



Jeff DeRouen, Executive Director  
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JAN 15 2010

PUBLIC SERVICE  
COMMISSION

Robert M. Conroy  
Director - Rates  
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January 15, 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 December 2009. 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 January 28, 2010.

Included with this filing is the calculation of the monthly ECR billing factor, revised to eliminate the monthly true-up adjustment and to calculate the billing factor on the basis of a monthly revenue requirement method, as approved in the Commission's Final Order in Case No. 2009-00311. LG&E has also included the projects approved in the 2009 ECR Plan in this month's filing in accordance with the Commission's December 23, 2009 Order in Case No. 2009-00198.

Additionally, LG&E revised the ES Forms as approved by the Commission in its Orders in the above-cited cases. LG&E's revised ES Form 2.50 is further revised to specifically include O&M Account No. 506111 - Activated Carbon, which is a component of the Air Quality Control Systems at Trimble County Unit 2. The estimated expenses associated with Activated Carbon were originally included in the total for O&M Account 506110; however, LG&E subsequently determined that separate identification and tracking of these costs is more appropriate. As such we have included this separate subaccount number on the form.

Mr. Jeff DeRouen  
January 15, 2010

Attachment to Response to SV Question No. 2(h)  
Page 2 of 1183  
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", with a long horizontal flourish extending to the right.

Robert M. Conroy

Enclosures



ES FORM 1.00

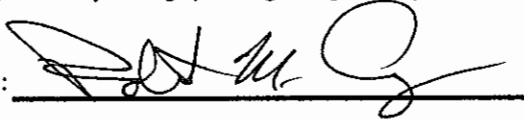
**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of December 2009**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates -- ES Form 1.10, line 14	=	\$	1,792,828
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15	=		2.86%

Effective Date for Billing: February billing cycle beginning January 28, 2010

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



Title: Director, Rates

Date Submitted: January 15, 2010

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

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

For the Expense Month of December 2009

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	= \$	241,367,963
(2)	RB / 12	=	20,113,997
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	11.18%
(4)	OE	=	1,440,857
(5)	BAS	=	-
(6)	BR	=	-
(7)	E(m)	= \$	3,689,602

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	84.48%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	3,116,976
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2009-00311	=	545,396
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	3,662,372
(13)	Revenue Collected through Base Rates	= \$	1,869,544
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	1,792,828
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	62,728,525
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	2.86%

ES FORM 2.00

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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of December 2009

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 248,284,020	
Eligible Pollution CWIP Excluding AFUDC	46,204,120	
Subtotal		\$ 294,488,140
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	697,396	
Deferred Debit Balance -- Mill Creek Ash Dredging	685,885	
Subtotal		1,383,281
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	39,180,335	
Pollution Control Deferred Income Taxes	15,323,123	
Subtotal		54,503,458
Environmental Compliance Rate Base		\$ 241,367,963

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 440,193
Monthly Depreciation & Amortization Expense	797,883
less investment tax credit amortization	-
Monthly Property and Other Applicable Taxes	31,310
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	\$ 1,440,857

**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 &amp; Depreciation Expense

For the Month Ended: December 31, 2009

(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 12/31/2009	(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	\$ 34,657,578	\$ -	\$ 158,203,265	\$ 13,654,876		\$ 617,234	\$ 20,680
Subtotal	\$ 192,860,844	\$ 34,657,578	\$ -	\$ 158,203,265	\$ 13,654,876		\$ 617,234	\$ 20,680
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>\$ 31,743,294</b>	<b>\$ -</b>	<b>\$ 155,266,584</b>	<b>\$ 12,601,611</b>		<b>\$ 604,032</b>	<b>\$ 20,340</b>
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ 30,861,686	\$ 8,713,062	\$ -	\$ 22,148,623	\$ 1,034,811		\$ 103,474	\$ 2,925
Project 8 - Precipitator Upgrades - All Plants	\$ 11,929,133	\$ 2,544,065	\$ -	\$ 9,385,068	\$ 941,631		\$ 47,792	\$ 1,242
Project 9 - Clearwell Water System - Mill Creek	\$ 1,197,310	\$ 403,054	\$ -	\$ 794,256	\$ 28,794		\$ 3,702	\$ 105
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ 2,734,620	\$ 1,140,291	\$ -	\$ 1,594,329	\$ 76,946		\$ 8,614	\$ 213
Subtotal	\$ 46,722,749	\$ 12,800,473	\$ -	\$ 33,922,276	\$ 2,082,182		\$ 163,582	\$ 4,485
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>\$ 6,135,041</b>	<b>\$ -</b>	<b>\$ 32,748,188</b>	<b>\$ 1,286,141</b>		<b>\$ 136,457</b>	<b>\$ 4,098</b>
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,607,107	\$ 299,303	\$ 1,288,427	\$ 5,596,231	\$ 180,826		\$ 7,949	\$ 354
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 220,205	\$ 427	\$ 4,510,790	\$ 201,258		\$ 6,850	\$ 498
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 61,385	\$ -	\$ 788,715	\$ 58,999		\$ 2,564	\$ 102
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 31,042	\$ -	\$ 277,465	\$ 16,664		\$ 1,147	\$ 36
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 987,084	\$ -	\$ 6,373,994	\$ 879,645		\$ 22,206	\$ 830
Subtotal	\$ 17,857,360	\$ 1,599,019	\$ 1,288,854	\$ 17,547,195	\$ 1,337,391		\$ 40,717	\$ 1,821
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>\$ 1,050,951</b>	<b>\$ 1,288,854</b>	<b>\$ 16,903,597</b>	<b>\$ 1,205,695</b>		<b>\$ 37,278</b>	<b>\$ 1,742</b>

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

Plant, CWIP & Depreciation Expense

For the Month Ended: December 31, 2009

(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 12/31/2009	(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	\$ -	\$ -	\$ 43,527,347	\$ 43,527,347	\$ -		\$ -	\$ 4,431
Project 19 - Sorbent Injection	\$ 3,277,721	\$ 131,805	\$ 162,358	\$ 3,308,274	\$ 141,282		\$ 9,888	\$ 421
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 69,155	\$ -	\$ 1,981,191	\$ 27,413		\$ 8,867	\$ 233
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 50,087	\$ -	\$ 347,064	\$ 60,981		\$ 1,361	\$ 45
Subtotal	\$ 5,725,218	\$ 251,048	\$ 43,689,705	\$ 49,163,875	\$ 229,676		\$ 20,116	\$ 5,131
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 5,725,218	\$ 251,048	\$ 43,689,705	\$ 49,163,875	\$ 229,676		\$ 20,116	\$ 5,131
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 262,585	\$ 262,585	\$ -		\$ -	\$ -
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 962,976	\$ 962,976	\$ -		\$ -	\$ -
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 1,225,561	\$ 1,225,561	\$ -		\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 1,225,561	\$ 1,225,561	\$ -		\$ -	\$ -
<b>Net Total - All Plans:</b>	\$ 248,284,020	\$ 39,180,335	\$ 46,204,120	\$ 255,307,806	\$ 15,323,123		\$ 797,883	\$ 31,310

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, 2009

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	117,628	357	1,347	\$ 4,022.09	\$ -	\$ 148.91	
2010	62,379	14,133	6,212				
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 - 2039	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 December 2009

	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	120,272	0	2,644	0	0	117,628	
Dollars	\$ 4,112.48	\$ -	\$ 90.39	\$ -	\$ -	\$ 4,022.09	
\$/Allowance	\$ 0.03	\$ -	\$ 0.03	\$ -	\$ -	\$ 0.03	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	111,603	-	2,626	-	-	108,977	
Dollars	\$ 3,816.06	\$ -	\$ 89.77	\$ -	\$ -	\$ 3,726.29	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,669	-	18	-	-	8,651	
Dollars	\$ 296.42	\$ -	\$ 0.62	\$ -	\$ -	\$ 295.80	
<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 December 2009

	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	1,347	0	0	0	0	1,347	
Dollars	\$ 148.91	\$ -	\$ -	\$ -	\$ -	\$ 148.91	
\$/Allowance	\$ 0.11	\$ -	\$ -	\$ -	\$ -	\$ 0.11	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	1,265	-	-	-	-	1,265	
Dollars	\$ 139.84	\$ -	\$ -	\$ -	\$ -	\$ 139.84	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	82	-	-	-	-	82	
Dollars	\$ 9.07	\$ -	\$ -	\$ -	\$ -	\$ 9.07	
<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 December 2009

	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	538	1,000	1,177	4	0	357	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	459	40	1,177	-	-	(678)	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	79	(40)	-	4	-	35	
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	1,000	0	0	0	1,000	Allowances transferred from KU
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, 2009

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 397,405
10th Previous Month	408,369
9th Previous Month	434,572
8th Previous Month	431,957
7th Previous Month	443,322
6th Previous Month	575,403
5th Previous Month	425,094
4th Previous Month	508,389
3rd Previous Month	601,705
2nd Previous Month	371,225
Previous Month	370,063
Current Month	611,664
<b>Total 12 Month O&amp;M</b>	<b>\$ 5,579,168</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 5,579,168
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 697,396</b>

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: December 31, 2009

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2001 Plan</b>				
506104 - NOx Operation -- Consumables		200,247.38	33,590.20	233,837.58
506105 - NOx Operation -- Labor and Other		5,472.01	3,320.92	8,792.93
512101 - NOx Maintenance		155,534.55	(9,508.78)	146,025.77
Total 2001 Plan O&M Expenses		361,253.94	27,402.34	388,656.28
<b>2005 Plan</b>				
502006-Scrubber Operations			17,723.27	17,723.27
512005-Scrubber Maintenance			-	-
Ashpond Dredging Expense		171,471.16		171,471.16
Total 2005 Plan O&M Expenses		171,471.16	17,723.27	189,194.43
<b>2006 Plan</b>				
506109 - Sorbent Injection Operation		-	33,812.92	33,812.92
512102 - Sorbent Injection Maintenance		-	-	-
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	\$ -	-	33,812.92	33,812.92
<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	\$ -	532,725.10	78,938.53	611,663.63

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: December 31, 2009

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, 2009

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			\$ -

ES FORM 2.61

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

**Beneficial Reuse Opportunities  
For the Month Ended: December 31, 2009**

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, 2009

	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)
Jan-09	60,901,677	2,194,329	1,568,969	427,174	65,092,148	64,664,974	16,906,124	81,998,272	81,571,098
Feb-09	56,131,237	5,020,001	1,263,027	413,484	62,827,749	62,414,265	13,111,973	75,939,722	75,526,238
Mar-09	48,018,167	4,872,733	1,072,188	395,265	54,358,353	53,963,088	14,156,392	68,514,745	68,119,480
Apr-09	48,311,610	4,594,071	714,725	698,050	54,318,456	53,620,406	11,572,181	65,890,637	65,192,587
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
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 62,728,525			
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) =									84.48%
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$	530,319.84	

ES FORM 3.10

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

Reconciliation of Reported Revenues

For the Month Ended: December 31, 2009

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 58,143,434.34	\$ 58,143,434.34
Fuel Adjustment Clause	(1,826,641.47)	(1,826,641.47)
DSM	823,759.28	823,759.28
Environmental Surcharge		749,426.66
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 57,140,552.15	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	10,501,166.65	10,501,166.65
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 10,501,166.65	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 67,641,718.80	
<b>Reconciling Revenues</b>		
Brokered	530,319.84	530,319.84
InterSystem ( Transmission Portion Booked in Account 447)		-
Unbilled		9,482,696.60
Miscellaneous		2,599,730.25
Total Company Revenues per Income Statement =		\$ 81,003,892.15





an eon 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.eon-us.com

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FEB 16 2010

PUBLIC SERVICE  
COMMISSION

February 16, 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 January 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 February 26, 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", 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 January 2010**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates -- ES Form 1.10, line 14	=	\$	1,404,764
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15	=		2.23%

Effective Date for Billing: March billing cycle beginning February 26, 2010

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

Title: Director, Rates

Date Submitted: February 16, 2010

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

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

For the Expense Month of January 2010

Calculation of Total E(m)

$$E(m) = \{(RB / 12) (ROR + (ROR - DR)(TR / (1 - TR)))\} + OE - BAS + BR, \text{ where}$$

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	= \$	240,787,381
(2)	RB / 12	=	20,065,615
(3)	$(ROR + (ROR - DR)(TR / (1 - TR)))$	=	11.18%
(4)	OE	=	1,321,905
(5)	BAS	=	-
(6)	BR	=	-
(7)	E(m) <span style="float: right;">(2) x (3) + (4) - (5) + (6)</span>	= \$	3,565,241

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	86.20%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	3,073,238
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2009-00311	=	545,396
(11)	Prior Period Adjustment (if necessary)	=	-
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	3,618,634
(13)	Revenue Collected through Base Rates	= \$	2,213,870
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	1,404,764
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	62,962,163
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) + (15)]	=	2.23%

ES FORM 2.00

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

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

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 248,284,020	
Eligible Pollution CWIP Excluding AFUDC	46,745,229	
Subtotal		\$ 295,029,249
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	708,843	
Deferred Debit Balance -- Mill Creek Ash Dredging	514,413	
Subtotal		1,223,256
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	40,025,322	
Pollution Control Deferred Income Taxes	15,439,802	
Subtotal		55,465,124
Environmental Compliance Rate Base		\$ 240,787,381

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 317,513
Monthly Depreciation & Amortization Expense	801,221
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	\$ 1,321,905

**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 &amp; Depreciation Expense

For the Month Ended: January 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 1/31/2010	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2001 Plan:</b>								
Project 6 - LGE NOx	\$ 192,860,843.68	\$ 35,274,812.57	\$ -	\$ 157,586,031.11	\$ 13,721,691.01		\$ 617,234.12	\$ 19,775.38
Subtotal	\$ 192,860,843.68	\$ 35,274,812.57	\$ -	\$ 157,586,031.11	\$ 13,721,691.01		\$ 617,234.12	\$ 19,775.38
Less Retirements and Replacement resulting from implementation of 2001 Plan	\$ (5,850,965.00)	\$ (2,914,284.00)	\$ -	\$ (2,936,681.00)	\$ (1,053,265.00)		\$ (13,202.24)	\$ (340.72)
<b>Net Total - 2001 Plan:</b>	<b>\$ 187,009,878.68</b>	<b>\$ 32,360,528.57</b>	<b>\$ -</b>	<b>\$ 154,649,350.11</b>	<b>\$ 12,668,426.01</b>		<b>\$ 604,031.88</b>	<b>\$ 19,434.66</b>
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ 30,861,685.77	\$ 8,816,536.46	\$ -	\$ 22,045,149.31	\$ 1,042,014.49		\$ 103,474.14	\$ 2,768.55
Project 8 - Precipitator Upgrades - All Plants	\$ 11,929,133.00	\$ 2,591,857.03	\$ -	\$ 9,337,275.97	\$ 941,172.24		\$ 47,792.32	\$ 1,173.13
Project 9 - Clearwell Water System - Mill Creek	\$ 1,197,310.00	\$ 406,756.11	\$ -	\$ 790,553.89	\$ 29,109.17		\$ 3,701.68	\$ 99.28
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ 2,734,620.00	\$ 1,148,905.46	\$ -	\$ 1,585,714.54	\$ 77,549.70		\$ 8,614.06	\$ 199.29
Subtotal	\$ 46,722,748.77	\$ 12,964,055.06	\$ -	\$ 33,758,693.71	\$ 2,089,845.60		\$ 163,582.20	\$ 4,240.25
Less Retirements and Replacement resulting from implementation of 2003 Plan	\$ (7,839,519.99)	\$ (6,665,431.96)	\$ -	\$ (1,174,088.03)	\$ (796,041.21)		\$ (27,125.26)	\$ (386.99)
<b>Net Total - 2003 Plan:</b>	<b>\$ 38,883,228.78</b>	<b>\$ 6,298,623.10</b>	<b>\$ -</b>	<b>\$ 32,584,605.68</b>	<b>\$ 1,293,804.39</b>		<b>\$ 136,456.94</b>	<b>\$ 3,853.26</b>
<b>2005 Plan:</b>								
Project 11 - Special Waste Landfill Expansion at Mill Creek	\$ 4,607,107.40	\$ 309,043.80	\$ 1,355,376.53	\$ 5,653,440.13	\$ 186,386.62		\$ 9,740.83	\$ 699.52
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568.00	\$ 228,602.13	\$ 14,428.52	\$ 4,516,394.39	\$ 207,703.21		\$ 8,396.77	\$ 563.85
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100.28	\$ 63,949.47	\$ -	\$ 786,150.81	\$ 61,051.48		\$ 2,564.47	\$ 98.59
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507.28	\$ 32,188.95	\$ -	\$ 276,318.33	\$ 16,835.10		\$ 1,146.62	\$ 34.68
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077.48	\$ 1,009,289.60	\$ -	\$ 6,351,787.88	\$ 896,675.23		\$ 22,205.91	\$ 796.75
Subtotal	\$ 17,857,360.44	\$ 1,643,073.95	\$ 1,369,805.05	\$ 17,584,091.54	\$ 1,368,651.64		\$ 44,054.60	\$ 2,193.39
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ (1,191,665.46)	\$ (548,067.86)	\$ -	\$ (643,597.60)	\$ (131,696.22)		\$ (3,438.31)	\$ (79.82)
<b>Net Total - 2005 Plan:</b>	<b>\$ 16,665,694.98</b>	<b>\$ 1,095,006.09</b>	<b>\$ 1,369,805.05</b>	<b>\$ 16,940,493.94</b>	<b>\$ 1,236,955.42</b>		<b>\$ 40,616.29</b>	<b>\$ 2,113.57</b>

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

For the Month Ended: January 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 1/31/2010	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ 43,759,604.30	\$ 43,759,604.30	\$ -		\$ -	\$ 5,440.92
Project 19 - Sorbent Injection	\$ 3,277,720.50	\$ 141,693.14	\$ 162,355.87	\$ 3,298,383.23	\$ 149,381.44		\$ 9,887.79	\$ 413.53
Project 20 - Mercury Monitors	\$ 2,050,346.43	\$ 78,022.52	\$ -	\$ 1,972,323.91	\$ 29,215.55		\$ 8,867.14	\$ 247.64
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151.00	\$ 51,448.20	\$ -	\$ 345,702.80	\$ 62,018.93		\$ 1,360.82	\$ 43.38
Subtotal	\$ 5,725,217.93	\$ 271,163.86	\$ 43,921,960.17	\$ 49,376,014.24	\$ 240,615.92		\$ 20,115.75	\$ 6,145.47
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 5,725,217.93	\$ 271,163.86	\$ 43,921,960.17	\$ 49,376,014.24	\$ 240,615.92		\$ 20,115.75	\$ 6,145.47
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 215,815.25	\$ 215,815.25	\$ -		\$ -	\$ 32.82
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 1,237,648.82	\$ 1,237,648.82	\$ -		\$ -	\$ 120.37
Project 24 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 1,453,464.07	\$ 1,453,464.07	\$ -		\$ -	\$ 153.19
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 1,453,464.07	\$ 1,453,464.07	\$ -		\$ -	\$ 153.19
<b>Net Total - All Plans:</b>	\$ 248,284,020.37	\$ 40,025,321.62	\$ 46,745,229.29	\$ 255,003,928.04	\$ 15,439,801.74		\$ 801,220.86	\$ 31,700.15

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, 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	176,982	13,078	7,559	\$ 3,954.50	\$ -	\$ 148.91	
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 January 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	180,007	0	3,025	0	0	176,982	Includes 62,379 allowances for 2010
Dollars	\$ 4,022.09	\$ (0.00)	\$ 67.59	\$ -	\$ -	\$ 3,954.50	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	171,356	-	3,011			168,345	
Dollars	\$ 3,726.29	\$ 102.49	\$ 67.27	\$ -	\$ -	\$ 3,761.51	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,651	-	14	-	-	8,637	
Dollars	\$ 295.80	\$ (102.49)	\$ 0.32	\$ -	\$ -	\$ 192.99	
<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 January 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	7,559	0	0	0	0	7,559	Includes 6,212 allowances for 2010
Dollars	\$ 148.91	\$ -	\$ -	\$ -	\$ -	\$ 148.91	
\$/Allowance	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,393	-	-	-	-	7,393	
Dollars	\$ 139.84	\$ 5.80	\$ -	\$ -	\$ -	\$ 145.64	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	166	-	-	-	-	166	
Dollars	\$ 9.07	\$ (5.80)	\$ -	\$ -	\$ -	\$ 3.27	
<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 January 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	14,490	0	1,401	11	0	13,078	Includes 14,133 allowances for 2010
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	14,352	-	1,401	-	-	12,951	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	138	-	-	11	-	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: January 31, 2010

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 408,369
10th Previous Month	434,572
9th Previous Month	431,957
8th Previous Month	443,322
7th Previous Month	575,403
6th Previous Month	425,094
5th Previous Month	508,389
4th Previous Month	601,705
3rd Previous Month	371,225
2nd Previous Month	370,063
Previous Month	611,664
Current Month	488,984
Total 12 Month O&M	\$ 5,670,747

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 5,670,747
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 708,843

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: January 31, 2010

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total	
<b>2001 Plan</b>					
506104 - NOx Operation -- Consumables		162,685.59	24,947.71	187,633.30	
506105 - NOx Operation -- Labor and Other		4,965.37	2,309.99	7,275.36	
512101 - NOx Maintenance		14,220.82	17,607.80	31,828.62	
Total 2001 Plan O&M Expenses		181,871.78	44,865.50	226,737.28	
<b>2005 Plan</b>					
502006-Scrubber Operations			(6,057.00)	(6,057.00)	
512005-Scrubber Maintenance			53,576.98	53,576.98	
Ashpond Dredging Expense		171,471.17		171,471.17	
Total 2005 Plan O&M Expenses		171,471.17	47,519.98	218,991.15	
<b>2006 Plan</b>					
506109 - Sorbent Injection Operation		-	42,827.48	42,827.48	
512102 - Sorbent Injection Maintenance		-	427.98	427.98	
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	\$	-	43,255.46	43,255.46	
<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>	\$	-	353,342.95	135,640.94	488,983.89

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, 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: January 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			\$ -

ES FORM 2.61

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

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

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, 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)	
Feb-09	56,131,237	5,020,001	1,263,027	413,484	62,827,749	62,414,265	13,111,973	75,939,722	75,526,238	
Mar-09	48,018,167	4,872,733	1,072,188	395,265	54,358,353	53,963,088	14,156,392	68,514,745	68,119,480	
Apr-09	48,311,610	4,594,071	714,725	698,050	54,318,456	53,620,406	11,572,181	65,890,637	65,192,587	
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	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$	62,962,163			
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) =									86.20%	
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$	349,041.21		



ES FORM 3.10

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

Reconciliation of Reported Revenues

For the Month Ended: January 31, 2010

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 66,862,994	\$ 66,862,994
Fuel Adjustment Clause	\$ (950,652)	\$ (950,652)
DSM	\$ 1,556,289	\$ 1,556,289
Environmental Surcharge		\$ 1,306,389
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 67,468,632	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 10,796,885	\$ 10,796,885
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 10,796,885	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 78,265,517	
<b>Reconciling Revenues</b>		
Brokered	\$ 349,041	\$ 349,041
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (5,483,423)
Miscellaneous		\$ 1,218,778
Total Company Revenues per Income Statement =		\$ 75,656,302



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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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Robert M. Conroy  
Director - Rates  
T 502-627-3324  
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March 19, 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 February 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 March 30, 2010.

It has come to my attention that there is an error on ES Form 2.50 for the month of January 2010. Attached to this letter are revised ES Forms 2.50, 2.40, 2.00, and 1.10, reflecting the correction. The cumulative effect on Net Jurisdictional E(m) is a reduction of \$46,238. The impact of the over-collection is reflected on ES Form 1.10 in the February 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", is written over a white background.

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 2010**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue  
Collected Through Base Rates -- ES Form 1.10, line 14 = \$ (240,106)

Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15 = -0.38%

Effective Date for Billing: April billing cycle beginning March 30, 2010

Submitted by:



Title: Director, Rates

Date Submitted: March 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 February 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	= \$	240,159,906
(2)	RB / 12	=	20,013,326
(3)	$(ROR + (ROR - DR)(TR / (1 - TR)))$	=	11.18%
(4)	OE	=	1,301,288
(5)	BAS	=	-
(6)	BR	=	-
(7)	$E(m)$	= \$	3,538,778
	$(2) \times (3) + (4) - (5) + (6)$		

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	80.32%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	2,842,346
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2009-00311	=	545,397
(11)	Prior Period Adjustment (if necessary)	=	(46,238)
(12)	Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	3,341,505
(13)	Revenue Collected through Base Rates	= \$	3,581,611
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	(240,106)
(15)	Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	63,063,357
(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 February 2010

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 248,446,376	
Eligible Pollution CWIP Excluding AFUDC	47,088,227	
Subtotal		\$ 295,534,603
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	709,653	
Deferred Debit Balance -- Mill Creek Ash Dredging	342,942	
Subtotal		1,052,595
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	40,870,253	
Pollution Control Deferred Income Taxes	15,557,039	
Subtotal		56,427,292
Environmental Compliance Rate Base		\$ 240,159,906

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 296,952
Monthly Depreciation & Amortization Expense	801,165
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	\$ 1,301,288

**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 &amp; Depreciation Expense

For the Month Ended: February 28, 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 2/28/2010	(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	\$ 35,892,047	\$ -	\$ 156,968,797	\$ 13,788,507		\$ 617,234	\$ 19,775
Subtotal	\$ 192,860,844	\$ 35,892,047	\$ -	\$ 156,968,797	\$ 13,788,507		\$ 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>\$ 32,977,763</b>	<b>\$ -</b>	<b>\$ 154,032,116</b>	<b>\$ 12,735,242</b>		<b>\$ 604,032</b>	<b>\$ 19,435</b>
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ 30,861,686	\$ 8,920,011	\$ -	\$ 21,941,675	\$ 1,049,218		\$ 103,474	\$ 2,769
Project 8 - Precipitator Upgrades - All Plants	\$ 11,929,133	\$ 2,639,649	\$ -	\$ 9,289,484	\$ 940,713		\$ 47,792	\$ 1,173
Project 9 - Clearwell Water System - Mill Creek	\$ 1,197,310	\$ 410,458	\$ -	\$ 786,852	\$ 29,424		\$ 3,702	\$ 99
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ 2,734,620	\$ 1,157,520	\$ -	\$ 1,577,100	\$ 78,153		\$ 8,614	\$ 199
Subtotal	\$ 46,722,749	\$ 13,127,637	\$ -	\$ 33,595,112	\$ 2,097,509		\$ 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>\$ 6,462,205</b>	<b>\$ -</b>	<b>\$ 32,421,023</b>	<b>\$ 1,301,468</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	\$ 318,785	\$ 1,355,377	\$ 5,643,699	\$ 191,948		\$ 9,741	\$ 700
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 236,999	\$ 19,201	\$ 4,512,770	\$ 214,148		\$ 8,397	\$ 564
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 66,514	\$ -	\$ 783,586	\$ 63,104		\$ 2,564	\$ 99
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 33,336	\$ -	\$ 275,172	\$ 17,006		\$ 1,147	\$ 35
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,031,496	\$ -	\$ 6,329,582	\$ 913,706		\$ 22,206	\$ 797
Subtotal	\$ 17,857,360	\$ 1,687,129	\$ 1,374,578	\$ 17,544,810	\$ 1,399,912		\$ 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>\$ 1,139,061</b>	<b>\$ 1,374,578</b>	<b>\$ 16,901,212</b>	<b>\$ 1,268,216</b>		<b>\$ 40,616</b>	<b>\$ 2,114</b>

LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT

Plant, CWIP &amp; Depreciation Expense

For the Month Ended: February 28, 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 2/28/2010	(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	\$ -	\$ -	\$ 43,812,797	\$ 43,812,797	\$ -		\$ -	\$ 5,441
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 151,525	\$ -	\$ 3,288,551	\$ 158,040		\$ 9,832	\$ 414
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 86,890	\$ -	\$ 1,963,457	\$ 31,018		\$ 8,867	\$ 248
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 52,809	\$ -	\$ 344,342	\$ 63,057		\$ 1,361	\$ 43
Subtotal	\$ 5,887,574	\$ 291,224	\$ 43,812,797	\$ 49,409,147	\$ 252,114		\$ 20,060	\$ 6,145
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 5,887,574	\$ 291,224	\$ 43,812,797	\$ 49,409,147	\$ 252,114		\$ 20,060	\$ 6,145
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 214,097	\$ 214,097	\$ -		\$ -	\$ 33
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 1,686,756	\$ 1,686,756	\$ -		\$ -	\$ 120
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 1,900,852	\$ 1,900,852	\$ -		\$ -	\$ 153
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 1,900,852	\$ 1,900,852	\$ -		\$ -	\$ 153
<b>Net Total - All Plans:</b>	\$ 248,446,376	\$ 40,870,253	\$ 47,088,227	\$ 254,664,351	\$ 15,557,039		\$ 801,165	\$ 31,700

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

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

For the Month Ended: February 28, 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	171,611	11,938	7,559	\$ 3,881.51	\$ -	\$ 148.91	
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 February 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	176,982	(2,104)	3,267	0	0	171,611	
Dollars	\$ 3,954.50	\$ -	\$ 72.99	\$ -	\$ -	\$ 3,881.51	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	168,345	(2,104)	3,234	-	-	163,007	Adjustment reflects the transfer of IMEA/IMPA share of unused
Dollars	\$ 3,761.51	\$ (2.35)	\$ 72.25	\$ -	\$ -	\$ 3,686.91	2009 allowances
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,637	-	33	-	-	8,604	
Dollars	\$ 192.99	\$ 2.35	\$ 0.74	\$ -	\$ -	\$ 194.60	
<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 February 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	7,559	0	0	0	0	7,559	
Dollars	\$ 148.91	\$ -	\$ -	\$ -	\$ -	\$ 148.91	
\$/Allowance	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,393	-	-	-	-	7,393	
Dollars	\$ 145.64	\$ -	\$ -	\$ -	\$ -	\$ 145.64	
<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.

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 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	13,078	228	1,357	11	0	11,938	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	12,951	221	1,357	-	-	11,815	Adjustment reflects addition of 861 2009 early reduction credits and transfer of 640 IMEA/IMPA unused 2009 allowances
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	127	7	-	11	-	123	Adjustment reflects addition of 2009 early reduction credits
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, 2010

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 434,572
10th Previous Month	431,957
9th Previous Month	443,322
8th Previous Month	575,403
7th Previous Month	425,094
6th Previous Month	508,389
5th Previous Month	601,705
4th Previous Month	371,225
3rd Previous Month	370,063
2nd Previous Month	611,664
Previous Month	435,407
Current Month	468,423
Total 12 Month O&M	\$ 5,677,224

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 5,677,224
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 709,653

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: February 28, 2010

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2001 Plan</b>				
506104 - NOx Operation -- Consumables		148,656.27	42,438.43	191,094.70
506105 - NOx Operation -- Labor and Other		4,208.39	3,884.67	8,093.06
512101 - NOx Maintenance		31,929.05	(9,729.52)	22,199.53
Total 2001 Plan O&M Expenses		184,793.71	36,593.58	221,387.29
<b>2005 Plan</b>				
502006-Scrubber Operations			21,866.47	21,866.47
512005-Scrubber Maintenance			-	-
Ashpond Dredging Expense		171,471.16		171,471.16
Total 2005 Plan O&M Expenses		171,471.16	21,866.47	193,337.63
<b>2006 Plan</b>				
506109 - Sorbent Injection Operation		-	52,776.73	52,776.73
512102 - Sorbent Injection Maintenance		-	921.17	921.17
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	\$ -	-	53,697.90	53,697.90
<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>356,264.87</b>	<b>112,157.95</b>	<b>468,422.82</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: February 28, 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: February 28, 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			\$ -

ES FORM 2.61

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

**Beneficial Reuse Opportunities  
For the Month Ended: February 28, 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: February 28, 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)	
Mar-09	48,018,167	4,872,733	1,072,188	395,265	54,358,353	53,963,088	14,156,392	68,514,745	68,119,480	
Apr-09	48,311,610	4,594,071	714,725	698,050	54,318,456	53,620,406	11,572,181	65,890,637	65,192,587	
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	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 63,063,357				
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) =									80.32%	
							Note 1 - Excludes Brokered Sales, Total for Current Month =	\$ 813,378.87		

ES FORM 3.10

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

**Reconciliation of Reported Revenues**

**For the Month Ended: February 28, 2010**

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 62,148,756	\$ 62,148,756
Fuel Adjustment Clause	\$ 96,267	\$ 96,267
DSM	\$ 1,383,572	\$ 1,383,572
Environmental Surcharge		\$ 1,807,451
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 63,628,594	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 15,594,307	\$ 15,594,307
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 15,594,307	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 79,222,901	
<b>Reconciling Revenues</b>		
Brokered	\$ 813,379	\$ 813,379
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ 7,273,500
Miscellaneous		\$ 1,354,823
Total Company Revenues per Income Statement =		\$ 90,472,054

# **Exhibit 1**

## **Louisville Gas and Electric Company**

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

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 January 2010 as Revised March 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 Safes  
 BR = Beneficial Reuse Operating Expenses

		Environmental Compliance Plans	January 2010 as filed	
(1) RB	= \$	240,780,684	\$ 240,787,381	\$ (6,697)
(2) RB / 12	=	20,065,057	20,065,615	(558)
(3) (ROR + (ROR - DR) (TR / (1 - TR)))	=	11.18%	11.18%	0.00%
(4) OE	=	1,268,328	1,321,905	(53,577)
(5) BAS	=	-	-	-
(6) BR	=	-	-	-
(7) E(m)	= \$	3,511,601	\$ 3,565,241	\$ (53,640)

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	86.20%	86.20%	0.00%
(9) Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	3,027,000	\$ 3,073,238	\$ (46,238)
(10) Adjustment for (Over)/Under-collection pursuant to Case No. 2009-00311	=	545,396	545,396	-
(11) Prior Period Adjustment (if necessary)	=	-	-	-
(12) Adjusted Jurisdictional E(m) [(9) + (10) + (11)]	=	3,572,396	3,618,634	(46,238)
(13) Revenue Collected through Base Rates	= \$	2,213,870	\$ 2,213,870	\$ -
(14) Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	1,358,526	\$ 1,404,764	\$ (46,238)
(15) Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	62,962,163	\$ 62,962,163	\$ -
(16) Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	2.16%	2.23%	-0.07%

ES FORM 2.00

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

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 248,284,020	
Eligible Pollution CWIP Excluding AFUDC	46,745,229	
Subtotal		\$ 295,029,249
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	-	
Cash Working Capital Allowance	702,146	
Deferred Debit Balance -- Mill Creek Ash Dredging	514,413	
Subtotal		1,216,559
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	40,025,322	
Pollution Control Deferred Income Taxes	15,439,802	
Subtotal		55,465,124
Environmental Compliance Rate Base		\$ 240,780,684

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 263,936
Monthly Depreciation & Amortization Expense	801,221
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	\$ 1,268,328

**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: January 31, 2010 as Revised March 19, 2010

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 408,369
10th Previous Month	434,572
9th Previous Month	431,957
8th Previous Month	443,322
7th Previous Month	575,403
6th Previous Month	425,094
5th Previous Month	508,389
4th Previous Month	601,705
3rd Previous Month	371,225
2nd Previous Month	370,063
Previous Month	611,664
Current Month	435,407
Total 12 Month O&M	\$ 5,617,170

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 5,617,170
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 702,146

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

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

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2001 Plan</b>				
506104 - NOx Operation -- Consumables		162,685.59	24,947.71	187,633.30
506105 - NOx Operation -- Labor and Other		4,965.37	2,309.99	7,275.36
512101 - NOx Maintenance		14,220.82	17,607.80	31,828.62
Total 2001 Plan O&M Expenses		181,871.78	44,865.50	226,737.28
<b>2005 Plan</b>				
502006-Scrubber Operations			(6,057.00)	(6,057.00)
512005-Scrubber Maintenance			-	-
Ashpond Dredging Expense		171,471.17		171,471.17
Total 2005 Plan O&M Expenses		171,471.17	(6,057.00)	165,414.17
<b>2006 Plan</b>				
506109 - Sorbent Injection Operation		-	42,827.48	42,827.48
512102 - Sorbent Injection Maintenance		-	427.98	427.98
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	\$ -	-	43,255.46	43,255.46
<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>353,342.95</b>	<b>82,063.96</b>	<b>435,406.91</b>

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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APR 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

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

April 19, 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 March 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 April 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 March 2010**

Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates -- ES Form 1.10, line 14	=	\$	649,805
Jurisdictional Environmental Surcharge Billing Factor -- ES Form 1.10, line 15	=		1.02%

Effective Date for Billing: May billing cycle beginning April 29, 2010

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

Title: Director, Rates

Date Submitted: April 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 March 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	= \$	239,219,439
(2)	RB / 12	=	19,934,953
(3)	$(ROR + (ROR - DR)(TR / (1 - TR)))$	=	11.18%
(4)	OE	=	1,416,156
(5)	BAS	=	-
(6)	BR	=	-
(7)	E(m)	= \$	3,644,884
			$(2) \times (3) + (4) - (5) + (6)$

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	88.90%
(9)	Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	3,240,302
(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)]	=	3,240,302
(13)	Revenue Collected through Base Rates	= \$	2,590,497
(14)	Net Jurisdictional E(m) = Jurisdictional E(m) less Expense Month Revenue Collected Through Base Rates [(12) - (13)]	= \$	649,805
(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
(16)	Jurisdictional Environmental Surcharge Billing Factor [(14) ÷ (15)]	=	1.02%

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

**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	728,250	
Deferred Debit Balance -- Mill Creek Ash Dredging	171,471	
Subtotal		899,721
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		\$ 239,219,439

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 411,875
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	\$ 1,416,156

**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: March 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 3/31/2010	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	\$ 36,509,281	\$ -	\$ 156,351,563	\$ 13,855,322		\$ 617,234	\$ 19,775
Subtotal	\$ 192,860,844	\$ 36,509,281	\$ -	\$ 156,351,563	\$ 13,855,322		\$ 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>\$ 33,594,997</b>	<b>\$ -</b>	<b>\$ 153,414,882</b>	<b>\$ 12,802,057</b>		<b>\$ 604,032</b>	<b>\$ 19,435</b>
<b>2003 Plan:</b>								
Project 7 - Mill Creek FGD Scrubber Conversion	\$ 30,861,686	\$ 9,023,485	\$ -	\$ 21,838,201	\$ 1,056,421		\$ 103,474	\$ 2,769
Project 8 - Precipitator Upgrades - All Plants	\$ 11,929,133	\$ 2,687,442	\$ -	\$ 9,241,691	\$ 940,254		\$ 47,792	\$ 1,173
Project 9 - Clearwell Water System - Mill Creek	\$ 1,197,310	\$ 414,159	\$ -	\$ 783,151	\$ 29,739		\$ 3,702	\$ 99
Project 10 - SO <sub>2</sub> Absorber Trays - Mill Creek 3 & 4	\$ 2,734,620	\$ 1,166,134	\$ -	\$ 1,568,486	\$ 78,757		\$ 8,614	\$ 199
Subtotal	\$ 46,722,749	\$ 13,291,219	\$ -	\$ 33,431,529	\$ 2,105,172		\$ 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>\$ 6,625,788</b>	<b>\$ -</b>	<b>\$ 32,257,441</b>	<b>\$ 1,309,131</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	\$ 328,525	\$ 1,356,418	\$ 5,635,000	\$ 197,508		\$ 9,741	\$ 700
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 4,730,568	\$ 245,396	\$ 23,501	\$ 4,508,674	\$ 220,593		\$ 8,397	\$ 564
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 69,078	\$ -	\$ 781,022	\$ 65,157		\$ 2,564	\$ 99
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 34,482	\$ -	\$ 274,025	\$ 17,177		\$ 1,147	\$ 35
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,053,701	\$ -	\$ 6,307,376	\$ 930,736		\$ 22,206	\$ 797
Subtotal	\$ 17,857,360	\$ 1,731,183	\$ 1,379,920	\$ 17,506,097	\$ 1,431,172		\$ 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>\$ 1,183,115</b>	<b>\$ 1,379,920</b>	<b>\$ 16,862,500</b>	<b>\$ 1,299,476</b>		<b>\$ 40,616</b>	<b>\$ 2,114</b>

LOUISVILLE GAS AND ELECTRIC COMPANY  
 ENVIRONMENTAL SURCHARGE REPORT

Plant, CWIP &amp; Depreciation Expense

For the Month Ended: March 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 3/31/2010	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ 44,346,239	\$ 44,346,239	\$ -		\$ -	\$ 5,441
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 161,302	\$ 32,309	\$ 3,311,084	\$ 166,719		\$ 9,777	\$ 414
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 95,757	\$ -	\$ 1,954,590	\$ 32,821		\$ 8,867	\$ 248
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 54,170	\$ -	\$ 342,981	\$ 64,094		\$ 1,361	\$ 43
Subtotal	\$ 5,887,574	\$ 311,229	\$ 44,378,548	\$ 49,954,894	\$ 263,635		\$ 20,005	\$ 6,145
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ 5,887,574	\$ 311,229	\$ 44,378,548	\$ 49,954,894	\$ 263,635		\$ 20,005	\$ 6,145
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 231,382	\$ 231,382	\$ -		\$ -	\$ 33
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 1,242,779	\$ 1,242,779	\$ -		\$ -	\$ 120
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 30,138	\$ 30,138	\$ -		\$ -	\$ -
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 1,504,300	\$ 1,504,300	\$ -		\$ -	\$ 153
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ -	\$ -	\$ 1,504,300	\$ 1,504,300	\$ -		\$ -	\$ 153
<b>Net Total - All Plans:</b>	\$ 248,446,376	\$ 41,715,128	\$ 47,262,768	\$ 253,994,016	\$ 15,674,298		\$ 801,110	\$ 31,700

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

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

Inventory of Emission Allowances

For the Month Ended: March 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	169,308	10,735	7,643	\$ 3,829.42	\$ -	\$ 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.

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 March 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	171,611	0	2,303	0	0	169,308	
Dollars	\$ 3,881.51	\$ -	\$ 52.09	\$ -	\$ -	\$ 3,829.42	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	163,007	-	2,275			160,732	
Dollars	\$ 3,686.91	\$ -	\$ 51.46	\$ -	\$ -	\$ 3,635.45	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	8,604	-	28	-	-	8,576	
Dollars	\$ 194.60	\$ -	\$ 0.63	\$ -	\$ -	\$ 193.97	
<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 March 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	7,559	84	0	0	0	7,643	
Dollars	\$ 148.91	\$ 1.66	\$ -	\$ -	\$ -	\$ 150.57	
\$/Allowance	\$ 0.02	\$ 0.02	\$ -	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,393	84	-	-	-	7,477	True-up with EPA
Dollars	\$ 145.64	\$ 1.66	\$ -	\$ -	\$ -	\$ 147.30	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	166	-	-	-	-	166	
Dollars	\$ 3.27	\$ -	\$ -	\$ -	\$ -	\$ 3.27	
<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 March 2010

	Beginning Inventory	Allocations/Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	11,938	0	1,200	3	0	10,735	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	11,815	-	1,200	-	-	10,615	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	123	-	-	3	-	120	
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, 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	583,346
Total 12 Month O&M	\$ 5,825,998

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 5,825,998
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 728,250

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: March 31, 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			87,434.14	87,434.14	
Ashpond Dredging Expense		171,471.16		171,471.16	
Total 2005 Plan O&M Expenses		171,471.16	130,521.73	301,992.89	
<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	279,049.36	583,346.16

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: March 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: March 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			\$ -

ES FORM 2.61

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

Beneficial Reuse Opportunities  
 For the Month Ended: March 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: March 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)
Apr-09	48,311,610	4,594,071	714,725	698,050	54,318,456	53,620,406	11,572,181	65,890,637	65,192,587
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
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.						\$ 63,776,579			
Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (7) / Column (10) =									88.90%
							Note 1 - Excludes Brokered Sales, Total for Current Month = \$	128,530.33	

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

Reconciliation of Reported Revenues

For the Month Ended: March 31, 2010

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 60,197,936	\$ 60,197,936
Fuel Adjustment Clause	\$ 1,038,847	\$ 1,038,847
DSM	\$ 1,284,971	\$ 1,284,971
Environmental Surcharge		\$ 1,403,818
Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 62,521,754	
<b>Non -Jurisdictional Revenues</b>		
InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 7,802,512	\$ 7,802,512
Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 7,802,512	
Total Company Revenues for Environmental Surcharge Purposes =	\$ 70,324,266	
<b>Reconciling Revenues</b>		
Brokered	\$ 128,530	\$ 128,530
InterSystem ( Transmission Portion Booked in Account 447)		\$ -
Unbilled		\$ (8,977,426)
Miscellaneous		\$ 1,287,801
Total Company Revenues per Income Statement =		\$ 64,166,989





an e-on company

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

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www.eon-us.com

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

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', 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>	<b>\$ 187,009,879</b>	<b>\$ 34,212,231</b>	<b>\$ -</b>	<b>\$ 152,797,648</b>	<b>\$ 12,868,873</b>		<b>\$ 604,032</b>	<b>\$ 19,435</b>
<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>	<b>\$ 38,883,229</b>	<b>\$ 6,789,370</b>	<b>\$ -</b>	<b>\$ 32,093,859</b>	<b>\$ 1,316,794</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	\$ 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>	<b>\$ 16,665,695</b>	<b>\$ 1,227,170</b>	<b>\$ 1,409,259</b>	<b>\$ 16,847,784</b>	<b>\$ 1,330,736</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: 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>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx 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.

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 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



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 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.

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 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			-	-
Current Month O&M Expense for All Plans	\$ -	399,153.94	358,134.22	757,288.16

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			\$ -

ES FORM 2.61

**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

	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)	
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		



**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

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Conroy



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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

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:

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 faint, larger version of the same signature.

Robert M. Conroy

Enclosures

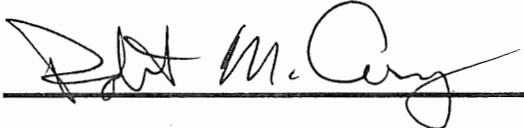
ES FORM 1.00

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

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>	<b>\$ 187,009,879</b>	<b>\$ 34,829,465</b>	<b>\$ -</b>	<b>\$ 152,180,414</b>	<b>\$ 12,935,688</b>		<b>\$ 604,032</b>	<b>\$ 19,435</b>
<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>	<b>\$ 38,883,229</b>	<b>\$ 6,952,952</b>	<b>\$ -</b>	<b>\$ 31,930,277</b>	<b>\$ 1,324,458</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	\$ 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>	<b>\$ 16,665,695</b>	<b>\$ 1,271,224</b>	<b>\$ 1,421,551</b>	<b>\$ 16,816,022</b>	<b>\$ 1,361,996</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: 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>	<b>\$ 5,887,574</b>	<b>\$ 351,238</b>	<b>\$ 44,622,829</b>	<b>\$ 50,159,165</b>	<b>\$ 286,675</b>		<b>\$ 20,005</b>	<b>\$ 6,145</b>
<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>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,091,805</b>	<b>\$ 2,091,805</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ 153</b>
<b>Net Total - All Plans:</b>	<b>\$ 248,446,376</b>	<b>\$ 43,404,879</b>	<b>\$ 48,136,185</b>	<b>\$ 253,177,682</b>	<b>\$ 15,908,817</b>		<b>\$ 801,110</b>	<b>\$ 31,700</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, 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.



**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

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 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.

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 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>							
<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: 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			-	-
Current Month O&M Expense for All Plans	\$ -	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			\$ -

ES FORM 2.61

**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-Jurisdictional Revenues	Total Company Revenues		
	(2)	(3)	(4)	(5)	(6)		(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)	
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		

**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', written in a cursive style.

Robert M. Conroy

Enclosures

ES FORM 1.00

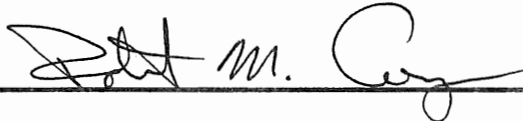
**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**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)	(2) x (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 1)	\$ -	\$ -	\$ 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.

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 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

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 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.

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 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			-	-
<b>Current Month O&amp;M Expense for All Plans</b>				
	\$ -	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			\$ -



ES FORM 2.61

**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

Kentucky Jurisdictional Revenues							Non-Jurisdictional Revenues	Total Company Revenues	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Total Including Off-System Sales (See Note 1)	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)
Jul-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)	= \$	(2) x (3) + (4) - (5) + (6) 3,557,348	\$	3,644,884	\$ (87,536)

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	\$ 4,002,561	\$ (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 Refined 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)	= \$ $(2) \times (3) + (4) - (5) + (6)$ 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%.



an e-on company

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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robert.conroy@eon-us.com

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**

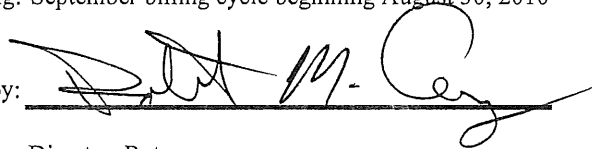
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of July 2010**

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)	(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>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>	<b>\$ 5,887,574</b>	<b>\$ 391,247</b>	<b>\$ 45,367,530</b>	<b>\$ 50,863,857</b>	<b>\$ 309,715</b>		<b>\$ 20,005</b>	<b>\$ 6,145</b>
<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>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,846,444</b>	<b>\$ 2,846,444</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ 153</b>
<b>Net Total - All Plans:</b>	<b>\$ 248,446,376</b>	<b>\$ 45,094,630</b>	<b>\$ 49,803,903</b>	<b>\$ 253,155,650</b>	<b>\$ 16,143,335</b>		<b>\$ 801,110</b>	<b>\$ 31,700</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, 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.



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 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

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 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>							
<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 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			\$ -

ES FORM 2.61

**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

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)
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**  
Conroy  
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,

Robert M. Conroy

Enclosures

ES FORM 1.00

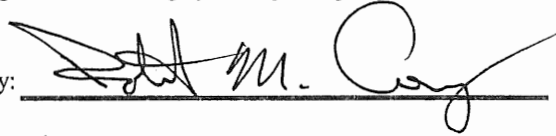
**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**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) <span style="float: right;">(2) x (3) + (4) - (5) + (6)</span>	= \$	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)	(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 8/31/2010	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	\$ 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.

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 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>							
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 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>							
<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, 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 (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Total Including Off-System Sales (See Note 1)	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)
Sep-09	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	

ES FORM 3.10

**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



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  
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**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'.

Robert M. Conroy

Enclosures

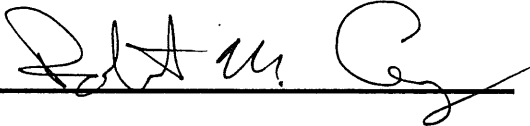
ES FORM 1.00

**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)	= \$	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)]	=	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>							
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 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.

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 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>	<b>\$ -</b>	<b>1,212.54</b>	<b>164,631.45</b>	<b>165,843.99</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: 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

	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)
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



an e-on 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.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', written over a horizontal line.

Robert M. Conroy

Enclosures

ES FORM 1.00

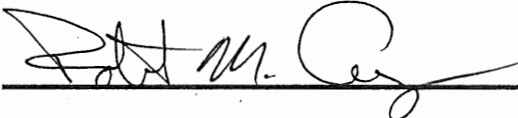
**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of 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)	$(2) \times (3) + (4) - (5) + (6)$	= \$ 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)]	=	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  
Frankfort, Kentucky 40602

**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 "Robert M. Conroy". The signature is stylized and cursive.

Robert M. Conroy

Enclosures



ES FORM 1.00

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

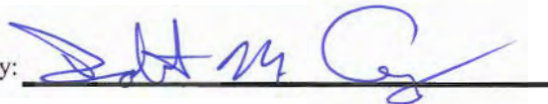
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of October 2010**

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 &amp; 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)	\$ (158,068)	\$ -	\$ (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 I)	\$ -	\$ -	\$ 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 I.G&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

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 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.



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 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
<b>Total 12 Month O&amp;M</b>	<b>\$ 2,273,872</b>

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
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 284,234</b>

**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	-	-	-	-
<b>Current Month O&amp;M Expense for All Plans</b>	\$ -	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%.

ES FORM 2.51

**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  (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge  (6)-(5)	Total Including Off-System Sales  (See Note 1)	Total  (6)-(8)	Total Excluding Environmental Surcharge  (9)-(5)
Nov-09	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

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**DEC 20 2010**

**PUBLIC SERVICE  
COMMISSION**

Louisville Gas and  
Electric Company  
State Regulation and Rates  
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Louisville, Kentucky 40232  
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Director - Rates  
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[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

December 20, 2010

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), 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,

Robert M. Conroy

Enclosures

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

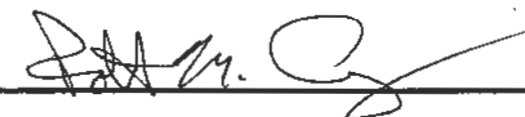
ES FORM 1.00

**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)**

$E(m) = \left[ \left( \frac{RB}{12} \right) (ROR + (ROR - DR)(TR / (1 - TR))) \right] + OE - BAS + BR$ , 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

**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	\$ -		\$ -	\$ 33
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>							
<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 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	-		-	-
<b>Current Month O&amp;M Expense for All Plans</b>	<b>\$ -</b>	<b>1,257.04</b>	<b>120,217.30</b>	<b>121,474.34</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: 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 (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Total Including Off-System Sales (See Note 1)	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)
Dec-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	1,618,042	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



**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)

**RECEIVED**

**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', is written over a horizontal line. The signature is fluid and cursive.

Robert M. Conroy

Enclosures

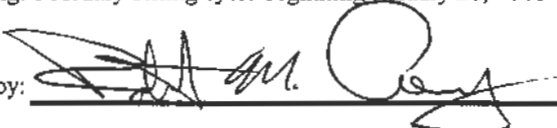
ES FORM 1.00

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

**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of 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)	(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>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>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx 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.



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 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.

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 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>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</b>							
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%.

ES FORM 2.51

**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

(1)	Kentucky Jurisdictional Revenues						Non-Jurisdictional Revenues	Total Company Revenues	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Total Including Off-System Sales (See Note 1)	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)
Jan-10	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	

**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



a PPL company

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

February 18, 2011

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), 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)

**RECEIVED**

**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 "M. Conroy". The signature is written in a cursive style with a large, prominent "C" and "y".

Robert M. Conroy

Enclosures

ES FORM 1.00

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

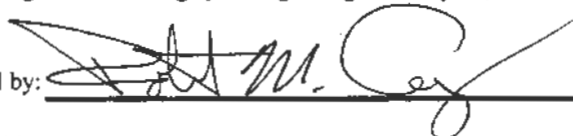
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of January 2011**

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)	= \$	911,062
			$(2) \times (3) + (4) - (5) + (6)$

**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)	(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 1/31/2011	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	\$ 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	\$ -		\$ -	\$ 97
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 LG&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.

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 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>							
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 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%.

ES FORM 2.51

**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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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)

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 "Robert 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)	= \$	1,040,381
			$(2) \times (3) + (4) - (5) + (6)$

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 - Care Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 931,134	\$ 931,134	\$ -		\$ -	\$ 97
Project 23 - Trimble County Ash Treatment Basin (BAP/OSP)	\$ -	\$ -	\$ 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.

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 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

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 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>							
<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 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%.



ES FORM 2.51

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
CCP Disposal Facilities Expenses  
For the Month Ended: February 28, 2011

	Cane Run	Trimble County
On-Site CCP Disposal O&M Expense		
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	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)
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)	

**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  
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[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".

A second handwritten signature in black ink, appearing to read "Robert 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 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) 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 3/31/2011	(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 - Cleanwell 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>	\$ 48,887,375	\$ 928,415	\$ 605,545	\$ 48,564,505	\$ 600,042	\$ 14,527	\$ 170,857	\$ 6,144
<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>	\$ -	\$ -	\$ 9,015,619	\$ 9,015,619	\$ -		\$ -	\$ 989
<b>Net Total - All Plans:</b>	\$ 65,553,070	\$ 2,640,185	\$ 11,872,442	\$ 74,785,326	\$ 2,268,905	\$ 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: 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.

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 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.

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 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>	<b>\$ -</b>	<b>11,364.00</b>	<b>138,790.63</b>	<b>150,154.63</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: 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

(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)
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	

**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

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PUBLIC SERVICE  
COMMISSION

Louisville Gas and  
Electric Company  
State Regulation and Rates  
220 West Main Street  
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May 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 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)	(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 4/30/2011	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	\$ 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	\$ 2,203,893	\$ 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)	(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 4/30/2011	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	\$ 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.

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 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>							
<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, 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			-	-
<b>Current Month O&amp;M Expense for All Plans</b>	\$ -	-	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%.

ES FORM 2.51

**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			\$ -

ES FORM 2.61

**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 (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Total Including Off-System Sales (See Note 1)	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)
May-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	

**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

RECEIVED

JUN 17 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  
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[robert.conroy@lge-ku.com](mailto:robert.conroy@lge-ku.com)

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)	= \$	1,055,913
			$(2) \times (3) + (4) - (5) + (6)$

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	86.82%
(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 PGD 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>	\$ 48,887,375	\$ 1,270,129	\$ 1,064,546	\$ 48,681,792	\$ 735,175	\$ 14,527	\$ 170,857	\$ 6,144
<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>	\$ -	\$ -	\$ 9,870,006	\$ 9,870,006	\$ -		\$ -	\$ 989
<b>Net Total - All Plans:</b>	\$ 68,887,375	\$ 3,071,963	\$ 11,534,083	\$ 76,550,638	\$ 2,519,150	\$ 14,527	\$ 213,428	\$ 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: 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	162,091	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>	\$ -	0.69	148,078.35	148,079.04

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			\$ -

ES FORM 2.61

**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", is written over a large, stylized circular flourish.

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  
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 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)	(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 6/30/2011	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	\$ 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>	<b>\$ 49,317,405</b>	<b>\$ 1,441,837</b>	<b>\$ 876,223</b>	<b>\$ 48,751,791</b>	<b>\$ 938,602</b>	<b>\$ 14,527</b>	<b>\$ 171,707</b>	<b>\$ 6,144</b>
<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>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,478,968</b>	<b>\$ 10,478,968</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ 989</b>
<b>Net Total - All Plans:</b>	<b>\$ 64,865,222</b>	<b>\$ 2,805,876</b>	<b>\$ 11,951,455</b>	<b>\$ 74,010,802</b>	<b>\$ 2,450,998</b>	<b>\$ 14,527</b>	<b>\$ 210,835</b>	<b>\$ 7,652</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: June 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	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.

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 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



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 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.

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 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	-		-	-
Current Month O&M Expense for All Plans	\$ -	-	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%.

ES FORM 2.51

**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

Kentucky Jurisdictional Revenues							Non-Jurisdictional Revenues	Total Company Revenues	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Month	Base Rate Revenues	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)	Total Excluding Environmental Surcharge (6)-(5)	Total Including Off-System Sales (See Note 1)	Total (6)+(8)	Total Excluding Environmental Surcharge (9)-(5)
Jul-10	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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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)

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, CWIP & Depreciation Expense

For the Month Ended: July 31, 2011

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Description	Eligible Plant In Service	Eligible Accumulated Depreciation	CWIP Amount Excluding AFUDC	Eligible Net Plant In Service	Deferred Tax Balance as of 7/31/2011	Monthly TIC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 43,429,831	\$ 963,093	\$ 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>	\$ 49,317,405	\$ 1,614,394	\$ 952,539	\$ 48,655,550	\$ 871,107	\$ 14,527	\$ 172,558	\$ 6,144
<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 (BAF/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>	\$ -	\$ -	\$ 10,904,385	\$ 10,904,385	\$ -		\$ -	\$ 989
<b>Net Total - All Plans:</b>	\$ 49,317,405	\$ 1,614,394	\$ 952,539	\$ 48,655,550	\$ 871,107	\$ 14,527	\$ 172,558	\$ 6,144
	\$ 64,865,222	\$ 3,022,814	\$ 12,458,442	\$ 74,300,850	\$ 2,469,191	\$ 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: 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.



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 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

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 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>							
<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 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%.

ES FORM 2.51

**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			\$ -

ES FORM 2.61

**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)	

ES FORM 3.10

**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, appearing to read 'Robert M. Conroy', is written over a printed name.

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**

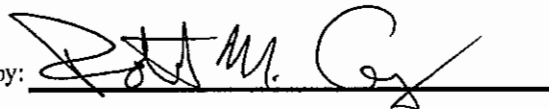
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of August 2011**

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)	$(2) \times (3) + (4) - (5) + (6)$	\$ 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) 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 8/31/2011	(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	\$ 1,135,646	\$ 467,944	\$ 42,762,130	\$ 496,571	\$ 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>	\$ 49,317,405	\$ 1,786,952	\$ 912,883	\$ 48,443,336	\$ 938,908	\$ 14,527	\$ 172,558	\$ 6,144
	\$ 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	-		-	-
Current Month O&M Expense for All Plans	\$ -	-	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%.

ES FORM 2.51

**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

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)
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)	

**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

RECEIVED  
OCT 18 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)

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,

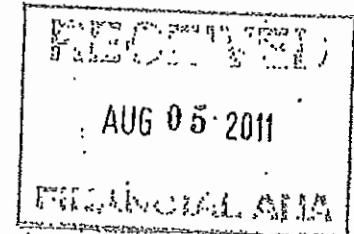
A handwritten signature in black ink, appearing to read "Robert M. Conroy", with a large, stylized flourish at the end.

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: 07/08/11 - 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

RECEIVED  
 AUG 3 2011

PUBLIC SERVICE  
 COMMISSION

PROJECT DESCRIPTION:  
 LGE Environmental Compliance

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	July	40	\$260	\$10,400.00		\$10,400.00	
Chuck Buechel	July	50	\$240	\$12,000.00		\$12,000.00	
Mike Bolsmenu	July	16	\$240	\$3,840.00		\$3,840.00	
Mark Fowler	July	18	\$240	\$4,320.00		\$4,320.00	
<b>SUB TOTALS</b>		<b>124</b>		<b>\$30,560.00</b>	<b>\$0.00</b>	<b>\$30,560.00</b>	
<b>TOTAL FEES</b>							<b>\$30,560.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$0.00</b>
<b>OVERNIGHT MAIL</b>							<b>\$0.00</b>
<b>COPYING - Black/White</b>							<b>\$166.60</b>
<b>COPYING - Color</b>							<b>\$263.40</b>
<b>MISCELLANEOUS</b>							
<b>Invoice Amount</b>							<b>\$30,990.00</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$30,990.00</b>

The information provided in the above invoice is believed to be accurate. Should any questions or discrepancies arise, please call or write to the following billing address.

*[Handwritten Signature]*  
 8/8/11

## PLEASE REMIT TO:

Vantage Energy Consulting, LLC.  
 21460 Overseas Hwy.  
 Cudjoe Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-744-3440

PO # 56277  
 X [Handwritten Signature]  
 9-14-11

ES FORM 1.00

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

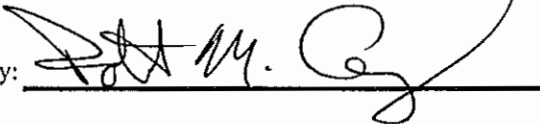
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of September 2011**

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)	= \$	1,075,865
			$(2) \times (3) + (4) - (5) + (6)$

Calculation of Jurisdictional Environmental Surcharge Billing Factor

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.00	=	87.55%
(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.

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 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

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 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	8	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%.



ES FORM 2.51

**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
<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: September 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				
<b>Adjustment for Base Rate Amount (to ES Form 2.60)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**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					(7)	Non-	Total Company Revenues		
	(2)	(3)	(4)	(5)	(6)		Jurisdictional	(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)	
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	81,598,943	
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.

*[Handwritten signature]*  
 alan

PLEASE REMIT TO:

Vantage Energy Consulting, LLC.  
 21460 Overseas Hwy.  
 Cudjoe Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-744-3440

PO # 56678  
*[Handwritten signature]*  
 9-29-11

**RECEIVED**  
 Question No. 2(h)  
 Page 40 of 108 2011  
 Conroy  
 FINANCIAL VA

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

**INVOICE DATE:** 10/1/2011  
**INVOICE #:** 20110903  
**INVOICE PERIOD:** 09/01/2011-9/30/2011  
**PROJECT NAME:** Kentucky LGE Environmental Compliance  
**ITAGE PROJECT #:** 2011-56

**FIRM INVOICED:** Mr. John A. Rogness III  
 Kentucky Public Service Commission  
 P.O. Box 615  
 211 Sower Boulevard  
 Frankfort, Kentucky 40602

**PROJECT DESCRIPTION:**  
 LGE Environmental Compliance

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	September	76	\$260	\$19,760.00		\$19,760.00	✓
Chuck Buechel	September	26	\$240	\$6,240.00		\$6,240.00	✓
Mike Boismenu	September	88	\$240	\$21,120.00		\$21,120.00	✓
Mark Fowler	September	49	\$240	\$11,760.00		\$11,760.00	✓
<b>SUB TOTALS</b>		239		\$58,880.00	\$0.00	\$58,880.00	
<b>TOTAL FEES</b>							\$58,880.00
<b>TOTAL PERSONAL EXPENSES</b>							\$0.00
<b>OVERNIGHT MAIL</b>							\$0.00
<b>COPYING - Black/White</b>							\$38.80
<b>COPYING - Color</b>							\$3.60
<b>MISCELLANEOUS</b>							
<b>Invoice Amount</b>							<u>\$58,922.40</u>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<u>\$58,922.40</u>

*[Handwritten Signature]*  
 10/1/11

The information provided in the above invoice is believed to be accurate. Should any questions or discrepancies arise, please call or write to the following billing address.

**PLEASE REMIT TO:**  
 Vantage Energy Consulting, LLC.  
 21460 Overseas Hwy.  
 Cudjoe Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-744-3440



ES FORM 1.00

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

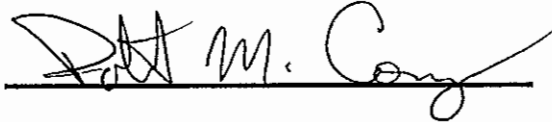
**Net Jurisdictional E(m) and  
Jurisdictional Environmental Surcharge Billing Factor  
For the Expense Month of October 2011**

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;"><math>(2) \times (3) + (4) - (5) + (6)</math></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) 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>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>	\$ 49,317,405	\$ 2,132,067	\$ 920,822	\$ 48,106,160	\$ 1,074,509	\$ 14,527	\$ 172,558	\$ 6,144
<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>	\$ -	\$ -	\$ 12,145,950	\$ 12,145,950	\$ -		\$ -	\$ 989
<b>Net Total - All Plans:</b>	\$ 49,317,405	\$ 2,132,067	\$ 13,797,198	\$ 74,990,584	\$ 2,917,365	\$ 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: 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.

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 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

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 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	\$ -	\$ -	\$ 13.30	
<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%.

ES FORM 2.51

**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	64,963,148	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	
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', 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

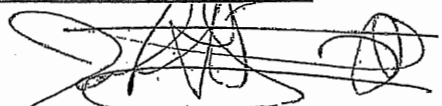
**FIRM INVOICED:** Mr. John A. Rogness III  
 Kentucky Public Service Commission  
 P.O. Box 615  
 211 Sower Boulevard  
 Frankfort, Kentucky 40602

*Approved*  
*DO # 58138*  


**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.

  
 11/7/11

**PLEASE REMIT TO:**  
 Vantage Energy Consulting, LLC.  
 21460 Overseas Hwy.  
 Cudjoe Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-744-3440

ES FORM 1.00

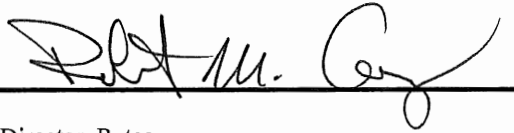
**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**

**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) <span style="float: right;">(2) x (3) + (4) - (5) + (6)</span>	= \$ 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)	(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 11/30/2011	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	\$ 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 &amp; Depreciation Expense

For the Month Ended: November 30, 2011

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Description	Eligible Plant In Service	Eligible Accumulated Depreciation	CWIP Amount Excluding AFUDC	Eligible Net Plant In Service	Deferred Tax Balance as of 11/30/2011	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	\$ 1,593,305	\$ 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&amp;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.



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 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

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 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.

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 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			\$ -

ES FORM 2.61

**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)

**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

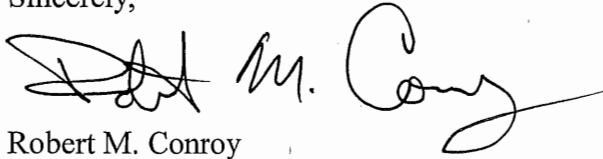
PUBLIC SERVICE  
COMMISSION

Mr. Jeff DeRouen  
January 20, 2012

Attachment to Response to SV Question No. 2(h)  
Page 438 of 1183  
Conroy

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

Sincerely,

A handwritten signature in black ink, appearing to read "R. M. Conroy". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Robert M. Conroy

Enclosures

RECEIVED  
12/07/2011

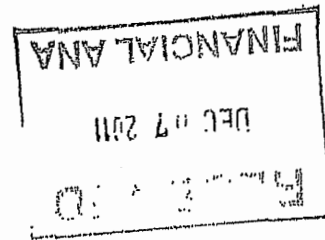
DEC 07 2011

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)	$(2) \times (3) + (4) - (5) + (6)$	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>	\$ 15,547,817	\$ 1,628,530	\$ 863,567	\$ 14,782,854	\$ 2,007,097		\$ 39,127	\$ 1,767
<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>	\$ 49,317,405	\$ 2,477,183	\$ 736,701	\$ 47,576,923	\$ 1,210,003	\$ 14,527	\$ 172,558	\$ 6,144
<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>	\$ 9,594,347	\$ 10,219	\$ 5,751,418	\$ 15,335,546	\$ 135,982		\$ 10,219	\$ 989
<b>Subtotal - Pre-2011 Plans:</b>	\$ 74,459,569	\$ 4,115,932	\$ 7,351,685	\$ 77,695,323	\$ 3,353,082	\$ 14,527	\$ 221,904	\$ 8,899

**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.

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 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

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 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.

**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.

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, 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	-		-	-
Subtotal - Pre-2011 Plans	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
Current Month O&M Expense for All Plans	\$ 317.67	\$ 851.96	\$ 181,841.76	\$ 183,011.39

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: December 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: 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			\$ -

ES FORM 2.61

**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
<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					
<b>Adjustment for Base Rate Amount (to ES Form 2.60)</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**  
 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%

**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

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)

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

February 17, 2012

RE: Monthly Environmental Surcharge Report

Dear Mr. DeRouen:

Pursuant to KRS 278.183(3), 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.

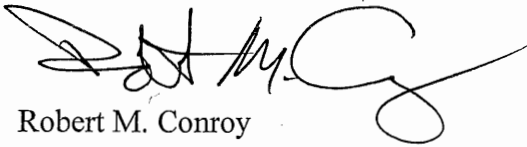
Mr. Jeff DeRouen  
February 17, 2012

Attachment to Response to SV Question No. 2(h)  
Page 457 of 1183  
Conroy

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,

A handwritten signature in black ink, appearing to read 'R. M. Conroy', with a large, sweeping flourish at the end.

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 # 600185  
 OK *[Handwritten signature]* 1/20/12  
 ECR proceeding



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 January 2012**

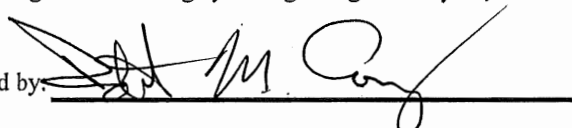
**GROUP 1 (Total Revenue)**

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) x (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.

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 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;
Dollars	\$ 1,599.17	\$ 0.21	\$ 64.40	\$ -	\$ -	\$ 1,534.98	transferred 22 allowances from TC CTs to TC1
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	4,070	(22)	97	-	-	3,951	Beginning Inventory includes 2,413 2012 vintage allowances;
Dollars	\$ 47.37	\$ (0.21)	\$ 0.93	\$ -	\$ -	\$ 46.23	transferred 22 allowances from TC CTs to TC1
<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
Total 12 Month O&M	\$ 1,715,420	\$ 106,548

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
Pollution Control Cash Working Capital Allowance	\$	214,428	\$ 13,319

**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	137,608.35
<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
Current Month O&M Expense for All Plans	\$ (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			\$ -

ES FORM 2.61

**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**  
**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 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





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.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 located below the "Sincerely," text. The signature is written in a cursive, flowing style.

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)	= \$	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



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 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>							
<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 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	-		-	-
<b>Subtotal - Pre-2011 Plans</b>				
	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
<b>Current Month O&amp;M Expense for All Plans</b>				
	\$ 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
<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				
<b>Adjustment for Base Rate Amount (to ES Form 2.60)</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**  
 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	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
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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APR 20 2012

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,

A handwritten signature in black ink, appearing to read "R. M. Conroy", is written over a horizontal line. To the right of the signature is a large, stylized flourish or scribble.

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)	$(2) \times (3) + (4) - (5) + (6)$	= \$ 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) 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 3/31/2012	(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	\$ -	\$ -	\$ 1,870,613	\$ 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.



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 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

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 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.

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 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**  
**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 Revenue's</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', is written over a horizontal line. The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

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 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**

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of April 2012

Calculation of Total E(m)

$E(m) = [(RB / 12) (ROR + (ROR - DR)(TR / (1 - TR)))] + OE - BAS + BR$ , where

RB = Environmental Compliance Rate Base  
ROR = Rate of Return on the Environmental Compliance Rate Base  
DR = Debt Rate (both short-term and long-term debt)  
TR = Composite Federal & State Income Tax Rate  
OE = Pollution Control Operating Expenses  
BAS = Total Proceeds from By-Product and Allowance Sales  
BR = Beneficial Reuse Operating Expenses

		Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plans
(1) RB	= \$	76,563,034	\$ 2,399,970
(2) RB / 12	= \$	6,380,253	\$ 199,998
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.82%	10.37%
(4) OE	= \$	325,222	\$ 105,079
(5) BAS	= \$	-	Not Applicable
(6) BR	= \$	-	Not Applicable
(7) E(m) $(2) \times (3) + (4) - (5) + (6)$	= \$	1,015,565	\$ 125,819
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	\$	1,141,384	

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	86.27%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	984,672
(11) Adjustment for (Over)/Under-collection pursuant to	= \$	-
(12) Prior Period Adjustment (if necessary)	=	-
(13) Revenue Collected through Base Rates	=	704,561
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	280,111

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	=	41.81%	58.19%
(16) Group E(m) [(14) x (15)]	= \$	117,114	\$ 162,996
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	31,619,522	\$ 28,689,907
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	0.37%	0.57%

**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) 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 4/30/2012	(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	\$ 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.

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 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

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 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.

