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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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JUN 19 2009
PUBLIC SERVICE
COMMISSION

**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
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June 19, 2009

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 2009. In accordance with the Commission's Order in the Environmental Surcharge cases, most recently Case No. 2007-00380, 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, 2009.

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

Sincerely,

Robert M. Conroy

Enclosures

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

**Calculation of Monthly Billed Environmental Surcharge Factor - MESF
For the Expense Month of May 2009**

$$\text{MESF} = \text{CESF} - \text{BESF}$$

Where:

CESF = Current Period Jurisdictional Environmental Surcharge Factor

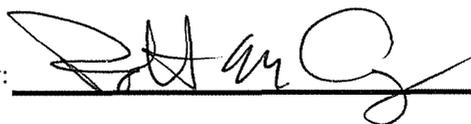
BESF = Base Period Jurisdictional Environmental Surcharge Factor

Calculation of MESF:

| | | |
|--------------------------------|---|-------|
| CESF, from ES Form 1.10 | = | 5.30% |
| BESF, from Case No. 2007-00380 | = | 3.62% |
| MESF | = | 1.68% |

Effective Date for Billing: July billing cycle beginning June 29, 2009

Submitted by: _____



Title: Director, Rates

Date Submitted: June 19, 2009

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

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

For the Expense Month of May 2009

Calculation of Total E(m)

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

| | | | Environmental Compliance Plans |
|--------------------------------------|---|----|--------------------------------|
| RB | = | \$ | 241,120,333 |
| RB / 12 | = | | 20,093,361 |
| $(ROR + (ROR - DR) (TR / (1 - TR)))$ | = | | 10.98% |
| OE | = | | 1,261,747 |
| BAS | = | | - |
| E(m) | = | \$ | 3,467,998 |

Calculation of Jurisdictional Environmental Surcharge Billing Factor

| | | | |
|---|---|----|------------|
| Jurisdictional Allocation Ratio for Expense Month | = | | 79.33% |
| Jurisdictional E(m) = E(m) x Jurisdictional Allocation Ratio | = | \$ | 2,751,163 |
| Adjustment for Monthly True-up (from Form 2.00) | = | | 686,026 |
| Adjustment for Under-collection pursuant to Case No. 2008-00217 | = | | - |
| Prior Period Adjustment (if necessary) | = | | - |
| Net Jurisdictional E(m) = Jurisdictional E(m) minus Adjustment for Monthly True-up plus/minus Prior Period Adjustment | = | \$ | 3,437,189 |
| Jurisdictional R(m) = Average Monthly Jurisdictional Revenue for the 12 Months Ending with the Current Expense Month | = | \$ | 64,808,676 |
| Jurisdictional Environmental Surcharge Billing Factor: Net Jurisdictional E(m) / Jurisdictional R(m) ; as a % of Revenue | = | | 5.30% |

LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT
Revenue Requirements of Environmental Compliance Costs
For the Expense Month of May 2009

Determination of Environmental Compliance Rate Base

| | Environmental Compliance Plan | |
|---|-------------------------------|----------------|
| Eligible Pollution Control Plant | \$ 242,333,826 | |
| Eligible Pollution CWIP Excluding AFUDC | 43,765,505 | |
| Subtotal | | \$ 286,099,331 |
| Additions: | | |
| Inventory - Emission Allowances per ES Form 2.31, 2.32 and 2.33 | - | |
| Cash Working Capital Allowance | 768,797 | |
| Deferred Debit Balance -- Mill Creek Ash Dredging | 1,886,183 | |
| Subtotal | | 2,654,980 |
| Deductions: | | |
| Accumulated Depreciation on Eligible Pollution Control Plant | 33,335,310 | |
| Pollution Control Deferred Income Taxes | 14,298,668 | |
| Subtotal | | 47,633,978 |
| Environmental Compliance Rate Base | | \$ 241,120,333 |

