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PUBLIC SERVICE
COMMISSION

Jeff DeRouen, Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40601

**Louisville Gas and
Electric Company**
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.eon-us.com

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Director - Rates
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June 30, 2009

**RE: Application of Louisville Gas and Electric Company for Permanent
Approval of its Gas Weather Normalization Adjustment Clause
Case No. 2009-00172**

Dear Mr. DeRouen:

Please find enclosed and accept for filing the original and five (5) copies of the Response of Louisville Gas and Electric Company to the Commission Staff's Initial Data Request dated May 22, 2009, in the above referenced matter.

If you have any questions regarding this matter, please contact me at your convenience.

Sincerely,

Robert M. Conroy

Enclosures

cc: Office of the Attorney General

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR PERMANENT) CASE NO.
APPROVAL OF ITS GAS WEATHER) 2009-00172
NORMALIZATION ADJUSTMENT CLAUSE)**

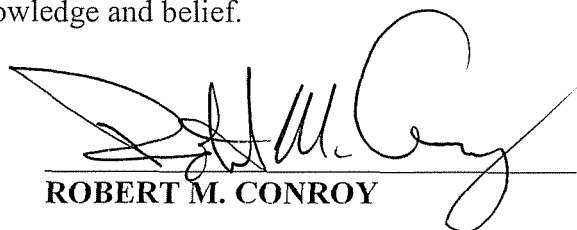
**RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO THE
INITIAL DATA REQUEST OF COMMISSION STAFF
DATED MAY 22, 2009**

FILED: JUNE 30, 2009

VERIFICATION

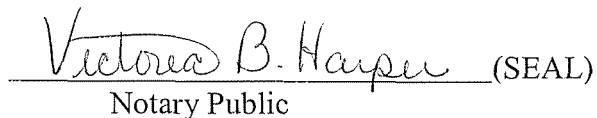
STATE OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Robert M. Conroy**, being duly sworn, deposes and says he is the Director – Rates for E.ON U.S. Services Inc., and that he has personal knowledge of the matters set forth in the foregoing testimony, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



ROBERT M. CONROY

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 30th day of June, 2009.

 (SEAL)

Notary Public

My Commission Expires:

Sept 20, 2010

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Initial Data Request
of Commission Staff
Dated May 22, 2009**

Case No. 2009-00172

Question No. 1

Witness: Robert M. Conroy

- Q-1. Unless instructed otherwise, provide the following information for the months covered by LG&E's Weather Normalization Adjustment tariff ("WNA") for the three most recent winter heating seasons:
- a. On a monthly basis, for both RGS and CGS customers, the number of customers billed under the provisions of LG&E's WNA.
 - b. Monthly Mcf sales, shown separately for residential and non-residential customers, and in total for both customer groups. In comparative form, show (1) actual metered sales volumes and (2) adjusted sales volumes as billed under the provisions of LG&E's WNA.
 - c. On a monthly basis, for both RGS and CGS customers, average usage per customer based on (1) metered sales volumes and (2) adjusted sales volumes as billed under the provisions of LG&E's WNA. Provide this information for the period covered by the WNA and provide average usage per customer in comparative form using the same format, based on metered sales for the same calendar month in each of the past three heating seasons.
 - d. Monthly base rate revenues, shown separately for RGS and CGS customers, and in total for both customer groups. In comparative form, show base rate revenues, calculated based on metered sales volumes and actual revenues as billed to customers under the provisions of LG&E's WNA.
 - e. Monthly heating degree days, reported as follows: (1) normal calendar heating degree days; (2) actual calendar heating degree days; (3) normal billed heating degree days; and (4) actual billed heating degree days. Explain the differences between calendar and billed heating degree days including, but not limited to, a narrative description of LG&E's meter reading cycles, billing cycles, etc.

- A-1. a. See attached.
b. See attached.
c. See attached.
d. See attached.
e. (1) – (4) See attached.

