

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF PPL CORPORATION, E.ON AG, )	
E.ON US INVESTMENTS CORP., E.ON U.S. LLC, )	
LOUISVILLE GAS AND ELECTRIC COMPANY, AND )	CASE NO.
KENTUCKY UTILITIES COMPANY FOR APPROVAL OF )	2010-00204
AN ACQUISITION OF OWNERSHIP AND CONTROL OF )	
UTILITIES )	

FIRST DATA REQUEST OF COMMISSION STAFF TO  
PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,  
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY,  
AND KENTUCKY UTILITIES COMPANY

PPL Corporation ("PPL"), E.ON AG, E.ON US Investments Corp. ("E.ON Investments"), E.ON U.S. LLC, Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") ("Joint Applicants"), pursuant to 807 KAR 5:001, are to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than July 6, 2010. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and

accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Joint Applicants shall make timely amendment to any prior response if they obtain information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Joint Applicants fail or refuse to furnish all or part of the requested information, they shall provide a written explanation of the specific grounds for their failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Provide a narrative discussing the history of PPL, PPL Electric Utilities Corporation ("PPL Electric") and their predecessor companies. This should include, but not be limited to, the following subjects:

a. A brief description of each acquisition made by PPL since 2001, including the date of acquisition, acquisition price, from whom acquired, method of financing, and, where not previously discussed, the nature of the acquisition's business.

b. A brief description of each business liquidated or disposed of by PPL since 2001, including the date of liquidation or disposal, selling price, acquiring entity, the nature of the business, and the reason(s) for the liquidation or disposal.

c. A brief description of all joint ventures in which PPL is participating, or has participated in, since 2001. Include the name(s) of the business partners and the nature of the business.

2. Provide all PPL presentations made to investment bankers, rating agencies and others relating to the proposed acquisition of LG&E and KU, along with any reports, opinions or analyses from such entities regarding the proposed acquisition. Consider this a continuing request to provide all such presentations, reports, opinions and analyses until notified otherwise.

3. Provide copies of PPL's annual reports to shareholders and audited financial statements, including notes, for the years 2005 through 2009.

4. For PPL, provide a list of reports or forms routinely filed with the Securities and Exchange Commission ("SEC"). Include the name of the report or form, the reference number (i.e., Form 10-K), a brief description of the information provided in the report or form, and a statement of how frequently the report or form is filed with the SEC.

5. Provide the following financial information concerning PPL:

a. Financial performance measures and ratios for the most recent reporting quarter and fiscal year. Include, but do not limit the response to, the following measures and ratios:

- (1) P/E Ratio (price divided by earnings per share);
- (2) Dividend Yield (dividend yield based on present cash dividend rate);

(3) Payout Ratio (primary or basic earnings per share excluding extraordinary items paid to shareholders in the form of cash dividends);

(4) Quick Ratio (cash plus short-term investments plus accounts receivable, divided by current liabilities);

(5) Current Ratio (total current assets divided by total current liabilities);

(6) Interest Coverage (earnings before interest and taxes, divided by interest expense);

(7) Equity Ratio (total common equity divided by total capitalization); and

(8) Return on Equity (income available to common shareholders, divided by common equity).

b. Current bond and/or debt ratings for PPL debt instruments and any separately issued debt instruments issued by subsidiaries or affiliates. Identify the rating agency or institution.

(1) If any bond and/or debt ratings have changed since January 1, 2005, describe the change and provide the reasons cited by the rating agency or institution for the change.

(2) If any rating agency or institution has any of the bond and/or debt ratings on a credit watch or similar review that may lead to a change in any rating, describe in detail.

c. The dividend history of PPL since 2005, as well as the dividend history of each subsidiary and affiliate since 2005.

d. Charts showing the stock price activity for PPL since 2005 with an explanation for any significant movements in the stock price during the period.

e. Where not already provided, investor ratings of PPL and any subsidiary or affiliate since 2005. If any of these ratings are currently under review, describe in detail.

f. List each individual or entity that holds five percent or more of PPL's outstanding capital stock as of March 31, 2010. Show the percentage of capital stock held by each such individual or entity.

g. Describe the impact the announcement of the proposed acquisition has had on PPL's market capitalization, including, but not limited to, its stock price.

6. Provide the name and a biographical profile of each member of the board of directors of PPL. State when the member began serving on the board and the remaining length of the member's current term.

7. Provide a detailed description of all measures currently in place at PPL to ensure that any losses incurred by an unregulated subsidiary or affiliate will have no impact on PPL Electric.

8. Provide a detailed description of all measures that will be in place post-purchase to ensure that any losses incurred by an unregulated subsidiary or affiliate will have no impact on LG&E or KU.

9. Is there currently a measure in place that prohibits LG&E and KU from loaning funds to an affiliate? If yes, describe the measure in detail.

10. Will there be a measure in place post-acquisition that prohibits LG&E and KU from loaning funds to an affiliate? If yes, describe the measure in detail.

11. Provide organizational charts that show the name and title of each person currently employed as a vice president or above for each of the following entities: PPL, E.ON AG, E.ON Investments, E.ON U.S. LLC, LG&E and KU.

12. Provide any anticipated post-acquisition changes to the organizational charts provided in response to the previous request. Indicate where one person is expected to occupy two or more positions within the same entity or across multiple entities.

13. Refer to pages 7–9 of the application.

a. Regarding the mix of cash, debt, and equity with which PPL anticipates funding the proposed acquisition, describe in detail the composition of cash, debt, and equity intended to be used.

b. Identify any asset disposals that are under consideration by PPL for raising cash to fund the proposed acquisition.

