

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

July 6, 2010

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PUBLIC SERVICE COMMISSION

E.ON U.S. LLC

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

Lonnie E. Bellar Vice President T 502-627-4830 F 502-217-2109 lonnie.bellar@eon-us.com

RE: Joint Application of PPL Corporation, E.ON AG, E.ON US Investments Corp., E.ON U.S. LLC, Louisville Gas and Electric Company and Kentucky Utilities Company For Approval of An Acquisition of Ownership and Control of Utilities – Case No. 2010-00204

Dear Mr. DeRouen:

Please find enclosed and accept for filing the original and twelve (12) copies of the Joint Responses of PPL Corporation, E.ON AG, E.ON US Investments Corp., E.ON U.S. LLC, Louisville Gas and Electric Company and Kentucky Utilities Company to the Initial Request for Information on Behalf of the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. ("CAC") dated June 23, 2010, in the above-reference matter.

Should you have any questions regarding the enclosed, please contact me at your convenience.

Sincerely,

Lonnie E. Bellar

cc: Parties of Record

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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)	CASE NO.
COMPANY AND KENTUCKY UTILITIES)	2010-00204
COMPANY FOR APPROVAL OF AN ACQUISITION)	
OF OWNERSHIP AND CONTROL OF UTILITIES)	

JOINT RESPONSE OF
PPL CORPORATION, E.ON AG, E.ON US INVESTMENTS CORP.,
E.ON U.S. LLC, LOUISVILLE GAS AND ELECTRIC COMPANY AND
KENTUCKY UTILITIES COMPANY
TO THE

INITIAL REQUEST FOR INFORMATION ON BEHALF OF COMMUNITY ACTION COUNCIL FOR LEXINGTON-FAYETTE, BOURBON, HARRISON AND NICHOLAS COUNTIES, INC.

DATED JUNE 23, 2010

FILED: July 6, 2010

COMMONWEALTH OF KENTUCKY)	
)	SS:
COUNTY OF JEFFERSON)	

The undersigned, **S. Bradford Rives**, being duly sworn, deposes and says he is Chief Financial Officer of E.ON U.S. LLC, Louisville Gas and Electric Company and Kentucky Utilities Company, and an employee of E.ON U.S. Services Inc., that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

S. BRADFORD RIVES

Notary Public (SEAL)

My Commission Expires:

November 9, 2010

COMMONWEALTH OF PENNSYLVANIA)	
)	SS
COUNTY OF LEHIGH)	

WILLIAM H. SPENCE, being duly sworn, deposes and says that he has read the foregoing responses and exhibits and knows the matters contained therein; that said matters are true and correct to the best of his knowledge and belief.

WILLIAM H. SPENCE

Subscribed and sworn to before me, a Notary Public in and for the above

County and State, on this _____ day of

, 2010

Notary Public

COMMONWEALTH OF PENNSYLVANIA

NOTARIAL SEAL
DIANE M. KOCH, NOTARY PUBLIC
CITY OF ALLENTOWN, LEHIGH COUNTY
MY COMMISSION EXPIRES SEPT. 29, 2011

My Commission Expires:

COMMONWEALTH OF KENTUCKY)	
)	SS:
COUNTY OF JEFFERSON)	

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says he is Vice President of State Regulation and Rates of Louisville Gas and Electric Company and Kentucky Utilities Company, and an employee of E.ON U.S. Services Inc., that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and answers contained therein are true and correct to the best of his information, knowledge and belief.

LONNIE E. BELLAR

Subscribed and sworn to before me, a Notary Public in and before said County and State, this _______, 2010.

Notary Public (SEAL)

My Commission Expires:

November 9, 2010

COMMONWEALTH OF PENNSYLVANIA)	
)	SS
COUNTY OF LEHIGH)	

PAUL A. FARR, being duly sworn, deposes and says that he has read the foregoing responses and exhibits and knows the matters contained therein; that said matters are true and correct to the best of his knowledge and belief.