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 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>	<b>\$ (22.44)</b>	<b>\$ (60.19)</b>	<b>\$ 196,907.19</b>	<b>\$ 196,824.56</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, 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**  
**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  
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Robert M. Conroy  
Director - Rates  
T 502-627-3324  
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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**

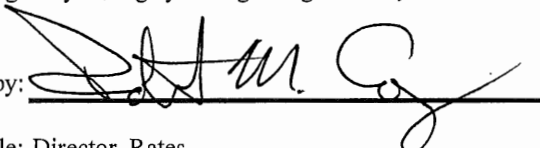
**GROUP 1 (Total Revenue)**

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)	(2) x (3) + (4) - (5) + (6)	= \$ 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%

ES FORM 2.00

**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>	\$ 16,412,315	\$ 1,855,189	\$ 63,805	\$ 14,620,931	\$ 2,139,535		\$ 41,030	\$ 1,848
<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>	\$ 50,123,997	\$ 3,346,522	\$ 438,776	\$ 47,216,252	\$ 1,625,145	\$ 14,527	\$ 175,178	\$ 5,947
<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>	\$ 9,594,347	\$ 112,410	\$ 9,103,610	\$ 18,585,547	\$ 208,492		\$ 20,438	\$ 1,917
<b>Subtotal - Pre-2011 Plans:</b>	\$ 76,130,659	\$ 5,314,121	\$ 9,606,192	\$ 80,422,730	\$ 3,973,172	\$ 14,527	\$ 236,646	\$ 9,712



**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>	\$ -	\$ -	\$ 5,212,090	\$ 5,212,090	\$ -	\$ -	\$ -	\$ 135
<b>Net Total - All Plans:</b>	\$ 76,130,659	\$ 5,314,121	\$ 14,818,281	\$ 85,634,819	\$ 3,973,172	\$ 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: 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

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 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.

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 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.

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, 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**  
**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	41,690,961	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
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

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 June 2012**

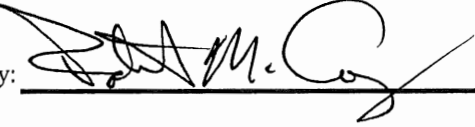
**GROUP 1 (Total Revenue)**

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)	$(2) \times (3) + (4) - (5) + (6)$	= \$ 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) 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 6/30/2012	(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	\$ 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>	\$ 16,412,315	\$ 1,901,472	\$ 131,339	\$ 14,642,181	\$ 2,166,134		\$ 41,030	\$ 1,848
<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>	\$ 50,123,997	\$ 3,521,700	\$ 489,622	\$ 47,091,919	\$ 1,708,519	\$ 14,527	\$ 175,178	\$ 5,947
<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>	\$ 9,594,347	\$ 132,848	\$ 9,832,780	\$ 19,294,279	\$ 222,994		\$ 20,438	\$ 1,917
<b>Subtotal - Pre-2011 Plans:</b>	\$ 76,130,659	\$ 5,556,021	\$ 10,453,740	\$ 81,028,379	\$ 4,097,646	\$ 14,527	\$ 236,646	\$ 9,712

**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	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ -	\$ -	\$ 8,694,622	\$ 8,694,622	\$ -	\$ -	\$ -	\$ 135
<b>Net Total - All Plans:</b>	\$ 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>							
<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 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	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, 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

	Cane Run	Trimble County
On-Site CCP Disposal O&M Expense		
<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		
<b>Adjustment for Base Rate Amount (to ES Form 2.50)</b>	<b>\$ -</b>	<b>\$ -</b>

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

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: 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
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)	\$ -	\$ -	\$ 5,535.22	\$ 5,535.22
Total Beneficial Reuse - Generating Station					
(4)	Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ 5,535.22	\$ 5,535.22
Beneficial Reuse in Base Rates					
(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



a PPL company

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

August 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 July 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 September billing cycle which begins August 30, 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 July 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', written in a cursive style.

Robert M. Conroy

Enclosures

RECEIVED

AUG 20 2012

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

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

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

INVOICE DATE: 6/1/2012  
 INVOICE #: 20120510  
 INVOICE PERIOD: 01/01/12-05/31/12  
 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	January	3	\$260	\$780.00		\$780.00	
	February		\$260	\$0.00		\$0.00	
	March		\$260	\$0.00		\$0.00	
	April		\$260	\$0.00		\$0.00	
	May	5	\$260	\$1,300.00		\$1,300.00	
Chuck Buechel	January	3	\$240	\$720.00		\$720.00	
	February		\$240	\$0.00		\$0.00	
	March		\$240	\$0.00		\$0.00	
	April		\$240	\$0.00		\$0.00	
	May	10	\$240	\$2,400.00	\$100.00	\$2,500.00	
Mike Boismenu	January	2	\$240	\$480.00		\$480.00	
	February		\$240	\$0.00		\$0.00	
	March		\$240	\$0.00		\$0.00	
	April	2	\$240	\$480.00		\$480.00	
	May	16	\$240	\$3,840.00	649.7	\$4,489.70	
<b>SUB TOTALS</b>		<b>41</b>		<b>\$10,000.00</b>	<b>\$749.70</b>	<b>\$10,749.70</b>	
<b>TOTAL FEES</b>							<b>\$10,000.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$749.70</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>\$10,749.70</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$10,749.70</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]*  
 6/15/12

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 July 2012**

**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	116,761
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		0.36%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	161,838
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		0.56%

Effective Date for Billing: September billing cycle beginning August 30, 2012

Submitted by:



Title: Director, Rates

Date Submitted: August 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 July 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	= \$	77,628,085	\$ 24,869,986
(2) RB / 12	= \$	6,469,007	\$ 2,072,499
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.82%	10.37%
(4) OE	= \$	406,581	\$ 62,236
(5) BAS	= \$	-	Not Applicable
(6) BR	= \$	19,165	Not Applicable
(7) E(m)	$(2) \times (3) + (4) - (5) + (6)$	\$ 1,125,692	\$ 277,154
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	\$	1,402,846	

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	96.37%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	1,351,923
(11) Adjustment for (Over)/Under-collection pursuant to	= \$	-
(12) Prior Period Adjustment (if necessary)	=	-
(13) Revenue Collected through Base Rates	=	1,073,324
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	278,599

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	=	41.91%	58.09%
(16) Group E(m) [(14) x (15)]	= \$	116,761	\$ 161,838
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	32,445,432	\$ 28,937,022
(18) Group Environmental Surcharge Billing Factors [(16) + (17)]	=	0.36%	0.56%

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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of July 2012

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans		2011 Environmental Compliance Plan	
Eligible Pollution Control Plant	\$	76,130,659	\$	1,965,028
Eligible Pollution CWIP Excluding AFUDC		11,295,991		22,892,109
Subtotal		\$ 87,426,650		\$ 24,857,137
Additions:				
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33		9,093		
Cash Working Capital Allowance		212,317		74,843
Subtotal		221,410		74,843
Deductions:				
Accumulated Depreciation on Eligible Pollution Control Plant		5,797,920		3,152
Pollution Control Deferred Income Taxes		4,222,055		58,842
Subtotal		10,019,975		61,994
Environmental Compliance Rate Base	\$	77,628,085	\$	24,869,986

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 172,483	\$ 64,001
Monthly Depreciation & Amortization Expense	236,646	3,152
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	2,267	
Monthly Surcharge Consulting Fees		-
Construction Monitoring Consultant Fee		5,052
Total Pollution Control Operations Expense	\$ 406,581	\$ 62,236

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 19,165
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	-
Net Beneficial Reuse Operations Expense	\$ 19,165

**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: July 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 7/31/2012	(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	\$ 545,081	\$ 197,764	\$ 4,471,113	\$ 651,985		\$ 10,067	\$ 544
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 5,595,065	\$ 489,068	\$ (3,005)	\$ 5,102,992	\$ 385,482		\$ 10,300	\$ 646
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 140,884	\$ -	\$ 709,217	\$ 121,346		\$ 2,564	\$ 91
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 66,588	\$ -	\$ 241,920	\$ 20,923		\$ 1,147	\$ 31
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,675,467	\$ -	\$ 5,685,611	\$ 1,397,627		\$ 22,206	\$ 730
Subtotal	\$ 18,933,180	\$ 2,917,087	\$ 194,759	\$ 16,210,852	\$ 2,577,363		\$ 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	\$ 1,947,756	\$ 194,759	\$ 14,659,318	\$ 2,192,668		\$ 41,030	\$ 1,848
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 44,236,424	\$ 2,825,522	\$ 511,786	\$ 41,922,687	\$ 1,232,759	\$ 14,527	\$ 155,174	\$ 5,303
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 435,047	\$ -	\$ 3,005,030	\$ 405,498		\$ 9,777	\$ 384
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 344,037	\$ -	\$ 1,706,310	\$ 73,888		\$ 8,867	\$ 221
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 92,273	\$ -	\$ 304,878	\$ 79,747		\$ 1,361	\$ 39
Subtotal	\$ 50,123,997	\$ 3,696,878	\$ 511,786	\$ 46,938,905	\$ 1,791,892	\$ 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	\$ 3,696,878	\$ 511,786	\$ 46,938,905	\$ 1,791,892	\$ 14,527	\$ 175,178	\$ 5,947
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,185,065	\$ 1,185,065	\$ -		\$ -	\$ 180
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 153,286	\$ 76,958	\$ 9,518,019	\$ 237,495		\$ 20,438	\$ 1,198
Project 24 - Trimble County CCP Storage (Landfill - Phase-1)	\$ -	\$ -	\$ 5,611,193	\$ 5,611,193	\$ -		\$ -	\$ 400
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 3,716,230	\$ 3,716,230	\$ -		\$ -	\$ 138
Subtotal	\$ 9,594,347	\$ 153,286	\$ 10,589,446	\$ 20,030,507	\$ 237,495		\$ 20,438	\$ 1,917
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 9,594,347	\$ 153,286	\$ 10,589,446	\$ 20,030,507	\$ 237,495		\$ 20,438	\$ 1,917
<b>Subtotal - Pre-2011 Plans:</b>	\$ 76,130,659	\$ 5,797,920	\$ 11,295,991	\$ 81,628,730	\$ 4,222,055	\$ 14,527	\$ 236,646	\$ 9,712

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

Plant, CWIP & Depreciation Expense

For the Month Ended: July 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 7/31/2012	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	\$ 1,965,028	\$ 3,152	\$ 21,833,425	\$ 23,795,301	\$ 58,842		\$ 3,152	\$ 135
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 1,058,683	\$ 1,058,683	\$ -		\$ -	\$ 1
Subtotal	\$ 1,965,028	\$ 3,152	\$ 22,892,109	\$ 24,853,984	\$ 58,842		\$ 3,152	\$ 135
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ 1,965,028	\$ 3,152	\$ 22,892,109	\$ 24,853,984	\$ 58,842	\$ -	\$ 3,152	\$ 135
<b>Net Total - All Plans:</b>	\$ 78,095,687	\$ 5,801,072	\$ 34,188,099	\$ 106,482,714	\$ 4,280,897	\$ 14,527	\$ 239,799	\$ 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: July 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	126,896	5,939	3,230	\$ 1,208.56	\$ 8,750.68	\$ 382.85	
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 July 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	135,034	0	8,138	0	0	126,896	
Dollars	\$ 1,286.07	\$ -	\$ 77.51	\$ -	\$ -	\$ 1,208.56	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	131,721	-	7,958		-	123,763	
Dollars	\$ 1,245.90	\$ -	\$ 75.79		\$ -	\$ 1,170.11	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	3,313	-	180	-	-	3,133	
Dollars	\$ 40.17	\$ -	\$ 1.72	\$ -	\$ -	\$ 38.45	
<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 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	4,712	(47)	1,412	23	0	3,230	
Dollars	\$ 558.50	\$ (5.57)	\$ 167.36	\$ 2.72	\$ -	\$ 382.85	
\$/Allowance	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ -	\$ 0.12	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	4,268	(36)	1,346	-	-	2,886	Preliminary true-up for year-to-date emissions
Dollars	\$ 505.87	\$ (4.27)	\$ 159.54	\$ -	\$ -	\$ 342.06	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	444	(11)	66	23	-	344	Preliminary true-up for year-to-date emissions
Dollars	\$ 52.63	\$ (1.30)	\$ 7.82	\$ 2.72	\$ -	\$ 40.79	
<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 July 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	7,423	(54)	1,412	18	0	5,939	
Dollars	\$ 10,937.25	\$ (79.57)	\$ 2,107.00	\$ -	\$ -	\$ 8,750.68	
\$/Allowance	\$ 1.47	\$ 1.47	\$ 1.49	\$ -	\$ -	\$ 1.47	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	6,847	(41)	1,346	-	-	5,460	Preliminary true-up for year-to-date emissions
Dollars	\$ 10,937.25	\$ (79.57)	\$ 2,107.00	\$ -	\$ -	\$ 8,750.68	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	576	(13)	66	18	-	479	Preliminary true-up for year-to-date emissions
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: July 31, 2012

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 270,125	
10th Previous Month	174,545	
9th Previous Month	61,568	
8th Previous Month	104,274	
7th Previous Month	130,472	52,540
6th Previous Month	137,600	54,008
5th Previous Month	161,007	42,758
4th Previous Month	108,745	51,942
3rd Previous Month	91,880	104,944
2nd Previous Month	148,897	146,684
Previous Month	136,939	81,870
Current Month	172,483	64,001
Total 12 Month O&M	\$ 1,698,536	\$ 598,747

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	1,698,536	\$ 598,747
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	212,317	\$ 74,843

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: July 31, 2012

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			59,177.74	59,177.74
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			59,177.74	59,177.74
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			4,150.21	4,150.21
506152 - ECR Sorbent Reactant - Reagent Only			12,971.16	12,971.16
512152 - ECR Sorbent Injection Maintenance			191.30	191.30
506150 - ECR Mercury Monitors Operation	(1,122.22)	(3,009.58)	2,291.47	(1,840.33)
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
502056 - ECR Scrubber Operations			20,948.60	20,948.60
512055 - ECR Scrubber Maintenance			6,330.17	6,330.17
506154 - ECR NOx Operation -- Consumables			28,827.04	28,827.04
506155 - ECR NOx Operation -- Labor and Other			1,033.42	1,033.42
512151 - ECR NOx Maintenance			486.97	486.97
506051 - ECR Precipitator Operation			1,946.88	1,946.88
506151 - ECR Activated Carbon			36,117.48	36,117.48
512051 - ECR Precipitator Maintenance			2,142.70	2,142.70
Total 2006 Plan O&M Expenses	\$ (1,122.22)	(3,009.58)	117,437.40	113,305.60
<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	-		-	-
Subtotal - Pre-2011 Plans	(1,122.22)	(3,009.58)	176,615.14	172,483.34
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations			-	-
512055 - ECR Scrubber Maintenance			-	-
506159 - ECR Sorbent Injection Operation			18,522.42	18,522.42
506152 - ECR Sorbent Reactant - Reagent Only			45,217.87	45,217.87
512152 - ECR Sorbent Injection Maintenance			260.48	260.48
506156 - ECR Baghouse Operations			-	-
512156 - ECR Baghouse Maintenance			-	-
506151 - ECR Activated Carbon			-	-
Adjustment for Base Rates Baseline Amounts			-	-
Total 2011 Plan O&M Expenses			64,000.77	64,000.77
Current Month O&M Expense for All Plans	\$ (1,122.22)	\$ (3,009.58)	\$ 240,615.91	\$ 236,484.11

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, 2012

	Cane Run	Trimble County
On-Site CCP Disposal O&M Expense		
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: July 31, 2012

Third Party	O&M Expense Account	Plant	Total O&M
Charah, Inc.	501253 - ECR Fly Ash Disposal	Trimble County	19,165.04
Total Monthly Beneficial Reuse Expense			\$ 19,165.04
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ -
Net Beneficial Reuse O&M Expense			\$ 19,165.04

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

Beneficial Reuse Opportunities  
For the Month Ended: July 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)	\$ -	\$ -	\$ 19,165.04	\$ 19,165.04
Total Beneficial Reuse - Generating Station					
(4)	Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ 19,165.04	\$ 19,165.04
Beneficial Reuse in Base Rates					
(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)]	\$ -	\$ -	\$ 36,733.54	\$ 36,733.54
(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: July 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)	
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	36,588,202	
Jul-12	32,473,602	12,431,189	2,828,040	1,605,512	285,991	49,624,333	49,338,342	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 32,445,432	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 77,422,747	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.91%	

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)
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
Jul-12	34,823,511	17,039,422	3,822,030	663,209	306,547	56,654,720	56,348,173	35,486,720
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 44,977,314	\$ 28,937,022
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 77,422,747	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.09%	

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

Reconciliation of Reported Revenues

For the Month Ended: July 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)	\$ 96,767,723	\$ 96,767,723
(2) Fuel Adjustment Clause	\$ 6,650,071	\$ 6,650,071
(3) DSM	\$ 2,268,721	\$ 2,268,721
(4) Environmental Surcharge		\$ 592,538
(5) CSR Credits		\$ (249,422)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 105,686,515	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 3,978,871	\$ 3,978,871
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 3,978,871	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 109,665,386	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	96.37%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (2,096,958)
(13) Miscellaneous		\$ 1,613,708
(14) Total Company Revenues per Income Statement =		\$ 109,525,253



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

September 21, 2012

RE: Monthly Environmental Surcharge Report

RECEIVED

SEP 21 2012

PUBLIC SERVICE  
COMMISSION

Robert M. Conroy  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
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 August 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 October billing cycle which begins October 1, 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 August 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



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

INVOICE DATE: 8/1/2012  
 INVOICE #: 20120711  
 INVOICE PERIOD: 07/01/12-07/31/12  
 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	/01/12-07/31/12	2	\$260	\$520.00	✓	\$520.00	
Chuck Buechel	/01/12-07/31/12	16	\$240	\$3,840.00	✓ \$100.00	\$3,940.00	
Mike Boismenu	/01/12-07/31/12	14	\$240	\$3,360.00	✓	\$3,360.00	
<b>SUB TOTALS</b>		<b>32</b>		<b>\$7,720.00</b>	<b>\$100.00</b>	<b>\$7,820.00</b>	
<b>TOTAL FEES</b>							<b>\$7,720.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$100.00</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>\$7,820.00</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$7,820.00</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.

*[Handwritten signature]*  
 8/1/12

PLEASE REMIT TO:  
 Vantage Energy Consulting, LLC.  
 21460 Overseas Hwy.  
 Cudjoe Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-744-3440

*Approved PD# 65811*

*[Handwritten signature]* 8/29/12

Robert M. Conroy  
 Director - Rates  
 LG&E and KU Energy, LLC  
 KU, LGE 20120711, 8/2/2012

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 August 2012**

**GROUP 1 (Total Revenue)**

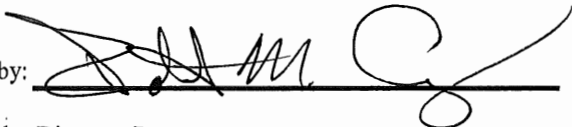
Group 1 E(m) -- ES Form 1.10, line 16	=	\$	241,347
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		0.75%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	337,145
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		1.17%

Effective Date for Billing: October billing cycle beginning October 1, 2012

Submitted by:

  
Title: Director, Rates

Date Submitted: September 21, 2012

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of August 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	= \$	77,775,220	\$ 28,786,440
(2) RB / 12	= \$	6,481,268	\$ 2,398,870
(3) (ROR + (ROR - DR) (TR / (1 - TR)))	=	10.82%	10.37%
(4) OE	= \$	599,429	\$ 95,661
(5) BAS	= \$	-	Not Applicable
(6) BR	= \$	12,834	Not Applicable
(7) E(m) (2) x (3) + (4) - (5) + (6)	= \$	1,313,537	\$ 344,423
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	\$	1,657,960	

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	96.86%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	1,605,900
(11) Adjustment for (Over)/Under-collection pursuant to	= \$	-
(12) Prior Period Adjustment (if necessary)	=	-
(13) Revenue Collected through Base Rates	=	1,027,408
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	578,492

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	=	41.72%	58.28%
(16) Group E(m) [(14) x (15)]	= \$	241,347	\$ 337,145
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	32,098,340	\$ 28,791,255
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	0.75%	1.17%

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of August 2012

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans		2011 Environmental Compliance Plan	
Eligible Pollution Control Plant	\$	76,130,659	\$	1,965,028
Eligible Pollution CWIP Excluding AFUDC		11,797,811		26,860,872
Subtotal		\$ 87,928,470		\$ 28,825,900
Additions:				
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33		7,246		
Cash Working Capital Allowance		225,839		86,455
Subtotal		233,085		86,455
Deductions:				
Accumulated Depreciation on Eligible Pollution Control Plant		6,039,820		9,457
Pollution Control Deferred Income Taxes		4,346,515		116,458
Subtotal		10,386,335		125,915
Environmental Compliance Rate Base	\$	77,775,220	\$	28,786,440

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 365,468	\$ 92,897
Monthly Depreciation & Amortization Expense	236,646	6,304
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	2,130	
Monthly Surcharge Consulting Fees		-
Construction Monitoring Consultant Fee		3,675
Total Pollution Control Operations Expense	\$ 599,429	\$ 95,661

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 12,834
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	-
Net Beneficial Reuse Operations Expense	\$ 12,834

**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: August 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 8/31/2012	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	\$ 555,148	\$ 253,718	\$ 4,517,000	\$ 654,679		\$ 10,067	\$ 544
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 5,595,065	\$ 499,368	\$ (3,005)	\$ 5,092,693	\$ 391,046		\$ 10,300	\$ 646
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 143,448	\$ -	\$ 706,652	\$ 123,302		\$ 2,564	\$ 91
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 67,734	\$ -	\$ 240,773	\$ 21,015		\$ 1,147	\$ 31
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,697,673	\$ -	\$ 5,663,405	\$ 1,413,905		\$ 22,206	\$ 730
Subtotal	\$ 18,933,180	\$ 2,963,370	\$ 250,713	\$ 16,220,523	\$ 2,603,947		\$ 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	\$ 1,994,039	\$ 250,713	\$ 14,668,989	\$ 2,219,252		\$ 41,030	\$ 1,848
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 44,236,424	\$ 2,980,696	\$ 545,514	\$ 41,801,242	\$ 1,306,800	\$ 14,527	\$ 155,174	\$ 5,303
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 444,823	\$ -	\$ 2,995,253	\$ 413,822		\$ 9,777	\$ 384
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 352,904	\$ -	\$ 1,697,443	\$ 74,937		\$ 8,867	\$ 221
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 93,634	\$ -	\$ 303,517	\$ 79,706		\$ 1,361	\$ 39
Subtotal	\$ 50,123,997	\$ 3,872,057	\$ 545,514	\$ 46,797,455	\$ 1,875,266	\$ 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	\$ 3,872,057	\$ 545,514	\$ 46,797,455	\$ 1,875,266	\$ 14,527	\$ 175,178	\$ 5,947
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 1,185,065	\$ 1,185,065	\$ -		\$ -	\$ 180
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 173,724	\$ 372,265	\$ 9,792,888	\$ 251,997		\$ 20,438	\$ 1,198
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 5,705,834	\$ 5,705,834	\$ -		\$ -	\$ 400
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 3,738,420	\$ 3,738,420	\$ -		\$ -	\$ 138
Subtotal	\$ 9,594,347	\$ 173,724	\$ 11,001,584	\$ 20,422,207	\$ 251,997		\$ 20,438	\$ 1,917
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 9,594,347	\$ 173,724	\$ 11,001,584	\$ 20,422,207	\$ 251,997		\$ 20,438	\$ 1,917
<b>Subtotal - Pre-2011 Plans:</b>	\$ 76,130,659	\$ 6,039,820	\$ 11,797,811	\$ 81,888,651	\$ 4,346,515	\$ 14,527	\$ 236,646	\$ 9,712

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

Plant, CWIP & Depreciation Expense

For the Month Ended: August 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 8/31/2012	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	\$ 1,965,028	\$ 9,457	\$ 25,748,816	\$ 27,704,387	\$ 116,458		\$ 6,304	\$ 135
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 1,112,056	\$ 1,112,056	\$ -		\$ -	\$ 1
Subtotal	\$ 1,965,028	\$ 9,457	\$ 26,860,872	\$ 28,816,443	\$ 116,458		\$ 6,304	\$ 135
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	<b>\$ 1,965,028</b>	<b>\$ 9,457</b>	<b>\$ 26,860,872</b>	<b>\$ 28,816,443</b>	<b>\$ 116,458</b>	<b>\$ -</b>	<b>\$ 6,304</b>	<b>\$ 135</b>
<b>Net Total - All Plans:</b>	<b>\$ 78,095,687</b>	<b>\$ 6,049,276</b>	<b>\$ 38,658,683</b>	<b>\$ 110,705,093</b>	<b>\$ 4,462,973</b>	<b>\$ 14,527</b>	<b>\$ 242,951</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%.

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: August 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	119,720	4,595	2,636	\$ 1,140.21	\$ 6,770.39	\$ 506.99	
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 August 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	126,896	0	7,176	0	0	119,720	
Dollars	\$ 1,208.56	\$ -	\$ 68.35	\$ -	\$ -	\$ 1,140.21	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	123,763	-	7,034	-	-	116,729	
Dollars	\$ 1,170.11	\$ -	\$ 66.99	\$ -	\$ -	\$ 1,103.12	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	3,133	-	142	-	-	2,991	
Dollars	\$ 38.45	\$ -	\$ 1.36	\$ -	\$ -	\$ 37.09	
<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 August 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	3,230	750	1,330	14	0	2,636	
Dollars	\$ 382.85	\$ 283.45	\$ 157.65	\$ 1.66	\$ -	\$ 506.99	
\$/Allowance	\$ 0.12	\$ 0.38	\$ 0.12	\$ 0.12	\$ -	\$ 0.19	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	2,886	-	1,266	-	-	2,370	Ending Inventory includes purchase from KU as shown below
Dollars	\$ 342.06	\$ -	\$ 150.06	\$ -	\$ -	\$ 475.45	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	344	-	64	14	-	266	
Dollars	\$ 40.79	\$ -	\$ 7.59	\$ 1.66	\$ -	\$ 31.54	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	0	0	0	0	0	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU:							
Quantity	0	750	0	0	0	750	Purchase from KU - included in Ending Inventory - Coal Fuel as shown above.
Dollars	\$ -	\$ 283.45	\$ -	\$ -	\$ -	\$ 283.45	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.38	

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 August 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	5,939	0	1,330	14	0	4,595	
Dollars	\$ 8,750.68	\$ -	\$ 1,980.29	\$ -	\$ -	\$ 6,770.39	
\$/Allowance	\$ 1.47	\$ -	\$ 1.49	\$ -	\$ -	\$ 1.47	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	5,460	(50)	1,266	-	-	4,144	(50) allowances transferred from Coal to CTs at
Dollars	\$ 8,750.68	\$ -	\$ 1,980.29	\$ -	\$ -	\$ 6,770.39	Trimble County station
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	479	50	64	14	-	451	50 allowances transferred from Coal to CTs at
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Trimble County station
<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, 2012

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 174,545	
10th Previous Month	61,568	
9th Previous Month	104,274	
8th Previous Month	130,472	52,540
7th Previous Month	137,600	54,008
6th Previous Month	161,007	42,758
5th Previous Month	108,745	51,942
4th Previous Month	91,880	104,944
3rd Previous Month	148,897	146,684
2nd Previous Month	136,939	81,870
Previous Month	172,483	64,001
Current Month	378,302	92,897
Total 12 Month O&M	\$ 1,806,714	\$ 691,643

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	1,806,714	\$ 691,643
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	225,839	\$ 86,455

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: August 31, 2012

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			205,303.41	205,303.41
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			205,303.41	205,303.41
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			2,946.52	2,946.52
506152 - ECR Sorbent Reactant - Reagent Only			20,221.79	20,221.79
512152 - ECR Sorbent Injection Maintenance			709.34	709.34
506150 - ECR Mercury Monitors Operation	(25.52)	(68.43)	1,321.13	1,227.18
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
502056 - ECR Scrubber Operations			45,520.68	45,520.68
512055 - ECR Scrubber Maintenance			7,151.62	7,151.62
506154 - ECR NOx Operation -- Consumables			39,560.86	39,560.86
506155 - ECR NOx Operation -- Labor and Other			1,212.67	1,212.67
512151 - ECR NOx Maintenance			437.01	437.01
506051 - ECR Precipitator Operation			2,212.64	2,212.64
506151 - ECR Activated Carbon			35,831.73	35,831.73
512051 - ECR Precipitator Maintenance			3,132.62	3,132.62
Total 2006 Plan O&M Expenses	\$ (25.52)	(68.43)	160,258.61	160,164.66
<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>				
	(25.52)	(68.43)	365,562.02	365,468.07
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations		-		-
512055 - ECR Scrubber Maintenance		-		-
506159 - ECR Sorbent Injection Operation		-	13,178.09	13,178.09
506152 - ECR Sorbent Reactant - Reagent Only		-	79,015.89	79,015.89
512152 - ECR Sorbent Injection Maintenance		-	702.73	702.73
506156 - ECR Baghouse Operations		-	-	-
512156 - ECR Baghouse Maintenance		-	-	-
506151 - ECR Activated Carbon		-	-	-
Adjustment for Base Rates Baseline Amounts		-		-
Total 2011 Plan O&M Expenses		-	92,896.71	92,896.71
Current Month O&M Expense for All Plans	\$ (25.52)	\$ (68.43)	\$ 458,458.73	\$ 458,364.78

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, 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: August 31, 2012**

Third Party	O&M Expense Account	Plant	Total O&M
Charah, Inc.	501253 - ECR Fly Ash Disposal	Trimble County	12,834.42
Total Monthly Beneficial Reuse Expense			\$ 12,834.42
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ -
Net Beneficial Reuse O&M Expense			\$ 12,834.42

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

**Beneficial Reuse Opportunities  
For the Month Ended: August 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)	\$ -	\$ -	\$ 12,834.42	\$ 12,834.42
Total Beneficial Reuse - Generating Station					
(4)	Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ 12,834.42	\$ 12,834.42
Beneficial Reuse in Base Rates					
(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)]	\$ -	\$ -	\$ 30,402.92	\$ 30,402.92
(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: August 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)
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	36,588,202
Jul-12	32,473,602	12,431,189	2,828,040	1,605,512	285,991	49,624,333	49,338,342
Aug-12	30,456,858	11,544,513	2,104,176	1,490,078	182,511	45,778,136	45,595,625
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 32,098,340
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 76,936,069
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.72%

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)
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
Jul-12	34,823,511	17,039,422	3,822,030	663,209	306,547	56,654,720	56,348,173	35,486,720
Aug-12	33,791,921	16,634,925	3,031,537	652,106	220,802	54,331,291	54,110,489	34,444,027
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 44,837,729	\$ 28,791,255
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 76,936,069	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.28%	



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

Reconciliation of Reported Revenues

For the Month Ended: August 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)	\$ 92,428,216	\$ 92,428,216
(2) Fuel Adjustment Clause	\$ 5,135,713	\$ 5,135,713
(3) DSM	\$ 2,142,185	\$ 2,142,185
(4) Environmental Surcharge		\$ 403,313
(5) CSR Credits		\$ (388,768)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 99,706,114	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 3,232,888	\$ 3,232,888
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 3,232,888	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 102,939,002	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	96.86%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 1,334,132
(13) Miscellaneous		\$ 2,130,873
(14) Total Company Revenues per Income Statement =		\$ 106,418,552

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

October 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 September 2012. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2012-00208, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the November billing cycle which begins October 30, 2012.

As stated in our July 20, 2012 filing, LG&E has discontinued work related to the construction of the new landfill at the Cane Run Generation Station (Project 22). LG&E received the final air permit for Cane Run Unit 7 in September 2012 and is now cancelling Project 22, therefore the CWIP balance for Project 22 is included as an expense on ES Form 2.50.

Also, it has come to my attention that the 2011 Plan Total Pollution Control Operations Expense was inadvertently understated for the July and August 2012 expense months because the Construction Monitoring Fee expense was subtracted instead of added. The amount of the understatement is reflected as a Prior Period Adjustment on ES Form 1.10 for the September 2012 expense month. Attached to this filing is Attachment 1 that includes the supporting calculations and revised ES Forms 1.10 and 2.00 for the July and August 2012 expense months.

Mr. Jeff DeRouen  
October 19, 2012

Attachment to Response to SV Question No. 2(h)  
Page 597 of 1183  
Conroy

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

Sincerely,

A handwritten signature in black ink, appearing to read "R. M. Conroy". The signature is fluid and cursive, with the first name "R" being particularly large and stylized.

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 September 2012**

**GROUP 1 (Total Revenue)**

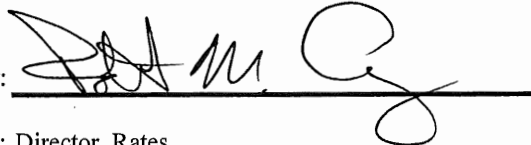
Group 1 E(m) -- ES Form 1.10, line 16	=	\$	463,696
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		1.44%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	643,769
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		2.25%

Effective Date for Billing: November billing cycle beginning October 30, 2012

Submitted by:



Title: Director, Rates

Date Submitted: October 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 September 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	= \$	76,900,048	\$ 27,231,416
(2) RB / 12	= \$	6,408,337	\$ 2,269,285
(3) $(ROR + (ROR - DR)(TR / (1 - TR)))$	=	10.85%	10.40%
(4) OE	= \$	1,591,247	\$ 73,754
(5) BAS	= \$	-	Not Applicable
(6) BR	= \$	7,105	Not Applicable
(7) E(m)	$(2) \times (3) + (4) - (5) + (6)$	= \$ 2,293,657	\$ 309,760
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	\$	2,603,417	

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	94.55%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	2,461,531
(11) Adjustment for (Over)/Under-collection pursuant to Case No. 2012-00208	= \$	(506,722)
(12) Prior Period Adjustment (if necessary)	=	16,858
(13) Revenue Collected through Base Rates	=	864,202
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	1,107,465

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	=	41.87%	58.13%
(16) Group E(m) [(14) x (15)]	= \$	463,696	\$ 643,769
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	32,145,789	\$ 28,610,941
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	1.44%	2.25%

ES FORM 2.00

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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of September 2012

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plan
Eligible Pollution Control Plant	\$ 76,130,659	\$ 1,965,028
Eligible Pollution CWIP Excluding AFUDC	11,142,444	25,361,352
Subtotal	\$ 87,273,103	\$ 27,326,380
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	5,045	
Cash Working Capital Allowance	374,594	94,870
Subtotal	379,639	94,870
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	6,281,719	15,761
Pollution Control Deferred Income Taxes	4,470,975	174,073
Subtotal	10,752,694	189,834
Environmental Compliance Rate Base	\$ 76,900,048	\$ 27,231,416

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 1,357,476	\$ 67,315
Monthly Depreciation & Amortization Expense	236,646	6,304
less investment tax credit amortization	(14,527)	
Monthly Taxes Other Than Income Taxes	- 9,532	135
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	2,120	
Monthly Surcharge Consulting Fees		-
Construction Monitoring Consultant Fee		-
Total Pollution Control Operations Expense	\$ 1,591,247	\$ 73,754

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 7,105
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	-
Net Beneficial Reuse Operations Expense	\$ 7,105

**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: September 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 9/30/2012	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	\$ 565,214	\$ 241,476	\$ 4,494,692	\$ 657,374		\$ 10,067	\$ 544
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 5,595,065	\$ 509,667	\$ (3,005)	\$ 5,082,393	\$ 396,610		\$ 10,300	\$ 646
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 146,013	\$ -	\$ 704,088	\$ 125,258		\$ 2,564	\$ 91
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 68,881	\$ -	\$ 239,626	\$ 21,108		\$ 1,147	\$ 31
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,719,879	\$ -	\$ 5,641,199	\$ 1,430,182		\$ 22,206	\$ 730
Subtotal	\$ 18,933,180	\$ 3,009,654	\$ 238,471	\$ 16,161,998	\$ 2,630,532		\$ 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	\$ 2,040,322	\$ 238,471	\$ 14,610,464	\$ 2,245,836		\$ 41,030	\$ 1,848
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 44,236,424	\$ 3,135,869	\$ 530,947	\$ 41,631,501	\$ 1,380,841	\$ 14,527	\$ 155,174	\$ 5,303
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 454,600	\$ -	\$ 2,985,476	\$ 422,147		\$ 9,777	\$ 384
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 361,771	\$ -	\$ 1,688,575	\$ 75,986		\$ 8,867	\$ 221
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 94,994	\$ -	\$ 302,157	\$ 79,665		\$ 1,361	\$ 39
Subtotal	\$ 50,123,997	\$ 4,047,235	\$ 530,947	\$ 46,607,710	\$ 1,958,639	\$ 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	\$ 4,047,235	\$ 530,947	\$ 46,607,710	\$ 1,958,639	\$ 14,527	\$ 175,178	\$ 5,947
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 194,162	\$ 429,195	\$ 9,829,380	\$ 266,499		\$ 20,438	\$ 1,198
Project 24 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 5,639,317	\$ 5,639,317	\$ -		\$ -	\$ 400
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 4,304,513	\$ 4,304,513	\$ -		\$ -	\$ 138
Subtotal	\$ 9,594,347	\$ 194,162	\$ 10,373,025	\$ 19,773,210	\$ 266,499		\$ 20,438	\$ 1,737
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 9,594,347	\$ 194,162	\$ 10,373,025	\$ 19,773,210	\$ 266,499		\$ 20,438	\$ 1,737
<b>Subtotal - Pre-2011 Plans:</b>	\$ 76,130,659	\$ 6,281,719	\$ 11,142,444	\$ 80,991,383	\$ 4,470,975	\$ 14,527	\$ 236,646	\$ 9,532

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

For the Month Ended: September 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 9/30/2012	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	\$ 1,965,028	\$ 15,761	\$ 24,215,123	\$ 26,164,390	\$ 174,073		\$ 6,304	\$ 135
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 1,146,229	\$ -1,146,229	\$ -		\$ -	\$ 1
Subtotal	\$ 1,965,028	\$ 15,761	\$ 25,361,352	\$ 27,310,619	\$ 174,073		\$ 6,304	\$ 135
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	<b>\$ 1,965,028</b>	<b>\$ 15,761</b>	<b>\$ 25,361,352</b>	<b>\$ 27,310,619</b>	<b>\$ 174,073</b>	<b>\$ -</b>	<b>\$ 6,304</b>	<b>\$ 135</b>
<b>Net Total - All Plans:</b>	<b>\$ 78,095,687</b>	<b>\$ 6,297,480</b>	<b>\$ 36,503,796</b>	<b>\$ 108,302,002</b>	<b>\$ 4,645,048</b>	<b>\$ 14,527</b>	<b>\$ 242,951</b>	<b>\$ 9,668</b>

Note 1: Trimble County projects for the 2009 Plan are proportionately shared by KU at 48% and LG&E at 52%.  
 Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.



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

Inventory of Emission Allowances

For the Month Ended: September 30, 2012

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	113,824	3,315	903	\$ 1,084.05	\$ 4,884.41	\$ 173.68	
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.

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 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	119,720	0	5,896	0	0	113,824	
Dollars	\$ 1,140.21	\$ -	\$ 56.16	\$ -	\$ -	\$ 1,084.05	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	116,729	-	5,748		-	110,981	
Dollars	\$ 1,103.12	\$ -	\$ 54.75	\$ -	\$ -	\$ 1,048.37	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	2,991	-	148	-	-	2,843	
Dollars	\$ 37.09	\$ -	\$ 1.41	\$ -	\$ -	\$ 35.68	
<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 September 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	2,636	(453)	1,272	8	0	903	
Dollars	\$ 506.99	\$ (87.12)	\$ 244.65	\$ 1.54	\$ -	\$ 173.68	
\$/Allowance	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ -	\$ 0.19	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	2,370	(316)	1,217	-	-	837	Ending Inventory includes transfer of allowances to
Dollars	\$ 475.45	\$ (80.39)	\$ 234.07	\$ -	\$ -	\$ 160.99	IMEA/IMPA (237) and surrender true-up (79) allowances
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	266	(137)	55	8	-	66	Ending Inventory includes transfer of allowances to
Dollars	\$ 31.54	\$ (6.73)	\$ 10.58	\$ 1.54	\$ -	\$ 12.69	IMEA/IMPA (115) and surrender true-up (22) allowances
<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 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	4,595	0	1,272	8	0	3,315	
Dollars	\$ 6,770.39	\$ -	\$ 1,885.98	\$ -	\$ -	\$ 4,884.41	
\$/Allowance	\$ 1.47	\$ -	\$ 1.48	\$ -	\$ -	\$ 1.47	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	4,144	-	1,217	-	-	2,927	
Dollars	\$ 6,770.39	\$ -	\$ 1,885.98	\$ -	\$ -	\$ 4,884.41	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	451	-	55	8	-	388	
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, 2012

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 61,568	
10th Previous Month	104,274	
9th Previous Month	130,472	52,540
8th Previous Month	137,600	54,008
7th Previous Month	161,007	42,758
6th Previous Month	108,745	51,942
5th Previous Month	91,880	104,944
4th Previous Month	148,897	146,684
3rd Previous Month	136,939	81,870
2nd Previous Month	172,483	64,001
Previous Month	378,302	92,897
Current Month	1,364,581	67,315
Total 12 Month O&M	\$ 2,996,750	\$ 758,959

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	2,996,750	\$ 758,959
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	374,594	\$ 94,870

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: September 30, 2012

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			78,187.18	78,187.18
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			78,187.18	78,187.18
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			1,066.88	1,066.88
506152 - ECR Sorbent Reactant - Reagent Only			10,532.57	10,532.57
512152 - ECR Sorbent Injection Maintenance			1,049.91	1,049.91
506150 - ECR Mercury Monitors Operation	1,126.18	3,020.20	376.76	4,523.14
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
502056 - ECR Scrubber Operations			16,984.03	16,984.03
512055 - ECR Scrubber Maintenance			6,967.79	6,967.79
506154 - ECR NOx Operation -- Consumables			17,815.17	17,815.17
506155 - ECR NOx Operation -- Labor and Other			657.60	657.60
512151 - ECR NOx Maintenance			406.45	406.45
506051 - ECR Precipitator Operation			1,636.63	1,636.63
506151 - ECR Activated Carbon			29,146.09	29,146.09
512051 - ECR Precipitator Maintenance			3,437.24	3,437.24
Total 2006 Plan O&M Expenses	\$ 1,126.18	3,020.20	90,077.12	94,223.50
<b>2009 Plan</b>				
502013 - ECR Landfill Operations	1,185,065.29		-	1,185,065.29
512107 - ECR Landfill Maintenance	-		-	-
Adjustment for CCP Disposal in Base Rates (ES Form 2.51)	-		-	-
Net 2009 Plan O&M Expenses	1,185,065.29		-	1,185,065.29
<b>Subtotal - Pre-2011 Plans</b>				
	1,186,191.47	3,020.20	168,264.30	1,357,475.97
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations			-	-
512055 - ECR Scrubber Maintenance			-	-
506159 - ECR Sorbent Injection Operation			8,894.96	8,894.96
506152 - ECR Sorbent Reactant - Reagent Only			58,132.01	58,132.01
512152 - ECR Sorbent Injection Maintenance			288.41	288.41
506156 - ECR Baghouse Operations			-	-
512156 - ECR Baghouse Maintenance			-	-
506151 - ECR Activated Carbon			-	-
Adjustment for Base Rates Baseline Amounts			-	-
Total 2011 Plan O&M Expenses			67,315.38	67,315.38
<b>Current Month O&amp;M Expense for All Plans</b>	\$ 1,186,191.47	\$ 3,020.20	\$ 235,579.68	\$ 1,424,791.35

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: September 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: September 30, 2012**

Third Party	O&M Expense Account	Plant	Total O&M
Charah, Inc.	501253 - ECR Fly Ash Disposal	Trimble County	\$ 7,105.36
Total Monthly Beneficial Reuse Expense			\$ 7,105.36
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ -
Net Beneficial Reuse O&M Expense			\$ 7,105.36



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

Beneficial Reuse Opportunities  
For the Month Ended: September 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)	\$ -	\$ -	\$ 7,105.36	\$ 7,105.36
Total Beneficial Reuse - Generating Station					
(4)	Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ 7,105.36	\$ 7,105.36
Beneficial Reuse in Base Rates					
(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)]	\$ -	\$ -	\$ 24,673.86	\$ 24,673.86
(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: September 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)
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	36,588,202
Jul-12	32,473,602	12,431,189	2,828,040	1,605,512	285,991	49,624,333	49,338,342
Aug-12	30,456,858	11,544,513	2,104,176	1,490,078	182,511	45,778,136	45,595,625
Sep-12	26,263,406	9,708,052	1,699,376	1,251,651	140,160	39,062,646	38,922,486
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 32,145,789
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 76,781,678
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.87%

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)
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
Jul-12	34,823,511	17,039,422	3,822,030	663,209	306,547	56,654,720	56,348,173	35,486,720
Aug-12	33,791,921	16,634,925	3,031,537	652,106	220,802	54,331,291	54,110,489	34,444,027
Sep-12	29,737,343	13,851,459	2,370,019	628,671	171,589	46,759,081	46,587,492	30,366,014
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 44,635,888	\$ 28,610,941
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 76,781,678	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.13%	

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

**Reconciliation of Reported Revenues**

For the Month Ended: September 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)	\$ 79,560,260	\$ 79,560,260
(2) Fuel Adjustment Clause	\$ 4,069,395	\$ 4,069,395
(3) DSM	\$ 1,880,322	\$ 1,880,322
(4) Environmental Surcharge		\$ 311,750
(5) CSR Credits		\$ (86,619)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 85,509,977	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total-Less Transmission Portion Booked in Account 447)	\$ 4,929,789	\$ 4,929,789
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 4,929,789	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 90,439,766	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	94.55%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (5,203,201)
(13) Miscellaneous		\$ 2,573,460
(14) Total Company Revenues per Income Statement =		\$ 88,035,157

# **Attachment 1**

**Summary of Calculation of Prior  
Period Adjustment included in the  
September 2012 expense month filing  
and revised ES Forms 1.10 and 2.0 for  
July and August 2012 expense months**

**Louisville Gas & Electric Company**  
**Summary of Calculation of Prior Period Adjustment included**  
**in the September 2012 Expense Month Filing**

(1)	(2)	(3)	(4)	(5)	(6)
Expense Month	AS FILED 2011 ECR Plan Operations Expense	REVISED 2011 ECR Plan Operations Expense	Change to Operations Expense [(3) - (2)]	Juris Allocation Ratio	Change to Juris E(m)
Jul-12	\$ 62,236	\$ 72,340	\$ 10,105	96.37%	\$ 9,738
Aug-12	\$ 95,661	\$ 103,011	\$ 7,351	96.86%	\$ 7,120
Total Prior Period Adjustment					<u>\$ 16,858</u>

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of July 2012 as Revised October 19, 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	= \$	77,628,085	\$ 24,869,986
(2) RB / 12	= \$	6,469,007	\$ 2,072,499
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.82%	10.37%
(4) OE	= \$	406,581	\$ 72,340
(5) BAS	= \$	-	Not Applicable
(6) BR	= \$	19,165	Not Applicable
(7) E(m)	$(2) \times (3) + (4) - (5) + (6)$	= \$ 1,125,692	\$ 287,259
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$	1,412,951	

**Calculation of Adjusted Net Jurisdictional E(m)**

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	96.37%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	1,361,661
(11) Adjustment for (Over)/Under-collection pursuant to	= \$	-
(12) Prior Period Adjustment (if necessary)	=	-
(13) Revenue Collected through Base Rates	=	1,073,324
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	288,337

**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	=	41.91%	58.09%
(16) Group E(m) [(14) x (15)]	= \$	120,842	\$ 167,495
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	32,445,432	\$ 28,937,022
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	0.37%	0.58%

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of July 2012 as Revised October 19, 2012

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans		2011 Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 76,130,659		\$ 1,965,028	
Eligible Pollution CWIP Excluding AFUDC	11,295,991		22,892,109	
Subtotal		\$ 87,426,650		\$ 24,857,137
Additions:				
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	9,093			
Cash Working Capital Allowance	212,317		74,843	
Subtotal		221,410		74,843
Deductions:				
Accumulated Depreciation on Eligible Pollution Control Plant	5,797,920		3,152	
Pollution Control Deferred Income Taxes	4,222,055		58,842	
Subtotal		10,019,975		61,994
Environmental Compliance Rate Base		\$ 77,628,085		\$ 24,869,986

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 172,483	\$ 64,001
Monthly Depreciation & Amortization Expense	236,646	3,152
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	2,267	
Monthly Surcharge Consulting Fees		-
Construction Monitoring Consultant Fee		5,052
Total Pollution Control Operations Expense	\$ 406,581	\$ 72,340

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 19,165
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	-
Net Beneficial Reuse Operations Expense	\$ 19,165

**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**

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of August 2012 as Revised October 19, 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	= \$	77,775,220	\$ 28,786,440
(2) RB / 12	= \$	6,481,268	\$ 2,398,870
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.82%	10.37%
(4) OE	= \$	599,429	\$ 103,011
(5) BAS	= \$	-	Not Applicable
(6) BR	= \$	12,834	Not Applicable
(7) E(m)	$(2) \times (3) + (4) - (5) + (6)$	= \$ 1,313,537	\$ 351,774
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)		\$ 1,665,311	

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	96.86%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	1,613,020
(11) Adjustment for (Over)/Under-collection pursuant to	= \$	-
(12) Prior Period Adjustment (if necessary)	=	-
(13) Revenue Collected through Base Rates	=	1,027,408
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	\$ 585,612

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	=	41.72%	58.28%
(16) Group E(m) [(14) x (15)]	= \$	244,317	\$ 341,295
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	32,098,340	\$ 28,791,255
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	0.76%	1.19%



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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of August 2012 as Revised October 19, 2012

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plan
Eligible Pollution Control Plant	\$ 76,130,659	\$ 1,965,028
Eligible Pollution CWIP Excluding AFUDC	11,797,811	26,860,872
Subtotal	\$ 87,928,470	\$ 28,825,900
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	7,246	
Cash Working Capital Allowance	225,839	86,455
Subtotal	233,085	86,455
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	6,039,820	9,457
Pollution Control Deferred Income Taxes	4,346,515	116,458
Subtotal	10,386,335	125,915
Environmental Compliance Rate Base	\$ 77,775,220	\$ 28,786,440

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 365,468	\$ 92,897
Monthly Depreciation & Amortization Expense	236,646	6,304
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	2,130	
Monthly Surcharge Consulting Fees		-
Construction Monitoring Consultant Fee		3,675
Total Pollution Control Operations Expense	\$ 599,429	\$ 103,011

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 12,834
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	-
Net Beneficial Reuse Operations Expense	\$ 12,834

**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	\$ -	\$ -	\$ -



Jeff DeRouen, Executive Director  
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PUBLIC SERVICE  
COMMISSION

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robert.conroy@lge-ku.com

November 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 October 2012. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2012-00208, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the December billing cycle which begins November 29, 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 October 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", is written over a horizontal line.

Robert M. Conroy

Enclosures

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

INVOICE DATE: 10/10/2012  
INVOICE #: 20120912  
INVOICE PERIOD: 09/01/12-09/30/12  
PROJECT NAME: Kentucky LGE Environmental Compliance  
ITAGE PROJECT #: 2011-56

FIRM INVOICED: Daryl E. Newby  
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	/01/12-09/30/12	11	\$260	\$2,860.00		\$2,860.00	
Chuck Buechel	/01/12-09/30/12	6	\$240	\$1,440.00		\$1,440.00	
Mike Boismenu	/01/12-09/30/12		\$240	\$0.00		\$0.00	
<b>SUB TOTALS</b>		<b>17</b>		<b>\$4,300.00</b>	<b>\$0.00</b>	<b>\$4,300.00</b>	
<b>TOTAL FEES</b>							<b>\$4,300.00</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>							
Invoice Amount							<b>\$4,300.00</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$4,300.00</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

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 October 2012**

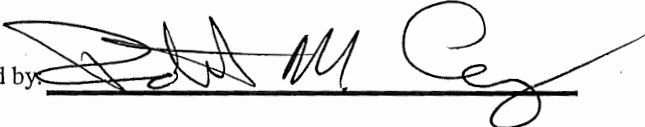
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	281,956
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		0.87%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	390,167
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		1.37%

Effective Date for Billing: December billing cycle beginning November 29, 2012

Submitted by: 

Title: Director, Rates

Date Submitted: November 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 October 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	= \$	77,647,620	\$ 39,529,844
(2) RB / 12	= \$	6,470,635	\$ 3,294,154
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.85%	10.40%
(4) OE	= \$	429,602	\$ 79,300
(5) BAS	= \$	-	Not Applicable
(6) BR	= \$	11,218	Not Applicable
(7) E(m)	= \$	$(2) \times (3) + (4) - (5) + (6)$ 1,142,884	\$ 421,892
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$	1,564,776	

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	87.59%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	1,370,587
(11) Adjustment for (Over)/Under-collection pursuant to Case No. 2012-00208	= \$	-
(12) Prior Period Adjustment (if necessary)	=	-
(13) Revenue Collected through Base Rates	=	698,464
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	672,123

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	=	41.95%	58.05%
(16) Group E(m) [(14) x (15)]	= \$	281,956	\$ 390,167
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	32,242,669	\$ 28,522,477
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	0.87%	1.37%

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of October 2012

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plan
Eligible Pollution Control Plant	\$ 76,130,659	\$ 1,965,028
Eligible Pollution CWIP Excluding AFUDC	12,227,387	37,714,846
Subtotal	\$ 88,358,046	\$ 39,679,874
<b>Additions:</b>		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	3,392	
Cash Working Capital Allowance	392,837	103,725
Subtotal	396,229	103,725
<b>Deductions:</b>		
Accumulated Depreciation on Eligible Pollution Control Plant	6,523,619	22,066
Pollution Control Deferred Income Taxes	4,583,036	231,689
Subtotal	11,106,655	253,755
<b>Environmental Compliance Rate Base</b>	<b>\$ 77,647,620</b>	<b>\$ 39,529,844</b>

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 196,298	\$ 70,837
Monthly Depreciation & Amortization Expense	236,646	6,304
less investment tax credit amortization	(14,527)	
Monthly Taxes Other Than Income Taxes	9,532	138
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	1,653	
Monthly Surcharge Consulting Fees		-
Construction Monitoring Consultant Fee		2,021
<b>Total Pollution Control Operations Expense</b>	<b>\$ 429,602</b>	<b>\$ 79,300</b>

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 11,218
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	-
<b>Net Beneficial Reuse Operations Expense</b>	<b>\$ 11,218</b>

**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	-	-	-
<b>Total Proceeds from Sales</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

Plant, CWIP & Depreciation Expense

For the Month Ended: October 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 10/31/2012	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	\$ 575,281	\$ 241,639	\$ 4,484,788	\$ 660,069		\$ 10,067	\$ 544
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 5,595,065	\$ 519,967	\$ (3,005)	\$ 5,072,093	\$ 402,174		\$ 10,300	\$ 646
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 148,577	\$ -	\$ 701,523	\$ 127,213		\$ 2,564	\$ 91
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 70,027	\$ -	\$ 238,480	\$ 21,200		\$ 1,147	\$ 31
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,742,085	\$ -	\$ 5,618,993	\$ 1,434,565		\$ 22,206	\$ 730
Subtotal	\$ 18,933,180	\$ 3,055,937	\$ 238,634	\$ 16,115,877	\$ 2,645,221		\$ 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>\$ 2,086,605</b>	<b>\$ 238,634</b>	<b>\$ 14,564,344</b>	<b>\$ 2,260,525</b>		<b>\$ 41,030</b>	<b>\$ 1,848</b>
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 44,236,424	\$ 3,291,043	\$ 620,096	\$ 41,565,477	\$ 1,454,883	\$ 14,527	\$ 155,174	\$ 5,303
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 464,377	\$ -	\$ 2,975,700	\$ 430,471		\$ 9,777	\$ 384
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 370,638	\$ -	\$ 1,679,708	\$ 76,532		\$ 8,867	\$ 221
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 96,355	\$ -	\$ 300,796	\$ 79,624		\$ 1,361	\$ 39
Subtotal	\$ 50,123,997	\$ 4,222,413	\$ 620,096	\$ 46,521,680	\$ 2,041,509	\$ 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>\$ 4,222,413</b>	<b>\$ 620,096</b>	<b>\$ 46,521,680</b>	<b>\$ 2,041,509</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)	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 214,601	\$ 330,382	\$ 9,710,129	\$ 281,001		\$ 20,438	\$ 1,198
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 6,689,121	\$ 6,689,121	\$ -		\$ -	\$ 400
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 4,349,154	\$ 4,349,154	\$ -		\$ -	\$ 138
Subtotal	\$ 9,594,347	\$ 214,601	\$ 11,368,656	\$ 20,748,403	\$ 281,001		\$ 20,438	\$ 1,737
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	<b>\$ 9,594,347</b>	<b>\$ 214,601</b>	<b>\$ 11,368,656</b>	<b>\$ 20,748,403</b>	<b>\$ 281,001</b>		<b>\$ 20,438</b>	<b>\$ 1,737</b>

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

Plant, CWIP & Depreciation Expense

For the Month Ended: October 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 10/31/2012	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
Subtotal - Pre-2011 Plans:	\$ 76,130,659	\$ 6,523,619	\$ 12,227,387	\$ 81,834,427	\$ 4,583,036	\$ 14,527	\$ 236,646	\$ 9,532



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

Plant, CWIP & Depreciation Expense

For the Month Ended: October 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 10/31/2012	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	\$ 1,965,028	\$ 22,066	\$ 35,286,085	\$ 37,229,047	\$ 231,689		\$ 6,304	\$ 135
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 2,428,761	\$ 2,428,761	\$ -		\$ -	\$ 3
Subtotal	\$ 1,965,028	\$ 22,066	\$ 37,714,846	\$ 39,657,809	\$ 231,689		\$ 6,304	\$ 138
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ 1,965,028	\$ 22,066	\$ 37,714,846	\$ 39,657,809	\$ 231,689	\$ -	\$ 6,304	\$ 138
<b>Net Total - All Plans:</b>	\$ 78,095,687	\$ 6,545,684	\$ 49,942,233	\$ 121,492,236	\$ 4,814,724	\$ 14,527	\$ 242,951	\$ 9,670

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: October 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	108,026	2,193	903	\$ 1,028.83	\$ 3,231.22	\$ 173.68	
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.

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 October 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	113,824	0	5,798	0	0	108,026	
Dollars	\$ 1,084.05	\$ -	\$ 55.22	\$ -	\$ -	\$ 1,028.83	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	110,981	-	5,685		-	105,296	
Dollars	\$ 1,048.37	\$ -	\$ 54.15	\$ -	\$ -	\$ 994.22	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	2,843	-	113	-	-	2,730	
Dollars	\$ 35.68	\$ -	\$ 1.07	\$ -	\$ -	\$ 34.61	
<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 October 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	903	0	0	0	0	903	
Dollars	\$ 173.68	\$ -	\$ -	\$ -	\$ -	\$ 173.68	
\$/Allowance	\$ 0.19	\$ -	\$ -	\$ -	\$ -	\$ 0.19	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	837	-	-	-	-	837	
Dollars	\$ 160.99	\$ -	\$ -	\$ -	\$ -	\$ 160.99	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	66	-	-	-	-	66	
Dollars	\$ 12.69	\$ -	\$ -	\$ -	\$ -	\$ 12.69	
<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 October 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	3,315	0	1,121	1	0	2,193	
Dollars	\$ 4,884.41	\$ -	\$ 1,653.19	\$ -	\$ -	\$ 3,231.22	
\$/Allowance	\$ 1.47	\$ -	\$ 1.47	\$ -	\$ -	\$ 1.47	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	2,927	-	1,064	-	-	1,863	
Dollars	\$ 4,884.41	\$ -	\$ 1,653.19	\$ -	\$ -	\$ 3,231.22	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	388	-	57	1	-	330	
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.

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, 2012

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 104,274	
10th Previous Month	130,472	52,540
9th Previous Month	137,600	54,008
8th Previous Month	161,007	42,758
7th Previous Month	108,745	51,942
6th Previous Month	91,880	104,944
5th Previous Month	148,897	146,684
4th Previous Month	136,939	81,870
3rd Previous Month	172,483	64,001
2nd Previous Month	378,302	92,897
Previous Month	1,364,581	67,315
Current Month	207,516	70,837
Total 12 Month O&M	\$ 3,142,699	\$ 829,796

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	3,142,699	\$ 829,796
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	392,837	\$ 103,725

ES FORM 2.50

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: October 31, 2012

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			101,068.77	101,068.77
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			101,068.77	101,068.77
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			1,407.59	1,407.59
506152 - ECR Sorbent Reactant - Reagent Only			12,315.93	12,315.93
512152 - ECR Sorbent Injection Maintenance			548.04	548.04
506150 - ECR Mercury Monitors Operation	(1,293.16)	(3,468.02)	2,461.01	(2,300.17)
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
502056 - ECR Scrubber Operations			23,448.11	23,448.11
512055 - ECR Scrubber Maintenance			6,541.16	6,541.16
506154 - ECR NOx Operation -- Consumables			20,339.16	20,339.16
506155 - ECR NOx Operation -- Labor and Other			668.48	668.48
512151 - ECR NOx Maintenance			158.58	158.58
506051 - ECR Precipitator Operation			1,340.28	1,340.28
506151 - ECR Activated Carbon			22,198.51	22,198.51
512051 - ECR Precipitator Maintenance			8,563.88	8,563.88
Total 2006 Plan O&M Expenses	\$ (1,293.16)	(3,468.02)	99,990.73	95,229.55
<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>				
	(1,293.16)	(3,468.02)	201,059.50	196,298.32
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations			-	-
512055 - ECR Scrubber Maintenance			-	-
506159 - ECR Sorbent Injection Operation			10,753.95	10,753.95
506152 - ECR Sorbent Reactant - Reagent Only			59,674.60	59,674.60
512152 - ECR Sorbent Injection Maintenance			408.48	408.48
506156 - ECR Baghouse Operations			-	-
512156 - ECR Baghouse Maintenance			-	-
506151 - ECR Activated Carbon			-	-
Adjustment for Base Rates Baseline Amounts			-	-
Total 2011 Plan O&M Expenses			70,837.03	70,837.03
<b>Current Month O&amp;M Expense for All Plans</b>	\$ (1,293.16)	\$ (3,468.02)	\$ 271,896.53	\$ 267,135.53

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: October 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: October 31, 2012

Third Party	O&M Expense Account	Plant	Total O&M
Charah, Inc.	501253 - ECR Fly Ash Disposal	Trimble County	\$ 11,218.14
Total Monthly Beneficial Reuse Expense			\$ 11,218.14
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ -
Net Beneficial Reuse O&M Expense			\$ 11,218.14

ES FORM 2.61

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

Beneficial Reuse Opportunities  
For the Month Ended: October 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)	\$ -	\$ -	\$ 11,218.14	\$ 11,218.14
Total Beneficial Reuse - Generating Station					
(4)	Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ 11,218.14	\$ 11,218.14
Beneficial Reuse in Base Rates					
(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)]	\$ -	\$ -	\$ 28,786.64	\$ 28,786.64
(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: October 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)
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	36,588,202
Jul-12	32,473,602	12,431,189	2,828,040	1,605,512	285,991	49,624,333	49,338,342
Aug-12	30,456,858	11,544,513	2,104,176	1,490,078	182,511	45,778,136	45,595,625
Sep-12	26,263,406	9,708,052	1,699,376	1,251,651	140,160	39,062,646	38,922,486
Oct-12	17,264,585	5,749,735	1,234,328	738,218	187,221	25,174,087	24,986,867
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 32,242,669
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 76,857,192
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.95%

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)
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
Jul-12	34,823,511	17,039,422	3,822,030	663,209	306,547	56,654,720	56,348,173	35,486,720
Aug-12	33,791,921	16,634,925	3,031,537	652,106	220,802	54,331,291	54,110,489	34,444,027
Sep-12	29,737,343	13,851,459	2,370,019	628,671	171,589	46,759,081	46,587,492	30,366,014
Oct-12	26,687,011	13,278,156	2,642,617	499,375	294,418	43,401,577	43,107,159	27,186,386
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 44,614,523	\$ 28,522,477
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 76,857,192	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.05%	

ES FORM 3.10

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

**Reconciliation of Reported Revenues**

For the Month Ended: October 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)	\$ 62,979,487	\$ 62,979,487
(2) Fuel Adjustment Clause	\$ 3,876,945	\$ 3,876,945
(3) DSM	\$ 1,237,593	\$ 1,237,593
(4) Environmental Surcharge		\$ 481,639
(5) CSR Credits		\$ (227,390)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 68,094,025	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 9,647,501	\$ 9,647,501
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 9,647,501	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 77,741,526	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	87.59%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 822,880
(13) Miscellaneous		\$ 1,815,303
(14) Total Company Revenues per Income Statement =		\$ 80,633,958

RECEIVED

DEC 21 2012

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

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



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

December 21, 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 November 2012. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2012-00208, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the January 2013 billing cycle which begins December 31, 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 November 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', written over a horizontal line.

Robert M. Conroy

Enclosures

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

INVOICE DATE: 11/1/2012  
 INVOICE #: 20121013  
 INVOICE PERIOD: 10/1/12-10/31/12/12  
 PROJECT NAME: Kentucky LGE Environmental Compliance  
 ITAGE PROJECT #: 2011-56


FIRM INVOICED: Daryl E. Newby  
 Kentucky Public Service Commission  
 P.O. Box 615  
 211 Sower Boulevard  
 Frankfort, Kentucky 40602

PROJECT DESCRIPTION:  
 LGE Environmental Compliance / Monitoring

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	10/1/12-10/31/12/12	30	\$260	\$7,800.00	\$2,248.68	\$10,048.68	
Chuck Buechel	10/1/12-10/31/12/12	25	\$240	\$6,000.00	\$658.64	\$6,658.64	
Mike Boismenu	10/1/12-10/31/12/12	38	\$240	\$9,120.00	\$1,069.09	\$10,189.09	
<b>SUB TOTALS</b>		<b>93</b>		<b>\$22,920.00</b>	<b>\$3,976.61</b>	<b>\$26,896.61</b>	
<b>TOTAL FEES</b>							<b>\$22,920.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$3,976.61</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>\$26,896.61</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$26,896.61</b>

The information provided in the above invoice is believed to be accurate. Should any questions or discrepancies arise, please call or write to the following billing address.

PLEASE REMIT TO:  
 Vantage Energy Consulting, LLC.  
 21460 Overseas Hwy.  
 Cudjoe Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-744-3440

*Approved PD# 68949*  
  
 Robert M. Conroy  
 Director - Rates  
 LG&E and KU Energy, LLC

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

INVOICE DATE: 11/1/2012  
 INVOICE #: 20121001  
 INVOICE PERIOD: 10/1/12-10/31/12/12  
 PROJECT NAME: KPSC Commission Case #2012-00469  
 AGE PROJECT #: 2012-63

FIRM INVOICED: Daryl E. Newby  
 Kentucky Public Service Commission  
 P.O. Box 615  
 211 Sower Boulevard  
 Frankfort, Kentucky 40602

*LGE only*

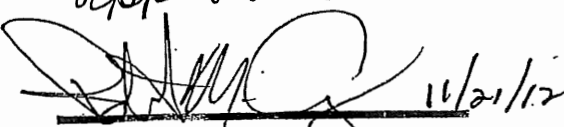
PROJECT DESCRIPTION:  
 KPSC Commission Case #2012-00469

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	10/1/12-10/31/12/12	12	\$260	\$3,120.00		\$3,120.00	
Chuck Buechiel	10/1/12-10/31/12/12	10	\$240	\$2,400.00		\$2,400.00	
Mike Boismenu	10/1/12-10/31/12/12	5	\$240	\$1,200.00		\$1,200.00	
<b>SUB TOTALS</b>		<b>27</b>		<b>\$6,720.00</b>	<b>\$0.00</b>	<b>\$6,720.00</b>	
<b>TOTAL FEES</b>							<b>\$6,720.00</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>\$6,720.00</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$6,720.00</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.

**PAYEE REMIT TO:**

Vantage Energy Consulting, LLC.  
 21460 Overseas Hwy,  
 Cudjoe Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-744-3440

*Approved AD # 48952*  
  
 Robert M. Conroy  
 Director - Rates  
 G&E and KU Energy, LLC

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 November 2012**

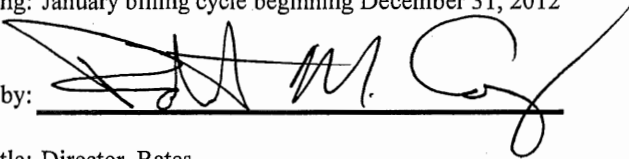
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	260,909
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		0.80%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	362,084
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		1.26%

Effective Date for Billing: January billing cycle beginning December 31, 2012

Submitted by: 

Title: Director, Rates

Date Submitted: December 21, 2012



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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of November 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	= \$	77,932,528	\$ 46,640,989
(2) RB / 12	= \$	6,494,377	\$ 3,886,749
(3) (ROR + (ROR - DR) (TR / (1 - TR)))	=	10.85%	10.40%
(4) OE	= \$	354,318	\$ 93,806
(5) BAS	= \$	-	Not Applicable
(6) BR	= \$	7,075	Not Applicable
(7) E(m)	(2) x (3) + (4) - (5) + (6) = \$	1,066,033	\$ 498,028
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$	1,564,061	

**Calculation of Adjusted Net Jurisdictional E(m)**

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	84.42%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	1,320,380
(11) Adjustment for (Over)/Under-collection pursuant to Case No. 2012-00208	= \$	-
(12) Prior Period Adjustment (if necessary)	=	-
(13) Revenue Collected through Base Rates	=	697,387
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	622,993

**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	=	41.88%	58.12%
(16) Group E(m) [(14) x (15)]	= \$	260,909	\$ 362,084
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	32,511,956	\$ 28,689,089
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	0.80%	1.26%

ES FORM 2.00

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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of November 2012

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plan
Eligible Pollution Control Plant	\$ 76,130,659	\$ 1,965,028
Eligible Pollution CWIP Excluding AFUDC	12,865,424	44,881,411
Subtotal	\$ 88,996,083	\$ 46,846,439
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	1,300	
Cash Working Capital Allowance	395,759	112,225
Subtotal	397,059	112,225
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	6,765,518	28,370
Pollution Control Deferred Income Taxes	4,695,096	289,305
Subtotal	11,460,614	317,675
Environmental Compliance Rate Base	\$ 77,932,528	\$ 46,640,989

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 120,575	\$ 68,003
Monthly Depreciation & Amortization Expense	236,646	6,304
less investment tax credit amortization	(14,527)	
Monthly Taxes Other Than Income Taxes	9,532	138
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	2,092	
Monthly Surcharge Consulting Fees		-
Construction Monitoring Consultant Fee		19,361
Total Pollution Control Operations Expense	\$ 354,318	\$ 93,806

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 7,075
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	-
Net Beneficial Reuse Operations Expense	\$ 7,075

**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, 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 11/30/2012	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	\$ 585,348	\$ 243,520	\$ 4,476,602	\$ 662,764		\$ 10,067	\$ 543
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 5,595,065	\$ 530,267	\$ (3,005)	\$ 5,061,794	\$ 407,738		\$ 10,300	\$ 646
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 151,141	\$ -	\$ 698,959	\$ 129,169		\$ 2,564	\$ 91
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 71,174	\$ -	\$ 237,333	\$ 21,292		\$ 1,147	\$ 31
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,764,291	\$ -	\$ 5,596,787	\$ 1,438,947		\$ 22,206	\$ 730
Subtotal	\$ 18,933,180	\$ 3,102,220	\$ 240,515	\$ 16,071,475	\$ 2,659,909		\$ 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	\$ 2,132,888	\$ 240,515	\$ 14,519,941	\$ 2,275,214		\$ 41,030	\$ 1,848
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 44,236,424	\$ 3,446,217	\$ 593,602	\$ 41,383,809	\$ 1,528,924	\$ 14,527	\$ 155,174	\$ 5,303
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 474,153	\$ -	\$ 2,965,923	\$ 438,795		\$ 9,777	\$ 384
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 379,505	\$ -	\$ 1,670,841	\$ 77,077		\$ 8,867	\$ 221
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 97,716	\$ -	\$ 299,435	\$ 79,583		\$ 1,361	\$ 39
Subtotal	\$ 50,123,997	\$ 4,397,591	\$ 593,602	\$ 46,320,008	\$ 2,124,379	\$ 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	\$ 4,397,591	\$ 593,602	\$ 46,320,008	\$ 2,124,379	\$ 14,527	\$ 175,178	\$ 5,947
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ (0)	\$ (0)	\$ -		\$ -	\$ -
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 235,039	\$ 747,118	\$ 10,106,426	\$ 295,503		\$ 20,438	\$ 1,198
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 7,063,793	\$ 7,063,793	\$ -		\$ -	\$ 400
Project 25 - Beneficial Reuse	\$ -	\$ -	\$ 4,220,397	\$ 4,220,397	\$ -		\$ -	\$ 138
Subtotal	\$ 9,594,347	\$ 235,039	\$ 12,031,307	\$ 21,390,616	\$ 295,503		\$ 20,438	\$ 1,737
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 9,594,347	\$ 235,039	\$ 12,031,307	\$ 21,390,616	\$ 295,503		\$ 20,438	\$ 1,737
<b>Subtotal - Pre-2011 Plans:</b>	\$ 76,130,659	\$ 6,765,518	\$ 12,865,424	\$ 82,230,565	\$ 4,695,096	\$ 14,527	\$ 236,646	\$ 9,532

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

Plant, CWIP & Depreciation Expense

For the Month Ended: November 30, 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 11/30/2012	(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	\$ 1,965,028	\$ 28,370	\$ 42,398,163	\$ 44,334,821	\$ 289,305		\$ 6,304	\$ 135
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 2,483,248	\$ 2,483,248	\$ -		\$ -	\$ 3
Subtotal	\$ 1,965,028	\$ 28,370	\$ 44,881,411	\$ 46,818,069	\$ 289,305		\$ 6,304	\$ 138
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ 1,965,028	\$ 28,370	\$ 44,881,411	\$ 46,818,069	\$ 289,305	\$ -	\$ 6,304	\$ 138
<b>Net Total - All Plans:</b>	\$ 78,095,687	\$ 6,793,888	\$ 57,746,835	\$ 129,048,634	\$ 4,984,401	\$ 14,527	\$ 242,951	\$ 9,670

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: November 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	101,078	773	903	\$ 962.66	\$ 1,138.97	\$ 173.68	
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.

