \$	995,312
			$(2) \times (3) + (4) - (5) + (6)$

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	86.50%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	860,945
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00475	=	795,605
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	1,656,550
(13)	Revenue Collected through Base Rates	= \$	603,043
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	1,053,507
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	73,839,618
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) + (15)]	=	1.43%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 65,553,070	
Eligible Pollution CWIP Excluding AFUDC	12,363,367	
Subtotal		\$ 77,916,437
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	200,566	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		200,566
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	2,855,097	
Pollution Control Deferred Income Taxes	2,365,820	
Subtotal		5,220,917
Environmental Compliance Rate Base		\$ 72,896,086

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 102,021
Monthly Depreciation & Amortization Expense	211,473
less investment tax credit amortization	(14,527)
Monthly Property and Other Applicable Taxes	9,299
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Less : Operating Expenses Associated with Retirements or Replacements	-
Occuring Since Last Roll-In of Surcharge into Existing Rates	
Total Pollution Control Operations Expense	\$ 308,266

**Determination of Beneficial Reuse Operating Expenses**

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

**Proceeds From By-Product and Allowance Sales**

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

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

Plant, CWIP & Depreciation Expense

For the Month Ended: April 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) Deferred Tax Balance as of 4/30/2011	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 8 - Precipitator Upgrades - All Plants	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 9 - Clearwell Water System - Mill Creek	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,607,107	\$ 455,156	\$ 1,677,889	\$ 5,829,840	\$ 266,995		\$ 9,741	\$ 733
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 354,554	\$ 585,649	\$ 4,961,663	\$ 301,469		\$ 8,397	\$ 622
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 102,417	\$ -	\$ 747,684	\$ 91,639		\$ 2,564	\$ 95
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 49,388	\$ -	\$ 259,119	\$ 19,235		\$ 1,147	\$ 33
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,342,378	\$ -	\$ 6,018,699	\$ 1,150,569		\$ 22,206	\$ 763
Subtotal	\$ 17,857,360	\$ 2,303,893	\$ 2,263,538	\$ 17,817,005	\$ 1,829,907		\$ 44,055	\$ 2,246
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (1,191,665)	\$ (548,068)	\$ -	\$ (643,598)	\$ (131,696)		\$ (3,438)	\$ (80)
<b>Net Total - 2005 Plan:</b>	\$ 16,665,695	\$ 1,755,825	\$ 2,263,538	\$ 17,173,408	\$ 1,698,211		\$ 40,616	\$ 2,166

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

For the Month Ended: April 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) Deferred Tax Balance as of 4/30/2011	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 42,999,801	\$ 527,984	\$ 178,844	\$ 42,650,661	\$ 256,850	\$ 14,527	\$ 150,853	\$ 5,414
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 288,398	\$ 444,939	\$ 3,596,618	\$ 278,968		\$ 9,777	\$ 454
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 211,030		\$ 1,839,317	\$ 54,915		\$ 8,867	\$ 234
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 71,861		\$ 325,291	\$ 76,875		\$ 1,361	\$ 41
Subtotal	\$ 48,887,375	\$ 1,099,272	\$ 623,783	\$ 48,411,886	\$ 667,608	\$ 14,527	\$ 170,857	\$ 6,144
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 48,887,375	\$ 1,099,272	\$ 623,783	\$ 48,411,886	\$ 667,608	\$ 14,527	\$ 170,857	\$ 6,144
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,040,429	\$ 1,040,429	\$ -		\$ -	\$ 97
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 6,460,267	\$ 6,460,267	\$ -		\$ -	\$ 707
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 1,588,281	\$ 1,588,281	\$ -		\$ -	\$ 151
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 387,070	\$ 387,070	\$ -		\$ -	\$ 33
Subtotal	\$ -	\$ -	\$ 9,476,046	\$ 9,476,046	\$ -		\$ -	\$ 989
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 9,476,046	\$ 9,476,046	\$ -		\$ -	\$ 989
<b>Net Total - All Plans:</b>	\$ 65,553,070	\$ 2,855,097	\$ 12,363,367	\$ 75,061,340	\$ 2,365,820	\$ 14,527	\$ 211,473	\$ 9,299

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

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

**Inventory of Emission Allowances**

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

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NO <sub>x</sub> Annual	NO <sub>x</sub> Ozone Season	SO <sub>2</sub>	NO <sub>x</sub> Annual	NO <sub>x</sub> Ozone Season	
Current Year	162,001	9,513	7,277	\$ 2,388.89	\$ -	\$ 20.99	
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031 - 2040	623,790						

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.

ES FORM 2.31

**LOUISVILLE GAS AND ELECTRIC 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	164,370	0	2,369	0	0	162,001	
Dollars	\$ 2,423.83	\$ -	\$ 34.94	\$ -	\$ -	\$ 2,388.89	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	156,252	-	2,319	-	-	153,933	
Dollars	\$ 2,304.12	\$ -	\$ 34.21	\$ -	\$ -	\$ 2,269.91	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,118	-	50	-	-	8,068	
Dollars	\$ 119.71	\$ -	\$ 0.73	\$ -	\$ -	\$ 118.98	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

ES FORM 2.32

**LOUISVILLE GAS AND ELECTRIC 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	7,277	0	0	0	0	7,277	
Dollars	\$ 20.99	\$ -	\$ -	\$ -	\$ -	\$ 20.99	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,106	-	-	-	-	7,106	
Dollars	\$ 20.49	\$ -	\$ -	\$ -	\$ -	\$ 20.49	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	171	-	-	-	-	171	
Dollars	\$ 0.50	\$ -	\$ -	\$ -	\$ -	\$ 0.50	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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.

**LOUISVILLE GAS AND ELECTRIC 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	10,723	0	1,202	8	0	9,513	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	10,550	-	1,202	-	-	9,348	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	173	-	-	8	-	165	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 125,444
10th Previous Month	154,851
9th Previous Month	143,057
8th Previous Month	110,695
7th Previous Month	165,844
6th Previous Month	94,372
5th Previous Month	121,474
4th Previous Month	175,687
3rd Previous Month	100,889
2nd Previous Month	160,038
Previous Month	150,155
Current Month	102,021
Total 12 Month O&M	\$ 1,604,527

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,604,527
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 200,566

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: April 30, 2011

O&M Expense Account	Cane Run	Mill Creek	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			35,899.41	35,899.41
512055-ECR Scrubber Maintenance			-	-
Ashpond Dredging Expense		-		-
Total 2005 Plan O&M Expenses		-	35,899.41	35,899.41
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation		-	5,996.23	5,996.23
506152 - ECR Sorbent Reactant - Reagent Only		-	47,014.18	47,014.18
512152 - ECR Sorbent Injection Maintenance		-	4,609.57	4,609.57
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
502056 - ECR Scrubber Operations			-	-
512055 - ECR Scrubber Maintenance			6,449.12	6,449.12
506154 - ECR NOx Operation -- Consumables			739.31	739.31
506155 - ECR NOx Operation -- Labor and Other			578.06	578.06
512151 - ECR NOx Maintenance			165.09	165.09
506051 - ECR Precipitator Operation			-	-
506151 - ECR Activated Carbon			(1,003.46)	(1,003.46)
512051 - ECR Precipitator Maintenance			1,573.87	1,573.87
Total 2006 Plan O&M Expenses	\$ -	-	66,121.97	66,121.97
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
Current Month O&M Expense for All Plans	\$ -	-	102,021.38	102,021.38

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

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

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

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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			\$ -

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

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

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

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

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

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	54,313,958	1,317,675	1,218,972	572,800	57,423,405	56,850,605	9,752,830	67,176,235	66,603,435
Jun-10	76,709,495	1,581,038	1,979,975	2,482,673	82,753,181	80,270,508	5,551,039	88,304,220	85,821,547
Jul-10	87,940,963	2,659,992	2,420,480	1,519,099	94,540,534	93,021,435	7,765,917	102,306,451	100,787,352
Aug-10	86,172,751	2,911,577	1,791,028	(125,080)	90,750,276	90,875,356	7,304,722	98,054,998	98,180,078
Sep-10	85,610,679	1,618,012	1,527,512	(520,026)	88,236,177	88,756,203	9,116,965	97,353,142	97,873,168
Oct-10	66,657,771	2,094,966	1,020,320	(1,726,986)	68,046,072	69,773,058	11,825,887	79,871,959	81,598,945
Nov-10	58,149,914	1,624,586	798,900	(28,034)	60,545,367	60,573,401	11,992,836	72,538,203	72,566,237
Dec-10	65,013,096	2,253,831	1,167,812	26,808	68,461,547	68,434,739	13,561,291	82,022,838	81,996,030
Jan-11	76,121,173	3,138,445	1,766,317	146,568	81,172,503	81,025,935	18,303,562	99,476,065	99,329,497
Feb-11	63,590,360	2,158,942	1,409,347	819,108	67,977,757	67,158,649	13,880,982	81,858,739	81,039,631
Mar-11	64,963,148	676,641	1,295,997	742,383	67,678,169	66,935,786	13,374,699	81,052,868	80,310,485
Apr-11	59,828,935	1,740,517	830,283	874,121	63,273,856	62,399,735	9,742,182	73,016,038	72,141,917
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 73,839,618			
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) =									86.50%
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$	76,784.71	

ES FORM 3.10

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 59,828,935	\$ 59,828,935
Fuel Adjustment Clause	\$ 1,740,517	\$ 1,740,517
DSM	\$ 830,283	\$ 830,283
Environmental Surcharge		\$ 874,121
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 62,399,735	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 9,742,182	\$ 9,742,182
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 9,742,182	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 72,141,917	
<b>Reconciling Revenues</b>		
Brokered	\$ 76,785	\$ 76,785
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (392,299)
Miscellaneous		\$ 1,207,949
Total Company Revenues per Income Statement =		\$ 73,908,472



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

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JUN 17 2011

PUBLIC SERVICE  
COMMISSION

Louisville Gas and  
Electric Company  
State Regulation and Rates  
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Louisville, Kentucky 40232  
[www.lge-ku.com](http://www.lge-ku.com)

Robert M. Conroy  
Director - Rates  
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June 17, 2011

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") 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. 2010-00475, LG&E 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", is written over a horizontal line.

Robert M. Conroy

Enclosures



ES FORM 1.00

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

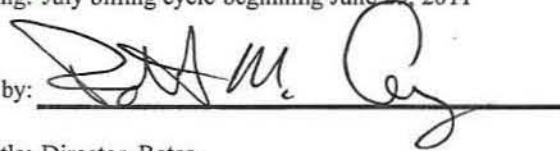
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of May 2011**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 1,095,320

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 1.47%

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

Submitted by:



Title: Director, Rates

Date Submitted: June 17, 2011

**LOUISVILLE GAS AND ELECTRIC 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	= \$	74,234,883
(2)	RB / 12	=	6,186,240
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.31%
(4)	OE	=	356,279
(5)	BAS	=	29
(6)	BR	=	-
(7)	E(m) <span style="float: right;"><math>(2) \times (3) + (4) - (5) + (6)</math></span>	= \$	1,055,913

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	86.82%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	916,744
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2010-00475	=	795,604
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	1,712,348
(13)	Revenue Collected through Base Rates	= \$	617,028
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	1,095,320
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	74,567,904
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) + (15)]	=	1.47%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 68,088,518	
Eligible Pollution CWIP Excluding AFUDC	11,534,083	
Subtotal		\$ 79,622,601
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	203,395	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		203,395
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	3,071,963	
Pollution Control Deferred Income Taxes	2,519,150	
Subtotal		5,591,113
Environmental Compliance Rate Base		\$ 74,234,883

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 148,079
Monthly Depreciation & Amortization Expense	213,428
less investment tax credit amortization	(14,527)
Monthly Property and Other Applicable Taxes	9,299
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 356,279

**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	\$ 29	\$ -	\$ 29
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 29	\$ -	\$ 29

**LOUISVILLE GAS AND ELECTRIC 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) Deferred Tax Balance  as of 5/31/2011	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 8 - Precipitator Upgrades - All Plants	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 9 - Clearwell Water System - Mill Creek	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 7,142,556	\$ 466,851	\$ -	\$ 6,675,704	\$ 328,270		\$ 11,695	\$ 733
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 362,950	\$ 599,531	\$ 4,967,149	\$ 307,186		\$ 8,397	\$ 622
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 104,981	\$ -	\$ 745,119	\$ 93,642		\$ 2,564	\$ 95
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 50,535	\$ -	\$ 257,972	\$ 19,365		\$ 1,147	\$ 33
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,364,584	\$ -	\$ 5,996,493	\$ 1,167,209		\$ 22,206	\$ 763
Subtotal	\$ 20,392,809	\$ 2,349,902	\$ 599,531	\$ 18,642,438	\$ 1,915,671		\$ 46,009	\$ 2,246
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (1,191,665)	\$ (548,068)	\$ -	\$ (643,598)	\$ (131,696)		\$ (3,438)	\$ (80)
<b>Net Total - 2005 Plan:</b>	\$ 19,201,143	\$ 1,801,834	\$ 599,531	\$ 17,998,840	\$ 1,783,975		\$ 42,571	\$ 2,166

**LOUISVILLE GAS AND ELECTRIC 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) Deferred Tax Balance  as of 5/31/2011	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 42,999,801	\$ 678,837	\$ 619,607	\$ 42,940,571	\$ 314,022	\$ 14,527	\$ 150,853	\$ 5,414
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 298,174	\$ 444,939	\$ 3,586,841	\$ 287,501		\$ 9,777	\$ 454
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 219,897	\$ -	\$ 1,830,450	\$ 56,382		\$ 8,867	\$ 234
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 73,221	\$ -	\$ 323,930	\$ 77,270		\$ 1,361	\$ 41
Subtotal	\$ 48,887,375	\$ 1,270,129	\$ 1,064,546	\$ 48,681,792	\$ 735,175	\$ 14,527	\$ 170,857	\$ 6,144
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	<b>\$ 48,887,375</b>	<b>\$ 1,270,129</b>	<b>\$ 1,064,546</b>	<b>\$ 48,681,792</b>	<b>\$ 735,175</b>	<b>\$ 14,527</b>	<b>\$ 170,857</b>	<b>\$ 6,144</b>
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,060,456	\$ 1,060,456	\$ -		\$ -	\$ 97
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 6,747,271	\$ 6,747,271	\$ -		\$ -	\$ 707
Project 24 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,650,887	\$ 1,650,887	\$ -		\$ -	\$ 151
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 411,392	\$ 411,392	\$ -		\$ -	\$ 33
Subtotal	\$ -	\$ -	\$ 9,870,006	\$ 9,870,006	\$ -		\$ -	\$ 989
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,870,006</b>	<b>\$ 9,870,006</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ 989</b>
<b>Net Total - All Plans:</b>	<b>\$ 68,887,375</b>	<b>\$ 1,270,129</b>	<b>\$ 11,534,083</b>	<b>\$ 76,550,638</b>	<b>\$ 2,519,175</b>	<b>\$ 14,527</b>	<b>\$ 213,428</b>	<b>\$ 9,299</b>

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

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

Inventory of Emission Allowances

For the Month Ended: 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	156,907	7,688	6,065	\$ 2,313.77	\$ -	\$ 17.50	
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031 - 2040	623,790						

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	162,001	0	3,094	0	2,000	156,907	
Dollars	\$ 2,388.89	\$ -	\$ 45.63	\$ -	\$ 29.49	\$ 2,313.77	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ 0.01	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	153,933	-	3,013		2,000	148,920	Sale to KU (2,000)
Dollars	\$ 2,269.91	\$ -	\$ 44.45	\$ -	\$ 29.49	\$ 2,195.97	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,068	-	81	-	-	7,987	
Dollars	\$ 118.98	\$ -	\$ 1.18	\$ -	\$ -	\$ 117.80	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

ES FORM 2.32

**LOUISVILLE GAS AND ELECTRIC 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	7,277	0	1,205	7	0	6,065	
Dollars	\$ 20.99	\$ -	\$ 3.47	\$ 0.02	\$ -	\$ 17.50	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,106	-	1,205	-	-	5,901	
Dollars	\$ 20.49	\$ -	\$ 3.47	\$ -	\$ -	\$ 17.02	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	171	-	-	7	-	164	
Dollars	\$ 0.50	\$ -	\$ -	\$ 0.02	\$ -	\$ 0.48	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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 2.33

**LOUISVILLE GAS AND ELECTRIC 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	9,513	(613)	1,205	7	0	7,688	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	9,348	(718)	1,205	-	-	7,528	Ending Inventory includes purchase from KU (103); and true-up with EPA (-718)
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	165	(46)	-	7	-	160	Ending Inventory includes purchase from KU (48); and true-up with EPA (-46)
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</b>							
Quantity	0	151	0	0	0	0	Purchase from KU - included in Ending Inventory - Coal Fuel (103) and Other Fuels (48)
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

ES FORM 2.40

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

For the Month Ended: May 31, 2011

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 154,851
10th Previous Month	143,057
9th Previous Month	110,695
8th Previous Month	165,844
7th Previous Month	94,372
6th Previous Month	121,474
5th Previous Month	175,687
4th Previous Month	100,889
3rd Previous Month	160,038
2nd Previous Month	150,155
Previous Month	102,021
Current Month	148,079
Total 12 Month O&M	\$ 1,627,162

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,627,162
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 203,395

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: May 31, 2011

O&M Expense Account	Cane Run	Mill Creek	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	-	-	16,976.27	16,976.27
512055-ECR Scrubber Maintenance	-	-	-	-
Ashpond Dredging Expense	-	-	-	-
Total 2005 Plan O&M Expenses	-	-	16,976.27	16,976.27
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation	-	-	8,928.25	8,928.25
506152 - ECR Sorbent Reactant - Reagent Only	-	-	54,552.74	54,552.74
512152 - ECR Sorbent Injection Maintenance	-	-	711.38	711.38
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	0.69	-	0.69
502056 - ECR Scrubber Operations	-	-	20,601.74	20,601.74
512055 - ECR Scrubber Maintenance	-	-	5,880.75	5,880.75
506154 - ECR NOx Operation -- Consumables	-	-	16,124.53	16,124.53
506155 - ECR NOx Operation -- Labor and Other	-	-	603.42	603.42
512151 - ECR NOx Maintenance	-	-	223.91	223.91
506051 - ECR Precipitator Operation	-	-	-	-
506151 - ECR Activated Carbon	-	-	21,845.25	21,845.25
512051 - ECR Precipitator Maintenance	-	-	1,630.11	1,630.11
Total 2006 Plan O&M Expenses	\$ -	0.69	131,102.08	131,102.77
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-	-	-	-
512105 - ECR Landfill Maintenance	-	-	-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-	-	-	-
Net 2009 Plan O&M Expenses	-	-	-	-
<b>Current Month O&amp;M Expense for All Plans</b>	<b>\$ -</b>	<b>0.69</b>	<b>148,078.35</b>	<b>148,079.04</b>

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

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

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

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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
Total Monthly Beneficial Reuse Expense			\$ -
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ -
Net Beneficial Reuse O&M Expense			\$ -

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

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

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

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

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

Monthly Average Revenue Computation of R (m)

For the Month Ended: May 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	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-10	76,709,495	1,581,038	1,979,975	2,482,673	82,753,181	80,270,508	5,551,039	88,304,220	85,821,547	
Jul-10	87,940,963	2,659,992	2,420,480	1,519,099	94,540,534	93,021,435	7,765,917	102,306,451	100,787,352	
Aug-10	86,172,751	2,911,577	1,791,028	(125,080)	90,750,276	90,875,356	7,304,722	98,054,998	98,180,078	
Sep-10	85,610,679	1,618,012	1,527,512	(520,026)	88,236,177	88,756,203	9,116,965	97,353,142	97,873,168	
Oct-10	66,657,771	2,094,966	1,020,320	(1,726,986)	68,046,072	69,773,058	11,825,887	79,871,959	81,598,945	
Nov-10	58,149,914	1,624,586	798,900	(28,034)	60,545,367	60,573,401	11,992,836	72,538,203	72,566,237	
Dec-10	65,013,096	2,253,831	1,167,812	26,808	68,461,547	68,434,739	13,561,291	82,022,838	81,996,030	
Jan-11	76,121,173	3,138,445	1,766,317	146,568	81,172,503	81,025,935	18,303,562	99,476,065	99,329,497	
Feb-11	63,590,360	2,158,942	1,409,347	819,108	67,977,757	67,158,649	13,880,982	81,858,739	81,039,631	
Mar-11	64,963,148	676,641	1,295,997	742,383	67,678,169	66,935,786	13,374,699	81,052,868	80,310,485	
Apr-11	59,828,935	1,740,517	830,283	874,121	63,273,856	62,399,735	9,742,182	73,016,038	72,141,917	
May-11	62,768,571	1,969,596	851,874	666,380	66,256,422	65,590,042	9,952,934	76,209,356	75,542,976	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 74,567,904				
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) =									86.82%	
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$ (1,011,601.99)		

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 62,768,571	\$ 62,768,571
Fuel Adjustment Clause	\$ 1,969,596	\$ 1,969,596
DSM	\$ 851,874	\$ 851,874
Environmental Surcharge		\$ 666,380
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 65,590,042	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 9,952,934	\$ 9,952,934
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 9,952,934	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 75,542,975	
<b>Reconciling Revenues</b>		
Brokered	\$ (1,011,602)	\$ (1,011,602)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 5,854,014
Miscellaneous		\$ 1,290,688
Total Company Revenues per Income Statement =		\$ 82,342,455





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), Louisville Gas and Electric Company ("LG&E") 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. 2010-00475, LG&E 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", written over a horizontal line.

Robert M. Conroy

Enclosures

RECEIVED

JUL 19 2011

PUBLIC SERVICE  
COMMISSION

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

Robert M. Conroy  
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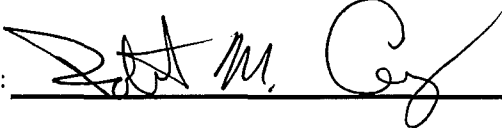
ES FORM 1.00

**LOUISVILLE GAS AND ELECTRIC 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	=	\$	131,463
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16	=		0.18%

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

Submitted by: 

Title: Director, Rates

Date Submitted: July 19, 2011

**LOUISVILLE GAS AND ELECTRIC 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	= \$	71,757,124
(2)	RB / 12	=	5,979,760
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.31%
(4)	OE	=	310,214
(5)	BAS	=	37
(6)	BR	=	-
(7)	E(m) <span style="float: right;"><math>(2) \times (3) + (4) - (5) + (6)</math></span>	= \$	986,487

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	92.27%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio $[(7) \times (8)]$	= \$	910,232
(10)	Adjustment for (Over)/Under-collection pursuant to	=	-
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) $[(9) + (10) + (11)]$	=	910,232
(13)	Revenue Collected through Base Rates	= \$	778,769
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates $[(12) - (13)]$	= \$	131,463
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	75,008,056
(16)	Jurisdictional Environmental Surcharge Billing Factor $[(14) \div (15)]$	=	0.18%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 64,865,222	
Eligible Pollution CWIP Excluding AFUDC	11,951,455	
Subtotal		\$ 76,816,677
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	197,321	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		197,321
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	2,805,876	
Pollution Control Deferred Income Taxes	2,450,998	
Subtotal		5,256,874
Environmental Compliance Rate Base		\$ 71,757,124

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 106,254
Monthly Depreciation & Amortization Expense	210,835
less investment tax credit amortization	(14,527)
Monthly Property and Other Applicable Taxes	7,652
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 310,214

**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	\$ 37	\$ -	\$ 37
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 37	\$ -	\$ 37

**LOUISVILLE GAS AND ELECTRIC 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) Deferred Tax Balance  as of 6/30/2011	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 8 - Precipitator Upgrades - All Plants	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 9 - Clearwell Water System - Mill Creek	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,818,430	\$ 416,007	\$ -	\$ 4,402,423	\$ 285,201		\$ 10,067	\$ 448
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 371,347	\$ 596,265	\$ 4,955,486	\$ 312,903		\$ 8,397	\$ 622
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 107,545	\$ -	\$ 742,555	\$ 95,644		\$ 2,564	\$ 95
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 51,681	\$ -	\$ 256,826	\$ 19,495		\$ 1,147	\$ 33
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,386,790	\$ -	\$ 5,974,287	\$ 1,183,848		\$ 22,206	\$ 763
Subtotal	\$ 18,068,683	\$ 2,333,371	\$ 596,265	\$ 16,331,577	\$ 1,897,091		\$ 44,380	\$ 1,961
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (2,520,865)	\$ (969,332)	\$ -	\$ (1,551,534)	\$ (384,695)		\$ (5,253)	\$ (1,442)
<b>Net Total - 2005 Plan:</b>	\$ 15,547,817	\$ 1,364,039	\$ 596,265	\$ 14,780,043	\$ 1,512,396		\$ 39,127	\$ 519

**LOUISVILLE GAS AND ELECTRIC 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) Deferred Tax Balance  as of 6/30/2011	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 43,429,831	\$ 830,540	\$ 431,284	\$ 43,030,575	\$ 504,965	\$ 14,527	\$ 151,703	\$ 5,414
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 307,951	\$ 444,939	\$ 3,577,064	\$ 296,034		\$ 9,777	\$ 454
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 228,764	\$ -	\$ 1,821,583	\$ 59,939		\$ 8,867	\$ 234
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 74,582	\$ -	\$ 322,569	\$ 77,665		\$ 1,361	\$ 41
Subtotal	\$ 49,317,405	\$ 1,441,837	\$ 876,223	\$ 48,751,791	\$ 938,602	\$ 14,527	\$ 171,707	\$ 6,144
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 49,317,405	\$ 1,441,837	\$ 876,223	\$ 48,751,791	\$ 938,602	\$ 14,527	\$ 171,707	\$ 6,144
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,072,654	\$ 1,072,654	\$ -		\$ -	\$ 97
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 7,189,753	\$ 7,189,753	\$ -		\$ -	\$ 707
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 1,739,136	\$ 1,739,136	\$ -		\$ -	\$ 151
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 477,425	\$ 477,425	\$ -		\$ -	\$ 33
Subtotal	\$ -	\$ -	\$ 10,478,968	\$ 10,478,968	\$ -		\$ -	\$ 989
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 10,478,968	\$ 10,478,968	\$ -		\$ -	\$ 989
<b>Net Total - All Plans:</b>	\$ 64,865,222	\$ 2,805,876	\$ 11,951,455	\$ 74,010,802	\$ 2,450,998	\$ 14,527	\$ 210,835	\$ 7,652

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

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

Inventory of Emission Allowances

For the Month Ended: 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	148,984	6,344	4,721	\$ 2,219.91	\$ -	\$ 13.62	
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031 - 2040	623,790						

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	156,907	(1,559)	3,824	0	2,540	148,984	
Dollars	\$ 2,313.77	\$ -	\$ 56.40	\$ -	\$ 37.46	\$ 2,219.91	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ 0.01	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	148,920	3,790	3,282		2,540	146,888	Adjustment for IMEA/IMPA final true-up (3,790); sale of allowances to KU (2,540)
Dollars	\$ 2,195.97	\$ 55.89	\$ 48.40	\$ -	\$ 37.46	\$ 2,166.00	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	7,987	(5,349)	542	-	-	2,096	Adjustment for IMEA/IMPA annual true-up (-3,790); transfer of unused 2010 allowances (-1,559)
Dollars	\$ 117.80	\$ (55.89)	\$ 8.00	\$ -	\$ -	\$ 53.91	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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



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

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	6,065	0	1,332	12	0	4,721	
Dollars	\$ 17.50	\$ -	\$ 3.84	\$ 0.04	\$ -	\$ 13.62	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	5,901	-	1,332	-	-	4,569	
Dollars	\$ 17.02	\$ -	\$ 3.84	\$ -	\$ -	\$ 13.18	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	164	-	-	12	-	152	
Dollars	\$ 0.48	\$ -	\$ -	\$ 0.04	\$ -	\$ 0.44	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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.

