

Rates Applicable to EKPC (Includes Rate Schedule 400 credits)

Formula Rate - Non-Levelized

Rate Formula Template
 Utilizing FERC Form 1 Data

For the 12 months ended 12/31/06

LG&E Energy LLC

Line No.					Allocated Amount
1	GROSS REVENUE REQUIREMENT	(page 3, line 29)			\$ 67,285,250
	REVENUE CREDITS	(Note T)	Total	Allocator	
2	Account No. 454	(page 4, line 34)	0	TP 0.94095	0
3	Account No. 456	(page 4, line 37)	14,085,513	TP 0.94095	13,253,738
4	Revenues from Grandfathered Interzonal Transactions		0	TP 0.94095	0
5	Revenues from service provided by LG&E Energy at a discount		0	TP 0.94095	0
6	TOTAL REVENUE CREDITS (sum lines 2-5)				13,253,738
7	NET REVENUE REQUIREMENT (line 1 minus line 6)				\$ 54,031,512

DIVISOR

8	Average of 12 coincident system peaks for requirements (RQ) service	(Note A)	5,992,000	
9	Plus 12 CP of firm bundled sales over one year not in line 8	(Note B)	0	
10	Plus 12 CP of Network Load not in line 8	(Note C)	451,000	
11	Less 12 CP of firm P-T-P over one year (enter negative)	(Note D)	0	
12	Plus Contract Demand of firm P-T-P over one year		88,000	
13	Less Contract Demand from Grandfathered Interzonal Transactions over one year (enter negative) (Note S)		0	
14	Less Contract Demands from service over one year provided by LG&E Energy LLC at a discount (enter negative)		-43,000	
15	Divisor (sum lines 8-14)		6,488,000	

16	Annual Cost (\$/kW/Yr)	(line 7 / line 15)	7.872	Rate Schedule 400 paragraph 7.d credit (until 2/1/2008)
17	Network & P-to-P Rate (\$/kW/Mo)	(line 16 / 12)	0.656	0.038 \$/Mw-month credit
			Peak Rate	Off-Peak Rate
18	Point-To-Point Rate (\$/kW/Wk)	(line 16 / 52; line 16 / 52)	0.151	\$0.151
19	Point-To-Point Rate (\$/kW/Day)	(line 18 / 5; line 18 / 7)	0.030	Capped at weekly rate \$0.022
20	Point-To-Point Rate (\$/MWh)	(line 19 / 16; line 19 / 24 times 1,000)	1.892	Capped at weekly and daily rates \$0.901

