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PUBLIC SERVICE
COMMISSION

Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

**Louisville Gas and
Electric Company**
State Regulation and Rates
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February 25, 2010

**RE: APPLICATION OF LOUISVILLE GAS AND ELECTRIC
COMPANY FOR AN ADJUSTMENT OF ITS ELECTRIC AND GAS
BASE RATES - Case No. 2009-00549
(Updates to Question Nos. 43, 44, and 57)**

Dear Mr. DeRouen:

On February 16, 2010, in the above-referenced proceeding, Louisville Gas and Electric Company ("LG&E") filed initial responses to Question Nos. 43, 44, and 57 of the First Data Request of Commission Staff dated January 19, 2010. The directives in each of these data requests required on-going updates to the information as it becomes available.

Pursuant to the directive of Question No. 43, LG&E hereby provides an original and ten (10) copies of its updated Rives Exhibit 2 and Analysis of Embedded Cost of Capital to reflect changes through January 31, 2010.

Pursuant to the directive of Question No. 44, LG&E hereby provides an original and ten (10) copies of its detailed monthly income statements for January 2010.

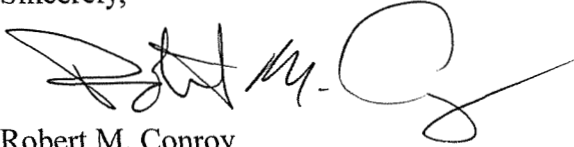
With regard to Question No. 57, there are no additional items to note since LG&E's original responses filed on February 16, 2010.

Mr. Jeff DeRouen
February 25, 2010

Please confirm your receipt of these documents by placing the File Stamp of your Office on the enclosed additional copy.

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

Sincerely,

A handwritten signature in black ink, appearing to read "R. M. Conroy". The signature is fluid and cursive, with a large, stylized "C" at the end.

Robert M. Conroy

Enclosures

cc: Parties of Record

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

**UPDATED Response to First Data Request of Commission Staff
Dated January 19, 2010**

Updated Response filed February 25, 2010

Question No. 43

Responding Witness: S. Bradford Rives

- Q-43. Provide any information, when known, that would have a material effect on net operating income, rate base, or cost of capital that have occurred after the test year but were not incorporated in the filed testimony and exhibits.
- A-43. See attached Revised Rives Exhibit 2 and Analysis of the Embedded Cost of Capital, reflecting changes to embedded cost of capital through January 31, 2010.

LOUISVILLE GAS AND ELECTRIC COMPANY

Capitalization at October 31, 2009
with Annual Cost Rate as of January 31, 2010

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Per Books 10-31-09	Capital Structure	Required Bonds (not retired)	Adjusted Total Company Capitalization (Col 1 + Col 3)	Rate Base Percentage (Exhibit 3, Line 20)	Capitalization (Col 4 + Col 5)	Adjustments to Capitalization (Col 6, Pg 2)	Adjusted Capitalization (Col 6 + Col 7)	Adjusted Capital Structure (9)	Annual Cost Rate January 31, 2010 (10)	Cost of Capital (Col 10 x Col 9) (11)
ELECTRIC											
1. Short Term Debt	\$ 150,667,400	6.59%	\$ (150,667,400)	\$ -	79.62%	\$ -	\$ -	\$ -	0.00%	0.20%	0.00%
2. Long Term Debt	896,104,000	39.22%	157,937,294	1,054,041,294	79.62%	839,227,678	(6,111,206)	833,116,472	46.14%	4.50%	2.08%
3. Common Equity	1,237,876,536	54.19%	(7,269,894)	1,230,606,643	79.62%	979,809,009	(7,133,714)	972,675,295	53.86%	11.50%	6.19%
4. Total Capitalization	<u>\$ 2,284,647,936</u>	<u>100.00%</u>	<u>\$ -</u>	<u>\$ 2,284,647,936</u>		<u>\$ 1,819,036,687</u>	<u>\$ (13,244,920)</u>	<u>\$ 1,805,791,767</u>	<u>100.00%</u>		<u>8.27%</u>
GAS											
1. Short Term Debt	\$ 150,667,400	6.59%	\$ (150,667,400)	\$ -	20.38%	\$ -	\$ -	\$ -	0.00%	0.20%	0.00%
2. Long Term Debt	896,104,000	39.22%	157,937,294	1,054,041,294	20.38%	214,813,616	397,594	215,211,210	46.14%	4.50%	2.08%
3. Common Equity	1,237,876,536	54.19%	(7,269,894)	1,230,606,643	20.38%	250,797,634	464,119	251,261,753	53.86%	11.50%	6.19%
4. Total Capitalization	<u>\$ 2,284,647,936</u>	<u>100.00%</u>	<u>\$ -</u>	<u>\$ 2,284,647,936</u>		<u>\$ 465,611,250</u>	<u>\$ 861,713</u>	<u>\$ 466,472,963</u>	<u>100.00%</u>		<u>8.27%</u>