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 November 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	108,026	0	6,948	0	0	101,078	
Dollars	\$ 1,028.83	\$ -	\$ 66.17	\$ -	\$ -	\$ 962.66	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	105,296	-	6,908	-	-	98,388	
Dollars	\$ 994.22	\$ -	\$ 65.79	\$ -	\$ -	\$ 928.43	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	2,730	-	40	-	-	2,690	
Dollars	\$ 34.61	\$ -	\$ 0.38	\$ -	\$ -	\$ 34.23	
<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

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 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	903	0	0	0	0	903	
Dollars	\$ 173.68	\$ -	\$ -	\$ -	\$ -	\$ 173.68	
\$/Allowance	\$ 0.19	\$ -	\$ -	\$ -	\$ -	\$ 0.19	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	837	-	-	-	-	837	
Dollars	\$ 160.99	\$ -	\$ -	\$ -	\$ -	\$ 160.99	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	66	-	-	-	-	66	
Dollars	\$ 12.69	\$ -	\$ -	\$ -	\$ -	\$ 12.69	
<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 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	2,193	0	1,417	3	0	773	
Dollars	\$ 3,231.22	\$ -	\$ 2,092.25	\$ -	\$ -	\$ 1,138.97	
\$/Allowance	\$ 1.47	\$ -	\$ 1.48	\$ -	\$ -	\$ 1.47	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	1,863	-	1,363	-	-	500	
Dollars	\$ 3,231.22	\$ -	\$ 2,092.25	\$ -	\$ -	\$ 1,138.97	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	330	-	54	3	-	273	
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: November 30, 2012

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 130,472	\$ 52,540
10th Previous Month	137,600	54,008
9th Previous Month	161,007	42,758
8th Previous Month	108,745	51,942
7th Previous Month	91,880	104,944
6th Previous Month	148,897	146,684
5th Previous Month	136,939	81,870
4th Previous Month	172,483	64,001
3rd Previous Month	378,302	92,897
2nd Previous Month	1,364,581	67,315
Previous Month	207,516	70,837
Current Month	127,650	68,003
<b>Total 12 Month O&amp;M</b>	<b>\$ 3,166,074</b>	<b>\$ 897,799</b>

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	<b>3,166,074</b>	\$ <b>897,799</b>
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	<b>395,759</b>	\$ <b>112,225</b>

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: November 30, 2012

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			82,747.64	82,747.64
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			82,747.64	82,747.64
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			3,080.93	3,080.93
506152 - ECR Sorbent Reactant - Reagent Only			-	-
512152 - ECR Sorbent Injection Maintenance			136.10	136.10
506150 - ECR Mercury Monitors Operation	842.82	2,260.28	1,043.59	4,146.69
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
502056 - ECR Scrubber Operations			-	-
512055 - ECR Scrubber Maintenance			22,262.64	22,262.64
506154 - ECR NOx Operation -- Consumables			-	-
506155 - ECR NOx Operation -- Labor and Other			821.04	821.04
512151 - ECR NOx Maintenance			6,146.53	6,146.53
506051 - ECR Precipitator Operation			1,338.95	1,338.95
506151 - ECR Activated Carbon			(105.48)	(105.48)
512051 - ECR Precipitator Maintenance			-	-
Total 2006 Plan O&M Expenses	\$ 842.82	2,260.28	34,724.30	37,827.40
<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	-		-	-
Subtotal - Pre-2011 Plans	842.82	2,260.28	117,471.94	120,575.04
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations			-	-
512055 - ECR Scrubber Maintenance			-	-
506159 - ECR Sorbent Injection Operation			11,581.75	11,581.75
506152 - ECR Sorbent Reactant - Reagent Only			55,142.07	55,142.07
512152 - ECR Sorbent Injection Maintenance			1,279.54	1,279.54
506156 - ECR Baghouse Operations			-	-
512156 - ECR Baghouse Maintenance			-	-
506151 - ECR Activated Carbon			-	-
Adjustment for Base Rates Baseline Amounts			-	-
Total 2011 Plan O&M Expenses			68,003.36	68,003.36
Current Month O&M Expense for All Plans	\$ 842.82	\$ 2,260.28	\$ 185,475.30	\$ 188,578.40

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: November 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: November 30, 2012**

Third Party	O&M Expense Account	Plant	Total O&M
Charah, Inc.	501253 - ECR Fly Ash Disposal	Trimble County	\$ 7,074.51
Total Monthly Beneficial Reuse Expense			\$ 7,074.51
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ -
Net Beneficial Reuse O&M Expense			\$ 7,074.51

ES FORM 2.61

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

**Beneficial Reuse Opportunities  
For the Month Ended: November 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)	\$ -	\$ -	\$ 7,074.51	\$ 7,074.51
Total Beneficial Reuse - Generating Station				
(4) Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ 7,074.51	\$ 7,074.51
Beneficial Reuse in Base Rates				
(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)]	\$ -	\$ -	\$ 24,643.01	\$ 24,643.01
(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: November 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)	
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	36,588,202	
Jul-12	32,473,602	12,431,189	2,828,040	1,605,512	285,991	49,624,333	49,338,342	
Aug-12	30,456,858	11,544,513	2,104,176	1,490,078	182,511	45,778,136	45,595,625	
Sep-12	26,263,406	9,708,052	1,699,376	1,251,651	140,160	39,062,646	38,922,486	
Oct-12	17,264,585	5,749,735	1,234,328	738,218	187,221	25,174,087	24,986,867	
Nov-12	17,423,231	5,809,787	1,949,030	745,582	372,920	26,300,549	25,927,629	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 32,511,956	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 77,624,682	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month								41.88%

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)
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
Jul-12	34,823,511	17,039,422	3,822,030	663,209	306,547	56,654,720	56,348,173	35,486,720
Aug-12	33,791,921	16,634,925	3,031,537	652,106	220,802	54,331,291	54,110,489	34,444,027
Sep-12	29,737,343	13,851,459	2,370,019	628,671	171,589	46,759,081	46,587,492	30,366,014
Oct-12	26,687,011	13,278,156	2,642,617	499,375	294,418	43,401,577	43,107,159	27,186,386
Nov-12	26,114,444	13,355,314	3,983,302	475,003	562,181	44,490,244	43,928,063	26,589,447
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 45,112,726	\$ 28,689,089
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 77,624,682	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month								58.12%

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

**Reconciliation of Reported Revenues**

For the Month Ended: November 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)	\$ 62,702,776	\$ 62,702,776
(2) Fuel Adjustment Clause	\$ 5,932,332	\$ 5,932,332
(3) DSM	\$ 1,220,585	\$ 1,220,585
(4) Environmental Surcharge		\$ 935,101
(5) CSR Credits		\$ (227,853)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 69,855,693	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 12,892,341	\$ 12,892,341
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 12,892,341	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 82,748,034	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	84.42%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (1,620,194)
(13) Miscellaneous		\$ 1,797,538
(14) Total Company Revenues per Income Statement =		\$ 83,632,625

JAN 18 2013

PUBLIC SERVICE  
COMMISSION



Jeff DeRouen, Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
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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

January 18, 2013

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 2012. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2012-00208, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the February 2013 billing cycle which begins January 30, 2013.

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 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



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

INVOICE DATE: 12/5/2012  
INVOICE #: 20121102  
NVOICE PERIOD: 11/1/2012-11/30/2012  
PROJECT NAME: KPSC Commission Case #2012-00469  
AGE PROJECT #: 2012-63

FIRM INVOICED: Daryl E. Newby  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, Kentucky 40602

PROJECT DESCRIPTION:  
KPSC Commission Case #2012-00469

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	11/1/2012-11/30/2012	12	\$260	\$3,120.00		\$3,120.00	
Chuck Buechel	11/1/2012-11/30/2012	9	\$240	\$2,160.00		\$2,160.00	
Mike Bolsmenu	11/1/2012-11/30/2012	8	\$240	\$1,920.00		\$1,920.00	
<b>SUB TOTALS</b>		<b>29</b>		<b>\$7,200.00</b>	<b>\$0.00</b>	<b>\$7,200.00</b>	
<b>TOTAL FEES</b>							<b>\$7,200.00</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>\$7,200.00</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$7,200.00</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.

EASE REMIT TO:  
**Vantage Energy Consulting, LLC.**  
21460 Overseas Hwy.  
Cudjoe Key, FL 33042  
Attn: Walter P. Drabinski  
305-744-3440

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 2012**

**GROUP 1 (Total Revenue)**

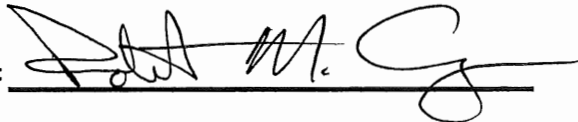
Group 1 E(m) -- ES Form 1.10, line 16	=	\$	371,345
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		1.14%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	517,252
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		1.80%

Effective Date for Billing: February billing cycle beginning January 30, 2013

Submitted by:



Title: Director, Rates

Date Submitted: January 18, 2013

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of December 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	= \$	77,528,695	\$ 71,031,222
(2) RB / 12	= \$	6,460,725	\$ 5,919,269
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.85%	10.40%
(4) OE	= \$	392,016	\$ 100,105
(5) BAS	= \$	-	Not Applicable
(6) BR	= \$	-	Not Applicable
(7) E(m)	$(2) \times (3) + (4) - (5) + (6)$	= \$ 1,093,004	\$ 715,709
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$	1,808,713	

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	88.33%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	1,597,636
(11) Adjustment for (Over)/Under-collection pursuant to Case No. 2012-00208	= \$	-
(12) Prior Period Adjustment (if necessary)	=	-
(13) Revenue Collected through Base Rates	=	709,039
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	888,597

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	=	41.79%	58.21%
(16) Group E(m) [(14) x (15)]	= \$	371,345	\$ 517,252
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	32,595,533	\$ 28,732,576
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	1.14%	1.80%

ES FORM 2.00

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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of December 2012

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans		2011 Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 80,766,931		\$ 1,965,028	
Eligible Pollution CWIP Excluding AFUDC	9,031,956		69,330,565	
Subtotal		\$ 89,798,887		\$ 71,295,593
Additions:				
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	2,246			
Cash Working Capital Allowance	395,743		116,465	
Subtotal		397,989		116,465
Deductions:				
Accumulated Depreciation on Eligible Pollution Control Plant	7,015,686		34,675	
Pollution Control Deferred Income Taxes	5,652,495		346,161	
Subtotal		12,668,181		380,836
Environmental Compliance Rate Base		\$ 77,528,695		\$ 71,031,222

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 130,342	\$ 86,463
Monthly Depreciation & Amortization Expense	244,914	6,304
less investment tax credit amortization	(14,527)	
Monthly Taxes Other Than Income Taxes	9,532	138
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	21,755	
Monthly Surcharge Consulting Fees		-
Construction Monitoring Consultant Fee		7,200
Total Pollution Control Operations Expense	\$ 392,016	\$ 100,105

**Determination of Beneficial Reuse Operating Expenses**

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

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

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

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

Plant, CWIP & Depreciation Expense

For the Month Ended: December 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 12/31/2012	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	\$ 595,414	\$ 342,280	\$ 4,565,296	\$ 665,458		\$ 10,067	\$ 543
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ 5,595,065	\$ 540,566	\$ (3,005)	\$ 5,051,494	\$ 413,301		\$ 10,300	\$ 646
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ 850,100	\$ 153,706	\$ -	\$ 696,394	\$ 131,124		\$ 2,564	\$ 91
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ 308,507	\$ 72,321	\$ -	\$ 236,187	\$ 21,385		\$ 1,147	\$ 31
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ 7,361,077	\$ 1,786,496	\$ -	\$ 5,574,581	\$ 1,443,329		\$ 22,206	\$ 730
Subtotal	\$ 18,933,180	\$ 3,148,503	\$ 339,275	\$ 16,123,952	\$ 2,674,598		\$ 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>\$ 2,179,172</b>	<b>\$ 339,275</b>	<b>\$ 14,572,418</b>	<b>\$ 2,289,903</b>		<b>\$ 41,030</b>	<b>\$ 1,848</b>
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ 44,236,424	\$ 3,601,390	\$ 631,270	\$ 41,266,304	\$ 1,602,965	\$ 14,527	\$ 155,174	\$ 5,303
Project 19 - Sorbent Injection	\$ 3,440,076	\$ 483,930	\$ -	\$ 2,956,147	\$ 447,119		\$ 9,777	\$ 384
Project 20 - Mercury Monitors	\$ 2,050,346	\$ 388,372	\$ -	\$ 1,661,974	\$ 77,623		\$ 8,867	\$ 221
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ 397,151	\$ 99,077	\$ -	\$ 298,074	\$ 79,542		\$ 1,361	\$ 39
Subtotal	\$ 50,123,997	\$ 4,572,769	\$ 631,270	\$ 46,182,498	\$ 2,207,249	\$ 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>\$ 4,572,769</b>	<b>\$ 631,270</b>	<b>\$ 46,182,498</b>	<b>\$ 2,207,249</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)	\$ -	\$ -	\$ (0)	\$ (0)	\$ -		\$ -	\$ -
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 255,477	\$ 684,639	\$ 10,023,509	\$ 310,005		\$ 20,438	\$ 1,198
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 7,512,997	\$ 7,512,997	\$ -		\$ -	\$ 400
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 8,268	\$ (136,225)	\$ 4,491,779	\$ 845,337		\$ 8,268	\$ 138
Subtotal	\$ 14,230,619	\$ 263,745	\$ 8,061,411	\$ 22,028,285	\$ 1,155,342		\$ 28,706	\$ 1,737
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	<b>\$ 14,230,619</b>	<b>\$ 263,745</b>	<b>\$ 8,061,411</b>	<b>\$ 22,028,285</b>	<b>\$ 1,155,342</b>		<b>\$ 28,706</b>	<b>\$ 1,737</b>
<b>Subtotal - Pre-2011 Plans:</b>	<b>\$ 80,766,931</b>	<b>\$ 7,015,686</b>	<b>\$ 9,031,956</b>	<b>\$ 82,783,201</b>	<b>\$ 5,652,495</b>	<b>\$ 14,527</b>	<b>\$ 244,914</b>	<b>\$ 9,532</b>

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

Plant, CWIP & Depreciation Expense

For the Month Ended: December 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 12/31/2012	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	\$ 1,965,028	\$ 34,675	\$ 64,836,266	\$ 66,766,619	\$ 346,161		\$ 6,304	\$ 135
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 4,494,299	\$ 4,494,299	\$ -		\$ -	\$ 3
Subtotal	\$ 1,965,028	\$ 34,675	\$ 69,330,565	\$ 71,260,918	\$ 346,161		\$ 6,304	\$ 138
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	<b>\$ 1,965,028</b>	<b>\$ 34,675</b>	<b>\$ 69,330,565</b>	<b>\$ 71,260,918</b>	<b>\$ 346,161</b>	<b>\$ -</b>	<b>\$ 6,304</b>	<b>\$ 138</b>
<b>Net Total - All Plans:</b>	<b>\$ 82,731,959</b>	<b>\$ 7,050,360</b>	<b>\$ 78,362,521</b>	<b>\$ 154,044,119</b>	<b>\$ 5,998,656</b>	<b>\$ 14,527</b>	<b>\$ 251,219</b>	<b>\$ 9,670</b>

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: December 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	93,940	343	903	\$ 894.68	\$ 13,750.23	\$ 173.68	
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.

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 December 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	101,078	0	7,138	0	0	93,940	
Dollars	\$ 962.66	\$ -	\$ 67.98	\$ -	\$ -	\$ 894.68	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	98,388	-	7,069	-	-	91,319	
Dollars	\$ 928.43	\$ -	\$ 67.33	\$ -	\$ -	\$ 861.10	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	2,690	-	69	-	-	2,621	
Dollars	\$ 34.23	\$ -	\$ 0.65	\$ -	\$ -	\$ 33.58	
<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 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	903	0	0	0	0	903	
Dollars	\$ 173.68	\$ -	\$ -	\$ -	\$ -	\$ 173.68	
\$/Allowance	\$ 0.19	\$ -	\$ -	\$ -	\$ -	\$ 0.19	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	837	-	-	-	-	837	
Dollars	\$ 160.99	\$ -	\$ -	\$ -	\$ -	\$ 160.99	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	66	-	-	-	-	66	
Dollars	\$ 12.69	\$ -	\$ -	\$ -	\$ -	\$ 12.69	
<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 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	773	948	1,375	3	0	343	
Dollars	\$ 1,138.97	\$ 35,255.27	\$ 22,644.01	\$ -	\$ -	\$ 13,750.23	
\$/Allowance	\$ 1.47	\$ 37.19	\$ 16.47	\$ -	\$ -	\$ 40.09	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	500	-	1,321	-	-	127	Ending inventory includes purchases from the market and
Dollars	\$ 1,138.97	\$ (12,554.94)	\$ 21,754.72	\$ -	\$ -	\$ 2,084.58	KU as shown below. Adjusted Ending Inventory Dollars to reflect non-recoverable allowance value
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	273	-	54	3	-	216	Adjusted Ending Inventory Dollars to reflect non-recoverable allowance value.
Dollars	\$ -	\$ 12,554.94	\$ 889.29	\$ -	\$ -	\$ 11,665.65	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	824	0	0	0	0	Purchased 824 allowances from the market included in
Dollars	\$ -	\$ 33,674.00	\$ -	\$ -	\$ -	\$ -	Ending Inventory - Coal Fuel shown above
\$/Allowance	\$ -	\$ 40.87	\$ -	\$ -	\$ -	\$ -	
<b>From KU:</b>							
Quantity	0	124	0	0	0	0	Purchased 124 allowances from the KU included in
Dollars	\$ -	\$ 1,581.27	\$ -	\$ -	\$ -	\$ -	Ending Inventory - Coal Fuel shown above
\$/Allowance	\$ -	\$ 12.75	\$ -	\$ -	\$ -	\$ -	

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, 2012

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 137,600	\$ 54,008
10th Previous Month	161,007	42,758
9th Previous Month	108,745	51,942
8th Previous Month	91,880	104,944
7th Previous Month	148,897	146,684
6th Previous Month	136,939	81,870
5th Previous Month	172,483	64,001
4th Previous Month	378,302	92,897
3rd Previous Month	1,364,581	67,315
2nd Previous Month	207,516	70,837
Previous Month	127,650	68,003
Current Month	130,342	86,463
Total 12 Month O&M	\$ 3,165,944	\$ 931,722

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	3,165,944	\$ 931,722
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	395,743	\$ 116,465

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: December 31, 2012

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			76,299.63	76,299.63
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			76,299.63	76,299.63
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			1,943.98	1,943.98
506152 - ECR Sorbent Reactant - Reagent Only			46.04	46.04
512152 - ECR Sorbent Injection Maintenance			152.06	152.06
506150 - ECR Mercury Monitors Operation	-	-	1,151.54	1,151.54
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
502056 - ECR Scrubber Operations			-	-
512055 - ECR Scrubber Maintenance			37,931.34	37,931.34
506154 - ECR NOx Operation -- Consumables			72.88	72.88
506155 - ECR NOx Operation -- Labor and Other			4,614.07	4,614.07
512151 - ECR NOx Maintenance			4,877.30	4,877.30
506051 - ECR Precipitator Operation			1,721.67	1,721.67
506151 - ECR Activated Carbon			-	-
512051 - ECR Precipitator Maintenance			1,531.25	1,531.25
Total 2006 Plan O&M Expenses	\$ -	-	54,042.13	54,042.13
<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>				
	-	-	130,341.76	130,341.76
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations		-		-
512055 - ECR Scrubber Maintenance		-		-
506159 - ECR Sorbent Injection Operation		-	9,255.04	9,255.04
506152 - ECR Sorbent Reactant - Reagent Only		-	54,821.10	54,821.10
512152 - ECR Sorbent Injection Maintenance		-	-	-
506156 - ECR Baghouse Operations		-	-	-
512156 - ECR Baghouse Maintenance		-	-	-
506151 - ECR Activated Carbon		-	22,386.75	22,386.75
Adjustment for Base Rates Baseline Amounts		-		-
Total 2011 Plan O&M Expenses		-	86,462.89	86,462.89
<b>Current Month O&amp;M Expense for All Plans</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 216,804.65</b>	<b>\$ 216,804.65</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, 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: December 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: December 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)	\$ -	\$ -	\$ -	\$ -
<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 GROUP 1 AND GROUP 2

For the Month Ended: December 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)
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	36,588,202
Jul-12	32,473,602	12,431,189	2,828,040	1,605,512	285,991	49,624,333	49,338,342
Aug-12	30,456,858	11,544,513	2,104,176	1,490,078	182,511	45,778,136	45,595,625
Sep-12	26,263,406	9,708,052	1,699,376	1,251,651	140,160	39,062,646	38,922,486
Oct-12	17,264,585	5,749,735	1,234,328	738,218	187,221	25,174,087	24,986,867
Nov-12	17,423,231	5,809,787	1,949,030	745,582	372,920	26,300,549	25,927,629
Dec-12	19,060,442	6,548,255	1,811,385	840,863	246,102	28,507,047	28,260,945
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 32,595,533
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 78,002,305
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.79%

GROUP 2 (Net Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)	Total Non-Fuel Revenues plus DSM (2)+(5)
Jan-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
Jul-12	34,823,511	17,039,422	3,822,030	663,209	306,547	56,654,720	56,348,173	35,486,720
Aug-12	33,791,921	16,634,925	3,031,537	652,106	220,802	54,331,291	54,110,489	34,444,027
Sep-12	29,737,343	13,851,459	2,370,019	628,671	171,589	46,759,081	46,587,492	30,366,014
Oct-12	26,687,011	13,278,156	2,642,617	499,375	294,418	43,401,577	43,107,159	27,186,386
Nov-12	26,114,444	13,355,314	3,983,302	475,003	562,181	44,490,244	43,928,063	26,589,447
Dec-12	25,123,011	12,895,624	3,525,186	464,015	376,768	42,384,604	42,007,836	25,587,026
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 45,406,772	\$ 28,732,576
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 78,002,305	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.21%	



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

**Reconciliation of Reported Revenues**

**For the Month Ended: December 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)	\$ 63,627,331	\$ 63,627,331
(2) Fuel Adjustment Clause	\$ 5,336,572	\$ 5,336,572
(3) DSM	\$ 1,304,878	\$ 1,304,878
(4) Environmental Surcharge		\$ 622,870
(5) CSR Credits		\$ (255,789)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 70,268,781	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 9,280,432	\$ 9,280,432
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 9,280,432	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 79,549,213	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	88.33%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 3,550,608
(13) Miscellaneous		\$ 1,622,352
(14) Total Company Revenues per Income Statement =		\$ 85,089,255



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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FEB 18 2013

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

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

February 18, 2013

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 2013. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2012-00208, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the March 2013 billing cycle which begins February 28, 2013.

Pursuant to the Commission's Order in Case No. 2012-00222, all costs associated with the 2005 and 2006 ECR Plans, with the exception of Project 17 – Emission Allowances, are removed from the ECR monthly filing. LG&E will revise the ES Forms that include references to the 2005 and 2006 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 2005 and 2006 Plans.

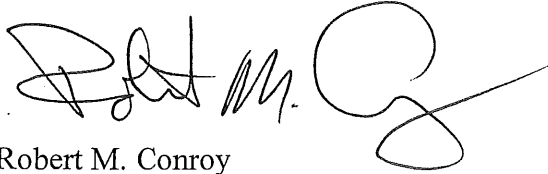
Also attached to this letter is a copy of an invoice for services provided to the Commission by Vantage Consulting in LG&E's 2011 ECR Compliance Plan filing. ES Form 2.0 reflects the expenses paid in January 2013.

Mr. Jeff DeRouen  
February 18, 2013

Attachment to Response to SV Question No. 2(h)  
Page 677 of 1183  
Conroy

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 stylized with a large, circular 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: 12/31/2012  
INVOICE #: 20121203  
NVOICE PERIOD: 12/1/2012-12/31/2012  
PROJECT NAME: KPSC Commission Case #2012-00469  
AGE PROJECT #: 2012-63

FIRM INVOICED: Daryl E. Newby  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, Kentucky 40602

PROJECT DESCRIPTION:  
KPSC Commission Case #2012-00469

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	2/1/2012-12/31/2012	46	\$260	\$11,960.00		\$11,960.00	
Chuck Buechel	2/1/2012-12/31/2012	40	\$240	\$9,600.00		\$9,600.00	
Mike Boismenu	2/1/2012-12/31/2012	29	\$240	\$6,960.00		\$6,960.00	
<b>SUB TOTALS</b>		<b>115</b>		<b>\$28,520.00</b>	<b>\$0.00</b>	<b>\$28,520.00</b>	
<b>TOTAL FEES</b>							<b>\$28,520.00</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>\$28,520.00</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$28,520.00</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.

**EASE REMIT TO:**  
**Vantage Energy Consulting, LLC.**  
21460 Overseas Hwy.  
Cudjoe Key, FL 33042  
Attn: Walter P. Drabinski  
305-744-3440

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 January 2013**

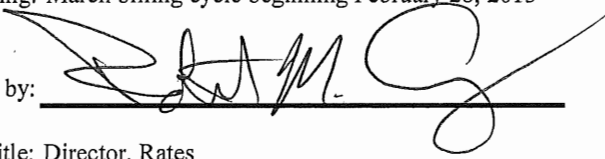
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	174,853
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		0.53%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	241,562
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		0.84%

Effective Date for Billing: March billing cycle beginning February 28, 2013

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

Title: Director, Rates

Date Submitted: February 18, 2013

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of January 2013

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	= \$	21,234,830	\$ 80,563,392
(2) RB / 12	= \$	1,769,569	\$ 6,713,616
(3) (ROR + (ROR - DR) (TR / (1 - TR)))	=	10.52%	10.52%
(4) OE	= \$	30,568	\$ 101,879
(5) BAS	= \$	-	Not Applicable
(6) BR	= \$	-	Not Applicable
(7) E(m)	(2) x (3) + (4) - (5) + (6) = \$	216,727	\$ 808,151
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$	1,024,878	

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	87.65%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	898,306
(11) Adjustment for (Over)/Under-collection pursuant to Case No. 2012-00208	= \$	-
(12) Prior Period Adjustment (if necessary)	=	-
(13) Revenue Collected through Base Rates	=	481,891
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	416,415

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	=	41.99%	58.01%
(16) Group E(m) [(14) x (15)]	= \$	174,853	\$ 241,562
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	32,786,883	\$ 28,610,048
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	0.53%	0.84%

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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of January 2013

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans		2011 Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 14,230,619		\$ 1,965,028	
Eligible Pollution CWIP Excluding AFUDC	8,302,050		78,867,020	
Subtotal		\$ 22,532,669		\$ 80,832,048
Additions:				
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	7,673			
Cash Working Capital Allowance	156,748		117,251	
Subtotal		164,421		117,251
Deductions:				
Accumulated Depreciation on Eligible Pollution Control Plant	290,642		38,834	
Pollution Control Deferred Income Taxes	1,171,618		347,073	
Subtotal		1,462,260		385,907
Environmental Compliance Rate Base		\$ 21,234,830		\$ 80,563,392

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ -	\$ 60,292
Monthly Depreciation & Amortization Expense	26,897	4,159
less investment tax credit amortization	-	-
Monthly Taxes Other Than Income Taxes	2,754	8,908
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	917	-
Monthly Surcharge Consulting Fees	-	-
Construction Monitoring Consultant Fee	-	28,520
Total Pollution Control Operations Expense	\$ 30,568	\$ 101,879

**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, 2013

(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 1/31/2013	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2005 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 19 - Sorbent Injection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 20 - Mercury Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ (0)	\$ (0)	\$ -	\$ -	\$ -	\$ -
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 272,869	\$ 632,932	\$ 9,954,410	\$ 324,009	\$ -	\$ 17,393	\$ 1,253
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 7,757,973	\$ 7,757,973	\$ -	\$ -	\$ -	\$ 939
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 17,772	\$ (88,855)	\$ 4,529,644	\$ 847,609	\$ -	\$ 9,504	\$ 561
Subtotal	\$ 14,230,619	\$ 290,642	\$ 8,302,050	\$ 22,242,027	\$ 1,171,618	\$ -	\$ 26,897	\$ 2,754
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 14,230,619	\$ 290,642	\$ 8,302,050	\$ 22,242,027	\$ 1,171,618	\$ -	\$ 26,897	\$ 2,754
<b>Subtotal - Pre-2011 Plans:</b>	\$ 14,230,619	\$ 290,642	\$ 8,302,050	\$ 22,242,027	\$ 1,171,618	\$ -	\$ 26,897	\$ 2,754



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

Plant, CWIP & Depreciation Expense

For the Month Ended: January 31, 2013

(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 1/31/2013	(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	\$ 1,965,028	\$ 38,834	\$ 74,153,739	\$ 76,079,933	\$ 347,073		\$ 4,159	\$ 8,346
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 4,713,281	\$ 4,713,281	\$ -		\$ -	\$ 562
Subtotal	\$ 1,965,028	\$ 38,834	\$ 78,867,020	\$ 80,793,214	\$ 347,073		\$ 4,159	\$ 8,908
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	<b>\$ 1,965,028</b>	<b>\$ 38,834</b>	<b>\$ 78,867,020</b>	<b>\$ 80,793,214</b>	<b>\$ 347,073</b>	<b>\$ -</b>	<b>\$ 4,159</b>	<b>\$ 8,908</b>
<b>Net Total - All Plans:</b>	<b>\$ 16,195,647</b>	<b>\$ 329,476</b>	<b>\$ 87,169,070</b>	<b>\$ 103,035,241</b>	<b>\$ 1,518,690</b>	<b>\$ -</b>	<b>\$ 31,056</b>	<b>\$ 11,661</b>

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

**Inventory of Emission Allowances**

For the Month Ended: January 31, 2013

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	148,549	12,906	903	\$ 850.21	\$ 8,098.48	\$ 173.68	
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	62,379						
2033 - 2042	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 January 2013

	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	93,940	62,379	7,770	0	0	148,549	
Dollars	\$ 894.68	\$ -	\$ 44.47	\$ -	\$ -	\$ 850.21	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	91,319	59,989	7,627	-	-	143,681	Includes EPA allotment of 2013 vintage allowances
Dollars	\$ 861.10	\$ 4.90	\$ 43.65	\$ -	\$ -	\$ 822.35	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	2,621	2,390	143	-	-	4,868	Includes EPA allotment of 2013 vintage allowances
Dollars	\$ 33.58	\$ (4.90)	\$ 0.82	\$ -	\$ -	\$ 27.86	
<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 January 2013

	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	903	0	0	0	0	903	
Dollars	\$ 173.68	\$ -	\$ -	\$ -	\$ -	\$ 173.68	
\$/Allowance	\$ 0.19	\$ -	\$ -	\$ -	\$ -	\$ 0.19	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	837	-	-	-	-	837	
Dollars	\$ 160.99	\$ -	\$ -	\$ -	\$ -	\$ 160.99	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	66	-	-	-	-	66	
Dollars	\$ 12.69	\$ -	\$ -	\$ -	\$ -	\$ 12.69	
<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 January 2013

	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	343	14,029	1,463	3	0	12,906	
Dollars	\$ 13,750.23	\$ (4,680.00)	\$ 969.76	\$ 1.99	\$ -	\$ 8,098.48	
\$/Allowance	\$ 40.09	\$ (0.33)	\$ 0.66	\$ 0.66	\$ -	\$ 0.63	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	127	13,229	1,384	-	-	11,972	Includes EPA allotment of 2013 vintage allowances
Dollars	\$ 2,084.58	\$ 6,345.21	\$ 917.39	\$ -	\$ -	\$ 7,512.40	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	216	800	79	3	-	934	Includes EPA allotment of 2013 vintage allowances
Dollars	\$ 11,665.65	\$ (11,025.21)	\$ 52.37	\$ 1.99	\$ -	\$ 586.08	
<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.

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, 2013

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ -	\$ 42,758
10th Previous Month	5,985	51,942
9th Previous Month	-	104,944
8th Previous Month	-	146,684
7th Previous Month	5,535	81,870
6th Previous Month	19,165	64,001
5th Previous Month	12,834	92,897
4th Previous Month	1,192,171	67,315
3rd Previous Month	11,218	70,837
2nd Previous Month	7,075	68,003
Previous Month	-	86,463
Current Month	-	60,292
Total 12 Month O&M	\$ 1,253,983	\$ 938,006

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	1,253,983	\$ 938,006
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	156,748	\$ 117,251

**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT**  
Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: January 31, 2013

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			-	-
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			-	-
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			-	-
506152 - ECR Sorbent Reactant - Reagent Only			-	-
512152 - ECR Sorbent Injection Maintenance			-	-
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
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	-	-	-	-
<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>				
	-	-	-	-
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations		-		-
512055 - ECR Scrubber Maintenance		-		-
506159 - ECR Sorbent Injection Operation		-	15,164.40	15,164.40
506152 - ECR Sorbent Reactant - Reagent Only		-	43,343.47	43,343.47
512152 - ECR Sorbent Injection Maintenance		-	1,783.69	1,783.69
506156 - ECR Baghouse Operations		-	-	-
512156 - ECR Baghouse Maintenance		-	-	-
506151 - ECR Activated Carbon		-	-	-
Adjustment for Base Rates Baseline Amounts		-		-
Total 2011 Plan O&M Expenses		-	60,291.56	60,291.56
<b>Current Month O&amp;M Expense for All Plans</b>	\$ -	\$ -	\$ 60,291.56	\$ 60,291.56

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: January 31, 2013

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: January 31, 2013

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, 2013

	Cane Run	Mill Creek	Trimble County	Total
On-Site CCP Disposal O&M Expense				
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: January 31, 2013

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-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	36,588,202	
Jul-12	32,473,602	12,431,189	2,828,040	1,605,512	285,991	49,624,333	49,338,342	
Aug-12	30,456,858	11,544,513	2,104,176	1,490,078	182,511	45,778,136	45,595,625	
Sep-12	26,263,406	9,708,052	1,699,376	1,251,651	140,160	39,062,646	38,922,486	
Oct-12	17,264,585	5,749,735	1,234,328	738,218	187,221	25,174,087	24,986,867	
Nov-12	17,423,231	5,809,787	1,949,030	745,582	372,920	26,300,549	25,927,629	
Dec-12	19,060,442	6,548,255	1,811,385	840,863	246,102	28,507,047	28,260,945	
Jan-13	23,606,284	8,209,560	1,954,151	1,103,549	279,016	35,152,559	34,873,543	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 32,786,883	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 78,091,523	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.99%	

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-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
Jul-12	34,823,511	17,039,422	3,822,030	663,209	306,547	56,654,720	56,348,173	35,486,720
Aug-12	33,791,921	16,634,925	3,031,537	652,106	220,802	54,331,291	54,110,489	34,444,027
Sep-12	29,737,343	13,851,459	2,370,019	628,671	171,589	46,759,081	46,587,492	30,366,014
Oct-12	26,687,011	13,278,156	2,642,617	499,375	294,418	43,401,577	43,107,159	27,186,386
Nov-12	26,114,444	13,355,314	3,983,302	475,003	562,181	44,490,244	43,928,063	26,589,447
Dec-12	25,123,011	12,895,624	3,525,186	464,015	376,768	42,384,604	42,007,836	25,587,026
Jan-13	25,211,526	12,319,544	2,891,065	380,924	328,121	41,131,180	40,803,059	25,592,450
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 45,304,640	\$ 28,610,048
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 78,091,523	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.01%	

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

Reconciliation of Reported Revenues

For the Month Ended: January 31, 2013

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 69,346,913	\$ 69,346,913
(2) Fuel Adjustment Clause	\$ 4,845,215	\$ 4,845,215
(3) DSM	\$ 1,484,473	\$ 1,484,473
(4) Environmental Surcharge		\$ 607,136
(5) CSR Credits		\$ (341,726)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 75,676,602	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 10,658,093	\$ 10,658,093
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 10,658,093	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 86,334,695	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	87.65%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 2,631,784
(13) Miscellaneous		\$ 1,431,102
(14) Total Company Revenues per Income Statement =		\$ 90,662,990

MAR 18 2013

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

March 18, 2013

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 2013. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2012-00208, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the April 2013 billing cycle which begins March 28, 2013.

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 February 2013.

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 large, stylized circular flourish.

Robert M. Conroy

Enclosures

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

INVOICE DATE: 2/1/2013  
 INVOICE #: 2013104  
 NVOICE PERIOD: 01/01/2013-01/31/2013  
 PROJECT NAME: KPSC Commission Case #2012-00469  
 AGE PROJECT #: 2012-63

FIRM INVOICED: Daryl E. Newby  
 Kentucky Public Service Commission  
 P.O. Box 615  
 211 Sower Boulevard  
 Frankfort, Kentucky. 40602

PROJECT DESCRIPTION:  
 KPSC Commission Case #2012-00469

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	/01/2013-01/31/2013	30	\$260	\$7,800.00	\$1,362.87	\$9,162.87	
Chuck Buechel	/01/2013-01/31/2013	26	\$240	\$6,240.00	\$258.47	\$6,498.47	
Mike Boismenu	/01/2013-01/31/2013	0	\$240	\$0.00		\$0.00	
<b>SUB TOTALS</b>		<b>56</b>		<b>\$14,040.00</b>	<b>\$1,621.34</b>	<b>\$15,661.34</b>	
<b>TOTAL FEES</b>							<b>\$14,040.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$1,621.34</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>\$0.00</b>
<b>Invoice Amount</b>							<b>\$15,661.34</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$15,661.34</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.

EASE REMIT TO:  
 Vantage Energy Consulting, LLC.  
 21460 Overseas Hwy.  
 Cudjoe Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-744-3440

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

INVOICE DATE: 2/1/2013  
 INVOICE #: 20130114  
 INVOICE PERIOD: 01/01/2013-01/31/2013  
 PROJECT NAME: Kentucky LGE Environmental Compliance  
 ITAGE PROJECT #: 2011-56

FIRM INVOICED: Daryl E. Newby  
 Kentucky Public Service Commission  
 P.O. Box 615  
 211 Sower Boulevard  
 Frankfort, Kentucky 40602

PROJECT DESCRIPTION:  
 LGE Environmental Compliance / Monitoring

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	01/01/2013-01/31/2013	9	\$260	\$2,340.00	\$614.01	\$2,954.01	
Chuck Buechel	01/01/2013-01/31/2013	10	\$240	\$2,400.00	\$100.00	\$2,500.00	
Mike Boismenu	01/01/2013-01/31/2013	6	\$240	\$1,440.00		\$1,440.00	
<b>SUB TOTALS</b>		<b>25</b>		<b>\$6,180.00</b>	<b>\$714.01</b>	<b>\$6,894.01</b>	
<b>TOTAL FEES</b>							<b>\$6,180.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$714.01</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>\$0.00</b>
<b>Invoice Amount</b>							<b>\$6,894.01</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$6,894.01</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

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 2013**

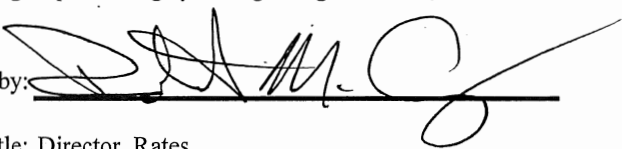
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	359,609
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		1.09%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	501,111
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		1.73%

Effective Date for Billing: April billing cycle beginning March 28, 2013

Submitted by: 

Title: Director, Rates

Date Submitted: March 18, 2013



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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of February 2013

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 = \$	21,129,677	\$ 96,831,774
(2) RB / 12 = \$	1,760,806	\$ 8,069,315
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$ =	10.52%	10.52%
(4) OE = \$	30,476	\$ 106,888
(5) BAS = \$	-	Not Applicable
(6) BR = \$	-	Not Applicable
(7) E(m) $(2) \times (3) + (4) - (5) + (6)$ = \$	215,713	\$ 955,779
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m) = \$	1,171,492	

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10 =	89.98%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)] = \$	1,054,109
(11) Adjustment for (Over)/Under-collection pursuant to Case No. 2012-00208 = \$	-
(12) Prior Period Adjustment (if necessary) =	-
(13) Revenue Collected through Base Rates =	193,389
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)] =	860,720

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 =	41.78%	58.22%
(16) Group E(m) [(14) x (15)] = \$	359,609	\$ 501,111
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00 = \$	33,084,481	\$ 29,032,688
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)] =	1.09%	1.73%

ES FORM 2.00

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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of February 2013

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plan
Eligible Pollution Control Plant	\$ 14,230,619	\$ 1,983,783
Eligible Pollution CWIP Excluding AFUDC	8,240,894	95,118,024
Subtotal	\$ 22,471,513	\$ 97,101,807
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	6,848	
Cash Working Capital Allowance	156,748	121,268
Subtotal	163,596	121,268
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	317,539	43,013
Pollution Control Deferred Income Taxes	1,187,893	348,288
Subtotal	1,505,432	391,301
Environmental Compliance Rate Base	\$ 21,129,677	\$ 96,831,774

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ -	\$ 74,899
Monthly Depreciation & Amortization Expense	26,897	4,179
less investment tax credit amortization	-	
Monthly Taxes Other Than Income Taxes	2,754	8,908
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	825	
Monthly Surcharge Consulting Fees		-
Construction Monitoring Consultant Fee		18,902
Total Pollution Control Operations Expense	\$ 30,476	\$ 106,888

**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 28, 2013

(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 2/28/2013	(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2005 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 19 - Sorbent Injection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 20 - Mercury Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ (0)	\$ (0)	\$ -	\$ -	\$ -	\$ -
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 290,262	\$ 580,497	\$ 9,884,583	\$ 338,013	\$ -	\$ 17,393	\$ 1,253
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 7,749,442	\$ 7,749,442	\$ -	\$ -	\$ -	\$ 939
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 27,277	\$ (89,045)	\$ 4,519,950	\$ 849,880	\$ -	\$ 9,504	\$ 561
Subtotal	\$ 14,230,619	\$ 317,539	\$ 8,240,894	\$ 22,153,974	\$ 1,187,893	\$ -	\$ 26,897	\$ 2,754
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 14,230,619	\$ 317,539	\$ 8,240,894	\$ 22,153,974	\$ 1,187,893	\$ -	\$ 26,897	\$ 2,754
<b>Subtotal - Pre-2011 Plans:</b>	\$ 14,230,619	\$ 317,539	\$ 8,240,894	\$ 22,153,974	\$ 1,187,893	\$ -	\$ 26,897	\$ 2,754

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

Plant, CWIP & Depreciation Expense

For the Month Ended: February 28, 2013

(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 2/28/2013	(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	\$ 1,983,783	\$ 43,013	\$ 90,102,841	\$ 92,043,611	\$ 348,288		\$ 4,179	\$ 8,346
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 5,015,183	\$ 5,015,183	\$ -		\$ -	\$ 562
Subtotal	\$ 1,983,783	\$ 43,013	\$ 95,118,024	\$ 97,058,794	\$ 348,288		\$ 4,179	\$ 8,908
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ 1,983,783	\$ 43,013	\$ 95,118,024	\$ 97,058,794	\$ 348,288	\$ -	\$ 4,179	\$ 8,908
<b>Net Total - All Plans:</b>	\$ 16,214,402	\$ 360,552	\$ 103,358,918	\$ 119,212,768	\$ 1,536,181	\$ -	\$ 31,076	\$ 11,661

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

For the Month Ended: February 28, 2013

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	141,829	11,515	903	\$ 811.76	\$ 7,225.64	\$ 173.68	
2014	62,379	14,133	-				
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	62,379						
2033 - 2042	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 February 2013

	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	148,549	0	6,720	0	0	141,829	
Dollars	\$ 850.21	\$ -	\$ 38.45	\$ -	\$ -	\$ 811.76	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	143,681	-	6,601	-	-	137,080	
Dollars	\$ 822.35	\$ -	\$ 37.77	\$ -	\$ -	\$ 784.58	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	4,868	-	119	-	-	4,749	
Dollars	\$ 27.86	\$ -	\$ 0.68	\$ -	\$ -	\$ 27.18	
<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 February 2013

	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	903	0	0	0	0	903	
Dollars	\$ 173.68	\$ -	\$ -	\$ -	\$ -	\$ 173.68	
\$/Allowance	\$ 0.19	\$ -	\$ -	\$ -	\$ -	\$ 0.19	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	837	-	-	-	-	837	
Dollars	\$ 160.99	\$ -	\$ -	\$ -	\$ -	\$ 160.99	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	66	-	-	-	-	66	
Dollars	\$ 12.69	\$ -	\$ -	\$ -	\$ -	\$ 12.69	
<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 February 2013

	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	12,906	0	1,389	2	0	11,515	
Dollars	\$ 8,098.48	\$ -	\$ 871.59	\$ 1.25	\$ -	\$ 7,225.64	
\$/Allowance	\$ 0.63	\$ -	\$ 0.63	\$ 0.63	\$ -	\$ 0.63	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	11,972	-	1,315	-	-	10,657	
Dollars	\$ 7,512.40	\$ -	\$ 825.16	\$ -	\$ -	\$ 6,687.24	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	934	-	74	2	-	858	
Dollars	\$ 586.08	\$ -	\$ 46.43	\$ 1.25	\$ -	\$ 538.40	
<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, 2013

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 5,985	\$ 51,942
10th Previous Month	-	104,944
9th Previous Month	-	146,684
8th Previous Month	5,535	81,870
7th Previous Month	19,165	64,001
6th Previous Month	12,834	92,897
5th Previous Month	1,192,171	67,315
4th Previous Month	11,218	70,837
3rd Previous Month	7,075	68,003
2nd Previous Month	-	86,463
Previous Month	-	60,292
Current Month	-	74,899
<b>Total 12 Month O&amp;M</b>	<b>\$ 1,253,983</b>	<b>\$ 970,146</b>

Determination of Working Capital Allowance		
12 Months O&M Expenses	\$ 1,253,983	\$ 970,146
One Eighth (1/8) of 12 Month O&M Expenses	1/8	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 156,748</b>	<b>\$ 121,268</b>

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: February 28, 2013

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			-	-
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			-	-
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			-	-
506152 - ECR Sorbent Reactant - Reagent Only			-	-
512152 - ECR Sorbent Injection Maintenance			-	-
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
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	-	-	-	-
<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>				
	-	-	-	-
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations		-		-
512055 - ECR Scrubber Maintenance				-
506159 - ECR Sorbent Injection Operation			22,182.01	22,182.01
506152 - ECR Sorbent Reactant - Reagent Only			52,374.49	52,374.49
512152 - ECR Sorbent Injection Maintenance			342.00	342.00
506156 - ECR Baghouse Operations			-	-
512156 - ECR Baghouse Maintenance			-	-
506151 - ECR Activated Carbon			-	-
Adjustment for Base Rates Baseline Amounts				-
Total 2011 Plan O&M Expenses			74,898.50	74,898.50
<b>Current Month O&amp;M Expense for All Plans</b>	\$ -	\$ -	\$ 74,898.50	\$ 74,898.50

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: February 28, 2013

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, 2013**

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, 2013

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: February 28, 2013

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-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	36,588,202	
Jul-12	32,473,602	12,431,189	2,828,040	1,605,512	285,991	49,624,333	49,338,342	
Aug-12	30,456,858	11,544,513	2,104,176	1,490,078	182,511	45,778,136	45,595,625	
Sep-12	26,263,406	9,708,052	1,699,376	1,251,651	140,160	39,062,646	38,922,486	
Oct-12	17,264,585	5,749,735	1,234,328	738,218	187,221	25,174,087	24,986,867	
Nov-12	17,423,231	5,809,787	1,949,030	745,582	372,920	26,300,549	25,927,629	
Dec-12	19,060,442	6,548,255	1,811,385	840,863	246,102	28,507,047	28,260,945	
Jan-13	23,606,284	8,209,560	1,954,151	1,103,549	279,016	35,152,559	34,873,543	
Feb-13	22,715,271	7,479,756	1,933,379	1,005,854	377,609	33,511,870	33,134,260	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 33,084,481	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 79,179,394	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month								41.78%

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-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
Jul-12	34,823,511	17,039,422	3,822,030	663,209	306,547	56,654,720	56,348,173	35,486,720
Aug-12	33,791,921	16,634,925	3,031,537	652,106	220,802	54,331,291	54,110,489	34,444,027
Sep-12	29,737,343	13,851,459	2,370,019	628,671	171,589	46,759,081	46,587,492	30,366,014
Oct-12	26,687,011	13,278,156	2,642,617	499,375	294,418	43,401,577	43,107,159	27,186,386
Nov-12	26,114,444	13,355,314	3,983,302	475,003	562,181	44,490,244	43,928,063	26,589,447
Dec-12	25,123,011	12,895,624	3,525,186	464,015	376,768	42,384,604	42,007,836	25,587,026
Jan-13	25,211,526	12,319,544	2,891,065	380,924	328,121	41,131,180	40,803,059	25,592,450
Feb-13	28,753,724	13,895,352	3,402,809	359,707	501,282	46,912,874	46,411,592	29,113,431
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 46,094,912	\$ 29,032,688
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 79,179,394	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.22%	

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

**Reconciliation of Reported Revenues**

**For the Month Ended: February 28, 2013**

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 72,844,103	\$ 72,844,103
(2) Fuel Adjustment Clause	\$ 5,336,188	\$ 5,336,188
(3) DSM	\$ 1,365,562	\$ 1,365,562
(4) Environmental Surcharge		\$ 878,891
(5) CSR Credits		\$ (204,519)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 79,545,852	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 8,862,497	\$ 8,862,497
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 8,862,497	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 88,408,350	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	89.98%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (3,972,446)
(13) Miscellaneous		\$ 1,250,390
(14) Total Company Revenues per Income Statement =		\$ 86,360,666

RECEIVED

Conroy

APR 16 2013

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  
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Director - Rates  
T 502-627-3324  
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April 16, 2013

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 2013. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2012-00208, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the May 2013 billing cycle which begins April 26, 2013.

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

Sincerely,

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

Robert M. Conroy

Enclosures



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 2013**

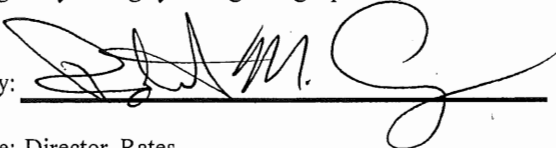
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	456,302
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		1.36%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	628,323
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		2.17%

Effective Date for Billing: May billing cycle beginning April 26, 2013

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

Title: Director, Rates

Date Submitted: April 16, 2013

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of March 2013

Calculation of Total E(m)

$E(m) = [(RB / 12) (ROR + (ROR - DR) / (1 - TR))] + OE - BAS + BR$ , 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	= \$	21,598,317	\$ 118,335,460
(2) RB / 12	= \$	1,799,860	\$ 9,861,288
(3) $(ROR + (ROR - DR) / (1 - TR))$	=	10.52%	10.52%
(4) OE	= \$	30,492	\$ 81,238
(5) BAS	= \$	282	Not Applicable
(6) BR	= \$	-	Not Applicable
(7) E(m)	= \$	219,556	\$ 1,118,645
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$	1,338,201	

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	92.94%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	1,243,724
(11) Adjustment for (Over)/Under-collection pursuant to Case No. 2012-00208	= \$	-
(12) Prior Period Adjustment (if necessary)	=	-
(13) Revenue Collected through Base Rates	=	159,099
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	1,084,625

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	=	42.07%	57.93%
(16) Group E(m) [(14) x (15)]	= \$	456,302	\$ 628,323
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	33,507,063	\$ 29,020,161
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	1.36%	2.17%

ES FORM 2.00

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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of March 2013

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plan
Eligible Pollution Control Plant	\$ 14,230,619	\$ 1,983,783
Eligible Pollution CWIP Excluding AFUDC	8,754,357	116,625,100
Subtotal	\$ 22,984,976	\$ 118,608,883
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	5,946	
Cash Working Capital Allowance	156,000	123,292
Subtotal	161,946	123,292
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	344,436	47,212
Pollution Control Deferred Income Taxes	1,204,169	349,503
Subtotal	1,548,605	396,715
Environmental Compliance Rate Base	\$ 21,598,317	\$ 118,335,460

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ -	\$ 68,131
Monthly Depreciation & Amortization Expense	26,897	4,199
less investment tax credit amortization	-	-
Monthly Taxes Other Than Income Taxes	2,754	8,908
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	841	-
Monthly Surcharge Consulting Fees	-	-
Construction Monitoring Consultant Fee	-	-
Total Pollution Control Operations Expense	\$ 30,492	\$ 81,238

**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	\$ 282	\$ -	\$ 282
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 282	\$ -	\$ 282

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

For the Month Ended: March 31, 2013

(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 3/31/2013	(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2005 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 19 - Sorbent Injection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 20 - Mercury Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ (0)	\$ (0)	\$ -	\$ -	\$ -	\$ -
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 307,655	\$ 642,030	\$ 9,928,723	\$ 352,017	\$ -	\$ 17,393	\$ 1,253
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 7,995,508	\$ 7,995,508	\$ -	\$ -	\$ -	\$ 939
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 36,781	\$ 116,819	\$ 4,716,310	\$ 852,152	\$ -	\$ 9,504	\$ 561
Subtotal	\$ 14,230,619	\$ 344,436	\$ 8,754,357	\$ 22,640,540	\$ 1,204,169	\$ -	\$ 26,897	\$ 2,754
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 14,230,619	\$ 344,436	\$ 8,754,357	\$ 22,640,540	\$ 1,204,169	\$ -	\$ 26,897	\$ 2,754
<b>Subtotal - Pre-2011 Plans:</b>	\$ 14,230,619	\$ 344,436	\$ 8,754,357	\$ 22,640,540	\$ 1,204,169	\$ -	\$ 26,897	\$ 2,754

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

Plant, CWIP & Depreciation Expense

For the Month Ended: March 31, 2013

(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 3/31/2013	(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	\$ 1,983,783	\$ 47,212	\$ 111,380,589	\$ 113,317,160	\$ 349,503		\$ 4,199	\$ 8,346
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 5,244,511	\$ 5,244,511	\$ -		\$ -	\$ 562
Subtotal	\$ 1,983,783	\$ 47,212	\$ 116,625,100	\$ 118,561,671	\$ 349,503		\$ 4,199	\$ 8,908
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	<b>\$ 1,983,783</b>	<b>\$ 47,212</b>	<b>\$ 116,625,100</b>	<b>\$ 118,561,671</b>	<b>\$ 349,503</b>	<b>\$ -</b>	<b>\$ 4,199</b>	<b>\$ 8,908</b>
<b>Net Total - All Plans:</b>	<b>\$ 16,214,402</b>	<b>\$ 391,648</b>	<b>\$ 125,379,457</b>	<b>\$ 141,202,211</b>	<b>\$ 1,553,671</b>	<b>\$ -</b>	<b>\$ 31,096</b>	<b>\$ 11,661</b>

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: March 31, 2013

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	135,999	10,099	7,115	\$ 778.39	\$ 6,337.11	\$ 173.68	
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	62,379						
2032	62,379						
2033 - 2042	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 March 2013

	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	141,829	0	5,830	0	0	135,999	
Dollars	\$ 811.76	\$ -	\$ 33.37	\$ -	\$ -	\$ 778.39	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	137,080	-	5,719	-	-	131,361	
Dollars	\$ 784.58	\$ -	\$ 32.73	\$ -	\$ -	\$ 751.85	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	4,749	-	111	-	-	4,638	
Dollars	\$ 27.18	\$ -	\$ 0.64	\$ -	\$ -	\$ 26.54	
<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 March 2013

	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	903	6,212	0	0	0	7,115	
Dollars	\$ 173.68	\$ 0.00	\$ -	\$ -	\$ -	\$ 173.68	
\$/Allowance	\$ 0.19	\$ -	\$ -	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	837	5,885	-	-	-	6,722	Includes 2013 vintage allowances of 5,884; transfer of (58)
Dollars	\$ 160.99	\$ 3.10	\$ -	\$ -	\$ -	\$ 164.09	allowances to CTs; and true-up adjustment of 59 allowances
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	66	327	-	-	-	393	Includes 2013 vintage allowances of 328; transfer of 58
Dollars	\$ 12.69	\$ (3.10)	\$ -	\$ -	\$ -	\$ 9.59	allowances to CTs; and true-up adjustment of (59) allowances
<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 March 2013

	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	11,515	0	1,406	10	0	10,099	
Dollars	\$ 7,225.64	\$ -	\$ 882.26	\$ 6.27	\$ -	\$ 6,337.11	
\$/Allowance	\$ 0.63	\$ -	\$ 0.63	\$ 0.63	\$ -	\$ 0.63	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	10,657	(103)	1,340	-	-	9,214	Transfer of allowances from coal to CTs
Dollars	\$ 6,687.24	\$ (64.63)	\$ 840.85	\$ -	\$ -	\$ 5,781.76	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	858	103	66	10	-	885	Transfer of allowances from coal to CTs
Dollars	\$ 538.40	\$ 64.63	\$ 41.41	\$ 6.27	\$ -	\$ 555.35	
<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: March 31, 2013

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ -	\$ 104,944
10th Previous Month	-	146,684
9th Previous Month	5,535	81,870
8th Previous Month	19,165	64,001
7th Previous Month	12,834	92,897
6th Previous Month	1,192,171	67,315
5th Previous Month	11,218	70,837
4th Previous Month	7,075	68,003
3rd Previous Month	-	86,463
2nd Previous Month	-	60,292
Previous Month	-	74,899
Current Month	-	68,131
Total 12 Month O&M	\$ 1,247,998	\$ 986,335

Determination of Working Capital Allowance			
12 Months O&M Expenses	\$	1,247,998	\$ 986,335
One Eighth (1/8) of 12 Month O&M Expenses		1/8	1/8
Pollution Control Cash Working Capital Allowance	\$	156,000	\$ 123,292

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: March 31, 2013

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			-	-
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			-	-
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			-	-
506152 - ECR Sorbent Reactant - Reagent Only			-	-
512152 - ECR Sorbent Injection Maintenance			-	-
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
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	-	-	-	-
<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>				
	-	-	-	-
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations		-		-
512055 - ECR Scrubber Maintenance		-		-
506159 - ECR Sorbent Injection Operation			11,943.78	11,943.78
506152 - ECR Sorbent Reactant - Reagent Only			55,270.26	55,270.26
512152 - ECR Sorbent Injection Maintenance			917.09	917.09
506156 - ECR Baghouse Operations			-	-
512156 - ECR Baghouse Maintenance			-	-
506151 - ECR Activated Carbon			-	-
Adjustment for Base Rates Baseline Amounts			-	-
Total 2011 Plan O&M Expenses			68,131.13	68,131.13
Current Month O&M Expense for All Plans	\$ -	\$ -	\$ 68,131.13	\$ 68,131.13

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, 2013

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, 2013

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, 2013**

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: March 31, 2013

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-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	\$ 36,588,202
Jul-12	32,473,602	12,431,189	2,828,040	1,605,512	285,991	\$ 49,624,333	\$ 49,338,342
Aug-12	30,456,858	11,544,513	2,104,176	1,490,078	182,511	\$ 45,778,136	\$ 45,595,625
Sep-12	26,263,406	9,708,052	1,699,376	1,251,651	140,160	\$ 39,062,646	\$ 38,922,486
Oct-12	17,264,585	5,749,735	1,234,328	738,218	187,221	\$ 25,174,087	\$ 24,986,867
Nov-12	17,423,231	5,809,787	1,949,030	745,582	372,920	\$ 26,300,549	\$ 25,927,629
Dec-12	19,060,442	6,548,255	1,811,385	840,863	246,102	\$ 28,507,047	\$ 28,260,945
Jan-13	23,606,284	8,209,560	1,954,151	1,103,549	279,016	\$ 35,152,559	\$ 34,873,543
Feb-13	22,715,271	7,479,756	1,933,379	1,005,854	377,609	\$ 33,511,870	\$ 33,134,260
Mar-13	21,559,743	6,990,269	1,953,209	940,361	166,894	\$ 31,610,476	\$ 31,443,582
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 33,507,063
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 79,638,030
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							42.07%

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-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
Jul-12	34,823,511	17,039,422	3,822,030	663,209	306,547	\$ 56,654,720	\$ 56,348,173	\$ 35,486,720
Aug-12	33,791,921	16,634,925	3,031,537	652,106	220,802	\$ 54,331,291	\$ 54,110,489	\$ 34,444,027
Sep-12	29,737,343	13,851,459	2,370,019	628,671	171,589	\$ 46,759,081	\$ 46,587,492	\$ 30,366,014
Oct-12	26,687,011	13,278,156	2,642,617	499,375	294,418	\$ 43,401,577	\$ 43,107,159	\$ 27,186,386
Nov-12	26,114,444	13,355,314	3,983,302	475,003	562,181	\$ 44,490,244	\$ 43,928,063	\$ 26,589,447
Dec-12	25,123,011	12,895,624	3,525,186	464,015	376,768	\$ 42,384,604	\$ 42,007,836	\$ 25,587,026
Jan-13	25,211,526	12,319,544	2,891,065	380,924	328,121	\$ 41,131,180	\$ 40,803,059	\$ 25,592,450
Feb-13	28,753,724	13,895,352	3,402,809	359,707	501,282	\$ 46,912,874	\$ 46,411,592	\$ 29,113,431
Mar-13	26,113,559	12,156,147	3,239,731	348,517	255,292	\$ 42,113,246	\$ 41,857,954	\$ 26,462,076
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 46,130,967	\$ 29,020,161
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 79,638,030	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							57.93%	

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

Reconciliation of Reported Revenues

For the Month Ended: March 31, 2013

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 66,819,718	\$ 66,819,718
(2) Fuel Adjustment Clause	\$ 5,192,940	\$ 5,192,940
(3) DSM	\$ 1,288,878	\$ 1,288,878
(4) Environmental Surcharge		\$ 422,186
(5) CSR Credits		\$ (288,771)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 73,301,536	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 5,566,706	\$ 5,566,706
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 5,566,706	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 78,868,242	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	92.94%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 5,003,553
(13) Miscellaneous		\$ 1,259,491
(14) Total Company Revenues per Income Statement =		\$ 85,264,700



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MAY 17 2013

PUBLIC SERVICE  
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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  
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Director - Rates  
T 502-627-3324  
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robert.conroy@lge-ku.com

May 17, 2013

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 2013. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2012-00547, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the June 2013 billing cycle which begins May 29, 2013.

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

Sincerely,

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

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 April 2013**

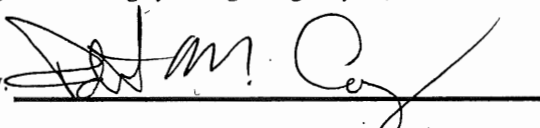
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	521,638
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		1.54%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	714,470
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		2.45%

Effective Date for Billing: June billing cycle beginning May 29, 2013

Submitted by: 

Title: Director, Rates

Date Submitted: May 17, 2013

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of April 2013

**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	= \$	21,773,798	\$	139,609,692
(2) RB / 12	= \$	1,814,483	\$	11,634,141
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.61%		10.61%
(4) OE	= \$	30,311	\$	93,245
(5) BAS	= \$	-		Not Applicable
(6) BR	= \$	13,171		Not Applicable
(7) E(m)                    (2) x (3) + (4) - (5) + (6)	= \$	235,998	\$	1,327,627
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	\$	1,563,625		

**Calculation of Adjusted Net Jurisdictional E(m)**

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	92.71%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	1,449,637
(11) Adjustment for (Over)/Under-collection pursuant to Case No. 2012-00547	= \$	(146,937)
(12) Prior Period Adjustment (if necessary)	=	-
(13) Revenue Collected through Base Rates	=	66,592
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	1,236,108

**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	=	42.20%		57.80%
(16) Group E(m) [(14) x (15)]	= \$	521,638	\$	714,470
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	33,850,396	\$	29,161,214
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	1.54%		2.45%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of April 2013

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plan
Eligible Pollution Control Plant	\$ 14,230,619	\$ 5,188,794
Eligible Pollution CWIP Excluding AFUDC	8,972,024	134,709,054
Subtotal	\$ -23,202,643	\$ 139,897,848
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	5,286	
Cash Working Capital Allowance	157,646	119,920
Subtotal	162,932	119,920
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	371,333	53,582
Pollution Control Deferred Income Taxes	1,220,444	354,494
Subtotal	1,591,777	408,076
Environmental Compliance Rate Base	\$ 21,773,798	\$ 139,609,692

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ -	\$ 77,967
Monthly Depreciation & Amortization Expense	26,897	6,370
less investment tax credit amortization	-	-
Monthly Taxes Other Than Income Taxes	2,754	8,908
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	660	-
Monthly Surcharge Consulting Fees	-	-
Construction Monitoring Consultant Fee	-	-
Total Pollution Control Operations Expense	\$ 30,311	\$ 93,245

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 13,983
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(812)
Net Beneficial Reuse Operations Expense	\$ 13,171

**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, 2013

(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 4/30/2013	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2005 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 19 - Sorbent Injection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 20 - Mercury Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ (0)	\$ (0)	\$ -	\$ -	\$ -	\$ -
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 325,047	\$ 698,283	\$ 9,967,583	\$ 366,021	\$ -	\$ 17,393	\$ 1,253
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 8,192,408	\$ 8,192,408	\$ -	\$ -	\$ -	\$ 939
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 46,285	\$ 81,333	\$ 4,671,319	\$ 854,423	\$ -	\$ 9,504	\$ 561
Subtotal	\$ 14,230,619	\$ 371,333	\$ 8,972,024	\$ 22,831,311	\$ 1,220,444	\$ -	\$ 26,897	\$ 2,754
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 14,230,619	\$ 371,333	\$ 8,972,024	\$ 22,831,311	\$ 1,220,444	\$ -	\$ 26,897	\$ 2,754
<b>Subtotal - Pre-2011 Plans:</b>	\$ 14,230,619	\$ 371,333	\$ 8,972,024	\$ 22,831,311	\$ 1,220,444	\$ -	\$ 26,897	\$ 2,754

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

Plant, CWIP & Depreciation Expense

For the Month Ended: April 30, 2013

(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 4/30/2013	(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	\$ 5,188,794	\$ 53,582	\$ 129,268,244	\$ 134,403,456	\$ 354,494		\$ 6,370	\$ 8,346
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 5,440,810	\$ 5,440,810	\$ -		\$ -	\$ 562
Subtotal	\$ 5,188,794	\$ 53,582	\$ 134,709,054	\$ 139,844,265	\$ 354,494		\$ 6,370	\$ 8,908
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ 5,188,794	\$ 53,582	\$ 134,709,054	\$ 139,844,265	\$ 354,494	\$ -	\$ 6,370	\$ 8,908
<b>Net Total - All Plans:</b>	\$ 19,419,412	\$ 424,914	\$ 143,681,078	\$ 162,675,576	\$ 1,574,938	\$ -	\$ 33,267	\$ 11,661

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: April 30, 2013

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	130,127	8,974	7,115	\$ 744.78	\$ 5,631.18	\$ 173.68	
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	62,379						
2032	62,379						
2033 - 2042	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 2013

	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	135,999	0	5,872	0	0	130,127	
Dollars	\$ 778.39	\$ -	\$ 33.61	\$ -	\$ -	\$ 744.78	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	131,361	-	5,795		-	125,566	
Dollars	\$ 751.85	\$ -	\$ 33.17	\$ -	\$ -	\$ 718.68	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	4,638	-	77	-	-	4,561	
Dollars	\$ 26.54	\$ -	\$ 0.44	\$ -	\$ -	\$ 26.10	
<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 April 2013

	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	7,115	0	0	0	0	7,115	
Dollars	\$ 173.68	\$ -	\$ -	\$ -	\$ -	\$ 173.68	
\$/Allowance	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	6,722		-	-	-	6,722	
Dollars	\$ 164.09		\$ -	\$ -	\$ -	\$ 164.09	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	393		-	-	-	393	
Dollars	\$ 9.59		\$ -	\$ -	\$ -	\$ 9.59	
<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 April 2013

	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	10,099	0	1,115	10	0	8,974	
Dollars	\$ 6,337.11	\$ -	\$ 699.66	\$ 6.27	\$ -	\$ 5,631.18	
\$/Allowance	\$ 0.63	\$ -	\$ 0.63	\$ 0.63	\$ -	\$ 0.63	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	9,214	-	1,051	-	-	8,163	
Dollars	\$ 5,781.76	\$ -	\$ 659.50	\$ -	\$ -	\$ 5,122.26	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	885	-	64	10	-	811	
Dollars	\$ 555.35	\$ -	\$ 40.16	\$ 6.27	\$ -	\$ 508.92	
<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, 2013

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ -	\$ 146,684
10th Previous Month	5,535	81,870
9th Previous Month	19,165	64,001
8th Previous Month	12,834	92,897
7th Previous Month	1,192,171	67,315
6th Previous Month	11,218	70,837
5th Previous Month	7,075	68,003
4th Previous Month	-	86,463
3rd Previous Month	-	60,292
2nd Previous Month	-	74,899
Previous Month	-	68,131
Current Month	13,171	77,967
Total 12 Month O&M	\$ 1,261,169	\$ 959,358

Determination of Working Capital Allowance		
12 Months O&M Expenses	\$ 1,261,169	\$ 959,358
One Eighth (1/8) of 12 Month O&M Expenses	1/8	1/8
Pollution Control Cash Working Capital Allowance	\$ 157,646	\$ 119,920

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: April 30, 2013

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			-	-
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			-	-
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			-	-
506152 - ECR Sorbent Reactant - Reagent Only			-	-
512152 - ECR Sorbent Injection Maintenance			-	-
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
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	-	-	-	-
<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>				
	-	-	-	-
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations		-		-
512055 - ECR Scrubber Maintenance		-		-
506159 - ECR Sorbent Injection Operation		-	9,788.71	9,788.71
506152 - ECR Sorbent Reactant - Reagent Only		-	66,911.05	66,911.05
512152 - ECR Sorbent Injection Maintenance		-	1,266.76	1,266.76
506156 - ECR Baghouse Operations		-	-	-
512156 - ECR Baghouse Maintenance		-	-	-
506151 - ECR Activated Carbon		-	-	-
Adjustment for Base Rates Baseline Amounts		-		-
Total 2011 Plan O&M Expenses		-	77,966.52	77,966.52
<b>Current Month O&amp;M Expense for All Plans</b>	\$ -	\$ -	\$ 77,966.52	\$ 77,966.52

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: April 30, 2013

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, 2013

Third Party	O&M Expense Account	Plant	Total O&M
McBride	501253 - ECR Fly Ash Disposal	Trimble County	\$ 11,108.83
Synthetic Material	502011 - ECR Other Waste Disposal	Trimble County	\$ 2,873.87
Total Monthly Beneficial Reuse Expense			\$ 13,982.70
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (812.01)
Net Beneficial Reuse O&M Expense			\$ 13,170.69

ES FORM 2.61

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

**Beneficial Reuse Opportunities  
For the Month Ended: April 30, 2013**

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	\$ -	\$ -	\$ (9,744.06)	\$ (9,744.06)
(2) Monthly Amount [(1) / 12]	\$ -	\$ -	\$ (812.01)	\$ (812.01)
2009 Plan Project 25				
(3) Monthly Amount (Expense/Revenue)	\$ -	\$ -	\$ 13,982.70	\$ 13,982.70
Total Beneficial Reuse - Generating Station				
(4) Monthly Expense [(2) + (3)]	\$ -	\$ -	\$ 13,170.69	\$ 13,170.69
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)]	\$ -	\$ -	\$ 13,170.69	\$ 13,170.69
(8) Less 2009 Plan Project 25 [(7) - (3)]	\$ -	\$ -	\$ (812.01)	\$ (812.01)
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)	\$ -	\$ -	\$ (812.01)	\$ (812.01)

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: April 30, 2013

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-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	36,588,202	
Jul-12	32,473,602	12,431,189	2,828,040	1,605,512	285,991	49,624,333	49,338,342	
Aug-12	30,456,858	11,544,513	2,104,176	1,490,078	182,511	45,778,136	45,595,625	
Sep-12	26,263,406	9,708,052	1,699,376	1,251,651	140,160	39,062,646	38,922,486	
Oct-12	17,264,585	5,749,735	1,234,328	738,218	187,221	25,174,087	24,986,867	
Nov-12	17,423,231	5,809,787	1,949,030	745,582	372,920	26,300,549	25,927,629	
Dec-12	19,060,442	6,548,255	1,811,385	840,863	246,102	28,507,047	28,260,945	
Jan-13	23,606,284	8,209,560	1,954,151	1,103,549	279,016	35,152,559	34,873,543	
Feb-13	22,715,271	7,479,756	1,933,379	1,005,854	377,609	33,511,870	33,134,260	
Mar-13	21,559,743	6,990,269	1,953,209	940,361	166,894	31,610,476	31,443,582	
Apr-13	19,655,937	6,164,484	1,738,892	988,686	310,820	28,858,818	28,547,999	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 33,850,396	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 80,220,821	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month								42.20%

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-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
Jul-12	34,823,511	17,039,422	3,822,030	663,209	306,547	56,654,720	56,348,173	35,486,720
Aug-12	33,791,921	16,634,925	3,031,537	652,106	220,802	54,331,291	54,110,489	34,444,027
Sep-12	29,737,343	13,851,459	2,370,019	628,671	171,589	46,759,081	46,587,492	30,366,014
Oct-12	26,687,011	13,278,156	2,642,617	499,375	294,418	43,401,577	43,107,159	27,186,386
Nov-12	26,114,444	13,355,314	3,983,302	475,003	562,181	44,490,244	43,928,063	26,589,447
Dec-12	25,123,011	12,895,624	3,525,186	464,015	376,768	42,384,604	42,007,836	25,587,026
Jan-13	25,211,526	12,319,544	2,891,065	380,924	328,121	41,131,180	40,803,059	25,592,450
Feb-13	28,753,724	13,895,352	3,402,809	359,707	501,282	46,912,874	46,411,592	29,113,431
Mar-13	26,113,559	12,156,147	3,239,731	348,517	255,292	42,113,246	41,857,954	26,462,076
Apr-13	28,734,131	13,774,118	3,755,159	342,622	468,946	47,074,976	46,606,031	29,076,753
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 46,370,425	\$ 29,161,214
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 80,220,821	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month								57.80%



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

Reconciliation of Reported Revenues

For the Month Ended: April 30, 2013

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 68,328,671	\$ 68,328,671
(2) Fuel Adjustment Clause	\$ 5,494,051	\$ 5,494,051
(3) DSM	\$ 1,331,308	\$ 1,331,308
(4) Environmental Surcharge		\$ 779,766
(5) CSR Credits		\$ (299,882)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 75,154,029	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 5,913,816	\$ 5,913,816
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 5,913,816	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 81,067,845	
Jurisdictional Allocation Ratio for Current Month. [(5) / (8)] =	92.71%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (7,656,364)
(13) Miscellaneous		\$ 841,230
(14) Total Company Revenues per Income Statement =		\$ 74,732,595



a PPL company

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

RECEIVED

JUN 14 2013

PUBLIC SERVICE  
COMMISSION

June 14, 2013

RE: Monthly Environmental Surcharge Report

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

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 2013. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2012-00547, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the July 2013 billing cycle which begins June 26, 2013.

Included with this filing is the evaluation demonstrating the cost effectiveness of the new beneficial reuse opportunity at Mill Creek. The project will recover approximately 300,000 tons of gypsum annually to create a unique sulfur product that will be sold to and distributed by agricultural companies. Associated costs are included on ES Forms 2.60 and 2.61.

Also, it has come to my attention that the Revenue Collected Through Base Rates as reported on ES Form 1.10, line 12 was overstated in the January through March 2013 expense month filings. Therefore, a Prior Period Adjustment is included on ES Form 1.10 to correct the March 2013 amount. The January and February 2013 expense month filings will be corrected in the next ECR review case since it is the end of a two-year review period.

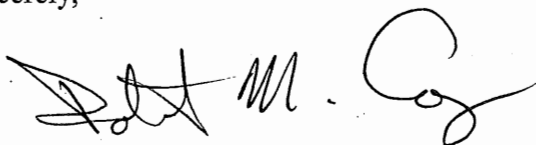
Lastly, attached to this letter is a copy of an invoice for services provided to the Commission by Vantage Consulting in LG&E's 2011 ECR Compliance Plan filing. ES Form 2.0 reflects the expenses paid in May 2013.

Mr. Jeff DeRouen  
June 14, 2013

Attachment to Response to SV Question No. 2(h)  
Page 749 of 1183  
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, prominent "C" 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: 5/1/2013  
INVOICE #: 20130114  
INVOICE PERIOD: 04/01/2013-04/30/2013  
PROJECT NAME: Kentucky LGE Environmental Compliance  
ITAGE PROJECT #: 2011-56

FIRM INVOICED: Daryl E. Newby  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, Kentucky 40602

PROJECT DESCRIPTION:  
KU/LGE Construction Oversight

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	04/01/2013-04/30/2013	6	\$260	\$1,560.00		\$1,560.00	
Chuck Buechel	04/01/2013-04/30/2013	16	\$240	\$3,840.00	\$150.00	\$3,990.00	
Mike Boismenu	04/01/2013-04/30/2013	18	\$240	\$4,320.00	\$600.98	\$4,920.98	
<b>SUB TOTALS</b>		<b>40</b>		<b>\$9,720.00</b>	<b>\$750.98</b>	<b>\$10,470.98</b>	
<b>TOTAL FEES</b>							<b>\$9,720.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$750.98</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>\$10,470.98</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$10,470.98</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

# Evaluation of Mill Creek Pelletized Product Manufacturing Plant



**PPL companies**

**Generation Planning & Analysis  
Updated June 2013**

**Table of Contents**

1 Background.....2  
2 Charah Proposal .....2  
3 Analysis.....2  
4 Conclusion .....4

## 1 Background

Historically, Mill Creek station has produced around 700,000 tons of gypsum annually.<sup>1</sup> Future production is expected to slightly increase, to 750,000 tons, due to the installation of new, higher efficiency FGDs. In 2013, the station expects to deliver approximately 300,000 tons of gypsum to beneficial reuse markets in the concrete and cement industries. Any gypsum not delivered to beneficial reuse markets is stored in an on-site landfill.

