Attachment to Response to KU AG-1 Question No. 201 Page 1 of 1022 Charnas

Crescente, Angela

Simpson, Sheri

Sent:

Wednesday, January 18, 2012 6:07 PM

To:

Crescente, Angela

Subject:

RE: Critical Accounting Policies - Asset Retirement Obligation

Thanks Angela.

Kind Regards, **Sheri Simpson** 502-627-3606

From: Crescente, Angela

Sent: Wednesday, January 18, 2012 6:04 PM

To: Simpson, Sheri Cc: Wiseman, Sara

Subject: FW: Critical Accounting Policies - Asset Retirement Obligation

Sheri,

I made some additional wording changes in order to make it more consistent with how it looked last year. Please note, I also changed dollars and percentages on KU and LKE by just a little bit.

<< File: Asset Retirement Obligation.docx >>

Thanks, Angela

From: Simpson, Sheri

Sent: Monday, January 16, 2012 10:37 AM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: FW: Critical Accounting Policies - Asset Retirement Obligation

Hi Angela,

I wanted to send a reminder that financial and non-financial updates to the Critical Accounting Policies – Asset Retirement Obligations are due to Financial Reporting on this Wednesday, January 18, 2012 by noon. Please let me know if you believe there will be an issue with meeting this suspense date. Additionally, if you have any questions, please feel free to let me know. Thanks so much for your help.

Kind Regards, **Sheri Simpson** 502-627-3606

From: Simpson, Sheri

Attachment to Response to KU AG-1 Question No. 201 Page 2 of 1022 Charnas

Sent: Tuesday, January 03, 2012 5:04 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: Critical Accounting Policies - Asset Retirement Obligation

Hello Angela,

I am responsible for the Critical Accounting Policies (CrAP) section of the 10-K and on the Responsibilities Matrix, your name is assigned to the Asset Retirement Obligation accounting policy. I have attached the language from the most recent version (preliminary draft) of the 10-k for each company. You should find that the required information is similar to what was included in our S-4 (Registration Statement), however the format may have been changed to be consistent with PPL's formatting.

Please review the disclosure and let me know if any of the information (both financial and non-financial) needs to be updated/changed.

If you have any questions, comments, or concerns, feel free to let me know. Please note, I will need this information no later than noon on Wednesday, January 18, 2012. If you believe this date is not conducive for your schedule, please bring it to my attention as soon as possible. I thank you in advance for your help.

<< File: Asset Retirement Obligation.docx >>

Sheri N. Simpson

Accounting Analyst III Financial Reporting LG&E and KU Energy, LLC 220 W. Main Street, 9th Floor Louisville, KY 40202 P: (502) 627-3606 Attachment to Response to KU AG-1 Question No. 201 Page 3 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Wednesday, January 18, 2012 6:04 PM

To: Cc: Simpson, Sheri Wiseman, Sara

Subject:

FW: Critical Accounting Policies - Asset Retirement Obligation

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Asset Retirement Obligation.do...

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Sent: Monday, January 16, 2012 10:37 AM

To: Crescente, Angela Cc: Wiseman, Sara

Subject: FW: Critical Accounting Policies - Asset Retirement Obligation

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Kind Regards, **Sheri Simpson** 502-627-3606

From: Simpson, Sheri

Sent: Tuesday, January 03, 2012 5:04 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: Critical Accounting Policies - Asset Retirement Obligation

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Attachment to Response to KU AG-1 Question No. 201 Page 4 of 1022

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Asset Retirement Obligation.do...

Sheri N. Simpson

Accounting Analyst III
Financial Reporting
LG&E and KU Energy, LLC
220 W. Main Street, 9th Floor
Louisville, KY 40202
P: (502) 627-3606

LKE

5) Asset Retirement Obligations

LKE is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. A conditional ARO must be recognized when incurred if the fair-value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. LKE's estimated costs of removal for all assets are recovered in rates as a component of depreciation. Since the costs of removal are collected in rates-prior to payment of such costs, the accrual for these costs of removal is classified as a regulatory liability. The regulatory liability is relieved as costs are incurred. The depreciation and accretion expense related to an ARO is recorded as a regulatory asset An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact. The regulatory asset is relieved when the ARO has been settled. An ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. See Note 21, Asset Retirement Obligations, for further information on AROs, to the Financial Statements for ARO disclosures:

In determining AROs, management must make significant judgments and estimates to calculate fair value. Fair value is developed using an expected present value technique based on assumptions of market participants that considers estimated retirement costs in current period dollars that are inflated to the anticipated retirement date and then discounted back to the date the ARO was incurred. Changes in assumptions and estimates included within the calculations of the fair value of AROs could result in significantly different results than those identified and recorded in the financial statements. Estimated ARO costs and settlement dates, which affect the carrying value of various AROs and the related assets, are reviewed periodically to ensure that any material changes are incorporated into the estimate of the obligations. Any change to the capitalized asset is amortized over the remaining life of the associated long-lived asset.

At December 31, 2011, LKE had AROs totaling \$7,777118 million recorded on the Balance Sheet. Of the total amount, \$7,77774 million, or 777763%, relates to LKE's ash ponds, and landfills and natural gas mains. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates could have a significant impact on the ARO liabilities.

The following chart reflects the sensitivities related to LKE's ARO liabilities for ash ponds-and, landfills and natural gas mains as of December 31, 2011:

	Change in Assumption	Impact on ARO Liability
Retirement Cost	10% (10%)7777%	<u>\$7/\$(7).</u> 7 ,777
Discount Rate	0.25% (0.25%)7777%	<u>\$(4)/\$1.7,777</u>
Inflation Rate	0.25% (0.25%)7777%	<u>\$4/\$(4)</u> 7,777

LG&E

5) Asset Retirement Obligations

LG&E is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. LG&E2s estimated costs of removal for all assets are recovered in rates as a component of depreciation. Since the costs of removal are collected in rates prior to payment of such costs, the accrual for these costs of removal is classified as a regulatory liability. The regulatory liability is relieved as costs are incurred. The depreciation and accretion expense related to an ARO is recorded as a regulatory asset.



See Note 21 to the Financial Statements for ARO disclosures. An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact. The regulatory asset is relieved when the ARO has been settled. An ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. See Note 21, Asset Retirement Obligations, for further information on AROs.

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At December 31, 2011, LG&E had AROs totaling \$7,77757 million recorded on the Balance Sheet. Of the total amount, \$7,77734 million, or 777752%, relates to LG&E's ash ponds-and, landfills and natural gas mains. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

The following chart reflects the sensitivities related to LG&E's ARO liabilities for ash ponds-and, landfills and natural gas mains as of December 31, 2011:

Retirement Cost Discount Rate Inflation Rate Change in Assumption 777710% (10%) 77770.25% (0.25%) 0.25% (0.25%)7777% Impact on ARO Liability
-7,777<u>\$3/\$(3)</u>
\$(2)\frac{52}{52}-7,777
\$2/\$(2)\frac{7,777}{7,777}

Formatted Table

KU

5) Asset Retirement Obligations

KU is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. KU's estimated costs of removal for all assets are recovered in rates as a component of depreciation. Since the costs of removal are collected in rates prior to payment of such costs, the accrual for these costs of removal is classified as a regulatory liability. The regulatory liability is relieved as costs are incurred. The depreciation and accretion expense related to an ARO is recorded as a regulatory asset. See Note 21 to the Financial Statements for ARO disclosures.—An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact. The regulatory asset is relieved when the ARO has been settled. An ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. See Note 21, Asset Retirement Obligations, for further information on AROs.

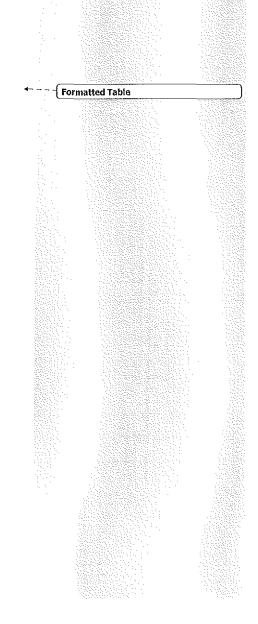
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At December 31, 2011, KU had AROs totaling \$7,77761 million recorded on the Balance Sheet. Of the total amount, \$7,77740 million, or 777766%, relates to KU's ash ponds and landfills. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates could have a significant impact on the ARO liabilities.

The following chart reflects the sensitivities related to KU's ARO liabilities for ash ponds and landfills as of December 31, 2011:

	Change in Assumption	Impact on ARO Liability
Retirement Cost	10%/(10%) 7777%	\$4/\$(4) - 7,777
Discount Rate	0.25%/(0.25%)7777%	<u>\$(2)/\$2_7,777</u>
Inflation Rate	0.25%40.25%)7777%	<u>\$2\\$(2)_7,777</u>



Attachment to Response to KU AG-1 Question No. 201 Page 8 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Wednesday, January 18, 2012 2:20 PM

To:

Simpson, Sheri Wiseman, Sara

Cc: Subject:

FW: Critical Accounting Policies - Asset Retirement Obligation

Sheri,

Please see the attached:



Asset Retirement Obligation.do...

Thanks, Angela

From: Simpson, Sheri

Sent: Monday, January 16, 2012 10:37 AM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: FW: Critical Accounting Policies - Asset Retirement Obligation

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Kind Regards, **Sheri Simpson** 502-627-3606

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Sent: Tuesday, January 03, 2012 5:04 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

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Attachment to Response to KU AG-1 Question No. 201 Page 9 of 1022

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Asset Retirement Obligation.do...

Sheri N. Simpson

Accounting Analyst III
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220 W. Main Street, 9th Floor
Louisville, KY 40202
P: (502) 627-3606

LKE

5) Asset Retirement Obligations

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	Change in Assumption	Impact on ARO Liability
Retirement Cost	7777 10%/(10%)	-7,777 §3 <u>/</u> \$(3)
Discount Rate	7777 0.25%/(0.25%)	<u>\$(2)/\$2_7,777</u>
Inflation Rate	0.25%(0.25%) 7777%	\$2/\$(2) 7 777

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KU

5) Asset Retirement Obligations

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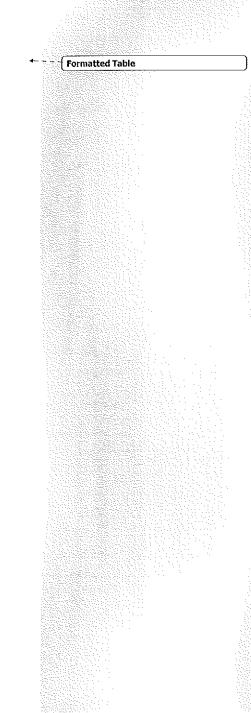
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Attachment to Response to KU AG-1 Question No. 201 Page 12 of 1022 Charnas

The following chart reflects the sensitivities related to KU's ARO liabilities for ash ponds and landfills as of December 31, 2011:

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Discount Rate	0.25% (0.25%) 7777%	<u>S(2)/S2</u> - 7,777
Inflation Rate	0.25% (0.25%)7777%	<u>\$2/\$(2)_7,777</u>



Attachment to Response to KU AG-1 Question No. 201 Page 13 of 1022 Charnas

Crescente, Angela

From:

Erskine, Greg

Sent:

Wednesday, January 18, 2012 11:21 AM

To: Cc: 'Sechler, Joel R' Crescente, Angela

Subject:

FW: ARO Footnote - 2011 10-K

Joel:

Angela had a few small changes to her ARO rollforwards (see below). I put her changes into Clarity a few minutes ago.

Greg

From: Crescente, Angela

Sent: Wednesday, January 18, 2012 10:31 AM

To: Erskine, Greg Cc: Wiseman, Sara

Subject: RE: ARO Footnote - 2011 10-K

Greg,

Please use this one instead. I accidentally had one of my signs flipped. Please update Clarity with this new information and let Joel know when it is completed.



ARO Footnote 4th Quarter.xlsx

Thanks, Angela

From: Erskine, Greg

Sent: Wednesday, January 18, 2012 9:52 AM **To:** Wiseman, Sara; Crescente, Angela **Subject:** ARO Footnote - 2011 10-K

Angela and Sara:

I've attached a copy of the current version of the ARO footnote from the 10-K. Can one of you take a look at it and e-mail me back and let me know if all the information for LKE, LG&E and KU looks OK, please?

Thanks,

Greg

Attachment to Response to KU AG-1 Question No. 201 Page 14 of 1022 Charnas

LKE CONSOLIDATED
Asset Retirement Obligations
12ME 12/31/11
12/31/11 Reporting

08/02/12 4:04 PM

	LKE	LG&E	KU
12/31/10 balance	103	49	54
Accretion expense Obligations assumed in acquisition of LKE Obligations assumed in acquisition of CN ARO derecognized New obligations incurred Changes in estimated cash flow or settlement date	6 7?? ??? ??? 3 7	3 ??? ??? ??? 2 4	3 ??? ??? ??? 1 3
Effect of foreign currency exchange rates Obligations settled	??? (1)	??? (<u>1)</u>	??? ???
12/31/11 balance	118	57	<u>61</u>
Balance-sheet classification at 12/31/11: Current Noncurrent	2 116	2 55	? ? ? 61
Totals	118	57	61
Balance-sheet classification at 12/31/10: Current Noncurrent	103	49	54_
Totals	103	49	54

Attachment to Response to KU AG-1 Question No. 201 Page 15 of 1022 Charnas

Crescente, Angela

From:

Leenerts, Patricia

Sent:

Friday, June 29, 2012 9:44 AM

To:

Crescente, Angela

Subject:

Backup for ARO JE LSMR-PMR



Book3.xls

Attachment to Response to KU AG-1 Question No. 201 Page 16 of 1022 Charnas

fund_proj_num	ber analy:	mo to be st_worked?		job_task_id	add	retire		last chg date	gl_account	fund_proj_description	func_class	work_order_type	work_order _status	amount
						G378- FOURTH &MAIN-	charges 2011 -							
LSMR414	PL	APRIL	LSMR414-X4THMAIN	X4THMAIN XARGYLE-G-		164'-2" PL=1166	move to CP ARO 2011 charges 2011 -	201106 106	S - CCNC - PowerPlant	Large Scale Main Replacements	Gas Distribution	Gas Dist Blanket NonInv Issue	open	\$ 758.84
LSMR414	PL	APRIL	LSMR414-XARGYLE	250 Hend & Arg			move to CP	201106 106	3 - CCNC - PowerPlant	Large Scale Main Replacements	Gas Distribution	Gas Dist Blanket NonInv Issue	open	\$3,187.35
PMR414	₽L	APRIL	PMR414-JEFFCTRET	JEFFCTRET			move to ARO	201104 106	6 - CCNC - PowerPlant	Priority Main Replacement	Gas Distribution	Gas Dist Blanket NonInv Issue	open	\$ 615,76

Attachment to Response to KU AG-1 Question No. 201 Page 17 of 1022 Charnas

Crescente, Angela

From:

Leenerts, Patricia

Sent:

Friday, June 29, 2012 8:58 AM

To:

Crescente, Angela

Subject:

RE: Thanks...please move to CP ARO 2011...Thanks--let me know when posted/charges hit the CP ARO tasks.

Follow Up Flag:

Follow up

Flag Status:

Completed

Yes on the support, except it really will be what I've pasted as that is the export from PP, with columns for my notes. I'll add the column headers back on them for the support. Here's the only other one I see.

PMR414-		106 - CCNC -		Gas		
JEFFCTRET	201104	PowerPlant	Priority Main Replacement	Distribution	Gas Dist Blanket NonInv Issue	\$ 615.76

Thanks,

Pat

502-627-3811

From: Crescente, Angela

Sent: Friday, June 29, 2012 8:40 AM

To: Leenerts, Patricia

Subject: RE: Thanks...please move to CP ARO 2011...Thanks--let me know when posted/charges hit the CP ARO tasks.

Will you be able to supply support?

From: Leenerts, Patricia

Sent: Friday, June 29, 2012 8:38 AM

To: Crescente, Angela

Subject: Thanks...please move to CP ARO 2011...Thanks--let me know when posted/charges hit the CP ARO tasks.

Attachment to Response to KU AG-1 Question No. 201 Page 18 of 1022

LSMR414- X4THMAIN	X4THMAIN	G378- FOURTH&MAIN- 164'-2" PL=1166	Charnas charges 2011 - move to CP ARO 2011	201106	106 - CCNC - PowerPlant	\$ 758.84
LSMR414- XARGYLE	XARGYLE-G-250 Hend & Arg		charges 2011 - move to CP ARO 2011	201106	106 - CCNC - PowerPlant	\$ 3,187.35

Thanks,

Pat 502-627**-3811**

Attachment to Response to KU AG-1 Question No. 201 Page 19 of 1022 Charnas

Crescente, Angela

From:

Leenerts, Patricia

Sent:

Friday, June 29, 2012 8:38 AM

To: Subject: Crescente, Angela
Thanks...please move to CP ARO 2011...Thanks--let me know when posted/charges hit the CP ARO tasks.

Follow Up Flag: Flag Status: Follow up Completed

LSMR414- X4THMAIN	X4THMAIN	G378- FOURTH&MAIN- 164'-2" PL=1166	charges 2011 - move to CP ARO 2011	201106	106 - CCNC - PowerPlant	\$ 758.84
LSMR414- XARGYLE	XARGYLE-G-250 Hend & Arg		charges 2011 - move to CP ARO 2011	201106	106 - CCNC - PowerPlant	\$ 3,187.35

Thanks,

Pat

502-627**-3811**

Attachment to Response to KU AG-1 Question No. 201 Page 20 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Wednesday, June 06, 2012 10:03 AM

To:

Amlung, Kim; Daly, Karen

Subject:

RE: 108799 for May 2012

There was no 108799 settlement activity for May 2012.

From: Crescente, Angela

Sent: Wednesday, June 06, 2012 10:02 AM

To: Amlung, Kim; Clark, Lynda; Daly, Karen; Leenerts, Patricia; Riggs, Eric; Smith, Richard; Wacker, Diana

Subject: 108799 for May 2012

All:

The activity for 108799 for May 2012 is as follows:

LGE - Generation Steam - \$4,377.67

LGE - Generation Hydro - \$373.56

LGE - Gas Transmission - \$38,220.82

LGE - Gas Distribution - \$496,414.11

LGE - Gas Underground Storage - \$7,825.58

Thanks,

Angela

Attachment to Response to KU AG-1 Question No. 201 Page 21 of 1022 Charnas

Crescente, Angela

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Sent: Wednesday, June 06, 2012 10:02 AM

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Wacker, Diana

Subject: 108799 for May 2012

All:

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LGE - Gas Transmission - \$38,220.82

LGE - Gas Distribution - \$496,414.11

LGE - Gas Underground Storage - \$7,825.58

Thanks,

Angela

Crescente, Angela

From:

Daly, Karen

Sent:

Monday, June 04, 2012 2:59 PM

To:

Becker, Kurtis [PPL]

Cc:

Wiseman, Sara

Subject:

RE: Rollforward of PPE

Hi Kurtis,

AROs increased in 2011 primarily due to the revaluation of the Cane Run and Mill Creek landfills, the addition of gas transmission mains, generation wells and other more minor changes.

If you have any other questions, please let us know.

Karen

From: Wiseman, Sara

Sent: Friday, June 01, 2012 2:25 PM **To:** Daly, Karen; Amlung, Kim **Subject:** FW: Rollforward of PPE

From: Becker, Kurtis [PPL]

Sent: Friday, June 01, 2012 1:57 PM

To: Wiseman, Sara

Subject: RE: Rollforward of PPE

Hi Sara,

Would you be able to provide an explanation on a \$10.6 million variance attached? We're just taking 2011 Beginning PPE balance and adding additions (provided by Walt Dietrich) and backing out the retirements to get to our ending 2011 PPE balance.

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]

Sent: Tuesday, May 15, 2012 1:52 PM

To: Becker, Kurtis

Subject: RE: Rollforward of PPE

Thanks, that is helpful. I'll have my numbers later today or tomorrow morning.

From: Becker, Kurtis [PPL]

Sent: Tuesday, May 15, 2012 12:58 PM

To: Wiseman, Sara

Subject: RE: Rollforward of PPE

Here is what John provided to me earlier today.

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]

Sent: Tuesday, May 15, 2012 12:54 PM

Attachment to Response to KU AG-1 Question No. 201 Page 23 of 1022 Charnas

To: Becker, Kurtis

Subject: RE: Rollforward of PPE

We used only 101. But I got to thinking about it this year and thought maybe we should have included more to be consistent with PPL's numbers. I can stick to being consistent with last year or I can ask John Nitsche about his numbers-that is, if you got PPL's from him.

From: Becker, Kurtis [PPL]

Sent: Tuesday, May 15, 2012 12:50 PM

To: Wiseman, Sara

Subject: RE: Rollforward of PPE

Hi Sara,

Do you remember which accounts you used last year? I think to be consistent with last year's methodology, can we just use those same accounts. The Financial Reporting department is not familiar with what goes into each of the accounts metioned below.

Thank You

From: Wiseman, Sara [mailto:Sara, Wiseman@lge-ku.com]

Sent: Tuesday, May 15, 2012 12:40 PM

To: Becker, Kurtis

Subject: FW: Rollforward of PPE

Hi Kurtis,

Which accounts do you think should be included for this? I'm guessing account 101-Plant in service at a minimum. Should account 106-Completed Construction not Classified be included? Also, what about account 107-CWIP?

I should be able to turn your request around quickly after I receive a response.

Thanks,

Sara

From: Becker, Kurtis [PPL]

Sent: Tuesday, May 15, 2012 8:26 AM

To: Wiseman, Sara

Subject: Rollforward of PPE

Hi Sara,

I am in the process of completing a Capital Expenditures Survey. Could you please provide me the total additions and retirements for 2011? Attached is what you provided last year.

Thank You

Kurtis Becker
PPL Corporation
Financial Reporting, GENTW10
kbecker@pplweb.com

610-774-5324

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Crescente, Angela

From:

Wiseman, Sara

Sent:

Monday, June 04, 2012 2:23 PM

To:

Crescente, Angela

Cc:

Amlung, Kim; Daly, Karen

Subject:

RE: Rollforward of PPE

Here is my proposal, what do you think?

AROs increased in 2011 primarily due to the revaluation of the Cane Run and Mill Creek landfills, the addition of gas transmission mains, generation wells and other more minor changes.

From: Crescente, Angela

Sent: Monday, June 04, 2012 2:04 PM

To: Wiseman, Sara

Cc: Amlung, Kim; Daly, Karen Subject: FW: Rollforward of PPE

Sara:

Please review my response to see if it sounds OK.

In September 2011, a few of the ARO assets related to TC2 were settled since they were only listed under LGE. I then set them back up with a split between LGE and KU. Due to the present value technique used to record the assets and liabilities, there were differences between the original assets under LGE and the split assets under LGE and KU. Also, the Cane Run and Mill Creek landfills were revalued in September and Gas Transmission Mains were set up.

In December 2011, Canal and Paddy's Run AROs were revalued. Also, in an effort to ensure that all AROs were accounted for, meetings took place with all of the lines of business. As a result, many AROs were retired as they were deemed to no longer be AROs and new AROs were set up.

Thanks! Angela

From: Wiseman, Sara

Sent: Friday, June 01, 2012 3:19 PM

To: Crescente, Angela

Cc: Daly, Karen; Amlung, Kim **Subject:** FW: Rollforward of PPE

Angela: The 10.6 million variance is mostly related to AROs. Would you help Kim and Karen come up with the correct

answer? Thanks.

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Subject: RE: Rollforward of PPE

Hi Sara.

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Kurtis Becker PPL Corporation Financial Reporting, GENTW10 kbecker@pplweb.com 610-774-5324

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Cc: Subject: Amlung, Kim; Daly, Karen FW: Rollforward of PPE

Attachments:

2012 Annual Capital Expenditures Survey.xls

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Attachment to Response to KU AG-1 Question No. 201 Page 31 of 1022 Charnas

Support Sources 2010 Annual Capital Expenditures Survey

			New
W/P	Descriptions	Source	W/P
8	Comp. of Construction Expend.	"CONSTRUCTION_EXPEND (B)" tab in this worksheet	В
C 1/17	2010 Cap Exp Survery Information	Walt Dietrich	B1
11	Summary of CWIP in Intangibles	Clarity Source Files - CF worksheet - Intangible CWIP Tab	B2
12	Cash Flow Statement	G:\CORPACCT\FINACCTG\Reporting\PKE\CASHFLOW\2010 Cash Flow\Cap_ex_Assetmgt_12-10.xls "Cash Flow Statement" tab	B 3
E	Cash Flow - PPE	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\CFS_Corp.xls "PPE (B)" tab	B4
D 1/4 - 4/4	PPL Corp Balance Sheet	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\Corp BS.xls	С
L2	Summary of Cap X for Capitalized Software	Ask John Nitsche to run the "additions" report just for the "Capitalized Software" codes 303.2	D
Ĺ	Summary of Cap X for Capitalized Software	"Software (L)" tab in this worksheet	N/A
H2 - H2.1	Revenues	BE-10A Survey	E
Н	PPE Rollforward	BE-10A Survey	E.1
J 1/7 - J 7/7	Consolidated Statement of CF Worksheet	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\CFS_Corp.xls	F
J1	Proceeds from Assets Sales and Other	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Ciarity FSR Source Files\2010\10-K\CFS_Corp.xls	G
J2 1/4 - J2 4/4	Journal Entry Inquiry	Impairment of Disc Ops	N/A
J3	Cash Flow Amortization Exp Items	Cash Flow Workpapers	н
J4	BS/ P&KE Balance Sheet	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\Corp BS.xls	N/A
	10K	Final 2010 10K Footnote 9 and 10	t
М	PPL Global Balance Sheet	G:\EXCHANGE\Controller-2\NVISION_2010 Financials_2010-12-31\Workday 10 Final\BSC30180_2010-12-31.xls	J
M2	Schedule 28 - Weighted Avg. Depr.	WPD Reporting Package	J1
K	"ARO605" Activities	Discovery Query -G:\CORPACCT\FINACCTG\Reporting\PKE\CASHFLOW\Cashflow_ARO605.DIS	K
F	Asset Management Report	Ask John Nitsche to run the "disposals" excluding University Park, Wallingford and Safe Harbor - Disc. Ops	L
	LKE Disposals	LG&E and KU Energy LLC Cash Flow Proof - PPE Disposals	M
	PPE Accrual	Cash Flow Workpapers 85 for PPE Accrual	N

3,501,781,318

Summary of Ending PPE Balance for Capital Expenditure Survey 2011

Summary of Ending Balances:	_w/p	_	w/p	
Gross PPE Balance per B/S worksheet Less: Gross PPL Global PPE - WPD		8,078,000,000 -	C 1/2 J	
Adjusted Gross Domestic PPE		8,078,000,000	a a	
Domestic Accumulated Deprecation Add Back Accumulated depreciation PPL Global -WPD Adjusted Domestic Accumulated Deprecation		(9,209,486,000) 1,105,006,800 (8,104,479,200)	_1	Take to survey - Row 15
Net Domestic PPE		(26,479,200)) ties to E.1	
Rollforward:			-	
Beginning Domestic PPE from prior year end		7,574,000,000	PY	Take to survey - Row 10
Plus - capital expenditures		531,873,000	В	Take to survey - Row 11
Less - disposals: Per Asset Management Retirements for LKE for 2011 Retirement of Nuclear Fuel assemblies	- L (38,530,509) M - H	(38,530,509	1	
Less - impairments: Non-core generation assets		10.00 d d d d d d d d d d d d d d d d d d	,	
Other (plug)		10,657,509		
Ending Domestic PPE		8,078,000,000	14 34 4	Take to survey - Row 14

Breakdown of Other:

AROs

9,920,707 K C:\Documents and Settings\e009595\Local Settings\Temporary Internet Files\Content.Outlook\XNBFKZ7V\ [2012 Annual Capital Expenditures Survey.xls]Summary of PPE (A)

Attachment to Response to KU AG-1 Question No. 201
Page 33 of 1022
Charnas

Reversal of Prior Year Impairment	-	PY		
Other - plug	736,802	plug	0.14%	
Total Other from above		09		
Acquisitions cost of retirements and dispositions:				
AROs	9,920,707	per above		
Reversal of Prior Year Impairment	#\$\$##################################			
Other -plug	736,802	·.		
Disposals	(38,530,509)).		
Impairments		<u>,</u> ★		
Total Acquisition costs of retirements and dispositions	***************************************	_ (27.873.0	00)· T	Take to survey - Row 13

_			
Ch	ar	'n	as

COMPUTATION OF CONSTRUCTION EXPENDITURES for U.S. Property, Plant and Equipment FOR THE YEAR ENDED 2011

	FOR TH	E YEAR ENDED 2011							
(thousands of Dollars)			Breakdown By Industry						
			Gas	Electric					
2011 CONSTRUCTION (Wait Deitrich) EXCLUDING NUCLEAR FUEL 1,547,69			56,826	1,490,873					
Less: intangibles		(31,670) B2	-	(31,670)					
Add: EU Salvage credits (PPE)		3,031 G		3,031					
Less: capital expenditures for removal recorded to									
accumulated depreciation and not cost		(34,975) B3		(34,975)					
Adjusted		1,484,085	56,826	1,427,259					
NUCLEAR FUEL OWNED AND LEASED		145,421 B1		145,421					
OTHER LEASED PROPERTY									
TOTAL 2011 CONSTRUCTION		1,629,506	56,826	1,572,680					
							By Industry		
			CONSTRUCTION	LEASES &		- (mi	
	Per Walt	Removals	TOTAL	NUC FUEL	TOTAL	Gas (2212)	Office Admin (5619)	Electric (2211)	Total
STRUCTURES -2211	1,241,021 B1	(52,953)	1,188,068		1,188,068		-	1,188,068	1,188,068
STRUCTURES -2212	46,131 B1	•	46,131		46,131	46,131	-		46,131
EQUIPMENT -2211	178,127 B1	(7,600)	170,527		170,527	. -	-	170,527	170,527
EQUIPMENT -2212	10,695 B1	•	10,695		10,695	10,695	-		10,695
EQUIPMENT-5619	71,725 B1	(3,060)	68,665		68,665	=	68,665		68,665
OTHER -2211				145,421	145,421	-	-	145,421	145,421
TOTAL	1,547,699	(63,614)	1,484,085	145,421	1,629,506	56,826	68,665	1,504,015	1,629,506
				Allocate					
		\$	%	Removal \$s					
Per Walt: (Used to allocate removals and intangibles)								
Structures - Non natural gas -2211		1,241,021 B1	83.2%	(52,953)					
Structures - Natural gas -2212		· 基础的 1			Do not allocate Removal cost to gas because the costs are not on KY				
Equipment - Non natural gas - 2211		178,127 B1	11.9%	(7,600)					
Equipment - Natural gas -2212				• • • • • • • • • • • • • • • • • • •	Do not allocate Removal cost to gas because the costs are not on KY				
Equipment - Non natural gas - 5619		71,725 81	4.8%	(3,060)					
		1,490,873	100.0%	(63,614)					
Total Capital Expenditure by Category									
	Per Walt	Removals	CONSTRUCTION TOTAL	LEASES & NUC FUEL	TOTAL				
		(50 AFC)	4 004 4 00		i lamba ann				
STRUCTURES - Total	1,287,152	(52,953)	1,234,199		1,234,199				
EQUIPMENT - Total OTHER - Total	260,547	(10,661)	249,887	- FARTANG	249,887 145,421				
OTHER - TOTAL				145,421	145,421				
TOTAL	1,547,699	(63,614)	1,484,086	145,421	1,629,507				
				Transfer of the second					

Crescente, Angela

From:

Wiseman, Sara

Sent:

Friday, June 01, 2012 3:19 PM

To:

Crescente, Angela

Cc:

Daly, Karen; Amlung, Kim

Subject:

FW: Rollforward of PPE

Attachments:

2012 Annual Capital Expenditures Survey,xls

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Sent: Tuesday, May 15, 2012 12:54 PM

To: Becker, Kurtis

Subject: RE: Rollforward of PPE

We used only 101. But I got to thinking about it this year and thought maybe we should have included more to be consistent with PPL's numbers. I can stick to being consistent with last year or I can ask John Nitsche about his numbers-that is, if you got PPL's from him.

From: Becker, Kurtis [PPL]

Sent: Tuesday, May 15, 2012 12:50 PM

To: Wiseman, Sara

Subject: RE: Rollforward of PPE

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Hi Sara,

Do you remember which accounts you used last year? I think to be consistent with last year's methodology, can we just use those same accounts. The Financial Reporting department is not familiar with what goes into each of the accounts metioned below.

Thank You

From: Wiseman, Sara [mailto:Sara.Wiseman@lge-ku.com]

Sent: Tuesday, May 15, 2012 12:40 PM

To: Becker, Kurtis

Subject: FW: Rollforward of PPE

Hi Kurtis,

Which accounts do you think should be included for this? I'm guessing account 101-Plant in service at a minimum. Should account 106-Completed Construction not Classified be included? Also, what about account 107-CWIP?

I should be able to turn your request around guickly after I receive a response.

Thanks,

Sara

From: Becker, Kurtis [PPL]

Sent: Tuesday, May 15, 2012 8:26 AM

To: Wiseman, Sara

Subject: Rollforward of PPE

Hi Sara,

I am in the process of completing a Capital Expenditures Survey. Could you please provide me the total additions and retirements for 2011? Attached is what you provided last year.

Thank You

Kurtis Becker
PPL Corporation
Financial Reporting, GENTW10
kbecker@pplweb.com
610-774-5324

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Support Sources 2010 Annual Capital Expenditures Survey

			New
W/P	Descriptions	Source	W/P
В	Comp. of Construction Expend.	"CONSTRUCTION_EXPEND (B)" tab in this worksheet	В
C 1/17	2010 Cap Exp Survery Information	Walt Dietrich	B1
11	Summary of CWIP in Intangibles	Clarity Source Files - CF worksheet - Intangible CWIP Tab	B2
12	Cash Flow Statement	G:\CORPACCT\F!NACCTG\Reporting\PKE\CASHFLOW\2010 Cash Flow\Cap_ex_Assetmgt_12-10.xls "Cash Flow Statement" tab	В3
E	Cash Flow - PPE	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\CFS_Corp.xls "PPE (B)" tab	B4
D 1/4 - 4/4	PPL Corp Balance Sheet	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\Corp BS.xls	C
L2	Summary of Cap X for Capitalized Software	Ask John Nitsche to run the "additions" report just for the "Capitalized Software" codes 303.2	D
L	Summary of Cap X for Capitalized Software	"Software (L)" tab in this worksheet	N/A
H2 - H2.1	Revenues	BE-10A Survey	Ε
Н	PPE Rollforward	BE-10A Survey	E.1
J 1/7 - J 7/7	Consolidated Statement of CF Worksheet	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\CFS_Corp.xls	F
J1	Proceeds from Assets Sales and Other	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\CFS_Corp.xls	G
J2 1/4 - J2 4/4	Journal Entry Inquiry	Impairment of Disc Ops	N/A
13	Cash Flow Amortization Exp Items	Cash Flow Workpapers	н
14	BS/ P&KE Balance Sheet	G:\CORPACCT\FINACCTG\Reporting\Clarity FSR\Clarity FSR Source Files\2010\10-K\Corp BS.xls	N/A
	10K	Final 2010 10K Footnote 9 and 10	I
M	PPL Global Balance Sheet	G:\EXCHANGE\Controller-2\NVISION_2010 Financials_2010-12-31\Workday 10 Finaf\BSC30180_2010-12-31,xls	j
M2	Schedule 28 - Weighted Avg. Depr.	WPD Reporting Package	J1
K	"ARO605" Activities	Discovery Query -G:\CORPACCT\FINACCTG\Reporting\PKE\CASHFLOW\Cashflow_ARO605.DIS	K
F	Asset Management Report	Ask John Nitsche to run the "disposals" excluding University Park, Wallingford and Safe Harbor - Disc. Ops	L
	LKE Disposals	LG&E and KU Energy LLC Cash Flow Proof - PPE Disposals	M
	PPE Accrual	Cash Flow Workpapers B5 for PPE Accrual	N

Summary of Ending PPE Balance for Capital Expenditure Survey 2011

3,501,781,318

Summary of Ending Balances:	_w/p	<u>w/p</u>	<u> </u>
Gross PPE Balance per B/S worksheet Less: Gross PPL Global PPE - WPD		8,078,000,000 C 1/2 - J	
Adjusted Gross Domestic PPE		8,078,000,000	
Domestic Accumulated Deprecation Add Back Accumulated depreciation PPL Global -WPD Adjusted Domestic Accumulated Deprecation		(9,209,486,000) C 1/2 1,105,006,800 J (8,104,479,200)	Take to survey - Row 15
Net Domestic PPE		(26,479,200) ties to E.	1
Rollforward:			
Beginning Domestic PPE from prior year end		7,574,000,000 PY	Take to survey - Row 10
Plus - capital expenditures		531,873,000 B	Take to survey - Row 11
Less - disposals: Per Asset Management Retirements for LKE for 2011 Retirement of Nuclear Fuel assemblies	- L (38,530,509) M - H	Technol (38,530,509)	
Less - impairments: Non-core generation assets	<u> </u>		
Other (plug)		10,657,509 below	
Ending Domestic PPE		8,078,000,000	Take to survey - Row 14

Breakdown of Other:

AROs

 $9,920,707\ \ K$ C:\Documents and Settings\e009595\Local Settings\Temporary Internet Files\Content.Outlook\XNBFKZ7V\ [2012 Annual Capital Expenditures Survey.xls]Summary of PPE (A)

Attachment to Response to KU AG-1 Question No. 201 Page 40 of 1022 8/2/2012 4:20 PM Charnas

Reversal of Prior Year Impairment PY Other - plug 736,802 plug 0.14% Total Other from above 10,657,509 Acquisitions cost of retirements and dispositions: AROs 9,920,707 per above Reversal of Prior Year Impairment Other-plug 736,802 Disposals (38,530,509) Impairments Total Acquisition costs of retirements and dispositions (27,873,000) Take to survey - Row 13

Charnas

COMPUTATION OF	CONSTRUCTION EXPEND	ITURES for U.S. Property	, Plant and Equipment

COMPUTATION OF CO		EXPENDITURES for 0.5. PF THE YEAR ENDED 2011	operty, Plant and Equ	upment	Chi	41143			
(thousands of Dollars)		1,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Breakdown B	By Industry					
			Gas	Electric					
2011 CONSTRUCTION (Walt Deitrich) EXCLUDING NU	ICLEAR FUEL	1,547,699 B1	56,826	1,490,873					
Less: intangibles		(31,670) B2	-	(31,670)					
Add: EU Salvage credits (PPE)		3,031 G		3,031					
Less: capital expenditures for removal recorded to									
accumulated depreciation and not cost		(34,975) B3		(34,975)					
Adjusted		1,484,085	56,826	1,427,259					
NUCLEAR FUEL OWNED AND LEASED OTHER LEASED PROPERTY		145,421 B1		145,421					
TOTAL 2011 CONSTRUCTION		1,629,506	56,826	1,572,680					
							By Industry		
			CONSTRUCTION	LEASES &					
	Per Walt	Removals	TOTAL	NUC FUEL	TOTAL	Gas (2212)	Office Admin (5619)	Electric (2211)	Total
STRUCTURES -2211	1,241,021 B	(52,953)	1,188,068		1,138,068		-	1,188,068	1,188,068
STRUCTURES -2212	46,131 B		46,131		46,131	46,131	-	•	46,131
EQUIPMENT -2211	178,12 7 B	1 (7,600)	170,527	es et es	170,527	-	-	170,527	170,527
EQUIPMENT -2212	10,695 B	1	10,695		10,695	10,695	•		10,695
EQUIPMENT -5619	71,725 B	1 (3,060)	68,665		68,665	-	68,665		68,665
OTHER -2211			<u> </u>	145,421	145,421			145,421	145,421
TOTAL	1,547,699	(63,614)	1,484,085	145,421	1,629,506	56,826	68,665	1,504,015	1,629,506
Per Walt: (Used to allocate removals and intangibles)	1	\$	%	Aliocate Removal \$s					
Structures - Non natural gas -2211	j	1,241,021 B1	83.2%	(52,953)					
Structures - Natural gas -2212				(52)555)	Do not allocate Re	moval cost to gas	s because the costs are no	t on KY	
Equipment - Non natural gas - 2211		178,127 B1	11.9%	(7,600)		0			
Equipment - Natural gas -2212		eur (1744 Mei Lann March eus (1744 eus (1754 August)			Do not allocate Re	moval cost to gas	s because the costs are no	t on KY	
Equipment - Non natural gas - 5619		71,725 B1	4,8%	(3,060)					
		1,490,873	100.0%	(63,614)					
Total Capital Expenditure by Category									
	Per Walt	Removals	CONSTRUCTION TOTAL	LEASES & NUC FUEL	TOTAL				
STRUCTURES - Total	1,287,152	(52,953)	1,234,199		1,234,199				
EQUIPMENT - Total	260,547	(10,661)	249,887		249,887				
OTHER - Total		•		145,421	145,421				
TOTAL	1,547,699	(63,614)	1,484,086	145,421	1,629,507				

Crescente, Angela

From: Crescente, Angela

Sent: Tuesday, April 24, 2012 9:42 AM

To: Koellner, Corey
Cc: Wiseman, Sara

Subject: RE: KU ARO Regulatory Liabs

Corey,

The three lines of \$6,257.17 should be netted against the credit for normal activity and the \$58,702.47 should be left as a debit for retirement activity. The offset account for the \$58,702.47 is 108115.

Thanks, Angela

From: Koeliner, Corey

Sent: Monday, April 23, 2012 4:12 PM

To: Crescente, Angela

Subject: KU ARO Regulatory Liabs

I'm preparing the KU regulatory liability information that will be included in the Form 3; I have identified the following ARO liabs with debit activity in 1Q12:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-FEB-12	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-JAN-12	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-MAR-12	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP DEPR EXPENSE USD 01-MAR-12	Journal Import Created	58,702.47

Can you let me know if these items should be documented as debits, or if they should be netted against the credit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner Regulatory Accounting & Reporting

Attachment to Response to KU AG-1 Question No. 201 Page 43 of 1022 Charnas

Crescente, Angela

From:

Koellner, Corey

Sent:

Monday, April 23, 2012 4:12 PM

To:

Crescente, Angela

Subject:

KU ARO Regulatory Liabs

I'm preparing the KU regulatory liability information that will be included in the Form 3; I have identified the following ARO liabs with debit activity in 1Q12:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-FEB-12	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-JAN-12	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-MAR-12	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP DEPR EXPENSE USD 01-MAR-12	Journal Import Created	58,702.47

Can you let me know if these items should be documented as debits, or if they should be netted against the credit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner
Regulatory Accounting & Reporting
LG&E and KU Energy LLC
Direct: (502) 627-2965
Fax: (502) 627-3800
corey.koellner@lge-ku.com

Crescente, Angela

From:

Crescente, Angela

Sent:

Thursday, April 19, 2012 4:33 PM

To: Cc: Koellner, Corey Wiseman, Sara

Subject:

RE: LGE ARO Regulatory Liabs

Corey,

The three lines of \$55.74 should be netted against the credit for normal activity.

Thanks, Angela

From: Koellner, Corey

Sent: Thursday, April 19, 2012 3:18 PM

To: Crescente, Angela

Subject: LGE ARO Regulatory Liabs

I'm preparing the LGE regulatory liability information that will be included in the Form 3; I have identified the following ARO liabs with debit activity in 1Q12:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-FEB-12	Journal Import Created	55.74
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-JAN-12	Journal Import Created	55.74
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-MAR-12	Journal Import Created	55.74

Can you let me know if these items should be documented as debits, or if they should be netted against the credit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner Regulatory Accounting & Reporting LG&E and KU Energy LLC Direct: (502) 627-2965

Attachment to Response to KU AG-1 Question No. 201 Page 45 of 1022 Charnas

Crescente, Angela

From:

Koellner, Corey

Sent:

Thursday, April 19, 2012 3:18 PM

To:

Crescente, Angela

Subject:

LGE ARO Regulatory Liabs

I'm preparing the LGE regulatory liability information that will be included in the Form 3; I have identified the following ARO liabs with debit activity in 1Q12:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-FEB-12	Journal Import Created	55.74
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-JAN-12	Journal Import Created	55.74
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-MAR-12	Journal Import Created	55.74

Can you let me know if these items should be documented as debits, or if they should be netted against the credit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner
Regulatory Accounting & Reporting
LG&E and KU Energy LLC
Direct: (502) 627-2965
Fax: (502) 627-3800
corey.koellner@lge-ku.com

Crescente, Angela

From:

Crescente, Angela

Sent:

Friday, April 13, 2012 2:53 PM

To: Cc: Koellner, Corey Wiseman, Sara

Subject:

RE: LGE ARO Regulatory Assets

Corey,

The \$598,204.37 is a journal entry reversal and should be netted against the debits. Out of the \$9,282.54, \$6,199.18 should be left as a credit with an offset account of 108107. The remaining \$3,083.36 should be netted against the debit as it was already noted as a credit in December and I wouldn't want it double counted.

Thanks, Angela

From: Koellner, Corey

Sent: Thursday, April 12, 2012 3:20 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: LGE ARO Regulatory Assets

I'm preparing the LGE regulatory asset information that will be included in the Form 3; I have identified the following ARO assets with credit activity in 1Q12:

Account	Account	Line Description	Je Name	Credits
182317	OTHER REGULATORY ASSETS ARO -	J429-0100-0212 Adjustment USD 29-FEB-12	Journal Import Created	598,204.37
182317	GENERATION OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-FEB-12	Journal Import Created	9,282.54

Can you let me know if these items should be documented as credits, or if they should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

Attachment to Response to KU AG-1 Question No. 201 Page 47 of 1022 Charnas

Crescente, Angela

From:

Koellner, Corey

Sent:

Thursday, April 12, 2012 3:20 PM

To: Cc: Crescente, Angela Wiseman, Sara

Subject:

LGE ARO Regulatory Assets

I'm preparing the LGE regulatory asset information that will be included in the Form 3; I have identified the following ARO assets with credit activity in 1Q12:

Account	Account	Line Description	Je Name	Credits
182317	OTHER REGULATORY ASSETS ARO -	J429-0100-0212 Adjustment USD 29-FEB-12	Journal Import Created	598,204.37
182317	GENERATION OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-FEB-12	Journal Import Created	9,282.54

Can you let me know if these items should be documented as credits, or if they should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner
Regulatory Accounting & Reporting
LG&E and KU Energy LLC
Direct: (502) 627-2965
Fax: (502) 627-3800

corey.koellner@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 48 of 1022 Charnas

Crescente, Angela

From: Wiseman, Sara

Sent: Thursday, January 12, 2012 2:17 PM

To: Amlung, Kim; Clark, Ed; Clark, Lynda; Crescente, Angela; Daly, Karen; Griffin, Sharon;

Kinder, Debra; Kuntz, John; Leenerts, Patricia; Riggs, Eric; Rose, Bruce; Wacker, Diana

Subject: ARO journal entry

Follow Up Flag: Follow up Flag Status: Completed

We will be posting our entries this afternoon. They impact both LGE and KU.

The entry debits 101 PIS and credits 230 ARO liability.

KU is approximately: 185,000 LGE is approximately: 145,000

We will send out a new journal entry summary and Karen will be re-issuing the plant report.

