



Ms. Joyce Spear
Rates and Tariffs Division
Kentucky Public Service Commission
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P. O. Box 615
Frankfort, KY 40602-0615

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COMMISSION

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February 13, 2009

**Re: Kentucky Utilities Company - Kentucky Jurisdictional 12-Months
Ended December 31, 2008 Income Statement and Balance Sheet as
of December 31, 2008 (Case Nos. 97-300, 2000-095, and 2001-104)**

Dear Ms. Spear:

Enclosed is Kentucky Utilities Company's ("KU") response to the Commission's Order, dated September 12, 1997, in the Case No. 97-300, wherein the Commission directed KU to submit quarterly Twelve-Month Ended Income Statements and Balance Sheets on a Kentucky Jurisdictional and Other Jurisdictional operations basis. This information is also filed in response to the Commission's Order dated May 15, 2000, in Case No. 2000-095, *Summary of Findings, No. 8 and Appendix B, Reporting Requirements to be filed Quarterly, No. 3*. These commitments were repeated in the Commission's Order dated August 6, 2001, in Case No. 2001-104, *Appendix A, Operations and Financial, No. 1*.

Please confirm your receipt of this filing by placing the File Stamp of your Office with date received on the extra copy and returning it to me in the enclosed envelope.

Should you have any questions regarding the information filed herewith, please call me or Don Harris at (502)627-2021.

Sincerely,

Rick E. Lovekamp

Enclosures

cc: KPSC Division of Financial Analysis

KENTUCKY UTILITIES COMPANY

Balance Sheet
At December 31, 2008
Assets and Other Debits

Title of Account Column A	No. Col. B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
<u>Utility Plant</u>				
Utility Plant	101-106	\$ 4,446,017,779	\$ 3,888,960,142	\$ 557,057,637
Plus: Construction Work in Progress	107	<u>1,176,440,172</u>	<u>1,017,652,315</u>	<u>158,787,857</u>
Total Utility Plant		\$ 5,622,457,951	\$ 4,906,612,457	\$ 715,845,494
Less: Accumulated Provision for Depreciation	108,111	<u>2,052,492,161</u>	<u>1,782,114,547</u>	<u>270,377,614</u>
Net Utility Plant		<u>\$ 3,569,965,789</u>	<u>\$ 3,124,497,910</u>	<u>\$ 445,467,879</u>
<u>Other Property and Investments</u>				
Non-Utility Property	121	\$ 179,121	\$ -	\$ 179,121
Less: Accum Prov for Depr and Amortization	122	-	-	-
Investment in Subsidiary Companies	123.1	22,301,387	-	22,301,387
Non-Current Portion of Allowances	158.1	-	-	-
Other Investments	124	411,140	-	411,140
Special Funds	125-128	<u>5,997,831</u>	<u>5,259,078</u>	<u>738,753</u>
Total Other Property and Investments		\$ 28,889,479	\$ 5,259,078	\$ 23,630,401
<u>Current and Accrued Assets</u>				
Cash	131	\$ 2,413,346	\$ 2,116,094	\$ 297,252
Special Deposits	132-134	9,510,009	8,338,661	1,171,348
Working Funds	135	32,367	28,380	3,987
Temporary Cash Investments	136	13	11	2
Customer Accounts Receivable	142	94,911,406	70,695,284	24,216,122
Other Accounts Receivable	143	12,623,606	11,199,915	1,423,691
Less: Accum Prov for Uncollectable Accts-Credit	144	2,878,505	2,553,867	324,638
Notes Receivable from Associated Companies	145	-	-	-
Accounts Receivable from Associated Companies	146	12,376,152	11,039,404	1,336,748
Fuel	151	72,708,035	63,165,105	9,542,930
Plant Materials and Operating Supplies	154	29,561,689	25,493,114	4,068,575
Allowances	158.1	74,419	64,581	9,838
Less: Non-Current Portion of Allowances	158.1	-	-	-
Stores Expense Undistributed	163	6,202,308	5,348,685	853,623
Prepayments	165	5,833,903	5,115,341	718,562
Interest and Dividends Receivable	171	140,087	122,832	17,255
Accrued Utility Revenues	173	60,007,000	56,638,000	3,369,000
Miscellaneous Current Assets -- Mark to Market	174	1,261,246	1,105,898	155,348
Total Current and Accrued Assets		<u>\$ 304,777,081</u>	<u>\$ 257,917,438</u>	<u>\$ 46,859,643</u>
		\$ -		
<u>Deferred Debits</u>				
Unamortized Debt Expense	181	\$ 4,671,224	\$ 4,095,870	\$ 575,354
Unrecovered Plant and Regulatory Costs	182	-	-	-
Other Regulatory Assets	182.3	189,030,419	165,273,774	23,756,645
Preliminary Survey and Inventory	183	4,492,923	3,939,530	553,393
Clearing Accounts	184	621,641	554,498	67,143
Miscellaneous Deferred Debits	186	72,026,830	62,811,060	9,215,770
Unamortized Loss on Re-Acquired Debt	189	13,356,279	11,711,186	1,645,093
Accumulated Deferred Income Taxes	190	50,686,900	49,346,139	1,340,761
Total Deferred Debits		<u>\$ 334,886,216</u>	<u>\$ 297,732,056</u>	<u>\$ 37,154,159</u>
Total Assets and Other Debits		<u>\$ 4,238,518,565</u>	<u>\$ 3,685,406,483</u>	<u>\$ 553,112,083</u>