**LOUISVILLE GAS AND ELECTRIC 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	7,688	0	1,332	12	0	6,344	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,528	-	1,332	-	-	6,196	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	160	-	-	12	-	148	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 143,057
10th Previous Month	110,695
9th Previous Month	165,844
8th Previous Month	94,372
7th Previous Month	121,474
6th Previous Month	175,687
5th Previous Month	100,889
4th Previous Month	160,038
3rd Previous Month	150,155
2nd Previous Month	102,021
Previous Month	148,079
Current Month	106,254
Total 12 Month O&M	\$ 1,578,565

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,578,565
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 197,321

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: June 30, 2011

O&M Expense Account	Cane Run	Mill Creek	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			20,219.33	20,219.33
512055-ECR Scrubber Maintenance			-	-
Ashpond Dredging Expense		-		-
Total 2005 Plan O&M Expenses		-	20,219.33	20,219.33
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation		-	8,342.96	8,342.96
506152 - ECR Sorbent Reactant - Reagent Only		-	48,108.28	48,108.28
512152 - ECR Sorbent Injection Maintenance		-	277.26	277.26
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
502056 - ECR Scrubber Operations			19,586.10	19,586.10
512055 - ECR Scrubber Maintenance			7,738.10	7,738.10
506154 - ECR NOx Operation -- Consumables			22,290.31	22,290.31
506155 - ECR NOx Operation -- Labor and Other			507.78	507.78
512151 - ECR NOx Maintenance			(74.32)	(74.32)
506051 - ECR Precipitator Operation			-	-
506151 - ECR Activated Carbon			(21,845.25)	(21,845.25)
512051 - ECR Precipitator Maintenance			1,103.00	1,103.00
Total 2006 Plan O&M Expenses	\$ -	-	86,034.22	86,034.22
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
<b>Current Month O&amp;M Expense for All Plans</b>	\$ -	-	106,253.55	106,253.55

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

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

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

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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			\$ -

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

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

On-Site CCP Disposal O&M Expense	Cane Run	Mill Creek	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 25</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 25 [(7) - (3)]	\$ -	\$ -	\$ -	
If Line (8) Greater than Zero, No Adjustment				
If Line (8) Less than Zero, Adjustment for Base Rates				
Adjustment for Base Rate Amount (to ES Form 2.60)	\$ -	\$ -	\$ -	\$ -

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Monthly Average Revenue Computation of R (m)

For the Month Ended: June 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)
Jul-10	87,940,963	2,659,992	2,420,480	1,519,099	94,540,534	93,021,435	7,765,917	102,306,451	100,787,352
Aug-10	86,172,751	2,911,577	1,791,028	(125,080)	90,750,276	90,875,356	7,304,722	98,054,998	98,180,078
Sep-10	85,610,679	1,618,012	1,527,512	(520,026)	88,236,177	88,756,203	9,116,965	97,353,142	97,873,168
Oct-10	66,657,771	2,094,966	1,020,320	(1,726,986)	68,046,072	69,773,058	11,825,887	79,871,959	81,598,945
Nov-10	58,149,914	1,624,586	798,900	(28,034)	60,545,367	60,573,401	11,992,836	72,538,203	72,566,237
Dec-10	65,013,096	2,253,831	1,167,812	26,808	68,461,547	68,434,739	13,561,291	82,022,838	81,996,030
Jan-11	76,121,173	3,138,445	1,766,317	146,568	81,172,503	81,025,935	18,303,562	99,476,065	99,329,497
Feb-11	63,590,360	2,158,942	1,409,347	819,108	67,977,757	67,158,649	13,880,982	81,858,739	81,039,631
Mar-11	64,963,148	676,641	1,295,997	742,383	67,678,169	66,935,786	13,374,699	81,052,868	80,310,485
Apr-11	59,828,935	1,740,517	830,283	874,121	63,273,856	62,399,735	9,742,182	73,016,038	72,141,917
May-11	62,768,571	1,969,596	851,874	666,380	66,256,422	65,590,042	9,952,934	76,209,356	75,542,976
Jun-11	79,699,769	4,437,519	1,415,042	1,206,179	86,758,510	85,552,331	7,170,418	93,928,928	92,722,749
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 75,008,056			
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) =									92.27%
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$ (531,080.82)	



**LOUISVILLE GAS AND ELECTRIC 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)	\$ 79,699,769	\$ 79,699,769
Fuel Adjustment Clause	\$ 4,437,519	\$ 4,437,519
DSM	\$ 1,415,042	\$ 1,415,042
Environmental Surcharge		\$ 1,206,179
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 85,552,331	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 7,170,418	\$ 7,170,418
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 7,170,418	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 92,722,748	
<b>Reconciling Revenues</b>		
Brokered	\$ (531,081)	\$ (531,081)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 776,863
Miscellaneous		\$ 1,751,569
Total Company Revenues per Income Statement =		\$ 95,926,278



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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PUBLIC SERVICE  
COMMISSION

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

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
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[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), Louisville Gas and Electric Company ("LG&E") 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. 2010-00475, LG&E 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 'Robert M. Conroy', is written over a horizontal line.

Robert M. Conroy

Enclosures

ES FORM 1.00

**LOUISVILLE GAS AND ELECTRIC 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	=	\$	145,621
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16	=		0.19%

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

Submitted by:



Title: Director, Rates

Date Submitted: August 19, 2011

**LOUISVILLE GAS AND ELECTRIC 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	= \$	72,032,384
(2)	RB / 12	=	6,002,699
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.31%
(4)	OE	=	376,346
(5)	BAS	=	52
(6)	BR	=	-
(7)	$E(m)$	= \$	1,055,199
	$(2) \times (3) + (4) - (5) + (6)$		

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	91.80%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	968,673
(10)	Adjustment for (Over)/Under-collection pursuant to	=	-
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	968,673
(13)	Revenue Collected through Base Rates	= \$	823,052
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	145,621
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	74,979,613
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	0.19%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 64,865,222	
Eligible Pollution CWIP Excluding AFUDC	12,458,442	
Subtotal		\$ 77,323,664
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	200,725	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		200,725
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	3,022,814	
Pollution Control Deferred Income Taxes	2,469,191	
Subtotal		5,492,005
Environmental Compliance Rate Base		\$ 72,032,384

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 170,289
Monthly Depreciation & Amortization Expense	211,685
less investment tax credit amortization	(14,527)
Monthly Property and Other Applicable Taxes	8,899
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 376,346

**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	\$ 52	\$ -	\$ 52
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 52	\$ -	\$ 52

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

Plant, CWIP & Depreciation Expense

For the Month Ended: July 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) Deferred Tax Balance  as of 7/31/2011	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 8 - Precipitator Upgrades - All Plants	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 9 - Clearwell Water System - Mill Creek	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,818,430	\$ 426,073	\$ -	\$ 4,392,356	\$ 346,400		\$ 10,067	\$ 448
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 379,744	\$ 601,518	\$ 4,952,342	\$ 318,620		\$ 8,397	\$ 622
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 110,110	\$ -	\$ 739,990	\$ 97,646		\$ 2,564	\$ 95
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 52,828	\$ -	\$ 255,679	\$ 19,626		\$ 1,147	\$ 33
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,408,996	\$ -	\$ 5,952,082	\$ 1,200,487		\$ 22,206	\$ 763
Subtotal	\$ 18,068,683	\$ 2,377,751	\$ 601,518	\$ 16,292,449	\$ 1,982,779		\$ 44,380	\$ 1,961
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (2,520,865)	\$ (969,332)	\$ -	\$ (1,551,534)	\$ (384,695)		\$ (5,253)	\$ (194)
<b>Net Total - 2005 Plan:</b>	\$ 15,547,817	\$ 1,408,420	\$ 601,518	\$ 14,740,915	\$ 1,598,084		\$ 39,127	\$ 1,767

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

Plant, CWP & 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	CWP Amount Excluding AFUDC	Eligible Net Plant In Service	Deferred Tax Balance  as of 7/31/2011	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 43,429,831	\$ 983,093	\$ 507,601	\$ 42,954,339	\$ 429,165	\$ 14,527	\$ 152,553	\$ 5,414
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 317,728	\$ 444,939	\$ 3,567,288	\$ 304,566		\$ 9,777	\$ 454
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 237,631	\$ -	\$ 1,812,715	\$ 59,316		\$ 8,867	\$ 234
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 75,943	\$ -	\$ 321,208	\$ 78,060		\$ 1,361	\$ 41
Subtotal	\$ 49,317,405	\$ 1,614,394	\$ 952,539	\$ 48,655,550	\$ 871,107	\$ 14,527	\$ 172,558	\$ 6,144
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	<b>\$ 49,317,405</b>	<b>\$ 1,614,394</b>	<b>\$ 952,539</b>	<b>\$ 48,655,550</b>	<b>\$ 871,107</b>	<b>\$ 14,527</b>	<b>\$ 172,558</b>	<b>\$ 6,144</b>
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,098,513	\$ 1,098,513	\$ -		\$ -	\$ 97
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 7,399,989	\$ 7,399,989	\$ -		\$ -	\$ 707
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 1,871,806	\$ 1,871,806	\$ -		\$ -	\$ 151
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 534,076	\$ 534,076	\$ -		\$ -	\$ 33
Subtotal	\$ -	\$ -	\$ 10,904,385	\$ 10,904,385	\$ -		\$ -	\$ 989
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,904,385</b>	<b>\$ 10,904,385</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ 989</b>
<b>Net Total - All Plans:</b>	<b>\$ 64,865,222</b>	<b>\$ 3,022,814</b>	<b>\$ 12,458,442</b>	<b>\$ 74,300,850</b>	<b>\$ 2,469,191</b>	<b>\$ 14,527</b>	<b>\$ 211,685</b>	<b>\$ 8,899</b>

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

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

Inventory of Emission Allowances

For the Month Ended: 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	141,303	4,793	3,170	\$ 2,105.48	\$ -	\$ 9.15	
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031 - 2040	623,790						

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



**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	148,984	0	4,181	0	3,500	141,303	
Dollars	\$ 2,219.91	\$ -	\$ 62.28	\$ -	\$ 52.15	\$ 2,105.48	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ 0.01	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	146,888	-	4,112	-	3,500	139,276	Sale to KU (3,500)
Dollars	\$ 2,166.00	\$ -	\$ 61.27	\$ -	\$ 52.15	\$ 2,052.58	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	2,096	-	69	-	-	2,027	
Dollars	\$ 53.91	\$ -	\$ 1.01	\$ -	\$ -	\$ 52.90	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

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

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	4,721	0	1,530	21	0	3,170	
Dollars	\$ 13.62	\$ -	\$ 4.41	\$ 0.06	\$ -	\$ 9.15	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	4,569	-	1,530	-	-	3,039	
Dollars	\$ 13.18	\$ -	\$ 4.41	\$ -	\$ -	\$ 8.77	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	152	-	-	21	-	131	
Dollars	\$ 0.44	\$ -	\$ -	\$ 0.06	\$ -	\$ 0.38	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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.

**LOUISVILLE GAS AND ELECTRIC 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	6,344	0	1,530	21	0	4,793	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	6,196	-	1,530	-	-	4,666	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	148	-	-	21	-	127	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 110,695
10th Previous Month	165,844
9th Previous Month	94,372
8th Previous Month	121,474
7th Previous Month	175,687
6th Previous Month	100,889
5th Previous Month	160,038
4th Previous Month	150,155
3rd Previous Month	102,021
2nd Previous Month	148,079
Previous Month	106,254
Current Month	170,289
Total 12 Month O&M	\$ 1,605,797

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,605,797
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 200,725

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: July 31, 2011

O&M Expense Account	Cane Run	Mill Creek	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			79,604.24	79,604.24
512055-ECR Scrubber Maintenance			-	-
Ashpond Dredging Expense		-	-	-
Total 2005 Plan O&M Expenses		-	79,604.24	79,604.24
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation		-	10,718.43	10,718.43
506152 - ECR Sorbent Reactant - Reagent Only		-	53,112.01	53,112.01
512152 - ECR Sorbent Injection Maintenance		-	(218.37)	(218.37)
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
502056 - ECR Scrubber Operations			(4,642.25)	(4,642.25)
512055 - ECR Scrubber Maintenance			6,094.51	6,094.51
506154 - ECR NOx Operation -- Consumables			23,586.70	23,586.70
506155 - ECR NOx Operation -- Labor and Other			772.87	772.87
512151 - ECR NOx Maintenance			587.43	587.43
506051 - ECR Precipitator Operation			-	-
506151 - ECR Activated Carbon			-	-
512051 - ECR Precipitator Maintenance			673.55	673.55
Total 2006 Plan O&M Expenses	\$ -	-	90,684.88	90,684.88
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
Current Month O&M Expense for All Plans	\$ -	-	170,289.12	170,289.12

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

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

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

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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			\$ -

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

**Beneficial Reuse Opportunities  
For the Month Ended: July 31, 2011**

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

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



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

Monthly Average Revenue Computation of R (m)

For the Month Ended: July 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)
Aug-10	86,172,751	2,911,577	1,791,028	(125,080)	90,750,276	90,875,356	7,304,722	98,054,998	98,180,078
Sep-10	85,610,679	1,618,012	1,527,512	(520,026)	88,236,177	88,756,203	9,116,965	97,353,142	97,873,168
Oct-10	66,657,771	2,094,966	1,020,320	(1,726,986)	68,046,072	69,773,058	11,825,887	79,871,959	81,598,945
Nov-10	58,149,914	1,624,586	798,900	(28,034)	60,545,367	60,573,401	11,992,836	72,538,203	72,566,237
Dec-10	65,013,096	2,253,831	1,167,812	26,808	68,461,547	68,434,739	13,561,291	82,022,838	81,996,030
Jan-11	76,121,173	3,138,445	1,766,317	146,568	81,172,503	81,025,955	18,303,562	99,476,065	99,529,497
Feb-11	63,590,360	2,158,942	1,409,347	819,108	67,977,757	67,158,649	13,880,982	81,858,739	81,039,631
Mar-11	64,963,148	676,641	1,295,997	742,383	67,678,169	66,935,786	13,374,699	81,052,868	80,310,485
Apr-11	59,828,935	1,740,517	830,283	874,121	63,273,856	62,399,735	9,742,182	73,016,038	72,141,917
May-11	62,768,571	1,969,596	851,874	666,380	66,256,422	65,590,042	9,952,934	76,209,356	75,542,976
Jun-11	79,699,769	4,437,519	1,415,042	1,206,179	86,758,510	85,552,331	7,170,418	93,928,928	92,722,749
Jul-11	86,246,494	4,806,290	1,627,342	1,362,039	94,042,165	92,680,126	8,276,729	102,318,894	100,956,855
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 74,979,613			
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) =									91.80%
								Note 1 - Excludes Brokered Sales, Total for Current Month = \$	(378,770.82)

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 86,246,494	\$ 86,246,494
Fuel Adjustment Clause	\$ 4,806,290	\$ 4,806,290
DSM	\$ 1,627,342	\$ 1,627,342
Environmental Surcharge		\$ 1,362,039
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 92,680,126	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 8,276,729	\$ 8,276,729
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 8,276,729	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 100,956,855	
<b>Reconciling Revenues</b>		
Brokered	\$ (378,771)	\$ (378,771)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 12,378,426
Miscellaneous		\$ 1,324,250
Total Company Revenues per Income Statement =		\$ 115,642,800



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), Louisville Gas and Electric Company ("LG&E") 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. 2010-00475, LG&E 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 that reads "Robert M. Conroy". The signature is stylized and cursive.

Robert M. Conroy

Enclosures

RECEIVED

SEP 20 2011

PUBLIC SERVICE  
COMMISSION

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

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

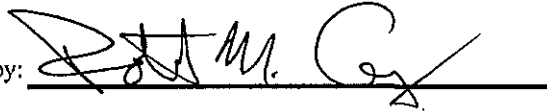
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of August 2011**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 144,799

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 0.19%

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

Submitted by:



Title: Director, Rates

Date Submitted: September 20, 2011

**LOUISVILLE GAS AND ELECTRIC 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	= \$ 72,163,121
(2)	RB / 12	= 6,013,593
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	= 11.31%
(4)	OE	= 476,182
(5)	BAS	= 37
(6)	BR	= -
(7)	E(m) <span style="float: right;"><math>(2) \times (3) + (4) - (5) + (6)</math></span>	= \$ 1,156,282

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	= 93.59%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$ 1,082,164
(10)	Adjustment for (Over)/Under-collection pursuant to	= -
(11)	Prior Period Adjustment (if necessary)	= -
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	= 1,082,164
(13)	Revenue Collected through Base Rates	= \$ 937,365
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) Less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$ 144,799
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$ 76,198,522
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	= 0.19%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 64,865,222	
Eligible Pollution CWIP Excluding AFUDC	12,932,577	
Subtotal		\$ 77,797,799
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	220,653	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		220,653
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	3,237,960	
Pollution Control Deferred Income Taxes	2,617,371	
Subtotal		5,855,331
Environmental Compliance Rate Base		\$ 72,163,121

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 270,125
Monthly Depreciation & Amortization Expense	211,685
less investment tax credit amortization	(14,527)
Monthly Property and Other Applicable Taxes	8,899
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 476,182

**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	\$ 37	\$ -	\$ 37
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 37	\$ -	\$ 37

**LOUISVILLE GAS AND ELECTRIC 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	Deferred Tax Balance as of 8/31/2011	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 8 - Precipitator Upgrades - All Plants	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 9 - Clearwell Water System - Mill Creek	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,818,430	\$ 434,348	\$ -	\$ 4,384,081	\$ 402,290		\$ 10,067	\$ 448
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 388,141	\$ 655,635	\$ 4,998,063	\$ 324,338		\$ 8,397	\$ 622
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 112,674	\$ -	\$ 737,426	\$ 99,648		\$ 2,564	\$ 95
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 53,975	\$ -	\$ 254,533	\$ 19,756		\$ 1,147	\$ 33
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,431,202	\$ -	\$ 5,929,876	\$ 1,217,127		\$ 22,206	\$ 763
Subtotal	\$ 18,068,683	\$ 2,420,340	\$ 655,635	\$ 16,303,978	\$ 2,063,158		\$ 44,380	\$ 1,961
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (2,520,865)	\$ (969,332)	\$ -	\$ (1,551,534)	\$ (384,695)		\$ (5,253)	\$ (194)
<b>Net Total - 2005 Plan:</b>	\$ 15,547,817	\$ 1,451,008	\$ 655,635	\$ 14,752,444	\$ 1,678,463		\$ 39,127	\$ 1,767

**LOUISVILLE GAS AND ELECTRIC 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	Deferred Tax Balance as of 8/31/2011	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 43,429,831	\$ 1,155,646	\$ 467,944	\$ 42,762,130	\$ 486,571	\$ 14,527	\$ 152,553	\$ 5,414
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 327,504	\$ 444,939	\$ 3,557,511	\$ 313,099		\$ 9,777	\$ 454
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 246,498	\$ -	\$ 1,803,848	\$ 60,783		\$ 8,867	\$ 234
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 77,304	\$ -	\$ 319,847	\$ 78,455		\$ 1,361	\$ 41
Subtotal	\$ 49,317,405	\$ 1,786,952	\$ 912,883	\$ 48,443,336	\$ 938,908	\$ 14,527	\$ 172,558	\$ 6,144
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 49,317,405	\$ 1,786,952	\$ 912,883	\$ 48,443,336	\$ 938,908	\$ 14,527	\$ 172,558	\$ 6,144
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,114,064	\$ 1,114,064	\$ -		\$ -	\$ 97
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 7,570,448	\$ 7,570,448	\$ -		\$ -	\$ 707
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 2,062,809	\$ 2,062,809	\$ -		\$ -	\$ 151
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 616,738	\$ 616,738	\$ -		\$ -	\$ 33
Subtotal	\$ -	\$ -	\$ 11,364,059	\$ 11,364,059	\$ -		\$ -	\$ 989
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 11,364,059	\$ 11,364,059	\$ -		\$ -	\$ 989
<b>Net Total - All Plans:</b>	\$ 64,865,222	\$ 3,237,960	\$ 12,932,577	\$ 74,559,839	\$ 2,617,371	\$ 14,527	\$ 211,685	\$ 8,899

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



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

Inventory of Emission Allowances

For the Month Ended: 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	134,248	3,253	1,630	\$ 2,000.36	\$ -	\$ 4.70	
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031 - 2040	623,790						

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.