## 2 Charah Proposal

Charah, a certified contractor providing landfill construction services and on-going operations and maintenance of the landfill at Mill Creek, proposed to invest its own capital resources to enhance the marketability of gypsum produced at Mill Creek. Charah will design, construct, and operate a processing plant at Mill Creek utilizing Mill Creek gypsum for the manufacture of Sul4R, a pelletized synthetic gypsum product, for sale and distribution in the agricultural market. The proposed contract has a term of 13 years with the potential for unlimited additional, consecutive five year "Renewal Terms." In return, LG&E will provide Charah with a license agreement to use Mill Creek property for the construction of the production plant.

Mill Creek will provide up to 250,000 tons of gypsum annually for processing and eventual sale and use in the agricultural market. In addition, the Companies will pay to install utility services (gas, electric, potable water, and sewer) within 50 feet of the new pelletizing plant at a cost of approximately \$50,000.<sup>2</sup> During the first five years of the contract, LG&E will pay Charah \$2.00/ton of gypsum delivered to the pelletizing plant (capped at \$200,000 per year). After the fifth year, Charah will pay LG&E \$6.00/ton of gypsum delivered to the pelletizing plant (capped at \$600,000 per year).

## 3 Analysis

The pelletizing plant is expected to process 50,000 tons of gypsum in 2013, increasing to 125,000 tons by 2016.<sup>3</sup> LG&E will avoid the handling cost of sending gypsum to its on-site landfill (the variable cost of on-site landfill disposal is approximately \$1.00/ton in 2013 and is assumed to escalate at 3.3 percent annually to \$1.34/ton in 2022). While the conservation of landfill space could also be beneficial, this analysis focuses on the value of the reduction in variable costs for material handling for landfill disposal and the costs/revenues associated with the Charah proposal.

The utility services installed to serve the processing plant have an assumed capital cost of \$50,000. The analysis assumes this investment is depreciated over the 13-year life of the contract for book purposes and will have a tax life of 5 years.

For the first five years<sup>4</sup>, the total project cost is higher than the "do nothing" case due to the payments to Charah specified in the agreement. Starting in year six, when Charah begins paying for the gypsum, this project will result in over \$700,000 of savings annually assuming that Charah utilizes only 125,000 tons per year (half of the contract maximum volume). Over the contract term, this proposal would

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<sup>1</sup> The Mill Creek station produces approximately 1.2 million tons of coal combustion residuals (CCRs) annually, comprised of approximately 10% bottom ash, 30% fly ash, and 60% gypsum.

<sup>2</sup> The cost to install utility services was updated from \$300,000 in the previous analysis to \$50,000.

<sup>3</sup> The volumes in 2013 through 2015 are based on Charah's expectation to start and ramp-up the gypsum processing plant. Starting in 2016, the volume is based on 50% of the 250,000 ton annual cap.

<sup>4</sup> The analysis is based on full calendar years beginning in 2013.

reduce the net present revenue requirements (NPVRR) by approximately \$3 million (see Table 1) as compared to the “do nothing” case.

**Table 1 – Valuation of Charah Proposal (000s)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Gypsum (000 Tons)<sup>3</sup></b>	50	75	100	125	125	125	125	125	125	125	125	125	125
<b>Capital Revenue Requirement-Utility (\$000)</b>	9	8	8	7	6	6	5	5	5	5	4	4	4
<b>Op. Cost Impacts (\$000)</b>													
Payment to/(Revenue from) Charah	100	150	200	200	200	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)
Avoided Handling and Transport Cost	(50)	(77)	(104)	(143)	(146)	(150)	(155)	(159)	(163)	(168)	(171)	(176)	(178)
Total Operating Cost	50	74	96	58	54	(750)	(755)	(759)	(763)	(768)	(771)	(776)	(778)
<b>Total Cost (\$000)</b>	59	82	104	64	60	(744)	(750)	(754)	(758)	(763)	(767)	(772)	(774)
<b>NPVRR (\$000)</b>	(3,149)												

Based on the “mid-volume” case (125,000 tons per year) shown in Table 1, the value of the contract to customers will depend on Charah taking gypsum in years 6 through 13 of the contract. However, should Charah take the contract maximum of 250,000 annually, then the contract will reduce revenue requirements beginning in Year 1 (see Table 2). Furthermore, should Charah take the maximum amount every year, the proposal will lower revenue requirements by \$4.5 million (NPVRR) (See Table 2). Conversely, the proposal will increase revenue requirements by \$0.5 million (NPVRR) if Charah takes 100,000 tons for the first 5 years, then takes zero gypsum volume in years 6 through 13 (See Table 3). Overall, for the contract to break even on an NPVRR basis, Charah needs to take only 10,000 tons annually in years 6 through 13, assuming the “mid-volume” take in 2013-2017 shown in Table 1.



**Table 2 – High Case of Charah Proposal (000s)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Gypsum (000 Tons)</b>	250	250	250	250	250	250	250	250	250	250	250	250	250
<b>Capital Revenue Requirement-Utility (\$000)</b>	9	8	8	7	6	6	5	5	5	5	4	4	4
<b>Op. Cost Impacts (\$000)</b>													
Payment to/(Revenue from) Charah	200	200	200	200	200	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)
Avoided Handling and Transport Cost	(250)	(255)	(260)	(285)	(293)	(300)	(310)	(318)	(325)	(335)	(343)	(353)	(356)
Total Operating Cost	(50)	(55)	(60)	(85)	(93)	(900)	(910)	(918)	(925)	(935)	(943)	(953)	(956)
<b>Total Cost (\$000)</b>	(41)	(47)	(52)	(78)	(86)	(894)	(905)	(912)	(920)	(930)	(938)	(948)	(952)
<b>NPVRR (\$000)</b>	(4,483)												

**Table 3 - Low Case of Charah Proposal (000s)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Gypsum (000 Tons)</b>	100	100	100	100	100	0	0	0	0	0	0	0	0
<b>Capital Revenue Requirement-Utility (\$000)</b>	9	8	8	7	6	6	5	5	5	5	4	4	4
<b>Op. Cost Impacts (\$000)</b>													
Payment to/(Revenue from) Charah	200	200	200	200	200	0	0	0	0	0	0	0	0
Avoided Handling and Transport Cost	(100)	(102)	(104)	(114)	(117)	0	0	0	0	0	0	0	0
Total Operating Cost	100	98	96	86	83	0	0	0	0	0	0	0	0
<b>Total Cost (\$000)</b>	109	106	104	93	89	6	5	5	5	5	4	4	4
<b>NPVRR (\$000)</b>	466												

## 4 Conclusion

This analysis supports a decision to proceed with the proposed pelletizing plant based on the reduction in revenue requirements associated with the agreement and the avoided handling and transportation cost for placing the gypsum in the Mill Creek landfill. Based on a range of gypsum volumes, the project's impact on NPVRR could range from a favorable reduction of \$4.5 million to an unfavorable increase of \$0.5 million. Given the volume assumptions in the "mid-volume" case, the 13-year agreement favorably reduces revenue requirements by \$3 million.

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 May 2013**

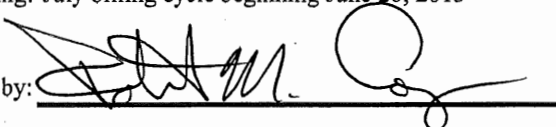
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	684,212
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		2.03%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	947,973
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		3.23%

Effective Date for Billing: July billing cycle beginning June 26, 2013

Submitted by: 

Title: Director, Rates

Date Submitted: June 14, 2013

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of May 2013

**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	= \$	21,664,162	\$ 160,461,822
(2) RB / 12	= \$	1,805,347	\$ 13,371,819
(3) $(ROR + (ROR - DR)(TR / (1 - TR)))$	=	10.61%	10.61%
(4) OE	= \$	30,418	\$ 77,212
(5) BAS	= \$	-	Not Applicable
(6) BR	= \$	47,031	Not Applicable
(7) E(m)	$(2) \times (3) + (4) - (5) + (6)$	\$ 268,996	\$ 1,495,962
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	\$	1,764,958	

**Calculation of Adjusted Net Jurisdictional E(m)**

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	90.64%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio $[(8) \times (9)]$	= \$	1,599,758
(11) Adjustment for (Over)/Under-collection pursuant to Case No. 2012-00547	=	
(12) Prior Period Adjustment (if necessary)	=	94,979
(13) Revenue Collected through Base Rates	=	62,552
(14) Adjusted Net Jurisdictional E(m) $[(10) + (11) + (12) - (13)]$	=	1,632,185

**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	=	41.92%	58.08%
(16) Group E(m) $[(14) \times (15)]$	= \$	684,212	\$ 947,973
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	33,665,817	\$ 29,308,496
(18) Group Environmental Surcharge Billing Factors $[(16) \div (17)]$	=	2.03%	3.23%

ES FORM 2.00

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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of May 2013

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans		2011 Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 14,230,619		\$ 5,188,794	
Eligible Pollution CWIP Excluding AFUDC	8,900,448		155,585,330	
Subtotal		\$ 23,131,067		\$ 160,774,124
Additions:				
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	4,519			
Cash Working Capital Allowance	163,525		108,440	
Subtotal		168,044		108,440
Deductions:				
Accumulated Depreciation on Eligible Pollution Control Plant	398,229		62,123	
Pollution Control Deferred Income Taxes	1,236,720		358,619	
Subtotal		1,634,949		420,742
Environmental Compliance Rate Base	\$ 21,664,162		\$ 160,461,822	

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ -	\$ 54,842
Monthly Depreciation & Amortization Expense	26,897	8,541
less investment tax credit amortization	-	
Monthly Taxes Other Than Income Taxes	2,754	8,908
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	767	
Monthly Surcharge Consulting Fees		-
Construction Monitoring Consultant Fee		4,921
Total Pollution Control Operations Expense	\$ 30,418	\$ 77,212

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 49,958
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(2,927)
Net Beneficial Reuse Operations Expense	\$ 47,031

**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, 2013

(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 5/31/2013	(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2005 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 19 - Sorbent Injection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 20 - Mercury Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ (0)	\$ (0)	\$ -	\$ -	\$ -	\$ -
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 342,440	\$ 22,825	\$ 9,274,733	\$ 380,025	\$ -	\$ 17,393	\$ 1,169
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 8,962,956	\$ 8,962,956	\$ -	\$ -	\$ -	\$ 1,023
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 55,790	\$ (85,333)	\$ 4,495,149	\$ 856,695	\$ -	\$ 9,504	\$ 561
Subtotal	\$ 14,230,619	\$ 398,229	\$ 8,900,448	\$ 22,732,838	\$ 1,236,720	\$ -	\$ 26,897	\$ 2,754
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 14,230,619	\$ 398,229	\$ 8,900,448	\$ 22,732,838	\$ 1,236,720	\$ -	\$ 26,897	\$ 2,754
<b>Subtotal - Pre-2011 Plans:</b>	\$ 14,230,619	\$ 398,229	\$ 8,900,448	\$ 22,732,838	\$ 1,236,720	\$ -	\$ 26,897	\$ 2,754

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

Plant, CWIP & Depreciation Expense

For the Month Ended: May 31, 2013

(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 5/31/2013	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	\$ 5,188,794	\$ 62,123	\$ 149,393,093	\$ 154,519,764	\$ 358,619		\$ 8,541	\$ 8,346
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 6,192,237	\$ 6,192,237	\$ -		\$ -	\$ 562
Subtotal	\$ 5,188,794	\$ 62,123	\$ 155,585,330	\$ 160,712,001	\$ 358,619		\$ 8,541	\$ 8,908
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011-Plan:</b>	\$ 5,188,794	\$ 62,123	\$ 155,585,330	\$ 160,712,001	\$ 358,619	\$ -	\$ 8,541	\$ 8,908
<b>Net Total - All Plans:</b>	\$ 19,419,412	\$ 460,352	\$ 164,485,778	\$ 183,444,838	\$ 1,595,338	\$ -	\$ 35,438	\$ 11,661

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: May 31, 2013

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	123,655	7,743	5,884	\$ 707.74	\$ 4,858.73	\$ 143.63	
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	62,379						
2032	62,379						
2033 - 2042	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 2013

	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	130,127	0	6,472	0	0	123,655	
Dollars	\$ 744.78	\$ -	\$ 37.04	\$ -	\$ -	\$ 707.74	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	125,566	-	6,364	-	-	119,202	
Dollars	\$ 718.68	\$ -	\$ 36.42	\$ -	\$ -	\$ 682.26	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	4,561	-	108	-	-	4,453	
Dollars	\$ 26.10	\$ -	\$ 0.62	\$ -	\$ -	\$ 25.48	
<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 2013

	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	7,115	0	1,226	5	0	5,884	
Dollars	\$ 173.68	\$ -	\$ 29.93	\$ 0.12	\$ -	\$ 143.63	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ 0.02	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	6,722		1,177	-	-	5,545	
Dollars	\$ 164.09		\$ 28.73	\$ -	\$ -	\$ 135.36	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	393		49	5	-	339	
Dollars	\$ 9.59		\$ 1.20	\$ 0.12	\$ -	\$ 8.27	
<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 May 2013

	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	8,974	0	1,226	5	0	7,743	
Dollars	\$ 5,631.18	\$ -	\$ 769.31	\$ 3.14	\$ -	\$ 4,858.73	
\$/Allowance	\$ 0.63	\$ -	\$ 0.63	\$ 0.63	\$ -	\$ 0.63	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	8,163	-	1,177	-	-	6,986	
Dollars	\$ 5,122.26	\$ -	\$ 738.56	\$ -	\$ -	\$ 4,383.70	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	811	-	49	5	-	757	
Dollars	\$ 508.92	\$ -	\$ 30.75	\$ 3.14	\$ -	\$ 475.03	
<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: May 31, 2013

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 5,535	\$ 81,870
10th Previous Month	19,165	64,001
9th Previous Month	12,834	92,897
8th Previous Month	1,192,171	67,315
7th Previous Month	11,218	70,837
6th Previous Month	7,075	68,003
5th Previous Month	-	86,463
4th Previous Month	-	60,292
3rd Previous Month	-	74,899
2nd Previous Month	-	68,131
Previous Month	13,171	77,967
Current Month	47,031	54,842
Total 12 Month O&M	\$ 1,308,199	\$ 867,516

Determination of Working Capital Allowance		
12 Months O&M Expenses	\$ 1,308,199	\$ 867,516
One Eighth (1/8) of 12 Month O&M Expenses	1/8	1/8
Pollution Control Cash Working Capital Allowance	\$ 163,525	\$ 108,440

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: May 31, 2013

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			-	-
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			-	-
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			-	-
506152 - ECR Sorbent Reactant - Reagent Only			-	-
512152 - ECR Sorbent Injection Maintenance			-	-
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
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	-	-	-	-
<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>				
	-	-	-	-
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations		-		-
512055 - ECR Scrubber Maintenance		-		-
506159 - ECR Sorbent Injection Operation		-	7,629.44	7,629.44
506152 - ECR Sorbent Reactant - Reagent Only		-	45,903.76	45,903.76
512152 - ECR Sorbent Injection Maintenance		-	1,308.70	1,308.70
506156 - ECR Baghouse Operations		-	-	-
512156 - ECR Baghouse Maintenance		-	-	-
506151 - ECR Activated Carbon		-	-	-
Adjustment for Base Rates Baseline Amounts		-		-
Total 2011 Plan O&M Expenses		-	54,841.90	54,841.90
<b>Current Month O&amp;M Expense for All Plans</b>	\$ -	\$ -	\$ 54,841.90	\$ 54,841.90

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, 2013

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, 2013

Third Party	O&M Expense Account	Plant	Total O&M
McBride	501253 - ECR Fly Ash Disposal	Trimble County	\$ 33,799.63
Synthetic Material	502011 - ECR Other Waste Disposal	Trimble County	\$ 13,403.14
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 2,755.03
Total Monthly Beneficial Reuse Expense			\$ 49,957.80
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (2,926.99)
Net Beneficial Reuse O&M Expense			\$ 47,030.81

ES FORM 2.61

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

Beneficial Reuse Opportunities  
For the Month Ended: May 31, 2013

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	\$ -	\$ 660,208.76	\$ (14,089.40)	\$ 646,119.36
(2) Monthly Amount [(1) / 12]	\$ -	\$ 55,017.40	\$ (1,174.12)	\$ 53,843.28
<b>2009 Plan Project 25</b>				
(3) Monthly Amount (Expense/Revenue)	\$ -	\$ 2,755.03	\$ 47,202.77	\$ 49,957.80
<b>Total Beneficial Reuse - Generating Station</b>				
(4) Monthly Expense [(2) + (3)]	\$ -	\$ 57,772.43	\$ 46,028.65	\$ 103,801.08
<b>Beneficial Reuse in Base Rates</b>				
(5) Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ -	\$ 681,243.22	\$ -	\$ 681,243.22
(6) Monthly Expense Amount [(5) / 12]	\$ -	\$ 56,770.27	\$ -	\$ 56,770.27
(7) Total Generating Station Less Base Rates [(4) - (6)]	\$ -	\$ 1,002.16	\$ 46,028.65	\$ 47,030.81
(8) Less 2009 Plan Project 25 [(7) - (3)]	\$ -	\$ (1,752.87)	\$ (1,174.12)	\$ (2,926.99)
If Line (8) Greater than Zero, No Adjustment				
If Line (8) Less than Zero, Adjustment for Base Rates				
<b>Adjustment for Base Rate Amount (to ES Form 2.60)</b>	\$ -	\$ (1,752.87)	\$ (1,174.12)	\$ (2,926.99)

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**  
 Monthly Average Revenue Computation of R (m) for GROUP 1 AND GROUP 2

For the Month Ended: May 31, 2013

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-12	\$ 24,454,377	\$ 8,906,806	\$ 2,078,757	\$ 1,148,262	\$ 135,410	\$ 36,723,612	\$ 36,588,202
Jul-12	32,473,602	12,431,189	2,828,040	1,605,512	285,991	49,624,333	49,338,342
Aug-12	30,456,858	11,544,513	2,104,176	1,490,078	182,511	45,778,136	45,595,625
Sep-12	26,263,406	9,708,052	1,699,376	1,251,651	140,160	39,062,646	38,922,486
Oct-12	17,264,585	5,749,735	1,234,328	738,218	187,221	25,174,087	24,986,867
Nov-12	17,423,231	5,809,787	1,949,030	745,582	372,920	26,300,549	25,927,629
Dec-12	19,060,442	6,548,255	1,811,385	840,863	246,102	28,507,047	28,260,945
Jan-13	23,606,284	8,209,560	1,954,151	1,103,549	279,016	35,152,559	34,873,543
Feb-13	22,715,271	7,479,756	1,933,379	1,005,854	377,609	33,511,870	33,134,260
Mar-13	21,559,743	6,990,269	1,953,209	940,361	166,894	31,610,476	31,443,582
Apr-13	19,655,937	6,164,484	1,738,892	988,686	310,820	28,858,818	28,547,999
May-13	18,232,765	5,560,173	1,685,838	891,551	358,562	26,728,889	26,370,327
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 33,665,817
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 80,316,965
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.92%

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-12	\$ 32,117,929	\$ 15,784,878	\$ 3,634,227	\$ 611,848	\$ 201,644	\$ 52,350,526	\$ 52,148,882	\$ 32,729,777
Jul-12	34,823,511	17,039,422	3,822,030	663,209	306,547	56,654,720	56,348,173	35,486,720
Aug-12	33,791,921	16,634,925	3,031,537	652,106	220,802	54,331,291	54,110,489	34,444,027
Sep-12	29,737,343	13,851,459	2,370,019	628,671	171,589	46,759,081	46,587,492	30,366,014
Oct-12	26,687,011	13,278,156	2,642,617	499,375	294,418	43,401,577	43,107,159	27,186,386
Nov-12	26,114,444	13,355,314	3,983,302	475,003	562,181	44,490,244	43,928,063	26,589,447
Dec-12	25,123,011	12,895,624	3,525,186	464,015	376,768	42,384,604	42,007,836	25,587,026
Jan-13	25,211,526	12,319,544	2,891,065	380,924	328,121	41,131,180	40,803,059	25,592,450
Feb-13	28,753,724	13,895,352	3,402,809	359,707	501,282	46,912,874	46,411,592	29,113,431
Mar-13	26,113,559	12,156,147	3,239,731	348,517	255,292	42,113,246	41,857,954	26,462,076
Apr-13	28,734,131	13,774,118	3,755,159	342,622	468,946	47,074,976	46,606,031	29,076,753
May-13	28,729,885	13,043,590	3,785,600	337,962	621,529	46,518,566	45,897,037	29,067,848
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 46,651,147	\$ 29,308,496
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 80,316,965	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.08%	



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

**Reconciliation of Reported Revenues**

**For the Month Ended: May 31, 2013**

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 65,566,413	\$ 65,566,413
(2) Fuel Adjustment Clause	\$ 5,471,438	\$ 5,471,438
(3) DSM	\$ 1,229,513	\$ 1,229,513
(4) Environmental Surcharge		\$ 980,091
(5) CSR Credits		\$ (297,804)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 72,267,365	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 7,463,818	\$ 7,463,818
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 7,463,818	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 79,731,183	
Jurisdictional Allocation Ratio for Current Month. [(5) / (8)] =	90.64%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 10,323,930
(13) Miscellaneous		\$ 1,436,313
(14) Total Company Revenues per Income Statement =		\$ 92,173,713

RECEIVED

Conroy

JUL 19 2013

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  
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Director - Rates  
T 502-627-3324  
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July 19, 2013

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 2013. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2012-00547, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the August 2013 billing cycle which begins July 29, 2013.

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 Group E(m) and  
Group Environmental Surcharge Billing Factors  
For the Expense Month of June 2013**

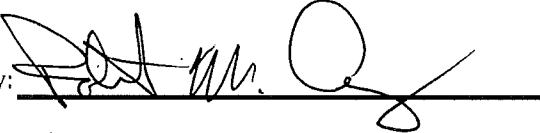
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	743,201
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		2.22%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	1,030,126
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		3.52%

Effective Date for Billing: August billing cycle beginning July 29, 2013

Submitted by: 

Title: Director, Rates

Date Submitted: July 19, 2013

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of June 2013

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	= \$	21,731,397	\$ 181,203,690
(2) RB / 12	= \$	1,810,950	\$ 15,100,308
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.61%	10.61%
(4) OE	= \$	30,405	\$ 114,744
(5) BAS	= \$	-	Not Applicable
(6) BR	= \$	21,113	Not Applicable
(7) E(m)	$(2) \times (3) + (4) - (5) + (6)$	= \$ 243,660	\$ 1,716,887
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$	1,960,547	

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	94.04%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	1,843,698
(11) Adjustment for (Over)/Under-collection pursuant to Case No. 2012-00547	= \$	-
(12) Prior Period Adjustment (if necessary)	= \$	-
(13) Revenue Collected through Base Rates	= \$	70,371
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	= \$	1,773,327

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	=	41.91%	58.09%
(16) Group E(m) [(14) x (15)]	= \$	743,201	\$ 1,030,126
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	33,546,804	\$ 29,242,148
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	2.22%	3.52%

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of June 2013

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans		2011 Environmental Compliance Plan	
Eligible Pollution Control Plant	\$	14,230,619	\$	5,188,794
Eligible Pollution CWIP Excluding AFUDC		9,009,662		176,337,936
Subtotal		\$ 23,240,281		\$ 181,526,730
<b>Additions:</b>				
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33		3,765		
Cash Working Capital Allowance		165,472		110,368
Subtotal		169,237		110,368
<b>Deductions:</b>				
Accumulated Depreciation on Eligible Pollution Control Plant		425,126		70,664
Pollution Control Deferred Income Taxes		1,252,995		362,744
Subtotal		1,678,121		433,408
<b>Environmental Compliance Rate Base</b>		<b>\$ 21,731,397</b>		<b>\$ 181,203,690</b>

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ -	\$ 97,295
Monthly Depreciation & Amortization Expense	26,897	8,541
less investment tax credit amortization	-	-
Monthly Taxes, Other Than Income Taxes	2,754	8,908
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	754	-
Monthly Surcharge Consulting Fees	-	-
Construction Monitoring Consultant Fee	-	-
<b>Total Pollution Control Operations Expense</b>	<b>\$ 30,405</b>	<b>\$ 114,744</b>

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 25,241
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(4,128)
<b>Net Beneficial Reuse Operations Expense</b>	<b>\$ 21,113</b>

**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	-	-	-
<b>Total Proceeds from Sales</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

Plant, CWIP & Depreciation Expense

For the Month Ended: June 30, 2013

(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 6/30/2013	(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2005 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 19 - Sorbent Injection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 20 - Mercury Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ (0)	\$ (0)	\$ -	\$ -	\$ -	\$ -
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 359,832	\$ 10,047	\$ 9,244,562	\$ 394,029	\$ -	\$ 17,393	\$ 1,169
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 9,069,656	\$ 9,069,656	\$ -	\$ -	\$ -	\$ 1,023
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 65,294	\$ (70,041)	\$ 4,500,936	\$ 858,966	\$ -	\$ 9,504	\$ 561
Subtotal	\$ 14,230,619	\$ 425,126	\$ 9,009,662	\$ 22,815,155	\$ 1,252,995	\$ -	\$ 26,897	\$ 2,754
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 14,230,619	\$ 425,126	\$ 9,009,662	\$ 22,815,155	\$ 1,252,995	\$ -	\$ 26,897	\$ 2,754
<b>Subtotal - Pre-2011 Plans:</b>	\$ 14,230,619	\$ 425,126	\$ 9,009,662	\$ 22,815,155	\$ 1,252,995	\$ -	\$ 26,897	\$ 2,754

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

For the Month Ended: June 30, 2013

(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 6/30/2013	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	\$ 5,188,794	\$ 70,664	\$ 168,644,540	\$ 173,762,670	\$ 362,744		\$ 8,541	\$ 8,346
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 7,693,396	\$ 7,693,396	\$ -		\$ -	\$ 562
Subtotal	\$ 5,188,794	\$ 70,664	\$ 176,337,936	\$ 181,456,066	\$ 362,744		\$ 8,541	\$ 8,908
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Net Total - 2011 Plan:	\$ 5,188,794	\$ 70,664	\$ 176,337,936	\$ 181,456,066	\$ 362,744	\$ -	\$ 8,541	\$ 8,908
Net Total - All Plans:	\$ 19,419,412	\$ 495,790	\$ 185,347,598	\$ 204,271,220	\$ 1,615,739	\$ -	\$ 35,438	\$ 11,661

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

For the Month Ended: June 30, 2013

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	117,547	6,512	4,653	\$ 672.78	\$ 4,086.29	\$ 113.59	
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	62,379						
2032	62,379						
2033 - 2042	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 June 2013

	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	123,655	0	6,108	0	0	117,547	
Dollars	\$ 707.74	\$ -	\$ 34.96	\$ -	\$ -	\$ 672.78	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	119,202	-	5,975		-	113,227	
Dollars	\$ 682.26	\$ -	\$ 34.20	\$ -	\$ -	\$ 648.06	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	4,453	-	133	-	-	4,320	
Dollars	\$ 25.48	\$ -	\$ 0.76	\$ -	\$ -	\$ 24.72	
<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 2013

	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	5,884	0	1,228	3	0	4,653	
Dollars	\$ 143.63	\$ -	\$ 29.97	\$ 0.07	\$ -	\$ 113.59	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ 0.02	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	5,545		1,157	-	-	4,388	
Dollars	\$ 135.36		\$ 28.24	\$ -	\$ -	\$ 107.12	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	339		71	3	-	265	
Dollars	\$ 8.27		\$ 1.73	\$ 0.07	\$ -	\$ 6.47	
<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 June 2013

	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	7,743	0	1,228	3	0	6,512	
Dollars	\$ 4,858.73	\$ -	\$ 770.56	\$ 1.88	\$ -	\$ 4,086.29	
\$/Allowance	\$ 0.63	\$ -	\$ 0.63	\$ 0.63	\$ -	\$ 0.63	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	6,986	-	1,157	-	-	5,829	
Dollars	\$ 4,383.70	\$ -	\$ 726.01	\$ -	\$ -	\$ 3,657.69	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	757	-	71	3	-	683	
Dollars	\$ 475.03	\$ -	\$ 44.55	\$ 1.88	\$ -	\$ 428.60	
<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: June 30, 2013

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 19,165	\$ 64,001
10th Previous Month	12,834	92,897
9th Previous Month	1,192,171	67,315
8th Previous Month	11,218	70,837
7th Previous Month	7,075	68,003
6th Previous Month	-	86,463
5th Previous Month	-	60,292
4th Previous Month	-	74,899
3rd Previous Month	-	68,131
2nd Previous Month	13,171	77,967
Previous Month	47,031	54,842
Current Month	21,113	97,295
Total 12 Month O&M	\$ 1,323,777	\$ 882,940

Determination of Working Capital Allowance		
12 Months O&M Expenses	\$ 1,323,777	\$ 882,940
One Eighth (1/8) of 12 Month O&M Expenses	1/8	1/8
Pollution Control Cash Working Capital Allowance	\$ 165,472	\$ 110,368

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: June 30, 2013

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			-	-
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			-	-
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			-	-
506152 - ECR Sorbent Reactant - Reagent Only			-	-
512152 - ECR Sorbent Injection Maintenance			-	-
506150 - ECR Mercury Monitors Operation		-	-	-
512153 - ECR Mercury Monitors Maintenance		-	-	-
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			-	-
<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>				
			-	-
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations				
512055 - ECR Scrubber Maintenance				
506159 - ECR Sorbent Injection Operation			8,956.98	8,956.98
506152 - ECR Sorbent Reactant - Reagent Only			87,432.83	87,432.83
512152 - ECR Sorbent Injection Maintenance			904.73	904.73
506156 - ECR Baghouse Operations				
512156 - ECR Baghouse Maintenance				
506151 - ECR Activated Carbon				
Adjustment for Base Rates Baseline Amounts				
Total 2011 Plan O&M Expenses			97,294.54	97,294.54
Current Month O&M Expense for All Plans	\$ -	\$ -	\$ 97,294.54	\$ 97,294.54

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: June 30, 2013

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, 2013**

Third Party	O&M Expense Account	Plant	Total O&M
McBride	501253 - ECR Fly Ash Disposal	Trimble County	\$ 22,487.87
Synthetic Material	502011 - ECR Other Waste Disposal	Trimble County	\$ (1,369.38)
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 4,122.77
Total Monthly Beneficial Reuse Expense			\$ 25,241.26
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (4,128.23)
Net Beneficial Reuse O&M Expense			\$ 21,113.03

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

Beneficial Reuse Opportunities  
For the Month Ended: June 30, 2013

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	\$ -	\$ 648,161.93	\$ (16,457.57)	\$ 631,704.36
(2)	Monthly Amount [(1) / 12]	\$ -	\$ 54,013.49	\$ (1,371.46)	\$ 52,642.03
2009 Plan Project 25					
(3)	Monthly Amount (Expense/Revenue)	\$ -	\$ 4,122.77	\$ 21,118.49	\$ 25,241.26
Total Beneficial Reuse - Generating Station					
(4)	Monthly Expense [(2) + (3)]	\$ -	\$ 58,136.26	\$ 19,747.03	\$ 77,883.29
Beneficial Reuse in Base Rates					
(5)	Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ -	\$ 681,243.22	\$ -	\$ 681,243.22
(6)	Monthly Expense Amount [(5) / 12]	\$ -	\$ 56,770.27	\$ -	\$ 56,770.27
(7)	Total Generating Station Less Base Rates [(4) - (6)]	\$ -	\$ 1,366.00	\$ 19,747.03	\$ 21,113.03
(8)	Less 2009 Plan Project 25 [(7) - (3)]	\$ -	\$ (2,756.77)	\$ (1,371.46)	\$ (4,128.23)
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)		\$ -	\$ (2,756.77)	\$ (1,371.46)	\$ (4,128.23)

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, 2013

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-12	\$ 32,473,602	\$ 12,431,189	\$ 2,828,040	\$ 1,605,512	\$ 285,991	\$ 49,624,333	\$ 49,338,342
Aug-12	30,456,858	11,544,513	2,104,176	1,490,078	182,511	45,778,136	45,595,625
Sep-12	26,263,406	9,708,052	1,699,376	1,251,651	140,160	39,062,646	38,922,486
Oct-12	17,264,585	5,749,735	1,234,328	738,218	187,221	25,174,087	24,986,867
Nov-12	17,423,231	5,809,787	1,949,030	745,582	372,920	26,300,549	25,927,629
Dec-12	19,060,442	6,548,255	1,811,385	840,863	246,102	28,507,047	28,260,945
Jan-13	23,606,284	8,209,560	1,954,151	1,103,549	279,016	35,152,559	34,873,543
Feb-13	22,715,271	7,479,756	1,933,379	1,005,854	377,609	33,511,870	33,134,260
Mar-13	21,559,743	6,990,269	1,953,209	940,361	166,894	31,610,476	31,443,582
Apr-13	19,655,937	6,164,484	1,738,892	988,686	310,820	28,858,818	28,547,999
May-13	18,232,765	5,560,173	1,685,838	891,551	358,562	26,728,889	26,370,327
Jun-13	23,832,943	7,934,922	2,116,221	1,275,957	541,359	35,701,403	35,160,044
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 33,546,804
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 80,051,147
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.91%

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-12	\$ 34,823,511	\$ 17,039,422	\$ 3,822,030	\$ 663,209	\$ 306,547	\$ 56,654,720	\$ 56,348,173	\$ 35,486,720
Aug-12	33,791,921	16,634,925	3,031,537	652,106	220,802	54,331,291	54,110,489	34,444,027
Sep-12	29,737,343	13,851,459	2,370,019	628,671	171,589	46,759,081	46,587,492	30,366,014
Oct-12	26,687,011	13,278,156	2,642,617	499,375	294,418	43,401,577	43,107,159	27,186,386
Nov-12	26,114,444	13,355,314	3,983,302	475,003	562,181	44,490,244	43,928,063	26,589,447
Dec-12	25,123,011	12,895,624	3,525,186	464,015	376,768	42,384,604	42,007,836	25,587,026
Jan-13	25,211,526	12,319,544	2,891,065	380,924	328,121	41,131,180	40,803,059	25,592,450
Feb-13	28,753,724	13,895,352	3,402,809	359,707	501,282	46,912,874	46,411,592	29,113,431
Mar-13	26,113,559	12,156,147	3,239,731	348,517	255,292	42,113,246	41,857,954	26,462,076
Apr-13	28,734,131	13,774,118	3,755,159	342,622	468,946	47,074,976	46,606,031	29,076,753
May-13	28,729,885	13,043,590	3,785,600	337,962	621,529	46,518,566	45,897,037	29,067,848
Jun-13	31,497,839	14,557,008	3,896,633	435,755	782,756	51,169,990	50,387,234	31,933,593
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 46,504,343	\$ 29,242,148
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 80,051,147	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.09%	

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

**Reconciliation of Reported Revenues**

**For the Month Ended: June 30, 2013**

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 77,822,711	\$ 77,822,711
(2) Fuel Adjustment Clause	\$ 6,012,854	\$ 6,012,854
(3) DSM	\$ 1,711,712	\$ 1,711,712
(4) Environmental Surcharge		\$ 1,324,115
(5) CSR Credits		\$ (290,867)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 85,547,277	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 5,418,688	\$ 5,418,688
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 5,418,688	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 90,965,966	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	94.04%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 4,931,305
(13) Miscellaneous		\$ 1,437,407
(14) Total Company Revenues per Income Statement =		\$ 98,367,925

RECEIVED

AUG 16 2013

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  
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robert.conroy@lge-ku.com

August 16, 2013

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 2013. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2012-00547, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the September 2013 billing cycle which begins August 28, 2013.

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

Sincerely,

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

Robert M. Conroy

Enclosures

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 July 2013**

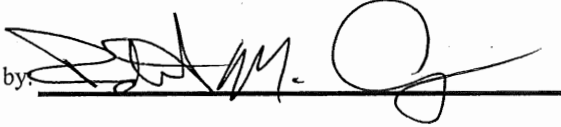
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	804,481
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		2.43%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	1,131,228
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		3.88%

Effective Date for Billing: September billing cycle beginning August 28, 2013

Submitted by: 

Title: Director, Rates

Date Submitted: August 16, 2013

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of July 2013

**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	= \$	21,833,415	\$ 199,791,988
(2) RB / 12	= \$	1,819,451	\$ 16,649,332
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.61%	10.61%
(4) OE	= \$	30,497	\$ 147,091
(5) BAS	= \$	-	Not Applicable
(6) BR	= \$	15,525	Not Applicable
(7) E(m) $(2) \times (3) + (4) - (5) + (6)$	= \$	239,066	\$ 1,913,585
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	= \$	2,152,651	

**Calculation of Adjusted Net Jurisdictional E(m)**

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	93.97%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	2,022,846
(11) Adjustment for (Over)/Under-collection pursuant to Case No. 2012-00547	= \$	-
(12) Prior Period Adjustment (if necessary)	= \$	-
(13) Revenue Collected through Base Rates	= \$	87,137
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	= \$	1,935,709

**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	=	41.56%	58.44%
(16) Group E(m) [(14) x (15)]	= \$	804,481	\$ 1,131,228
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	33,126,348	\$ 29,132,095
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	2.43%	3.88%

ES FORM 2.00

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of July 2013

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plan
Eligible Pollution Control Plant	\$ 14,230,619	\$ 5,452,105
Eligible Pollution CWIP Excluding AFUDC	9,156,154	194,675,561
Subtotal	\$ 23,386,773	\$ 200,127,666
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	2,919	
Cash Working Capital Allowance	165,017	118,538
Subtotal	167,936	118,538
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	452,023	79,483
Pollution Control Deferred Income Taxes	1,269,271	374,733
Subtotal	1,721,294	454,216
Environmental Compliance Rate Base	\$ 21,833,415	\$ 199,791,988

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ -	\$ 129,363
Monthly Depreciation & Amortization Expense	26,897	8,820
less investment tax credit amortization	-	-
Monthly Taxes Other Than Income Taxes	2,754	8,908
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	846	-
Monthly Surcharge Consulting Fees	-	-
Construction Monitoring Consultant Fee	-	-
Total Pollution Control Operations Expense	\$ 30,497	\$ 147,091

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 22,027
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(6,502)
Net Beneficial Reuse Operations Expense	\$ 15,525

**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: July 31, 2013

(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 7/31/2013	(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2005 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 19 - Sorbent Injection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 20 - Mercury Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ (0)	\$ (0)	\$ -	\$ -	\$ -	\$ -
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 377,225	\$ 1,859	\$ 9,218,981	\$ 408,033	\$ -	\$ 17,393	\$ 1,169
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 9,224,986	\$ 9,224,986	\$ -	\$ -	\$ -	\$ 1,023
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 74,799	\$ (70,691)	\$ 4,490,782	\$ 861,238	\$ -	\$ 9,504	\$ 561
Subtotal	\$ 14,230,619	\$ 452,023	\$ 9,156,154	\$ 22,934,750	\$ 1,269,271	\$ -	\$ 26,897	\$ 2,754
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 14,230,619	\$ 452,023	\$ 9,156,154	\$ 22,934,750	\$ 1,269,271	\$ -	\$ 26,897	\$ 2,754
<b>Subtotal - Pre-2011 Plans:</b>	\$ 14,230,619	\$ 452,023	\$ 9,156,154	\$ 22,934,750	\$ 1,269,271	\$ -	\$ 26,897	\$ 2,754

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

Plant, CWIP & Depreciation Expense

For the Month Ended: July 31, 2013

(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 7/31/2013	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	\$ 5,452,105	\$ 79,483	\$ 186,765,530	\$ 192,138,151	\$ 374,733		\$ 8,820	\$ 8,346
Project 27 - Trimble County Unit 1, Air Compliance	\$ -	\$ -	\$ 7,910,031	\$ 7,910,031	\$ -		\$ -	\$ 562
Subtotal	\$ 5,452,105	\$ 79,483	\$ 194,675,561	\$ 200,048,183	\$ 374,733		\$ 8,820	\$ 8,908
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ 5,452,105	\$ 79,483	\$ 194,675,561	\$ 200,048,183	\$ 374,733	\$ -	\$ 8,820	\$ 8,908
<b>Net Total - All Plans:</b>	\$ 19,682,724	\$ 531,506	\$ 203,831,715	\$ 222,982,932	\$ 1,644,003	\$ -	\$ 35,716	\$ 11,661

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.



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

Inventory of Emission Allowances

For the Month Ended: July 31, 2013

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	110,433	5,133	3,274	\$ 632.07	\$ 3,220.97	\$ 79.94	
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	62,379						
2032	62,379						
2033 - 2042	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 July 2013

	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	117,547	0	7,114	0	0	110,433	
Dollars	\$ 672.78	\$ -	\$ 40.71	\$ -	\$ -	\$ 632.07	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	113,227	-	6,942		-	106,285	
Dollars	\$ 648.06	\$ -	\$ 39.73	\$ -	\$ -	\$ 608.33	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	4,320	-	172	-	-	4,148	
Dollars	\$ 24.72	\$ -	\$ 0.98	\$ -	\$ -	\$ 23.74	
<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 July 2013

	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	4,653	0	1,367	12	0	3,274	
Dollars	\$ 113.59	\$ -	\$ 33.36	\$ 0.29	\$ -	\$ 79.94	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ 0.02	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	4,388		1,298	-	-	3,090	
Dollars	\$ 107.12		\$ 31.68	\$ -	\$ -	\$ 75.44	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	265		69	12	-	184	
Dollars	\$ 6.47		\$ 1.68	\$ 0.29	\$ -	\$ 4.50	
<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 July 2013

	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	6,512	0	1,367	12	0	5,133	
Dollars	\$ 4,086.29	\$ -	\$ 857.79	\$ 7.53	\$ -	\$ 3,220.97	
\$/Allowance	\$ 0.63	\$ -	\$ 0.63	\$ 0.63	\$ -	\$ 0.63	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	5,829	-	1,298	-	-	4,531	
Dollars	\$ 3,657.69	\$ -	\$ 814.49	\$ -	\$ -	\$ 2,843.20	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	683	-	69	12	-	602	
Dollars	\$ 428.60	\$ -	\$ 43.30	\$ 7.53	\$ -	\$ 377.77	
<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, 2013

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 12,834	\$ 92,897
10th Previous Month	1,192,171	67,315
9th Previous Month	11,218	70,837
8th Previous Month	7,075	68,003
7th Previous Month	-	86,463
6th Previous Month	-	60,292
5th Previous Month	-	74,899
4th Previous Month	-	68,131
3rd Previous Month	13,171	77,967
2nd Previous Month	47,031	54,842
Previous Month	21,113	97,295
Current Month	15,525	129,363
Total 12 Month O&M	\$ 1,320,137	\$ 948,302

Determination of Working Capital Allowance		
12 Months O&M Expenses	\$ 1,320,137	\$ 948,302
One Eighth (1/8) of 12 Month O&M Expenses	1/8	1/8
Pollution Control Cash Working Capital Allowance	\$ 165,017	\$ 118,538

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: July 31, 2013

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			-	-
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			-	-
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			-	-
506152 - ECR Sorbent Reactant - Reagent Only			-	-
512152 - ECR Sorbent Injection Maintenance			-	-
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
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	-	-	-	-
<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>				
	-	-	-	-
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations		-		-
512055 - ECR Scrubber Maintenance		-		-
506159 - ECR Sorbent Injection Operation		-	16,245.83	16,245.83
506152 - ECR Sorbent Reactant - Reagent Only		-	112,586.57	112,586.57
512152 - ECR Sorbent Injection Maintenance		-	530.46	530.46
506156 - ECR Baghouse Operations		-	-	-
512156 - ECR Baghouse Maintenance		-	-	-
506151 - ECR Activated Carbon		-	-	-
Adjustment for Base Rates Baseline Amounts		-		-
Total 2011 Plan O&M Expenses		-	129,362.86	129,362.86
Current Month O&M Expense for All Plans	\$ -	\$ -	\$ 129,362.86	\$ 129,362.86

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: July 31, 2013

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, 2013**

Third Party	O&M Expense Account	Plant	Total O&M
McBride	501253 - ECR Fly Ash Disposal	Trimble County	\$ 22,130.69
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ (103.44)
Total Monthly Beneficial Reuse Expense			\$ 22,027.25
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (6,502.47)
Net Beneficial Reuse O&M Expense			\$ 15,524.79



ES FORM 2.61

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

Beneficial Reuse Opportunities  
For the Month Ended: July 31, 2013

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	\$ -	\$ 619,903.24	\$ (16,689.64)	\$ 603,213.60
(2) Monthly Amount [(1) / 12]	\$ -	\$ 51,658.60	\$ (1,390.80)	\$ 50,267.80
2009 Plan Project 25				
(3) Monthly Amount (Expense/Revenue)	\$ -	\$ (103.44)	\$ 22,130.69	\$ 22,027.25
Total Beneficial Reuse - Generating Station				
(4) Monthly Expense [(2) + (3)]	\$ -	\$ 51,555.16	\$ 20,739.89	\$ 72,295.05
Beneficial Reuse in Base Rates				
(5) Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ -	\$ 681,243.22	\$ -	\$ 681,243.22
(6) Monthly Expense Amount [(5) / 12]	\$ -	\$ 56,770.27	\$ -	\$ 56,770.27
(7) Total Generating Station Less Base Rates [(4) - (6)]	\$ -	\$ (5,215.11)	\$ 20,739.89	\$ 15,524.79
(8) Less 2009 Plan Project 25 [(7) - (3)]	\$ -	\$ (5,111.67)	\$ (1,390.80)	\$ (6,502.47)
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)	\$ -	\$ (5,111.67)	\$ (1,390.80)	\$ (6,502.47)

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: July 31, 2013

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)
Aug-12	\$ 30,456,858	\$ 11,544,513	\$ 2,104,176	\$ 1,490,078	\$ 182,511	\$ 45,778,136	\$ 45,595,625
Sep-12	26,263,406	9,708,052	1,699,376	1,251,651	140,160	\$ 39,062,646	\$ 38,922,486
Oct-12	17,264,585	5,749,735	1,234,328	738,218	187,221	\$ 25,174,087	\$ 24,986,867
Nov-12	17,423,231	5,809,787	1,949,030	745,582	372,920	\$ 26,300,549	\$ 25,927,629
Dec-12	19,060,442	6,548,255	1,811,385	840,863	246,102	\$ 28,507,047	\$ 28,260,945
Jan-13	23,606,284	8,209,560	1,954,151	1,103,549	279,016	\$ 35,152,559	\$ 34,873,543
Feb-13	22,715,271	7,479,756	1,933,379	1,005,854	377,609	\$ 33,511,870	\$ 33,134,260
Mar-13	21,559,743	6,990,269	1,953,209	940,361	166,894	\$ 31,610,476	\$ 31,443,582
Apr-13	19,655,937	6,164,484	1,738,892	988,686	310,820	\$ 28,858,818	\$ 28,547,999
May-13	18,232,765	5,560,173	1,685,838	891,551	358,562	\$ 26,728,889	\$ 26,370,327
Jun-13	23,832,943	7,934,922	2,116,221	1,275,957	541,359	\$ 35,701,403	\$ 35,160,044
Jul-13	28,199,351	12,013,577	2,508,157	1,571,779	898,877	\$ 45,191,741	\$ 44,292,865
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 33,126,348
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 79,711,797
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.56%

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)
Aug-12	\$ 33,791,921	\$ 16,634,925	\$ 3,031,537	\$ 652,106	\$ 220,802	\$ 54,331,291	\$ 54,110,489	\$ 34,444,027
Sep-12	29,737,343	13,851,459	2,370,019	628,671	171,589	\$ 46,759,081	\$ 46,587,492	\$ 30,366,014
Oct-12	26,687,011	13,278,156	2,642,617	499,375	294,418	\$ 43,401,577	\$ 43,107,159	\$ 27,186,386
Nov-12	26,114,444	13,355,314	3,983,302	475,003	562,181	\$ 44,490,244	\$ 43,928,063	\$ 26,589,447
Dec-12	25,123,011	12,895,624	3,525,186	464,015	376,768	\$ 42,384,604	\$ 42,007,836	\$ 25,587,026
Jan-13	25,211,526	12,319,544	2,891,065	380,924	328,121	\$ 41,131,180	\$ 40,803,059	\$ 25,592,450
Feb-13	28,753,724	13,895,352	3,402,809	359,707	501,282	\$ 46,912,874	\$ 46,411,592	\$ 29,113,431
Mar-13	26,113,559	12,156,147	3,239,731	348,517	255,292	\$ 42,113,246	\$ 41,857,954	\$ 26,462,076
Apr-13	28,734,131	13,774,118	3,755,159	342,622	468,946	\$ 47,074,976	\$ 46,606,031	\$ 29,076,753
May-13	28,729,885	13,043,590	3,785,600	337,962	621,529	\$ 46,518,566	\$ 45,897,037	\$ 29,067,848
Jun-13	31,497,839	14,557,008	3,896,633	435,755	782,756	\$ 51,169,990	\$ 50,387,234	\$ 31,933,593
Jul-13	33,683,236	19,230,037	3,925,313	482,855	1,090,462	\$ 58,411,903	\$ 57,321,440	\$ 34,166,091
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 46,585,449	\$ 29,132,095
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 79,711,797	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.44%	

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

Reconciliation of Reported Revenues

For the Month Ended: July 31, 2013

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 93,126,201	\$ 93,126,201
(2) Fuel Adjustment Clause	\$ 6,433,470	\$ 6,433,470
(3) DSM	\$ 2,054,634	\$ 2,054,634
(4) Environmental Surcharge		\$ 1,989,339
(5) CSR Credits		\$ (256,722)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 101,614,305	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 6,518,733	\$ 6,518,733
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 6,518,733	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 108,133,039	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	93.97%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (3,352,738)
(13) Miscellaneous		\$ 1,637,302
(14) Total Company Revenues per Income Statement =		\$ 108,150,220

SEP 16 2013

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  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
robert.conroy@lge-ku.com

September 16, 2013

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 2013. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2012-00547, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the October 2013 billing cycle which begins September 26, 2013.

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 August 2013.

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

Sincerely,

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

Robert M. Conroy

Enclosures

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

INVOICE DATE: 8/1/2013  
 INVOICE #: 20130716  
 INVOICE PERIOD: 07/01/2013-07/31/2013  
 PROJECT NAME: Kentucky LGE Environmental Compliance  
 ITAGE PROJECT #: 2011-56

FIRM INVOICED: Daryl E. Newby  
 Kentucky Public Service Commission  
 P.O. Box 615  
 211 Sower Boulevard  
 Frankfort, Kentucky 40602

PROJECT DESCRIPTION:  
 KU/LGE Construction Oversight

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	07/01/2013-07/31/2013	13	\$260	\$3,380.00	\$992.43	\$4,372.43	
Chuck Buechel	07/01/2013-07/31/2013	10	\$240	\$2,400.00	\$100.00	\$2,500.00	
Mike Boismenu	07/01/2013-07/31/2013	6	\$240	\$1,440.00		\$1,440.00	
<b>SUB TOTALS</b>		<b>29</b>		<b>\$7,220.00</b>	<b>\$1,092.43</b>	<b>\$8,312.43</b>	
<b>TOTAL FEES</b>							<b>\$7,220.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$1,092.43</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>\$0.00</b>
<b>Invoice Amount</b>							<b>\$8,312.43</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$8,312.43</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,  
 PO Box 420395  
 Summerland Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-744-3440

*Approved PO# 76771*

*Robert M. Conroy 8/12/13*

Robert M. Conroy  
 Director - Rates  
 LG&E and KU Energy, LLC

*Daryl Newby 8/1/13*

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 August 2013**

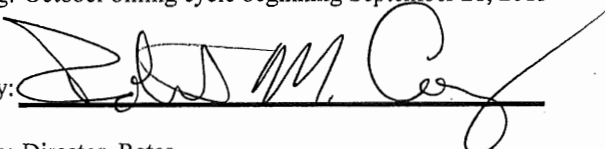
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	889,898
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		2.70%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	1,262,214
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		4.34%

Effective Date for Billing: October billing cycle beginning September 26, 2013

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

Title: Director, Rates

Date Submitted: September 16, 2013

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of August 2013

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	= \$	21,972,191	\$ 217,750,275
(2) RB / 12	= \$	1,831,016	\$ 18,145,856
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.61%	10.61%
(4) OE	= \$	30,571	\$ 160,973
(5) BAS	= \$	-	Not Applicable
(6) BR	= \$	25,206	Not Applicable
(7) E(m) $(2) \times (3) + (4) - (5) + (6)$	= \$	250,048	\$ 2,086,248
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	\$	2,336,296	

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	95.56%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio $[(8) \times (9)]$	= \$	2,232,564
(11) Adjustment for (Over)/Under-collection pursuant to Case No. 2012-00547	= \$	-
(12) Prior Period Adjustment (if necessary)	= \$	-
(13) Revenue Collected through Base Rates	= \$	80,452
(14) Adjusted Net Jurisdictional E(m) $[(10) + (11) + (12) - (13)]$	= \$	2,152,112

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	=	41.35%	58.65%
(16) Group E(m) $[(14) \times (15)]$	= \$	889,898	\$ 1,262,214
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	33,000,995	\$ 29,109,156
(18) Group Environmental Surcharge Billing Factors $[(16) \div (17)]$	=	2.70%	4.34%

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of August 2013

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans		2011 Environmental Compliance Plan	
Eligible Pollution Control Plant	\$	14,230,619	\$	5,452,105
Eligible Pollution CWIP Excluding AFUDC		9,337,475		212,649,143
Subtotal		\$ 23,568,094		\$ 218,101,248
Additions:				
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33		1,999		
Cash Working Capital Allowance		166,564		124,308
Subtotal		168,563		124,308
Deductions:				
Accumulated Depreciation on Eligible Pollution Control Plant		478,920		88,581
Pollution Control Deferred Income Taxes		1,285,546		386,700
Subtotal		1,764,466		475,281
Environmental Compliance Rate Base		\$ 21,972,191		\$ 217,750,275

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ -	\$ 139,060
Monthly Depreciation & Amortization Expense	26,897	9,098
less investment tax credit amortization	-	
Monthly Taxes Other Than Income Taxes	2,754	8,908
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	920	
Monthly Surcharge Consulting Fees		-
Construction Monitoring Consultant Fee		3,907
Total Pollution Control Operations Expense	\$ 30,571	\$ 160,973

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 29,541
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(4,335)
Net Beneficial Reuse Operations Expense	\$ 25,206

**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: August 31, 2013

(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 8/31/2013	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2005 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 19 - Sorbent Injection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 20 - Mercury Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 394,617	\$ 4,725	\$ 9,204,455	\$ 422,037	\$ -	\$ 17,393	\$ 1,169
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 9,403,441	\$ 9,403,441	\$ -	\$ -	\$ -	\$ 1,023
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 84,303	\$ (70,691)	\$ 4,481,278	\$ 863,509	\$ -	\$ 9,504	\$ 561
Subtotal	\$ 14,230,619	\$ 478,920	\$ 9,337,475	\$ 23,089,174	\$ 1,285,546	\$ -	\$ 26,897	\$ 2,754
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 14,230,619	\$ 478,920	\$ 9,337,475	\$ 23,089,174	\$ 1,285,546	\$ -	\$ 26,897	\$ 2,754
<b>Subtotal - Pre-2011 Plans:</b>	\$ 14,230,619	\$ 478,920	\$ 9,337,475	\$ 23,089,174	\$ 1,285,546	\$ -	\$ 26,897	\$ 2,754

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

Plant, CWIP & Depreciation Expense

For the Month Ended: August 31, 2013

(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 8/31/2013	(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	\$ 5,452,105	\$ 88,581	\$ 204,649,248	\$ 210,012,772	\$ 386,700		\$ 9,098	\$ 8,346
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 7,999,894	\$ 7,999,894	\$ -		\$ -	\$ 562
Subtotal	\$ 5,452,105	\$ 88,581	\$ 212,649,143	\$ 218,012,666	\$ 386,700		\$ 9,098	\$ 8,908
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	<b>\$ 5,452,105</b>	<b>\$ 88,581</b>	<b>\$ 212,649,143</b>	<b>\$ 218,012,666</b>	<b>\$ 386,700</b>	<b>\$ -</b>	<b>\$ 9,098</b>	<b>\$ 8,908</b>
<b>Net Total - All Plans:</b>	<b>\$ 19,682,724</b>	<b>\$ 567,501</b>	<b>\$ 221,986,618</b>	<b>\$ 241,101,840</b>	<b>\$ 1,672,246</b>	<b>\$ -</b>	<b>\$ 35,995</b>	<b>\$ 11,661</b>

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: August 31, 2013

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	102,921	3,647	1,788	\$ 589.08	\$ 2,288.50	\$ 43.65	
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	62,379						
2032	62,379						
2033 - 2042	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 2013

	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	110,433	0	7,512	0	0	102,921	
Dollars	\$ 632.07	\$ -	\$ 42.99	\$ -	\$ -	\$ 589.08	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	106,285	-	7,387	-	-	98,898	
Dollars	\$ 608.33	\$ -	\$ 42.27	\$ -	\$ -	\$ 566.06	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	4,148	-	125	-	-	4,023	
Dollars	\$ 23.74	\$ -	\$ 0.72	\$ -	\$ -	\$ 23.02	
<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 August 2013

	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	3,274	0	1,482	4	0	1,788	
Dollars	\$ 79.94	\$ -	\$ 36.19	\$ 0.10	\$ -	\$ 43.65	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ 0.03	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	3,090		1,411	-	-	1,679	
Dollars	\$ 75.44		\$ 34.46	\$ -	\$ -	\$ 40.98	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	184		71	4	-	109	
Dollars	\$ 4.50		\$ 1.73	\$ 0.10	\$ -	\$ 2.67	
<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 August 2013

	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	5,133	0	1,482	4	0	3,647	
Dollars	\$ 3,220.97	\$ -	\$ 929.96	\$ 2.51	\$ -	\$ 2,288.50	
\$/Allowance	\$ 0.63	\$ -	\$ 0.63	\$ 0.63	\$ -	\$ 0.63	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	4,531	-	1,411	-	-	3,120	
Dollars	\$ 2,843.20	\$ -	\$ 885.41	\$ -	\$ -	\$ 1,957.79	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	602	-	71	4	-	527	
Dollars	\$ 377.77	\$ -	\$ 44.55	\$ 2.51	\$ -	\$ 330.71	
<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.

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, 2013

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 1,192,171	\$ 67,315
10th Previous Month	11,218	70,837
9th Previous Month	7,075	68,003
8th Previous Month	-	86,463
7th Previous Month	-	60,292
6th Previous Month	-	74,899
5th Previous Month	-	68,131
4th Previous Month	13,171	77,967
3rd Previous Month	47,031	54,842
2nd Previous Month	21,113	97,295
Previous Month	15,525	129,363
Current Month	25,206	139,060
Total 12 Month O&M	\$ 1,332,508	\$ 994,466

Determination of Working Capital Allowance		
12 Months O&M Expenses	\$ 1,332,508	\$ 994,466
One Eighth (1/8) of 12 Month O&M Expenses	1/8	1/8
Pollution Control Cash Working Capital Allowance	\$ 166,564	\$ 124,308

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: August 31, 2013

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			-	-
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			-	-
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			-	-
506152 - ECR Sorbent Reactant - Reagent Only			-	-
512152 - ECR Sorbent Injection Maintenance			-	-
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
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	-	-	-	-
<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>				
	-	-	-	-
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations		-		-
512055 - ECR Scrubber Maintenance		-		-
506159 - ECR Sorbent Injection Operation		-	9,760.51	9,760.51
506152 - ECR Sorbent Reactant - Reagent Only		-	126,289.87	126,289.87
512152 - ECR Sorbent Injection Maintenance		-	3,009.48	3,009.48
506156 - ECR Baghouse Operations		-	-	-
512156 - ECR Baghouse Maintenance		-	-	-
506151 - ECR Activated Carbon		-	-	-
Adjustment for Base Rates Baseline Amounts		-		-
Total 2011 Plan O&M Expenses		-	139,059.86	139,059.86
<b>Current Month O&amp;M Expense for All Plans</b>	\$ -	\$ -	\$ 139,059.86	\$ 139,059.86

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, 2013

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, 2013**

Third Party	O&M Expense Account	Plant	Total O&M
McBride	501253 - ECR Fly Ash Disposal	Trimble County	\$ 26,440.70
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 3,100.00
Total Monthly Beneficial Reuse Expense			\$ 29,540.70
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (4,334.85)
Net Beneficial Reuse O&M Expense			\$ 25,205.85

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

Beneficial Reuse Opportunities  
For the Month Ended: August 31, 2013

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	\$ -	\$ 646,911.30	\$ (17,686.36)	\$ 629,224.94
(2) Monthly Amount [(1) / 12]	\$ -	\$ 53,909.28	\$ (1,473.86)	\$ 52,435.42
<b>2009 Plan Project 25</b>				
(3) Monthly Amount (Expense/Revenue)	\$ -	\$ 3,100.00	\$ 26,440.70	\$ 29,540.70
<b>Total Beneficial Reuse - Generating Station</b>				
(4) Monthly Expense [(2) + (3)]	\$ -	\$ 57,009.28	\$ 24,966.84	\$ 81,976.12
<b>Beneficial Reuse in Base Rates</b>				
(5) Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ -	\$ 681,243.22	\$ -	\$ 681,243.22
(6) Monthly Expense Amount [(5) / 12]	\$ -	\$ 56,770.27	\$ -	\$ 56,770.27
(7) Total Generating Station Less Base Rates [(4) - (6)]	\$ -	\$ 239.01	\$ 24,966.84	\$ 25,205.85
(8) Less 2009 Plan Project 25 [(7) - (3)]	\$ -	\$ (2,860.99)	\$ (1,473.86)	\$ (4,334.85)
If Line (8) Greater than Zero, No Adjustment				
If Line (8) Less than Zero, Adjustment for Base Rates				
<b>Adjustment for Base Rate Amount (to ES Form 2.60)</b>	\$ -	\$ (2,860.99)	\$ (1,473.86)	\$ (4,334.85)

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: August 31, 2013

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)	
Sep-12	\$ 26,263,406	\$ 9,708,052	\$ 1,699,376	\$ 1,251,651	\$ 140,160	\$ 39,062,646	\$ 38,922,486	
Oct-12	17,264,585	5,749,735	1,234,328	738,218	187,221	25,174,087	24,986,867	
Nov-12	17,423,231	5,809,787	1,949,030	745,582	372,920	26,300,549	25,927,629	
Dec-12	19,060,442	6,548,255	1,811,385	840,863	246,102	28,507,047	28,260,945	
Jan-13	23,606,284	8,209,560	1,954,151	1,103,549	279,016	35,152,559	34,873,543	
Feb-13	22,715,271	7,479,756	1,933,379	1,005,854	377,609	33,511,870	33,134,260	
Mar-13	21,559,743	6,990,269	1,953,209	940,361	166,894	31,610,476	31,443,582	
Apr-13	19,655,937	6,164,484	1,738,892	988,686	310,820	28,858,818	28,547,999	
May-13	18,232,765	5,560,173	1,685,838	891,551	358,562	26,728,889	26,370,327	
Jun-13	23,832,943	7,934,922	2,116,221	1,275,957	541,359	35,701,403	35,160,044	
Jul-13	28,199,351	12,013,577	2,508,157	1,571,779	898,877	45,191,741	44,292,865	
Aug-13	28,453,357	12,150,823	1,897,764	1,589,443	978,720	45,070,108	44,091,388	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 33,000,995	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 79,808,681	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.35%	

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)
Sep-12	\$ 29,737,343	\$ 13,851,459	\$ 2,370,019	\$ 628,671	\$ 171,589	\$ 46,759,081	\$ 46,587,492	\$ 30,366,014
Oct-12	26,687,011	13,278,156	2,642,617	499,375	294,418	43,401,577	43,107,159	27,186,386
Nov-12	26,114,444	13,355,314	3,983,302	475,003	562,181	44,490,244	43,928,063	26,589,447
Dec-12	25,123,011	12,895,624	3,525,186	464,015	376,768	42,384,604	42,007,836	25,587,026
Jan-13	25,211,526	12,319,544	2,891,065	380,924	328,121	41,131,180	40,803,059	25,592,450
Feb-13	28,753,724	13,895,352	3,402,809	359,707	501,282	46,912,874	46,411,592	29,113,431
Mar-13	26,113,559	12,156,147	3,239,731	348,517	255,292	42,113,246	41,857,954	26,462,076
Apr-13	28,734,131	13,774,118	3,755,159	342,622	468,946	47,074,976	46,606,031	29,076,753
May-13	28,729,885	13,043,590	3,785,600	337,962	621,529	46,518,566	45,897,037	29,067,848
Jun-13	31,497,839	14,557,008	3,896,633	435,755	782,756	51,169,990	50,387,234	31,933,593
Jul-13	33,683,236	19,230,037	3,925,313	482,855	1,090,462	58,411,903	57,321,440	34,166,091
Aug-13	33,693,401	19,533,849	3,074,730	475,357	1,206,018	57,983,355	56,777,337	34,168,758
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 46,807,686	\$ 29,109,156
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 79,808,681	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.65%	

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

**Reconciliation of Reported Revenues**

**For the Month Ended: August 31, 2013**

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 93,831,430	\$ 93,831,430
(2) Fuel Adjustment Clause	\$ 4,972,494	\$ 4,972,494
(3) DSM	\$ 2,064,800	\$ 2,064,800
(4) Environmental Surcharge		\$ 2,184,738
(5) CSR Credits		\$ (240,912)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 100,868,724	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 4,687,804	\$ 4,687,804
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 4,687,804	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 105,556,529	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	95.56%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (2,232,453)
(13) Miscellaneous		\$ 1,630,667
(14) Total Company Revenues per Income Statement =		\$ 106,898,569

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OCT 18 2013

PUBLIC SERVICE  
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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  
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Director - Rates  
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robert.conroy@lge-ku.com

October 18, 2013

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 2013. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2012-00547, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the November 2013 billing cycle which begins October 28, 2013.

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 September 2013**

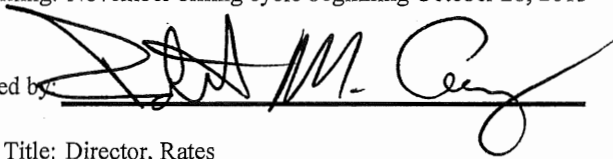
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	937,539
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		2.81%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	1,325,407
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		4.52%

Effective Date for Billing: November billing cycle beginning October 28, 2013

Submitted by: 

Title: Director, Rates

Date Submitted: October 18, 2013

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of September 2013

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	= \$	22,171,510	\$	233,301,370
(2) RB / 12	= \$	1,847,626	\$	19,441,781
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.61%		10.61%
(4) OE	= \$	30,512	\$	140,786
(5) BAS	= \$	-		Not Applicable
(6) BR	= \$	13,858		Not Applicable
(7) E(m) $(2) \times (3) + (4) - (5) + (6)$	= \$	240,403	\$	2,203,559
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	\$	2,443,962		

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	96.12%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	2,349,136
(11) Adjustment for (Over)/Under-collection pursuant to Case No. 2012-00547	= \$	-
(12) Prior Period Adjustment (if necessary)	= \$	-
(13) Revenue Collected through Base Rates	= \$	86,190
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	= \$	2,262,946

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	=	41.43%		58.57%
(16) Group E(m) [(14) x (15)]	= \$	937,539	\$	1,325,407
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	33,373,768	\$	29,298,711
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	2.81%		4.52%



**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of September 2013

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plan
Eligible Pollution Control Plant	\$ 14,230,619	\$ 5,452,105
Eligible Pollution CWIP Excluding AFUDC	9,728,117	228,214,370
Subtotal	\$ 23,958,736	\$ 233,666,475
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	1,138	
Cash Working Capital Allowance	19,275	131,241
Subtotal	20,413	131,241
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	505,817	97,679
Pollution Control Deferred Income Taxes	1,301,822	398,667
Subtotal	1,807,639	496,346
Environmental Compliance Rate Base	\$ 22,171,510	\$ 233,301,370

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ -	\$ 122,780
Monthly Depreciation & Amortization Expense	26,897	9,098
less investment tax credit amortization	-	-
Monthly Taxes Other Than Income Taxes	2,754	8,908
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	861	-
Monthly Surcharge Consulting Fees	-	-
Construction Monitoring Consultant Fee	-	-
Total Pollution Control Operations Expense	\$ 30,512	\$ 140,786

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 20,898
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(7,040)
Net Beneficial Reuse Operations Expense	\$ 13,858

**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: September 30, 2013

(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 9/30/2013	(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2005 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 19 - Sorbent Injection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 20 - Mercury Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 412,010	\$ 5,431	\$ 9,187,768	\$ 436,041	\$ -	\$ 17,393	\$ 1,169
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 9,792,920	\$ 9,792,920	\$ -	\$ -	\$ -	\$ 1,023
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 93,807	\$ (70,235)	\$ 4,472,230	\$ 865,781	\$ -	\$ 9,504	\$ 561
Subtotal	\$ 14,230,619	\$ 505,817	\$ 9,728,117	\$ 23,452,919	\$ 1,301,822	\$ -	\$ 26,897	\$ 2,754
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 14,230,619	\$ 505,817	\$ 9,728,117	\$ 23,452,919	\$ 1,301,822	\$ -	\$ 26,897	\$ 2,754
<b>Subtotal - Pre-2011 Plans:</b>	\$ 14,230,619	\$ 505,817	\$ 9,728,117	\$ 23,452,919	\$ 1,301,822	\$ -	\$ 26,897	\$ 2,754

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

For the Month Ended: September 30, 2013

(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 9/30/2013	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	\$ 5,452,105	\$ 97,679	\$ 220,128,826	\$ 225,483,252	\$ 398,667		\$ 9,098	\$ 8,346
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 8,085,543	\$ 8,085,543	\$ -		\$ -	\$ 562
Subtotal	\$ 5,452,105	\$ 97,679	\$ 228,214,370	\$ 233,568,795	\$ 398,667		\$ 9,098	\$ 8,908
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	<b>\$ 5,452,105</b>	<b>\$ 97,679</b>	<b>\$ 228,214,370</b>	<b>\$ 233,568,795</b>	<b>\$ 398,667</b>	<b>\$ -</b>	<b>\$ 9,098</b>	<b>\$ 8,908</b>
<b>Net Total - All Plans:</b>	<b>\$ 19,682,724</b>	<b>\$ 603,496</b>	<b>\$ 237,942,486</b>	<b>\$ 257,021,714</b>	<b>\$ 1,700,489</b>	<b>\$ -</b>	<b>\$ 35,995</b>	<b>\$ 11,661</b>

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: September 30, 2013

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	97,187	2,243	384	\$ 556.26	\$ 1,407.48	\$ 9.37	
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	62,379						
2032	62,379						
2033 - 2042	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 September 2013

	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	102,921	0	5,734	0	0	97,187	
Dollars	\$ 589.08	\$ -	\$ 32.82	\$ -	\$ -	\$ 556.26	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	98,898	-	5,578		-	93,320	
Dollars	\$ 566.06	\$ -	\$ 31.93	\$ -	\$ -	\$ 534.13	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	4,023	-	156	-	-	3,867	
Dollars	\$ 23.02	\$ -	\$ 0.89	\$ -	\$ -	\$ 22.13	
<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 2013

	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	1,788	0	1,401	3	0	384	
Dollars	\$ 43.65	\$ -	\$ 34.21	\$ 0.07	\$ -	\$ 9.37	
\$/Allowance	\$ 0.02	\$ -	\$ 0.02	\$ 0.02	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	1,679		1,321	-	-	358	
Dollars	\$ 40.98		\$ 32.25	\$ -	\$ -	\$ 8.73	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	109		80	3	-	26	
Dollars	\$ 2.67		\$ 1.96	\$ 0.07	\$ -	\$ 0.64	
<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 September 2013

	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	3,647	0	1,401	3	0	2,243	
Dollars	\$ 2,288.50	\$ -	\$ 879.14	\$ 1.88	\$ -	\$ 1,407.48	
\$/Allowance	\$ 0.63	\$ -	\$ 0.63	\$ 0.63	\$ -	\$ 0.63	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	3,120	-	1,321	-	-	1,799	
Dollars	\$ 1,957.79	\$ -	\$ 828.94	\$ -	\$ -	\$ 1,128.85	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	527	-	80	3	-	444	
Dollars	\$ 330.71	\$ -	\$ 50.20	\$ 1.88	\$ -	\$ 278.63	
<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.

