

LOUISVILLE GAS AND ELECTRIC COMPANY

FINANCIAL EXHIBIT
(807 KAR 5:001 SEC. 18(2)(a) and SEC. 12)

December 31, 2016

- (1) Amount and kinds of stock authorized.

75,000,000 shares of Common Stock, without par value
1,720,000 shares of Preferred Stock at \$25.00 par value – authorized, but unissued
6,750,000 shares of Preferred Stock, without par value – authorized, but unissued

- (2) Amount and kinds of stock issued and outstanding.

Common Stock:
21,294,223 shares issued and outstanding, without par value, recorded at \$424,334,535.

- (3) Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise.

None

- (4) Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking fund provisions.

Date of Execution: As of October 1, 2010 (Supplemental Indentures were executed on October 15, 2010, November 1, 2010, November 1, 2013, September 1, 2015 and September 1, 2016.)

Mortgagor: Louisville Gas and Electric Company

Trustee: The Bank of New York Mellon

Amount of Authorized Debt: One quintillion dollars

Amount of Debt Secured: \$1,634,304,000

Sinking Fund Provisions: None

Pledged Assets: Substantially all assets of Louisville Gas and Electric Company located in Kentucky

- (5) Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with the amount of interest paid thereon during the last fiscal year.

Secured by first mortgage lien on substantially all assets in Kentucky.

Louisville Gas and Electric Company

Date of Issue	Date of Maturity	Rate of Interest	Authorized	Outstanding at December 31, 2016	Interest Expense Year Ended December 31, 2016
Pollution Control Bonds					
05/19/00	05/01/27	Variable	\$ 25,000,000	0	\$ 231,097
08/09/00	08/01/30	Variable	83,335,000	0	497,649
09/11/01	09/01/27	Variable	10,104,000	10,104,000	72,064
03/06/02	09/01/26	Variable	22,500,000	22,500,000	148,555
03/06/02	09/01/26	1.05% *****	27,500,000	27,500,000	288,750
03/22/02	11/01/27	1.35% *****	35,000,000	35,000,000	472,500
03/22/02	11/01/27	1.35% *****	35,000,000	35,000,000	472,500
10/23/02	10/01/32	Variable	41,665,000	0	276,583
11/20/03	10/01/33	1.65% *	128,000,000	128,000,000	2,112,000
04/13/05	02/01/35	2.20% ****	40,000,000	40,000,000	880,000
04/26/07	06/01/33	1.15% ***	31,000,000	31,000,000	356,500
04/26/07	06/01/33	1.60% **	35,200,000	35,200,000	563,200
04/26/07	06/01/33	4.60%	60,000,000	60,000,000	2,760,000
09/15/16	09/01/44	Variable	125,000,000	125,000,000	301,411
Interest Rate Swaps					<u>7,382,777</u>
				<u>\$ 699,304,000</u>	<u>\$ 549,304,000</u>
				<u>\$ 699,304,000</u>	<u>\$ 16,815,585</u>
First Mortgage Bonds					
11/16/10	11/15/40	5.125%	285,000,000	285,000,000	14,606,250
11/14/13	11/15/43	4.650%	250,000,000	250,000,000	10,187,368
09/28/15	10/01/25	3.300%	300,000,000	300,000,000	11,309,230
09/28/15	10/01/45	4.375%	<u>250,000,000</u>	<u>250,000,000</u>	<u>11,926,258</u>
				<u>\$ 1,085,000,000</u>	<u>\$ 48,029,106</u>

* On April 2, 2012, Louisville Gas and Electric (LG&E) remarketed the Louisville/Jefferson County Metro Government 2003 Series A bonds wherein the interest rate was fixed at 1.650% until April 3, 2017, at which time the Company must remarket the bonds or buy them back.

** On June 1, 2012, LG&E remarketed the Louisville/Jefferson County Metro Government 2007 Series B bonds wherein the interest rate was fixed at 1.600% until June 1, 2017, at which time the Company must remarket the bonds or buy them back.