Heating Degree Days (HDD) are the number of degrees that the average daily temperature is below 65 degrees where the average temperature = (Max + Min) / 2. Example: If the maximum daily temperature is 50 degrees and the minimum daily temperature is 30 degrees, the average temperature is 40 degrees. There would be 25 HDD for the day. (65 – 40 = 25 HDD)

Calendar Degree Days are the sum of HDD for the calendar month.

Billed Heating Degree Days are the average number of HDD across all billing cycles. Customers are billed on different days of the month, thus each customer has a specific billing cycle. LG&E has 20 billing cycles in each month. Each billing cycle has a unique set of days compared to other billing cycles and has its own number of HDD depending on the days in the cycle. The average across all cycles for the billing month is the Billed Heating Degree Days. The normal and actual billing cycle HDD shown on the attachment is the average for all cycles billed in the given month.

It is important to note that each customer's base load is determined individually, and is recomputed annually. The WNA is calculated using the following formula:

$$\text{WNA} = [(\text{Actual Mcf} - \text{Base Load Mcf}) * (\text{Normal Degree Days/Actual Degree Days})]$$

Therefore, customers billed in the same month and billing cycle would have different WNA adjustments based on the individual customer's base load usage.

Louisville Gas and Electric Company
Number of Customers Adjusted for WNA by Class by Month
Three most recent heating seasons

	RGS	CGS	Total
Nov-06	271,663	21,306	292,969
Dec-06	274,192	22,291	296,483
Jan-07	285,718	23,953	309,671
Feb-07	276,470	23,813	300,283
Mar-07	277,741	23,359	301,100
Apr-07	278,980	22,772	301,752
Nov-07	271,015	20,635	291,650
Dec-07	274,797	22,526	297,323
Jan-08	286,007	23,966	309,973
Feb-08	263,022	22,067	285,089
Mar-08	279,984	23,453	303,437
Apr-08	256,893	21,686	278,579
Nov-08	247,216	19,162	266,378
Dec-08	282,457	23,422	305,879
Jan-09	250,613	21,310	271,923
Feb-09	280,670	23,330	304,000
Mar-09	277,488	23,149	300,637
Apr-09	218,827	18,219	237,046

**Louisville Gas and Electric Company
Monthly Mcf Sales by Customer Class
Three most recent heating seasons**

	RGS			CGS			TOTAL		
	Actual Volumes (Mcf)	WNA Adjustment (Mcf)	WNA Adj. Volumes (Mcf)	Actual Volumes (Mcf)	WNA Adjustment (Mcf)	WNA Adj. Volumes (Mcf)	Actual Volumes (Mcf)	WNA Adjustment (Mcf)	WNA Adj. Volumes (Mcf)
Nov-06	1,786,725	(256,924)	1,529,801	893,465	(111,671)	781,794	2,680,190	(368,595)	2,311,595
Dec-06	2,696,731	320,731	3,017,462	1,466,012	155,881	1,621,892	4,162,743	476,612	4,639,355
Jan-07	3,062,929	1,191,314	4,254,243	1,466,012	515,664	1,981,675	4,528,941	1,706,978	6,235,918
Feb-07	4,496,861	(541,385)	3,955,477	2,187,858	(254,561)	1,933,297	6,684,719	(795,946)	5,888,773
Mar-07	3,221,552	(13,336)	3,208,216	1,575,238	7,531	1,582,769	4,796,790	(5,805)	4,790,986
Apr-07	1,624,580	397,520	2,022,099	837,808	168,395	1,006,203	2,462,387	565,915	3,028,302
Total	16,889,378	1,097,920	17,987,298	8,426,393	481,238	8,907,631	25,315,770	1,579,158	26,894,929
Nov-07	1,304,552	213,676	1,518,228	676,204	84,230	760,434	1,980,756	297,906	2,278,662
Dec-07	2,798,080	225,996	3,024,076	1,340,131	102,068	1,442,199	4,138,211	328,064	4,466,275
Jan-08	3,921,076	676,903	4,597,979	1,878,776	286,769	2,165,545	5,799,853	963,672	6,763,524
Feb-08	3,954,664	152,880	4,107,544	676,204	102,068	778,272	4,630,868	254,948	4,885,816
Mar-08	3,520,452	(313,239)	3,207,213	1,958,915	(143,720)	1,815,195	5,479,367	(456,958)	5,022,409
Apr-08	1,986,268	90,018	2,076,286	1,733,911	49,826	1,783,736	3,720,179	139,843	3,860,022
Total	17,485,092	1,046,234	18,531,326	8,264,140	481,242	8,745,381	25,749,232	1,527,475	27,276,707
Nov-08	1,341,590	15,390	1,356,980	686,674	2,952	689,625	2,028,263	18,341	2,046,605
Dec-08	3,380,325	(456,488)	2,923,837	1,641,466	(208,876)	1,432,590	5,021,791	(665,364)	4,356,427
Jan-09	4,186,908	109,899	4,296,807	2,044,420	53,915	2,098,335	6,231,328	163,814	6,395,142
Feb-09	3,799,699	(140,571)	3,659,129	1,900,157	(66,717)	1,833,440	5,699,857	(207,287)	5,492,569
Mar-09	2,707,310	198,382	2,905,693	1,369,777	102,454	1,472,231	4,077,088	300,836	4,377,924
Apr-09	1,798,679	211,843	2,010,522	829,641	86,271	915,912	2,628,320	298,114	2,926,434
Total	17,214,512	(61,545)	17,152,967	8,472,135	(30,001)	8,442,134	25,686,647	(91,546)	25,595,101