Sara Wiseman Manager, Property Accounting Office 502.627.3189 Cell 502.338.0886

Attachment to Response to KU AG-1 Question No. 201 Page 49 of 1022 Charnas

Clark, Ed

From:

Sent:

Kinder, Debra Wednesday, August 01, 2012 3:08 PM Crescente, Angela KU ARO Cost at March 2012.xls

To:

Subject:



KU ARO Cost at March 2012.xls

compute 0001	occount	compute 0002	dogorintian	de e estado e	
compute_0001 ARC ASSET	101107	compute_0003	Gescription Purc-BR Ash Pond	description	start_month description
ARC ASSET	101107		•	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107		Purc-BR Auxiliary Pond	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107		Purc-BR Coal Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107		Purc-BR Gen Wells	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
			Purc-BR Lab	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107		Purc-BR Nuclear Sources	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107		Purc-BR Oil Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107		Purc-BR Oil Storage CT - OP	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107		Purc-BR Unit 1-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107		Purc-BR Unit 2-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107		Purc-BR Unit 3-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107		Purc-Dist Bushings KU-PCB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107		Purc-Dist Line Transformers-PCB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107		Purc-Dix Dam Gen Wells	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107		Purc-Dix Dam-Hydro-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107		Purc-Ghent Ash Pond	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107		Purc-Ghent Chemical Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107		Purc-Ghent Coal Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	391402.97	Purc-Ghent Environmental Ponds	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	51016.93	Purc-Ghent Gen Wells	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	0	Purc-Ghent GSU Spare	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	0	Purc-Ghent GSU Unit 1	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	0	Purc-Ghent GSU Unit 2	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	0	Purc-Ghent GSU Unit 3	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	0	Purc-Ghent GSU Unit 4	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	4057007.06	Purc-Ghent Gypsum Stack	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	122548.26	Purc-Ghent Nuclear Sources	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	8500.34	Purc-Ghent Oil Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	0	Purc-Ghent Sewage Treatment Plant	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	1878307.97	Purc-Ghent Unit 1-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	2415126.79	Purc-Ghent Unit 2-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	326450.29	Purc-Ghent Unit 3-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	326450.29	Purc-Ghent Unit 4-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	5971909.66	Purc-GR Ash Pond	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	634.54	Purc-GR Chemical Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107		Purc-GR Coal Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
			·· · · · · · · · · · · · · ·		s s i z o.oo i manolai

ARC ASSET	101107	107155.78 Purc-GR Gen Wells	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	0 Purc-GR GSU Spare	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	0 Purc-GR GSU Unit 3	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	0 Purc-GR GSU Unit 4	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	0 Purc-GR GSU Units 1 & 2	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	0 Purc-GR Limestone Silo	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	900.78 Purc-GR Oil Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	0 Purc-GR Sewage Treatment Plant	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	531840.81 Purc-GR Unit 1-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	488718.64 Purc-GR Unit 2-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	518160.38 Purc-GR Unit 3-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	625272.33 Purc-GR Unit 4-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	1085801.42 Purc-Pineville Ash Pond	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	14287.18 Purc-Pineville Gen Wells	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	0 Purc-Pineville-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	3360108.01 Purc-TC Ash Pond-KU	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	134385.67 Purc-TC Coal Storage-KU	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	169417.29 Purc-TC Environmental Ponds-KU	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	46914.27 Purc-TC Gen Wells-KU	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	453047.99 Purc-Transm Bushings KU-PCB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	977221.65 Purc-TY Ash Pond	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	411.93 Purc-TY Chemical Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	66680.08 Purc-TY Coal Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	35718.34 Purc-TY Gen Wells	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	9736.29 Purc-TY Oil Storage	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	0 Purc-TY Service Water Pump Struct	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	0 Purc-TY Sewage Treatment Plant	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	461120.34 Purc-TY Unit 1 (Retired)-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	453933.38 Purc-TY Unit 2 (Retired)-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101107	619110.22 Purc-TY Unit 3-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101125	4459.51 Purc-Big Stone Gap Sub-Dist-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101125	115684.93 Purc-KU Dist Subs (478)-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101125	167231.35 Purc-KU General Facilities-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial
ARC ASSET	101125	86951.5 Purc-KU Trans Subs (69)-ASB	KENTUCKY UTILITIES COMPANY	3/1/2012 0:00 Financial

Attachment to Response to KU AG-1 Question No. 201 Page 52 of 1022 Charnas

Clark, Ed

From: Sent:

Kinder, Debra Wednesday, August 01, 2012 3:19 PM Crescente, Angela LGE ARO Cost at March 2012.xls

To: Subject:



LGE ARO Cost at March 2012.xls...

compute_0account	compute 0003 description	description	start month description
ARC ASSE 101107	0.00 Purc-Canal (Retired)-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	5,057,335.67 Purc-CR Ash Pond	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	254,106.69 Purc-CR Coal Storage	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	643,660.86 Purc-CR Environmental Ponds	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	1,101,827.06 Purc-CR Floodwall Penetration	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	152,675.14 Purc-CR Gen Wells	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	0.00 Purc-CR GSU Spare	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	0.00 Purc-CR GSU Unit 4	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	0.00 Purc-CR GSU Unit 5	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	0.00 Purc-CR GSU Unit 6	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	2,256,843.57 Purc-CR Landfill	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	41,183.48 Purc-CR Nuclear Sources	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	0.00 Purc-CR Sewage Treatment Plant	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	793,449.09 Purc-CR Unit 1 (Retired)-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	747,451.99 Purc-CR Unit 2 (Retired)-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	842,320.91 Purc-CR Unit 3 (Retired)-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	890,672.04 Purc-CR Unit 4-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	638,926.57 Purc-CR Unit 5-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	651,413.18 Purc-CR Unit 6-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	145,309.24 Purc-Dist Bushings LGE-PCB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	4,696,835.38 Purc-MC Ash Pond	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	8,164.80 Purc-MC Chemical Storage	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	171,688.24 Purc-MC Coal Storage	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	447,317.61 Purc-MC Environmental Ponds	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	122,110.65 Purc-MC Gen Wells	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	0.00 Purc-MC GSU Spare	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	0.00 Purc-MC GSU Unit 1	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	0.00 Purc-MC GSU Unit 2	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	0.00 Purc-MC GSU Unit 3	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	0.00 Purc-MC GSU Unit 4	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	2,010,632.42 Purc-MC Landfill	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	12,477.60 Purc-MC Nuclear Sources	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	597.03 Purc-MC Oil Storage	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	791,591.07 Purc-MC Unit 1-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	692,373.96 Purc-MC Unit 2-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	292,218.93 Purc-MC Unit 3-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	434,153.84 Purc-MC Unit 4-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial

ARC ASSE101107	103,528.98 Purc-Ohio Falls-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	0.00 Purc-Paddy's Run-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	0.00 Purc-TC Ash Pond	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	3,640,117.01 Purc-TC Ash Pond-LGE	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	11,042.77 Purc-TC Chemical Storage	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	0.00 Purc-TC Coal Storage	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	145,584.34 Purc-TC Coal Storage-LGE	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	0.00 Purc-TC Environmental Ponds	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	183,535.26 Purc-TC Environmental Ponds-LGE	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	50,823.66 Purc-TC Gen Wells-LGE	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	15,136.52 Purc-TC Nuclear Sources	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	0.00 Purc-TC Sewage Treatment Plant	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101107	238,693.59 Purc-Transm Bushings LGE-PCB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101125	114,663.53 Purc-LGE Dist Subs (66)-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101125	13,760.73 Purc-LGE Trans Subs (11)-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101125	366,542.71 Purc-Manholes-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101125	38,429.14 Purc-Zorn-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101207	1,909,895.73 Purc-Center GSF UGS (Wells)	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101207	0.00 Purc-CityGateDR237900-Dist-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101207	0.00 Purc-CityGatePR237900-Dist-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101207	35,099.03 Purc-Doe Run 235300-UGS-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101207	1,238,920.76 Purc-Doe Run GSF UGS (Wells)	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101207	11,928,646.51 Purc-GasMain&ServAbandon-Dist	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101207	35,851.66 Purc-Magnolia 235300-UGS-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101207	4,250.93 Purc-Magnolia 235600-UGS-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101207	1,378,834.38 Purc-Magnolia GSF UGS (Wells)	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101207	26,020.62 Purc-Muldraugh 235300-UGS-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101207	18,186.69 Purc-Muldraugh 235600-UGS-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101207	523,237.27 Purc-Muldraugh GSF UGS (Wells)	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101225	9,010.72 Purc-Magnolia 235120-UGS-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101225	12,029.04 Purc-Muldraugh 235120-UGS-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101225	2,962.94 Purc-Muldraugh 237520-Dist-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101225	9,836.65 Purc-Riggs Junc 235120-UGS-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial
ARC ASSE 101325	101,389.77 Purc-Seventh&O-ComGenPln-ASB	LOUISVILLE GAS & ELECTRIC COMPANY	3/1/2012 0:00 Financial

Attachment to Response to KU AG-1 Question No. 201 Page 55 of 1022 Charnas

Clark, Ed

From:

Porter, Janice

Sent:

Friday, July 20, 2012 3:05 PM

To:

Crescente, Angela

Subject:

RE: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

I will next week. I have a budget deadline Tuesday.

Thanks.

From: Crescente, Angela

Sent: Tuesday, July 17, 2012 8:49 AM **To:** Beatty, Stephen; Leenerts, Patricia

Cc: Porter, Janice

Subject: RE: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Janice,

Please call me when you get a chance and I'll help set up those tasks.

Thanks, Angela X2524

From: Beatty, Stephen

Sent: Tuesday, July 17, 2012 7:43 AM

To: Leenerts, Patricia

Cc: Porter, Janice; Crescente, Angela

Subject: RE: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

All:

- This project is complete.
- The 108 charges area likely to be so high as I probably charged an appropriate percentage of contractor costs to each job for the retirement costs. Others likely do not follow this practice.
- A drip is a fabricated pipe assembly used to catch liquids that could accumulate in a pipeline. Enclosed is a
 photo of one type of drip which is constructed of pipe fittings. I do not know what type of fittings were used on
 each drip; each is different. I would have to check the inspector's documents if you need for me to check
 details. In the case of the drip shown, I do not believe you have a RU for pipe this size.

Thanks,

Steve

<< File: Picture 168.jpg >>

From: Leenerts, Patricia

Sent: Monday, July 16, 2012 3:58 PM

Attachment to Response to KU AG-1 Question No. 201 Page 56 of 1022

Charnas

To: Beatty, Stephen

Cc: Porter, Janice; Crescente, Angela

Subject: FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Steve, thanks for the quick response...and how you always answer me by asking more questions. Which I will follow suit too...with questions during my answers. See **purple** below.

Thanks,

Pat

502-627-3811

From: Beatty, Stephen

Sent: Monday, July 16, 2012 3:26 PM

To: Leenerts, Patricia **Cc:** Porter, Janice

Subject: FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Pat:

I can assist you on this request.

Please see my response in RED.

Steve

From: Leenerts, Patricia

Sent: Monday, July 16, 2012 2:31 PM

To: Clyde, Peter **Cc:** Porter, Janice

Subject: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Pete,

I've included the task and dollars spent, in addition to the project description below. First is there retirement charges which need to be booked as AROs. If so, please provide that info so that Janice can do the JEs. ALL OF THIS MATERIAL WOULD BE BOOKED AS AN ARO SINCE IT WAS COAL TAR ASBESTOS PIPE. JANICE: WHAT DO YOU NEED FROM ME? Since you say ALL, I would think Janice would just be able to move all the charges to the 108799 task. Janice or you will need to coordinate with Angela as to how many ARO tasks are needed since there are multiple locations. Is this project 100% complete? If yes, then I can have a single task, but Angela may need more. Angela, this is ~ 117K of 108 charges.

In addition, can you tell me what was done at each location which is unitizable by location? The description mentions several City Gates, but I only recognize Preston and Penile from the task list.

What's a drip for and what are its pieces? I previously have put on a quantity of drips. I see on the attachment that there are multiple feet of some of the pipe. Can this varying lengths of pipe still be for one drip?

- FLINT HILL.
 - o REMOVED 16" TEE AND PIPE AND REPLACED WITH SAME.
- FT. KNOX DRIP

- O REMOVED DRIP AND REPLACED WITH SAME. Charnas
- FT. KNOX
 - ADDED 16" VALVE WITH 4" BLOWDOWNS.
 - ADDED 20" VALVE WITH 4" BLOWDOWNS.
- LOGSDON PARKWAY
 - o REMOVED 16" TEE AND PIPE AND REPLACED WITH SAME.
- MAGDRIPS
 - REMOVED 4 DRIPS
 - REPLACED WITH 16" PIPE
- MAGNOLIA
 - ADDED 16" VALVE WITH 4" BLOWDOWNS.
- MILL CREEK TIE-IN
 - o REMOVED 20" TEE AND PIPE AND REPLACED WITH SAME.
- PENILE
 - o REMOVED 16" PIPE
 - REMOVED 16" ORIFICE METER FITTING
 - o ADDED 20" PIPE
 - ADDED ULTRASONIC METER FITTING
- PRESTON
 - o REMOVED (2) 20" TEES AND PIPE AND REPLACED WITH SAME.
- WPDRIP
 - REMOVED DRIP AND REPLACED WITH SAME

What's a drip for and what are its pieces? I previously have put on a quantity of drips. I see on the attachment that there are multiple feet of some of the pipe. Can this varying lengths of pipe still be for one drip?

DO YOU WANT RU'S AND QUANTITIES? I think I'll have what I need after you answer my drip question.

IF YES, WHAT HAS BEEN DECIDED AS FAR AS VALVES. ARE WE LUMPING VALVES INTO ONE RU (I.E. VALVES-MAINS AND LINES)? I have gate, check, blow down, plug and relief valves...if the valve isn't marked accordingly I put to Valves (Mains & Lines). 2" is the smallest I put on...so if there are valves smaller, then the dollars are spread across the whole task.

ALSO, IF YES, WHERE ARE WE MARKING THE DEMARCATION OF CITY GATES? AT THE REMOTE VALVES AS HAS BEEN INFERRED RECENTLY OR AT THE FENCE/REGULATOR WHICH WAS LIKELY IN THE PAST? The past, unless someone tells us differently (and will again when the asset is retired), we consider the fence to be guide for the city gate facility. What and how close to the fence (and which side of the fence) is a remote valve?

FYI. THE INFORMATION ATTACHED WAS ESTIMATED BEFORE THE START OF THE PROJECT. IF YOU NEED ACCURATE ESTIMATES, I WILL HAVE TO GATHER THEM. I think I'll have what I need after you answer my drip question. If not I'll check back with you. Also, I should be able to tell from the invoices, but sometimes when with McJunkin and their EDI invoice, the detail doesn't feed over to PP in detail and I have to lookup info in Oracle.

<< File: Magnolia Project Tasks.xlsx >>

Normally, I hope for about a 1 week turnaround, but I will be out July 21 - 29. Please try to get the info to me by July 30^{th} . I appreciate your help.

1	Task	Investment	108901-retire
Į	FLINTHILL	39,585.60	
	FTKDRIP	41,093.86	
	FTKNOX	414,444.92	_
	LOGSDON	90,126.10	

Attachment to Response to KU AG-1 Question No. 201 Page 58 of 1022 Charnas

4	•	
MAGDRIPS	81,113.66	
MAGNOLIA	148,004.82	
MILLCK	42,306.17	
PENILE	247,422.79	
PRESTON	123,288.63	
WPDRIP	41,288.32	
RETFLINTHILL		2,369.17
RETFTKDRIPS		777.48
RETFTKNOX		19,382.33
RETLOGSDON		22,674.51
RETMAGDRIPS		25,994.80
RETMAGNOLIA		12,905.52
RETMILLCK		8,185.16
RETPENILE		16,497.36
RETPRESTIB		4,796.90
RETWAG		513.56
RETWPDRIP		3,007.13

Project 127455

This project includes the installation of three(3) mainline ball valves and piping modifications in order to make the pipeline piggable at Magnolia Station, Muldraugh Station, Penile City Gate Station, Preston City Gate Station, and several vintage tie-in locations.

Thanks,

Pat 502-627-**3811**

Attachment to Response to KU AG-1 Question No. 201 Page 59 of 1022 Charnas

Clark, Ed

From:

Leenerts, Patricia

Sent:

Friday, July 20, 2012 11:04 AM

To: Cc: Clyde, Peter Crescente, Angela

Subject:

FW: 132621 - Penile Retirement

Pete, I've edited the email stream to only be what you might need to see. Just trying to get ahead of a problem if one could exist surrounding the retirement dollars.

I just want to make sure that you are properly recording any ARO retirement dollars. We setup a task for Steve to use for the pipe. I'm not sure what else is going on. If you are also retiring ACM which is pipe, you can use the same task we setup for Steve...as long as the retirements should happen about the same time. Tiles or roof with ACM would need a new ARO task per Angela's email below.

There are ~\$5K of charges hitting the REMOVAL (108901) task, between Mar2012 – May2012. Do these REMOVAL charges need to be moved to an ARO task or are they regular removal charges?

Thanks,

Pat

502-627-3811

From: Beatty, Stephen

Sent: Friday, July 20, 2012 9:16 AM

To: Leenerts, Patricia Cc: Crescente, Angela

Subject: RE: Penile Retirement

Pat:

Back on this topic...my involvement would only apply to one task. The entire scope of this project is apparently charging to one REMOVAL task.

I will only be able to address that one task/portion.

Regards,

Steve

From: Leenerts, Patricia

Sent: Thursday, July 19, 2012 11:20 AM

To: Beatty, Stephen **Cc:** Crescente, Angela

Subject: RE: Penile Retirement

Currently the CP ARO task only has ~\$500 which hit May and June 2012.

There are ~\$5K of charges hitting the REMOVAL (108901) task, between Mar2012 – May2012. Do the REMOVAL charges need to be moved to the CP ARO tasks?

Attachment to Response to KU AG-1 Question No. 201 Page 60 of 1022 Charnas

Thanks,

Pat 502-627-3811

From: Leenerts, Patricia

Sent: Thursday, July 19, 2012 10:55 AM

To: Beatty, Stephen **Cc:** Crescente, Angela

Subject: RE: Penile Retirement

I'm good without a separate task for each retirement location. I still would need to find out what was retired and from where. The difference would be if you had a location related task, I would know the where, but not the what. One task is sufficient as I will always need more info that what the task alone can tell me. I always need to know the information to retire the asset at the correct asset location. I don't need the tax location unless the asset location in PP is not detailed. This really isn't different than any other project which has retirements, that aren't assume "like" what was added.

The one difference on charges is that on the investment side, I can usually see what asset was purchased on the invoice. But with a retire, I only see the cost to remove not what was removed.

Thanks.

Pat 502-627-**3811**

From: Crescente, Angela

Sent: Thursday, June 28, 2012 10:19 AM **To:** Beatty, Stephen; Leenerts, Patricia **Subject:** RE: Penile Retirement

The same task is OK for my purposes since this is a project level job as she stated a few emails below, but I will let Pat answer that question since she does need more detailed information for the retirements themselves. If you both decide to make separate tasks to ease the situation. I am OK with that too. I can be flexible.

From: Crescente, Angela

Sent: Thursday, June 28, 2012 9:01 AM

To: Beatty, Stephen Cc: Leenerts, Patricia

Subject: RE: Penile Retirement

Steve,

The CP ASBESTOS task will be fine for you to use for any asbestos/ACM pipe removal on this project. If you are removing any asbestos from something else, like the building floor tiles, we would need a new task. Any retirement that would not qualify as an ARO (legally required activity) should be charged to the REMOVAL task. As discussed before, there probably isn't any other removal besides legally required in most cases. Does that help?

Thanks,

Attachment to Response to KU AG-1 Question No. 201 Page 61 of 1022 Charnas

Angela

From: Leenerts, Patricia

Sent: Tuesday, June 26, 2012 4:10 PM

To: Beatty, Stephen

Subject: RE: Penile Retirement

I see 2 removal tasks, but 1 is for the ARO retirements and the other is the REMOVAL tasks which I thought was just a placeholder until defined R tasks are defined.

But generally it is helpful to have the retirement tasks setup, by tax or asset locations, or to provide me the information that I need to work the assets and retirements at the end of the project. I can take care of the asset location and the tax location at that time...again, if I have the info provided.

This project, although has tasks, it will be worked at project level -- all at one time as Project=WorkOrder

So I didn't answer your question. You may choose in this case. But either choice will probably require more info so that I know what to retire when it is time for me to work the project. BTW, that info can be provided to me as soon as the project is complete. It takes at least 3 months, to allow for charges to catch up, for it to hit my job log to work.

Thanks,

Pat 502-627-3811

From: Beatty, Stephen

Sent: Tuesday, June 26, 2012 2:52 PM

To: Leenerts, Patricia Subject: Penile Retirement

Pat:

I plan to retire some assets at Penile Station as part of a larger project (with assets spanning other multiple PA locations and tax locations). The project is 132621 and it has 2 retirement tasks already. But, since this may have a different asset location or tax location, do I need a separate retirement task specifically for Penile?

Thanks,

Steve

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	Page 62 of 1022 Charnas
Clark, Ed	
From: Sent: To: Cc: Subject:	Beatty, Stephen Friday, July 20, 2012 9:16 AM Leenerts, Patricia Crescente, Angela RE: Penile Retirement
Pat:	
Back on this topicmy inv to one REMOVAL task.	volvement would only apply to one task. The entire scope of this project is apparently charging
I will only be able to addre	ess that one task/portion.
Regards,	
Steve	
From: Leenerts, Patricia Sent: Thursday, July 19, 2 To: Beatty, Stephen Cc: Crescente, Angela Subject: RE: Penile Retire	
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502-627-3811

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Subject: RE: Penile Retirement

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It will be almost impossible for me to get this information to you this week.

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Attachment to Response to KU AG-1 Question No. 201 Page 63 of 1022 Charnas

From: Leenerts, Patricia

Sent: Thursday, July 19, 2012 10:55 AM

To: Beatty, Stephen Cc: Crescente, Angela

Subject: RE: Penile Retirement

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Sent: Thursday, June 28, 2012 10:19 AM **To:** Beatty, Stephen; Leenerts, Patricia **Subject:** RE: Penile Retirement

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Subject: RE: Penile Retirement

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Attachment to Response to KU AG-1 Question No. 201 Page 64 of 1022 Charnas

From: Leenerts, Patricia

Sent: Thursday, June 28, 2012 10:06 AM **To:** Crescente, Angela; Beatty, Stephen

Subject: RE: Penile Retirement

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Attachment to Response to KU AG-1 Question No. 201 Page 65 of 1022

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To: Beatty, Stephen

Subject: FW: Penile Retirement

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Attachment to Response to KU AG-1 Question No. 201 Page 66 of 1022 Charnas

Thanks,

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Sent: Wednesday, June 27, 2012 7:37 AM

To: Leenerts, Patricia

Subject: RE: Penile Retirement

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I plan to process an invoice soon. If you want to create a task, I will wait.

Thanks and let me know if I can help.

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Sent: Tuesday, June 26, 2012 4:10 PM

To: Beatty, Stephen

Subject: RE: Penile Retirement

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Thanks,

Pat 502-627-3811

From: Beatty, Stephen

Attachment to Response to KU AG-1 Question No. 201 Page 67 of 1022 Charnas

Sent: Tuesday, June 26, 2012 2:52 PM

To: Leenerts, Patricia Subject: Penile Retirement

Pat:

I plan to retire some assets at Penile Station as part of a larger project (with assets spanning other multiple PA locations and tax locations). The project is 132621 and it has 2 retirement tasks already. But, since this may have a different asset location or tax location, do I need a separate retirement task specifically for Penile?

Thanks,

Steve

Clark, Ed

From:

Sent:

Mooney, Mike (BOC 3) Thursday, July 19, 2012 3:37 PM

To:

Crescente, Angela

Subject:

RE: PE ARO Projects and years

Nope THANK YOU!!! You were the one that did all the work.

--Mike

From: Crescente, Angela

Sent: Thursday, July 19, 2012 3:33 PM

To: Mooney, Mike (BOC 3)

Subject: RE: PE ARO Projects and years

Mike,

All of the ARO tasks have been set up.

Thanks for your help! Angela

From: Mooney, Mike (BOC 3)

Sent: Thursday, July 19, 2012 10:24 AM

To: Crescente, Angela

Subject: PE ARO Projects and years

Angela,

I will be using the following projects for ARO Budgeting:

Project: 136421

Years: 2013, 2014, 2015, 2016

Project: 137503

Years: 2013, 2014, 2015

If I think of anymore, I will let you know.

THANKS!!!!

Mike Mooney

Budget Analyst III, Project Engineering

BOC 3

BOC Phone: (502) 627-3671

Fax: (502) 217- 2943

E-mail: Mike.Mooney@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 69 of 1022 Charnas

Attachment to Response to KU AG-1 Question No. 201 Page 70 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Thursday, July 19, 2012 3:33 PM

To:

Mooney, Mike (BOC 3)

Subject:

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Budget Analyst III, Project Engineering

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Fax: (502) 217- 2943

E-mail: Mike.Mooney@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 71 of 1022 Charnas

Clark, Ed

From:

Beatty, Stephen

Sent: To:

Thursday, July 19, 2012 11:41 AM

Cc:

Leenerts, Patricia Crescente, Angela

Subject:

RE: Penile Retirement

I have been very busy, which is not an excuse not to read the email trail. I thought we were talking about last week's conversation on the 2012 Magnolia Line project.

From: Leenerts, Patricia

Sent: Thursday, July 19, 2012 11:20 AM

To: Beatty, Stephen Cc: Crescente, Angela

Subject: RE: Penile Retirement

Hold your horses...I don't need the info until the project is marked complete (plus a couple of months for all the charges to hit) and we know what actually was retired...which does give rise to another question.

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Subject: RE: Penile Retirement

Attachment to Response to KU AG-1 Question No. 201 Page 72 of 1022

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Thanks.

Pat 502-627-3811

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Sent: Thursday, June 28, 2012 10:19 AM **To:** Beatty, Stephen; Leenerts, Patricia **Subject:** RE: Penile Retirement

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Sent: Thursday, June 28, 2012 10:06 AM **To:** Crescente, Angela; Beatty, Stephen

Subject: RE: Penile Retirement

Attachment to Response to KU AG-1 Question No. 201 Page 73 of 1022

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Thanks,

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Attachment to Response to KU AG-1 Question No. 201 Page 75 of 1022 Charnas

Sent: Wednesday, June 27, 2012 7:37 AM

To: Leenerts, Patricia

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Attachment to Response to KU AG-1 Question No. 201 Page 76 of 1022

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Attachment to Response to KU AG-1 Question No. 201 Page 77 of 1022 Charnas

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Attachment to Response to KU AG-1 Question No. 201 Page 78 of 1022 Charnas

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Attachment to Response to KU AG-1 Question No. 201 Page 80 of 1022 Charnas

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Attachment to Response to KU AG-1 Question No. 201 Page 81 of 1022

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Beatty, Stephen

Sent:

Thursday, July 19, 2012 11:14 AM

To: Cc: Leenerts, Patricia Crescente, Angela

Subject:

RE: Penile Retirement

Pat:

It will be almost impossible for me to get this information to you this week.

Steve

From: Leenerts, Patricia

Sent: Thursday, July 19, 2012 10:55 AM

To: Beatty, Stephen **Cc:** Crescente, Angela

Subject: RE: Penile Retirement

I'm good without a separate task for each retirement location. I still would need to find out what was retired and from where. The difference would be if you had a location related task, I would know the where, but not the what. One task is sufficient as I will always need more info that what the task alone can tell me. I always need to know the information to retire the asset at the correct asset location. I don't need the tax location unless the asset location in PP is not detailed. This really isn't different than any other project which has retirements, that aren't assume "like" what was added.

The one difference on charges is that on the investment side, I can usually see what asset was purchased on the invoice. But with a retire, I only see the cost to remove not what was removed.

Thanks,

Pat 502-627-3811

From: Crescente, Angela

Sent: Thursday, June 28, 2012 10:19 AM **To:** Beatty, Stephen; Leenerts, Patricia

Subject: RE: Penile Retirement

The same task is OK for my purposes since this is a project level job as she stated a few emails below, but I will let Pat answer that question since she does need more detailed information for the retirements themselves. If you both decide to make separate tasks to ease the situation, I am OK with that too. I can be flexible.

From: Beatty, Stephen

Sent: Thursday, June 28, 2012 10:14 AM **To:** Crescente, Angela; Leenerts, Patricia

Subject: RE: Penile Retirement

Attachment to Response to KU AG-1 Question No. 201 Page 83 of 1022

Just to make sure I am not confusing you, I am moving forward using the existing task. It will contain retirement costs for the entire project which spans multiple areas, tax locations, and asset locations. Are you expecting me to pull that information back out at the end of the project and separate it from other costs for other locations?

From: Crescente, Angela

Sent: Thursday, June 28, 2012 10:10 AM **To:** Leenerts, Patricia; Beatty, Stephen **Subject:** RE: Penile Retirement

She's right, the overall ARO location is a bigger picture. It is still important for us to know the specific location for unitization and tax purposes. Therefore, ask anytime and we do like talking to you.

From: Leenerts, Patricia

Sent: Thursday, June 28, 2012 10:06 AM **To:** Crescente, Angela; Beatty, Stephen

Subject: RE: Penile Retirement

Steve, Just making sure that there is no unnecessary confusion: Angela's comment on location is related to the ARO retirement which is different than the asset retirement. Angela's retirement world is a "bigger picture". I often need the specific PowerPlant asset location for the asset retirement.

Just saw your other email. We count on you to ask questions...it keeps us in line and helps us to see where issues lie that we may not consider. Plus we like talking to you.

You all must really type a lot faster than me.

Thanks,

Pat

502-627-3811

From: Crescente, Angela

Sent: Thursday, June 28, 2012 10:02 AM

To: Beatty, Stephen **Cc:** Leenerts, Patricia

Subject: RE: Penile Retirement

It's always good to check, I appreciate you doing that. For Gas, most of the time that locations matter as much is when it comes to gas wells for Center, Muldraugh, etc.

From: Beatty, Stephen

Sent: Thursday, June 28, 2012 10:00 AM

To: Crescente, Angela **Cc:** Leenerts, Patricia

Subject: RE: Penile Retirement

This works for me. I was more concerned about asset removal costs being property tied to the location (Penile City Gate) versus it being booked to other assets.

Attachment to Response to KU AG-1 Question No. 201 Page 84 of 1022 Charnas

711	move	forward	with	thic	information	

From: Crescente, Angela

Sent: Thursday, June 28, 2012 9:01 AM

To: Beatty, Stephen **Cc:** Leenerts, Patricia

Subject: RE: Penile Retirement

Steve,

The CP ASBESTOS task will be fine for you to use for any asbestos/ACM pipe removal on this project. If you are removing any asbestos from something else, like the building floor tiles, we would need a new task. Any retirement that would not qualify as an ARO (legally required activity) should be charged to the REMOVAL task. As discussed before, there probably isn't any other removal besides legally required in most cases. Does that help?

Thanks, Angela

From: Leenerts, Patricia

Sent: Wednesday, June 27, 2012 8:10 AM

To: Crescente, Angela

Subject: FW: Penile Retirement

Angela, I setup a new ARO on this project...is that a problem, do I need to turn it off or let Steve use it?

Thanks,

Pat

502-627-3811

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To: Leenerts, Patricia

Subject: RE: Penile Retirement

Pat:

My ARO is due to the removal and disposal of ACM pipe.

I am more than willing to use the existing task. This task is used for the entire project, I presume, which spans multiple assets and tax locations.

If this works for you, it works for me.

Steve

Attachment to Response to KU AG-1 Question No. 201 Page 85 of 1022 Charnas

From: Leenerts, Patricia

Sent: Wednesday, June 27, 2012 8:00 AM

To: Beatty, Stephen

Subject: FW: Penile Retirement

Steve, I overlooked the existing ARO task and I didn't realize you were talking about an ARO. I will have to clear through Angela, which I will do when she gets in this morning. There is an ARO Asbestos removal task already. Will there be more than one location with ARO removal?

Is this asbestos removal, pipe or what makes it an ARO? So give me a few minutes...after you reply, to see what she needs us to do.

Thanks,

Pat 502-627-3811

From: Beatty, Stephen

Sent: Wednesday, June 27, 2012 7:37 AM

To: Leenerts, Patricia

Subject: RE: Penile Retirement

Pat:

I am only assisting on this project and did not set it up. I would only agree (with my limited knowledge of your business), that it would be more valuable to track retirements by tax and asset locations.

But, it does not matter to me if we set up a separate retirement task. I used to be able to set up tasks in ORACLE, but I do not think I can set them up in POWERPLANT without requiring a full approval process. If you want to set it up, I need a ARO retirement task for PENILE ROAD CITY GATE STATION at Tax Location is 142.

I plan to process an invoice soon. If you want to create a task, I will wait.

Thanks and let me know if I can help.

Steve

From: Leenerts, Patricia

Sent: Tuesday, June 26, 2012 4:10 PM

To: Beatty, Stephen

Subject: RE: Penile Retirement

I see 2 removal tasks, but 1 is for the ARO retirements and the other is the REMOVAL tasks which I thought was just a placeholder until defined R tasks are defined.

But generally it is helpful to have the retirement tasks setup, by tax or asset locations, or to provide me the information that I need to work the assets and retirements at the end of the project. I can take care of the asset location and the tax location at that time...again, if I have the info provided.

This project, although has tasks, it will be worked at project level -- all at one time as Project=WorkOrder

Attachment to Response to KU AG-1 Question No. 201 Page 86 of 1022 Charnas

So I didn't answer your question. You may choose in this case. But either choice will probably require more info so that I know what to retire when it is time for me to work the project. BTW, that info can be provided to me as soon as the project is complete. It takes at least 3 months, to allow for charges to catch up, for it to hit my job log to work.

Thanks,

Pat 502-627-3811

From: Beatty, Stephen

Sent: Tuesday, June 26, 2012 2:52 PM

To: Leenerts, Patricia Subject: Penile Retirement

Pat:

I plan to retire some assets at Penile Station as part of a larger project (with assets spanning other multiple PA locations and tax locations). The project is 132621 and it has 2 retirement tasks already. But, since this may have a different asset location or tax location, do I need a separate retirement task specifically for Penile?

Thanks,

Steve

Attachment to Response to KU AG-1 Question No. 201 Page 87 of 1022 Charnas

Clark, Ed

From:

Leenerts, Patricia

Sent:

Thursday, July 19, 2012 10:55 AM

To: Cc: Subject: Beatty, Stephen Crescente, Angela RE: Penile Retirement

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Attachment to Response to KU AG-1 Question No. 201 Page 88 of 1022 Charnas

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Subject: RE: Penile Retirement

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Attachment to Response to KU AG-1 Question No. 201 Page 89 of 1022

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Subject: FW: Penile Retirement

To: Beatty, Stephen

Sent: Wednesday, June 27, 2012 8:00 AM

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Attachment to Response to KU AG-1 Question No. 201 Page 90 of 1022 Charnas

Thanks,

Pat 502-627-3811

From: Beatty, Stephen

Sent: Wednesday, June 27, 2012 7:37 AM

To: Leenerts, Patricia

Subject: RE: Penile Retirement

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Subject: RE: Penile Retirement

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Pat 502-627 -3811		

Attachment to Response to KU AG-1 Question No. 201 Page 91 of 1022 Charnas

Sent: Tuesday, June 26, 2012 2:52 PM

To: Leenerts, Patricia **Subject:** Penile Retirement

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Thanks,

Steve

Attachment to Response to KU AG-1 Question No. 201 Page 92 of 1022 Charnas

Clark, Ed

From:

Sent:

Mooney, Mike (BOC 3) Thursday, July 19, 2012 10:24 AM Crescente, Angela

To:

Subject:

PE ARO Projects and years

Angela,

I will be using the following projects for ARO Budgeting:

Project: 136421

Years: 2013, 2014, 2015, 2016

Project: 137503

Years: 2013, 2014, 2015

If I think of anymore, I will let you know.

THANKS!!!!

Mike Mooney

Budget Analyst III, Project Engineering

BOC 3

BOC Phone: (502) 627-3671

Fax: (502) 217- 2943

E-mail: Mike.Mooney@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 93 of 1022 Charnas

Clark, Ed

From:

Leenerts, Patricia

Sent:

Wednesday, July 18, 2012 1:05 PM

To:

Porter, Janice

Cc: Subject: Crescente, Angela; Walton, Ed

RE: Project RRCS421G

Janice, For July and August, there are still charges on 108901 tasks...please work with Ed to get these charges moved to the correct ARO task. Please do this in July, so that I can work this very late project early in August or late July, if you get the entries posted quick enough. The task will need to be opened when you are ready to upload the JE.

Thanks,

Pat

502-627-3811

From: Walton, Ed

Sent: Monday, July 09, 2012 2:28 PM **To:** Leenerts, Patricia; Porter, Janice

Cc: Rieth, Tom; Crescente, Angela; Wiseman, Sara

Subject: RE: Project RRCS421G

Pat

I will change the tasks for RRCS421G to reflect changes listed below and every year after change the year to reflect the present year.

Correct me if that's not right.

Thanks

Ed

From: Leenerts, Patricia

Sent: Monday, July 09, 2012 1:00 PM

To: Porter, Janice; Walton, Ed

Cc: Rieth, Tom; Crescente, Angela; Wiseman, Sara

Subject: RE: Project RRCS421G

Ed, Thanks...Effective immediately, please start charging to "CP ARO 2012 - R" and "CP ARO 2012 - RR" per your needs. You'll also need to review the "CP ARO 2012" and let Janice know which of the new tasks these charges need to be moved to.

Janice, 2 steps now...please move the 108901 charges from to the appropriate ARO R or RR task (match what you moved from). A quick look, I think they are all RR. In addition, please move the charges currently on "CP ARO 2012" (without R OR RR) to the appropriate "CP ARO 2012 – R" and "CP ARO 2012 – RR" task. The interface between PP and Oracle has completed so the tasks are in Oracle and PP ready for your JE.

We will close the "CP ARO 2012" task once the charges have been moved. Please let me know when you send the JE to Ed Clark for posting so that I can time the closing of the old task.

Attachment to Response to KU AG-1 Question No. 201 Page 94 of 1022 Charnas

Thanks for your help.

Pat 502-627-3811

From: Walton, Ed

Sent: Monday, July 09, 2012 10:51 AM

To: Leenerts, Patricia

Cc: Rieth, Tom; Porter, Janice **Subject:** RE: Project RRCS421G

Pat

I think it would be better to use two tasks for the removal and replacement services. It'll be easier to locate the removals and removal/replacement services in Storms using the Job Codes.

Whenever I get the other task, I'll make the changes to our time sheets. I'm working on a process to capture the material used for these jobs when they occur.

Ed

From: Leenerts, Patricia

Sent: Friday, July 06, 2012 4:20 PM

To: Walton, Ed

Cc: Rieth, Tom; Porter, Janice Subject: Project RRCS421G

Ed, does it matter to you or your group if you charge both **R** and **RR** costs to the same task? If it doesn't matter to you, then please begin using task: CP ARO 2012 (use task CP ARO 2013 once next year starts).

If it does matter we can setup a second task. Just let me know. In either case, to work the project I will need to know some detail. If you only use 1 task, then I would need to know total services retired and total replaced, by size and material. I won't care how many were retired and replace or how many were only retired...just the total of each.

I have turned off all the R, RR, Removal tasks which were active so that you can begin using a CP ARO task.

Thanks,

Pat 502-627-3811

Attachment to Response to KU AG-1 Question No. 201 Page 95 of 1022 Charnas

Clark, Ed

From:

Erskine, Greg

Sent: To:

Tuesday, July 17, 2012 1:12 PM Wiseman, Sara; Crescente, Angela

Subject:

RE: ARO Footnote - 6/30/12 10-Q

Thank you both.

Greg

From: Wiseman, Sara

Sent: Tuesday, July 17, 2012 12:59 PM To: Crescente, Angela; Erskine, Greg Subject: RE: ARO Footnote - 6/30/12 10-Q

Looks OK to me, too.

From: Crescente, Angela

Sent: Tuesday, July 17, 2012 12:58 PM

To: Erskine, Greg Cc: Wiseman, Sara

Subject: FW: ARO Footnote - 6/30/12 10-Q

Greg,

It looks good to me.

Thanks, Angela

From: Erskine, Greg

Sent: Tuesday, July 17, 2012 11:20 AM

To: Crescente, Angela Cc: Wiseman, Sara

Subject: ARO Footnote - 6/30/12 10-Q

Angela:

I've attached a copy of a document containing the ARO footnote from the current version of the 6/30/12 10-Q. I got the information in the footnote for LKE, LG&E and KU from you last week.

Can you take a look at the LKE, LG&E, and KU information in the footnote and e-mail me back sometime today and let me know if it looks OK to you, please?

Thanks,

Attachment to Response to KU AG-1 Question No. 201 Page 96 of 1022 Charnas

Greg

<< File: Document1.docx >>

Attachment to Response to KU AG-1 Question No. 201 Page 97 of 1022 Charnas

Clark, Ed

From:

Wiseman, Sara

Sent: To: Tuesday, July 17, 2012 12:59 PM Crescente, Angela; Erskine, Greg

Subject:

RE: ARO Footnote - 6/30/12 10-Q

Looks OK to me, too.

From: Crescente, Angela

Sent: Tuesday, July 17, 2012 12:58 PM

To: Erskine, Greg **Cc:** Wiseman, Sara

Subject: FW: ARO Footnote - 6/30/12 10-Q

Greg,

It looks good to me.

Thanks, Angela

From: Erskine, Greg

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To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: ARO Footnote - 6/30/12 10-Q

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Thanks,

Greg

<< File: Document1.docx >>

Attachment to Response to KU AG-1 Question No. 201 Page 98 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Tuesday, July 17, 2012 12:58 PM

To: Cc: Erskine, Greg Wiseman, Sara

Subject:

FW: ARO Footnote - 6/30/12 10-Q

Tracking:

Recipient

Read

Erskine, Greg

Wiseman, Sara

Read: 7/17/2012 12:58 PM

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Thanks, Angela

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W

Document1.docx

Attachment to Response to KU AG-1 Question No. 201 Page 99 of 1022 Charnas

16. Asset Retirement Obligations

(PPL, PPL Energy Supply, LKE, LG&E and KU)

The changes in the carrying amounts of AROs were as follows.

		PPL		PPL gy Supply		LKE	I	_G&E		KU
Balance at December 31, 2011 Accretion expense	\$	497 17	\$	359 13	\$	118 3	\$	57 1	\$	61 2
Obligations assumed in acquisition of WPD Changes in estimated cash flow or settlement date Obligations settled		(6)	6	2 (5)	_	(1)	<u>~</u>	(1)		
Balance at June 30, 2012	<u>></u>	510	2	369	<u>\$</u>	120	3	57	3	6.5

Substantially all of the ARO balances are classified as noncurrent at June 30, 2012 and December 31, 2011.

(PPL, LKE, LG&E and KU)

Accretion and depreciation expense recorded by LG&E and KU is offset with a regulatory credit on the income statement, such that there is no earnings impact.

(PPL and PPL Energy Supply)

The most significant ARO recorded by PPL and PPL Energy Supply relates to the decommissioning of the Susquehanna nuclear plant. The accrued nuclear decommissioning obligation was \$304 million and \$292 million at June 30, 2012 and December 31, 2011.

Assets in the NDT funds are legally restricted for purposes of settling PPL's and PPL Energy Supply's ARO related to the decommissioning of the Susquehanna plant. The aggregate fair value of these assets was \$693 million and \$640 million at June 30, 2012 and December 31, 2011, and is included in "Nuclear plant decommissioning trust funds" on the Balance Sheets. See Notes ##FVMCC and ##AFS for additional information on these assets.

Attachment to Response to KU AG-1 Question No. 201 Page 100 of 1022 Charnas

Clark, Ed

From:

Erskine, Greg

Sent:

Tuesday, July 17, 2012 11:20 AM

To: Cc: Crescente, Angela Wiseman, Sara

Subject:

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Document1.docx

Attachment to Response to KU AG-1 Question No. 201 Page 101 of 1022 Charnas

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Accretion expense Obligations assumed in acquisition of WPD	17	13	3		1	2
Changes in estimated cash flow or settlement date	2	2				
Obligations settled	 (6)	 (5)	 (1)		(1)	
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Attachment to Response to KU AG-1 Question No. 201 Page 102 of 1022 Charnas

Clark, Ed

From:

Leenerts, Patricia

Sent:

Tuesday, July 17, 2012 8:53 AM

To:

Beatty, Stephen

Cc:

Crescente, Angela; Porter, Janice

Subject:

FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Steve, thanks again. I can always add the pipe size or maybe I'll check on adding a RU called drip...then put the description in the asset name. So the final questions remains...some of these tasks state drips others don't. Are the drip task the drip task? What are the tasks which don't state drip adding as an asset...just pipe or what? And, what makes the difference between a drip needing 48' of a single size pipe and one needing 14' and 12' of 2 different sizes.



Magnolia Project Tasks.xlsx

Thanks,

Pat

502-627-3811

From: Beatty, Stephen

Sent: Tuesday, July 17, 2012 7:43 AM

To: Leenerts, Patricia

Cc: Porter, Janice; Crescente, Angela

Subject: RE: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

All:

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Steve



Picture 168.jpg

From: Leenerts, Patricia

Attachment to Response to KU AG-1 Question No. 201 Page 103 of 1022 Charnas

Sent: Monday, July 16, 2012 3:58 PM

To: Beatty, Stephen

Cc: Porter, Janice; Crescente, Angela

Subject: FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

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Thanks,

Pat

502-627-3811

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Sent: Monday, July 16, 2012 3:26 PM

To: Leenerts, Patricia **Cc:** Porter, Janice

Subject: FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

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I can assist you on this request.

Please see my response in RED.

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Sent: Monday, July 16, 2012 2:31 PM

To: Clyde, Peter Cc: Porter, Janice

Subject: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

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- FLINT HILL.
 - REMOVED 16" TEE AND PIPE AND REPLACED WITH SAME.

