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FORM 10-Q
(Quarterly Report)

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SIC Code	4931 - Electric and Other Services Combined
Fiscal Year	12/31

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1994

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 2 - 26720

LOUISVILLE GAS AND ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

Kentucky	61 - 0264150
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

220 West Main Street, P.O. Box 32010, Louisville, KY	40232
(Address of principal executive offices)	(Zip Code)

(502) 627-2000

(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.
21,294,223 shares, without par value, as of October 31, 1994, all of which
were held by LG&E Energy Corp.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

LOUISVILLE GAS AND ELECTRIC COMPANY
STATEMENTS OF INCOME
(Thousands of $)

The following statements of income include all normal recurring adjustments and accruals which are, in the opinion of the Company, necessary to present a fair statement of the results for the periods shown.

	Three Months Ended September 30		Nine Months Ended September 30	
	1994	1993	1994	1993
OPERATING REVENUES				
Electric	$169,617	$181,028	$436,206	$442,054
Gas	20,500	19,380	146,631	133,891
Total operating revenues	190,117	200,408	582,837	575,945
OPERATING EXPENSES				
Fuel for electric generation	39,838	41,921	109,641	111,097
Power purchased	1,621	5,747	8,923	14,214
Gas supply expenses	12,374	11,560	98,220	88,409
Other operation expenses	33,369	33,831	103,250	100,052
Maintenance	10,441	11,862	37,276	36,428
Non-recurring charges (Note 2)	-	-	38,613	-
Depreciation and amortization	20,633	19,882	61,899	59,645
Federal and State income taxes	22,025	23,867	29,624	44,799
Property and other taxes	3,903	3,952	13,003	12,367
Total operating expenses	144,204	152,622	500,449	467,011
NET OPERATING INCOME	45,913	47,786	82,388	108,934
Other Income and (Deductions) - net	280	117	1,269	162
Contribution to Charitable Foundation - net (Note 3)	-	-	8,946	-
Interest Charges	10,755	11,456	31,963	35,297
INCOME BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	35,438	36,447	42,748	73,799
Cumulative Effect of Change in Accounting for Post-Employment Benefits, net of income taxes of $2,280 (Note 4)	-	-	(3,369)	-
NET INCOME	35,438	36,447	39,379	73,799
Preferred Stock Dividends	1,503	1,348	4,261	4,603
NET INCOME AVAILABLE FOR COMMON STOCK	$ 33,935	$ 35,099	$ 35,118	$ 69,196

LOUISVILLE GAS AND ELECTRIC COMPANY
BALANCE SHEETS
(Thousands of $)

ASSETS

	September 30, 1994	December 31, 1993
UTILITY PLANT		
At Original Cost	$2,515,768	$2,464,101
Less: Reserve for depreciation	877,876	823,141
	1,637,892	1,640,960
OTHER PROPERTY AND INVESTMENTS - less reserve	50,490	22,067
CURRENT ASSETS		
Cash and temporary cash investments	53,456	44,105
Accounts receivable - less reserve	81,756	104,397
Materials and supplies - at average cost		
Fuel (predominantly coal)	13,374	12,075
Gas stored underground	33,809	33,370
Other	38,150	40,357
Prepayments	853	360
	221,398	234,664
DEFERRED DEBITS AND OTHER ASSETS		
Unamortized debt expense	23,785	24,698
Accumulated deferred income taxes	79,879	58,675
Regulatory asset - income taxes	38,860	39,651
Other	22,908	52,195
	165,432	175,219
	$2,075,212	$2,072,910

LOUISVILLE GAS AND ELECTRIC COMPANY
CAPITAL AND LIABILITIES
(Thousands of $)

	September 30, 1994	December 31, 1993
CAPITALIZATION		
COMMON STOCK, without par value - Authorized 75,000,000 shares; outstanding 21,294,223 shares	$ 425,170	$ 425,170
COMMON STOCK EXPENSE	(836)	(836)
UNREALIZED LOSS ON MARKETABLE SECURITIES, net of income taxes of $760 (Note 5)	(1,170)	-
RETAINED EARNINGS	194,521	194,903
	617,685	619,237
CUMULATIVE PREFERRED STOCK	116,716	116,716
LONG-TERM DEBT	662,866	662,879
	1,397,267	1,398,832
CURRENT LIABILITIES		
Accounts payable	64,667	93,551
Dividends declared	19,503	18,878
Accrued taxes	15,607	9,494
Accrued interest	11,718	12,864
Other	11,406	11,127
	122,901	145,914
DEFERRED CREDITS AND OTHER LIABILITIES		
Accumulated deferred income taxes	348,466	340,235
Investment tax credit, in process of amortization	88,004	91,572
Customers' advances for construction	8,258	7,384
Regulatory liability - income taxes	47,998	46,528
Other	62,318	42,445
	555,044	528,164
	$2,075,212	$2,072,910

