



Ms. Stephanie L. Stumbo
Executive Director
Public Service Commission
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PUBLIC SERVICE
COMMISSION

Louisville Gas and
Electric Company
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December 5, 2008

RE: Adjustments to Demand-Side Management Cost Recovery
Components for Louisville Gas and Electric Company

Dear Ms. Stumbo:

Louisville Gas and Electric Company ("LG&E") files herewith an original and four copies of the following revised sheets of its Tariff PSC of Ky. Electric No. 6:

Twenty-Seventh Revision of Original Sheet No. 1

Ninth Revision of Original Sheet No. 71.4

Eighth Revision of Original Sheet No. 71.5

This filing reflects revised Demand Side Management Cost Recovery Components as approved by the Commission in its Order of May 11, 2001, in Case No. 2000-00459, and reaffirmed in its order of March 31, 2008, in Case No. 2007-00319. Four copies of the supporting data for the twelve month period ending December 31, 2009 are also filed herewith.

Sincerely,

Robert M. Conroy

Enclosures

Louisville Gas and Electric Company

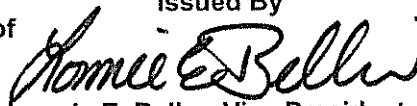
Twenty-Seventh Revision of Original Sheet No. 1
P.S.C. of Ky. Electric No. 6

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Date of Issue: December 5, 2008
Canceling Twenty-Sixth Revision of
Original Sheet No. 1
Issued November 14, 2008

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Date Effective: January 5, 2009

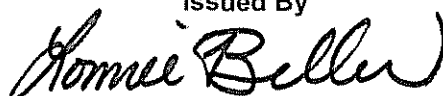

Lonnie E. Bellar, Vice President,
State Regulation and Rates
Louisville, Kentucky

DSMRM		
Demand-Side Management Cost Recovery Mechanism		
APPLICABLE TO:		
Residential Rate RS, Residential Responsive Pricing RRP, Volunteer Fire Department Rate VFD, Residential Prepaid Metering Rate RPM, General Service Rate GS, General Responsive Pricing GRP, Small Time-of-Day Rate STOD, Large Commercial Rate LC, Large Commercial Time-of-Day Rate LC-TOD, Industrial Power Rate LP, and Industrial Power Time-of-Day Rate LP-TOD.		
<u>DSM Cost Recovery Component (DSMRC):</u>		
Residential Rate RS, Residential Responsive Pricing Rate RRP, Volunteer Fire Dept. Rate VFD, and Residential Prepaid Metering Rate RPM	<u>Energy Charge</u>	
DSM Cost Recovery Component (DCR)	0.203 ¢/KWH	R
DSM Revenues from Lost Sales (DRLS)	0.085 ¢/KWH	I
DSM Incentive (DSMI)	0.009 ¢/KWH	I
DSM Balance Adjustment (DBA)	(0.011)¢/KWH	
DSMRC Rates RS, RRP, VFD, and RPM	0.286 ¢/KWH	I
General Service Rate GS General Responsive Pricing Rate GRP, and Small Time-of-Day Rate STOD	<u>Energy Charge</u>	
DSM Cost Recovery Component (DCR)	0.057 ¢/KWH	R
DSM Revenues from Lost Sales (DRLS)	0.097 ¢/KWH	I
DSM Incentive (DSMI)	0.003 ¢/KWH	
DSM Balance Adjustment (DBA)	(0.009)¢/KWH	
DSMRC Rates GS, GRP, and STOD	0.148 ¢/KWH	T/I

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Lonnie E. Bellar, Vice President,
State Regulation and Rates
Louisville, Kentucky

Louisville Gas and Electric Company

Eighth Revision of Original Sheet No. 71.5
P.S.C. of Ky. Electric No. 6

DSMRM

Demand-Side Management Cost Recovery Mechanism

DSM Cost Recovery Component (DSMRC):

(Continued)


<u>Large Commercial Rate LC</u>	<u>Energy Charge</u>	
DSM Cost Recovery Component (DCR)	0.041 ¢/KWH	
DSM Revenues from Lost Sales (DRLS)	0.059 ¢/KWH	
DSM Incentive (DSMI)	0.002 ¢/KWH	
DSM Balance Adjustment (DBA)	(0.006) ¢/KWH	
DSMRC Rate LC	0.096 ¢/KWH	