Attachment to Response to KU AG-1 Question No. 201 Page 104 of 1022 Charnas

- FT. KNOX DRIP
 - REMOVED DRIP AND REPLACED WITH SAME.
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 - o ADDED 20" VALVE WITH 4" BLOWDOWNS.
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<< File: Magnolia Project Tasks.xlsx >>

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FLINTHILL	39,585.60	
FTKDRIP	41,093.86	
FTKNOX	414,444.92	

Attachment to Response to KU AG-1 Question No. 201 Page 105 of 1022 Charnas

LOGSDON	90,126.10	
MAGDRIPS	81,113.66	
MAGNOLIA	148,004.82	
MILLCK	42,306.17	
PENILE	247,422.79	_
PRESTON	123,288.63	
WPDRIP	41,288.32	
RETFLINTHILL		2,369.17
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RETFTKNOX		19,382.33
RETLOGSDON		22,674.51
RETMAGDRIPS		25,994.80
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Project 127455

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Thanks,

Pat 502-627-**3811**

PROJECT: 127455 MAGNOLIA TO PICCADILLY MODIFICATIONS

	MA	GNOLIA 16" ILI PROJEC PHASE 1		
SITE	TASK DESCRIPTION	TASK	TAX LOCATION	PA LOCATION
SITE 1	MAGNOLIA STATION	MAGNOLIA	069-LARUE COUNTY	0727- MAGNOLIA LINE
		RETMAGNOLIA	069-LARUE COUNTY	0727- MAGNOLIA LINE
SITE 2	FLINT HILL BRANCH	FLINTHILL	069-LARUE COUNTY	0727- MAGNOLIA LINE
		RETFLINTHILL	069-LARUE COUNTY	0727- MAGNOLIA LINE
SITE 3	LOGSDON PARKWAY	LOGSDON	031-RADCLIFF	0727- MAGNOLIA LINE
		RETLOGSDON	031-RADCLIFF	0727- MAGNOLIA LINE
SITE 4 SOUTH	FT. KNOX-16" BRANCH	FTKNOX	195-FT. KNOX	0727- MAGNOLIA LINE
		RETFTKNOX	195-FT. KNOX	0727- MAGNOLIA LINE
SITE 5	DRIP - JACKSON	MAGDRIPS	069-LARUE COUNTY	0727- MAGNOLIA LINE
		RETMAGDRIPS	069-LARUE COUNTY	0727- MAGNOLIA LINE
SITE 6	DRIP - SCRUTTON	MAGDRIPS	069-LARUE COUNTY	0727- MAGNOLIA LINE
		RETMAGDRIP\$	069-LARUE COUNTY	0727- MAGNOLIA LINE
SITE 7	DRIP - WALTERS	MAGDRIPS	069-LARUE COUNTY	0727- MAGNOLIA LINE
		RETMAGDRIPS	069-LARUE COUNTY	0727- MAGNOLIA LINE
SITE 8	DRIP - MALONE	MAGDRIPS	069-LARUE COUNTY	0727- MAGNOLIA LINE
		RETMAGDRIPS	069-LARUE COUNTY	0727- MAGNOLIA LINE

	MAGN	IOLIA 20" ILI PROJEC PHASE 2		STANDARDS STANDARDS STANDARDS
SITE	TASK DESCRIPTION	TASK	TAX LOCATION	PA LOCATION
PH. 1 SITE 4 NORTH	FT. KNOX-VALVE NEST	FTKNOX	195-FT. KNOX	0727- MAGNOLIA LINE
		RETFTKNOX	195-FT. KNOX	0727- MAGNOLIA LINE
SITE 1	MILL CREEK BRANCH	MILLCK	084-PLEASURE RIDGE PARK	0727- MAGNOLIA LINE
		RETMILLCK	084-PLEASURE RIDGE PARK	0727- MAGNOLIA LINE
SITE 2	PENILE STATION	PENILE	142-FAIRDALE	0727- MAGNOLIA LINE
		RETPENILE	142-FAIRDALE	0727- MAGNOLIA LINE
SITE 3	PRESTON STATION	PRESTON	037-OKOLONA	0727- MAGNOLIA LINE
		RETPRESTON	037-OKOLONA	0727- MAGNOLIA LINE
SITE 4	DRIP-TOP OF MULDRAUGH HILL	FTKDRIP	195-FT. KNOX	0727- MAGNOLIA LINE
		RETFTKDRIP	195-FT. KNOX	0727- MAGNOLIA LINE
SITE 5	DRIP-BOTTOM OF MULDRAUGH HILL	WPDRIP	014-WEST POINT	0727- MAGNOLIA LINE
		RETWPDRIP	014-WEST POINT	0727- MAGNOLIA LINE

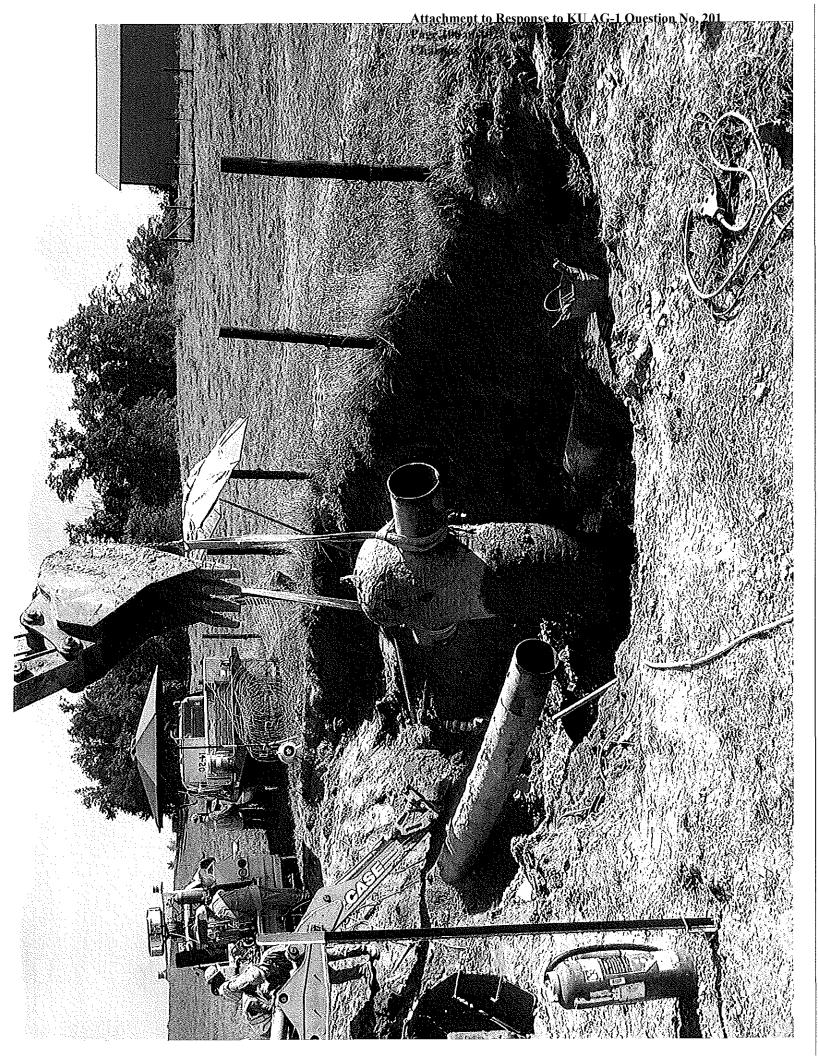
INVESTMENT MATERIAL MENT TO Response to KU AG-1 Question No. 201

Task Number	Uo₽#	Descapage 107 of		
MAGNOLIA	07656	16' VALVE	1 EA	TUG COS
***************************************	07464	16' PIPE AND FITTINGS harnas	30 FT EST.	
	07656	12" VALVE	2 EA	
	0,000	2 7/242	240	
FUNTHILL	07464	16" PIPE AND FITTINGS	10 FT EST.	
LOGSDON	07464	16" PIPE AND FITTINGS	20 FT EST.	1. 11 1
	07466	20" PIPE AND FITTINGS	5 FT EST.	
FTKNOX	07464	16" PIPE AND FITTINGS	120 FT EST.	500
	07466	20" PIPE AND FITTINGS	40 FT EST.	
	07459	4" PIPE AND FITTINGS	20 FT EST.	
	07656	16" VALVE	1 EA	2.54
	07656	20° VALVE	1 EA	
	07656	2*VALVE	4 EA	11,70 100 10
	07658	4" VALVE	4 EA	
MAGDRIPS	07464	16' PIPE AND FITTINGS	48 FT EST.	53 2 S T
MALLOK	07466	20° PIPE AND FITTINGS	8 FT EST.	15050-00-
PENILE	07466	20" PIPE AND FITTINGS	150 FT EST.	
	07650	TRANSMITTERS (ULTRASONIC METER)	1 EA	
PRESTON	07466	20" PIPE AND FITTINGS	40 FT EST.	
	07454	16" PIPE AND FITTINGS	12 FT EST.	4, 5,
	07459	4" PIPE AND FITTINGS	10 FT EST.	
	07656	4'VALVE	2 EA	
FTKDRIP	07468	20" PIPE AND FITTINGS	14 FT EST.	
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	07457	2' PIPE AND FITTINGS	12 FT. EST.	
	07656	2° VALVE	1271.ES1.	
WPDRIP	07466	20° PIPE AND FITTINGS	14 FT EST.	
MILDING.	07457	2" PIPE AND FITTINGS	12 FT. EST.	
	07656	2" VALVE	12F1.ES1.	
		Total	-	-

		RETIRED EQUIPMENT (OR MATERIALS		
	Hora		Original Project	Vintage
RETMAGNOLIA	07484	Description 16" PIPE AND FITTINGS	WO 80271	1959
RETFUNTHILL	07464	16" PIPE AND FITTINGS	U/K; WO 80271	1959
RETLOGSDON	07464	16" PIPE AND FITTINGS	U/K;	1959
RETEOGSDON	07464	20" PIPE AND FITTINGS	WO 80271 U/K;	1972
			WO 51812	
RETFTKNOX	07464	16" PIPE AND FITTINGS	WO 80271	1959
	07466	20" PIPE AND FITTINGS	WO 80376	1959
RETMAGDRIPS	07464	16" PIPE AND FITTINGS	U/K; WO 80271	1959
	07464	16" PIPE AND FITTINGS	u/x	UK, ASSUMED 1959
	07457	2" PIPE AND FITTINGS	U/K	U.K. ASSUMED 1959
	07492	2" VALVE PLUG	uж	UK, ASSUMED 1959
RETMILLOK	07466	20" PIPE AND FITTINGS	U.X	1959
RETPENILE	07464	16" PIPE AND FITTINGS	u/K	1959
	07466	20' PIPE AND FITTINGS	U/K	1959
	07650	TRANSMITTERS (ORIFICE METER)	U/K	U.K, ASSUMEO 1959
	07492	2" VALVE	U/K	UK, ASSUMED 1959
	05393	LIGHTING	u/x	UK, ASSUMED 1959
RETPRESTON	07466	20° PIPE AND FITTINGS	U/K	1970
W-IFIN-OION	07464	16" PIPE AND FITTINGS	UK	1970
RETETKORIP	07466	20" PIPE AND FITTINGS	U/K	1959
	07457	2" PIPE AND FITTINGS	UAK	UK, ASSUMED 1959
	07492	2° VALVE	υ⁄κ	UK, ASSUMED 1959
RETWPDRIP	07466	20' PIPE AND FITTINGS	U/K	1959
RETWPURP	07457	2" PIPE AND FITTINGS	UK	U.K, ASSUMED 1959
	07492	2*VALVE	urk	UK, ASSUMED 1959

SALVAGE & TRANSFERRED FOUIPMENT

SACVAGE & TRANSFERRED EQUIPMENT						
UOP#	Units of Property Description	Salvage Equipment	Transferred Equipment			
	Tatal					
	UOP#	UOP# Units of Property Dearch/Son	UOP# Units of Property Description Salvage Equipment			



Attachment to Response to KU AG-1 Question No. 201 Page 109 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Tuesday, July 17, 2012 8:49 AM Beatty, Stephen; Leenerts, Patricia

To: Cc:

Porter, Janice

Subject:

RE: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Tracking:

Recipient

Read

Beatty, Stephen

Read: 7/17/2012 11:58 AM Read: 7/19/2012 10:55 AM

Leenerts, Patricia Porter, Janice

Read: 7/20/2012 3:04 PM

Janice,

Please call me when you get a chance and I'll help set up those tasks.

Thanks, Angela X2524

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<< File: Picture 168.jpg >>

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Cc: Porter, Janice; Crescente, Angela

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Attachment to Response to KU AG-1 Question No. 201 Page 111 of 1022 Charnas

- LOGSDON PARKWAY
 - o REMOVED 16" TEE AND PIPE AND REPLACED WITH SAME.
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Attachment to Response to KU AG-1 Question No. 201 Page 112 of 1022 Charnas

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Attachment to Response to KU AG-1 Question No. 201 Page 114 of 1022 Charnas

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FYI. THE INFORMATION ATTACHED WAS ESTIMATED BEFORE THE START OF THE PROJECT. IF YOU NEED ACCURATE ESTIMATES, I WILL HAVE TO GATHER THEM. I think I'll have what I need after you answer my drip question. If not I'll check back with you. Also, I should be able to tell from the invoices, but sometimes when with McJunkin and their EDI invoice, the detail doesn't feed over to PP in detail and I have to lookup info in Oracle.

<< File: Magnolia Project Tasks.xlsx >>

Normally, I hope for about a 1 week turnaround, but I will be out July 21 - 29. Please try to get the info to me by July 30^{th} . I appreciate your help.

Task	Investment	108901-retire
FLINTHILL	39,585.60	
FTKDRIP	41,093.86	
FTKNOX	414,444.92	
LOGSDON	90,126.10	
MAGDRIPS	81,113.66	
MAGNOLIA	148,004.82	
MILLCK	42,306.17	
PENILE	247,422.79	
PRESTON	123,288.63	
WPDRIP	41,288.32	
RETFLINTHILL		2,369.17
RETFTKDRIPS		777.48
RETFTKNOX		19,382.33
RETLOGSDON		22,674.51
RETMAGDRIPS		25,994.80
RETMAGNOLIA		12,905.52
RETMILLCK		8,185.16
RETPENILE		16,497.36
RETPRESTIB		4,796.90
RETWAG		513.56
RETWPDRIP		3,007.13

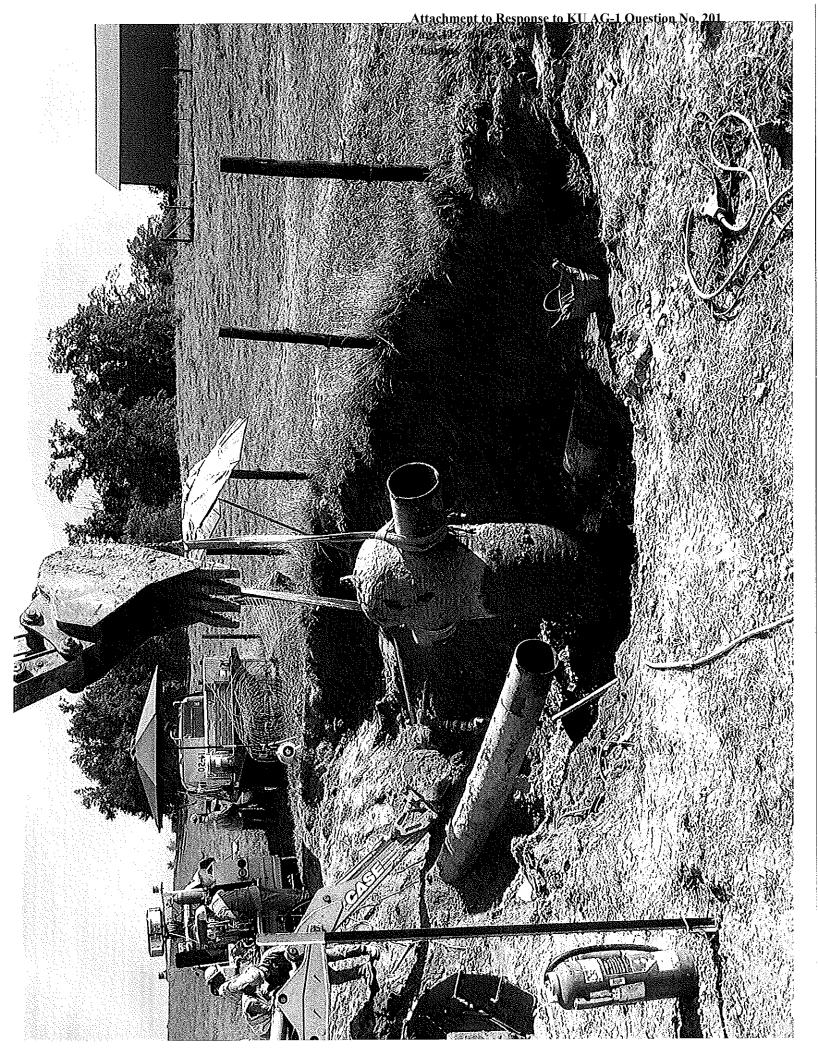
Project 127455

Attachment to Response to KU AG-1 Question No. 201 Page 116 of 1022

This project includes the installation of three(3) mainline ball vellves and piping modifications in order to make the pipeline piggable at Magnolia Station, Muldraugh Station, Penile City Gate Station, Preston City Gate Station, and several vintage tie-in locations.

Thanks,

Pat 502-627-**3811**



Attachment to Response to KU AG-1 Question No. 201 Page 118 of 1022 Charnas

Clark, Ed

From:

Leenerts, Patricia

Sent:

Monday, July 16, 2012 3:58 PM

To:

Beatty, Stephen

Cc:

Porter, Janice; Crescente, Angela

Subject:

FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Steve, thanks for the quick response...and how you always answer me by asking more questions. Which I will follow suit too...with questions during my answers. See <u>purple</u> below.

Thanks,

Pat

502-627-3811

From: Beatty, Stephen

Sent: Monday, July 16, 2012 3:26 PM

To: Leenerts, Patricia **Cc:** Porter, Janice

Subject: FW: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Pat:

I can assist you on this request.

Please see my response in RED.

Steve

From: Leenerts, Patricia

Sent: Monday, July 16, 2012 2:31 PM

To: Clyde, Peter **Cc:** Porter, Janice

Subject: Project 127455-MAGNOLIA TO PICCADILY MODIFICATIONS

Pete,

I've included the task and dollars spent, in addition to the project description below. First is there retirement charges which need to be booked as AROs. If so, please provide that info so that Janice can do the JEs. ALL OF THIS MATERIAL WOULD BE BOOKED AS AN ARO SINCE IT WAS COAL TAR ASBESTOS PIPE. JANICE: WHAT DO YOU NEED FROM ME? Since you say ALL, I would think Janice would just be able to move all the charges to the 108799 task. Janice or you will need to coordinate with Angela as to how many ARO tasks are needed since there are multiple locations. Is this project 100% complete? If yes, then I can have a single task, but Angela may need more. Angela, this is ~ 117K of 108 charges.

In addition, can you tell me what was done at each location which is unitizable by location? The description mentions several City Gates, but I only recognize Preston and Penile from the task list.

Attachment to Response to KU AG-1 Question No. 201 Page 119 of 1022

Charnas
What's a drip for and what are its pieces? I previously have put on a quantity of drips. I see on the attachment that there are multiple feet of some of the pipe. Can this varying lengths of pipe still be for one drip?

- FLINT HILL.
 - REMOVED 16" TEE AND PIPE AND REPLACED WITH SAME.
- FT. KNOX DRIP
 - REMOVED DRIP AND REPLACED WITH SAME.
- FT. KNOX
 - o ADDED 16" VALVE WITH 4" BLOWDOWNS.
 - o ADDED 20" VALVE WITH 4" BLOWDOWNS.
- LOGSDON PARKWAY
 - REMOVED 16" TEE AND PIPE AND REPLACED WITH SAME.
- MAGDRIPS
 - REMOVED 4 DRIPS
 - REPLACED WITH 16" PIPE
- MAGNOLIA
 - ADDED 16" VALVE WITH 4" BLOWDOWNS.
- MILL CREEK TIE-IN
 - REMOVED 20" TEE AND PIPE AND REPLACED WITH SAME.
- PENILE
 - o REMOVED 16" PIPE
 - REMOVED 16" ORIFICE METER FITTING
 - o ADDED 20" PIPE
 - ADDED ULTRASONIC METER FITTING
- PRESTON
 - o REMOVED (2) 20" TEES AND PIPE AND REPLACED WITH SAME.
- WPDRIP
 - REMOVED DRIP AND REPLACED WITH SAME

What's a drip for and what are its pieces? I previously have put on a quantity of drips. I see on the attachment that there are multiple feet of some of the pipe. Can this varying lengths of pipe still be for one drip?

DO YOU WANT RU'S AND QUANTITIES? I think I'll have what I need after you answer my drip question.

IF YES, WHAT HAS BEEN DECIDED AS FAR AS VALVES. ARE WE LUMPING VALVES INTO ONE RU (I.E. VALVES-MAINS AND LINES)? I have gate, check, blow down, plug and relief valves...if the valve isn't marked accordingly I put to Valves (Mains & Lines). 2" is the smallest I put on...so if there are valves smaller, then the dollars are spread across the whole task.

ALSO, IF YES, WHERE ARE WE MARKING THE DEMARCATION OF CITY GATES? AT THE REMOTE VALVES AS HAS BEEN INFERRED RECENTLY OR AT THE FENCE/REGULATOR WHICH WAS LIKELY IN THE PAST? The past, unless someone tells us differently (and will again when the asset is retired), we consider the fence to be guide for the city gate facility. What and how close to the fence (and which side of the fence) is a remote valve?

FYI. THE INFORMATION ATTACHED WAS ESTIMATED BEFORE THE START OF THE PROJECT. IF YOU NEED ACCURATE ESTIMATES, I WILL HAVE TO GATHER THEM. I think I'll have what I need after you answer my drip question. If not I'll check back with you. Also, I should be able to tell from the invoices, but sometimes when with McJunkin and their EDI invoice, the detail doesn't feed over to PP in detail and I have to lookup info in Oracle.



Tasks.xlsx

Normally, I hope for about a 1 week turnaround, but I will be out July 21 – 29. Please try to get the info to me by July 30th. I appreciate your help.

Task	Investment	108901-retire
FLINTHILL	39,585.60	
FTKDRIP	41,093.86	
FTKNOX	414,444.92	
LOGSDON	90,126.10	
MAGDRIPS	81,113.66	
MAGNOLIA	148,004.82	
MILLCK	42,306.17	
PENILE	247,422.79	
PRESTON	123,288.63	
WPDRIP	41,288.32	
RETFLINTHILL		2,369.17
RETFTKDRIPS		777.48
RETFTKNOX		19,382.33
RETLOGSDON		22,674.51
RETMAGDRIPS		25,994.80
RETMAGNOLIA		12,905.52
RETMILLCK		8,185.16
RETPENILE		16,497.36
RETPRESTIB		4,796.90
RETWAG		513.56
RETWPDRIP		3,007.13

Project 127455

This project Includes the installation of three(3) mainline ball valves and piping modifications in order to make the pipeline piggable at Magnolia Station, Muldraugh Station, Penile City Gate Station, Preston City Gate Station, and several vintage tie-in locations.

Thanks,

Pat 502-627**-3811**

PROJECT: 127455 MAGNOLIA TO PICCADILLY MODIFICATIONS

MAGNOLIA 16" ILI PROJECT PHASE 1						
SITE	TASK DESCRIPTION	TASK	TAX LOCATION	PA LOCATION		
SITE 1	MAGNOLIA STATION	MAGNOLIA	069-LARUE COUNTY	0727- MAGNOLIA LINE		
		RETMAGNOLIA	069-LARUE COUNTY	0727- MAGNOLIA LINE		
SITE 2	FLINT HILL BRANCH	FLINTHILL	069-LARUE COUNTY	0727- MAGNOLIA LINE		
		RETFLINTHILL	069-LARUE COUNTY	0727- MAGNOLIA LINE		
SITE 3	LOGSDON PARKWAY	LOGSDON	031-RADCLIFF	0727- MAGNOLIA LINE		
		RETLOGSDON	031-RADCLIFF	0727- MAGNOLIA LINE		
SITE 4 SOUTH	FT, KNOX-16" BRANCH	FTKNOX	195-FT. KNOX	0727- MAGNOLIA LINE		
		RETFTKNOX	195-FT. KNOX	0727- MAGNOLIA LINE		
SITE 5	DRIP - JACKSON	MAGDRIPS	069-LARUE COUNTY	0727- MAGNOLIA LINE		
		RETMAGDRIPS	069-LARUE COUNTY	0727- MAGNOLIA LINE		
SITE 6	DRIP - SCRUTTON	MAGDRIPS	069-LARUE COUNTY	0727- MAGNOLIA LINE		
		RETMAGDRIPS	069-LARUE COUNTY	0727- MAGNOLIA LINE		
SITE 7	DRIP - WALTERS	MAGDRIPS	069-LARUE COUNTY	0727- MAGNOLIA LINE		
		RETMAGDRIPS	069-LARUE COUNTY	0727- MAGNOLIA LINE		
SITE 8	DRIP - MALONE	MAGDRIPS	069-LARUE COUNTY	0727- MAGNOLIA LINE		
		RETMAGDRIPS	069-LARUE COUNTY	0727- MAGNOLIA LINE		

MAGNOLIA 20" ILI PROJECT PHASE 2					
SITE	TASK DESCRIPTION	TASK	TAX LOCATION	PA LOCATION	
PH. 1 SITE 4 NORTH	FT. KNOX-VALVE NEST	FTKNOX	195-FT. KNOX	0727- MAGNOLIA LINE	
		RETFTKNOX	195-FT. KNOX	0727- MAGNOLIA LINE	
SITE 1	MILL CREEK BRANCH	MILLCK	084-PLEASURE RIDGE PARK	0727- MAGNOLIA LINE	
		RETMILLCK	084-PLEASURE RIDGE PARK	0727- MAGNOLIA LINE	
SITE 2	PENILE STATION	PENILE	142-FAIRDALE	0727- MAGNOLIA LINE	
		RETPENILE	142-FAIRDALE	0727- MAGNOLIA LINE	
SITE 3	PRESTON STATION	PRESTON	037-OKOLONA	0727- MAGNOLIA LINE	
		RETPRESTON	037-OKOLONA	0727- MAGNOLIA LINE	
SITE 4	DRIP-TOP OF MULDRAUGH HILL	FTKDRIP	195-FT. KNOX	0727- MAGNOLIA LINE	
		RETFTKORIP	195-FT. KNOX	0727- MAGNOLIA LINE	
SITE 5	DRIP-BOTTOM OF MULDRAUGH HILL	WPDRIP	014-WEST POINT	0727- MAGNOLIA LINE	
		RETWPDRIP	014-WEST POINT	0727- MAGNOLIA LINE	

Attachment to Response to KU AG-1 Question No. 201

		INVESTMENT MATERIAL 22 0	£ 1022	
Task Number	UOP#	145 124 0	Quantity	Total Cos
MAGNOLIA	07656	Descrision Charnas	1 EA	JOHN CO.
maditoria	07464	16' PIPE AND FITTINGS	30 FT EST.	3.5.0
	07656	2" VALVE	2 EA	
	07030	2 VALVE	* * * * * * * * * * * * * * * * * * * *	
FUNTHILL	07464	16' PIPE AND FITTINGS	10 FT EST.	.202 Y.
LOGSDON	07464	16" PIPE AND FITTINGS	20 FT EST.	7. j.j. 17. 17.
	07466	20" PIPE AND FITTINGS	5 FT EST.	
FTMOV	47441	MARINE AND EXCESSOR	/40	
FTKNOX	07464	16" PIPE AND FITTINGS	120 FT EST.	
	07466	20" PIPE AND FITTINGS	40 FT EST.	
	07459	4" PIPE AND FITTINGS	20 FT EST.	
	07656	16" VALVE	1 EA	55, 54, 5
	07656	20" VALVE	1 EA	
	07656	2* VALVE	4 EA	5 5 5
	07656	4* VALVE	4 EA	
MAGDRIPS	07464	16' PIPE AND FITTINGS	48 FT EST.	
MILLOK	07466	20' PIPE AND FITTINGS	8 FT EST.	
PENILE	07466	ONLDING AND EXTENSO	150 FT EST.	
PENICE	07650	TRANSMITTERS (ULTRASONIC METER)	150 FT EST.	- 1 154 - 15 15 1
	01030	TIONOMITIENO (OCTIVIDONEO METER)	1,05	
PRESTON	07466	20" PIPE AND FITTINGS	40 FT EST.	555
	07464	16" PIPE AND FITTINGS	12 FT EST.	Dysch, by
	07459	4" PIPE AND FITTINGS	10 FT EST.	undjektor
	07656	4" VALVE	2 EA	and a second
FTKDRIP	07466	20" PIPE AND FITTINGS	14 FT EST.	54-5 555
, ,, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	07457	2' PIPE AND FITTINGS	12 FT, EST.	
	07656	2*VALVE	1 EA	
WPDRIP	07456	ION DOT AND FUTURE	14 FT EST.	
MEDIGE		20' PIPE AND FITTINGS		*********
	07457	2° PIPE AND FITTINGS	12 FT, EST,	
	07656	2' VALVE	1 EA	11, 1, 1, 1
		Total	-	

		RETIRED EQUIPMENT (OR MATERIALS		
Task Number	ÜOP#	Book and Tables	Original Project Number	Vintage Year
RETMAGNOLIA	07464	16" PIPE AND FITTINGS	U/K; WO 80271	1959
RETFUNTELL	07464	16" PIPE AND FITTINGS	PE AND FITTINGS U/K; WO 80271	
RETLOGSDON	07464	16" PIPE AND FITTINGS	U/K; WO 80271	1959
	07456	20" PIPE AND FITTINGS	U/K; WO 51812	1972
RETFTKNOX	07464	16' PIPE AND FITTINGS	U/K; WO 80271	1959
	07468	20" PIPE AND FITTINGS	U/K; WO 80376	1959
RETMAGDRIPS	07464	16" PIPE AND FITTINGS	U/K; WO 80271	1959
	07464	16" PIPE AND FITTINGS	ሀЖ	U.K, ASSUMED 1959
	07457	2° PIPE AND FITTINGS	U/K	U.Y., ASSUMED 1959
	07492	2" VALVE PLUG	UK	U/K, ASSUMED 1959
RETMALICK	07466	20" PIPE AND FITTINGS	U/K	1959
RETPENILE	07464	16' PIPE AND FITTINGS	U/K	1959
	07466 07650	20' PIPE AND FITTINGS TRANSMITTERS (ORIFICE METER)	U/K U/K	1959 U/K, ASSUMED 1959
	07492	2" VALVE	uх	UK, ASSUMED 1959
	05393	LIGHTING	U/K	U.K, ASSUMED 1959
RETPRESTON	07466	20" PIPE AND FITTINGS	U/K	1970
,	07464	16" PIPE AND FITTINGS	U/K	1970
RETETKORIP	07456	20" PIPE AND FITTINGS	U/K	1959
(ILI) (IDEA	07457	2° PIPE AND FITTINGS	U/K	U/K, ASSUMED 1959
	07492	2" VALVE	U/K	U/K, ASSUMED 1959
RETWPDRIP	07466	20° PIPE AND FITTINGS	U/K	1959
	07457	2" PIPE AND FITTINGS	U/K	U.K, ASSUMED 1959
	07492	2* VALVE	U/K	U/K, ASSUMED 1959
				L

SALVAGE & TRANSFERRED EQUIPMENT						
Task Number	UOP#	Units of Property Description	Salvage Equipment	Transferred Equipment		
		Total				

Attachment to Response to KU AG-1 Question No. 201 Page 123 of 1022 Charnas

Clark, Ed

From:

Clark, Lynda

Sent:

Friday, July 13, 2012 1:09 PM

To:

Skaggs, Jennifer

Cc:

Crescente, Angela; Wiseman, Sara

Subject:

RE: follow-up question on the LKE flux file

ARO regulatory assets \$5 million is: ARO depreciation \$3 million and ARO accretion \$3 million; offset by ARO settlements of \$1 million.

Lynda

From: Skaggs, Jennifer

Sent: Friday, July 13, 2012 12:57 PM **To:** Clark, Lynda; Crescente, Angela

Subject: follow-up question on the LKE flux file

Hello -

I had a follow-up question from Valerie on the LKE flux file. (LGE and KU)

On the accumulated depreciation for regulated utility plant the explanation is below that states the ARO depreciation was classified as a regulatory asset of (\$3M) did not tie back to the change in the ARO regulatory asset (182317-182327) listed below of \$5M. Valerie wanted to understand why they would not match and what would cause the difference. If you can get this explanation to me today it would be much appreciated. Thanks

<< OLE Object: Microsoft Excel 2003 Worksheet >>

<< OLE Object: Microsoft Excel 2003 Worksheet >>

Jenny Skaggs LG&E and KU Energy LLC Financial Accounting and Analysis 502-627-4733 Jennifer.skaggs@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 124 of 1022 Charnas

Crescente, Angela

From:

Skaggs, Jennifer

Sent: To: Friday, July 13, 2012 12:57 PM Clark, Lynda; Crescente, Angela

Subject:

follow-up question on the LKE flux file

Follow Up Flag: Flag Status:

Follow up Completed

Hello -

I had a follow-up question from Valerie on the LKE flux file. (LGE and KU)

On the accumulated depreciation for regulated utility plant the explanation is below that states the ARO depreciation was classified as a regulatory asset of (\$3M) did not tie back to the change in the ARO regulatory asset (182317-182327) listed below of \$5M. Valerie wanted to understand why they would not match and what would cause the difference. If you can get this explanation to me today it would be much appreciated. Thanks

Accumulated depreciation - regulated utility plant

- Normal depreciation (reconciles to depreciation expense of \$172M with net cost of removal classified as regulatory liability of \$29M, and ARO depreciation classified as a regulatory asset of (\$3M))
- (26) Retirements
- Other
- 120 Total

Regulatory assets (Non-current)	Charnas
(13) Pension	
5 ARO	
3 Interest Rate Swap	
(7) Storm	
(1) MISO	
(4) Coal Contracts	
(2) Other	
(19) Total	

Jenny Skaggs
LG&E and KU Energy LLC
Financial Accounting and Analysis
502-627-4733
Jennifer.skaggs@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 126 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Wednesday, July 11, 2012 4:15 PM

To: Cc: Erskine, Greg Wiseman, Sara

Subject:

FW: ARO Footnote - 6/30/12

Greg,

Please see attached:



ARO Footnote 2nd Quarter.xlsx

Thanks, Angela

From: Erskine, Greg

Sent: Wednesday, July 11, 2012 11:07 AM

To: Crescente, Angela

Subject: FW: ARO Footnote - 6/30/12

Angela:

I've updated the attached file. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me today, please?

Thanks,

Greg

From: Erskine, Greg

Sent: Thursday, June 28, 2012 1:21 PM

To: Crescente, Angela

Subject: ARO Footnote - 6/30/12

Angela:

I need to get rollforwards of LG&E's and KU's AROs for the six months ended 6/30/12 to help complete the 6/30/12 10-Q. I've attached a file that shows what I need. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me by Wednesday, July 11, please?

Please make sure the amounts on the row labeled "Other (forced - S/B zero)" equal zero before you send the file back to me.

Attachment to Response to KU AG-1 Question No. 201 Page 127 of 1022 Charnas

I've detailed the beginning and ending balances by account on the worksheet named "BalancesByAccount" in the file. The balances in the columns headed "6/30/12" on this worksheet in the attached version of the file actually represent 5/31/12 balances. I plan on updating the amounts in these columns to reflect 6/30/12 balances after we close June, and I plan on sending you a copy of the updated file containing the 6/30/12 balances on or about Tuesday, July 10.

If you have any questions, please let me know.

Thanks,

Greg



Book2,xlsx

Attachment to Response to KU AG-1 Question No. 201 Page 128 of 1022 Charnas

LG&E AND KU Asset Retirement Obligations 12/31/11 through 06/30/12 () Means Debit 06/30/12 Reporting

07/11/12 4:03 PM

	LKE	LG&E	KU	FCD
12/31/11 balance	118,299,060.52	56,856,461.36	61,379,032.38	63,566.78
Accretion expense	3,040,105.56	1,460,366.05	1,577,532.21	2,207.30
Obligations assumed in acquisition of LKE	0.00	0.00	0.00	0.00
Obligations assumed in acquisition of CN	0.00	0.00	0.00	0.00
ARO derecognized	0.00	0.00	0.00	0.00
New obligations incurred	(103.71)	(23.74)	(79.97)	0.00
Changes in estimated cash flow or settlement date	0.00	0.00	0.00	0.00
Effect of foreign currency exchange rates	0.00	0.00	0.00	0.00
Obligations settled	(1,174,929.89)	(1,174,929.89)	0.00	0.00
Other (forced - S/B zero)	0.00	0.00	0.00	0.00
06/30/12 balance	120,164,132.48	57,141,873.78	62,956,484.62	65,774.08

LG&E AND KU Asset Retirement Obligations 12/31/11 and 06/30/12 06/30/12 Reporting

Attachment to Response to KU AG-1 Question No. 201 Page 129 of 1022 Charnas

07/11/12 4:03 PM

				12/31/11			06/30/12	
			LG&E	KU	FCD	LG&E	KU	FCD
Acct No	Acct Desc	Curr or Noncurr	0100	0110	0304	0100	0110	0304
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	0.00	2,174,754,73	410,549.80	0.00
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(63,566.78)	(35,960,683.18)	(61,802,181.48)	(65,774.08)
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISS	I NCURR	(253,364.08)	(545,748.17)	0.00	(260,289.84)	(560,697.55)	0.00
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTION	CNCURR	(658,353.57)	(806,034,02)	0.00	(676,494.00)	(827,862.39)	0.00
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	0.00	(19,953,200,62)	0.00	0.00
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	0.00	(111,099.87)	0.00	0.00
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980.00)	(176,293.00)	0.00	(800,980.00)	(176,293.00)	0.00
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	0.00	(1,553,881.00)	0.00	0.00
Totals			(56,856,461.36)	(61,379,032.38)	(63,566.78)	(57,141,873.78)	(62,956,484.62)	(65,774.08)
Summary:								
Current		CURR	(2,354,861.00)	(176,293.00)	0.00	(2,354,861.00)	(176,293.00)	0.00
Noncurrent		NCURR	(54,501,600,36)	(61,202,739,38)	(63,566.78)	(54,787,012.78)	(62,780,191.62)	(65,774.08)
Totals			(56,856,461.36)	(61,379,032.38)	(63,566.78)	<u>(57,141,873.78)</u>	(62,956,484.62)	(65,774.08)

LG&E AND KU Asset Retirement Obligations 12/31/11 through 06/30/12 () Means Debit 06/30/12 Reporting Attachment to Response to KU AG-1 Question No. 201 Page 130 of 1022 Charnas

> 07/11/12 11:05 AM

	LKE	LG&E	KU	FCD
12/31/11 balance	118,299,060.52	56,856,461.36	61,379,032.38	63,566.78
Accretion expense	0.00	??????	??????	??????
Obligations assumed in acquisition of LKE	0.00	??????	??????	??????
Obligations assumed in acquisition of CN	0.00	??????	??????	??????
ARO derecognized	0.00	??????	??????	??????
New obligations incurred	0.00	??????	??????	??????
Changes in estimated cash flow or settlement date	0,00	??????	??????	??????
Effect of foreign currency exchange rates	0.00	??????	??????	??????
Obligations settled	0.00	??????	??????	??????
Other (forced - S/B zero)	1,865,071.96	285,412.42	1,577,452.24	2,207.30
06/30/12 balance	120,164,132.48	57,141,873.78	62,956,484.62	65,774.08

LG&E AND KU Asset Retirement Obligations 12/31/11 and 06/30/12 06/30/12 Reporting

Attachment to Response to KU AG-1 Question No. 201 Page 131 of 1022 Charnas

07/11/12 11:05 AM

			12/31/11				06/30/12		
			LG&E	KU	FCD	LG&E	KU	FCD	
Acct No	Acct Desc	Curr or Noncurr	0100	0110	0304	0100	0110	0304	
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	0.00	2,174,754.73	410,549.80	0.00	
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506,99)	(63,566.78)	(35,960,683.18)	(61,802,181.48)	(65,774.08)	
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISS	I NCURR	(253,364,08)	(545,748,17)	0.00	(260,289,84)	(560,697.55)	0.00	
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTION	NCURR	(658,353,57)	(806,034.02)	0.00	(676,494.00)	(827,862.39)	0.00	
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	0.00	(19,953,200.62)	0.00	0,00	
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	0.00	(111,099.87)	0.00	0.00	
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980.00)	(176,293.00)	0.00	(800,980,00)	(176,293.00)	0.00	
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	0.00	(1,553,881.00)	0.00	0.00	
Totals			(56,856,461.36)	(61,379,032.38)	(63,566.78)	(57,141,873.78)	(62,956,484.62)	(65,774,08)	
Summary:									
Current		CURR	(2,354,861.00)	(176,293.00)	0,00	(2,354,861.00)	(176,293.00)	0.00	
Noncurrent		NCURR	(54,501,600.36)	(61,202,739.38)	(63,566.78)	(54,787,012.78)	(62,780,191.62)	(65,774.08)	
Totals			(56,856,461.36)	(61,379,032.38)	(63,566.78)	<u>(57,141,873.78)</u>	(62,956,484.62)	(65,774,08)	

Attachment to Response to KU AG-1 Question No. 201 Page 132 of 1022 Charnas

Clark, Ed

From:

Charnas, Shannon

Sent:

Wednesday, July 11, 2012 12:57 PM

To:

Wiseman, Sara; Leichty, Doug

Cc:

Crescente, Angela

Subject:

RE: ARO JE

I think this is good and simple. Doug, if they are having a hard time understanding, it might be best to have a phone conversation, it is a difficult concept and a discussion is often easier.

Thanks,

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

From: Wiseman, Sara

Sent: Wednesday, July 11, 2012 10:25 AM To: Charnas, Shannon; Leichty, Doug

Cc: Crescente, Angela Subject: FW: ARO JE

I'm open to comments, that's for sure.

From: Leichty, Doug

Sent: Wednesday, July 11, 2012 9:41 AM

To: Wiseman, Sara Cc: Charnas, Shannon Subject: RE: ARO JE

Sara,

Just spoke with Staff and they wanted to know what is the definition of the "Parent" and "Child" assets? Could you please provide a response?

Thanks, Doug

From: Leichty, Doug

Sent: Tuesday, July 10, 2012 10:04 AM

To: 'Jeff Garmon'

Cc: Conroy, Robert; Wiseman, Sara

Subject: RE: ARO JE

Jeff,

Attached are the requested ARO journal entries for July 2011. Let me know if you have any questions.

Doug

Attachment to Response to KU AG-1 Question No. 201 Page 133 of 1022 Charnas

Clark, Ed

From:

Erskine, Greg

Sent:

Wednesday, July 11, 2012 11:07 AM

To:

Crescente, Angela

Subject:

FW: ARO Footnote - 6/30/12

Angela:

I've updated the attached file. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me today, please?

Thanks,

Greg

From: Erskine, Greg

Sent: Thursday, June 28, 2012 1:21 PM

To: Crescente, Angela

Subject: ARO Footnote - 6/30/12

Angela:

I need to get rollforwards of LG&E's and KU's AROs for the six months ended 6/30/12 to help complete the 6/30/12 10-Q. I've attached a file that shows what I need. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me by Wednesday, July 11, please?

Please make sure the amounts on the row labeled "Other (forced - S/B zero)" equal zero before you send the file back to me.

I've detailed the beginning and ending balances by account on the worksheet named "BalancesByAccount" in the file. The balances in the columns headed "6/30/12" on this worksheet in the attached version of the file actually represent 5/31/12 balances. I plan on updating the amounts in these columns to reflect 6/30/12 balances after we close June, and I plan on sending you a copy of the updated file containing the 6/30/12 balances on or about Tuesday, July 10.

If you have any questions, please let me know.

Thanks,

Greg

Book2.xlsx

LG&E AND KU Asset Retirement Obligations 12/31/11 through 06/30/12 () Means Debit 06/30/12 Reporting

Attachment to Response to KU AG-1 Question No. 201 Page 134 of 1022 Charnas

07/11/12 11:05 AM

	LKE	LG&E	KU	FCD
12/31/11 balance	118,299,060.52	56,856,461.36	61,379,032.38	63,566.78
Accretion expense	0.00	??????	??????	??????
Obligations assumed in acquisition of LKE	0.00	??????	??????	??????
Obligations assumed in acquisition of CN	0.00	??????	??????	??????
ARO derecognized	0.00	??????	??????	??????
New obligations incurred	0.00	??????	??????	??????
Changes in estimated cash flow or settlement date	0.00	??????	??????	??????
Effect of foreign currency exchange rates	0.00	??????	??????	??????
Obligations settled	0.00	??????	??????	??????
Other (forced - S/B zero)	1,865,071.96	285,412.42	1,577,452.24	2,207.30
06/30/12 balance	120,164,132.48	57,141,873.78	62,956,484.62	65,774.08

Attachment to Response to KU AG-1 Question No. 201 Page 135 of 1022 Charnas

LG&E AND KU Asset Retirement Obligations 12/31/11 and 06/30/12 06/30/12 Reporting 07/11/12 11:05 AM

			12/31/11				06/30/12		
			LG&E	KU	FCD	LG&	KŲ	FCD	
Acct No	Acct Desc	Curr or Noncurr	0100	0110	0304	010	0110	0304	
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	0.00	2,174,754.73	410,549.80	0.00	
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(63,566.78)	(35,960,683.18) (61,802,181.48)	(65,774,08)	
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISS	I NCURR	(253,364.08)	(545,748.17)	0.00	(260,289.84) (560,697,55)	0.00	
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTIONS	CNGURR	(658,353,57)	(806,034,02)	0.00	(676,494.00) (827,862.39)	0.00	
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	0.00	(19,953,200.62	0.00	0.00	
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	0.00	(111,099.87	0.00	0.00	
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(00.086,008)	(176,293.00)	0.00	(800,980.00) (176,293.00)	0.00	
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	0.00	(1,553,881.00		0.00	
Totals			(56,856,461.36)	(61,379,032.38)	(63,566.78)	<u> (57,141,873.78</u>) (62,956,484,62)	(65,774.08)	
Summary:									
Current		CURR	(2,354,861.00)	(176,293.00)	0.00	(2,354,861.00) (176,293.00)	0.00	
Noncurrent		NCURR	(54,501,600,36)	(61,202,739.38)	(63,566.78)	(54,787,012.78	(62,780,191,62)	(65,774.08)	
Totals			(56,856,461.36)	(61,379,032.38)	(63,566.78)	<u>(57,141,873.78</u>) (62,956,484.62)	(65,774.08)	

Attachment to Response to KU AG-1 Question No. 201 Page 136 of 1022 Charnas

Clark, Ed

From:

Wiseman, Sara

Sent:

Wednesday, July 11, 2012 10:25 AM

To:

Charnas, Shannon; Leichty, Doug

Cc: Subject: Crescente, Angela

Attachments:

FW: ARO JE
Parent Child definitions for VASCC.docx

I'm open to comments, that's for sure.

From: Leichty, Doug

Sent: Wednesday, July 11, 2012 9:41 AM

To: Wiseman, Sara **Cc:** Charnas, Shannon **Subject:** RE: ARO JE

Sara,

Just spoke with Staff and they wanted to know what is the definition of the "Parent" and "Child" assets? Could you please provide a response?

Thanks, Doug

From: Leichty, Doug

Sent: Tuesday, July 10, 2012 10:04 AM

To: 'Jeff Garmon'

Cc: Conroy, Robert; Wiseman, Sara

Subject: RE: ARO JE

Jeff,

Attached are the requested ARO journal entries for July 2011. Let me know if you have any questions.

Doug

Attachment to Response to KU AG-1 Question No. 201 Page 137 of 1022 Charnas

Parent: The parent asset is the underlying physical asset for which the asset retirement obligation has been established.

Child: The child asset is the asset retirement cost established upon initial recognition of the liability for the asset retirement obligation.

Attachment to Response to KU AG-1 Question No. 201 Page 138 of 1022 Charnas

Clark, Ed

From:

Wiseman, Sara

Sent:

Wednesday, July 11, 2012 10:17 AM

To: Subject: Attachments: Crescente, Angela FW: ARO JE Document2.docx

Please see the attachment for what I wrote. I could have sworn I already did this at some point in the past.

From: Leichty, Doug

Sent: Wednesday, July 11, 2012 9:41 AM

To: Wiseman, Sara **Cc:** Charnas, Shannon **Subject:** RE: ARO JE

Sara,

Just spoke with Staff and they wanted to know what is the definition of the "Parent" and "Child" assets? Could you please provide a response?

Thanks, Doug

From: Leichty, Doug

Sent: Tuesday, July 10, 2012 10:04 AM

To: 'Jeff Garmon'

Cc: Conroy, Robert; Wiseman, Sara

Subject: RE: ARO JE

Jeff,

Attached are the requested ARO journal entries for July 2011. Let me know if you have any questions.

Doug

Attachment to Response to KU AG-1 Question No. 201 Page 139 of 1022 Charnas

Parent: The underlying physical asset for which the asset retirement obligation has been established.

Child: The asset retirement cost established upon initial recognition of the liability for the asset retirement obligation.

Clark, Ed

From:

Charnas, Shannon

Sent: To: Tuesday, July 10, 2012 12:35 PM Leichty, Doug; Crescente, Angela

Cc:

Wiseman, Sara

Subject:

RE: Staff request ARO 7 6 2012.xlsx

OK, thanks.

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

From: Leichty, Doug

Sent: Tuesday, July 10, 2012 12:11 PM **To:** Charnas, Shannon; Crescente, Angela

Cc: Wiseman, Sara

Subject: RE: Staff request ARO 7 6 2012.xlsx

They tie to the filed support and the support includes cents.

From: Charnas, Shannon

Sent: Tuesday, July 10, 2012 11:49 AM **To:** Crescente, Angela; Leichty, Doug

Cc: Wiseman, Sara

Subject: RE: Staff request ARO 7 6 2012.xlsx

Has someone confirmed that these amounts do tie to the support documents? Are they in dollars and cents, or just dollars? If just dollars, we should remove the cents from this schedule as well. Please confirm that the amounts tie.

Thanks,

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

From: Crescente, Angela

Sent: Tuesday, July 10, 2012 9:47 AM

To: Leichty, Doug

Cc: Charnas, Shannon; Wiseman, Sara

Subject: RE: Staff request ARO 7 6 2012.xlsx

Doug,

Please see the attached.

Thanks, Angela

Attachment to Response to KU AG-1 Question No. 201 Page 141 of 1022 Charnas

From: Leichty, Doug

Sent: Tuesday, July 10, 2012 9:12 AM

To: Wiseman, Sara

Cc: Charnas, Shannon; Crescente, Angela **Subject:** RE: Staff request ARO 7 6 2012.xlsx

I think we need to show the JE in dollars to tie to the support documents and ARO adjustments. Could you please restate in dollars?

Thanks, Doug

From: Wiseman, Sara

Sent: Monday, July 09, 2012 8:55 AM

To: Leichty, Doug

Cc: Charnas, Shannon; Crescente, Angela Subject: Staff request ARO 7 6 2012.xlsx

<< File: Staff request ARO 7 6 2012.xlsx >>

Doug: Attached are the July ARO journal entries as requested by the VASCC on our conference call last week.

Attachment to Response to KU AG-1 Question No. 201 Page 142 of 1022 Charnas

Clark, Ed

From:

Leichty, Doug

Sent:

Tuesday, July 10, 2012 12:11 PM

To:

Charnas, Shannon; Crescente, Angela

Cc:

Wiseman, Sara

Subject:

RE: Staff request ARO 7 6 2012.xlsx

They tie to the filed support and the support includes cents.

From: Charnas, Shannon

Sent: Tuesday, July 10, 2012 11:49 AM **To:** Crescente, Angela; Leichty, Doug

Cc: Wiseman, Sara

Subject: RE: Staff request ARO 7 6 2012.xlsx

Has someone confirmed that these amounts do tie to the support documents? Are they in dollars and cents, or just dollars? If just dollars, we should remove the cents from this schedule as well. Please confirm that the amounts tie.

Thanks,

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

From: Crescente, Angela

Sent: Tuesday, July 10, 2012 9:47 AM

To: Leichty, Doug

Cc: Charnas, Shannon; Wiseman, Sara

Subject: RE: Staff request ARO 7 6 2012.xlsx

Doug,

Please see the attached.

Thanks, Angela

From: Leichty, Doug

Sent: Tuesday, July 10, 2012 9:12 AM

To: Wiseman, Sara

Cc: Charnas, Shannon; Crescente, Angela **Subject:** RE: Staff request ARO 7 6 2012.xlsx

I think we need to show the JE in dollars to tie to the support documents and ARO adjustments. Could you please restate in dollars?

Thanks, Doug Attachment to Response to KU AG-1 Question No. 201 Page 143 of 1022 Charnas

From: Wiseman, Sara

Sent: Monday, July 09, 2012 8:55 AM

To: Leichty, Doug

Cc: Charnas, Shannon; Crescente, Angela **Subject:** Staff request ARO 7 6 2012.xlsx

<< File: Staff request ARO 7 6 2012.xlsx >>

Doug: Attached are the July ARO journal entries as requested by the VASCC on our conference call last week.

Attachment to Response to KU AG-1 Question No. 201 Page 144 of 1022 Charnas

Clark, Ed

From:

Charnas, Shannon

Sent:

Tuesday, July 10, 2012 11:49 AM Crescente, Angela; Leichty, Doug

To:

Cc:

Wiseman, Sara

Subject:

RE: Staff request ARO 7 6 2012.xlsx

Has someone confirmed that these amounts do tie to the support documents? Are they in dollars and cents, or just dollars? If just dollars, we should remove the cents from this schedule as well. Please confirm that the amounts tie.

Thanks,

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

From: Crescente, Angela

Sent: Tuesday, July 10, 2012 9:47 AM

To: Leichty, Doug

Cc: Charnas, Shannon; Wiseman, Sara

Subject: RE: Staff request ARO 7 6 2012.xlsx

Doug,

Please see the attached.