NOTES:
Column 10 used January 31, 2010 actual embedded cost rates.

LOUISVILLE GAS AND ELECTRIC COMPANY

Capitalization at October 31, 2009
with Annual Cost Rate as of January 31, 2010

	Capitalization (Col. 6, Pg. 1) (1)	Capital Structure (2)	Trimble County Inventories (a) (Col. 2 x Col. 3, Line 4) (3)	Investments in OVEC and Other (Col. 2 x Col. 4, Line 4) (4)	JDIC (Col. 2 x Col. 5, Line 4) (5)	Environmental Compliance Plans (b) (Col. 2 x Col. 6, Line 4) (6)	Advanced Coal Investment Tax Credit (Col. 2 x Col. 7, Line 4) (7)	Trimble County Joint Use Assets Transfer (Col. 2 x Col. 8, Line 4) (8)	Total Adjustments To Capital (9)
1. Short Term Debt	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Long Term Debt	839,227,678	46.14%	(2,295,290)	(279,685)	11,032,725	(2,469,489)	10,223,466	(22,322,933)	(6,111,206)
3. Common Equity	979,809,009	53.86%	(2,679,331)	(326,481)	12,878,687	(2,882,677)	11,934,024	(26,057,936)	(7,133,714)
4. Total Capitalization	<u>\$ 1,819,036,687</u>	<u>100.00%</u>	<u>\$ (4,974,621)</u>	<u>\$ (606,166)</u>	<u>\$ 23,911,412</u>	<u>\$ (5,352,166)</u>	<u>\$ 22,157,491</u>	<u>\$ (48,380,869)</u>	<u>\$ (13,244,920)</u>

GAS

1. Short Term Debt	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Long Term Debt	214,813,616	46.14%	-	-	397,594	-	-	-	397,594
3. Common Equity	250,797,634	53.86%	-	-	464,119	-	-	-	464,119
4. Total Capitalization	<u>\$ 465,611,250</u>	<u>100.00%</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 861,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 861,713</u>

(a) Trimble County Inventories @ October 31, 2009

Stores	\$ 4,478,528
Stores Expense	641,802
Coal	14,237,794
Limestone	213,655
Fuel Oil	325,169
Emission Allowances	1,536
Total Trimble County Inventories	<u>\$ 19,898,483</u>
Multiplied by Disallowed Portion	25.00%
Trimble County Inv. Disallowed	<u>\$ 4,974,621</u>

(b) Environmental Compliance Plans:

Total ECR Rate Base at 10/31/09	\$ 240,117,179
Less: ECR Rate Base '01 and '03 Plans	176,206,210
Less: ECR Rate Base Roll-in '05 and '06 Plans	58,558,803
ECR Post '03 Rate Base	<u>\$ 5,352,166</u>

