



a PPL company

Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

RECEIVED

MAY 25 2012

PUBLIC SERVICE
COMMISSION

Louisville Gas and
Electric Company
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.lge-ku.com

May 25, 2012

Robert M. Conroy
Director - Rates
T 502-627-3324
F 502-627-3213
robert.conroy@lge-ku.com

**RE: APPLICATION OF LOUISVILLE GAS AND ELECTRIC
COMPANY FOR AN ORDER APPROVING ITS CALCULATION
OF THE ACQUISITION SAVINGS DEFERRAL
METHODOLOGY FOR 2011
CASE NO. 2012-00126**

Dear Mr. DeRouen:

Please find enclosed and accept for filing the original and ten (10) copies of the Response of Louisville Gas and Electric Company to the Second Request for Information in the Commission's Order dated May 17, 2012, in the above-referenced matter.

As discovery is now complete and no hearing has been requested, Louisville Gas and Electric Company hereby requests the Commission take Case No. 2012-00126 under submission for decision and issue an order by June 30, 2012.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Sincerely,

Robert M. Conroy

Enclosures

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MAY 25 2012

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND)	
ELECTRIC COMPANY FOR AN ORDER APPROVING)	CASE NO.
ITS CALCULATION OF THE ACQUISITION)	2012-00126
SAVINGS DEFERRAL METHODOLOGY FOR 2011)	

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

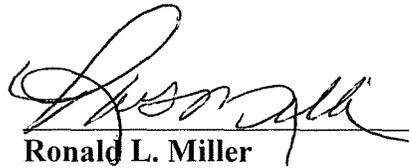
DATED MAY 17, 2012

FILED: May 25, 2012

VERIFICATION

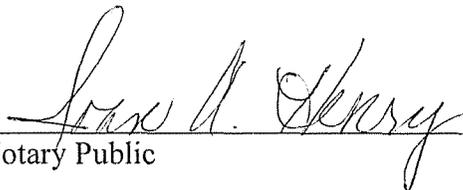
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Ronald L. Miller**, being duly sworn, deposes and says that he is Director – Corporate Tax for LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.



Ronald L. Miller

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 24th day of May 2012.

 (SEAL)

Notary Public

My Commission Expires:

July 21, 2015

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to Commission Staff's
Second Request for Information Dated May 17, 2012**

Case No. 2012-00126

Question No. 1

Witness: Ronald L. Miller

- Q-1. Refer to the Application, Exhibit 1, page 2 of 2, Line 24, and Application, Exhibit 1, Reference Schedule 1.20.
- a. Explain the basis for the Adjustment for Prior Period Income Tax True-Ups and Adjustments for the electric and gas utilities for the twelve months ended December 31, 2011.
 - b. Has there been any change in the allocation of expenses between the electric and gas utilities since the Final Order in Case No. 2009-00549?¹ If so, explain the changes.
 - c. Has there been any change in the allocation of expenses between the electric and gas utilities since the Final Order in Case No. 2010-00204?² If so, explain the changes.
- A-1. a. The prior period income tax true-ups and adjustments primarily relate to a deferred income tax reclassification between electric and gas utilities. Included in Reference Schedule 1.20 Line 2 was an approximate \$8.3 million federal reclassification and included in Line 3 was an approximate \$1.6 million state reclassification. LG&E adjusted its electric and gas cumulative depreciation related temporary differences in Account 282, Accumulated Deferred Income Taxes-Other Property, for temporary differences that had inadvertently been misclassified. Also, in 2011, LG&E recorded a prior year provision to return tax expense related to electric federal and state Section 199 deduction of \$918,197 and \$124,209, respectively. These tax true-ups and adjustments are being removed as part of the Reference Schedule 1.20 adjustment.

¹ Case No. 2009-00549, Application of Louisville Gas and Electric for an Adjustment of Electric and Gas Base Rates (Ky. PSC, July 30, 2010).

² Case No. 2010-00204, Joint Application of PPL Corporation, E.ON AG, E.ON 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 (Ky. PSC, Sep 30, 2010).

- b. There has been no change in the allocation of expenses between electric and gas utilities since the Final Order in Case No. 2009-00549.
- c. There has been no change in the allocation of expenses between electric and gas utilities since the Final Order in Case No. 2010-00204.