LOUISVILLE GAS AND ELECTRIC COMPANY
STATEMENTS OF CASH FLOWS
(Thousands of $)

	Nine Months Ended Sept. 30	
	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 39,379	$ 73,799
Items not requiring cash currently:		
Depreciation and amortization	61,899	59,878
Deferred income taxes - net	(10,175)	884
Investment tax credit - net	(3,568)	(11,856)
Cumulative effect of change in accounting principle	3,369	-
Non-recurring charges	38,613	-
Other	5,675	3,777
(Increase) decrease in certain net current assets:		
Accounts receivable	22,641	6,111
Materials and supplies	469	2,194
Accounts payable	(28,884)	(8,499)
Accrued taxes	6,113	20,785
Accrued interest	(1,146)	(2,219)
Prepayments and other	(214)	495
Other	2,119	384
Net cash provided from operating activities	136,290	145,733
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of capital asset	-	91,076
Long-term investment in securities	(30,357)	(10,773)
Construction expenditures	(57,446)	(62,951)
Net cash (used for) provided from investing activities	(87,803)	17,352
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of preferred stock	-	24,716
Issuance of first mortgage and pollution control bonds	-	175,433
Redemption of preferred stock	-	(25,558)
Retirement of first mortgage and pollution control bonds	-	(205,872)
Payment of notes payable	-	(8,000)
Payment of dividends	(39,136)	(54,777)
Net cash used for financing activities	(39,136)	(94,058)

LOUISVILLE GAS AND ELECTRIC COMPANY
STATEMENTS OF CASH FLOWS
(Thousands of $)

	Nine Months Ended Sept. 30	
	1994	1993
NET INCREASE IN CASH AND TEMPORARY CASH INVESTMENTS	$ 9,351	$ 69,027
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD	44,105	946
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD	$ 53,456	$ 69,973
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Income taxes	$ 34,709	$ 37,453
Interest on borrowed money	32,038	36,799

For the purposes of this statement, all temporary cash investments purchased with a maturity of three months or less are considered cash equivalents.

LOUISVILLE GAS AND ELECTRIC COMPANY
STATEMENTS OF RETAINED EARNINGS
(Thousands of $)

	Three Months Ended September 30		Nine Months Ended September 30	
	1994	1993	1994	1993
Balance at beginning of period.....	$178,586	$178,946	$194,903	$178,667
Add net income.....	35,438	36,447	39,379	73,799
	214,024	215,393	234,282	252,466
Deduct: Cash dividends declared on stock -				
5% cumulative preferred.....	269	269	807	807
7.45% cumulative preferred..	400	400	1,199	1,199
$8.90 cumulative preferred..	-	-	-	1,112
Auction rate cumulative preferred.....	467	312	1,154	979
$5.875 cumulative preferred.	367	367	1,101	506
Common.....	18,000	17,000	35,500	50,000
Preferred stock redemption expense.....	-	-	-	818
	19,503	18,348	39,761	55,421
Balance at end of period.....	$194,521	$197,045	$194,521	$197,045

NOTES TO FINANCIAL STATEMENTS

1. The financial statements included herein have been prepared by Louisville Gas and Electric Company (the "Company" or "LG&E"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year 1993.

2. Effective January 1, 1994, LG&E's parent company, LG&E Energy Corp., realigned its business to reflect its outlook for rapidly emerging competition in all segments of the energy services industry. Under the realignment, a national business unit, LG&E Energy Services, was formed to develop and manage all of its utility and non-utility electric power generation and concentrate on the marketing and brokering of wholesale electric power on a regional and national basis. LG&E will increase its focus on customer service and develop more customer options as the utility industry becomes more competitive in the future.