LOUISVILLE GAS AND ELECTRIC COMPANY
ANALYSIS OF THE EMBEDDED COST OF CAPITAL AT
January 31, 2010

LONG-TERM DEBT										
Due	Rate	Principal	Interest/(Income)	Annualized Cost				Embedded Cost		
				Amortized Debt Issuance Expense	Amortized Loss-Reacquired Debt	Letter of Credit and other fees	Total			
Pollution Control Bonds -										
Jefferson Co 2000 Series A	05/01/27	5 375% *	25,000,000 4	1,343,750	-	117,881	-	1,461,631	5 847%	
Trimble Co 2000 Series A	08/01/30	0 160% *	83,335,000	133,336	38,707	143,700	305,611 d	621,354	0 746%	
Jefferson Co 2001 Series A	09/01/27	0 160% *	10,104,000	16,166	20,393	-	35,516 d	72,075	0 713%	
Jefferson Co 2001 Series A	09/01/26	0 630% *	22,500,000	141,750	9,924	77,424	22,500 b	251,598	1 118%	
Trimble Co 2001 Series A	09/01/26	0 630% *	27,500,000	173,250	10,790	65,400	27,500 b	276,940	1 007%	
Jefferson Co 2001 Series B	11/01/27	0 750% *	35,000,000	262,500	10,995	49,056	35,000 b	357,551	1 022%	
Trimble Co 2001 Series B	11/01/27	0 750% *	35,000,000	262,500	10,997	48,864	35,000 b	357,361	1 021%	
Trimble Co 2002 Series A	10/01/32	0 197% *	41,665,000	82,080	37,221	55,812	176,056 d	351,169	0 843%	
Louisville Metro 2003 Series A	10/01/33	1 150% 3	128,000,000	1,472,000	-	311,492	127,649 a	1,911,141	1 493%	
Louisville Metro 2005 Series A	02/01/35	5 750% *	40,000,000 4	2,300,000	-	96,444	-	2,396,444	5 991%	
Trimble Co 2007 Series A	06/01/33	4 600% *	60,000,000	2,760,000	47,192	6,567	18,270 a	2,832,029	4 720%	
Louisville Metro 2007 Series A	06/01/33	5 625% *	31,000,000 4	1,743,750	-	41,417	-	1,785,167	5 759%	
Louisville Metro 2007 Series B	06/01/33	3 200% 3	35,200,000	1,126,400	-	27,328	10,718 a	1,164,446	3 308%	
Called Bonds			0	0	-	167,868 2	-	167,868	0 000%	
Total External Debt			574,304,000	11,817,482	186,219	1,209,253	793,820	14,006,774	1.322%	
Interest Rate Swaps:										
JP Morgan Chase Bank	11/01/20	1		3,981,054	-	-	-	3,981,054		
Morgan Stanley Capital Services	10/01/33	1		1,006,314	-	-	-	1,006,314		
Morgan Stanley Capital Services	10/01/33	1		1,002,858	-	-	-	1,002,858		
Bank of America	10/01/33	1		1,017,258	-	-	-	1,017,258		
Interest Rate Swaps External Debt				7,007,484	-	-	-	7,007,484	0.662%	
Notes Payable to Fidella Corp										
Notes Payable to Fidella Corp	01/16/12	4 330%	25,000,000	1,082,500	-	-	-	1,082,500	4 330%	
Notes Payable to Fidella Corp	04/30/13	4 550%	100,000,000	4,550,000	-	-	-	4,550,000	4 550%	
Notes Payable to Fidella Corp	08/15/13	5 310%	100,000,000	5,310,000	-	-	-	5,310,000	5 310%	
Notes Payable to Fidella Corp	11/23/15	6 480%	50,000,000	3,240,000	-	-	-	3,240,000	6 480%	
Notes Payable to Fidella Corp	07/25/18	6 210%	25,000,000	1,552,500	-	-	-	1,552,500	6 210%	
Notes Payable to Fidella Corp	11/26/22	5 720%	47,000,000	2,688,400	-	-	-	2,688,400	5 720%	
Notes Payable to Fidella Corp	04/13/31	5 930%	68,000,000	4,032,400	-	-	-	4,032,400	5 930%	
Notes Payable to Fidella Corp	04/13/37	5 980%	70,000,000	4,186,000	-	-	-	4,186,000	5 980%	
Total Internal Debt			485,000,000	26,641,800	-	-	-	26,641,800	2 515%	
Total			1,059,304,000	45,466,766	186,219	1,209,253	793,820	47,656,058	4.499%	