*** On December 1, 2012, LG&E remarketed the Louisville/Jefferson County Metro Government 2007 Series A bonds wherein the interest rate was fixed at 1.15% until June 1, 2017, at which time the Company must remarket the bonds or buy them back.

**** On December 2, 2013, LG&E remarketed the Louisville/Jefferson County Metro Government 2005 Series A bonds wherein the interest rate was fixed at the 2.20% until July 31, 2019, at which time the Company must remarket the bonds or buy them back.

***** On December 15, 2014, LG&E remarketed the Trimble County 2001 Series A bonds wherein the interest rate was fixed at 1.05% until March 1, 2018, at which time the Company must remarket the bonds or buy them back.

***** On December 15, 2014, LG&E remarketed the Trimble County 2001 Series B and Jefferson County 2001 Series B bonds wherein the interest rate was fixed at 1.35% until May 1, 2018, at which time the Company must remarket the bonds or buy them back.

- (6) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last 12-month period.

There are no notes outstanding as of December 31, 2016.¹

- (7) Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.

None, other than current and accrued liabilities.

- (8) Rate and amount of dividends paid during the five previous fiscal years, and the amount of capital stock on which dividends were paid each year.

Dividends on Common Stock, without par value (not based on rate per share)

2012	75,250,000
2013	99,000,000
2014	112,000,000
2015	119,000,000
2016	128,000,000

The amount of total proprietary capital on which dividends were paid as of Dec. 31st

2012	1,424,518,370
2013	1,570,218,973
2014	1,783,850,924

¹ LG&E maintains a syndicated revolving credit facility of \$500 million. Although there isn't any outstanding balance on the revolver, LG&E has executed notes under the multiyear revolving credit program, and also has \$169 million of short term commercial paper outstanding as of December 31, 2016.

2015	1,940,270,497
2016	2,086,499,985

(9) Detailed Income Statement, Balance Sheet and Statement of Retained Earnings

Monthly Financial and Operating Reports are filed each month with the Kentucky Public Service Commission. Attached are detailed Statements of Income, Balance Sheets and Retained Earnings for the Company for the period ending December 31, 2016.

