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PUBLIC SERVICE
COMMISSION



Kent A. Chandler
Executive Director
Kentucky Public Service Commission
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March 31, 2020

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. Chandler:

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 selected annual filings required in the above referenced matter. Also, pursuant to the Commission's Order dated March 16, 2020 for Case No. 2020-00085, specifically Ordering Paragraph No. 4, the Companies are submitting this information via e-mail to PSCED@ky.gov.

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

Kent A. Chandler, Executive Director
March 31, 2020

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 "R" and "L".

Rick E. Lovekamp

Louisville Gas and Electric Company
Kentucky Utilities Company
LG&E and KU Foundation Inc.
Schedule of Charitable Contributions
December 31, 2019
(\$ 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 |
| 2017 | 3,241 | 1,527 | 625 |
| 2018 | 9,466 | 5,434 | 601 |
| 2019 ¹ | 8,473 | 5,863 | 3,828 |

1 - Beginning in 2019, all charitable contributions to 501(c)(3) organizations will be made by the LG&E and KU foundation. In December 2019, contributions of \$8 million and \$5 million were made by LG&E and KU, respectively, to the LG&E and KU Foundation as funding for such future charitable contributions. Contributions to other 501(c) organizations will continue to be made by each utility.

Louisville Gas & Electric Company
Kentucky Utilities Company
Schedule of Economic Development Expenditures ¹
December 31, 2019
(\$ 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 |
| 2017 | 1,218 | 2,017 |
| 2018 | 1,174 | 2,229 |
| 2019 | 1,225 | 2,261 |

- 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 2019, there were 116 new and expanding announcements in the LG&E and KU service territories. The investments totaled almost \$2.8 billion and resulted in 5,794 jobs. Announced projects included Toyota Motor Manufacturing, Fives Intralogistics Corp, Ale 8 One Bottling Co., More Than A Bakery, Rabbit Hole Spirits, Curaleaf, Heaven Hill Distilleries, UPS Worldport, Meggitt Aircraft Braking, PACCAR Inc., and Wild Turkey Bourbon among others.

In 2019, LG&E and KU continued to promote its business solar and community solar programs to help attract companies with sustainability goals. Maker's Mark, Loretto KY, became a 25-year business solar partner with the construction of a new solar array to be owned and maintained by KU. The array will offset energy needed for safety and security systems, lighting, barrel elevators and office spaces to maintain the rickhouses where Maker's Mark stores its bourbon for aging. The array is projected to produce 268,000 kilowatt-hours (kWh) of energy annually.

The LG&E and KU economic development rider (EDR) is designed to promote economic development efforts and encourage brownfield development. In 2019, the EDR assisted seven companies with \$1,399,532 in demand reduction credits on their electric utility bill and assisted in the positive location/expansion decision. Companies included Berry Plastics, Custom Food Products, Hendrickson, North American Stainless, Toyota, Brady Worldwide and KY Kingdom.

The LG&E and KU 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. Sites and buildings are marketed on our website through the 'SelectKentucky' database, which is governed by the Kentucky Cabinet for Economic Development. The database showcases communities, sites, buildings and aerial photography for consultants, real estate professionals and companies reviewing expansion and new location alternatives. The database is user-friendly and provides demographics on each property. LG&E and KU regularly evaluates the economic development website as the utility industry continues to transform.

LG&E and KU maintains a strong leadership position in preparing communities for economic opportunities. The economic development team (ED Team) worked in tandem with local, regional and statewide officials to ensure adequate electric and natural gas facilities are available to support new developments. The ED Team continues to provide board leadership to the Kentucky Association for Economic Development (KAED), including chairing the KAED Foundation board, as well as becoming Chair-Elect of the KAED. The 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 and providing ideas for an enhanced public policy program to increase support for economic development throughout Kentucky. The ED Team also serves on key committee positions to support economic development and KAED.

KAED's KentuckyUnited initiative promotes the state as a business destination for new and expanding businesses. LG&E and KU partners in the KentuckyUnited marketing effort to attract and promote its communities to site selectors and companies interested in expanding their facilities. LG&E and KU participated in business development missions to Texas, California, Washington D.C. and Toronto, Canada, along with in-state consultant events in Somerset and Louisville, Kentucky. The Companies also participated in marketing events with regional allies in visits to Georgia and Illinois.