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, 2013

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 11,218	\$ 70,837
10th Previous Month	7,075	68,003
9th Previous Month	-	86,463
8th Previous Month	-	60,292
7th Previous Month	-	74,899
6th Previous Month	-	68,131
5th Previous Month	13,171	77,967
4th Previous Month	47,031	54,842
3rd Previous Month	21,113	97,295
2nd Previous Month	15,525	129,363
Previous Month	25,206	139,060
Current Month	13,858	122,780
Total 12 Month O&M	\$ 154,196	\$ 1,049,930

Determination of Working Capital Allowance		
12 Months O&M Expenses	\$ 154,196	\$ 1,049,930
One Eighth (1/8) of 12 Month O&M Expenses	1/8	1/8
Pollution Control Cash Working Capital Allowance	\$ 19,275	\$ 131,241



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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: September 30, 2013

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			-	-
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			-	-
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			-	-
506152 - ECR Sorbent Reactant - Reagent Only			-	-
512152 - ECR Sorbent Injection Maintenance			-	-
506150 - ECR Mercury Monitors Operation	-	-	-	-
512153 - ECR Mercury Monitors Maintenance	-	-	-	-
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	-	-	-	-
<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>				
	-	-	-	-
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations		-		-
512055 - ECR Scrubber Maintenance		-		-
506159 - ECR Sorbent Injection Operation		-	14,156.57	14,156.57
506152 - ECR Sorbent Reactant - Reagent Only		-	104,446.20	104,446.20
512152 - ECR Sorbent Injection Maintenance		-	4,176.86	4,176.86
506156 - ECR Baghouse Operations		-	-	-
512156 - ECR Baghouse Maintenance		-	-	-
506151 - ECR Activated Carbon		-	-	-
Adjustment for Base Rates Baseline Amounts		-		-
Total 2011 Plan O&M Expenses		-	122,779.63	122,779.63
Current Month O&M Expense for All Plans	\$ -	\$ -	\$ 122,779.63	\$ 122,779.63

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: September 30, 2013

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, 2013**

Third Party	O&M Expense Account	Plant	Total O&M
McBride	501253 - ECR Fly Ash Disposal	Trimble County	\$ 20,932.78
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ (34.34)
Total Monthly Beneficial Reuse Expense			\$ 20,898.44
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (7,040.42)
Net Beneficial Reuse O&M Expense			\$ 13,858.02

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

Beneficial Reuse Opportunities  
For the Month Ended: September 30, 2013

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	\$ -	\$ 616,548.44	\$ (19,790.24)	\$ 596,758.20
(2)	Monthly Amount [(1) / 12]	\$ -	\$ 51,379.04	\$ (1,649.19)	\$ 49,729.85
2009 Plan Project 25					
(3)	Monthly Amount (Expense/Revenue)	\$ -	\$ (34.34)	\$ 20,932.78	\$ 20,898.44
Total Beneficial Reuse - Generating Station					
(4)	Monthly Expense [(2) + (3)]	\$ -	\$ 51,344.70	\$ 19,283.59	\$ 70,628.29
Beneficial Reuse in Base Rates					
(5)	Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ -	\$ 681,243.22	\$ -	\$ 681,243.22
(6)	Monthly Expense Amount [(5) / 12]	\$ -	\$ 56,770.27	\$ -	\$ 56,770.27
(7)	Total Generating Station Less Base Rates [(4) - (6)]	\$ -	\$ (5,425.57)	\$ 19,283.59	\$ 13,858.02
(8)	Less 2009 Plan Project 25 [(7) - (3)]	\$ -	\$ (5,391.23)	\$ (1,649.19)	\$ (7,040.42)
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)		\$ -	\$ (5,391.23)	\$ (1,649.19)	\$ (7,040.42)

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: September 30, 2013

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)
Oct-12	\$ 17,264,585	\$ 5,749,735	\$ 1,234,328	\$ 738,218	\$ 187,221	\$ 25,174,087	\$ 24,986,867
Nov-12	17,423,231	5,809,787	1,949,030	745,582	372,920	26,300,549	25,927,629
Dec-12	19,060,442	6,548,255	1,811,385	840,863	246,102	28,507,047	28,260,945
Jan-13	23,606,284	8,209,560	1,954,151	1,103,549	279,016	35,152,559	34,873,543
Feb-13	22,715,271	7,479,756	1,933,379	1,005,854	377,609	33,511,870	33,134,260
Mar-13	21,559,743	6,990,269	1,953,209	940,361	166,894	31,610,476	31,443,582
Apr-13	19,655,937	6,164,484	1,738,892	988,686	310,820	28,858,818	28,547,999
May-13	18,232,765	5,560,173	1,685,838	891,551	358,562	26,728,889	26,370,327
Jun-13	23,832,943	7,934,922	2,116,221	1,275,957	541,359	35,701,403	35,160,044
Jul-13	28,199,351	12,013,577	2,508,157	1,571,779	898,877	45,191,741	44,292,865
Aug-13	28,453,357	12,150,823	1,897,764	1,589,443	978,720	45,070,108	44,091,388
Sep-13	28,984,000	12,441,263	343,593	1,626,915	1,054,484	44,450,256	43,395,771
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 33,373,768
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 80,552,368
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.43%

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)
Oct-12	\$ 26,687,011	\$ 13,278,156	\$ 2,642,617	\$ 499,375	\$ 294,418	\$ 43,401,577	\$ 43,107,159	\$ 27,186,386
Nov-12	26,114,444	13,355,314	3,983,302	475,003	562,181	44,490,244	43,928,063	26,589,447
Dec-12	25,123,011	12,895,624	3,525,186	464,015	376,768	42,384,604	42,007,836	25,587,026
Jan-13	25,211,526	12,319,544	2,891,065	380,924	328,121	41,131,180	40,803,059	25,592,450
Feb-13	28,753,724	13,895,352	3,402,809	359,707	501,282	46,912,874	46,411,592	29,113,431
Mar-13	26,113,559	12,156,147	3,239,731	348,517	255,292	42,113,246	41,857,954	26,462,076
Apr-13	28,734,131	13,774,118	3,755,159	342,622	468,946	47,074,976	46,606,031	29,076,753
May-13	28,729,885	13,043,590	3,785,600	337,962	621,529	46,518,566	45,897,037	29,067,848
Jun-13	31,497,839	14,557,008	3,896,633	435,755	782,756	51,169,990	50,387,234	31,933,593
Jul-13	33,683,236	19,230,037	3,925,313	482,855	1,090,462	58,411,903	57,321,440	34,166,091
Aug-13	33,693,401	19,533,849	3,074,730	475,357	1,206,018	57,983,355	56,777,337	34,168,758
Sep-13	32,150,317	17,745,080	652,703	490,355	1,257,234	52,295,689	51,038,455	32,640,672
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 47,178,600	\$ 29,298,711
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 80,552,368	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.57%	

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

Reconciliation of Reported Revenues

For the Month Ended: September 30, 2013

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 91,320,660	\$ 91,320,660
(2) Fuel Adjustment Clause	\$ 996,296	\$ 996,296
(3) DSM	\$ 2,117,270	\$ 2,117,270
(4) Environmental Surcharge		\$ 2,311,718
(5) CSR Credits		\$ (245,819)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 94,434,227	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 3,807,566	\$ 3,807,566
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 3,807,566	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 98,241,793	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	96.12%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (8,058,106)
(13) Miscellaneous		\$ 1,305,738
(14) Total Company Revenues per Income Statement =		\$ 93,555,324

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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

November 15, 2013

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 2013. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2012-00547, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the December 2013 billing cycle which begins November 26, 2013.

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 Group E(m) and  
Group Environmental Surcharge Billing Factors  
For the Expense Month of October 2013**

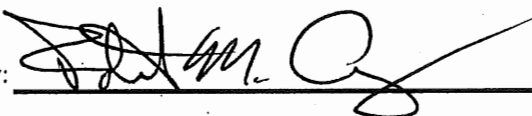
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 16	=	\$	1,005,026
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=		2.97%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 16	=	\$	1,420,816
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=		4.78%

Effective Date for Billing: December billing cycle beginning November 26, 2013

Submitted by: 

Title: Director, Rates

Date Submitted: November 15, 2013



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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of October 2013

**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	= \$	22,293,030	\$	258,550,877
(2) RB / 12	= \$	1,857,753	\$	21,545,906
(3) (ROR + (ROR - DR) (TR / (1 - TR)))	=	10.61%		10.61%
(4) OE	= \$	32,660	\$	46,737
(5) BAS	= \$	-		Not Applicable
(6) BR	= \$	28,808		Not Applicable
(7) E(m) (2) x (3) + (4) - (5) + (6)	= \$	258,576	\$	2,332,758
(8) Total E(m) = sum of Pre-2011 E(m) + 2011 E(m)	\$	2,591,334		

**Calculation of Adjusted Net Jurisdictional E(m)**

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	96.41%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	= \$	2,498,305
(11) Adjustment for (Over)/Under-collection pursuant to Case No. 2012-00547	= \$	-
(12) Prior Period Adjustment (if necessary)	= \$	-
(13) Revenue Collected through Base Rates	= \$	72,463
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	= \$	2,425,842

**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	=	41.43%		58.57%
(16) Group E(m) [(14) x (15)]	= \$	1,005,026	\$	1,420,816
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	33,839,817	\$	29,722,330
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	=	2.97%		4.78%

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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of October 2013.

**Determination of Environmental Compliance Rate Base**

	Pre-2011 Environmental Compliance Plans	2011 Environmental Compliance Plan
Eligible Pollution Control Plant	\$ 14,230,619	\$ 5,452,105
Eligible Pollution CWIP Excluding AFUDC	9,892,762	253,490,206
Subtotal	\$ 24,123,381	\$ 258,942,311
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	338	
Cash Working Capital Allowance	21,473	125,978
Subtotal	21,811	125,978
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	534,924	106,778
Pollution Control Deferred Income Taxes	1,317,238	410,634
Subtotal	1,852,162	517,412
Environmental Compliance Rate Base	\$ 22,293,030	\$ 258,550,877

**Determination of Pollution Control Operating Expenses**

	Pre-2011 Environmental Compliance Plan	2011 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ -	\$ 28,731
Monthly Depreciation & Amortization Expense	29,107	9,098
less investment tax credit amortization	-	-
Monthly Taxes Other Than Income Taxes	2,754	8,908
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	799	-
Monthly Surcharge Consulting Fees	-	-
Construction Monitoring Consultant Fee	-	-
Total Pollution Control Operations Expense	\$ 32,660	\$ 46,737

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 42,155
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(13,347)
Net Beneficial Reuse Operations Expense	\$ 28,808

**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, 2013

(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 10/31/2013	(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 12 - Special Waste Landfill Expansion at Cane Run Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 13 - Scrubber Refurbishment at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 14 - Scrubber Refurbishment at Cane Run Unit 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 15 - Scrubber Refurbishment at Cane Run Unit 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 16 - Scrubber Improvements at Trimble County Unit 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2005 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2005 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2006 Plan:</b>								
Project 18 - TC2 AQCS Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 19 - Sorbent Injection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 20 - Mercury Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 21 - Mill Creek Opacity and Particulate Monitors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Retirements and Replacement resulting from implementation of 2006 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2006 Plan:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 431,612	\$ 5,013	\$ 9,167,748	\$ 449,186	\$ -	\$ 19,603	\$ 1,169
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 9,966,989	\$ 9,966,989	\$ -	\$ -	\$ -	\$ 1,023
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 103,312	\$ (79,240)	\$ 4,453,720	\$ 868,052	\$ -	\$ 9,504	\$ 561
Subtotal	\$ 14,230,619	\$ 534,924	\$ 9,892,762	\$ 23,588,457	\$ 1,317,238	\$ -	\$ 29,107	\$ 2,754
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 14,230,619	\$ 534,924	\$ 9,892,762	\$ 23,588,457	\$ 1,317,238	\$ -	\$ 29,107	\$ 2,754
<b>Subtotal - Pre-2011 Plans:</b>	\$ 14,230,619	\$ 534,924	\$ 9,892,762	\$ 23,588,457	\$ 1,317,238	\$ -	\$ 29,107	\$ 2,754

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

Plant, CWIP & Depreciation Expense

For the Month Ended: October 31, 2013

(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 10/31/2013	(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	\$ 5,452,105	\$ 106,778	\$ 243,871,047	\$ 249,216,375	\$ 410,634		\$ 9,098	\$ 8,346
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 9,619,158	\$ 9,619,158	\$ -		\$ -	\$ 562
Subtotal	\$ 5,452,105	\$ 106,778	\$ 253,490,206	\$ 258,835,533	\$ 410,634		\$ 9,098	\$ 8,908
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	<b>\$ 5,452,105</b>	<b>\$ 106,778</b>	<b>\$ 253,490,206</b>	<b>\$ 258,835,533</b>	<b>\$ 410,634</b>	<b>\$ -</b>	<b>\$ 9,098</b>	<b>\$ 8,908</b>
<b>Net Total - All Plans:</b>	<b>\$ 19,682,724</b>	<b>\$ 641,702</b>	<b>\$ 263,382,968</b>	<b>\$ 282,423,990</b>	<b>\$ 1,727,872</b>	<b>\$ -</b>	<b>\$ 38,205</b>	<b>\$ 11,661</b>

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: October 31, 2013

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	91,679	933	384	\$ 524.74	\$ 585.45	\$ 9.37	
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	62,379						
2032	62,379						
2033 - 2042	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 2013

	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	97,187	0	5,508	0	0	91,679	
Dollars	\$ 556.26	\$ -	\$ 31.52	\$ -	\$ -	\$ 524.74	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	93,320	-	5,431		-	87,889	
Dollars	\$ 534.13	\$ -	\$ 31.08	\$ -	\$ -	\$ 503.05	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	3,867	-	77	-	-	3,790	
Dollars	\$ 22.13	\$ -	\$ 0.44	\$ -	\$ -	\$ 21.69	
<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

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 October 2013

	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	384	0	0	0	0	384	
Dollars	\$ 9.37	\$ -	\$ -	\$ -	\$ -	\$ 9.37	
\$/Allowance	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	358		-	-	-	358	
Dollars	\$ 8.73		\$ -	\$ -	\$ -	\$ 8.73	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	26		-	-	-	26	
Dollars	\$ 0.64		\$ -	\$ -	\$ -	\$ 0.64	
<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 2013

	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	2,243	0	1,306	4	0	933	
Dollars	\$ 1,407.48	\$ -	\$ 819.52	\$ 2.51	\$ -	\$ 585.45	
\$/Allowance	\$ 0.63	\$ -	\$ 0.63	\$ 0.63	\$ -	\$ 0.63	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	1,799	-	1,274	-	-	525	
Dollars	\$ 1,128.85	\$ -	\$ 799.44	\$ -	\$ -	\$ 329.41	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	444	-	32	4	-	408	
Dollars	\$ 278.63	\$ -	\$ 20.08	\$ 2.51	\$ -	\$ 256.04	
<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: October 31, 2013

Environmental Compliance Plan		
O&M Expenses	Pre-2011 Plans Amount	2011 Plan Amount
11th Previous Month	\$ 7,075	\$ 68,003
10th Previous Month	-	86,463
9th Previous Month	-	60,292
8th Previous Month	-	74,899
7th Previous Month	-	68,131
6th Previous Month	13,171	77,967
5th Previous Month	47,031	54,842
4th Previous Month	21,113	97,295
3rd Previous Month	15,525	129,363
2nd Previous Month	25,206	139,060
Previous Month	13,858	122,780
Current Month	28,808	28,731
Total 12 Month O&M	\$ 171,786	\$ 1,007,823

Determination of Working Capital Allowance		
12 Months O&M Expenses	\$ 171,786	\$ 1,007,823
One Eighth (1/8) of 12 Month O&M Expenses	1/8	1/8
Pollution Control Cash Working Capital Allowance	\$ 21,473	\$ 125,978

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: October 31, 2013

O&M Expense Account	Cane Run	Mill Creek	Trimble County	Total
<b>2005 Plan</b>				
502056-ECR Scrubber Operations			-	-
512055-ECR Scrubber Maintenance			-	-
Total 2005 Plan O&M Expenses			-	-
<b>2006 Plan</b>				
506159 - ECR Sorbent Injection Operation			-	-
506152 - ECR Sorbent Reactant - Reagent Only			-	-
512152 - ECR Sorbent Injection Maintenance			-	-
506150 - ECR Mercury Monitors Operation		-	-	-
512153 - ECR Mercury Monitors Maintenance	-		-	-
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	-	-	-	-
<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>				
	-	-	-	-
<b>2011 Plan</b>				
502056 - ECR Scrubber Operations		-		-
512055 - ECR Scrubber Maintenance		-		-
506159 - ECR Sorbent Injection Operation			12,183.45	12,183.45
506152 - ECR Sorbent Reactant - Reagent Only			16,258.42	16,258.42
512152 - ECR Sorbent Injection Maintenance			288.84	288.84
506156 - ECR Baghouse Operations			-	-
512156 - ECR Baghouse Maintenance			-	-
506151 - ECR Activated Carbon			-	-
Adjustment for Base Rates Baseline Amounts			-	-
Total 2011 Plan O&M Expenses			28,730.71	28,730.71
<b>Current Month O&amp;M Expense for All Plans</b>	\$ -	\$ -	\$ 28,730.71	\$ 28,730.71

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: October 31, 2013

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, 2013**

Third Party	O&M Expense Account	Plant	Total O&M
McBride	501253 - ECR Fly Ash Disposal	Trimble County	\$ 27,355.00
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 11,661.88
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 3,138.60
Total Monthly Beneficial Reuse Expense			\$ 42,155.48
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (13,347.05)
Net Beneficial Reuse O&M Expense			\$ 28,808.43

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

Beneficial Reuse Opportunities  
For the Month Ended: October 31, 2013

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	\$ -	\$ 582,755.89	\$ (61,677.25)	\$ 521,078.64
(2) Monthly Amount [(1) / 12]	\$ -	\$ 48,562.99	\$ (5,139.77)	\$ 43,423.22
2009 Plan Project 25				
(3) Monthly Amount (Expense/Revenue)	\$ -	\$ 3,138.60	\$ 39,016.88	\$ 42,155.48
Total Beneficial Reuse - Generating Station				
(4) Monthly Expense [(2) + (3)]	\$ -	\$ 51,701.59	\$ 33,877.11	\$ 85,578.70
Beneficial Reuse in Base Rates				
(5) Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ -	\$ 681,243.22	\$ -	\$ 681,243.22
(6) Monthly Expense Amount [(5) / 12]	\$ -	\$ 56,770.27	\$ -	\$ 56,770.27
(7) Total Generating Station Less Base Rates [(4) - (6)]	\$ -	\$ (5,068.68)	\$ 33,877.11	\$ 28,808.43
(8) Less 2009 Plan Project 25 [(7) - (3)]	\$ -	\$ (8,207.28)	\$ (5,139.77)	\$ (13,347.05)
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)	\$ -	\$ (8,207.28)	\$ (5,139.77)	\$ (13,347.05)

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: October 31, 2013

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)
Nov-12	\$ 17,423,231	\$ 5,809,787	\$ 1,949,030	\$ 745,582	\$ 372,920	\$ 26,300,549	\$ 25,927,629
Dec-12	19,060,442	6,548,255	1,811,385	840,863	246,102	28,507,047	28,260,945
Jan-13	23,606,284	8,209,560	1,954,151	1,103,549	279,016	35,152,559	34,873,543
Feb-13	22,715,271	7,479,756	1,933,379	1,005,854	377,609	33,511,870	33,134,260
Mar-13	21,559,743	6,990,269	1,953,209	940,361	166,894	31,610,476	31,443,582
Apr-13	19,655,937	6,164,484	1,738,892	988,686	310,820	28,858,818	28,547,999
May-13	18,232,765	5,560,173	1,685,838	891,551	358,562	26,728,889	26,370,327
Jun-13	23,832,943	7,934,922	2,116,221	1,275,957	541,359	35,701,403	35,160,044
Jul-13	28,199,351	12,013,577	2,508,157	1,571,779	898,877	45,191,741	44,292,865
Aug-13	28,453,357	12,150,823	1,897,764	1,589,443	978,720	45,070,108	44,091,388
Sep-13	28,984,000	12,441,263	343,593	1,626,915	1,054,484	44,450,256	43,395,771
Oct-13	21,182,850	8,367,792	(62,505)	1,091,313	825,601	31,405,051	30,579,450
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 33,839,817
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 81,683,792
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.43%

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)
Nov-12	\$ 26,114,444	\$ 13,355,314	\$ 3,983,302	\$ 475,003	\$ 562,181	\$ 44,490,244	\$ 43,928,063	\$ 26,589,447
Dec-12	25,123,011	12,895,624	3,525,186	464,015	376,768	42,384,604	42,007,836	25,587,026
Jan-13	25,211,526	12,319,544	2,891,065	380,924	328,121	41,131,180	40,803,059	25,592,450
Feb-13	28,753,724	13,895,352	3,402,809	359,707	501,282	46,912,874	46,411,592	29,113,431
Mar-13	26,113,559	12,156,147	3,239,731	348,517	255,292	42,113,246	41,857,954	26,462,076
Apr-13	28,734,131	13,774,118	3,755,159	342,622	468,946	47,074,976	46,606,031	29,076,753
May-13	28,729,885	13,043,590	3,785,600	337,962	621,529	46,518,566	45,897,037	29,067,848
Jun-13	31,497,839	14,557,008	3,896,633	435,755	782,756	51,169,990	50,387,234	31,933,593
Jul-13	33,683,236	19,230,037	3,925,313	482,855	1,090,462	58,411,903	57,321,440	34,166,091
Aug-13	33,693,401	19,533,849	3,074,730	475,357	1,206,018	57,983,355	56,777,337	34,168,758
Sep-13	32,150,317	17,745,080	652,703	490,355	1,257,234	52,295,689	51,038,455	32,640,672
Oct-13	31,850,165	18,832,731	(10,888)	419,652	1,383,951	52,475,611	51,091,660	32,269,817
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 47,843,975	\$ 29,722,330
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 81,683,792	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.57%	

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

Reconciliation of Reported Revenues

For the Month Ended: October 31, 2013

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 80,233,538	\$ 80,233,538
(2) Fuel Adjustment Clause	\$ (73,393)	\$ (73,393)
(3) DSM	\$ 1,510,965	\$ 1,510,965
(4) Environmental Surcharge		\$ 2,209,552
(5) CSR Credits		\$ (293,413)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 81,671,110	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 3,041,109	\$ 3,041,109
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 3,041,109	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 84,712,219	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	96.41%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (5,158,056)
(13) Miscellaneous		\$ 1,248,613
(14) Total Company Revenues per Income Statement =		\$ 82,718,914

RECEIVED

DEC 20 2013

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  
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220 West Main Street  
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Director - Rates  
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F 502-627-3213  
robert.conroy@lge-ku.com

December 20, 2013

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 2013. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00243, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the January 2014 billing cycle which begins December 31, 2013.

With this filing, LG&E revised the ES Forms as approved by the Commission in its Order in Case No. 2013-00243, the most recent two-year review case.

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

Sincerely,

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

Robert M. Conroy

Enclosures



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 November 2013**

**GROUP 1 (Total Revenue)**

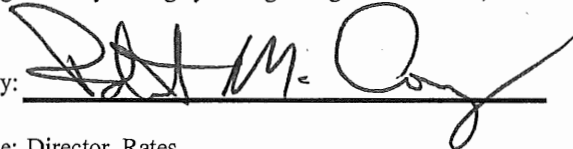
Group 1 E(m) -- ES Form 1.10, line 15	=	\$	1,201,198
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		3.54%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	1,691,860
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		5.68%

Effective Date for Billing: January billing cycle beginning December 31, 2013

Submitted by:



Title: Director, Rates

Date Submitted: December 20, 2013

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of November 2013

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	= \$	309,271,936
(2)	RB / 12	= \$	25,772,661
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.26%
(4)	OE	= \$	171,727
(5)	BAS	= \$	-
(6)	BR	= \$	15,002
(7)	E(m) $(2) \times (3) + (4) - (5) + (6)$	= \$	2,831,003

Calculation of Adjusted Net Jurisdictional E(m)

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	90.64%
(9)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	2,566,021
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00243	= \$	389,127
(11)	Prior Period Adjustment (if necessary)	= \$	-
(12)	Revenue Collected through Base Rates	= \$	62,090
(13)	Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	2,893,058

Calculation of Group Environmental Surcharge Billing Factors

		<u>GROUP 1 (Total Revenue)</u>	<u>GROUP 2 (Net Revenue)</u>
(14)	Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	41.52%      58.48%
(15)	Group E(m) [(13) x (14)]	= \$	1,201,198      \$ 1,691,860
(16)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	33,917,457      \$ 29,771,836
(17)	Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	3.54%      5.68%

## LOUISVILLE GAS AND ELECTRIC COMPANY ENVIRONMENTAL SURCHARGE REPORT

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of November 2013

### Determination of Environmental Compliance Rate Base

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ - 19,682,724	
Eligible Pollution CWIP Excluding AFUDC	291,864,749	
Subtotal		\$ 311,547,473
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	9,755	
Cash Working Capital Allowance	149,871	
Subtotal		159,626
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	679,907	
Pollution Control Deferred Income Taxes	1,755,256	
Subtotal		2,435,163
Environmental Compliance Rate Base		\$ 309,271,936

### Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 79,438
Monthly Depreciation & Amortization Expense	38,205
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	11,661
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	42,423
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	-
Total Pollution Control Operations Expense	\$ 171,727

### Determination of Beneficial Reuse Operating Expenses

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 23,855
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(8,853)
Net Beneficial Reuse Operations Expense	\$ 15,002

### 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, 2013

(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 11/30/2013	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 451,215	\$ 5,007	\$ 9,148,139	\$ 462,331		\$ 19,603	\$ 1,169
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 9,813,460	\$ 9,813,460	\$ -		\$ -	\$ 1,023
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 112,816	\$ (79,542)	\$ 4,443,914	\$ 870,324		\$ 9,504	\$ 561
Subtotal	\$ 14,230,619	\$ 564,031	\$ 9,738,925	\$ 23,405,513	\$ 1,332,655		\$ 29,107	\$ 2,754
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 14,230,619	\$ 564,031	\$ 9,738,925	\$ 23,405,513	\$ 1,332,655		\$ 29,107	\$ 2,754
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 5,452,105	\$ 115,876	\$ 268,284,918	\$ 273,621,147	\$ 422,602		\$ 9,098	\$ 8,346
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 13,840,906	\$ 13,840,906	\$ -		\$ -	\$ 562
Subtotal	\$ 5,452,105	\$ 115,876	\$ 282,125,823	\$ 287,462,053	\$ 422,602		\$ 9,098	\$ 8,908
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ 5,452,105	\$ 115,876	\$ 282,125,823	\$ 287,462,053	\$ 422,602	\$ -	\$ 9,098	\$ 8,908
<b>Net Total - All Plans:</b>	\$ 19,682,724	\$ 679,907	\$ 291,864,749	\$ 310,867,566	\$ 1,755,256	\$ -	\$ 38,205	\$ 11,661

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: November 30, 2013

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	85,145	727	384	\$ 487.35	\$ 17,847.93	\$ 9.37	
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	62,379						
2032	62,379						
2033 - 2042	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 November 2013

	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	91,679	0	6,534	0	0	85,145	
Dollars	\$ 524.74	\$ -	\$ 37.39	\$ -	\$ -	\$ 487.35	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	87,889	-	6,217	-	-	81,672	
Dollars	\$ 503.05	\$ -	\$ 35.58	\$ -	\$ -	\$ 467.47	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	3,790	-	317	-	-	3,473	
Dollars	\$ 21.69	\$ -	\$ 1.81	\$ -	\$ -	\$ 19.88	
<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 2013

	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	384	0	0	0	0	384	
Dollars	\$ 9.37	\$ -	\$ -	\$ -	\$ -	\$ 9.37	
\$/Allowance	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	358		-	-	-	358	
Dollars	\$ 8.73	\$ -	\$ -	\$ -	\$ -	\$ 8.73	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	26		-	-	-	26	
Dollars	\$ 0.64	\$ -	\$ -	\$ -	\$ -	\$ 0.64	
<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 November 2013

	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	933	1,600	1,801	5	0	727	
Dollars	\$ 585.45	\$ 61,600.00	\$ 44,214.77	\$ 122.75	\$ -	\$ 17,847.93	
\$/Allowance	\$ 0.63	\$ 38.50	\$ 24.55	\$ 24.55	\$ -	\$ 24.55	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	525	-	1,728	-	-	397	Ending inventory includes purchases from the market
Dollars	\$ 329.41	\$ (9,760.41)	\$ 42,422.61	\$ -	\$ -	\$ 9,746.39	as shown below. Adjusted Ending Inventory Dollars to reflect non-recoverable allowance value
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	408	-	73	5	-	330	Adjusted Ending Inventory Dollars to reflect non-recoverable allowance value.
Dollars	\$ 256.04	\$ 9,760.41	\$ 1,792.16	\$ 122.75	\$ -	\$ 8,101.54	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	1,600	0	0	0	0	Purchased 1,600 allowances from the market included in
Dollars	\$ -	\$ 61,600.00	\$ -	\$ -	\$ -	\$ -	Ending Inventory - Coal Fuel shown above
\$/Allowance	\$ -	\$ 38.50	\$ -	\$ -	\$ -	\$ -	
<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: November 30, 2013

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 86,463
10th Previous Month	60,292
9th Previous Month	74,899
8th Previous Month	68,131
7th Previous Month	91,137
6th Previous Month	101,873
5th Previous Month	118,408
4th Previous Month	144,888
3rd Previous Month	164,266
2nd Previous Month	136,638
Previous Month	57,539
Current Month	94,439
Total 12 Month O&M	\$ 1,198,971

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,198,971
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 149,871

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: November 30, 2013

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	-		-
512055 - ECR Scrubber Maintenance	-		-
506159 - ECR Sorbent Injection Operation	-	11,321.14	11,321.14
506152 - ECR Sorbent Reactant - Reagent Only	-	67,380.07	67,380.07
512152 - ECR Sorbent Injection Maintenance	-	736.34	736.34
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	-	-	-
506151 - ECR Activated Carbon	-	-	-
Adjustment for Base Rates Baseline Amounts	-		-
Total 2011 Plan O&M Expenses	-	79,437.55	79,437.55
Current Month O&M Expense for All Plans	\$ -	\$ 79,437.55	\$ 79,437.55

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: November 30, 2013

On-Site CCP Disposal O&M Expense		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, 2013**

Third Party	O&M Expense Account	Plant	Total O&M
McBride	501253 - ECR Fly Ash Disposal	Trimble County	\$ 15,631.44
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 7,516.71
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 706.44
Total Monthly Beneficial Reuse Expense			\$ 23,854.59
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (8,852.94)
Net Beneficial Reuse O&M Expense			\$ 15,001.65

ES FORM 2.61

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

Beneficial Reuse Opportunities  
For the Month Ended: November 30, 2013

On-Site CCP Disposal O&M Expense	Mill Creek	Trimble County	Total
Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)			
(1) 12 Months Ending with Expense Month	\$ 601,927.41	\$ (26,919.49)	\$ 575,007.92
(2) Monthly Amount [(1) / 12]	\$ 50,160.62	\$ (2,243.29)	\$ 47,917.33
2009 Plan Project 25			
(3) Monthly Amount (Expense/Revenue)	\$ 706.44	\$ 23,148.15	\$ 23,854.59
Total Beneficial Reuse - Generating Station			
(4) Monthly Expense [(2) + (3)]	\$ 50,867.06	\$ 20,904.86	\$ 71,771.92
Beneficial Reuse in Base Rates			
(5) Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243.22	\$ -	\$ 681,243.22
(6) Monthly Expense Amount [(5) / 12]	\$ 56,770.27	\$ -	\$ 56,770.27
(7) Total Generating Station Less Base Rates [(4) - (6)]	\$ (5,903.21)	\$ 20,904.86	\$ 15,001.65
(8) Less 2009 Plan Project 25 [(7) - (3)]	\$ (6,609.65)	\$ (2,243.29)	\$ (8,852.94)
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)	\$ (6,609.65)	\$ (2,243.29)	\$ (8,852.94)

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: November 30, 2013

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)	
Dec-12	\$ 19,060,442	\$ 6,548,255	\$ 1,811,385	\$ 840,863	\$ 246,102	\$ 28,507,047	\$ 28,260,945	
Jan-13	23,606,284	8,209,560	1,954,151	1,103,549	279,016	35,152,559	34,873,543	
Feb-13	22,715,271	7,479,756	1,933,379	1,005,854	377,609	33,511,870	33,134,260	
Mar-13	21,559,743	6,990,269	1,953,209	940,361	166,894	31,610,476	31,443,582	
Apr-13	19,655,937	6,164,484	1,738,892	988,686	310,820	28,858,818	28,547,999	
May-13	18,232,765	5,560,173	1,685,838	891,551	358,562	26,728,889	26,370,327	
Jun-13	23,832,943	7,934,922	2,116,221	1,275,957	541,359	35,701,403	35,160,044	
Jul-13	28,199,351	12,013,577	2,508,157	1,571,779	898,877	45,191,741	44,292,865	
Aug-13	28,453,357	12,150,823	1,897,764	1,589,443	978,720	45,070,108	44,091,388	
Sep-13	28,984,000	12,441,263	343,593	1,626,915	1,054,484	44,450,256	43,395,771	
Oct-13	21,182,850	8,367,792	(62,505)	1,091,313	825,601	31,405,051	30,579,450	
Nov-13	18,718,988	7,105,505	110,038	924,782	754,876	27,614,190	26,859,313	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 33,917,457	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 81,679,750	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.52%	

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)
Dec-12	\$ 25,123,011	\$ 12,895,624	\$ 3,525,186	\$ 464,015	\$ 376,768	\$ 42,384,604	\$ 42,007,836	\$ 25,587,026
Jan-13	25,211,526	12,319,544	2,891,065	380,924	328,121	41,131,180	40,803,059	25,592,450
Feb-13	28,753,724	13,895,352	3,402,809	359,707	501,282	46,912,874	46,411,592	29,113,431
Mar-13	26,113,559	12,156,147	3,239,731	348,517	255,292	42,113,246	41,857,954	26,462,076
Apr-13	28,734,131	13,774,118	3,755,159	342,622	468,946	47,074,976	46,606,031	29,076,753
May-13	28,729,885	13,043,590	3,785,600	337,962	621,529	46,518,566	45,897,037	29,067,848
Jun-13	31,497,839	14,557,008	3,896,633	435,755	782,756	51,169,990	50,387,234	31,933,593
Jul-13	33,683,236	19,230,037	3,925,313	482,855	1,090,462	58,411,903	57,321,440	34,166,091
Aug-13	33,693,401	19,533,849	3,074,730	475,357	1,206,018	57,983,355	56,777,337	34,168,758
Sep-13	32,150,317	17,745,080	652,703	490,355	1,257,234	52,295,689	51,038,455	32,640,672
Oct-13	31,850,165	18,832,731	(10,888)	419,652	1,383,951	52,475,611	51,091,660	32,269,817
Nov-13	26,823,811	15,566,471	197,892	359,705	1,234,929	44,182,807	42,947,879	27,183,516
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 47,762,293	\$ 29,771,836
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 81,679,750	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.48%	

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

**Reconciliation of Reported Revenues**

For the Month Ended: November 30, 2013

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 68,214,775	\$ 68,214,775
(2) Fuel Adjustment Clause	\$ 307,930	\$ 307,930
(3) DSM	\$ 1,284,487	\$ 1,284,487
(4) Environmental Surcharge		\$ 1,989,805
(5) CSR Credits		\$ (280,550)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 69,807,192	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 7,207,708	\$ 7,207,708
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 7,207,708	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 77,014,900	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	90.64%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 2,262,619
(13) Miscellaneous		\$ 1,293,637
(14) Total Company Revenues per Income Statement =		\$ 82,280,411

RECEIVED  
Conroy

JAN 17 2014

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

January 17, 2014

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 2013. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00243, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the February 2014 billing cycle which begins January 30, 2014.

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 2013.

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

Sincerely,

Robert M. Conroy

Enclosures



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

INVOICE DATE: 11/1/2013  
INVOICE #: 20131017  
INVOICE PERIOD: 10/01/2013-10/31/2013  
PROJECT NAME: Kentucky LGE Environmental Compliance  
ITAGE PROJECT #: 2011-56

FIRM INVOICED: Daryl E. Newby  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, Kentucky 40602

PROJECT DESCRIPTION:  
KU/LGE Construction Oversight

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	0/01/2013-10/31/2013	15	\$260	\$3,900.00	\$1,098.65	\$4,998.65	
Chuck Buechel	0/01/2013-10/31/2013	20	\$240	\$4,800.00	\$225.00	\$5,025.00	
Mike Boismenu	0/01/2013-10/31/2013	24	\$240	\$5,760.00	\$1,148.17	\$6,908.17	
<b>SUB TOTALS</b>		<b>59</b>		<b>\$14,460.00</b>	<b>\$2,471.82</b>	<b>\$16,931.82</b>	
<b>TOTAL FEES</b>							<b>\$14,460.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$2,471.82</b>
OVERNIGHT MAIL							\$0.00
COPYING - Black/White							\$0.00
COPYING - Color							\$0.00
<u>MISCELLANEOUS</u>							
Invoice Amount							<b>\$16,931.82</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$16,931.82</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.  
PO Box 420395  
Summerland Key, FL 33042  
Attn: Walter P. Drabinski  
305-744-3440

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 2013**

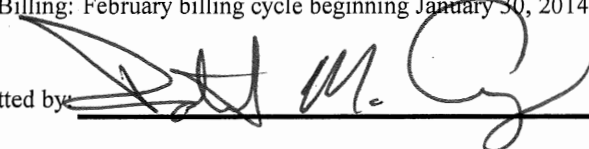
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 15	=	\$	1,136,504
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		3.31%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	1,580,455
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		5.28%

Effective Date for Billing: February billing cycle beginning January 30, 2014

Submitted by: 

Title: Director, Rates

Date Submitted: January 17, 2014

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of December 2013

**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	= \$	338,421,185
(2)	RB / 12	= \$	28,201,765
(3)	$(ROR + (ROR - DR)(TR / (1 - TR)))$	=	10.26%
(4)	OE	= \$	235,405
(5)	BAS	= \$	-
(6)	BR	= \$	210
(7)	E(m)	= \$	3,129,116
			$(2) \times (3) + (4) - (5) + (6)$

**Calculation of Adjusted Net Jurisdictional E(m)**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	88.98%
(9)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	2,784,287
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00243	= \$	-
(11)	Prior Period Adjustment (if necessary)	= \$	-
(12)	Revenue Collected through Base Rates	= \$	67,328
(13)	Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	2,716,959

**Calculation of Group Environmental Surcharge Billing Factors**

		<u>GROUP 1 (Total Revenue)</u>		<u>GROUP 2 (Net Revenue)</u>	
(14)	Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	41.83%		58.17%
(15)	Group E(m) [(13) x (14)]	= \$	1,136,504	\$	1,580,455
(16)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	34,373,671	\$	29,923,250
(17)	Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	3.31%		5.28%

## LOUISVILLE GAS AND ELECTRIC COMPANY ENVIRONMENTAL SURCHARGE REPORT

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of December 2013

### Determination of Environmental Compliance Rate Base

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 19,682,724	
Eligible Pollution CWIP Excluding AFUDC	321,053,589	
Subtotal		\$ 340,736,313
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	31,874	
Cash Working Capital Allowance	153,750	
Subtotal		185,624
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	718,112	
Pollution Control Deferred Income Taxes	1,782,640	
Subtotal		2,500,752
Environmental Compliance Rate Base		\$ 338,421,185

### Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 117,278
Monthly Depreciation & Amortization Expense	38,205
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	11,661
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	60,303
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	7,958
Total Pollution Control Operations Expense	\$ 235,405

### Determination of Beneficial Reuse Operating Expenses

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 10,460
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(10,250)
Net Beneficial Reuse Operations Expense	\$ 210

### 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, 2013

(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 12/31/2013	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 470,818	\$ 5,007	\$ 9,128,536	\$ 475,476		\$ 19,603	\$ 1,169
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 10,082,398	\$ 10,082,398	\$ -		\$ -	\$ 1,023
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 122,320	\$ (79,542)	\$ 4,434,410	\$ 872,595		\$ 9,504	\$ 561
Subtotal	\$ 14,230,619	\$ 593,138	\$ 10,007,863	\$ 23,645,344	\$ 1,348,071		\$ 29,107	\$ 2,754
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 14,230,619	\$ 593,138	\$ 10,007,863	\$ 23,645,344	\$ 1,348,071		\$ 29,107	\$ 2,754
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 5,452,105	\$ 124,974	\$ 296,726,485	\$ 302,053,616	\$ 434,569		\$ 9,098	\$ 8,346
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 14,319,240	\$ 14,319,240	\$ -		\$ -	\$ 562
Subtotal	\$ 5,452,105	\$ 124,974	\$ 311,045,726	\$ 316,372,857	\$ 434,569		\$ 9,098	\$ 8,908
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ 5,452,105	\$ 124,974	\$ 311,045,726	\$ 316,372,857	\$ 434,569	\$ -	\$ 9,098	\$ 8,908
<b>Net Total - All Plans:</b>	\$ 19,682,724	\$ 718,112	\$ 321,053,589	\$ 340,018,201	\$ 1,782,640	\$ -	\$ 38,205	\$ 11,661

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: December 31, 2013

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	SO <sub>2</sub>	NOx Annual	NOx Ozone Season	
Current Year	78,087	1,096	408	\$ 446.95	\$ 41,281.73	\$ 9.96	
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	62,379						
2032	62,379						
2033 - 2042	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 2013

	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	85,145	0	7,058	0	0	78,087	
Dollars	\$ 487.35	\$ -	\$ 40.40	\$ -	\$ -	\$ 446.95	
\$/Allowance	\$ 0.01	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	81,672	-	6,839	-	-	74,833	
Dollars	\$ 467.47	\$ -	\$ 39.15	\$ -	\$ -	\$ 428.32	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	3,473	-	219	-	-	3,254	
Dollars	\$ 19.88	\$ -	\$ 1.25	\$ -	\$ -	\$ 18.63	
<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 December 2013

	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	384	24	0	0	0	408	
Dollars	\$ 9.37	\$ 0.59	\$ -	\$ -	\$ -	\$ 9.96	
\$/Allowance	\$ 0.02	\$ 0.02	\$ -	\$ -	\$ -	\$ 0.02	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	358	18	-	-	-	376	
Dollars	\$ 8.73	\$ 0.44	\$ -	\$ -	\$ -	\$ 9.17	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	26	6	-	-	-	32	
Dollars	\$ 0.64	\$ 0.15	\$ -	\$ -	\$ -	\$ 0.79	
<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 2013

	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	727	2,050	1,681	0	0	1,096	
Dollars	\$ 17,847.93	\$ 86,750.00	\$ 63,316.20	\$ -	\$ -	\$ 41,281.73	
\$/Allowance	\$ 24.55	\$ 42.32	\$ 37.67	\$ -	\$ -	\$ 37.67	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	397	-	1,601	-	-	846	Ending inventory includes purchases from the market
Dollars	\$ 9,746.39	\$ (4,328.17)	\$ 60,302.94	\$ -	\$ -	\$ 31,865.28	as shown below. Adjusted Ending Inventory Dollars to reflect non-recoverable allowance value
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	330	-	80	-	-	250	Adjusted Ending Inventory Dollars to reflect non-recoverable allowance value.
Dollars	\$ 8,101.54	\$ 4,328.17	\$ 3,013.26	\$ -	\$ -	\$ 9,416.45	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	2,050	0	0	0	0	Purchased 2,050 allowances from the market included in
Dollars	\$ -	\$ 86,750.00	\$ -	\$ -	\$ -	\$ -	Ending Inventory - Coal Fuel shown above
\$/Allowance	\$ -	\$ 42.32	\$ -	\$ -	\$ -	\$ -	
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: December 31, 2013

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 60,292
10th Previous Month	74,899
9th Previous Month	68,131
8th Previous Month	91,137
7th Previous Month	101,873
6th Previous Month	118,408
5th Previous Month	144,888
4th Previous Month	164,266
3rd Previous Month	136,638
2nd Previous Month	57,539
Previous Month	94,439
Current Month	117,488
Total 12 Month O&M	\$ 1,229,996

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,229,996
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 153,750

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: December 31, 2013

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	-		-
512055 - ECR Scrubber Maintenance	-		-
506159 - ECR Sorbent Injection Operation	-	9,782.08	9,782.08
506152 - ECR Sorbent Reactant - Reagent Only	-	106,205.65	106,205.65
512152 - ECR Sorbent Injection Maintenance	-	1,290.76	1,290.76
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	-	-	-
506151 - ECR Activated Carbon	-	-	-
Adjustment for Base Rates Baseline Amounts	-		-
Total 2011 Plan O&M Expenses	-	117,278.49	117,278.49
<b>Current Month O&amp;M Expense for All Plans</b>			
	\$ -	\$ 117,278.49	\$ 117,278.49

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: December 31, 2013

On-Site CCP Disposal O&M Expense		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, 2013**

Third Party	O&M Expense Account	Plant	Total O&M
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 8,037.56
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 2,421.96
Total Monthly Beneficial Reuse Expense			\$ 10,459.52
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (10,249.53)
Net Beneficial Reuse O&M Expense			\$ 209.99

ES FORM 2.61

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

**Beneficial Reuse Opportunities  
For the Month Ended: December 31, 2013**

On-Site CCP Disposal O&M Expense		Mill Creek	Trimble County	Total
Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)				
(1)	12 Months Ending with Expense Month	\$ 577,451.02	\$ (19,202.14)	\$ 558,248.88
(2)	Monthly Amount [(1) / 12]	\$ 48,120.92	\$ (1,600.18)	\$ 46,520.74
2009 Plan Project 25				
(3)	Monthly Amount (Expense/Revenue)	\$ 2,421.96	\$ 8,037.56	\$ 10,459.52
Total Beneficial Reuse - Generating Station				
(4)	Monthly Expense [(2) + (3)]	\$ 50,542.88	\$ 6,437.38	\$ 56,980.26
Beneficial Reuse in Base Rates				
(5)	Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243.22	\$ -	\$ 681,243.22
(6)	Monthly Expense Amount [(5) / 12]	\$ 56,770.27	\$ -	\$ 56,770.27
(7)	Total Generating Station Less Base Rates [(4) - (6)]	\$ (6,227.39)	\$ 6,437.38	\$ 209.99
(8)	Less 2009 Plan Project 25 [(7) - (3)]	\$ (8,649.35)	\$ (1,600.18)	\$ (10,249.53)
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)		\$ (8,649.35)	\$ (1,600.18)	\$ (10,249.53)

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, 2013

GROUP 1 (Total Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)	
Jan-13	\$ 23,606,284	\$ 8,209,560	\$ 1,954,151	\$ 1,103,549	\$ 279,016	\$ 35,152,559	\$ 34,873,543	
Feb-13	22,715,271	7,479,756	1,933,379	1,005,854	377,609	33,511,870	33,134,260	
Mar-13	21,559,743	6,990,269	1,953,209	940,361	166,894	31,610,476	31,443,582	
Apr-13	19,655,937	6,164,484	1,738,892	988,686	310,820	28,858,818	28,547,999	
May-13	18,232,765	5,560,173	1,685,838	891,551	358,562	26,728,889	26,370,327	
Jun-13	23,832,943	7,934,922	2,116,221	1,275,957	541,359	35,701,403	35,160,044	
Jul-13	28,199,351	12,013,577	2,508,157	1,571,779	898,877	45,191,741	44,292,865	
Aug-13	28,453,357	12,150,823	1,897,764	1,589,443	978,720	45,070,108	44,091,388	
Sep-13	28,984,000	12,441,263	343,593	1,626,915	1,054,484	44,450,256	43,395,771	
Oct-13	21,182,850	8,367,792	(62,505)	1,091,313	825,601	31,405,051	30,579,450	
Nov-13	18,718,988	7,105,505	110,038	924,782	754,876	27,614,190	26,859,313	
Dec-13	23,430,328	9,360,384	(291,845)	1,236,642	1,001,764	34,737,274	33,735,509	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 34,373,671	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 82,170,407	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.83%	

GROUP 2 (Net Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)	Total Non-Fuel Revenues plus DSM (2)+(5)
Jan-13	\$ 25,211,526	\$ 12,319,544	\$ 2,891,065	\$ 380,924	\$ 328,121	\$ 41,131,180	\$ 40,803,059	\$ 25,592,450
Feb-13	28,753,724	13,895,352	3,402,809	359,707	501,282	46,912,874	46,411,592	29,113,431
Mar-13	26,113,559	12,156,147	3,239,731	348,517	255,292	42,113,246	41,857,954	26,462,076
Apr-13	28,734,131	13,774,118	3,755,159	342,622	468,946	47,074,976	46,606,031	29,076,753
May-13	28,729,885	13,043,590	3,785,600	337,962	621,529	46,518,566	45,897,037	29,067,848
Jun-13	31,497,839	14,557,008	3,896,633	435,755	782,756	51,169,990	50,387,234	31,933,593
Jul-13	33,683,236	19,230,037	3,925,313	482,855	1,090,462	58,411,903	57,321,440	34,166,091
Aug-13	33,693,401	19,533,849	3,074,730	475,357	1,206,018	57,983,355	56,777,337	34,168,758
Sep-13	32,150,317	17,745,080	652,703	490,355	1,257,234	52,295,689	51,038,455	32,640,672
Oct-13	31,850,165	18,832,731	(10,888)	419,652	1,383,951	52,475,611	51,091,660	32,269,817
Nov-13	26,823,811	15,566,471	197,892	359,705	1,234,929	44,182,807	42,947,879	27,183,516
Dec-13	27,007,128	15,407,441	(390,278)	396,863	1,303,150	43,724,304	42,421,155	27,403,991
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 47,796,736	\$ 29,923,250
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 82,170,407	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.17%	

ES FORM 3.10

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

Reconciliation of Reported Revenues

For the Month Ended: December 31, 2013

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 75,205,281	\$ 75,205,281
(2) Fuel Adjustment Clause	\$ (682,123)	\$ (682,123)
(3) DSM	\$ 1,633,505	\$ 1,633,505
(4) Environmental Surcharge		\$ 2,304,914
(5) CSR Credits		\$ (247,863)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 76,156,664	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 9,434,340	\$ 9,434,340
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 9,434,340	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 85,591,004	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	88.98%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 6,280,215
(13) Miscellaneous		\$ 1,508,170
(14) Total Company Revenues per Income Statement =		\$ 95,436,440



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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

February 21, 2014

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 2014. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00243, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the March 2014 billing cycle which begins March 3, 2014.

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 Group E(m) and  
Group Environmental Surcharge Billing Factors  
For the Expense Month of January 2014**

**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 15	=	\$	614,349
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		1.76%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	851,178
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		2.81%

Effective Date for Billing: March billing cycle beginning March 3, 2014

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

Title: Director, Rates

Date Submitted: February 21, 2014

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of January 2014

**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	= \$	354,933,396	
(2) RB / 12	= \$	29,577,783	
(3) (ROR + (ROR - DR) (TR / (1 - TR)))	=	10.26%	
(4) OE	= \$	317,701	
(5) BAS	= \$	-	
(6) BR	= \$	13,474	
(7) E(m)	$(2) \times (3) + (4) - (5) + (6)$	= \$	3,365,855

**Calculation of Adjusted Net Jurisdictional E(m)**

(8) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	79.20%
(9) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	2,665,757
(10) Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00243	= \$	-
(11) Prior Period Adjustment (if necessary)	= \$	-
(12) Revenue Collected through Base Rates	= \$	1,200,230
(13) Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	1,465,527

**Calculation of Group Environmental Surcharge Billing Factors**

		<u>GROUP 1 (Total Revenue)</u>	<u>GROUP 2 (Net Revenue)</u>
(14) Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	41.92%	58.08%
(15) Group E(m) [(13) x (14)]	= \$	614,349	\$ 851,178
(16) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	34,900,727	\$ 30,302,474
(17) Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	1.76%	2.81%

## LOUISVILLE GAS AND ELECTRIC COMPANY ENVIRONMENTAL SURCHARGE REPORT

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of January 2014

### Determination of Environmental Compliance Rate Base

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 19,676,999	
Eligible Pollution CWIP Excluding AFUDC	337,605,090	
Subtotal		\$ 357,282,089
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	33,235	
Cash Working Capital Allowance	176,889	
Subtotal		210,124
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	756,313	
Pollution Control Deferred Income Taxes	1,802,504	
Subtotal		2,558,817
Environmental Compliance Rate Base		\$ 354,933,396

### Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 231,933
Monthly Depreciation & Amortization Expense	38,201
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	42,503
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	5,064
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	-
Total Pollution Control Operations Expense	\$ 317,701

### Determination of Beneficial Reuse Operating Expenses

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 26,382
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(12,907)
Net Beneficial Reuse Operations Expense	\$ 13,474

### 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, 2014

(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 1/31/2014	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 490,420	\$ 5,007	\$ 9,108,934	\$ 487,025		\$ 19,603	\$ 1,142
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 10,286,290	\$ 10,286,290	\$ -		\$ -	\$ 1,260
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 131,825	\$ (79,542)	\$ 4,424,905	\$ 874,419		\$ 9,504	\$ 554
Subtotal	\$ 14,230,619	\$ 622,245	\$ 10,211,755	\$ 23,820,129	\$ 1,361,444		\$ 29,107	\$ 2,957
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 14,230,619	\$ 622,245	\$ 10,211,755	\$ 23,820,129	\$ 1,361,444		\$ 29,107	\$ 2,957
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 5,446,380	\$ 134,068	\$ 312,969,205	\$ 318,281,517	\$ 441,060		\$ 9,094	\$ 37,757
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 14,424,129	\$ 14,424,129	\$ -		\$ -	\$ 1,790
Subtotal	\$ 5,446,380	\$ 134,068	\$ 327,393,335	\$ 332,705,647	\$ 441,060		\$ 9,094	\$ 39,547
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ 5,446,380	\$ 134,068	\$ 327,393,335	\$ 332,705,647	\$ 441,060	\$ -	\$ 9,094	\$ 39,547
<b>Net Total - All Plans:</b>	\$ 19,676,999	\$ 756,313	\$ 337,605,090	\$ 356,525,775	\$ 1,802,504	\$ -	\$ 38,201	\$ 42,503

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: January 31, 2014

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	132,760	13,253	6,528	\$ 422.43	\$ 35,925.33	\$ 9.82	
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	62,379						
2033	62,379						
2034 - 2043	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 January 2014

	Beginning Inventory	Allocations/ Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	78,087	62,379	7,706	0	0	132,760	
Dollars	\$ 446.95	\$ -	\$ 24.52	\$ -	\$ -	\$ 422.43	
\$/Allowance	\$ 0.01	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	74,833	59,966	7,535		-	127,264	Includes 2014 vintage allowances of 59,966
Dollars	\$ 428.32	\$ 0.60	\$ 23.98	\$ -	\$ -	\$ 404.94	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	3,254	2,413	171		-	5,496	Includes 2014 vintage allowances of 2,413
Dollars	\$ 18.63	\$ (0.60)	\$ 0.54	\$ -	\$ -	\$ 17.49	
<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 January 2014

	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	408	6,212	54	38	0	6,528	
Dollars	\$ 9.96	\$ (0.00)	\$ 0.08	\$ 0.06	\$ -	\$ 9.82	
\$/Allowance	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	376	5,826	54	0	0	6,148	Includes 2014 vintage allowances of 5,826 and true-up requested by EPA of 54 allowances for emissions in 2013 Ozone Season.
Dollars	\$ 9.17	\$ 0.16	\$ 0.08	\$ -	\$ -	\$ 9.25	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	32	386	-	38	-	380	Includes 2014 vintage allowances of 386 and true-up requested by EPA of 38 allowances for emissions in 2013 Ozone Season.
Dollars	\$ 0.79	\$ (0.16)	\$ -	\$ 0.06	\$ -	\$ 0.57	
<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 January 2014

	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	1,096	14,133	1,947	29	0	13,253	
Dollars	\$ 41,281.73	\$ -	\$ 5,277.79	\$ 78.61	\$ -	\$ 35,925.33	
\$/Allowance	\$ 37.67	\$ -	\$ 2.71	\$ 2.71	\$ -	\$ 2.71	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	846	13,279	1,868	-	-	12,257	Includes 2014 vintage allowances of 13,279
Dollars	\$ 31,865.28	\$ 6,423.80	\$ 5,063.64	\$ -	\$ -	\$ 33,225.44	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	250	854	79	29	-	996	Includes 2014 vintage allowances of 854
Dollars	\$ 9,416.45	\$ (6,423.80)	\$ 214.15	\$ 78.61	\$ -	\$ 2,699.89	
<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, 2014

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 74,899
10th Previous Month	68,131
9th Previous Month	91,137
8th Previous Month	101,873
7th Previous Month	118,408
6th Previous Month	144,888
5th Previous Month	164,266
4th Previous Month	136,638
3rd Previous Month	57,539
2nd Previous Month	94,439
Previous Month	117,488
Current Month	245,407
Total 12 Month O&M	\$ 1,415,112

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,415,112
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 176,889

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: January 31, 2014

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	-		-
512055 - ECR Scrubber Maintenance	-		-
506159 - ECR Sorbent Injection Operation	-	16,800	16,800
506152 - ECR Sorbent Reactant - Reagent Only	-	214,650	214,650
512152 - ECR Sorbent Injection Maintenance	-	483	483
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	-	-	-
506151 - ECR Activated Carbon	-	-	-
Adjustment for Base Rates Baseline Amounts	-		-
Total 2011 Plan O&M Expenses	-	231,933	231,933
<b>Current Month O&amp;M Expense for All Plans</b>			
	\$ -	\$ 231,933	\$ 231,933

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: January 31, 2014

On-Site CCP Disposal O&M Expense		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, 2014**

Third Party	O&M Expense Account	Plant	Total O&M
McBride	501253 - ECR Fly Ash Disposal	Trimble County	\$ 16,287
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 7,669
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 2,425
Total Monthly Beneficial Reuse Expense			\$ 26,382
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (12,907)
Net Beneficial Reuse O&M Expense			\$ 13,474

ES FORM 2.61

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

**Beneficial Reuse Opportunities  
For the Month Ended: January 31, 2014**

On-Site CCP Disposal O&M Expense		Mill Creek	Trimble County	Total
Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)				
(1)	12 Months Ending with Expense Month	\$ 550,494	\$ (24,140)	\$ 526,354
(2)	Monthly Amount [(1) / 12]	\$ 45,875	\$ (2,012)	\$ 43,863
2009 Plan Project 25				
(3)	Monthly Amount (Expense/Revenue)	\$ 2,425	\$ 23,956	\$ 26,382
Total Beneficial Reuse - Generating Station				
(4)	Monthly Expense [(2) + (3)]	\$ 48,300	\$ 21,945	\$ 70,244
Beneficial Reuse in Base Rates				
(5)	Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243	\$ -	\$ 681,243
(6)	Monthly Expense Amount [(5) / 12]	\$ 56,770	\$ -	\$ 56,770
(7)	Total Generating Station Less Base Rates [(4) - (6)]	\$ (8,471)	\$ 21,945	\$ 13,474
(8)	Less 2009 Plan Project 25 [(7) - (3)]	\$ (10,896)	\$ (2,012)	\$ (12,907)
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)		\$ (10,896)	\$ (2,012)	\$ (12,907)

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: January 31, 2014

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-13	\$ 22,715,271	\$ 7,479,756	\$ 1,933,379	\$ 1,005,854	\$ 377,609	\$ 33,511,870	\$ 33,134,260
Mar-13	21,559,743	6,990,269	1,953,209	940,361	166,894	31,610,476	31,443,582
Apr-13	19,655,937	6,164,484	1,738,892	988,686	310,820	28,858,818	28,547,999
May-13	18,232,765	5,560,173	1,685,838	891,551	358,562	26,728,889	26,370,327
Jun-13	23,832,943	7,934,922	2,116,221	1,275,957	541,359	35,701,403	35,160,044
Jul-13	28,199,351	12,013,577	2,508,157	1,571,779	898,877	45,191,741	44,292,865
Aug-13	28,453,357	12,150,823	1,897,764	1,589,443	978,720	45,070,108	44,091,388
Sep-13	28,984,000	12,441,263	343,593	1,626,915	1,054,484	44,450,256	43,395,771
Oct-13	21,182,850	8,367,792	(62,505)	1,091,313	825,601	31,405,051	30,579,450
Nov-13	18,718,988	7,105,505	110,038	924,782	754,876	27,614,190	26,859,313
Dec-13	23,430,328	9,360,384	(291,845)	1,236,642	1,001,764	34,737,274	33,735,509
Jan-14	27,768,725	11,525,496	60,134	1,843,859	1,458,133	42,656,348	41,198,214
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 34,900,727
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 83,262,371
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.92%

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-13	\$ 28,753,724	\$ 13,895,352	\$ 3,402,809	\$ 359,707	\$ 501,282	\$ 46,912,874	\$ 46,411,592	\$ 29,113,431
Mar-13	26,113,559	12,156,147	3,239,731	348,517	255,292	42,113,246	41,857,954	26,462,076
Apr-13	28,734,131	13,774,118	3,755,159	342,622	468,946	47,074,976	46,606,031	29,076,753
May-13	28,729,885	13,043,590	3,785,600	337,962	621,529	46,518,566	45,897,037	29,067,848
Jun-13	31,497,839	14,557,008	3,896,633	435,755	782,756	51,169,990	50,387,234	31,933,593
Jul-13	33,683,236	19,230,037	3,925,313	482,855	1,090,462	58,411,903	57,321,440	34,166,091
Aug-13	33,693,401	19,533,849	3,074,730	475,357	1,206,018	57,983,355	56,777,337	34,168,758
Sep-13	32,150,317	17,745,080	652,703	490,355	1,257,234	52,295,689	51,038,455	32,640,672
Oct-13	31,850,165	18,832,731	(10,888)	419,652	1,383,951	52,475,611	51,091,660	32,269,817
Nov-13	26,823,811	15,566,471	197,892	359,705	1,234,929	44,182,807	42,947,879	27,183,516
Dec-13	27,007,128	15,407,441	(390,278)	396,863	1,303,150	43,724,304	42,421,155	27,403,991
Jan-14	29,537,445	17,452,792	(13,969)	605,691	1,694,648	49,276,608	47,581,960	30,143,136
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 48,361,644	\$ 30,302,474
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 83,262,371	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.08%	

ES FORM 3.10

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

**Reconciliation of Reported Revenues**

For the Month Ended: January 31, 2014

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 86,284,459	\$ 86,284,459
(2) Fuel Adjustment Clause	\$ 46,165	\$ 46,165
(3) DSM	\$ 2,449,550	\$ 2,449,550
(4) Environmental Surcharge		\$ 3,152,782
(5) CSR Credits		\$ (173,467)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 88,780,174	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 23,322,764	\$ 23,322,764
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 23,322,764	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 112,102,938	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	79.20%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (171,364)
(13) Miscellaneous		\$ 1,373,622
(14) Total Company Revenues per Income Statement =		\$ 116,284,511





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MAR 21 2014

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

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

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

March 21, 2014

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 2014. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00243, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the April 2014 billing cycle which begins April 1, 2014.

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 Group E(m) and  
Group Environmental Surcharge Billing Factors  
For the Expense Month of February 2014**

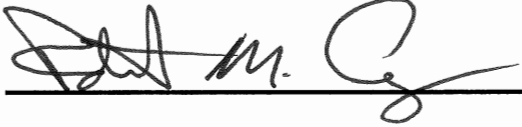
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 15	=	\$	662,091
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		1.87%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	909,824
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		2.99%

Effective Date for Billing: April billing cycle beginning April 1, 2014

Submitted by: 

Title: Director, Rates

Date Submitted: March 21, 2014

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of February 2014

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	= \$	381,567,587	
(2) RB / 12	= \$	31,797,299	
(3) (ROR + (ROR - DR) (TR / (1 - TR)))	=	10.26%	
(4) OE	= \$	133,791	
(5) BAS	= \$	-	
(6) BR	= \$	5,655	
(7) E(m)	= \$	3,401,848	
			(2) x (3) + (4) - (5) + (6)

Calculation of Adjusted Net Jurisdictional E(m)

(8) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	84.16%	
(9) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	2,862,995	
(10) Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00243	= \$	-	
(11) Prior Period Adjustment (if necessary)	= \$	-	
(12) Revenue Collected through Base Rates	= \$	1,291,080	
(13) Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	1,571,915	

Calculation of Group Environmental Surcharge Billing Factors

		<u>GROUP 1 (Total Revenue)</u>	<u>GROUP 2 (Net Revenue)</u>
(14) Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	42.12%	57.88%
(15) Group E(m) [(13) x (14)]	= \$	662,091	\$ 909,824
(16) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	35,369,390	\$ 30,431,564
(17) Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	1.87%	2.99%

## LOUISVILLE GAS AND ELECTRIC COMPANY ENVIRONMENTAL SURCHARGE REPORT

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of February 2014

### Determination of Environmental Compliance Rate Base

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 19,676,999	
Eligible Pollution CWIP Excluding AFUDC	364,303,957	
Subtotal		\$ 383,980,956
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	28,659	
Cash Working Capital Allowance	174,298	
Subtotal		202,957
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	794,510	
Pollution Control Deferred Income Taxes	1,821,816	
Subtotal		2,616,326
Environmental Compliance Rate Base		\$ 381,567,587

### Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 48,515
Monthly Depreciation & Amortization Expense	38,197
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	42,503
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	4,576
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	-
Total Pollution Control Operations Expense	\$ 133,791

### Determination of Beneficial Reuse Operating Expenses

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 20,297
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(14,642)
Net Beneficial Reuse Operations Expense	\$ 5,655

### 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 28, 2014

(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 2/28/2014	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 510,023	\$ 5,007	\$ 9,089,331	\$ 498,612		\$ 19,603	\$ 1,142
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 10,553,792	\$ 10,553,792	\$ -		\$ -	\$ 1,260
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 141,329	\$ (79,542)	\$ 4,415,401	\$ 876,242		\$ 9,504	\$ 554
Subtotal	\$ 14,230,619	\$ 651,352	\$ 10,479,257	\$ 24,058,524	\$ 1,374,854		\$ 29,107	\$ 2,957
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2009 Plan:</b>	\$ 14,230,619	\$ 651,352	\$ 10,479,257	\$ 24,058,524	\$ 1,374,854		\$ 29,107	\$ 2,957
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 5,446,380	\$ 143,158	\$ 338,889,188	\$ 344,192,410	\$ 446,962		\$ 9,090	\$ 37,757
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 14,935,512	\$ 14,935,512	\$ -		\$ -	\$ 1,790
Subtotal	\$ 5,446,380	\$ 143,158	\$ 353,824,700	\$ 359,127,922	\$ 446,962		\$ 9,090	\$ 39,547
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ 5,446,380	\$ 143,158	\$ 353,824,700	\$ 359,127,922	\$ 446,962	\$ -	\$ 9,090	\$ 39,547
<b>Net Total - All Plans:</b>	\$ 19,676,999	\$ 794,510	\$ 364,303,957	\$ 383,186,446	\$ 1,821,816	\$ -	\$ 38,197	\$ 42,503

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: February 28, 2014

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	125,626	11,487	6,528	\$ 399.73	\$ 31,138.17	\$ 9.82	
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	62,379						
2033	62,379						
2034 - 2043	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 2014

	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	132,760	0	7,134	0	0	125,626	
Dollars	\$ 422.43	\$ -	\$ 22.70	\$ -	\$ -	\$ 399.73	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	127,264	-	7,046		-	120,218	
Dollars	\$ 404.94	\$ -	\$ 22.42	\$ -	\$ -	\$ 382.52	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	5,496	-	88	-	-	5,408	
Dollars	\$ 17.49	\$ -	\$ 0.28	\$ -	\$ -	\$ 17.21	
<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

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 February 2014

	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	6,528	0	0	0	0	6,528	
Dollars	\$ 9.82	\$ -	\$ -	\$ -	\$ -	\$ 9.82	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	6,148	(115)	-	0	0	6,033	Adjustment to reclassify 115 allowances to CTs
Dollars	\$ 9.25	\$ (0.17)	\$ -	\$ -	\$ -	\$ 9.08	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	380	115	-	-	-	495	Adjustment to reclassify 115 allowances to CTs
Dollars	\$ 0.57	\$ 0.17	\$ -	\$ -	\$ -	\$ 0.74	
<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 February 2014

	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	13,253	0	1,750	16	0	11,487	
Dollars	\$ 35,925.33	\$ -	\$ 4,743.79	\$ 43.37	\$ -	\$ 31,138.17	
\$/Allowance	\$ 2.71	\$ -	\$ 2.71	\$ 2.71	\$ -	\$ 2.71	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	12,257	-	1,688	-	-	10,569	
Dollars	\$ 33,225.44	\$ -	\$ 4,575.72	\$ -	\$ -	\$ 28,649.72	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	996	-	62	16	-	918	
Dollars	\$ 2,699.89	\$ -	\$ 168.07	\$ 43.37	\$ -	\$ 2,488.45	
<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, 2014

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 68,131
10th Previous Month	91,137
9th Previous Month	101,873
8th Previous Month	118,408
7th Previous Month	144,888
6th Previous Month	164,266
5th Previous Month	136,638
4th Previous Month	57,539
3rd Previous Month	94,439
2nd Previous Month	117,488
Previous Month	245,407
Current Month	54,170
Total 12 Month O&M	\$ 1,394,383

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,394,383
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 174,298

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: February 28, 2014

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	-		-
512055 - ECR Scrubber Maintenance	-		-
506159 - ECR Sorbent Injection Operation	-	9,494	9,494
506152 - ECR Sorbent Reactant - Reagent Only	-	38,373	38,373
512152 - ECR Sorbent Injection Maintenance	-	648	648
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	-	-	-
506151 - ECR Activated Carbon	-	-	-
Adjustment for Base Rates Baseline Amounts	-		-
Total 2011 Plan O&M Expenses	-	48,515	48,515
<b>Current Month O&amp;M Expense for All Plans</b>	<b>\$ -</b>	<b>\$ 48,515</b>	<b>\$ 48,515</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: February 28, 2014

On-Site CCP Disposal O&M Expense		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, 2014

Third Party	O&M Expense Account	Plant	Total O&M
McBride	501253 - ECR Fly Ash Disposal	Trimble County	\$ 12,403
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 2,693
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 5,200
Total Monthly Beneficial Reuse Expense			\$ 20,297
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (14,642)
Net Beneficial Reuse O&M Expense			\$ 5,655

ES FORM 2.61

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

**Beneficial Reuse Opportunities  
For the Month Ended: February 28, 2014**

On-Site CCP Disposal O&M Expense		Mill Creek	Trimble County	Total
Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)				
(1)	12 Months Ending with Expense Month	\$ 529,188	\$ (23,649)	\$ 505,539
(2)	Monthly Amount [(1) / 12]	\$ 44,099	\$ (1,971)	\$ 42,128
2009 Plan Project 25				
(3)	Monthly Amount (Expense/Revenue)	\$ 5,200	\$ 15,097	\$ 20,297
Total Beneficial Reuse - Generating Station				
(4)	Monthly Expense [(2) + (3)]	\$ 49,299	\$ 13,126	\$ 62,425
Beneficial Reuse in Base Rates				
(5)	Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243	\$ -	\$ 681,243
(6)	Monthly Expense Amount [(5) / 12]	\$ 56,770	\$ -	\$ 56,770
(7)	Total Generating Station Less Base Rates [(4) - (6)]	\$ (7,471)	\$ 13,126	\$ 5,655
(8)	Less 2009 Plan Project 25 [(7) - (3)]	\$ (12,671)	\$ (1,971)	\$ (14,642)
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)		\$ (12,671)	\$ (1,971)	\$ (14,642)

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: February 28, 2014

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-13	\$ 21,559,743	\$ 6,990,269	\$ 1,953,209	\$ 940,361	\$ 166,894	\$ 31,610,476	\$ 31,443,582
Apr-13	19,655,937	6,164,484	1,738,892	988,686	310,820	28,858,818	28,547,999
May-13	18,232,765	5,560,173	1,685,838	891,551	358,562	26,728,889	26,370,327
Jun-13	23,832,943	7,934,922	2,116,221	1,275,957	541,359	35,701,403	35,160,044
Jul-13	28,199,351	12,013,577	2,508,157	1,571,779	898,877	45,191,741	44,292,865
Aug-13	28,453,357	12,150,823	1,897,764	1,589,443	978,720	45,070,108	44,091,388
Sep-13	28,984,000	12,441,263	343,593	1,626,915	1,054,484	44,450,256	43,395,771
Oct-13	21,182,850	8,367,792	(62,505)	1,091,313	825,601	31,405,051	30,579,450
Nov-13	18,718,988	7,105,505	110,038	924,782	754,876	27,614,190	26,859,313
Dec-13	23,430,328	9,360,384	(291,845)	1,236,642	1,001,764	34,737,274	33,735,509
Jan-14	27,768,725	11,525,496	60,134	1,843,859	1,458,133	42,656,348	41,198,214
Feb-14	25,877,790	10,555,361	635,328	1,689,742	1,282,903	40,041,123	38,758,221
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 35,369,390
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 83,969,196
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-13	\$ 26,113,559	\$ 12,156,147	\$ 3,239,731	\$ 348,517	\$ 255,292	\$ 42,113,246	\$ 41,857,954	\$ 26,462,076
Apr-13	28,734,131	13,774,118	3,755,159	342,622	468,946	47,074,976	46,606,031	29,076,753
May-13	28,729,885	13,043,590	3,785,600	337,962	621,529	46,518,566	45,897,037	29,067,848
Jun-13	31,497,839	14,557,008	3,896,633	435,755	782,756	51,169,990	50,387,234	31,933,593
Jul-13	33,683,236	19,230,037	3,925,313	482,855	1,090,462	58,411,903	57,321,440	34,166,091
Aug-13	33,693,401	19,533,849	3,074,730	475,357	1,206,018	57,983,355	56,777,337	34,168,758
Sep-13	32,150,317	17,745,080	652,703	490,355	1,257,234	52,295,689	51,038,455	32,640,672
Oct-13	31,850,165	18,832,731	(10,888)	419,652	1,383,951	52,475,611	51,091,660	32,269,817
Nov-13	26,823,811	15,566,471	197,892	359,705	1,234,929	44,182,807	42,947,879	27,183,516
Dec-13	27,007,128	15,407,441	(390,278)	396,863	1,303,150	43,724,304	42,421,155	27,403,991
Jan-14	29,537,445	17,452,792	(13,969)	605,691	1,694,648	49,276,608	47,581,960	30,143,136
Feb-14	30,092,354	17,742,066	864,943	570,168	1,646,347	50,915,877	49,269,531	30,662,522
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 48,599,806	\$ 30,431,564
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 83,969,196	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							57.88%	

ES FORM 3.10

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

Reconciliation of Reported Revenues

For the Month Ended: February 28, 2014

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 84,267,571	\$ 84,267,571
(2) Fuel Adjustment Clause	\$ 1,500,270	\$ 1,500,270
(3) DSM	\$ 2,259,910	\$ 2,259,910
(4) Environmental Surcharge		\$ 2,929,250
(5) CSR Credits		\$ (360,238)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 88,027,751	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 16,564,198	\$ 16,564,198
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 16,564,198	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 104,591,949	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	84.16%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (9,613,766)
(13) Miscellaneous		\$ 1,541,731
(14) Total Company Revenues per Income Statement =		\$ 99,088,925



RECEIVED  
Page 928 of 1183  
Conroy  
APR 21 2014  
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  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
robert.conroy@lge-ku.com

April 21, 2014

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 2014. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00243, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the May 2014 billing cycle which begins May 1, 2014.

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 faint, larger version of the same signature.