Determination of Pollution Control Operating Expenses

| | Environmental Compliance Plan | |
|---|-------------------------------|--------------|
| Monthly Operations & Maintenance Expense | \$ 271,851 | |
| Monthly Depreciation & Amortization Expense | 787,113 | |
| less investment tax credit amortization | - | |
| Monthly Property and Other Applicable Taxes | 31,312 | |
| 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 | | \$ 1,261,747 |

Proceeds From By-Product and Allowance Sales

| | Total Proceeds | |
|----------------------------|----------------|--|
| Allowance Sales | \$ - | |
| Scrubber By-Products Sales | - | |
| Total Proceeds from Sales | \$ - | |

True-up Adjustment: Over/Under Recovery of Monthly Surcharge Due to Timing Differences

| | |
|--|-----------|
| A. MESF for two months prior to Expense Month | 1.71% |
| B. Net Jurisdictional E(m) for two months prior to Expense Month | 3,443,734 |
| C. Environmental Surcharge Revenue, current month (from ES Form 3.00) | 931,685 |
| D. Retail E(m) recovered through base rates (Base Revenues, ES Form 3.00 times 3.62%) | 1,826,023 |
| E. Over/(Under) Recovery due to Timing Differences ((D + C) - B) | (686,026) |
| Over-recoveries will be deducted from the Jurisdictional E(m); under-recoveries will be added to the Jurisdictional E(m) | |

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

For the Month Ended: May 31, 2009

| (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 5/31/2009 | Monthly ITC Amortization Credit | Monthly Depreciation Expense | Monthly Property Tax Expense |
| | | | | (2)-(3)+(4) | | | | |
| 2001 Plan: | | | | | | | | |
| Project 6 - LGE NOx | \$ 192,860,844 | \$ 30,336,940 | \$ - | \$ 162,523,904 | \$ 13,039,555 | | \$ 617,234 | \$ 20,680 |
| Subtotal | \$ 192,860,844 | \$ 30,336,940 | \$ - | \$ 162,523,904 | \$ 13,039,555 | | \$ 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) |
| Net Total - 2001 Plan: | \$ 187,009,879 | \$ 27,422,656 | \$ - | \$ 159,587,223 | \$ 11,986,290 | | \$ 604,032 | \$ 20,340 |
| 2003 Plan: | | | | | | | | |
| Project 7 - Mill Creek FGD Scrubber Conversion | \$ 30,861,686 | \$ 7,988,743 | \$ - | \$ 22,872,942 | \$ 957,443 | | \$ 103,474 | \$ 2,925 |
| Project 8 - Precipitator Upgrades - All Plants | \$ 11,929,133 | \$ 2,209,518 | \$ - | \$ 9,719,615 | \$ 939,094 | | \$ 47,792 | \$ 1,242 |
| Project 9 - Clearwell Water System - Mill Creek | \$ 1,197,310 | \$ 377,143 | \$ - | \$ 820,167 | \$ 25,593 | | \$ 3,702 | \$ 105 |
| Project 10 - SO ₂ Absorber Trays - Mill Creek 3 & 4 | \$ 2,734,620 | \$ 1,079,993 | \$ - | \$ 1,654,627 | \$ 72,714 | | \$ 8,614 | \$ 213 |
| Subtotal | \$ 46,722,749 | \$ 11,655,398 | \$ - | \$ 35,067,351 | \$ 1,994,844 | | \$ 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) |
| Net Total - 2003 Plan: | \$ 38,883,229 | \$ 4,989,966 | \$ - | \$ 33,893,263 | \$ 1,198,803 | | \$ 136,457 | \$ 4,098 |
| 2005 Plan: | | | | | | | | |
| Project 11 - Special Waste Landfill Expansion at Mill Creek | \$ 2,282,981 | \$ 254,407 | \$ 1,127,043 | \$ 3,155,618 | \$ 134,791 | | \$ 6,158 | \$ 354 |
| Project 12 - Special Waste Landfill Expansion at Cane Run Station | \$ 2,988,137 | \$ 181,531 | \$ 1,226,673 | \$ 4,033,279 | \$ 148,245 | | \$ 5,304 | \$ 498 |
| Project 13 - Scrubber Refurbishment at Trimble County Unit 1 | \$ 850,100 | \$ 43,434 | \$ - | \$ 806,667 | \$ 44,120 | | \$ 2,272 | \$ 102 |
| Project 14 - Scrubber Refurbishment at Cane Run Unit 6 | \$ 308,507 | \$ 23,016 | \$ - | \$ 285,491 | \$ 15,159 | | \$ 1,147 | \$ 36 |
| Project 15 - Scrubber Refurbishment at Cane Run Unit 5 | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | \$ - |
| Project 16 - Scrubber Improvements at Trimble County Unit 1 | \$ 7,361,077 | \$ 831,642 | \$ - | \$ 6,529,435 | \$ 757,470 | | \$ 22,206 | \$ 830 |
| Subtotal | \$ 13,790,803 | \$ 1,334,030 | \$ 2,353,717 | \$ 14,810,490 | \$ 1,099,785 | | \$ 37,087 | \$ 1,821 |
| Less Retirements and Replacement resulting from implementation of 2005 Plan | \$ (1,188,797) | \$ (546,579) | \$ - | \$ (642,219) | \$ (131,160) | | \$ (3,436) | \$ (78) |
| Net Total - 2005 Plan: | \$ 12,602,006 | \$ 787,451 | \$ 2,353,717 | \$ 14,168,271 | \$ 968,626 | | \$ 33,651 | \$ 1,744 |