ES FORM 2.31

**LOUISVILLE GAS AND ELECTRIC 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	141,303	0	4,555	0	2,500	134,248	
Dollars	\$ 2,105.48	\$ -	\$ 67.87	\$ -	\$ 37.25	\$ 2,000.36	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ 0.01	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	139,276	-	4,454		2,500	132,322	Sale to KU (2,500)
Dollars	\$ 2,052.58	\$ -	\$ 66.37	\$ -	\$ 37.25	\$ 1,948.96	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	2,027	-	101	-	-	1,926	
Dollars	\$ 52.90	\$ -	\$ 1.50	\$ -	\$ -	\$ 51.40	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

ES FORM 2.32

**LOUISVILLE GAS AND ELECTRIC 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	3,170	0	1,524	16	0	1,630	
Dollars	\$ 9.15	\$ -	\$ 4.40	\$ 0.05	\$ -	\$ 4.70	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	3,039	-	1,524	-	-	1,515	
Dollars	\$ 8.77	\$ -	\$ 4.40	\$ -	\$ -	\$ 4.37	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	131	-	-	16	-	115	
Dollars	\$ 0.38	\$ -	\$ -	\$ 0.05	\$ -	\$ 0.33	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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 2.33

**LOUISVILLE GAS AND ELECTRIC 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	4,793	0	1,524	16	0	3,253	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	4,666	-	1,524	-	-	3,142	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	127	-	-	16	-	111	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 165,844
10th Previous Month	94,372
9th Previous Month	121,474
8th Previous Month	175,687
7th Previous Month	100,889
6th Previous Month	160,038
5th Previous Month	150,155
4th Previous Month	102,021
3rd Previous Month	148,079
2nd Previous Month	106,254
Previous Month	170,289
Current Month	270,125
Total 12 Month O&M	\$ 1,765,227

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,765,227
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 220,653

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: August 31, 2011

O&M Expense Account	Cane Run	Mill Creek	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			52,402.46	52,402.46
512055-ECR Scrubber Maintenance			-	-
Ashpond Dredging Expense		-		-
Total 2005 Plan O&M Expenses		-	52,402.46	52,402.46
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation		-	12,834.85	12,834.85
506152 - ECR Sorbent Reactant - Reagent Only		-	54,189.18	54,189.18
512152 - ECR Sorbent Injection Maintenance		-	318.80	318.80
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
502056 - ECR Scrubber Operations			13,597.19	13,597.19
512055 - ECR Scrubber Maintenance			7,706.74	7,706.74
506154 - ECR NOx Operation -- Consumables			19,151.11	19,151.11
506155 - ECR NOx Operation -- Labor and Other			1,542.80	1,542.80
512151 - ECR NOx Maintenance			99.29	99.29
506051 - ECR Precipitator Operation			-	-
506151 - ECR Activated Carbon			104,635.06	104,635.06
512051 - ECR Precipitator Maintenance			3,647.55	3,647.55
Total 2006 Plan O&M Expenses	\$ -	-	217,722.57	217,722.57
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
<b>Current Month O&amp;M Expense for All Plans</b>	\$ -	-	270,125.03	270,125.03

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

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

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

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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
<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>			\$ -



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

**Beneficial Reuse Opportunities  
For the Month Ended: August 31, 2011**

On-Site CCP Disposal O&M Expense	Cane Run	Mill Creek	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 25</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 25 [(7) - (3)]	\$ -	\$ -	\$ -	
If Line (8) Greater than Zero, No Adjustment				
If Line (8) Less than Zero, Adjustment for Base Rates				
Adjustment for Base Rate Amount (to ES Form 2.60)	\$ -	\$ -	\$ -	\$ -

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Monthly Average Revenue Computation of R (m)

For the Month Ended: August 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	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)	
Sep-10	85,610,679	1,618,012	1,527,512	(520,026)	88,236,177	88,756,203	9,116,965	97,353,142	97,873,168	
Oct-10	66,657,771	2,094,966	1,020,320	(1,726,986)	68,046,072	69,773,058	11,825,887	79,871,959	81,598,945	
Nov-10	58,149,914	1,624,586	798,900	(28,034)	60,545,367	60,573,401	11,992,836	72,538,203	72,566,237	
Dec-10	65,013,096	2,253,831	1,167,812	26,808	68,461,547	68,434,739	13,561,291	82,022,838	81,996,030	
Jan-11	76,121,173	3,138,445	1,766,317	146,568	81,172,503	81,025,935	18,303,562	99,476,065	99,329,497	
Feb-11	63,590,360	2,158,942	1,409,347	819,108	67,977,757	67,158,649	13,880,982	81,858,739	81,039,631	
Mar-11	64,963,148	676,641	1,295,997	742,383	67,678,169	66,935,786	13,374,699	81,052,868	80,310,485	
Apr-11	59,828,935	1,740,517	830,283	874,121	63,273,856	62,399,735	9,742,182	73,016,038	72,141,917	
May-11	62,768,571	1,969,596	851,874	666,380	66,256,422	65,590,042	9,952,934	76,209,356	75,542,976	
Jun-11	79,699,769	4,437,519	1,415,042	1,206,179	86,758,510	85,552,331	7,170,418	93,928,928	92,722,749	
Jul-11	86,246,494	4,806,290	1,627,342	1,362,039	94,042,165	92,680,126	8,276,729	102,318,894	100,956,855	
Aug-11	99,019,080	4,591,621	1,891,554	272,788	105,775,043	105,502,255	7,222,945	112,997,988	112,725,200	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 76,198,522				
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) =									93.59%	
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$ (436,382.87)		

ES FORM 3.10

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 99,019,080	\$ 99,019,080
Fuel Adjustment Clause	\$ 4,591,621	\$ 4,591,621
DSM	\$ 1,891,554	\$ 1,891,554
Environmental Surcharge		\$ 272,788
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 105,502,255	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 7,222,945	\$ 7,222,945
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 7,222,945	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 112,725,200	
<b>Reconciling Revenues</b>		
Brokered	\$ (436,383)	\$ (436,383)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (8,640,630)
Miscellaneous		\$ 1,558,468
Total Company Revenues per Income Statement =		\$ 105,479,443



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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PUBLIC SERVICE  
COMMISSION

Louisville Gas and  
Electric Company  
State Regulation and Rates  
220 West Main Street  
P.O. Box 32010  
Louisville, Kentucky 40232  
[www.lge-ku.com](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), Louisville Gas and Electric Company ("LG&E") 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. 2010-00475, LG&E 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. 2011-00162, LG&E'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,

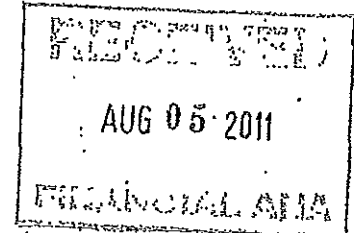
A handwritten signature in black ink, appearing to read "Robert M. Conroy", with a large, stylized flourish at the end.

Robert M. Conroy

Enclosures

**INVOICE FOR PROFESSIONAL FEES AND SERVICES**  
**FOR : VANTAGE ENERGY CONSULTING, LLC**  
 FED TAX ID # 27-2585037

INVOICE DATE: 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

PROJECT DESCRIPTION:  
 LGE Environmental Compliance

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 COMMISSION

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>		124		\$30,560.00	\$0.00	\$30,560.00	
<b>TOTAL FEES</b>							\$30,560.00
<b>TOTAL PERSONAL EXPENSES</b>							\$0.00
<b>OVERNIGHT MAIL</b>							\$0.00
<b>COPYING - Black/White</b>							\$166.60
<b>COPYING - Color</b>							\$263.40
<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

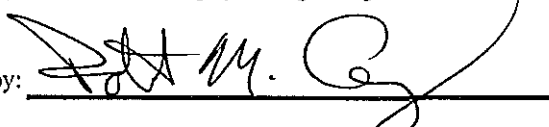
ES FORM 1.00

**LOUISVILLE GAS AND ELECTRIC 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	=	\$	156,849
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16	=		0.21%

Effective Date for Billing: November billing cycle beginning October 28, 2011

Submitted by: 

Title: Director, Rates

Date Submitted: October 18, 2011

**LOUISVILLE GAS AND ELECTRIC 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	= \$	72,226,494
(2)	RB / 12	=	6,018,875
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.31%
(4)	OE	=	395,167
(5)	BAS	=	37
(6)	BR	=	-
(7)	$E(m) \quad (2) \times (3) + (4) - (5) + (6)$	= \$	1,075,865

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	87.55%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	941,920
(10)	Adjustment for (Over)/Under-collection pursuant to	=	-
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	941,920
(13)	Revenue Collected through Base Rates	= \$	785,071
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	156,849
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	76,075,877
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) + (15)]	=	0.21%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 64,865,222	
Eligible Pollution CWIP Excluding AFUDC	13,361,797	
Subtotal		\$ 78,227,019
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	221,741	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		221,741
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	3,454,898	
Pollution Control Deferred Income Taxes	2,767,368	
Subtotal		6,222,266
Environmental Compliance Rate Base		\$ 72,226,494

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 174,545
Monthly Depreciation & Amortization Expense	211,685
less investment tax credit amortization	(14,527)
Monthly Property and Other Applicable Taxes	8,899
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Monthly Surcharge Consulting Fees - Case No. 2011-00162	14,565
Less : Operating Expenses Associated with Retirements or Replacements	-
Occuring Since Last Roll-In of Surcharge into Existing Rates	
Total Pollution Control Operations Expense	\$ 395,167

**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	\$ 37	\$ -	\$ 37
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 37	\$ -	\$ 37



**LOUISVILLE GAS AND ELECTRIC 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	Deferred Tax Balance  as of 9/30/2011	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 8 - Precipitator Upgrades - All Plants	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 9 - Clearwell Water System - Mill Creek	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,818,430	\$ 444,415	\$ 1,338	\$ 4,375,353	\$ 459,998		\$ 10,067	\$ 448
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 396,538	\$ 714,790	\$ 5,048,821	\$ 330,055		\$ 8,397	\$ 622
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 115,239	\$ -	\$ 734,861	\$ 101,650		\$ 2,564	\$ 95
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 55,121	\$ -	\$ 253,386	\$ 19,886		\$ 1,147	\$ 33
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,453,408	\$ -	\$ 5,907,670	\$ 1,233,766		\$ 22,206	\$ 763
Subtotal	\$ 18,068,683	\$ 2,464,721	\$ 716,129	\$ 16,320,091	\$ 2,145,355		\$ 44,380	\$ 1,961
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (2,520,865)	\$ (969,332)	\$ -	\$ (1,551,534)	\$ (384,695)		\$ (5,253)	\$ (194)
<b>Net Total - 2005 Plan:</b>	\$ 15,547,817	\$ 1,495,389	\$ 716,129	\$ 14,768,557	\$ 1,760,660		\$ 39,127	\$ 1,767

**LOUISVILLE GAS AND ELECTRIC 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	Deferred Tax Balance as of 9/30/2011	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 43,429,831	\$ 1,288,199	\$ 463,499	\$ 42,605,132	\$ 543,977	\$ 14,527	\$ 152,553	\$ 5,414
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 337,281	\$ 446,428	\$ 3,549,224	\$ 321,632		\$ 9,777	\$ 454
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 255,365	\$ -	\$ 1,794,981	\$ 62,250		\$ 8,867	\$ 234
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 78,665	\$ -	\$ 318,486	\$ 78,849		\$ 1,361	\$ 41
Subtotal	\$ 49,317,405	\$ 1,959,510	\$ 909,928	\$ 48,267,823	\$ 1,006,708	\$ 14,527	\$ 172,558	\$ 6,144
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 49,317,405	\$ 1,959,510	\$ 909,928	\$ 48,267,823	\$ 1,006,708	\$ 14,527	\$ 172,558	\$ 6,144
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,139,335	\$ 1,139,335	\$ -		\$ -	\$ 97
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 7,785,982	\$ 7,785,982	\$ -		\$ -	\$ 707
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 2,172,925	\$ 2,172,925	\$ -		\$ -	\$ 151
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 637,498	\$ 637,498	\$ -		\$ -	\$ 33
Subtotal	\$ -	\$ -	\$ 11,735,740	\$ 11,735,740	\$ -		\$ -	\$ 989
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 11,735,740	\$ 11,735,740	\$ -		\$ -	\$ 989
<b>Net Total - All Plans:</b>	\$ 64,865,222	\$ 3,454,898	\$ 13,361,797	\$ 74,772,121	\$ 2,767,368	\$ 14,527	\$ 211,685	\$ 8,899

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

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

Inventory of Emission Allowances

For the Month Ended: 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	128,034	2,460	1,087	\$ 1,907.75	\$ -	\$ 865.13	
2012	62,379	14,133	6,212				
2013	62,379	14,133	6,212				
2014	62,379	14,133	6,212				
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031 - 2040	623,790						

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	134,248	0	3,714	0	2,500	128,034	
Dollars	\$ 2,000.36	\$ -	\$ 55.36	\$ -	\$ 37.25	\$ 1,907.75	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ 0.01	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	132,322	-	3,628	-	2,500	126,194	Sale to KU (2,500)
Dollars	\$ 1,948.96	\$ -	\$ 54.08	\$ -	\$ 37.25	\$ 1,857.63	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	1,926	-	86	-	-	1,840	
Dollars	\$ 51.40	\$ -	\$ 1.28	\$ -	\$ -	\$ 50.12	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

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

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	1,630	750	1,285	8	0	1,087	
Dollars	\$ 4.70	\$ 864.16	\$ 3.70	\$ 0.03	\$ -	\$ 865.13	
\$/Allowance	\$ -	\$ 1.15	\$ -	\$ -	\$ -	\$ 0.80	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	1,515	-	1,285	-	-	980	Ending Inventory includes purchase from KU as shown
Dollars	\$ 4.37	\$ -	\$ 3.70	\$ -	\$ -	\$ 864.83	below.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	115	-	-	8	-	107	
Dollars	\$ 0.33	\$ -	\$ -	\$ 0.03	\$ -	\$ 0.30	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</b>							
Quantity	0	750	0	0	0	750	Purchase from KU - included in Ending Inventory -
Dollars	\$ -	\$ 864.16	\$ -	\$ -	\$ -	\$ 864.16	Coal Fuel as shown above.
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.15	

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 2.33

**LOUISVILLE GAS AND ELECTRIC 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	3,253	500	1,285		0	2,460	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	3,142	-	1,285	-	-	2,357	Ending Inventory includes purchase from KU as shown
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	below.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	111	-	-	8	-	103	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</b>							
Quantity	0	500	0	0	0	0	Purchase from KU - included in Ending Inventory -
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Coal Fuel as shown above.
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

ES FORM 2.40

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

For the Month Ended: September 30, 2011

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 94,372
10th Previous Month	121,474
9th Previous Month	175,687
8th Previous Month	100,889
7th Previous Month	160,038
6th Previous Month	150,155
5th Previous Month	102,021
4th Previous Month	148,079
3rd Previous Month	106,254
2nd Previous Month	170,289
Previous Month	270,125
Current Month	174,545
Total 12 Month O&M	\$ 1,773,928

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,773,928
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 221,741

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: September 30, 2011

O&M Expense Account	Cane Run	Mill Creek	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			51,108.65	51,108.65
512055-ECR Scrubber Maintenance			-	-
Ashpond Dredging Expense		-	-	-
Total 2005 Plan O&M Expenses		-	51,108.65	51,108.65
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation		-	12,206.01	12,206.01
506152 - ECR Sorbent Reactant - Reagent Only		-	61,808.18	61,808.18
512152 - ECR Sorbent Injection Maintenance		-	(217.55)	(217.55)
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
502056 - ECR Scrubber Operations			7,351.37	7,351.37
512055 - ECR Scrubber Maintenance			5,518.97	5,518.97
506154 - ECR NOx Operation -- Consumables			9,734.31	9,734.31
506155 - ECR NOx Operation -- Labor and Other			762.93	762.93
512151 - ECR NOx Maintenance			903.17	903.17
506051 - ECR Precipitator Operation			475.51	475.51
506151 - ECR Activated Carbon			16,511.48	16,511.48
512051 - ECR Precipitator Maintenance			8,381.97	8,381.97
Total 2006 Plan O&M Expenses	\$ -	-	123,436.35	123,436.35
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
Current Month O&M Expense for All Plans	\$ -	-	174,545.00	174,545.00

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



**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
CCP Disposal Facilities Expenses  
For the Month Ended: September 30, 2011

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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			\$ -

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

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

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

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

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

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	66,657,771	2,094,966	1,020,320	(1,726,986)	68,046,072	69,773,058	11,825,887	79,871,959	81,598,945	
Nov-10	58,149,914	1,624,586	798,900	(28,034)	60,545,367	60,573,401	11,992,836	72,538,203	72,566,237	
Dec-10	65,013,096	2,253,831	1,167,812	26,808	68,461,547	68,434,739	13,561,291	82,022,838	81,996,030	
Jan-11	76,121,173	3,138,445	1,766,317	146,568	81,172,503	81,025,935	18,303,562	99,476,065	99,329,497	
Feb-11	63,590,360	2,158,942	1,409,347	819,108	67,977,757	67,158,649	13,880,982	81,858,739	81,039,631	
Mar-11	64,963,148	676,641	1,295,997	742,383	67,678,169	66,935,786	13,374,699	81,052,868	80,310,485	
Apr-11	59,828,935	1,740,517	830,283	874,121	63,273,856	62,399,735	9,742,182	73,016,038	72,141,917	
May-11	62,768,571	1,969,596	851,874	666,380	66,256,422	65,590,042	9,952,934	76,209,356	75,542,976	
Jun-11	79,699,769	4,437,519	1,415,042	1,206,179	86,758,510	85,552,331	7,170,418	93,928,928	92,722,749	
Jul-11	86,246,494	4,806,290	1,627,342	1,362,039	94,042,165	92,680,126	8,276,729	102,318,894	100,956,855	
Aug-11	99,019,080	4,591,621	1,891,554	272,788	105,775,043	105,502,255	7,222,945	112,997,988	112,725,200	
Sep-11	83,107,600	2,677,626	1,499,239	165,369	87,449,834	87,284,465	12,412,938	99,862,772	99,697,403	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$	76,075,877			
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) =									87.55%	
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$		(255,663.22)	

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 83,107,600	\$ 83,107,600
Fuel Adjustment Clause	\$ 2,677,626	\$ 2,677,626
DSM	\$ 1,499,239	\$ 1,499,239
Environmental Surcharge		\$ 165,369
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 87,284,465	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 12,412,938	\$ 12,412,938
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 12,412,938	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 99,697,402	
<b>Reconciling Revenues</b>		
Brokered	\$ (255,663)	\$ (255,663)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (15,369,178)
Miscellaneous		\$ 2,021,408
Total Company Revenues per Income Statement =		\$ 86,259,338

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

Louisville Gas and  
Electric Company  
State Regulation and Rates  
220 West Main Street  
P.O. 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), Louisville Gas and Electric Company ("LG&E") 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. 2010-00475, LG&E 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. 2011-00162, LG&E'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". The signature is written in a cursive, flowing style.

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 Bolsmenu	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>

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]*  
 10/1/11



ES FORM 1.00

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

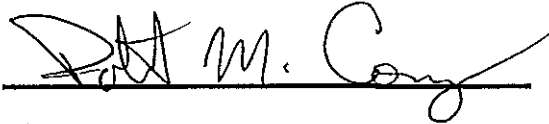
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of October 2011**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ 199,221

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16 = 0.26%

Effective Date for Billing: December billing cycle beginning November 29, 2011

Submitted by:



Title: Director, Rates

Date Submitted: November 18, 2011

**LOUISVILLE GAS AND ELECTRIC 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	= \$	72,290,860
(2)	RB / 12	=	6,024,238
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.31%
(4)	OE	=	322,068
(5)	BAS	=	7
(6)	BR	=	-
(7)	E(m) <span style="float: right;">(2) x (3) + (4) - (5) + (6)</span>	= \$	1,003,401

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	82.68%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	829,612
(10)	Adjustment for (Over)/Under-collection pursuant to	=	-
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	829,612
(13)	Revenue Collected through Base Rates	= \$	630,391
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	199,221
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	75,853,157
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	0.26%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 64,865,222	
Eligible Pollution CWIP Excluding AFUDC	13,797,198	
Subtotal		\$ 78,662,420
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	217,641	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		217,641
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	3,671,836	
Pollution Control Deferred Income Taxes	2,917,365	
Subtotal		6,589,201
Environmental Compliance Rate Base		\$ 72,290,860

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 61,568
Monthly Depreciation & Amortization Expense	211,685
less investment tax credit amortization	(14,527)
Monthly Property and Other Applicable Taxes	8,899
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	-
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Monthly Surcharge Consulting Fees - Case No. 2011-00162	54,443
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 322,068

**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	\$ 7	\$ -	\$ 7
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 7	\$ -	\$ 7

**LOUISVILLE GAS AND ELECTRIC 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) Deferred Tax Balance  as of 10/31/2011	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 8 - Precipitator Upgrades - All Plants	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 9 - Clearwell Water System - Mill Creek	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,818,430	\$ 454,482	\$ 1,496	\$ 4,365,444	\$ 517,706		\$ 10,067	\$ 448
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 404,934	\$ 728,930	\$ 5,054,564	\$ 335,772		\$ 8,397	\$ 622
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 117,803	\$ -	\$ 732,297	\$ 103,653		\$ 2,564	\$ 95
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 56,268	\$ -	\$ 252,239	\$ 20,016		\$ 1,147	\$ 33
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,475,614	\$ -	\$ 5,885,464	\$ 1,250,405		\$ 22,206	\$ 763
Subtotal	\$ 18,068,683	\$ 2,509,101	\$ 730,426	\$ 16,290,008	\$ 2,227,551		\$ 44,380	\$ 1,961
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (2,520,865)	\$ (969,332)	\$ -	\$ (1,551,534)	\$ (384,695)		\$ (5,253)	\$ (194)
<b>Net Total - 2005 Plan:</b>	\$ 15,547,817	\$ 1,539,769	\$ 730,426	\$ 14,738,474	\$ 1,842,856		\$ 39,127	\$ 1,767

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

Plant, CWIP & Depreciation Expense

For the Month Ended: October 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	Deferred Tax Balance  as of 10/31/2011	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 43,429,831	\$ 1,440,752	\$ 474,394	\$ 42,463,473	\$ 601,383	\$ 14,527	\$ 152,553	\$ 5,414
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 347,057	\$ 446,428	\$ 3,539,448	\$ 330,164		\$ 9,777	\$ 454
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 264,232	\$ -	\$ 1,786,114	\$ 63,718		\$ 8,867	\$ 234
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 80,025	\$ -	\$ 317,126	\$ 79,244		\$ 1,361	\$ 41
Subtotal	\$ 49,317,405	\$ 2,132,067	\$ 920,822	\$ 48,106,160	\$ 1,074,509	\$ 14,527	\$ 172,558	\$ 6,144
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	<b>\$ 49,317,405</b>	<b>\$ 2,132,067</b>	<b>\$ 920,822</b>	<b>\$ 48,106,160</b>	<b>\$ 1,074,509</b>	<b>\$ 14,527</b>	<b>\$ 172,558</b>	<b>\$ 6,144</b>
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,155,356	\$ 1,155,356	\$ -		\$ -	\$ 97
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 8,062,536	\$ 8,062,536	\$ -		\$ -	\$ 707
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 2,284,987	\$ 2,284,987	\$ -		\$ -	\$ 151
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 643,072	\$ 643,072	\$ -		\$ -	\$ 33
Subtotal	\$ -	\$ -	\$ 12,145,950	\$ 12,145,950	\$ -		\$ -	\$ 989
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,145,950</b>	<b>\$ 12,145,950</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ 989</b>
<b>Net Total - All Plans:</b>	<b>\$ 64,865,222</b>	<b>\$ 3,671,836</b>	<b>\$ 13,797,198</b>	<b>\$ 74,990,584</b>	<b>\$ 2,917,365</b>	<b>\$ 14,527</b>	<b>\$ 211,685</b>	<b>\$ 8,899</b>

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

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

Inventory of Emission Allowances

For the Month Ended: October 31, 2011

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NO <sub>x</sub> Annual	NO <sub>x</sub> Ozone Season	SO <sub>2</sub>	NO <sub>x</sub> Annual	NO <sub>x</sub> Ozone Season	
Current Year	123,960	1,835	1,087	\$ 1,847.04	\$ 24,402.00	\$ 865.13	
2012	62,379						
2013	62,379						
2014	62,379						
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031 - 2040	623,790						

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	128,034	0	3,574	0	500	123,960	
Dollars	\$ 1,907.75	\$ -	\$ 53.26	\$ -	\$ 7.45	\$ 1,847.04	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ 0.01	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	126,194	-	3,513		500	122,181	Sale to KU (500)
Dollars	\$ 1,857.63	\$ -	\$ 52.35	\$ -	\$ 7.45	\$ 1,797.83	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	1,840	-	61	-	-	1,779	
Dollars	\$ 50.12	\$ -	\$ 0.91	\$ -	\$ -	\$ 49.21	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

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

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	1,087	0	0	0	0	1,087	
Dollars	\$ 865.13	\$ -	\$ -	\$ -	\$ -	\$ 865.13	
\$/Allowance	\$ 0.80	\$ -	\$ -	\$ -	\$ -	\$ 0.80	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	980	-	-	-	-	980	
Dollars	\$ 864.83	\$ -	\$ -	\$ -	\$ -	\$ 864.83	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	107	-	-	-	-	107	
Dollars	\$ 0.30	\$ -	\$ -	\$ -	\$ -	\$ 0.30	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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 2.33

**LOUISVILLE GAS AND ELECTRIC 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	2,460	500	1,125	0	0	1,835	
Dollars	\$ -	\$ 38,750.00	\$ 14,348.00	\$ -	\$ -	\$ 24,402.00	
\$/Allowance	\$ -	\$ 77.50	\$ 12.75	\$ -	\$ -	\$ 13.50	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	2,357	-	1,125	-	-	1,732	Ending Inventory includes purchase from Market as shown
Dollars	\$ -	\$ -	\$ 14,348.00	\$ -	\$ -	\$ 24,402.00	below.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	103	-	-	-	-	103	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	500	0	0	0	500	Purchased 500 2011 vintage NOx allowances from
Dollars	\$ -	\$ 38,750.00	\$ -	\$ -	\$ -	\$ 38,750.00	the market - included in Ending Inventory-Coal Fuel
\$/Allowance	\$ -	\$ 77.50	\$ -	\$ -	\$ -	\$ 77.50	as shown above.
<b>From KU:</b>							
Quantity	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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 121,474
10th Previous Month	175,687
9th Previous Month	100,889
8th Previous Month	160,038
7th Previous Month	150,155
6th Previous Month	102,021
5th Previous Month	148,079
4th Previous Month	106,254
3rd Previous Month	170,289
2nd Previous Month	270,125
Previous Month	174,545
Current Month	61,568
Total 12 Month O&M	\$ 1,741,124

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,741,124
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 217,641

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: October 31, 2011

O&M Expense Account	Cane Run	Mill Creek	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			(36,302.90)	(36,302.90)
512055-ECR Scrubber Maintenance			-	-
Ashpond Dredging Expense		-		-
Total 2005 Plan O&M Expenses		-	(36,302.90)	(36,302.90)
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation		-	16,765.31	16,765.31
506152 - ECR Sorbent Reactant - Reagent Only		-	(3,269.33)	(3,269.33)
512152 - ECR Sorbent Injection Maintenance		-	1,427.52	1,427.52
506150 - ECR Mercury Monitors Operation		-	981.31	981.31
512153 - ECR Mercury Monitors Maintenance		-	720.00	720.00
502056 - ECR Scrubber Operations			22,169.19	22,169.19
512055 - ECR Scrubber Maintenance			6,953.42	6,953.42
506154 - ECR NOx Operation -- Consumables			22,612.17	22,612.17
506155 - ECR NOx Operation -- Labor and Other			571.56	571.56
512151 - ECR NOx Maintenance			480.33	480.33
506051 - ECR Precipitator Operation			870.13	870.13
506151 - ECR Activated Carbon			26,392.00	26,392.00
512051 - ECR Precipitator Maintenance			1,197.64	1,197.64
Total 2006 Plan O&M Expenses	\$ -	-	97,871.25	97,871.25
<b>2009 Plan</b>				
502012 - ECR Landfill Operations		-	-	-
512105 - ECR Landfill Maintenance		-	-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-	-	-
Net 2009 Plan O&M Expenses		-	-	-
Current Month O&M Expense for All Plans	\$ -	-	61,568.35	61,568.35

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

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

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

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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			\$ -

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

**Beneficial Reuse Opportunities  
For the Month Ended: October 31, 2011**

On-Site CCP Disposal O&M Expense	Cane Run	Mill Creek	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 25</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 25 [(7) - (3)]	\$ -	\$ -	\$ -	
If Line (8) Greater than Zero, No Adjustment				
If Line (8) Less than Zero, Adjustment for Base Rates				
Adjustment for Base Rate Amount (to ES Form 2.60)	\$ -	\$ -	\$ -	\$ -

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

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

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	58,149,914	1,624,586	798,900	(28,034)	60,545,367	60,573,401	11,992,836	72,538,203	72,566,237	
Dec-10	65,013,096	2,253,831	1,167,812	26,808	68,461,547	68,434,739	13,561,291	82,022,838	81,996,030	
Jan-11	76,121,173	3,138,445	1,766,317	146,568	81,172,503	81,025,935	18,303,562	99,476,065	99,329,497	
Feb-11	63,590,360	2,158,942	1,409,347	819,108	67,977,757	67,158,649	13,880,982	81,858,739	81,039,631	
Mar-11	64,965,148	676,641	1,295,997	742,383	67,678,169	66,935,786	13,374,699	81,052,868	80,310,485	
Apr-11	59,828,935	1,740,517	830,283	874,121	63,273,856	62,399,735	9,742,182	73,016,038	72,141,917	
May-11	62,768,571	1,969,596	851,874	666,380	66,256,422	65,590,042	9,952,934	76,209,356	75,542,976	
Jun-11	79,699,769	4,437,519	1,415,042	1,206,179	86,758,510	85,552,331	7,170,418	93,928,928	92,722,749	
Jul-11	86,246,494	4,806,290	1,627,342	1,362,039	94,042,165	92,680,126	8,276,729	102,318,894	100,956,855	
Aug-11	99,019,080	4,591,621	1,891,554	272,788	105,775,043	105,502,255	7,222,945	112,997,988	112,725,200	
Sep-11	83,107,600	2,677,626	1,499,239	165,369	87,449,834	87,284,465	12,412,938	99,862,772	99,697,403	
Oct-11	64,191,015	1,950,830	958,522	127,590	67,228,008	67,100,418	14,051,649	81,279,657	81,152,067	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 75,853,157				
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) =									82.68%	
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$	(82,856.62)	

ES FORM 3.10

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 64,191,015	\$ 64,191,015
Fuel Adjustment Clause	\$ 1,950,880	\$ 1,950,880
DSM	\$ 958,522	\$ 958,522
Environmental Surcharge		\$ 127,590
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 67,100,417	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 14,051,649	\$ 14,051,649
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 14,051,649	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 81,152,066	
<b>Reconciling Revenues</b>		
Brokered	\$ (82,857)	\$ (82,857)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (3,225,989)
Miscellaneous		\$ 1,361,651
Total Company Revenues per Income Statement =		\$ 79,332,461





a PPL company

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

December 20, 2011

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") 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. 2010-00475, LG&E 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. 2011-00162, LG&E'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", is written over a white background.

