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PUBLIC SERVICE
COMMISSION



PPL companies

Linda C. Bridwell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601-8294

March 31, 2021

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. Bridwell:

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

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Linda C. Bridwell, Executive Director
March 31, 2021

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 fluid and cursive, with the first name "Rick" being the most prominent.

Rick E. Lovekamp

**Louisville Gas and Electric Company
Kentucky Utilities Company
LG&E and KU Foundation Inc.
Schedule of Charitable Contributions
December 31, 2020
(\$ 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
2020	308	265	4,825

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 and Electric Company
Kentucky Utilities Company
Schedule of Economic Development Expenditures ¹
December 31, 2020
(\$ 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
2020	1,278	2,170

- 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

Direct Support for Customers

During 2020, there were 107 new and expanding announcements in the Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company (KU) (collectively, the Companies) service territories. The investments totaled almost \$893M and resulted in 3,640 jobs. Announced projects included T. Marzetti, 3M, GE Appliances, Clermont Distillery, Summit Biosciences, Danimer Scientific Kentucky, ECKART America Corporation, Enviroflight, Sherwin-Williams, Wastequip, Heaven Hill Distilleries and Bastian Solutions, among others.

In 2020, LG&E and KU continued to promote its business solar and community solar programs to help attract companies with sustainability goals. Construction is underway to address the request of customers as they expressed continued interest and completely subscribed to all available shares in the third and fourth section of the Solar Share facility in Simpsonville. The array at Maker's Mark, Loretto KY, began producing power in early February 2020. 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 met the annual objective of producing 268,000 kilowatt-hours (kWh) of energy.

The LG&E and KU economic development rider (EDR) is designed to promote economic development efforts and encourage brownfield development. In 2020, the EDR assisted six companies with \$3,929,172 in demand reduction credits on their electric utility bill which assisted in a positive location/expansion decision. Companies included Phoenix Paper, Toyota Motor Manufacturing Kentucky, North American Stainless, CTI Foods, Hendrickson and UPS.

LG&E and KU key account managers went through training in 2020 to learn more about economic development partners across Kentucky, incentive programs that exist at the state and local levels which encourage expansion opportunities, and other ways they can leverage great customer service into the creation of new opportunities with customers.

Leadership

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 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. The companies provided key leadership to increase the effectiveness of professional development course offerings at conferences and helped establish a new certification program and transition all to a virtual format due to COVID-19.

To further expand upon our community engagement and leadership responsibilities, 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.; Kentucky Institute for Economic Development; World Trade Center Kentucky; Kentucky Association of Manufacturers; Richmond Industrial Development Corporation; Henderson EDC; Bluegrass Kiwanis; Louisville Certified Commercial and Industrial Managers; Lexington Industrial Authority; Bluegrass Tomorrow; Bluegrass Higher Education Consortium; Business and Education Network; Southeast Kentucky 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 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.

Marketing and Positioning for Success

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. The pandemic severely hampered outreach efforts in 2020, however, the Companies did participate in one virtual consultant event with KentuckyUnited. LG&E and KU also participated in virtual site selector events with the International Economic Development Council and the Southern Economic Development Council.

The Companies hosted 20 top site-selection professionals from the United States and Canada in a virtual event to hear why Louisville is a top location for business growth and expansion. Site selectors provide location strategy to corporations around the world, for every type of industry. Typically, a site selector visits locations in person, meets with local economic developers, tours potential building sites, and takes in the local scene and culture in what are called familiarization tours. Since COVID-19 has put on-site visits on hold, the companies had to come up with a creative alternative to engage these site selectors and familiarize them with Louisville. The event

was a joint effort between LG&E and KU, the Louisville Water Company, Greater Louisville Inc. and Louisville Forward. The presenters from these partners practiced social-distancing protocols and, when not presenting during the program, wore masks. The event was well-received by attendees, who lauded the creativity and content presented. It was also highlighted in articles by the Lane Report and Louisville Business First.

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. Sites and buildings are marketed on our website through a link to the ‘SelectKentucky’ database, which is governed by the Kentucky Cabinet for Economic Development. The database showcases communities, sites, buildings and aerial photography for use by consultants, real estate professionals, and companies reviewing expansion and new location alternatives. In late 2020, the Companies began an exhaustive retooling of its website and marketing strategy, and incorporated a geographic information system (GIS) tool, ZoomProspector, to promote the communities it serves. This tool will empower the LG&E and KU economic development team and LG&E and KU served communities with access to more data and a more user-friendly experience including access to demographic, business and economic data.