LG&E and KU initiated activities to enhance the marketability of Kentucky and the Companies' service territory. Step one included a territorial review of existing sites and buildings to understand the total number in the SelectKentucky database and the level of client interest in those sites as evidenced through site submissions and client visits. The Companies then helped enhance the marketability of five of the top sites in the service territory through the creation of site renderings. The sites were in Hardin, Woodford, Muhlenberg, Jefferson and Clark Counties. The territorial review process also dictated the need for additional marketable properties. The ED Team began a site identification initiative within our Kentucky service territory. The goal of this research is to identify new potential industrial sites for economic development recruitment.

To further solidify preparedness and competitiveness, LG&E and KU continued to provide leadership to the Product Development Initiative (PDI). The PDI is a partnership between KAED and the Kentucky Cabinet for Economic Development and is designed to mitigate site inventory challenges via strategic investment to enhance quantity and quality of product, to address lack of capital in the market and to encourage collaboration among Kentucky economic developers and stakeholders. The consultant hired to evaluate community needs and score applications related to best possible return on investment recommended nine communities receive a total of \$2.95 million in grant funds to upgrade industrial sites, office sites and buildings. Of the nine sites selected, five are in LG&E and KU service territories. This includes product in Marion, Hardin, Madison, Jefferson and Fayette Counties. In addition, 36 communities statewide received professional development consultations from the consultant to identify next steps in improving local sites and buildings.

LG&E and KU continued its long-term commitment to Bracken County through an investment of \$238,410 in zero-interest loans to assist in the development of industrial land in the community. This support has ensured the community-maintained opportunities to attract jobs and investments in areas of economic hardship and increased global competition.

LG&E and KU representatives closely monitored key economic data and trends. The ED Team continued to participate in the Industrial Asset Management Council (IAMC) Forum and the Utility Economic Development Association (UEDA). IAMC is a membership organization of more than 400 real estate executives, including consultants, developers and businesses. The participation presents opportunities to discuss the new and ever-changing developments within the state and with LG&E and KU, in addition to cultivating relationships. UEDA helps utility professionals stay engaged in the dynamic world of economic development. This organization is the only investor-owned utility group in the country devoted to economic development best practices.

Finally, the LG&E and KU ED Team were active in many economic and community organizations throughout the state either through board service, or as a participant in planning activities and events. These organizations include: Greater Louisville Inc.; KY Institute for Economic Development; World Trade Center KY; KY Association of Manufacturers; Richmond Industrial Development Corporation; KYNDLE; Bluegrass Kiwanis; Louisville Certified Commercial and Industrial Managers; Lexington Industrial Authority; Bluegrass Tomorrow; Bluegrass Higher Education Consortium; Business and Education Network; Southeast KY Economic Development Corporation; Commerce Lexington; Louisville Forward; Bluegrass Alliance; Jeffersontown Economic Development Authority; Taylor County Industrial Foundation; and many local industrial organizations, 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, 2019 as stipulated in the aforementioned Commission's Order:

| | LG&E and KU Energy LLC |
|-----------------------------------|-----------------------------------|
| Total Assets | 34.9% |
| Operating Revenues | 41.3% |
| Operating and Maintenance Expense | 43.4% |
| Number of Employees | 28.3% |

**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**

| | | | | Change from Prior Report [Increase; (Decrease)] | |
|--|---------------|---------------|---------------|--|---------------|
| | 2020 | 2021 | 2022 | 2020 | 2021 |
| Louisville Gas and Electric Company - | | | | | |
| Generation | \$ 48 | \$ 100 | \$ 58 | \$ (14) ¹ | \$ 7 |
| Distribution | 273 | 254 | 166 | \$ 34 | \$ (8) |
| Transmission | 44 | 39 | 15 | \$ 10 | \$ (3) |
| Environmental | 58 | 90 | 38 | \$ 19 | \$ 36 |
| Other | 60 | 47 | 31 | \$ 11 | \$ 1 |
| Total | \$ 483 | \$ 530 | \$ 308 | \$ 60 | \$ 33 |
| Kentucky Utilities Company - | | | | | |
| Generation | \$ 100 | \$ 122 | 48 | \$ 5 | \$ 22 |
| Distribution | 144 | 138 | 130 | \$ 13 | \$ 5 |
| Transmission | 146 | 194 | 105 | \$ (10) | \$ 12 |
| Environmental | 81 | 119 | 75 | \$ 8 | \$ 64 |
| Other | 52 | 52 | 28 | \$ 4 | \$ 5 |
| Total | \$ 523 | \$ 625 | \$ 386 | \$ 20 | \$ 108 |

Notes

1. Removal of a Mill Creek project offset by the addition of a project at the Ohio Falls facility.