Robert M. Conroy

Enclosures

RECEIVED

DEC 20 2011

PUBLIC SERVICE  
COMMISSION

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

**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]* 11/14/11

**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

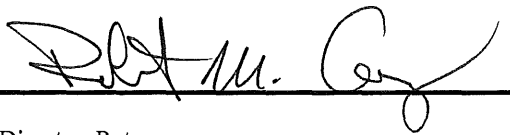
ES FORM 1.00

**LOUISVILLE GAS AND ELECTRIC 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	=	\$	286,636
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 16	=		0.38%

Effective Date for Billing: January billing cycle beginning December 30, 2011

Submitted by:   
Title: Director, Rates

Date Submitted: December 20, 2011

**LOUISVILLE GAS AND ELECTRIC 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	= \$ 72,720,796
(2)	RB / 12	= 6,060,066
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	= 11.31%
(4)	OE	= 350,770
(5)	BAS	= -
(6)	BR	= -
(7)	$E(m) \quad (2) \times (3) + (4) - (5) + (6)$	= \$ 1,036,164

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	= 81.95%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$ 849,136
(10)	Adjustment for (Over)/Under-collection pursuant to	= -
(11)	Prior Period Adjustment (if necessary)	= -
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	= 849,136
(13)	Revenue Collected through Base Rates	= \$ 562,500
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$ 286,636
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$ 75,789,762
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	= 0.38%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC 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	\$ 64,865,222	
Eligible Pollution CWIP Excluding AFUDC	14,568,873	
Subtotal		\$ 79,434,095
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	27,348	
Cash Working Capital Allowance	215,491	
Deferred Debit Balance -- Mill Creek Ash Dredging	-	
Subtotal		242,839
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	3,888,775	
Pollution Control Deferred Income Taxes	3,067,363	
Subtotal		6,956,138
Environmental Compliance Rate Base		\$ 72,720,796

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 104,274
Monthly Depreciation & Amortization Expense	211,685
less investment tax credit amortization	(14,527)
Monthly Property and Other Applicable Taxes	8,899
Monthly Insurance Expense	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	32,919
Monthly Permitting Fees	-
Amortization of Monthly Mill Creek Ash Dredging	-
Monthly Surcharge Consulting Fees - Case No. 2011-00162	7,520
Less : Operating Expenses Associated with Retirements or Replacements Occuring Since Last Roll-In of Surcharge into Existing Rates	-
Total Pollution Control Operations Expense	\$ 350,770

**Determination of Beneficial Reuse Operating Expenses**

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

**Proceeds From By-Product and Allowance Sales**

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

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

Plant, CWIP & Depreciation Expense

For the Month Ended: 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) Deferred Tax Balance  as of 11/30/2011	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2001 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 8 - Precipitator Upgrades - All Plants	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 9 - Clearwell Water System - Mill Creek	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2003 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,818,430	\$ 464,548	\$ 2,669	\$ 4,356,551	\$ 575,413		\$ 10,067	\$ 448
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 413,331	\$ 743,775	\$ 5,061,012	\$ 341,489		\$ 8,397	\$ 622
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 120,368	\$ -	\$ 729,732	\$ 105,655		\$ 2,564	\$ 95
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 57,415	\$ -	\$ 251,093	\$ 20,146		\$ 1,147	\$ 33
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,497,820	\$ -	\$ 5,863,258	\$ 1,267,045		\$ 22,206	\$ 763
Subtotal	\$ 18,068,683	\$ 2,553,481	\$ 746,444	\$ 16,261,646	\$ 2,309,748		\$ 44,380	\$ 1,961
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (2,520,865)	\$ (969,332)	\$ -	\$ (1,551,534)	\$ (384,695)		\$ (5,253)	\$ (194)
<b>Net Total - 2005 Plan:</b>	\$ 15,547,817	\$ 1,584,150	\$ 746,444	\$ 14,710,112	\$ 1,925,053		\$ 39,127	\$ 1,767

**LOUISVILLE GAS AND ELECTRIC 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) Deferred Tax Balance  as of 11/30/2011	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 43,429,831	\$ 1,593,305	\$ 493,185	\$ 42,329,711	\$ 658,789	\$ 14,527	\$ 152,553	\$ 5,414
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 356,834	\$ 446,428	\$ 3,529,671	\$ 338,697		\$ 9,777	\$ 454
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 273,100	\$ -	\$ 1,777,247	\$ 65,185		\$ 8,867	\$ 234
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 81,386	\$ -	\$ 315,765	\$ 79,639		\$ 1,361	\$ 41
Subtotal	\$ 49,317,405	\$ 2,304,625	\$ 939,613	\$ 47,952,393	\$ 1,142,310	\$ 14,527	\$ 172,558	\$ 6,144
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 49,317,405	\$ 2,304,625	\$ 939,613	\$ 47,952,393	\$ 1,142,310	\$ 14,527	\$ 172,558	\$ 6,144
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,315,872	\$ 1,315,872	\$ -		\$ -	\$ 97
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 8,567,982	\$ 8,567,982	\$ -		\$ -	\$ 707
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 2,345,866	\$ 2,345,866	\$ -		\$ -	\$ 151
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 653,095	\$ 653,095	\$ -		\$ -	\$ 33
Subtotal	\$ -	\$ -	\$ 12,882,815	\$ 12,882,815	\$ -		\$ -	\$ 989
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 12,882,815	\$ 12,882,815	\$ -		\$ -	\$ 989
<b>Net Total - All Plans:</b>	\$ 64,865,222	\$ 3,888,775	\$ 14,568,873	\$ 75,545,320	\$ 3,067,363	\$ 14,527	\$ 211,685	\$ 8,899

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

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

Inventory of Emission Allowances

For the Month Ended: 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	117,896	996	1,087	\$ 1,756.68	\$ 26,482.87	\$ 865.13	
2012	62,379						
2013	62,379						
2014	62,379						
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031 - 2040	623,790						

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



**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	123,960	0	6,064	0	0	117,896	
Dollars	\$ 1,847.04	\$ -	\$ 90.36	\$ -	\$ -	\$ 1,756.68	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	122,181	-	5,996	-	-	116,185	
Dollars	\$ 1,797.83	\$ -	\$ 89.34	\$ -	\$ -	\$ 1,708.49	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	1,779	-	68	-	-	1,711	
Dollars	\$ 49.21	\$ -	\$ 1.02	\$ -	\$ -	\$ 48.19	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

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

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	1,087	0	0	0	0	1,087	
Dollars	\$ 865.13	\$ -	\$ -	\$ -	\$ -	\$ 865.13	
\$/Allowance	\$ 0.80	\$ -	\$ -	\$ -	\$ -	\$ 0.80	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	980	-	-	-	-	980	
Dollars	\$ 864.83	\$ -	\$ -	\$ -	\$ -	\$ 864.83	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	107	-	-	-	-	107	
Dollars	\$ 0.30	\$ -	\$ -	\$ -	\$ -	\$ 0.30	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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.

**LOUISVILLE GAS AND ELECTRIC 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	1,835	500	1,337	2	0	996	
Dollars	\$ 24,402.00	\$ 35,000.00	\$ 32,919.13	\$ -	\$ -	\$ 26,482.87	
\$/Allowance	\$ 13.30	\$ 70.00	\$ 24.62	\$ -	\$ -	\$ 26.59	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	1,732	-	1,337	-	-	895	Ending Inventory includes purchase from Market as shown
Dollars	\$ 24,402.00	\$ -	\$ 32,919.13	\$ -	\$ -	\$ 26,482.87	below.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	103	-	-	2	-	101	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	500	0	0	0	500	Purchased 500 2011 vintage NOx allowances from
Dollars	\$ -	\$ 35,000.00	\$ -	\$ -	\$ -	\$ 35,000.00	the market - included in Ending Inventory-Coal Fuel
\$/Allowance	\$ -	\$ 70.00	\$ -	\$ -	\$ -	\$ 70.00	as shown above.
From KU:							
Quantity	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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 175,687
10th Previous Month	100,889
9th Previous Month	160,038
8th Previous Month	150,155
7th Previous Month	102,021
6th Previous Month	148,079
5th Previous Month	106,254
4th Previous Month	170,289
3rd Previous Month	270,125
2nd Previous Month	174,545
Previous Month	61,568
Current Month	104,274
Total 12 Month O&M	\$ 1,723,924

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,723,924
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 215,491

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: November 30, 2011

O&M Expense Account	Cane Run	Mill Creek	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			(37,080.26)	(37,080.26)
512055-ECR Scrubber Maintenance			-	-
Ashpond Dredging Expense		-		-
Total 2005 Plan O&M Expenses		-	(37,080.26)	(37,080.26)
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation		-	10,765.16	10,765.16
506152 - ECR Sorbent Reactant - Reagent Only		-	22,988.27	22,988.27
512152 - ECR Sorbent Injection Maintenance		-	2,585.66	2,585.66
506150 - ECR Mercury Monitors Operation		-	2,297.38	2,297.38
512153 - ECR Mercury Monitors Maintenance		-	-	-
502056 - ECR Scrubber Operations			19,405.52	19,405.52
512055 - ECR Scrubber Maintenance			13,351.12	13,351.12
506154 - ECR NOx Operation -- Consumables			26,186.95	26,186.95
506155 - ECR NOx Operation -- Labor and Other			645.25	645.25
512151 - ECR NOx Maintenance			1,017.42	1,017.42
506051 - ECR Precipitator Operation			846.37	846.37
506151 - ECR Activated Carbon			40,309.69	40,309.69
512051 - ECR Precipitator Maintenance			955.54	955.54
Total 2006 Plan O&M Expenses	\$ -	-	141,354.33	141,354.33
<b>2009 Plan</b>				
502012 - ECR Landfill Operations		-	-	-
512105 - ECR Landfill Maintenance		-	-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)		-	-	-
Net 2009 Plan O&M Expenses		-	-	-
Current Month O&M Expense for All Plans	\$ -	-	104,274.07	104,274.07

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

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

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

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

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

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

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

Beneficial Reuse - Operations & Maintenance Expenses

For the Month Ended: 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			\$ -

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

**Beneficial Reuse Opportunities  
For the Month Ended: November 30, 2011**

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

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



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

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	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)
Dec-10	65,013,096	2,253,831	1,167,812	26,808	68,461,547	68,434,739	13,561,291	82,022,838	81,996,030
Jan-11	76,121,173	3,138,445	1,766,317	146,568	81,172,503	81,025,935	18,303,562	99,476,065	99,329,497
Feb-11	63,590,360	2,158,942	1,409,347	819,108	67,977,757	67,158,649	13,880,982	81,858,739	81,039,631
Mar-11	64,963,148	676,641	1,295,997	742,383	67,678,169	66,935,786	13,374,699	81,052,868	80,310,485
Apr-11	59,828,935	1,740,517	830,283	874,121	63,273,856	62,399,735	9,742,182	73,016,038	72,141,917
May-11	62,768,571	1,969,596	851,874	666,380	66,256,422	65,590,042	9,952,934	76,209,356	75,542,976
Jun-11	79,699,769	4,437,519	1,415,042	1,206,179	86,758,510	85,552,331	7,170,418	93,928,928	92,722,749
Jul-11	86,246,494	4,806,290	1,627,342	1,362,039	94,042,165	92,680,126	8,276,729	102,318,894	100,956,855
Aug-11	99,019,080	4,591,621	1,891,554	272,788	105,775,043	105,502,255	7,222,945	112,997,988	112,725,200
Sep-11	83,107,600	2,677,626	1,499,239	165,369	87,449,834	87,284,465	12,412,938	99,862,772	99,697,403
Oct-11	64,191,015	1,950,880	958,522	127,590	67,228,008	67,100,418	14,051,649	81,279,657	81,152,067
Nov-11	57,345,726	2,340,079	126,855	868,435	60,681,094	59,812,659	13,174,028	73,855,122	72,986,687
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 75,789,762			
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) =									81.95%
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$ (121,507.24)		

ES FORM 3.10

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 57,345,726	\$ 57,345,726
Fuel Adjustment Clause	\$ 2,340,079	\$ 2,340,079
DSM	\$ 126,855	\$ 126,855
Environmental Surcharge		\$ 868,435
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 59,812,659	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 13,174,028	\$ 13,174,028
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 13,174,028	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 72,986,687	
<b>Reconciling Revenues</b>		
Brokered	\$ (121,507)	\$ (121,507)
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 4,859,516
Miscellaneous		\$ 1,197,467
Total Company Revenues per Income Statement =		\$ 79,790,597



a PPL company

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

January 20, 2012

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") 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. 2010-00475, LG&E 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. 2011-00162. Additionally, LG&E 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. 2011-00232.

Also attached to this letter is a copy of an invoice for services provided to the Commission by Vantage Consulting in LG&E's 2011 ECR Compliance Plan filing. ES Form 2.0 reflects the expenses paid in December 2011.

**Louisville Gas and  
Electric Company**  
State Regulation and Rates  
220 West Main Street  
P.O. 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)

RECEIVED

JAN 20 2012

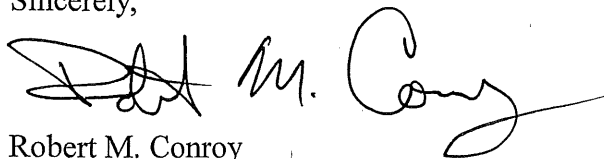
PUBLIC SERVICE  
COMMISSION

Mr. Jeff DeRouen  
January 20, 2012

Attachment to Response to LGE KIUC-1 Question No. 19  
Page 364 of 485  
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 written in a cursive style with a large, looping "C" at the end.

Robert M. Conroy

Enclosures

RECEIVED

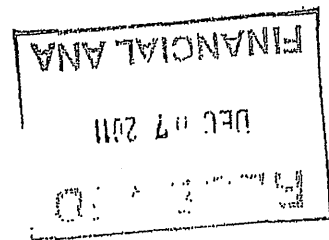
DEC 07 2011

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>							
Invoice Amount							<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

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

**Net Group E(m) and  
Group Environmental Surcharge Billing Factors  
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 = \$ 326,019

Group 1 ES Billing Factor -- ES Form 1.10, line 20 = 0.43%


**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

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

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

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	= \$ 74,552,944	\$ 1,090,517
(2) RB / 12	= \$ 6,212,745	\$ 90,876
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	= 11.31%	10.84%
(4) OE	= \$ 374,820	\$ 66,958
(5) BAS	= \$ -	Not Applicable
(6) BR	= \$ -	Not Applicable
(7) E(m)                      (2) x (3) + (4) - (5) + (6)	= \$ 1,077,481	\$ 76,809
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$ 1,154,290	

**Calculation of Adjusted Total Jurisdictional E(m)**

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	= 81.15%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$ 936,706
(11) Prior Period Adjustment related to Rate Base or OE (if necessary)	= \$ -
(12) Adjusted Total Jurisdictional E(m) [(10) + (11)]	= 936,706

**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)]	= \$ 936,706	\$ -
(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	= \$ 610,687	\$ -
(18) Net Group E(m) = Group E(m) less Expense Month Revenue Collected Through Base Rates [(14) + (15) + (16) - (17)]	= \$ 326,019	\$ -
(19) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$ 75,619,349	\$ -
(20) Group Environmental Surcharge Billing Factors [(18) ÷ (19)]	= 0.43%	0.00%

**LOUISVILLE GAS AND ELECTRIC 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	\$ 74,459,569		\$ -	
Eligible Pollution CWIP Excluding AFUDC	7,351,685		1,083,949	
Subtotal		\$ 81,811,254		\$ 1,083,949
Additions:				
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	865			
Cash Working Capital Allowance	209,839		6,568	
Subtotal		210,704		6,568
Deductions:				
Accumulated Depreciation on Eligible Pollution Control Plant	4,115,932		-	
Pollution Control Deferred Income Taxes	3,353,082		-	
Subtotal		7,469,014		-
Environmental Compliance Rate Base		\$ 74,552,944		\$ 1,090,517

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 130,472	\$ 52,540
Monthly Depreciation & Amortization Expense	221,904	-
less investment tax credit amortization	(14,527)	
Monthly Taxes Other Than Income Taxes	8,899	-
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	28,072	
Monthly Surcharge Consulting Fees		14,418
Construction Monitoring Consultant Fee		-
Total Pollution Control Operations Expense	\$ 374,820	\$ 66,958

**Determination of Beneficial Reuse Operating Expenses**

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

**Proceeds From By-Product and Allowance Sales**

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



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

For the Month Ended: December 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) Deferred Tax Balance as of 12/31/2011	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,818,430	\$ 474,615	\$ 2,669	\$ 4,346,484	\$ 632,968		\$ 10,067	\$ 448
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 421,728	\$ 860,897	\$ 5,169,738	\$ 347,206		\$ 8,397	\$ 622
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 122,932	\$ -	\$ 727,168	\$ 107,657		\$ 2,564	\$ 95
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 58,561	\$ -	\$ 249,946	\$ 20,276		\$ 1,147	\$ 33
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,520,026	\$ -	\$ 5,841,052	\$ 1,283,684		\$ 22,206	\$ 763
Subtotal	\$ 18,068,683	\$ 2,597,862	\$ 863,567	\$ 16,334,388	\$ 2,391,792		\$ 44,380	\$ 1,961
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (2,520,865)	\$ (969,332)	\$ -	\$ (1,551,534)	\$ (384,695)		\$ (5,253)	\$ (194)
<b>Net Total - 2005 Plan:</b>	<b>\$ 15,547,817</b>	<b>\$ 1,628,530</b>	<b>\$ 863,567</b>	<b>\$ 14,782,854</b>	<b>\$ 2,007,097</b>		<b>\$ 39,127</b>	<b>\$ 1,767</b>
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 43,429,831	\$ 1,745,858	\$ 736,701	\$ 42,420,674	\$ 716,195	\$ 14,527	\$ 152,553	\$ 5,414
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 366,611	\$ -	\$ 3,073,466	\$ 347,230		\$ 9,777	\$ 454
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 281,967	\$ -	\$ 1,768,380	\$ 66,545		\$ 8,867	\$ 234
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 82,747	\$ -	\$ 314,404	\$ 80,034		\$ 1,361	\$ 41
Subtotal	\$ 49,317,405	\$ 2,477,183	\$ 736,701	\$ 47,576,923	\$ 1,210,003	\$ 14,527	\$ 172,558	\$ 6,144
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	<b>\$ 49,317,405</b>	<b>\$ 2,477,183</b>	<b>\$ 736,701</b>	<b>\$ 47,576,923</b>	<b>\$ 1,210,003</b>	<b>\$ 14,527</b>	<b>\$ 172,558</b>	<b>\$ 6,144</b>
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,442,091	\$ 1,442,091	\$ -		\$ -	\$ 97
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 10,219	\$ -	\$ 9,584,128	\$ 135,982		\$ 10,219	\$ 707
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 3,203,930	\$ 3,203,930	\$ -		\$ -	\$ 151
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 1,105,397	\$ 1,105,397	\$ -		\$ -	\$ 33
Subtotal	\$ 9,594,347	\$ 10,219	\$ 5,751,418	\$ 15,335,546	\$ 135,982		\$ 10,219	\$ 989
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	<b>\$ 9,594,347</b>	<b>\$ 10,219</b>	<b>\$ 5,751,418</b>	<b>\$ 15,335,546</b>	<b>\$ 135,982</b>		<b>\$ 10,219</b>	<b>\$ 989</b>
<b>Subtotal - Pre-2011 Plans:</b>	<b>\$ 74,459,569</b>	<b>\$ 4,115,932</b>	<b>\$ 7,351,685</b>	<b>\$ 77,695,323</b>	<b>\$ 3,353,082</b>	<b>\$ 14,527</b>	<b>\$ 221,904</b>	<b>\$ 8,899</b>

**LOUISVILLE GAS AND ELECTRIC 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	Deferred Tax Balance  as of 12/31/2011	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ -	\$ -	\$ 1,077,936	\$ 1,077,936	\$ -		\$ -	\$ -
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 6,013	\$ 6,013	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 1,083,949	\$ 1,083,949	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ -	\$ -	\$ 1,083,949	\$ 1,083,949	\$ -	\$ -	\$ -	\$ -
<b>Net Total - All Plans:</b>	\$ 74,459,569	\$ 4,115,932	\$ 8,435,634	\$ 78,779,272	\$ 3,353,082	\$ 14,527	\$ 221,904	\$ 8,899

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

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

For the Month Ended: 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	110,505	-	1,087	\$ 1,646.54	\$ -	\$ 865.13	
2012	62,379						
2013	62,379						
2014	62,379						
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031 - 2040	623,790						

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	117,896	0	7,391	0	0	110,505	
Dollars	\$ 1,756.68	\$ -	\$ 110.14	\$ -	\$ -	\$ 1,646.54	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	116,185	-	7,337	-	-	108,848	
Dollars	\$ 1,708.49	\$ -	\$ 109.32	\$ -	\$ -	\$ 1,599.17	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	1,711	-	54	-	-	1,657	
Dollars	\$ 48.19	\$ -	\$ 0.82	\$ -	\$ -	\$ 47.37	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

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

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	1,087	0	0	0	0	1,087	
Dollars	\$ 865.13	\$ -	\$ -	\$ -	\$ -	\$ 865.13	
\$/Allowance	\$ 0.80	\$ -	\$ -	\$ -	\$ -	\$ 0.80	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	980	-	-	-	-	980	
Dollars	\$ 864.83	\$ -	\$ -	\$ -	\$ -	\$ 864.83	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	107	-	-	-	-	107	
Dollars	\$ 0.30	\$ -	\$ -	\$ -	\$ -	\$ 0.30	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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.