<u>Large Commercial Time-of-Day Rate LC-TOD</u>	<u>Energy Charge</u>	
DSM Cost Recovery Component (DCR)	0.032 ¢/KWH	
DSM Revenues from Lost Sales (DRLS)	0.068 ¢/KWH	
DSM Incentive (DSMI)	0.001 ¢/KWH	
DSM Balance Adjustment (DBA)	(0.003) ¢/KWH	
DSMRC Rate LC-TOD	0.098 ¢/KWH	

Date of Issue: December 5, 2008
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Original Sheet No. 71.5
Issued April 17, 2008

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Date Effective: January 5, 2009



Lonnie E. Bellar, Vice President,
State Regulation and Rates
Louisville, Kentucky

LOUISVILLE GAS AND ELECTRIC COMPANY

**Supporting Calculations for the
DSM Cost Recovery Mechanism**

ELECTRIC SERVICE

**Twelve-Month Period Beginning January 1, 2009
and Ending December 31, 2009**

LOUISVILLE GAS AND ELECTRIC COMPANY
 Summary of Total DSM Recovery Component (DSMRC)
 12-Month Period Beginning January 1, 2009

Rate Schedule	DSM Cost Recovery Component (DCR) Exhibit AE	DSM Revenues From Lost Sales Component (DRLS) Exhibit BE	DSM Incentive Component (DSMI) Exhibit CE	DSM Balance Adjustment Component (DBA)	DSM Recovery Component (DSMRC) Total
Residential Rate RS	0.203	0.085	0.009	(0.011)	0.286 ¢/kWh
General Service Rate GS	0.057	0.097	0.003	(0.009)	0.148 ¢/kWh
Large Commercial Rate LC	0.041	0.059	0.002	(0.006)	0.096 ¢/kWh
Large Commercial Rate LC-TOD	0.032	0.068	0.001	(0.003)	0.098 ¢/kWh

LOUISVILLE GAS AND ELECTRIC COMPANY
Summary of DSM Revenues from DSM Cost Recovery Component (DCR)
12-Month Period Beginning January 1, 2009

Rate Schedule	Exhibit Reference	DSM Cost Recovery Total Amount	Estimated Billing Determinants	DSM Cost Recovery Component (DCR)
Residential Rate RS and RRP	AE-1	\$ 8,618,198	4,253,700,665 kWh	0.203 ¢/kWh
General Service Rate GS and GRP	AE-2	\$ 827,171	1,455,984,948 kWh	0.057 ¢/kWh
Large Commercial Rate LC	AE-3	\$ 945,513	2,305,633,109 kWh	0.041 ¢/kWh
Large Commercial Rate LC-TOD	AE-4	\$ 215,686	673,919,307 kWh	0.032 ¢/kWh
Total DCR Amount		\$ 10,606,569		

LOUISVILLE GAS AND ELECTRIC COMPANY
DSM Cost Recovery Component (DCR)
12-Month Period Beginning January 1, 2009

Program costs, which are categorized by residential, commercial, and industrial must be allocated to the individual rate schedules. The first step, allocation between gas and electric, and between LGE and KU, is shown on page 3.

On page 4, the DSM Program costs are further assigned to the rate schedules, which is the second and final step of the cost allocation process. This allocation consists of splitting the commercial electric costs to the General Service Rate GS, the General Service Responsive Pricing Rate GRP, the Large Commercial Rate LC, and the Large Commercial Time-of-Day Rate LC-TOD. The program costs for the Residential Rate RS, the Residential Responsive Pricing Rate RRP, the Residential Gas Service RGS, and the Commercial Customers served under Rate CGS, Rate TS, and Rate FT were directly assigned to the rate schedules by means of the allocation to gas and to electric on page 3.

The auxiliary Exhibits identified as AE-1 through AE-6 provide the specific analyses of program costs, revenue recovery, and billing determinants which are necessary to compute the DCR factors for each of the electric rate schedules.