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 2014**

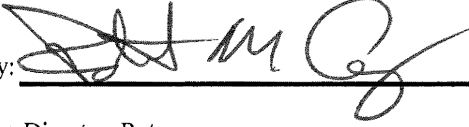
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 15	=	\$	829,964
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		2.33%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	1,137,242
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		3.73%

Effective Date for Billing: May billing cycle beginning May 1, 2014

Submitted by: 

Title: Director, Rates

Date Submitted: April 21, 2014

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

**Calculation of Total E(m) and  
Group Surcharge Billing Factors**

**For the Expense Month of March 2014**

**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	= \$	407,949,606
(2)	RB / 12	= \$	33,995,801
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.26%
(4)	OE	= \$	235,735
(5)	BAS	= \$	427
(6)	BR	= \$	2,542
(7)	E(m)	$(2) \times (3) + (4) - (5) + (6)$	= \$ align="right">3,725,820

**Calculation of Adjusted Net Jurisdictional E(m)**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	82.67%
(9)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	3,080,135
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00243	= \$	-
(11)	Prior Period Adjustment (if necessary)	= \$	-
(12)	Revenue Collected through Base Rates	= \$	1,112,929
(13)	Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	1,967,206

**Calculation of Group Environmental Surcharge Billing Factors**

		<u>GROUP 1 (Total Revenue)</u>		<u>GROUP 2 (Net Revenue)</u>	
(14)	Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	42.19%		57.81%
(15)	Group E(m) [(13) x (14)]	= \$	829,964	\$	1,137,242
(16)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	35,568,509	\$	30,511,479
(17)	Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	2.33%		3.73%

## LOUISVILLE GAS AND ELECTRIC COMPANY ENVIRONMENTAL SURCHARGE REPORT

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of March 2014

### Determination of Environmental Compliance Rate Base

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 19,676,999	
Eligible Pollution CWIP Excluding AFUDC	390,737,836	
Subtotal		\$ 410,414,835
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	23,784	
Cash Working Capital Allowance	184,822	
Subtotal		208,606
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	832,707	
Pollution Control Deferred Income Taxes	1,841,128	
Subtotal		2,673,835
Environmental Compliance Rate Base		\$ 407,949,606

### Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 149,778
Monthly Depreciation & Amortization Expense	38,197
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	42,503
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	5,257
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	-
Total Pollution Control Operations Expense	\$ 235,735

### Determination of Beneficial Reuse Operating Expenses

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 21,467
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(18,925)
Net Beneficial Reuse Operations Expense	\$ 2,542

### Proceeds From By-Product and Allowance Sales

	Total Proceeds	Amount in Base Rates	Net Proceeds
	(1)	(2)	(1) - (2)
Allowance Sales	\$ 427	\$ -	\$ 427
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 427	\$ -	\$ 427

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

For the Month Ended: March 31, 2014

(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 3/31/2014	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,594,347	\$ 529,625	\$ 5,007	\$ 9,069,729	\$ 510,199		\$ 19,603	\$ 1,142
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 10,725,312	\$ 10,725,312	\$ -		\$ -	\$ 1,260
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 150,833	\$ (79,542)	\$ 4,405,897	\$ 878,065		\$ 9,504	\$ 554
Subtotal	\$ 14,230,619	\$ 680,459	\$ 10,650,777	\$ 24,200,937	\$ 1,388,264		\$ 29,107	\$ 2,957
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Net Total - 2009 Plan:	\$ 14,230,619	\$ 680,459	\$ 10,650,777	\$ 24,200,937	\$ 1,388,264		\$ 29,107	\$ 2,957
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 5,446,380	\$ 152,249	\$ 360,652,698	\$ 365,946,830	\$ 452,864		\$ 9,090	\$ 37,757
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 19,434,361	\$ 19,434,361	\$ -		\$ -	\$ 1,790
Subtotal	\$ 5,446,380	\$ 152,249	\$ 380,087,059	\$ 385,381,190	\$ 452,864		\$ 9,090	\$ 39,547
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Net Total - 2011 Plan:	\$ 5,446,380	\$ 152,249	\$ 380,087,059	\$ 385,381,190	\$ 452,864	\$ -	\$ 9,090	\$ 39,547
Net Total - All Plans:	\$ 19,676,999	\$ 832,707	\$ 390,737,836	\$ 409,582,127	\$ 1,841,128	\$ -	\$ 38,197	\$ 42,503

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

For the Month Ended: March 31, 2014

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	117,455	9,450	6,528	\$ 373.73	\$ 25,616.42	\$ 9.82	
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	62,379						
2033	62,379						
2034 - 2043	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 2014

	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	125,626	0	8,171	0	0	117,455	
Dollars	\$ 399.73	\$ -	\$ 26.00	\$ -	\$ -	\$ 373.73	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	120,218	-	8,076		-	112,142	Includes EPA actual usage true-up of 759 allowances.
Dollars	\$ 382.52	\$ -	\$ 25.70	\$ -	\$ -	\$ 356.82	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	5,408	-	95	-	-	5,313	
Dollars	\$ 17.21	\$ -	\$ 0.30	\$ -	\$ -	\$ 16.91	
<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 March 2014

	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	6,528	0	0	0	0	6,528	
Dollars	\$ 9.82	\$ -	\$ -	\$ -	\$ -	\$ 9.82	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	6,033	-	-	0	0	6,033	
Dollars	\$ 9.08	\$ -	\$ -	\$ -	\$ -	\$ 9.08	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	495	-	-	-	-	495	
Dollars	\$ 0.74	\$ -	\$ -	\$ -	\$ -	\$ 0.74	
<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 March 2014

	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	11,487	0	1,995	42	0	9,450	
Dollars	\$ 31,138.17	\$ -	\$ 5,407.90	\$ 113.85	\$ -	\$ 25,616.42	
\$/Allowance	\$ 2.71	\$ -	\$ 2.71	\$ 2.71	\$ -	\$ 2.71	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	10,569	-	1,930	-	-	8,639	Includes EPA actual usage true-up of 226 allowances.
Dollars	\$ 28,649.72	\$ -	\$ 5,231.70	\$ -	\$ -	\$ 23,418.02	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	918	-	65	42	-	811	Includes EPA actual usage true-up of 20 allowances.
Dollars	\$ 2,488.45	\$ -	\$ 176.20	\$ 113.85	\$ -	\$ 2,198.40	
<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.

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, 2014**

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 91,137
10th Previous Month	101,873
9th Previous Month	118,408
8th Previous Month	144,888
7th Previous Month	164,266
6th Previous Month	136,638
5th Previous Month	57,539
4th Previous Month	94,439
3rd Previous Month	117,488
2nd Previous Month	245,407
Previous Month	54,170
Current Month	152,321
<b>Total 12 Month O&amp;M</b>	<b>\$ 1,478,573</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,478,573
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 184,822</b>

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: March 31, 2014

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	-		-
512055 - ECR Scrubber Maintenance	-		-
506159 - ECR Sorbent Injection Operation	-	5,820	5,820
506152 - ECR Sorbent Reactant - Reagent Only	-	137,579	137,579
512152 - ECR Sorbent Injection Maintenance	-	6,380	6,380
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	-	-	-
506151 - ECR Activated Carbon	-	-	-
Adjustment for Base Rates Baseline Amounts	-		-
Total 2011 Plan O&M Expenses	-	149,778	149,778
<b>Current Month O&amp;M Expense for All Plans</b>			
	\$ -	\$ 149,778	\$ 149,778

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: March 31, 2014**

On-Site CCP Disposal O&M Expense		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, 2014**

Third Party	O&M Expense Account	Plant	Total O&M
McBride	501253 - ECR Fly Ash Disposal	Trimble County	\$ 8,853
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 2,755
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 9,860
Total Monthly Beneficial Reuse Expense			\$ 21,467
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (18,925)
Net Beneficial Reuse O&M Expense			\$ 2,542

ES FORM 2.61

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

**Beneficial Reuse Opportunities  
For the Month Ended: March 31, 2014**

On-Site CCP Disposal O&M Expense		Mill Creek	Trimble County	Total
Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)				
(1)	12 Months Ending with Expense Month	\$ 478,037	\$ (23,892)	\$ 454,145
(2)	Monthly Amount [(1) / 12]	\$ 39,836	\$ (1,991)	\$ 37,845
2009 Plan Project 25				
(3)	Monthly Amount (Expense/Revenue)	\$ 9,860	\$ 11,607	\$ 21,467
Total Beneficial Reuse - Generating Station				
(4)	Monthly Expense [(2) + (3)]	\$ 49,696	\$ 9,616	\$ 59,313
Beneficial Reuse in Base Rates				
(5)	Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243	\$ -	\$ 681,243
(6)	Monthly Expense Amount [(5) / 12]	\$ 56,770	\$ -	\$ 56,770
(7)	Total Generating Station Less Base Rates [(4) - (6)]	\$ (7,074)	\$ 9,616	\$ 2,542
(8)	Less 2009 Plan Project 25 [(7) - (3)]	\$ (16,934)	\$ (1,991)	\$ (18,925)
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)		\$ (16,934)	\$ (1,991)	\$ (18,925)

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: March 31, 2014

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-13	\$ 19,655,937	\$ 6,164,484	\$ 1,738,892	\$ 988,686	\$ 310,820	\$ 28,858,818	\$ 28,547,999	
May-13	18,232,765	5,560,173	1,685,838	891,551	358,562	26,728,889	26,370,327	
Jun-13	23,832,943	7,934,922	2,116,221	1,275,957	541,359	35,701,403	35,160,044	
Jul-13	28,199,351	12,013,577	2,508,157	1,571,779	898,877	45,191,741	44,292,865	
Aug-13	28,453,357	12,150,823	1,897,764	1,589,443	978,720	45,070,108	44,091,388	
Sep-13	28,984,000	12,441,263	343,593	1,626,915	1,054,484	44,450,256	43,395,771	
Oct-13	21,182,850	8,367,792	(62,505)	1,091,313	825,601	31,405,051	30,579,450	
Nov-13	18,718,988	7,105,505	110,038	924,782	754,876	27,614,190	26,859,313	
Dec-13	23,430,328	9,360,384	(291,845)	1,236,642	1,001,764	34,737,274	33,735,509	
Jan-14	27,768,725	11,525,496	60,134	1,843,859	1,458,133	42,656,348	41,198,214	
Feb-14	25,877,790	10,555,361	635,328	1,689,742	1,282,903	40,041,123	38,758,221	
Mar-14	22,710,262	8,953,358	737,593	1,431,797	596,773	34,429,783	33,833,010	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 35,568,509	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,306,259	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							42.19%	

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-13	\$ 28,734,131	\$ 13,774,118	\$ 3,755,159	\$ 342,622	\$ 468,946	\$ 47,074,976	\$ 46,606,031	\$ 29,076,753
May-13	28,729,885	13,043,590	3,785,600	337,962	621,529	46,518,566	45,897,037	29,067,848
Jun-13	31,497,839	14,557,008	3,896,633	435,755	782,756	51,169,990	50,387,234	31,933,593
Jul-13	33,683,236	19,230,037	3,925,313	482,855	1,090,462	58,411,903	57,321,440	34,166,091
Aug-13	33,693,401	19,533,849	3,074,730	475,357	1,206,018	57,983,355	56,777,337	34,168,758
Sep-13	32,150,317	17,745,080	652,703	490,355	1,257,234	52,295,689	51,038,455	32,640,672
Oct-13	31,850,165	18,832,731	(10,888)	419,652	1,383,951	52,475,611	51,091,660	32,269,817
Nov-13	26,823,811	15,566,471	197,892	359,705	1,234,929	44,182,807	42,947,879	27,183,516
Dec-13	27,007,128	15,407,441	(390,278)	396,863	1,303,150	43,724,304	42,421,155	27,403,991
Jan-14	29,537,445	17,452,792	(13,969)	605,691	1,694,648	49,276,608	47,581,960	30,143,136
Feb-14	30,092,354	17,742,066	864,943	570,168	1,646,347	50,915,877	49,269,531	30,662,522
Mar-14	26,879,497	14,941,102	1,151,129	541,552	835,550	44,348,829	43,513,279	27,421,049
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 48,737,750	\$ 30,511,479
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,306,259	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							57.81%	

ES FORM 3.10

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

Reconciliation of Reported Revenues

For the Month Ended: March 31, 2014

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 73,484,218	\$ 73,484,218
(2) Fuel Adjustment Clause	\$ 1,888,722	\$ 1,888,722
(3) DSM	\$ 1,973,349	\$ 1,973,349
(4) Environmental Surcharge		\$ 1,432,323
(5) CSR Credits		\$ -
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 77,346,289	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 16,215,284	\$ 16,215,284
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 16,215,284	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 93,561,573	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	82.67%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (666,057)
(13) Miscellaneous		\$ 1,479,748
(14) Total Company Revenues per Income Statement =		\$ 95,807,587





MAY 23 2014

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  
Director - Rates  
T 502-627-3324  
F 502-627-3213  
robert.conroy@lge-ku.com

May 23, 2014

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 2014. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00243, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the June 2014 billing cycle which begins June 2, 2014.

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 April 2014.

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

Sincerely,

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

Robert M. Conroy

Enclosures

PUBLIC SERVICE  
 COMMISSION

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

INVOICE DATE: 2/1/2014  
 INVOICE #: 20140118  
 INVOICE PERIOD: 01/01/2014-01/31/2014  
 PROJECT NAME: Kentucky LGE Environmental Compliance  
 VANTAGE PROJECT #: 2011-56

FIRM INVOICED: Daryl E. Newby  
 Kentucky Public Service Commission  
 P.O. Box 615  
 211 Sower Boulevard  
 Frankfort, Kentucky 40602

PROJECT DESCRIPTION:  
 KU/LGE Construction Oversight

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	01/01/2014-01/31/2014	11	\$260	\$2,860.00		\$2,860.00	
Chuck Buechel	01/01/2014-01/31/2014	19	\$240	\$4,560.00	\$100.00	\$4,660.00	
Mike Boismenu	01/01/2014-01/31/2014	7	\$240	\$1,680.00		\$1,680.00	
<b>SUB TOTALS</b>		<b>37</b>		<b>\$9,100.00</b>	<b>\$100.00</b>	<b>\$9,200.00</b>	
<b>TOTAL FEES</b>							<b>\$9,100.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$100.00</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>\$0.00</b>
<b>Invoice Amount</b>							<b>\$9,200.00</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$9,200.00</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.  
 PO Box 420395  
 Summerland Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-744-3440

*Daryl E. Newby*  
 2/6/14

**RECEIVED**  
 FEB 06 2014  
 FINANCIAL ANA

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 April 2014**


**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 15	=	\$	1,063,741
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		3.00%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	1,453,394
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		4.79%

Effective Date for Billing: June billing cycle beginning June 2, 2014

Submitted by: 

Title: Director, Rates

Date Submitted: May 23, 2014

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of April 2014

**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	= \$	440,821,795
(2)	RB / 12	= \$	36,735,150
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.26%
(4)	OE	= \$	330,260
(5)	BAS	= \$	-
(6)	BR	= \$	3,484
(7)	E(m)	= \$	4,102,771
			$(2) \times (3) + (4) - (5) + (6)$

**Calculation of Adjusted Net Jurisdictional E(m)**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	85.89%
(9)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	3,523,870
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00243	= \$	-
(11)	Prior Period Adjustment (if necessary)	= \$	-
(12)	Revenue Collected through Base Rates	= \$	1,006,735
(13)	Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	2,517,135

**Calculation of Group Environmental Surcharge Billing Factors**

		<u>GROUP 1 (Total Revenue)</u>		<u>GROUP 2 (Net Revenue)</u>	
(14)	Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	42.26%		57.74%
(15)	Group E(m) [(13) x (14)]	= \$	1,063,741	\$	1,453,394
(16)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	35,468,762	\$	30,352,287
(17)	Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	3.00%		4.79%

## LOUISVILLE GAS AND ELECTRIC COMPANY ENVIRONMENTAL SURCHARGE REPORT

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of April 2014

### Determination of Environmental Compliance Rate Base

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 19,316,024	
Eligible Pollution CWIP Excluding AFUDC	423,669,921	
Subtotal		\$ 442,985,945
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	98,700	
Cash Working Capital Allowance	202,387	
Subtotal		301,087
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	668,352	
Pollution Control Deferred Income Taxes	1,796,885	
Subtotal		2,465,237
Environmental Compliance Rate Base		\$ 440,821,795

### Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 228,172
Monthly Depreciation & Amortization Expense	37,445
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	42,483
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	17,836
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	4,324
Total Pollution Control Operations Expense	\$ 330,260

### Determination of Beneficial Reuse Operating Expenses

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 25,551
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(22,066)
Net Beneficial Reuse Operations Expense	\$ 3,484

### 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, 2014

(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 4/30/2014	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,599,354	\$ 549,250	\$ -	\$ 9,050,104	\$ 521,796		\$ 19,625	\$ 1,142
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 11,316,299	\$ 11,316,299	\$ -		\$ -	\$ 1,260
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 160,338	\$ (79,542)	\$ 4,396,392	\$ 879,889		\$ 9,504	\$ 554
Subtotal	\$ 14,235,626	\$ 709,588	\$ 11,236,757	\$ 24,762,795	\$ 1,401,685		\$ 29,129	\$ 2,957
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ (365,982)	\$ (202,574)	\$ -	\$ (163,408)	\$ (63,566)		\$ (775)	\$ (20)
<b>Net Total - 2009 Plan:</b>	<b>\$ 13,869,644</b>	<b>\$ 507,014</b>	<b>\$ 11,236,757</b>	<b>\$ 24,599,387</b>	<b>\$ 1,338,119</b>		<b>\$ 28,354</b>	<b>\$ 2,936</b>
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 5,446,380	\$ 161,339	\$ 390,628,918	\$ 395,913,960	\$ 458,766		\$ 9,090	\$ 37,757
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 21,804,246	\$ 21,804,246	\$ -		\$ -	\$ 1,790
Subtotal	\$ 5,446,380	\$ 161,339	\$ 412,433,164	\$ 417,718,205	\$ 458,766		\$ 9,090	\$ 39,547
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	<b>\$ 5,446,380</b>	<b>\$ 161,339</b>	<b>\$ 412,433,164</b>	<b>\$ 417,718,205</b>	<b>\$ 458,766</b>	<b>\$ -</b>	<b>\$ 9,090</b>	<b>\$ 39,547</b>
<b>Net Total - All Plans:</b>	<b>\$ 19,316,024</b>	<b>\$ 668,352</b>	<b>\$ 423,669,921</b>	<b>\$ 442,317,593</b>	<b>\$ 1,796,885</b>	<b>\$ -</b>	<b>\$ 37,445</b>	<b>\$ 42,483</b>

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

**Inventory of Emission Allowances**

For the Month Ended: April 30, 2014

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	111,273	9,733	6,528	\$ 354.06	\$ 106,779.44	\$ 9.82	
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	62,379						
2033	62,379						
2034 - 2043	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 2014

	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	117,455	0	6,182	0	0	111,273	
Dollars	\$ 373.73	\$ -	\$ 19.67	\$ -	\$ -	\$ 354.06	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	112,142	-	6,132		-	106,010	
Dollars	\$ 356.82	\$ -	\$ 19.51	\$ -	\$ -	\$ 337.31	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	5,313	-	50	-	-	5,263	
Dollars	\$ 16.91	\$ -	\$ 0.16	\$ -	\$ -	\$ 16.75	
<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 2014

	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	6,528	0	0	0	0	6,528	
Dollars	\$ 9.82	\$ -	\$ -	\$ -	\$ -	\$ 9.82	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	6,033	-	-	0	0	6,033	
Dollars	\$ 9.08	\$ -	\$ -	\$ -	\$ -	\$ 9.08	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	495	-	-	-	-	495	
Dollars	\$ 0.74	\$ -	\$ -	\$ -	\$ -	\$ 0.74	
<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 April 2014

	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	9,450	2,000	1,668	49	0	9,733	
Dollars	\$ 25,616.42	\$ 100,000.00	\$ 18,299.40	\$ 537.58	\$ -	\$ 106,779.44	
\$/Allowance	\$ 2.71	\$ 50.00	\$ 10.97	\$ 10.97	\$ -	\$ 10.97	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	8,639	(50)	1,624	-	-	8,965	Ending inventory includes purchases from the market as shown below.
Dollars	\$ 23,418.02	\$ (7,247.52)	\$ 17,816.68	\$ -	\$ -	\$ 98,353.82	Adjusted Ending Inventory Dollars to reflect non-recoverable allowance value. Transferred (50) allowances from Coal to CTs.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	811	50	44	49	-	768	Adjusted Ending Inventory Dollars to reflect non-recoverable allowance value. Transferred 50 allowances from Coal to CTs.
Dollars	\$ 2,198.40	\$ 7,247.52	\$ 482.72	\$ 537.58	\$ -	\$ 8,425.62	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	2,000	0	0	0	0	Purchased 2,000 allowances from the market included in
Dollars	\$ -	\$ 100,000.00	\$ -	\$ -	\$ -	\$ -	Ending Inventory - Coal Fuel shown above
\$/Allowance	\$ -	\$ 50.00	\$ -	\$ -	\$ -	\$ -	
<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, 2014

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 101,873
10th Previous Month	118,408
9th Previous Month	144,888
8th Previous Month	164,266
7th Previous Month	136,638
6th Previous Month	57,539
5th Previous Month	94,439
4th Previous Month	117,488
3rd Previous Month	245,407
2nd Previous Month	54,170
Previous Month	152,321
Current Month	231,657
Total 12 Month O&M	\$ 1,619,092

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,619,092
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 202,387

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: April 30, 2014

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	-		-
512055 - ECR Scrubber Maintenance	-		-
506159 - ECR Sorbent Injection Operation	-	6,985	6,985
506152 - ECR Sorbent Reactant - Reagent Only	-	219,031	219,031
512152 - ECR Sorbent Injection Maintenance	-	2,156	2,156
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	-	-	-
506151 - ECR Activated Carbon	-	-	-
Adjustment for Base Rates Baseline Amounts	-		-
Total 2011 Plan O&M Expenses	-	228,172	228,172
<b>Current Month O&amp;M Expense for All Plans</b>			
	\$ -	\$ 228,172	\$ 228,172

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: April 30, 2014

On-Site CCP Disposal O&M Expense		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: April 30, 2014**

Third Party	O&M Expense Account	Plant	Total O&M
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 15,034
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 10,516
Total Monthly Beneficial Reuse Expense			\$ 25,551
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (22,066)
Net Beneficial Reuse O&M Expense			\$ 3,484

ES FORM 2.61

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

**Beneficial Reuse Opportunities  
For the Month Ended: April 30, 2014**

On-Site CCP Disposal O&M Expense	Mill Creek	Trimble County	Total
Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)			
(1) 12 Months Ending with Expense Month	\$ 440,800	\$ (24,353)	\$ 416,447
(2) Monthly Amount [(1) / 12]	\$ 36,733	\$ (2,029)	\$ 34,704
2009 Plan Project 25			
(3) Monthly Amount (Expense/Revenue)	\$ 10,516	\$ 15,034	\$ 25,551
Total Beneficial Reuse - Generating Station			
(4) Monthly Expense [(2) + (3)]	\$ 47,250	\$ 13,005	\$ 60,255
Beneficial Reuse in Base Rates			
(5) Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243	\$ -	\$ 681,243
(6) Monthly Expense Amount [(5) / 12]	\$ 56,770	\$ -	\$ 56,770
(7) Total Generating Station Less Base Rates [(4) - (6)]	\$ (9,521)	\$ 13,005	\$ 3,484
(8) Less 2009 Plan Project 25 [(7) - (3)]	\$ (20,037)	\$ (2,029)	\$ (22,066)
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)	\$ (20,037)	\$ (2,029)	\$ (22,066)

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: April 30, 2014

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-13	\$ 18,232,765	\$ 5,560,173	\$ 1,685,838	\$ 891,551	\$ 358,562	\$ 26,728,889	\$ 26,370,327
Jun-13	23,832,943	7,934,922	2,116,221	1,275,957	541,359	35,701,403	35,160,044
Jul-13	28,199,351	12,013,577	2,508,157	1,571,779	898,877	45,191,741	44,292,865
Aug-13	28,453,357	12,150,823	1,897,764	1,589,443	978,720	45,070,108	44,091,388
Sep-13	28,984,000	12,441,263	343,593	1,626,915	1,054,484	44,450,256	43,395,771
Oct-13	21,182,850	8,367,792	(62,505)	1,091,313	825,601	31,405,051	30,579,450
Nov-13	18,718,988	7,105,505	110,038	924,782	754,876	27,614,190	26,859,313
Dec-13	23,430,328	9,360,384	(291,845)	1,236,642	1,001,764	34,737,274	33,735,509
Jan-14	27,768,725	11,525,496	60,134	1,843,859	1,458,133	42,656,348	41,198,214
Feb-14	25,877,790	10,555,361	635,328	1,689,742	1,282,903	40,041,123	38,758,221
Mar-14	22,710,262	8,953,358	737,593	1,431,797	596,773	34,429,783	33,833,010
Apr-14	18,712,899	6,890,013	386,598	1,361,517	511,398	27,862,424	27,351,026
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 35,468,762
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 83,935,054
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							42.26%

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-13	\$ 28,729,885	\$ 13,043,590	\$ 3,785,600	\$ 337,962	\$ 621,529	\$ 46,518,566	\$ 45,897,037	\$ 29,067,848
Jun-13	31,497,839	14,557,008	3,896,633	435,755	782,756	51,169,990	50,387,234	31,933,593
Jul-13	33,683,236	19,230,037	3,925,313	482,855	1,090,462	58,411,903	57,321,440	34,166,091
Aug-13	33,693,401	19,533,849	3,074,730	475,357	1,206,018	57,983,355	56,777,337	34,168,758
Sep-13	32,150,317	17,745,080	652,703	490,355	1,257,234	52,295,689	51,038,455	32,640,672
Oct-13	31,850,165	18,832,731	(10,888)	419,652	1,383,951	52,475,611	51,091,660	32,269,817
Nov-13	26,823,811	15,566,471	197,892	359,705	1,234,929	44,182,807	42,947,879	27,183,516
Dec-13	27,007,128	15,407,441	(390,278)	396,863	1,303,150	43,724,304	42,421,155	27,403,991
Jan-14	29,537,445	17,452,792	(13,969)	605,691	1,694,648	49,276,608	47,581,960	30,143,136
Feb-14	30,092,354	17,742,066	864,943	570,168	1,646,347	50,915,877	49,269,531	30,662,522
Mar-14	26,879,497	14,941,102	1,151,129	541,552	835,550	44,348,829	43,513,279	27,421,049
Apr-14	26,649,517	15,270,759	911,338	516,933	813,545	44,162,092	43,348,547	27,166,450
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 48,466,293	\$ 30,352,287
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 83,935,054	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							57.74%	



ES FORM 3.10

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

Reconciliation of Reported Revenues

For the Month Ended: April 30, 2014

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 67,523,187	\$ 67,523,187
(2) Fuel Adjustment Clause	\$ 1,297,936	\$ 1,297,936
(3) DSM	\$ 1,878,450	\$ 1,878,450
(4) Environmental Surcharge		\$ 1,324,943
(5) CSR Credits		\$ (297,733)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 70,699,573	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 11,611,201	\$ 11,611,201
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 11,611,201	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 82,310,774	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	85.89%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 3,634,087
(13) Miscellaneous		\$ 1,343,451
(14) Total Company Revenues per Income Statement =		\$ 88,315,522

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Page 050 of 183

Conroy

JUN 20 2014

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

June 20, 2014

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 2014. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00243, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the July 2014 billing cycle which begins July 1, 2014.

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 May 2014**

**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 15	=	\$	1,130,030
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		3.17%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	1,547,767
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		5.06%

Effective Date for Billing: July billing cycle beginning July 1, 2014

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



Title: Director, Rates

Date Submitted: June 20, 2014

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of May 2014

**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	= \$	471,739,235	
(2) RB / 12	= \$	39,311,603	
(3) (ROR + (ROR - DR) (TR / (1 - TR)))	=	10.26%	
(4) OE	= \$	272,617	
(5) BAS	= \$	-	
(6) BR	= \$	(18,568)	
(7) E(m)	= \$	4,287,420	

**Calculation of Adjusted Net Jurisdictional E(m)**

(8) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	88.21%	
(9) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	3,781,933	
(10) Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00243	= \$	-	
(11) Prior Period Adjustment (if necessary)	= \$	-	
(12) Revenue Collected through Base Rates	= \$	1,104,136	
(13) Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	2,677,797	

**Calculation of Group Environmental Surcharge Billing Factors**

		<u>GROUP 1 (Total Revenue)</u>	<u>GROUP 2 (Net Revenue)</u>
(14) Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	42.20%	57.80%
(15) Group E(m) [(13) x (14)]	= \$	1,130,030	\$ 1,547,767
(16) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	35,617,877	\$ 30,565,049
(17) Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	3.17%	5.06%

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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of May 2014

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 19,316,024	
Eligible Pollution CWIP Excluding AFUDC	454,657,141	
Subtotal		\$ 473,973,165
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	79,758	
Cash Working Capital Allowance	209,047	
Subtotal		288,805
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	706,594	
Pollution Control Deferred Income Taxes	1,816,141	
Subtotal		2,522,735
Environmental Compliance Rate Base		\$ 471,739,235

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 173,725
Monthly Depreciation & Amortization Expense	37,467
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	42,483
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	18,942
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	-
Total Pollution Control Operations Expense	\$ 272,617

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 10,215
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(28,783)
Net Beneficial Reuse Operations Expense	\$ (18,568)

**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, 2014

(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 5/31/2014	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,599,354	\$ 568,897	\$ -	\$ 9,030,457	\$ 533,386		\$ 19,647	\$ 1,142
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 11,308,257	\$ 11,308,257	\$ -		\$ -	\$ 1,260
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 169,842	\$ (79,542)	\$ 4,386,888	\$ 881,712		\$ 9,504	\$ 554
Subtotal	\$ 14,235,626	\$ 738,739	\$ 11,228,715	\$ 24,725,602	\$ 1,415,098		\$ 29,151	\$ 2,957
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ (365,982)	\$ (202,574)	\$ -	\$ (163,408)	\$ (63,566)		\$ (775)	\$ (20)
<b>Net Total - 2009 Plan:</b>	\$ 13,869,644	\$ 536,165	\$ 11,228,715	\$ 24,562,195	\$ 1,351,532		\$ 28,376	\$ 2,936
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 5,446,380	\$ 170,429	\$ 419,290,334	\$ 424,566,285	\$ 464,609		\$ 9,090	\$ 37,757
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 24,138,091	\$ 24,138,091	\$ -		\$ -	\$ 1,790
Subtotal	\$ 5,446,380	\$ 170,429	\$ 443,428,426	\$ 448,704,377	\$ 464,609		\$ 9,090	\$ 39,547
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ 5,446,380	\$ 170,429	\$ 443,428,426	\$ 448,704,377	\$ 464,609	\$ -	\$ 9,090	\$ 39,547
<b>Net Total - All Plans:</b>	\$ 19,316,024	\$ 706,594	\$ 454,657,141	\$ 473,266,571	\$ 1,816,141	\$ -	\$ 37,467	\$ 42,483

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: May 31, 2014

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	103,931	7,939	4,734	\$ 330.70	\$ 87,097.71	\$ 7.12	
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	62,379						
2033	62,379						
2034 - 2043	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 2014

	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	111,273	0	7,342	0	0	103,931	
Dollars	\$ 354.06	\$ -	\$ 23.36	\$ -	\$ -	\$ 330.70	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	106,010	-	7,288	-	-	98,722	
Dollars	\$ 337.31	\$ -	\$ 23.19	\$ -	\$ -	\$ 314.12	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	5,263	-	54	-	-	5,209	
Dollars	\$ 16.75	\$ -	\$ 0.17	\$ -	\$ -	\$ 16.58	
<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 2014

	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	6,528	0	1,782	12	0	4,734	
Dollars	\$ 9.82	\$ -	\$ 2.68	\$ 0.02	\$ -	\$ 7.12	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	6,033	-	1,724	0	0	4,309	
Dollars	\$ 9.08	\$ -	\$ 2.59	\$ -	\$ -	\$ 6.49	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	495	-	58	12	-	425	
Dollars	\$ 0.74	\$ -	\$ 0.09	\$ 0.02	\$ -	\$ 0.63	
<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 May 2014

	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	9,733	0	1,782	12	0	7,939	
Dollars	\$ 106,779.44	\$ -	\$ 19,550.08	\$ 131.65	\$ -	\$ 87,097.71	
\$/Allowance	\$ 10.97	\$ -	\$ 10.97	\$ 10.97	\$ -	\$ 10.97	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	8,965	-	1,724	-	-	7,241	
Dollars	\$ 98,353.82	\$ -	\$ 18,916.43	\$ -	\$ -	\$ 79,437.39	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	768	-	58	12	-	698	
Dollars	\$ 8,425.62	\$ -	\$ 633.65	\$ 131.65	\$ -	\$ 7,660.32	
<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: May 31, 2014

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 118,408
10th Previous Month	144,888
9th Previous Month	164,266
8th Previous Month	136,638
7th Previous Month	57,539
6th Previous Month	94,439
5th Previous Month	117,488
4th Previous Month	245,407
3rd Previous Month	54,170
2nd Previous Month	152,321
Previous Month	231,657
Current Month	155,157
Total 12 Month O&M	\$ 1,672,376

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,672,376
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 209,047

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: May 31, 2014

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	-		-
512055 - ECR Scrubber Maintenance	-		-
506159 - ECR Sorbent Injection Operation	-	11,827	11,827
506152 - ECR Sorbent Reactant - Reagent Only	-	157,617	157,617
512152 - ECR Sorbent Injection Maintenance	-	4,280	4,280
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	-	-	-
506151 - ECR Activated Carbon	-	-	-
Adjustment for Base Rates Baseline Amounts	-		-
Total 2011 Plan O&M Expenses	-	173,725	173,725
<b>Current Month O&amp;M Expense for All Plans</b>			
	\$ -	\$ 173,725	\$ 173,725

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, 2014

On-Site CCP Disposal O&M Expense		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, 2014**

Third Party	O&M Expense Account	Plant	Total O&M
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 6,242
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 3,973
Total Monthly Beneficial Reuse Expense			\$ 10,215
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (28,783)
Net Beneficial Reuse O&M Expense			\$ (18,568)

ES FORM 2.61

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

Beneficial Reuse Opportunities  
For the Month Ended: May 31, 2014

On-Site CCP Disposal O&M Expense	Mill Creek	Trimble County	Total
Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)			
(1) 12 Months Ending with Expense Month	\$ 355,690	\$ (19,840)	\$ 335,850
(2) Monthly Amount [(1) / 12]	\$ 29,641	\$ (1,653)	\$ 27,987
2009 Plan Project 25			
(3) Monthly Amount (Expense/Revenue)	\$ 3,973	\$ 6,242	\$ 10,215
Total Beneficial Reuse - Generating Station			
(4) Monthly Expense [(2) + (3)]	\$ 33,614	\$ 4,589	\$ 38,202
Beneficial Reuse in Base Rates			
(5) Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243	\$ -	\$ 681,243
(6) Monthly Expense Amount [(5) / 12]	\$ 56,770	\$ -	\$ 56,770
(7) Total Generating Station Less Base Rates [(4) - (6)]	\$ (23,157)	\$ 4,589	\$ (18,568)
(8) Less 2009 Plan Project 25 [(7) - (3)]	\$ (27,129)	\$ (1,653)	\$ (28,783)
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)	\$ (27,129)	\$ (1,653)	\$ (28,783)

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: May 31, 2014

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-13	\$ 23,832,943	\$ 7,934,922	\$ 2,116,221	\$ 1,275,957	\$ 541,359	\$ 35,701,403	\$ 35,160,044	
Jul-13	28,199,351	12,013,577	2,508,157	1,571,779	898,877	\$ 45,191,741	\$ 44,292,865	
Aug-13	28,453,357	12,150,823	1,897,764	1,589,443	978,720	\$ 45,070,108	\$ 44,091,388	
Sep-13	28,984,000	12,441,263	343,593	1,626,915	1,054,484	\$ 44,450,256	\$ 43,395,771	
Oct-13	21,182,850	8,367,792	(62,505)	1,091,313	825,601	\$ 31,405,051	\$ 30,579,450	
Nov-13	18,718,988	7,105,505	110,038	924,782	754,876	\$ 27,614,190	\$ 26,859,313	
Dec-13	23,430,328	9,360,384	(291,845)	1,236,642	1,001,764	\$ 34,737,274	\$ 33,735,509	
Jan-14	27,768,725	11,523,496	60,134	1,843,859	1,458,133	\$ 42,656,348	\$ 41,198,214	
Feb-14	25,877,790	10,555,361	635,328	1,689,742	1,282,903	\$ 40,041,123	\$ 38,758,221	
Mar-14	22,710,262	8,953,358	737,593	1,431,797	596,773	\$ 34,429,783	\$ 33,833,010	
Apr-14	18,712,899	6,890,013	386,598	1,361,517	511,398	\$ 27,862,424	\$ 27,351,026	
May-14	19,070,545	7,225,762	431,170	1,432,241	655,878	\$ 28,815,597	\$ 28,159,718	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 35,617,877	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,402,614	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							42.20%	

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-13	\$ 31,497,839	\$ 14,557,008	\$ 3,896,633	\$ 435,755	\$ 782,756	\$ 51,169,990	\$ 50,387,234	\$ 31,933,593
Jul-13	33,683,236	19,230,037	3,925,313	482,855	1,090,462	\$ 58,411,903	\$ 57,321,440	\$ 34,166,091
Aug-13	33,693,401	19,533,849	3,074,730	475,357	1,206,018	\$ 57,983,355	\$ 56,777,337	\$ 34,168,758
Sep-13	32,150,317	17,745,080	652,703	490,355	1,257,234	\$ 52,295,689	\$ 51,038,455	\$ 32,640,672
Oct-13	31,850,165	18,832,731	(10,888)	419,652	1,383,951	\$ 52,475,611	\$ 51,091,660	\$ 32,269,817
Nov-13	26,823,811	15,566,471	197,892	359,705	1,234,929	\$ 44,182,807	\$ 42,947,879	\$ 27,183,516
Dec-13	27,007,128	15,407,441	(390,278)	396,863	1,303,150	\$ 43,724,304	\$ 42,421,155	\$ 27,403,991
Jan-14	29,537,445	17,452,792	(13,969)	605,691	1,694,648	\$ 49,276,608	\$ 47,581,960	\$ 30,143,136
Feb-14	30,092,354	17,742,066	864,943	570,168	1,646,347	\$ 50,915,877	\$ 49,269,531	\$ 30,662,522
Mar-14	26,879,497	14,941,102	1,151,129	541,552	835,550	\$ 44,348,829	\$ 43,513,279	\$ 27,421,049
Apr-14	26,649,517	15,270,759	911,338	516,933	813,545	\$ 44,162,092	\$ 43,348,547	\$ 27,166,450
May-14	31,038,295	17,114,221	983,142	582,699	1,149,099	\$ 50,867,456	\$ 49,718,357	\$ 31,620,994
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 48,784,736	\$ 30,565,049
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,402,614	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							57.80%	



ES FORM 3.10

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

**Reconciliation of Reported Revenues**

For the Month Ended: May 31, 2014

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 74,448,824	\$ 74,448,824
(2) Fuel Adjustment Clause	\$ 1,414,312	\$ 1,414,312
(3) DSM	\$ 2,014,940	\$ 2,014,940
(4) Environmental Surcharge		\$ 1,804,977
(5) CSR Credits		\$ (319,217)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 77,878,075	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 10,408,439	\$ 10,408,439
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 10,408,439	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 88,286,515	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	88.21%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 7,849,150
(13) Miscellaneous		\$ 1,360,857
(14) Total Company Revenues per Income Statement =		\$ 98,982,281



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

July 21, 2014

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 2014. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00243, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the August 2014 billing cycle which begins July 31, 2014.

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 June 2014.

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

Sincerely,

A handwritten signature in cursive script that reads "Robert M. Conroy". The signature is written in dark ink and includes a small mark at the end that appears to be "WAL".

Robert M. Conroy

Enclosures

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

INVOICE DATE: 4/28/2014  
INVOICE #: 20140428  
INVOICE PERIOD: 04/01/2014-04/28/2014  
PROJECT NAME: Kentucky LGE Environmental Compliance  
ITAGE PROJECT #: 2011-66

FIRM INVOICED: Daryl E. Newby  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, Kentucky 40602

PROJECT DESCRIPTION:  
KU/LGE Construction Oversight

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	04/01/2014-04/28/2014	29	\$260	\$7,540.00	\$1,438.60	\$8,978.60	
Chuck Buechel	04/01/2014-04/28/2014	28	\$240	\$6,720.00	\$160.00	\$6,880.00	
Mike Boismenu	04/01/2014-04/28/2014	16	\$240	\$3,840.00		\$3,840.00	
<b>SUB TOTALS</b>		<b>73</b>		<b>\$18,100.00</b>	<b>\$1,598.60</b>	<b>\$19,698.60</b>	
<b>TOTAL FEES</b>							<b>\$18,100.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$1,598.60</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>\$19,698.60</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$19,698.60</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.  
PO Box 420395  
Summerland Key, FL 33042  
Attn: Walter P. Drabinski  
305-744-3440

*Daryl E. Newby*  
4/28/14

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 June 2014**

**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 15	=	\$	1,264,820
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		3.52%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	1,727,421
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		5.62%

Effective Date for Billing: August billing cycle beginning July 31, 2014

Submitted by:

Robert M Conroy by RAC

Title: Director, Rates

Date Submitted: July 21, 2014

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of June 2014

**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	= \$	507,040,783
(2)	RB / 12	= \$	42,253,399
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.26%
(4)	OE	= \$	259,982
(5)	BAS	= \$	-
(6)	BR	= \$	(11,652)
(7)	E(m) $(2) \times (3) + (4) - (5) + (6)$	= \$	4,583,528

**Calculation of Adjusted Net Jurisdictional E(m)**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	93.58%
(9)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	4,289,266
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00243	= \$	-
(11)	Prior Period Adjustment (if necessary)	= \$	-
(12)	Revenue Collected through Base Rates	= \$	1,297,025
(13)	Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	2,992,241

**Calculation of Group Environmental Surcharge Billing Factors**

		<u>GROUP 1 (Total Revenue)</u>		<u>GROUP 2 (Net Revenue)</u>	
(14)	Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	42.27%		57.73%
(15)	Group E(m) [(13) x (14)]	= \$	1,264,820	\$	1,727,421
(16)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	35,974,892	\$	30,733,361
(17)	Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	3.52%		5.62%

## LOUISVILLE GAS AND ELECTRIC COMPANY ENVIRONMENTAL SURCHARGE REPORT

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of June 2014

### Determination of Environmental Compliance Rate Base

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 19,316,024	
Eligible Pollution CWIP Excluding AFUDC	490,031,686	
Subtotal		\$ 509,347,710
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	61,457	
Cash Working Capital Allowance	211,849	
Subtotal		273,306
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	744,835	
Pollution Control Deferred Income Taxes	1,835,398	
Subtotal		2,580,233
Environmental Compliance Rate Base		\$ 507,040,783

### Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 152,472
Monthly Depreciation & Amortization Expense	37,467
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	42,483
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	18,301
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	9,258
Total Pollution Control Operations Expense	\$ 259,982

### Determination of Beneficial Reuse Operating Expenses

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 21,938
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(33,590)
Net Beneficial Reuse Operations Expense	\$ (11,652)

### 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, 2014

(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 6/30/2014	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I) [CANCELLED]	\$ 9,599,354	\$ 588,543	\$ -	\$ 9,010,811	\$ 544,977		\$ 19,647	\$ 1,142
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ -	\$ -	\$ 11,479,453	\$ 11,479,453	\$ -		\$ -	\$ 1,260
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ 4,636,272	\$ 179,347	\$ (79,542)	\$ 4,377,384	\$ 883,535		\$ 9,504	\$ 554
Project 25 - Beneficial Reuse								
Subtotal	\$ 14,235,626	\$ 767,890	\$ 11,399,911	\$ 24,867,647	\$ 1,428,512		\$ 29,151	\$ 2,957
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ (365,982)	\$ (202,574)	\$ -	\$ (163,408)	\$ (63,566)		\$ (775)	\$ (20)
<b>Net Total - 2009 Plan:</b>	<b>\$ 13,869,644</b>	<b>\$ 565,316</b>	<b>\$ 11,399,911</b>	<b>\$ 24,704,239</b>	<b>\$ 1,364,947</b>		<b>\$ 28,376</b>	<b>\$ 2,936</b>
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 5,446,380	\$ 179,519	\$ 451,550,507	\$ 456,817,368	\$ 470,452		\$ 9,090	\$ 37,757
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 27,081,268	\$ 27,081,268	\$ -		\$ -	\$ 1,790
Subtotal	\$ 5,446,380	\$ 179,519	\$ 478,631,775	\$ 483,898,636	\$ 470,452		\$ 9,090	\$ 39,547
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	<b>\$ 5,446,380</b>	<b>\$ 179,519</b>	<b>\$ 478,631,775</b>	<b>\$ 483,898,636</b>	<b>\$ 470,452</b>	<b>\$ -</b>	<b>\$ 9,090</b>	<b>\$ 39,547</b>
<b>Net Total - All Plans:</b>	<b>\$ 19,316,024</b>	<b>\$ 744,835</b>	<b>\$ 490,031,686</b>	<b>\$ 508,602,875</b>	<b>\$ 1,835,398</b>	<b>\$ -</b>	<b>\$ 37,467</b>	<b>\$ 42,483</b>

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: June 30, 2014

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	97,097	6,140	2,935	\$ 308.96	\$ 67,361.11	\$ 4.40	
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	62,379						
2033	62,379						
2034 - 2043	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 2014

	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	103,931	0	6,834	0	0	97,097	
Dollars	\$ 330.70	\$ -	\$ 21.74	\$ -	\$ -	\$ 308.96	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	98,722	-	6,490	-	-	92,232	
Dollars	\$ 314.12	\$ -	\$ 20.65	\$ -	\$ -	\$ 293.47	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	5,209	-	344	-	-	4,865	
Dollars	\$ 16.58	\$ -	\$ 1.09	\$ -	\$ -	\$ 15.49	
<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 June 2014

	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	4,734	0	1,789	10	0	2,935	
Dollars	\$ 7.12	\$ -	\$ 2.70	\$ 0.02	\$ -	\$ 4.40	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	4,309	-	1,666	0	0	2,643	
Dollars	\$ 6.49	\$ -	\$ 2.51	\$ -	\$ -	\$ 3.98	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	425	-	123	10	-	292	
Dollars	\$ 0.63	\$ -	\$ 0.19	\$ 0.02	\$ -	\$ 0.42	
<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 June 2014

	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	7,939	0	1,789	10	0	6,140	
Dollars	\$ 87,097.71	\$ -	\$ 19,626.89	\$ 109.71	\$ -	\$ 67,361.11	
\$/Allowance	\$ 10.97	\$ -	\$ 10.97	\$ 10.97	\$ -	\$ 10.97	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7,241	-	1,666	-	-	5,575	
Dollars	\$ 79,437.39	\$ -	\$ 18,278.26	\$ -	\$ -	\$ 61,159.13	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	698	-	123	10	-	565	
Dollars	\$ 7,660.32	\$ -	\$ 1,348.63	\$ 109.71	\$ -	\$ 6,201.98	
<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, 2014

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 144,888
10th Previous Month	164,266
9th Previous Month	136,638
8th Previous Month	57,539
7th Previous Month	94,439
6th Previous Month	117,488
5th Previous Month	245,407
4th Previous Month	54,170
3rd Previous Month	152,321
2nd Previous Month	231,657
Previous Month	155,157
Current Month	140,820
Total 12 Month O&M	\$ 1,694,788

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,694,788
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 211,849

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: June 30, 2014

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	-		-
512055 - ECR Scrubber Maintenance	-		-
506159 - ECR Sorbent Injection Operation	-	7,784	7,784
506152 - ECR Sorbent Reactant - Reagent Only	-	143,295	143,295
512152 - ECR Sorbent Injection Maintenance	-	1,393	1,393
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	-	-	-
506151 - ECR Activated Carbon	-	-	-
Adjustment for Base Rates Baseline Amounts	-		-
Total 2011 Plan O&M Expenses	-	152,472	152,472
<b>Current Month O&amp;M Expense for All Plans</b>			
	\$ -	\$ 152,472	\$ 152,472

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: June 30, 2014

On-Site CCP Disposal O&M Expense		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, 2014**

Third Party	O&M Expense Account	Plant	Total O&M
C and B Marine	501253 - ECR Fly Ash Disposal	Trimble County	\$ 9,635
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 7,853
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 2,184
Synthetic Materials	502011 - ECR Other Waste Disposal	Trimble County	\$ 1,227
C and B Energy	501253 - ECR Fly Ash Disposal	Trimble County	\$ 1,038
Total Monthly Beneficial Reuse Expense			\$ 21,938
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (33,590)
Net Beneficial Reuse O&M Expense			\$ (11,652)

ES FORM 2.61

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

**Beneficial Reuse Opportunities  
For the Month Ended: June 30, 2014**

On-Site CCP Disposal O&M Expense		Mill Creek	Trimble County	Total
Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)				
(1)	12 Months Ending with Expense Month	\$ 306,006	\$ (27,841)	\$ 278,166
(2)	Monthly Amount [(1) / 12]	\$ 25,501	\$ (2,320)	\$ 23,180
2009 Plan Project 25				
(3)	Monthly Amount (Expense/Revenue)	\$ 2,184	\$ 19,754	\$ 21,938
Total Beneficial Reuse - Generating Station				
(4)	Monthly Expense [(2) + (3)]	\$ 27,684	\$ 17,434	\$ 45,118
Beneficial Reuse in Base Rates				
(5)	Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243	\$ -	\$ 681,243
(6)	Monthly Expense Amount [(5) / 12]	\$ 56,770	\$ -	\$ 56,770
(7)	Total Generating Station Less Base Rates [(4) - (6)]	\$ (29,086)	\$ 17,434	\$ (11,652)
(8)	Less 2009 Plan Project 25 [(7) - (3)]	\$ (31,270)	\$ (2,320)	\$ (33,590)
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)		\$ (31,270)	\$ (2,320)	\$ (33,590)

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, 2014

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-13	\$ 28,199,351	\$ 12,013,577	\$ 2,508,157	\$ 1,571,779	\$ 898,877	\$ 45,191,741	\$ 44,292,865
Aug-13	28,453,357	12,150,823	1,897,764	1,589,443	978,720	45,070,108	44,091,388
Sep-13	28,984,000	12,441,263	343,593	1,626,915	1,054,484	44,450,256	43,395,771
Oct-13	21,182,850	8,367,792	(62,505)	1,091,313	825,601	31,405,051	30,579,450
Nov-13	18,718,988	7,105,505	110,038	924,782	754,876	27,614,190	26,859,313
Dec-13	23,430,328	9,360,384	(291,845)	1,236,642	1,001,764	34,737,274	33,735,509
Jan-14	27,768,725	11,525,496	60,134	1,843,859	1,458,133	42,656,348	41,198,214
Feb-14	25,877,790	10,555,361	635,328	1,689,742	1,282,903	40,041,123	38,758,221
Mar-14	22,710,262	8,953,358	737,593	1,431,797	596,773	34,429,783	33,833,010
Apr-14	18,712,899	6,890,013	386,598	1,361,517	511,398	27,862,424	27,351,026
May-14	19,070,545	7,225,762	431,170	1,432,241	655,878	28,815,597	28,159,718
Jun-14	25,845,062	10,332,508	1,220,156	2,046,488	1,180,423	40,624,638	39,444,215
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 35,974,892
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 85,114,473
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							42.27%

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-13	\$ 33,683,236	\$ 19,230,037	\$ 3,925,313	\$ 482,855	\$ 1,090,462	\$ 58,411,903	\$ 57,321,440	\$ 34,166,091
Aug-13	33,693,401	19,533,849	3,074,730	475,357	1,206,018	57,983,355	56,777,337	34,168,758
Sep-13	32,150,317	17,745,080	652,703	490,355	1,257,234	52,295,689	51,038,455	32,640,672
Oct-13	31,850,165	18,832,731	(10,888)	419,652	1,383,951	52,475,611	51,091,660	32,269,817
Nov-13	26,823,811	15,566,471	197,892	359,705	1,234,929	44,182,807	42,947,879	27,183,516
Dec-13	27,007,128	15,407,441	(390,278)	396,863	1,303,150	43,724,304	42,421,155	27,403,991
Jan-14	29,537,445	17,452,792	(13,969)	605,691	1,694,648	49,276,608	47,581,960	30,143,136
Feb-14	30,092,354	17,742,066	864,943	570,168	1,646,347	50,915,877	49,269,531	30,662,522
Mar-14	26,879,497	14,941,102	1,151,129	541,552	835,550	44,348,829	43,513,279	27,421,049
Apr-14	26,649,517	15,270,759	911,338	516,933	813,545	44,162,092	43,348,547	27,166,450
May-14	31,038,295	17,114,221	983,142	582,699	1,149,099	50,867,456	49,718,357	31,620,994
Jun-14	33,283,517	18,737,795	1,954,247	669,820	1,579,922	56,225,300	54,645,379	33,953,337
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 49,139,582	\$ 30,733,361
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 85,114,473	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							57.73%	

ES FORM 3.10

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

Reconciliation of Reported Revenues

For the Month Ended: June 30, 2014

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 88,198,882	\$ 88,198,882
(2) Fuel Adjustment Clause	\$ 3,174,403	\$ 3,174,403
(3) DSM	\$ 2,716,308	\$ 2,716,308
(4) Environmental Surcharge		\$ 2,760,344
(5) CSR Credits		\$ (426,386)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 94,089,594	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 6,459,297	\$ 6,459,297
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 6,459,297	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 100,548,891	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	93.58%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 3,103,328
(13) Miscellaneous		\$ 1,422,337
(14) Total Company Revenues per Income Statement =		\$ 107,408,515



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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Robert M. Conroy  
Director - Rates  
T 502-627-3324  
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robert.conroy@lge-ku.com

August 19, 2014

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 2014. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00437, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the September 2014 billing cycle which begins August 29, 2014.

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

Sincerely,

A handwritten signature in cursive script that reads "Robert M. Conroy". To the right of the signature, there are initials "by RAL" written in a smaller, less legible script.

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 July 2014**

**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 15	=	\$	1,152,316
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		3.19%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	1,559,016
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		5.07%

Effective Date for Billing: September billing cycle beginning August 29, 2014

Submitted by:

Robert M Conroy  
by RAC

Title: Director, Rates

Date Submitted: August 19, 2014

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of July 2014

**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	= \$	550,894,435
(2)	RB / 12	= \$	45,907,870
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.43%
(4)	OE	= \$	265,619
(5)	BAS	= \$	-
(6)	BR	= \$	(14,043)
(7)	E(m)	$(2) \times (3) + (4) - (5) + (6)$	= \$ align="right">5,039,767

**Calculation of Adjusted Net Jurisdictional E(m)**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	95.20%
(9)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	4,797,858
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00437	= \$	(654,925)
(11)	Prior Period Adjustment (if necessary)	= \$	-
(12)	Revenue Collected through Base Rates	= \$	1,431,601
(13)	Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	2,711,332

**Calculation of Group Environmental Surcharge Billing Factors**

		<u>GROUP 1 (Total Revenue)</u>		<u>GROUP 2 (Net Revenue)</u>	
(14)	Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	42.50%		57.50%
(15)	Group E(m) [(13) x (14)]	= \$	1,152,316	\$	1,559,016
(16)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	36,131,871	\$	30,760,935
(17)	Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	3.19%		5.07%

## LOUISVILLE GAS AND ELECTRIC COMPANY ENVIRONMENTAL SURCHARGE REPORT

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of July 2014

### Determination of Environmental Compliance Rate Base

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 19,316,024	
Eligible Pollution CWIP Excluding AFUDC	533,845,094	
Subtotal		\$ 553,161,118
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	159,808	
Cash Working Capital Allowance	211,241	
Subtotal		371,049
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	783,076	
Pollution Control Deferred Income Taxes	1,854,656	
Subtotal		2,637,732
Environmental Compliance Rate Base		\$ 550,894,435

### Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 154,072
Monthly Depreciation & Amortization Expense	37,467
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	42,483
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	31,597
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	-
Total Pollution Control Operations Expense	\$ 265,619

### Determination of Beneficial Reuse Operating Expenses

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 24,378
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(38,420)
Net Beneficial Reuse Operations Expense	\$ (14,043)

### 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: July 31, 2014

(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 7/31/2014	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,599,354	\$ 608,190	\$ -	\$ 8,991,164	\$ 556,569		\$ 19,647	\$ 1,142
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 11,729,437	\$ 11,729,437	\$ -		\$ -	\$ 1,260
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 188,851	\$ (79,542)	\$ 4,367,879	\$ 885,359		\$ 9,504	\$ 554
Subtotal	\$ 14,235,626	\$ 797,041	\$ 11,649,896	\$ 25,088,481	\$ 1,441,927		\$ 29,151	\$ 2,957
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ (365,982)	\$ (202,574)	\$ -	\$ (163,408)	\$ (63,566)		\$ (775)	\$ (20)
<b>Net Total - 2009 Plan:</b>	<b>\$ 13,869,644</b>	<b>\$ 594,467</b>	<b>\$ 11,649,896</b>	<b>\$ 24,925,073</b>	<b>\$ 1,378,362</b>		<b>\$ 28,376</b>	<b>\$ 2,936</b>
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 5,446,380	\$ 188,609	\$ 491,590,225	\$ 496,847,995	\$ 476,294		\$ 9,090	\$ 37,757
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 30,604,974	\$ 30,604,974	\$ -		\$ -	\$ 1,790
Subtotal	\$ 5,446,380	\$ 188,609	\$ 522,195,199	\$ 527,452,969	\$ 476,294		\$ 9,090	\$ 39,547
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	<b>\$ 5,446,380</b>	<b>\$ 188,609</b>	<b>\$ 522,195,199</b>	<b>\$ 527,452,969</b>	<b>\$ 476,294</b>	<b>\$ -</b>	<b>\$ 9,090</b>	<b>\$ 39,547</b>
<b>Net Total - All Plans:</b>	<b>\$ 19,316,024</b>	<b>\$ 783,076</b>	<b>\$ 533,845,094</b>	<b>\$ 552,378,042</b>	<b>\$ 1,854,656</b>	<b>\$ -</b>	<b>\$ 37,467</b>	<b>\$ 42,483</b>

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: July 31, 2014

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	90,319	6,780	1,575	\$ 287.39	\$ 171,050.16	\$ 2.37	
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	62,379						
2033	62,379						
2034 - 2043	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 2014

	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	97,097	0	6,778	0	0	90,319	
Dollars	\$ 308.96	\$ -	\$ 21.57	\$ -	\$ -	\$ 287.39	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	92,232	-	6,533		-	85,699	
Dollars	\$ 293.47	\$ -	\$ 20.79	\$ -	\$ -	\$ 272.68	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	4,865	-	245	-	-	4,620	
Dollars	\$ 15.49	\$ -	\$ 0.78	\$ -	\$ -	\$ 14.71	
<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 July 2014

	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	2,935	0	1,347	13	0	1,575	
Dollars	\$ 4.40	\$ -	\$ 2.02	\$ 0.01	\$ -	\$ 2.37	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	2,643	-	1,252	0	0	1,391	
Dollars	\$ 3.98	\$ -	\$ 1.88	\$ -	\$ -	\$ 2.10	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	292	-	95	13	-	184	
Dollars	\$ 0.42	\$ -	\$ 0.14	\$ 0.01	\$ -	\$ 0.27	
<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 July 2014

	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	6,140	2,000	1,347	13	0	6,780	
Dollars	\$ 67,361.11	\$ 138,000.00	\$ 33,982.97	\$ 327.98	\$ -	\$ 171,050.16	
\$/Allowance	\$ 10.97	\$ 69.00	\$ 25.23	\$ 25.23	\$ -	\$ 25.23	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	5,575	-	1,252	-	-	6,323	Ending inventory includes purchase from the market as shown below.
Dollars	\$ 61,159.13	\$ (8,052.20)	\$ 31,573.95	\$ -	\$ -	\$ 159,532.98	Adjusted Ending Inventory dollars to reflect non-recoverable allowance value.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	565	-	95	13	-	457	Adjusted Ending Inventory dollars to reflect non-recoverable allowance value.
Dollars	\$ 6,201.98	\$ 8,052.20	\$ 2,409.02	\$ 327.98	\$ -	\$ 11,517.18	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	2,000	0	0	0	0	Purchased allowances from the market; included in Ending Inventory -
Dollars	\$ -	\$ 138,000.00	\$ -	\$ -	\$ -	\$ -	Coal Fuel as shown above.
\$/Allowance	\$ -	\$ 69.00	\$ -	\$ -	\$ -	\$ -	
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, 2014

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 164,266
10th Previous Month	136,638
9th Previous Month	57,539
8th Previous Month	94,439
7th Previous Month	117,488
6th Previous Month	245,407
5th Previous Month	54,170
4th Previous Month	152,321
3rd Previous Month	231,657
2nd Previous Month	155,157
Previous Month	140,820
Current Month	140,030
Total 12 Month O&M	\$ 1,689,930

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,689,930
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 211,241

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: July 31, 2014

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	-		-
512055 - ECR Scrubber Maintenance	-		-
506159 - ECR Sorbent Injection Operation	-	17,260	17,260
506152 - ECR Sorbent Reactant - Reagent Only	-	133,230	133,230
512152 - ECR Sorbent Injection Maintenance	-	3,583	3,583
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	-	-	-
506151 - ECR Activated Carbon	-	-	-
Adjustment for Base Rates Baseline Amounts	-		-
Total 2011 Plan O&M Expenses	-	154,072	154,072
<b>Current Month O&amp;M Expense for All Plans</b>			
	\$ -	\$ 154,072	\$ 154,072

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: July 31, 2014

On-Site CCP Disposal O&M Expense		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, 2014**

Third Party	O&M Expense Account	Plant	Total O&M
C and B Marine	501253 - ECR Fly Ash Disposal	Trimble County	\$ 11,876
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 9,070
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 748
Synthetic Materials	502011 - ECR Other Waste Disposal	Trimble County	\$ 2,683
Total Monthly Beneficial Reuse Expense			\$ 24,378
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (38,420)
Net Beneficial Reuse O&M Expense			\$ (14,043)

ES FORM 2.61

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

**Beneficial Reuse Opportunities  
For the Month Ended: July 31, 2014**

On-Site CCP Disposal O&M Expense		Mill Creek	Trimble County	Total
Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)				
(1)	12 Months Ending with Expense Month	\$ 249,620	\$ (29,420)	\$ 220,200
(2)	Monthly Amount [(1) / 12]	\$ 20,802	\$ (2,452)	\$ 18,350
2009 Plan Project 25				
(3)	Monthly Amount (Expense/Revenue)	\$ 748	\$ 23,630	\$ 24,378
Total Beneficial Reuse - Generating Station				
(4)	Monthly Expense [(2) + (3)]	\$ 21,549	\$ 21,178	\$ 42,728
Beneficial Reuse in Base Rates				
(5)	Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243	\$ -	\$ 681,243
(6)	Monthly Expense Amount [(5) / 12]	\$ 56,770	\$ -	\$ 56,770
(7)	Total Generating Station Less Base Rates [(4) - (6)]	\$ (35,221)	\$ 21,178	\$ (14,043)
(8)	Less 2009 Plan Project 25 [(7) - (3)]	\$ (35,969)	\$ (2,452)	\$ (38,420)
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)		\$ (35,969)	\$ (2,452)	\$ (38,420)

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: July 31, 2014

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)	
Aug-13	\$ 28,453,357	\$ 12,150,823	\$ 1,897,764	\$ 1,589,443	\$ 978,720	\$ 45,070,108	\$ 44,091,388	
Sep-13	28,984,000	12,441,263	343,593	1,626,915	1,054,484	44,450,256	43,395,771	
Oct-13	21,182,850	8,367,792	(62,505)	1,091,313	825,601	31,405,051	30,579,450	
Nov-13	18,718,988	7,105,505	110,038	924,782	754,876	27,614,190	26,859,313	
Dec-13	23,430,328	9,360,384	(291,845)	1,236,642	1,001,764	34,737,274	33,735,509	
Jan-14	27,768,725	11,525,496	60,134	1,843,859	1,458,133	42,656,348	41,198,214	
Feb-14	25,877,790	10,555,361	635,328	1,689,742	1,282,903	40,041,123	38,758,221	
Mar-14	22,710,262	8,953,358	737,593	1,431,797	596,773	34,429,783	33,833,010	
Apr-14	18,712,899	6,890,013	386,598	1,361,517	511,398	27,862,424	27,351,026	
May-14	19,070,545	7,225,762	431,170	1,432,241	655,878	28,815,597	28,159,718	
Jun-14	25,845,062	10,332,508	1,220,156	2,046,488	1,180,423	40,624,638	39,444,215	
Jul-14	30,245,789	12,746,468	654,408	2,529,948	1,463,696	47,640,309	46,176,613	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 36,131,871	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 85,015,560	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							42.50%	

GROUP 2 (Net Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total  (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge  (7)-(6)	Total Non-Fuel Revenues plus DSM  (2)+(5)
Aug-13	\$ 33,693,401	\$ 19,533,849	\$ 3,074,730	\$ 475,357	\$ 1,206,018	\$ 57,983,355	\$ 56,777,337	\$ 34,168,758
Sep-13	32,150,317	17,745,080	652,703	490,355	1,257,234	52,295,689	51,038,455	32,640,672
Oct-13	31,850,165	18,832,731	(10,888)	419,652	1,383,951	52,475,611	51,091,660	32,269,817
Nov-13	26,823,811	15,566,471	197,892	359,705	1,234,929	44,182,807	42,947,879	27,183,516
Dec-13	27,007,128	15,407,441	(390,278)	396,863	1,303,150	43,724,304	42,421,155	27,403,991
Jan-14	29,537,445	17,452,792	(13,969)	605,691	1,694,648	49,276,608	47,581,960	30,143,136
Feb-14	30,092,354	17,742,066	864,943	570,168	1,646,347	50,915,877	49,269,531	30,662,522
Mar-14	26,879,497	14,941,102	1,151,129	541,552	835,550	44,348,829	43,513,279	27,421,049
Apr-14	26,649,517	15,270,759	911,338	516,933	813,545	44,162,092	43,348,547	27,166,450
May-14	31,038,295	17,114,221	983,142	582,699	1,149,099	50,867,456	49,718,357	31,620,994
Jun-14	33,283,517	18,737,795	1,954,247	669,820	1,579,922	56,225,300	54,645,379	33,953,337
Jul-14	33,763,287	18,606,578	1,147,175	733,697	1,741,525	55,992,262	54,250,737	34,496,984
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 48,883,690	\$ 30,760,935
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 85,015,560	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							57.50%	

ES FORM 3.10

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

Reconciliation of Reported Revenues

For the Month Ended: July 31, 2014

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 95,362,121	\$ 95,362,121
(2) Fuel Adjustment Clause	\$ 1,801,584	\$ 1,801,584
(3) DSM	\$ 3,263,645	\$ 3,263,645
(4) Environmental Surcharge		\$ 3,205,221
(5) CSR Credits		\$ (234,549)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 100,427,350	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 5,061,978	\$ 5,061,978
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 5,061,978	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 105,489,328	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	95.20%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (4,077,832)
(13) Miscellaneous		\$ 1,463,798
(14) Total Company Revenues per Income Statement =		\$ 105,845,966

RECEIVED

SEP 19 2014

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

September 19, 2014

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 2014. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00437, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the October 2014 billing cycle which begins September 30, 2014.

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 August 2014.

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

Sincerely,

Robert M. Conroy

Enclosures

Ref: 108702  
 108578  
 Conroy  
 Jerry Shooker

**INVOICE FOR PROFESSIONAL FEES AND SERVICES**  
**FOR : VANTAGE ENERGY CONSULTING, LLC**  
 FED TAX ID # 27-2685037

INVOICE DATE: 7/29/2014  
 INVOICE #: 20140728  
 INVOICE PERIOD: 07/01/2014-07/29/2014  
 PROJECT NAME: Kentucky LGE Environmental Compliance  
 ITAGE PROJECT #: 2011-56

FIRM INVOICED: Daryl E. Newby  
 Kentucky Public Service Commission  
 P.O. Box 615  
 211 Sower Boulevard  
 Frankfort, Kentucky 40602

PROJECT DESCRIPTION:  
 KU/LGE Construction Oversight

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	07/01/2014-04/29/2014	29	\$260	\$7,540.00	\$1,374.10	\$8,914.10	
Chuck Buechel	07/01/2014-04/29/2014	30	\$240	\$7,200.00	\$223.20	\$7,423.20	
Mike Boismenu	07/01/2014-04/29/2014	40	\$240	\$9,600.00	\$1,268.94	\$10,868.94	
<b>SUB TOTALS</b>		99		\$24,340.00	\$2,866.24	\$27,206.24	
<b>TOTAL FEES</b>							\$24,340.00
<b>TOTAL PERSONAL EXPENSES</b>							\$2,866.24
<b>OVERNIGHT MAIL</b>							\$0.00
<b>COPYING - Black/White</b>							\$0.00
<b>COPYING - Color</b>							\$0.00
<b>MISCELLANEOUS</b>							
Invoice Amount							\$27,206.24
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							\$27,206.24

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.  
 20844 4th Ave., West  
 Summerland Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-744-3140

*Daryl Newby*  
 8/6/14

*[Signature]*  
 Robert M. Conroy  
 Director - Rates  
 LG&P and KII Energy, LLC  
 8/12/14

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 August 2014

**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 15	=	\$	1,320,440
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		3.69%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	1,788,672
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		5.83%

Effective Date for Billing: October billing cycle beginning September 30, 2014

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

Title: Director, Rates

Date Submitted: September 19, 2014

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of August 2014

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	= \$	593,739,573
(2)	RB / 12	= \$	49,478,298
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.43%
(4)	OE	= \$	250,569
(5)	BAS	= \$	1,595
(6)	BR	= \$	(22,615)
(7)	E(m)	$(2) \times (3) + (4) - (5) + (6)$	= \$ 5,386,946

Calculation of Adjusted Net Jurisdictional E(m)

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	94.18%
(9)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	5,073,426
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00437	= \$	(654,925)
(11)	Prior Period Adjustment (if necessary)	= \$	-
(12)	Revenue Collected through Base Rates	= \$	1,309,389
(13)	Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	3,109,112

Calculation of Group Environmental Surcharge Billing Factors

		<u>GROUP 1 (Total Revenue)</u>		<u>GROUP 2 (Net Revenue)</u>	
(14)	Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	42.47%		57.53%
(15)	Group E(m) [(13) x (14)]	= \$	1,320,440	\$	1,788,672
(16)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	35,761,176	\$	30,678,481
(17)	Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	3.69%		5.83%

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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of August 2014

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 19,316,024	
Eligible Pollution CWIP Excluding AFUDC	576,791,267	
Subtotal		\$ 596,107,291
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	123,843	
Cash Working Capital Allowance	203,666	
Subtotal		327,509
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	821,317	
Pollution Control Deferred Income Taxes	1,873,910	
Subtotal		2,695,227
Environmental Compliance Rate Base		\$ 593,739,573

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 126,276
Monthly Depreciation & Amortization Expense	37,467
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	42,483
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	31,556
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	12,787
Total Pollution Control Operations Expense	\$ 250,569

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 19,513
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(42,128)
Net Beneficial Reuse Operations Expense	\$ (22,615)

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

	Total Proceeds	Amount in Base Rates	Net Proceeds
	(1)	(2)	(1) - (2)
Allowance Sales	\$ 1,595	\$ -	\$ 1,595
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 1,595	\$ -	\$ 1,595

ES FORM 2.10

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

For the Month Ended: August 31, 2014

(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 8/31/2014	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,599,354	\$ 627,836	\$ -	\$ 8,971,518	\$ 568,161		\$ 19,647	\$ 1,142
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 12,000,961	\$ 12,000,961	\$ -		\$ -	\$ 1,260
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 198,355	\$ (79,542)	\$ 4,358,375	\$ 887,182		\$ 9,504	\$ 554
Subtotal	\$ 14,235,626	\$ 826,192	\$ 11,921,419	\$ 25,330,853	\$ 1,455,344		\$ 29,151	\$ 2,957
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ (365,982)	\$ (202,574)	\$ -	\$ (163,408)	\$ (63,566)		\$ (775)	\$ (20)
<b>Net Total - 2009 Plan:</b>	\$ 13,869,644	\$ 623,618	\$ 11,921,419	\$ 25,167,445	\$ 1,391,778		\$ 28,376	\$ 2,936
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 5,446,380	\$ 197,700	\$ 530,187,464	\$ 535,436,145	\$ 482,132		\$ 9,090	\$ 37,757
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 34,682,384	\$ 34,682,384	\$ -		\$ -	\$ 1,790
Subtotal	\$ 5,446,380	\$ 197,700	\$ 564,869,848	\$ 570,118,528	\$ 482,132		\$ 9,090	\$ 39,547
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ 5,446,380	\$ 197,700	\$ 564,869,848	\$ 570,118,528	\$ 482,132	\$ -	\$ 9,090	\$ 39,547
<b>Net Total - All Plans:</b>	\$ 19,316,024	\$ 821,317	\$ 576,791,267	\$ 595,285,974	\$ 1,873,910	\$ -	\$ 37,467	\$ 42,483

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.



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

For the Month Ended: August 31, 2014

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	81,075	5,387	182	\$ 263.12	\$ 135,906.67	\$ 0.27	
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	62,379						
2033	62,379						
2034 - 2043	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 2014

	Beginning Inventory	Allocations/ Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	90,319	(1,618)	7,410	0	216	81,075	
Dollars	\$ 287.39	\$ -	\$ 23.58	\$ -	\$ 0.69	\$ 263.12	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	85,699	(298)	7,243		216	77,942	Sale of 216 allowances to KU for its share of the current month
Dollars	\$ 272.68	\$ (0.94)	\$ 23.05	\$ -	\$ 0.69	\$ 248.00	emission allowance expense. Adjusted Ending Inventory to reflect non-recoverable allowance value.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	4,620	(1,320)	167	-	-	3,133	Adjusted Ending Inventory to reflect non-recoverable allowance
Dollars	\$ 14.71	\$ 0.94	\$ 0.53	\$ -	\$ -	\$ 15.12	value.
<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 August 2014

	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	1,575	0	1,320	10	63	182	
Dollars	\$ 2.37	\$ -	\$ 1.99	\$ 0.01	\$ 0.10	\$ 0.27	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	1,391	(71)	1,250	0	63	7	Sale of 63 allowances to KU for its share of the current month
Dollars	\$ 2.10	\$ (0.11)	\$ 1.88	\$ -	\$ 0.10	\$ 0.01	emission allowance expense. Adjusted Ending Inventory to reflect non-recoverable allowance value.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	184	71	70	10	-	175	Adjusted Ending Inventory to reflect non-recoverable allowance
Dollars	\$ 0.27	\$ 0.11	\$ 0.11	\$ 0.01	\$ -	\$ 0.26	value.
<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 August 2014

	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	6,780	0	1,320	10	63	5,387	
Dollars	\$ 171,050.16	\$ -	\$ 33,297.26	\$ 252.29	\$ 1,593.94	\$ 135,906.67	
\$/Allowance	\$ 25.23	\$ -	\$ 25.23	\$ 25.23	\$ 25.30	\$ 25.23	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	6,323	(111)	1,250	-	63	4,899	Sale of 63 allowances to KU for its share of the current month
Dollars	\$ 159,532.98	\$ (2,812.70)	\$ 31,531.25	\$ -	\$ 1,593.94	\$ 123,595.09	emission allowance expense. Adjusted Ending Inventory to reflect non-recoverable allowance value.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	457	111	70	10	-	488	Adjusted Ending Inventory to reflect non-recoverable allowance value.
Dollars	\$ 11,517.18	\$ 2,812.70	\$ 1,766.01	\$ 252.29	\$ -	\$ 12,311.58	
<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, 2014

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 136,638
10th Previous Month	57,539
9th Previous Month	94,439
8th Previous Month	117,488
7th Previous Month	245,407
6th Previous Month	54,170
5th Previous Month	152,321
4th Previous Month	231,657
3rd Previous Month	155,157
2nd Previous Month	140,820
Previous Month	140,030
Current Month	103,661
Total 12 Month O&M	\$ 1,629,326

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,629,326
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 203,666

ES FORM 2.50

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

Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: August 31, 2014

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	-		-
512055 - ECR Scrubber Maintenance	-		-
506159 - ECR Sorbent Injection Operation	-	14,714	14,714
506152 - ECR Sorbent Reactant - Reagent Only	-	110,100	110,100
512152 - ECR Sorbent Injection Maintenance	-	1,463	1,463
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	-	-	-
506151 - ECR Activated Carbon	-	-	-
Adjustment for Base Rates Baseline Amounts	-		-
Total 2011 Plan O&M Expenses	-	126,276	126,276
Current Month O&M Expense for All Plans	\$ -	\$ 126,276	\$ 126,276

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: August 31, 2014

On-Site CCP Disposal O&M Expense		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, 2014

Third Party	O&M Expense Account	Plant	Total O&M
C and B Marine	501253 - ECR Fly Ash Disposal	Trimble County	\$ 11,737
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 7,022
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 755
Total Monthly Beneficial Reuse Expense			\$ 19,513
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (42,128)
Net Beneficial Reuse O&M Expense			\$ (22,615)



ES FORM 2.61

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

Beneficial Reuse Opportunities  
For the Month Ended: August 31, 2014

On-Site CCP Disposal O&M Expense	Mill Creek	Trimble County	Total
<b>Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)</b>			
(1) 12 Months Ending with Expense Month	\$ 204,442	\$ (28,735)	\$ 175,707
(2) Monthly Amount [(1) / 12]	\$ 17,037	\$ (2,395)	\$ 14,642
<b>2009 Plan Project 25</b>			
(3) Monthly Amount (Expense/Revenue)	\$ 755	\$ 18,759	\$ 19,513
<b>Total Beneficial Reuse - Generating Station</b>			
(4) Monthly Expense [(2) + (3)]	\$ 17,792	\$ 16,364	\$ 34,156
<b>Beneficial Reuse in Base Rates</b>			
(5) Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243	\$ -	\$ 681,243
(6) Monthly Expense Amount [(5) / 12]	\$ 56,770	\$ -	\$ 56,770
(7) Total Generating Station Less Base Rates [(4) - (6)]	\$ (38,979)	\$ 16,364	\$ (22,615)
(8) Less 2009 Plan Project 25 [(7) - (3)]	\$ (39,733)	\$ (2,395)	\$ (42,128)
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)	\$ (39,733)	\$ (2,395)	\$ (42,128)

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: August 31, 2014

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)	
Sep-13	\$ 28,984,000	\$ 12,441,263	\$ 343,593	\$ 1,626,915	\$ 1,054,484	\$ 44,450,256	\$ 43,395,771	
Oct-13	21,182,850	8,367,792	(62,505)	1,091,313	825,601	\$ 31,405,051	\$ 30,579,450	
Nov-13	18,718,988	7,105,505	110,038	924,782	754,876	\$ 27,614,190	\$ 26,859,313	
Dec-13	23,430,328	9,360,384	(291,845)	1,236,642	1,001,764	\$ 34,737,274	\$ 33,735,509	
Jan-14	27,768,725	11,525,496	60,134	1,843,859	1,458,133	\$ 42,656,348	\$ 41,198,214	
Feb-14	25,877,790	10,555,361	635,528	1,639,742	1,282,905	\$ 40,041,123	\$ 38,758,221	
Mar-14	22,710,262	8,953,358	737,593	1,431,797	596,773	\$ 34,429,783	\$ 33,833,010	
Apr-14	18,712,899	6,890,013	386,598	1,361,517	511,398	\$ 27,862,424	\$ 27,351,026	
May-14	19,070,545	7,225,762	431,170	1,432,241	655,878	\$ 28,815,597	\$ 28,159,718	
Jun-14	25,845,062	10,332,508	1,220,156	2,046,488	1,180,423	\$ 40,624,638	\$ 39,444,215	
Jul-14	30,245,789	12,746,468	654,408	2,529,948	1,463,696	\$ 47,640,309	\$ 46,176,613	
Aug-14	26,655,380	10,918,510	(75,838)	2,165,000	1,395,107	\$ 41,038,159	\$ 39,643,052	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 35,761,176	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,201,356	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							42.47%	

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)		
Sep-13	\$ 32,150,317	\$ 17,745,080	\$ 652,703	\$ 490,355	\$ 1,257,234	\$ 52,295,689	\$ 51,038,455	\$ 32,640,672		
Oct-13	31,850,165	18,832,731	(10,888)	419,652	1,383,951	\$ 52,475,611	\$ 51,091,660	\$ 32,269,817		
Nov-13	26,823,811	15,566,471	197,892	359,705	1,234,929	\$ 44,182,807	\$ 42,947,879	\$ 27,183,516		
Dec-13	27,007,128	15,407,441	(390,278)	396,863	1,303,150	\$ 43,724,304	\$ 42,421,155	\$ 27,403,991		
Jan-14	29,537,445	17,452,792	(13,969)	605,691	1,694,648	\$ 49,276,608	\$ 47,581,960	\$ 30,143,136		
Feb-14	30,092,354	17,742,066	864,943	570,168	1,646,347	\$ 50,915,877	\$ 49,269,531	\$ 30,662,522		
Mar-14	26,879,497	14,941,102	1,151,129	541,552	835,550	\$ 44,348,829	\$ 43,513,279	\$ 27,421,049		
Apr-14	26,649,517	15,270,759	911,338	516,933	813,545	\$ 44,162,092	\$ 43,348,547	\$ 27,166,450		
May-14	31,038,295	17,114,221	983,142	582,699	1,149,099	\$ 50,867,456	\$ 49,718,357	\$ 31,620,994		
Jun-14	33,283,517	18,737,795	1,954,247	669,820	1,579,922	\$ 56,225,300	\$ 54,645,379	\$ 33,953,337		
Jul-14	33,763,287	18,606,578	1,147,175	733,697	1,741,525	\$ 55,992,262	\$ 54,250,737	\$ 34,496,984		
Aug-14	32,513,438	18,162,998	112,923	665,867	1,849,343	\$ 53,304,568	\$ 51,455,225	\$ 33,179,305		
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 48,440,180		\$ 30,678,481	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,201,356			
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							57.53%			

ES FORM 3.10

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Reconciliation of Reported Revenues

For the Month Ended: August 31, 2014

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 88,230,326	\$ 88,230,326
(2) Fuel Adjustment Clause	\$ 37,085	\$ 37,085
(3) DSM	\$ 2,830,867	\$ 2,830,867
(4) Environmental Surcharge		\$ 3,244,450
(5) CSR Credits		\$ (374,644)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 91,098,278	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 5,630,678	\$ 5,630,678
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 5,630,678	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 96,728,956	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	94.18%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 8,411,322
(13) Miscellaneous		\$ 1,604,223
(14) Total Company Revenues per Income Statement =		\$ 109,614,307

OCT 17 2014

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

October 17, 2014

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 2014. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00437, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the November 2014 billing cycle which begins October 29, 2014.