14. Refer to Exhibit D of the application. Commitments 12, 13, 27, and 33 refer to the implementation of “best practices.” Explain how “best practices” will be determined, when such determinations will be made, and when changes would be implemented to achieve best practices.

15. Refer to Exhibit D of the application, page 7. Commitment 48 states that the corporate headquarters of E.ON U.S. (PPL Kentucky post-acquisition) will include the corporate management personnel of E.ON U.S. Provide the position titles included in the definition of corporate management personnel.

16. Refer to Exhibit F of the application. Provide the complete organizational chart of PPL as of May 31, 2010. Include a brief description of each subsidiary or affiliate and indicate whether it is an active or inactive entity.

17. Refer to page 47 of the Purchase and Sale Agreement, Section 5.6, Employee Benefits.

a. In subpart (ii), PPL agrees to provide "pension and welfare benefits that are materially no less favorable in the aggregate than the benefits generally provided to Subject Employees immediately prior to the Closing Date."

(1) Explain whether the same commitment will apply to current retirees of E.ON U.S., LG&E, and KU.

(2) Describe PPL's corporate philosophy related to funding current employees' benefits, current retirees' pensions, and current retirees' other post-employment benefits.

b. Describe the funding status of PPL's current retirees' pensions and other post-employment benefits.

18. Refer to pages 25–26 of the Testimony of James H. Miller. Explain why PPL, PPL Kentucky, LG&E and KU intend to wait until 60 days after completion of the proposed transfer to submit to the Commission "[a] formal analysis of any potential savings created by the proposed acquisition from the acquisition and a proposed methodology for allotting an appropriate share of the potential synergies, if any, to LG&E's and KU's ratepayers."

a. Explain why such an analysis could not be submitted as part of this transfer proceeding.

b. Has PPL, PPL Kentucky, LG&E, KU, or any person on their behalf performed any analysis, calculation, estimate, or projection, whether partial, preliminary, incomplete, or final, of any potential synergies, benefits, savings, or cost reductions that might result from the PPL acquisition of LG&E and KU? If yes, provide copies of each analysis, calculation, estimate, or projection.

19. Refer to page 4 of the Testimony of Paul A. Farr ("Farr Testimony"). Starting at line 15, Mr. Farr states that it is expected that PPL Kentucky will issue \$800 million in unsecured corporate debt. Provide a detailed description of the purpose of this debt issuance.

20. Refer to pages 6–9 of the Farr Testimony concerning PPL's compliance with the requirements of the Public Holding Company Act of 2005. Explain whether PPL has familiarized itself with the provisions of KRS 278.2201 through 278.2213 which deal with cost allocation, transactions between utilities and affiliates, and recordkeeping by utilities and affiliates.

21. Refer to page 3 of the Testimony of William H. Spence ("Spence Testimony") regarding the generating capacity PPL owns or controls in the United States. Provide a breakdown showing the amount of regulated generation and unregulated generation. Include in the response the generation mix for each of the two categories.

22. Refer to pages 7–10 of the Spence Testimony concerning reliability and safety issues.

a. Provide a list of all North American Electric Reliability Council ("NERC") entities (e.g., Generator Operator, Generation Owner, Transmission Operator,



Transmission Owner) and the Regional Reliability Organization (“RRO”) with which PPL and/or any of its subsidiaries or affiliates is registered and the date of such registration.

b. Provide information related to any self-reports of potential violations of NERC Reliability Standards, since the standards became mandatory, including:

(1) The NERC Reliability Standard, and all requirements and sub-requirements, potentially violated;

(2) The Violation Severity Level and Violation Risk Factor for each Reliability Standard, requirement and sub-requirement for which a potential violation was reported;

(3) The initial amount of penalties, if any, calculated by the RRO, the amount of penalties agreed to by the RRO and PPL and/or its subsidiary or affiliate as part of any settlement discussions, the amount of penalties recommended by the RRO to the Federal Energy Regulatory Commission (“FERC”), and the amount of penalties ultimately approved by FERC; and

(4) Descriptions of actions taken, programs implemented, programs amended, and on-going reporting related to any reported violations of the Reliability Standards including, but not limited to, the status of any such programs, amendments, and reporting.

c. Provide the dates of any audits on compliance with NERC Reliability Standards including:

(1) The RRO or other organization performing the audit;

(2) Whether the audits arose as part of a regular audit plan of the RRO, a self-report, or other report to the RRO and/or the FERC; and

(3) The preliminary and final findings of any such audits.

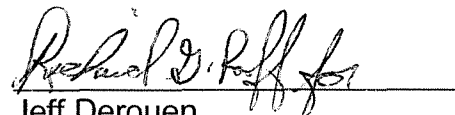
23. Refer to page 4 of the Testimony of Karl-Heinz Feldmann. Regarding the \$6 million in donations described on line 3–8, confirm whether the sentence on lines 8–10 means that these donations are not contingent on the proposed acquisition.

24. Refer to page 8 of the Testimony of Victor A. Staffieri. Starting at line 9, Mr. Staffieri states that “the managers of E.ON U.S., LG&E and KU will be provided an opportunity to broaden their experience by exchanging positions with other managers in PPL’s organization.”

a. Describe in detail how these exchanges would occur and whether they would be temporary or permanent.

b. State whether these exchanges would be voluntary or mandatory for employees.

25. Refer to page 4 of the Testimony of Lonnie E. Bellar. Describe in detail all discussions between PPL, LG&E and KU regarding PPL’s efforts and mitigation measures to permit LG&E and KU to continue to operate without being participants in a Regional Transmission Organization. Provide documentation thereof including, but not limited to, e-mails, memoranda, letters, and transcripts of phone conversations.



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DATED JUN 23 2010

cc: Parties of Record

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