Louisville Gas and Electric Company
Balance Sheet as of December 31, 2016

Assets		Liabilities and Proprietary Capital	
Utility Plant		Proprietary Capital	
Utility Plant at Original Cost.....	\$ 6,769,097,283.29	Common Stock.....	\$ 425,170,424.09
Less: Reserves for Depreciation and Amortization.....	<u>2,053,028,396.72</u>	Less: Common Stock Expense.....	835,888.64
Total.....	<u>4,716,068,886.57</u>	Paid-In Capital.....	488,081,499.00
		Other Comprehensive Income.....	-
Investments		Retained Earnings.....	<u>1,174,083,950.71</u>
Ohio Valley Electric Corporation.....	594,286.00	Total Proprietary Capital.....	<u>2,086,499,985.16</u>
Nonutility Property - Less Reserve.....	567,536.62	Other Long-Term Debt.....	<u>1,629,913,007.86</u>
Special Funds.....	<u>3,450,337.05</u>	Total Long-Term Debt.....	<u>1,629,913,007.86</u>
Total.....	<u>4,612,159.67</u>	Total Capitalization.....	<u>3,716,412,993.02</u>
Current and Accrued Assets		Current and Accrued Liabilities	
Cash.....	4,492,084.89	Notes Payable.....	168,714,278.87
Special Deposits.....	-	Accounts Payable.....	159,143,116.05
Temporary Cash Investments.....	295,810.56	Accounts Payable to Associated Companies.....	25,844,665.58
Accounts Receivable - Less Reserve.....	195,117,574.93	Customer Deposits.....	26,675,849.91
Notes Receivable from Associated Companies.....	-	Taxes Accrued.....	40,246,771.67
Accounts Receivable from Associated Companies.....	28,083,431.43	Dividends Declared.....	-
Materials and Supplies - At Average Cost		Interest Accrued.....	10,665,488.23
Fuel.....	60,061,204.27	Miscellaneous Current and Accrued Liabilities.....	<u>53,581,077.63</u>
Plant Materials and Operating Supplies.....	34,700,604.69	Total.....	<u>484,871,247.94</u>
Stores Expense.....	6,716,994.38	Deferred Credits and Other	
Gas Stored Underground.....	41,703,684.89	Accumulated Deferred Income Taxes.....	1,224,758,635.58
Emission Allowances.....	151.44	Investment Tax Credit.....	36,357,160.65
Prepayments.....	15,041,152.06	Regulatory Liabilities.....	80,265,594.11
Miscellaneous Current and Accrued Assets.....	-	Customer Advances for Construction.....	6,471,505.19
Total.....	<u>386,212,693.54</u>	Asset Retirement Obligations.....	168,407,830.94
Deferred Debits and Other		Other Deferred Credits.....	1,946,440.02
Unamortized Debt Expense.....	14,453,918.48	Miscellaneous Long-Term Liabilities.....	3,869,120.45
Unamortized Loss on Bonds.....	15,588,304.02	Accum Provision for Pension & Postretirement Benefits.....	<u>103,995,548.52</u>
Accumulated Deferred Income Taxes.....	250,781,294.82	Total.....	<u>1,626,071,835.46</u>
Deferred Regulatory Assets.....	431,662,098.27	Total Liabilities and Stockholders' Equity.....	<u>\$ 5,827,356,076.42</u>
Other Deferred Debits.....	<u>7,976,721.05</u>		
Total.....	<u>720,462,336.64</u>		
Total Assets.....	<u>\$ 5,827,356,076.42</u>		

Louisville Gas and Electric Company
Statement of Income
December 31, 2016

	Year Ended 12/31/2016
Electric Operating Revenues.....	\$ 1,139,116,720.27
Gas Operating Revenues.....	288,728,400.55
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Total Operating Revenues.....	1,427,845,120.82
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Fuel for Electric Generation.....	310,667,467.55
Power Purchased.....	55,379,006.13
Gas Supply Expenses.....	104,509,026.25
Other Operation Expenses.....	240,168,560.28
Maintenance.....	101,251,003.93
Depreciation.....	158,381,538.09
Amortization Expense.....	11,392,913.52
Regulatory Deditis.....	95,996.89
Regulatory Credits.....	-
Taxes	
Federal Income.....	(20,335,314.03)
State Income.....	1,228,245.07
Deferred Federal Income - Net.....	127,015,342.22
Deferred State Income - Net.....	18,185,396.94
Property and Other.....	39,887,728.88
Investment Tax Credit.....	2,942,920.00
Amortization of Investment Tax Credit.....	(1,229,230.00)
Loss (Gain) from Disposition of Utility Plant.....	-
Loss (Gain) from Disposition of Allowances.....	(71.88)
Accretion Expense	-
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Total Operating Expenses	1,149,540,529.84
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Net Operating Income.....	278,304,590.98
Other Income Less Deductions	(3,834,530.77)
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Income Before Interest Charges	274,470,060.21
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Interest on Long-Term Debt.....	64,844,691.27
Amortization of Debt Expense - Net.....	4,467,694.24
Other Interest Expenses	1,928,186.70
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Total Interest Charges	71,240,572.21
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Net Income	\$ 203,229,488.00

Louisville Gas and Electric Company
Analysis of Retained Earnings
December 31, 2016

	<u>Year Ended 12/31/16</u>
Balance at Beginning of Period.....	\$ 1,098,854,462.71
Add:	
Net Income for Period.....	203,229,488.00
Deduct:	
Adjustment to Retained Earnings.....	-
Common Dividends	
Common Stock Without Par Value.....	<u>128,000,000.00</u>
Balance at End of Period.....	<u><u>\$ 1,174,083,950.71</u></u>