21	FERC Annual Charge(\$/MWh)	(Note E)	\$0.000	Short Term	\$0.000 Short Term
22			\$0.000	Long Term	\$0.000 Long Term

Formula Rate - Non-Levelized		Rate Formula Template Utilizing FERC Form 1 Data		For the 12 months ended 12/31/06_	
Line No.	(1) RATE BASE:	(2) Form No. 1 Page, Line, Col.	(3) LG&E Energy LLC Company Total	(4) Allocator	(5) Transmission (Col 3 times Col 4)
GROSS PLANT IN SERVICE					
1	Production	206.46.g	4,217,125,685	NA	
2	Transmission	206.58.g	746,557,559	TP	0.94095 702,471,992
3	Distribution	206.75.g	1,767,442,584	NA	
4	General & Intangible	206.5.g & .90.g	148,723,502	W/S	0.02007 2,984,311
5	Common	356.1	139,398,107	CE	0.02007 2,797,186
6	TOTAL GROSS PLANT (sum lines 1-5)		7,019,247,437	GP=	0.10090 708,253,489
ACCUMULATED DEPRECIATION					
7	Production	219.20-24.c	1,990,309,284	NA	
8	Transmission	219.25.c	436,296,935	TP	0.94095 410,532,816
9	Distribution	219.26.c	827,261,045	NA	
10	General & Intangible	219.27.c	69,284,201	W/S	0.02007 1,390,268
11	Common	356.1	61,387,514	CE	0.02007 1,231,812
12	TOTAL ACCUM. DEPRECIATION (sum lines 7-11)		3,384,538,979		413,154,897
NET PLANT IN SERVICE					
13	Production	(line 1- line 7)	2,226,816,401		
14	Transmission	(line 2- line 8)	310,260,624		291,939,176
15	Distribution	(line 3 - line 9)	940,181,539		
16	General & Intangible	(line 4 - line 10)	79,439,301		1,594,042
17	Common	(line 5 - line 11)	78,010,593		1,565,374
18	TOTAL NET PLANT (sum lines 13-17)		3,634,708,458	NP=	8.119% 295,098,592
ADJUSTMENTS TO RATE BASE (Note F)					
19	Account No. 281 (enter negative 273.8.k)		0	NA	zero 0
20	Account No. 282 (enter negative 275.2.k)		-606,140,347	NP	0.08119 -49,211,970
21	Account No. 283 (enter negative 277.9.k)		-59,729,460	NP	0.08119 -4,849,379
22	Account No. 190 234.8.c		94,061,428	NP	0.08119 7,636,760
23	Account No. 255 (enter negative 267.8.h)		-52,781,038	NP	0.08119 -4,285,243
24	TOTAL ADJUSTMENTS (sum lines 19- 23)		-624,589,417		-50,709,833
25	LAND HELD FOR FUTURE USE 214.x.d (Note G)		706,274	TP	0.94095 664,567
WORKING CAPITAL (Note H)					
26	CWC	calculated	19,316,781		1,953,738
27	Materials & Supplies (Note G) 227.8.c & .15.c		14,490,824	TE	0.64723 9,378,911
28	Prepayments (Account 165) 110.46.d		11,258,408	GP	0.10090 1,135,992
29	TOTAL WORKING CAPITAL (sum lines 26 - 28)		45,066,013		12,468,641
30	RATE BASE (sum lines 18, 24, 25, & 29)		3,055,891,328		257,521,967

Formula Rate - Non-Levelized

Rate Formula Template
 Utilizing FERC Form 1 Data

For the 12 months ended 12/31/06_

Line No.	(1)	(2)	LG&E Energy LLC (3)	(4)	(5)
	Form No. 1 Page, Line, Col.	Company Total	Allocator	Transmission (Col 3 times Col 4)	
O&M					
1	Transmission 321.100.b	16,492,939	TE	0.64723	10,674,742
2	Less Account 565 321.88.b	-2,229,946		1.00000	-2,229,946
3	A&G 323.168.b	138,666,947	W/S	0.02007	2,782,514
4	Less FERC Annual Fees	1,470,679	W/S	0.02007	29,511
5	Less EPRI & Reg. Comm. Exp. & Non-safety Ad. (Note I)	1,384,909	W/S	0.02007	27,790
5a	Plus Transmission Related Reg. Comm. Exp. (Note I)	0	TE	0.64723	0
6	Common 356.1	0	CE	0.02007	0
7	Transmission Lease Payments	0		1.00000	0
8	TOTAL O&M (sum lines 1, 3, 5a, 6, 7 less lines 2, 4, 5)	154,534,244			15,629,902
DEPRECIATION EXPENSE					
9	Transmission 336.7.b	20,298,226	TP	0.94095	19,099,579
10	General 338.9.b	5,595,653	W/S	0.02007	112,283
11	Common 336.10.b	6,090,009	CE	0.02007	122,203
12	TOTAL DEPRECIATION (Sum lines 9 - 11)	31,983,888			19,334,066
TAXES OTHER THAN INCOME TAXES (Note J)					
LABOR RELATED					
13	Payroll 263.i	10,569,080	W/S	0.02007	212,081
14	Highway and vehicle 263.i	0	W/S	0.02007	0
PLANT RELATED					
16	Property 263.i	21,843,913	GP	0.10090	2,204,086
17	Gross Receipts 263.i	0	NA	zero	0
18	Other 263.i	2,606,057	GP	0.10090	262,955
19	Payments in lieu of taxes	0	GP	0.10090	0
20	TOTAL OTHER TAXES (sum lines 13 - 19)	35,019,050			2,679,123
INCOME TAXES (Note K)					
21	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	38.90%			
22	$CIT=(T/1-T) * (1-(WCLTD/R)) =$ where WCLTD=(page 4, line 27) and R= (page 4, line30) and FIT, SIT & p are as given in footnote K.	47.75%			
23	$1 / (1 - T) =$ (from line 21)	1.6367			
24	Amortized Investment Tax Credit (266.8f) (enter negative)	-4,930,425			
25	Income Tax Calculation = line 22 * line 28	116,196,833	NA		9,791,983
26	ITC adjustment (line 23 * line 24)	-8,069,435	NP	0.08119	-655,150
27	Total Income Taxes (line 25 plus line 26)	108,127,397			9,136,833
28	RETURN [Rate Base (page 2, line 30) * Rate of Return (page 4, line 30)]	243,327,005	NA		20,505,326
29	REV. REQUIREMENT (sum lines 8, 12, 20, 27, 28)	572,991,584			67,285,250