**LOUISVILLE GAS AND ELECTRIC 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	996	450	1,446	0	0	0	
Dollars	\$ 26,482.87	\$ 1,588.83	\$ 28,071.70	\$ -	\$ -	\$ -	
\$/Allowance	\$ 26.59	\$ 3.53	\$ 19.41	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	895	52	1,446	-	-	0	Ending Inventory includes purchase from KU as shown
Dollars	\$ 26,482.87	\$ (911.17)	\$ 28,071.70	\$ -	\$ -	\$ -	below; 98 inter-plant transfers; and (46) surrender true-up allowances.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	101	(101)	-	-	-	0	Allocations/Purchases includes (98) inter-plant transfers and
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(3) surrender true-up allowances.
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	Brokerage fee related to Nov11 allowance purchase.
Dollars	\$ -	\$ 2,500.00	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</b>							
Quantity	0	499	0	0	0		Purchased 499 allowances from KU - included in
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	in Ending Inventory-Coal Fuel as shown above.
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**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	\$ 100,889	\$ -
10th Previous Month	160,038	
9th Previous Month	150,155	
8th Previous Month	102,021	
7th Previous Month	148,079	
6th Previous Month	106,254	
5th Previous Month	170,289	
4th Previous Month	270,125	
3rd Previous Month	174,545	
2nd Previous Month	61,568	
Previous Month	104,274	
Current Month	130,472	52,540
Total 12 Month O&M	\$ 1,678,709	\$ 52,540

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	1,678,709	\$ 52,540
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	209,839	\$ 6,568

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: December 31, 2011

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			33,300.30	33,300.30
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			33,300.30	33,300.30
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			987.40	987.40
506152 - ECR Sorbent Reactant - Reagent Only			12,191.05	12,191.05
512152 - ECR Sorbent Injection Maintenance			43.16	43.16
506150 - ECR Mercury Monitors Operation	317.67	851.96	3,136.18	4,305.81
512153 - ECR Mercury Monitors Maintenance			-	-
502056 - ECR Scrubber Operations			18,376.36	18,376.36
512055 - ECR Scrubber Maintenance			8,573.27	8,573.27
506154 - ECR NOx Operation -- Consumables			21,328.60	21,328.60
506155 - ECR NOx Operation -- Labor and Other			939.28	939.28
512151 - ECR NOx Maintenance			2,886.27	2,886.27
506051 - ECR Precipitator Operation			881.64	881.64
506151 - ECR Activated Carbon			25,944.69	25,944.69
512051 - ECR Precipitator Maintenance			713.71	713.71
Total 2006 Plan O&M Expenses	\$ 317.67	\$ 851.96	96,001.61	97,171.24
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
<b>Subtotal - Pre-2011 Plans</b>				
	317.67	851.96	129,301.91	130,471.54
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations			-	-
512055 - ECR Scrubber Maintenance			-	-
506159 - ECR Sorbent Injection Operation			3,679.25	3,679.25
506152 - ECR Sorbent Reactant - Reagent Only			48,067.47	48,067.47
512152 - ECR Sorbent Injection Maintenance			793.13	793.13
506156 - ECR Baghouse Operations			-	-
512156 - ECR Baghouse Maintenance			-	-
506151 - ECR Activated Carbon			-	-
Adjustment for Base Rates Baseline Amounts			-	-
Total 2011 Plan O&M Expenses			52,539.85	52,539.85
<b>Current Month O&amp;M Expense for All Plans</b>	<b>\$ 317.67</b>	<b>\$ 851.96</b>	<b>\$ 181,841.76</b>	<b>\$ 183,011.39</b>

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



**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**CCP Disposal Facilities Expenses**  
**For the Month Ended: December 31, 2011**

On-Site CCP Disposal O&M Expense	Cane Run	Trimble County
<b>Existing CCP Disposal Facilities (Pre 2009 Plan Project)</b>		
(1) 12 Months Ending with Expense Month	\$ -	\$ -
(2) Monthly Amount [(1) / 12]	\$ -	\$ -
<b>2009 Plan Project</b>		
(3) Monthly Expense	\$ -	\$ -
<b>Total Generating Station</b>		
(4) Monthly Expense [(2) + (3)]	\$ -	\$ -
<b>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 [(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.

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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			\$ -

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

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

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

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 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	Total Excluding Environmental Surcharge
						(2)+(3)+(4)+(5)+(6)	(7)-(6)
Jan-11	53,670,168	22,451,005	3,138,445	1,766,317	146,568	\$ 81,172,503	\$ 81,025,935
Feb-11	45,506,117	18,084,243	2,158,942	1,409,347	819,108	\$ 67,977,757	\$ 67,158,649
Mar-11	46,128,576	18,834,571	676,641	1,295,997	742,383	\$ 67,678,169	\$ 66,935,786
Apr-11	42,787,952	17,040,984	1,740,517	830,283	874,121	\$ 63,273,856	\$ 62,399,735
May-11	45,254,113	17,514,458	1,969,596	851,874	666,380	\$ 66,256,422	\$ 65,590,042
Jun-11	57,215,197	22,484,573	4,437,519	1,415,042	1,206,179	\$ 86,758,510	\$ 85,552,331
Jul-11	60,671,982	25,574,512	4,806,290	1,627,342	1,362,039	\$ 94,042,165	\$ 92,680,126
Aug-11	69,075,343	29,943,737	4,591,621	1,891,554	272,788	\$ 105,775,043	\$ 105,502,255
Sep-11	58,381,866	24,725,734	2,677,626	1,499,239	165,369	\$ 87,449,834	\$ 87,284,465
Oct-11	44,735,180	19,455,835	1,950,880	958,522	127,590	\$ 67,228,008	\$ 67,100,417
Nov-11	40,224,157	17,121,568	2,340,079	868,435	126,855	\$ 60,681,094	\$ 60,554,239
Dec-11	43,779,161	18,883,068	1,944,684	1,041,293	168,884	\$ 65,817,090	\$ 65,648,206
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 75,619,349
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes from ES Form 3.10 =							\$ 65,648,206
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	Total Excluding Environmental Surcharge	Total Non-Fuel Revenues plus DSM
						(2)+(3)+(4)+(5)+(6)	(7)-(6)	(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 =							\$ 65,648,206	
GROUP 2 Revenues as a Percentage of Total Revenues for Current Month							0.00%	

ES FORM 3.10

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 62,662,230	\$ 62,662,230
(2) Fuel Adjustment Clause	\$ 1,944,684	\$ 1,944,684
(3) DSM	\$ 1,041,293	\$ 1,041,293
(4) Environmental Surcharge		\$ 168,884
(5) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 65,648,206	
<b>Non -Jurisdictional Revenues</b>		
(6) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 15,251,618	\$ 15,251,618
(7) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 15,251,618	
(8) Total Company Revenues for Environmental Surcharge Purposes =	\$ 80,899,824	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	81.15%	
<b>Reconciling Revenues</b>		
(8) Brokered	\$ -	\$ -
(9) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(10) Unbilled		\$ 2,742,668
(11) Miscellaneous		\$ 990,580
(12) Total Company Revenues per Income Statement =		\$ 84,801,955



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

February 17, 2012

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") 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. 2011-00232, LG&E 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. 2011-00232. Please note that some changes have been made to ES Form 1.10, with conforming changes to ES Forms 1.00 and 3.00. LG&E is requesting a technical conference with Commission Staff on Wednesday, February 22, 2012, to explain these changes.

Through the process of implementing the changes approved by the Commission in the 2011 ECR Plan and in Case No. 2011-00232, it has come to my attention that the Curtailable Service Rider ("CSR) Credits have inadvertently been included in the revenues reported on ES Forms 3.00 and 3.10. Therefore, the revenues shown on ES Form 3.00 have been revised from the previously filed amounts to reflect the removal of the CSR Credits. Also, the CSR Credits have been added to ES Form 3.10 to correct this issue in future filings. Since the revenues are used to calculate the monthly billing factor but not the monthly revenue requirement, the impact of the inclusion of CSR Credits would be trued-up in the six-month and two-year review process.

RECEIVED

FEB 17 2012

PUBLIC SERVICE  
COMMISSION

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

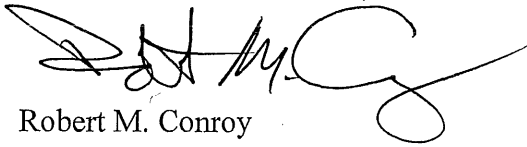
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F 502-627-3213  
[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

Mr. Jeff DeRouen  
February 17, 2012

Also attached to this letter is a copy of an invoice for services provided to the Commission by Vantage Consulting in LG&E's 2011 ECR Compliance Plan filing. ES Form 2.0 reflects the expenses paid in January 2012.

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

Sincerely,



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

*[Handwritten signature]*  
 1/18/2012  
 Approved PO # 60185  
 OK *[Handwritten signature]* 1/20/12  
 ECR proceeding



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

**Net Group E(m) and  
Group Environmental Surcharge Billing Factors  
For the Expense Month of January 2012**

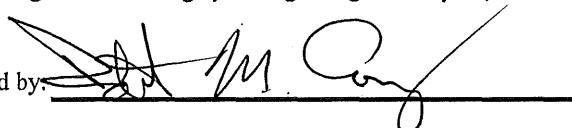
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	211,980
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		0.67%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	291,177
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		1.02%

Effective Date for Billing: March billing cycle beginning February 29, 2012

Submitted by: 

Title: Director, Rates

Date Submitted: February 17, 2012

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

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

For the Expense Month of January 2012

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	= \$	74,898,464	\$	1,282,783
(2) RB / 12	= \$	6,241,539	\$	106,899
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.82%		10.37%
(4) OE	= \$	366,668	\$	55,910
(5) BAS	= \$	-		Not Applicable
(6) BR	= \$	-		Not Applicable
(7) E(m) $(2) \times (3) + (4) - (5) + (6)$	= \$	1,042,002	\$	66,996
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	\$	1,108,998		

Calculation of Adjusted Net Jurisdictional E(m)

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

Calculation of Group Environmental Surcharge Billing Factors

		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	=	42.13%		57.87%
(16) Group E(m) [(14) x (15)]	= \$	211,980	\$	291,177
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	31,682,177	\$	28,684,742
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	0.67%		1.02%

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

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	\$ 74,459,569	\$ -
Eligible Pollution CWIP Excluding AFUDC	8,035,659	1,269,464
Subtotal	\$ 82,495,228	\$ 1,269,464
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	18,355	
Cash Working Capital Allowance	214,428	13,319
Subtotal	232,783	13,319
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	4,353,308	-
Pollution Control Deferred Income Taxes	3,476,239	-
Subtotal	7,829,547	-
Environmental Compliance Rate Base	\$ 74,898,464	\$ 1,282,783

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 137,600	\$ 54,008
Monthly Depreciation & Amortization Expense	232,123	-
less investment tax credit amortization	(14,527)	
Monthly Taxes Other Than Income Taxes	9,712	135
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	1,760	
Monthly Surcharge Consulting Fees		1,767
Construction Monitoring Consultant Fee		-
Total Pollution Control Operations Expense	\$ 366,668	\$ 55,910

**Determination of Beneficial Reuse Operating Expenses**

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

**Proceeds From By-Product and Allowance Sales**

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

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

Plant, CWIP & Depreciation Expense

For the Month Ended: 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) Deferred Tax Balance  as of 1/31/2012	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,818,430	\$ 484,681	\$ 2,669	\$ 4,336,417	\$ 635,816		\$ 10,067	\$ 544
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 430,125	\$ 864,497	\$ 5,164,941	\$ 352,249		\$ 8,397	\$ 646
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 125,497	\$ -	\$ 724,604	\$ 109,613		\$ 2,564	\$ 91
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 59,708	\$ -	\$ 248,799	\$ 20,369		\$ 1,147	\$ 31
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,542,231	\$ -	\$ 5,818,846	\$ 1,299,962		\$ 22,206	\$ 730
Subtotal	\$ 18,068,683	\$ 2,642,242	\$ 867,167	\$ 16,293,607	\$ 2,418,008		\$ 44,380	\$ 2,042
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (2,520,865)	\$ (969,332)	\$ -	\$ (1,551,534)	\$ (384,695)		\$ (5,253)	\$ (194)
<b>Net Total - 2005 Plan:</b>	\$ 15,547,817	\$ 1,672,910	\$ 867,167	\$ 14,742,073	\$ 2,033,313		\$ 39,127	\$ 1,848
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 43,429,831	\$ 1,898,411	\$ 772,187	\$ 42,303,607	\$ 789,291	\$ 14,527	\$ 152,553	\$ 5,303
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 376,387	\$ -	\$ 3,063,689	\$ 355,554		\$ 9,777	\$ 384
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 290,834	\$ -	\$ 1,759,513	\$ 67,594		\$ 8,867	\$ 221
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 84,108	\$ -	\$ 313,043	\$ 79,993		\$ 1,361	\$ 39
Subtotal	\$ 49,317,405	\$ 2,649,740	\$ 772,187	\$ 47,439,852	\$ 1,292,431	\$ 14,527	\$ 172,558	\$ 5,947
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 49,317,405	\$ 2,649,740	\$ 772,187	\$ 47,439,852	\$ 1,292,431	\$ 14,527	\$ 172,558	\$ 5,947
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,450,965	\$ 1,450,965	\$ -		\$ -	\$ 180
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 30,657	\$ (66,645)	\$ 9,497,045	\$ 150,494		\$ 20,438	\$ 1,198
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 3,488,068	\$ 3,488,068	\$ -		\$ -	\$ 400
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 1,523,917	\$ 1,523,917	\$ -		\$ -	\$ 138
Subtotal	\$ 9,594,347	\$ 30,657	\$ 6,396,305	\$ 15,959,995	\$ 150,494		\$ 20,438	\$ 1,917
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 9,594,347	\$ 30,657	\$ 6,396,305	\$ 15,959,995	\$ 150,494		\$ 20,438	\$ 1,917
<b>Subtotal - Pre-2011 Plans:</b>	\$ 74,459,569	\$ 4,353,308	\$ 8,035,659	\$ 78,141,921	\$ 3,476,239	\$ 14,527	\$ 232,123	\$ 9,712

**LOUISVILLE GAS AND ELECTRIC 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) Deferred Tax Balance  as of 1/31/2012	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ -	\$ -	\$ 1,242,309	\$ 1,242,309	\$ -		\$ -	\$ 135
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 27,155	\$ 27,155	\$ -		\$ -	\$ 1
Subtotal	\$ -	\$ -	\$ 1,269,464	\$ 1,269,464	\$ -		\$ -	\$ 135
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ -	\$ -	\$ 1,269,464	\$ 1,269,464	\$ -	\$ -	\$ -	\$ 135
<b>Net Total - All Plans:</b>	\$ 74,459,569	\$ 4,353,308	\$ 9,305,123	\$ 79,411,384	\$ 3,476,239	\$ 14,527	\$ 232,123	\$ 9,848

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

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

Inventory of Emission Allowances

For the Month Ended: 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	166,024	13,091	7,299	\$ 1,581.21	\$ 17,490.40	\$ 865.13	
2013	62,379						
2014	62,379						
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031	62,379						
2032 - 2040	561,411						

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

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

Inventory of Emission Allowances (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	172,884	0	6,860	0	0	166,024	
Dollars	\$ 1,646.54	\$ -	\$ 65.33	\$ -	\$ -	\$ 1,581.21	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	168,814	22	6,763		-	162,073	Beginning Inventory includes 59,966 2012 vintage allowances; transferred 22 allowances from TC CTs to TC1
Dollars	\$ 1,599.17	\$ 0.21	\$ 64.40		\$ -	\$ 1,534.98	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	4,070	(22)	97	-	-	3,951	Beginning Inventory includes 2,413 2012 vintage allowances; transferred 22 allowances from TC CTs to TC1
Dollars	\$ 47.37	\$ (0.21)	\$ 0.93	\$ -	\$ -	\$ 46.23	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

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

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	7,299	0	0	0	0	7,299	
Dollars	\$ 865.13	\$ -	\$ -	\$ -	\$ -	\$ 865.13	
\$/Allowance	\$ 0.12	\$ -	\$ -	\$ -	\$ -	\$ 0.12	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,108	-	-	-	-	7,108	Beginning Inventory includes 6,128 2012 vintage allowances
Dollars	\$ 864.83	\$ -	\$ -	\$ -	\$ -	\$ 864.83	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	191	-	-	-	-	191	Beginning Inventory includes 84 2012 vintage allowances
Dollars	\$ 0.30	\$ -	\$ -	\$ -	\$ -	\$ 0.30	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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.



**LOUISVILLE GAS AND ELECTRIC 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	14,133	275	1,317	0	0	13,091	
Dollars	\$ -	\$ 19,250.00	\$ 1,759.60	\$ -	\$ -	\$ 17,490.40	
\$/Allowance	\$ -	\$ 70.00	\$ 1.34	\$ -	\$ -	\$ 1.34	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	14,030	-	1,317	-	-	12,988	Beginning inventory includes 14,030 2012 vintage allowances;
Dollars	\$ -	\$ -	\$ 1,759.60	\$ -	\$ -	\$ 17,490.40	Ending inventory includes total from below
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	103	-	-	-	-	103	Beginning inventory includes 103 2012 vintage allowances
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	275	0	0	0	0	Included in total above - purchase of 275 allowances from AEP
Dollars	\$ -	\$ 19,250.00	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ 70.00	\$ -	\$ -	\$ -	\$ -	
From KU:							
Quantity	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

**LOUISVILLE GAS AND ELECTRIC 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	160,038	\$ -
10th Previous Month	150,155	
9th Previous Month	102,021	
8th Previous Month	148,079	
7th Previous Month	106,254	
6th Previous Month	170,289	
5th Previous Month	270,125	
4th Previous Month	174,545	
3rd Previous Month	61,568	
2nd Previous Month	104,274	
Previous Month	130,472	52,540
Current Month	137,600	54,008
<b>Total 12 Month O&amp;M</b>	<b>\$ 1,715,420</b>	<b>\$ 106,548</b>

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	1,715,420	\$ 106,548
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$</b>	<b>214,428</b>	<b>\$ 13,319</b>

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: January 31, 2012

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			48,774.09	48,774.09
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			48,774.09	48,774.09
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			2,581.46	2,581.46
506152 - ECR Sorbent Reactant - Reagent Only			9,441.96	9,441.96
512152 - ECR Sorbent Injection Maintenance			153.59	153.59
506150 - ECR Mercury Monitors Operation	(317.67)	(851.96)	(106.28)	(1,275.91)
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
502056 - ECR Scrubber Operations			16,540.61	16,540.61
512055 - ECR Scrubber Maintenance			8,468.04	8,468.04
506154 - ECR NOx Operation -- Consumables			20,246.05	20,246.05
506155 - ECR NOx Operation -- Labor and Other			780.34	780.34
512151 - ECR NOx Maintenance			641.62	641.62
506051 - ECR Precipitator Operation			1,484.24	1,484.24
506151 - ECR Activated Carbon			29,489.95	29,489.95
512051 - ECR Precipitator Maintenance			274.31	274.31
Total 2006 Plan O&M Expenses	\$ (317.67)	(851.96)	89,995.89	88,826.26
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
<b>Subtotal - Pre-2011 Plans</b>				
	(317.67)	(851.96)	138,769.98	137,600.35
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations			-	-
512055 - ECR Scrubber Maintenance			-	-
506159 - ECR Sorbent Injection Operation			9,836.77	9,836.77
506152 - ECR Sorbent Reactant - Reagent Only			43,940.23	43,940.23
512152 - ECR Sorbent Injection Maintenance			231.46	231.46
506156 - ECR Baghouse Operations			-	-
512156 - ECR Baghouse Maintenance			-	-
506151 - ECR Activated Carbon			-	-
Adjustment for Base Rates Baseline Amounts			-	-
Total 2011 Plan O&M Expenses			54,008.46	54,008.46
<b>Current Month O&amp;M Expense for All Plans</b>	\$ (317.67)	\$ (851.96)	\$ 192,778.44	\$ 191,608.81

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

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

CCP Disposal Facilities Expenses  
For the Month Ended: January 31, 2012

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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			\$ -

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

**Beneficial Reuse Opportunities  
For the Month Ended: January 31, 2012**

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

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

## LOUISVILLE GAS AND ELECTRIC COMPANY Conroy

## 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	\$ 21,057,007	\$ 7,011,752	\$ 831,565	\$ 1,172,666	\$ 386,720	\$ 30,459,710	\$ 30,072,990
Mar-11	19,413,371	6,273,687	165,608	1,046,734	293,582	27,192,982	26,899,400
Apr-11	17,467,777	5,532,667	613,800	528,908	340,308	24,483,461	24,143,152
May-11	17,737,681	5,602,741	639,978	534,474	243,308	24,758,182	24,514,873
Jun-11	25,146,037	8,665,166	1,773,309	1,016,250	523,262	37,124,023	36,600,762
Jul-11	29,070,447	11,111,091	2,093,173	1,210,544	639,187	44,124,443	43,485,256
Aug-11	33,399,998	12,974,166	1,968,910	1,417,659	91,996	49,852,729	49,760,733
Sep-11	26,354,514	9,870,751	1,052,813	1,075,015	73,129	38,426,222	38,353,093
Oct-11	16,917,330	5,712,112	579,003	615,870	45,322	23,869,637	23,824,315
Nov-11	16,019,215	5,348,290	753,833	574,844	47,672	22,743,854	22,696,182
Dec-11	19,118,883	6,721,406	692,251	725,481	70,722	27,328,743	27,258,021
Jan-12	22,522,340	8,201,363	994,616	859,027	123,538	32,700,884	32,577,346
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 31,682,177
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 75,194,874
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							42.13%

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	\$ 24,649,727	\$ 11,072,492	\$ 1,327,377	\$ 236,681	\$ 432,388	\$ 37,718,665	\$ 37,286,277	\$ 24,886,408
Mar-11	26,932,047	12,560,884	511,033	249,263	448,801	40,702,028	40,253,227	27,181,310
Apr-11	25,607,191	11,508,317	1,126,717	301,374	533,813	39,077,412	38,543,600	25,908,566
May-11	27,604,702	11,911,717	1,329,618	317,400	423,072	41,586,510	41,163,439	27,922,103
Jun-11	32,147,653	13,819,406	2,664,211	398,792	682,917	49,712,979	49,030,062	32,546,445
Jul-11	31,666,233	14,463,421	2,713,117	416,798	722,853	49,982,421	49,259,568	32,083,031
Aug-11	35,719,338	16,969,571	2,622,710	473,895	180,792	55,966,305	55,785,513	36,193,232
Sep-11	32,105,558	14,854,983	1,624,813	424,224	92,240	49,101,818	49,009,578	32,529,782
Oct-11	27,905,295	13,743,723	1,371,878	342,652	82,268	43,445,815	43,363,547	28,247,947
Nov-11	24,296,515	11,773,278	1,586,245	293,591	79,183	38,028,812	37,949,630	24,590,106
Dec-11	24,749,375	12,161,662	1,252,433	315,812	98,162	38,577,443	38,479,281	25,065,186
Jan-12	26,659,672	13,394,478	1,571,373	403,116	156,181	42,184,820	42,028,639	27,062,789
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 43,512,697	\$ 28,684,742
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 75,194,874	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							57.87%	

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 70,777,853	\$ 70,777,853
(2) Fuel Adjustment Clause	\$ 2,565,988	\$ 2,565,988
(3) DSM	\$ 1,262,144	\$ 1,262,144
(4) Environmental Surcharge		\$ 279,719
(5) CSR Credits		\$ (77,538)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 74,605,985	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 13,123,235	\$ 13,123,235
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 13,123,235	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 87,729,220	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	85.04%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (1,162,381)
(13) Miscellaneous		\$ 1,351,718
(14) Total Company Revenues per Income Statement =		\$ 88,120,738





RECEIVED

MAR 19 2012

PUBLIC SERVICE  
COMMISSION

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

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

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

March 19, 2012

RE: Monthly Environmental Surcharge Report

Dear Ms. O'Donnell:

Pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") 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. 2011-00232, LG&E 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 "Robert M. Conroy", is written over a horizontal line.