Louisville Gas and Electric Company
Average Usage per Customer by Customer Class
Three most recent heating seasons

RGS - Avg Usage per Customer

Actual Volumes (Mcf)	WNA Adj. Volumes (Mcf)	Adjustment for WNA (Mcf)
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CGS - Avg Usage per Customer

Actual Volumes (Mcf)	WNA Adj. Volumes (Mcf)	Adjustment for WNA (Mcf)
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Nov-06	5.99	5.63	(0.36)	35.27	36.69	1.42
Dec-06	9.04	11.00	1.96	57.34	72.76	15.42
Jan-07	10.25	14.89	4.64	57.34	82.73	25.39
Feb-07	15.01	14.31	(0.70)	85.28	81.19	(4.09)
Mar-07	10.74	11.55	0.81	61.50	67.76	6.26
Apr-07	5.42	7.25	1.83	32.88	44.19	11.31
Nov-07	4.35	5.60	1.25	26.66	36.85	10.19
Dec-07	9.33	11.00	1.67	52.21	64.02	11.81
Jan-08	13.06	16.08	3.02	73.84	90.36	16.52
Feb-08	13.18	15.62	2.44	26.66	35.27	8.61
Mar-08	11.69	11.45	(0.24)	76.90	77.40	0.50
Apr-08	6.61	8.08	1.47	68.03	82.25	14.22
Nov-08	4.47	5.49	1.02	27.45	35.99	8.54
Dec-08	11.72	10.35	(1.37)	65.02	61.16	(3.86)
Jan-09	14.47	17.15	2.68	80.36	98.47	18.11
Feb-09	13.12	13.04	(0.08)	74.67	78.59	3.92
Mar-09	9.35	10.47	1.12	53.79	63.60	9.81
Apr-09	6.17	9.19	3.02	32.20	50.27	18.07

Louisville Gas and Electric Company
Monthly Revenues by Customer Class
Three most recent heating seasons