DSM Budget Allocation

Program	Allocation	2009	Program	Allocation	2009
Total of All Programs			Responsive Smart Meters		
LGE: RS and RRP	34.0%	8,618,198	LGE: RS and RRP	95.0%	247,261
LGE: RGS	8.3%	2,092,193	LGE: RGS	5.0%	13,014
LGE: GS and GRP	3.3%	827,171	LGE: GS and GRP	0.0%	-
LGE: LC	3.7%	945,513	LGE: LC	0.0%	-
LGE: LC-TOD	0.9%	215,686	LGE: LC-TOD	0.0%	-
LGE: CGS	0.4%	103,405	LGE: CGS	0.0%	-
KU: RS	40.6%	10,291,005	KU: RS	0.0%	-
KU: GS	3.8%	950,520	KU: GS	0.0%	-
KU: LP	5.1%	1,300,367	KU: LP	0.0%	-
Total		25,344,058	Total		260,275
Residential Audit			Dealer Referral Network		
LGE: RS and RRP	27.8%	193,983	LGE: RS and RRP	24.5%	35,543
LGE: RGS	22.2%	155,186	LGE: RGS	20.9%	30,270
LGE: GS and GRP	0.0%	-	LGE: GS and GRP	2.7%	3,951
LGE: LC	0.0%	-	LGE: LC	0.2%	255
LGE: LC-TOD	0.0%	-	LGE: LC-TOD	0.0%	5
LGE: CGS	0.0%	-	LGE: CGS	1.7%	2,467
KU: RS	50.0%	349,170	KU: RS	41.4%	60,034
KU: GS	0.0%	-	KU: GS	7.8%	11,301
KU: LP	0.0%	-	KU: LP	0.8%	1,156
Total		698,339	Total		144,983
Residential WeCare			Commercial Audit		
LGE: RS and RRP	27.8%	482,824	LGE: RS and RRP	0.0%	-
LGE: RGS	22.2%	386,259	LGE: RGS	0.0%	-
LGE: GS and GRP	0.0%	-	LGE: GS and GRP	17.0%	535,344
LGE: LC	0.0%	-	LGE: LC	26.0%	818,761
LGE: LC-TOD	0.0%	-	LGE: LC-TOD	6.0%	188,945
LGE: CGS	0.0%	-	LGE: CGS	1.0%	31,491
KU: RS	50.0%	869,083	KU: RS	0.0%	-
KU: GS	0.0%	-	KU: GS	15.0%	472,362
KU: LP	0.0%	-	KU: LP	35.0%	1,102,178
Total		1,738,166	Total		3,149,081
Residential Lighting			Commercial HVAC		
LGE: RS and RRP	50.0%	1,694,482	LGE: RS and RRP	0.0%	-
LGE: RGS	0.0%	-	LGE: RGS	0.0%	-
LGE: GS and GRP	0.0%	-	LGE: GS and GRP	43.0%	115,292
LGE: LC	0.0%	-	LGE: LC	6.0%	16,087
LGE: LC-TOD	0.0%	-	LGE: LC-TOD	1.0%	2,681
LGE: CGS	0.0%	-	LGE: CGS	0.0%	-
KU: RS	50.0%	1,694,482	KU: RS	0.0%	-
KU: GS	0.0%	-	KU: GS	40.0%	107,249
KU: LP	0.0%	-	KU: LP	10.0%	26,812
Total		3,388,963	Total		268,122
Residential HVAC			Commercial Demand		
LGE: RS and RRP	50.0%	169,874	LGE: RS and RRP	0.0%	-
LGE: RGS	0.0%	-	LGE: RGS	0.0%	-
LGE: GS and GRP	0.0%	-	LGE: GS and GRP	17.0%	67,777
LGE: LC	0.0%	-	LGE: LC	26.0%	103,659
LGE: LC-TOD	0.0%	-	LGE: LC-TOD	6.0%	23,921
LGE: CGS	0.0%	-	LGE: CGS	1.0%	3,987
KU: RS	50.0%	169,874	KU: RS	0.0%	-
KU: GS	0.0%	-	KU: GS	15.0%	59,803
KU: LP	0.0%	-	KU: LP	35.0%	139,541
Total		339,747	Total		398,688
Residential Construction			Education & Information		
LGE: RS and RRP	27.8%	240,081	LGE: RS and RRP	24.5%	756,937
LGE: RGS	22.2%	192,065	LGE: RGS	20.9%	644,641
LGE: GS and GRP	0.0%	-	LGE: GS and GRP	2.7%	84,134
LGE: LC	0.0%	-	LGE: LC	0.2%	5,420
LGE: LC-TOD	0.0%	-	LGE: LC-TOD	0.0%	107
LGE: CGS	0.0%	-	LGE: CGS	1.7%	52,548
KU: RS	50.0%	432,146	KU: RS	41.4%	1,278,491
KU: GS	0.0%	-	KU: GS	7.8%	240,668
KU: LP	0.0%	-	KU: LP	0.8%	24,628
Total		864,292	Total		3,087,575
Residential Demand			Development & Administration		
LGE: RS and RRP	45.0%	4,611,220	LGE: RS and RRP	24.5%	185,993
LGE: RGS	5.0%	512,358	LGE: RGS	20.9%	158,400
LGE: GS and GRP	0.0%	-	LGE: GS and GRP	2.7%	20,673
LGE: LC	0.0%	-	LGE: LC	0.2%	1,332
LGE: LC-TOD	0.0%	-	LGE: LC-TOD	0.0%	26
LGE: CGS	0.0%	-	LGE: CGS	1.7%	12,912
KU: RS	50.0%	5,123,578	KU: RS	41.4%	314,148
KU: GS	0.0%	-	KU: GS	7.8%	59,136
KU: LP	0.0%	-	KU: LP	0.8%	6,051
Total		10,247,157	Total		758,671