Thanks, Angela

From: Leichty, Doug

Sent: Tuesday, July 10, 2012 9:12 AM

To: Wiseman, Sara

Cc: Charnas, Shannon; Crescente, Angela **Subject:** RE: Staff request ARO 7 6 2012.xlsx

I think we need to show the JE in dollars to tie to the support documents and ARO adjustments. Could you please restate in dollars?

Thanks, Doug

From: Wiseman, Sara

Sent: Monday, July 09, 2012 8:55 AM

To: Leichty, Doug

Cc: Charnas, Shannon; Crescente, Angela Subject: Staff request ARO 7 6 2012.xlsx Attachment to Response to KU AG-1 Question No. 201 Page 145 of 1022 Charnas

<< File: Staff request ARO 7 6 2012.xlsx >>

Doug: Attached are the July ARO journal entries as requested by the VASCC on our conference call last week.

Attachment to Response to KU AG-1 Question No. 201 Page 146 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Tuesday, July 10, 2012 9:47 AM Leichty, Doug

To:

Cc: Subject: Charnas, Shannon; Wiseman, Sara RE: Staff request ARO 7 6 2012.xlsx

Attachments:

Staff request ARO 7 6 2012.xlsx

Doug,

Please see the attached.

Thanks, Angela

From: Leichty, Doug

Sent: Tuesday, July 10, 2012 9:12 AM

To: Wiseman, Sara

Cc: Charnas, Shannon; Crescente, Angela Subject: RE: Staff request ARO 7 6 2012.xlsx

I think we need to show the JE in dollars to tie to the support documents and ARO adjustments. Could you please restate in dollars?

Thanks, Doug

From: Wiseman, Sara

Sent: Monday, July 09, 2012 8:55 AM

To: Leichty, Doug

Cc: Charnas, Shannon; Crescente, Angela Subject: Staff request ARO 7 6 2012,xlsx

<< File: Staff request ARO 7 6 2012.xlsx >>

Doug: Attached are the July ARO journal entries as requested by the VASCC on our conference call last week.

Kentucky Utilities Company ARO Journal Entries for July 2011

DESCRIPTION	DEBIT	CREDIT
Monthly Depreciation and Accretion		
Depreciation Expense-Acct 403 (Parent- Cost of Removal) Regulatory Liability-Acct 254 Depreciation expense for net cost of removal on parent assets.	\$ 20,631.96	\$ 20,631.96
Depreciation Expense-Acct 403 (Child) Accumulated Depreciation-Acct 108 Depreciation expense on child assets.	\$ 274,861.55	\$ 274,861.55
Accretion Expense-Acct 411 ARO Liability-Acct 230 Record accretion expense on ARO liability.	\$ 230,133.65	\$ 230,133.65
Regulatory Asset-Acct 182 Regulatory Credit-Acct 407 To reverse child depreciation/accretion to regulatory asset (Income state	\$ 504,995.20 ment neutral).	\$ 504,995.20
Cash Payments		
Accumulated Depreciation-RWIP-Acct 108 Cash-Acct 131 Cash payments for cost of removal.	\$ 45,227.21	\$ 45,227.21
ARO Settlement Activity		
ARO Liability-Acct 230 Regulatory Asset-Acct 182 Reversal of ARO liability for settlement of obligations.	\$ 119,378.78	\$ 119,378.78
Accumulated Depreciation-Acct 108 (Cost of Removal) Accumulated Depreciation-RWIP-Acct 108 Application of cost of removal cash against reserves.	\$ 119,378.78	\$ 119,378.78
ARO Asset Accumulated Depreciation-Acct 108 Plant in Service-Acct 101 (ARO child cost) Retirement of ARO child assets for liabilities settled.	\$ 31,398.76	\$ 31,398.76

Attachment to Response to KU AG-1 Question No. 201 Page 148 of 1022 Charnas

Clark, Ed

From:

Leichty, Doug

Sent:

Tuesday, July 10, 2012 9:40 AM

To: Cc: Crescente, Angela Wiseman, Sara

Subject:

RE: Staff request ARO 7 6 2012.xlsx

They asked for the journal entries so it probably should be to the penny. The support is to the penny as well.

From: Crescente, Angela

Sent: Tuesday, July 10, 2012 9:30 AM

To: Leichty, Doug **Cc:** Wiseman, Sara

Subject: RE: Staff request ARO 7 6 2012.xlsx

Do you mean to the penny?

From: Leichty, Doug

Sent: Tuesday, July 10, 2012 9:12 AM

To: Wiseman, Sara

Cc: Charnas, Shannon; Crescente, Angela **Subject:** RE: Staff request ARO 7 6 2012.xlsx

I think we need to show the JE in dollars to tie to the support documents and ARO adjustments. Could you please restate in dollars?

Thanks, Doug

From: Wiseman, Sara

Sent: Monday, July 09, 2012 8:55 AM

To: Leichty, Doug

Cc: Charnas, Shannon; Crescente, Angela **Subject:** Staff request ARO 7 6 2012,xlsx

<< File: Staff request ARO 7 6 2012.xisx >>

Doug: Attached are the July ARO journal entries as requested by the VASCC on our conference call last week.

Attachment to Response to KU AG-1 Question No. 201 Page 149 of 1022 Charnas

Clark, Ed

From:

Leichty, Doug

Sent:

Tuesday, July 10, 2012 9:12 AM

To:

Wiseman, Sara

Cc: Subject: Charnas, Shannon; Crescente, Angela RE: Staff request ARO 7 6 2012.xlsx

Attachments:

Staff request ARO 7 6 2012.xlsx

I think we need to show the JE in dollars to tie to the support documents and ARO adjustments. Could you please restate in dollars?

Thanks, Doug

From: Wiseman, Sara

Sent: Monday, July 09, 2012 8:55 AM

To: Leichty, Doug

Cc: Charnas, Shannon; Crescente, Angela **Subject:** Staff request ARO 7 6 2012.xlsx

<< File: Staff request ARO 7 6 2012.xlsx >>

Doug: Attached are the July ARO journal entries as requested by the VASCC on our conference call last week.

Kentucky Utilities Company ARO Journal Entries for July 2011 (000's)

DESCRIPTION	DEBIT		CREDIT	
Monthly Depreciation and Accretion				
Depreciation Expense-Acct 403 (Parent- Cost of Removal) Regulatory Liability-Acct 254 Depreciation expense for net cost of removal on parent assets.	\$	21	\$	21
Depreciation Expense-Acct 403 (Child) Accumulated Depreciation-Acct 108 Depreciation expense on child assets.	\$	275	\$	275
Accretion Expense-Acct 411 ARO Liability-Acct 230 Record accretion expense on ARO liability.	\$	230	\$	230
Regulatory Asset-Acct 182 Regulatory Credit-Acct 407 To reverse child depreciation/accretion to regulatory asset (Income state	\$ ment n	505 eutral).	\$	505
Cash Payments				
Accumulated Depreciation-RWIP-Acct 108 Cash-Acct 131 Cash payments for cost of removal.	\$	45	\$	45
ARO Settlement Activity				
ARO Liability-Acct 230 Regulatory Asset-Acct 182 Reversal of ARO liability for settlement of obligations.	\$	119	\$	119
Accumulated Depreciation-Acct 108 (Cost of Removal) Accumulated Depreciation-RWIP-Acct 108 Application of cost of removal cash against reserves.	\$	119	\$	119
ARO Asset Accumulated Depreciation-Acct 108 Plant in Service-Acct 101 (ARO child cost) Retirement of ARO child assets for liabilities settled.	\$	31	\$	31

Attachment to Response to KU AG-1 Question No. 201 Page 151 of 1022 Charnas

Clark, Ed

From:

Walton, Ed

Sent:

Monday, July 09, 2012 2:28 PM

To:

Leenerts, Patricia; Porter, Janice

Cc:

Rieth, Tom; Crescente, Angela; Wiseman, Sara

Subject:

RE: Project RRCS421G

Pat

I will change the tasks for RRCS421G to reflect changes listed below and every year after change the year to reflect the present year.

Correct me if that's not right.

Thanks

Ed

From: Leenerts, Patricia

Sent: Monday, July 09, 2012 1:00 PM

To: Porter, Janice; Walton, Ed

Cc: Rieth, Tom; Crescente, Angela; Wiseman, Sara

Subject: RE: Project RRCS421G

Ed, Thanks...Effective immediately, please start charging to "CP ARO 2012 - R" and "CP ARO 2012 - RR" per your needs. You'll also need to review the "CP ARO 2012" and let Janice know which of the new tasks these charges need to be moved to.

Janice, 2 steps now...please move the 108901 charges from to the appropriate ARO R or RR task (match what you moved from). A quick look, I think they are all RR. In addition, please move the charges currently on "CP ARO 2012" (without R OR RR) to the appropriate "CP ARO 2012 - R" and "CP ARO 2012 - RR" task. The interface between PP and Oracle has completed so the tasks are in Oracle and PP ready for your JE.

We will close the "CP ARO 2012" task once the charges have been moved. Please let me know when you send the JE to Ed Clark for posting so that I can time the closing of the old task.

Thanks for your help.

Pat

502-627-3811

From: Walton, Ed

Sent: Monday, July 09, 2012 10:51 AM

To: Leenerts, Patricia

Cc: Rieth, Tom; Porter, Janice Subject: RE: Project RRCS421G

Pat

I think it would be better to use two tasks for the removal and replacement services. It'll be easier to locate the removals and removal/replacement services in Storms using the Job Codes.

Attachment to Response to KU AG-1 Question No. 201 Page 152 of 1022

Whenever I get the other task, I'll make the changes to our time sheets. I'm working on a process to capture the material used for these jobs when they occur.

Ed

From: Leenerts, Patricia

Sent: Friday, July 06, 2012 4:20 PM

To: Walton, Ed

Cc: Rieth, Tom; Porter, Janice Subject: Project RRCS421G

Ed, does it matter to you or your group if you charge both **R** and **RR** costs to the same task? If it doesn't matter to you, then please begin using task: CP ARO 2012 (use task CP ARO 2013 once next year starts).

If it does matter we can setup a second task. Just let me know. In either case, to work the project I will need to know some detail. If you only use 1 task, then I would need to know total services retired and total replaced, by size and material. I won't care how many were retired and replace or how many were only retired...just the total of each.

I have turned off all the R, RR, Removal tasks which were active so that you can begin using a CP ARO task.

Thanks,

Pat 502-627-3811

Attachment to Response to KU AG-1 Question No. 201 Page 153 of 1022 Charnas

Clark, Ed

From:

Leenerts, Patricia

Sent: To: Monday, July 09, 2012 1:00 PM Porter, Janice; Walton, Ed

Cc:

Rieth, Tom; Crescente, Angela; Wiseman, Sara

Subject:

RE: Project RRCS421G

Ed, Thanks...Effective immediately, please start charging to "CP ARO 2012 – R" and "CP ARO 2012 – RR" per your needs. You'll also need to review the "CP ARO 2012" and let Janice know which of the new tasks these charges need to be moved to.

Janice, 2 steps now...please move the 108901 charges from to the appropriate ARO R or RR task (match what you moved from). A quick look, I think they are all RR. In addition, please move the charges currently on "CP ARO 2012" (without R OR RR) to the appropriate "CP ARO 2012 - R" and "CP ARO 2012 - RR" task. The interface between PP and Oracle has completed so the tasks are in Oracle and PP ready for your JE.

We will close the "CP ARO 2012" task once the charges have been moved. Please let me know when you send the JE to Ed Clark for posting so that I can time the closing of the old task.

Thanks for your help.

Pat

502-627-3811

From: Walton, Ed

Sent: Monday, July 09, 2012 10:51 AM

To: Leenerts, Patricia

Cc: Rieth, Tom; Porter, Janice Subject: RE: Project RRCS421G

Pat

I think it would be better to use two tasks for the removal and replacement services. It'll be easier to locate the removals and removal/replacement services in Storms using the Job Codes.

Whenever I get the other task, I'll make the changes to our time sheets. I'm working on a process to capture the material used for these jobs when they occur.

Ed

From: Leenerts, Patricia

Sent: Friday, July 06, 2012 4:20 PM

To: Walton, Ed

Cc: Rieth, Tom; Porter, Janice Subject: Project RRCS421G

Ed, does it matter to you or your group if you charge both **R** and **RR** costs to the same task? If it doesn't matter to you, then please begin using task: CP ARO 2012 (use task CP ARO 2013 once next year starts).

If it does matter we can setup a second task. Just let me know. In either case, to work the project I will need to know some detail. If you only use 1 task, then I would need to know total services retired and total replaced, by size and material. I won't care how many were retired and replace or how many were only retired...just the total of each.

Attachment to Response to KU AG-1 Question No. 201 Page 154 of 1022 Charnas

I have turned off all the R, RR, Removal tasks which were active so that you can begin using a CP ARO task.

Thanks,

Pat 502-627**-3811** Attachment to Response to KU AG-1 Question No. 201 Page 155 of 1022 Charnas

Clark, Ed

From:

Leenerts, Patricia

Sent:

Monday, July 09, 2012 10:32 AM

To: Subject: Crescente, Angela FW: Project RRCS421G

FYI

Thanks,

Pat

502-627-3811

From: Leenerts, Patricia

Sent: Monday, July 09, 2012 10:31 AM

To: Porter, Janice; Walton, Ed Cc: Rieth, Tom; Wiseman, Sara Subject: RE: Project RRCS421G

Janice, Yes - 2012, Currently the only remaining 108901 charges on this project are for June 2012 (with potential future charges). I have moved charges prior to June 2012. The CP tasks are setup for the year of the expected charges (e.g. CP ARO 2013, etc.). Hopefully future charges will be correctly recorded. I can't work the investment until the retirement charges are moved to the proper task.

Since ARO 108799 charges flow to a different line on the income statement than the 108901 charges, these accounts should be corrected on a regular schedule for accurate reporting. It may be helpful to set up a monthly, or at least quarterly reminder, to watch for erroneous charges, so that JEs can be done on a monthly basis, preferably no later than 5 days prior to the Property Accounting close. PA close is normally the last workday of the month, but that schedule can be changed as is the case in July. I will unitize the 2011 charges once you have completed the JE and it is posted for July.

This project is currently scheduled to be worked again in April 2013. In addition to the monthly corrections, final corrections for 2012 charges need to be posted by the middle of April 2013, although if known should be corrected for proper year-end reporting.

Future years ARO 108799 charges will need to be charged to the correct annual tasks.

Thanks,

Pat 502-627-3811

From: Porter, Janice

Sent: Monday, July 09, 2012 9:38 AM To: Leenerts, Patricia; Walton, Ed Cc: Rieth, Tom; Wiseman, Sara Subject: RE: Project RRCS421G

Is this for 2012 only?

Attachment to Response to KU AG-1 Question No. 201 Page 156 of 1022 Charnas

From: Leenerts, Patricia

Sent: Monday, July 09, 2012 9:25 AM

To: Porter, Janice; Walton, Ed Cc: Rieth, Tom; Wiseman, Sara Subject: RE: Project RRCS421G

Janice,

- 1. A JE to move charges from a regular cost of removal task to an ARO cost of removal task. Please follow the Budget Coordinator's Journal Entry guidance for you to submit this JE to Ed Clark for posting of the JE by July 12, or earlier. I'll be happy to review the JE, prior to uploading, if you need would like me to do so.
- 2. Ed Walton needs to tell you if he is fine with using the existing "CP ARO 2012" task for all the "R" and "RR" charges or if he needs to also use a second ARO task to separate charges. Property Accounting would be fine with just the one "CP ARO 2012 task", but understands that Ed may need to be able to track both types of removal costs.

Recent communication between the various gas departments and Property Accounting have identified these removal charges to be ARO.

Ed, Please let Janice know what you need so that the JE can be processed in a timely manner according to the schedule shown above.

Thanks,

Pat 502-627-**3811**

From: Porter, Janice

Sent: Monday, July 09, 2012 8:59 AM

To: Leenerts, Patricia

Cc: Walton, Ed; Rieth, Tom; Wiseman, Sara

Subject: RE: Project RRCS421G

The is a blanket project and has been used since 2001. Please clarify your request.

Thanks, Janice

From: Leenerts, Patricia

Sent: Friday, July 06, 2012 6:30 PM

To: Porter, Janice

Cc: Walton, Ed; Rieth, Tom; Wiseman, Sara

Subject: Project RRCS421G

Janice, please prepare a JE to move the RR charges which have hit 108901. Those charges need to be moved to the CP ARO 2012 task. The JE needs to be posted by July 12th to facilitate working this project for July's close. Although, you may want to wait and make sure that Ed doesn't need a second CP ARO task before making the changes. Ed please let us know the decision on your requirement for a single or multiple Retirement task so that Janice can upload the JE.

Let me know when you are ready to upload the JE as I will need to open the task for uploading and posting. I would prefer to do this as a JE so that I can monitor how long the task is open to prevent other charges from hitting in error.

Attachment to Response to KU AG-1 Question No. 201 Page 157 of 1022 Charnas

Thanks,

Pat 502-627**-3811** Attachment to Response to KU AG-1 Question No. 201 Page 158 of 1022 Charnas

Clark, Ed

From:

Wiseman, Sara

Sent:

Monday, July 09, 2012 8:55 AM Leichty, Doug

To:

Cc:

Charnas, Shannon; Crescente, Angela Staff request ARO 7 6 2012.xlsx

Subject:



Staff request ARO 7 6 2012.xls...

Doug: Attached are the July ARO journal entries as requested by the VASCC on our conference call last week.

Kentucky Utilities Company ARO Journal Entries for July 2011 (000's)

DESCRIPTION		DEBIT		CREDIT	
Monthly Depreciation and Accretion					
Depreciation Expense-Acct 403 (Parent- Cost of Removal) Regulatory Liability-Acct 254 Depreciation expense for net cost of removal on parent assets.	\$	21	\$	21	
Depreciation Expense-Acct 403 (Child) Accumulated Depreciation-Acct 108 Depreciation expense on child assets.	\$	275	\$	275	
Accretion Expense-Acct 411 ARO Liability-Acct 230 Record accretion expense on ARO liability.	\$	230	\$	230	
Regulatory Asset-Acct 182 Regulatory Credit-Acct 407 To reverse child depreciation/accretion to regulatory asset (Income state	\$ ement n	505 eutral).	\$	505	
Cash Payments					
Accumulated Depreciation-RWIP-Acct 108 Cash-Acct 131 Cash payments for cost of removal.	\$	45	\$	45	
ARO Settlement Activity					
ARO Liability-Acct 230 Regulatory Asset-Acct 182 Reversal of ARO liability for settlement of obligations.	\$	119	\$	119	
Accumulated Depreciation-Acct 108 (Cost of Removal) Accumulated Depreciation-RWIP-Acct 108 Application of cost of removal cash against reserves.	\$	119	\$	119	
ARO Asset Accumulated Depreciation-Acct 108 Plant in Service-Acct 101 (ARO child cost) Retirement of ARO child assets for liabilities settled.	\$	31	\$	31	

Attachment to Response to KU AG-1 Question No. 201 Page 160 of 1022 Charnas

Clark, Ed

From:

Charnas, Shannon

Sent:

Monday, July 09, 2012 8:11 AM

To: Cc: Wiseman, Sara Crescente, Angela

Subject:

RE: Staff request ARO 7 6 2012.xlsx

There is a header on the sheet from the last rate case that will need to be removed. Outside of that, I am OK with the document.

Thanks,

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

From: Wiseman, Sara

Sent: Friday, July 06, 2012 1:42 PM

To: Charnas, Shannon **Cc:** Crescente, Angela

Subject: Staff request ARO 7 6 2012.xlsx

<< File: Staff request ARO 7 6 2012.xlsx >>

Shannon: Doug Leichty asked Eric Riggs and me to participate in a phone call this morning with the VA staff to answer some questions. As a follow up, Staff asked that we provide the July 2011 ARO entries as a sample. The entries are attached. I thought you might like to see them before we send them to Rates.

FYI: We have used this format to respond to an AG data request in the last rate case.

Attachment to Response to KU AG-1 Question No. 201 Page 161 of 1022 Charnas

Clark, Ed

From:

Wiseman, Sara

Sent:

Friday, July 06, 2012 1:42 PM

To:

Charnas, Shannon Crescente, Angela

Cc: Subject:

Staff request ARO 7 6 2012.xlsx



Staff request ARO 7 6 2012.xls...

Shannon: Doug Leichty asked Eric Riggs and me to participate in a phone call this morning with the VA staff to answer some questions. As a follow up, Staff asked that we provide the July 2011 ARO entries as a sample. The entries are attached. I thought you might like to see them before we send them to Rates.

FYI: We have used this format to respond to an AG data request in the last rate case.

Attachment to Response to KU AG-1 Question No. 201
Page 162 of 1022

Actachment to Response to KU AG-1 Question No. 169
Page 1 of 1

Charnas

Kentucky Utilities Company ARO Journal Entries for July 2011 (000's)

DESCRIPTION		DEBIT		CREDIT	
Monthly Depreciation and Accretion			\$1.65 b		
Depreciation Expense-Acct 403 (Parent- Cost of Removal) Regulatory Liability-Acct 254 Depreciation expense for net cost of removal on parent assets.	\$	21	\$	21	
Depreciation Expense-Acct 403 (Child) Accumulated Depreciation-Acct 108 Depreciation expense on child assets.	\$	275	\$	275	
Accretion Expense-Acct 411 ARO Liability-Acct 230 Record accretion expense on ARO liability.	\$	230	\$	230	
Regulatory Asset-Acct 182 Regulatory Credit-Acct 407 To reverse child depreciation/accretion to regulatory asset (Income state	\$ ement n	505 eutral).	\$	505	
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Accumulated Depreciation-RWIP-Acct 108 Cash-Acct 131 Cash payments for cost of removal.	\$	45	\$	45	
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ARO Liability-Acct 230 Regulatory Asset-Acct 182 Reversal of ARO liability for settlement of obligations.	\$	119	\$	119	
Accumulated Depreciation-Acct 108 (Cost of Removal) Accumulated Depreciation-RWIP-Acct 108 Application of cost of removal cash against reserves.	\$	119	\$	119	
ARO Asset Accumulated Depreciation-Acct 108 Plant in Service-Acct 101 (ARO child cost) Retirement of ARO child assets for liabilities settled.	\$	31	\$	31	

Attachment to Response to KU AG-1 Question No. 201 Page 163 of 1022 Charnas

Clark, Ed

From: Sent:

PowerPlantAlerts@lge-ku.com Wednesday, July 04, 2012 6:00 AM Crescente, Angela PowerPlant Alerts - LGE-KU - AIP - ARO

To: Subject:

Project 137994 has ARO

login to powerplant

Attachment to Response to KU AG-1 Question No. 201 Page 164 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Tuesday, July 03, 2012 10:24 AM

To: Subject: Harshfield, Eddie RE: capital project

Tracking:

Recipient

Harshfield, Eddie

Read

Read: 7/3/2012 10:24 AM

You can ignore that one, that is a project that was set up while we were under IFRS as a German owned company. Only I used it for ARO purposes.

From: Harshfield, Eddie

Sent: Tuesday, July 03, 2012 10:23 AM

To: Crescente, Angela **Subject:** RE: capital project

What about IFS122229...not sure what that is?

From: Crescente, Angela

Sent: Tuesday, July 03, 2012 8:59 AM **To:** Allen, Lisa; Harshfield, Eddie

Cc: Clark, Ed

Subject: RE: capital project

The project can be completed.

From: Allen, Lisa

Sent: Tuesday, July 03, 2012 8:48 AM **To:** Crescente, Angela; Harshfield, Eddie

Cc: Clark, Ed

Subject: RE: capital project

I am asking about the project? Not sure what you mean by the task?

Lisa

From: Crescente, Angela

Sent: Tuesday, July 03, 2012 8:47 AM **To:** Allen, Lisa; Harshfield, Eddie

Cc: Clark, Ed

Subject: RE: capital project

The task can be completed.

Attachment to Response to KU AG-1 Question No. 201 Page 165 of 1022 Charnas

From: Clark, Ed

Sent: Tuesday, July 03, 2012 8:45 AM

To: Crescente, Angela **Subject:** FW: capital project

Angela,

The task in question is CP – Asbestos. Can you explain this to Eddie and Lisa?

Thanks, Ed

From: Harshfield, Eddie

Sent: Tuesday, July 03, 2012 8:39 AM

To: Clark, Ed

Subject: FW: capital project

Can you help with the below email? Should be Completed?

From: Allen, Lisa

Sent: Monday, July 02, 2012 1:36 PM

To: Harshfield, Eddie Subject: capital project

I am looking at a listing of all ED projects that are either initiated, in service or open to assign a new RAC category to each of them. In reviewing the list, I noticed that project #122229 Waterside Arena DO Electric is showing an in service category. Shouldn't that project be total closed/completed? I'm asking you because I know you worked on it with Tom way back when and figure you probably know the most about it. Just wondering why it would still be in service and not totally completed. Thanks.

Lisa Allen

Manager, Finance & Budgeting - Energy Delivery (502) 627-4903 lisa.allen@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 166 of 1022 Charnas

CI	ark,	Ed

From:

Leenerts, Patricia

Sent:

Tuesday, July 03, 2012 7:47 AM

To:

Crescente, Angela

Subject:

FW: RRCS419G and RRCS422G; RRCS421G

What am I overlooking? I don't see the 108901 charges in the charge list. I expected to see the charge and then my JE.

Thanks,

Pat

502-627-3811

From: Leenerts, Patricia

Sent: Tuesday, July 03, 2012 7:46 AM

To: Wright, Sharon **Cc:** Crescente, Angela

Subject: RE: RRCS419G and RRCS422G; RRCS421G

Sharon, this got moved up in my requirement for my side to be done by the June close (6/29 – Property close is the usually the last day of the month). I did the entry to bring it current. I should have let you know. Thanks for checking, but please do check it for next quarter.

Thanks,

Pat

502-627-3811

From: Wright, Sharon

Sent: Tuesday, July 03, 2012 7:36 AM

To: Leenerts, Patricia Cc: Crescente, Angela

Subject: RE: RRCS419G and RRCS422G; RRCS421G

I tried to run a query this morning. It appears all charges are going to 108799. Not sure where you got the figures below. I'm just running it for 2012. Any suggestions?

Sharon K. Wright
Senior Budget Analyst - Energy Delivery Finance & Budgeting
(502) 627-2270
sharon,wright@lge-ku.com

<< OLE Object: Picture (Device Independent Bitmap) >>

From: Leenerts, Patricia

Attachment to Response to KU AG-1 Question No. 201 Page 167 of 1022 Charnas

Sent: Monday, June 11, 2012 2:08 PM **To:** Wright, Sharon; Porter, Janice **Cc:** Crescente, Angela; Stratman, Paul

Subject: FW: RRCS419G and RRCS422G; RRCS421G

Sharon / Janice,

Our last ARO review meeting brought some relevant topics on the need to have ARO charges on the above 3 mentioned projects.

Paul and Angela had a conversation since it will be difficult for Miller to transition to the new CP ARO YYYY tasks. In the best interests for less confusion for Miller and with the upcoming new blankets for 2013, it was decided to let the Miller charges continue to hit the current 108901 tasks.

What this means is that on a reporting Quarter End, a JE will need to be done to move all the charges which hit a 108901 task to the CP ARO YYYY task. This really should only be the CP ARO 2012 task, since the new blankets are expected to start in 2013. Although there could be some straggler charges.

Each quarter, you need to check to make sure that the 108901 balance in each project is zero. If not zero, then a JE needs to be processed to move the 108901 charges to 108799. The should be processed after month end AP, labor, etc. so that all the charges are captured. You have until the end of Day 3 to make non-burdened JE entries.

Normal JE procedures should be followed. If you want to send a soft copy to me (or Angela if I'm not available), I will be happy to review. But an approved hard copy (signed by you and your approver) needs to be in hand by 5 pm on Day 3 for the JE to be posted. This process should start with the June 2012 closing. Set your reminder...

These are the charge values which need to be moved as of a few minutes ago. But please rerun the reports per your schedule to process the JEs for the June close.

RRCS421G - move \$485.76

RRCS419G - move \$10,763.14 RRCS422G - move \$0.00

Thanks,

Pat 502-627-3811

From: Leenerts, Patricia

Sent: Tuesday, May 08, 2012 2:06 PM

To: Stratman, Paul

Cc: Crescente, Angela; Wright, Sharon **Subject:** RE: RRCS419G and RRCS422G

So **Angela**, based on the info from Paul below. I need an ARO task for the 2012 charges and they need to start charging the ARO removals in 2012 to this new task. Since I have already started the JE to move the 108901 charges, I will go ahead and move the 2012 charges to the 2012 ARO task. Please let me know when this task is setup and I will get the charges to it.

Paul, if there is labor charged to the 108901 tasks now, then I will move that labor to the new 2012 ARO task. Vendor invoices will be more difficult for me to determine...are they just basically a 2012 should be a 2012 charge? What location should the 2 Badger Meter Electric Actuator? I also will need to move any charges to Please reply by 5/11.

Thanks for your alls help.

Attachment to Response to KU AG-1 Question No. 201 Page 168 of 1022 Charnas

Pat 502-627-3811

From: Stratman, Paul

Sent: Tuesday, May 08, 2012 8:52 AM

To: Leenerts, Patricia **Cc:** Crescente, Angela

Subject: RE:

See my responses in RED below.

From: Leenerts, Patricia

Sent: Monday, May 07, 2012 5:22 PM

To: Stratman, Paul Cc: Crescente, Angela

Subject:

Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901.

If a replacement is being made, all the time will be charged to the install task.

It was further deemed in that in the case of when there was no replacement that all the charges went against the removal task. Because of the way you had been charging, we thought that all of the 108901 removal charges are in deed 108799-ARO removal charges. Do you agree with this summary?

This is correct.

Also, on the RRCSxxxG projects is there always replacement when there is removal?

There is not always a replacement when there is a removal. As an example if a home is being demolished, we will retire the service and not replace it.

I've attached 2 examples. I wanted to get an idea, of the charges, before I dug deeper. If you could let me know if I'm interpreting correctly or if I should be digging further I would appreciate that by Thurs, May10, if possible. These distribution blankets are big projects and I need a bit more time to get them worked.

Based on the fact that both are charged to a removal task, they would have been removal only jobs (no install/replace work)

If so, the invoice below is for RRCS421G, do I assume there was no replacement since this hit the 108901 task. Or do I need to investigate and potentially this charge could be moved to 107001?

<< OLE Object: Picture (Device Independent Bitmap) >>

So, see the Miller invoice 279794. For RRCS421G there are only removal charges on this invoice.

<< OLE Object: Picture (Device Independent Bitmap) >>

Attachment to Response to KU AG-1 Question No. 201 Page 169 of 1022 Charnas

Thanks,

Pat 502-627**-3811**

Clark, Ed

From:

Wright, Sharon

Sent:

Tuesday, July 03, 2012 7:47 AM

To: Cc: Leenerts, Patricia Crescente, Angela

Subject:

RE: RRCS419G and RRCS422G; RRCS421G

Ok, thanks for letting me know. I thought I was doing something wrong!

Sharon K. Wright
Senior Budget Analyst - Energy Delivery Finance & Budgeting
(502) 627-2270
sharon.wright@lge-ku.com



From: Leenerts, Patricia

Sent: Tuesday, July 03, 2012 7:46 AM

To: Wright, Sharon Cc: Crescente, Angela

Subject: RE: RRCS419G and RRCS422G; RRCS421G

Sharon, this got moved up in my requirement for my side to be done by the June close (6/29 – Property close is the usually the last day of the month). I did the entry to bring it current. I should have let you know. Thanks for checking, but please do check it for next quarter.

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Sent: Tuesday, July 03, 2012 7:36 AM

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Sharon K. Wright
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(502) 627-2270
sharon.wright@lge-ku.com

<< OLE Object: Picture (Device Independent Bitmap) >>

Attachment to Response to KU AG-1 Question No. 201 Page 171 of 1022 Charnas

From: Leenerts, Patricia

Sent: Monday, June 11, 2012 2:08 PM **To:** Wright, Sharon; Porter, Janice **Cc:** Crescente, Angela; Stratman, Paul

Subject: FW: RRCS419G and RRCS422G; RRCS421G

Sharon / Janice,

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Attachment to Response to KU AG-1 Question No. 201 Page 172 of 1022

Paul, if there is labor charged to the 108901 tasks now, then I will move that labor to the new 2012 ARO task. Vendor invoices will be more difficult for me to determine...are they just basically a 2012 should be a 2012 charge? What location should the 2 Badger Meter Electric Actuator? I also will need to move any charges to Please reply by 5/11.

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Attachment to Response to KU AG-1 Question No. 201 Page 173 of 1022 Charnas

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<< OLE Object: Picture (Device Independent Bitmap) >>

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Pat 502-627-**3811**

Attachment to Response to KU AG-1 Question No. 201 Page 174 of 1022 Charnas

Clark, Ed

From:

Leenerts, Patricia

Sent:

Tuesday, July 03, 2012 7:46 AM

To: Cc: Wright, Sharon Crescente, Angela

Subject:

RE: RRCS419G and RRCS422G; RRCS421G

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To: Leenerts, Patricia Cc: Crescente, Angela

Subject: RE: RRCS419G and RRCS422G; RRCS421G

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Sharon K. Wright
Senior Budget Analyst - Energy Delivery Finance & Budgeting
(502) 627-2270
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From: Leenerts, Patricia

Sent: Monday, June 11, 2012 2:08 PM **To:** Wright, Sharon; Porter, Janice **Cc:** Crescente, Angela; Stratman, Paul

Subject: FW: RRCS419G and RRCS422G; RRCS421G

Sharon / Janice,

Our last ARO review meeting brought some relevant topics on the need to have ARO charges on the above 3 mentioned projects.

Paul and Angela had a conversation since it will be difficult for Miller to transition to the new CP ARO YYYY tasks. In the best interests for less confusion for Miller and with the upcoming new blankets for 2013, it was decided to let the Miller charges continue to hit the current 108901 tasks.

Attachment to Response to KU AG-1 Question No. 201 Page 175 of 1022

What this means is that on a reporting Quarter End, a JE will need to be done to move all the charges which hit a 108901 task to the CP ARO YYYY task. This really should only be the CP ARO 2012 task, since the new blankets are expected to start in 2013. Although there could be some straggler charges.

Each quarter, you need to check to make sure that the 108901 balance in each project is zero. If not zero, then a JE needs to be processed to move the 108901 charges to 108799. The should be processed after month end AP, labor, etc. so that all the charges are captured. You have until the end of Day 3 to make non-burdened JE entries.

Normal JE procedures should be followed. If you want to send a soft copy to me (or Angela if I'm not available), I will be happy to review. But an approved hard copy (signed by you and your approver) needs to be in hand by 5 pm on Day 3 for the JE to be posted. This process should start with the June 2012 closing. Set your reminder...

These are the charge values which need to be moved as of a few minutes ago. But please rerun the reports per your schedule to process the JEs for the June close.

RRCS421G - move \$485.76

RRCS419G - move \$10,763.14 RRCS422G - move \$0.00

Thanks,

Pat 502-627-3811

From: Leenerts, Patricia

Sent: Tuesday, May 08, 2012 2:06 PM

To: Stratman, Paul

Cc: Crescente, Angela; Wright, Sharon Subject: RE: RRCS419G and RRCS422G

So **Angela**, based on the info from Paul below. I need an ARO task for the 2012 charges and they need to start charging the ARO removals in 2012 to this new task. Since I have already started the JE to move the 108901 charges, I will go ahead and move the 2012 charges to the 2012 ARO task. Please let me know when this task is setup and I will get the charges to it.

Paul, if there is labor charged to the 108901 tasks now, then I will move that labor to the new 2012 ARO task. Vendor invoices will be more difficult for me to determine...are they just basically a 2012 should be a 2012 charge? What location should the 2 Badger Meter Electric Actuator? I also will need to move any charges to Please reply by 5/11.

Thanks for your alls help.

Pat 502-627-3811

From: Stratman, Paul

Sent: Tuesday, May 08, 2012 8:52 AM

To: Leenerts, Patricia Cc: Crescente, Angela

Subject: RE:

See my responses in RED below.

Attachment to Response to KU AG-1 Question No. 201 Page 176 of 1022 Charnas

From: Leenerts, Patricia

Sent: Monday, May 07, 2012 5:22 PM

To: Stratman, Paul **Cc:** Crescente, Angela

Subject:

Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901.

If a replacement is being made, all the time will be charged to the install task.

It was further deemed in that in the case of when there was no replacement that all the charges went against the removal task. Because of the way you had been charging, we thought that all of the 108901 removal charges are in deed 108799-ARO removal charges. Do you agree with this summary?

This is correct.

Also, on the RRCSxxxG projects is there always replacement when there is removal?

There is not always a replacement when there is a removal. As an example if a home is being demolished, we will retire the service and not replace it.

I've attached 2 examples. I wanted to get an idea, of the charges, before I dug deeper. If you could let me know if I'm interpreting correctly or if I should be digging further I would appreciate that by Thurs, May10, if possible. These distribution blankets are big projects and I need a bit more time to get them worked.

Based on the fact that both are charged to a removal task, they would have been removal only jobs (no install/replace work)

If so, the invoice below is for RRCS421G, do I assume there was no replacement since this hit the 108901 task. Or do I need to investigate and potentially this charge could be moved to 107001?

<< OLE Object: Picture (Device Independent Bitmap) >>

So, see the Miller invoice 279794. For RRCS421G there are only removal charges on this invoice.

<< OLE Object: Picture (Device Independent Bitmap) >>

Thanks,

Pat 502-627-3811

Attachment to Response to KU AG-1 Question No. 201 Page 177 of 1022 Charnas

Clark, Ed

From:

Wright, Sharon

Sent:

Tuesday, July 03, 2012 7:36 AM

To: Cc: Leenerts, Patricia Crescente, Angela

Subject:

RE: RRCS419G and RRCS422G; RRCS421G

I tried to run a query this morning. It appears all charges are going to 108799. Not sure where you got the figures below. I'm just running it for 2012. Any suggestions?

Sharon K. Wright
Senior Budget Analyst - Energy Delivery Finance & Budgeting
(502) 627-2270
sharon.wright@lge-ku.com



From: Leenerts, Patricia

Sent: Monday, June 11, 2012 2:08 PM **To:** Wright, Sharon; Porter, Janice **Cc:** Crescente, Angela; Stratman, Paul

Subject: FW: RRCS419G and RRCS422G; RRCS421G

Sharon / Janice,

Our last ARO review meeting brought some relevant topics on the need to have ARO charges on the above 3 mentioned projects.

Paul and Angela had a conversation since it will be difficult for Miller to transition to the new CP ARO YYYY tasks. In the best interests for less confusion for Miller and with the upcoming new blankets for 2013, it was decided to let the Miller charges continue to hit the current 108901 tasks.

What this means is that on a reporting Quarter End, a JE will need to be done to move all the charges which hit a 108901 task to the CP ARO YYYY task. This really should only be the CP ARO 2012 task, since the new blankets are expected to start in 2013. Although there could be some straggler charges.

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Normal JE procedures should be followed. If you want to send a soft copy to me (or Angela if I'm not available), I will be happy to review. But an approved hard copy (signed by you and your approver) needs to be in hand by 5 pm on Day 3 for the JE to be posted. This process should start with the June 2012 closing. Set your reminder...

These are the charge values which need to be moved as of a few minutes ago. But please rerun the reports per your schedule to process the JEs for the June close.

RRCS421G - move \$485.76

RRCS419G - move \$10,763.14 RRCS422G - move \$0.00 Attachment to Response to KU AG-1 Question No. 201 Page 178 of 1022 Charnas

Thanks.

Pat 502-627-**3811**

From: Leenerts, Patricia

Sent: Tuesday, May 08, 2012 2:06 PM

To: Stratman, Paul

Cc: Crescente, Angela, Wright, Sharon **Subject:** RE: RRCS419G and RRCS422G

So **Angela**, based on the info from Paul below. I need an ARO task for the 2012 charges and they need to start charging the ARO removals in 2012 to this new task. Since I have already started the JE to move the 108901 charges, I will go ahead and move the 2012 charges to the 2012 ARO task. Please let me know when this task is setup and I will get the charges to it.

Paul, if there is labor charged to the 108901 tasks now, then I will move that labor to the new 2012 ARO task. Vendor invoices will be more difficult for me to determine...are they just basically a 2012 should be a 2012 charge? What location should the 2 Badger Meter Electric Actuator? I also will need to move any charges to Please reply by 5/11.

Thanks for your alls help.

Pat 502-627-3811

From: Stratman, Paul

Sent: Tuesday, May 08, 2012 8:52 AM

To: Leenerts, Patricia **Cc:** Crescente, Angela

Subject: RE:

See my responses in RED below.

From: Leenerts, Patricia

Sent: Monday, May 07, 2012 5:22 PM

To: Stratman, Paul Cc: Crescente, Angela

Subject:

Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901.

If a replacement is being made, all the time will be charged to the install task.

It was further deemed in that in the case of when there was no replacement that all the charges went against the removal task. Because of the way you had been charging, we thought that all of the 108901 removal charges are in deed 108799-ARO removal charges. Do you agree with this summary?

Attachment to Response to KU AG-1 Question No. 201 Page 179 of 1022 Charnas

This is correct.

Also, on the RRCSxxxG projects is there always replacement when there is removal?

There is not always a replacement when there is a removal. As an example if a home is being demolished, we will retire the service and not replace it.

I've attached 2 examples. I wanted to get an idea, of the charges, before I dug deeper. If you could let me know if I'm interpreting correctly or if I should be digging further I would appreciate that by Thurs, May10, if possible. These distribution blankets are big projects and I need a bit more time to get them worked.

Based on the fact that both are charged to a removal task, they would have been removal only jobs (no install/replace work)

If so, the invoice below is for RRCS421G, do I assume there was no replacement since this hit the 108901 task. Or do I need to investigate and potentially this charge could be moved to 107001?

<< OLE Object: Picture (Device Independent Bitmap) >>

So, see the Miller invoice 279794. For RRCS421G there are only removal charges on this invoice.

<< OLE Object: Picture (Device Independent Bitmap) >>

Thanks,

Pat 502-627-**3811**

Attachment to Response to KU AG-1 Question No. 201 Page 180 of 1022 Charnas

Clark, Ed

From: Sent:

PowerPlantAlerts@lge-ku.com Tuesday, July 03, 2012 6:01 AM Crescente, Angela PowerPlant Alerts - LGE-KU - AIP - ARO

To:

Subject:

Project 137928 has ARO

login to powerplant

Attachment to Response to KU AG-1 Question No. 201 Page 181 of 1022 Charnas

Clark, Ed

From:

Wiseman, Sara

Sent:

Monday, July 02, 2012 10:31 AM Crescente, Angela

To: Subject:

FW: ARO Questionnaire

From: Wiseman, Sara

Sent: Monday, June 04, 2012 2:57 PM

To: Crescente, Angela Subject: FW: ARO Questionnaire

From: Hudson, Rusty

Sent: Monday, June 04, 2012 2:29 PM

To: Wiseman, Sara Cc: Hudson, Rusty

Subject: ARO Questionnaire

ARO Quarterly Questionnaire.d...

ARO Quarterly Questionnaire

Please answer the following questions for the period since the date of your last completed questionnaire.

1. To the best of your knowledge, are you aware of any changes that would impact the valuation of the asset retirement obligations ("AROs") that have been identified? Such changes may include changes in laws, statutes, regulations, precedents set by the Company, contracts, permits, certificates of need, right of way agreements, market costs or available resources for remediation, or planned retirements. (Please list)

Answer: No

2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that will create an ARO? (Please list, include location)

Answer: No

3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)

Answer:

- A. Mill Creek for the environmental air, which I believe you have gotten updates from Scott/Eileen on.
- B. The six stacks at Paddy's Run are to be taken down later this year to a height where if they do later fall over, they will not get into the transmission facility. I have heard that the stacks do not have asbestos in them however, so I doubt that it is an ARO situation but I wanted to at least mention it.
- C. The contract with Charah at Cane Run to build the Manufactured Stabilized Earth (MSE) Wall around the perimeter of the existing landfill includes capping of the landfill through 2016.
- 4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.

Answer: No

Attachment to Response to KU AG-1 Question No. 201 Page 183 of 1022 Charnas

Completed by: Rusty Hudson

For the quarter ended: 6/30/12

Attachment to Response to KU AG-1 Question No. 201 Page 184 of 1022 Charnas

Clark, Ed

From:

Wiseman, Sara

Sent:

Monday, July 02, 2012 10:31 AM

To:

Crescente, Angela

Subject:

FW: ARO Quarterly Questionnaire.docx

From: Wiseman, Sara

Sent: Saturday, June 09, 2012 3:52 PM

To: Crescente, Angela

Subject: FW: ARO Quarterly Questionnaire.docx

From: Garrett, Chris

Sent: Friday, June 08, 2012 9:03 AM

To: Wiseman, Sara

Subject: ARO Quarterly Questionnaire.docx



ARO Quarterly Questionnaire.d...

ARO Quarterly Questionnaire

Please answer the following questions for the period since the date of your last completed questionnaire.

1. To the best of your knowledge, are you aware of any changes that would impact the valuation of the asset retirement obligations ("AROs") that have been identified? Such changes may include changes in laws, statutes, regulations, precedents set by the Company, contracts, permits, certificates of need, right of way agreements, market costs or available resources for remediation, or planned retirements. (Please list)

Answer: No

2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that will create an ARO? (Please list, include location)

Answer: No

3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)

Answer: No

4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.

Answer: No

Completed by: Chris Garrett For the quarter ended: 06/30/2012

Attachment to Response to KU AG-1 Question No. 201 Page 186 of 1022 Charnas

Clark, Ed

From:

Leenerts, Patricia

Sent:

Saturday, June 30, 2012 8:39 PM

To:

Riggs, Eric

Cc:

Crescente, Angela

Subject:

Completed:

These 3 have AROs LSMR414 PMR414 RRCS419G

Sadly, I needed more info on RRCS421G and RRCS422G. There was 3 projects on my email with RRCS419G sadly the other 2 were not projects RRCS421G and RRCS422G.

So instead of giving you the additional 4 projects (RRCS421G and RRCS422G, with AROs). I had another project, 130939, on my hit list which needed to be finished and is included in my stack which is on your desk.

Thanks,

Pat

502-627-3811

Attachment to Response to KU AG-1 Question No. 201 Page 187 of 1022 Charnas

Clark, Ed

From:

Leenerts. Patricia

Sent:

Saturday, June 30, 2012 7:53 PM

To:

Crescente, Angela

Subject:

FW:

Here is a current email which states from Paul: If a replacement is being made, all the time will be charged to the install task.

Thanks.

Pat

502-627-3811

From: Stratman, Paul

Sent: Tuesday, May 08, 2012 8:52 AM

To: Leenerts, Patricia **Cc:** Crescente, Angela

Subject: RE:

See my responses in RED below.

From: Leenerts, Patricia

Sent: Monday, May 07, 2012 5:22 PM

To: Stratman, Paul **Cc:** Crescente, Angela

Subject:

Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901.

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This is correct.

Also, on the RRCSxxxG projects is there always replacement when there is removal?

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I've attached 2 examples. I wanted to get an idea, of the charges, before I dug deeper. If you could let me know if I'm interpreting correctly or if I should be digging further I would appreciate that by Thurs, May10, if possible. These distribution blankets are big projects and I need a bit more time to get them worked.

Attachment to Response to KU AG-1 Question No. 201 Page 188 of 1022 Charnas

Based on the fact that both are charged to a removal task, they would have been removal only jobs (no install/replace work)

If so, the invoice below is for RRCS421G, do I assume there was no replacement since this hit the 108901 task. Or do I need to investigate and potentially this charge could be moved to 107001?

<< OLE Object: Picture (Device Independent Bitmap) >>

So, see the Miller invoice 279794. For RRCS421G there are only removal charges on this invoice.

<< OLE Object: Picture (Device Independent Bitmap) >>

Thanks,

Pat 502-627-3811

Attachment to Response to KU AG-1 Question No. 201 Page 189 of 1022 Charnas

Clark, Ed

From:

Leenerts, Patricia

Sent:

Saturday, June 30, 2012 5:41 PM

To: Subject: Crescente, Angela FW: Project RRCS419G

This is an old email but notice: When replacing like items on RRCS419G, there is not a charge to the retirement task, only to the install.

A year ago he was not charging anything to CP ARO, which is what I thought that he said in the meeting a few weeks ago.

Thanks,

Pat 502-627-3811

From: Stratman, Paul

Sent: Wednesday, April 20, 2011 3:14 PM

To: Leenerts, Patricia

Subject: RE: Project RRCS419G

Yes, these are cut, cap and purge retirements.

It is impossible to retire a gas facility without a cut, cap and purge operation. Without such an operation, gas would continually leak out into the atmosphere. I'm not sure I understand the rest of your questions.

When replacing like items on RRCS419G, there is not a charge to the retirement task, only to the install.

From: Leenerts, Patricia

Sent: Tuesday, April 19, 2011 2:40 PM

To: Rieth, Tom; Stratman, Paul **Subject:** Project RRCS419G

Paul/Tom, My previous email indicated RRCS<u>421</u>G with the \$480K or retirement charges. The correct project number is RRCS<u>419</u>G. Same question, different project number. Who needs to answer this now?