	RGS			CGS			TOTAL		
	Actual Revenues	WNA Revenue Adjustment	Revenues including WNA	Actual Revenues	WNA Revenue Adjustment	Revenues including WNA	Actual Revenues	WNA Revenue Adjustment	Revenues including WNA
Nov-06	\$ 19,261,289	\$ (396,400)	\$ 18,864,889	\$ 8,815,021	\$ (167,057)	\$ 8,647,964	\$ 28,076,310	\$ (563,457)	\$ 27,512,853
Dec-06	\$ 27,429,397	\$ 494,694	\$ 27,924,091	\$ 14,443,750	\$ 233,194	\$ 14,676,944	\$ 41,873,147	\$ 727,888	\$ 42,601,035
Jan-07	\$ 30,835,659	\$ 1,841,542	\$ 32,677,201	\$ 13,905,215	\$ 771,729	\$ 14,676,944	\$ 44,740,874	\$ 2,613,271	\$ 47,354,145
Feb-07	\$ 41,517,797	\$ (836,615)	\$ 40,681,182	\$ 19,197,449	\$ (378,942)	\$ 18,818,507	\$ 60,715,246	\$ (1,215,557)	\$ 59,499,689
Mar-07	\$ 28,750,784	\$ (20,782)	\$ 28,730,002	\$ 13,167,269	\$ 11,253	\$ 13,178,522	\$ 41,918,053	\$ (9,529)	\$ 41,908,524
Apr-07	\$ 15,675,592	\$ 614,063	\$ 16,289,655	\$ 7,087,181	\$ 196,934	\$ 7,284,115	\$ 22,762,773	\$ 810,997	\$ 23,573,770
	\$ 163,470,517	\$ 1,696,502	\$ 165,167,019	\$ 76,615,886	\$ 667,111	\$ 77,282,997	\$ 240,086,403	\$ 2,363,613	\$ 242,450,016
Nov-07	\$ 16,069,264	\$ 329,173	\$ 16,398,437	\$ 7,505,894	\$ 125,963	\$ 7,631,857	\$ 23,575,157	\$ 455,136	\$ 24,030,293
Dec-07	\$ 31,872,726	\$ 348,075	\$ 32,220,801	\$ 14,447,683	\$ 152,644	\$ 14,600,327	\$ 46,320,409	\$ 500,719	\$ 46,821,128
Jan-08	\$ 43,717,219	\$ 1,045,716	\$ 44,762,935	\$ 20,076,853	\$ 429,112	\$ 20,505,965	\$ 63,794,072	\$ 1,474,828	\$ 65,268,900
Feb-08	\$ 43,151,686	\$ 235,397	\$ 43,387,083	\$ 7,527,467	\$ 104,390	\$ 7,631,857	\$ 50,679,153	\$ 339,787	\$ 51,018,940
Mar-08	\$ 37,929,363	\$ (483,304)	\$ 37,446,059	\$ 20,746,719	\$ (215,009)	\$ 20,531,710	\$ 58,676,082	\$ (698,313)	\$ 57,977,769
Apr-08	\$ 22,422,077	\$ 138,550	\$ 22,560,627	\$ 17,505,952	\$ 59,643	\$ 17,565,595	\$ 39,928,029	\$ 198,193	\$ 40,126,222
	\$ 195,162,335	\$ 1,613,607	\$ 196,775,942	\$ 87,810,569	\$ 656,743	\$ 88,467,312	\$ 282,972,904	\$ 2,270,350	\$ 285,243,254
Nov-08	\$ 22,959,436	\$ 23,527	\$ 22,982,963	\$ 10,954,385	\$ 4,413	\$ 10,958,798	\$ 33,913,822	\$ 27,940	\$ 33,941,762
Dec-08	\$ 45,545,129	\$ (704,711)	\$ 44,840,418	\$ 21,217,369	\$ (312,522)	\$ 20,904,847	\$ 66,762,498	\$ (1,017,233)	\$ 65,745,265
Jan-09	\$ 55,881,004	\$ 158,799	\$ 56,039,803	\$ 26,272,830	\$ 79,481	\$ 26,352,311	\$ 82,153,833	\$ 238,280	\$ 82,392,113
Feb-09	\$ 49,355,215	\$ (300,006)	\$ 49,055,209	\$ 23,430,128	\$ (113,757)	\$ 23,316,371	\$ 72,785,343	\$ (413,763)	\$ 72,371,580
Mar-09	\$ 34,915,212	\$ 422,293	\$ 35,337,505	\$ 16,330,490	\$ 174,617	\$ 16,505,107	\$ 51,245,702	\$ 596,910	\$ 51,842,612
Apr-09	\$ 24,557,800	\$ 452,731	\$ 25,010,531	\$ 10,430,511	\$ 147,243	\$ 10,577,754	\$ 34,988,311	\$ 599,974	\$ 35,588,285
	\$ 233,213,796	\$ 52,633	\$ 233,266,429	\$ 108,635,713	\$ (20,525)	\$ 108,615,188	\$ 341,849,509	\$ 32,108	\$ 341,881,617

