



Mr. Jeff DeRouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602-0615

March 31, 2011

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COMMISSION

**LG&E and KU Energy LLC**  
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**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 Company, and Kentucky  
Utilities Company for Approval of an Acquisition of  
Ownership and Control of Utilities (Case No. 2010-  
00204)**

Dear Mr. DeRouen:

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 Economic Development and Charitable Contributions;
- 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

Mr. Jeff DeRouen  
March 31, 2011

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 black ink, appearing to read "Rick E. Lovekamp". The signature is written in a cursive style with a large initial "R" and a long horizontal stroke at the end.

Rick E. Lovekamp

**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 expenditures for economic development, civic, and charitable activities 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. 14 requires the Companies to file this information annually and to provide a written update report on economic development activities within the Companies' service territories. Please see the attached report and tables.

**LG&E and KU Energy LLC, Louisville Gas and Electric Company, and Kentucky  
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**CASE NO. 2010-00204**

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During 2010, there were 97 new and expanding companies in the LG&E and KU service territories. The investment totaled \$1,067,247,449 resulting in 4,327 jobs. Announcements in the municipalities LG&E and KU serve reflected an additional 15 locations. Some of the projects which representatives were actively involved in include Fauceria Interior Systems, Macro Plastics, Akebono Brake, Bremner Inc., Corning Display Technologies, Dana Corp., Ford Motor Company, Hitachi Automotive, INFAC North America, Galmont Consulting, JIF Plant, Metalsa Structural Products, Pioneer VOC and SKRI, Inc.

LG&E and KU maintained a strong leadership position in preparing communities for economic opportunities in 2010. The companies worked in tandem with local, regional and statewide officials to ensure adequate electric and natural gas facilities were available to support new developments. In addition, the companies continued to provide leadership to the Kentucky Association for Economic Development (KAED). KAED is the chief vehicle through which economic development professional development, advocacy and marketing activities occur. The economic development team played an integral role in the development of training programs and provided ideas for an enhanced public policy program to increase support for economic development. A KAED study, funded by LG&E and KU, revealed Kentucky had not proactively marketed itself to site selection consultants. In 2010, the team again invested in and assisted the development of KentuckyUnited. The KentuckyUnited team promotes Kentucky as a business destination. The economic development team members served on the board and in key committee assignments to support Kentucky's growth in the 21<sup>st</sup> century.

The Companies' "Get Connected-Kentucky Regions and Beyond" theme brought together Kentucky's finest communities and premier industrial and commercial real estate professionals to make business connections. The importance of unique relationships with brokers, developers, engineers, consultants, architects and contractors (service providers) is invaluable. The economic development team hosted site selectors in Atlanta, Georgia. Our service territory communities showcased their areas to these service providers.

**LG&E and KU Energy LLC, Louisville Gas and Electric Company, and Kentucky  
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**CASE NO. 2010-00204**

**Response to Appendix C, Commitment No. 1**

Company representatives closely monitored key economic data and trends during 2010 and continued integration of social networking tools, such as LinkedIn to network with site selection consultants. The team continued active participation in the Industrial Asset Management Council (IAMC) Forum. IAMC is a membership organization of 300 real estate executives and their suppliers. These missions are designed 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.

As the economy remains challenging, many communities are searching for new strategies to achieve economic prosperity. The team facilitated strategic action plans for Boyle and Hart Counties. The team met with numerous mayors, county judges and other officials to listen to economic development issues and share best practices during the year. Team members once again coordinated and taught sessions at the Kentucky Institute for Economic Development.

Although the economic recession has officially ended, none of the communities where the Companies have provided zero interest loans to support the development of land were able to sell land in 2010. However, one community was able to pay off their remaining loan balance. A total of \$383,140 has been invested through the program as we continue to partner with communities as they seek new economic opportunity in the shifting economy.

The LG&E and KU site selection web site is continuously updated and displays new facts as a marketing tool for consultants to use. Sites, buildings and regional parks are updated on the website periodically. The team met with the Cabinet for Economic Development to coordinate the upgrade to the existing GIS platform. Foreign Investments, Questline Newsletter, Ask the Expert and press releases are available to keep our service territory professionals current. Our team maintains a board position with the Utility Economic Development Association. This organization assists utility professionals in understanding the ever changing U.S. electric and gas business. Our web site is modified, as the utility industry changes and develops.