LOUISVILLE GAS AND ELECTRIC COMPANY
Allocation of DSM Program Costs to Rates

<u>ELECTRIC</u>	
Residential Rate RS and RRP	\$ 8,618,198
General Service Rate GS and GRP	\$ 827,171
Large Commercial Rate LC	\$ 945,513
Large Commercial Rate LC-TOD	\$ 215,686
TOTAL ELECTRIC	\$ 10,606,569

LOUISVILLE GAS AND ELECTRIC COMPANY

DSM Cost Recovery (DCR)
For Residential Rates RS and RRP
12-Month Period Beginning January 1, 2009

The total 2009 DSM Program Cost for Residential Rate RS and Residential Responsive Pricing Rate RRP is \$8,618,198 as determined on page 4 of Exhibit AE. This filing proposes to determine a DSM Cost Recovery (DCR) factor to be applicable for the period of January 1, 2009 through December 31, 2009. The DCR factor is calculated by dividing the total 2009 program cost for Rate RS by the January - December, 2009 forecasted kWh sales as shown on page 2. The resulting DCR factor for Residential Rate RS and RRP is 0.203 ¢ per kWh.

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of DCR Component For Rate RS and RRP

Forecast
kWh Sales

JAN	2009	406,082,935
FEB		341,256,422
MAR		315,726,109
APR		278,792,512
MAY		258,744,557
JUN		362,796,556
JUL		485,587,204
AUG		496,797,045
SEP		423,414,419
OCT		283,969,214
NOV		272,419,403
DEC		328,114,290
		<u>4,253,700,665</u>

Total Program Costs \$ 8,618,198

DCR Factor in ¢ per kWh 0.203

LOUISVILLE GAS AND ELECTRIC COMPANY

DSM Cost Recovery (DCR)
For General Service Rates GS and GRP
12-Month Period Beginning January 1, 2009

The total 2009 DSM Program Cost for General Service Rate GS and General Service Responsive Pricing Rate GRP is \$827,171 as determined on page 4 of Exhibit AE. This filing proposes to determine a DSM Cost Recovery (DCR) factor to be applicable for the period of January 1, 2009 through December 31, 2009. The DCR factor is calculated by dividing total 2009 program cost for Rate GS by the January - December, 2009 forecasted kWh sales as shown on page 2. The resulting DCR factor for Rate GS and GRP is 0.057 ¢ per kWh.

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of DCR Component For Rate GS and GRP

Forecast
kWh Sales

JAN 2009	122,927,783
FEB	114,068,925
MAR	109,819,587
APR	108,215,918
MAY	107,229,978
JUN	129,224,408
JUL	145,822,530
AUG	147,470,410
SEP	139,204,257
OCT	113,127,785
NOV	104,898,117
DEC	113,975,249
	<u>1,455,984,948</u>

Total Program Costs \$ 827,171

DCR Factor in ¢ per kWh 0.057

LOUISVILLE GAS AND ELECTRIC COMPANY

DSM Cost Recovery (DCR)
For Large Commercial Rate LC
12-Month Period Beginning January 1, 2009

The total 2009 DSM Program Cost for Large Commercial Rate LC is \$945,513 as determined on page 4 of Exhibit AE. This filing proposes to determine a DSM Cost Recovery (DCR) factor to be applicable for the period of January 1, 2009 through December 31, 2009. The DCR factor is calculated by dividing the total 2009 program cost for Rate LC by the January - December, 2009 forecasted kWh sales as shown on page 2. The resulting DCR factor for Rate LC is 0.041 ¢ per kWh.

