



PPL companies

Dr. Talina R. Mathews, Executive Director
Kentucky Public Service Commission
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Frankfort, KY 40602-0615

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MAR 31 2017

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COMMISSION

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March 31, 2017

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 Dr. Mathews:

Pursuant to the Commission's Orders in the aforementioned case, LG&E and KU Energy LLC ("LKE"), Louisville Gas and Electric Company ("LG&E"), and Kentucky Utilities Company ("KU") (collectively "the Companies") hereby submit an original and four (4) copies of selected annual filings required in the above referenced matter.

The Companies are submitting the following information to the Commission:

- Annual Expenditures for Charitable Contributions and Economic Development;
- Annual Update Report on Economic Development Activities with the LG&E and KU Service Territories;
- LKE's Share of PPL Corporation Total Assets, Operating Revenues, O&M, and Number of Employees;
- LG&E's and KU's Service Quality and Reliability Reports; *and*
- Three-Year Capital Budgets for LG&E and KU

Dr. Talina R. Mathews, Executive Director
March 31, 2016

Please confirm your receipt of this information by placing the File Stamp of your Office on the enclosed extra copy and returning it in the enclosed self-addressed envelope. Should you require any additional information about these matters, please contact me or Don Harris at 502-627-2021.

Sincerely,

A handwritten signature in blue ink that reads "Rick E. Lovekamp". The signature is written in a cursive style with a large, stylized initial "R".

Rick E. Lovekamp

Louisville Gas and Electric Company
Kentucky Utilities Company
LG&E and KU Foundation Inc.
Schedule of Charitable Contributions
December 31, 2016
(\$ 000's)

Submitted pursuant to the Commission's Order in Case No. 2010-00204
Response to Appendix C, Commitment Nos. 1, 36, and 38

Year	LG&E		KU		Foundation	
	Actual		Actual		Actual	
1997	147		388		1,176	
1998	135		453		1,271	
1999	102		107		2,312	
2000	146		52		2,295	
2001	160		48		2,207	
2002	64		144		2,158	
2003	178		95		1,185	
2004	184		157		2,158	
2005	641		259		1,268	
2006	1,551		605		923	
2007	1,148		478		1,028	
2008	1,010		428		873	
2009	867		532		768	
2010	1,640		716		666	
2011	1,859		1,055		679	
2012	2,259		1,111		762	
2013	2,619		1,246		839	
2014	2,920		1,597		697	
2015	3,972		1,651		781	
2016	4,086		1,538		627	

Louisville Gas & Electric Company
Kentucky Utilities Company
Schedule of Economic Development Expenditures ¹
December 31, 2016
(\$ 000's)

Submitted pursuant to the Commission's Order in Case No. 2010-00204
Response to Appendix C, Commitment Nos. 1 and 38

Year	LG&E	KU
	Actual	Actual
1997	842	1,296
1998	571	1,111
1999	576	1,359
2000 ²	681	988
2001	991	1,475
2002	996	1,451
2003	896	1,401
2004	863	1,361
2005	1,031	1,546
2006	1,130	1,698
2007	1,184	1,775
2008	1,175	1,761
2009	1,267	1,901
2010	1,286	1,930
2011	1,295	1,942
2012	1,167	1,752
2013	1,294	1,942
2014	1,220	1,826
2015	1,194	2,366
2016	1,081	1,940

- Note(s):**
- 1.- Economic development includes those activities to retain existing businesses and industries, to expand existing businesses and industries, and to attract new businesses and industries.
 - 2.- In the filing for 2000, the results were inadvertently reversed and, consequently, showed \$681,000 for KU and \$988,000 for LG&E. The 2000 results were corrected with the March 2003 filing which provided data through the year-ending December 31, 2002.

**LG&E and KU Energy LLC, Louisville Gas and Electric Company,
and Kentucky Utilities Company**

CASE NO. 2010-00204

Response to Appendix C, Commitment No. 1

During 2016, there were 157 announced new and expanding companies in the LG&E and KU Energy service territories as noted by the Kentucky Cabinet for Economic Development (KCED). The investment totaled \$1,294,595,629 and resulted in 9,374 jobs. There were an additional 20 announcements within the service territory of the municipal utilities that LG&E and KU provides electricity. Some of the announced projects that company economic development representatives were actively involved included: Safai Coffee, Oxbow Fertilizer, Intuit, More Than a Bakery, North American Sticks, Thai Summit and Wink Equipment.