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. The signature is fluid and cursive.

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 September 2014**

**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 15	=	\$	1,696,916
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		4.76%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	2,329,937
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		7.52%

Effective Date for Billing: November billing cycle beginning October 29, 2014

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

Title: Director, Rates

Date Submitted: October 17, 2014

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of September 2014

**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	= \$	634,391,653	
(2) RB / 12	= \$	52,865,971	
(3) (ROR + (ROR - DR) (TR / (1 - TR)))	=	10.43%	
(4) OE	= \$	267,581	
(5) BAS	= \$	2,720	
(6) BR	= \$	(17,360)	
(7) E(m)	(2) x (3) + (4) - (5) + (6) = \$	5,761,422	

**Calculation of Adjusted Net Jurisdictional E(m)**

(8) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	94.65%	
(9) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	5,453,186	
(10) Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00437	= \$	-	
(11) Prior Period Adjustment (if necessary)	= \$	-	
(12) Revenue Collected through Base Rates	= \$	1,426,333	
(13) Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	4,026,853	

**Calculation of Group Environmental Surcharge Billing Factors**

		<u>GROUP 1 (Total Revenue)</u>	<u>GROUP 2 (Net Revenue)</u>
(14) Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	42.14%	57.86%
(15) Group E(m) [(13) x (14)]	= \$	1,696,916	\$ 2,329,937
(16) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	35,647,579	\$ 31,003,577
(17) Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	4.76%	7.52%

## LOUISVILLE GAS AND ELECTRIC COMPANY ENVIRONMENTAL SURCHARGE REPORT

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of September 2014

### Determination of Environmental Compliance Rate Base

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 19,316,024	
Eligible Pollution CWIP Excluding AFUDC	617,537,373	
Subtotal		\$ 636,853,397
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	91,739	
Cash Working Capital Allowance	199,242	
Subtotal		290,981
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	859,558	
Pollution Control Deferred Income Taxes	1,893,167	
Subtotal		2,752,725
Environmental Compliance Rate Base		\$ 634,391,653

### Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 118,605
Monthly Depreciation & Amortization Expense	37,467
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	42,483
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	69,026
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	-
Total Pollution Control Operations Expense	\$ 267,581

### Determination of Beneficial Reuse Operating Expenses

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 23,937
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(41,298)
Net Beneficial Reuse Operations Expense	\$ (17,360)

### Proceeds From By-Product and Allowance Sales

	Total Proceeds	Amount in Base Rates	Net Proceeds
	(1)	(2)	(1) - (2)
Allowance Sales	\$ 2,720	\$ -	\$ 2,720
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 2,720	\$ -	\$ 2,720

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

For the Month Ended: September 30, 2014

(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 9/30/2014	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,599,354	\$ 647,483	\$ -	\$ 8,951,871	\$ 579,755		\$ 19,647	\$ 1,142
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	-	-	\$ 12,158,829	\$ 12,158,829	\$ -		\$ -	\$ 1,260
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 207,860	\$ (79,542)	\$ 4,348,871	\$ 889,005		\$ 9,504	\$ 554
Subtotal	\$ 14,235,626	\$ 855,343	\$ 12,079,287	\$ 25,459,570	\$ 1,468,761		\$ 29,151	\$ 2,957
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ (365,982)	\$ (202,574)	\$ -	\$ (163,408)	\$ (63,566)		\$ (775)	\$ (20)
<b>Net Total - 2009 Plan:</b>	<b>\$ 13,869,644</b>	<b>\$ 652,769</b>	<b>\$ 12,079,287</b>	<b>\$ 25,296,162</b>	<b>\$ 1,405,195</b>		<b>\$ 28,376</b>	<b>\$ 2,936</b>
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 5,446,380	\$ 206,790	\$ 563,543,115	\$ 568,782,705	\$ 487,972		\$ 9,090	\$ 37,757
Project 27 - Trimble County Unit 1 Air Compliance	-	-	\$ 41,914,970	\$ 41,914,970	\$ -		\$ -	\$ 1,790
Subtotal	\$ 5,446,380	\$ 206,790	\$ 605,458,086	\$ 610,697,676	\$ 487,972		\$ 9,090	\$ 39,547
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	<b>\$ 5,446,380</b>	<b>\$ 206,790</b>	<b>\$ 605,458,086</b>	<b>\$ 610,697,676</b>	<b>\$ 487,972</b>	<b>\$ -</b>	<b>\$ 9,090</b>	<b>\$ 39,547</b>
<b>Net Total - All Plans:</b>	<b>\$ 19,316,024</b>	<b>\$ 859,558</b>	<b>\$ 617,537,373</b>	<b>\$ 635,993,838</b>	<b>\$ 1,893,167</b>	<b>\$ -</b>	<b>\$ 37,467</b>	<b>\$ 42,483</b>

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.



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

Inventory of Emission Allowances

For the Month Ended: September 30, 2014

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	74,789	3,945	140	\$ 242.73	\$ 99,526.97	\$ 3,840.74	
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	62,379						
2033	62,379						
2034 - 2043	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 2014

	Beginning Inventory	Allocations/ Purchases	Utilized (Coal Fuel)	Utilized (Other Fuels)	Sold	Ending Inventory	Allocation, Purchase, or Sale Date & Vintage Years
<b>TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS</b>							
Quantity	81,075	0	6,128	0	158	74,789	
Dollars	\$ 263.12	\$ -	\$ 19.88	\$ -	\$ 0.51	\$ 242.73	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	77,942	-	5,979		158	71,805	Sale of 158 allowances to KU for its share of the current month
Dollars	\$ 248.00	\$ -	\$ 19.40	\$ -	\$ 0.51	\$ 228.09	emission allowance expense.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	3,133	-	149	-	-	2,984	
Dollars	\$ 15.12	\$ -	\$ 0.48	\$ -	\$ -	\$ 14.64	
<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 2014

	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	182	1,400	1,384	6	52	140	
Dollars	\$ 0.27	\$ 43,400.00	\$ 37,978.32	\$ 164.60	\$ 1,416.61	\$ 3,840.74	
\$/Allowance	\$ -	\$ 31.00	\$ 27.44	\$ 27.43	\$ 27.24	\$ 27.43	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	7	38	1,310	0	52	83	Sale of 52 allowances to KU for its share of the current month emission allowance expense. Ending Inventory includes purchases from the market as shown below. Adjusted Ending Inventory Dollars to reflect non-recoverable allowance value.
Dollars	\$ 0.01	\$ (3,758.17)	\$ 35,948.22	\$ -	\$ 1,416.61	\$ 2,277.01	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	175	(38)	74	6	-	57	Adjusted Ending Inventory to reflect non-recoverable allowance value.
Dollars	\$ 0.26	\$ 3,758.17	\$ 2,030.10	\$ 164.60	\$ -	\$ 1,563.73	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	0	1,400	0	0	0	0	Purchased 1,400 allowances from the market included in Ending Inventory - Coal Fuel shown above
Dollars	\$ -	\$ 43,400.00	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ 31.00	\$ -	\$ -	\$ -	\$ -	
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 September 2014

	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	5,387	0	1,384	6	52	3,945	
Dollars	\$ 135,906.67	\$ -	\$ 34,925.59	\$ 151.37	\$ 1,302.74	\$ 99,526.97	
\$/Allowance	\$ 25.23	\$ -	\$ 25.24	\$ 25.23	\$ 25.05	\$ 25.23	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	4,899	-	1,310	-	52	3,537	Sale of 52 allowances to KU for its share of the current month
Dollars	\$ 123,595.09	\$ -	\$ 33,058.67	\$ -	\$ 1,302.74	\$ 89,233.68	emission allowance expense.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	488	-	74	6	-	408	
Dollars	\$ 12,311.58	\$ -	\$ 1,866.92	\$ 151.37	\$ -	\$ 10,293.29	
<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: September 30, 2014

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 57,539
10th Previous Month	94,439
9th Previous Month	117,488
8th Previous Month	245,407
7th Previous Month	54,170
6th Previous Month	152,321
5th Previous Month	231,657
4th Previous Month	155,157
3rd Previous Month	140,820
2nd Previous Month	140,030
Previous Month	103,661
Current Month	101,245
<b>Total 12 Month O&amp;M</b>	<b>\$ 1,593,933</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,593,933
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 199,242</b>

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: September 30, 2014

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	-		-
512055 - ECR Scrubber Maintenance	-		-
506159 - ECR Sorbent Injection Operation	-	19,455	19,455
506152 - ECR Sorbent Reactant - Reagent Only	-	99,150	99,150
512152 - ECR Sorbent Injection Maintenance	-	-	-
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	-	-	-
506151 - ECR Activated Carbon	-	-	-
Adjustment for Base Rates Baseline Amounts	-		-
Total 2011 Plan O&M Expenses	-	118,605	118,605
<b>Current Month O&amp;M Expense for All Plans</b>			
	\$ -	\$ 118,605	\$ 118,605

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: September 30, 2014**

On-Site CCP Disposal O&M Expense		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, 2014

Third Party	O&M Expense Account	Plant	Total O&M
C and B Marine	501253 - ECR Fly Ash Disposal	Trimble County	\$ 3,630
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 9,807
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 10,501
Total Monthly Beneficial Reuse Expense			\$ 23,937
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (41,298)
Net Beneficial Reuse O&M Expense			\$ (17,360)



ES FORM 2.61

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

**Beneficial Reuse Opportunities  
For the Month Ended: September 30, 2014**

On-Site CCP Disposal O&M Expense		Mill Creek	Trimble County	Total
Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)				
(1)	12 Months Ending with Expense Month	\$ 212,352	\$ (26,682)	\$ 185,670
(2)	Monthly Amount [(1) / 12]	\$ 17,696	\$ (2,224)	\$ 15,473
2009 Plan Project 25				
(3)	Monthly Amount (Expense/Revenue)	\$ 10,501	\$ 13,436	\$ 23,937
Total Beneficial Reuse - Generating Station				
(4)	Monthly Expense [(2) + (3)]	\$ 28,197	\$ 11,213	\$ 39,410
Beneficial Reuse in Base Rates				
(5)	Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243	\$ -	\$ 681,243
(6)	Monthly Expense Amount [(5) / 12]	\$ 56,770	\$ -	\$ 56,770
(7)	Total Generating Station Less Base Rates [(4) - (6)]	\$ (28,573)	\$ 11,213	\$ (17,360)
(8)	Less 2009 Plan Project 25 [(7) - (3)]	\$ (39,074)	\$ (2,224)	\$ (41,298)
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)		\$ (39,074)	\$ (2,224)	\$ (41,298)

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: September 30, 2014

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)
Oct-13	\$ 21,182,850	\$ 8,367,792	\$ (62,505)	\$ 1,091,313	\$ 825,601	\$ 31,405,051	\$ 30,579,450
Nov-13	18,718,988	7,105,505	110,038	924,782	754,876	27,614,190	26,859,313
Dec-13	23,430,328	9,360,384	(291,845)	1,236,642	1,001,764	34,737,274	33,735,509
Jan-14	27,768,725	11,525,496	60,134	1,843,859	1,458,133	42,656,348	41,198,214
Feb-14	25,877,790	10,555,361	635,328	1,689,742	1,282,903	40,041,123	38,758,221
Mar-14	22,710,262	8,953,358	737,593	1,431,797	596,773	34,429,783	33,833,010
Apr-14	18,712,899	6,890,013	386,598	1,361,517	511,398	27,862,424	27,351,026
May-14	19,070,545	7,225,762	431,170	1,432,241	655,878	28,815,597	28,159,718
Jun-14	25,845,062	10,332,508	1,220,156	2,046,488	1,180,423	40,624,638	39,444,215
Jul-14	30,245,789	12,746,468	654,408	2,529,948	1,463,696	47,640,309	46,176,613
Aug-14	26,635,380	10,918,510	(75,838)	2,165,000	1,395,107	41,038,159	39,643,052
Sep-14	27,924,339	11,572,341	241,228	2,294,702	1,341,083	43,373,692	42,032,610
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 35,647,579
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,588,379
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							42.14%

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)
Oct-13	\$ 31,850,165	\$ 18,832,731	\$ (10,888)	\$ 419,652	\$ 1,383,951	\$ 52,475,611	\$ 51,091,660	\$ 32,269,817
Nov-13	26,823,811	15,566,471	197,892	359,705	1,234,929	44,182,807	42,947,879	27,183,516
Dec-13	27,007,128	15,407,441	(390,278)	396,863	1,303,150	43,724,304	42,421,155	27,403,991
Jan-14	29,537,445	17,452,792	(13,969)	605,691	1,694,648	49,276,608	47,581,960	30,143,136
Feb-14	30,092,354	17,742,066	864,943	570,168	1,646,347	50,915,877	49,269,531	30,662,522
Mar-14	26,879,497	14,941,102	1,151,129	541,552	835,550	44,348,829	43,513,279	27,421,049
Apr-14	26,649,517	15,270,759	911,338	516,933	813,545	44,162,092	43,348,547	27,166,450
May-14	31,038,295	17,114,221	983,142	582,699	1,149,099	50,867,456	49,718,357	31,620,994
Jun-14	33,283,517	18,737,795	1,954,247	669,820	1,579,922	56,225,300	54,645,379	33,953,337
Jul-14	33,763,287	18,606,578	1,147,175	733,697	1,741,525	55,992,262	54,250,737	34,496,984
Aug-14	32,513,438	18,162,998	112,923	665,867	1,849,343	53,304,568	51,455,225	33,179,305
Sep-14	35,830,535	20,220,639	283,429	711,285	1,894,389	58,940,277	57,045,888	36,541,821
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 48,940,800	\$ 31,003,577
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,588,379	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							57.86%	

ES FORM 3.10

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

Reconciliation of Reported Revenues

For the Month Ended: September 30, 2014

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 95,547,854	\$ 95,547,854
(2) Fuel Adjustment Clause	\$ 524,657	\$ 524,657
(3) DSM	\$ 3,005,987	\$ 3,005,987
(4) Environmental Surcharge		\$ 3,235,472
(5) CSR Credits		\$ (370,816)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 99,078,498	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 5,605,164	\$ 5,605,164
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 5,605,164	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 104,683,662	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	94.65%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (14,369,385)
(13) Miscellaneous		\$ 1,438,692
(14) Total Company Revenues per Income Statement =		\$ 94,617,624

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Conroy

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

November 21, 2014

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 2014. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00437, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the December 2014 billing cycle which begins December 1, 2014.

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 October 2014**

**GROUP 1 (Total Revenue)**

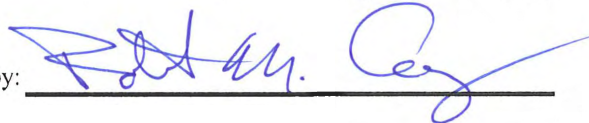
Group 1 E(m) -- ES Form 1.10, line 15	=	\$	1,941,067
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		5.46%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	2,675,026
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		8.63%

Effective Date for Billing: December billing cycle beginning December 1, 2014

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



Title: Director, Rates

Date Submitted: November 21, 2014

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

**Calculation of Total E(m) and  
Group Surcharge Billing Factors**

For the Expense Month of October 2014

**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	= \$	677,572,522	
(2) RB / 12	= \$	56,464,377	
(3) (ROR + (ROR - DR) (TR / (1 - TR)))	=	10.43%	
(4) OE	= \$	222,971	
(5) BAS	= \$	1,227	
(6) BR	= \$	(30,484)	
(7) E(m)	(2) x (3) + (4) - (5) + (6) = \$	6,080,495	

**Calculation of Adjusted Net Jurisdictional E(m)**

(8) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	94.92%	
(9) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	5,771,606	
(10) Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00437	= \$	-	
(11) Prior Period Adjustment (if necessary)	= \$	-	
(12) Revenue Collected through Base Rates	= \$	1,155,513	
(13) Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	4,616,093	

**Calculation of Group Environmental Surcharge Billing Factors**

		<u>GROUP 1 (Total Revenue)</u>		<u>GROUP 2 (Net Revenue)</u>	
(14) Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	42.05%		57.95%	
(15) Group E(m) [(13) x (14)]	= \$	1,941,067	\$	2,675,026	
(16) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	35,539,224	\$	31,001,964	
(17) Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	5.46%		8.63%	

## LOUISVILLE GAS AND ELECTRIC COMPANY ENVIRONMENTAL SURCHARGE REPORT

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of October 2014

### Determination of Environmental Compliance Rate Base

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 19,316,024	
Eligible Pollution CWIP Excluding AFUDC	660,801,315	
Subtotal		\$ 680,117,339
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	62,760	
Cash Working Capital Allowance	202,647	
Subtotal		265,407
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	897,800	
Pollution Control Deferred Income Taxes	1,912,424	
Subtotal		2,810,224
Environmental Compliance Rate Base		\$ 677,572,522

### Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 115,269
Monthly Depreciation & Amortization Expense	37,467
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	42,483
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	27,752
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	-
Total Pollution Control Operations Expense	\$ 222,971

### Determination of Beneficial Reuse Operating Expenses

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 15,364
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(45,847)
Net Beneficial Reuse Operations Expense	\$ (30,484)

### Proceeds From By-Product and Allowance Sales

	Total Proceeds	Amount in Base Rates	Net Proceeds
	(1)	(2)	(1) - (2)
Allowance Sales	\$ 1,227	\$ -	\$ 1,227
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 1,227	\$ -	\$ 1,227

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

For the Month Ended: October 31, 2014

(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 10/31/2014	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase 1) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,599,354	\$ 667,130	\$ -	\$ 8,932,224	\$ 591,350		\$ 19,647	\$ 1,142
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 12,329,243	\$ 12,329,243	\$ -		\$ -	\$ 1,260
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 217,364	\$ (79,542)	\$ 4,339,366	\$ 890,829		\$ 9,504	\$ 554
Subtotal	\$ 14,235,626	\$ 884,494	\$ 12,249,701	\$ 25,600,834	\$ 1,482,179		\$ 29,151	\$ 2,957
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ (365,982)	\$ (202,574)	\$ -	\$ (163,408)	\$ (63,566)		\$ (775)	\$ (20)
<b>Net Total - 2009 Plan:</b>	<b>\$ 13,869,644</b>	<b>\$ 681,920</b>	<b>\$ 12,249,701</b>	<b>\$ 25,437,426</b>	<b>\$ 1,418,613</b>		<b>\$ 28,376</b>	<b>\$ 2,936</b>
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 5,446,380	\$ 215,880	\$ 600,735,540	\$ 605,966,040	\$ 493,811		\$ 9,090	\$ 37,757
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 47,816,074	\$ 47,816,074	\$ -		\$ -	\$ 1,790
Subtotal	\$ 5,446,380	\$ 215,880	\$ 648,551,614	\$ 653,782,114	\$ 493,811		\$ 9,090	\$ 39,547
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	<b>\$ 5,446,380</b>	<b>\$ 215,880</b>	<b>\$ 648,551,614</b>	<b>\$ 653,782,114</b>	<b>\$ 493,811</b>	<b>\$ -</b>	<b>\$ 9,090</b>	<b>\$ 39,547</b>
<b>Net Total - All Plans:</b>	<b>\$ 19,316,024</b>	<b>\$ 897,800</b>	<b>\$ 660,801,315</b>	<b>\$ 679,219,539</b>	<b>\$ 1,912,424</b>	<b>\$ -</b>	<b>\$ 37,467</b>	<b>\$ 42,483</b>

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.



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

**Inventory of Emission Allowances**

For the Month Ended: October 31, 2014

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	69,505	2,726	140	\$ 225.58	\$ 68,773.26	\$ 3,840.74	
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	62,379						
2033	62,379						
2034 - 2043	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 October 2014

	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	74,789	0	5,102	0	182	69,505	
Dollars	\$ 242.73	\$ -	\$ 16.56	\$ -	\$ 0.59	\$ 225.58	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	71,805	-	4,952		182	66,671	Sale of 182 allowances to KU for its share of the current month emission allowance expense.
Dollars	\$ 228.09	\$ -	\$ 16.07	\$ -	\$ 0.59	\$ 211.43	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	2,984	-	150	-	-	2,834	
Dollars	\$ 14.64	\$ -	\$ 0.49	\$ -	\$ -	\$ 14.15	
<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 2014

	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	140	0	0	0	0	140	
Dollars	\$ 3,840.74	\$ -	\$ -	\$ -	\$ -	\$ 3,840.74	
\$/Allowance	\$ 27.43	\$ -	\$ -	\$ -	\$ -	\$ 27.43	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	83	-	-	0	0	83	
Dollars	\$ 2,277.01	\$ -	\$ -	\$ -	\$ -	\$ 2,277.01	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	57	-	-	-	-	57	
Dollars	\$ 1,563.73	\$ -	\$ -	\$ -	\$ -	\$ 1,563.73	
<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 October 2014

	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	3,945	0	1,167	3	49	2,726	
Dollars	\$ 99,526.97	\$ -	\$ 29,451.91	\$ 75.69	\$ 1,226.11	\$ 68,773.26	
\$/Allowance	\$ 25.23	\$ -	\$ 25.24	\$ 25.23	\$ 25.02	\$ 25.23	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	3,537	-	1,099	-	49	2,389	Sale of 49 allowances to KU for its share of the current month
Dollars	\$ 89,233.68	\$ -	\$ 27,736.36	\$ -	\$ 1,226.11	\$ 60,271.21	emission allowance expense.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	408	-	68	3	-	337	
Dollars	\$ 10,293.29	\$ -	\$ 1,715.55	\$ 75.69	\$ -	\$ 8,502.05	
<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, 2014

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 94,439
10th Previous Month	117,488
9th Previous Month	245,407
8th Previous Month	54,170
7th Previous Month	152,321
6th Previous Month	231,657
5th Previous Month	155,157
4th Previous Month	140,820
3rd Previous Month	140,030
2nd Previous Month	103,661
Previous Month	101,245
Current Month	84,785
Total 12 Month O&M	\$ 1,621,179

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,621,179
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 202,647

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: October 31, 2014

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	-		-
512055 - ECR Scrubber Maintenance	-		-
506159 - ECR Sorbent Injection Operation	-	11,138	11,138
506152 - ECR Sorbent Reactant - Reagent Only	-	96,873	96,873
512152 - ECR Sorbent Injection Maintenance	-	7,258	7,258
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	-	-	-
506151 - ECR Activated Carbon	-	-	-
Adjustment for Base Rates Baseline Amounts	-		-
Total 2011 Plan O&M Expenses	-	115,269	115,269
Current Month O&M Expense for All Plans	\$ -	\$ 115,269	\$ 115,269

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: October 31, 2014

On-Site CCP Disposal O&M Expense		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, 2014

Third Party	O&M Expense Account	Plant	Total O&M
C and B Marine	501253 - ECR Fly Ash Disposal	Trimble County	\$ 8,543
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 3,736
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 3,085
Total Monthly Beneficial Reuse Expense			\$ 15,364
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (45,847)
Net Beneficial Reuse O&M Expense			\$ (30,484)



ES FORM 2.61

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

Beneficial Reuse Opportunities  
For the Month Ended: October 31, 2014

On-Site CCP Disposal O&M Expense		Mill Creek	Trimble County	Total
Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)				
(1)	12 Months Ending with Expense Month	\$ 155,174	\$ (24,101)	\$ 131,074
(2)	Monthly Amount [(1) / 12]	\$ 12,931	\$ (2,008)	\$ 10,923
2009 Plan Project 25				
(3)	Monthly Amount (Expense/Revenue)	\$ 3,085	\$ 12,279	\$ 15,364
Total Beneficial Reuse - Generating Station				
(4)	Monthly Expense [(2) + (3)]	\$ 16,016	\$ 10,270	\$ 26,286
Beneficial Reuse in Base Rates				
(5)	Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243	\$ -	\$ 681,243
(6)	Monthly Expense Amount [(5) / 12]	\$ 56,770	\$ -	\$ 56,770
(7)	Total Generating Station Less Base Rates [(4) - (6)]	\$ (40,754)	\$ 10,270	\$ (30,484)
(8)	Less 2009 Plan Project 25 [(7) - (3)]	\$ (43,839)	\$ (2,008)	\$ (45,847)
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)		\$ (43,839)	\$ (2,008)	\$ (45,847)

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: October 31, 2014

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)
Nov-13	\$ 18,718,988	\$ 7,105,505	\$ 110,038	\$ 924,782	\$ 754,876	\$ 27,614,190	\$ 26,859,313
Dec-13	23,430,328	9,360,384	(291,845)	1,236,642	1,001,764	\$ 34,737,274	\$ 33,735,509
Jan-14	27,768,725	11,525,496	60,134	1,843,859	1,458,133	\$ 42,656,348	\$ 41,198,214
Feb-14	25,877,790	10,555,361	635,328	1,689,742	1,282,903	\$ 40,041,123	\$ 38,758,221
Mar-14	22,710,262	8,953,358	737,593	1,431,797	596,773	\$ 34,429,783	\$ 33,833,010
Apr-14	18,712,899	6,890,013	386,598	1,361,517	511,398	\$ 27,862,424	\$ 27,351,026
May-14	19,070,545	7,225,762	431,170	1,432,241	655,878	\$ 28,815,597	\$ 28,159,718
Jun-14	25,845,062	10,332,508	1,220,156	2,046,488	1,180,423	\$ 40,624,638	\$ 39,444,215
Jul-14	30,245,789	12,746,468	654,408	2,529,948	1,463,696	\$ 47,640,309	\$ 46,176,613
Aug-14	26,635,380	10,918,510	(75,838)	2,165,000	1,395,107	\$ 41,038,159	\$ 39,643,052
Sep-14	27,924,339	11,572,341	241,228	2,294,702	1,341,083	\$ 43,373,692	\$ 42,032,610
Oct-14	20,145,906	7,592,118	40,806	1,500,356	1,079,561	\$ 30,358,747	\$ 29,279,186
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 35,539,224
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,509,368
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							42.05%

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)
Nov-13	\$ 26,823,811	\$ 15,566,471	\$ 197,892	\$ 359,705	\$ 1,234,929	\$ 44,182,807	\$ 42,947,879	\$ 27,183,516
Dec-13	27,007,128	15,407,441	(390,278)	396,863	1,303,150	\$ 43,724,304	\$ 42,421,155	\$ 27,403,991
Jan-14	29,537,445	17,452,792	(13,969)	605,691	1,694,648	\$ 49,276,608	\$ 47,581,960	\$ 30,143,136
Feb-14	30,092,354	17,742,066	864,943	570,168	1,646,347	\$ 50,915,877	\$ 49,269,531	\$ 30,662,522
Mar-14	26,879,497	14,941,102	1,151,129	541,552	835,550	\$ 44,348,829	\$ 43,513,279	\$ 27,421,049
Apr-14	26,649,517	15,270,759	911,338	516,933	813,545	\$ 44,162,092	\$ 43,348,547	\$ 27,166,450
May-14	31,038,295	17,114,221	983,142	582,699	1,149,099	\$ 50,867,456	\$ 49,718,357	\$ 31,620,994
Jun-14	33,283,517	18,737,795	1,954,247	669,820	1,579,922	\$ 56,225,300	\$ 54,645,379	\$ 33,953,337
Jul-14	33,763,287	18,606,578	1,147,175	733,697	1,741,525	\$ 55,992,262	\$ 54,250,737	\$ 34,496,984
Aug-14	32,513,438	18,162,998	112,923	665,867	1,849,343	\$ 53,304,568	\$ 51,455,225	\$ 33,179,305
Sep-14	35,830,535	20,220,639	283,429	711,285	1,894,389	\$ 58,940,277	\$ 57,045,888	\$ 36,541,821
Oct-14	31,652,002	19,033,445	159,891	598,460	1,858,856	\$ 53,302,653	\$ 51,443,797	\$ 32,250,461
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 48,970,145	\$ 31,001,964
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,509,368	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							57.95%	

ES FORM 3.10

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

Reconciliation of Reported Revenues

For the Month Ended: October 31, 2014

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 78,423,470	\$ 78,423,470
(2) Fuel Adjustment Clause	\$ 200,697	\$ 200,697
(3) DSM	\$ 2,098,815	\$ 2,098,815
(4) Environmental Surcharge		\$ 2,938,417
(5) CSR Credits		\$ (494,405)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 80,722,983	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 4,316,414	\$ 4,316,414
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 4,316,414	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 85,039,397	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	94.92%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (7,246,020)
(13) Miscellaneous		\$ 1,461,348
(14) Total Company Revenues per Income Statement =		\$ 81,698,737

Attachment to Response to SV Question No. 2(h)  
**RECEIVED**

Page 1054 of 1183  
Conroy

DEC 19 2014

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  
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Director - Rates  
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robert.conroy@lge-ku.com

December 19, 2014

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 2014. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00437, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the January 2015 billing cycle which begins December 31, 2014.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert M. Conroy', written in a cursive style.

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 November 2014**

**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 15	=	\$	2,029,171
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		5.71%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	2,771,328
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		8.99%

Effective Date for Billing: January billing cycle beginning December 31, 2014

Submitted by:



Title: Director, Rates

Date Submitted: December 19, 2014

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of November 2014

**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	= \$	718,625,020	
(2) RB / 12	= \$	59,885,418	
(3) (ROR + (ROR - DR) (TR / (1 - TR)))	=	10.43%	
(4) OE	= \$	209,730	
(5) BAS	= \$	3,493	
(6) BR	= \$	(19,368)	
(7) E(m)	= \$	6,432,918	
			(2) x (3) + (4) - (5) + (6)

**Calculation of Adjusted Net Jurisdictional E(m)**

(8) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	89.57%	
(9) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	5,761,965	
(10) Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00437	= \$	-	
(11) Prior Period Adjustment (if necessary)	= \$	-	
(12) Revenue Collected through Base Rates	= \$	961,466	
(13) Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	4,800,499	

**Calculation of Group Environmental Surcharge Billing Factors**

		<u>GROUP 1 (Total Revenue)</u>	<u>GROUP 2 (Net Revenue)</u>
(14) Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	42.27%	57.73%
(15) Group E(m) [(13) x (14)]	= \$	2,029,171	\$ 2,771,328
(16) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	35,557,316	\$ 30,830,287
(17) Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	5.71%	8.99%

## LOUISVILLE GAS AND ELECTRIC COMPANY ENVIRONMENTAL SURCHARGE REPORT

Revenue Requirements of Environmental Compliance Costs

For the Expense Month of November 2014

### Determination of Environmental Compliance Rate Base

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 19,316,024	
Eligible Pollution CWIP Excluding AFUDC	701,945,945	
Subtotal		\$ 721,261,969
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	29,910	
Cash Working Capital Allowance	200,865	
Subtotal		230,775
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	936,041	
Pollution Control Deferred Income Taxes	1,931,683	
Subtotal		2,867,724
Environmental Compliance Rate Base		\$ 718,625,020

### Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 99,545
Monthly Depreciation & Amortization Expense	37,467
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	42,483
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	30,235
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	-
Total Pollution Control Operations Expense	\$ 209,730

### Determination of Beneficial Reuse Operating Expenses

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 32,345
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(51,713)
Net Beneficial Reuse Operations Expense	\$ (19,368)

### Proceeds From By-Product and Allowance Sales

	Total Proceeds	Amount in Base Rates	Net Proceeds
	(1)	(2)	(1) - (2)
Allowance Sales	\$ 3,493	\$ -	\$ 3,493
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 3,493	\$ -	\$ 3,493

ES FORM 2.10

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

For the Month Ended: November 30, 2014

(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 11/30/2014	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,599,354	\$ 686,776	\$ -	\$ 8,912,578	\$ 602,946		\$ 19,647	\$ 1,142
Project 24 - Trimble County CCP Storage (Landfill - Phase I)	\$ -	\$ -	\$ 12,509,106	\$ 12,509,106	\$ -		\$ -	\$ 1,260
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 226,868	\$ (79,542)	\$ 4,329,862	\$ 892,652		\$ 9,504	\$ 554
Subtotal	\$ 14,235,626	\$ 913,645	\$ 12,429,564	\$ 25,751,545	\$ 1,495,598		\$ 29,151	\$ 2,957
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ (365,982)	\$ (202,574)	\$ -	\$ (163,408)	\$ (63,566)		\$ (775)	\$ (20)
<b>Net Total - 2009 Plan:</b>	\$ 13,869,644	\$ 711,070	\$ 12,429,564	\$ 25,588,137	\$ 1,432,032		\$ 28,376	\$ 2,936
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 5,446,380	\$ 224,970	\$ 633,860,803	\$ 639,082,213	\$ 499,650		\$ 9,090	\$ 37,757
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 55,655,578	\$ 55,655,578	\$ -		\$ -	\$ 1,790
Subtotal	\$ 5,446,380	\$ 224,970	\$ 689,516,381	\$ 694,737,791	\$ 499,650		\$ 9,090	\$ 39,547
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	\$ 5,446,380	\$ 224,970	\$ 689,516,381	\$ 694,737,791	\$ 499,650	\$ -	\$ 9,090	\$ 39,547
<b>Net Total - All Plans:</b>	\$ 19,316,024	\$ 936,041	\$ 701,945,945	\$ 720,325,928	\$ 1,931,683	\$ -	\$ 37,467	\$ 42,483

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.



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

Inventory of Emission Allowances

For the Month Ended: November 30, 2014

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	63,365	1,364	51	\$ 205.65	\$ 34,411.86	\$ 1,399.13	
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	62,379						
2033	62,379						
2034 - 2043	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 2014

	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	69,505	0	5,947	0	193	63,365	
Dollars	\$ 225.58	\$ -	\$ 19.30	\$ -	\$ 0.63	\$ 205.65	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	66,671	-	5,802		193	60,676	Sale of 193 allowances to KU for its share of the current month emission allowance expense.
Dollars	\$ 211.43	\$ -	\$ 18.83	\$ -	\$ 0.63	\$ 191.97	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	2,834	-	145	-	-	2,689	
Dollars	\$ 14.15	\$ -	\$ 0.47	\$ -	\$ -	\$ 13.68	
<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 November 2014

	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	140	(17)	0	0	72	51	
Dollars	\$ 3,840.74	\$ (466.38)	\$ -	\$ -	\$ 1,975.23	\$ 1,399.13	
\$/Allowance	\$ 27.43	\$ 27.43	\$ -	\$ -	\$ 27.43	\$ 27.43	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	83	32	(2)	0	72	45	Ending Inventory reflects sale of 72 allowances to KU, transfer of allowances from CTs, and true-up with IMEA/IMPA of 2 allowances utilized during 2014 ozone season.
Dollars	\$ 2,277.01	\$ 877.88	\$ (54.86)	\$ -	\$ 1,975.23	\$ 1,234.52	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	57	(49)	2	-	-	6	
Dollars	\$ 1,563.73	\$ (1,344.26)	\$ 54.86	\$ -	\$ -	\$ 164.61	
<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 November 2014

	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	2,726	0	1,281	21	60	1,364	
Dollars	\$ 68,773.26	\$ -	\$ 32,314.29	\$ 529.80	\$ 1,517.31	\$ 34,411.86	
\$/Allowance	\$ 25.23	\$ -	\$ 25.23	\$ 25.23	\$ 25.29	\$ 25.23	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	2,389	-	1,200	-	60	1,129	Sale of 60 allowances to KU for its share of the current month
Dollars	\$ 60,271.21	\$ -	\$ 30,270.77	\$ -	\$ 1,517.31	\$ 28,483.13	emission allowance expense.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	337	-	81	21	-	235	
Dollars	\$ 8,502.05	\$ -	\$ 2,043.52	\$ 529.80	\$ -	\$ 5,928.73	
<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: November 30, 2014

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 117,488
10th Previous Month	245,407
9th Previous Month	54,170
8th Previous Month	152,321
7th Previous Month	231,657
6th Previous Month	155,157
5th Previous Month	140,820
4th Previous Month	140,030
3rd Previous Month	103,661
2nd Previous Month	101,245
Previous Month	84,785
Current Month	80,176
Total 12 Month O&M	\$ 1,606,916

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,606,916
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 200,865

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: November 30, 2014

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	-		-
512055 - ECR Scrubber Maintenance	-		-
506159 - ECR Sorbent Injection Operation	-	10,133	10,133
506152 - ECR Sorbent Reactant - Reagent Only	-	73,352	73,352
512152 - ECR Sorbent Injection Maintenance	-	16,059	16,059
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	-	-	-
506151 - ECR Activated Carbon	-	-	-
Adjustment for Base Rates Baseline Amounts	-		-
Total 2011 Plan O&M Expenses	-	99,545	99,545
<b>Current Month O&amp;M Expense for All Plans</b>			
	\$ -	\$ 99,545	\$ 99,545

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: November 30, 2014

On-Site CCP Disposal O&M Expense	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, 2014

Third Party	O&M Expense Account	Plant	Total O&M
C and B Marine	501253 - ECR Fly Ash Disposal	Trimble County	\$ 11,682
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 10,067
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 10,596
Total Monthly Beneficial Reuse Expense			\$ 32,345
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (51,713)
Net Beneficial Reuse O&M Expense			\$ (19,368)



ES FORM 2.61

## LOUISVILLE GAS AND ELECTRIC COMPANY ENVIRONMENTAL SURCHARGE REPORT

Beneficial Reuse Opportunities  
For the Month Ended: November 30, 2014

	Mill Creek	Trimble County	Total
On-Site CCP Disposal O&M Expense			
<b>Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)</b>			
(1) 12 Months Ending with Expense Month	\$ 82,230	\$ (21,546)	\$ 60,684
(2) Monthly Amount [(1) / 12]	\$ 6,853	\$ (1,796)	\$ 5,057
<b>2009 Plan Project 25</b>			
(3) Monthly Amount (Expense/Revenue)	\$ 10,596	\$ 21,749	\$ 32,345
<b>Total Beneficial Reuse - Generating Station</b>			
(4) Monthly Expense [(2) + (3)]	\$ 17,449	\$ 19,953	\$ 37,402
<b>Beneficial Reuse in Base Rates</b>			
(5) Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243	\$ -	\$ 681,243
(6) Monthly Expense Amount [(5) / 12]	\$ 56,770	\$ -	\$ 56,770
(7) Total Generating Station Less Base Rates [(4) - (6)]	\$ (39,322)	\$ 19,953	\$ (19,368)
(8) Less 2009 Plan Project 25 [(7) - (3)]	\$ (49,918)	\$ (1,796)	\$ (51,713)
If Line (8) Greater than Zero, No Adjustment			
If Line (8) Less than Zero, Adjustment for Base Rates			
<b>Adjustment for Base Rate Amount (to ES Form 2.60)</b>	<b>\$ (49,918)</b>	<b>\$ (1,796)</b>	<b>\$ (51,713)</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**  
Monthly Average Revenue Computation of R (m) for GROUP 1 AND GROUP 2

For the Month Ended: November 30, 2014

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)
Dec-13	\$ 23,430,328	\$ 9,360,384	\$ (291,845)	\$ 1,236,642	\$ 1,001,764	\$ 34,737,274	\$ 33,735,509
Jan-14	27,768,725	11,525,496	60,134	1,843,859	1,458,133	42,656,348	41,198,214
Feb-14	25,877,790	10,555,361	635,328	1,689,742	1,282,903	40,041,123	38,758,221
Mar-14	22,710,262	8,953,358	737,593	1,431,797	596,773	34,429,783	33,833,010
Apr-14	18,712,899	6,890,013	386,598	1,361,517	511,398	27,862,424	27,351,026
May-14	19,070,545	7,225,762	431,170	1,432,241	655,878	28,815,597	28,159,718
Jun-14	25,845,062	10,332,508	1,220,156	2,046,488	1,180,423	40,624,638	39,444,215
Jul-14	30,245,789	12,746,468	654,408	2,529,948	1,463,696	47,640,309	46,176,613
Aug-14	26,635,380	10,918,510	(75,838)	2,165,000	1,395,107	41,038,159	39,643,052
Sep-14	27,924,339	11,572,341	241,228	2,294,702	1,341,083	43,373,692	42,032,610
Oct-14	20,145,906	7,592,118	40,806	1,500,356	1,079,561	30,358,747	29,279,186
Nov-14	18,758,156	6,937,998	10,532	1,369,738	1,288,608	28,365,032	27,076,424
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 35,557,316
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,129,266
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							42.27%

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)
Dec-13	\$ 27,007,128	\$ 15,407,441	\$ (390,278)	\$ 396,863	\$ 1,303,150	\$ 43,724,304	\$ 42,421,155	\$ 27,403,991
Jan-14	29,537,445	17,452,792	(13,969)	605,691	1,694,648	49,276,608	47,581,960	30,143,136
Feb-14	30,092,354	17,742,066	864,943	570,168	1,646,347	50,915,877	49,269,531	30,662,522
Mar-14	26,879,497	14,941,102	1,151,129	541,552	835,550	44,348,829	43,513,279	27,421,049
Apr-14	26,649,517	15,270,759	911,338	516,933	813,545	44,162,092	43,348,547	27,166,450
May-14	31,038,295	17,114,221	983,142	582,699	1,149,099	50,867,456	49,718,357	31,620,994
Jun-14	33,283,517	18,737,795	1,954,247	669,820	1,579,922	56,225,300	54,645,379	33,953,337
Jul-14	33,763,287	18,606,578	1,147,175	733,697	1,741,525	55,992,262	54,250,737	34,496,984
Aug-14	32,513,438	18,162,998	112,923	665,867	1,849,343	53,304,568	51,455,225	33,179,305
Sep-14	35,830,535	20,220,639	283,429	711,285	1,894,389	58,940,277	57,045,888	36,541,821
Oct-14	31,652,002	19,033,445	159,891	598,460	1,858,856	53,302,653	51,443,797	32,250,461
Nov-14	24,607,043	13,022,790	23,355	516,356	1,872,610	40,042,155	38,169,545	25,123,399
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 48,571,950	\$ 30,830,287
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,129,266	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							57.73%	

ES FORM 3.10

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

Reconciliation of Reported Revenues

For the Month Ended: November 30, 2014

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 63,325,988	\$ 63,325,988
(2) Fuel Adjustment Clause	\$ 33,887	\$ 33,887
(3) DSM	\$ 1,886,093	\$ 1,886,093
(4) Environmental Surcharge		\$ 3,161,218
(5) CSR Credits		\$ (223,116)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 65,245,968	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 7,595,793	\$ 7,595,793
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 7,595,793	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 72,841,762	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	89.57%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 11,637,661
(13) Miscellaneous		\$ 1,234,428
(14) Total Company Revenues per Income Statement =		\$ 88,651,953

JAN 20 2015

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

January 20, 2015

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 2014. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00437, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the February 2015 billing cycle which begins January 30, 2015.

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 2014.

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 the first name "Robert" and last name "Conroy" being the most prominent parts.

Robert M. Conroy

Enclosures

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

INVOICE DATE: 11/1/2014  
INVOICE #: 20141056  
INVOICE PERIOD: 10/01/2014-10/31/2014  
PROJECT NAME: Kentucky LGE Environmental Compliance  
ITAGE PROJECT #: 2011-56

FIRM INVOICED: Daryl E. Newby  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, Kentucky 40602

PROJECT DESCRIPTION:  
KU/LGE Construction Oversight  
Reviewed quarterly report as well as three EPC reports. Visited Trimble County and Brown plants.

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	10/01/2014-10/31/2014	22	\$260	\$5,720.00	\$1,224.06	\$6,944.06	
Chuck Buechel	10/01/2014-10/31/2014	25	\$240	\$6,000.00	\$254.10	\$6,254.10	
Mike Boismenu	10/01/2014-10/31/2014	32	\$240	\$7,680.00	\$1,062.43	\$8,742.43	
<b>SUB TOTALS</b>		<b>79</b>		<b>\$19,400.00</b>	<b>\$2,540.59</b>	<b>\$21,940.59</b>	
<b>TOTAL FEES</b>							<b>\$19,400.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$2,540.59</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>\$21,940.59</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$21,940.59</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.  
PO Box 420395  
Summerland Key, FL 33042  
Attn: Walter P. Drabinski  
305-394-0784

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 2014**

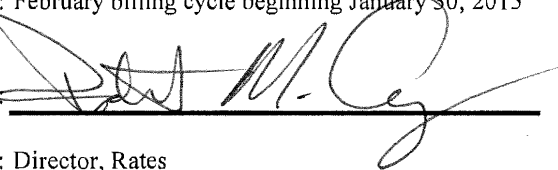
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 15	=	\$	2,062,907
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		5.80%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	2,841,770
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		9.14%

Effective Date for Billing: February billing cycle beginning January 30, 2015

Submitted by: 

Title: Director, Rates

Date Submitted: January 20, 2015

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of December 2014

**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	= \$	685,355,081
(2)	RB / 12	= \$	57,112,923
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.43%
(4)	OE	= \$	562,559
(5)	BAS	= \$	1,370
(6)	BR	= \$	(27,966)
(7)	E(m)	$(2) \times (3) + (4) - (5) + (6)$	= \$ 6,490,101

**Calculation of Adjusted Net Jurisdictional E(m)**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	93.91%
(9)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	6,094,854
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00437	= \$	-
(11)	Prior Period Adjustment (if necessary)	= \$	-
(12)	Revenue Collected through Base Rates	= \$	1,190,177
(13)	Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	4,904,677

**Calculation of Group Environmental Surcharge Billing Factors**

		<u>GROUP 1 (Total Revenue)</u>		<u>GROUP 2 (Net Revenue)</u>	
(14)	Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	42.06%		57.94%
(15)	Group E(m) [(13) x (14)]	= \$	2,062,907	\$	2,841,770
(16)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	35,579,866	\$	31,079,878
(17)	Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	<b>5.80%</b>		<b>9.14%</b>

## LOUISVILLE GAS AND ELECTRIC COMPANY ENVIRONMENTAL SURCHARGE REPORT

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of December 2014

### Determination of Environmental Compliance Rate Base

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 342,466,056	
Eligible Pollution CWIP Excluding AFUDC	402,426,855	
Subtotal		\$ 744,892,911
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	2,782	
Cash Working Capital Allowance	203,150	
Subtotal		205,932
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	1,254,846	
Pollution Control Deferred Income Taxes	58,488,916	
Subtotal		59,743,762
Environmental Compliance Rate Base		\$ 685,355,081

### Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 163,736
Monthly Depreciation & Amortization Expense	318,031
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	42,483
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	27,997
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	10,312
Total Pollution Control Operations Expense	\$ 562,559

### Determination of Beneficial Reuse Operating Expenses

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 24,599
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(52,565)
Net Beneficial Reuse Operations Expense	\$ (27,966)

### Proceeds From By-Product and Allowance Sales

	Total Proceeds	Amount in Base Rates	Net Proceeds
	(1)	(2)	(1) - (2)
Allowance Sales	\$ 1,370	\$ -	\$ 1,370
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 1,370	\$ -	\$ 1,370



ES FORM 2.10

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

For the Month Ended: December 31, 2014

(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 12/31/2014	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,599,354	\$ 706,423	\$ -	\$ 8,892,931	\$ 614,368		\$ 19,647	\$ 1,142
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 12,717,056	\$ 12,717,056	\$ -		\$ -	\$ 1,260
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 236,373	\$ (79,542)	\$ 4,320,358	\$ 894,479		\$ 9,504	\$ 554
Subtotal	\$ 14,235,626	\$ 942,796	\$ 12,637,514	\$ 25,930,344	\$ 1,508,847		\$ 29,151	\$ 2,957
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ (365,982)	\$ (202,574)	\$ -	\$ (163,408)	\$ (63,566)		\$ (775)	\$ (20)
<b>Net Total - 2009 Plan:</b>	<b>\$ 13,869,644</b>	<b>\$ 740,221</b>	<b>\$ 12,637,514</b>	<b>\$ 25,766,936</b>	<b>\$ 1,445,281</b>		<b>\$ 28,376</b>	<b>\$ 2,936</b>
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 328,596,413	\$ 514,625	\$ 331,205,287	\$ 659,287,075	\$ 57,043,635		\$ 289,655	\$ 37,757
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 58,584,054	\$ 58,584,054	\$ -		\$ -	\$ 1,790
Subtotal	\$ 328,596,413	\$ 514,625	\$ 389,789,341	\$ 717,871,129	\$ 57,043,635		\$ 289,655	\$ 39,547
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
<b>Net Total - 2011 Plan:</b>	<b>\$ 328,596,413</b>	<b>\$ 514,625</b>	<b>\$ 389,789,341</b>	<b>\$ 717,871,129</b>	<b>\$ 57,043,635</b>	<b>\$ -</b>	<b>\$ 289,655</b>	<b>\$ 39,547</b>
<b>Net Total - All Plans:</b>	<b>\$ 342,466,056</b>	<b>\$ 1,254,846</b>	<b>\$ 402,426,855</b>	<b>\$ 743,638,065</b>	<b>\$ 58,488,916</b>	<b>\$ -</b>	<b>\$ 318,031</b>	<b>\$ 42,483</b>

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: December 31, 2014

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	58,269	204	51	\$ 189.11	\$ 4,740.73	\$ 1,399.13	
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	62,379						
2033	62,379						
2034 - 2043	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 December 2014

	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	63,365	0	4,935	0	161	58,269	
Dollars	\$ 205.65	\$ -	\$ 16.01	\$ -	\$ 0.53	\$ 189.11	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	60,676	-	4,766		161	55,749	Sale of 161 allowances to KU for its share of the current month
Dollars	\$ 191.97	\$ -	\$ 15.46	\$ -	\$ 0.53	\$ 175.98	emission allowance expense.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	2,689	-	169	-	-	2,520	
Dollars	\$ 13.68	\$ -	\$ 0.55	\$ -	\$ -	\$ 13.13	
<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 December 2014

	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	51	0	0	0	0	51	
Dollars	\$ 1,399.13	\$ -	\$ -	\$ -	\$ -	\$ 1,399.13	
\$/Allowance	\$ 27.43	\$ -	\$ -	\$ -	\$ -	\$ 27.43	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	45	-	-	0	0	45	
Dollars	\$ 1,234.52	\$ -	\$ -	\$ -	\$ -	\$ 1,234.52	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	6	-	-	-	-	6	
Dollars	\$ 164.61	\$ -	\$ -	\$ -	\$ -	\$ 164.61	
<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 December 2014

	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	1,364	205	1,293	13	59	204	
Dollars	\$ 34,411.86	\$ 2,050.00	\$ 30,049.61	\$ 302.11	\$ 1,369.41	\$ 4,740.73	
\$/Allowance	\$ 25.23	\$ 10.00	\$ 23.24	\$ 23.24	\$ 23.21	\$ 23.24	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	1,129	(12)	1,204	-	59	59	Ending Inventory includes purchases from the market as shown below and sale of 59 allowances to KU for its share of the current month emission allowance expense.
Dollars	\$ 28,483.13	\$ 188.72	\$ 27,981.35	\$ -	\$ 1,369.41	\$ 1,371.09	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	235	12	89	13	-	145	
Dollars	\$ 5,928.73	\$ (188.72)	\$ 2,068.26	\$ 302.11	\$ -	\$ 3,369.64	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	205	0	0	0	0	Purchased 205 allowances from the market included in Ending Inventory - Coal Fuel as shown above
Dollars	\$ -	\$ 2,050.00	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ 10.00	\$ -	\$ -	\$ -	\$ -	
<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: December 31, 2014

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 245,407
10th Previous Month	54,170
9th Previous Month	152,321
8th Previous Month	231,657
7th Previous Month	155,157
6th Previous Month	140,820
5th Previous Month	140,030
4th Previous Month	103,661
3rd Previous Month	101,245
2nd Previous Month	84,785
Previous Month	80,176
Current Month	135,771
Total 12 Month O&M	\$ 1,625,198

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,625,198
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 203,150

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: December 31, 2014

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	-		-
512055 - ECR Scrubber Maintenance	-		-
506159 - ECR Sorbent Injection Operation	-	12,919	12,919
506152 - ECR Sorbent Reactant - Reagent Only	-	123,360	123,360
512152 - ECR Sorbent Injection Maintenance	551	2,692	3,242
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	24,215	-	24,215
506151 - ECR Activated Carbon	-	-	-
Adjustment for Base Rates Baseline Amounts	-		-
Total 2011 Plan O&M Expenses	24,766	138,970	163,736
Current Month O&M Expense for All Plans	\$ 24,766	\$ 138,970	\$ 163,736

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: December 31, 2014

On-Site CCP Disposal O&M Expense		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, 2014

Third Party	O&M Expense Account	Plant	Total O&M
C and B Marine	501253 - ECR Fly Ash Disposal	Trimble County	\$ 9,489
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 8,120
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 6,990
Total Monthly Beneficial Reuse Expense			\$ 24,599
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (52,565)
Net Beneficial Reuse O&M Expense			\$ (27,966)

ES FORM 2.61

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

Beneficial Reuse Opportunities  
For the Month Ended: December 31, 2014

On-Site CCP Disposal O&M Expense	Mill Creek	Trimble County	Total
Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)			
(1) 12 Months Ending with Expense Month	\$ 76,901	\$ (26,434)	\$ 50,467
(2) Monthly Amount [(1) / 12]	\$ 6,408	\$ (2,203)	\$ 4,206
2009 Plan Project 25			
(3) Monthly Amount (Expense/Revenue)	\$ 6,990.12	\$ 17,609	\$ 24,599
Total Beneficial Reuse - Generating Station			
(4) Monthly Expense [(2) + (3)]	\$ 13,399	\$ 15,406	\$ 28,804
Beneficial Reuse in Base Rates			
(5) Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243	\$ -	\$ 681,243
(6) Monthly Expense Amount [(5) / 12]	\$ 56,770	\$ -	\$ 56,770
(7) Total Generating Station Less Base Rates [(4) - (6)]	\$ (43,372)	\$ 15,406	\$ (27,966)
(8) Less 2009 Plan Project 25 [(7) - (3)]	\$ (50,362)	\$ (2,203)	\$ (52,565)
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)	\$ (50,362)	\$ (2,203)	\$ (52,565)

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, 2014

GROUP 1 (Total Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)	
Jan-14	\$ 27,768,725	\$ 11,525,496	\$ 60,134	\$ 1,843,859	\$ 1,458,133	\$ 42,656,348	\$ 41,198,214	
Feb-14	25,877,790	10,555,361	635,328	1,689,742	1,282,903	40,041,123	38,758,221	
Mar-14	22,710,262	8,953,358	737,593	1,431,797	596,773	34,429,783	33,833,010	
Apr-14	18,712,899	6,890,013	386,598	1,361,517	511,398	27,862,424	27,351,026	
May-14	19,070,545	7,225,762	431,170	1,432,241	655,878	28,815,597	28,159,718	
Jun-14	25,845,062	10,332,508	1,220,156	2,046,488	1,180,423	40,624,638	39,444,215	
Jul-14	30,245,789	12,746,468	654,408	2,529,948	1,463,696	47,640,309	46,176,613	
Aug-14	26,635,380	10,918,510	(75,838)	2,165,000	1,395,107	41,038,159	39,643,052	
Sep-14	27,924,339	11,572,341	241,228	2,294,702	1,341,083	43,373,692	42,032,610	
Oct-14	20,145,906	7,592,118	40,806	1,500,356	1,079,561	30,358,747	29,279,186	
Nov-14	18,758,156	6,937,998	10,532	1,369,738	1,288,608	28,365,032	27,076,424	
Dec-14	23,300,247	9,218,902	(335,004)	1,821,961	1,855,524	35,861,631	34,006,107	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 35,579,866	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,595,814	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							42.06%	

GROUP 2 (Net Revenues) - Kentucky Jurisdictional Revenues								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Month	Non-fuel Base Rate Revenues	Base Rate Fuel Component	Fuel Clause Revenues	DSM Revenues	Environmental Surcharge Revenues	Total (2)+(3)+(4)+(5)+(6)	Total Excluding Environmental Surcharge (7)-(6)	Total Non-Fuel Revenues plus DSM (2)+(5)
Jan-14	\$ 29,537,445	\$ 17,452,792	\$ (13,969)	\$ 605,691	\$ 1,694,648	\$ 49,276,608	\$ 47,581,960	\$ 30,143,136
Feb-14	30,092,354	17,742,066	864,943	570,168	1,646,347	50,915,877	49,269,531	30,662,522
Mar-14	26,879,497	14,941,102	1,151,129	541,552	835,550	44,348,829	43,513,279	27,421,049
Apr-14	26,649,517	15,270,759	911,338	516,933	813,545	44,162,092	43,348,547	27,166,450
May-14	31,038,295	17,114,221	983,142	582,699	1,149,099	50,867,456	49,718,357	31,620,994
Jun-14	33,283,517	18,737,795	1,954,247	669,820	1,579,922	56,225,300	54,645,379	33,953,337
Jul-14	33,763,287	18,606,578	1,147,175	733,697	1,741,525	55,992,262	54,250,737	34,496,984
Aug-14	32,513,438	18,162,998	112,923	665,867	1,849,343	53,304,568	51,455,225	33,179,305
Sep-14	35,830,535	20,220,639	283,429	711,285	1,894,389	58,940,277	57,045,888	36,541,821
Oct-14	31,652,002	19,033,445	159,891	598,460	1,858,856	53,302,653	51,443,797	32,250,461
Nov-14	24,607,043	13,022,790	23,355	516,356	1,872,610	40,042,155	38,169,545	25,123,399
Dec-14	29,797,563	17,818,181	(468,132)	601,510	2,582,675	50,331,797	47,749,122	30,399,073
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 49,015,947	\$ 31,079,878
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,595,814	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							57.94%	

ES FORM 3.10

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

Reconciliation of Reported Revenues

For the Month Ended: December 31, 2014

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 80,134,894	\$ 80,134,894
(2) Fuel Adjustment Clause	\$ (803,136)	\$ (803,136)
(3) DSM	\$ 2,423,471	\$ 2,423,471
(4) Environmental Surcharge		\$ 4,438,199
(5) CSR Credits		\$ (331,988)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 81,755,229	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 5,297,621	\$ 5,297,621
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 5,297,621	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 87,052,850	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	93.91%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (1,259,420)
(13) Miscellaneous		\$ 1,428,850
(14) Total Company Revenues per Income Statement =		\$ 91,328,492

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COMMISSION



a PPL company

Jeff DeRouen, Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
P. O. Box 615  
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robert.conroy@lge-ku.com

February 20, 2015

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 2015. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00437, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the March 2015 billing cycle which begins March 3, 2015.

With the implementation of the Cross-State Air Pollution Rule ("CSAPR") in January 2015, LG&E has included two supplemental schedules to support ES Form 2.31 to report the existing Clean Air Interstate Rule ("CAIR") SO<sub>2</sub> allowances and the new CSAPR SO<sub>2</sub> allowances. For the Annual and Ozone NO<sub>x</sub> allowances, the CAIR allowances have been replaced by CSAPR Annual and Ozone NO<sub>x</sub> allowances. The existing CAIR NO<sub>x</sub> allowances are not valid for surrender beyond 2014. Therefore, the beginning balances for the Annual and Ozone NO<sub>x</sub> allowances reported on ES Forms 2.32 and 2.33 have been reset to zero to reflect this change. The remaining CAIR NO<sub>x</sub> allowances have been removed from the forms but will be held in inventory until the final EPA true-up is complete in March 2015.

Mr. Jeff DeRouen

February 20, 2015

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 style with a large, sweeping flourish at the end.

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 January 2015**

**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 15	=	\$	2,057,105
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		5.82%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	2,852,454
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		9.17%

Effective Date for Billing: March billing cycle beginning March 3, 2015

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

Title: Director, Rates

Date Submitted: February 20, 2015

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of January 2015

**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	= \$	704,968,082
(2)	RB / 12	= \$	58,747,340
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.43%
(4)	OE	= \$	741,583
(5)	BAS	= \$	0
(6)	BR	= \$	(43,101)
(7)	E(m)	= \$	6,825,830
			$(2) \times (3) + (4) - (5) + (6)$

**Calculation of Adjusted Net Jurisdictional E(m)**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	90.28%
(9)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	6,162,359
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00437	= \$	-
(11)	Prior Period Adjustment (if necessary)	= \$	-
(12)	Revenue Collected through Base Rates	= \$	1,252,800
(13)	Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	4,909,559

**Calculation of Group Environmental Surcharge Billing Factors**

		<u>GROUP 1 (Total Revenue)</u>		<u>GROUP 2 (Net Revenue)</u>	
(14)	Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	41.90%		58.10%
(15)	Group E(m) [(13) x (14)]	= \$	2,057,105	\$	2,852,454
(16)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	35,357,731	\$	31,099,162
(17)	Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	5.82%		9.17%



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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of January 2015

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 260,305,557	
Eligible Pollution CWIP Excluding AFUDC	441,580,339	
Subtotal		\$ 701,885,896
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	171	
Cash Working Capital Allowance	187,173	
Subtotal		187,344
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	(56,680,628)	
Pollution Control Deferred Income Taxes	53,785,786	
Subtotal		(2,894,842)
Environmental Compliance Rate Base		\$ 704,968,082

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 160,694
Monthly Depreciation & Amortization Expense	490,883
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	90,002
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	4
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	-
Total Pollution Control Operations Expense	\$ 741,583

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 9,689
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(52,791)
Net Beneficial Reuse Operations Expense	\$ (43,101)

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

	Total Proceeds	Amount in Base Rates	Net Proceeds
	(1)	(2)	(1) - (2)
Allowance Sales	\$ 0	\$ -	\$ 0
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 0	\$ -	\$ 0

ES FORM 2.10

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

For the Month Ended: January 31, 2015

(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 1/31/2015	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,599,354	\$ 726,070	\$ -	\$ 8,873,284	\$ 624,505		\$ 19,647	\$ 1,112
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 12,833,525	\$ 12,833,525	\$ -		\$ -	\$ 1,590
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 245,877	\$ (79,542)	\$ 4,310,853	\$ 895,889		\$ 9,504	\$ 540
Subtotal	\$ 14,235,626	\$ 971,947	\$ 12,753,983	\$ 26,017,662	\$ 1,520,395		\$ 29,151	\$ 3,242
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ (365,982)	\$ (202,574)	\$ -	\$ (163,408)	\$ (63,566)		\$ (775)	\$ (20)
<b>Net Total - 2009 Plan:</b>	<b>\$ 13,869,644</b>	<b>\$ 769,372</b>	<b>\$ 12,753,983</b>	<b>\$ 25,854,255</b>	<b>\$ 1,456,829</b>		<b>\$ 28,376</b>	<b>\$ 3,222</b>
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 328,596,413	\$ 1,084,844	\$ 364,732,351	\$ 692,243,920	\$ 57,500,474		\$ 570,219	\$ 82,411
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 64,094,005	\$ 64,094,005	\$ -		\$ -	\$ 7,323
Subtotal	\$ 328,596,413	\$ 1,084,844	\$ 428,826,356	\$ 756,337,925	\$ 57,500,474		\$ 570,219	\$ 89,734
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ (82,160,499)	\$ (58,534,845)	\$ -	\$ (23,625,654)	\$ (5,171,517)		\$ (107,713)	\$ (2,953)
<b>Net Total - 2011 Plan:</b>	<b>\$ 246,435,913</b>	<b>\$ (57,450,001)</b>	<b>\$ 428,826,356</b>	<b>\$ 732,712,270</b>	<b>\$ 52,328,957</b>	<b>\$ -</b>	<b>\$ 462,506</b>	<b>\$ 86,781</b>
<b>Net Total - All Plans:</b>	<b>\$ 260,305,557</b>	<b>\$ (56,680,628)</b>	<b>\$ 441,580,339</b>	<b>\$ 758,566,525</b>	<b>\$ 53,785,786</b>	<b>\$ -</b>	<b>\$ 490,883</b>	<b>\$ 90,002</b>

Note 1: Trimble County projects for the 2009 Plan are proportionately shared by KU at 48% and LG&E at 52%.  
Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: January 31, 2015

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub> (Note 1)	NOx Annual	NOx Ozone Season	SO <sub>2</sub> (Note 2)	NOx Annual	NOx Ozone Season	
Current Year	153,065	12,998	5,903	\$ 184.36	\$ -	\$ -	
2016	101,314						
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	62,379						
2033	62,379						
2034	62,379						
2035 - 2044	623,790						

Note 1: Includes CAIR allowances of 117,618 for the current year and 62,379 for years 2016 through 2044. Includes CSAPR allowances of 35,447 for the current year and 38,935 for 2016.

Note 2: Total Dollar Value of Vintage Year for SO<sub>2</sub> allowances are associated with CAIR allowances only. EPA allotment of CSAPR allowances have \$0 value when received.

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 January 2015

	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	58,269	100,856	5,810	0	250	153,065	
Dollars	\$ 189.11	\$ -	\$ 4.56	\$ -	\$ 0.19	\$ 184.36	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	55,749	96,955	5,604	0	250	146,850	
Dollars	\$ 175.98	\$ -	\$ 4.40	\$ -	\$ 0.19	\$ 171.39	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	2,520	3,901	206	0	0	6,215	
Dollars	\$ 13.13	\$ -	\$ 0.16	\$ -	\$ -	\$ 12.97	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	0	0	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	0	0	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

SUPPLEMENTAL ES FORM 2.31 - SUPPORT SCHEDULE

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of CAIR Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of January 2015

	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	58,269	62,379	2,905	0	125	117,618	
Dollars	\$ 189.11	\$ -	\$ 4.56	\$ -	\$ 0.19	\$ 184.36	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	55,749	59,966	2,802		125	112,788	Sale of 125 allowances to KU for its share of the current month emission allowance expense. Received 2015 CAIR allocations.
Dollars	\$ 175.98	\$ -	\$ 4.40	\$ -	\$ 0.19	\$ 171.39	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	2,520	2,413	103	-	-	4,830	
Dollars	\$ 13.13	\$ -	\$ 0.16	\$ -	\$ -	\$ 12.97	
<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

SUPPLEMENTAL ES FORM 2.31 - SUPPORT SCHEDULE

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of CSAPR Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of January 2015

	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	0	38,477	2,905	0	125	35,447	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	0	36,989	2,802		125	34,062	Sale of 125 allowances to KU for its share of the current month
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	emission allowance expense. Received 2015 CSAPR allocations.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	0	1,488	103	-	-	1,385	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<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 2015

	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	0	5,903	0	0	0	5,903	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	0	5,596	-	0	0	5,596	Beginning inventory reset to 0 to reflect transition from CAIR to CSAPR allowances and included the 2015 CSAPR allocations. Remaining CAIR allowances to be expensed when final EPA true-up is complete.
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	0	307	-	-	-	307	Beginning inventory reset to 0 to reflect transition from CAIR to CSAPR allowances and included the 2015 CSAPR allocations.
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 2.33

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

For the Expense Month of January 2015

	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	0	14,496	1,428	17	53	12,998	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	-	13,566	1,348	-	53	12,165	Beginning inventory reset to 0 to reflect transition from CAIR to CSAPR allowances and included the 2015 CSAPR allocations. Remaining CAIR allowances to be expensed when final EPA true-up is complete. Ending inventory reflects sale of allowances to KU for its share of current month emission allowance expense.
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	0	930	80	17	-	833	Beginning inventory reset to 0 to reflect transition from CAIR to CSAPR allowances and included the 2015 CSAPR allocations.
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	0	0	0	0	0	0	Purchased 205 allowances from the market included in Ending Inventory - Coal Fuel as shown above
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, 2015

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 54,170
10th Previous Month	152,321
9th Previous Month	231,657
8th Previous Month	155,157
7th Previous Month	140,820
6th Previous Month	140,030
5th Previous Month	103,661
4th Previous Month	101,245
3rd Previous Month	84,785
2nd Previous Month	80,176
Previous Month	135,771
Current Month	117,593
Total 12 Month O&M	\$ 1,497,384

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,497,384
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 187,173

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: January 31, 2015

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	132,718		132,718
512055 - ECR Scrubber Maintenance	89,722		89,722
506159 - ECR Sorbent Injection Operation		12,223	12,223
506152 - ECR Sorbent Reactant - Reagent Only		102,264	102,264
512152 - ECR Sorbent Injection Maintenance	48,918	1,610	50,527
506156 - ECR Baghouse Operations		-	-
512156 - ECR Baghouse Maintenance	(24,102)	-	(24,102)
506151 - ECR Activated Carbon		-	-
Adjustment for Base Rates Baseline Amounts	(202,660)		(202,660)
Total 2011 Plan O&M Expenses	44,596	116,097	160,694
<b>Current Month O&amp;M Expense for All Plans</b>			
	\$ 44,596	\$ 116,097	\$ 160,694

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: January 31, 2015

On-Site CCP Disposal O&M Expense	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, 2015**

Third Party	O&M Expense Account	Plant	Total O&M
Air Technologies	501253 - ECR Fly Ash Disposal	Trimble County	\$ 548
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 12,152
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ (3,010)
Total Monthly Beneficial Reuse Expense			\$ 9,689
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (52,791)
Net Beneficial Reuse O&M Expense			\$ (43,101)

ES FORM 2.61

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

Beneficial Reuse Opportunities  
For the Month Ended: January 31, 2015

On-Site CCP Disposal O&M Expense	Mill Creek	Trimble County	Total
Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)			
(1) 12 Months Ending with Expense Month	\$ 72,268	\$ (24,511)	\$ 47,757
(2) Monthly Amount [(1) / 12]	\$ 6,022	\$ (2,043)	\$ 3,980
2009 Plan Project 25			
(3) Monthly Amount (Expense/Revenue)	\$ (3,010.00)	\$ 12,699	\$ 9,689
Total Beneficial Reuse - Generating Station			
(4) Monthly Expense [(2) + (3)]	\$ 3,012	\$ 10,657	\$ 13,669
Beneficial Reuse in Base Rates			
(5) Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243	\$ -	\$ 681,243
(6) Monthly Expense Amount [(5) / 12]	\$ 56,770	\$ -	\$ 56,770
(7) Total Generating Station Less Base Rates [(4) - (6)]	\$ (53,758)	\$ 10,657	\$ (43,101)
(8) Less 2009 Plan Project 25 [(7) - (3)]	\$ (50,748)	\$ (2,043)	\$ (52,791)
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)	\$ (50,748)	\$ (2,043)	\$ (52,791)

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: January 31, 2015

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-14	\$ 25,877,790	\$ 10,555,361	\$ 635,328	\$ 1,689,742	\$ 1,282,903	\$ 40,041,123	\$ 38,758,221	
Mar-14	22,710,262	8,953,358	737,593	1,431,797	596,773	\$ 34,429,783	\$ 33,833,010	
Apr-14	18,712,899	6,890,013	386,598	1,361,517	511,398	\$ 27,862,424	\$ 27,351,026	
May-14	19,070,545	7,225,762	431,170	1,432,241	655,878	\$ 28,815,597	\$ 28,159,718	
Jun-14	25,845,062	10,332,508	1,220,156	2,046,488	1,180,423	\$ 40,624,638	\$ 39,444,215	
Jul-14	30,245,789	12,746,468	654,408	2,529,948	1,463,696	\$ 47,640,309	\$ 46,176,613	
Aug-14	26,635,380	10,918,510	(75,838)	2,165,000	1,395,107	\$ 41,038,159	\$ 39,643,052	
Sep-14	27,924,339	11,572,341	241,228	2,294,702	1,341,083	\$ 43,373,692	\$ 42,032,610	
Oct-14	20,145,906	7,592,118	40,806	1,500,356	1,079,561	\$ 30,358,747	\$ 29,279,186	
Nov-14	18,758,156	6,937,998	10,532	1,369,738	1,288,608	\$ 28,365,032	\$ 27,076,424	
Dec-14	23,300,247	9,218,902	(335,004)	1,821,961	1,855,524	\$ 35,861,631	\$ 34,006,107	
Jan-15	25,822,919	10,506,870	62,450	2,140,350	2,199,648	\$ 40,732,236	\$ 38,532,589	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 35,357,731	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,387,873	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.90%	

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-14	\$ 30,092,354	\$ 17,742,066	\$ 864,943	\$ 570,168	\$ 1,646,347	\$ 50,915,877	\$ 49,269,531	\$ 30,662,522
Mar-14	26,879,497	14,941,102	1,151,129	541,552	835,550	\$ 44,348,829	\$ 43,513,279	\$ 27,421,049
Apr-14	26,649,517	15,270,759	911,338	516,933	813,545	\$ 44,162,092	\$ 43,348,547	\$ 27,166,450
May-14	31,038,295	17,114,221	983,142	582,699	1,149,099	\$ 50,867,456	\$ 49,718,357	\$ 31,620,994
Jun-14	33,283,517	18,737,795	1,954,247	669,820	1,579,922	\$ 56,225,300	\$ 54,645,379	\$ 33,953,337
Jul-14	33,763,287	18,606,578	1,147,175	733,697	1,741,525	\$ 55,992,262	\$ 54,250,737	\$ 34,496,984
Aug-14	32,513,438	18,162,998	112,923	665,867	1,849,343	\$ 53,304,568	\$ 51,455,225	\$ 33,179,305
Sep-14	35,830,535	20,220,639	283,429	711,285	1,894,389	\$ 58,940,277	\$ 57,045,888	\$ 36,541,821
Oct-14	31,652,002	19,033,445	159,891	598,460	1,858,856	\$ 53,302,653	\$ 51,443,797	\$ 32,250,461
Nov-14	24,607,043	13,022,790	23,355	516,356	1,872,610	\$ 40,042,155	\$ 38,169,545	\$ 25,123,399
Dec-14	29,797,563	17,818,181	(468,132)	601,510	2,582,675	\$ 50,331,797	\$ 47,749,122	\$ 30,399,073
Jan-15	29,739,784	17,420,467	(42,720)	634,771	2,734,369	\$ 50,486,670	\$ 47,752,301	\$ 30,374,555
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 49,030,142	\$ 31,099,162
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,387,873	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.10%	

ES FORM 3.10

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

Reconciliation of Reported Revenues

For the Month Ended: January 31, 2015

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 83,490,040	\$ 83,490,040
(2) Fuel Adjustment Clause	\$ 19,730	\$ 19,730
(3) DSM	\$ 2,775,120	\$ 2,775,120
(4) Environmental Surcharge		\$ 4,934,016
(5) CSR Credits		\$ (334,432)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 86,284,890	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 9,291,828	\$ 9,291,828
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 9,291,828	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 95,576,718	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	90.28%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (709,666)
(13) Miscellaneous		\$ 1,510,391
(14) Total Company Revenues per Income Statement =		\$ 100,977,028

RECEIVED  
Conroy

MAR 20 2015

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

March 20, 2015

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 2015. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00437, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the April 2015 billing cycle which begins April 1, 2015.