In addition to the realignment, LG&E re-evaluated its regulatory strategy which previously had been to seek full recovery of certain costs deferred in accordance with prior precedents established by the Public Service Commission of Kentucky. LG&E completed its study in the first quarter of 1994 and decided to write off several non-recurring items amounting to approximately $38.6 million before-tax. While LG&E continues to believe that it could have reasonably expected to recover these costs in future rate proceedings before the Public Service Commission of Kentucky, LG&E decided to deduct these expenses currently and not seek recovery for such expenses in future rates due to increasing competitive pressures and the existing and anticipated future economic conditions. The items written off include costs incurred in connection with early retirements and work force reductions that occurred in 1992 and 1993 which consist primarily of separation payments, enhanced early retirement benefits, and health care benefits; costs associated with property damage claims pertaining to particulate emissions from its Mill Creek electric generating plant which primarily consist of spotting on automobile finish and aluminum siding; and certain costs previously deferred resulting from adoption in January 1993 of Statement of Financial Accounting Standards No. 106, Employers' Accounting for Post-Retirement Benefits Other Than Pensions.

3. In the first quarter of 1994, the Board of Directors of the Company approved the formation of a tax-exempt charitable foundation which will make charitable contributions to qualified persons and entities. The Board authorized an initial contribution to the foundation of up to $15 million. Accordingly, the Company recorded an after-tax charge against income of $8.9 million. On June 6, 1994, the Internal Revenue Service issued a letter stating that it had determined the foundation was exempt from Federal income tax under the Internal Revenue Code. Funding of the initial $15 million contribution is expected to be completed by year-end. Contributions made from this foundation will not be charged against income and, therefore, will not affect the Company's net income in the future.

4. The Company adopted SFAS No. 112 (Statement of Financial Accounting Standards No. 112, Employers' Accounting for Post-Employment Benefits) in the first quarter of 1994. SFAS No. 112 requires the accrual of the expected cost of benefits to former or inactive employees after employment but before retirement. The cumulative effect of the accounting change was recorded in the first quarter of 1994 and decreased net income by $3.4 million.

5. The Company adopted the provisions of SFAS No. 115 (Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities) effective January 1, 1994. Accordingly, investments in marketable securities have been determined to be "available-for-sale" and are stated at market value in the accompanying September 30, 1994, balance sheet. Available-for-sale securities at September 30, 1994, consisted of $50 million classified as Other Property and Investments.

6. Reference is made to Part II herein - Item 1, Legal Proceedings.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition.

Results of Operations

Because of seasonal fluctuations in temperature and other factors the results of one interim period are not necessarily indicative of results to be expected for the year.

Quarter Ended September 30, 1994, Compared with Quarter Ended September 30, 1993

The decrease in net income for the quarter reflects a 10% decrease in electric sales to residential customers attributable to the cooler summer weather and decreased off-system sales.

A comparison of operating revenues for the quarter ended September 30, 1994, with the quarter ended September 30, 1993, reflects increases and decreases which have been segregated by the following principal causes:

Cause	Increase or (Decrease) (Thousands of $) Electric Revenues	Gas Revenues
Sales to Ultimate Consumers:		
Fuel and gas supply adjustments	$ 904	$1,231
Variation in sales volume, etc.	(7,086)	(710)
Total	(6,182)	521
Sales for resale	(5,237)	-
Gas transportation - net	-	635
Other	8	(36)
Total	$(11,411)	$1,120

Fuel for electric generation and gas supply expenses comprise a large segment of the Company's total operating expenses. The Company's electric and gas rates contain a fuel adjustment clause and a gas supply clause, respectively, whereby increases or decreases in the cost of fuel and gas supply may be reflected in the Company's rates, subject to the approval of the Public Service Commission of Kentucky. Fuel for electric generation decreased $2.1 million (5%) for the quarter primarily because of a decrease in the cost of coal burned ($1.2 million) and decreased generation of 3%. Gas supply expenses increased $.8 million (7%) due mainly to an increase in net gas supply cost ($1.8 million) partially offset by a 9% decrease in the volume of gas delivered to the distribution system.

Power purchased decreased $4.1 million primarily because less power was wheeled for other utilities as a result of the milder weather in the region.

Maintenance expenses decreased $1.4 million (12%) primarily due to decreased repairs at the power plants related to sulfur dioxide removal equipment ($.9 million).