SHORT TERM DEBT									
Maturity	Rate	Principal	Annualized Cost				Embedded Cost		
			Interest	Expense	Loss	Premium			
Notes Payable to Associated Company	NA	0 200% *	131,982,400	263,965	-	-	-	263,965	0 200%
Reacquired Bonds		0 200% *	(163,200,000)	(326,400)	-	-	-	(326,400)	0 200%
Total			(31,217,600)	(62,435)	-	-	-	(62,435)	0 200%

Embedded Cost of Total Debt 1,028,086,400 45,404,331 186,219 1,209,253 793,820 47,593,623 4.629%

* Composite rate at end of current month

1 Additional Interest due to Swap Agreements:

Underlying Debt Being Hedged	Notional Amount	Expiration of Swap Agreement	Fixed LG&E Swap Position	Fixed LG&E Swap Position	Variable Counterparty Swap Position
Series Z - PCB	83,335,000	11/01/20	5 495%	5 495%	BMA Index
Series GG - PCB	32,000,000	10/01/33	3 657%	3 657%	68% of 1 mo LIBOR
Series GG - PCB	32,000,000	10/01/33	3 645%	3 645%	68% of 1 mo LIBOR
Series GG - PCB	32,000,000	10/01/33	3 695%	3 695%	68% of 1 mo LIBOR
	<u>179,335,000</u>				

2 Call premium and debt expense is being amortized over the remaining life of bonds due 6/1/15, 7/1/13 and 8/1/17

3 Reacquired bonds use expected re-issuance rate

4 Remarketed bonds issued at long term fixed rate

a - Insurance premiums annualized - based on actual invoices

b - Remarketing fee = 10 basis points

c - Remarketing fee = 25 basis points

d - Combination of a and c

LOUISVILLE GAS AND ELECTRIC COMPANY

CASE NO. 2009-00549

**UPDATED Response to First Data Request of Commission Staff
Dated January 19, 2010**

Updated Response filed February 25, 2010

Question No. 44

Responding Witness: Shannon L. Charnas

Q-44. Provide detailed monthly income statements for each month after the test year, including the month in which the hearing ends, as they become available.

A-44. See attached income statements for January 2010.

LOUISVILLE GAS AND ELECTRIC COMPANY

Income Statements

January 31, 2010

Louisville Gas and Electric Company
Comparative Statement of Income
January 31, 2010