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

Sincerely,

A handwritten signature in cursive script that reads "Robert M. Conroy". To the right of the signature, the initials "DAL" are written in a smaller, blocky font.

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 2015**

**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 15	=	\$	2,055,434
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		5.86%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	2,847,797
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		9.22%

Effective Date for Billing: April billing cycle beginning April 1, 2015

Submitted by: Robert M Conroy  
By DAL

Title: Director, Rates

Date Submitted: March 20, 2015

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

**Calculation of Total E(m) and  
Group Surcharge Billing Factors**

For the Expense Month of February 2015

**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	= \$	738,255,113
(2)	RB / 12	= \$	61,521,259
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.43%
(4)	OE	= \$	885,889
(5)	BAS	= \$	0
(6)	BR	= \$	(30,200)
(7)	E(m)	= \$	7,272,357
			$(2) \times (3) + (4) - (5) + (6)$

**Calculation of Adjusted Net Jurisdictional E(m)**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	83.18%
(9)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	6,049,147
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00437	= \$	-
(11)	Prior Period Adjustment (if necessary)	= \$	-
(12)	Revenue Collected through Base Rates	= \$	1,145,916
(13)	Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	4,903,231

**Calculation of Group Environmental Surcharge Billing Factors**

		<u>GROUP 1 (Total Revenue)</u>		<u>GROUP 2 (Net Revenue)</u>	
(14)	Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	41.92%		58.08%
(15)	Group E(m) [(13) x (14)]	= \$	2,055,434	\$	2,847,797
(16)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	35,101,373	\$	30,880,256
(17)	Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	5.86%		9.22%

## LOUISVILLE GAS AND ELECTRIC COMPANY ENVIRONMENTAL SURCHARGE REPORT

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of February 2015

### Determination of Environmental Compliance Rate Base

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 260,305,557	
Eligible Pollution CWIP Excluding AFUDC	475,907,545	
Subtotal		\$ 736,213,102
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	173	
Cash Working Capital Allowance	214,752	
Subtotal		214,925
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	(56,081,258)	
Pollution Control Deferred Income Taxes	54,254,172	
Subtotal		(1,827,086)
Environmental Compliance Rate Base		\$ 738,255,113

### Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 305,000
Monthly Depreciation & Amortization Expense	490,883
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	90,002
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	4
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	-
Total Pollution Control Operations Expense	\$ 885,889

### Determination of Beneficial Reuse Operating Expenses

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 22,256
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(52,456)
Net Beneficial Reuse Operations Expense	\$ (30,200)

### Proceeds From By-Product and Allowance Sales

	Total Proceeds	Amount in Base Rates	Net Proceeds
	(1)	(2)	(1) - (2)
Allowance Sales	\$ 0	\$ -	\$ 0
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 0	\$ -	\$ 0

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

For the Month Ended: February 28, 2015

(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 2/28/2015	Monthly ITC Amortization Credit	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,599,354	\$ 745,716	\$ -	\$ 8,853,638	\$ 634,642		\$ 19,647	\$ 1,112
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ -	\$ -	\$ 12,983,650	\$ 12,983,650	\$ -		\$ -	\$ 1,590
Project 25 - Beneficial Reuse	\$ 4,636,272	\$ 255,381	\$ (79,542)	\$ 4,301,349	\$ 897,299		\$ 9,504	\$ 540
Subtotal	\$ 14,235,626	\$ 1,001,098	\$ 12,904,108	\$ 26,138,636	\$ 1,531,942		\$ 29,151	\$ 3,242
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ (365,982)	\$ (202,574)	\$ -	\$ (163,408)	\$ (63,566)		\$ (775)	\$ (20)
<b>Net Total - 2009 Plan:</b>	<b>\$ 13,869,644</b>	<b>\$ 798,523</b>	<b>\$ 12,904,108</b>	<b>\$ 25,975,228</b>	<b>\$ 1,468,376</b>		<b>\$ 28,376</b>	<b>\$ 3,222</b>
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 328,596,413	\$ 1,655,063	\$ 394,118,509	\$ 721,059,859	\$ 57,957,313		\$ 570,219	\$ 82,411
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 68,884,927	\$ 68,884,927	\$ -		\$ -	\$ 7,323
Subtotal	\$ 328,596,413	\$ 1,655,063	\$ 463,003,436	\$ 789,944,786	\$ 57,957,313		\$ 570,219	\$ 89,734
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ (82,160,499)	\$ (58,534,845)	\$ -	\$ (23,625,654)	\$ (5,171,517)		\$ (107,713)	\$ (2,953)
<b>Net Total - 2011 Plan:</b>	<b>\$ 246,435,913</b>	<b>\$ (56,879,782)</b>	<b>\$ 463,003,436</b>	<b>\$ 766,319,131</b>	<b>\$ 52,785,796</b>	<b>\$ -</b>	<b>\$ 462,506</b>	<b>\$ 86,781</b>
<b>Net Total - All Plans:</b>	<b>\$ 260,305,557</b>	<b>\$ (56,081,258)</b>	<b>\$ 475,907,545</b>	<b>\$ 792,294,360</b>	<b>\$ 54,254,172</b>	<b>\$ -</b>	<b>\$ 490,883</b>	<b>\$ 90,002</b>

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

**Inventory of Emission Allowances**

For the Month Ended: February 28, 2015

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub> (Note 1)	NOx Annual	NOx Ozone Season	SO <sub>2</sub> (Note 2)	NOx Annual	NOx Ozone Season	
Current Year	147,637	11,503	5,903	\$ 180.11	\$ -	\$ -	
2016	101,314						
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	62,379						
2033	62,379						
2034	62,379						
2035 - 2044	623,790						

Note 1: Includes CAIR allowances of 114,904 for the current year and 62,379 for years 2016 through 2044. Includes CSAPR allowances of 35,447 for the current year and 38,935 for 2016.

Note 2: Total Dollar Value of Vintage Year for SO<sub>2</sub> allowances are associated with CAIR allowances only. EPA allotment of CSAPR allowances have \$0 value when received.

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 2015

	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	153,065	0	5,268	0	160	147,637	
Dollars	\$ 184.36	\$ -	\$ 4.13	\$ -	\$ 0.12	\$ 180.11	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	146,850	0	5,140	0	160	141,550	
Dollars	\$ 171.39	\$ 5.40	\$ 4.03	\$ -	\$ 0.12	\$ 172.64	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	6,215	0	128	0	0	6,087	
Dollars	\$ 12.97	\$ (5.40)	\$ 0.10	\$ -	\$ -	\$ 7.47	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	-	0	0	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU							
Quantity	-	0	0	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

SUPPLEMENTAL ES FORM 2.31 - SUPPORT SCHEDULE

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of CAIR Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of February 2015

	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	117,618	0	2,634	0	80	114,904	
Dollars	\$ 184.36	\$ -	\$ 4.13	\$ -	\$ 0.12	\$ 180.11	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	112,788		2,570		80	110,138	Sale of 80 allowances is related to KU 81% share.
Dollars	\$ 171.39	\$ 5.40	\$ 4.03		\$ 0.12	\$ 172.64	Adjustment of \$5.40 to reflect true value of allowances.
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	4,830		64	-	-	4,766	Adjustment of \$5.40 to reflect true value of allowances.
Dollars	\$ 12.97	\$ (5.40)	\$ 0.10	\$ -	\$ -	\$ 7.47	
<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

SUPPLEMENTAL ES FORM 2.31 - SUPPORT SCHEDULE

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of CSAPR Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of February 2015

	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	35,447	0	2,634	0	80	32,733	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	34,062	-	2,570		80	31,412	Sale of 80 allowances is related to KU 81% share.
Dollars	\$ -	\$ -	\$ -		\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	1,385	-	64		-	1,321	
Dollars	\$ -	\$ -	\$ -		\$ -	\$ -	
<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 February 2015

	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	5,903	0	0	0	0	5,903	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	5,596	-	-	0	0	5,596	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	307	-	-	-	-	307	
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 2.33

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

For the Expense Month of February 2015

	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	12,998	0	1,402	43	50	11,503	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	12,165	-	1,336	-	50	10,779	Sale of 50 allowances is related to KU 81% share.
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	833	-	66	43	-	724	
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, 2015

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 152,321
10th Previous Month	231,657
9th Previous Month	155,157
8th Previous Month	140,820
7th Previous Month	140,030
6th Previous Month	103,661
5th Previous Month	101,245
4th Previous Month	84,785
3rd Previous Month	80,176
2nd Previous Month	135,771
Previous Month	117,593
Current Month	274,800
<b>Total 12 Month O&amp;M</b>	<b>\$ 1,718,014</b>

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,718,014
One Eighth (1/8) of 12 Month O&M Expenses	1/8
<b>Pollution Control Cash Working Capital Allowance</b>	<b>\$ 214,752</b>

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: February 28, 2015

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	95,131		95,131
512055 - ECR Scrubber Maintenance	65,540		65,540
506159 - ECR Sorbent Injection Operation	-	11,381	11,381
506152 - ECR Sorbent Reactant - Reagent Only	116,273	98,888	215,161
512152 - ECR Sorbent Injection Maintenance	57,170	688	57,858
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	1,593	-	1,593
506151 - ECR Activated Carbon	60,996	-	60,996
Adjustment for Base Rates Baseline Amounts	(202,660)		(202,660)
Total 2011 Plan O&M Expenses	194,044	110,956	305,000
<b>Current Month O&amp;M Expense for All Plans</b>			
	\$ 194,044	\$ 110,956	\$ 305,000

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: February 28, 2015

On-Site CCP Disposal O&M Expense		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, 2015**

Third Party	O&M Expense Account	Plant	Total O&M
C and B Marine	501253 - ECR Fly Ash Disposal	Trimble County	\$ 10,096
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 6,301
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 5,859
Total Monthly Beneficial Reuse Expense			\$ 22,256
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (52,456)
Net Beneficial Reuse O&M Expense			\$ (30,200)

ES FORM 2.61

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

**Beneficial Reuse Opportunities  
For the Month Ended: February 28, 2015**

On-Site CCP Disposal O&M Expense		Mill Creek	Trimble County	Total
<b>Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)</b>				
(1)	12 Months Ending with Expense Month	\$ 77,474	\$ (25,704)	\$ 51,770
(2)	Monthly Amount [(1) / 12]	\$ 6,456	\$ (2,142)	\$ 4,314
<b>2009 Plan Project 25</b>				
(3)	Monthly Amount (Expense/Revenue)	\$ 5,859.26	\$ 16,397	\$ 22,256
<b>Total Beneficial Reuse - Generating Station</b>				
(4)	Monthly Expense [(2) + (3)]	\$ 12,315	\$ 14,255	\$ 26,571
<b>Beneficial Reuse in Base Rates</b>				
(5)	Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243	\$ -	\$ 681,243
(6)	Monthly Expense Amount [(5) / 12]	\$ 56,770	\$ -	\$ 56,770
(7)	Total Generating Station Less Base Rates [(4) - (6)]	\$ (44,455)	\$ 14,255	\$ (30,200)
(8)	Less 2009 Plan Project 25 [(7) - (3)]	\$ (50,314)	\$ (2,142)	\$ (52,456)
If Line (8) Greater than Zero, No Adjustment				
If Line (8) Less than Zero, Adjustment for Base Rates				
<b>Adjustment for Base Rate Amount (to ES Form 2.60)</b>		<b>\$ (50,314)</b>	<b>\$ (2,142)</b>	<b>\$ (52,456)</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**  
 Monthly Average Revenue Computation of R (m) for GROUP 1 AND GROUP 2

For the Month Ended: February 28, 2015

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-14	\$ 22,710,262	\$ 8,953,358	\$ 737,593	\$ 1,431,797	\$ 596,773	\$ 34,429,783	\$ 33,833,010
Apr-14	18,712,899	6,890,013	386,598	1,361,517	511,398	27,862,424	27,351,026
May-14	19,070,545	7,225,762	431,170	1,432,241	655,878	28,815,597	28,159,718
Jun-14	25,845,062	10,332,508	1,220,156	2,046,488	1,180,423	40,624,638	39,444,215
Jul-14	30,245,789	12,746,468	654,408	2,529,948	1,463,696	47,640,309	46,176,613
Aug-14	26,635,380	10,918,510	(75,838)	2,165,000	1,395,107	41,038,159	39,643,052
Sep-14	27,924,339	11,572,341	241,228	2,294,702	1,341,083	43,373,692	42,032,610
Oct-14	20,145,906	7,592,118	40,806	1,500,356	1,079,561	30,358,747	29,279,186
Nov-14	18,758,156	6,937,998	10,532	1,369,738	1,288,608	28,365,032	27,076,424
Dec-14	23,300,247	9,218,902	(335,004)	1,821,961	1,855,524	35,861,631	34,006,107
Jan-15	25,822,919	10,506,870	62,450	2,140,350	2,199,648	40,732,236	38,532,589
Feb-15	23,651,444	9,582,530	446,597	2,001,357	2,069,347	37,751,275	35,681,928
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 35,101,373
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 83,725,190
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.92%

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-14	\$ 26,879,497	\$ 14,941,102	\$ 1,151,129	\$ 541,552	\$ 835,550	\$ 44,348,829	\$ 43,513,279	\$ 27,421,049
Apr-14	26,649,517	15,270,759	911,338	516,933	813,545	44,162,092	43,348,547	27,166,450
May-14	31,038,295	17,114,221	983,142	582,699	1,149,099	50,867,456	49,718,357	31,620,994
Jun-14	33,283,517	18,737,795	1,954,247	669,820	1,579,922	56,225,300	54,645,379	33,953,337
Jul-14	33,763,287	18,606,578	1,147,175	733,697	1,741,525	55,992,262	54,250,737	34,496,984
Aug-14	32,513,438	18,162,998	112,923	665,867	1,849,343	53,304,568	51,455,225	33,179,305
Sep-14	35,830,535	20,220,639	283,429	711,285	1,894,389	58,940,277	57,045,888	36,541,821
Oct-14	31,652,002	19,033,445	159,891	598,460	1,858,856	53,302,653	51,443,797	32,250,461
Nov-14	24,607,043	13,022,790	23,355	516,356	1,872,610	40,042,155	38,169,545	25,123,399
Dec-14	29,797,563	17,818,181	(468,132)	601,510	2,582,675	50,331,797	47,749,122	30,399,073
Jan-15	29,739,784	17,420,467	(42,720)	634,771	2,734,369	50,486,670	47,752,301	30,374,555
Feb-15	27,448,052	15,779,120	578,857	587,594	2,574,946	46,968,570	44,393,624	28,035,646
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 48,623,817	\$ 30,880,256
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 83,725,190	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.08%	



ES FORM 3.10

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Reconciliation of Reported Revenues

For the Month Ended: February 28, 2015

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 76,461,147	\$ 76,461,147
(2) Fuel Adjustment Clause	\$ 1,025,454	\$ 1,025,454
(3) DSM	\$ 2,588,950	\$ 2,588,950
(4) Environmental Surcharge		\$ 4,644,293
(5) CSR Credits		\$ (336,465)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 80,075,552	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 16,190,427	\$ 16,190,427
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 16,190,427	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 96,265,979	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	83.18%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 2,864,245
(13) Miscellaneous		\$ 1,389,863
(14) Total Company Revenues per Income Statement =		\$ 104,827,915

RECEIVED  
Conroy

APR 20 2015

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

April 20, 2015

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 2015. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00437, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the May 2015 billing cycle which begins April 30, 2015.

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 March 2015.

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

**INVOICE FOR PROFESSIONAL FEES AND SERVICES**  
**FOR : VANTAGE ENERGY CONSULTING, LLO**  
 FED TAX ID # 27-2686037

INVOICE DATE: 2/4/2015  
 INVOICE #: 201501056  
 INVOICE PERIOD: 1/1/2015 - 1/31/2015  
 PROJECT NAME: Kentucky LGE Environmental Compliance  
 I/TAGE PROJECT #: 2011-56

FIRM INVOICED: Daryl E. Newby  
 Kentucky Public Service Commission  
 P.O. Box 618  
 211 Sower Boulevard  
 Frankfort, Kentucky 40602

PROJECT DESCRIPTION:  
 KU/LGE Construction Oversight  
 Reviewed quarterly report as well as three EPO reports. Visited two plants

CONSULTANT	MONTH	HOURS WORKED	HOURLY RATE	BILLABLE FEES	BILLABLE EXPENSES	PERIOD AMOUNT	TOTALS
Walt Drabinski	1/1/2015 - 1/31/2015	25	\$260	\$6,500.00	\$1,464.74	\$7,964.74	
Chuck Buechel	1/1/2015 - 1/31/2015	24	\$240	\$5,760.00	\$386.64	\$6,126.64	
Mike Boismenu	1/1/2015 - 1/31/2015	31	\$240	\$7,440.00	\$926.09	\$8,366.09	
<b>SUB TOTALS</b>		<b>80</b>		<b>\$19,700.00</b>	<b>\$2,756.47</b>	<b>\$22,456.47</b>	
<b>TOTAL FEES</b>							<b>\$19,700.00</b>
<b>TOTAL PERSONAL EXPENSES</b>							<b>\$2,756.47</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>\$0.00</b>
<b>Invoice Amount</b>							<b>\$22,456.47</b>
<b>TOTAL MONTHLY INVOICE AMOUNT</b>							<b>\$22,456.47</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.  
 PO Box 420395  
 Summerland Key, FL 33042  
 Attn: Walter P. Drabinski  
 305-394-0784

*Daryl Newby*  
 2/12/15

47% LGE  
 53% KU

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 2015**

**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 15	=	\$	2,383,230
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		6.74%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	3,307,385
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		10.61%

Effective Date for Billing: May billing cycle beginning April 30, 2015

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



Title: Director, Rates

Date Submitted: April 20, 2015

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of March 2015

**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	= \$	779,523,251
(2)	RB / 12	= \$	64,960,271
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.43%
(4)	OE	= \$	778,476
(5)	BAS	= \$	110
(6)	BR	= \$	(17,771)
(7)	E(m)	= \$	7,535,952
			$(2) \times (3) + (4) - (5) + (6)$

**Calculation of Adjusted Net Jurisdictional E(m)**

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	91.90%
(9)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	6,925,540
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00437	= \$	-
(11)	Prior Period Adjustment (if necessary)	= \$	-
(12)	Revenue Collected through Base Rates	= \$	1,234,925
(13)	Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	5,690,615

**Calculation of Group Environmental Surcharge Billing Factors**

		<u>GROUP 1 (Total Revenue)</u>		<u>GROUP 2 (Net Revenue)</u>	
(14)	Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	41.88%		58.12%
(15)	Group E(m) [(13) x (14)]	= \$	2,383,230	\$	3,307,385
(16)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	35,364,155	\$	31,166,239
(17)	Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	6.74%		10.61%

## LOUISVILLE GAS AND ELECTRIC COMPANY ENVIRONMENTAL SURCHARGE REPORT

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of March 2015

### Determination of Environmental Compliance Rate Base

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 264,241,642	
Eligible Pollution CWIP Excluding AFUDC	514,349,799	
Subtotal		\$ 778,591,441
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	169	
Cash Working Capital Allowance	216,382	
Subtotal		216,551
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	(55,495,998)	
Pollution Control Deferred Income Taxes	54,780,739	
Subtotal		(715,259)
Environmental Compliance Rate Base		\$ 779,523,251

### Determination of Pollution Control Operating Expenses

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 183,134
Monthly Depreciation & Amortization Expense	494,787
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	89,997
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	3
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	10,555
Total Pollution Control Operations Expense	\$ 778,476

### Determination of Beneficial Reuse Operating Expenses

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 33,482
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(51,253)
Net Beneficial Reuse Operations Expense	\$ (17,771)

### Proceeds From By-Product and Allowance Sales

	Total Proceeds	Amount in Base Rates	Net Proceeds
	(1)	(2)	(1) - (2)
Allowance Sales	\$ 110	\$ -	\$ 110
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 110	\$ -	\$ 110

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

For the Month Ended: March 31, 2015

(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 3/31/2015	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase I) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,599,354	\$ 765,363	\$ -	\$ 8,833,991	\$ 644,780		\$ 19,647	\$ 1,112
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ 4,067,717	\$ 4,152	\$ 9,022,908	\$ 13,086,473	\$ 71,381		\$ 4,152	\$ 1,590
Project 25 - Beneficial Reuse	\$ 4,556,730	\$ 264,672	\$ -	\$ 4,292,058	\$ 898,751		\$ 9,291	\$ 540
Subtotal	\$ 18,223,801	\$ 1,034,187	\$ 9,022,908	\$ 26,212,522	\$ 1,614,911		\$ 33,089	\$ 3,241
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ (418,072)	\$ (220,623)	\$ -	\$ (197,449)	\$ (76,808)		\$ (809)	\$ (25)
<b>Net Total - 2009 Plan:</b>	<b>\$ 17,805,729</b>	<b>\$ 813,564</b>	<b>\$ 9,022,908</b>	<b>\$ 26,015,072</b>	<b>\$ 1,538,103</b>		<b>\$ 32,280</b>	<b>\$ 3,217</b>
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 328,596,413	\$ 2,225,282	\$ 432,182,944	\$ 758,554,075	\$ 58,414,153		\$ 570,219	\$ 82,411
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 73,143,947	\$ 73,143,947	\$ -		\$ -	\$ 7,323
Subtotal	\$ 328,596,413	\$ 2,225,282	\$ 505,326,891	\$ 831,698,021	\$ 58,414,153		\$ 570,219	\$ 89,734
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ (82,160,499)	\$ (58,534,845)	\$ -	\$ (23,625,654)	\$ (5,171,517)		\$ (107,713)	\$ (2,953)
<b>Net Total - 2011 Plan:</b>	<b>\$ 246,435,913</b>	<b>\$ (56,309,562)</b>	<b>\$ 505,326,891</b>	<b>\$ 808,072,367</b>	<b>\$ 53,242,636</b>	<b>\$ -</b>	<b>\$ 462,506</b>	<b>\$ 86,781</b>
<b>Net Total - All Plans:</b>	<b>\$ 264,241,642</b>	<b>\$ (55,495,998)</b>	<b>\$ 514,349,799</b>	<b>\$ 834,087,439</b>	<b>\$ 54,780,739</b>	<b>\$ -</b>	<b>\$ 494,787</b>	<b>\$ 89,997</b>

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

**Inventory of Emission Allowances**

**For the Month Ended: March 31, 2015**

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub> (Note 1)	NOx Annual	NOx Ozone Season	SO <sub>2</sub> (Note 2)	NOx Annual	NOx Ozone Season	
Current Year	143,081	10,335	5,903	\$ 176.54	\$ -	\$ -	
2016	101,314						
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	62,379						
2033	62,379						
2034	62,379						
2035 - 2044	623,790						

Note 1: Includes CAIR allowances of 114,904 for the current year and 62,379 for years 2016 through 2044. Includes CSAPR allowances of 35,447 for the current year and 38,935 for 2016.

Note 2: Total Dollar Value of Vintage Year for SO<sub>2</sub> allowances are associated with CAIR allowances only. EPA allotment of CSAPR allowances have \$0 value when received.

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 2015

	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	147,637	0	4,400	0	156	143,081	
Dollars	\$ 180.11	\$ -	\$ 3.45	\$ -	\$ 0.12	\$ 176.54	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	141,550	0	4,232	0	156	137,162	
Dollars	\$ 172.64	\$ -	\$ 3.32	\$ -	\$ 0.12	\$ 169.20	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	6,087	0	168	0	0	5,919	
Dollars	\$ 7.47	\$ -	\$ 0.13	\$ -	\$ -	\$ 7.34	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	-	0	0	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU							
Quantity	-	0	0	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

SUPPLEMENTAL ES FORM 2.31 - SUPPORT SCHEDULE

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of CAIR Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of March 2015

	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	114,904	0	2,200	0	78	112,626	
Dollars	\$ 180.11	\$ -	\$ 3.45	\$ -	\$ 0.12	\$ 176.54	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	110,138		2,116		78	107,944	Sale of 78 allowances is related to KU 81% share.
Dollars	\$ 172.64	\$ -	\$ 3.32		\$ 0.12	\$ 169.20	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	4,766		84		-	4,682	
Dollars	\$ 7.47	\$ -	\$ 0.13		\$ -	\$ 7.34	
<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

SUPPLEMENTAL ES FORM 2.31 - SUPPORT SCHEDULE

**LOUISVILLE GAS AND ELECTRIC COMPANY  
ENVIRONMENTAL SURCHARGE REPORT  
Inventory of CSAPR Emission Allowances (SO<sub>2</sub>) - Current Vintage Year**

For the Expense Month of March 2015

	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	32,733	0	2,200	0	78	30,455	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	31,412	-	2,116		78	29,218	Sale of 78 allowances is related to KU 81% share.
Dollars	\$ -	\$ -	\$ -		\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	1,321	-	84	-	-	1,237	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<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 March 2015

	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	5,903	0	0	0	0	5,903	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	5,596	-	-	0	0	5,596	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	307	-	-	-	-	307	
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.

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

For the Expense Month of March 2015

	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	11,503	0	1,103	21	44	10,335	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	10,779	-	1,042	-	44	9,693	Sale of 44 allowances is related to KU 81% share.
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	724	-	61	21	-	642	
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: March 31, 2015

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 231,657
10th Previous Month	155,157
9th Previous Month	140,820
8th Previous Month	140,030
7th Previous Month	103,661
6th Previous Month	101,245
5th Previous Month	84,785
4th Previous Month	80,176
3rd Previous Month	135,771
2nd Previous Month	117,593
Previous Month	274,800
Current Month	165,363
Total 12 Month O&M	\$ 1,731,057

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,731,057
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 216,382

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: March 31, 2015

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	120,393		120,393
512055 - ECR Scrubber Maintenance	89,242		89,242
506159 - ECR Sorbent Injection Operation	-	12,494	12,494
506152 - ECR Sorbent Reactant - Reagent Only	30,179	96,750	126,930
512152 - ECR Sorbent Injection Maintenance	24,512	939	25,451
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	11,284	-	11,284
506151 - ECR Activated Carbon	-	-	-
Adjustment for Base Rates Baseline Amounts	(202,660)		(202,660)
Total 2011 Plan O&M Expenses	72,951	110,183	183,134
Current Month O&M Expense for All Plans	\$ 72,951	\$ 110,183	\$ 183,134

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: March 31, 2015

On-Site CCP Disposal O&M Expense	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, 2015

Third Party	O&M Expense Account	Plant	Total O&M
C and B Marine	501253 - ECR Fly Ash Disposal	Trimble County	\$ 6,971
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 5,303
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 21,209
Total Monthly Beneficial Reuse Expense			\$ 33,482
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (51,253)
Net Beneficial Reuse O&M Expense			\$ (17,771)

ES FORM 2.61

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

**Beneficial Reuse Opportunities  
For the Month Ended: March 31, 2015**

On-Site CCP Disposal O&M Expense		Mill Creek	Trimble County	Total
Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)				
(1)	12 Months Ending with Expense Month	\$ 92,596	\$ (26,392)	\$ 66,205
(2)	Monthly Amount [(1) / 12]	\$ 7,716	\$ (2,199)	\$ 5,517
2009 Plan Project 25				
(3)	Monthly Amount (Expense/Revenue)	\$ 21,209	\$ 12,274	\$ 33,482
Total Beneficial Reuse - Generating Station				
(4)	Monthly Expense [(2) + (3)]	\$ 28,925	\$ 10,074	\$ 38,999
Beneficial Reuse in Base Rates				
(5)	Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243	\$ -	\$ 681,243
(6)	Monthly Expense Amount [(5) / 12]	\$ 56,770	\$ -	\$ 56,770
(7)	Total Generating Station Less Base Rates [(4) - (6)]	\$ (27,845)	\$ 10,074	\$ (17,771)
(8)	Less 2009 Plan Project 25 [(7) - (3)]	\$ (49,054)	\$ (2,199)	\$ (51,253)
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)		\$ (49,054)	\$ (2,199)	\$ (51,253)

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: March 31, 2015

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-14	\$ 18,712,899	\$ 6,890,013	\$ 386,598	\$ 1,361,517	\$ 511,398	\$ 27,862,424	\$ 27,351,026
May-14	19,070,545	7,225,762	431,170	1,432,241	655,878	28,815,597	28,159,718
Jun-14	25,845,062	10,332,508	1,220,156	2,046,488	1,180,423	40,624,638	39,444,215
Jul-14	30,245,789	12,746,468	654,408	2,529,948	1,463,696	47,640,309	46,176,613
Aug-14	26,635,380	10,918,510	(75,838)	2,165,000	1,395,107	41,038,159	39,643,052
Sep-14	27,924,339	11,572,341	241,228	2,294,702	1,341,083	43,373,692	42,032,610
Oct-14	20,145,906	7,592,118	40,806	1,500,356	1,079,561	30,358,747	29,279,186
Nov-14	18,758,156	6,937,998	10,532	1,369,738	1,288,608	28,365,032	27,076,424
Dec-14	23,300,247	9,218,902	(335,004)	1,821,961	1,855,524	35,861,631	34,006,107
Jan-15	25,822,919	10,506,870	62,450	2,140,350	2,199,648	40,732,236	38,532,589
Feb-15	23,651,444	9,582,530	446,597	2,001,357	2,069,347	37,751,275	35,681,928
Mar-15	24,780,961	9,766,709	405,704	2,033,017	2,152,088	39,138,478	36,986,390
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 35,364,155
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,449,527
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.88%

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-14	\$ 26,649,517	\$ 15,270,759	\$ 911,338	\$ 516,933	\$ 813,545	\$ 44,162,092	\$ 43,348,547	\$ 27,166,450
May-14	31,038,295	17,114,221	983,142	582,699	1,149,099	50,867,456	49,718,357	31,620,994
Jun-14	33,283,517	18,737,795	1,954,247	669,820	1,579,922	56,225,300	54,645,379	33,953,337
Jul-14	33,763,287	18,606,578	1,147,175	733,697	1,741,525	55,992,262	54,250,737	34,496,984
Aug-14	32,513,438	18,162,998	112,923	665,867	1,849,343	53,304,568	51,455,225	33,179,305
Sep-14	35,830,535	20,220,639	283,429	711,285	1,894,389	58,940,277	57,045,888	36,541,821
Oct-14	31,652,002	19,033,445	159,891	598,460	1,858,856	53,302,653	51,443,797	32,250,461
Nov-14	24,607,043	13,022,790	23,355	516,356	1,872,610	40,042,155	38,169,545	25,123,399
Dec-14	29,797,563	17,818,181	(468,152)	601,510	2,582,675	50,331,797	47,749,122	30,399,073
Jan-15	29,739,784	17,420,467	(42,720)	634,771	2,734,369	50,486,670	47,752,301	30,374,555
Feb-15	27,448,052	15,779,120	578,857	587,594	2,574,946	46,968,570	44,393,624	28,035,646
Mar-15	30,236,104	17,481,064	718,034	616,745	2,849,863	51,901,809	49,051,946	30,852,848
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 49,085,372	\$ 31,166,239
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,449,527	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.12%	

ES FORM 3.10

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

Reconciliation of Reported Revenues

For the Month Ended: March 31, 2015

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 82,264,837	\$ 82,264,837
(2) Fuel Adjustment Clause	\$ 1,123,738	\$ 1,123,738
(3) DSM	\$ 2,649,761	\$ 2,649,761
(4) Environmental Surcharge		\$ 5,001,951
(5) CSR Credits		\$ (277,493)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 86,038,336	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 7,584,243	\$ 7,584,243
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 7,584,243	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 93,622,579	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	91.90%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ (6,442,797)
(13) Miscellaneous		\$ 1,605,703
(14) Total Company Revenues per Income Statement =		\$ 93,509,942

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MAY 22 2015

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

May 22, 2015

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 2015. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00437, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the June 2015 billing cycle which begins June 1, 2015.

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

Sincerely,

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

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 April 2015**

**GROUP 1 (Total Revenue)**

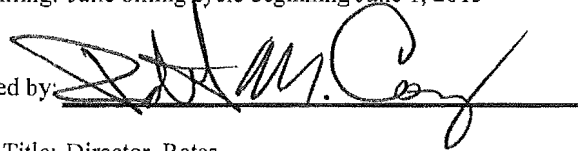
Group 1 E(m) -- ES Form 1.10, line 15	=	\$	2,623,084
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		7.43%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	3,662,764
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		11.71%

Effective Date for Billing: June billing cycle beginning June 1, 2015

Submitted by:



Title: Director, Rates

Date Submitted: May 22, 2015

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of April 2015

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	= \$	819,269,580	
(2) RB / 12	= \$	68,272,465	
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.43%	
(4) OE	= \$	785,773	
(5) BAS	= \$	0	
(6) BR	= \$	(43,558)	
(7) E(m)	$(2) \times (3) + (4) - (5) + (6)$	= \$	7,863,033

Calculation of Adjusted Net Jurisdictional E(m)

(8) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	93.04%
(9) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	7,315,766
(10) Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00437	= \$	-
(11) Prior Period Adjustment (if necessary)	= \$	-
(12) Revenue Collected through Base Rates	= \$	1,029,918
(13) Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	6,285,848

Calculation of Group Environmental Surcharge Billing Factors

		<u>GROUP 1 (Total Revenue)</u>	<u>GROUP 2 (Net Revenue)</u>
(14) Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	41.73%	58.27%
(15) Group E(m) [(13) x (14)]	= \$	2,623,084	\$ 3,662,764
(16) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	35,299,567	\$ 31,292,240
(17) Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	7.43%	11.71%

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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of April 2015

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 277,769,576	
Eligible Pollution CWIP Excluding AFUDC	541,667,410	
Subtotal		\$ 819,436,986
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	167	
Cash Working Capital Allowance	205,146	
Subtotal		205,313
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	(54,985,546)	
Pollution Control Deferred Income Taxes	55,358,265	
Subtotal		372,719
Environmental Compliance Rate Base		\$ 819,269,580

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 185,322
Monthly Depreciation & Amortization Expense	510,452
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	89,997
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	2
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	-
Total Pollution Control Operations Expense	\$ 785,773

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 8,403
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(51,961)
Net Beneficial Reuse Operations Expense	\$ (43,558)

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

	Total Proceeds	Amount in Base Rates	Net Proceeds
	(1)	(2)	(1) - (2)
Allowance Sales	\$ 0	\$ -	\$ 0
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 0	\$ -	\$ 0



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

For the Month Ended: April 30, 2015

(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 4/30/2015	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase 1) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,599,354	\$ 785,009	\$ -	\$ 8,814,344	\$ 654,917		\$ 19,647	\$ 1,112
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ 4,067,717	\$ 12,456	\$ 9,236,111	\$ 13,291,372	\$ 142,761		\$ 8,304	\$ 1,590
Project 25 - Beneficial Reuse	\$ 4,556,730	\$ 273,750	\$ -	\$ 4,282,980	\$ 900,203		\$ 9,078	\$ 540
Subtotal	\$ 18,223,801	\$ 1,071,215	\$ 9,236,111	\$ 26,388,697	\$ 1,697,881		\$ 37,028	\$ 3,241
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ (418,072)	\$ (221,466)	\$ -	\$ (196,606)	\$ (76,808)		\$ (844)	\$ (25)
<b>Net Total - 2009 Plan:</b>	<b>\$ 17,805,729</b>	<b>\$ 849,749</b>	<b>\$ 9,236,111</b>	<b>\$ 26,192,091</b>	<b>\$ 1,621,073</b>		<b>\$ 36,184</b>	<b>\$ 3,217</b>
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 342,124,347	\$ 2,807,263	\$ 455,118,720	\$ 794,435,803	\$ 58,908,709		\$ 581,981	\$ 82,411
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 77,312,579	\$ 77,312,579	\$ -		\$ -	\$ 7,323
Subtotal	\$ 342,124,347	\$ 2,807,263	\$ 532,431,299	\$ 871,748,382	\$ 58,908,709		\$ 581,981	\$ 89,734
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ (82,160,499)	\$ (58,642,558)	\$ -	\$ (23,517,942)	\$ (5,171,517)		\$ (107,713)	\$ (2,953)
<b>Net Total - 2011 Plan:</b>	<b>\$ 259,963,847</b>	<b>\$ (55,835,294)</b>	<b>\$ 532,431,299</b>	<b>\$ 848,230,440</b>	<b>\$ 53,737,192</b>	<b>\$ -</b>	<b>\$ 474,268</b>	<b>\$ 86,781</b>
<b>Net Total - All Plans:</b>	<b>\$ 277,769,576</b>	<b>\$ (54,985,546)</b>	<b>\$ 541,667,410</b>	<b>\$ 874,422,532</b>	<b>\$ 55,358,265</b>	<b>\$ -</b>	<b>\$ 510,452</b>	<b>\$ 89,997</b>

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

Inventory of Emission Allowances

For the Month Ended: April 30, 2015

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub> (Note 1)	NO <sub>x</sub> Annual	NO <sub>x</sub> Ozone Season	SO <sub>2</sub> (Note 2)	NO <sub>x</sub> Annual	NO <sub>x</sub> Ozone Season	
Current Year	140,331	9,215	5,903	\$ 174.39	\$ -	\$ -	
2016	101,314						
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	62,379						
2033	62,379						
2034	62,379						
2035 - 2044	623,790						

Note 1: Includes CAIR allowances of 114,904 for the current year and 62,379 for years 2016 through 2044. Includes CSAPR allowances of 35,447 for the current year and 38,935 for 2016.

Note 2: Total Dollar Value of Vintage Year for SO<sub>2</sub> allowances are associated with CAIR allowances only. EPA allotment of CSAPR allowances have \$0 value when received.

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 2015

	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	143,081	0	2,708	0	42	140,331	
Dollars	\$ 176.54	\$ -	\$ 2.12	\$ -	\$ 0.03	\$ 174.39	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	137,162	0	2,604	0	42	134,516	
Dollars	\$ 169.20	\$ -	\$ 2.04	\$ -	\$ 0.03	\$ 167.13	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	5,919	0	104	0	0	5,815	
Dollars	\$ 7.34	\$ -	\$ 0.08	\$ -	\$ -	\$ 7.26	
<b>ALLOWANCES FROM PURCHASES:</b>							
<b>From Market:</b>							
Quantity	-	0	0	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>From KU</b>							
Quantity	-	0	0	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

SUPPLEMENTAL ES FORM 2.31 - SUPPORT SCHEDULE

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of CAIR Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of April 2015

	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	112,626	0	1,354	0	21	111,251	
Dollars	\$ 176.54	\$ -	\$ 2.12	\$ -	\$ 0.03	\$ 174.39	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	107,944		1,302		21	106,621	Sale of 21 allowances is related to KU 81% share.
Dollars	\$ 169.20	\$ -	\$ 2.04		\$ 0.03	\$ 167.13	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	4,682	-	52	-	-	4,630	
Dollars	\$ 7.34	\$ -	\$ 0.08	\$ -	\$ -	\$ 7.26	
<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

SUPPLEMENTAL ES FORM 2.31 - SUPPORT SCHEDULE

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of CSAPR Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of April 2015

	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	30,455	0	1,354	0	21	29,080	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	29,218	-	1,302		21	27,895	Sale of 21 allowances is related to KU 81% share.
Dollars	\$ -	\$ -	\$ -		\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	1,237	-	52	-	-	1,185	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<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 2015

	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	5,903	0	0	0	0	5,903	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	5,596	-	-	0	0	5,596	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	307	-	-	-	-	307	
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 2.33

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

For the Expense Month of April 2015

	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	10,335	0	1,079	29	12	9,215	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	9,693	-	1,027	-	12	8,654	Sale of 12 allowances is related to KU 81% share.
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	642	-	52	29	-	561	
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, 2015

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 155,157
10th Previous Month	140,820
9th Previous Month	140,030
8th Previous Month	103,661
7th Previous Month	101,245
6th Previous Month	84,785
5th Previous Month	80,176
4th Previous Month	135,771
3rd Previous Month	117,593
2nd Previous Month	274,800
Previous Month	165,363
Current Month	141,764
Total 12 Month O&M	\$ 1,641,164

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,641,164
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 205,146



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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: April 30, 2015

O&M Expense Account	Mill Creek	Trimble County	Total
<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>2011 Plan</b>			
502056 - ECR Scrubber Operations	151,788		151,788
512055 - ECR Scrubber Maintenance	21,643		21,643
506159 - ECR Sorbent Injection Operation	-	7,844	7,844
506152 - ECR Sorbent Reactant - Reagent Only	29,115	142,585	171,700
512152 - ECR Sorbent Injection Maintenance	29,600	430	30,030
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	4,977	-	4,977
506151 - ECR Activated Carbon	-	-	-
Adjustment for Base Rates Baseline Amounts	(202,660)		(202,660)
Total 2011 Plan O&M Expenses	34,464	150,858	185,322
Current Month O&M Expense for All Plans	\$ 34,464	\$ 150,858	\$ 185,322

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: April 30, 2015

On-Site CCP Disposal O&M Expense		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, 2015**

Third Party	O&M Expense Account	Plant	Total O&M
C and B Marine	501253 - ECR Fly Ash Disposal	Trimble County	\$ 2,397
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 3,125
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 2,881
Total Monthly Beneficial Reuse Expense			\$ 8,403
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (51,961)
Net Beneficial Reuse O&M Expense			\$ (43,558)

ES FORM 2.61

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

**Beneficial Reuse Opportunities  
For the Month Ended: April 30, 2015**

On-Site CCP Disposal O&M Expense		Mill Creek	Trimble County	Total
Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)				
(1)	12 Months Ending with Expense Month	\$ 83,643	\$ (25,931)	\$ 57,712
(2)	Monthly Amount [(1) / 12]	\$ 6,970	\$ (2,161)	\$ 4,809
2009 Plan Project 25				
(3)	Monthly Amount (Expense/Revenue)	\$ 2,881	\$ 5,522	\$ 8,403
Total Beneficial Reuse - Generating Station				
(4)	Monthly Expense [(2) + (3)]	\$ 9,851	\$ 3,361	\$ 13,212
Beneficial Reuse in Base Rates				
(5)	Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243	\$ -	\$ 681,243
(6)	Monthly Expense Amount [(5) / 12]	\$ 56,770	\$ -	\$ 56,770
(7)	Total Generating Station Less Base Rates [(4) - (6)]	\$ (46,919)	\$ 3,361	\$ (43,558)
(8)	Less 2009 Plan Project 25 [(7) - (3)]	\$ (49,800)	\$ (2,161)	\$ (51,961)
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)		\$ (49,800)	\$ (2,161)	\$ (51,961)

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: April 30, 2015

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-14	\$ 19,070,545	\$ 7,225,762	\$ 431,170	\$ 1,432,241	\$ 655,878	\$ 28,815,597	\$ 28,159,718	
Jun-14	25,845,062	10,332,508	1,220,156	2,046,488	1,180,423	40,624,638	39,444,215	
Jul-14	30,245,789	12,746,468	654,408	2,529,948	1,463,696	47,640,309	46,176,613	
Aug-14	26,635,380	10,918,510	(75,838)	2,165,000	1,395,107	41,038,159	39,643,052	
Sep-14	27,924,339	11,572,341	241,228	2,294,702	1,341,083	43,373,692	42,032,610	
Oct-14	20,145,906	7,592,118	40,806	1,500,356	1,079,561	30,358,747	29,279,186	
Nov-14	18,758,156	6,937,998	10,532	1,369,738	1,288,608	28,365,032	27,076,424	
Dec-14	23,300,247	9,218,902	(335,004)	1,821,961	1,855,524	35,861,631	34,006,107	
Jan-15	25,822,919	10,506,870	62,450	2,140,350	2,199,648	40,732,236	38,532,589	
Feb-15	23,651,444	9,582,530	446,597	2,001,357	2,069,347	37,751,275	35,681,928	
Mar-15	24,780,961	9,766,709	405,704	2,033,017	2,152,088	39,138,478	36,986,390	
Apr-15	18,181,667	6,590,987	556,653	1,246,661	1,557,460	28,133,427	26,575,967	
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 35,299,567	
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,599,112	
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month								41.73%

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-14	\$ 31,038,295	\$ 17,114,221	\$ 983,142	\$ 582,699	\$ 1,149,099	\$ 50,867,456	\$ 49,718,357	\$ 31,620,994
Jun-14	33,283,517	18,737,795	1,954,247	669,820	1,579,922	56,225,300	54,645,379	33,953,337
Jul-14	33,763,287	18,606,578	1,147,175	733,697	1,741,525	55,992,262	54,250,737	34,496,984
Aug-14	32,513,438	18,162,998	112,923	665,867	1,849,343	53,304,568	51,455,225	33,179,305
Sep-14	35,830,535	20,220,639	283,429	711,285	1,894,389	58,940,277	57,045,888	36,541,821
Oct-14	31,652,002	19,033,445	159,891	598,460	1,858,856	53,302,653	51,443,797	32,250,461
Nov-14	24,607,043	13,022,790	23,355	516,356	1,872,610	40,042,155	38,169,545	25,123,399
Dec-14	29,797,563	17,818,181	(468,132)	601,510	2,582,675	50,331,797	47,749,122	30,399,073
Jan-15	29,739,784	17,420,467	(42,720)	634,771	2,734,369	50,486,670	47,752,301	30,374,555
Feb-15	27,448,052	15,779,120	578,857	587,594	2,574,946	46,968,570	44,393,624	28,035,646
Mar-15	30,236,104	17,481,064	718,034	616,745	2,849,863	51,901,809	49,051,946	30,852,848
Apr-15	28,224,366	16,071,139	1,169,029	454,088	2,662,102	48,580,724	45,918,623	28,678,454
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 49,299,545	\$ 31,292,240
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,599,112	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month								58.27%

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

**Reconciliation of Reported Revenues**

For the Month Ended: April 30, 2015

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 69,068,159	\$ 69,068,159
(2) Fuel Adjustment Clause	\$ 1,725,682	\$ 1,725,682
(3) DSM	\$ 1,700,749	\$ 1,700,749
(4) Environmental Surcharge		\$ 4,219,561
(5) CSR Credits		\$ (286,273)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 72,494,590	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 5,420,142	\$ 5,420,142
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 5,420,142	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 77,914,732	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	93.04%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 1,431,324
(13) Miscellaneous		\$ 1,308,263
(14) Total Company Revenues per Income Statement =		\$ 84,587,607

RECEIVED  
Case No. 183  
Conroy

JUN 19 2015

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  
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Louisville, Kentucky 40232  
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Director - Rates  
T 502-627-3324  
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June 19, 2015

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 2015. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2013-00437, LG&E has included the calculation and supporting documentation of the Environmental Surcharge Factors that will be billed during the July 2015 billing cycle which begins June 30, 2015.

It has come to my attention that the Retirement and Replacement amounts related to Eligible Accumulated Depreciation was inadvertently overstated for the April 2015 expense month. The amount of overstatement is reflected as a Prior Period Adjustment on ES Form 1.10 for the May 2015 expense month. Attached to this filing is Attachment 1 that includes the supporting calculations and revised ES Forms 1.10, 2.00, and 2.10 for the April 2015 expense month.

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

Sincerely,

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

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 May 2015**

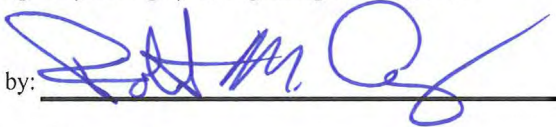
**GROUP 1 (Total Revenue)**

Group 1 E(m) -- ES Form 1.10, line 15	=	\$	2,892,254
Group 1 ES Billing Factor -- ES Form 1.10, line 17	=		8.19%

**GROUP 2 (Net Revenue)**

Group 2 E(m) -- ES Form 1.10, line 15	=	\$	4,023,705
Group 2 ES Billing Factor -- ES Form 1.10, line 17	=		12.90%

Effective Date for Billing: July billing cycle beginning June 30, 2015

Submitted by: 

Title: Director, Rates

Date Submitted: June 19, 2015



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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of May 2015

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	= \$	829,641,051
(2)	RB / 12	= \$	69,136,754
(3)	$(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.43%
(4)	OE	= \$	1,130,119
(5)	BAS	= \$	0
(6)	BR	= \$	(10,957)
(7)	E(m) $(2) \times (3) + (4) - (5) + (6)$	= \$	8,330,125

Calculation of Adjusted Net Jurisdictional E(m)

(8)	Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	96.00%
(9)	Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	7,996,920
(10)	Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00437	= \$	-
(11)	Prior Period Adjustment (if necessary)	= \$	(878)
(12)	Revenue Collected through Base Rates	= \$	1,080,083
(13)	Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	6,915,959

Calculation of Group Environmental Surcharge Billing Factors

		<u>GROUP 1 (Total Revenue)</u>		<u>GROUP 2 (Net Revenue)</u>	
(14)	Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	41.82%		58.18%
(15)	Group E(m) [(13) x (14)]	= \$	2,892,254	\$	4,023,705
(16)	Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	35,317,186	\$	31,199,626
(17)	Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	8.19%		12.90%

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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of May 2015

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 566,120,167	
Eligible Pollution CWIP Excluding AFUDC	211,461,341	
Subtotal		\$ 777,581,508
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	165	
Cash Working Capital Allowance	215,837	
Subtotal		216,002
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	(113,267,754)	
Pollution Control Deferred Income Taxes	61,424,213	
Subtotal		(51,843,541)
Environmental Compliance Rate Base		\$ 829,641,051

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 251,647
Monthly Depreciation & Amortization Expense	789,765
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	88,705
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	2
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	-
Total Pollution Control Operations Expense	\$ 1,130,119

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 40,739
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(51,696)
Net Beneficial Reuse Operations Expense	\$ (10,957)

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

	Total Proceeds	Amount in Base Rates	Net Proceeds
	(1)	(2)	(1) - (2)
Allowance Sales	\$ 0	\$ -	\$ 0
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 0	\$ -	\$ 0

ES FORM 2.10

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

For the Month Ended: May 31, 2015

(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 5/31/2015	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Cane Run CCP Storage (Landfill - Phase 1) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,599,354	\$ 804,656	\$ -	\$ 8,794,698	\$ 665,053		\$ 19,647	\$ 1,112
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ 4,067,717	\$ 20,759	\$ 9,290,046	\$ 13,337,004	\$ 214,142		\$ 8,304	\$ 1,590
Project 25 - Beneficial Reuse	\$ 4,556,730	\$ 282,837	\$ -	\$ 4,273,903	\$ 901,654		\$ 9,978	\$ 540
Subtotal	\$ 18,223,801	\$ 1,108,243	\$ 9,290,046	\$ 26,405,604	\$ 1,780,851		\$ 37,028	\$ 3,241
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ (418,072)	\$ (220,623)	\$ -	\$ (197,449)	\$ (76,808)		\$ (844)	\$ (25)
<b>Net Total - 2009 Plan:</b>	\$ 17,805,729	\$ 887,620	\$ 9,290,046	\$ 26,208,155	\$ 1,704,043		\$ 36,184	\$ 3,217
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 700,169,914	\$ 3,735,928	\$ 120,738,463	\$ 817,172,450	\$ 65,949,492		\$ 928,665	\$ 82,411
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 81,432,831	\$ 81,432,831	\$ -		\$ -	\$ 7,323
Subtotal	\$ 700,169,914	\$ 3,735,928	\$ 202,171,295	\$ 898,605,281	\$ 65,949,492		\$ 928,665	\$ 89,734
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ (151,855,476)	\$ (117,891,302)	\$ -	\$ (33,964,174)	\$ (6,229,322)		\$ (175,084)	\$ (4,246)
<b>Net Total - 2011 Plan:</b>	\$ 548,314,438	\$ (114,155,374)	\$ 202,171,295	\$ 864,641,107	\$ 59,720,170	\$ -	\$ 753,581	\$ 85,488
<b>Net Total - All Plans:</b>	\$ 566,120,167	\$ (113,267,754)	\$ 211,461,341	\$ 890,849,262	\$ 61,424,213	\$ -	\$ 789,765	\$ 88,705

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

Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.

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

**Inventory of Emission Allowances**

For the Month Ended: May 31, 2015

Vintage Year	Number of Allowances			Total Dollar Value Of Vintage Year			Comments and Explanations
	SO <sub>2</sub> (Note 1)	NOx Annual	NOx Ozone Season	SO <sub>2</sub> (Note 2)	NOx Annual	NOx Ozone Season	
Current Year	137,999	7,970	4,658	\$ 172.57	\$ -	\$ -	
2016	101,314						
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	62,379						
2033	62,379						
2034	62,379						
2035 - 2044	623,790						

Note 1: Includes CAIR allowances of 110,085 for the current year and 62,379 for years 2016 through 2044.

Note 2: Total Dollar Value of Vintage Year for SO<sub>2</sub> allowances are associated with CAIR allowances only. EPA allotment of CSAPR allowances have \$0 value when received.

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 2015

	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	140,331	0	2,194	0	138	137,999	
Dollars	\$ 174.39	\$ -	\$ 1.72	\$ -	\$ 0.10	\$ 172.57	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	134,516	0	2,048	0	138	132,330	
Dollars	\$ 167.13	\$ -	\$ 1.61	\$ -	\$ 0.10	\$ 165.42	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	5,815	0	146	0	0	5,669	
Dollars	\$ 7.26	\$ -	\$ 0.11	\$ -	\$ -	\$ 7.15	
<b>ALLOWANCES FROM PURCHASES:</b>							
From Market:							
Quantity	-	0	0	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From KU							
Quantity	-	0	0	-	-	-	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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

SUPPLEMENTAL ES FORM 2.31 - SUPPORT SCHEDULE

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of CAIR Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of May 2015

	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	111,251	0	1,097	0	69	110,085	
Dollars	\$ 174.39	\$ -	\$ 1.72	\$ -	\$ 0.10	\$ 172.57	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	106,621		1,024		69	105,528	Sale of 69 allowances is related to KU 81% share.
Dollars	\$ 167.13	\$ -	\$ 1.61		\$ 0.10	\$ 165.42	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	4,630		73		-	4,557	
Dollars	\$ 7.26	\$ -	\$ 0.11		\$ -	\$ 7.15	
<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

SUPPLEMENTAL ES FORM 2.31 - SUPPORT SCHEDULE

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Inventory of CSAPR Emission Allowances (SO<sub>2</sub>) - Current Vintage Year

For the Expense Month of May 2015

	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	29,080	0	1,097	0	69	27,914	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	27,895	-	1,024		69	26,802	Sale of 69 allowances is related to KU 81% share.
Dollars	\$ -	\$ -	\$ -		\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	1,185	-	73	-	-	1,112	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<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 2015

	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	5,903	0	1,187	18	40	4,658	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	5,596	-	1,125	0	40	4,431	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	307	-	62	18	-	227	
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.



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

For the Expense Month of May 2015

	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	9,215	0	1,187	18	40	7,970	
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$/Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: COAL FUEL</b>							
Quantity	8,654	-	1,125	-	40	7,489	Sale of 40 allowances is related to KU 81% share.
Dollars	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS</b>							
Quantity	561	-	62	18	-	481	
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: May 31, 2015

Environmental Compliance Plan	
O&M Expenses	Amount
11th Previous Month	\$ 140,820
10th Previous Month	140,030
9th Previous Month	103,661
8th Previous Month	101,245
7th Previous Month	84,785
6th Previous Month	80,176
5th Previous Month	135,771
4th Previous Month	117,593
3rd Previous Month	274,800
2nd Previous Month	165,363
Previous Month	141,764
Current Month	240,690
Total 12 Month O&M	\$ 1,726,698

Determination of Working Capital Allowance	
12 Months O&M Expenses	\$ 1,726,698
One Eighth (1/8) of 12 Month O&M Expenses	1/8
Pollution Control Cash Working Capital Allowance	\$ 215,837

**LOUISVILLE GAS AND ELECTRIC COMPANY**  
**ENVIRONMENTAL SURCHARGE REPORT**  
Pollution Control - Operations & Maintenance Expenses  
For the Month Ended: May 31, 2015

O&M Expense Account	Mill Creek	Trimble County	Total
2009 Plan			
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		-	-
2011 Plan			
502056 - ECR Scrubber Operations	121,607		121,607
512055 - ECR Scrubber Maintenance	31,384		31,384
506159 - ECR Sorbent Injection Operation	-	22,840	22,840
506152 - ECR Sorbent Reactant - Reagent Only	87,218	110,904	198,122
512152 - ECR Sorbent Injection Maintenance	44,700	70	44,770
506156 - ECR Baghouse Operations	-	-	-
512156 - ECR Baghouse Maintenance	6,328	-	6,328
506151 - ECR Activated Carbon	29,256	-	29,256
Adjustment for Base Rates Baseline Amounts	(202,660)		(202,660)
Total 2011 Plan O&M Expenses	117,832	133,814	251,647
Current Month O&M Expense for All Plans	\$ 117,832	\$ 133,814	\$ 251,647

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, 2015

On-Site CCP Disposal O&M Expense	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, 2015**

Third Party	O&M Expense Account	Plant	Total O&M
C and B Marine	501253 - ECR Fly Ash Disposal	Trimble County	\$ 14,479
Legner Energy Group	501253 - ECR Fly Ash Disposal	Trimble County	\$ 7,505
Charah	502011 - ECR Other Waste Disposal	Mill Creek	\$ 14,968
Synmat	502011 - ECR Other Waste Disposal	Trimble County	\$ 3,787
Total Monthly Beneficial Reuse Expense			\$ 40,739
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)			\$ (51,696)
Net Beneficial Reuse O&M Expense			\$ (10,957)

ES FORM 2.61

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

Beneficial Reuse Opportunities  
For the Month Ended: May 31, 2015

On-Site CCP Disposal O&M Expense	Mill Creek	Trimble County	Total
<b>Existing Beneficial Reuse Opportunities (Pre 2009 Plan Project)</b>			
(1) 12 Months Ending with Expense Month	\$ 88,510	\$ (27,620)	\$ 60,889
(2) Monthly Amount [(1) / 12]	\$ 7,376	\$ (2,302)	\$ 5,074
<b>2009 Plan Project 25</b>			
(3) Monthly Amount (Expense/Revenue)	\$ 14,968	\$ 25,771	\$ 40,739
<b>Total Beneficial Reuse - Generating Station</b>			
(4) Monthly Expense [(2) + (3)]	\$ 22,344	\$ 23,469	\$ 45,813
<b>Beneficial Reuse in Base Rates</b>			
(5) Annual Expense Amount (12 Mo Ending with Last Test Year)	\$ 681,243	\$ -	\$ 681,243
(6) Monthly Expense Amount [(5) / 12]	\$ 56,770	\$ -	\$ 56,770
(7) Total Generating Station Less Base Rates [(4) - (6)]	\$ (34,427)	\$ 23,469	\$ (10,957)
(8) Less 2009 Plan Project 25 [(7) - (3)]	\$ (49,394)	\$ (2,302)	\$ (51,696)
If Line (8) Greater than Zero, No Adjustment			
If Line (8) Less than Zero, Adjustment for Base Rates			
<b>Adjustment for Base Rate Amount (to ES Form 2.60)</b>	<b>\$ (49,394)</b>	<b>\$ (2,302)</b>	<b>\$ (51,696)</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**  
 Monthly Average Revenue Computation of R (m) for GROUP 1 AND GROUP 2

For the Month Ended: May 31, 2015

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-14	\$ 25,845,062	\$ 10,332,508	\$ 1,220,156	\$ 2,046,488	\$ 1,180,423	\$ 40,624,638	\$ 39,444,215
Jul-14	\$ 30,245,789	\$ 12,746,468	\$ 654,408	\$ 2,529,948	\$ 1,463,696	\$ 47,640,309	\$ 46,176,613
Aug-14	\$ 26,635,380	\$ 10,918,510	\$ (78,838)	\$ 2,165,000	\$ 1,395,107	\$ 41,038,159	\$ 39,643,052
Sep-14	\$ 27,924,339	\$ 11,572,341	\$ 241,228	\$ 2,294,702	\$ 1,341,083	\$ 43,373,692	\$ 42,032,610
Oct-14	\$ 20,145,906	\$ 7,592,118	\$ 40,806	\$ 1,500,256	\$ 1,079,561	\$ 30,358,747	\$ 29,279,186
Nov-14	\$ 18,758,156	\$ 6,937,998	\$ 10,532	\$ 1,369,738	\$ 1,288,608	\$ 28,365,032	\$ 27,076,424
Dec-14	\$ 23,300,247	\$ 9,218,903	\$ (335,004)	\$ 1,821,961	\$ 1,855,524	\$ 35,861,631	\$ 34,006,107
Jan-15	\$ 25,822,919	\$ 10,506,870	\$ 62,450	\$ 2,140,350	\$ 2,199,648	\$ 40,732,236	\$ 38,532,589
Feb-15	\$ 23,651,444	\$ 9,582,530	\$ 446,597	\$ 2,001,357	\$ 2,069,347	\$ 37,751,275	\$ 35,681,928
Mar-15	\$ 24,780,961	\$ 9,766,709	\$ 405,704	\$ 2,033,017	\$ 2,152,088	\$ 39,138,478	\$ 36,986,390
Apr-15	\$ 18,181,667	\$ 6,590,987	\$ 556,653	\$ 1,246,661	\$ 1,557,460	\$ 28,133,427	\$ 26,575,967
May-15	\$ 19,245,887	\$ 7,130,427	\$ 643,714	\$ 1,351,125	\$ 1,911,821	\$ 30,282,973	\$ 28,371,152
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month.							\$ 35,317,186
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,452,655
GROUP 1 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							41.82%

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-14	\$ 33,283,517	\$ 18,737,795	\$ 1,954,247	\$ 669,820	\$ 1,579,922	\$ 56,225,300	\$ 54,645,379	\$ 33,953,337
Jul-14	\$ 33,763,287	\$ 18,606,578	\$ 1,147,175	\$ 733,697	\$ 1,741,525	\$ 55,992,262	\$ 54,250,737	\$ 34,496,984
Aug-14	\$ 32,513,438	\$ 18,162,998	\$ 112,923	\$ 665,867	\$ 1,849,343	\$ 53,304,568	\$ 51,455,225	\$ 33,179,305
Sep-14	\$ 35,850,535	\$ 20,220,639	\$ 283,429	\$ 711,285	\$ 1,894,389	\$ 58,940,277	\$ 57,045,888	\$ 36,541,821
Oct-14	\$ 31,652,002	\$ 19,033,445	\$ 159,891	\$ 598,460	\$ 1,858,856	\$ 53,302,653	\$ 51,443,797	\$ 32,250,461
Nov-14	\$ 24,607,043	\$ 13,022,790	\$ 23,355	\$ 516,356	\$ 1,872,610	\$ 40,042,155	\$ 38,169,545	\$ 25,123,399
Dec-14	\$ 29,797,563	\$ 17,818,181	\$ (468,132)	\$ 601,510	\$ 2,582,675	\$ 50,331,797	\$ 47,749,122	\$ 30,399,073
Jan-15	\$ 29,739,784	\$ 17,420,467	\$ (42,720)	\$ 634,771	\$ 2,734,369	\$ 50,486,670	\$ 47,752,301	\$ 30,374,555
Feb-15	\$ 27,448,052	\$ 15,779,120	\$ 578,857	\$ 587,594	\$ 2,574,946	\$ 46,968,570	\$ 44,393,624	\$ 28,035,646
Mar-15	\$ 30,236,104	\$ 17,481,064	\$ 718,034	\$ 616,745	\$ 2,849,863	\$ 51,901,809	\$ 49,051,946	\$ 30,852,848
Apr-15	\$ 28,224,366	\$ 16,071,139	\$ 1,169,029	\$ 454,088	\$ 2,662,102	\$ 48,580,724	\$ 45,918,623	\$ 28,678,454
May-15	\$ 30,015,651	\$ 15,869,786	\$ 1,370,025	\$ 493,980	\$ 3,197,608	\$ 50,947,049	\$ 47,749,441	\$ 30,509,631
Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge and Fuel, for 12 Months Ending Current Expense Month.							\$ 49,135,469	\$ 31,199,626
Average Kentucky Jurisdictional Revenues excluding Environmental Surcharge for 12-months ending with Current Month =							\$ 84,452,655	
GROUP 2 Revenues as a Percentage of Total Revenues for 12-months ending with the Current Month							58.18%	

ES FORM 3.10

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

Reconciliation of Reported Revenues

For the Month Ended: May 31, 2015

	Revenues per Form 3.00	Revenues per Income Statement
<b>Kentucky Retail Revenues</b>		
(1) Base Rates (Customer Charge, Energy Charge, Demand Charge)	\$ 72,261,751	\$ 72,261,751
(2) Fuel Adjustment Clause	\$ 2,013,738	\$ 2,013,738
(3) DSM	\$ 1,845,105	\$ 1,845,105
(4) Environmental Surcharge		\$ 5,109,429
(5) CSR Credits		\$ (343,730)
(6) Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 76,120,594	
<b>Non -Jurisdictional Revenues</b>		
(7) InterSystem ( Total Less Transmission Portion Booked in Account 447)	\$ 3,174,978	\$ 3,174,978
(8) Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes =	\$ 3,174,978	
(9) Total Company Revenues for Environmental Surcharge Purposes =	\$ 79,295,571	
Jurisdictional Allocation Ratio for Current Month [(5) / (8)] =	96.00%	
<b>Reconciling Revenues</b>		
(10) Brokered	\$ -	\$ -
(11) InterSystem ( Transmission Portion Booked in Account 447)		\$ -
(12) Unbilled		\$ 9,856,676
(13) Miscellaneous		\$ 1,378,535
(14) Total Company Revenues per Income Statement =		\$ 95,296,482



# Attachment 1

Summary of Calculation of Prior  
Period Adjustment included in the  
May 2015 Expense Month Filing and  
Revised ES Forms 1.10, 2.0, and 2.10  
for the April 2015 Expense Month

Summary of Calculation of Prior Period Adjustment included in the May 2015 Expense Month Filing

Conroy

1	2	3	4	5	6	7	8
Expense Month	Eligible Accumulated Depreciation As Filed	Eligible Accumulated Depreciation As Revised	Change to Eligible Accumulated Depreciation	Rate of Return	Change to Return on Rate Base (Total E(m)) (Col 4 x Col 5)/12	Retail Juris Allocation	Change to Juris E(m) (Col 6 x Col 7)
Apr-15	(\$54,985,546)	(\$54,876,989)	(\$108,556)	10.43%	(\$944)	93.04%	(\$878)

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

Calculation of Total E(m) and  
Group Surcharge Billing Factors

For the Expense Month of April 2015

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	= \$	819,161,023	
(2) RB / 12	= \$	68,263,419	
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	=	10.43%	
(4) OE	= \$	785,773	
(5) BAS	= \$	0	
(6) BR	= \$	(43,558)	
(7) E(m)	$(2) \times (3) + (4) - (5) + (6)$	= \$	7,862,090

Calculation of Adjusted Net Jurisdictional E(m)

(8) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	93.04%	
(9) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(7) x (8)]	= \$	7,314,889	
(10) Adjustment for (Over)/Under-collection pursuant to Case No. 2013-00437	= \$	-	
(11) Prior Period Adjustment (if necessary)	= \$	-	
(12) Revenue Collected through Base Rates	= \$	1,029,918	
(13) Adjusted Net Jurisdictional E(m) [(9) + (10) + (11) - (12)]	= \$	6,284,971	

Calculation of Group Environmental Surcharge Billing Factors

		<u>GROUP 1 (Total Revenue)</u>	<u>GROUP 2 (Net Revenue)</u>
(14) Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	=	41.73%	58.27%
(15) Group E(m) [(13) x (14)]	= \$	2,622,718	\$ 3,662,253
(16) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$	35,299,567	\$ 31,292,240
(17) Group Environmental Surcharge Billing Factors [(15) ÷ (16)]	=	7.43%	11.70%

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

Revenue Requirements of Environmental Compliance Costs  
For the Expense Month of April 2015

**Determination of Environmental Compliance Rate Base**

	Environmental Compliance Plan	
Eligible Pollution Control Plant	\$ 277,769,576	
Eligible Pollution CWIP Excluding AFUDC	541,667,410	
Subtotal		\$ 819,436,986
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33	167	
Cash Working Capital Allowance	205,146	
Subtotal		205,313
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	(54,876,989)	
Pollution Control Deferred Income Taxes	55,358,265	
Subtotal		481,276
Environmental Compliance Rate Base		\$ 819,161,023

**Determination of Pollution Control Operating Expenses**

	Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 185,322
Monthly Depreciation & Amortization Expense	510,452
less investment tax credit amortization	-
Monthly Taxes Other Than Income Taxes	89,997
Monthly Emission Allowance Expense from ES Form 2.31, 2.32 and 2.33	2
Monthly Surcharge Consulting Fees	-
Construction Monitoring Consultant Fee	-
Total Pollution Control Operations Expense	\$ 785,773

**Determination of Beneficial Reuse Operating Expenses**

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 8,403
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(51,961)
Net Beneficial Reuse Operations Expense	\$ (43,558)

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

	Total Proceeds	Amount in Base Rates	Net Proceeds
	(1)	(2)	(1) - (2)
Allowance Sales	\$ 0	\$ -	\$ 0
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ 0	\$ -	\$ 0

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

For the Month Ended: April 30, 2015

(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 4/30/2015	(7) Monthly ITC Amortization Credit	(8) Monthly Depreciation Expense	(9) Monthly Property Tax Expense
				(2)-(3)+(4)				
<b>2009 Plan:</b>								
Project 22 - Care Run CCP Storage (Landfill - Phase 1) [CANCELLED]								
Project 23 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,599,354	\$ 785,009	\$ -	\$ 8,814,344	\$ 654,917		\$ 19,647	\$ 1,112
Project 24 - Trimble County CCP Storage (Landfill - Phase 1)	\$ 4,067,717	\$ 12,456	\$ 9,236,111	\$ 13,291,372	\$ 142,761		\$ 8,304	\$ 1,590
Project 25 - Beneficial Reuse	\$ 4,556,730	\$ 273,750	\$ -	\$ 4,282,980	\$ 900,203		\$ 9,078	\$ 340
<b>Subtotal</b>	<b>\$ 18,223,801</b>	<b>\$ 1,071,215</b>	<b>\$ 9,236,111</b>	<b>\$ 26,388,697</b>	<b>\$ 1,697,881</b>		<b>\$ 37,028</b>	<b>\$ 3,241</b>
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ (418,072)	\$ (220,623)	\$ -	\$ (197,449)	\$ (76,808)		\$ (844)	\$ (25)
<b>Net Total - 2009 Plan:</b>	<b>\$ 17,805,729</b>	<b>\$ 850,592</b>	<b>\$ 9,236,111</b>	<b>\$ 26,191,248</b>	<b>\$ 1,621,073</b>		<b>\$ 36,184</b>	<b>\$ 3,217</b>
<b>2011 Plan:</b>								
Project 26 - Mill Creek Station Air Compliance	\$ 342,124,347	\$ 2,807,263	\$ 455,118,720	\$ 794,435,803	\$ 58,908,709		\$ 581,981	\$ 82,411
Project 27 - Trimble County Unit 1 Air Compliance	\$ -	\$ -	\$ 77,312,579	\$ 77,312,579	\$ -		\$ -	\$ 7,323
<b>Subtotal</b>	<b>\$ 342,124,347</b>	<b>\$ 2,807,263</b>	<b>\$ 532,431,299</b>	<b>\$ 871,748,382</b>	<b>\$ 58,908,709</b>		<b>\$ 581,981</b>	<b>\$ 89,734</b>
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ (82,160,499)	\$ (58,534,845)	\$ -	\$ (23,625,654)	\$ (5,171,517)		\$ (107,713)	\$ (2,953)
<b>Net Total - 2011 Plan:</b>	<b>\$ 259,963,847</b>	<b>\$ (55,727,582)</b>	<b>\$ 532,431,299</b>	<b>\$ 848,122,728</b>	<b>\$ 53,737,192</b>	<b>\$ -</b>	<b>\$ 474,268</b>	<b>\$ 86,781</b>
<b>Net Total - All Plans:</b>	<b>\$ 277,769,576</b>	<b>\$ (54,876,989)</b>	<b>\$ 541,667,410</b>	<b>\$ 874,313,975</b>	<b>\$ 55,358,265</b>	<b>\$ -</b>	<b>\$ 510,452</b>	<b>\$ 89,997</b>

Note 1: Trimble County projects for the 2009 Plan are proportionately shared by KU at 48% and LG&E at 52%.  
Note 2: Effective with the September 2012 expense month, Project 22 is cancelled and the previous CWIP balance is included on ES Form 2.50 as an expense for the September 2012 expense month.