Our economic development representatives are active in the KY Institute for Economic Development, KY World Trade Center, Entrepreneurial Leadership Institute, Bluegrass Workforce Investment Board, Northwest KY Forward, Bluegrass Kiwanis, Louisville Airport Improvement Project, KY Higher Education Assistance Authority, KY Council of Economic Education, International Economic Development Council, KY Chamber of Commerce, Southeast KY Economic Development Corporation, KY Workforce

**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**

Investment Board, Commerce Lexington, Greater Louisville Inc, Lexington-Fayette County Revenue Bond Review Committee, Lexmark Teacher Academy and many of the local industrial foundations, chambers and authorities. Additionally, they also hold various leadership positions in many areas across the state.

**Louisville Gas and Electric Company**  
**Kentucky Utilities Company**  
**Schedule of Economic Development Expenditures <sup>1</sup>**  
**December 31, 2010**  
**(\$ 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 <sup>2</sup>	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

- 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.

**Louisville Gas and Electric Company**  
**Kentucky Utilities Company**  
**LG&E and KU Foundation Inc.**  
**Schedule of Charitable Contributions**  
**December 31, 2010**  
**(\$ 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	1,261
1999	102	107	2,312
2000	146	52	2,275
2001	160	48	2,207
2002	64	144	2,794
2003	178	95	1,185
2004	184	157	2,158
2005	641	259	1,268
2006	1,551	605	923
2007	1,148	478	1,029
2008	1,010	428	873
2009	867	532	768
2010	1,640	716	666



**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, 2010 as stipulated in the aforementioned Commission's Order:

	<b>LG&amp;E and KU Energy LLC</b>
Total Assets	31.4%
Operating Revenues	5.8%
Operating and Maintenance Expense	7.9%
Number of Employees	22.6%

**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**

The Companies fulfill the periodic reporting filing of various reliability and service quality measurements through the filing of the Annual Reliability Reports associated with 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. This Administrative Case requires Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company ("KU") (collectively the "Companies") to file similar reports as stipulated in the Commission's Order in Case No. 2010-00204, Commitment No. 29. Therefore, the Companies will file this information annually on or before April 1.

**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.

*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**

	<b>Three-Year Capital Budgets</b>			<b>Change from Prior Report</b>	
	[ \$ 000,000's ]			[ Increase; (Decrease) ]	
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2011</u>	<u>2012</u>
<b>Louisville Gas and Electric Company -</b>					
Generation	\$ 175.0	\$ 340.5	\$ 581.2	\$ 23.2	\$ 210.3
Transmission	9.7	16.2	14.4	2.6	7.5
Distribution	116.6	128.1	134.9	4.2	(5.1)
Cust Svc, Sales & Mkting (incl Metering)	5.6	9.9	8.3	(0.3)	0.9
Information Technology	10.9	12.5	17.4	1.1	(1.9) <sup>1</sup>
Other	1.9	6.7	3.2	0.9	2.4
<b>Total</b>	<b><u>\$ 319.8</u></b>	<b><u>\$ 513.8</u></b>	<b><u>\$ 759.3</u></b>	<b><u>\$ 31.7</u></b>	<b><u>\$ 214.0</u></b>
<b>Kentucky Utilities Company -</b>					
Generation	\$ 314.4	\$ 469.2	\$ 466.6	\$ 65.9	\$ 223.3
Transmission	40.7	35.1	53.4	11.7	11.6
Distribution	78.6	82.3	94.5	(4.4)	1.8
Cust Svc, Sales & Mkting (incl Metering)	4.1	8.6	6.2	(1.8) <sup>2</sup>	(0.5)
Information Technology	10.6	13.0	15.6	0.9	1.5
Other	3.0	5.8	2.5	2.0	1.5
<b>Total</b>	<b><u>\$ 451.6</u></b>	<b><u>\$ 614.0</u></b>	<b><u>\$ 638.9</u></b>	<b><u>\$ 74.2</u></b>	<b><u>\$ 239.2</u></b>

**Notes**

1. Shifted spending to 2010 and 2011
2. Smart Meter Project moved to future years