LG&E and KU also initiated activities to enhance the marketability of Kentucky and existing sites in the companies’ service territory. Five of the top sites in the service territory, based on Cabinet for Economic Development submissions to new projects evaluating Kentucky, were chosen to receive newly created site renderings and marketing materials. The sites assisted in 2020 were in Anderson, Boyle, Laurel, Scott and Shelby Counties.

Inventory Development

Perhaps the most important initiatives undertaken in 2020 were related to the continued development of quality industrial/commercial sites and buildings in the LG&E and KU service territories. New business growth positively impacts the creation of primary jobs, which in turn strengthen communities and the service industry. Through an annual inventory review process, the ED team has initiated several new strategies that will help prepare our communities for new opportunities.

First, LG&E and KU became a founding investor, along with other major utility providers in Kentucky, in the Kentucky Association for Economic Development’s (KAED) Product Development Initiative (PDI). Through the utilities’ partnership, KAED hired an independent consultant to evaluate community applications for grants needed to improve existing sites and buildings, or to build new ones. The consultant uses a return on investment (ROI) model to score the probability of ROI should a grant be awarded, and then makes recommendation of awards to the Kentucky Cabinet for Economic Development (KCED) for applications that score the highest. To date, KCED has recommended nearly \$3 million in grants for site improvements and is about to make recommendations for a second \$3 million tranch of funding. As part of the PDI process, awarded communities will have to provide matching grants in order to access money from KCED. To help LG&E and KU communities access needed funding, and to help communities proactively

invest in engineering and other studies to determine site viability, the companies established a matching grant fund.

Secondly, the LG&E and KU concluded a Site Identification study in which it hired a third-party consultant, Global Location Strategies (GLS) to survey the service territory for potential new industrial sites. Like PDI, Site ID was born out of the need to combat the shortage of industrial product throughout the territory and state as a whole. GLS is a prominent site-selection consultant that specializes in assisting industrial manufacturers find locations for new facilities. During the year-long study, GLS used their expertise to examine raw, privately-owned properties across the territory and identify the ones that possess attributes attractive to industrial users. After studying more than 90 properties and meeting with 35 individual communities, five top sites were identified to complete the final analysis. Now that the study has concluded, LG&E and KU will continue to work with the top five communities to bring the sites to market in the coming years.

Finally, LG&E and KU continued its long-term commitment to Bracken County through an investment of \$233,910 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 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, 2020 as stipulated in the aforementioned Commission's Order:

	LG&E and KU Energy LLC
Total Assets	33.8%
Operating Revenues	40.8%
Operating and Maintenance Expense	42.9%
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	
	<u>2021</u>	<u>2022</u>	<u>2023</u>	[Increase; (Decrease)]	
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2021</u>	<u>2022</u>
Louisville Gas and Electric Company -					
Generation ¹	\$ 115	\$ 51	\$ 51	\$ 15	\$ (7)
Distribution ²	270	149	144	\$ 16	\$ (17)
Transmission ³	44	11	16	\$ 5	\$ (4)
Environmental ⁴	60	48	47	\$ (30)	\$ 10
Other	51	57	78	\$ 4	\$ 26
Total	<u>\$ 540</u>	<u>\$ 316</u>	<u>\$ 335</u>	<u>\$ 10</u>	<u>\$ 8</u>
Kentucky Utilities Company -					
Generation	\$ 124	\$ 53	68	\$ 2	\$ 5
Distribution	139	127	121	\$ 1	\$ (3)
Transmission	185	105	95	\$ (9)	\$ 0
Environmental	141	106	83	\$ 22	\$ 31
Other	72	63	76	\$ 20	\$ 35
Total	<u>\$ 662</u>	<u>\$ 455</u>	<u>\$ 443</u>	<u>\$ 37</u>	<u>\$ 69</u>

Notes

1. Reduction in 2022 Generation projects driven by Mill Creek outage work reductions.
2. Reduction in 2022 Distribution capital funding for Gas Operations was reduced in part to timing changes and reductions for projects including the Mill Creek Pipeline project, the LaGrange City Gate project, the Steel Customer Service line program and Magnolia Backup Dehy project.
3. Reduction in 2022 Transmisison Control house/Relay Panel projects due to work shifted into 2021.
4. Reduction in 2021 Environmental projects due to timing shift on the Trimble County and Mill Creek Effluent Limitations Guideline projects.