Robert M. Conroy

Enclosures

ES FORM 1.00

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

**Net Group E(m) and  
Group Environmental Surcharge Billing Factors  
For the Expense Month of February 2012**

**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	175,798
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		0.56%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	241,576
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		0.84%

Effective Date for Billing: April billing cycle beginning March 29, 2012

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

Title: Director, Rates

Date Submitted: March 19, 2012

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

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

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	= \$ 76,154,412	\$	1,467,219
(2)	RB / 12	= \$ 6,346,201	\$	122,268
(3)	(ROR + (ROR - DR) (TR / (1 - TR)))	= 10.82%		10.37%
(4)	OE	= \$ 389,521	\$	42,893
(5)	BAS	= \$ -		Not Applicable
(6)	BR	= \$ -		Not Applicable
(7)	E(m) (2) x (3) + (4) - (5) + (6)	= \$ 1,076,180	\$	55,572
(8)	Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$ 1,131,752		

**Calculation of Adjusted Net Jurisdictional E(m)**

(9)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	= 90.50%
(10)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$ 1,024,236
(11)	Adjustment for (Over)/Under-collection pursuant to	= \$ -
(12)	Prior Period Adjustment (if necessary)	= -
(13)	Revenue Collected through Base Rates	= 606,863
(14)	Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	= 417,373

**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	= 42.12%		57.88%
(16)	Group E(m) [(14) x (15)]	= \$ 175,798	\$	241,576
(17)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$ 31,639,684	\$	28,614,354
(18)	Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	= 0.56%		0.84%

**LOUISVILLE GAS AND ELECTRIC 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	\$ 74,459,569	\$ -
Eligible Pollution CWIP Excluding AFUDC	9,653,051	1,448,556
Subtotal	\$ 84,112,620	\$ 1,448,556
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	17,149	
Cash Working Capital Allowance	214,549	18,663
Subtotal	231,698	18,663
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	4,590,684	-
Pollution Control Deferred Income Taxes	3,599,222	-
Subtotal	8,189,906	-
Environmental Compliance Rate Base	\$ 76,154,412	\$ 1,467,219

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 161,007	\$ 42,758
Monthly Depreciation & Amortization Expense	232,123	-
less investment tax credit amortization	(14,527)	
Monthly Taxes Other Than Income Taxes	9,712	135
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	1,206	
Monthly Surcharge Consulting Fees		-
Construction Monitoring Consultant Fee		-
Total Pollution Control Operations Expense	\$ 389,521	\$ 42,893

**Determination of Beneficial Reuse Operating Expenses**

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

**Proceeds From By-Product and Allowance Sales**

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

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

Plant, CWIP & Depreciation Expense

For the Month Ended: February 29, 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	Deferred Tax Balance  as of 2/29/2012	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,818,430	\$ 494,748	\$ 2,669	\$ 4,326,351	\$ 638,511		\$ 10,067	\$ 544
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 438,521	\$ 864,497	\$ 5,156,544	\$ 357,292		\$ 8,397	\$ 646
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 128,061	\$ -	\$ 722,039	\$ 111,568		\$ 2,564	\$ 91
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 60,854	\$ -	\$ 247,653	\$ 20,461		\$ 1,147	\$ 31
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,564,437	\$ -	\$ 5,796,640	\$ 1,316,239		\$ 22,206	\$ 730
Subtotal	\$ 18,068,683	\$ 2,686,622	\$ 867,167	\$ 16,249,227	\$ 2,444,072		\$ 44,380	\$ 2,042
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (2,520,865)	\$ (969,332)	\$ -	\$ (1,551,534)	\$ (384,695)		\$ (5,253)	\$ (194)
<b>Net Total - 2005 Plan:</b>	\$ 15,547,817	\$ 1,717,291	\$ 867,167	\$ 14,697,693	\$ 2,059,376		\$ 39,127	\$ 1,848
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 43,429,831	\$ 2,050,965	\$ 770,500	\$ 42,149,366	\$ 862,387	\$ 14,527	\$ 152,553	\$ 5,303
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 386,164	\$ -	\$ 3,053,913	\$ 363,878		\$ 9,777	\$ 384
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 299,701	\$ -	\$ 1,750,645	\$ 68,643		\$ 8,867	\$ 221
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 85,469	\$ -	\$ 311,682	\$ 79,952		\$ 1,361	\$ 39
Subtotal	\$ 49,317,405	\$ 2,822,298	\$ 770,500	\$ 47,265,607	\$ 1,374,860	\$ 14,527	\$ 172,558	\$ 5,947
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 49,317,405	\$ 2,822,298	\$ 770,500	\$ 47,265,607	\$ 1,374,860	\$ 14,527	\$ 172,558	\$ 5,947
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,456,876	\$ 1,456,876	\$ -		\$ -	\$ 180
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 51,095	\$ (28,560)	\$ 9,514,691	\$ 164,986		\$ 20,438	\$ 1,198
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 4,363,203	\$ 4,363,203	\$ -		\$ -	\$ 400
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 2,223,865	\$ 2,223,865	\$ -		\$ -	\$ 138
Subtotal	\$ 9,594,347	\$ 51,095	\$ 8,015,384	\$ 17,558,636	\$ 164,986		\$ 20,438	\$ 1,917
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 9,594,347	\$ 51,095	\$ 8,015,384	\$ 17,558,636	\$ 164,986		\$ 20,438	\$ 1,917
<b>Subtotal - Pre-2011 Plans:</b>	\$ 74,459,569	\$ 4,590,684	\$ 9,653,051	\$ 79,521,936	\$ 3,599,222	\$ 14,527	\$ 232,123	\$ 9,712

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

Plant, CWIP & Depreciation Expense

For the Month Ended: February 29, 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	Deferred Tax Balance  as of 2/29/2012	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ -	\$ -	\$ 1,404,315	\$ 1,404,315	\$ -		\$ -	\$ 135
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 44,241	\$ 44,241	\$ -		\$ -	\$ 1
Subtotal	\$ -	\$ -	\$ 1,448,556	\$ 1,448,556	\$ -		\$ -	\$ 135
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ -	\$ -	\$ 1,448,556	\$ 1,448,556	\$ -	\$ -	\$ -	\$ 135
<b>Net Total - All Plans:</b>	\$ 74,459,569	\$ 4,590,684	\$ 11,101,606	\$ 80,970,491	\$ 3,599,222	\$ 14,527	\$ 232,123	\$ 9,848

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

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

For the Month Ended: 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	160,302	12,188	7,299	\$ 1,526.73	\$ 16,283.93	\$ 865.13	
2013	62,379						
2014	62,379						
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031	62,379						
2032 - 2041	623,790						

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	166,024	0	5,722	0	0	160,302	
Dollars	\$ 1,581.21	\$ -	\$ 54.48	\$ -	\$ -	\$ 1,526.73	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	162,073	-	5,560	-	-	156,513	
Dollars	\$ 1,534.98	\$ -	\$ 52.94	\$ -	\$ -	\$ 1,482.04	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	3,951	-	162	-	-	3,789	
Dollars	\$ 46.23	\$ -	\$ 1.54	\$ -	\$ -	\$ 44.69	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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



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

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	7,299	0	0	0	0	7,299	
Dollars	\$ 865.13	\$ -	\$ -	\$ -	\$ -	\$ 865.13	
\$/Allowance	\$ 0.12	\$ -	\$ -	\$ -	\$ -	\$ 0.12	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,108	-	-	-	-	7,108	
Dollars	\$ 864.83	\$ -	\$ -	\$ -	\$ -	\$ 864.83	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	191	-	-	-	-	191	
Dollars	\$ 0.30	\$ -	\$ -	\$ -	\$ -	\$ 0.30	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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.

**LOUISVILLE GAS AND ELECTRIC 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	13,091	0	903	0	0	12,188	
Dollars	\$ 17,490.40	\$ -	\$ 1,206.47	\$ -	\$ -	\$ 16,283.93	
\$/Allowance	\$ 1.34	\$ -	\$ 1.34	\$ -	\$ -	\$ 1.34	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	12,988	-	901	-	-	12,087	
Dollars	\$ 17,490.40	\$ -	\$ 1,206.47	\$ -	\$ -	\$ 16,283.93	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	103	-	2	-	-	101	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</b>							
Quantity	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

**LOUISVILLE GAS AND ELECTRIC 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	150,155	
10th Previous Month	102,021	
9th Previous Month	148,079	
8th Previous Month	106,254	
7th Previous Month	170,289	
6th Previous Month	270,125	
5th Previous Month	174,545	
4th Previous Month	61,568	
3rd Previous Month	104,274	
2nd Previous Month	130,472	52,540
Previous Month	137,600	54,008
Current Month	161,007	42,758
Total 12 Month O&M	\$ 1,716,389	\$ 149,306

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	1,716,389	\$ 149,306
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	214,549	\$ 18,663

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: February 29, 2012

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			51,258.80	51,258.80
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			51,258.80	51,258.80
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			1,221.48	1,221.48
506152 - ECR Sorbent Reactant - Reagent Only			10,763.59	10,763.59
512152 - ECR Sorbent Injection Maintenance			2,502.41	2,502.41
506150 - ECR Mercury Monitors Operation	317.67	851.96	1,498.50	2,668.13
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
502056 - ECR Scrubber Operations			22,626.13	22,626.13
512055 - ECR Scrubber Maintenance			11,851.66	11,851.66
506154 - ECR NOx Operation -- Consumables			21,605.05	21,605.05
506155 - ECR NOx Operation -- Labor and Other			765.34	765.34
512151 - ECR NOx Maintenance			1,435.12	1,435.12
506051 - ECR Precipitator Operation			1,772.45	1,772.45
506151 - ECR Activated Carbon			30,060.66	30,060.66
512051 - ECR Precipitator Maintenance			2,476.21	2,476.21
Total 2006 Plan O&M Expenses	\$ 317.67	851.96	108,578.60	109,748.23
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
Subtotal - Pre-2011 Plans	317.67	851.96	159,837.40	161,007.03
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations			-	-
512055 - ECR Scrubber Maintenance			-	-
506159 - ECR Sorbent Injection Operation			4,918.39	4,918.39
506152 - ECR Sorbent Reactant - Reagent Only			37,131.61	37,131.61
512152 - ECR Sorbent Injection Maintenance			707.72	707.72
506156 - ECR Baghouse Operations			-	-
512156 - ECR Baghouse Maintenance			-	-
506151 - ECR Activated Carbon			-	-
Adjustment for Base Rates Baseline Amounts			-	-
Total 2011 Plan O&M Expenses			42,757.72	42,757.72
Current Month O&M Expense for All Plans	\$ 317.67	\$ 851.96	\$ 202,595.12	\$ 203,764.75

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

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

CCP Disposal Facilities Expenses  
For the Month Ended: February 29, 2012

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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			\$ -

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

**Beneficial Reuse Opportunities  
For the Month Ended: February 29, 2012**

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

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

LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Conroy

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	\$ 19,413,371	\$ 6,273,687	\$ 165,608	\$ 1,046,734	\$ 293,582	\$ 27,192,982	\$ 26,899,400	
Apr-11	17,467,777	5,532,667	613,800	528,908	340,308	24,483,461	24,143,152	
May-11	17,737,681	5,602,741	639,978	534,474	243,308	24,758,182	24,514,873	
Jun-11	25,146,037	8,665,166	1,773,309	1,016,250	523,262	37,124,023	36,600,762	
Jul-11	29,070,447	11,111,091	2,093,173	1,210,544	639,187	44,124,443	43,485,256	
Aug-11	33,399,998	12,974,166	1,968,910	1,417,659	91,996	49,852,729	49,760,733	
Sep-11	26,354,514	9,870,751	1,052,813	1,075,015	73,129	38,426,222	38,353,093	
Oct-11	16,917,330	5,712,112	579,003	615,870	45,322	23,869,637	23,824,315	
Nov-11	16,019,215	5,348,290	753,833	574,844	47,672	22,743,854	22,696,182	
Dec-11	19,118,883	6,721,406	692,251	725,481	70,722	27,328,743	27,258,021	
Jan-12	22,522,340	8,201,363	994,616	859,027	123,538	32,700,884	32,577,346	
Feb-12	20,523,395	7,224,301	1,044,463	770,918	127,119	29,690,196	29,563,077	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 31,639,684	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 75,122,552	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month								42.12%

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	\$ 26,932,047	\$ 12,560,884	\$ 511,033	\$ 249,263	\$ 448,801	\$ 40,702,028	\$ 40,253,227	\$ 27,181,310
Apr-11	25,607,191	11,508,317	1,126,717	301,374	533,813	39,077,412	38,543,600	25,908,566
May-11	27,604,702	11,911,717	1,329,618	317,400	423,072	41,586,510	41,163,439	27,922,103
Jun-11	32,147,653	13,819,406	2,664,211	398,792	682,917	49,712,979	49,030,062	32,546,445
Jul-11	31,666,233	14,463,421	2,713,117	416,798	722,853	49,982,421	49,259,568	32,083,031
Aug-11	35,719,338	16,969,571	2,622,710	473,895	180,792	55,966,305	55,785,513	36,193,232
Sep-11	32,105,558	14,854,983	1,624,813	424,224	92,240	49,101,818	49,009,578	32,529,782
Oct-11	27,905,295	13,743,723	1,371,878	342,652	682,917	43,445,815	43,363,547	28,247,947
Nov-11	24,296,515	11,773,278	1,586,245	293,591	79,183	38,028,812	37,949,630	24,590,106
Dec-11	24,749,375	12,161,662	1,252,433	315,812	98,162	38,577,443	38,479,281	25,065,186
Jan-12	26,659,672	13,394,478	1,571,373	403,116	156,181	42,184,820	42,028,639	27,062,789
Feb-12	23,671,915	11,327,521	1,559,054	369,836	157,709	37,086,035	36,928,326	24,041,750
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 43,482,868	\$ 28,614,354
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 75,122,552	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							57.88%	



**LOUISVILLE GAS AND ELECTRIC 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)	\$ 62,747,132	\$ 62,747,132
(2) Fuel Adjustment Clause	\$ 2,603,517	\$ 2,603,517
(3) DSM	\$ 1,140,754	\$ 1,140,754
(4) Environmental Surcharge		\$ 284,828
(5) CSR Credits		\$ (15,618)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 66,491,403	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 6,976,344	\$ 6,976,344
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 6,976,344	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 73,467,747	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	90.50%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 1,105,680
(13) Miscellaneous		\$ 1,297,769
(14) Total Company Revenues per Income Statement =		\$ 76,140,406



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

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

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PUBLIC SERVICE  
COMMISSION

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

April 20, 2012

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") 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. 2011-00232, LG&E 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,

Robert M. Conroy

Enclosures

ES FORM 1.00

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

**Net Group E(m) and  
Group Environmental Surcharge Billing Factors  
For the Expense Month of March 2012**

**GROUP 1 (Total Revenue)**

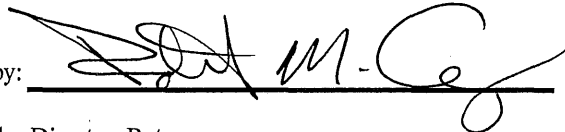
Group 1 E(m) -- ES Form 1.10, line 16	=	\$	193,518
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		0.61%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	266,911
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		0.93%

Effective Date for Billing: May billing cycle beginning April 30, 2012

Submitted by:



Title: Director, Rates

Date Submitted: April 20, 2012

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

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

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	= \$	76,523,810	\$ 1,968,363
(2) RB / 12	= \$	6,376,984	\$ 164,030
(3) (ROR + (ROR - DR) (TR / (1 - TR)))	=	10.82%	10.37%
(4) OE	= \$	339,714	\$ 52,077
(5) BAS	= \$	(223,227)	Not Applicable
(6) BR	= \$	5,985	Not Applicable
(7) E(m)	(2) x (3) + (4) - (5) + (6) = \$	1,258,915	\$ 69,087
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$	1,328,002	

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	89.22%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	1,184,843
(11) Adjustment for (Over)/Under-collection pursuant to	= \$	-
(12) Prior Period Adjustment (if necessary)	=	-
(13) Revenue Collected through Base Rates	=	724,414
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	460,429

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	=	42.03%	57.97%
(16) Group E(m) [(14) x (15)]	= \$	193,518	\$ 266,911
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	31,595,784	\$ 28,566,944
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	0.61%	0.93%

**LOUISVILLE GAS AND ELECTRIC 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	\$ 76,130,659	\$ -
Eligible Pollution CWIP Excluding AFUDC	8,722,671	1,943,207
Subtotal	\$ 84,853,330	\$ 1,943,207
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	15,658	
Cash Working Capital Allowance	209,372	25,156
Subtotal	225,030	25,156
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	4,830,322	-
Pollution Control Deferred Income Taxes	3,724,228	-
Subtotal	8,554,550	-
Environmental Compliance Rate Base	\$ 76,523,810	\$ 1,968,363

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 108,745	\$ 51,942
Monthly Depreciation & Amortization Expense	234,385	-
less investment tax credit amortization	(14,527)	
Monthly Taxes Other Than Income Taxes	9,712	135
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	1,399	
Monthly Surcharge Consulting Fees		-
Construction Monitoring Consultant Fee		-
Total Pollution Control Operations Expense	\$ 339,714	\$ 52,077

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 5,985
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	-
Net Beneficial Reuse Operations Expense	\$ 5,985

**Proceeds From By-Product and Allowance Sales**

	Total Proceeds	Amount in Base Rates	Net Proceeds
	(1)	(2)	(1) - (2)
Allowance Sales	\$ 694	\$ 223,921	\$ (223,227)
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 694	\$ 223,921	\$ (223,227)

**LOUISVILLE GAS AND ELECTRIC 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	Deferred Tax Balance  as of 3/31/2012	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,818,430	\$ 504,815	\$ 2,669	\$ 4,316,284	\$ 641,206		\$ 10,067	\$ 544
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 5,595,065	\$ 447,870	\$ -	\$ 5,147,196	\$ 363,237		\$ 9,348	\$ 646
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 130,626	\$ -	\$ 719,475	\$ 113,524		\$ 2,564	\$ 91
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 62,001	\$ -	\$ 246,506	\$ 20,553		\$ 1,147	\$ 31
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,586,643	\$ -	\$ 5,774,434	\$ 1,332,517		\$ 22,206	\$ 730
Subtotal	\$ 18,933,180	\$ 2,731,954	\$ 2,669	\$ 16,203,895	\$ 2,471,037		\$ 45,332	\$ 2,042
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (2,520,865)	\$ (969,332)	\$ -	\$ (1,551,534)	\$ (384,695)		\$ (5,253)	\$ (194)
<b>Net Total - 2005 Plan:</b>	\$ 16,412,315	\$ 1,762,623	\$ 2,669	\$ 14,652,361	\$ 2,086,342		\$ - 40,079	\$ 1,848
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 44,236,424	\$ 2,204,828	\$ -	\$ 42,031,596	\$ 936,594	\$ 14,527	\$ 153,863	\$ 5,303
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 395,940	\$ -	\$ 3,044,136	\$ 372,202		\$ 9,777	\$ 384
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 308,568	\$ -	\$ 1,741,778	\$ 69,692		\$ 8,867	\$ 221
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 86,830	\$ -	\$ 310,321	\$ 79,911		\$ 1,361	\$ 39
Subtotal	\$ 50,123,997	\$ 2,996,166	\$ -	\$ 47,127,832	\$ 1,458,398	\$ 14,527	\$ 173,868	\$ 5,947
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 50,123,997	\$ 2,996,166	\$ -	\$ 47,127,832	\$ 1,458,398	\$ 14,527	\$ 173,868	\$ 5,947
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,247,993	\$ 1,247,993	\$ -		\$ -	\$ 180
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 71,534	\$ (83,751)	\$ 9,439,063	\$ 179,488		\$ 20,438	\$ 1,198
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 4,823,325	\$ 4,823,325	\$ -		\$ -	\$ 400
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 2,732,434	\$ 2,732,434	\$ -		\$ -	\$ 138
Subtotal	\$ 9,594,347	\$ 71,534	\$ 8,720,002	\$ 18,242,816	\$ 179,488		\$ 20,438	\$ 1,917
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 9,594,347	\$ 71,534	\$ 8,720,002	\$ 18,242,816	\$ 179,488		\$ 20,438	\$ 1,917
<b>Subtotal - Pre-2011 Plans:</b>	\$ 76,130,659	\$ 4,830,322	\$ 8,722,671	\$ 80,023,009	\$ 3,724,228	\$ 14,527	\$ 234,385	\$ 9,712

**LOUISVILLE GAS AND ELECTRIC 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	Deferred Tax Balance  as of 3/31/2012	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ -	\$ -	\$ 1,870,613	\$ 1,870,613	\$ -		\$ -	\$ 135
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 72,594	\$ 72,594	\$ -		\$ -	\$ 1
Subtotal	\$ -	\$ -	\$ 1,943,207	\$ 1,943,207	\$ -		\$ -	\$ 135
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ -	\$ -	\$ 1,943,207	\$ 1,943,207	\$ -	\$ -	\$ -	\$ 135
<b>Net Total - All Plans:</b>	\$ 76,130,659	\$ 4,830,322	\$ 10,665,878	\$ 81,966,215	\$ 3,724,228	\$ 14,527	\$ 234,385	\$ 9,848

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

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

Inventory of Emission Allowances

For the Month Ended: 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	154,442	11,141	7,299	\$ 1,470.91	\$ 14,885.08	\$ 865.13	
2013	62,379						
2014	62,379						
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031	62,379						
2032 - 2041	623,790						

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



**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	160,302	0	5,860	0	0	154,442	
Dollars	\$ 1,526.73	\$ -	\$ 55.82	\$ -	\$ -	\$ 1,470.91	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	156,513	-	5,714	-	-	150,799	
Dollars	\$ 1,482.04	\$ -	\$ 54.43	\$ -	\$ -	\$ 1,427.61	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	3,789	-	146	-	-	3,643	
Dollars	\$ 44.69	\$ -	\$ 1.39	\$ -	\$ -	\$ 43.30	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

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

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	7,299	0	0	0	0	7,299	
Dollars	\$ 865.13	\$ -	\$ -	\$ -	\$ -	\$ 865.13	
\$/Allowance	\$ 0.12	\$ -	\$ -	\$ -	\$ -	\$ 0.12	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	6,665	-	-	-	-	6,665	
Dollars	\$ 773.30	\$ -	\$ -	\$ -	\$ -	\$ 773.30	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	634	-	-	-	-	634	
Dollars	\$ 91.83	\$ -	\$ -	\$ -	\$ -	\$ 91.83	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</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.

**LOUISVILLE GAS AND ELECTRIC 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	12,188	0	1,034	13	0	11,141	
Dollars	\$ 16,283.93	\$ -	\$ 1,398.85	\$ -	\$ -	\$ 14,885.08	
\$/Allowance	\$ 1.34	\$ -	\$ 1.35	\$ -	\$ -	\$ 1.34	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	11,278	-	959	-	-	10,319	
Dollars	\$ 16,283.93	\$ -	\$ 1,398.85	\$ -	\$ -	\$ 14,885.08	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	910	-	75	13	-	822	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</b>							
Quantity	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

**LOUISVILLE GAS AND ELECTRIC 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	102,021	
10th Previous Month	148,079	
9th Previous Month	106,254	
8th Previous Month	170,289	
7th Previous Month	270,125	
6th Previous Month	174,545	
5th Previous Month	61,568	
4th Previous Month	104,274	
3rd Previous Month	130,472	52,540
2nd Previous Month	137,600	54,008
Previous Month	161,007	42,758
Current Month	108,745	51,942
Total 12 Month O&M	\$ 1,674,979	\$ 201,248

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	1,674,979	\$ 201,248
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	209,372	\$ 25,156

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: March 31, 2012

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			34,405.60	34,405.60
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			34,405.60	34,405.60
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			1,916.85	1,916.85
506152 - ECR Sorbent Reactant - Reagent Only			7,857.61	7,857.61
512152 - ECR Sorbent Injection Maintenance			189.49	189.49
506150 - ECR Mercury Monitors Operation	1,105.51	2,964.76	861.85	4,932.12
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
502056 - ECR Scrubber Operations			10,360.07	10,360.07
512055 - ECR Scrubber Maintenance			(905.47)	(905.47)
506154 - ECR NOx Operation -- Consumables			12,647.38	12,647.38
506155 - ECR NOx Operation -- Labor and Other			847.93	847.93
512151 - ECR NOx Maintenance			910.19	910.19
506051 - ECR Precipitator Operation			2,567.54	2,567.54
506151 - ECR Activated Carbon			26,475.36	26,475.36
512051 - ECR Precipitator Maintenance			6,540.78	6,540.78
Total 2006 Plan O&M Expenses	\$ 1,105.51	2,964.76	70,269.58	74,339.85
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
Subtotal - Pre-2011 Plans	1,105.51	2,964.76	104,675.18	108,745.45
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations			-	-
512055 - ECR Scrubber Maintenance			-	-
506159 - ECR Sorbent Injection Operation			8,748.21	8,748.21
506152 - ECR Sorbent Reactant - Reagent Only			41,895.43	41,895.43
512152 - ECR Sorbent Injection Maintenance			1,298.71	1,298.71
506156 - ECR Baghouse Operations			-	-
512156 - ECR Baghouse Maintenance			-	-
506151 - ECR Activated Carbon			-	-
Adjustment for Base Rates Baseline Amounts			-	-
Total 2011 Plan O&M Expenses			51,942.35	51,942.35
Current Month O&M Expense for All Plans	\$ 1,105.51	\$ 2,964.76	\$ 156,617.53	\$ 160,687.80

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

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

CCP Disposal Facilities Expenses  
For the Month Ended: March 31, 2012

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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	5,984.55
Total Monthly Beneficial Reuse Expense			\$ 5,984.55
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ -
Net Beneficial Reuse O&M Expense			\$ 5,984.55

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

**Beneficial Reuse Opportunities  
For the Month Ended: March 31, 2012**

On-Site CCP Disposal O&M Expense	Cane Run	Mill Creek	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 25</b>				
(3) Monthly Amount (Expense/Revenue)	\$ -	\$ -	\$ 5,984.55	\$ 5,984.55
<b>Total Beneficial Reuse - Generating Station</b>				
(4) Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ 5,984.55	\$ 5,984.55
<b>Beneficial Reuse in Base Rates</b>				
(5) Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ -	\$ -	\$ (210,822.06)	\$ (210,822.06)
(6) Monthly Expense Amount [(5) / 12]	\$ -	\$ -	\$ (17,568.51)	\$ (17,568.51)
(7) Total Generating Station Less Base Rates [(4) - (6)]	\$ -	\$ -	\$ 23,553.06	\$ 23,553.06
(8) Less 2009 Plan Project 25 [(7) - (3)]	\$ -	\$ -	\$ 17,568.51	\$ 17,568.51
If Line (8) Greater than Zero, No Adjustment				
If Line (8) Less than Zero, Adjustment for Base Rates				
Adjustment for Base Rate Amount (to ES Form 2.60)	\$ -	\$ -	\$ -	\$ -