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of DCR Component For Rate LC

Forecast
kWh Sales

JAN 2009	188,757,519
FEB	175,099,252
MAR	172,548,055
APR	173,213,147
MAY	183,434,847
JUN	202,174,635
JUL	223,857,498
AUG	223,983,567
SEP	219,414,609
OCT	187,956,469
NOV	175,563,729
DEC	179,629,783
	<u>2,305,633,109</u>

Total Program Costs \$ 945,513

DCR Factor in ¢ per kWh 0.041

LOUISVILLE GAS AND ELECTRIC COMPANY
DSM Cost Recovery (DCR)
For Large Commercial Time-of-Day Rate LC-TOD
12-Month Period Beginning January 1, 2009

The total 2009 DSM Program Cost for Large Commercial Time-of-Day Rate LC-TOD is \$215,686 as determined on page 4 of Exhibit AE. This filing proposes to determine a DSM Cost Recovery (DCR) factor to be applicable for the period of January 1, 2009 through December 31, 2009. The DCR factor is calculated by dividing the total 2009 program cost for Rate LC-TOD by the January - December, 2009 forecasted kWh sales as shown on page 2. The resulting DCR factor for Rate LC-TOD is 0.032 ¢ per kWh.

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of DCR Component For Rate LC-TOD

Forecast
kWh Sales

JAN 2009	55,223,478
FEB	50,443,282
MAR	53,073,411
APR	51,215,226
MAY	53,504,216
JUN	58,195,866
JUL	64,753,230
AUG	61,648,713
SEP	64,780,818
OCT	53,326,032
NOV	52,677,908
DEC	55,077,128
	<u>673,919,307</u>

Total Program Costs \$ 215,686

DCR Factor in ¢ per kWh 0.032

LOUISVILLE GAS AND ELECTRIC COMPANY

DSM Cost Recovery (DCR)
For Industrial Power Rate LP
12-Month Period Beginning January 1, 2009

Not applicable at this time.

LOUISVILLE GAS AND ELECTRIC COMPANY

DSM Cost Recovery (DCR)
For Industrial Power Time-of-Day Rate LP-TOD
12-Month Period Beginning January 1, 2009

Not applicable at this time

LOUISVILLE GAS AND ELECTRIC COMPANY
Summary of DSM Revenues from Lost Sales Component (DRLS)
12-Month Period Beginning January 1, 2009

<u>Rate Schedule</u>	<u>DRLS</u>
Residential Rate RS and RRP	0.085 ¢/kWh
General Service Rate GS and GRP	0.097 ¢/kWh
Large Commercial Rate LC	0.059 ¢/kWh
Large Commercial Rate LC-TOD	0.068 ¢/kWh

LOUISVILLE GAS AND ELECTRIC COMPANY
Summary of DSM Revenues from Lost Sales Component: DRLS
12-Month Period Beginning January 1, 2009

Rate Schedule	Exhibit Reference	Lost Net Revenues Total Amount	Estimated Billing Determinants (kWh)	DSM Revenues from Lost Sales Component (DRLS)
Residential Rate RS and RRP	BE-1	\$ 3,614,374	4,253,700,665	0.085 ¢/kWh
General Service Rate GS and GRP	BE-2	\$ 1,415,846	1,455,984,948	0.097 ¢/kWh
Large Commercial Rate LC	BE-3	\$ 1,357,148	2,305,633,109	0.059 ¢/kWh
Large Commercial Rate LC-TOD	BE-4	\$ 455,447	673,919,307	0.068 ¢/kWh

LOUISVILLE GAS AND ELECTRIC COMPANY

DSM Revenues from Lost Sales (DRLS)
For Residential Rate RS and RRP
12-Month Period Beginning January 1, 2009

This filing proposes to compute Revenues from Lost Sales with a Lost Net Revenue methodology based on engineering estimates of DSM program energy reduction. Lost Net Revenue is calculated by multiplying the non-variable revenue requirement per kWh by the estimated annual reduction in customer usage as shown on page 2. The non-variable revenue requirement is the weighted average price per kWh of expected billings in 2009 under the energy charges contained in the Rate Schedules RS and Residential Responsive Pricing Rate RRP, after deducting the variable costs included in such energy charges.

The DRLS factor is calculated by dividing the total applicable lost net revenue amount for Rates RS and RRP by the January - December, 2009 forecasted kWh sales as shown on page 3. The resulting DRLS factor for Rates RS and RRP is 0.085 ¢ per kWh.