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

For the Month Ended: May 31, 2009

| (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 5/31/2009 | Monthly ITC Amortization Credit | Monthly Depreciation Expense | Monthly Property Tax Expense |
| | | | | (2)-(3)+(4) | | | | |
| 2006 Plan: | | | | | | | | |
| Project 18 - TC2 AQCS Equipment | \$ - | \$ - | \$ 39,481,769 | \$ 39,481,769 | \$ - | | \$ - | \$ 4,431 |
| Project 19 - Sorbent Injection | \$ 3,277,721 | \$ 62,591 | \$ 125,736 | \$ 3,340,866 | \$ 82,978 | | \$ 9,888 | \$ 421 |
| Project 20 - Mercury Monitors | \$ 163,841 | \$ 32,085 | \$ 1,804,283 | \$ 1,936,039 | \$ 8,416 | | \$ 1,724 | \$ 233 |
| Project 21 - Mill Creek Opacity and Particulate Monitors | \$ 397,151 | \$ 40,562 | \$ - | \$ 356,589 | \$ 53,556 | | \$ 1,361 | \$ 45 |
| Subtotal | \$ 3,838,713 | \$ 135,238 | \$ 41,411,788 | \$ 45,115,263 | \$ 144,949 | | \$ 12,973 | \$ 5,131 |
| Less Retirements and Replacement resulting from implementation of 2006 Plan | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | \$ - |
| Net Total - 2006 Plan: | \$ 3,838,713 | \$ 135,238 | \$ 41,411,788 | \$ 45,115,263 | \$ 144,949 | | \$ 12,973 | \$ 5,131 |
| | | | | | | | | |
| Net Total - All Plans: | \$ 242,333,826 | \$ 33,335,310 | \$ 43,765,505 | \$ 252,764,020 | \$ 14,298,668 | | \$ 787,113 | \$ 31,312 |

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

Inventory of Emission Allowances

For the Month Ended: May 31, 2009

| Vintage Year | Number of Allowances | | | Total Dollar Value Of Vintage Year | | | Comments and Explanations |
|--------------|----------------------|---------------------------|---------------------------------|------------------------------------|---------------------------|---------------------------------|---------------------------|
| | SO ₂ | NO _x Annual | NO _x Ozone Season | SO ₂ | NO _x Annual | NO _x Ozone Season | |
| Current Year | 137,041 | 7,970 | 6,814 | \$ 4,685.86 | \$ - | \$ 668.49 | |
| 2010 | 62,379 | | - | | | | |
| 2011 | 62,379 | | | | | | |
| 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 - 2038 | 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 (SO₂) - Current Vintage Year