Subscribed and sworn to before me, a Notary Public in and for the above

County and State, on this _____ day of ___

COMMONWEALTH OF PENNSYLVANIA

NOTARIAL SEAL
DIANE M. KOCH, NOTARY PUBLIC
CITY OF ALLENTOWN, LEHIGH COUNTY
MY COMMISSION EXPIRES SEPT. 29, 2011

My Commission Expires:

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CASE NO. 2010-00204

Joint Response to Initial Request for Information on Behalf of the Community Action Council for Lexington-Fayette, Bourbon,
Harrison and Nicholas Counties, Inc.
Dated June 23, 2010

Question No. 1

Responding Witness: S. Bradford Rives / William H. Spence

- Q-1. The Joint Applicants state that PPL Corporation has committed to file a formal analysis with the Commission of any synergies and benefits from the acquisition. If it is determined that Kentucky Utilities Company or Louisville Gas and Electric Company will realize any cost savings as a result of the acquisition by PPL Corporation, how will those savings be applied for the benefit of the customers? Please address how any immediate cost savings would be applied for the benefit of the customers and how any long-term cost savings would be applied for the benefit of the customers.
- A-1. Please see the response to KPSC 1-18.

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CASE NO. 2010-00204

Joint Response to Initial Request for Information on Behalf of the Community Action Council for Lexington-Fayette, Bourbon,
Harrison and Nicholas Counties, Inc.
Dated June 23, 2010

Question No. 2

Responding Witness: Lonnie E. Bellar / William H. Spence

- Q-2. Please state PPL Corporation's position on each of the following charitable and regulatory low-income programs including whether they will be maintained and/or enhanced. Identify whether PPL Corporation anticipates any changes to these programs or if it, or its associated companies or subsidiaries, operate any similar programs in their current service areas, and ways in which those programs may differ: WinterCare Energy Fund (shareholder match); Home Energy Assistance Program; WeCare; Winterblitz; E.On. U.S. Foundation.
- A-2. The Combined Companies, including PPL, do not anticipate changes to the aforementioned programs due to this transaction. PPL maintains similar programs in areas in which it operates. PPL Electric Utilities Corporation ("PPL Electric") offers four programs for low-income customers: 1) OnTrack, which provides reduced payments and arrearage forgiveness; 2) WRAP, which stands for "winter relief assistance program" and provides in-home weatherization services; 3) Operation HELP, which provides bill payment assistance and; 4) CARES, which provides a referral service for temporary hardship assistance. Please see the response to ACM 1-1.

CASE NO. 2010-00204

Joint Response to Initial Request for Information on Behalf of the Community Action Council for Lexington-Fayette, Bourbon,
Harrison and Nicholas Counties, Inc.
Dated June 23, 2010

Question No. 3

Responding Witness: S. Bradford Rives / Paul A. Farr

- Q-3. The Joint Applicants state that LG&E and KU will not incur any additional indebtedness to finance the acquisition. Will costs associated with the acquisition be passed on to customers in the KU and LG&E service areas now or in the future? If yes, please describe.
- A-3. Please see the response to AG 1-3 and AG 1-4.

CASE NO. 2010-00204

Joint Response to Initial Request for Information on Behalf of the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc.

Dated June 23, 2010

Question No. 4

Responding Witness: William H. Spence

- Q-4. Please list and describe in detail all programs (shareholder-funded and regulatory) operated by PPL Corporation, or its associated companies or subsidiaries, or as a partnership between PPL Corporation, or its associated companies or subsidiaries and another entity, which serve low-income customers. Include details such as amount of assistance available in the programs, who administers the programs, eligibility for the programs, length of the programs, and how the programs operate.
- A-4. PPL Electric Utilities Corporation ("PPL Electric") is a wholly owned subsidiary of PPL Corporation that provides electric distribution service to approximately 1.4 million customers in central and eastern Pennsylvania. PPL Electric offers four programs for low-income customers: 1) OnTrack, which provides reduced payments and arrearage forgiveness; 2) WRAP, which stands for "winter relief assistance program" and provides in-home weatherization services; 3) Operation HELP, which provides bill payment assistance and; 4) CARES, which provides a referral service for temporary hardship assistance. Attached please find a listing which includes those entities and individuals administering the program on behalf of PPL Corporation. Also, please see the response to ACM 1-1.

In addition to the PPL Electric programs described above, PPL also fund various community programs and charities, including scholarship programs and the United Way. See response to Question No. 5.

Response to Question No. 4 Page 2 of 2 Spence

This table provides various program details for PPL Electric's low-income assistance programs, including annual funding in 2009.

r Started Services 2009 Funding Administrate Outreach/Referral \$40,000 PPL Electric Non-profit community organization.	based
Weatherization \$7,900,000 CBOs/Contra	actors
Payment \$8,000,000 CBOs/Contra	actors
Reduced \$28,900,000 CBOs Payment	

With the exception of Operation HELP, PPL Electric recovers all costs for these programs from residential customers. Funding for Operation HELP comes from donations from PPL Corporation, its employees and customers.