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of Lost Net Revenue for Rate RS and RRP

<u>Program Descriptions</u>	<u>Total Energy Savings (kWh)</u>	<u>Non-variable Revenue per kWh</u>	<u>Lost Net Revenue</u>
Rate RS and RRP	69,117,414	\$0.052	\$3,614,374
TOTAL PROGRAMS	69,117,414		\$3,614,374

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of DRLS Component For Rate RS and RRP

Forecast
kWh Sales

JAN	2009	406,082,935
FEB		341,256,422
MAR		315,726,109
APR		278,792,512
MAY		258,744,557
JUN		362,796,556
JUL		485,587,204
AUG		496,797,045
SEP		423,414,419
OCT		283,969,214
NOV		272,419,403
DEC		328,114,290
		<u>4,253,700,665</u>

Total Lost Net Revenue \$ 3,614.374

Revised DRLS Factor In ¢ per kWh 0.085

LOUISVILLE GAS AND ELECTRIC COMPANY

DSM Revenues from Lost Sales (DRLS)
For General Service Rates GS and GRP
12-Month Period Beginning January 1, 2009

This filing proposes to implement a Lost Net Revenue methodology based on engineering estimates of DSM program energy reduction. Lost Net Revenue is calculated by multiplying the non-variable revenue requirement per kWh by the estimated annual reduction in customer usage as shown on page 2. The non-variable revenue requirement is the weighted average price per kWh of expected billings in 2009 under the energy charges contained in the General Service Rate Schedule GS and General Service Responsive Pricing Rate GRP, after deducting the variable costs included in such energy charges.

The DRLS factor is calculated by dividing the total applicable lost net revenue for Rates GS and GRP by the January - December, 2009 forecasted kWh sales as shown on page 3. The resulting DRLS factor for Rates GS and GRP is 0.097 ¢ per kWh.

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of Lost Net Revenue for Rate GS and GRP

<u>Program Descriptions</u>	<u>Total Energy Savings (kWh)</u>	<u>Non-variable Revenue per kWh</u>	<u>Lost Net Revenue</u>
Rate GS and GRP	23,483,736	\$0.060	\$1,415,846
TOTAL PROGRAMS	23,483,736		\$1,415,846

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of DRLS Component For Rate GS and GRP

Forecast
kWh Sales

JAN	2009	122,927,783
FEB		114,068,925
MAR		109,819,587
APR		108,215,918
MAY		107,229,978
JUN		129,224,408
JUL		145,822,530
AUG		147,470,410
SEP		139,204,257
OCT		113,127,785
NOV		104,898,117
DEC		113,975,249
		<u>1,455,984,948</u>

Total Lost Net Revenue \$ 1.415.846

Revised DRLS Factor in ¢ per kWh 0.097

LOUISVILLE GAS AND ELECTRIC COMPANY

DSM Revenues from Lost Sales (DRLS)
For Large Commercial Rate LC
12-Month Period Beginning January 1, 2009

This filing proposes to implement a Lost Net Revenue methodology based on engineering estimates of DSM program energy reduction. Lost Net Revenue is calculated by multiplying the non-variable revenue requirement per kWh by the estimated annual reduction in customer usage as shown on page 2. The non-variable revenue requirement is the weighted average price per kWh (represented by the composite of the expected billings under the respective demand and energy charges) of expected billings in 2009 under the energy charges contained in the Commercial Rate Schedule, after deducting the variable costs included in such energy charges.

The DRLS factor is calculated by the total applicable lost net revenue for Rate LC by the January - December, 2009 forecasted kWh sales as shown on page 3. The resulting DRLS factor for Rate LC is 0.059 ¢ per kWh.

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of Lost Net Revenue for Rate LC

<u>Program Descriptions</u>	<u>Total Energy Savings (kWh)</u>	<u>Non-variable Revenue per kWh</u>	<u>Lost Net Revenue</u>
Rate LC	34,201,940	\$0.040	\$1,357,148
TOTAL PROGRAMS	34,201,940		\$1,357,148

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of DRLS Component For Rate LC

Forecast
kWh Sales

JAN 2009	188,757,519
FEB	175,099,252
MAR	172,548,055
APR	173,213,147
MAY	183,434,847
JUN	202,174,635
JUL	223,857,498
AUG	223,983,567
SEP	219,414,609
OCT	187,956,469
NOV	175,563,729
DEC	179,629,783
	<u>2,305,633,109</u>