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



**LOUISVILLE GAS AND ELECTRIC COMPANY Conroy**  
**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	\$ 17,467,777	\$ 5,532,667	\$ 613,800	\$ 528,908	\$ 340,308	\$ 24,483,461	\$ 24,143,152
May-11	17,737,681	5,602,741	639,978	534,474	243,308	24,758,182	24,514,873
Jun-11	25,146,037	8,665,166	1,773,309	1,016,250	523,262	37,124,023	36,600,762
Jul-11	29,070,447	11,111,091	2,093,173	1,210,544	639,187	44,124,443	43,485,256
Aug-11	33,399,998	12,974,166	1,968,910	1,417,659	91,996	49,852,729	49,760,733
Sep-11	26,354,514	9,870,751	1,052,813	1,075,015	73,129	38,426,222	38,353,093
Oct-11	16,917,330	5,712,112	579,003	615,870	45,322	23,869,637	23,824,315
Nov-11	16,019,215	5,348,290	753,833	574,844	47,672	22,743,854	22,696,182
Dec-11	19,118,883	6,721,406	692,251	725,481	70,722	27,328,743	27,258,021
Jan-12	22,522,340	8,201,363	994,616	859,027	123,538	32,700,884	32,577,346
Feb-12	20,523,395	7,224,301	1,044,463	770,918	127,119	29,690,196	29,563,077
Mar-12	18,354,087	6,219,675	1,136,442	662,394	176,476	26,549,074	26,372,598
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 31,595,784
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 75,176,325
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							42.03%

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	\$ 25,607,191	\$ 11,508,317	\$ 1,126,717	\$ 301,374	\$ 533,813	\$ 39,077,412	\$ 38,543,600	\$ 25,908,566
May-11	27,604,702	11,911,717	1,329,618	317,400	423,072	41,586,510	41,163,439	27,922,103
Jun-11	32,147,653	13,819,406	2,664,211	398,792	682,917	49,712,979	49,030,062	32,546,445
Jul-11	31,666,233	14,463,421	2,713,117	416,798	722,853	49,982,421	49,259,568	32,083,031
Aug-11	35,719,338	16,969,571	2,622,710	473,895	180,792	55,966,305	55,785,513	36,193,232
Sep-11	32,105,558	14,854,983	1,624,813	424,224	92,240	49,101,818	49,009,578	32,529,782
Oct-11	27,905,295	13,743,723	1,371,878	342,652	82,268	43,445,815	43,363,547	28,247,947
Nov-11	24,296,515	11,773,278	1,586,245	293,591	79,183	38,028,812	37,949,630	24,590,106
Dec-11	24,749,375	12,161,662	1,252,433	315,812	98,162	38,577,443	38,479,281	25,065,186
Jan-12	26,659,672	13,394,478	1,571,373	403,116	156,181	42,184,820	42,028,639	27,062,789
Feb-12	23,671,915	11,327,521	1,559,054	369,836	157,709	37,086,035	36,928,326	24,041,750
Mar-12	26,248,353	12,651,096	2,161,818	364,037	265,657	41,690,961	41,425,304	26,612,391
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 43,580,541	\$ 28,566,944
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 75,176,325	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							57.97%	

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 63,473,212	\$ 63,473,212
(2) Fuel Adjustment Clause	\$ 3,298,260	\$ 3,298,260
(3) DSM	\$ 1,026,431	\$ 1,026,431
(4) Environmental Surcharge		\$ 442,133
(5) CSR Credits		\$ (88,270)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 67,797,903	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 8,195,051	\$ 8,195,051
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 8,195,051	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 75,992,954	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	89.22%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 2,441,281
(13) Miscellaneous		\$ 1,371,186
(14) Total Company Revenues per Income Statement =		\$ 80,159,283



a PPL company

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

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

May 21, 2012

RECEIVED

MAY 21 2012

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

RE: Monthly Environmental Surcharge Report

PUBLIC SERVICE  
COMMISSION

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") 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. 2011-00232, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the June 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

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

**Net Group E(m) and  
Group Environmental Surcharge Billing Factors  
For the Expense Month of April 2012**

**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	117,114
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		0.37%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	162,996
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		0.57%

Effective Date for Billing: June billing cycle beginning May 31, 2012

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

Title: Director, Rates

Date Submitted: May 21, 2012



**LOUISVILLE GAS AND ELECTRIC 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	\$ 76,130,659	\$ -
Eligible Pollution CWIP Excluding AFUDC	9,131,045	2,361,696
Subtotal	\$ 85,261,704	\$ 2,361,696
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	14,147	
Cash Working Capital Allowance	208,105	38,274
Subtotal	222,252	38,274
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	5,072,222	-
Pollution Control Deferred Income Taxes	3,848,700	-
Subtotal	8,920,922	-
Environmental Compliance Rate Base	\$ 76,563,034	\$ 2,399,970

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 91,880	\$ 104,944
Monthly Depreciation & Amortization Expense	236,646	-
less investment tax credit amortization	(14,527)	
Monthly Taxes Other Than Income Taxes	9,712	135
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	1,511	
Monthly Surcharge Consulting Fees		-
Construction Monitoring Consultant Fee		-
Total Pollution Control Operations Expense	\$ 325,222	\$ 105,079

**Determination of Beneficial Reuse Operating Expenses**

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

**Proceeds From By-Product and Allowance Sales**

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

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

Plant, CWIP & Depreciation Expense

For the Month Ended: 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	Deferred Tax Balance as of 4/30/2012	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,818,430	\$ 514,881	\$ 2,725	\$ 4,306,274	\$ 643,900		\$ 10,067	\$ 544
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 5,595,065	\$ 458,169	\$ -	\$ 5,136,896	\$ 368,813		\$ 10,300	\$ 646
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 133,190	\$ -	\$ 716,910	\$ 115,480		\$ 2,564	\$ 91
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 63,148	\$ -	\$ 245,360	\$ 20,646		\$ 1,147	\$ 31
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,608,849	\$ -	\$ 5,752,228	\$ 1,348,794		\$ 22,206	\$ 730
Subtotal	\$ 18,933,180	\$ 2,778,238	\$ 2,725	\$ 16,157,668	\$ 2,497,633		\$ 46,283	\$ 2,042
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (2,520,865)	\$ (969,332)	\$ -	\$ (1,551,534)	\$ (384,695)		\$ (5,253)	\$ (194)
<b>Net Total - 2005 Plan:</b>	\$ 16,412,315	\$ 1,808,906	\$ 2,725	\$ 14,606,134	\$ 2,112,938		\$ 41,030	\$ 1,848
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 44,236,424	\$ 2,360,001	\$ 373,065	\$ 42,249,487	\$ 1,010,635	\$ 14,527	\$ 155,174	\$ 5,303
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 405,717	\$ -	\$ 3,034,359	\$ 380,526		\$ 9,777	\$ 384
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 317,435	\$ -	\$ 1,732,911	\$ 70,741		\$ 8,867	\$ 221
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 88,190	\$ -	\$ 308,961	\$ 79,870		\$ 1,361	\$ 39
Subtotal	\$ 50,123,997	\$ 3,171,344	\$ 373,065	\$ 47,325,718	\$ 1,541,772	\$ 14,527	\$ 175,178	\$ 5,947
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 50,123,997	\$ 3,171,344	\$ 373,065	\$ 47,325,718	\$ 1,541,772	\$ 14,527	\$ 175,178	\$ 5,947
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,177,752	\$ 1,177,752	\$ -		\$ -	\$ 180
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 91,972	\$ (56,208)	\$ 9,446,167	\$ 193,990		\$ 20,438	\$ 1,198
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 4,893,466	\$ 4,893,466	\$ -		\$ -	\$ 400
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 2,740,245	\$ 2,740,245	\$ -		\$ -	\$ 138
Subtotal	\$ 9,594,347	\$ 91,972	\$ 8,755,255	\$ 18,257,630	\$ 193,990		\$ 20,438	\$ 1,917
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 9,594,347	\$ 91,972	\$ 8,755,255	\$ 18,257,630	\$ 193,990		\$ 20,438	\$ 1,917
<b>Subtotal - Pre-2011 Plans:</b>	\$ 76,130,659	\$ 5,072,222	\$ 9,131,045	\$ 80,189,483	\$ 3,848,700	\$ 14,527	\$ 236,646	\$ 9,712

**LOUISVILLE GAS AND ELECTRIC 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	Deferred Tax Balance as of 4/30/2012	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ -	\$ -	\$ 2,269,966	\$ 2,269,966	\$ -		\$ -	\$ 135
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 91,729	\$ 91,729	\$ -		\$ -	\$ 1
Subtotal	\$ -	\$ -	\$ 2,361,696	\$ 2,361,696	\$ -		\$ -	\$ 135
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ -	\$ -	\$ 2,361,696	\$ 2,361,696	\$ -	\$ -	\$ -	\$ 135
<b>Net Total - All Plans:</b>	\$ 76,130,659	\$ 5,072,222	\$ 11,492,741	\$ 82,551,179	\$ 3,848,700	\$ 14,527	\$ 236,646	\$ 9,848

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



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

Inventory of Emission Allowances

For the Month Ended: 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	148,752	10,010	7,299	\$ 1,416.72	\$ 13,374.00	\$ 865.13	
2013	62,379						
2014	62,379						
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031	62,379						
2032 - 2041	623,790						

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	154,442	0	5,690	0	0	148,752	
Dollars	\$ 1,470.91	\$ -	\$ 54.19	\$ -	\$ -	\$ 1,416.72	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	150,799	-	5,613	-	-	145,186	
Dollars	\$ 1,427.61	\$ -	\$ 53.46	\$ -	\$ -	\$ 1,374.15	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	3,643	-	77	-	-	3,566	
Dollars	\$ 43.30	\$ -	\$ 0.73	\$ -	\$ -	\$ 42.57	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

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

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	7,299	0	0	0	0	7,299	
Dollars	\$ 865.13	\$ -	\$ -	\$ -	\$ -	\$ 865.13	
\$/Allowance	\$ 0.12	\$ -	\$ -	\$ -	\$ -	\$ 0.12	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	6,665	-	-	-	-	6,665	
Dollars	\$ 773.30	\$ -	\$ -	\$ -	\$ -	\$ 773.30	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	634	-	-	-	-	634	
Dollars	\$ 91.83	\$ -	\$ -	\$ -	\$ -	\$ 91.83	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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.

**LOUISVILLE GAS AND ELECTRIC 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	11,141	0	1,080	51	0	10,010	
Dollars	\$ 14,885.08	\$ -	\$ 1,511.08	\$ -	\$ -	\$ 13,374.00	
\$/Allowance	\$ 1.34	\$ -	\$ 1.40	\$ -	\$ -	\$ 1.34	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	10,319	-	1,025	-	-	9,294	
Dollars	\$ 14,885.08	\$ -	\$ 1,511.08	\$ -	\$ -	\$ 13,374.00	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	822	-	55	51	-	716	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</b>							
Quantity	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

**LOUISVILLE GAS AND ELECTRIC 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	\$ 148,079	
10th Previous Month	106,254	
9th Previous Month	170,289	
8th Previous Month	270,125	
7th Previous Month	174,545	
6th Previous Month	61,568	
5th Previous Month	104,274	
4th Previous Month	130,472	52,540
3rd Previous Month	137,600	54,008
2nd Previous Month	161,007	42,758
Previous Month	108,745	51,942
Current Month	91,880	104,944
Total 12 Month O&M	\$ 1,664,839	\$ 306,192

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	1,664,839	\$ 306,192
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	208,105	\$ 38,274

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: April 30, 2012

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			44,731.58	44,731.58
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			44,731.58	44,731.58
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			1,386.63	1,386.63
506152 - ECR Sorbent Reactant - Reagent Only			-	-
512152 - ECR Sorbent Injection Maintenance			1,719.06	1,719.06
506150 - ECR Mercury Monitors Operation	(22.44)	(60.19)	1,388.76	1,306.13
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
502056 - ECR Scrubber Operations			-	-
512055 - ECR Scrubber Maintenance			28,024.99	28,024.99
506154 - ECR NOx Operation -- Consumables			-	-
506155 - ECR NOx Operation -- Labor and Other			1,061.51	1,061.51
512151 - ECR NOx Maintenance			892.94	892.94
506051 - ECR Precipitator Operation			1,760.46	1,760.46
506151 - ECR Activated Carbon			-	-
512051 - ECR Precipitator Maintenance			10,997.17	10,997.17
Total 2006 Plan O&M Expenses	\$ (22.44)	(60.19)	47,231.52	47,148.89
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
<b>Subtotal - Pre-2011 Plans</b>				
	(22.44)	(60.19)	91,963.10	91,880.47
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations			-	-
512055 - ECR Scrubber Maintenance			-	-
506159 - ECR Sorbent Injection Operation			6,431.85	6,431.85
506152 - ECR Sorbent Reactant - Reagent Only			98,178.80	98,178.80
512152 - ECR Sorbent Injection Maintenance			333.44	333.44
506156 - ECR Baghouse Operations			-	-
512156 - ECR Baghouse Maintenance			-	-
506151 - ECR Activated Carbon			-	-
Adjustment for Base Rates Baseline Amounts			-	-
Total 2011 Plan O&M Expenses			104,944.09	104,944.09
<b>Current Month O&amp;M Expense for All Plans</b>				
	\$ (22.44)	\$ (60.19)	\$ 196,907.19	\$ 196,824.56

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

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

**CCP Disposal Facilities Expenses  
For the Month Ended: April 30, 2012**

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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			\$ -



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

**Beneficial Reuse Opportunities  
For the Month Ended: April 30, 2012**

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

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

## LOUISVILLE GAS AND ELECTRIC COMPANY Conroy

## 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	\$ 17,737,681	\$ 5,602,741	\$ 639,978	\$ 534,474	\$ 243,308	\$ 24,758,182	\$ 24,514,873
Jun-11	25,146,037	8,665,166	1,773,309	1,016,250	523,262	37,124,023	36,600,762
Jul-11	29,070,447	11,111,091	2,093,173	1,210,544	639,187	44,124,443	43,485,256
Aug-11	33,399,998	12,974,166	1,968,910	1,417,659	91,996	49,852,729	49,760,733
Sep-11	26,354,514	9,870,751	1,052,813	1,075,015	73,129	38,426,222	38,353,093
Oct-11	16,917,330	5,712,112	579,003	615,870	45,322	23,869,637	23,824,315
Nov-11	16,019,215	5,348,290	753,833	574,844	47,672	22,743,854	22,696,182
Dec-11	19,118,883	6,721,406	692,251	725,481	70,722	27,328,743	27,258,021
Jan-12	22,522,340	8,201,363	994,616	859,027	123,538	32,700,884	32,577,346
Feb-12	20,523,395	7,224,301	1,044,463	770,918	127,119	29,690,196	29,563,077
Mar-12	18,354,087	6,219,675	1,136,442	662,394	176,476	26,549,074	26,372,598
Apr-12	16,915,354	5,576,596	1,219,782	716,279	136,901	24,564,913	24,428,011
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 31,619,522
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 75,632,473
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.81%

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	\$ 27,604,702	\$ 11,911,717	\$ 1,329,618	\$ 317,400	\$ 423,072	\$ 41,586,510	\$ 41,163,439	\$ 27,922,103
Jun-11	32,147,653	13,819,406	2,664,211	398,792	682,917	49,712,979	49,030,062	32,546,445
Jul-11	31,666,233	14,463,421	2,713,117	416,798	722,853	49,982,421	49,259,568	32,083,031
Aug-11	35,719,338	16,969,571	2,622,710	473,895	180,792	55,966,305	55,785,513	36,193,232
Sep-11	32,105,558	14,854,983	1,624,813	424,224	92,240	49,101,818	49,009,578	32,529,782
Oct-11	27,905,295	13,743,723	1,371,878	342,652	82,268	43,445,815	43,363,547	28,247,947
Nov-11	24,296,515	11,773,278	1,586,245	293,591	79,183	38,028,812	37,949,630	24,590,106
Dec-11	24,749,375	12,161,662	1,252,433	315,812	98,162	38,577,443	38,479,281	25,065,186
Jan-12	26,659,672	13,394,478	1,571,373	403,116	156,181	42,184,820	42,028,639	27,062,789
Feb-12	23,671,915	11,327,521	1,559,054	369,836	157,709	37,086,035	36,928,326	24,041,750
Mar-12	26,248,353	12,651,096	2,161,818	364,037	265,657	41,690,961	41,425,304	26,612,391
Apr-12	26,905,440	13,543,423	2,804,987	478,677	234,914	43,967,441	43,732,527	27,384,117
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 44,012,951	\$ 28,689,907
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 75,632,473	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.19%	

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 62,940,813	\$ 62,940,813
(2) Fuel Adjustment Clause	\$ 4,024,769	\$ 4,024,769
(3) DSM	\$ 1,194,956	\$ 1,194,956
(4) Environmental Surcharge		\$ 371,815
(5) CSR Credits		\$ (89,096)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 68,160,538	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 10,846,289	\$ 10,846,289
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 10,846,289	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 79,006,827	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	86.27%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (3,412,778)
(13) Miscellaneous		\$ 1,343,150
(14) Total Company Revenues per Income Statement =		\$ 77,219,918

RECEIVED

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

**Louisville Gas and  
Electric 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

June 19, 2012

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") 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. 2011-00232, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the July 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, appearing to read "Robert M. Conroy". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Robert M. Conroy

Enclosures

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

**Net Group E(m) and  
Group Environmental Surcharge Billing Factors  
For the Expense Month of May 2012**

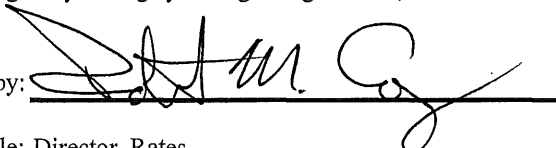
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	184,417
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		0.58%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	254,672
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		0.89%

Effective Date for Billing: July billing cycle beginning June 29, 2012

Submitted by: 

Title: Director, Rates

Date Submitted: June 19, 2012

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

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

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	= \$ 76,671,169	\$	5,268,700
(2)	RB / 12	= \$ 6,389,264	\$	439,058
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	= 10.82%		10.37%
(4)	OE	= \$ 382,863	\$	146,819
(5)	BAS	= \$ -		Not Applicable
(6)	BR	= \$ -		Not Applicable
(7)	E(m) <span style="float: right;">(2) x (3) + (4) - (5) + (6)</span>	= \$ 1,074,181	\$	192,349
(8)	Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$ 1,266,530		

**Calculation of Adjusted Net Jurisdictional E(m)**

(9)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	= 92.09%
(10)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$ 1,166,347
(11)	Adjustment for (Over)/Under-collection pursuant to	= \$ -
(12)	Prior Period Adjustment (if necessary)	= -
(13)	Revenue Collected through Base Rates	= 727,258
(14)	Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	= 439,089

**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	= 42.00%		58.00%
(16)	Group E(m) [(14) x (15)]	= \$ 184,417	\$	254,672
(17)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$ 31,958,722	\$	28,638,103
(18)	Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	= 0.58%		0.89%

**LOUISVILLE GAS AND ELECTRIC 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	\$	76,130,659	\$	-
Eligible Pollution CWIP Excluding AFUDC		9,606,192		5,212,090
Subtotal		\$ 85,736,851		\$ 5,212,090
Additions:				
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33		13,404		
Cash Working Capital Allowance		208,207		56,610
Subtotal		221,611		56,610
Deductions:				
Accumulated Depreciation on Eligible Pollution Control Plant		5,314,121		-
Pollution Control Deferred Income Taxes		3,973,172		-
Subtotal		9,287,293		-
Environmental Compliance Rate Base	\$	76,671,169	\$	5,268,700

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 148,897	\$ 146,684
Monthly Depreciation & Amortization Expense	236,646	-
less investment tax credit amortization	(14,527)	
Monthly Taxes Other Than Income Taxes	9,712	135
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	2,135	
Monthly Surcharge Consulting Fees		-
Construction Monitoring Consultant Fee		-
Total Pollution Control Operations Expense	\$ 382,863	\$ 146,819

**Determination of Beneficial Reuse Operating Expenses**

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

**Proceeds From By-Product and Allowance Sales**

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

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

Plant, CWIP & Depreciation Expense

For the Month Ended: 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	Deferred Tax Balance as of 5/31/2012	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,818,430	\$ 524,948	\$ 63,805	\$ 4,357,287	\$ 646,595		\$ 10,067	\$ 544
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 5,595,065	\$ 468,469	\$ -	\$ 5,126,596	\$ 374,390		\$ 10,300	\$ 646
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 135,755	\$ -	\$ 714,346	\$ 117,435		\$ 2,564	\$ 91
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 64,294	\$ -	\$ 244,213	\$ 20,738		\$ 1,147	\$ 31
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,631,055	\$ -	\$ 5,730,022	\$ 1,365,072		\$ 22,206	\$ 730
Subtotal	\$ 18,933,180	\$ 2,824,521	\$ 63,805	\$ 16,172,464	\$ 2,524,231		\$ 46,283	\$ 2,042
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (2,520,865)	\$ (969,332)	\$ -	\$ (1,551,534)	\$ (384,695)		\$ (5,253)	\$ (194)
<b>Net Total - 2005 Plan:</b>	<b>\$ 16,412,315</b>	<b>\$ 1,855,189</b>	<b>\$ 63,805</b>	<b>\$ 14,620,931</b>	<b>\$ 2,139,535</b>		<b>\$ 41,030</b>	<b>\$ 1,848</b>
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 44,236,424	\$ 2,515,175	\$ 438,776	\$ 42,160,025	\$ 1,084,676	\$ 14,527	\$ 155,174	\$ 5,303
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 415,494	\$ -	\$ 3,024,583	\$ 388,850		\$ 9,777	\$ 384
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 326,302	\$ -	\$ 1,724,044	\$ 71,790		\$ 8,867	\$ 221
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 89,551	\$ -	\$ 307,600	\$ 79,829		\$ 1,361	\$ 39
Subtotal	\$ 50,123,997	\$ 3,346,522	\$ 438,776	\$ 47,216,252	\$ 1,625,145	\$ 14,527	\$ 175,178	\$ 5,947
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	<b>\$ 50,123,997</b>	<b>\$ 3,346,522</b>	<b>\$ 438,776</b>	<b>\$ 47,216,252</b>	<b>\$ 1,625,145</b>	<b>\$ 14,527</b>	<b>\$ 175,178</b>	<b>\$ 5,947</b>
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,183,078	\$ -1,183,078	\$ -		\$ -	\$ 180
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 112,410	\$ 37,582	\$ 9,519,519	\$ 208,492		\$ 20,438	\$ 1,198
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 5,130,758	\$ 5,130,758	\$ -		\$ -	\$ 400
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 2,752,192	\$ 2,752,192	\$ -		\$ -	\$ 138
Subtotal	\$ 9,594,347	\$ 112,410	\$ 9,103,610	\$ 18,585,547	\$ 208,492		\$ 20,438	\$ 1,917
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	<b>\$ 9,594,347</b>	<b>\$ 112,410</b>	<b>\$ 9,103,610</b>	<b>\$ 18,585,547</b>	<b>\$ 208,492</b>		<b>\$ 20,438</b>	<b>\$ 1,917</b>
<b>Subtotal - Pre-2011 Plans:</b>	<b>\$ 76,130,659</b>	<b>\$ 5,314,121</b>	<b>\$ 9,606,192</b>	<b>\$ 80,422,730</b>	<b>\$ 3,973,172</b>	<b>\$ 14,527</b>	<b>\$ 236,646</b>	<b>\$ 9,712</b>



**LOUISVILLE GAS AND ELECTRIC 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	Deferred Tax Balance  as of 5/31/2012	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ -	\$ -	\$ 5,055,456	\$ 5,055,456	\$ -		\$ -	\$ 135
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 156,633	\$ 156,633	\$ -		\$ -	\$ 1
Subtotal	\$ -	\$ -	\$ 5,212,090	\$ 5,212,090	\$ -		\$ -	\$ 135
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,212,090</b>	<b>\$ 5,212,090</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 135</b>
<b>Net Total - All Plans:</b>	<b>\$ 76,130,659</b>	<b>\$ 5,314,121</b>	<b>\$ 14,818,281</b>	<b>\$ 85,634,819</b>	<b>\$ 3,973,172</b>	<b>\$ 14,527</b>	<b>\$ 236,646</b>	<b>\$ 9,848</b>

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

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

Inventory of Emission Allowances

For the Month Ended: 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	141,980	8,661	5,950	\$ 1,352.22	\$ 12,761.35	\$ 705.24	
2013	62,379						
2014	62,379						
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031	62,379						
2032 - 2041	623,790						

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	148,752	0	6,772	0	0	141,980	
Dollars	\$ 1,416.72	\$ -	\$ 64.50	\$ -	\$ -	\$ 1,352.22	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	145,186	-	6,635	-	-	138,551	
Dollars	\$ 1,374.15	\$ -	\$ 63.20	\$ -	\$ -	\$ 1,310.95	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	3,566	-	137	-	-	3,429	
Dollars	\$ 42.57	\$ -	\$ 1.30	\$ -	\$ -	\$ 41.27	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU ..							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

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

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	7,299	0	1,304	45	0	5,950	
Dollars	\$ 865.13	\$ (0.00)	\$ 154.56	\$ 5.33	\$ -	\$ 705.24	
\$/Allowance	\$ 0.12	\$ -	\$ 0.12	\$ 0.12	\$ -	\$ 0.12	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	6,665	-	1,244	-	-	5,421	
Dollars	\$ 773.30	\$ 16.68	\$ 147.45	\$ -	\$ -	\$ 642.53	Adjustment to reallocate allowance values based on unit cost
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	634	-	60	45	-	529	
Dollars	\$ 91.83	\$ (16.68)	\$ 7.11	\$ 5.33	\$ -	\$ 62.71	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 KU:							
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.