Formula Rate - Non-Levelized

Rate Formula Template
 Utilizing FERC Form 1 Data

For the 12 months ended 12/31/___

LG&E Energy LLC
SUPPORTING CALCULATIONS AND NOTES

Line No.	TRANSMISSION PLANT INCLUDED IN ISO RATES					
1	Total transmission plant	(page 2, line 2, column 3)				746,557,559
2	Less transmission plant excluded from LG&E Energy LLC rates	(Note M)				0
3	Less transmission plant included in OATT Ancillary Services	(Note N)				44,085,567
4	Transmission plant included in LG&E Energy LLC rates (line 1 less lines 2 & 3)					702,471,992
5	Percentage of transmission plant included in LG&E Energy LLC Rates (line 4 divided by line 1)			TP=		0.94095
TRANSMISSION EXPENSES						
6	Total transmission expenses	(page 3, line 1, column 3)				16,492,939
7	Less transmission expenses included in OATT Ancillary Services	(Note L)				5,148,274
8	Included transmission expenses (line 6 less line 7)					11,344,665
9	Percentage of transmission expenses after adjustment (line 8 divided by line 6)					0.68785
10	Percentage of transmission plant included in LG&E Energy LLC Rates (line 5)			TP		0.94095
11	Percentage of transmission expenses included in LG&E Energy LLC Rates (line 9 times line 10)			TE=		0.64723
WAGES & SALARY ALLOCATOR (W&S)						
		Form 1 Reference	\$	TP	Allocation	
12	Production	354.18.b	46,165,250	0.00	0	
13	Transmission	354.19.b	1,519,817	0.94	1,430,069	
14	Distribution	354.20.b	17,651,766	0.00	0	W&S Allocator
15	Other	354.21,22,23.b	5,930,839	0.00	0	(\$ / Allocation)
16	Total (sum lines 12-15)		71,267,672		1,430,069	= 0.02007 = WS
COMMON PLANT ALLOCATOR (CE) (Note O)						
			\$		% Electric	W&S Allocator
17	Electric	200.3.c	1		(line 17 / line 20)	(line 16)
18	Gas	201.3.d	0		1.00000	*
19	Water	201.3.e	0			0.02007 = CE
20	Total (sum lines 17 - 19)		1			0.02007
RETURN (R)						
21	Long Term Interest (117, sum of 62.c through 67.c)					\$74,968,726
22	Preferred Dividends (118.29c) (positive number)					\$ 3,705,364
Development of Common Stock:						
23	Proprietary Capital (112.15.d)					2,119,611,227
24	Less Preferred Stock (line 28)					-71,519,300
25	Less Account 216.1 (112.12.d) (enter negative)					-14,342,514
26	Common Stock (sum lines 23-25)					2,033,749,413
			\$	%	Cost (Note P)	Weighted
27	Long Term Debt (112, sum of 18.c through 21.c)		1,661,688,680	44%	0.0451	0.0199 =WCLTD
28	Preferred Stock (112.3.d)		71,519,300	2%	0.0518	0.0010
29	Common Stock (line 26)		2,033,749,413	54%	0.1088	0.0587
30	Total (sum lines 27-29)		3,766,957,393			0.0796 =R
REVENUE CREDITS						
	ACCOUNT 447 (SALES FOR RESALE)	(310-311)	(Note Q)			Load
31	a. Bundled Non-RQ Sales for Resale (311.x.h)					818,380
32	b. Bundled Sales for Resale included in Divisor on page 1					818,380
33	Total of (a)-(b)					0
34	ACCOUNT 454 (RENT FROM ELECTRIC PROPERTY) (Note R)					\$0
	ACCOUNT 456 (OTHER ELECTRIC REVENUES) (Note U) (330.x.n)					
35	a. Transmission charges for all transmission transactions					\$26,678,032
36	b. Transmission charges for all transmission transactions included in Divisor on Page 1					\$12,592,519
37	Total of (a)-(b)					\$14,085,513