Total Lost Net Revenue \$ 1.357,148

Revised DRLS Factor in ¢ per kWh 0.059

LOUISVILLE GAS AND ELECTRIC COMPANY

DSM Revenues from Lost Sales (DRLS)
For Large Commercial Time-of-Day Rate LC-TOD
12-Month Period Beginning January 1, 2009

This filing proposes to implement a Lost Net Revenue methodology based on engineering estimates of DSM program energy reduction. Lost Net Revenue is calculated by multiplying the non-variable revenue requirement per kWh by the estimated annual reduction in customer usage as shown on page 2. The non-variable revenue requirement is the weighted average price per kWh (represented by the composite of the expected billings under the respective demand and energy charges) of expected billings in 2009 under the energy charges contained in the Commercial Time-of-Day Rate Schedule, after deducting the variable costs included in such energy charges.

The DRLS factor is calculated by dividing total applicable lost net revenue for Rate LC-TOD by the January - December, 2009 forecasted kWh sales as shown on page 3. The resulting DRLS factor for Rate LC-TOD is 0.068 ¢ per kWh.

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of Lost Net Revenue For Rate LC-TOD

<u>Program Descriptions</u>	<u>Total Energy Savings (kWh)</u>	<u>Non-variable Revenue per kWh</u>	<u>Lost Net Revenue</u>
Rate LC-TOD	11,376,179	\$0.040	\$455,447
TOTAL PROGRAMS	11,376,179		\$455,447

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of DRLS Component For Rate LC-TOD

Forecast
kWh Sales

JAN	2009	55,223,478
FEB		50,443,282
MAR		53,073,411
APR		51,215,226
MAY		53,504,216
JUN		58,195,866
JUL		64,753,230
AUG		61,648,713
SEP		64,780,818
OCT		53,326,032
NOV		52,677,908
DEC		55,077,128
		<u>673,919,307</u>

Total Lost Net Revenue \$ 455,447

Revised DRLS Factor in ¢ per kWh 0.068

LOUISVILLE GAS AND ELECTRIC COMPANY

DSM Revenues from Lost Sales (DRLS)
For Industrial Power Rate LP
12-Month Period Beginning January 1, 2009

Not currently applicable.

LOUISVILLE GAS AND ELECTRIC COMPANY

DSM Revenues from Lost Sales (DRLS)
For Industrial Power Time-of-Day Rate LP-TOD
12-Month Period Beginning January 1, 2009

Not currently applicable

LOUISVILLE GAS AND ELECTRIC COMPANY
Summary of DSM Incentive Component (DSMI)
12-Month Period Beginning January 1, 2009

Rate Schedule	Exhibit Reference	DSM Incentive Total Amount	Estimated Billing Determinants	DSM Incentive Component (DSMI)
Residential Rate RS and RRP	CE-1	\$ 367,253	4,253,700,665 kWh	0.009 ¢/kWh
General Service Rate GS and GRP	CE-2	\$ 43,944	1,455,984,948 kWh	0.003 ¢/kWh
Large Commercial Rate LC	CE-3	\$ 44,473	2,305,633,109 kWh	0.002 ¢/kWh
Large Commercial Rate LC-TOD	CE-4	\$ 9,876	673,919,307 kWh	0.001 ¢/kWh
Total DSMI Amount		\$ 465,545		

LOUISVILLE GAS AND ELECTRIC COMPANY
Allocation of DSM Incentive to Rates

<u>ELECTRIC</u>	
Residential Rate RS and RRP	\$ 367,253
General Service Rate GS and GRP	\$ 43,944
Large Commercial Rate LC	\$ 44,473
Large Commercial Rate LC-TOD	\$ 9,876
TOTAL ELECTRIC	\$ 465,545

LOUISVILLE GAS AND ELECTRIC COMPANY

DSM Incentive Component (DSMI)
For Residential Rate RS and RRP
12-Month Period Beginning January 1, 2009

DSMI = DSM INCENTIVE. For all Programs the DSM incentive amount shall be computed by multiplying the annual program cost of the approved programs which are to be installed during the upcoming twelve-month period times five (5) percent.

The DSMI factor is calculated by dividing the total 2009 incentive amount for Rates RS and RRP by the January - December, 2009 forecasted kWh sales as shown on page 3. The resulting DSMI factor for Residential Rates RS and RRP is 0.009 ¢ per kWh.