Depreciation and amortization increased because of increased depreciable plant in service.

Variations in income tax expense are largely attributable to changes in pre-tax income.

Interest charges decreased because of a lower composite interest rate on outstanding debt. A component of interest expense was the cost associated with $30 million of interest rate swaps that the Company entered into as a standard hedging device in connection with the issuance of Pollution Control Bonds Series S due September 1, 2017, in 1992. The swaps are designed to reduce the Company's exposure to interest rate risk. During the three months ended September 30, 1994, the Company received interest at a composite rate of 2.89% and paid interest at a composite rate of 4.55% pursuant to the swaps.

Nine Months Ended September 30, 1994, Compared with Nine Months Ended September 30, 1993

Excluding the write off of non-recurring items, the formation of a charitable foundation and the adoption of SFAS No. 112 as discussed in Notes 2, 3, and 4, net income for the nine months ended September 30, 1994, increased $2.0 million (3%) over the same period in 1993, primarily because of increased sales of electricity and natural gas to retail customers. This increase was partially offset by increased storm damage expenses caused by the area's worst winter storm in 16 years which occurred in January 1994.

A comparison of operating revenues for the nine months ended September 30, 1994, with the nine months ended September 30, 1993, reflects increases and decreases which have been segregated by the following principal causes:

	Increase or (Decrease) (Thousands of $)	
Cause	Electric Revenues	Gas Revenues
Sales to Ultimate Consumers:		
Fuel and gas supply adjustments	$ 436	$ 3,430
Variation in sales volume, etc.	3,656	9,565
Total	4,092	12,995
Sales for resale	(10,064)	-
Gas transportation - net	-	(226)
Other	124	(29)
Total	$ (5,848)	$12,740

Fuel for electric generation decreased $1.5 million (1%) for the nine months because of a decrease in the cost of coal burned. Gas supply expenses increased $9.8 million (11%) because of an increase in the volume of gas delivered to the distribution system ($5.5 million) and the higher cost of gas supply.

Power purchased declined $5.3 million largely because less power was wheeled for other utilities as a result of the milder weather in the region.

Other operation expenses increased $3.2 million (3%) mainly as a result of increased costs to operate electric power plants and gas and electric distribution systems ($1.4 million), an increase in various administrative expenses ($.7 million), and an increase in the provision for uncollectible accounts ($.6 million). Maintenance expenses increased $.8 million (2%) primarily due to an increase in storm damage expenses caused by the severe winter weather during the first quarter ($3 million), partially offset by fewer repairs of a routine nature.

Non-recurring charges include the write off of costs in connection with early retirements and work force reductions that occurred in 1992 and 1993, costs in connection with property damage claims pertaining to particulate emissions from the Mill Creek electric generating plant, and certain costs previously deferred resulting from adoption of Statement of Financial Accounting Standards No. 106, Employers' Accounting for Post-Retirement Benefits Other Than Pensions. See Note 2 of Notes to Financial Statements.

Depreciation and amortization increased because of an increase in depreciable plant in service.

Variations in income tax expense are largely attributable to changes in pre-tax income.

Property and other taxes increased mainly because of payroll taxes associated with severance payments in connection with work force reductions. See Note 2 of Notes to Financial Statements.

Other income and deductions include a gain realized from the sale of fully depreciated heavy equipment.

The contribution to a charitable foundation represents the initial contribution (net of taxes) to a tax-exempt charitable foundation. See Note 3 of Notes to Financial Statements.

Interest charges decreased because of a lower composite interest rate on outstanding debt. A component of interest expense was the cost associated with $30 million of interest rate swaps that the Company entered into as a standard hedging device in connection with the issuance of Pollution Control Bonds Series S due September 1, 2017, in 1992. The swaps are designed to reduce the Company's exposure to interest rate risk. During the nine months ended September 30, 1994, the Company received interest at a composite rate of 2.6% and paid interest at a composite rate of 4.55% pursuant to the swaps.

Cumulative Effect of Change in Accounting for Post-Employment Benefits reflects an accounting change required by the adoption of Statement of Financial Accounting Standards No. 112, Employers' Accounting for Post-Employment Benefits. See Note 4 of Notes to Financial Statements.

