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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

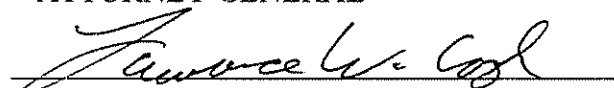
In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY, INC. FOR AN)
ORDER APPROVING THE ESTABLISHMENT) CASE NO. 2008-00456
OF A REGULATORY ASSET)

ATTORNEY GENERAL'S FINAL COMMENTS
AND RECOMMENDATIONS

Comes the Attorney General, by and through his office of Rate Intervention, and attaches hereto the exhibit "Schedule AG-1 (LG&E)", referenced in his Final Comments filed with the Commission on December 17, 2008, but which he neglected to attach to said Comments.

Respectfully submitted,
JACK CONWAY
ATTORNEY GENERAL



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Certificate of Service and Filing

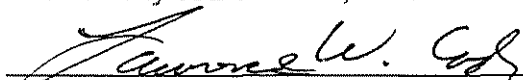
Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Stephanie Stumbo, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

Hon. Allyson K. Sturgeon
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Hon. Michael L. Kurtz
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36 E. 7th Street
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Cincinnati, OH 45202

this 18th day of December, 2008


Assistant Attorney General

**LOUISVILLE GAS AND ELECTRIC COMPANY
ESTIMATED NET IKE STORM RESTORATION COSTS**

	<u>LG&E</u>	<u>Adjustment</u>	<u>AG</u>
	(1)		
<u>Total Costs:</u>			
1. Internal Labor - LG&E Employees	\$ 2,294,228		\$ 2,294,228
2. Internal Labor - KU Employees	1,536,963		1,536,963
3. Internal Labor - SERVCO Employees	754,490		754,490
4. Subtotal Employee Labor	<u>4,585,681</u>		<u>4,585,681</u>
5. Linemen Contractors	12,328,452		12,328,452
6. Tree Trimming Contractors	2,315,000		2,315,000
7. PSRT Contractors	1,662,402		1,662,402
8. Call Center Contractors	100,000		100,000
9. Subtotal Contractors	<u>16,405,854</u>		<u>16,405,854</u>
10. Materials/Other Non-Labor Costs	2,075,404		2,075,404
11. Oil Spill Clean Up	20,000		20,000
12. Staging Areas Costs	107,437		107,437
13. Contingency	<u>2,088,192</u>		<u>2,088,192</u>
14. Subtotal	<u>4,291,033</u>		<u>4,291,033</u>
15. Total Costs [L4+L9+L14]	<u>25,282,568</u>		<u>25,282,568</u>
<u>Cost Credits (Costs Embedded in LGE's Current Rates):</u>			
16. Contractor Costs	(294,132)		(294,132)
17. Internal LG&E Labor	(625,565) (2)	(564,184) (2)	(1,189,749) (2)
18. Internal KU Labor Charged to LG&E	- (3)	(781,172) (3)	(781,172) (3)
19. Internal SERVCO Labor	(239,866) (4)	(96,894) (4)	(336,760) (4)
19. Other Cost Credits	<u>(12,352)</u>		<u>(12,352)</u>
20. Total Offsetting Cost Credits	<u>(1,171,915)</u>	<u>(1,442,250)</u>	<u>(2,614,165)</u>
21. Net Incremental Storm Costs [L11+L16]	<u>\$24,110,653</u>	<u>\$ (1,442,250)</u>	<u>\$22,668,403</u>

(1) LG&E Filing Exhibit 1 - Includes estimated costs

(2) Per response to AG-2-3(a)(b): the difference between the total storm related internal labor costs of \$2,294,228 on line 1 and the labor costs embedded in LG&E's current rates should only include the estimated incremental overtime exp. of \$1,104,479 booked as a result of the storm. Thus, the offsetting cost credit should be \$2,294,228 less \$1,104,479 = \$1,189,749.

(3) The cost credit associated with the storm related internal KU labor costs of \$1,536,963 charged by KU to LG&E (see line 2) should be reflected as a cost credit for purposes of determining LG&E's net incremental storm costs. This cost credit should be the difference between \$1,536,963 and the estimated incremental overtime expense of \$755,791 (see response to AG-2-4(a)(b) in KU's Case No. 2008-00457), or \$781,172.

(4) Per response to AG-2-3(e): the difference between the total storm related internal SERVCO costs of \$754,490 on line 3 and the SERVCO costs embedded in LG&E's current rates should only include the estimated incremental overtime expense of \$417,730 booked as a result of the storm. Thus the offsetting cost credit should be \$754,490 - \$417,730 = \$336,760.