**Louisville Gas and Electric Company
Monthly Heating Degree Days by WNA Month
Three most recent heating seasons**

	Normal Calendar	Actual Calendar	Normal Billing Cycle	Actual Billing Cycle
Nov-06	515	471	353	438
Dec-06	846	670	667	584
Jan-07	981	805	1005	690
Feb-07	756	971	878	1015
Mar-07	558	346	652	657
Apr-07	262	329	400	312
Nov-07	515	484	359	293
Dec-07	846	712	675	621
Jan-08	981	935	1001	840
Feb-08	779	787	876	841
Mar-08	558	569	661	739
Apr-08	262	240	400	377
Nov-08	515	578	343	336
Dec-08	846	849	682	809
Jan-09	981	1080	997	967
Feb-09	756	687	845	883
Mar-09	558	449	631	586
Apr-09	262	262	441	376

LG&E WNA normals are based on the 30-year period, 10/1973-9/2003. WNA is not billed from May to October

February 29, 2008 has 29 days

Weather Station = SDF

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Initial Data Request
of Commission Staff
Dated May 22, 2009**

Case No. 2009-00172

Question No. 2

Witness: Robert M. Conroy

- Q-2. For each of the last five calendar years, provide LG&E's return on common equity for its gas operations based on (1) calculated revenues as if the WNA had not been in effect and (2) actual revenues with the WNA in effect. Show the return calculation, including the net income available for common stock and the equity balance used in the calculation. The return calculation should be based on an end-of-period equity balance like that used by the Commission in general rate cases. For this response, it will not be necessary to allocate common equity based on the ratios of electric and gas rate bases, as LG&E does in its general rate cases. For simplicity's sake, it will be sufficient to perform the equity allocation based on the ratios of net electric plant and net gas plant in service.
- A-2. The table below provides LG&E's return on common equity for its gas operations for each of the last five calendar years. The return calculation is based on unadjusted per books gas net operating income reflecting (1) calculated revenues as if the WNA had not been in effect and (2) actual revenues with the WNA in effect. The unadjusted per books total company capitalization is allocated based on the ratios of electric and gas rate bases, as LG&E does in general rate cases. See the attached workpapers for the return calculation.

Year	Return on Common Equity	
	(1) Without WNA	(2) With WNA
2008	3.45%	3.53%
2007	2.29%	3.14%
2006	3.02%	4.00%
2005	4.55%	4.93%
2004	3.26%	4.42%

Louisville Gas and Electric Company
Rate of Return on Common Equity
Weighted Average Cost Of Capital

December 31, 2008 Gas (Without WNA)

	Total Company Capitalization	Gas Rate Base Percentage	Unadjusted Gas Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	58,799,200	20.33%	11,953,877	2.82%	1.49%	0.04%
Long Term Debt	1,059,304,000	20.33%	215,356,503	50.73%	4.53%	2.30%
Preferred Stock	-	20.33%	-	0.00%	0.00%	0.00%
Common Equity	1,234,460,916	20.33%	250,965,904	59.11%	3.45%	2.04%
	<u>2,352,564,116</u>		<u>424,538,547</u>	<u>100.00%</u>		<u>4.38%</u>

(1) Net Operating Income for the 12 months ended December 31, 2008 (without WNA) \$ 18,596,367
 Net Operating Income / Total Capitalization 4.38%

December 31, 2008 Gas (With WNA)