For the Expense Month of May 2009

| | Beginning Inventory | Allocations/Purchases | Utilized (Coal Fuel) | Utilized (Other Fuels) | Sold | Ending Inventory | Allocation, Purchase, or Sale Date & Vintage Years |
|--|---------------------|-----------------------|----------------------|------------------------|------|------------------|--|
| TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS | | | | | | | |
| Quantity | 139,917 | 0 | 2,876 | 0 | 0 | 137,041 | |
| Dollars | \$ 4,784.19 | \$ - | \$ 98.33 | \$ - | \$ - | \$ 4,686 | |
| \$/Allowance | \$ 0.03 | \$ - | \$ 0.03 | \$ - | \$ - | \$ 0.03 | |
| ALLOCATED ALLOWANCES FROM EPA: COAL FUEL | | | | | | | |
| Quantity | 131,071 | 0 | 2,850 | | | 128,221 | |
| Dollars | \$ 4,481.72 | \$ (0.01) | \$ 97.43 | \$ - | \$ - | \$ 4,384 | |
| ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS | | | | | | | |
| Quantity | 8,846 | 0 | 26 | 0 | 0 | 8,820 | |
| Dollars | \$ 302.47 | \$ 0.01 | \$ 0.90 | \$ - | \$ - | \$ 302 | |
| ALLOWANCES FROM PURCHASES: | | | | | | | |
| 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) - Ozone Season Allowance Allocation

For the Expense Month of May 2009

| | Beginning Inventory | Allocations/ Purchases | Utilized (Coal Fuel) | Utilized (Other Fuels) | Sold | Ending Inventory | Allocation, Purchase, or Sale Date & Vintage Years |
|--|------------------------|---------------------------|-------------------------|---------------------------|------|---------------------|---|
| TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS | | | | | | | |
| Quantity | 7,932 | (15) | 1,103 | 0 | 0 | 6,814 | |
| Dollars | \$ 778 | \$ (1) | \$ 108 | \$ - | \$ - | \$ 668 | |
| \$/Allowance | \$ 0.10 | \$ 0.10 | \$ 0.10 | \$ - | \$ - | \$ 0.10 | |
| ALLOCATED ALLOWANCES FROM EPA: COAL FUEL | | | | | | | |
| Quantity | 7,845 | (27) | 1,103 | - | - | 6,715 | |
| Dollars | \$ 770 | \$ (3) | \$ 108 | \$ - | \$ - | \$ 659 | |
| ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS | | | | | | | |
| Quantity | 87 | 12 | 0 | 0 | 0 | 99 | |
| Dollars | \$ 9 | \$ 1 | \$ - | \$ - | \$ - | \$ 10 | |
| ALLOWANCES FROM PURCHASES: | | | | | | | |
| 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 May 2009

| | Beginning Inventory | Allocations/ Purchases | Utilized (Coal Fuel) | Utilized (Other Fuels) | Sold | Ending Inventory | Allocation, Purchase, or Sale Date & Vintage Years |
|--|------------------------|---------------------------|-------------------------|---------------------------|------|---------------------|---|
| TOTAL EMISSION ALLOWANCES IN INVENTORY, ALL CLASSIFICATIONS | | | | | | | |
| Quantity | 9,073 | 0 | 1,103 | 0 | 0 | 7,970 | |
| Dollars | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| \$/Allowance | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| ALLOCATED ALLOWANCES FROM EPA: COAL FUEL | | | | | | | |
| Quantity | 8,975 | - | 1,103 | - | - | 7,872 | |
| Dollars | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| ALLOCATED ALLOWANCES FROM EPA: OTHER FUELS | | | | | | | |
| Quantity | 98 | 0 | 0 | 0 | 0 | 98 | |
| Dollars | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| ALLOWANCES FROM PURCHASES: | | | | | | | |
| 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
O&M Expenses and Determination of Cash Working Capital Allowance