PPL Electric Utilities: Directory of WRAP Contractors

	Type of WRAP work	Contact (s)	Office #	Fax #	E-mail Address
Adams, John "Kip" 1464 Silver Spring Rd. Drumore, PA 17518	Auditor	John "Kip" Adams	717-341-2409		Kipadams@yahoo.com
Billiard, John 1201 South Blvd. Bethlehem, PA 18017	Baseload Contractor	John Billiard	610-865-9788	610-868-2766	Jbilliard@aol.com
Carbon County Action Committee (CCAC) 267 S. Second St. Lehighton, PA 18235	Auditor, Installer, Education	Angelo Santore, Weatherization Supervisor	610-377-5004	610-377-5113	asantore@pplweb.com
Commission on Economic Opportunity (CEO) 32-34 Union St. Kingston, PA 18704	Auditor, Installer, Education, SWH Installation	Jeff Rysz, Weatherization Operations Manager Tim McGinley, Administrator	570-288-8458	570-287-6921	irysz@ceopeoplehelpingpeople.or g tmcginley@ceopeoplehelpingpeo ple.org
Community Action Committee of Lehigh Valley (CACLV) 1337 E. 5 th St. Bethlehem, PA 18015	Weatherization Coordination/ Inspection SWH Installation	Rich Yudt, Director of Energy Partnership	610-691-5620	610-691-6582	ryudt@caclv.org
Custom Weatherization 2045 Willow Park Rd. Bethlehem, PA 18020	Installer/Auditor (subcontractor to CACLV)	Otis McNeil	610-861-5290		omcneil@rcn.com
Dauphin County Weatherization 200 First St. Millersburg, PA 17061	Auditor, Installer, Education	Craig Williard, Director	717-692-2637	717-692-2293	cwilliard@dauphinc.org
Donley's Heating & Air Conditioning PO Box 7454 Steelton, PA 17713	HVAC/Plumbing	Don Donley, Owner Don Donley Jr.	717-939-1139		donleyshvac@aol.com
EIC, Inc. 52 Mountainside Dr. Randolph, NJ 07869	Auditor, Installer, Education	Kyle Haddock, Regional Manager	973-328-3515 973-713-1393 (cell)	973-328-4358	KHaddock@comforthome.com TDalcerro@comforthome.com
J&F Energy Solutions 2020 Yale Ave. Camp Hill, PA 17011	Baseload Contractor, Inspection, Education	Joseph A. Nunley, owner Jim Nunley	717-214-4454 717-877-3998		janunley@jfenergysolutions.co <u>m</u> jinunley@verizon.net
Lancaster Community Action Program 1840 Auction Rd. Manheim, PA 17545	Installer	Matt Plantholt Tacey Perry	717-492-0102	717-390-8857	mplantholt@caplanc.org tperry@caplanc.org
Ohm Weatherization and Building Science 3208 Easton Ave. Bethlehem, PA 18020	Installer/Auditor (subcontractor to CACLV)	Michael Ohm	610-882-9927 484-542-1506	610-822-9709	<u>Mohm@rcn.com</u>
Ohm Weatherization and Renewable Energy 3208 Easton Ave.	Installer/Auditor/SWH (subcontractor to CACLV) Technical Specialist,	John Ohm	610-758-8271 610-657-9616		Јоһт@гсп.сот