Formula Rate - Non-Levelized

Rate Formula Template
 Utilizing FERC Form 1 Data

For the 12 months ended 12/31/06_

LG&E Energy LLC

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)
 References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Note
 Letter

- A Peak as would be reported on page 401, column d of Form 1 at the time of the ISO coincident monthly peaks.
- B Labeled LF, LU, IF, IU on pages 310-311 of Form 1 at the time of the ISO coincident monthly peaks.
- C Labeled LF on page 328 of Form 1 at the time of the ISO coincident monthly peaks.
- D Labeled LF on page 328 of Form 1 at the time of the ISO coincident monthly peaks.
- E The FERC's annual charges for the year assessed the Transmission Owner for service under this tariff.
- F The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note K. Account 281 is not allocated.
- G Identified in Form 1 as being only transmission related.
- H Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 3, line 8, column 5. Prepayments are the electric related prepayments booked to Account No. 165 and reported on Page 111 line 57 in the Form 1.
- I Line 5 - EPRI Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses itemized at 351.h, and non-safety related advertising included in Account 930.1. Line 5a - Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h.
- J Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year. Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.
- K The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T) (page 3, line 26).

Inputs Required:	FIT =	35.00%	
	SIT=	6.00%	(State Income Tax Rate or Composite SIT)
	p =	0.00%	(percent of federal income tax deductible for state purposes)
- L Removes dollar amount of transmission expenses included in the OATT ancillary services rates, including all of Account No. 561.
- M Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form 1 balances are adjusted to reflect application of seven-factor test).
- N Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- O Enter dollar amounts
- P Debt cost rate = long-term interest (line 21) / long term debt (line 27). Preferred cost rate = preferred dividends (line 22) / preferred outstanding (line 28). ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC.
- Q Line 33 must equal zero since all short-term power sales must be unbundled and the transmission component reflected in Account No. 456 and all other uses are to be included in the divisor.
- R Includes income related only to transmission facilities, such as pole attachments, rentals and special use.
- S Grandfathered agreements whose rates have been changed to eliminate or mitigate pancaking - the revenues are included in line 4 page 1 and the loads are included in line 13, page 1. Grandfathered agreements whose rates have not been changed to eliminate or mitigate pancaking - the revenues are not included in line 4, page 1 nor are the loads included in line 13, page 1.
- T The revenues credited on page 1 lines 2-5 shall include only the amounts received directly (in the case of grandfathered agreements) or from the ISO (for service under this tariff) reflecting the Transmission Owner's integrated transmission facilities. They do not include revenues associated with FERC annual charges, gross receipts taxes, ancillary services, facilities not included in this template (e.g., direct assignment facilities and GSUs) which are not recovered under this Rate Formula Template.
- U Account 456 entry shall be the annual total of the quarterly values reported at Form 1, 330.x.n.