For the Month Ended: May 31, 2009

| Environmental Compliance Plan | |
|-------------------------------|---------------------|
| O&M Expenses | Amount |
| 11th Previous Month | \$ 819,835 |
| 10th Previous Month | 768,106 |
| 9th Previous Month | 587,600 |
| 8th Previous Month | 709,463 |
| 7th Previous Month | 304,644 |
| 6th Previous Month | 242,957 |
| 5th Previous Month | 602,149 |
| 4th Previous Month | 397,405 |
| 3rd Previous Month | 408,369 |
| 2nd Previous Month | 434,572 |
| Previous Month | 431,957 |
| Current Month | 443,322 |
| Total 12 Month O&M | \$ 6,150,379 |

| Determination of Working Capital Allowance | |
|---|-------------------|
| 12 Months O&M Expenses | \$ 6,150,379 |
| One Eighth (1/8) of 12 Month O&M Expenses | 1/8 |
| Pollution Control Cash Working Capital Allowance | \$ 768,797 |

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

Pollution Control - Operations & Maintenance Expenses

For the Month Ended: May 31, 2009

| O&M Expense Account | Cane Run | Mill Creek | Trimble County | Total |
|--|-------------|-------------------|-------------------|-------------------|
| 2001 Plan | | | | |
| 506104 - NOx Operation -- Consumables | | 99,811.74 | 63,556.46 | 163,368.20 |
| 506105 - NOx Operation -- Labor and Other | | 4,663.73 | 4,530.45 | 9,194.18 |
| 512101 - NOx Maintenance | | 24,205.34 | 1,143.42 | 25,348.76 |
| Total 2001 Plan O&M Expenses | | 128,680.81 | 69,230.33 | 197,911.14 |
| 2005 Plan | | | | |
| 502006-Scrubber Operations | | | 46,328.46 | 46,328.46 |
| 512005-Scrubber Maintenance | | | - | - |
| Ashpond Dredging Expense | | 171,471.17 | | 171,471.17 |
| Total 2005 Plan O&M Expenses | | 171,471.17 | 46,328.46 | 217,799.63 |
| 2006 Plan | | | | |
| 506109 - Sorbent Injection Operation | | - | 26,011.25 | 26,011.25 |
| 512102 - Sorbent Injection Maintenance | | - | 1,600.28 | 1,600.28 |
| 506110 - Mercury Monitors Operation | - | - | - | - |
| 512103 - Mercury Monitors Maintenance | - | - | - | - |
| Total 2006 Plan O&M Expenses | \$ - | - | 27,611.53 | 27,611.53 |
| Current Month O&M Expense for All Plans | \$ - | 300,151.98 | 143,170.32 | 443,322.30 |