The LG&E and KU Energy economic development website is regularly updated to include economic development incentives, tariff changes, regional business parks, company announcements/expansions and additional relevant information for site consultants and developers to review. Foreign Direct Investments, Powerlines, Ask the Expert and press releases are additional communication efforts available to keep area site consultants and developers informed. Sites and buildings are marketed on our website through Think Kentucky's Kentucky Select initiative. The link to Kentucky Select showcases the community, sites and buildings available across Kentucky. Each site or building has a community profile and aerial photography available for consultants, real estate professionals and companies looking to locate and expand. The database is user friendly and provides demographics on each property. LG&E and KU Energy is regularly evaluating its economic development website as the utility industry continues to transform.

LG&E and KU Energy continues to develop programs to encourage new business growth within the service territory. In 2016, the company received regulatory approval to begin its business solar program because some companies have sustainability goals and will only locate and expand in areas where the utility offers a renewable energy solution. Additionally, the company now offers a community solar program that enables businesses, unable to locate a solar array on their property, a renewable solution on a subscription basis. These new programs assist LG&E and KU Energy in marketing its service territory as a location for businesses with a renewable or sustainability standard or goal.

LG&E and KU Energy maintains a strong leadership position in preparing communities for economic opportunities. The company works in tandem with local, regional and statewide officials to ensure adequate electric and natural gas facilities are available to support new developments. The economic development team continues to provide leadership to the Kentucky Association for Economic Development (KAED), chairing the board in 2016. KAED is the chief vehicle through which economic development professionals build skills, advocate issues and share best practices. The team plays an integral role in the development of training programs, the sharing of best practices and provides ideas for an enhanced public policy program to increase support for economic development throughout Kentucky. The economic development team also serves on the KAED Foundation and in key committee positions to support economic development within Kentucky.

KAED's KentuckyUnited initiative promotes the state as a business destination for new and expanding businesses. LG&E and KU Energy partners in the KentuckyUnited marketing effort to attract and promote its communities to site selectors and companies interested in expanding their facilities. Additionally, the economic development team provides leadership on the steering committee that included assisting in development and implementation of a new strategic plan in 2016. The company participated in business development missions to California; Texas; New York; New Jersey; Canada; Germany; and in-state consultant events in Pikeville and Lexington, Kentucky.

In 2016, LG&E and KU Energy's economic development team directly marketed Kentucky's amenities nationwide by hosting a booth at the Medical Design Manufacturers trade show in Anaheim, California. Lexington, Kyndle-Henderson, Madisonville, Muhlenberg, Danville, Owensboro, Frankfort, Lebanon, KAED and KCED participated in this marketing endeavor. The team also participated in the D.C. Fly-in sponsored by KAED to support public policy efforts.

LG&E and KU Energy continued its long term commitment to Bracken County and Marion County through an investment of \$362,550 in zero interest loans to assist in the development of industrial land within these communities. This support has ensured these communities maintained opportunities to attract jobs and investments in areas still suffering from the recent economic downturn and increased global competition.

In 2016, LG&E and KU Energy's economic development rider (EDR) assisted six companies with \$847,198 in demand reduction credits on their electric utility bill. The EDR is designed to promote economic development efforts and encourage brownfield development. These six companies were new or existing customer expansions with 1,000 kVA or more.

Company representatives closely monitored key economic data and trends. The economic development representatives continued active participation in the Industrial Asset Management Council (IAMC) Forums. IAMC is a membership organization of more than 300 real estate executives. The objective is to build relationships with companies, consultants and real estate developers, as well as updating them on the new and ever-changing developments within the state and with LG&E and KU Energy. The team maintains a board position with the Utility Economic Development Association (UEDA). This organization assists utility professionals in understanding the ever changing U.S. electric and gas business. This organization is the only investor owned utility group in the country devoted to economic development best practices.

