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PUBLIC SERVICE
COMMISSION



PPL companies

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

March 31, 2016

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 Executive Director:

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

LG&E and KU Energy LLC
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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 initial "R" and a long, sweeping underline.

Rick E. Lovekamp

Louisville Gas and Electric Company
Kentucky Utilities Company
LG&E and KU Foundation Inc.
Schedule of Charitable Contributions
December 31, 2015
(\$ 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

Louisville Gas & Electric Company
Kentucky Utilities Company
Schedule of Economic Development Expenditures ¹
December 31, 2015
(\$ 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

- 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 2015, there were 162 new and expanding companies in the LG&E and KU service territories. The investment totaled \$2,693,000 resulting in 9,416 jobs. Announcements in the municipalities LG&E and KU serve reflected an additional 18 locations. Some of the projects which representatives were actively involved included: AHK, Senture, Dr. Schneider Automotive, INFAC North America, Atlas Development Group, EOS, Safai Enterprises, Alumisource, and Itsuwa.

LG&E and KU provide marketing for properties in all communities within its service territory through the Location One Information System (LOIS). LOIS is a web-based interface with the latest dynamic reports including Google mapping technologies, 19 thematic maps, business information, local GIS custom layers and reports from 12 Economic and Social Research Institutes. This tool allows for project customization including employers, commute times, population within radius and residents' incomes. It is the only nationwide mobile smartphone application for site selectors.

The LG&E and KU web site is continuously updated and displays new facts for consultants to review. Sites, buildings, economic development incentives, tariffs, regional parks, announcements, expansions and more are posted on the website as news develops. Foreign Direct Investments, Questline, Ask the Expert and press releases are available to keep our service territory professionals and site consultants current. Our web site is modified as the utility industry transforms.

LG&E and KU professionals continued to serve in strategic leadership positions to implement cutting edge programs and strategies. A critical factor in Kentucky's economic development success is in talent development. This included effective participation in the Kentucky Workforce Investment Board and several local and regional workforce forums throughout Kentucky. Efforts were designed to educate mayors, county judges and other officials in 21st century economic development best practices. The teams' endeavor was aided by strong partnerships forged with groups such as, the National Association of Workforce Boards, Southeastern Employment and Training Association, International Economic Development Council, Southern Economic Development Council and other groups that provide reporting of rich data at annual conferences, as well as networking and training sessions.

LG&E and KU maintain a strong leadership position in preparing communities for economic opportunities. The company worked in tandem with local, regional and statewide officials to ensure adequate electric and natural gas facilities were available to support new developments. The economic development team continues to provide leadership to the Kentucky Association for Economic Development (KAED). KAED is the chief vehicle through which economic development professionals build skills, advocate issues and share expertise. 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 the commonwealth. The team presented at the Best Practices event in Bowling Green, KY. The economic development team

members serve on the board, the foundation and in key committee positions to support Kentucky's growth.

KAED's KentuckyUnited promotes Kentucky as a business destination. LG&E and KU partner 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 provides leadership on the steering committee. In this effort, the company participated in missions to Atlanta, Georgia; Chicago, Illinois; Dallas, Texas; Detroit, Michigan; Cincinnati, OH; New York, New York; and in-state consultant events in Richmond and Hopkinsville, KY.

LG&E and KU's economic development team marketed Kentucky's amenities nationwide by hosting a booth at the Medical Design Manufacturers trade show in Anaheim, CA. The team also participated in the Commerce Lexington Atlanta consultant event and in the D.C. Fly-in sponsored by KAED.

LG&E and KU's long term commitment to its communities has resulted in an investment of \$378,140 in zero interest loans to assist two communities in our service territory to develop industrial land. In 2015 one community completed its first land sale in 20 years and credited the company for its commitment to economic development.

Company representatives closely monitored key economic data and trends during 2015. LG&E and KU 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. 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.

Our economic development representatives are also active in the KY Institute for Economic Development, World Trade Center KY, Bluegrass Workforce Investment Board, KYNDLE, Bluegrass Kiwanis, Louisville Airport Improvement Project, KY Higher Education Assistance Authority/Student Loan Corp., Lexington Housing Authority, Madison County Strategic Plan Leadership Team, 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 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, 2015 as stipulated in the aforementioned Commission's Order:

	LG&E and KU Energy LLC
Total Assets	35.9%
Operating Revenues	40.6%
Operating and Maintenance Expense	43.2%
Number of Employees	19.1%

**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. 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>2016</u>	<u>2017</u>	<u>2018</u>	Change from Prior Report [Increase; (Decrease)]	
				<u>2016</u>	<u>2017</u>
Louisville Gas and Electric Company -					
Generation	\$ 73	\$ 72	\$ 46	\$ (12) ¹	\$ 3
Distribution	162	156	148	\$ 0	\$ 2
Transmission	22	28	29	\$ 10	\$ 3
Environmental	229	139	181	\$ 30	\$ (38) ²
Other	39	28	22	\$ 5	\$ 0
Total	\$ 525	\$ 423	\$ 426	\$ 33	\$ (29)
Kentucky Utilities Company -					
Generation	\$ 53	\$ 71	\$ 85	\$ (18) ¹	\$ (11) ³
Distribution	93	109	103	\$ 3	\$ 15
Transmission	68	79	82	\$ 27	\$ 20
Environmental	175	210	261	\$ (12)	\$ 23
Other	39	40	33	\$ 1	\$ 6
Total	\$ 428	\$ 509	\$ 564	\$ 1	\$ 54

Notes

1. A large portion of the Brown Solar project was moved to 2015 and multiple project estimates were reduced, plan over plan.
2. Variance primarily attributed to the Effluent Water capital being pushed out in the 2016 Business Plan.
3. Combination of reductions in multiple projects.