**LOUISVILLE GAS AND ELECTRIC 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	10,010	0	1,304	45	0	8,661	
Dollars	\$ 13,374.00	\$ 1,375.00	\$ 1,987.65	\$ -	\$ -	\$ 12,761.35	
\$/Allowance	\$ 1.34	\$ -	\$ 1.52	\$ -	\$ -	\$ 1.47	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	9,294	(50)	1,244	-	-	8,000	Inter-plant transfer of allowances (50)
Dollars	\$ 13,374.00	\$ -	\$ 1,987.65	\$ -	\$ -	\$ 12,761.35	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	716	50	60	45	-	661	Inter-plant transfer of allowances (50)
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ 1,375.00	\$ -	\$ -	\$ -	\$ -	Brokerage fee related to Jan 2012 allowance purchase
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
Quantity	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.

**LOUISVILLE GAS AND ELECTRIC 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	\$ 106,254	
10th Previous Month	170,289	
9th Previous Month	270,125	
8th Previous Month	174,545	
7th Previous Month	61,568	
6th Previous Month	104,274	
5th Previous Month	130,472	52,540
4th Previous Month	137,600	54,008
3rd Previous Month	161,007	42,758
2nd Previous Month	108,745	51,942
Previous Month	91,880	104,944
Current Month	148,897	146,684
Total 12 Month O&M	\$ 1,665,657	\$ 452,876

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	1,665,657	\$ 452,876
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	208,207	\$ 56,610

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: May 31, 2012

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			86,331.01	86,331.01
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			86,331.01	86,331.01
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			1,947.22	1,947.22
506152 - ECR Sorbent Reactant - Reagent Only			-	-
512152 - ECR Sorbent Injection Maintenance			988.07	988.07
506150 - ECR Mercury Monitors Operation	(247.51)	(663.76)	2,124.23	1,212.96
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
502056 - ECR Scrubber Operations			-	-
512055 - ECR Scrubber Maintenance			8,522.54	8,522.54
506154 - ECR NOx Operation -- Consumables			-	-
506155 - ECR NOx Operation -- Labor and Other			830.25	830.25
512151 - ECR NOx Maintenance			1,966.72	1,966.72
506051 - ECR Precipitator Operation			1,786.49	1,786.49
506151 - ECR Activated Carbon			5,163.34	5,163.34
512051 - ECR Precipitator Maintenance			40,148.55	40,148.55
Total 2006 Plan O&M Expenses	\$ (247.51)	(663.76)	63,477.41	62,566.14
<b>2009 Plan</b>				
502012 - ECR Landfill Operations	-		-	-
512105 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
<b>Subtotal - Pre-2011 Plans</b>				
	(247.51)	(663.76)	149,808.42	148,897.15
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations			-	-
512055 - ECR Scrubber Maintenance			-	-
506159 - ECR Sorbent Injection Operation			10,245.57	10,245.57
506152 - ECR Sorbent Reactant - Reagent Only			136,130.17	136,130.17
512152 - ECR Sorbent Injection Maintenance			307.94	307.94
506156 - ECR Baghouse Operations			-	-
512156 - ECR Baghouse Maintenance			-	-
506151 - ECR Activated Carbon			-	-
Adjustment for Base Rates Baseline Amounts			-	-
Total 2011 Plan O&M Expenses			146,683.68	146,683.68
<b>Current Month O&amp;M Expense for All Plans</b>				
	\$ (247.51)	\$ (663.76)	\$ 296,492.10	\$ 295,580.83

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
**CCP Disposal Facilities Expenses**  
**For the Month Ended: May 31, 2012**

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

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

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



ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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			\$ -

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

**Beneficial Reuse Opportunities  
For the Month Ended: May 31, 2012**

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

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

**LOUISVILLE GAS AND ELECTRIC COMPANY Conroy**  
**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	\$ 25,146,037	\$ 8,665,166	\$ 1,773,309	\$ 1,016,250	\$ 523,262	\$ 37,124,023	\$ 36,600,762	
Jul-11	29,070,447	11,111,091	2,093,173	1,210,544	639,187	44,124,443	43,485,256	
Aug-11	33,399,998	12,974,166	1,968,910	1,417,659	91,996	49,852,729	49,760,733	
Sep-11	26,354,514	9,870,751	1,052,813	1,075,015	73,129	38,426,222	38,353,093	
Oct-11	16,917,330	5,712,112	579,003	615,870	45,322	23,869,637	23,824,315	
Nov-11	16,019,215	5,348,290	753,833	574,844	47,672	22,743,854	22,696,182	
Dec-11	19,118,883	6,721,406	692,251	725,481	70,722	27,328,743	27,258,021	
Jan-12	22,522,340	8,201,363	994,616	859,027	123,538	32,700,884	32,577,346	
Feb-12	20,523,395	7,224,301	1,044,463	770,918	127,119	29,690,196	29,563,077	
Mar-12	18,354,087	6,219,675	1,136,442	662,394	176,476	26,549,074	26,372,598	
Apr-12	16,915,354	5,576,596	1,219,782	716,279	136,901	24,564,913	24,428,012	
May-12	19,400,636	6,676,696	1,648,718	859,218	174,319	28,759,586	28,585,267	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 31,958,722	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 76,085,417	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							42.00%	

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)
Jun-11	\$ 32,147,653	\$ 13,819,406	\$ 2,664,211	\$ 398,792	\$ 682,917	\$ 49,712,979	\$ 49,030,062	\$ 32,546,445
Jul-11	31,666,233	14,463,421	2,713,117	416,798	722,853	49,982,421	49,259,568	32,083,031
Aug-11	35,719,338	16,969,571	2,622,710	473,895	180,792	55,966,305	55,785,513	36,193,232
Sep-11	32,105,558	14,854,983	1,624,813	424,224	92,240	49,101,818	49,009,578	32,529,782
Oct-11	27,905,295	13,743,723	1,371,878	342,652	82,268	43,445,815	43,363,547	28,247,947
Nov-11	24,296,515	11,773,278	1,586,245	293,591	79,183	38,028,812	37,949,630	24,590,106
Dec-11	24,749,375	12,161,662	1,252,433	315,812	98,162	38,577,443	38,479,281	25,065,186
Jan-12	26,659,672	13,394,478	1,571,373	403,116	156,181	42,184,820	42,028,639	27,062,789
Feb-12	23,671,915	11,327,521	1,559,054	369,836	157,709	37,086,035	36,928,326	24,041,750
Mar-12	26,248,353	12,651,096	2,161,818	364,037	265,657	41,429,961	41,425,304	26,612,391
Apr-12	26,905,440	13,543,423	2,804,987	478,677	234,914	43,967,441	43,732,527	27,384,117
May-12	26,783,712	12,308,862	2,919,045	516,753	253,839	42,782,211	42,528,372	27,300,465
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 44,126,696	\$ 28,638,103
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 76,085,417	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.00%	

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 65,169,905	\$ 65,169,905
(2) Fuel Adjustment Clause	\$ 4,567,763	\$ 4,567,763
(3) DSM	\$ 1,375,971	\$ 1,375,971
(4) Environmental Surcharge		\$ 428,158
(5) CSR Credits		\$ (87,445)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 71,113,639	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 6,106,375	\$ 6,106,375
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 6,106,375	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 77,220,014	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	92.09%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 17,937,786
(13) Miscellaneous		\$ 1,427,872
(14) Total Company Revenues per Income Statement =		\$ 96,926,385



a PPL company

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

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

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JUL 20 2012

PUBLIC SERVICE  
COMMISSION

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

July 20, 2012

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), Louisville Gas and Electric Company ("LG&E") 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. 2011-00232, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the July billing cycle which begins July 31, 2012.

With the approval from the Commission for the construction of Cane Run Unit 7 and pending the issuance of the final air permit for that unit, LG&E has discontinued work related to the construction of the new landfill at the Cane Run Generation Station (Project 22). If and when a final decision is made to cancel this project, the CWIP balance on ES Form 2.10 for Project 22 will be included as an expense on ES Form 2.50 in a future monthly 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 flourish extending to the right.

Robert M. Conroy

Enclosures

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

**Net Group E(m) and  
Group Environmental Surcharge Billing Factors  
For the Expense Month of June 2012**

**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	127,511
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		0.40%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	177,103
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		0.62%

Effective Date for Billing: August billing cycle beginning July 31, 2012

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

Title: Director, Rates

Date Submitted: July 20, 2012

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

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

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	= \$ 77,154,218	\$	8,761,465
(2)	RB / 12	= \$ 6,429,518	\$	730,122
(3)	$(ROR + (ROR - DR)(TR / (1 - TR)))$	= 10.82%		10.37%
(4)	OE	= \$ 370,731	\$	82,005
(5)	BAS	= \$ -		Not Applicable
(6)	BR	= \$ 5,535		Not Applicable
(7)	E(m) <span style="float: right;">(2) x (3) + (4) - (5) + (6)</span>	= \$ 1,071,940	\$	157,719
(8)	Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$ 1,229,659		

**Calculation of Adjusted Net Jurisdictional E(m)**

(9)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	= 97.04%
(10)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$ 1,193,261
(11)	Adjustment for (Over)/Under-collection pursuant to	= \$ -
(12)	Prior Period Adjustment (if necessary)	= -
(13)	Revenue Collected through Base Rates	= 888,647
(14)	Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	= 304,614

**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	= 41.86%		58.14%
(16)	Group E(m) [(14) x (15)]	= \$ 127,511	\$	177,103
(17)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$ 31,957,675	\$	28,653,381
(18)	Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	= 0.40%		0.62%

**LOUISVILLE GAS AND ELECTRIC 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	\$ 76,130,659		\$ -	
Eligible Pollution CWIP Excluding AFUDC	10,453,740		8,694,622	
Subtotal		\$ 86,584,399		\$ 8,694,622
Additions:				
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	11,443			
Cash Working Capital Allowance	212,043		66,843	
Subtotal		223,486		66,843
Deductions:				
Accumulated Depreciation on Eligible Pollution Control Plant	5,556,021		-	
Pollution Control Deferred Income Taxes	4,097,646		-	
Subtotal		9,653,667		-
Environmental Compliance Rate Base		\$ 77,154,218		\$ 8,761,465

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 136,939	\$ 81,870
Monthly Depreciation & Amortization Expense	236,646	-
less investment tax credit amortization	(14,527)	
Monthly Taxes Other Than Income Taxes	9,712	135
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	1,961	
Monthly Surcharge Consulting Fees		-
Construction Monitoring Consultant Fee		-
Total Pollution Control Operations Expense	\$ 370,731	\$ 82,005

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 5,535
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	-
Net Beneficial Reuse Operations Expense	\$ 5,535

**Proceeds From By-Product and Allowance Sales**

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



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

Plant, CWIP & Depreciation Expense

For the Month Ended: 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	Deferred Tax Balance as of 6/30/2012	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,818,430	\$ 535,015	\$ 131,339	\$ 4,414,754	\$ 649,290		\$ 10,067	\$ 544
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 5,595,065	\$ 478,768	\$ -	\$ 5,116,297	\$ 379,968		\$ 10,300	\$ 646
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 138,319	\$ -	\$ 711,781	\$ 119,391		\$ 2,564	\$ 91
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 65,441	\$ -	\$ 243,066	\$ 20,830		\$ 1,147	\$ 31
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,653,261	\$ -	\$ 5,707,816	\$ 1,381,350		\$ 22,206	\$ 730
Subtotal	\$ 18,933,180	\$ 2,870,804	\$ 131,339	\$ 16,193,715	\$ 2,550,829		\$ 46,283	\$ 2,042
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (2,520,865)	\$ (969,332)	\$ -	\$ (1,551,534)	\$ (384,695)		\$ (5,253)	\$ (194)
<b>Net Total - 2005 Plan:</b>	<b>\$ 16,412,315</b>	<b>\$ 1,901,472</b>	<b>\$ 131,339</b>	<b>\$ 14,642,181</b>	<b>\$ 2,166,134</b>		<b>\$ 41,030</b>	<b>\$ 1,848</b>
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 44,236,424	\$ 2,670,349	\$ 489,622	\$ 42,055,697	\$ 1,158,717	\$ 14,527	\$ 155,174	\$ 5,303
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 425,270	\$ -	\$ 3,014,806	\$ 397,174		\$ 9,777	\$ 384
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 335,170	\$ -	\$ 1,715,177	\$ 72,839		\$ 8,867	\$ 221
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 90,912	\$ -	\$ 306,239	\$ 79,788		\$ 1,361	\$ 39
Subtotal	\$ 50,123,997	\$ 3,521,700	\$ 489,622	\$ 47,091,919	\$ 1,708,519	\$ 14,527	\$ 175,178	\$ 5,947
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	<b>\$ 50,123,997</b>	<b>\$ 3,521,700</b>	<b>\$ 489,622</b>	<b>\$ 47,091,919</b>	<b>\$ 1,708,519</b>	<b>\$ 14,527</b>	<b>\$ 175,178</b>	<b>\$ 5,947</b>
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,183,078	\$ 1,183,078	\$ -		\$ -	\$ 180
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 132,848	\$ (2,514)	\$ 9,458,985	\$ 222,994		\$ 20,438	\$ 1,198
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 5,351,594	\$ 5,351,594	\$ -		\$ -	\$ 400
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 3,300,622	\$ 3,300,622	\$ -		\$ -	\$ 138
Subtotal	\$ 9,594,347	\$ 132,848	\$ 9,832,780	\$ 19,294,279	\$ 222,994		\$ 20,438	\$ 1,917
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	<b>\$ 9,594,347</b>	<b>\$ 132,848</b>	<b>\$ 9,832,780</b>	<b>\$ 19,294,279</b>	<b>\$ 222,994</b>		<b>\$ 20,438</b>	<b>\$ 1,917</b>
<b>Subtotal - Pre-2011 Plans:</b>	<b>\$ 76,130,659</b>	<b>\$ 5,556,021</b>	<b>\$ 10,453,740</b>	<b>\$ 81,028,379</b>	<b>\$ 4,097,646</b>	<b>\$ 14,527</b>	<b>\$ 236,646</b>	<b>\$ 9,712</b>

LOUISVILLE GAS AND ELECTRIC 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	Deferred Tax Balance as of 6/30/2012	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ -	\$ -	\$ 8,500,400	\$ 8,500,400	\$ -		\$ -	\$ 135
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 194,223	\$ 194,223	\$ -		\$ -	\$ 1
Subtotal	\$ -	\$ -	\$ 8,694,622	\$ 8,694,622	\$ -		\$ -	\$ 135
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Net Total - 2011 Plan:	\$ -	\$ -	\$ 8,694,622	\$ 8,694,622	\$ -	\$ -	\$ -	\$ 135
Net Total - All Plans:	\$ 76,130,659	\$ 5,556,021	\$ 19,148,363	\$ 89,723,001	\$ 4,097,646	\$ 14,527	\$ 236,646	\$ 9,848

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

Note 2: Please see the July 20, 2012 transmittal letter for the June 2012 expense filing concerning the status of Project 22.

**LOUISVILLE GAS AND ELECTRIC 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	135,034	7,423	4,712	\$ 1,286.07	\$ 10,937.25	\$ 558.50	
2013	62,379						
2014	62,379						
2015	62,379						
2016	62,379						
2017	62,379						
2018	62,379						
2019	62,379						
2020	62,379						
2021	62,379						
2022	62,379						
2023	62,379						
2024	62,379						
2025	62,379						
2026	62,379						
2027	62,379						
2028	62,379						
2029	62,379						
2030	62,379						
2031	62,379						
2032 - 2041	623,790						

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of Emission Allowances (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	141,980	0	6,946	0	0	135,034	
Dollars	\$ 1,352.22	\$ -	\$ 66.15	\$ -	\$ -	\$ 1,286.07	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	138,551	-	6,830	-	-	131,721	
Dollars	\$ 1,310.95	\$ -	\$ 65.05	\$ -	\$ -	\$ 1,245.90	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	3,429	-	116	-	-	3,313	
Dollars	\$ 41.27	\$ -	\$ 1.10	\$ -	\$ -	\$ 40.17	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU							
Quantity	-	-	-	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

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

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	5,950	0	1,219	19	0	4,712	
Dollars	\$ 705.24	\$ -	\$ 144.48	\$ 2.26	\$ -	\$ 558.50	
\$/Allowance	\$ 0.12	\$ -	\$ 0.12	\$ 0.12	\$ -	\$ 0.12	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	5,421	-	1,153	-	-	4,268	
Dollars	\$ 642.53	\$ -	\$ 136.66	\$ -	\$ -	\$ 505.87	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	529	-	66	19	-	444	
Dollars	\$ 62.71	\$ -	\$ 7.82	\$ 2.26	\$ -	\$ 52.63	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
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.

**LOUISVILLE GAS AND ELECTRIC 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	8,661	0	1,219	19	0	7,423	
Dollars	\$ 12,761.35	\$ -	\$ 1,824.10	\$ -	\$ -	\$ 10,937.25	
\$/Allowance	\$ 1.47	\$ -	\$ 1.50	\$ -	\$ -	\$ 1.47	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	8,000	-	1,153	-	-	6,847	
Dollars	\$ 12,761.35	\$ -	\$ 1,824.10	\$ -	\$ -	\$ 10,937.25	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	661	-	66	19	-	576	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
Quantity	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.

**LOUISVILLE GAS AND ELECTRIC 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	\$ 170,289	
10th Previous Month	270,125	
9th Previous Month	174,545	
8th Previous Month	61,568	
7th Previous Month	104,274	
6th Previous Month	130,472	52,540
5th Previous Month	137,600	54,008
4th Previous Month	161,007	42,758
3rd Previous Month	108,745	51,942
2nd Previous Month	91,880	104,944
Previous Month	148,897	146,684
Current Month	136,939	81,870
Total 12 Month O&M	\$ 1,696,342	\$ 534,746

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	1,696,342	\$ 534,746
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	212,043	\$ 66,843

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: June 30, 2012

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			62,025.50	62,025.50
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			62,025.50	62,025.50
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			2,076.84	2,076.84
506152 - ECR Sorbent Reactant - Reagent Only			14,811.05	14,811.05
512152 - ECR Sorbent Injection Maintenance			561.44	561.44
506150 - ECR Mercury Monitors Operation	1,191.52	3,195.43	759.50	5,146.45
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
502056 - ECR Scrubber Operations			15,130.07	15,130.07
512055 - ECR Scrubber Maintenance			10,279.18	10,279.18
506154 - ECR NOx Operation -- Consumables			14,870.94	14,870.94
506155 - ECR NOx Operation -- Labor and Other			1,265.46	1,265.46
512151 - ECR NOx Maintenance			621.04	621.04
506051 - ECR Precipitator Operation			1,405.05	1,405.05
506151 - ECR Activated Carbon			-	-
512051 - ECR Precipitator Maintenance			8,745.80	8,745.80
Total 2006 Plan O&M Expenses	\$ 1,191.52	3,195.43	70,526.37	74,913.32
<b>2009 Plan</b>				
502013 - ECR Landfill Operations	-		-	-
512107 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	-		-	-
<b>Subtotal - Pre-2011 Plans</b>				
	1,191.52	3,195.43	132,551.87	136,938.82
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations		-		-
512055 - ECR Scrubber Maintenance		-		-
506159 - ECR Sorbent Injection Operation		-	7,858.43	7,858.43
506152 - ECR Sorbent Reactant - Reagent Only		-	73,659.62	73,659.62
512152 - ECR Sorbent Injection Maintenance		-	351.92	351.92
506156 - ECR Baghouse Operations		-	-	-
512156 - ECR Baghouse Maintenance		-	-	-
506151 - ECR Activated Carbon		-	-	-
Adjustment for Base Rates Baseline Amounts		-		-
Total 2011 Plan O&M Expenses		-	81,869.97	81,869.97
<b>Current Month O&amp;M Expense for All Plans</b>				
	\$ 1,191.52	\$ 3,195.43	\$ 214,421.84	\$ 218,808.79

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



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

CCP Disposal Facilities Expenses  
For the Month Ended: June 30, 2012

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

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

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

ES FORM 2.60

**LOUISVILLE GAS AND ELECTRIC 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	5,535.22
Total Monthly Beneficial Reuse Expense			\$ 5,535.22
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ -
Net Beneficial Reuse O&M Expense			\$ 5,535.22

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

**Beneficial Reuse Opportunities  
For the Month Ended: June 30, 2012**

On-Site CCP Disposal O&M Expense	Cane Run	Mill Creek	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 25</b>				
(3) Monthly Amount (Expense/Revenue)	\$ -	\$ -	\$ 5,535.22	\$ 5,535.22
<b>Total Beneficial Reuse - Generating Station</b>				
(4) Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ 5,535.22	\$ 5,535.22
<b>Beneficial Reuse in Base Rates</b>				
(5) Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ -	\$ -	\$ (210,822.03)	\$ (210,822.03)
(6) Monthly Expense Amount [(5) / 12]	\$ -	\$ -	\$ (17,568.50)	\$ (17,568.50)
(7) Total Generating Station Less Base Rates [(4) - (6)]	\$ -	\$ -	\$ 23,103.72	\$ 23,103.72
(8) Less 2009 Plan Project 25 [(7) - (3)]	\$ -	\$ -	\$ 17,568.50	\$ 17,568.50
If Line (8) Greater than Zero, No Adjustment				
If Line (8) Less than Zero, Adjustment for Base Rates				
Adjustment for Base Rate Amount (to ES Form 2.60)	\$ -	\$ -	\$ -	\$ -

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

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
 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	\$ 29,070,447	\$ 11,111,091	\$ 2,093,173	\$ 1,210,544	\$ 639,187	\$ 44,124,443	\$ 43,485,256	
Aug-11	33,399,998	12,974,166	1,968,910	1,417,659	91,996	49,852,729	49,760,733	
Sep-11	26,354,514	9,870,751	1,052,813	1,075,015	73,129	38,426,222	38,353,093	
Oct-11	16,917,330	5,712,112	579,003	615,870	45,322	23,869,637	23,824,315	
Nov-11	16,019,215	5,348,290	753,833	574,844	47,672	22,743,854	22,696,182	
Dec-11	19,118,883	6,721,406	692,251	725,481	70,722	27,328,743	27,258,021	
Jan-12	22,522,340	8,201,363	994,616	859,027	123,538	32,700,884	32,577,346	
Feb-12	20,523,395	7,224,301	1,044,463	770,918	127,119	29,690,196	29,563,077	
Mar-12	18,354,087	6,219,675	1,136,442	662,394	176,476	26,549,074	26,372,598	
Apr-12	16,915,354	5,576,596	1,219,782	716,279	136,901	24,564,913	24,428,012	
May-12	19,400,636	6,676,696	1,648,718	859,218	174,319	28,759,586	28,585,267	
Jun-12	24,454,377	8,906,806	2,078,757	1,148,262	135,410	36,723,612	36,588,201	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 31,957,675	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 76,344,272	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.86%	

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	\$ 31,666,233	\$ 14,463,421	\$ 2,713,117	\$ 416,798	\$ 722,853	\$ 49,982,421	\$ 49,259,568	\$ 32,083,031
Aug-11	35,719,338	16,969,571	2,622,710	473,895	180,792	55,966,305	55,785,513	36,193,232
Sep-11	32,105,558	14,854,983	1,624,813	424,224	92,240	49,101,818	49,009,578	32,529,782
Oct-11	27,905,295	13,743,723	1,371,878	342,652	82,268	43,445,815	43,363,547	28,247,947
Nov-11	24,296,515	11,773,278	1,586,245	293,591	79,183	38,028,812	37,949,630	24,590,106
Dec-11	24,749,375	12,161,662	1,252,433	315,812	98,162	38,577,443	38,479,281	25,065,186
Jan-12	26,659,672	13,394,478	1,571,373	403,116	156,181	42,184,820	42,028,639	27,062,789
Feb-12	23,671,915	11,327,521	1,559,054	369,836	157,709	37,086,035	36,928,326	24,041,750
Mar-12	26,248,353	12,651,096	2,161,818	364,037	265,657	41,690,961	41,425,304	26,612,391
Apr-12	26,905,440	13,543,423	2,804,987	478,677	234,914	43,967,441	43,732,527	27,384,117
May-12	26,783,712	12,308,862	2,919,045	516,753	253,839	42,782,211	42,528,372	27,300,465
Jun-12	32,117,929	15,784,878	3,634,227	611,848	201,644	52,350,526	52,148,882	32,729,777
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 44,386,597	\$ 28,653,381
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 76,344,272	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.14%	

**LOUISVILLE GAS AND ELECTRIC 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)	\$ 81,263,990	\$ 81,263,990
(2) Fuel Adjustment Clause	\$ 5,712,984	\$ 5,712,984
(3) DSM	\$ 1,760,110	\$ 1,760,110
(4) Environmental Surcharge		\$ 337,054
(5) CSR Credits		\$ (249,422)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 88,737,084	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 2,702,388	\$ 2,702,388
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 2,702,388	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 91,439,472	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	97.04%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 3,967,063
(13) Miscellaneous		\$ 1,950,705
(14) Total Company Revenues per Income Statement =		\$ 97,444,872