



PPL companies

Ms. Gwen R. Pinson, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602-0615

March 31, 2018

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 Ms. Pinson:

Pursuant to the September 30, 2010 Order of the Kentucky Public Service Commission (“Commission”) in Case No. 2010-00204, Louisville Gas and Electric Company (“LG&E”) and Kentucky Utilities Company (“KU”) (jointly the “Companies”) hereby notify the Commission of changes in research and development funding. This notification is being made pursuant to Appendix C, Commitment No. 30 to the Commission’s Order dated September 30, 2010 in the above-captioned proceeding.

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,

Rick E. Lovekamp

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COMMISSION

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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. 30

“E.ON US, LG&E, and KU commit to notifying the Commission in writing 30 days prior to any material changes in their participation in funding for research and development. Material changes include, but are not limited to, any change in funding equal to or greater than 5 percent of any individual company’s previous year’s budget for research and development. The written notification shall include an explanation and the reasons for the change in policy. This commitment does not apply to LG&E’s and KU’s participation in or commitments to FutureGen”

Louisville Gas and Electric (LG&E) and Kentucky Utilities Company (KU) (collectively the “Companies”) continues to fund memberships in research projects from the Electric Power Research Institute (EPRI). The Companies support a portfolio of projects selected to track and understand the impacts and operation of new and emerging technologies as well as seek solutions to key business operation and maintenance issues. Of prime importance are those technologies that will continue to allow the use of coal as well as natural gas in a dynamic regulatory environment.

In 2017, the Companies spent \$6 million on R&D and are forecasting a decrease to \$4.6 million in 2018. This 23 percent forecasted decrease in R&D spending is the result of a number of EPRI projects that will be concluding by the end of 2017. At this time, the Companies have not identified new projects whose likely future benefits to our customers would justify continuing R&D spending at 2017 levels. Should new issues or technologies emerge that would justify increasing future R&D spending, the Companies would naturally seek to do so.

Overall, it is anticipated that research and development project funding for 2018 will decrease by 19% from the previous year’s budget.