**LOUISVILLE GAS AND ELECTRIC COMPANY
ENVIRONMENTAL SURCHARGE REPORT**
Monthly Average Revenue Computation of R (m)

For the Month Ended: May 31, 2009

| | Kentucky Jurisdictional Revenues | | | | | | | Non-Jurisdictional Revenues | Total Company Revenues | | |
|--|----------------------------------|----------------------|--------------|--|----------------------------------|----------------------------------|--|---|------------------------|---|--|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | |
| Month | Base Rate Revenues | Fuel Clause Revenues | DSM Revenues | STOD Program Cost Recovery Factor Revenues | Environmental Surcharge Revenues | Total (2)+(3)+(4)+(5)+(6) | Total Excluding Environmental Surcharge (7)-(6) | Total Including Off-System Sales (See Note 1) | Total (7)+(9) | Total Excluding Environmental Surcharge (10)-(6) | |
| Jun-08 | 67,289,649 | 1,422,646 | 1,272,829 | 26,962 | 1,030,406 | \$ 71,042,492 | \$ 70,012,086 | \$ 17,816,390 | \$ 88,858,882 | \$ 87,828,476 | |
| Jul-08 | 75,567,412 | 2,097,663 | 1,580,453 | 29,135 | 1,160,679 | 80,435,341 | 79,274,662 | 16,137,160 | 96,572,501 | 95,411,822 | |
| Aug-08 | 77,370,827 | 4,324,037 | 1,622,653 | 29,046 | 842,640 | 84,189,203 | 83,346,563 | 12,002,698 | 96,191,901 | 95,349,261 | |
| Sep-08 | 72,709,783 | 4,167,287 | 1,488,397 | 28,289 | 116,583 | 78,510,337 | 78,393,754 | 20,935,942 | 99,446,279 | 99,329,696 | |
| Oct-08 | 55,222,204 | 4,796,991 | 1,032,138 | 24,609 | 308,766 | 61,384,708 | 61,075,942 | 29,950,665 | 91,335,373 | 91,026,607 | |
| Nov-08 | 51,128,688 | 3,646,914 | 919,903 | 22,528 | 410,730 | 56,128,764 | 55,718,035 | 34,409,142 | 90,537,906 | 90,127,177 | |
| Dec-08 | 57,953,763 | 242,271 | 1,217,521 | 23,548 | 434,087 | 59,871,189 | 59,437,102 | 25,147,168 | 85,018,357 | 84,584,270 | |
| Jan-09 | 60,876,805 | 2,194,329 | 1,568,969 | 24,872 | 427,174 | 65,092,148 | 64,664,974 | 16,906,124 | 81,998,272 | 81,571,098 | |
| Feb-09 | 56,125,434 | 5,020,001 | 1,263,027 | 5,803 | 413,484 | 62,827,749 | 62,414,265 | 13,111,973 | 75,939,722 | 75,526,238 | |
| Mar-09 | 48,018,179 | 4,872,733 | 1,072,188 | (11) | 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 | 0 | 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 | |
| Average Monthly Jurisdictional Revenues, Excluding Environmental Surcharge, for 12 Months Ending Current Expense Month. | | | | | | | \$ 64,808,676 | | | | |
| Jurisdictional Allocation Percentage for Current Month (Environmental Surcharge Excluded from Calculations): Expense Month Kentucky Jurisdictional Revenues Divided by Expense Month Total Company Revenues: Column (8) / Column (11) = | | | | | | | | | | 79.33% | |
| | | | | | | | | Note 1 - Excludes Brokered Sales, Total for Current Month = \$ | 753,407.51 | | |

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

Reconciliation of Reported Revenues

For the Month Ended: May 31, 2009

| | Revenues per Form 3.00 | Revenues per Income Statement |
|---|---------------------------|----------------------------------|
| Kentucky Retail Revenues | | |
| Base Rates (Customer Charge, Energy Charge, Demand Charge) | \$ 50,442,615.28 | \$ 50,442,615.28 |
| Fuel Adjustment Clause | 4,674,017.86 | 4,674,017.86 |
| DSM | 666,606.15 | 666,606.15 |
| STOD Program Cost Recovery Factor | - | - |
| Environmental Surcharge | | 931,684.63 |
| Total Kentucky Jurisdictional Revenues for Environmental Surcharge Purposes = | \$ 55,783,239.29 | |
| Non -Jurisdictional Revenues | | |
| InterSystem (Total Less Transmission Portion Booked in Account 447) | 14,535,212.65 | 14,535,212.65 |
| Total Non-Jurisdictional Revenues for Environmental Surcharge Purposes = | \$ 14,535,212.65 | |
| Total Company Revenues for Environmental Surcharge Purposes = | \$ 70,318,451.94 | |
| Reconciling Revenues | | |
| Brokered | 753,407.51 | 753,407.51 |
| InterSystem (Transmission Portion Booked in Account 447) | | - |
| Unbilled | | (3,286,245.49) |
| Merger Surcredit | | 75,560.85 |
| Merger Surcredit - Non Jurisdictional | | - |
| Value Delivery Surcredit | | - |
| Miscellaneous | | (240,611.81) |
| Total Company Revenues per Income Statement = | | \$ 68,552,247.63 |