	Current Month		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	75,656,301.90	84,590,679.75	(8,934,377.85) (10.56)
Gas Operating Revenues.....	49,583,374.92	91,408,264.04	(41,824,889.12) (45.76)
Total Operating Revenues.....	125,239,676.82	175,998,943.79	(50,759,266.97) (28.84)
Fuel for Electric Generation.....	29,083,943.23	34,444,555.59	(5,360,612.36) (15.56)
Power Purchased.....	6,286,992.63	8,130,420.04	(1,843,427.41) (22.67)
Gas Supply Expenses.....	33,945,220.22	76,420,027.27	(42,474,807.05) (55.58)
Other Operation Expenses.....	18,245,335.13	17,968,153.28	277,181.85 1.54
Maintenance.....	5,950,317.13	9,165,545.97	(3,215,228.84) (35.08)
Depreciation.....	10,766,332.79	10,348,232.70	418,100.09 4.04
Amortization Expense.....	720,153.41	532,037.37	188,116.04 35.36
Regulatory Credits.....	(179,203.17)	(177,368.12)	(1,835.05) (1.03)
Taxes			
Federal Income.....	4,687,680.25	4,783,427.16	(95,746.91) (2.00)
State Income.....	854,896.11	911,128.99	(56,232.88) (6.17)
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	-	-	-
Property and Other.....	2,106,988.27	2,264,524.63	(157,536.36) (6.96)
Investment Tax Credit.....	-	-	-
Amortization of Investment Tax Credit.....	(219,158.00)	(312,908.00)	93,750.00 29.96
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	164,563.41	162,613.52	1,949.89 1.20
Total Operating Expenses.....	112,414,061.41	164,640,390.40	(52,226,328.99) (31.72)
Net Operating Income.....	12,825,615.41	11,358,553.39	1,467,062.02 12.92
Other Income Less Deductions.....	85,111.33	10,225,687.09	(10,140,575.76) (99.17)
Income Before Interest Charges.....	12,910,726.74	21,584,240.48	(8,673,513.74) (40.18)
Interest on Long-Term Debt.....	3,550,810.54	3,734,578.54	(183,768.00) (4.92)
Amortization of Debt Expense - Net.....	116,289.49	123,451.70	(7,162.21) (5.80)
Other Interest Expenses.....	233,434.52	248,898.70	(15,464.18) (6.21)
Total Interest Charges.....	3,900,534.55	4,106,928.94	(206,394.39) (5.03)
Net Income.....	9,010,192.19	17,477,311.54	(8,467,119.35) (48.45)

Louisville Gas and Electric Company
Comparative Statement of Income
January 31, 2010

	Year to Date		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	75,656,301.90	84,590,679.75	(8,934,377.85) (10.56)
Gas Operating Revenues.....	49,583,374.92	91,408,264.04	(41,824,889.12) (45.76)
Total Operating Revenues.....	125,239,676.82	175,998,943.79	(50,759,266.97) (28.84)
Fuel for Electric Generation.....	29,083,943.23	34,444,555.59	(5,360,612.36) (15.56)
Power Purchased.....	6,286,992.63	8,130,420.04	(1,843,427.41) (22.67)
Gas Supply Expenses.....	33,945,220.22	76,420,027.27	(42,474,807.05) (55.58)
Other Operation Expenses.....	18,245,335.13	17,968,153.28	277,181.85 1.54
Maintenance.....	5,950,317.13	9,165,545.97	(3,215,228.84) (35.08)
Depreciation.....	10,766,332.79	10,348,232.70	418,100.09 4.04
Amortization Expense.....	720,153.41	532,037.37	188,116.04 35.36
Regulatory Credits.....	(179,203.17)	(177,368.12)	(1,835.05) (1.03)
Taxes			
Federal Income.....	4,687,680.25	4,783,427.16	(95,746.91) (2.00)
State Income.....	854,896.11	911,128.99	(56,232.88) (6.17)
Deferred Federal Income - Net.....	-	-	-
Deferred State Income - Net.....	-	-	-
Property and Other.....	2,106,988.27	2,264,524.63	(157,536.36) (6.96)
Investment Tax Credit.....	-	-	-
Amortization of Investment Tax Credit.....	(219,158.00)	(312,908.00)	93,750.00 29.96
Loss (Gain) from Disposition of Allowances.....	-	-	-
Accretion Expense.....	164,563.41	162,613.52	1,949.89 1.20
Total Operating Expenses.....	112,414,061.41	164,640,390.40	(52,226,328.99) (31.72)
Net Operating Income.....	12,825,615.41	11,358,553.39	1,467,062.02 12.92
Other Income Less Deductions.....	85,111.33	10,225,687.09	(10,140,575.76) (99.17)
Income Before Interest Charges.....	12,910,726.74	21,584,240.48	(8,673,513.74) (40.18)
Interest on Long-Term Debt.....	3,550,810.54	3,734,578.54	(183,768.00) (4.92)
Amortization of Debt Expense - Net.....	116,289.49	123,451.70	(7,162.21) (5.80)
Other Interest Expenses.....	233,434.52	248,898.70	(15,464.18) (6.21)
Total Interest Charges.....	3,900,534.55	4,106,928.94	(206,394.39) (5.03)
Net Income.....	9,010,192.19	17,477,311.54	(8,467,119.35) (48.45)