Bethlehem, PA 18020	SWH Inspection				
Pure Energy 10 N. Bausman Dr. Lancaster. PA 17603	Auditor, Baseload Contractor, Inspection, Education	A. Tamasin Sterner, Owner	717-293-8990	717-293-1952	Tsterner@pureenergyaudits.com
Redevelopment Authority of the County of Wayne (WCRA) 99B Beach Lake Highway Honesdale, PA 18431	Auditor, Installer, Education	Jackie Young, Director Tom Lamberton, Weatherization Coordinator	570-253-4882	570-253-8932	Jyoung5@ptd.net
Rovegno's of Carlisle 401 E. Louther St. Carlisle, PA 17013	Auditor, Installer, Education	Rick Rovegno, Owner Sandy Gensler, Administrator	717-249-6061	717-249-2407	Gensler@pa.net
Schuylkill Community Action 500 N. Centre St. Pottsville, PA 17901	Auditor, Installer, Education	Terry Sadusky, Weatherization Coordinator	570-622-0568	570-622-0832	tlsadusky@schuylkillcommunityac tion.com
SEDA-Council of Governments (SEDA-COG) 201 Furnace Rd. Lewisburg, PA 17837	Auditor, Installer, Education, SWH Installation	Doug Diehl, Weatherization Director Faye Miklosi, Administrator	570-524-4491	570-524-9190	<u>fmiklosi@seda-cog.org</u> DDiehl@seda-cog.org
Smith Barnes, Kathryn 1844 Park St. Harrisburg, PA 17103	Baseload Contractor, Inspection, Education	Kathy Barnes	717-236-0927		kebarnesconsulting@yahoo. com
Smith, John 1446 Bunting St. Pottsville, PA 17901	Inspection, Education	John Smith	570-544-2613		JohO1@comcast.net
Solair Energy, Inc. P.O. Box 275 Ralston, PA 17763	Auditor, Installer, Inspection, Education, SWH Installation, SWH Inspection	Pam Denlinger, President	570-995-5747	570-995-9116	pam@solairenergy.com
Solartech of PA, Inc. P.O. Box 412 Camp Hill. PA 17001	SWH Installation	Greg Hess, Project Manager	717-856-1228		gshpro@comcast.net
STEP, Inc. 2130 Lincoln St., P.O. Box 3568 Williamsport. PA 17701	Auditor, Installer, Education	Terry Roller, Director of Housing Services Kevin Mitcheltree, Admin.	570-326-0587	570-322-2197	Teroller@stepcorp.org Klmitcheltree@stepcorp.org
Subjin Insulation Services 1636 Dennis St. Bethlehem PA 18020	Installer/Auditor (subcontractor to CACLV)	Mike Subjin	610-814-3273 610-704-8394		Subjin@rcn.com
Therma View 2877 Euclid Ave. S. Williamsport. PA 17701	Technical Specialist, Inspection	Larry Armanda, Owner	570-326-6240 570-916-5481		larmanda@comcast.net
Williams, Michael W. 3946 Haycreek Rd. Birdsboro, PA 19508	Installer, SWH Inspection	Mike Williams	610-913-6397		mikeww@ptd.net
Wright, Lynn M. 14 Westside Dr. Newfoundland, PA 18445	Inspection, Education	Lynn Wright	570-676-5850 570-493-9786		Imwright18445@yahoo.com

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CASE NO. 2010-00204

Joint Response to Initial Request for Information on Behalf of the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc.

Dated June 23, 2010

Question No. 5

Responding Witness: Lonnie E. Bellar / Paul A. Farr

- Q-5. Please provide total, annual charitable giving amounts for E.ON U.S., LLC, E.ON U.S. Investments Corp., and the E.On U.S. Foundation for each of the past 5 years., and provide the charitable giving amounts broken down by the individual recipients. Also provide PPL Corporation's and any associated company's foundation's total, annual charitable giving amounts and the name of the recipient for each gift for each of the past 5 years. Please state whether PPL Corporation intends to maintain, increase, or decrease these amounts.
- A-5. The amounts for E.ON U.S. and its affiliates are set forth in the enclosed CD. The amounts for PPL Corporation and its affiliates are set forth in the enclosed CD. PPL Corporation interprets the question to refer to the charitable giving amounts in the communities served by LG&E and KU, after the closing of the transactions under the Purchase and Sale Agreement by and between E.ON US Investments Corp., PPL Corporation and, solely for purposes of Article VI, Article IX and Article X thereof, E.ON AG dated as of April 28, 2010 (the Pursuant to Regulatory Commitment No. 36 "Purchaser and the Company commit that LG&E and KU shall maintain a substantial level of involvement in community activities, through annual charitable and other contributions, on a level comparable to or greater than the participation levels experienced prior to the date of the transaction. Purchaser commits to maintaining and supporting the relationship between LG&E and KU with the communities that each serves for a period of 10 years from the Purchase."