KENTUCKY UTILITIES COMPANY

Balance Sheet

At December 31, 2008

Liabilities and Other Credits

Title of Account Column A	No. Col. B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
Proprietary Capital				
Common Stock Issued	201	\$ 308,139,978	\$ 270,186,377	\$ 37,953,601
Preferred Stock Issued	204	-	-	-
Premium on Capital Stock	207	-	-	-
Paid in Capital	208-211	235,000,000	206,055,050	28,944,950
Other Comprehensive Income		-	-	-
Capital Stock Expense	214	(321,289)	(281,716)	(39,573)
Retained Earnings	215-216	1,181,145,347	1,035,663,675	145,481,672
Unappropriated Undistributed Subsidiary Earnings	216 1	20,755,587	-	20,755,587
Total Proprietary Capital		\$ 1,744,719,622	\$ 1,511,623,386	\$ 233,096,236
Long Term Debt				
Bonds	221	\$ 350,779,405	\$ 307,573,906	\$ 43,205,499
Long Term Debt Marked to Market	221200	-	-	-
Long Term Debt To Associated Companies	233006	1,181,000,000	1,035,536,230	145,463,770
Other Long Term Debt	224	-	-	-
Unamortized Premium on Long Term Debt	225	-	-	-
Total Long Term		\$ 1,531,779,405	\$ 1,343,110,136	\$ 188,669,269
Other Non-Current Liabilities				
Accumulated Provision for Property Insurance	228.1	-	-	-
Accumulated Provision for Injuries and Damages	228.2	-	-	-
Accumulated Provision for Pensions and Benefits	228.3	192,048,802	171,305,611	20,743,191
Accumulated Miscellaneous Operating Provision	228.4	-	-	-
Total Other Non-Current Liabilities		\$ 192,048,802	\$ 171,305,611	\$ 20,743,191
Current and Accrued Liabilities				
Notes Payable	231	-	-	-
Accounts Payable	232	162,946,460	145,346,613	17,599,847
Notes Payable to Associated Companies	233	16,247,454	14,246,255	2,001,199
Accounts Payable to Associated Companies	234	24,709,458	-	24,709,458
Customer Deposits	235	21,057,049	20,046,012	1,011,038
Taxes Accrued	236	7,331,840	6,428,777	903,063
Interest Accrued	237	14,653,836	12,848,923	1,804,913
Dividends Declared	238	-	-	-
Matured Long Term Bonds/LTD Due in 1 Year	239	-	-	-
Tax Collections Payable	241	3,824,617	3,233,796	590,821
Miscellaneous Current and Accrued Liabilities	242	12,258,283	11,415,189	843,095
Total Current and Accrued Liabilities		\$ 263,028,998	\$ 213,565,564	\$ 49,463,434
Deferred Credits				
Customer Advances for Construction	252	\$ 2,430,316	\$ 2,416,126	\$ 14,190
Accumulated Deferred Investment Tax Credits	255	79,951,702	68,650,066	11,301,636
Other Deferred Credits	253	21,709,079	19,561,896	2,147,183
Other Regulatory Liabilities	254	40,483,283	37,821,920	2,661,363
Asset Retirement Obligation	230	32,566,110	28,260,870	4,305,240
Miscellaneous Long Term Liability Due to Associated Companies	234	2,595,220	2,275,567	319,653
Accumulated Deferred Income Taxes	281-283	327,206,027	318,550,830	8,655,197
Total Deferred Credits		\$ 506,941,738	\$ 477,537,275	\$ 29,404,463
Total Liabilities and Other Credits		\$ 4,238,518,565	\$ 3,717,141,972	\$ 521,376,593