	Total Company Capitalization	Gas Rate Base Percentage	Unadjusted Gas Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	58,799,200	20.33%	11,953,877	2.82%	1.49%	0.04%
Long Term Debt	1,059,304,000	20.33%	215,356,503	50.73%	4.53%	2.30%
Preferred Stock	-	20.33%	-	0.00%	0.00%	0.00%
Common Equity	1,234,460,916	20.33%	250,965,904	59.11%	3.53%	2.09%
	<u>2,352,564,116</u>		<u>424,538,547</u>	<u>100.00%</u>		<u>4.43%</u>

(2) Net Operating Income for the 12 months ended December 31, 2008 (with WNA) \$ 18,795,065
 Net Operating Income / Total Capitalization 4.43%

Louisville Gas and Electric Company
Rate of Return on Common Equity
Weighted Average Cost Of Capital

December 31, 2007 Gas (Without WNA)

	Total Company Capitalization	Gas Rate Base Percentage	Unadjusted Gas Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	78,241,200	19.60%	15,335,275	3.52%	4.75%	0.17%
Long Term Debt	984,304,000	19.60%	192,923,584	44.26%	4.95%	2.19%
Preferred Stock	-	19.60%	-	0.00%	0.00%	0.00%
Common Equity	1,161,163,742	19.60%	227,588,093	52.22%	2.29%	1.20%
	<u>2,223,708,942</u>		<u>435,846,952</u>	<u>100.00%</u>		<u>3.55%</u>

(1) Net Operating Income for the 12 months ended December 31, 2007 (without WNA) \$ 15,488,724
 Net Operating Income / Total Capitalization 3.55%

December 31, 2007 Gas (With WNA)

	Total Company Capitalization	Gas Rate Base Percentage	Unadjusted Gas Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	78,241,200	19.60%	15,335,275	3.52%	4.75%	0.17%
Long Term Debt	984,304,000	19.60%	192,923,584	44.26%	4.95%	2.19%
Preferred Stock	-	19.60%	-	0.00%	0.00%	0.00%
Common Equity	1,161,163,742	19.60%	227,588,093	52.22%	3.14%	1.64%
	<u>2,223,708,942</u>		<u>435,846,952</u>	<u>100.00%</u>		<u>4.00%</u>

(2) Net Operating Income for the 12 months ended December 31, 2007 (with WNA) \$ 17,416,452
 Net Operating Income / Total Capitalization 4.00%

Louisville Gas and Electric Company
Rate of Return on Common Equity
Weighted Average Cost Of Capital

December 31, 2006 Gas (Without WNA)

	Total Company Capitalization	Gas Rate Base Percentage	Unadjusted Gas Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	67,824,000	20.10%	13,632,624	3.31%	5.25%	0.17%
Long Term Debt	819,304,000	20.10%	164,680,104	39.93%	4.33%	1.73%
Preferred Stock	70,424,594	20.10%	14,155,343	3.43%	5.15%	0.18%
Common Equity	1,094,133,608	20.10%	219,920,855	53.33%	3.02%	1.61%
	<u>2,051,686,202</u>		<u>412,388,926</u>	<u>100.00%</u>		<u>3.69%</u>

(1) Net Operating Income for the 12 months ended December 31, 2006 (without WNA) \$ 15,218,176
 Net Operating Income / Total Capitalization 3.69%

December 31, 2006 Gas (With WNA)

	Total Company Capitalization	Gas Rate Base Percentage	Unadjusted Gas Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	67,824,000	20.10%	13,632,624	3.31%	5.25%	0.17%
Long Term Debt	819,304,000	20.10%	164,680,104	39.93%	4.33%	1.73%
Preferred Stock	70,424,594	20.10%	14,155,343	3.43%	5.15%	0.18%
Common Equity	1,094,133,608	20.10%	219,920,855	53.33%	4.00%	2.13%
	<u>2,051,686,202</u>		<u>412,388,926</u>	<u>100.00%</u>		<u>4.21%</u>

(2) Net Operating Income for the 12 months ended December 31, 2006 (with WNA) \$ 17,370,806
 Net Operating Income / Total Capitalization 4.21%