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of DSMI Component For Rate RS and RRP

Forecast
kWh Sales

JAN	2009	406,082.935
FEB		341,256,422
MAR		315,726,109
APR		278,792,512
MAY		258,744,557
JUN		362,796,556
JUL		485,587,204
AUG		496,797,045
SEP		423,414,419
OCT		283,969,214
NOV		272,419,403
DEC		328,114,290
		4,253,700,665

Total Incentive \$ 367.253

Revised DSMI Factor in ¢ per kWh 0.009

LOUISVILLE GAS AND ELECTRIC COMPANY

DSM Incentive Component (DSMI)
For General Service Rates GS and GRP
12-Month Period Beginning January 1, 2009

DSMI = DSM INCENTIVE. For all Programs the DSM incentive amount shall be computed by multiplying the annual program cost of the approved programs which are to be installed during the upcoming twelve-month period times five (5) percent.

The DSMI factor is calculated by dividing the total 2009 incentive amount for Rates GS and GRP by the January - December, 2009 forecasted kWh sales as shown on page 3. The resulting DSMI factor for General Service Rates GS and GRP is 0.003 ¢ per kWh

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of DSMI Component For Rate GS and GRP

Forecast
kWh Sales

JAN	2009	122,927,783
FEB		114,068,925
MAR		109,819,587
APR		108,215,918
MAY		107,229,978
JUN		129,224,408
JUL		145,822,530
AUG		147,470,410
SEP		139,204,257
OCT		113,127,785
NOV		104,898,117
DEC		113,975,249
		1,455,984,948

Total Incentive \$ 43,944

Revised DSMI Factor in ¢ per kWh 0.003

LOUISVILLE GAS AND ELECTRIC COMPANY

DSM Incentive Component (DSMI)
For Large Commercial Rate LC
12-Month Period Beginning January 1, 2009

DSMI = DSM INCENTIVE. For all Programs the DSM incentive amount shall be computed by multiplying the annual program cost of the approved programs which are to be installed during the upcoming twelve-month period times five (5) percent

The DSMI factor is calculated by dividing the total 2009 incentive amount for Rate LC by the January - December, 2009 forecasted kWh sales as shown on page 3. The resulting DSMI factor for Large Commercial Rate LC is 0.002 ¢ per kWh.

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of DSMI Component For Rate LC

Forecast
kWh Sales

JAN	2009	188,757,519
FEB		175,099,252
MAR		172,548,055
APR		173,213,147
MAY		183,434,847
JUN		202,174,635
JUL		223,857,498
AUG		223,983,567
SEP		219,414,609
OCT		187,956,469
NOV		175,563,729
DEC		179,629,783
		2,305,633,109

Total Incentive \$ 44,473

Revised DSMI Factor in ¢ per kWh 0.002

LOUISVILLE GAS AND ELECTRIC COMPANY

DSM Incentive Component (DSMI)
For Large Commercial Time-of-Day Rate LC-TOD
12-Month Period Beginning January 1, 2009

DSMI = DSM INCENTIVE For all Programs the DSM incentive amount shall be computed by multiplying the annual program cost of the approved programs which are to be installed during the upcoming twelve-month period times five (5) percent.

The DSMI factor is calculated by dividing 2009 incentive amount for Rate LC-TOD by the January - December, 2009 forecasted kWh sales as shown on page 3. The resulting DSMI factor for Large Commercial Time-of-Day Rate LC-TOD is 0.001 ¢ per kWh.

LOUISVILLE GAS AND ELECTRIC COMPANY
Calculation of DSMI Component For Rate LC-TOD

Forecast
kWh Sales

JAN	2009	55,223.478
FEB		50,443.282
MAR		53,073,411
APR		51,215,226
MAY		53,504.216
JUN		58,195.866
JUL		64,753,230
AUG		61,648,713
SEP		64,780.818
OCT		53,326,032
NOV		52,677.908
DEC		55,077,128
		673,919,307

Total Incentive \$ 9,876

Revised DSMI Factor in ¢ per kWh 0.001

LOUISVILLE GAS AND ELECTRIC COMPANY

DSM Incentive Component (DSMI)
For Industrial Power Rate LP
12-Month Period Beginning January 1, 2009

Not applicable at this time.

LOUISVILLE GAS AND ELECTRIC COMPANY

DSM Incentive Component (DSMI)
For Industrial Power Time-of-Day Rate LP-TOD
12-Month Period Beginning January 1, 2009

Not applicable at this time.