There is \$480,000 charges for removal on blanket project RRCS419G. Would any of that be related to cut, cap and purge? Or would this be pure retiring like items? If there is cut, cap and purge is it significant and if so, how do I know how much? Can you provide a percentage of cut, cap and purge if applicable?

I would appreciate a response by 4/25.

Thanks,

Attachment to Response to KU AG-1 Question No. 201 Page 190 of 1022 Charnas

Pat 502-627-**3811**

Attachment to Response to KU AG-1 Question No. 201 Page 191 of 1022 Charnas

Clark, Ed

From:

Erskine, Greg

Sent:

Thursday, June 28, 2012 1:21 PM

To: Subject: Crescente, Angela ARO Footnote - 6/30/12

Angela:

I need to get rollforwards of LG&E's and KU's AROs for the six months ended 6/30/12 to help complete the 6/30/12 10-Q. I've attached a file that shows what I need. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me by Wednesday, July 11, please?

Please make sure the amounts on the row labeled "Other (forced - S/B zero)" equal zero before you send the file back to me.

I've detailed the beginning and ending balances by account on the worksheet named "BalancesByAccount" in the file. The balances in the columns headed "6/30/12" on this worksheet in the attached version of the file actually represent 5/31/12 balances. I plan on updating the amounts in these columns to reflect 6/30/12 balances after we close June, and I plan on sending you a copy of the updated file containing the 6/30/12 balances on or about Tuesday, July 10.

If you have any questions, please let me know.

Thanks,

Greg

Book2.xlsx

LG&E AND KU

Asset Retirement Obligations 12/31/11 through 06/30/12 () Means Debit 06/30/12 Reporting

Attachment to Response to KU AG-1 Question No. 201 Page 192 of 1022 Charnas

> 06/21/12 4:24 PM

	LKE	LG&E	KU	FCD
12/31/11 balance	118,299,060.52	56,856,461.36	61,379,032.38	63,566.78
Accretion expense	0.00	??????	??????	??????
Obligations assumed in acquisition of LKE	0.00	??????	??????	??????
Obligations assumed in acquisition of CN	0.00	??????	??????	??????
ARO derecognized	0.00	??????	??????	??????
New obligations incurred	0.00	??????	??????	??????
Changes in estimated cash flow or settlement date	0.00	??????	??????	??????
Effect of foreign currency exchange rates	0.00	??????	??????	??????
Obligations settled	0.00	??????	??????	??????
Other (forced - S/B zero)	1,832,168.74	518,613.99	1,311,720.59	1,834.16
06/30/12 balance	120,131,229.26	57,375,075.35	62,690,752.97	65,400.94

LG&E AND KU Asset Retirement Obligations 12/31/11 and 06/30/12 06/30/12 Reporting

Attachment to Response to KU AG-1 Question No. 201 Page 193 of 1022 Charnas

06/11/12 3:39 PM

			12/31/11			06/30/12		
			LG&E	KU	FCD	LG&E	KU KU	FCD
Acct No	Acat Desc	Curr or Noncurr	0100	0110	0304	0100	0110	0304
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	0.00	2,445,634.69	410,549.80	0.00
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(63,566.78)	(35,818,532.26)	(61,542,661.85)	(65,400.94)
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISS	I NCURR	(253,364.08)	(545,748.17)	0.00	(259,122.54)	(558,177.85)	0.00
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTI	CNCURR	(658,353,57)	(806,034.02)	0.00	(673,432.20)	(824,170.07)	0.00
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	0.00	(20,604,169.05)	0.00	0.00
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	0.00	(110,592.99)	0.00	0.00
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980,00)	(176,293.00)	0.00	(800,980.00)	(176,293.00)	0.00
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	0.00	(1,553,881.00	0.00	0.00
Totals			(56,856,461.36)	(61,379,032.38)	(63,566.78)	(57,375,075.35	(62,690,752.97)	(65,400.94)
Summary:								
Current		CURR	(2,354,861.00)	(176,293.00)	0.00	(2,354,861.00)	(176,293.00)	0.00
Noncurrent		NCURR	(54,501,600.36)	(61,202,739,38)	(63,566.78)	(55,020,214.35	(62,514,459.97)	(65,400.94)
Totals			(56,856,461.36)	(61,379,032.38)	(63,566.78)	(57,375,075.35	(62,690,752.97)	(65,400.94)

Attachment to Response to KU AG-1 Question No. 201 Page 194 of 1022 Charnas

Clark, Ed

From:

Leenerts, Patricia

Sent:

Thursday, June 28, 2012 10:22 AM

To: Subject: Beatty, Stephen; Crescente, Angela RE: Penile Retirement

Gubjeet.

CP ASBESTOS - should be what you use for the ARO removal of the ACM pipe.

I will need to know what assets were retired and from what PP asset location to do the physical retirement whose charges hit the ARO removal tasks. With that information, I can give Angela what she needs at the big picture level. BTW, If there is replacement, then I believe that it was decided to put the removal costs on the new asset...IF the ARO removal was considered insignificant.

You can supply your portion of retirements to me and I can get other folks responsible to give me that information. Ultimately, I need to know what to retire. An email is sufficient or the Misc AIP form can be completed. I can't tell from removal tasks what was retired. Did that help?

Thanks,

Pat

502-627-3811

From: Beatty, Stephen

Sent: Thursday, June 28, 2012 10:14 AM **To:** Crescente, Angela; Leenerts, Patricia

Subject: RE: Penile Retirement

Just to make sure I am not confusing you, I am moving forward using the existing task. It will contain retirement costs for the entire project which spans multiple areas, tax locations, and asset locations. Are you expecting me to pull that information back out at the end of the project and separate it from other costs for other locations?

From: Crescente, Angela

Sent: Thursday, June 28, 2012 10:10 AM **To:** Leenerts, Patricia; Beatty, Stephen **Subject:** RE: Penile Retirement

She's right, the overall ARO location is a bigger picture. It is still important for us to know the specific location for unitization and tax purposes. Therefore, ask anytime and we do like talking to you.

From: Leenerts, Patricia

Sent: Thursday, June 28, 2012 10:06 AM **To:** Crescente, Angela; Beatty, Stephen

Subject: RE: Penile Retirement

Steve, Just making sure that there is no unnecessary confusion: Angela's comment on location is related to the ARO retirement which is different than the asset retirement. Angela's retirement world is a "bigger picture". I often need the specific PowerPlant asset location for the asset retirement.

Attachment to Response to KU AG-1 Question No. 201 Page 195 of 1022

Just saw your other email. We count on you to ask questions...it keeps ds in line and helps us to see where issues lie that we may not consider. Plus we like talking to you.

You all must really type a lot faster than me.

Thanks,

Pat 502-627-3811

From: Crescente, Angela

Sent: Thursday, June 28, 2012 10:02 AM

To: Beatty, Stephen Cc: Leenerts, Patricia

Subject: RE: Penile Retirement

It's always good to check, I appreciate you doing that. For Gas, most of the time that locations matter as much is when it comes to gas wells for Center, Muldraugh, etc.

From: Beatty, Stephen

Sent: Thursday, June 28, 2012 10:00 AM

To: Crescente, Angela **Cc:** Leenerts, Patricia

Subject: RE: Penile Retirement

This works for me. I was more concerned about asset removal costs being property tied to the location (Penile City Gate) versus it being booked to other assets.

I'll move forward with this information.

From: Crescente, Angela

Sent: Thursday, June 28, 2012 9:01 AM

To: Beatty, Stephen Cc: Leenerts, Patricia

Subject: RE: Penile Retirement

Steve,

The CP ASBESTOS task will be fine for you to use for any asbestos/ACM pipe removal on this project. If you are removing any asbestos from something else, like the building floor tiles, we would need a new task. Any retirement that would not qualify as an ARO (legally required activity) should be charged to the REMOVAL task. As discussed before, there probably isn't any other removal besides legally required in most cases. Does that help?

Thanks, Angela

From: Leenerts, Patricia

Sent: Wednesday, June 27, 2012 8:10 AM

Attachment to Response to KU AG-1 Question No. 201 Page 196 of 1022 Charnas

To: Crescente, Angela Subject: FW: Penile Retirement
Angela, I setup a new ARO on this projectis that a problem, do I need to turn it off or let Steve use it?
Thanks,
Pat 502-627- 3811
From: Beatty, Stephen Sent: Wednesday, June 27, 2012 8:01 AM To: Leenerts, Patricia Subject: RE: Penile Retirement
Pat:
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If this works for you, it works for me.
Steve
From: Leenerts, Patricia Sent: Wednesday, June 27, 2012 8:00 AM To: Beatty, Stephen Subject: FW: Penile Retirement
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Is this asbestos removal, pipe or what makes it an ARO? So give me a few minutesafter you reply, to see what she needs us to do.
Thanks,
Pat 502-627- 3811

From: Beatty, Stephen
Sent: Wednesday, June 27, 2012 7:37 AM
To: Leenerts, Patricia
Subject: RE: Penile Retirement

Attachment to Response to KU AG-1 Question No. 201 Page 197 of 1022 Charnas

Pat:

I am only assisting on this project and did not set it up. I would only agree (with my limited knowledge of your business), that it would be more valuable to track retirements by tax and asset locations.

But, it does not matter to me if we set up a separate retirement task. I used to be able to set up tasks in ORACLE, but I do not think I can set them up in POWERPLANT without requiring a full approval process. If you want to set it up, I need a ARO retirement task for PENILE ROAD CITY GATE STATION at Tax Location is 142.

I plan to process an invoice soon. If you want to create a task, I will wait.

Thanks and let me know if I can help.

Steve

From: Leenerts, Patricia

Sent: Tuesday, June 26, 2012 4:10 PM

To: Beatty, Stephen

Subject: RE: Penile Retirement

I see 2 removal tasks, but 1 is for the ARO retirements and the other is the REMOVAL tasks which I thought was just a placeholder until defined R tasks are defined.

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Thanks.

Pat 502-627-3811

From: Beatty, Stephen

Sent: Tuesday, June 26, 2012 2:52 PM

To: Leenerts, Patricia **Subject:** Penile Retirement

Pat:

I plan to retire some assets at Penile Station as part of a larger project (with assets spanning other multiple PA locations and tax locations). The project is 132621 and it has 2 retirement tasks already. But, since this may have a different asset location or tax location, do I need a separate retirement task specifically for Penile?

Attachment to Response to KU AG-1 Question No. 201 Page 198 of 1022 Charnas

Thanks,

Steve

Clark, Ed

From:

Crescente, Angela

Sent: To: Thursday, June 28, 2012 10:19 AM Beatty, Stephen; Leenerts, Patricia

Subject:

RE: Penile Retirement

Tracking:

Recipient

Read

Beatty, Stephen Leenerts, Patricia

Read: 6/28/2012 10:24 AM Read: 7/19/2012 10:45 AM

The same task is OK for my purposes since this is a project level job as she stated a few emails below, but I will let Pat answer that question since she does need more detailed information for the retirements themselves. If you both decide to make separate tasks to ease the situation, I am OK with that too. I can be flexible.

From: Beatty, Stephen

Sent: Thursday, June 28, 2012 10:14 AM **To:** Crescente, Angela; Leenerts, Patricia

Subject: RE: Penile Retirement

Just to make sure I am not confusing you, I am moving forward using the existing task. It will contain retirement costs for the entire project which spans multiple areas, tax locations, and asset locations. Are you expecting me to pull that information back out at the end of the project and separate it from other costs for other locations?

From: Crescente, Angela

Sent: Thursday, June 28, 2012 10:10 AM **To:** Leenerts, Patricia; Beatty, Stephen **Subject:** RE: Penile Retirement

She's right, the overall ARO location is a bigger picture. It is still important for us to know the specific location for unitization and tax purposes. Therefore, ask anytime and we do like talking to you.

From: Leenerts, Patricia

Sent: Thursday, June 28, 2012 10:06 AM **To:** Crescente, Angela; Beatty, Stephen

Subject: RE: Penile Retirement

Steve, Just making sure that there is no unnecessary confusion: Angela's comment on location is related to the ARO retirement which is different than the asset retirement. Angela's retirement world is a "bigger picture". I often need the specific PowerPlant asset location for the asset retirement.

Just saw your other email. We count on you to ask questions...it keeps us in line and helps us to see where issues lie that we may not consider. Plus we like talking to you.

You all must really type a lot faster than me.

Thanks,

Attachment to Response to KU AG-1 Question No. 201 Page 200 of 1022 Charnas

Pat 502-627-3811

From: Crescente, Angela

Sent: Thursday, June 28, 2012 10:02 AM

To: Beatty, Stephen **Cc:** Leenerts, Patricia

Subject: RE: Penile Retirement

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From: Beatty, Stephen

Sent: Thursday, June 28, 2012 10:00 AM

To: Crescente, Angela **Cc:** Leenerts, Patricia

Subject: RE: Penile Retirement

This works for me. I was more concerned about asset removal costs being property tied to the location (Penile City Gate) versus it being booked to other assets.

I'll move forward with this information.

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To: Beatty, Stephen **Cc:** Leenerts, Patricia

Subject: RE: Penile Retirement

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To: Crescente, Angela

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Attachment to Response to KU AG-1 Question No. 201 Page 201 of 1022 Charnas

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To: Leenerts, Patricia

Subject: RE: Penile Retirement

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Attachment to Response to KU AG-1 Question No. 201 Page 202 of 1022

Charnas
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Thanks and let me know if I can help.

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From: Leenerts, Patricia

Sent: Tuesday, June 26, 2012 4:10 PM

To: Beatty, Stephen

Subject: RE: Penile Retirement

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Thanks.

Pat 502-627-**3811**

From: Beatty, Stephen

Sent: Tuesday, June 26, 2012 2:52 PM

To: Leenerts, Patricia **Subject:** Penile Retirement

Pat:

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Thanks,

Steve

Attachment to Response to KU AG-1 Question No. 201 Page 203 of 1022 Charnas

Clark, Ed

From:

Beatty, Stephen

Sent: To: Thursday, June 28, 2012 10:14 AM Crescente, Angela; Leenerts, Patricia

Subject:

RE: Penile Retirement

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To: Beatty, Stephen **Cc:** Leenerts, Patricia

Subject: RE: Penile Retirement

It's always good to check, I appreciate you doing that. For Gas, most of the time that locations matter as much is when it comes to gas wells for Center, Muldraugh, etc.

Attachment to Response to KU AG-1 Question No. 201 Page 204 of 1022 Charnas

From: Beatty, Stephen

Sent: Thursday, June 28, 2012 10:00 AM

To: Crescente, Angela **Cc:** Leenerts, Patricia

Subject: RE: Penile Retirement

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Thanks,

Pat

502-627-3811

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Sent: Wednesday, June 27, 2012 8:01 AM

To: Leenerts, Patricia

Subject: RE: Penile Retirement

Pat:	Page 205 of 1022 Charnas
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Steve	

From: Leenerts, Patricia

Attachment to Response to KU AG-1 Question No. 201 Page 206 of 1022

Charnas

Sent: Tuesday, June 26, 2012 4:10 PM

To: Beatty, Stephen

Subject: RE: Penile Retirement

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To: Leenerts, Patricia Subject: Penile Retirement

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Leenerts, Patricia

Sent:

Thursday, June 28, 2012 10:06 AM Crescente, Angela; Beatty, Stephen

To: Subject:

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Pat

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Sent: Thursday, June 28, 2012 10:02 AM

To: Beatty, Stephen Cc: Leenerts, Patricia

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Sent: Thursday, June 28, 2012 9:01 AM

To: Beatty, Stephen **Cc:** Leenerts, Patricia

Subject: RE: Penile Retirement

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Attachment to Response to KU AG-1 Question No. 201 Page 208 of 1022 Charnas

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Attachment to Response to KU AG-1 Question No. 201 Page 209 of 1022 Charnas

Thanks,

Pat 502-627-3811

From: Beatty, Stephen

Sent: Wednesday, June 27, 2012 7:37 AM

To: Leenerts, Patricia

Subject: RE: Penile Retirement

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From: Leenerts, Patricia

Sent: Tuesday, June 26, 2012 4:10 PM

To: Beatty, Stephen

Subject: RE: Penile Retirement

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Thanks,

Pat 502-627-3811

From: Beatty, Stephen

Tom: beatty, Stepher

Attachment to Response to KU AG-1 Question No. 201 Page 210 of 1022 Charnas

Sent: Tuesday, June 26, 2012 2:52 PM

To: Leenerts, Patricia **Subject:** Penile Retirement

Pat:

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Thanks,

Steve

Attachment to Response to KU AG-1 Question No. 201 Page 211 of 1022 Charnas

Clark, Ed

From:

Beatty, Stephen

Sent:

Thursday, June 28, 2012 10:04 AM

To: Cc: Crescente, Angela Leenerts, Patricia

Subject:

RE: Penile Retirement

10-4

Please be patient because I will keep asking similar questions in the future. I don't fully understand how this process works and how taxes get paid to the proper fire district. I also understand that I do not need to know either.

Steve

From: Crescente, Angela

Sent: Thursday, June 28, 2012 10:02 AM

To: Beatty, Stephen Cc: Leenerts, Patricia

Subject: RE: Penile Retirement

It's always good to check, I appreciate you doing that. For Gas, most of the time that locations matter as much is when it comes to gas wells for Center, Muldraugh, etc.

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Attachment to Response to KU AG-1 Question No. 201 Page 212 of 1022 Charnas

Thanks,	
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Sent: Wednesday, June 27, 2012 8:10 AM

To: Crescente, Angela

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502-627-3811

Attachment to Response to KU AG-1 Question No. 201 Page 213 of 1022 Charnas

From: Beatty, Stephen

Sent: Wednesday, June 27, 2012 7:37 AM

To: Leenerts, Patricia

Subject: RE: Penile Retirement

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Pat 502-627-3811

From: Beatty, Stephen

Sent: Tuesday, June 26, 2012 2:52 PM

To: Leenerts, Patricia **Subject:** Penile Retirement

Attachment to Response to KU AG-1 Question No. 201 Page 214 of 1022 Charnas

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Attachment to Response to KU AG-1 Question No. 201 Page 215 of 1022 Charnas

Clark, Ed

From:

Beatty, Stephen

Sent:

Thursday, June 28, 2012 10:00 AM

To: Cc: Crescente, Angela Leenerts, Patricia

Subject:

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Subject: RE: Penile Retirement

Steve,

The CP ASBESTOS task will be fine for you to use for any asbestos/ACM pipe removal on this project. If you are removing any asbestos from something else, like the building floor tiles, we would need a new task. Any retirement that would not qualify as an ARO (legally required activity) should be charged to the REMOVAL task. As discussed before, there probably isn't any other removal besides legally required in most cases. Does that help?

Thanks, Angela

From: Leenerts, Patricia

Sent: Wednesday, June 27, 2012 8:10 AM

To: Crescente, Angela

Subject: FW: Penile Retirement

Angela, I setup a new ARO on this project...is that a problem, do I need to turn it off or let Steve use it?

Thanks,

Pat

502-627-3811

From: Beatty, Stephen

Sent: Wednesday, June 27, 2012 8:01 AM

To: Leenerts, Patricia

Subject: RE: Penile Retirement

Attachment to Response to KU AG-1 Question No. 201 Page 216 of 1022 Charnas

Pat:	шах
My ARO is due to the removal and disposal of ACM pipe.	
I am more than willing to use the existing task. This task is used for assets and tax locations.	or the entire project, I presume, which spans multiple
If this works for you, it works for me.	
Steve	
From: Leenerts, Patricia Sent: Wednesday, June 27, 2012 8:00 AM To: Beatty, Stephen Subject: FW: Penile Retirement	
Steve, I overlooked the existing ARO task and I didn't realize you were tal which I will do when she gets in this morning. There is an ARO Asbestos with ARO removal?	
Is this asbestos removal, pipe or what makes it an ARO? So give me a fer	w minutesafter you reply, to see what she needs us to do.
Thanks,	
Pat 502-627- 3811	
From: Beatty, Stephen Sent: Wednesday, June 27, 2012 7:37 AM To: Leenerts, Patricia Subject: RE: Penile Retirement	
Pat:	
I am only assisting on this project and did not set it up. I would or that it would be more valuable to track retirements by tax and ass	
But, it does not matter to me if we set up a separate retirement to do not think I can set them up in POWERPLANT without requiring a ARO retirement task for PENILE ROAD CITY GATE STATION at Tax	a full approval process. If you want to set it up, I need
I plan to process an invoice soon. If you want to create a task, I wi	ll wait.
Thanks and let me know if I can help.	
Steve	

From: Leenerts, Patricia

Attachment to Response to KU AG-1 Question No. 201 Page 217 of 1022 Charnas

Sent: Tuesday, June 26, 2012 4:10 PM

To: Beatty, Stephen

Subject: RE: Penile Retirement

I see 2 removal tasks, but 1 is for the ARO retirements and the other is the REMOVAL tasks which I thought was just a placeholder until defined R tasks are defined.

But generally it is helpful to have the retirement tasks setup, by tax or asset locations, or to provide me the information that I need to work the assets and retirements at the end of the project. I can take care of the asset location and the tax location at that time...again, if I have the info provided.

This project, although has tasks, it will be worked at project level -- all at one time as Project=WorkOrder

So I didn't answer your question. You may choose in this case. But either choice will probably require more info so that I know what to retire when it is time for me to work the project. BTW, that info can be provided to me as soon as the project is complete. It takes at least 3 months, to allow for charges to catch up, for it to hit my job log to work.

Thanks,

Pat 502-627-3811

From: Beatty, Stephen

Sent: Tuesday, June 26, 2012 2:52 PM

To: Leenerts, Patricia **Subject:** Penile Retirement

Pat:

I plan to retire some assets at Penile Station as part of a larger project (with assets spanning other multiple PA locations and tax locations). The project is 132621 and it has 2 retirement tasks already. But, since this may have a different asset location or tax location, do I need a separate retirement task specifically for Penile?

Thanks,

Steve

Clark, Ed

From: Leenerts, Patricia Sent: Thursday, June 28, 2012 8:17 AM To: Crescente, Angela Subject: FW: Penile Retirement High Importance: Steve needs an answer today. Thanks, Pat 502-627-3811 From: Leenerts, Patricia Sent: Wednesday, June 27, 2012 8:10 AM To: Crescente, Angela Subject: FW: Penile Retirement Angela, I setup a new ARO on this project...is that a problem, do I need to turn it off or let Steve use it? Thanks, Pat 502-627-3811 From: Beatty, Stephen Sent: Wednesday, June 27, 2012 8:01 AM To: Leenerts, Patricia Subject: RE: Penile Retirement Pat: My ARO is due to the removal and disposal of ACM pipe. I am more than willing to use the existing task. This task is used for the entire project, I presume, which spans multiple assets and tax locations. If this works for you, it works for me. Steve

From: Leenerts, Patricia

Sent: Wednesday, June 27, 2012 8:00 AM

Attachment to Response to KU AG-1 Question No. 201 Page 219 of 1022 Charnas

To: Beatty, Stephen

Subject: FW: Penile Retirement

Steve, I overlooked the existing ARO task and I didn't realize you were talking about an ARO. I will have to clear through Angela, which I will do when she gets in this morning. There is an ARO Asbestos removal task already. Will there be more than one location with ARO removal?

Is this asbestos removal, pipe or what makes it an ARO? So give me a few minutes...after you reply, to see what she needs us to do.

Thanks,

Pat 502-627-3811

From: Beatty, Stephen

Sent: Wednesday, June 27, 2012 7:37 AM

To: Leenerts, Patricia

Subject: RE: Penile Retirement

Pat:

I am only assisting on this project and did not set it up. I would only agree (with my limited knowledge of your business), that it would be more valuable to track retirements by tax and asset locations.

But, it does not matter to me if we set up a separate retirement task. I used to be able to set up tasks in ORACLE, but I do not think I can set them up in POWERPLANT without requiring a full approval process. If you want to set it up, I need a ARO retirement task for PENILE ROAD CITY GATE STATION at Tax Location is 142.

I plan to process an invoice soon. If you want to create a task, I will wait.

Thanks and let me know if I can help.

Steve

From: Leenerts, Patricia

Sent: Tuesday, June 26, 2012 4:10 PM

To: Beatty, Stephen

Subject: RE: Penile Retirement

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This project, although has tasks, it will be worked at project level -- all at one time as Project=WorkOrder

Attachment to Response to KU AG-1 Question No. 201 Page 220 of 1022 Charnas

So I didn't answer your question. You may choose in this case. But either choice will probably require more info so that I know what to retire when it is time for me to work the project. BTW, that info can be provided to me as soon as the project is complete. It takes at least 3 months, to allow for charges to catch up, for it to hit my job log to work.

Thanks,

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Sent: Tuesday, June 26, 2012 2:52 PM

To: Leenerts, Patricia Subject: Penile Retirement

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Thanks,

Steve

Clark, Ed

From:

Mooney, Mike (BOC 3)

Sent:

Wednesday, June 27, 2012 4:32 PM

To:

Crescente, Angela

Subject:

RE: CR Ash Pond Closure

Thanks, I really do appreciate all the help!!!

--Mike

From: Crescente, Angela

Sent: Wednesday, June 27, 2012 4:32 PM

To: Mooney, Mike (BOC 3)

Subject: RE: CR Ash Pond Closure

I added a CP ARO 2012 task to 136421.

Thanks!

From: Mooney, Mike (BOC 3)

Sent: Wednesday, June 27, 2012 11:33 AM

To: Crescente, Angela

Subject: RE: CR Ash Pond Closure

Yes 121620 Cane Run landfill is going to be written off. We are moving to Cane Run MSE Wall 136421.

From: Crescente, Angela

Sent: Wednesday, June 27, 2012 11:30 AM

To: Mooney, Mike (BOC 3)

Subject: RE: CR Ash Pond Closure

OK, thanks! | know the landfill date has been moved to 2015 for sure. That's why I was getting confused, but that is on a different project. 126160 or something like that.

From: Mooney, Mike (BOC 3)

Sent: Wednesday, June 27, 2012 11:29 AM

To: Crescente, Angela

Subject: RE: CR Ash Pond Closure

Ok that makes sense. We are actually having a budget meeting today so I will ask about a potential closure date and get back to you.

From: Crescente, Angela

Sent: Wednesday, June 27, 2012 11:28 AM

Attachment to Response to KU AG-1 Question No. 201 Page 222 of 1022 Charnas

To: Mooney, Mike (BOC 3)

Subject: RE: CR Ash Pond Closure

OK. It is good to know that. I am also looking at it from the standpoint of having to change the closure date for the ARO we have set up. For example, if the date goes from 2023 to 2015, that can change the estimate considerably.

From: Mooney, Mike (BOC 3)

Sent: Wednesday, June 27, 2012 11:26 AM

To: Crescente, Angela

Subject: RE: CR Ash Pond Closure

I certainly will. Also at this point, this is a NON-ECR project. Did not know if you need to know that.

--Mike

From: Crescente, Angela

Sent: Wednesday, June 27, 2012 11:25 AM

To: Mooney, Mike (BOC 3)

Subject: RE: CR Ash Pond Closure

OK, will you let me know if that changes?

From: Mooney, Mike (BOC 3)

Sent: Wednesday, June 27, 2012 11:25 AM

To: Crescente, Angela

Subject: RE: CR Ash Pond Closure

At this point they have no clue. They are in the early engineering phase to see what needs to be done and when.

--Mike

From: Crescente, Angela

Sent: Wednesday, June 27, 2012 11:20 AM

To: Mooney, Mike (BOC 3)

Subject: RE: CR Ash Pond Closure

Do you know what the expected full closure date is?

From: Mooney, Mike (BOC 3)

Sent: Wednesday, June 27, 2012 10:59 AM

To: Crescente, Angela

Subject: RE: CR Ash Pond Closure

This new project (137503) is relating to the Ash pond only.

Attachment to Response to KU AG-1 Question No. 201 Page 223 of 1022 Charnas

--Mike

From: Crescente, Angela

Sent: Wednesday, June 27, 2012 10:49 AM

To: Mooney, Mike (BOC 3)

Subject: RE: CR Ash Pond Closure

Mike,

If it is associated with the closure of the Ash Pond, then yes. I thought it was the landfill closing though, not the ash pond. Is the ash pond closing too?

Thanks, Angela

From: Mooney, Mike (BOC 3)

Sent: Wednesday, June 27, 2012 10:40 AM

To: Crescente, Angela

Subject: CR Ash Pond Closure

Angela,

Just checking something with you. Our newly approved Cane Run Ash Pond Closure Project (137503) is going to have some engineering work done. You had created an ARO to account 108799. Do I need to make all tasks on that project hit that account?

Mike Mooney

Budget Analyst III, Project Engineering

BOC 3

BOC Phone: (502) 627-3671

Fax: (502) 217- 2943

Clark, Ed

From:

Mooney, Mike (BOC 3)

Sent:

Wednesday, June 27, 2012 11:33 AM

To:

Crescente, Angela

Subject:

RE: CR Ash Pond Closure

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Subject: RE: CR Ash Pond Closure

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To: Crescente, Angela

Subject: RE: CR Ash Pond Closure

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To: Mooney, Mike (BOC 3)

Subject: RE: CR Ash Pond Closure

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Subject: RE: CR Ash Pond Closure

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--Mike

From: Crescente, Angela

Sent: Wednesday, June 27, 2012 11:25 AM

Attachment to Response to KU AG-1 Question No. 201 Page 225 of 1022

Charnas
To: Mooney, Mike (BOC 3)
Subject: RE: CR Ash Pond Closure
OK, will you let me know if that changes?
From: Mooney, Mike (BOC 3)
Sent: Wednesday, June 27, 2012 11:25 AM
To: Crescente, Angela
Subject: RE: CR Ash Pond Closure
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B # Hua
Mike
From: Crescente, Angela
Sent: Wednesday, June 27, 2012 11:20 AM
To: Mooney, Mike (BOC 3)
Subject: RE: CR Ash Pond Closure
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From: Mooney, Mike (BOC 3)
Sent: Wednesday, June 27, 2012 10:59 AM
To: Crescente, Angela
Subject: RE: CR Ash Pond Closure
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Mike
From: Crescente, Angela
Sent: Wednesday, June 27, 2012 10:49 AM
To: Mooney, Mike (BOC 3)
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ponde is the tist pond dosing too:
Thanka
Thanks,
Angela

From: Mooney, Mike (BOC 3) Sent: Wednesday, June 27, 2012 10:40 AM

Attachment to Response to KU AG-1 Question No. 201 Page 226 of 1022 Charnas

To: Crescente, Angela

Subject: CR Ash Pond Closure

Angela,

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Mike Mooney

Budget Analyst III, Project Engineering BOC 3

BOC Phone: (502) 627-3671

Fax: (502) 217- 2943

Attachment to Response to KU AG-1 Question No. 201 Page 227 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Wednesday, June 27, 2012 11:30 AM

To: Subject: Mooney, Mike (BOC 3) RE: CR Ash Pond Closure

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To: Mooney, Mike (BOC 3)

Subject: RE: CR Ash Pond Closure

OK, will you let me know if that changes?

From: Mooney, Mike (BOC 3)

Sent: Wednesday, June 27, 2012 11:25 AM

Attachment to Response to KU AG-1 Question No. 201 Page 228 of 1022 Charnas

To: Crescente, Angela

Subject: RE: CR Ash Pond Closure

At this point they have no clue. They are in the early engineering phase to see what needs to be done and when.

--Mike

From: Crescente, Angela

Sent: Wednesday, June 27, 2012 11:20 AM

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Sent: Wednesday, June 27, 2012 10:49 AM

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Subject: RE: CR Ash Pond Closure

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Thanks, Angela

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Sent: Wednesday, June 27, 2012 10:40 AM

To: Crescente, Angela

Subject: CR Ash Pond Closure

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Attachment to Response to KU AG-1 Question No. 201 Page 229 of 1022 Charnas

Mike Mooney

Budget Analyst III, Project Engineering BOC 3
BOC Phone: (502) 627-3671
Fax: (502) 217- 2943
E-mail: Mike.Mooney@lge-ku.com

Clark, Ed

From:

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Sent:

Wednesday, June 27, 2012 11:29 AM

To:

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To: Crescente, Angela

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From: Crescente, Angela

Sent: Wednesday, June 27, 2012 11:20 AM

Attachment to Response to KU AG-1 Question No. 201 Page 231 of 1022 Charnas

To: Mooney, Mike (BOC 3)

Subject: RE: CR Ash Pond Closure

Do you know what the expected full closure date is?

From: Mooney, Mike (BOC 3)

Sent: Wednesday, June 27, 2012 10:59 AM

To: Crescente, Angela

Subject: RE: CR Ash Pond Closure

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Mike Mooney

Budget Analyst III, Project Engineering

BOC 3

BOC Phone: (502) 627-3671 Fax: (502) 217- 2943

Clark, Ed

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Mooney, Mike (BOC 3)

Sent:

Wednesday, June 27, 2012 11:26 AM

To:

Crescente, Angela

Subject:

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--Mike

From: Crescente, Angela

Sent: Wednesday, June 27, 2012 10:49 AM

Attachment to Response to KU AG-1 Question No. 201 Page 233 of 1022 Charnas

To: Mooney, Mike (BOC 3)

Subject: RE: CR Ash Pond Closure

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To: Crescente, Angela

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Mike Mooney

Budget Analyst III, Project Engineering

BOC 3

BOC Phone: (502) 627-3671

Fax: (502) 217- 2943

Attachment to Response to KU AG-1 Question No. 201 Page 234 of 1022 Charnas

Clark, Ed

From:

Mooney, Mike (BOC 3)

Sent:

Wednesday, June 27, 2012 11:25 AM

To:

Crescente, Angela

Subject:

RE: CR Ash Pond Closure

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Subject: RE: CR Ash Pond Closure

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Sent: Wednesday, June 27, 2012 10:40 AM

To: Crescente, Angela

Subject: CR Ash Pond Closure

Angela,

Attachment to Response to KU AG-1 Question No. 201 Page 235 of 1022 Charnas

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Mike Mooney

Budget Analyst III, Project Engineering

BOC 3

BOC Phone: (502) 627-3671 Fax: (502) 217- 2943

Attachment to Response to KU AG-1 Question No. 201 Page 236 of 1022 Charnas

Clark, Ed

From:

Mooney, Mike (BOC 3)

Sent:

Wednesday, June 27, 2012 10:59 AM

To: Subject: Crescente, Angela

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--Mike

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Budget Analyst III, Project Engineering

BOC 3

BOC Phone: (502) 627-3671

Fax: (502) 217- 2943

Attachment to Response to KU AG-1 Question No. 201 Page 237 of 1022 Charnas

Clark, Ed

From:

Mooney, Mike (BOC 3)

Sent:

Wednesday, June 27, 2012 10:40 AM

To: Subject: Crescente, Angela CR Ash Pond Closure

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Budget Analyst III, Project Engineering BOC 3

BOC Phone: (502) 627-3671 Fax: (502) 217- 2943

Attachment to Response to KU AG-1 Question No. 201 Page 238 of 1022 Charnas

С	la	rk	. E	d
•			, –	•

From:

Leenerts, Patricia

Sent:

Wednesday, June 27, 2012 8:10 AM

To: Subject: Crescente, Angela FW: Penile Retirement

Angela, I setup a new ARO on this project...is that a problem, do I need to turn it off or let Steve use it?

Thanks,

Pat

502-627-3811

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To: Leenerts, Patricia

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I am more than willing to use the existing task. This task is used for the entire project, I presume, which spans multiple assets and tax locations.

If this works for you, it works for me.

Steve

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To: Beatty, Stephen

Subject: FW: Penile Retirement

Steve, I overlooked the existing ARO task and I didn't realize you were talking about an ARO. I will have to clear through Angela, which I will do when she gets in this morning. There is an ARO Asbestos removal task already. Will there be more than one location with ARO removal?

Is this asbestos removal, pipe or what makes it an ARO? So give me a few minutes...after you reply, to see what she needs us to do.

Thanks,

Pat

502-627-3811

Attachment to Response to KU AG-1 Question No. 201 Page 239 of 1022 Charnas

From: Beatty, Stephen

Sent: Wednesday, June 27, 2012 7:37 AM

To: Leenerts, Patricia

Subject: RE: Penile Retirement

Pat:

I am only assisting on this project and did not set it up. I would only agree (with my limited knowledge of your business), that it would be more valuable to track retirements by tax and asset locations.

But, it does not matter to me if we set up a separate retirement task. I used to be able to set up tasks in ORACLE, but I do not think I can set them up in POWERPLANT without requiring a full approval process. If you want to set it up, I need a ARO retirement task for PENILE ROAD CITY GATE STATION at Tax Location is 142.

I plan to process an invoice soon. If you want to create a task, I will wait.

Thanks and let me know if I can help.

Steve

From: Leenerts, Patricia

Sent: Tuesday, June 26, 2012 4:10 PM

To: Beatty, Stephen

Subject: RE: Penile Retirement

I see 2 removal tasks, but 1 is for the ARO retirements and the other is the REMOVAL tasks which I thought was just a placeholder until defined R tasks are defined.

But generally it is helpful to have the retirement tasks setup, by tax or asset locations, or to provide me the information that I need to work the assets and retirements at the end of the project. I can take care of the asset location and the tax location at that time...again, if I have the info provided.

This project, although has tasks, it will be worked at project level -- all at one time as Project=WorkOrder

So I didn't answer your question. You may choose in this case. But either choice will probably require more info so that I know what to retire when it is time for me to work the project. BTW, that info can be provided to me as soon as the project is complete. It takes at least 3 months, to allow for charges to catch up, for it to hit my job log to work.

Thanks,

Pat 502-627-**3811**

From: Beatty, Stephen

Sent: Tuesday, June 26, 2012 2:52 PM

To: Leenerts, Patricia Subject: Penile Retirement Attachment to Response to KU AG-1 Question No. 201 Page 240 of 1022 Charnas

D	at.	
ŧ	aı.	

I plan to retire some assets at Penile Station as part of a larger project (with assets spanning other multiple PA locations and tax locations). The project is 132621 and it has 2 retirement tasks already. But, since this may have a different asset location or tax location, do I need a separate retirement task specifically for Penile?

Thanks,

Steve

Attachment to Response to KU AG-1 Question No. 201 Page 241 of 1022 Charnas

Clark, Ed

From:

Mooney, Mike (BOC 3)

Sent:

Monday, June 25, 2012 7:51 AM

To:

Crescente, Angela

Subject:

RE: Cane Run Ash Pond Closure

To be honest we are in the very early stages of this project. For now, I would set up an ARO task by year. Right now, they are wanting to do some engineering to forma plan going forward.

From: Crescente, Angela

Sent: Friday, June 22, 2012 9:50 AM

To: Mooney, Mike (BOC 3)

Cc: Rose, Bruce

Subject: RE: Cane Run Ash Pond Closure

Mike,

A CP ARO task has been created on the project. Is this project going to be used for the entire closure or will there be a new project for every year? If the project is going to be used the whole time, it will probably be best for me to add a CP ARO task for each year. Please advise.

Thanks, Angela

From: Mooney, Mike (BOC 3)

Sent: Tuesday, May 29, 2012 12:45 PM

To: Crescente, Angela

Subject: Cane Run Ash Pond Closure

Angela,

I am in the process of creating a new project in power Plant for the closure of the Cane Run Ash Pond. Since it is the closure, I assume we will need a CP ARO task. Is that something you want to create or shall I? The project is 137503.

THANKS!!!

Mike Mooney

Budget Analyst III, Project Engineering

BOC 3

BOC Phone: (502) 627-3671

Fax: (502) 217-2943

Clark, Ed

From:

Singleton, Janna

Sent:

Friday, June 22, 2012 10:00 AM

To:

Crescente, Angela

Cc:

Mooney, Mike (BOC 3); Rose, Bruce

Subject:

RE: Cane Run Ash Pond Closure

This project will be used for the entire project so a new task each year would be appropriate.

I have a call out to Jeff Heun about the timing of the project for Bruce's earlier question. I'll let you know when I hear back.

Janna



Think Green! Before printing this e-mail, ask the question, is it necessary?

From: Crescente, Angela

Sent: Friday, June 22, 2012 9:54 AM

To: Singleton, Janna

Cc: Mooney, Mike (BOC 3); Rose, Bruce Subject: FW: Cane Run Ash Pond Closure

Janna,

I saw Mike's out of office, would you be able to answer this question?

Thanks, Angela

From: Crescente, Angela

Sent: Friday, June 22, 2012 9:50 AM

To: Mooney, Mike (BOC 3)

Cc: Rose, Bruce

Subject: RE: Cane Run Ash Pond Closure

Mike,

A CP ARO task has been created on the project. Is this project going to be used for the entire closure or will there be a new project for every year? If the project is going to be used the whole time, it will probably be best for me to add a CP ARO task for each year. Please advise.

Thanks, Angela

From: Mooney, Mike (BOC 3)

Sent: Tuesday, May 29, 2012 12:45 PM

Attachment to Response to KU AG-1 Question No. 201 Page 243 of 1022 Charnas

To: Crescente, Angela

Subject: Cane Run Ash Pond Closure

Angela,

I am in the process of creating a new project in power Plant for the closure of the Cane Run Ash Pond. Since it is the closure, I assume we will need a CP ARO task. Is that something you want to create or shall I? The project is 137503.

THANKS!!!

Mike Mooney
Budget Analyst III, Project Engineering
BOC 3
BOC Phone: (500) 607 3674

BOC Phone: (502) 627-3671 Fax: (502) 217- 2943

Attachment to Response to KU AG-1 Question No. 201 Page 244 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Friday, June 22, 2012 9:54 AM

To:

Singleton, Janna

Cc: Subject: Mooney, Mike (BOC 3); Rose, Bruce FW: Cane Run Ash Pond Closure

Janna,

I saw Mike's out of office, would you be able to answer this question?

Thanks, Angela

From: Crescente, Angela

Sent: Friday, June 22, 2012 9:50 AM

To: Mooney, Mike (BOC 3)

Cc: Rose, Bruce

Subject: RE: Cane Run Ash Pond Closure

Mike,

A CP ARO task has been created on the project. Is this project going to be used for the entire closure or will there be a new project for every year? If the project is going to be used the whole time, it will probably be best for me to add a CP ARO task for each year. Please advise.

Thanks, Angela

From: Mooney, Mike (BOC 3)

Sent: Tuesday, May 29, 2012 12:45 PM

To: Crescente, Angela

Subject: Cane Run Ash Pond Closure

Angela,

I am in the process of creating a new project in power Plant for the closure of the Cane Run Ash Pond. Since it is the closure, I assume we will need a CP ARO task. Is that something you want to create or shall I? The project is 137503.

THANKS!!!

Mike Mooney

Budget Analyst III, Project Engineering

BOC 3

BOC Phone: (502) 627-3671

Fax: (502) 217- 2943

Attachment to Response to KU AG-1 Question No. 201 Page 245 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Friday, June 22, 2012 9:50 AM

To:

Mooney, Mike (BOC 3)

Cc:

Rose, Bruce

Subject:

RE: Cane Run Ash Pond Closure

Mike,

A CP ARO task has been created on the project. Is this project going to be used for the entire closure or will there be a new project for every year? If the project is going to be used the whole time, it will probably be best for me to add a CP ARO task for each year. Please advise.

Thanks, Angela

From: Mooney, Mike (BOC 3)

Sent: Tuesday, May 29, 2012 12:45 PM

To: Crescente, Angela

Subject: Cane Run Ash Pond Closure

Angela,

I am in the process of creating a new project in power Plant for the closure of the Cane Run Ash Pond. Since it is the closure, I assume we will need a CP ARO task. Is that something you want to create or shall I? The project is 137503.

THANKS!!!

Mike Mooney

Budget Analyst III, Project Engineering

BOC 3

BOC Phone: (502) 627-3671

Fax: (502) 217- 2943

Attachment to Response to KU AG-1 Question No. 201 Page 246 of 1022 Charnas

Clark, Ed	G	aı	'n,	⊨a	ı
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From:

Crescente, Angela

Sent:

Wednesday, June 13, 2012 3:05 PM

To: Cc: Leichty, Doug Wiseman, Sara

Subject:

FW: ARO Balances as of 12/31/2011

Attachments:

ARO as of 12312011.pdf; LGE and KU ARO Balances Dec 2009 and 2010.pdf

Doug,

Please see the attached.

Thanks, Angela

From: Leichty, Doug

Sent: Wednesday, June 13, 2012 11:20 AM

To: Crescente, Angela

Subject: RE: ARO Balances as of 12/31/2011

Angela,

I need the attached ARO balances for LG&E as of 12/31/2009 and 12/31/2010. I know you probably have given to me previously, but I can't find them.

Thanks, Doug

From: Crescente, Angela

Sent: Tuesday, January 24, 2012 10:46 AM

To: Leichty, Doug

Subject: RE: ARO Balances as of 12/31/2011

Doug,

Here you go.

Thanks, Angela

Account Balance for LG&E

	10572525305315	Salance SUM	made vinc
	Company	0100	Sum
Account			
101107		28,285,822.89	28,285,822.89
101125 PLANTAN SERVICE ELECTRICARO ASSET RETIREMENTICOST PAND/BUILDING	418/30/2019	533,396.11	533,396,11
101207 PLANTIN SERVICE GAS AROLASSET RETIREMENT COST EQUIPMENT		21,040,462.23	21,040,462,23
101225 PLANT IN SERVICE GAS ARO ASSET RETIREMENT COST LAND/BUILDING	和問題思問題問前	33,839,35	33,839,35
101325 PLANTIN SERVICE COMMON AROASSET RETIREMENT COST LAND/BUILDING	計器制的常规	101,389.77	101,389,77
108107/ ACCUM/DEPR ELECTRICARO ASSET RETIREMENT COST-EQUIPMENT	超過個點組織的	-1,405,083,15	-1,405,083,15
108125 JACCUM DEPR ELECTRICAROASSET RETIREMENT COST-LAND/BUILDING		-8,573,89	-8,573,89
108207 ACCUM DEPR GAS ARO ASSET RETIREMENT COST-EQUIPMENT		-638,420,32	-638,420.32
108225 ACCUM DEPRISAS ARO ASSET RETIREMENT COST-LAND/BUILDING		-639,29	-639.29
108325 ACCUMEDERS COMMON ARO ASSET RETIREMENT COST L'AND/BUILDING		-2,403.59	-2,403.59
108799 RWP-ARO1EGAL		1,749,888.89	1,749,888.89
182317 OTHER REGULATORY ASSETS AROUGENERATION		9,382,874.91	9,382,874.91
182318 OTHER REG ASSETS ARO-TRANSMISSION		1,804.76	1,804.76
182325 CTHER REGULATORY ASSETS ARO DISTRIBUTION		36,853,46	38,853,46
182326 OTHER REGULATORY ASSETS ARO GAS	SAME ENGINEE	1,233,920.15	1,233,920.15
182327 OTHER REGULATORY ASSETS ARO COMMON	智學認識論證明	9,106.86	9,106,86
230012 ASSET RETIREMENT OBLIGATIONS STEAM		-35,116,397.44	-25,116,397.44
230013 ASSET RETIREMENT OBLIGATIONS TRANSMISSION		-253,364,08	-253,364.08
230015 ASSET RETIREMENT OBLIGATIONS DISTRIBUTION		-658,353.57	-658,353.57
230016 ASSETRETIREMENT OBLIGATIONS GAS	新班加加斯州	-20,115,281,12	-20,115,281.12
230017 ASSET.RETIREMENT OBLIGATIONS COMMON	后 化基础间隔 用器以	-108,093.04	-108,093.04
230022 ASSET RETIREMENT OBLIGATIONS STEAM ST		·500,980.00	-800,980.00
230026 ASSET RETIREMENT OBUGATIONS GAS ST		到 -1,553,681,00	-1,553,881,00
254014 REGULATORY LIABILITY ARO-GENERATION	網報報報報報	-188,608.63	-188,608.63
254015 REGULATORY LIABILITY AROUTRANSMISSION		到 0.00	0.00
254016 REGULATORY BABILITY ARO-GAS	逐出的關稅	-2,149,408.34	-2,149,408.34
Sum		-588,128.08	-538,128.08

Attachment to Response to KU AG-1 Question No. 201 Page 248 of 1022 Charnas

Account Balance for KU

		Balance SUM	20102631006
	Company	0110	Sum S
Account			
101107: PLANTIN SERVICE ELECTRICARO ASSET RETIREMENT COST-EQUIRMENT		57,517,877.87	57,517,877.87
101125		374,327.29	374,327.29
108107411 ACCUM DEPRIMETECTRICARO ASSET RETIREMENT COSTEQUIRMENT		-3,517,277,38	-3,517,277.38
108125		-6,637.54	-6,637.64
108799		410,549.80	410,549.80
182317 OTHER REGULATORY ASSETS AROUGENERATION		7,387,106.47	7,387,106.47
182318 OTHER REGIASSETS ARO TRANSMISSION		8,472.85	8,472.85
182325 OTHER REGULATORY ASSETS ARO DISTRIBUTION	限制型機關	25,712.72	25,712.72
230042 ASSET/RETIREMENT/OBUGATIONS/STEAM		-60,261,506,99	-60,261,506,99
230013 ASSET RETIREMENT OBLIGATIONS TRANSMISSION		-545,748.17	-545,748,17
230015 ASSETRETIREMENT OBLIGATIONS DISTRIBUTION		-806,034.02	-806,034,02
230022 ASSETRETIREMENT OBUGATIONS STEAM ST		-176,293,00	-176,293,00
254014 REGULATORY EIABLITY ARO-GENERATION		-3,533,597,56	-3,533,597.56
254015 REGULATORY LIABILITY ARO STRANSMISSION	arin di kate	0.00	0.00
Sim	製料制度構造	-3,123,047.76	-3,123,047,76

Account Balance for LG&E

			Balance SUM	ericke kener
		Company	0100	Sûm //
Account	Account	NEW STRUCK	学说的情况应该是"情况有关"可以用户该方式	PARE REPORT
01107	PUANT IN SERVICE SELECTRIC AROASSET/RETIREMENT/COST-EQUIPMENT		27,904,999.60	27,904,999.6
101125	PLANTIN SERVICE ELECTRIC AROASSET RETIREMENT, COST LAND/BUILDING	開始網絡開始	494,966,97	494,966.9
01207	PLANTIN SERVICE GAS ARO ASSET RETIREMENT COST EQUIPMENT		17,570,412,24	17,570,412.2
01225	PLANT IN SERVICE GAS AROASSET RETREMENT, COST-LAND/BUILDING	開始問題問題	35,369.96	35,369.9
01325	PLANT IN SERVICE: COMMON ARO ASSET RETIREMENT COST-L'AND/BUILDING		101,389.77	101,389.7
08107	ACCUM DEPR ELECTRICARO ASSET RETIREMENTICOS LEQUIPMENT		-204,878,29	-204,878.2
08125	ACCUM DEPRHELECTRIC ARO ASSET RETIREMENT COST L'AND/BUILDING		-1,038.37	-1,038,3
08207	ACCUM/DEPRAGAS/ARO/ASSET/RETIREMENT/COST-EQUIPMENT/	SERVICE STATE OF THE SERVICE S	-89,105.96	-89,105.9
08225	ACCUM DEPR. GAS ARO ASSET RETUREMENT COST LAND/BUILDING		-95.07	-95.0
08325	ACCUM DEPRI-COMMONAROASSET RETIREMENT COST-LAND/BUILDING		-343.19	-343.1
08799%%%%%	RWP:ARO LEGAL		2,905,548.76	2,905,548.7
823178	OTHER REGULATORY ASSETS ARO - GENERATION	的原则型型国际	6,582,204.33	6,582,204.3
82318	OTHER REGIASSETS ARO TRANSMISSION		159.55	159,5
82325	OTHER REGULATORY ASSETS ARO DISTRIBUTION		5,426.42	5,426.4
82326	OTHER REGULATORY ASSETS AROUGAS	ANTERIOR DE L'ANTERIOR DE	250,046,23	250,046.2
82327	OTHER REGULATORY ASSETS AROU COMMON	NEED HOUSE	1,274.74	1,274.7
30012	ASSETRETIREMENT OBLIGATIONS STEAM		-34,072,325.64	-34,072,325.6
230013	ASSETRETIREMENT OBLIGATIONS TRANSMISSION		-13,887.16	-13,887.1
230015	ASSET RETIREMENT OBCIGATIONS DISTRIBUTION		-485,627.41	-485,627,4
30016	ASSET RETIREMENT OBLIGATIONS GAS		-17,174,985.40	-17,174,985.4
30017	ASSET RETIREMENT OBIGATIONS COMMON		-102,321.30	-102,321,3
30022	ASSET RETIREMENT OBLIGATIONS STEAM ST	ANT PROPERTY.	-210,000.00	-210,000,0
230026	ASSEL RETIREMENT OBLIGATIONS GAS ST		-591,642.00	-591,642.0
54014	REGULATORY LIABILITY ARO GENERATION		-787,905.47	-787,905.4
254015	REGULATORY LIABILITY ARO TRANSMISSION		0.00	0.
254016	REGULATORY LIABILITY AROAGAS		-2,387,519.03	-2,387,519.
001200120000000000000000000000000000000	Sún		-269,875,72	-269,875.