LG&E and KU Energy economic development representatives are active in many economic and community organizations throughout the state: KY Institute for Economic Development, World Trade Center KY, Richmond Industrial Development Corporation, KYNDLE, Bluegrass Kiwanis, Louisville Airport Improvement Project, KY Higher Education Assistance Authority/Student Loan Corp., Lexington Housing Authority, Bluegrass Tomorrow, Bluegrass Higher Education Consortium, Business and Education Network, Southeast KY Economic Development Corporation, Bluegrass South, Commerce Lexington, GLI Advantage Louisville, Louisville Forward, Bluegrass Alliance, Jeffersontown Economic Development Authority, Taylor County Industrial Foundation and many of the local industrial foundations, chambers and authorities.

**LG&E and KU Energy LLC, Louisville Gas and Electric Company, and Kentucky
Utilities Company**

CASE NO. 2010-00204

Response to Appendix C, Commitment No. 19

The following information is LG&E and KU Energy LLC's proportionate share of selected PPL Corporation financial and operating numbers for the year-ended December 31, 2016 as stipulated in the aforementioned Commission's Order:

	LG&E and KU Energy LLC
Total Assets	37.5%
Operating Revenues	41.8%
Operating and Maintenance Expense	46.1%
Number of Employees	27.6%

**LG&E and KU Energy LLC, Louisville Gas and Electric Company, and Kentucky
Utilities Company**

CASE NO. 2010-00204

Response to Appendix C, Commitment No. 29

Appendix C, Commitment No. 29 specifies that the Companies submit the periodic reporting of “various reliability and service quality measurements”. However, in Administrative Case No 2006-00494, *An Investigation of the Reliability Measures of Kentucky’s Jurisdictional Electric Distribution Utilities and Certain Reliability Maintenance Practices*, dated October 26, 2007, the Companies are required to file similar reports and therefore were relieved on this reporting requirement (also see Commission’s Order dated July 16, 2008 for Case Nos. 2000-00095 and 2001-00104).

**LG&E and KU Energy LLC, Louisville Gas and Electric Company, and Kentucky
Utilities Company**

CASE NO. 2010-00204

Response to Appendix C, Commitment No. 1

The filing of the current Three-Year Capital Budget information is being submitted in response to Case No. 2010-00204, Appendix C, Commitment No. 1 which stipulates that the Companies will comply with all previous merger, change of control, and holding company Orders. However, more specifically, Case No. 2000-095, Summary of Findings No. 15 requires the Companies to annually file their current 3-year capital budgets, including an explanation for any reductions in the capital budget items greater than 10 percent.

**Louisville Gas and Electric Company
Kentucky Utilities Company
Three-Year Capital Budgets
[\$ 000,000's]**

**Submitted pursuant to the Commission's Order in Case No. 2010-00204
Response to Appendix C, Commitment No. 1**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	Change from Prior Report [Increase; (Decrease)]	
				<u>2017</u>	<u>2018</u>
Louisville Gas and Electric Company -					
Generation	\$ 138	\$ 104	\$ 81	\$ 66	\$ 58
Distribution	188	223	228	\$ 32	\$ 75
Transmission	24	32	74	\$ (4)	\$ 3 ¹
Environmental	150	201	78	\$ 11	\$ 20
Other	60	102	92	\$ 32	\$ 80
Total	\$ 560	\$ 662	\$ 553	\$ 137	\$ 236
Kentucky Utilities Company -					
Generation	\$ 82	\$ 108	\$ 114	\$ 11	\$ 23
Distribution	109	116	120	\$ 0	\$ 13
Transmission	109	112	126	\$ 30	\$ 30
Environmental	178	237	131	\$ (32)	\$ (24) ²
Other	69	106	94	\$ 29	\$ 73
Total	\$ 547	\$ 679	\$ 585	\$ 38	\$ 115

Notes

1. Timing of projects and reassigning from capital to O&M expense
2. Revised spending and engineering estimates for CCR Pond Closures based on December 2015 CCR Rule