

EXHIBIT TWO

LOUISVILLE GAS AND ELECTRIC COMPANY
(807 KAR 5:001, Section 11, Item 1 (a))A DESCRIPTION OF APPLICANT'S PROPERTY, INCLUDING A
STATEMENT OF THE NET ORIGINAL COST OF THE PROPERTY
AND THE COST THEREOF TO APPLICANT

December 31, 2013

The applicant's generating, transmission and distribution systems described herein are calculated annually. As of December 31, 2013, the applicant owned 11 and operated 9 coal fired steam electric generating units having a total capacity of 2,642 Mw; 14 combustion turbine generating units having a total capacity of 644 Mw; and 1 hydroelectric generating station, the operation of which is affected by the water level and flow of the Ohio River, having a total capacity of 54 Mw.

The applicant's owned electric transmission system included 45 substations (32 of which are shared with the distribution system) with a total capacity of 7 million kVA and 675 pole miles of lines. The distribution system included 97 substations (32 of which are shared with the transmission system) with a total capacity of 5 million kVA, 3,886 circuit miles of overhead lines and 2,419 underground cable miles.

The applicant's natural gas transmission system includes 4,272 miles of gas distribution mains and 388 miles of gas transmission mains, consisting of 255 miles of gas transmission pipeline, 126 miles of gas transmission storage lines, 6 miles of gas combustion turbine lines, and 1 mile of gas transmission pipeline in regulator facilities. Five underground natural gas storage fields, with a total working natural gas capacity of approximately 15 Bcf, are used in providing natural gas service to ultimate consumers.

Other properties include an office building, service centers, warehouses, garages and other structures and equipment, the use of which is common to both the electric and gas departments.

The net original cost of the property and cost thereof to the applicant at December 31, 2013, was:

	<u>Electric</u>	<u>Gas</u>	<u>Common</u>	<u>Total</u>
Original Cost	\$ 4,564,228,082	\$ 900,146,030	\$ 257,111,268	\$ 5,721,485,380
Less Reserve for				
Depreciation	1,701,293,749	195,358,300	116,550,326	2,013,202,375 *
Net Original Cost	2,862,934,333	704,787,730	140,560,942	3,708,283,005
Allocation of Common				
To Electric and Gas	99,798,269	40,762,673	(140,560,942)	-
Total	<u>\$ 2,962,732,602</u>	<u>\$ 745,550,403</u>	<u>\$ -</u>	<u>\$ 3,708,283,005</u>

* Excludes \$299,178,601 related to cost of removal reserves that is not included in the

reserve in the Financial Statements and Additional Information, but instead is included as a regulatory liability.