Louisville Gas and Electric Company
Comparative Statement of Income
January 31, 2010

	Year Ended Current Month		
	This Year Amount	Last Year Amount	Increase or Decrease Amount %
Electric Operating Revenues.....	910,430,314.12	1,019,454,710.96	(109,024,396.84) (10.69)
Gas Operating Revenues.....	319,802,966.88	468,159,737.68	(148,356,770.80) (31.69)
Total Operating Revenues.....	<u>1,230,233,281.00</u>	<u>1,487,614,448.64</u>	<u>(257,381,167.64)</u> (17.30)
Fuel for Electric Generation.....	322,872,384.16	350,167,269.58	(27,294,885.42) (7.79)
Power Purchased.....	56,586,842.42	116,303,582.81	(59,716,740.39) (51.35)
Gas Supply Expenses.....	207,330,461.91	363,213,691.40	(155,883,229.49) (42.92)
Other Operation Expenses.....	219,349,168.50	196,096,805.23	23,252,363.27 11.86
Maintenance.....	92,989,729.94	97,654,911.41	(4,665,181.47) (4.78)
Depreciation.....	129,164,434.35	121,592,025.96	7,572,408.39 6.23
Amortization Expense.....	8,144,439.82	5,985,337.88	2,159,101.94 36.07
Regulatory Credits.....	(2,207,282.85)	(2,071,831.34)	(135,451.51) (6.54)
Taxes			
Federal Income.....	25,176,823.61	38,533,314.32	(13,356,490.71) (34.66)
State Income.....	3,837,295.12	3,994,787.18	(157,492.06) (3.94)
Deferred Federal Income - Net.....	8,325,579.32	(2,265,116.31)	10,590,695.63 467.56
Deferred State Income - Net.....	1,450,849.02	(2,493,495.64)	3,944,344.66 158.19
Property and Other.....	23,387,004.65	24,137,452.66	(750,448.01) (3.11)
Investment Tax Credit.....	3,649,346.00	8,121,028.00	(4,471,682.00) (55.06)
Amortization of Investment Tax Credit.....	(2,950,357.00)	(3,861,251.07)	910,894.07 23.59
Loss (Gain) from Disposition of Allowances.....	(66,274.06)	(456,254.88)	389,980.82 85.47
Accretion Expense.....	1,971,730.01	1,894,709.98	77,020.03 4.07
Total Operating Expenses.....	<u>1,099,012,174.92</u>	<u>1,316,546,967.17</u>	<u>(217,534,792.25)</u> (16.52)
Net Operating Income.....	131,221,106.08	171,067,481.47	(39,846,375.39) (23.29)
Other Income Less Deductions.....	<u>2,965,825.52</u>	<u>(20,241,045.65)</u>	<u>23,206,871.17</u> 114.65
Income Before Interest Charges.....	<u>134,186,931.60</u>	<u>150,826,435.82</u>	<u>(16,639,504.22)</u> (11.03)
Interest on Long-Term Debt.....	43,323,605.04	42,835,419.13	488,185.91 1.14
Amortization of Debt Expense - Net.....	1,458,198.00	1,588,190.55	(129,992.55) (8.18)
Other Interest Expenses.....	2,755,052.86	8,461,073.19	(5,706,020.33) (67.44)
Total Interest Charges.....	<u>47,536,855.90</u>	<u>52,884,682.87</u>	<u>(5,347,826.97)</u> (10.11)
Net Income.....	<u>86,650,075.70</u>	<u>97,941,752.95</u>	<u>(11,291,677.25)</u> (11.53)