Liquidity and Capital Resources

The Company's capital structure and cash flow remained strong throughout the reported periods. This is evidenced primarily by the Company's ability to meet its capital needs through internal cash generation, the lack of any short-term borrowings, and the significant investment in marketable securities at September 30, 1994. The need for capital funds is primarily related to the construction of plant and equipment necessary to meet electric and gas customers' needs and the protection of the environment. Construction expenditures for the nine months ended September 30, 1994 of $57 million were financed with internally generated funds.

During 1994, the Company invested $29 million in long-term marketable securities. At September 30, 1994, the total of such securities amounted to $50 million.

Variations in accounts receivable and accounts payable are not generally significant indicators of the Company's liquidity, as such variations are primarily attributable to seasonal fluctuations in weather, which has a direct effect on sales of electricity and natural gas.

At September 30, 1994, the Company had lines of credit of $145 million with banks for which it pays commitment fees. There were no outstanding borrowings under these credit lines at September 30, 1994. The lines are scheduled to expire at various periods throughout 1994. The Company intends to renegotiate such lines when they expire.

The Company's capitalization ratios at September 30, 1994, and December 31, 1993 were:

	September 30, 1994	December 31, 1993
Long-term debt.....	47.4%	47.4%
Preferred stock.....	8.4	8.3
Common stock equity.....	44.2	44.3
Total.....	100.0%	100.0%

For a description of significant contingencies that may affect the Company, reference is made to Part II herein - Item 1, Legal Proceedings and Item 5, Other Information.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

For a description of the significant legal proceedings involving the Company, reference is made to the information under the following items and captions of the Company's Annual Report on Form 10-K for the year ended December 31, 1993: Item 1, Business; Item 3, Legal Proceedings; Item 7, Management's Discussion and Analysis of Results of Operations and Financial Condition; and Notes 7 and 8 of the Notes to Financial Statements under Item 8, Financial Statements and Supplementary Data and to the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1994 and June 30, 1994: Part II, Item I, Legal Proceedings. Except as noted below, there have been no material changes in these proceedings as reported in the Company's 1993 Form 10-K, March 1994 Form 10-Q, and June 1994 Form 10-Q.

Environmental. As discussed in Note 7 of the Notes to Financial Statements under Item 8 of the 1993 Form 10-K and in Part II, Item 1, of the June 1994 Form 10-Q, in June 1992, the U.S. Environmental Protection Agency (USEPA) identified the Company as a potentially responsible party (PRP) allegedly liable under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) for $1.6 million in costs allegedly incurred by USEPA in cleanup of the Sonora site and Carlie Middleton Burn site located in Hardin County, Kentucky. The USEPA has since increased the amount of its demand to $1.8 million to reflect additional cleanup costs. In September 1994, USEPA filed a CERCLA cost recovery action in the U.S. District Court for the Western District of Kentucky against the Company and six other parties. In the Company's opinion, the resolution of this issue will not have a material adverse impact on its financial position or results of operations.

As discussed in Note 7 of the Notes to Financial Statements under Item 8 of the Company's 1993 Form 10-K and in Part II, Item 1, of the June 1994 Form 10-Q, in August 1993, 34 persons filed a complaint in Jefferson Circuit Court against the Company seeking certification of a class consisting of all persons within 2.5 miles of its Mill Creek generating plant. The plaintiffs seek compensation for alleged personal injury and property damage attributable to emissions from the Mill Creek plant, injunctive relief, a fund to finance medical monitoring of area residents, and other relief. In June 1994, the court denied the plaintiffs' motion for certification of the class and thus limited the scope of the litigation to the claims of the individual plaintiffs. In a related matter, the Company has made extensive efforts to settle the property damage claims of certain Mill Creek area residents who are not parties to the pending litigation. The Company has recorded an accrual of $15 million for settlement of these individual property damage claims.

As previously reported, in 1992, the Company entered two agreed orders with the Air Pollution Control District (APCD) of Jefferson County in which the Company committed to undertake remedial measures to address certain particulate emissions and excess sulfur dioxide emissions from its Mill Creek generating plant. In May 1994, the Company completed all specified remedial measures in accordance with the terms of the Agreed Orders. The Company incurred total capital expenditures of approximately $33 million on the project, with an additional $2 million expected to be incurred through 1996 on related modifications. The Company has agreed to commence a joint field sampling program with the APCD to demonstrate the effectiveness of the remedial measures.