Attachment to Response to KU AG-1 Question No. 201 Page 250 of 1022 Charnas

Account Balance for KU

	sissionisticità	Balance SUM	
	Company	0110	Sum
Account			
101107		9,324,322.29	9,324,322.29
101/125	的控制性開發網	26,037.38	26,037,38
108107 ACCUMIDEPRIBLECTRICAROASSET/RETIREMENT/COST/EQUIPMENT		-4,946,094.66	-4,946,094.66
108125 ACCUM: DEPRESELECTRIC AROASSET/RETIREMENT/COST-LAND/BUILDING		-9,216.48	-9,216.48
108799 RWIP-ARO LEGAL		246,770,15	246,770.15
182317 OTHER REGULATORY ASSETS ARO GENERATION		29,786,379.50	29,786,379.50
182818 OTHER REGIASSETS AROUTRANSMISSION	经验的 加加加加加	52,468.62	52,468,62
182325 OTHER REGULATORY ASSETS ARO DISTRIBUTION		131,411.00	131,411.00
230012 ASSET RETIREMENT OBLIGATIONS STEAM		-34,164,607.13	-34,164,607.13
230013 ASSETRETIREMENT/OBLIGATIONS TRANSMISSION		-57,248.12	-57,248,12
230015 ASSET/RETIREMENT/OBLIGATIONS DISTRIBUTION	指原的問題包括	-143,452,40	-143,452,40
2540147 REGULATORY LIABILITY AROUGENERATION		-4,142,125.12	-4,142,125.12
254015 REGULATORY ELABILITY ARO TRANSMISSION		0,01	0.01
Sum		-3,895,354.96	-3,895,354.96

Attachment to Response to KU AG-1 Question No. 201 Page 251 of 1022 Charnas

Account Balance for KU

	STATE OF THE STATE	Balance SUM	10000000000000
	Company	0110	Sum
Account	機能的對於調整		
101107	山場際高級語	52,543,236,91	52,543,236,91
101125		374,327.29	374,327.29
108107	出版的可以提出	-486,158.63	-486,158.63
	TRANSPORTER PROPERTY.	-947.86	-947.86
108799 RWIP-ARO LEGAL	排列型的型型型	287,261,46	287,261,46
182317 OTHER REGULATORY ASSETS AROUGENERATION	SERVICE SERVIC	1,546,461.65	1,546,461.65
182818 OTHER REGIASSETS/ARO-TRANSMISSION		1,008.19	1,008.19
182325 OTHER REGULATORY ASSETS ARO DISTRIBUTION		3,378.86	3,378.86
230012 ASSET/RETIREMENT OBLIGATIONS STEAM	TOTAL SHOWS	-53,451,563,93	-53,451,563,93
230013 ASSET RETIREMENT OBLIGATIONS TRANSMISSION		-87,750.38	-87,750.38
230015 ASSET/RETIREMENT/OBLIGATIONS/DISTRIBUTION		-290.016.10	-290,016.10
230022 ASSET RETIREMENT OBLIGATIONS STEAM ST	播照問題問題際	-151,976.00	-151,976.00
254014 REGULATORY, LIABILITY ARO - GENERATION		-4,381,035.51	-4,381,035.51
254015 REGULATORY, EIABILITY ARO - TRANSMISSION		0.00	0.00
Som		-4,093,774.05	-4,093,774.05

Account Balance for LG&E

	120020000000000000000000000000000000000	Balance SUM	2000000000000
	Company	0100	Sum
Account			
101107 PLANT IN SERVICE ELECTRIC ARO ASSET RETIREMENT COST EQUIPMENT		5,935,595.28	5,935,595,28
101125 PLANT IN SERVICE ELECTRIC AROASSET/RETIREMENT/COST-L'AND/BUILDING	MALL CHAP	41,406.69	41,406,69
101207 PLANT IN SERVICE GAS ARO ASSET RETIREMENT COST EQUIPMENT	THE RESERVE	546,803.00	546,803.00
101225 PLANTIN SERVICE GAS ARO ASSEL RETIREMENT COST LAND/BUILDING		4,958.87	4,958.87
101325	SHIP THE PROPERTY OF	3,735.16	3,735.16
108107 ACCUM DEPR ELECTRICARO ASSET RETIREMENT COST EQUIPMENT		-2.649,728,33	-2,649,728.33
108125 ACCUMEDEPREELECTRIC/ARO/ASSET/RETIREMENT/COST/L'AND/BUILDING!		-14,666.96	-14,666.96
108207 ACCUM DEPRAGAS AROASSET RETIREMENT/COST-EQUIPMENT		-420,507.10	-420,507.10
108225 ACCUM DEPR GAS AROLASSET RETIREMENT COST CANDIBUILDING	常的學術的學	-2,146.52	-2,146.52
108325 ACCUM DEPR COMMON ARO ASSET RETIREMENT COST L'ANDIBUILDING		-1,233,92	-1,233,92
108799 RWIP-ARO LEGAL	BEAUTION OF	1,692,378.28	1,692,378,28
182317 OTHER REGULATORY/ASSETS ARO SGENERATION		21,166,067,16	21,166,067.16
192318 OTHER REGIASSETS AROUTRANSMISSION		11,981.56	11,981.56
162325 OTHER REGULATORY ASSETS ARO DISTRIBUTION		265,887,78	265,887.78
182326 OTHER REGULATORY ASSETS AROUGAS	THE HELDER MERCHANT	8,129,186.44	8,129,186.44
182327 OTHER REGULATORY ASSETS ARO COMMON		26,290.05	26,290.05
230012 ASSET RETIREMENT OBLIGATIONS STEAM		-24,453,142.72	-24,453,142.72
230013 ASSET RETIREMENT OBLIGATIONS TRANSMISSION		-13,001,11	-13,001.11
230015 ASSET RETIREMENT OBLIGATIONS DISTRIBUTION		-290,399,35	-290,399.35
230016 ASSET RETIREMENT OBLIGATIONS GAS		-8,258,294.69	-8,258,294.69
230017 ASSET RETIREMENT OBUIGATIONS COMMON		-28,791.27	-28,791.27
254014 REGULATORY LIABILITY ARCAGENERATION	HINGE BELLEVIE	-715,583.15	-715,583.15
254015 REGULATORY LIABILITY ARO TRANSMISSION		0.00	0.00
254016 REGULATORY LIABILITY AROL- GAS		-2,359,545.79	-2,359,545.79
Sim		-1,382,750.64	-1,382,750.64

Attachment to Response to KU AG-1 Question No. 201 Page 253 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Wednesday, June 13, 2012 2:45 PM

To: Cc: Erskine, Greg Wiseman, Sara

Subject:

FW: ARO Footnote - 6/30/12 Form 10-Q

Greg,

I do not foresee any changes to the wording.

Thanks, Angela

From: Erskine, Greg

Sent: Wednesday, June 13, 2012 2:43 PM **To:** Wiseman, Sara; Crescente, Angela **Subject:** ARO Footnote - 6/30/12 Form 10-Q

Sara and Angela:

I've attached a copy of the current version of the ARO footnote from the 6/30/12 10-Q. Do you think you will have any wording changes to the note?

Please e-mail me back and let me know today, if you can.

Thanks,

Greg



Document1.docx

16. Asset Retirement Obligations

(PPL, PPL Energy Supply, LKE, LG&E and KU)

The changes in the carrying amounts of AROs were as follows.

			PPL				
	 PPL	Ener	gy Supply	LKE	<u>I</u>	G&E	 KU
ARO at December 31, 2011	\$ 448	\$	345	\$ 103	\$	49	\$ 54
Accretion expense	25		20	4		2	2
Obligations assumed in acquisition of WPD							
Midlands	15						
Derecognition			(5)				
Obligations incurred	11		Ĥ				
Changes in estimated cash flow or settlement date	3		(4)	7		4	3
Obligations settled	(13)		(13)				
ARO at June 30, 2012	\$ 489	\$	354	\$ 114	\$	55	\$ 59

Substantially all of the ARO balances are classified as noncurrent at ##D<CurQtrEnd> and ##D<PreYearEnd>.

(PPL, LKE, LG&E and KU)

Accretion and depreciation expense recorded by LG&E and KU is offset with a regulatory credit on the income statement, such that there is no earnings impact.

(PPL and PPL Energy Supply)

The most significant ARO recorded by PPL and PPL Energy Supply relates to the decommissioning of the Susquehanna nuclear plant. The accrued nuclear decommissioning obligation was \$##D<SusqAROCYAROES> million and \$##D<SusqAROPYAROES> million at ##D<CurQtrEnd> and ##D<PreYearEnd>.

Assets in the NDT funds are legally restricted for purposes of settling PPL's and PPL Energy Supply's ARO related to the decommissioning of the Susquehanna plant. The aggregate fair value of these assets was \$##D<NDTCYBSCorp> million and \$##D<NDTPYBSCorp> million at ##D<CurQtrEnd> and ##D<PreYearEnd>, and is included in "Nuclear plant decommissioning trust funds" on the Balance Sheets. See Notes ##FVMCC and ##AFS for additional information on these assets.

Attachment to Response to KU AG-1 Question No. 201 Page 255 of 1022 Charnas

Clark, Ed

From:

Erskine, Greg

Sent:

Wednesday, June 13, 2012 2:43 PM Wiseman, Sara; Crescente, Angela ARO Footnote - 6/30/12 Form 10-Q

To: Subject:

Sara and Angela:

I've attached a copy of the current version of the ARO footnote from the 6/30/12 10-Q. Do you think you will have any wording changes to the note?

Please e-mail me back and let me know today, if you can.

Thanks,

Greg



Document1.docx

Attachment to Response to KU AG-1 Question No. 201 Page 256 of 1022 Charnas

16. Asset Retirement Obligations

(PPL, PPL Energy Supply, LKE, LG&E and KU)

The changes in the carrying amounts of AROs were as follows.

			PPL				
	 PPL	Energ	gy Supply	_	LKE	 LG&E	 KU
ARO at December 31, 2011	\$ 448	\$	345	\$	103	\$ 49	\$ 54
Accretion expense	25		20		4	2	2
Obligations assumed in acquisition of WPD							
Midlands	15						
Derecognition			(5)				
Obligations incurred	11		11				
Changes in estimated cash flow or settlement date	3		(4)		7	4	3
Obligations settled	(13)		(13)				
ARO at June 30, 2012	\$ 489	\$	354	\$	114	\$ 55	\$ 59

Substantially all of the ARO balances are classified as noncurrent at ##D<CurQtrEnd> and ##D<PreYearEnd>.

(PPL, LKE, LG&E and KU)

Accretion and depreciation expense recorded by LG&E and KU is offset with a regulatory credit on the income statement, such that there is no earnings impact.

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Attachment to Response to KU AG-1 Question No. 201 Page 257 of 1022 Charnas

Clark, Ed

From:

Leichty, Doug

Sent:

Wednesday, June 13, 2012 11:20 AM

To:

Crescente, Angela

Subject:

RE: ARO Balances as of 12/31/2011

Attachments:

ARO as of 12312011.pdf

Angela,

I need the attached ARO balances for LG&E as of 12/31/2009 and 12/31/2010. I know you probably have given to me previously, but I can't find them.

Thanks, Doug

From: Crescente, Angela

Sent: Tuesday, January 24, 2012 10:46 AM

To: Leichty, Doug

Subject: RE: ARO Balances as of 12/31/2011

Doug,

Here you go.

Thanks, Angela

Account Balance for LG&E

Period Name DEC-2017

88888	Market	Balance SUM:	resolution et 1684
With Com	pany 🖟	0100	Sum
Account	建	THE STORY TO STATE OF STREET	
101107	的现在形	28,285,822.89	28,285,822.89
101125 REANT IN SERVICE: ELECTRICARO ASSET RETIREMENTICOST L'AND/BUILDING		533,396.11	533,396,11
101207	建常對他	21,040,462,23	21,040,462.23
101225 PLANT IN SERVICE GAS ARO ASSET RETIREMENT COST LAND/BUILDING	独照情	33,839.35	33,839.35
101325 PLANT IN SERVICE COMMONARO ASSET RETIREMENT COSTS AND BUILDING	開線網	101,389.77	101,389,77
108107 ACCUM DEPR. ELECTRICARO ASSET RETIREMENT COST-EQUIPMENT		-1,405,083.15	-1,405,083,15
108125 ACCUM DEPROELECTRIC AROASSET RETIREMENT COST-LAND/BUILDING		-8,573,89	-8,573,89
108207 ACCUM/DEPR GAS/ARO/ASSET/RETIREMENT/COST/EQUIRMENT		-638,420.32	-638,420.32
108225://// ACCUM/DERRY CAS ARO/ASSET RETIREMENT COST L'AND/BUILDING	能越級	-639,29	-639.29
108325 ACCUMEDERS COMMONARO ASSET RETIREMENT COST-VAND/BUILDING		-2,403,59	-2,403.59
108799 RWP-AROTEGAL		1,749,888.89	1,749,888.89
182317 OTHER REGULATORY ASSETS AROUGENERATION	THE STATE OF THE S	9,382,874.91	9,382,874.91
182318 OTHER REGIASSETS ARO TRANSMISSION		1,804.76	1,804.76
182325 OTHER REGULATORY ASSETS ARO DISTRIBUTION		38,853,46	38,853,46
182326 OTHER REGULATORY ASSETS ARO GAS		1,233,920.15	1,233,920.15
162927 OTHER REGULATORY/ASSETS/ARO COMMON		9,106.86	9,106.86
230012 ASSET/RETIREMENT/OBLIGATIONS_STEAM		-35,116,397.44	-25,116,397.44
230013 ASSET RETIREMENT, OBLIGATIONS TRANSMISSION	U MARKE	-253,364,08	-253,364.08
230015 ASSET RECIREMENT OBEIGATIONS: DISTRIBUTION		-658,353.57	-658,353,57
230016 ASSET RETIREMENT OBLIGATIONS GAS	WHIN	-20,115,281,12	-20,115,281.12
230017 ASSET RETIREMENT OBLIGATIONS COMMON	開機能	-108,093.04	-108,093.04
230022 ASSET REDREMENT OBLIGATIONS STEAM ST		-800,980.00	-800,980.00
230026 ASSET RETIREMENT OBLIGATIONS GAS ST		-1,553,881,00	-1,553,881.00
2540140 REGULATORY LIABILITY ARO GENERATION		-188,608.63	-188,608,63
254015 REGULATORY LIABILITY ARO TRANSMISSION		0.00	0.00
254016 REGULATORYILABIETY/ARO-GAS	如海岸岛	-2,149,408.34	-2,149,408,34
.Sum	6世紀初	-588,128,08	-588,128.08

Account Balance for KU

Period Name DEC-2011

		Balance SUM	
	Company	0170	Sum
Account			
101107222222 PLANTIN SERVICE ELECTRIC AROASSET RETIREMENT COSTEQUIRMENT		57,517,677,87	57,517,877.67
101125		374,327.29	374,327.29
(108107) ACCUM DEPRIMETERICARO ASSETRETIREMENTICOSTEQUIPMENT		-3,517,277.38	-3,517,277.38
108125 ACCUMIDEPRE ELECTRICARO ASSET RETIREMENTICOST LAND/BUILDING		-6,637.64	-6,637.64
108799 RWIP ARO LEGAL		410,549.80	410,549.80
182317 OTHER REGULATORY ASSETS AROUGENERATION		7,387,106,47	7,387,106.47
182318 OTHER REGIASSETS AROUTRANSMISSION	用题的图点	8,472.85	8,472,85
182325 OTHER REGULATORY ASSETS ARO DISTRIBUTION			25,712.72
230012 ASSETRETIREMENT OBLIGATIONS STEAM	规划的比较级	-60,261,506.99	-60,261,506.99
230013 ASSET RETIREMENT OBLIGATIONS TRANSMISSION		-545,748.17	-545,748.17
230015 ASSETRETIREMENT OBEIGATIONS DISTRIBUTION	出語組制即加	-806,034.02	-806,034.02
230022 ASSET RETIREMENT OBLIGATIONS STEAM ST		-176,293.00	-176,293.00
254014 REGULATORY LIABILITY ARO-GENERATION	洲州州曾新 路州市	-3,533,597.56	-3,533,597.56
254015 REGULATORY LIABILITY ARO TRANSMISSION		0.00	0.00
Sim		-3,123,047.76	-3,123,047.76

Attachment to Response to KU AG-1 Question No. 201 Page 260 of 1022 Charnas

Clark, Ed

From:

Porter, Janice

Sent:

Tuesday, June 12, 2012 8:18 AM

To:

Stratman, Paul; Leenerts, Patricia; Wright, Sharon

Cc:

Crescente, Angela

Subject:

RE: RRCS419G and RRCS422G; RRCS421G

Thanks Paul for clarifying.

From: Stratman, Paul

Sent: Tuesday, June 12, 2012 7:56 AM

To: Porter, Janice; Leenerts, Patricia; Wright, Sharon

Cc: Crescente, Angela

Subject: RE: RRCS419G and RRCS422G; RRCS421G

There will be some transition period, but my understanding is that the old task number under RRCS419G has already been closed out. I've been approached by a number of people, particularly timekeepers, to make certain the right number is being charged. The issue wasn't with Miller Pipeline, it was with company employees, and manually updating paper timesheets for whatever transition period.

I don't know what has been done to RRCS422G or 421G, but I assume something similar.

Regardless, I think that the transition under RRCS419G is over, or nearly so.

From: Porter, Janice

Sent: Monday, June 11, 2012 2:28 PM **To:** Leenerts, Patricia; Wright, Sharon **Cc:** Crescente, Angela; Stratman, Paul

Subject: RE: RRCS419G and RRCS422G; RRCS421G

I disagree. This method is messy. Miller needs to use the correct task. Otherwise, they should not be paid.

From: Leenerts, Patricia

Sent: Monday, June 11, 2012 2:08 PM **To:** Wright, Sharon; Porter, Janice **Cc:** Crescente, Angela; Stratman, Paul

Subject: FW: RRCS419G and RRCS422G; RRCS421G

Sharon / Janice,

Our last ARO review meeting brought some relevant topics on the need to have ARO charges on the above 3 mentioned projects.

Paul and Angela had a conversation since it will be difficult for Miller to transition to the new CP ARO YYYY tasks. In the best interests for less confusion for Miller and with the upcoming new blankets for 2013, it was decided to let the Miller charges continue to hit the current 108901 tasks.

Attachment to Response to KU AG-1 Question No. 201 Page 261 of 1022 Charnas

What this means is that on a reporting Quarter End, a JE will need to be done to move all the charges which hit a 108901 task to the CP ARO YYYY task. This really should only be the CP ARO 2012 task, since the new blankets are expected to start in 2013. Although there could be some straggler charges.

Each quarter, you need to check to make sure that the 108901 balance in each project is zero. If not zero, then a JE needs to be processed to move the 108901 charges to 108799. The should be processed after month end AP, labor, etc. so that all the charges are captured. You have until the end of Day 3 to make non-burdened JE entries.

Normal JE procedures should be followed. If you want to send a soft copy to me (or Angela if I'm not available), I will be happy to review. But an approved hard copy (signed by you and your approver) needs to be in hand by 5 pm on Day 3 for the JE to be posted. This process should start with the June 2012 closing. Set your reminder...

These are the charge values which need to be moved as of a few minutes ago. But please rerun the reports per your schedule to process the JEs for the June close.

RRCS421G - move \$485.76

RRCS419G – move \$10,763.14 RRCS422G – move \$0.00

Thanks,

Pat 502-627-3811

From: Leenerts, Patricia

Sent: Tuesday, May 08, 2012 2:06 PM

To: Stratman, Paul

Cc: Crescente, Angela; Wright, Sharon **Subject:** RE: RRCS419G and RRCS422G

So **Angela**, based on the info from Paul below. I need an ARO task for the 2012 charges and they need to start charging the ARO removals in 2012 to this new task. Since I have already started the JE to move the 108901 charges, I will go ahead and move the 2012 charges to the 2012 ARO task. Please let me know when this task is setup and I will get the charges to it.

Paul, if there is labor charged to the 108901 tasks now, then I will move that labor to the new 2012 ARO task. Vendor invoices will be more difficult for me to determine...are they just basically a 2012 should be a 2012 charge? What location should the 2 Badger Meter Electric Actuator? I also will need to move any charges to Please reply by 5/11.

Thanks for your alls help.

Pat 502-627-**3811**

From: Stratman, Paul

Sent: Tuesday, May 08, 2012 8:52 AM

To: Leenerts, Patricia **Cc:** Crescente, Angela

Subject: RE:

See my responses in RED below.

Attachment to Response to KU AG-1 Question No. 201 Page 262 of 1022 Charnas

From: Leenerts, Patricia

Sent: Monday, May 07, 2012 5:22 PM

To: Stratman, Paul **Cc:** Crescente, Angela

Subject:

Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901.

If a replacement is being made, all the time will be charged to the install task.

It was further deemed in that in the case of when there was no replacement that all the charges went against the removal task. Because of the way you had been charging, we thought that all of the 108901 removal charges are in deed 108799-ARO removal charges. Do you agree with this summary?

This is correct.

Also, on the RRCSxxxG projects is there always replacement when there is removal?

There is not always a replacement when there is a removal. As an example if a home is being demolished, we will retire the service and not replace it.

I've attached 2 examples. I wanted to get an idea, of the charges, before I dug deeper. If you could let me know if I'm interpreting correctly or if I should be digging further I would appreciate that by Thurs, May10, if possible. These distribution blankets are big projects and I need a bit more time to get them worked.

Based on the fact that both are charged to a removal task, they would have been removal only jobs (no install/replace work)

If so, the invoice below is for RRCS421G, do I assume there was no replacement since this hit the 108901 task. Or do I need to investigate and potentially this charge could be moved to 107001?

<< OLE Object: Picture (Device Independent Bitmap) >>

So, see the Miller invoice 279794. For RRCS421G there are only removal charges on this invoice.

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Thanks,

Pat 502-627**-3811**

Attachment to Response to KU AG-1 Question No. 201 Page 263 of 1022 Charnas

Clark, Ed

From:

Stratman, Paul

Sent:

Tuesday, June 12, 2012 7:56 AM

To:

Porter, Janice; Leenerts, Patricia; Wright, Sharon

Cc:

Crescente, Angela

Subject:

RE: RRCS419G and RRCS422G; RRCS421G

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Regardless, I think that the transition under RRCS419G is over, or nearly so.

From: Porter, Janice

Sent: Monday, June 11, 2012 2:28 PM **To:** Leenerts, Patricia; Wright, Sharon **Cc:** Crescente, Angela; Stratman, Paul

Subject: RE: RRCS419G and RRCS422G; RRCS421G

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From: Leenerts, Patricia

Sent: Monday, June 11, 2012 2:08 PM **To:** Wright, Sharon; Porter, Janice **Cc:** Crescente, Angela; Stratman, Paul

Subject: FW: RRCS419G and RRCS422G; RRCS421G

Sharon / Janice,

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Attachment to Response to KU AG-1 Question No. 201 Page 264 of 1022 Charnas

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To: Leenerts, Patricia Cc: Crescente, Angela

Subject: RE:

See my responses in RED below.

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Sent: Monday, May 07, 2012 5:22 PM

To: Stratman, Paul Cc: Crescente, Angela

Subject:

Attachment to Response to KU AG-1 Question No. 201 Page 265 of 1022

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Clark, Ed

From:

Porter, Janice

Sent: To: Monday, June 11, 2012 2:28 PM Leenerts, Patricia; Wright, Sharon

Cc:

Crescente, Angela; Stratman, Paul

Subject:

RE: RRCS419G and RRCS422G; RRCS421G

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Sent: Monday, June 11, 2012 2:08 PM **To:** Wright, Sharon; Porter, Janice **Cc:** Crescente, Angela; Stratman, Paul

Subject: FW: RRCS419G and RRCS422G; RRCS421G

Sharon / Janice,

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RRCS419G - move \$10,763.14 RRCS422G - move \$0.00

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Pat

502-627-3811

From: Leenerts, Patricia

Sent: Tuesday, May 08, 2012 2:06 PM

To: Stratman, Paul

Attachment to Response to KU AG-1 Question No. 201 Page 267 of 1022 Charnas

Cc: Crescente, Angela; Wright, Sharon Subject: RE: RRCS419G and RRCS422G

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To: Leenerts, Patricia Cc: Crescente, Angela

Subject: RE:

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Sent: Monday, May 07, 2012 5:22 PM

To: Stratman, Paul **Cc:** Crescente, Angela

Subject:

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Attachment to Response to KU AG-1 Question No. 201 Page 268 of 1022 Charnas

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Pat 502-627-**3811**

Attachment to Response to KU AG-1 Question No. 201 Page 269 of 1022 Charnas

Clark, Ed

From:

Leenerts, Patricia

Sent: To: Monday, June 11, 2012 2:08 PM Wright, Sharon; Porter, Janice

Cc:

Crescente, Angela; Stratman, Paul

Subject:

FW: RRCS419G and RRCS422G; RRCS421G

Sharon / Janice,

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Thanks,

Pat 502-627-3811

From: Leenerts, Patricia

Sent: Tuesday, May 08, 2012 2:06 PM

To: Stratman, Paul

Cc: Crescente, Angela; Wright, Sharon **Subject:** RE: RRCS419G and RRCS422G

So **Angela**, based on the info from Paul below. I need an ARO task for the 2012 charges and they need to start charging the ARO removals in 2012 to this new task. Since I have already started the JE to move the 108901 charges, I will go ahead and move the 2012 charges to the 2012 ARO task. Please let me know when this task is setup and I will get the charges to it.

Paul, if there is labor charged to the 108901 tasks now, then I will move that labor to the new 2012 ARO task. Vendor invoices will be more difficult for me to determine...are they just basically a 2012 should be a 2012 charge? What location should the 2 Badger Meter Electric Actuator? I also will need to move any charges to Please reply by 5/11.

Attachment to Response to KU AG-1 Question No. 201 Page 270 of 1022 Charnas

Thanks for your alls help.

Pat 502-627-3811

From: Stratman, Paul

Sent: Tuesday, May 08, 2012 8:52 AM

To: Leenerts, Patricia **Cc:** Crescente, Angela

Subject: RE:

See my responses in RED below.

From: Leenerts, Patricia

Sent: Monday, May 07, 2012 5:22 PM

To: Stratman, Paul Cc: Crescente, Angela

Subject:

Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901.

If a replacement is being made, all the time will be charged to the install task.

It was further deemed in that in the case of when there was no replacement that all the charges went against the removal task. Because of the way you had been charging, we thought that all of the 108901 removal charges are in deed 108799-ARO removal charges. Do you agree with this summary?

This is correct.

Also, on the RRCSxxxG projects is there always replacement when there is removal?

There is not always a replacement when there is a removal. As an example if a home is being demolished, we will retire the service and not replace it.

I've attached 2 examples. I wanted to get an idea, of the charges, before I dug deeper. If you could let me know if I'm interpreting correctly or if I should be digging further I would appreciate that by Thurs, May10, if possible. These distribution blankets are big projects and I need a bit more time to get them worked.

Based on the fact that both are charged to a removal task, they would have been removal only jobs (no install/replace work)

If so, the invoice below is for RRCS421G, do I assume there was no replacement since this hit the 108901 task. Or do I need to investigate and potentially this charge could be moved to 107001?

<< OLE Object: Picture (Device Independent Bitmap) >>

So, see the Miller invoice 279794. For RRCS421G there are only removal charges on this invoice.

Attachment to Response to KU AG-1 Question No. 201 Page 271 of 1022 Charnas

<< OLE Object: Picture (Device Independent Bitmap) >>

Thanks,

Pat 502-627-**3811** Attachment to Response to KU AG-1 Question No. 201 Page 272 of 1022 Charnas

Clark, Ed

From:

Sent:

To:

Subject:

Wiseman, Sara Saturday, June 09, 2012 3:52 PM Crescente, Angela FW: ARO Quarterly Questionnaire.docx

From: Garrett, Chris

Sent: Friday, June 08, 2012 9:03 AM

To: Wiseman, Sara

Subject: ARO Quarterly Questionnaire.docx



ARO Quarterly Questionnaire.d...

ARO Quarterly Questionnaire

Please answer the following questions for the period since the date of your last completed questionnaire.

1. To the best of your knowledge, are you aware of any changes that would impact the valuation of the asset retirement obligations ("AROs") that have been identified? Such changes may include changes in laws, statutes, regulations, precedents set by the Company, contracts, permits, certificates of need, right of way agreements, market costs or available resources for remediation, or planned retirements. (Please list)

Answer: No

2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that will create an ARO? (Please list, include location)

Answer: No

3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)

Answer: No

4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.

Answer: No

Completed by: Chris Garrett

For the quarter ended: 06/30/2012

Attachment to Response to KU AG-1 Question No. 201 Page 274 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Wednesday, June 06, 2012 2:24 PM

To: Cc: Simpson, Sheri Wiseman, Sara

Subject:

RE: Q2 2012_Summary of Significant Accounting Policies Footnote

Sheri,

I too am OK with this.

Thanks, Angela

From: Wiseman, Sara

Sent: Wednesday, May 30, 2012 8:27 AM

To: Simpson, Sheri **Cc:** Crescente, Angela

Subject: RE: Q2 2012_Summary of Significant Accounting Policies Footnote

Sheri: I am OK with this. Angela should review it too for the ARO info.

I don't know about goodwill.

From: Simpson, Sheri

Sent: Monday, May 21, 2012 10:21 AM

To: Wiseman, Sara

Subject: Q2 2012_Summary of Significant Accounting Policies Footnote

Good Morning Sara,

I am currently in the set-up phase for our Q2 reporting. Similar to Q1, can you let me know whether or not the accounting policies related to Long-lived and Intangible Assets as disclosed at 12/31/2011 are in need of any changes or updates? The language is below. Thanks in advance for your help.

Long-Lived and Intangible Assets

Property, Plant and Equipment

(PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU)

PP&E is recorded at original cost, unless impaired. If impaired, the asset is written down to fair value at that time, which becomes the new cost basis of the asset. Original cost includes material, labor, contractor costs, certain overheads and financing costs, where applicable. The cost of repairs and minor replacements are charged to expense as incurred. The Registrants record costs associated with planned major maintenance projects in the period in which the costs are incurred. No costs are accrued in advance of the period in which the work is performed for PPL Energy Supply or PPL Electric. LG&E and KU accrue costs of removal net of estimated salvage value through depreciation, which is included in the calculation of customer rates over the assets' depreciable lives in accordance with regulatory practices. Cost of

Attachment to Response to KU AG-1 Question No. 201 Page 275 of 1022

removal amounts accrued through depreciation rates are accularitied as a regulatory liability until the removal costs are incurred. See Note 6 for additional information.

(PPL, PPL Electric, LKE and KU)

AFUDC is capitalized as part of the construction costs for cost-based rate-regulated projects for which a return on such costs is recovered after the project is placed in service. The debt component of AFUDC is credited to "Interest Expense" and the equity component is credited to "Other Income (Expense) - net" on the Statements of Income. KU has not recorded significant AFUDC as a return has been provided during the construction period for most projects.

(PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU)

Included in PP&E on the Balance Sheets are capitalized costs of software projects that were developed or obtained for internal use. These capitalized costs are amortized ratably over the expected lives of the projects when they become operational, generally not to exceed five years.

The amortization of capitalized software is included in "Depreciation" on the Statements of Income.

(PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU)

Depreciation

Depreciation is recorded over the estimated useful lives of property using various methods including the straight-line, composite and group methods. When a component of PP&E that was depreciated under the composite or group method is retired, the original cost is charged to accumulated depreciation. When all or a significant portion of an operating unit that was depreciated under the composite or group method is retired or sold, the property and the related accumulated depreciation account is reduced and any gain or loss is included in income, unless otherwise required by regulators.

Asset Impairment

The Registrants review long-lived assets that are subject to depreciation or amortization, including finite-lived intangibles, for impairment when events or circumstances indicate carrying amounts may not be recoverable. For example, certain emission allowances are expected to be sold rather than consumed. These emission allowances are tested for impairment when events or changes in circumstances, such as a decline in market prices, indicate that their carrying value may not be recoverable.

A long-lived asset classified as held and used is impaired when the carrying amount of the asset exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If impaired, the asset's carrying value is written down to its fair value.

A long-lived asset classified as held for sale is impaired when the carrying amount of the asset (disposal group) exceeds its fair value less cost to sell. If impaired, the asset's (disposal group's) carrying value is written down to its fair value less cost to sell. See Notes 9 and 18 for a discussion of impairment charges recorded associated with long-lived assets classified as held for sale.

Goodwill is reviewed for impairment at the reporting unit level annually or more frequently when events or circumstances indicate that the carrying amount of a reporting unit may be greater than the unit's fair value. Additionally, goodwill must be tested for impairment after a portion of goodwill has been allocated to a business to be disposed of. PPL's reporting units are at or one level below its operating segments and represent significant businesses with discrete financial information that is regularly reviewed by segment management. If the carrying amount of the reporting unit, including goodwill, exceeds its fair value, the implied fair value of goodwill must be calculated in the same manner as goodwill in a business combination. The fair value of a reporting unit is allocated to all assets and

Attachment to Response to KU AG-1 Question No. 201 Page 276 of 1022

liabilities of that unit as if the reporting unit had been acquired linear business combination. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill. If the implied fair value of goodwill is less than the carrying amount, goodwill is written down to its implied fair value.

The goodwill recognized upon the acquisition of LKE, although entirely recorded at LG&E and KU, was assigned for impairment testing by PPL to its reporting units expected to benefit from the acquisition, which were the Kentucky Regulated segment and the Supply segment. The goodwill recognized upon the acquisition of WPD Midlands was assigned for impairment testing by PPL to its International Regulated segment. See Note 10 for additional information regarding the acquisitions.

Asset Retirement Obligations

PPL and its subsidiaries record liabilities to reflect various legal obligations associated with the retirement of long-lived assets. Initially, this obligation is measured at fair value and offset with an increase in the value of the capitalized asset, which is depreciated over the asset's useful life. Until the obligation is settled, the liability is increased to reflect changes in the obligation due to the passage of time through the recognition of accretion expense classified within "Other operation and maintenance" on the Statements of Income. The accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit on the income statement, such that there is no earnings impact. The regulatory asset created by the regulatory credit is relieved when the ARO is settled.

Estimated ARO costs and settlement dates, which affect the carrying value of the ARO and the related capitalized asset, are reviewed periodically to ensure that any material changes are incorporated into the latest estimate of the ARO. Any change to the capitalized asset, positive or negative, is amortized over the remaining life of the associated long-lived asset. See Note 21 for additional information on AROs.

Sheri N. Simpson

Accounting Analyst III Financial Reporting LG&E and KU Energy, LLC 220 W. Main Street, 9th Floor Louisville, KY 40202 P: (502) 627-3606

Clark, Ed

From: Crescente, Angela

Sent: Tuesday, June 05, 2012 4:00 PM

To: 'Plant Support'

Cc: Wacker, Diana; Kinder, Debra

Subject: RE: ARO Transfers and Reports [ref:_00D60KJDN._50060JMefh:ref]

Attachments: ARO transfers and reports.pdf

Crystal,

I have attached copies of the reports for the current month and the previous month and circled the asset. The asset id before the transfer was 43494630 and the asset id after the transfer is 52864748.

Please see the following SQL for the REG-1002 report.

```
SELECT 'ARC ASSET',
    eon util acct gl mapping.account,
    sum(nvl(basis_1,0) * basis_1_indicator) + sum(nvl(basis_2,0) * basis_2_indicator) + sum(nvl(basis_3,0) *
basis 3 indicator) + sum(nvl(basis 4.0) * basis 4 indicator) + sum(nvl(basis 5.0) * basis 5 indicator) +
sum(nvl(basis_6,0) * basis_6_indicator) + sum(nvl(basis_7,0) * basis_7_indicator) + sum(nvl(basis_8,0) *
basis_8_indicator) + sum(nvl(basis_9,0) * basis_9_indicator) + sum(nvl(basis_10,0) * basis_10_indicator) +
sum(nvl(basis_11,0) * basis_11_indicator) + sum(nvl(basis_12,0) * basis_12_indicator) + sum(nvl(basis_13,0) *
basis_13_indicator) + sum(nvl(basis_14,0) * basis_14_indicator) + sum(nvl(basis_15,0) * basis_15_indicator) +
sum(nvl(basis_16,0) * basis_16_indicator) + sum(nvl(basis_17,0) * basis_17_indicator) + sum(nvl(basis_18,0) *
basis_18_indicator) + sum(nvl(basis_19,0) * basis_19_indicator) + sum(nvl(basis_20,0) * basis_20_indicator) +
sum(nvl(basis 21,0) * basis 21 indicator) + sum(nvl(basis 22,0) * basis 22 indicator) + sum(nvl(basis 23,0) *
basis 23 indicator),
    aro.description,
    company.description,
    report time.start month,
    set of books.description
  FROM cpr_ledger,
         cpr_activity,
         aro,
         company,
         report_time,
         cpr act basis,
         set of books,
         eon_util_acct_gl_mapping
      WHERE aro.company id = :comp id
             and set_of_books_id = :set_of_books_id
             and eon_util_acct_gl_mapping.utility_account_id = cpr_ledger.utility_account_id
             and cpr_activity.asset_id = cpr_act_basis.asset_id
             and cpr_activity.asset_activity_id = cpr_act_basis.asset_activity_id
             and aro.company_id = company.company_id
             and aro.asset id = cpr ledger.asset id
             and upper(trim(report_time.user_id)) = upper(trim(user))
             and report_time.session_id = userenv('SESSIONID')
             and cpr ledger.asset id = cpr activity.asset id
             and to_number( to_char(cpr_activity.gl_posting_mo_yr,'J')) <=
to_number(to_char(report_time.start_month, 'J'))
```

```
GROUP BY eon_util_acct_gl_mapping.account,
                 'ARC ASSET',
                 aro.description,
                 company.description.
                 report time.start month,
                 set of books.description
               ORDER BY eon_util_acct_gl_mapping.account
Please see the following SQL for REG-1003
SELECT 'ARC RESERVE',
    depr group.reserve acct id,
    (cpr_depr.depr_reserve * (-1)),
    aro.description,
    company.description,
    report time.start month,
    set of books.description
  FROM depr group,
        cpr_depr,
        aro,
        company,
        report time,
        set of books
      WHERE are company id = :comp id
             and aro.company_id = company.company_id
            and upper(trim(report_time.user_id)) = upper(trim(user))
            and report time.session id = userenv('SESSIONID')
            and aro.asset_id = cpr_depr.asset_id
            and cpr depr.depr group id = depr group.depr group id
            and cpr_depr.gl_posting_mo_yr = add_months(start_month, 0)
            and cpr depr.set of books id = :set of books id
            and set_of_books.set_of_books_id = cpr_depr.set_of_books_id
Thanks,
Angela
----Original Message----
From: Plant Support [mailto:support@pwrplan.com]
Sent: Tuesday, June 05, 2012 2:10 PM
To: Crescente, Angela
Cc: Wacker, Diana; Kinder, Debra
Subject: RE: ARO Transfers and Reports [ ref:_00D60KJDN._50060JMefh:ref ]
Hi Angela-
```

Can you provide the asset ID's involved and attach a copy of the current month report you are looking at? If you could also provide the SQL behind the report you are running, that would be helpful as well. You can do this by clicking on the light bulb icon in the upper left corner after running the report, selecting dw_report and clicking the "Show SQL" button.

Once that information is provided, we will assign your case to an Analyst for further review.

Thanks-

Attachment to Response to KU AG-1 Question No. 201 Page 279 of 1022 Charnas

Crystal Yura Support Analyst

PowerPlan, Inc. 200 Galleria Parkway Atlanta, GA 30339

Provision Support: +1 770.937.3025

O: +1 770.423.7659 M: +1 404.913.5787 cyura@pwrplan.com

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 6/5/2012 1:56 PM To: support@pwrplan.com

Cc: Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com

Subject: ARO Transfers and Reports

Support,

I have performed some ARO transfers, and it appears that the current month REG-1002 and REG-1003 reports look OK. However, if I run the report for a previous month, the ARO asset cannot be found so it no longer ties. It is as if it disappears. I am assuming the reports are looking at the asset id number and since the asset id changes with the transfer, the report doesn't know what to do. This causes a problem since historic reports would no longer tie to anything. Please advise on how to correct this issue.