KENTUCKY UTILITIES COMPANY

Statement of Income

Twelve Months Ended December 31, 2008

Title of Account Column A	No. Col. B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E		
Utility Operating Income						
Operating Revenues:						
Residential Sales	440	\$ 462,085,548	\$ 435,343,267	\$ 26,742,282		
Commercial and Industrial Sales:	442					
Small (or Comm) - Rural Comm & Comm L&P		316,402,846	303,594,861	12,807,985		
Large (or Ind) - Industrial & Mine Power		319,256,171	307,284,533	11,971,638		
Public Street and Highway Lighting	444	10,014,050	9,737,557	276,493		
Other Sales to Public Authorities	445	98,034,213	92,973,568	5,060,646		
Total Sales to Ultimate Consumers		\$ 1,205,792,827	\$ 1,148,933,785	\$ 56,859,043		
Sales for Resale	447	188,961,037	86,673,978	102,287,033		
Total Sales of Electricity		\$ 1,394,753,864	\$ 1,235,607,762	\$ 159,146,076		
Less: Provision for Refund	449.1	-	-	-		
Total Revenues Net of Provision for Refund		\$ 1,394,753,864	\$ 1,235,607,762	\$ 159,146,076		
Other Operating Revenues:						
Miscellaneous Service Revenues	451	1,358,829	1,320,298	38,531		
Rent from Electric Property	454	2,173,641	2,021,858	151,783		
Other Electric Revenues	456	5,755,719	5,100,266	655,453		
Total Other Operating Revenues		\$ 9,288,189	\$ 8,442,422	\$ 845,767		
Total Operating Revenue		\$ 1,404,042,053	\$ 1,244,050,184	\$ 159,991,843		
Operating Expenses:						
Operation Expenses	401	\$ 900,488,467	\$ 785,305,764	115,182,703		
Maintenance Expenses	402	88,778,792	78,063,788	10,715,004		
Depreciation Expense	403	131,115,009	114,983,818	16,131,191		
Amortization of Limited-Term Electric Plant	404	5,229,656	4,574,636	655,020		
Regulatory Credits	407	(2,276,549)	(1,976,575)	(299,974)		
Taxes Other than Income Taxes	408.1	20,661,094	18,474,955	2,186,139		
Income Taxes - Federal	409.1	37,223,115	Total Income Taxes			
Income Taxes - State	409.1	9,076,931			34,748,071	(1,800,402)
Provision for Deferred Income Taxes	410.1	48,036,598				
Provision for Deferred Income Taxes - Credit	411.1	(61,388,975)				
Accretion Expense	411.1	1,981,575	1,720,574	261,001		
Investment Tax Credit Adjustment - Net	411.4	25,266,898	21,926,614	3,340,284		
Losses/(Gains) from Disposition of Allowances	411.8	(583,107)	(506,018)	(77,089)		
Total Utility Operating Expenses		\$ 1,203,609,505	\$ 1,057,315,629	\$ 146,293,877		
Net Utility Operating Income		\$ 200,432,548	\$ 186,734,555	\$ 13,697,966		

KENTUCKY UTILITIES COMPANY

Statement of Income

Twelve Months Ended December 31, 2008

Title of Account Column A	No. Col. B	Total Kentucky Utilities Column C	KU Retail Jurisdictional Column D	Other Jurisdictional Column E
Other Income and Deductions are not separated on a jurisdictional basis.				
<u>Other Income and Deductions</u>				
Total Other Income		\$ 39,234,655		
Total Other Income Deductions		1,014,930		
Total Taxes on Other income and Deductions		2,797,566		
Net Other Income and Deductions		\$ 35,422,159		
<u>Interest Charges</u>				
Interest on Long Term Debt	427	\$ 68,330,555		
Amortization of Debt Discount and Expense	428	250,311		
Amortization of Loss on Re-Acquired Debt	428.1	493,259		
Amortization of Premium on Debt - Credit	429	-		
Amortization of Gain on Re-Acquired Debt - Credit	429.1	-		
Interest on Debt to Associated Companies	430	2,307,257		
Other Interest Expense	431	2,317,909		
Allowance for Borrowed Funds Used During Construction	432	(2,048,468)		
Net Interest Charges		\$ 71,650,823	\$ 64,734,094	\$ 6,916,729
Cumulative Effect of Accounting Change, Net of Tax		\$ -		
Net Income		\$ 164,203,884		