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CASE NO. 2010-00204

Joint Response to Initial Request for Information on Behalf of the Community Action Council for Lexington-Fayette, Bourbon,
Harrison and Nicholas Counties, Inc.
Dated June 23, 2010

Question No. 6

Responding Witness: William H. Spence

- Q-6. Does PPL Corporation, in any of its current markets, utilize or require prepayment for electric or gas service? What is PPL Corporation's position on prepayment and does it have any plans to propose prepayment in Kentucky?
- A-6. PPL Electric does not currently offer or require prepayment for electrical services. PPL Corporation is not opposed to prepayment for electrical services, but it has no current plans to offer or require prepayment for electrical or gas services in Kentucky.

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CASE NO. 2010-00204

Joint Response to Initial Request for Information on Behalf of the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc.

Dated June 23, 2010

Question No. 7

Responding Witness: William H. Spence

- Q-7. Does PPL Corporation, in any of its current markets, utilize or operate lifeline rates, tiered rates, energy discounts or similar programs? If yes, please describe these rates/discounts in detail. If no, please state PPL's position on lifeline rates/energy discounts and similar energy affordability programs for low-income customers.
- A-7. Please see the response to ACM 1-1.

CASE NO. 2010-00204

Joint Response to Initial Request for Information on Behalf of the Community Action Council for Lexington-Fayette, Bourbon,
Harrison and Nicholas Counties, Inc.
Dated June 23, 2010

Question No. 8

Responding Witness: William H. Spence

- Q-8. Does PPL Corporation or its associated companies or subsidiaries, in any of its current markets, operate shareholder or ratepayer funded low-income demand side management programming? If yes, please state the name of each program, a description of the program, length of the program, and identify all public and private parties involved in the operation of the program.
- A-8. Please see response to ACM 1-1.

As a result of legislation recently enacted by Pennsylvania's General Assembly, known as Act 129, in late 2009 PPL Electric developed and implemented a variety of energy efficiency and conservation programs for all customers. As part of Act 129, PPL Electric provides additional weatherization services to households at or below 150% of the federal poverty level. PPL Electric calls this program "WRAP Act 129."

CASE NO. 2010-00204

Joint Response to Initial Request for Information on Behalf of the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc.

Dated June 23, 2010

Question No. 9

Responding Witness: William H. Spence

- Q-9: Has PPL Corporation or its associated companies or subsidiaries, in any of its current markets, rolled out smart meters, including in-home display units? If yes, how were smart meter costs and associated savings allocated, what was the ultimate cost to customers, and did PPL Corporation provide assistance to its low-income customers for smart meter costs?
- A-9. In 2004, PPL Electric completed installation of its Automated metering Infrastructure ("smart meters") to all customers, which allows PPL Electric to read and query its meters electronically. All of the costs for implementing the smart meters are being recovered through distribution rates. PPL Electric did not provide any low-income assistance for smart meter costs.

PPL Electric's smart meters do not include in-home display units. However, as part of Act 129, PPL Electric is implementing various pilot programs to enhance smart meter technology, including a pilot to test the efficacy of in-home display units.

CASE NO. 2010-00204

Joint Response to Initial Request for Information on Behalf of the Community Action Council for Lexington-Fayette, Bourbon,
Harrison and Nicholas Counties, Inc.
Dated June 23, 2010

Question No. 10

Responding Witness: William H. Spence

- Q-10. What is PPL Corporation's position on installation of smart meters and would the Company plan to accelerate/expand or slow/cancel any current plans in place at Kentucky Utilities Company?
- A-10. PPL has no plans at this time to install smart meters in Kentucky. The decision to install smart meters will be made by LG&E and KU management in consultation with PPL and in conjunction with any required approvals from the KPSC.

CASE NO. 2010-00204

Joint Response to Initial Request for Information on Behalf of the Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc.

Dated June 23, 2010

Question No. 11

Responding Witness: Lonnie E. Bellar

- Q-11. Louisville Gas & Electric serves a predominantly urban area while Kentucky Utilities serves a mostly rural area. Please discuss how PPL Corporation plans to balance these interests and ensure the interests of Kentucky Utilities customers are represented in Company decision-making, especially considering the small and dwindling administrative staff presence in the Kentucky Utilities service area.
- A-11. PPL expects LG&E and KU to be managed and run as provided in the Regulatory Commitments. As such, LG&E and KU management will continue to manage the urban and rural aspects of their business as they have since 1998. PPL has experience balancing the interests of urban and rural customers, and will bring this experience to its Kentucky customers.