Louisville Gas and Electric Company
Rate of Return on Common Equity
Weighted Average Cost Of Capital

December 31, 2005 Gas (Without WNA)

	Total Company Capitalization	Gas Rate Base Percentage	Unadjusted Gas Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	141,245,000	19.29%	27,246,161	6.71%	4.21%	0.28%
Long Term Debt	820,554,000	19.29%	158,284,867	38.96%	4.13%	1.61%
Preferred Stock	70,424,594	19.29%	13,584,904	3.34%	4.65%	0.16%
Common Equity	1,074,069,709	19.29%	207,188,047	50.99%	4.55%	2.32%
	<u>2,106,293,303</u>		<u>406,303,978</u>	<u>100.00%</u>		<u>4.37%</u>

(1) Net Operating Income for the 12 months ended December 31, 2005 (without WNA) \$ 17,742,113
 Net Operating Income / Total Capitalization 4.37%

December 31, 2005 Gas (With WNA)

	Total Company Capitalization	Gas Rate Base Percentage	Unadjusted Gas Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	141,245,000	19.29%	27,246,161	6.71%	4.21%	0.28%
Long Term Debt	820,554,000	19.29%	158,284,867	38.96%	4.13%	1.61%
Preferred Stock	70,424,594	19.29%	13,584,904	3.34%	4.65%	0.16%
Common Equity	1,074,069,709	19.29%	207,188,047	50.99%	4.93%	2.51%
	<u>2,106,293,303</u>		<u>406,303,978</u>	<u>100.00%</u>		<u>4.56%</u>

(2) Net Operating Income for the 12 months ended December 31, 2005 (with WNA) \$ 18,514,032
 Net Operating Income / Total Capitalization 4.56%

Louisville Gas and Electric Company
Rate of Return on Common Equity
Weighted Average Cost Of Capital

December 31, 2004 Gas (Without WNA)

	Total Company Capitalization	Gas Rate Base Percentage	Unadjusted Gas Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	108,220,000	17.69%	19,144,118	5.44%	1.90%	0.10%
Long Term Debt	821,804,000	17.69%	145,377,128	41.34%	3.92%	1.62%
Preferred Stock	70,424,594	17.69%	12,458,111	3.54%	3.30%	0.12%
Common Equity	987,231,240	17.69%	174,641,206	49.67%	3.26%	1.62%
	1,987,679,834		351,620,563	100.00%		3.46%

(1) Net Operating Income for the 12 months ended December 31, 2004 (without WNA) \$ 12,174,278
 Net Operating Income / Total Capitalization 3.46%

December 31, 2004 Gas (With WNA)

	Total Company Capitalization	Gas Rate Base Percentage	Unadjusted Gas Capitalization	Percent Of Total	Annual Cost Rate	Weighted Cost Of Capital
Short Term Debt	108,220,000	17.69%	19,144,118	5.44%	1.90%	0.10%
Long Term Debt	821,804,000	17.69%	145,377,128	41.34%	3.92%	1.62%
Preferred Stock	70,424,594	17.69%	12,458,111	3.54%	3.30%	0.12%
Common Equity	987,231,240	17.69%	174,641,206	49.67%	4.42%	2.20%
	1,987,679,834		351,620,563	100.00%		4.04%

(2) Net Operating Income for the 12 months ended December 31, 2004 (with WNA) \$ 14,201,400
 Net Operating Income / Total Capitalization 4.04%

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Initial Data Request
of Commission Staff
Dated May 22, 2009**

Case No. 2009-00172

Question No. 3

Witness: Robert M. Conroy

- Q-3. LG&E's base rates are intended to recover non-gas costs such as billing, maintenance, depreciation, taxes, etc. Provide a narrative description of the portion of LG&E's non-gas costs that vary as usage varies.
- A-3. The only non-gas cost that varies with usage is the cost of the chemical odorant added to the natural gas prior to distribution to customers. The annual cost of odorant is approximately \$70,000, which represents less than one tenth of one percent of the Company's non-gas related cost of service, which was approximately \$120 million during the test year of the last general rate case.