In March 1994, the APCD adopted a regulation requiring a 15% reduction from 1990 levels in volatile organic compound (VOC) emissions from industrial sources. There are currently no demonstrated technologies for control of VOC emissions from coal-fired utility boilers. Consequently, compliance with the regulation could require limits on generation at the Mill Creek and Cane Run plants, unless the APCD adopts a provision for compliance through utilization of banked emission allowances. The Company is currently negotiating with the APCD in an effort to demonstrate its eligibility for an exclusion from the VOC reduction requirements or identify alternatives to the current regulation. The Company is currently unable to predict the outcome or exact impact of this matter.

Trimble County Generating Plant. As discussed in Note 8 of the Notes to Financial Statements under Item 8 of the Company's 1993 Form 10-K and in Part II, Item 1, of the March 1994 Form 10-Q and the June 1994 Form 10-Q, on January 7, 1994, the Company filed testimony with the Kentucky Public Service Commission (Commission) in which it recommended that the Commission allow it to recover the approximately $11.1 million it refunded to customers under the 1989 settlement agreement. Testimony was filed by intervenors, including the Kentucky Attorney General, the Jefferson County Attorney, the Metro Human Needs Alliance, and the Kentucky Industrial Utility Customers. Their testimony recommended that the Commission order the Company to refund approximately $183 million, based upon their argument that the Company should refund 25% of the revenue requirements associated with Trimble County's construction-work-in-progress (CWIP) collected through rates over the course of the Trimble County construction project.

On March 25, 1994, the Kentucky Attorney General and the Jefferson County Attorney (Intervenors) filed a motion with the Commission in which they requested that two of the three members of the Commission and certain unspecified Commission staff employees be recused from further participation in the case. The intervenors supported the motion by arguing that past statements and orders of the Commission in this and other proceedings showed that the Commissioners had prejudged the issues relevant to the current proceeding. The issues referred to in the motion centered on the Intervenors' claims that the Company should refund 25% of all revenues associated with Trimble County CWIP collected through rates during the course of the plant's construction.

On July 8, 1994, the Commission entered an order which denied the motion. In the order, the Commission stated that it had not prejudged any issues but rather had decided a number of issues in past proceedings which are binding on it and the parties. The Commission also stated that it had never implied in prior orders that the amounts of Trimble County CWIP included in rate base prior to the issuance of its July 1, 1988, order in Case No. 10064, a general rate case, would be subject to later review. The Commission concluded that the scope of the present case had been limited since at least 1985 when the Commission issued an order that put the Company on notice that in future rate cases the continuation of allowing a return on further additions to Trimble County CWIP would be an issue.

The Commission made its July 8, 1994, order final and appealable. The order also stated that the Commission would not take any further action in this case pending the passage of the statutory amount of time to file an appeal. On July 27, the Intervenors filed with the Commission a Petition for Rehearing of the July 8 order, and the Kentucky Industrial Utility Customers (KIUC) filed an Application for Rehearing with the Commission as well. On July 29, 1994, the City of Louisville filed a pleading with the Commission in which it indicated its support for and joinder in KIUC's Application.

On August 16, 1994, the Commission entered an Order which denied the request for rehearing. On August 24, 1994, the Kentucky Attorney General, Jefferson County Attorney, and the Metro Human Needs Alliance filed a joint Motion to Admit Evidence, which requested the Commission to indicate whether the intervenors' previously filed testimony on retroactive ratemaking and refund of revenues collected prior to 1988 will be admitted into evidence. The Commission has not ruled on this Motion.

On September 7, 1994, the Intervenors filed a Complaint with the Franklin Circuit Court in which they requested that the court prohibit Commissioners Overbey and Davis from participating in the case, and appoint two special Commissioners to hear the underlying case. The Complaint also requested the Court to require the Commission to consider the issue of refunds based upon pre-1988 CWIP, and to consider all evidence and testimony offered by them. On September 30, 1994, the Commission filed a Motion to Dismiss the Complaint on the grounds that the Intervenors had failed to serve their Complaint on all parties to the underlying proceedings as required by law, and had failed to designate the Commission record to the court in a timely manner. The Company, on October 10, 1994, filed its response in support of the Commission's motion. On November 7, 1994, the Court dismissed the Complaint, ruling that the Commission's orders of July 8 and August 16 were interlocutory in nature and could not be appealed until the Commission had entered a final order in the proceeding.

The Company believes that the Commission's July 8 order makes it unlikely that the Commission will entertain the position that the Intervenors have taken in their previously-filed testimony that the Company refund approximately $183 million to its customers. The Company believes that remaining at issue is what amount, if any, of the approximately $30 million it collected subject to refund under a rate case order issued in 1988 should be returned to ratepayers. Of this amount, the Company has already returned to ratepayers under the 1989 settlement agreement approximately $11.1 million through refunds and rate reductions. However, the Company is unable to predict the outcome of the Commission proceedings, or the amount of additional refunds or recoveries, if any, that may be ordered.

Environmental Cost Recovery. On October 7, 1994, the Company filed an application with the Kentucky Public Service Commission in which it requested approval of an environmental cost recovery surcharge to recover the costs the Company has and will incur to comply with federal, state, and local environmental requirements that apply to coal combustion wastes and by-products from its generating facilities. Under state law, the Commission has until April 7, 1995, to rule on the application. If approved, the Company estimates that the surcharge will increase electric revenues by $5.5 million in 1995 and $8.3 million in 1996.

Item 5. Other Information. The Company has entered into an agreement with
East Kentucky Power Cooperative, Inc. to provide about 40 megawatts of electricity to Gallatin Steel Company's new steel mill in north central Kentucky. The agreement, which takes effect on February 1, 1995, will continue for 10 years and is expected to result in approximately $6 million of revenues annually. Gallatin makes steel for manufacturing plants in Kentucky. The Company will supply the electricity from its power plants in the Louisville area. This transaction was negotiated by LG&E Power Marketing, Inc., an affiliate of the Company, and the terms of the transactions were approved by the Public Service Commission of Kentucky.

Item 6(a). Exhibits.

Exhibit No.

27. Financial Data Schedule

Item 6(b). Reports on Form 8-K.

None

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LOUISVILLE GAS AND ELECTRIC COMPANY
Registrant

By M. L. Fowler

Vice President and Controller (On behalf of the registrant in his capacity as Principal Accounting Officer)

Date November 14, 1994

ARTICLE UT

MULTIPLIER: 1,000

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 31 1994
PERIOD END	SEP 30 1994
BOOK VALUE	PER BOOK
TOTAL NET UTILITY PLANT	1,637,892
OTHER PROPERTY AND INVEST	50,490
TOTAL CURRENT ASSETS	221,398
TOTAL DEFERRED CHARGES	142,524
OTHER ASSETS	22,908
TOTAL ASSETS	2,075,212
COMMON	424,334
CAPITAL SURPLUS PAID IN	(1,170) [1]
RETAINED EARNINGS	194,521
TOTAL COMMON STOCKHOLDERS EQ	617,685
PREFERRED MANDATORY	0
PREFERRED	116,716
LONG TERM DEBT NET	662,866
SHORT TERM NOTES	0
LONG TERM NOTES PAYABLE	0
COMMERCIAL PAPER OBLIGATIONS	0
LONG TERM DEBT CURRENT PORT	0
PREFERRED STOCK CURRENT	0
CAPITAL LEASE OBLIGATIONS	0
LEASES CURRENT	0
OTHER ITEMS CAPITAL AND LIAB	677,945
TOT CAPITALIZATION AND LIAB	2,075,212
GROSS OPERATING REVENUE	582,837
INCOME TAX EXPENSE	29,624
OTHER OPERATING EXPENSES	470,825
TOTAL OPERATING EXPENSES	500,449
OPERATING INCOME LOSS	82,388
OTHER INCOME NET	(11,046) [2]
INCOME BEFORE INTEREST EXPEN	71,342
TOTAL INTEREST EXPENSE	31,963
NET INCOME	39,379
PREFERRED STOCK DIVIDENDS	4,261
EARNINGS AVAILABLE FOR COMM	35,118
COMMON STOCK DIVIDENDS	35,500
TOTAL INTEREST ON BONDS	32,038
CASH FLOW OPERATIONS	136,290
EPS PRIMARY	0
EPS DILUTED	0

[1] Represents Unrealized Loss on Marketable Securities.

[2] Includes ($3,369) for Cumulative Effect of Change in Accounting for Post-Employment Benefits, Net of Income Taxes.

End of Filing

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