Thanks, Angela

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Crystal Yura PowerPlan, Inc Tax Provision Support 200 Galleria Parkway, Ste. 1300 Atlanta, GA 30339 Attachment to Response to KU AG-1 Question No. 201 Page 280 of 1022 Charnas

Provision Support: 770.937.3025

Office: 770.423.7659 Mobile: 404.913.5787

ref:_00D60KJDN._50060JMefh:ref

Charnas

101 ARC Asset Account Summary and Balance

Financial

- Set of books: Financial

Company:

LOUISVILLE GAS & ELECTRIC COMPAN'

Set of Books:

End Date: 6/1/2012

Curerty

GL A	count		
jușe cont	ARO		Account Balance
01107	(Corporate Archeological)		
	Purc-TC Sewage Treatment Plant		\$0.00
	Purc-Transm Bushings LGE-PGB		\$238,693.69
		Sum by GL Account:	\$28,285,799.15
11125			
	Purc-LGE Dist Subs (66)-ASB		\$114,663.53
	Purc-LGE Trans Subs (11)-ASB		\$13,760.73
	Purc-Manholes-ASB		\$366,642.71
	Purc-Zorn-ASB		\$38,429.14
		Sum by GL Account:	\$533,396.11
1207			
	Purc-Center GSF UGS (Wells)		\$1,909,895.73
	Purc-CityGateDR237900-Dist-ASB		\$0.00
	Purc-CityGatePR237900-Dist-ASB		\$0.00
	Purc-Doe Run 235300-UGS-ASB		\$35,099.03
	Purc-Doe Run GSF UGS (Wells)		\$1,238,920.76
	Purc-GasMain&ServAbandon-Dist	· · · · · · · · · · · · · · · · · · ·	\$11,928,646.51
	Purc-GasMains-Trans		\$3,941,618.65
	Purc-Magnolla 235300-UGS-ASB		\$35,851.66
	Purc-Magnolla 235600-UGS-ASB		\$4,250.93
	Purc-Magnolla GSF UGS (Wells)		\$1,378,834.38
	Purc-Muldraugh 235300-UGS-ASB		\$26,020.62
	Purc-Muldraugh 235600-UGS-ASB		\$18,186.69
	Purc-Mukiraugh GSF UGS (Wells)		\$623,237.27
		Sum by GL Account:	\$21,040,462.23

Attachment to Response to KU AG-1 Question No. 201

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Charnas

101 ARC Asset Account Summary and Balance

End Date: 4/1/2012

Company:

LOUISVILLE GAS & ELECTRIC COMPAN'

- Set of books: Financial

Set of Books:

Financial

Gi	L Account ARO		Account Balance
01107 35 ⁽²⁾	Projective He		
	Purc-TC Sewage Treatment Plant		\$0.00
	Purc-Transm Bushings LGE-PCB		\$238,693.59
		Sum by GL Account:	\$28,285,799.15
1125	Markets (1997)		
	Purc-LGE Dist Subs (66)-ASB		\$114,663.63
	Purc-LGE Trans Subs (11)-ASB		\$13,760.73
	Purc-Manholes-ASB		\$366,542.71
•	Purc-Zorn-ASB		\$38,429.14
		Sum by GL Account:	\$533,396.11
207	N 19 MI		
	Purc-Conter GSF UGS (Wells)		\$1,909,895.73
	Purc-CityGateDR237900-Dist-ASB		\$0.00
	Purc-CityGatePR237900-Dist-ASB		\$0.00
	Purc-Doe Run 235300-UGS-ASB		\$35,099.03
	Purc-Doe Run GSF UGS (Wells)		\$1,238,920.76
	Purc-GasMain&ServAbandon-Dist		\$11,928,646.51
	Purc-Magnolla 235300-UGS-ASB		\$35,851.66
	Purc-Magnolla 235600-UGS-ASB		\$4,250.93
	Purc-Magnolia GSF UGS (Wells)		\$1,378,834.38
	Pure-Muldraugh 235300-UGS-ASB		\$26,020.62
1 2	Purc-Muldraugh 235600-UGS-ASB		\$18,186.69
N. S.	Purc-Muldraugh GSF UGS (Wells)		\$623,237.27
226	Pure-Gas mains-Trans	Sum by GL Account:	\$17,098,943.68 3,941,518.69 \$2,10,40,40
	Purc-Magnolia 235120-UGS-ASB		\$ 21,040, 4W

6/6/2012

Attachment to Response to KU AG-1 Question No. 201 Page 283 of 1022

Charnas

108 ARC Reserve Account Summary and Balance

- Set of books: Financial

Company:

LOUISVILLE GAS & ELECTRIC COMPAN'

Set of Books:

Financial

End Date: 5/1/2012

GL Ac	acount ARO		count Balance
10810			
	Purc-Transm Bushings LGE-PCB		\$-3,978.24
		Sum by GL Account:	\$-2,158,646.03
10812	25		
	Purc-LGE Dist Subs (66)-ASB		\$-2,661.58
	Purc-LGE Trans Subs (11)-ASB		\$-314.81
	Purc-Manholes-ASB		\$-6,891.64
	Purc-Zorn-ASB		\$-1,785.62
		Sum by GL Account:	\$-11,653.65
10820	7		
	Purc-Center GSF UGS (Wells)		\$-130,525.36
	Purc-CityGateDR237900-Dist-ASB		\$0.00
	Purc-CityGatePR237900-Dist-ASB		\$0.00
	Purc-Doe Run 235300-UGS-ASB		\$-988.70
	Purc-Doe Run GSF UGS (Wells)		\$-84,774.79
	Purc-GasMain&ServAbandon-Dist		\$-469,763.99
	Purc-GasMains-Trans		\$-79,359.42
_	Purc-Magnolia 235300-UGS-ASB		\$-1,010.48
	Purc-Magnolia 235600-UGS-ASB		\$-113.70
	Purc-Magnolia GSF UGS (Wells)		\$-94,150.83
	Purc-Muldraugh 236300-UGS-ASB		\$-734.13
	Purc-Muldraugh 235600-UGS-ASB		\$-487.08
	Purc-Muldraugh GSF UGS (Wells)		\$-35,757.87
		Sum by GL Account:	\$-897,666.34
08226	3		
	Purc-Magnolia 235120-UGS-ASB		\$-219.01
	Purc-Muldraugh 235120-UGS-ASB		\$-292.78

Attachment to Response to KU AG-1 Question No. 201 Page 284 of 1022

Charnas

108 ARC Reserve Account Summary and Balance

- Set of books: Financial

Company:

LOUISVILLE GAS & ELECTRIC COMPAN'

Set of Books: Financial

End Date: 4/1/2012

GL Account ARO	Account Balance
108107	
Purc-Transm Bushings LGE-PCB	\$-3,315.20
	Sum by Gi. Account: \$-2,007,978.15
108125	
Purc-LGE Dist Subs (66)-ASB	\$-2,621.49
Purc-LGE Trans Subs (11)-ASB	\$-298.24
Purc-Manholes-ASB	\$-6,528.90
Purc-Zorn-ASB	\$-1,689.06
	Sum by GL Account: \$-11,037.69
108207	
Purc-Center GSF UGS (Wells)	\$-123,668.43
Purc-CityGateDR237900-Dist-ASB	\$0.00
Purc-CityGatePR237900-Dist-ASB	\$0.00
Purc-Doe Run 235300-UGS-ASB	\$-936.66
Purc-Doe Run GSF UGS (Wells)	\$-80,327.22
Purc-GasMain&ServAbandon-Dist	\$-446,041.61
Purc-GasMains-Trans	\$0.00
Purc-Magnolia 235300-UGS-ASB	\$-957,33
Purc-Magnolla 235600-UGS-ASB	\$-107.72
Purc-Magnolla GSF UGS (Wells)	\$-89,200.22
Purc-Muldraugh 235300-UGS-ASB	\$-695. 6 5
Purc-Muldraugh 235600-UGS-ASB	\$-461.48
Purc-Muldraugh GSF UGS (Wells)	\$-33,879.34
108225	Sum by GL Account: \$-775,275.46 4 79.3591
Purc-Magnolia 235120-UGS-ASB	\$ 854,60
Purc-Muldraugh 235120-UGS-ASB	\$-277.41

Attachment to Response to KU AG-1 Question No. 201 Page 285 of 1022

Description Purc-GasMains-Trans Long Description Purc-GasMains-Trans Property Group EDN Default Property Group Subledger ARO Rettiement Unit ARO CHILD Unit of Measure EA Retire Method ARO Asset Location Land and AROs - Not Separately Identifiable KY Loc Detail Utility Account G368.07-ARO Cost Gas Trans (Eq. In Service Year Sep-2011 Sub Account None Eng. In Service Year Sep-2011 Add Dr	il Class Codes	Set of Books	Financial	<u> </u>	Camment
Long Description Purc-GasMains-Trans Cpr D Property Group EDN Default Property Group Subledger ARO	AsseMD 43	494630		Helated Asset(s) No	Basis
Property Group EDN Default Property Group 😨 Subledget ARO Retirement Unit ARO CHILD Unit of Measure EA Retire Method ARO Asset Location Land and ARDs - Not Separately Identifiable KY Loc Detail Uniting Account G368.07-ARO Cost Gas Trans (Eq. In Service Year Sep-2011 Sub Account None Eng. In Service Year Sep-2011 usiness Segment Gas Accumulated Quantity 0.00 GL Account 101 - Plant In Service - PowerPlan Accum Cost(USD 1 .00)	Description Pu	uc-GasMains-Trans	Work Order	ARO	Activity
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usiness Segment Gas Accumulated Quantity 0.00 Upd GI Account 101 - Plant In Service - PowerPlan Accum Cost(USD 1 .00	tility Account G3	68.07-ARO Cost Gas Trans (Eq		<u> </u>	Adj Quanti
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Company I OUISVILLE GAS & FLECTRIC C	44.44.45.66.65.65.65.44.4 <u>1</u>		Accum Cost[USD]	.00	D.i.v
	and the second s				
		s Transmission			Cancel
Serial Number Depreciation Group LGE-237207-ARD Cost Q	Serial Number		Depreciation Group	LGE-237207-ARD Cost ()	

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CPR Ledger Detail Class Codes Set of Books Asset ID	Financial	
	Financial IVI	ON THE PERSON WHAT COME
Asset ID 52864748	ing programme in the contract of the contract	Comment
	Related Asset(s) No	Basis
Description Purc-GasMains-Trans	Work Order ARO	Activity
Lung Description Purc-GasMains-Trans		Cpr Depr
Prepetty Group EON Default Property Group 🕃	Sübledger ARO	
Retirement Unit		Previous
Unit of Measure EA	Retire Hethod JARO	Next
Asset Location Land and AROs - Not Separately Ide	entifiable KY	Equip Ldg
Utility Account G372.07-AHO Cost Gas Trans (Eq.	In Service Year Sep-2011	Adj Quantity
Sub Account None	Eng. In Service Year Sep-2011	11.
usiness Segment Gas	Accumulated Quantity 0.00	Update
GL Account 101 - Plant In Service - PowerPlan	Accum Cost(USD) 3,941,518.65,8	Print
Company LOUISVILLE GAS & ELECTRIC C Functional Class Gas Transmission		Cancel
Serial Number	Depreciation Group: LGE-237207-ARC Cost (Cancel
	-	

Attachment to Response to KU AG-1 Question No. 201 Page 287 of 1022 Charnas

Clark, Ed

From:

Plant Support <support@pwrplan.com>

Sent:

Tuesday, June 05, 2012 2:10 PM

To:

Crescente, Angela

Cc:

Wacker, Diana; Kinder, Debra

Subject:

RE: ARO Transfers and Reports [ref:_00D60KJDN._50060JMefh:ref]

Hi Angela-

Can you provide the asset ID's involved and attach a copy of the current month report you are looking at? If you could also provide the SQL behind the report you are running, that would be helpful as well. You can do this by clicking on the light bulb icon in the upper left corner after running the report, selecting dw_report and clicking the "Show SQL" button.

Once that information is provided, we will assign your case to an Analyst for further review.

Thanks-

Crystal Yura Support Analyst

PowerPlan, Inc. 200 Galleria Parkway Atlanta, GA 30339

Provision Support: +1 770.937.3025

O: +1 770.423.7659 M: +1 404.913.5787 cyura@pwrplan.com

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 6/5/2012 1:56 PM To: support@pwrplan.com

Cc: Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com

Subject: ARO Transfers and Reports

Support,

I have performed some ARO transfers, and it appears that the current month REG-1002 and REG-1003 reports look OK. However, if I run the report for a previous month, the ARO asset cannot be found so it no longer ties. It is as if it disappears. I am assuming the reports are looking at the asset id number and since the asset id changes with the transfer, the report doesn't know what to do. This causes a problem since historic reports would no longer tie to anything. Please advise on how to correct this issue.

Thanks, Angela Attachment to Response to KU AG-1 Question No. 201 Page 288 of 1022 Charnas

Clark, Ed

From:

Sent:

To: Subject: Wiseman, Sara Monday, June 04, 2012 2:57 PM Crescente, Angela FW: ARO Questionnaire

From: Hudson, Rusty

Sent: Monday, June 04, 2012 2:29 PM

To: Wiseman, Sara Cc: Hudson, Rusty

Subject: ARO Questionnaire



ARO Quarterly Questionnaire.d...

ARO Quarterly Questionnaire

Please answer the following questions for the period since the date of your last completed questionnaire.

1. To the best of your knowledge, are you aware of any changes that would impact the valuation of the asset retirement obligations ("AROs") that have been identified? Such changes may include changes in laws, statutes, regulations, precedents set by the Company, contracts, permits, certificates of need, right of way agreements, market costs or available resources for remediation, or planned retirements. (Please list)

Answer: No

2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that will create an ARO? (Please list, include location)

Answer: No

3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)

Answer:

- A. Mill Creek for the environmental air, which I believe you have gotten updates from Scott/Eileen on.
- B. The six stacks at Paddy's Run are to be taken down later this year to a height where if they do later fall over, they will not get into the transmission facility. I have heard that the stacks do not have asbestos in them however, so I doubt that it is an ARO situation but I wanted to at least mention it.
- C. The contract with Charah at Cane Run to build the Manufactured Stabilized Earth (MSE) Wall around the perimeter of the existing landfill includes capping of the landfill through 2016.
- 4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.

Answer: No

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Completed by: Rusty Hudson

For the quarter ended: 6/30/12

Clark, Ed

From:

Wiseman, Sara

Sent:

Wednesday, May 30, 2012 8:27 AM

To: Cc: Simpson, Sheri Crescente, Angela

Subject:

RE: Q2 2012_Summary of Significant Accounting Policies Footnote

Sheri: I am OK with this. Angela should review it too for the ARO info.

I don't know about goodwill.

From: Simpson, Sheri

Sent: Monday, May 21, 2012 10:21 AM

To: Wiseman, Sara

Subject: Q2 2012_Summary of Significant Accounting Policies Footnote

Good Morning Sara,

I am currently in the set-up phase for our Q2 reporting. Similar to Q1, can you let me know whether or not the accounting policies related to Long-lived and Intangible Assets as disclosed at 12/31/2011 are in need of any changes or updates? The language is below. Thanks in advance for your help.

Long-Lived and Intangible Assets

Property, Plant and Equipment

(PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU)

PP&E is recorded at original cost, unless impaired. If impaired, the asset is written down to fair value at that time, which becomes the new cost basis of the asset. Original cost includes material, labor, contractor costs, certain overheads and financing costs, where applicable. The cost of repairs and minor replacements are charged to expense as incurred. The Registrants record costs associated with planned major maintenance projects in the period in which the costs are incurred. No costs are accrued in advance of the period in which the work is performed for PPL Energy Supply or PPL Electric. LG&E and KU accrue costs of removal net of estimated salvage value through depreciation, which is included in the calculation of customer rates over the assets' depreciable lives in accordance with regulatory practices. Cost of removal amounts accrued through depreciation rates are accumulated as a regulatory liability until the removal costs are incurred. See Note 6 for additional information.

(PPL, PPL Electric, LKE and KU)

AFUDC is capitalized as part of the construction costs for cost-based rate-regulated projects for which a return on such costs is recovered after the project is placed in service. The debt component of AFUDC is credited to "Interest Expense" and the equity component is credited to "Other Income (Expense) - net" on the Statements of Income. KU has not recorded significant AFUDC as a return has been provided during the construction period for most projects.

(PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU)

Included in PP&E on the Balance Sheets are capitalized costs of software projects that were developed or obtained for internal use. These capitalized costs are amortized ratably over the expected lives of the projects when they become operational, generally not to exceed five years.

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The amortization of capitalized software is included in "Depreciation" on the Statements of Income.

(PPL, PPL Energy Supply, PPL Electric, LKE, LG&E and KU)

Depreciation

Depreciation is recorded over the estimated useful lives of property using various methods including the straight-line, composite and group methods. When a component of PP&E that was depreciated under the composite or group method is retired, the original cost is charged to accumulated depreciation. When all or a significant portion of an operating unit that was depreciated under the composite or group method is retired or sold, the property and the related accumulated depreciation account is reduced and any gain or loss is included in income, unless otherwise required by regulators.

Asset Impairment

The Registrants review long-lived assets that are subject to depreciation or amortization, including finite-lived intangibles, for impairment when events or circumstances indicate carrying amounts may not be recoverable. For example, certain emission allowances are expected to be sold rather than consumed. These emission allowances are tested for impairment when events or changes in circumstances, such as a decline in market prices, indicate that their carrying value may not be recoverable.

A long-lived asset classified as held and used is impaired when the carrying amount of the asset exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If impaired, the asset's carrying value is written down to its fair value.

A long-lived asset classified as held for sale is impaired when the carrying amount of the asset (disposal group) exceeds its fair value less cost to sell. If impaired, the asset's (disposal group's) carrying value is written down to its fair value less cost to sell. See Notes 9 and 18 for a discussion of impairment charges recorded associated with long-lived assets classified as held for sale.

Goodwill is reviewed for impairment at the reporting unit level annually or more frequently when events or circumstances indicate that the carrying amount of a reporting unit may be greater than the unit's fair value. Additionally, goodwill must be tested for impairment after a portion of goodwill has been allocated to a business to be disposed of. PPL's reporting units are at or one level below its operating segments and represent significant businesses with discrete financial information that is regularly reviewed by segment management. If the carrying amount of the reporting unit, including goodwill, exceeds its fair value, the implied fair value of goodwill must be calculated in the same manner as goodwill in a business combination. The fair value of a reporting unit is allocated to all assets and liabilities of that unit as if the reporting unit had been acquired in a business combination. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill. If the implied fair value of goodwill is less than the carrying amount, goodwill is written down to its implied fair value.

The goodwill recognized upon the acquisition of LKE, although entirely recorded at LG&E and KU, was assigned for impairment testing by PPL to its reporting units expected to benefit from the acquisition, which were the Kentucky Regulated segment and the Supply segment. The goodwill recognized upon the acquisition of WPD Midlands was assigned for impairment testing by PPL to its International Regulated segment. See Note 10 for additional information regarding the acquisitions.

Asset Retirement Obligations

PPL and its subsidiaries record liabilities to reflect various legal obligations associated with the retirement of long-lived assets. Initially, this obligation is measured at fair value and offset with an increase in the value of the capitalized asset, which is depreciated over the asset's useful life. Until the obligation is settled, the liability is increased to reflect changes

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in the obligation due to the passage of time through the recognized accretion expense classified within "Other operation and maintenance" on the Statements of Income. The accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit on the income statement, such that there is no earnings impact. The regulatory asset created by the regulatory credit is relieved when the ARO is settled.

Estimated ARO costs and settlement dates, which affect the carrying value of the ARO and the related capitalized asset, are reviewed periodically to ensure that any material changes are incorporated into the latest estimate of the ARO. Any change to the capitalized asset, positive or negative, is amortized over the remaining life of the associated long-lived asset. See Note 21 for additional information on AROs.

Sheri N. Simpson

Accounting Analyst III Financial Reporting LG&E and KU Energy, LLC 220 W. Main Street, 9th Floor Louisville, KY 40202 P: (502) 627-3606

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Clark, Ed

From:

Sent:

Mooney, Mike (BOC 3) Tuesday, May 29, 2012 12:45 PM

To:

Crescente, Angela

Subject:

Cane Run Ash Pond Closure

Angela,

I am in the process of creating a new project in power Plant for the closure of the Cane Run Ash Pond. Since it is the closure, I assume we will need a CP ARO task. Is that something you want to create or shall I? The project is 137503.

THANKS!!!

Mike Mooney

Budget Analyst III, Project Engineering BOC 3

BOC Phone: (502) 627-3671

Fax: (502) 217- 2943

E-mail: Mike.Mooney@lge-ku.com

Clark, Ed

From:

Rose, Bruce

Sent:

Tuesday, May 29, 2012 11:05 AM

To: Cc: Millay, David Crescente, Angela

Subject:

RE: Trimble County's Ash Pond

The whole smorgasbord.... I am forwarding this on to Angela Crescente, although she is on vacation this week. She may call you, as some wells are being considered ARO's.

From: Millay, David

Sent: Tuesday, May 29, 2012 11:03 AM

To: Rose, Bruce

Cc: Dowd, Deborah; Riggs, Eric; Burns, Kyle **Subject:** Re: Trimble County's Ash Pond

Piezometers, river level, reservoir level, and rain gages.

David Millay

On May 29, 2012, at 11:00 AM, "Rose, Bruce" < Bruce.Rose@lge-ku.com > wrote:

This would be considered a TC Joint Use project using the LGE / KU split of 52%/48%, and assigned to TC2. Thanks for asking...

David,

Is this for piezometers or other type monitoring wells?

From: Dowd, Deborah

Sent: Tuesday, May 29, 2012 10:50 AM

To: Riggs, Eric; Rose, Bruce **Cc:** Burns, Kyle; Millay, David

Subject: Trimble County's Ash Pond

Good Morning All-

We are getting ready to put some test equipment in and around Trimble's Ash Pond, plus we are going to connect this equipment into the DCS for ease of monitoring.

Our question to Property Accounting, like buildings and vehicles, is land/ash ponds not allocated between the utilities or do we have to have two capital project for Trimble's Dam Impoundment work?

Please let us know how we should proceed with the AIP.

Thanks for your time.

Deborah

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Attachment to Response to KU AG-1 Question No. 201 Page 297 of 1022 Charnas

Clark, Ed

From:

Fackler, Andrea

Sent:

Friday, May 11, 2012 5:03 PM

To:

Kinder, Debra: Griffin, Sharon; Wacker, Diana; Riggs, Eric; Crescente, Angela

Cc:

Wiseman, Sara; Pienaar, Lesley

Subject:

Internal Control Walkthrough

If you have time before we meet to discuss the controls related to transaction cycle 40.01, please look at Appendix A – Probing Questions and if you have time, jot down your answers. It will save us time when we meet. Otherwise, we can go through them together. See the attached.



Appendix A -Probing Questio...

Also, I put together a list of items that I would like to observe and possibly include as exhibits to support the walkthrough of this transactions. If any of this is not available or you have any questions, let me know. I may need to include additional items once I meet with you all to help document the processes.

- 1) Copy of the most recent multi-year capital investment plan, if available -?
- 2) Sample of an AIP that was approved Debbie
- 3) Sample of an AIP that had to be revised due to project overruns Debbie
- 4) Sample of an AIP that is determined to have an ARO, if any Angela
- 5) Sample of the quarterly report generated that shows inactive projects for 90+ days, including communication with the budget coordinators - Sharon
- 6) Sample of the "Job Log" report that shows "completed" or "closed" projects for 90+ days Diana
- 7) Sample of the Work Order Analysis checklist Eric
- Proof of review after the as-builts are created in PowerPlant and the "Send to CPR" process is complete Eric
- 9) Proof of reconciliation of addition and retirement postings in the G/L to control totals in the PowerPlant Classification Spreadsheet - Diana
- 10) Sample of a monthly closing checklist Diana

Thanks, Andrea

Appendix A: Probing Questions

QUESTION:	INQUIRED OF:	RESPONSE
What do you do when you		
encounter errors?		
What types of errors have		
you encountered?		
11		
How are errors resolved?		
Has management ever		
asked you to do		
something that you consider unethical?		
Consider uneuncarr		
Has anyone ever asked		
you to record a journal		
entry with no supporting documentation?		
documentation?		
Has a member of		
management ever		
bypassed the normal		
process to record a journal entry?		
Journal Citaly!		
Has anyone ever asked		
you to record, process, or		
approve any financial transaction you thought		
to be improper or did not		
fully understand?		

Clark, Ed

From: Sent: Plant Support <support@pwrplan.com> Thursday, May 10, 2012 2:32 PM

To:

Crescente, Angela

Subject:

RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060lLZXN:ref]

Thanks Angela a place to test will help us figure the issue. We will take a look and get back to you.

----- Original Message ------

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 5/10/2012 8:25 AM To: support@pwrplan.com

Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

Thanks Elizabeth, I will run through all of these process on the other company in DEV as one last run before I perform the adjustments in PROD.

So, this will fix my current issue, however, the main problem is why this is happening in the first place. It only happens if I set up a transition ARO. AROs are not supposed to have any impact on the PPL Purchase Accounting or the PPL Purchase Accounting Post Acq set of books at all. A new ARO does not do this, it only affects Financial set of books as it should. I understand transition AROs are really used anymore, however, in some cases, they work better for us due to requests by management. Therefore, we will need to get the issue resolved. It appears the problem began when the two new PPL set of books were created. Somehow, transition ARO code is tied to those sets of books when it should only be tied to Financial. In our PTAXSTAG instance, I have some new transition AROs created, and they created reserve on both PPL Purchase Accounting and PPL Purchase Accounting Post Acq sets of books. Let me know if you want to look into that instance or if you want new transition AROs created in DEV.

Thanks, Angela

----Original Message----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Wednesday, May 09, 2012 8:19 PM

To: Crescente, Angela

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

Hi Angela,

Thanks, I think you might be OK with both adjustments. I see the adjustment amount to the last set of books in gl transaction, but the \$300 is no longer there.

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 5/9/2012 11:36 AM To: support@pwrplan.com

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

Attachment to Response to KU AG-1 Question No. 201 Page 300 of 1022 Charnas

Depr has been approved.
Original Message From: Plant Support [mailto:support@pwrplan.com] Sent: Wednesday, May 09, 2012 11:00 AM To: Crescente, Angela Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Yes please.
Thanks,
Elizabeth
Elizabeth,
OK, so when I got out of the CPR Control screen, and came back and clicked on May, then it said Re-Open. So, I did the reserve adj on the three assets on the PPL Purchase Accounting Post Acq set of books and re-ran depr calc, do you want me to approve?
Thanks, Angela
Original Message From: Plant Support [mailto:support@pwrplan.com] Sent: Wednesday, May 09, 2012 9:26 AM To: Crescente, Angela Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Even though it still says Close could you click on it to see if it will re-open?
If not let me know and I can do this behind the scenes.
Thanks,
Elizabeth

CPR and reopen, but the reopen button did not show up for me to reopen. Please see attached.

Oh, I see. I had no idea that it created this on the PPL Purchase Accounting Post Acq set of books as well. I tried to close

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[cid:image001.png@01CD2DBD.8D9D2F50]
Thanks, Angela
Original Message From: Plant Support [mailto:support@pwrplan.com] Sent: Tuesday, May 08, 2012 6:51 PM To: Crescente, Angela Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Hi Angela,
I ran the depr approval so I could see the journals created. I did see one that will get created for 346.55, but this is on the following set of books, PPL Purchase Accounting Post Acq.
The adjustment was posted for the following set of books, PPL Purchase Accounting.
Did you intend to still have expense on the PPL Purchase Accounting Post Acq set of books?
It appears that the adjustment is needed for this second set of books as well.
If you want to make the adjustment and recalculate you can Close the CPR and Reopen to reverse the Depr approval.
If this isn't what you were trying to correct please let me know.
Thanks,

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Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 5/8/2012 9:04 AM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
I ran depr calc for KU and it now shows zero as ending balance for May in the depr ledger (which is good). Where you will see the problem arise is when we close the month and for whatever reason, the depr journal entries still fire. I can't figure it out for anything.
Thanks,
Angela
Original Message
From: Plant Support [mailto:support@pwrplan.com] <mailto:[mailto:support@pwrplan.com]></mailto:[mailto:support@pwrplan.com]>
Sent: Monday, May 07, 2012 5:05 PM
To: Crescente, Angela
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Would you be able to go ahead and calculate Depreciation in DEV for this company? The adjustment is on the depr ledger table as expect, I want to see what kind of update the depr calculation will make.
Thanks,

Elizabeth

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Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 5/7/2012 10:15 AM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
I'm sorry Elizabeth that it took me so long, I have been closing and testing our upgrade. I have now finished the depa reserve adj in PTAXDEV and posted them on the KU Company.
Thanks,
Angela
Original Message
From: Crescente, Angela
Sent: Monday, April 30, 2012 8:55 AM
To: 'Plant Support'
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Sure, I will let you know when I am done. Thanks!
Original Message
From: Plant Support [mailto:support@pwrplan.com] <mailto:[mailto:support@pwrplan.com]></mailto:[mailto:support@pwrplan.com]>
Sent: Friday, April 27, 2012 8:30 PM
Fo: Crescente, Angela; ecowart@pwrplan.com <mailto:ecowart@pwrplan.com></mailto:ecowart@pwrplan.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]

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Thank you!
Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 4/17/2012 2:47 PM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Elizabeth,
I don't think I have heard back from you on this. Any luck finding anything? Let me know if you need me to do this again since DEV has refreshed again.
Thanks,
Angela
Original Message
From: Crescente, Angela
Sent: Wednesday, April 04, 2012 1:14 PM
To: 'Plant Support'
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

I am so sorry, could you do it again. I've copied my direct email on this as well so that I will immediately see when you

reply. This will be at the top of my list to investigate.

$\begin{tabular}{lll} Attachment to Response to KU AG-1 Question No. 201\\ Page 305 of 1022 \end{tabular}$

Elizabeth,
I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait?
Thanks,
Angela
Original Message
From: Plant Support [mailto:support@pwrplan.com] <mailto:[mailto:support@pwrplan.com]></mailto:[mailto:support@pwrplan.com]>
Sent: Wednesday, April 04, 2012 9:07 AM
To: Crescente, Angela
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
if you could that would be great.
Thank you,
Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 4/4/2012 8:42 AM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_006180785N._50060ILZXN:ref]

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ku.com<mailto:Sara.Wiseman@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:Debra.Kinder@lge-ku.com> Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref] I did this in DEV, but it refreshed over the weekend. I can do it again if you want. ----Original Message-----From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]> Sent: Tuesday, April 03, 2012 5:13 PM To: Crescente, Angela Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN,_50060ILZXN:ref] Hi Angela, I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed. Elizabeth ------ Original Message ------From: Crescente, Angela [Angela.Crescente@lge-ku.com] Sent: 3/30/2012 5:13 PM To: support@pwrplan.com<mailto:support@pwrplan.com> Cc: Diana.Wacker@lge-ku.com<mailto:Diana.Wacker@lge-ku.com>; Sara.Wiseman@lgeku.com<mailto:Sara.Wiseman@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:Debra.Kinder@lge-ku.com> Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

Cc: Diana.Wacker@lge-ku.com<mailto:Diana.Wacker@lge-ku.comina.Wiseman@lge-

Attachment to Response to KU AG-1 Question No. 201 Page 307 of 1022 Charnas

Hi Elizabeth,
I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.
Thanks!
Angela
Original Message
From: Plant Support [mailto:support@pwrplan.com] <mailto:[mailto:support@pwrplan.com]></mailto:[mailto:support@pwrplan.com]>
Sent: Friday, March 30, 2012 4:47 PM
To: Crescente, Angela
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Hi Angela,
Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?
Thanks,
Elizabeth
Original Message

Attachment to Response to KU AG-1 Question No. 201 Page 308 of 1022 Charnas

Sent: 3/30/2012 11:08 AM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Cc: Sara.Wiseman@lge-ku.com <mailto:sara.wiseman@lge-ku.com>; Diana.Wacker@lge-ku.com<mailto:diana.wacker@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:debra.kinder@lge-ku.com></mailto:debra.kinder@lge-ku.com></mailto:diana.wacker@lge-ku.com></mailto:sara.wiseman@lge-ku.com>
Subject: Purchase Accounting Reserve on an ARO
Support,
A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.
I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.
Thanks,
Angela
The information contained in this transmission is intended only for

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Attachment to Response to KU AG-1 Question No. 201 Page 309 of 1022 Charnas

the person or entity to which it is directly addressed or copied.
It may contain material of confidential and/or private nature. Any
review, retransmission, dissemination or other use of, or taking of
any action in reliance upon, this information by persons or
entities other than the intended recipient is not allowed. If you
received this message and the information contained therein by
error, please contact the sender and delete the material from
your/any storage medium.
Thanks,
Elizabeth Cowart
PowerPlant Support
770.937.3000
ref:_00D60KJDN50060ILZXN:ref
Thanks,
Elizabeth Cowart
PowerPlant Support
770.937.3000
Thanks,
Elizabeth Cowart

PowerPlant Support

Attachment to Response to KU AG-1 Question No. 201 Page 310 of 1022 Charnas

770.937.3000
Thanks,
Elizabeth Cowart
PowerPlant Support
770.937.3000
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Elizabeth Cowart PowerPlant Support 770.937.3000
Thanks,
Elizabeth Cowart PowerPlant Support 770.937.3000

Thanks,

Attachment to Response to KU AG-1 Question No. 201 Page 311 of 1022 Charnas

Elizabeth Cowart PowerPlant Support 770.937.3000 Attachment to Response to KU AG-1 Question No. 201 Page 312 of 1022 Charnas

Clark, Ed

From: Sent:

PowerPlantAlerts@lge-ku.com Thursday, May 10, 2012 6:00 AM Crescente, Angela PowerPlant Alerts - LGE-KU - AIP - ARO

To:

Subject:

Project 134786 has ARO

login to powerplant

	Charnas
Clark, Ed	
From: Sent: To: Subject:	Plant Support <support@pwrplan.com> Wednesday, May 09, 2012 8:19 PM Crescente, Angela RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]</support@pwrplan.com>
Hi Angela,	
Thanks, I think you might be transaction, but the \$300 is	e OK with both adjustments. I see the adjustment amount to the last set of books in gl s no longer there.
Thanks,	
Elizabeth	
Sent: 5/9/2012 11:36 AM To: support@pwrplan.com	ingela.Crescente@lge-ku.com]
Depr has been approved.	
Original Message From: Plant Support [mailto Sent: Wednesday, May 09, To: Crescente, Angela Subject: RE: Purchase Acco	
Yes please.	
Thanks,	
Elizabeth	
Sent: 5/9/2012 10:30 AM To: support@pwrplan.com	ge ingela.Crescente@lge-ku.com] unting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Elizabeth,	
-	e CPR Control screen, and came back and clicked on May, then it said Re-Open. So, I did the sets on the PPL Purchase Accounting Post Acq set of books and re-ran depr calc, do you wan
Thanks,	

Angela

----Original Message-----

Attachment to Response to KU AG-1 Question No. 201 Page 314 of 1022

Charnas

From: Plant Support [mailto:support@pwrplan.com]

Sent: Wednesday, May 09, 2012 9:26 AM To: Crescente, Angela Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Even though it still says Close could you click on it to see if it will re-open?
If not let me know and I can do this behind the scenes.
Thanks,
Elizabeth
Original Message From: Crescente, Angela [Angela.Crescente@lge-ku.com] Sent: 5/9/2012 8:27 AM To: support@pwrplan.com Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Oh, I see. I had no idea that it created this on the PPL Purchase Accounting Post Acq set of books as well. I tried to close CPR and reopen, but the reopen button did not show up for me to reopen. Please see attached.
[cid:image001.png@01CD2DBD.8D9D2F50]
Thanks,
Angela
Original Message From: Plant Support [mailto:support@pwrplan.com] Sent: Tuesday, May 08, 2012 6:51 PM To: Crescente, Angela Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Hi Angela,
I ran the depr approval so I could see the journals created. I did see one that will get created for 346.55, but this is on

The adjustment was posted for the following set of books, PPL Purchase Accounting.

the following set of books, PPL Purchase Accounting Post Acq.

Attachment to Response to KU AG-1 Question No. 201 Page 315 of 1022 Charnas

Did you intend to still have expense on the PPL Purchase Accounting Post Acq set of books?
It appears that the adjustment is needed for this second set of books as well.
If you want to make the adjustment and recalculate you can Close the CPR and Reopen to reverse the Depr approval.
If this isn't what you were trying to correct please let me know.
Thanks,
Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 5/8/2012 9:04 AM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
I ran depr calc for KU and it now shows zero as ending balance for May in the depr ledger (which is good). Where you will see the problem arise is when we close the month and for whatever reason, the depr journal entries still fire. I can't figure it out for anything.
Thanks,
Angela
Original Message

Attachment to Response to KU AG-1 Question No. 201 Page 316 of 1022 Charnas

Sent: Monday, May 07, 2012 5:05 PM
To: Crescente, Angela
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Would you be able to go ahead and calculate Depreciation in DEV for this company? The adjustment is on the depr ledger table as expect, I want to see what kind of update the depr calculation will make.
Thanks,
Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 5/7/2012 10:15 AM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
I'm sorry Elizabeth that it took me so long, I have been closing and testing our upgrade. I have now finished the depr reserve adj in PTAXDEV and posted them on the KU Company.
Thanks,
Angela
Original Message
From: Crescente, Angela
Sent: Monday, April 30, 2012 8:55 AM

From: Plant Support [mailto:support@pwrplan.com]<mailto:[mailto:support@pwrplan.com]>

Attachment to Response to KU AG-1 Question No. 201 Page 317 of 1022 Charnas

To: 'Plant Support'
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Sure, I will let you know when I am done. Thanks!
Original Message
From: Plant Support [mailto:support@pwrplan.com] <mailto:[mailto:support@pwrplan.com]></mailto:[mailto:support@pwrplan.com]>
Sent: Friday, April 27, 2012 8:30 PM
To: Crescente, Angela; ecowart@pwrplan.com <mailto:ecowart@pwrplan.com></mailto:ecowart@pwrplan.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
I am so sorry, could you do it again. I've copied my direct email on this as well so that I will immediately see when you reply. This will be at the top of my list to investigate.
Thank you!
Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 4/17/2012 2:47 PM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Elizabeth,

Attachment to Response to KU AG-1 Question No. 201 Page 318 of 1022

I don't think I have heard back from you on this. Any luck find in think I have heard back from you on this again since DEV has refreshed again. Thanks, Angela ----Original Message----From: Crescente, Angela Sent: Wednesday, April 04, 2012 1:14 PM To: 'Plant Support' Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref] Elizabeth, I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait? Thanks, Angela ----Original Message----From: Plant Support [mailto:support@pwrplan.com] < mailto:[mailto:support@pwrplan.com] > Sent: Wednesday, April 04, 2012 9:07 AM To: Crescente, Angela

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Attachment to Response to KU AG-1 Question No. 201 Page 319 of 1022 Charnas

If you could that would be great.
Thenlesses
Thank you,
Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 4/4/2012 8:42 AM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Cc: Diana.Wacker@lge-ku.com <mailto:diana.wacker@lge-ku.com>; Sara.Wiseman@lge-ku.com<mailto:sara.wiseman@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:debra.kinder@lge-ku.com></mailto:debra.kinder@lge-ku.com></mailto:sara.wiseman@lge-ku.com></mailto:diana.wacker@lge-ku.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
I did this in DEV, but it refreshed over the weekend. I can do it again if you want.
Original Message
From: Plant Support [mailto:support@pwrplan.com] <mailto:[mailto:support@pwrplan.com]></mailto:[mailto:support@pwrplan.com]>
Sent: Tuesday, April 03, 2012 5:13 PM
To: Crescente, Angela
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Hi Angela,

Attachment to Response to KU AG-1 Question No. 201 Page 320 of 1022

I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.

Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 3/30/2012 5:13 PM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Cc: Diana.Wacker@lge-ku.com <mailto:diana.wacker@lge-ku.com>; Sara.Wiseman@lge-ku.com<ku.com<mailto:sara.wiseman@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:debra.kinder@lge-ku.com></mailto:debra.kinder@lge-ku.com></ku.com<mailto:sara.wiseman@lge-ku.com></mailto:diana.wacker@lge-ku.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Hi Elizabeth,
I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.
Thanks!
Angela
Original Message
From: Plant Support [mailto:support@pwrplan.com] <mailto:[mailto:support@pwrplan.com]></mailto:[mailto:support@pwrplan.com]>
Sent: Friday, March 30, 2012 4:47 PM
To: Crescente, Angela
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Attachment to Response to KU AG-1 Question No. 201 Page 321 of 1022

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_000000000000000000000000000000000000
Hi Angela,
Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?
Thanks,
Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 3/30/2012 11:08 AM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Cc: Sara.Wiseman@lge-ku.com <mailto:sara.wiseman@lge-ku.com>; Diana.Wacker@lge-ku.com> ku.com<mailto:diana.wacker@lge-ku.com></mailto:diana.wacker@lge-ku.com></mailto:sara.wiseman@lge-ku.com>
Subject: Purchase Accounting Reserve on an ARO
Support,
A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.
I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I

Attachment to Response to KU AG-1 Question No. 201 Page 322 of 1022



770.937.3000

Attachment to Response to KU AG-1 Question No. 201 Page 323 of 1022 Charnas

ref:_00D60KJDN50060ILZXN:ref
$m{\cdot}$
Thanks,
Elizabeth Cowart
PowerPlant Support
770.937.3000
Thanks,
Elizabeth Cowart
PowerPlant Support
770.937.3000
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Elizabeth Cowart
PowerPlant Support
770.937.3000
Thanks,
Elizabeth Cowart
PowerPlant Support
770.937.3000

Attachment to Response to KU AG-1 Question No. 201 Page 324 of 1022 Charnas

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000

Clark, Ed	Charnas
From: Sent: To: Subject:	Plant Support <support@pwrplan.com> Wednesday, May 09, 2012 11:00 AM Crescente, Angela RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]</support@pwrplan.com>
Yes please.	
Thanks,	
Elizabeth	
Sent: 5/9/2012 10:30 AM To: support@pwrplan.com	ge ngela.Crescente@lge-ku.com] unting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Elizabeth,	
-	e CPR Control screen, and came back and clicked on May, then it said Re-Open. So, I did the sets on the PPL Purchase Accounting Post Acq set of books and re-ran depr calc, do you want
Thanks, Angela	
Original Message From: Plant Support [mailto Sent: Wednesday, May 09, To: Crescente, Angela Subject: RE: Purchase Accord	., -, .
Even though it still says Clo	se could you click on it to see if it will re-open?
If not let me know and I car	n do this behind the scenes.
Thanks,	
Elizabeth	

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 5/9/2012 8:27 AM To: support@pwrplan.com

----- Original Message -----

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

Oh, I see. I had no idea that it created this on the PPL Purchase Accounting Post Acq set of books as well. I tried to close CPR and reopen, but the reopen button did not show up for me to reopen. Please see attached.

Attachment to Response to KU AG-1 Question No. 201 Page 326 of 1022 Charnas

Thanks,
Angela
Original Message From: Plant Support [mailto:support@pwrplan.com] Sent: Tuesday, May 08, 2012 6:51 PM To: Crescente, Angela Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Hi Angela,
I ran the depr approval so I could see the journals created. I did see one that will get created for 346.55, but this is or the following set of books, PPL Purchase Accounting Post Acq.
The adjustment was posted for the following set of books, PPL Purchase Accounting.
Did you intend to still have expense on the PPL Purchase Accounting Post Acq set of books?
It appears that the adjustment is needed for this second set of books as well.
If you want to make the adjustment and recalculate you can Close the CPR and Reopen to reverse the Depr approval.
If this isn't what you were trying to correct please let me know.
Thanks,

[cid:image001.png@01CD2DBD.8D9D2F50]

Elizabeth	arnas
Original Message	
From: Crescente, Angela [Angela.Crescente@lge-ku.com]	
Sent: 5/8/2012 9:04 AM	
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>	
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_000	060KJDN50060ILZXN:ref]
I ran depr calc for KU and it now shows zero as ending balance for will see the problem arise is when we close the month and for w figure it out for anything.	
Thanks,	
Angela	
Original Message	
From: Plant Support [mailto:support@pwrplan.com] <mailto:[ma< td=""><td>ilto:support@pwrplan.com]></td></mailto:[ma<>	ilto:support@pwrplan.com]>
Sent: Monday, May 07, 2012 5:05 PM	
To: Crescente, Angela	
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D6	OKJDN50060ILZXN:ref }
Would you be able to go ahead and calculate Depreciation in DEV ledger table as expect, I want to see what kind of update the dep	
Thanks,	
Elizabeth	

Attachment to Response to KU AG-1 Question No. 201 Page 328 of 1022 Charnas

Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 5/7/2012 10:15 AM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
I'm sorry Elizabeth that it took me so long, I have been closing and testing our upgrade. I have now finished the depr reserve adj in PTAXDEV and posted them on the KU Company.
Thanks,
Angela
Original Message
From: Crescente, Angela
Sent: Monday, April 30, 2012 8:55 AM
To: 'Plant Support'
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Sure, I will let you know when I am done. Thanks!
Original Message
From: Plant Support [mailto:support@pwrplan.com] <mailto:[mailto:support@pwrplan.com]></mailto:[mailto:support@pwrplan.com]>
Sent: Friday, April 27, 2012 8:30 PM
To: Crescente, Angela; ecowart@pwrplan.com <mailto:ecowart@pwrplan.com></mailto:ecowart@pwrplan.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]

Attachment to Response to KU AG-1 Question No. 201 Page 329 of 1022

I am so sorry, could you do it again. I've copied my direct email@ff*** as well so that I will immediately see when you reply. This will be at the top of my list to investigate.

Thank you!
Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 4/17/2012 2:47 PM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
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don't think I have heard back from you on this. Any luck finding anything? Let me know if you need me to do this again since DEV has refreshed again.
Thanks,
Angela
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Sent: Wednesday, April 04, 2012 1:14 PM
Γο: 'Plant Support'
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Purchase Accounting Reserve on an ARO [ref; 00D60KJDN50060ILZXN:ref]

Attachment to Response to KU AG-1 Question No. 201 Page 330 of 1022 Charnas

Elizabeth,
I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait?
Thanks,
Angela
Original Message
From: Plant Support [mailto:support@pwrplan.com] <mailto:[mailto:support@pwrplan.com]></mailto:[mailto:support@pwrplan.com]>
Sent: Wednesday, April 04, 2012 9:07 AM
To: Crescente, Angela
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
If you could that would be great.
Thank you,
Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 4/4/2012 8:42 AM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Cc: Diana.Wacker@lge-ku.com <mailto:diana.wacker@lge-ku.com>; Sara.Wiseman@lge-</mailto:diana.wacker@lge-ku.com>

ku.com<mailto:Sara.Wiseman@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:Debra.Kinder@lge-ku.com>

Attachment to Response to KU AG-1 Question No. 201 Page 331 of 1022 Charnas

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
I did this in DEV, but it refreshed over the weekend. I can do it again if you want.
Original Message
From: Plant Support [mailto:support@pwrplan.com] <mailto:[mailto:support@pwrplan.com]></mailto:[mailto:support@pwrplan.com]>
Sent: Tuesday, April 03, 2012 5:13 PM
To: Crescente, Angela
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Hi Angela,
I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.
Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 3/30/2012 5:13 PM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Cc: Diana.Wacker@lge-ku.com <mailto:diana.wacker@lge-ku.com>; Sara.Wiseman@lge-ku.com<ku.com<mailto:sara.wiseman@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:debra.kinder@lge-ku.com></mailto:debra.kinder@lge-ku.com></ku.com<mailto:sara.wiseman@lge-ku.com></mailto:diana.wacker@lge-ku.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]

LI:		izabeth.
п	CI	izaveni.

I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.
Thanks!
Angela
Original Message
From: Plant Support [mailto:support@pwrplan.com] <mailto:[mailto:support@pwrplan.com]></mailto:[mailto:support@pwrplan.com]>
Sent: Friday, March 30, 2012 4:47 PM
To: Crescente, Angela
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Hi Angela,
Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?
Fhanks,
Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Attachment to Response to KU AG-1 Question No. 201 Page 333 of 1022 Charnas

To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Cc: Sara.Wiseman@lge-ku.com <mailto:sara.wiseman@lge-ku.com>; Diana.Wacker@lge-ku.com>ku.com<mailto:diana.wacker@lge-ku.com></mailto:diana.wacker@lge-ku.com></mailto:sara.wiseman@lge-ku.com>
Subject: Purchase Accounting Reserve on an ARO
Support,
A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.
I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.
Thanks,
Angela
The information contained in this transmission is intended only for
the person or entity to which it is directly addressed or copied.

Sent: 3/30/2012 11:08 AM

Attachment to Response to KU AG-1 Question No. 201 Page 334 of 1022 Charnas

It may contain material of confidential and/or private nature. Any
review, retransmission, dissemination or other use of, or taking of
any action in reliance upon, this information by persons or
entities other than the intended recipient is not allowed. If you
received this message and the information contained therein by
error, please contact the sender and delete the material from
your/any storage medium.
Thanks,
Elizabeth Cowart
PowerPlant Support
770.937.3000
ref:_00D60KJDN50060ILZXN:ref
Thanks,
Elizabeth Cowart
PowerPlant Support
770.937.3000
Thanks,
Elizabeth Cowart
PowerPlant Support

770.937.3000

Attachment to Response to KU AG-1 Question No. 201 Page 335 of 1022 Charnas

Thanks,
Elizabeth Cowart
PowerPlant Support
770.937.3000
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Elizabeth Cowart
PowerPlant Support
770.937.3000
Thanks,
Elizabeth Cowart
PowerPlant Support
770.937.3000
Thanks,
Elizabeth Cowart
PowerPlant Support 770.937.3000
Thanks,
Elizabeth Cowart PowerPlant Support

770.937.3000

Attachment to Response to KU AG-1 Question No. 201

Clark, Ed	Page 336 of 1022 Charnas
From: Sent: To: Subject:	Plant Support <support@pwrplan.com> Wednesday, May 09, 2012 9:26 AM Crescente, Angela RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]</support@pwrplan.com>
Even though it still says Clo	se could you click on it to see if it will re-open?
If not let me know and I ca	n do this behind the scenes.
Thanks,	
Elizabeth	
Sent: 5/9/2012 8:27 AM To: support@pwrplan.com	ngela.Crescente@lge-ku.com]
	t it created this on the PPL Purchase Accounting Post Acq set of books as well. I tried to close open button did not show up for me to reopen. Please see attached.
[cid:image001.png@01CD2	DBD.8D9D2F50]
Thanks,	
Angela	
Original Message From: Plant Support [mailto Sent: Tuesday, May 08, 201 To: Crescente, Angela Subject: RE: Purchase Accor	
Hi Angela,	

I ran the depr approval so I could see the journals created. I did see one that will get created for 346.55, but this is on the following set of books, PPL Purchase Accounting Post Acq.

Attachment to Response to KU AG-1 Question No. 201 Page 337 of 1022 Charnas

Did you intend to still have expense on the PPL Purchase Accounting Post Acq set of books?
It appears that the adjustment is needed for this second set of books as well.
If you want to make the adjustment and recalculate you can Close the CPR and Reopen to reverse the Depr approval.
If this isn't what you were trying to correct please let me know.
Thanks,
Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 5/8/2012 9:04 AM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
I ran depr calc for KU and it now shows zero as ending balance for May in the depr ledger (which is good). Where you will see the problem arise is when we close the month and for whatever reason, the depr journal entries still fire. I can't figure it out for anything.
Thanks,
Angela

The adjustment was posted for the following set of books, PPL Purchase Accounting.

Attachment to Response to KU AG-1 Question No. 201 Page 338 of 1022 Charnas

Original Message
From: Plant Support [mailto:support@pwrplan.com] <mailto:[mailto:support@pwrplan.com]></mailto:[mailto:support@pwrplan.com]>
Sent: Monday, May 07, 2012 5:05 PM
To: Crescente, Angela
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Would you be able to go ahead and calculate Depreciation in DEV for this company? The adjustment is on the depr ledger table as expect, I want to see what kind of update the depr calculation will make.
Thanks,
Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 5/7/2012 10:15 AM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
I'm sorry Elizabeth that it took me so long, I have been closing and testing our upgrade. I have now finished the depreserve adj in PTAXDEV and posted them on the KU Company.
Thanks,
Angela
Original Message
From: Crescente, Angela

Attachment to Response to KU AG-1 Question No. 201 Page 339 of 1022 Charnas

Sent: Monday, April 30, 2012 8:55 AM
To: 'Plant Support'
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Sure, I will let you know when I am done. Thanks!
Original Message
From: Plant Support [mailto:support@pwrplan.com] <mailto:[mailto:support@pwrplan.com]></mailto:[mailto:support@pwrplan.com]>
Sent: Friday, April 27, 2012 8:30 PM
To: Crescente, Angela; ecowart@pwrplan.com <mailto:ecowart@pwrplan.com></mailto:ecowart@pwrplan.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
I am so sorry, could you do it again. I've copied my direct email on this as well so that I will immediately see when you reply. This will be at the top of my list to investigate.
reply. This will be at the top of my list to investigate.
Thank you!
Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 4/17/2012 2:47 PM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Elizabeth,

Attachment to Response to KU AG-1 Question No. 201 Page 340 of 1022 Charnas

Thanks,
Angela
Original Message
From: Crescente, Angela
Sent: Wednesday, April 04, 2012 1:14 PM
To: 'Plant Support'
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Elizabeth,
I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait?
Thanks,
Angela
Original Message
From: Plant Support [mailto:support@pwrplan.com] <mailto:[mailto:support@pwrplan.com]></mailto:[mailto:support@pwrplan.com]>
Sent: Wednesday, April 04, 2012 9:07 AM
To: Crescente, Angela
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]

I don't think I have heard back from you on this. Any luck finding anything? Let me know if you need me to do this again

since DEV has refreshed again.

Attachment to Response to KU AG-1 Question No. 201 Page 341 of 1022 Charnas

If you could that would be great.
Thank you,
Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 4/4/2012 8:42 AM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Cc: Diana.Wacker@lge-ku.com <mailto:diana.wacker@lge-ku.com>; Sara.Wiseman@lge- ku.com<mailto:sara.wiseman@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:debra.kinder@lge-ku.com></mailto:debra.kinder@lge-ku.com></mailto:sara.wiseman@lge-ku.com></mailto:diana.wacker@lge-ku.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
I did this in DEV, but it refreshed over the weekend. I can do it again if you want.
Original Message
From: Plant Support [mailto:support@pwrplan.com] <mailto:[mailto:support@pwrplan.com]></mailto:[mailto:support@pwrplan.com]>
Sent: Tuesday, April 03, 2012 5:13 PM
To: Crescente, Angela
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060JLZXN:ref]
Hi Angela,

Attachment to Response to KU AG-1 Question No. 201 Page 342 of 1022

I connected to look into this in more detail. I cannot see whe left was serve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.

Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 3/30/2012 5:13 PM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Cc: Diana.Wacker@lge-ku.com <mailto:diana.wacker@lge-ku.com>; Sara.Wiseman@lge- ku.com<mailto:sara.wiseman@lge-ku.com>; Debra.Kinder@lge-ku.com<mailto:debra.kinder@lge-ku.com></mailto:debra.kinder@lge-ku.com></mailto:sara.wiseman@lge-ku.com></mailto:diana.wacker@lge-ku.com>
Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Hi Elizabeth,
I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.
Thanks!
Angela
Original Message
From: Plant Support [mailto:support@pwrplan.com] <mailto:[mailto:support@pwrplan.com]></mailto:[mailto:support@pwrplan.com]>
Sent: Friday, March 30, 2012 4:47 PM
To: Crescente, Angela
Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Attachment to Response to KU AG-1 Question No. 201 Page 343 of 1022

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_000000N50060ILZXN:ref]
Hi Angela,
Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?
Thanks,
Elizabeth
Original Message
From: Crescente, Angela [Angela.Crescente@lge-ku.com]
Sent: 3/30/2012 11:08 AM
To: support@pwrplan.com <mailto:support@pwrplan.com></mailto:support@pwrplan.com>
Cc: Sara.Wiseman@lge-ku.com <mailto:sara.wiseman@lge-ku.com>; Diana.Wacker@lge-ku.com> ku.com<mailto:diana.wacker@lge-ku.com> Debra.Kinder@lge-ku.com<mailto:debra.kinder@lge-ku.com></mailto:debra.kinder@lge-ku.com></mailto:diana.wacker@lge-ku.com></mailto:sara.wiseman@lge-ku.com>
Subject: Purchase Accounting Reserve on an ARO
Support,
A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.
I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I

Attachment to Response to KU AG-1 Question No. 201 Page 344 of 1022

journal entry and system screenshots to show the zeroing of the reserve.
Thanks
Thanks,
Angela
The information contained in this transmission is intended only for
the person or entity to which it is directly addressed or copied.
It may contain material of confidential and/or private nature. Any
review, retransmission, dissemination or other use of, or taking of
any action in reliance upon, this information by persons or
entities other than the intended recipient is not allowed. If you
received this message and the information contained therein by
error, please contact the sender and delete the material from
your/any storage medium.
Thanks,
Elizabeth Cowart
PowerPlant Support
770.937.3000

make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation

Attachment to Response to KU AG-1 Question No. 201 Page 345 of 1022 Charnas

ref:_00D60KJDN50060ILZXN:ref
The subsection
Thanks,
Elizabeth Cowart
PowerPlant Support
770.937.3000
Thanks,
Elizabeth Cowart
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770.937.3000
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Elizabeth Cowart PowerPlant Support
PowerPlant Support
770.937.3000

Attachment to Response to KU AG-1 Question No. 201 Page 346 of 1022 Charnas

Thanks,

Elizabeth Cowart

PowerPlant Support

770.937.3000

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000

Attachment to Response to KU AG-1 Question No. 201 Page 347 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Wednesday, May 09, 2012 8:27 AM

To:

'Plant Support'

Subject:

RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

Oh, I see. I had no idea that it created this on the PPL Purchase Accounting Post Acq set of books as well. I tried to close CPR and reopen, but the reopen button did not show up for me to reopen. Please see attached.

Continuing Property Records (
KENTUCKY UTILITIES COM LOUISVILLE GAS & ELECTE IFRS - ARGENTINA III IFRS - CAPITAL CORP IFRS - KENTUCKY UTILITIE IFRS - LEM Cont on 800	Use Ctrl, Shift ke multiple companie	ys to select es et an Accounting M	onth		
nterface (Date Last Run)	June 2012	May 2012	April 2012	March 2012	
Tax Expense				J	Inter
TRMS Vehicle Data			5/4/12 8:54	4/5/12 9:49	
RWIP Allocation				4/18/12 7:33	Auto
					N.
Close CPR		5/9/12 8:19	5/4/12/8:37	4/5/12 9:30	
ARD Processing		5/9/12 8:19	5/4/12 8:30	4/5/12 9:18	ARO
ARO Approval			574/12 8:38	4/5/12 9:31	
Depreciation Calculation		5/8/12 8:45	574/12 8:41	4/5/12 9:34	
Depreciation Approval		5/8/12 18:24	574/12 8:53	4/5/12 9:49	Mort
Release Journal Entries			5/4/12 8:54	4/5/12 9:50	CP
G/L Reconciliation			5/4/12 8:54	4/5/12 9:51	
Close PowerPlant			5/4/12 11:48	4/5/12 13:37	
Balance PowerPlant					

Thanks, Angela

Attachment to Response to KU AG-1 Question No. 201 Page 349 of 1022 Charnas

----Original Message----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Tuesday, May 08, 2012 6:51 PM

To: Crescente, Angela

Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

Hi Angela,

I ran the depr approval so I could see the journals created. I did see one that will get created for 346.55, but this is on the following set of books, PPL Purchase Accounting Post Acq.

The adjustment was posted for the following set of books, PPL Purchase Accounting.

Did you intend to still have expense on the PPL Purchase Accounting Post Acq set of books?

It appears that the adjustment is needed for this second set of books as well.

If you want to make the adjustment and recalculate you can Close the CPR and Reopen to reverse the Depr approval.

If this isn't what you were trying to correct please let me know.

Thanks,

Elizabeth

----- Original Message

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 5/8/2012 9:04 AM To: support@pwrplan.com

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

I ran depr calc for KU and it now shows zero as ending balance for May in the depr ledger (which is good). Where you will see the problem arise is when we close the month and for whatever reason, the depr journal entries still fire. I can't figure it out for anything.

Thanks, Angela

----Original Message----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Monday, May 07, 2012 5:05 PM

To: Crescente, Angela

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

Would you be able to go ahead and calculate Depreciation in DEV for this company? The adjustment is on the depr ledger table as expect, I want to see what kind of update the depr calculation will make.

Thanks,

Elizabeth

----- Original Message

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 5/7/2012 10:15 AM

Attachment to Response to KU AG-1 Question No. 201 Page 350 of 1022

Charnas

To: support@pwrplan.com

Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

I'm sorry Elizabeth that it took me so long, I have been closing and testing our upgrade. I have now finished the depr reserve adj in PTAXDEV and posted them on the KU Company.

Thanks, Angela

----Original Message----From: Crescente, Angela

Sent: Monday, April 30, 2012 8:55 AM

To: 'Plant Support'

Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

Sure, I will let you know when I am done. Thanks!

----Original Message----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Friday, April 27, 2012 8:30 PM

To: Crescente, Angela; ecowart@pwrplan.com

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

I am so sorry, could you do it again. I've copied my direct email on this as well so that I will immediately see when you reply. This will be at the top of my list to investigate.

Thank you!

Elizabeth

----- Original Message

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 4/17/2012 2:47 PM To: support@pwrplan.com

Subject: RE: Purchase Accounting Reserve on an ARO

[ref: 00D60KJDN._50060ILZXN:ref]

Elizabeth,

I don't think I have heard back from you on this. Any luck finding anything? Let me know if you need me to do this again since DEV has refreshed again.

Thanks, Angela

----Original Message----

From: Crescente, Angela

Sent: Wednesday, April 04, 2012 1:14 PM

To: 'Plant Support'

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

Elizabeth,

I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait?

Thanks,

Angela

----Original Message----

----Original Message----From: Plant Support [mailto:support@pwrplan.com] Sent: Wednesday, April 04, 2012 9:07 AM To: Crescente, Angela Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref] If you could that would be great. Thank you, Elizabeth ----- Original Message -----From: Crescente, Angela [Angela.Crescente@lge-ku.com] Sent: 4/4/2012 8:42 AM To: support@pwrplan.com Cc: Diana.Wacker@lge-ku.com; Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com [ref: 00D60KJDN. 50060ILZXN:ref] Subject: RE: Purchase Accounting Reserve on an ARO I did this in DEV, but it refreshed over the weekend. I can do it again if you want. ----Original Message-----From: Plant Support [mailto:support@pwrplan.com] Sent: Tuesday, April 03, 2012 5:13 PM To: Crescente, Angela Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref] Hi Angela, I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed. Elizabeth ----- Original Message From: Crescente, Angela [Angela.Crescente@lge-ku.com] Sent: 3/30/2012 5:13 PM To: support@pwrplan.com Cc: Diana.Wacker@lge-ku.com; Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref] Hi Elizabeth, I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know. Thanks! Angela

Attachment to Response to KU AG-1 Question No. 201 Page 352 of 1022

From: Plant Support [mailto:support@pwrplan.com Charnas

Sent: Friday, March 30, 2012 4:47 PM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN. 50060ILZXN:ref]

Hi Angela,

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 3/30/2012 11:08 AM To: support@pwrplan.com

Cc: Sara.Wiseman@lge-ku.com; Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com

Subject: Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks, Angela

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Attachment to Response to KU AG-1 Question No. 201 Page 353 of 1022 Charnas

Thanks,

Elizabeth Cowart
PowerPlant Support
770.937.3000
ref:_00D60KJDN._50060ILZXN:ref

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000

Attachment to Response to KU AG-1 Question No. 201 Page 354 of 1022 Charnas

Clark, Ed

Elizabeth

Plant Support <support@pwrplan.com> From: Tuesday, May 08, 2012 6:51 PM Sent: Crescente, Angela To: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref] Subject: Hi Angela, I ran the depr approval so I could see the journals created. I did see one that will get created for 346.55, but this is on the following set of books, PPL Purchase Accounting Post Acq. The adjustment was posted for the following set of books, PPL Purchase Accounting. Did you intend to still have expense on the PPL Purchase Accounting Post Acg set of books? It appears that the adjustment is needed for this second set of books as well. If you want to make the adjustment and recalculate you can Close the CPR and Reopen to reverse the Depr approval. If this isn't what you were trying to correct please let me know. Thanks, Elizabeth ----- Original Message -----From: Crescente, Angela [Angela.Crescente@lge-ku.com] Sent: 5/8/2012 9:04 AM To: support@pwrplan.com Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060fLZXN:ref] I ran depr calc for KU and it now shows zero as ending balance for May in the depr ledger (which is good). Where you will see the problem arise is when we close the month and for whatever reason, the depr journal entries still fire. I can't figure it out for anything. Thanks. Angela ----Original Message----From: Plant Support [mailto:support@pwrplan.com] Sent: Monday, May 07, 2012 5:05 PM To: Crescente, Angela Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN._50060ILZXN:ref] Would you be able to go ahead and calculate Depreciation in DEV for this company? The adjustment is on the depr ledger table as expect, I want to see what kind of update the depr calculation will make. Thanks,

Attachment to Response to KU AG-1 Question No. 201 Page 355 of 1022 Charnas

Original Message Charnas
From: Crescente, Angela [Angela.Crescente@lge-ku.com] Sent: 5/7/2012 10:15 AM
To: support@pwrplan.com Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
I'm sorry Elizabeth that it took me so long, I have been closing and testing our upgrade. I have now finished the depr reserve adj in PTAXDEV and posted them on the KU Company.
Thanks, Angela
Original Message From: Crescente, Angela Sent: Monday, April 30, 2012 8:55 AM To: 'Plant Support' Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Sure, I will let you know when I am done. Thanks!
Original Message From: Plant Support [mailto:support@pwrplan.com] Sent: Friday, April 27, 2012 8:30 PM To: Crescente, Angela; ecowart@pwrplan.com Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
I am so sorry, could you do it again. I've copied my direct email on this as well so that I will immediately see when you reply. This will be at the top of my list to investigate.
Thank you!
Elizabeth
Elizabeth,
I don't think I have heard back from you on this. Any luck finding anything? Let me know if you need me to do this again since DEV has refreshed again.
Thanks, Angela
Original Message From: Crescente, Angela Sent: Wednesday, April 04, 2012 1:14 PM To: 'Plant Support' Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Attachment to Response to KU AG-1 Question No. 201

Page 356 of 1022 Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00060K30N. 50060ILZXN:ref] Elizabeth, I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait? Thanks, Angela ----Original Message----From: Plant Support [mailto:support@pwrplan.com] Sent: Wednesday, April 04, 2012 9:07 AM To: Crescente, Angela Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref] If you could that would be great. Thank you, Elizabeth ----- Original Message -----From: Crescente, Angela [Angela.Crescente@lge-ku.com] Sent: 4/4/2012 8:42 AM To: support@pwrplan.com Cc: Diana.Wacker@lge-ku.com; Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref] I did this in DEV, but it refreshed over the weekend. I can do it again if you want. ----Original Message----From: Plant Support [mailto:support@pwrplan.com] Sent: Tuesday, April 03, 2012 5:13 PM To: Crescente, Angela Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref] Hi Angela, I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed. Elizabeth ----- Original Message -----From: Crescente, Angela [Angela.Crescente@lge-ku.com] Sent: 3/30/2012 5:13 PM

3

Cc: Diana.Wacker@lge-ku.com; Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

To: support@pwrplan.com

Attachment to Response to KU AG-1 Question No. 201 Page 357 of 1022 Charnas

Hi Elizabeth,

I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.

Thanks! Angela

----Original Message----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Friday, March 30, 2012 4:47 PM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

Hi Angela,

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 3/30/2012 11:08 AM To: support@pwrplan.com

Cc: Sara.Wiseman@lge-ku.com; Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com

Subject: Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks, Angela Attachment to Response to KU AG-1 Question No. 201 Page 358 of 1022 Charnas

The information contained in this transmission is intended only for the person or entity to which it is directly addressed or copied. It may contain material of confidential and/or private nature. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart
PowerPlant Support
770.937.3000
ref:_00D60KJDN._50060ILZXN:ref

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000

Clark, Ed

From:

Leenerts, Patricia

Sent:

Tuesday, May 08, 2012 4:25 PM

To:

Crescente, Angela

Subject:

RE: RRCS419G and RRCS422G

What do you think...about this email...

Sharon.

Paul and Angela had a conversation since it will be difficult for Miller to transition to the new CP ARO YYYY tasks. In the best interests for less confusion for Miller and with the upcoming new blankets for 2013, it was decided to let the Miller charges continue to hit the current 108901 tasks.

What this means is that on a reporting Quarter End, a JE will need to be done to move all the charges which hit a 108901 task to the CP ARO YYYY task. This really should only be the CP ARO 2012 task, since the new blankets are expected to start in 2013. Although there could be some straggler charges.

Good news for you is that I will catch up the and move the charges through April. You will need to do the next 3 quarters. It does not need to grab every single charge through the quarter end, as long as any remaining charges for the quarter are small. Although any remaining Dec charges will need to be booked for the Dec 2012 close. You could work the JE toward the end of each quarter so that the majority of the charges .

Normal JE procedures should be followed. Set your reminder...

Thanks.

Pat

502-627-3811

From: Stratman, Paul

Sent: Tuesday, May 08, 2012 3:01 PM

To: Leenerts, Patricia

Cc: Crescente, Angela; Wright, Sharon **Subject:** RE: RRCS419G and RRCS422G

Yes, 2012 should be a 2012 charge.

I have no idea what you're referencing with the 2 Badger Meter Electric Actuator.

Per your other e-mail - 421 is Muldraugh.

From: Leenerts, Patricia

Sent: Tuesday, May 08, 2012 2:06 PM

To: Stratman, Paul

Cc: Crescente, Angela; Wright, Sharon Subject: RE: RRCS419G and RRCS422G

So **Angela**, based on the info from Paul below. I need an ARO task for the 2012 charges and they need to start charging the ARO removals in 2012 to this new task. Since I have already started the JE to move the 108901 charges, I will go ahead and move the 2012 charges to the 2012 ARO task. Please let me know when this task is setup and I will get the charges to it.

Attachment to Response to KU AG-1 Question No. 201 Page 360 of 1022 Charnas

Paul, if there is labor charged to the 108901 tasks now, then I will move that labor to the new 2012 ARO task. Vendor invoices will be more difficult for me to determine...are they just basically a 2012 should be a 2012 charge? What location should the 2 Badger Meter Electric Actuator? I also will need to move any charges to Please reply by 5/11.

Thanks for your alls help.

Pat 502-627-3811

From: Stratman, Paul

Sent: Tuesday, May 08, 2012 8:52 AM

To: Leenerts, Patricia Cc: Crescente, Angela

Subject: RE:

See my responses in RED below.

From: Leenerts, Patricia

Sent: Monday, May 07, 2012 5:22 PM

To: Stratman, Paul Cc: Crescente, Angela

Subject:

Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901.

If a replacement is being made, all the time will be charged to the install task.

It was further deemed in that in the case of when there was no replacement that all the charges went against the removal task. Because of the way you had been charging, we thought that all of the 108901 removal charges are in deed 108799-ARO removal charges. Do you agree with this summary?

This is correct.

Also, on the RRCSxxxG projects is there always replacement when there is removal?

There is not always a replacement when there is a removal. As an example if a home is being demolished, we will retire the service and not replace it.

I've attached 2 examples. I wanted to get an idea, of the charges, before I dug deeper. If you could let me know if I'm interpreting correctly or if I should be digging further I would appreciate that by Thurs, May10, if possible. These distribution blankets are big projects and I need a bit more time to get them worked.

Based on the fact that both are charged to a removal task, they would have been removal only jobs (no install/replace work)

If so, the invoice below is for RRCS421G, do I assume there was no replacement since this hit the 108901 task. Or do I need to investigate and potentially this charge could be moved to 107001?

Attachment to Response to KU AG-1 Question No. 201 Page 361 of 1022 Charnas

<< OLE Object: Picture (Device Independent Bitmap) >>

So, see the Miller invoice 279794. For RRCS421G there are only removal charges on this invoice.

<< OLE Object: Picture (Device Independent Bitmap) >>

Thanks,

Pat 502-627-**3811**

Clark, Ed

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Paul, if there is labor charged to the 108901 tasks now, then I will move that labor to the new 2012 ARO task. Vendor invoices will be more difficult for me to determine...are they just basically a 2012 should be a 2012 charge? What location should the 2 Badger Meter Electric Actuator? I also will need to move any charges to Please reply by 5/11.

Thanks for your alls help.

Pat

502-627-3811

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Sent: Tuesday, May 08, 2012 8:52 AM

To: Leenerts, Patricia **Cc:** Crescente, Angela

Subject: RE:

See my responses in RED below.

From: Leenerts, Patricia

Sent: Monday, May 07, 2012 5:22 PM

To: Stratman, Paul **Cc:** Crescente, Angela

Subject:

Attachment to Response to KU AG-1 Question No. 201 Page 363 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Tuesday, May 08, 2012 2:22 PM

To: Subject: Wright, Sharon PMR414-CP ARO

Sharon,

Someone by the name of James Wainscott has charged to the above reference project and task. There is a CP ARO 2012 set up on the project that is probably the one he meant to charge. Please follow up with him to find out what task he should have charged and in regards to no longer charging the CP ARO task as that task was unitized a couple of years ago. I apologize, I thought it was closed. A journal entry will need to be done using the labor non-burdenable expenditure type of 0175 to correct these charges. I have attached a list of the charges.



PMR414 charges for April 2012....

Thanks, Angela Attachment to Response to KU AG-1 Question No. 201 Page 364 of 1022

Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901.

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Thanks,

Pat 502-627-3811

project	job_task_ld	charge_mo_yr	quantity	amount	department_id	charge_id	hours	charge_audit_id	month	gl_account_id	external_gl_account	month_number	company_id	journat_code	department_description	cost_element_description
MR414	CP ARO	4/1/2012 00:00:00	8	262,40	303	20615661	0	20615661	04/2012	108799	108799	201204	100	PROJECTS	004140 - 004140-GAS DIST, ENGINEERING	0110: LABOR - BARGAINING UNIT - STRAIGHT TIME
MR414	CP ARO	4/1/2012 00:00:00	0	37.87	303	20620937	0	20620937	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST, ENGINEERING	0705: OVERHEADS - MEDICAL INSURANCE
MR414	CP ARO	4/1/2012 00:00:00	0	4,72	303	20619694	0	20619694	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST, ENGINEERING	0706; OVERHEADS - ADMINISTRATIVE AND GENERAL
MR414	CP ARO	4/1/2012 00:00:00	0	1.63	303	20708324	0	20708324	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST, ENGINEERING	0706: OVERHEADS - ADMINISTRATIVE AND GENERAL
MR414	CP ARO	4/1/2012 00:00:00	0	13.05	303	20521517	0	20621517	04/2012	108799	108799	201204	100	PROJECTS LUTTL	004140 - 004140-GAS DIST, ENGINEERING	0708: OVERHEADS - 401K
MR414	CP ARO	4/1/2012 00:00:00	0	1.57	303	20622279	0	20622279	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0713: OVERHEADS - OTHER OFF DUTY
MR414	CP ARO	4/1/2012 00:00:00	0	4,06	303	20617876	0	20617876	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0714: OVERHEADS - WORKERS COMP
MR414	CP ARO	4/1/2012 00:00:00	0	13.29	303	20520888	0	20620888	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST, ENGINEERING	0717: OVERHEADS - HOLIDAY
MR414	CP ARO	4/1/2012 00:00:00	0	0,79	303	20614565	0	20614565	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST, ENGINEERING	0718: OVERHEADS - UNEMPLOYMENT, STATE, AND FEDERAL TAXES
MR414	CP ARO	4/1/2012 00:00:00	. 0	2,37	303	20617768	0	20617768	04/2012	108799	108799	201204	100	PROJECTS LUTT	004140 - 004140-GAS DIST, ENGINEERING	0719: OVERHEADS - DENTAL INSURANCE
MR414	CP ARO	4/1/2012 00:00:00	٥	21,64	303	20613557	٥	20613557	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0720; OVERHEADS - TEAM INCENTIVE AWARD
MR414	CP ARO	4/1/2012 00:00:00	0	24,58	303	20623083	0	20623083	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0721: OVERHEADS - FASB 106
MR414	CP ARO	4/1/2012 00:00:00	0	1.90	303	20622053	٥	20622053	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST, ENGINEERING	0722: OVERHEADS - GROUP LIFE INSURANCE
MR414	CP ARO	4/1/2012 00:00:00	0	1.35	303	20622984	0	20622984	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0723: OVERHEADS - LONG TERM DISABILITY INSURANCE
MR414	CP ARO	4/1/2012 00:00:00	0	2,78	303	20620168	0	20620168	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0724: OVERHEADS - FASB 112
MR414	CP ARO	4/1/2012 00:00:00	0	24.28	303	20617977	Ö	20617977	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST. ENGINEERING	0725: OVERHEADS - VACATION
PMR414	CP ARO	4/1/2012 00:00:00	0	6.57	303	20614196	0	20514196	04/2012	108799	108799	201204		PROJECTS LUTL	004140 - 004140-GAS DIST, ENGINEERING	0726: OVERHEADS - SICK
PMR414	CP ARO	4/1/2012 00:00:00	0	27.51	303	20618130	0	20618130	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST, ENGINEERING	0727; OVERHEADS - FICA
MR414	CP ARO	4/1/2012 00:00:00	0	71.78	303	20620071	0	20620071	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST, ENGINEERING	0728: OVERHEADS - PENSIONS
MR414	CP ARO	4/1/2012 00:00:00	0	1.56	303	20622476	. 0	20622476	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST, ENGINEERING	0729: OVERHEADS - RETIREMENT INCOME ACCT
MR414	CP ARO	4/1/2012 00:00:00	0	2,99	303	20624760	0	20624760	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST, ENGINEERING	0732: OVERHEADS - OTHER BENEFITS AND ADM FEES
PMR414	CP ARO	4/1/2012 00:00:00	0	90.67	303	20703542	0	20703542	04/2012	108799	108799	201204	100	TRMS ALLOCATION	004140 - 004140-GAS DIST, ENGINEERING	0512: T/E - VEHICLES/EQUIPMENT: UTILITY OWNED (ALLOC)
PMR414	CP ARO	4/1/2012 00:00:00	0	35,74	303	20616691	0	20616691	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST, ENGINEERING	0707: OVERHEADS - ENGINEERING OVERHEADS
PMR414	CP ARO	4/1/2012 00:00:00	0	12,69	303	20708194	. 0	20708194	04/2012	108799	108799	201204	100	PROJECTS LUTL	004140 - 004140-GAS DIST, ENGINEERING	0707: OVERHEADS - ENGINEERING OVERHEADS
		·		668,79												·

Attachment to Response to KU AG-1 Question No. 201 Page 366 of 1022 Charnas

Clark, Ed

From:

Leenerts. Patricia

Sent:

Tuesday, May 08, 2012 2:06 PM

To:

Stratman, Paul

Cc: Subject: Crescente, Angela; Wright, Sharon RE: RRCS419G and RRCS422G

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502-627-3811

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Subject: RE:

See my responses in RED below.

From: Leenerts, Patricia

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To: Stratman, Paul Cc: Crescente, Angela

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Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901.

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This is correct.

Also, on the RRCSxxxG projects is there always replacement when there is removal?

Attachment to Response to KU AG-1 Question No. 201 Page 367 of 1022

There is not always a replacement when there is a removal. As an ample if a home is being demolished, we will retire the service and not replace it.

I've attached 2 examples. I wanted to get an idea, of the charges, before I dug deeper. If you could let me know if I'm interpreting correctly or if I should be digging further I would appreciate that by Thurs, May10, if possible. These distribution blankets are big projects and I need a bit more time to get them worked.

Based on the fact that both are charged to a removal task, they would have been removal only jobs (no install/replace work)

If so, the invoice below is for RRCS421G, do I assume there was no replacement since this hit the 108901 task. Or do I need to investigate and potentially this charge could be moved to 107001?

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Thanks,

Pat 502-627-3811

Attachment to Response to KU AG-1 Question No. 201 Page 368 of 1022 Charnas

Clark, Ed

From:

Stratman, Paul

Sent:

Tuesday, May 08, 2012 8:54 AM

To: Cc: Leenerts, Patricia Crescente, Angela

Subject:

RE: RRCSxxxG project ARO questions

I believe so, but I only deal with the 419 (Louisville) and 422 (Bardstown) RCs. I can say with certainty that is correct for those organizations.

From: Leenerts, Patricia

Sent: Monday, May 07, 2012 5:27 PM

To: Stratman, Paul Cc: Crescente, Angela

Subject: FW: RRCSxxxG project ARO questions

This is what you answered for RRCS419G "This one is a bit complicated. Replacement have a like retirement, but individual retirements are also charged to this project (i.e. house being demolished and gas service needs to be cutout at the main connection)." Would this be true for all of the RRCSxxxG proejects?

Thanks,

Pat

502-627-3811

From: Leenerts, Patricia

Sent: Monday, May 07, 2012 5:22 PM

To: Stratman, Paul Cc: Crescente, Angela

Subject: RRCSxxxG project ARO questions

Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901. It was further deemed in that in the case of when there was no replacement that all the charges went against the removal task. Because of the way you had been charging, we thought that all of the 108901 removal charges are in deed 108799-ARO removal charges. Do you agree with this summary?

Also, on the RRCSxxxG projects is there always replacement when there is removal?

I've attached 2 examples. I wanted to get an idea, of the charges, before I dug deeper. If you could let me know if I'm interpreting correctly or if I should be digging further I would appreciate that by Thurs, May10, if possible. These distribution blankets are big projects and I need a bit more time to get them worked.

If so, the invoice below is for RRCS421G, do I assume there was no replacement since this hit the 108901 task. Or do I need to investigate and potentially this charge could be moved to 107001?

<< OLE Object: Picture (Device Independent Bitmap) >>

Attachment to Response to KU AG-1 Question No. 201 Page 369 of 1022 Charnas

So, see the Miller invoice 279794. For RRCS421G there are only removal charges on this invoice.

<< OLE Object: Picture (Device Independent Bitmap) >>

Thanks,

Pat 502-627**-3811**

Attachment to Response to KU AG-1 Question No. 201 Page 370 of 1022 Charnas

Clark, Ed

From:

Stratman, Paul

Sent:

Tuesday, May 08, 2012 8:52 AM

To: Cc: Leenerts, Patricia Crescente, Angela

Subject:

RE:

See my responses in RED below.

From: Leenerts, Patricia

Sent: Monday, May 07, 2012 5:22 PM

To: Stratman, Paul **Cc:** Crescente, Angela

Subject:

Paul, Angela has asked me to do a more detail review of the charges which have hit RRCSxxxG for 108901. We thought that in the ARO meeting you had stated that when a replacement was involved that you had been charging costs related to the investment to the Investment task and just the CC&P items to the 108901.

If a replacement is being made, all the time will be charged to the install task.

It was further deemed in that in the case of when there was no replacement that all the charges went against the removal task. Because of the way you had been charging, we thought that all of the 108901 removal charges are in deed 108799-ARO removal charges. Do you agree with this summary?

This is correct.

Also, on the RRCSxxxG projects is there always replacement when there is removal?

There is not always a replacement when there is a removal. As an example if a home is being demolished, we will retire the service and not replace it.

I've attached 2 examples. I wanted to get an idea, of the charges, before I dug deeper. If you could let me know if I'm interpreting correctly or if I should be digging further I would appreciate that by Thurs, May10, if possible. These distribution blankets are big projects and I need a bit more time to get them worked.

Based on the fact that both are charged to a removal task, they would have been removal only jobs (no install/replace work)

If so, the invoice below is for RRCS421G, do I assume there was no replacement since this hit the 108901 task. Or do I need to investigate and potentially this charge could be moved to 107001?

<< OLE Object: Picture (Device Independent Bitmap) >>

So, see the Miller invoice 279794. For RRCS421G there are only removal charges on this invoice.

<< OLE Object: Picture (Device Independent Bitmap) >>

Thanks,

Attachment to Response to KU AG-1 Question No. 201 Page 371 of 1022 Charnas

Pat 502-627-**3811**

Attachment to Response to KU AG-1 Question No. 201 Page 372 of 1022 Charnas

Clark, Ed

From:

Plant Support <support@pwrplan.com>

Sent:

Monday, May 07, 2012 5:05 PM

To:

Crescente, Angela

Subject:

RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

Would you be able to go ahead and calculate Depreciation in DEV for this company? The adjustment is on the depr ledger table as expect, I want to see what kind of update the depr calculation will make.

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 5/7/2012 10:15 AM To: support@pwrplan.com

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

I'm sorry Elizabeth that it took me so long, I have been closing and testing our upgrade. I have now finished the depr reserve adj in PTAXDEV and posted them on the KU Company.

Thanks, Angela

----Original Message-----From: Crescente, Angela

Sent: Monday, April 30, 2012 8:55 AM

To: 'Plant Support'

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

Sure, I will let you know when I am done. Thanks!

----Original Message----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Friday, April 27, 2012 8:30 PM

To: Crescente, Angela; ecowart@pwrplan.com

Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN._50060ILZXN:ref]

I am so sorry, could you do it again. I've copied my direct email on this as well so that I will immediately see when you reply. This will be at the top of my list to investigate.

Thank you!

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 4/17/2012 2:47 PM To: support@pwrplan.com

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

Elizabeth,

I don't think I have heard back from you on this. Any luck finding anything? Let me know if you need me to do this again since DEV has refreshed again.

Thanks, Angela

----Original Message-----From: Crescente, Angela

Sent: Wednesday, April 04, 2012 1:14 PM

To: 'Plant Support'

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

Elizabeth,

I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait?

Thanks, Angela

----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Wednesday, April 04, 2012 9:07 AM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

If you could that would be great.

Thank you,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 4/4/2012 8:42 AM To: support@pwrplan.com

Cc: Diana.Wacker@lge-ku.com; Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

I did this in DEV, but it refreshed over the weekend. I can do it again if you want.

----Original Message-----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Tuesday, April 03, 2012 5:13 PM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

Attachment to Response to KU AG-1 Question No. 201 Page 374 of 1022 Charnas

Hi Angela,

I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.

Elizabeth
Hi Elizabeth,
I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.
Thanks! Angela
Original Message From: Plant Support [mailto:support@pwrplan.com] Sent: Friday, March 30, 2012 4:47 PM To: Crescente, Angela Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Hi Angela,
Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?
Thanks,
Elizabeth

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a

Attachment to Response to KU AG-1 Question No. 201 Page 375 of 1022

purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

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Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000 ref:_00D60KJDN._50060ILZXN:ref

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000

Thanks,

Elizabeth Cowart PowerPlant Support

Attachment to Response to KU AG-1 Question No. 201 Page 376 of 1022 Charnas 770.937.3000

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000

Attachment to Response to KU AG-1 Question No. 201 Page 377 of 1022 Charnas

Crescente, Angela

From:

Beatty, Stephen

Sent:

Friday, April 27, 2012 1:35 PM

To:

Crescente, Angela

Subject:

PBWK406G

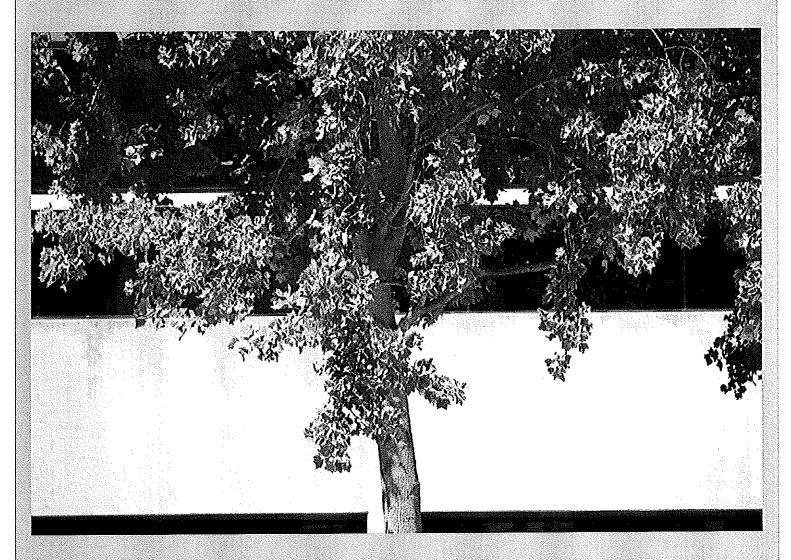
Angela:

Regarding our conversation today, the relocation for the Magnolia Line for a new highway was recently completed. The retirement charges for that job were charged to Task: PBWK406G T: 2892607R01 and are still pending. These charges should be charged to an ARO retirement account.

Please let me know if you have any other questions.

Steve

Accounting for asset retirement obligations: an education & nonprofit perspective*



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Attachment to Response to KU AG-1 Question No. 201 Page 379 of 1022 Charnas

I. Introduction

Asbestos poses well-documented health risks.1 lt was commonly used in fireproofing, insulation, and building materials, including in the facilities of colleges, universities and other types of not-for-profit organizations. In the 1970s, the Environmental Protection Agency (EPA) and Occupational Safety and Health Administration (OSHA) began to regulate asbestos in the U.S. When asbestos-containing buildings are renovated, strict regulations now cover the handling and disposal of the hazardous substance.

The accounting for such costs is catching up with the regulations. According to a 2001 pronouncement of the Financial Accounting Standards Board (FASB), institutions should record a liability for legal obligations associated with the retirement of tangible, long-lived assets, such as asbestoscontaining facilities, when the amount of the liability can be reasonably estimated. Some argued that it was not possible to reasonably estimate the amount of the future liability. In 2005, the FASB clarified its position, concluding that legal obligations, like the cost of disposing asbestos, must be recorded using the best information that is currently available.

Although the FASB pronouncements pertain to other types of long-lived asset retirement obligations, asbestos is likely to come to mind frequently.2 Another example would be a not-for-profit organization that leases a facility for a specified period and must, at the end of the period, dispose of leasehold improvements.

Our objectives

We believe that it will take significant effort for institutions to comply with FASB's pronouncements concerning legal obligations associated with the retirement of long-lived assets. Such efforts must begin immediately as the latest pronouncement is effective for fiscal years ending after December 15, 2005, which is fiscal 2006 for most colleges, universities and other types of not-for-profit organizations.

We urge you to begin to understand the issues and prepare for this new challenge as soon as possible. The objective of this paper is to assist you in becoming more informed about the issues that we see colleges, universities and other not-for-profit organizations facing as they begin to implement these new FASB pronouncements.

Attachment to Response to KU AG-1 Question No. 201 Page 380 of 1022 ChinoFAS 143 and FIN 47

SFAS 143

The FASB issued its Statement No. 143, Accounting for Asset Retirement Obligations (SFAS 143), in June 2001. It requires entities, including colleges, universities and other types of notfor-profit institutions, to record liabilities for tangible, long-lived assets that must be retired or disposed of (i.e., "settled") in a specified way by law or contract. Such liabilities are known as Asset Retirement Obligations (AROs).

After the issuance of SFAS 143, diversity in practice developed over the timing of liability recognition when the settlement was conditional on a future event. Some entities recorded the ARO at the date of acquisition or construction with uncertainty factored into the calculation of the ARO's fair value. Other entities recognized the ARO only when it was probable that the asset would be retired as of a specified date using a specified method. Some entities recorded the ARO when the asset was actually retired.

FIN 47

Due to this diversity in application of SFAS 143, the FASB issued Interpretation No. 47, Accounting for Conditional Asset Retirement Obligations (FIN 47), in March 2005. In paragraph 3 of FIN 47, a "conditional asset retirement obligation" (CARO) is defined as:

"A legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement."

FIN 47 clarifies that if the fair value of the liability can be reasonably estimated, the entity must recognize a liability for the CARO when it is incurred. The only "conditional" element is the uncertainty related to the timing or method of settlement, which is a measurement issue, not a recognition issue.

PwC observation: FIN 47 does not create a "new" standard for recognition of CAROs. It clarifies the Board's belief that SFAS 143 applies to CAROs.

FIN 47 provides additional guidance for assessing whether an institution has enough information to make a reasonable estimate of the fair value of an ARO. Per FIN 47, the liability is reasonably estimable if one of the following exists:

- It is evident that the fair value of the obligation is embodied in the acquisition price of the purchased asset, or
- An active market exists for the transfer of the obligation, or
- "Sufficient information" exists to apply an expected present value technique.

Regarding the latter, sufficient information exists if either:

- The settlement date and the settlement method have been specified by others by law, regulation or contract, or;
- The following can be reasonably estimated: (1) the settlement date or a range of dates, (2) the method or potential method of settlement, and (3) probabilities associated with the dates and methods of settlement.

FIN 47 concludes that uncertainty about the settlement date and method does not defer the recognition of an ARO because a legal obligation to perform the retirement activities still exists. The likelihood that "we can't estimate" a CARO will be acceptable to your external auditor is remote. The "opt out" provision will not be a common alternative.

FIN 47 is effective for most institutions in the current fiscal year (e.g., the year ending June 30, 2006). The initial recognition for the initial application of FIN 47 will be presented as a cumulative effect of a change in accounting principle in the statement of activities.

We summarize important terms from SFAS 143 and FIN 47 in Table 1.

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Important terms

The Conditional Asset Retirement Obligation (CARO) is a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. However, the obligation to perform the asset retirement activity is unconditional.

An Asset Retirement Obligation (ARO) is a legal obligation (i.e., a liability) for the cost of retiring (i.e., "settling") a tangible long-lived asset (e.g., a building containing asbestos) that results from the acquisition, construction, or development and (or) the normal operation of that long-lived asset.

The Asset Retirement Cost (ARC) is the capitalized amount that increases the carrying amount of the long-lived asset when a liability for an ARO is recognized. Note that the ARC is the "debit" to offset the "credit" when the ARO is recognized.

The settlement date is the estimated date or range of dates that the institution has to meet its legal obligation to dispose of the asbestos, for example.

The settlement method concerns how the institution might dispose of the asbestos. For example, will it hire a third party?

III. Implementation

Identifying and estimating potential AROs will require the skills of a multidisciplinary team. We recommend establishing a team that includes representatives from legal, accounting, operations (e.g., facilities and engineering), finance and budget. Major steps in the implementation process include those listed below.

1. Take an inventory.

The first step, and perhaps one of the most time-consuming steps, will be taking an inventory of long-lived assets that have retirement obligations.

Determine if there is sufficient information.

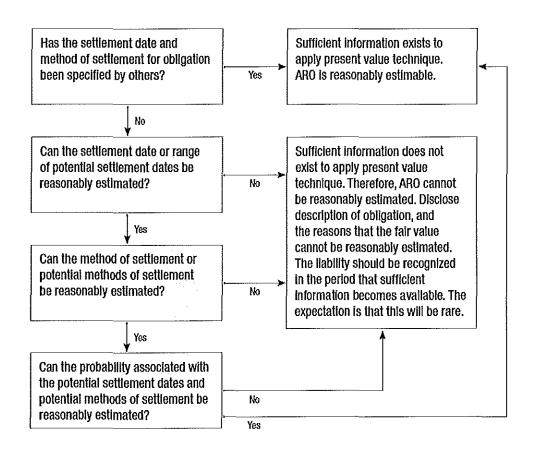
The team must determine if the institution has sufficient information to reasonably estimate the value of the ARO using, for most institutions, an expected present value technique. We suggest using the following decision tree. Attachment to Response to KU AG-1 Question No. 201 Page 382 of 1022 CBaMeasure the obligation.

An ARO is initially measured at fair value. An institution can use either an observable market price (i.e., current market price for the service required) or a reasonable estimate as a starting point for measurement. Most institutions will use the expected cash flow approach discussed in FASB Concepts Statement 7 (CON 7), Using Cash Flow Information and Present Value in Accounting Measurements. SFAS 143 (paragraph 8) states:

"... the expected cash flow approach will usually be the only appropriate technique for an asset retirement obligation."

The expected cash flow approach incorporates multiple cash flow scenarios to reflect a range of possible outcomes, discounted at a credit-adjusted risk-free rate.

Institutions can use past experience to help determine how the ARO would be settled. How has the institution retired long-lived obligations in the past? The answer to this question would probably provide management with a good starting point.



The inflation rate should reflect the increase that management is estimating for the type(s) of service(s) that will be required to remove the legal obligation. Again, for determining the institution's credit-adjusted risk-free rate, past experience, or even current experience, may be a useful guide. This rate may approximate the institution's borrowing rate for a similar amount over a similar period of time.

For a more detailed discussion of each of these elements, see the Q&A in Appendix A of this paper.

4. Develop appropriate policies and documentation. Institutions will need to develop written policies to codify the accounting for FIN 47/SFAS 143 transactions. In addition, they will need to adequately document their assumptions as well as the estimates that support their financial statement accruals and disclosures. Keep in mind that the auditors will need to audit all significant judgments and estimates.

PwC observation: If an institution concludes that it cannot make a reasonable estimate of the obligation, SFAS 143 requires that it disclose that fact along with the reasons. In these situations, the institution should make sure to adequately document its analysis and the basis for its conclusion. Further, it should develop and implement procedures to periodically reevaluate its conclusion.

Attachment to Response to KU AG-1 Question No. 201 Page 383 of 1022

Charles elop financial reports and disclosures.

Financial reporting

At initial adoption, institutions should recognize the items in Table 2 in their statements of financial position and statements of activities.

Disclosures

Significant SFAS 143 disclosure requirements include a description of AROs, the fair value of the assets restricted for purposes of settling retirement obligations (if any), and a reconciliation of the beginning and ending carrying amount of the ARO. In addition, in the initial year of adoption, institutions are required to provide pro forma disclosure of the amount of the liability for AROs as if SFAS 143 had been applied for all periods presented. Also, institutions should consider the disclosures required by paragraphs 19(c), 19(d) and 21 of APB Opinion No. 20, Accounting Changes.

PwC observation: The transition provisions described above are not impacted by the issuance of SFAS Statement No. 154. Accounting Changes and Error Corrections,

Table 2 Recognition of ARO on statement of financial position and statement of activities

	Statement of financial position	Statement of activities
Initial adoption	Record ARO equal to the fair value of the legal obligation, adjust for cumulative accretion to date of adoption	Record net impact as a cumulative effect of a change in accounting principle
	 Capitalize ARO by increasing the carrying value of the asset (the asset retirement cost or ARC), adjust for cumulative depreciation 	
	 Reverse amounts recognized previously 	
	 Recognize effects of regulatory treatment by recording or adjusting regulatory assets and liabilities 	

IV. Conclusion

We believe that institutions should immediately begin identifying long-lived assets with AROs. The process will take time. For each ARO, institutions will need to determine the settlement date, the settlement method, and the settlement cost using current dollars. They will then need to inflate the cost to the settlement date and discount the future cost using a credit-adjusted risk-free rate and record the ARO. This is for the first year; annually thereafter, the work will need to be updated and adjusted.

The FASB's presumption in SFAS 143 is that, with the exception of land, assets do not last forever, and legal obligations to retire assets in a legally mandated manner must eventually be met. When there is asbestos in a building, for example, the institution will eventually have to replace the HVAC or the walls containing asbestos. The legal obligation to dispose of the asbestos in a certain way exists. It is a question of when (settlement date) the obligation will be incurred and how (method of settlement) the obligation will be fulfilled. The guidance in FIN 47 makes it unlikely that institutions will be able to defer recording liabilities for AROs.

Attachment to Response to KU AG-1 Question No. 201 Page 384 of 1022 cappendix A

Frequently asked questions

In this Appendix, we explore three categories of implementation issues. The first category is the non-industry-specific issues that entities must consider when implementing FIN 47/SFAS 143. The second category is the implementation issues that are unique to colleges, universities and other types of not-for-profit organizations. The third category is accounting issues that may arise in the years after implementation of this standard.

A. Non-industry-specific implementation issues

How should my organization begin implementing FIN 47/SFAS 143?

Management needs to look at this in two parts. First, does the organization have a legal obligation to take action as a result of owning (or operating) a particular asset. This is a "yes" or "no" question. If the answer is "no," there is no ARC or ARO that needs to be recorded. If the response is "yes," then move to step two.

We strongly recommend that institutions seek advice from counsel on the timing and structure of their legal obligations. See also the question on page 10 about how legislation might impact the CARO.

Once a legal obligation is established, the next step is to address measurement issues. Management needs to determine how and when to address the legal obligation. Then management needs to assign a probability factor to each option. (Note that the sum of the probabilities needs to equal 100%.) After this, apply the inflation rate and discount rate to determine the amount of the ARC and ARO.

Can I set FIN 47 aside and address it during the fiscal year-end close?

No. The impact of FIN 47 can be significant, Identifying a team that includes financial, physical plant, legal, and other officers and staff is essential, and might require start-up time. We highly recommend that efforts to assess FIN 47 be started as soon as possible and that the audit committee (or similar governing body) be kept abreast of the developments.

Can I take the position that I cannot estimate the ARO, and therefore nothing has to be recorded?

Rarely. Example 3 of FIN 47 includes an example of a situation where an organization does not have sufficient information to estimate an ARO. In most cases, we believe sufficient information will be available to estimate the fair value of the ARO. Although an organization may have no plans or expectation of plans to undertake a major renovation that would require removal of the asbestos, organizations should consider the useful life of the long-lived asset, technology changes, operational changes, the entity's past practice or industry practice and other factors that may impact the timing of a major renovation.

If management is unable to arrive at the necessary estimates to perform the calculation, FIN 47 requires that management disclose the reasons why in the footnotes. For example, an organization might disclose what actions management took to obtain settlement cost estimates or to identify legal obligations and why reasonable settlement dates could not be determined. It would be expected that determining discount rates and inflation rates would not be the cause for not recording an ARO.

What if the settlement date is not known?

The exact settlement date will probably not be known. FIN 47 concludes that if a range of possible settlement dates exists, the ARO can be estimated. Organizations will need to work with the range of possible dates, make assumptions and calculate probabilities, which in sum will equal 100%, to establish a liability for the ARO.

PwC observation: The FASB noted that uncertainty regarding timing and method of settlement are factors relevant to the *measurement* of the liability, not the *recognition* of the liability.

Does the timing of retirement have to coincide with the asset's useful life?

No. The asset's depreciable life provides one data point about the potential timing of its retirement. Also, management might need to make a distinction between the physical lives of 100% of the asset's components and the date the retirement obligation will be settled.

Attachment to Response to KU AG-1 Question No. 201 Page 385 of 1022

CRWC abservation: Management should ensure that differences in depreciable lives, planned asset retirement dates, and license expiration or extension dates are supportable. In addition, the asset retirement cost capitalized as part of the asset should be depreciated over the depreciable life of the asset, not the planned asset retirement date.

How would I determine future cash flows?

Organizations can use past experience to help determine how the ARO would be settled and they will need to make assumptions about the expected amount of future cash flows (i.e., costs), per SFAS 143, paragraph A20. A third party, for example, would incur overhead, equipment and other charges when handling and disposing of asbestos. An organization would need to consider costs under a variety of scenarios as well as the relative probability of each scenario to determine future cash flows.

How would I determine the credit-adjusted risk-free rate?

As discussed in SFAS 143, paragraph 9, when an organization uses the expected cash flow approach, the estimated cash flows should be discounted using a credit-adjusted risk-free rate. The risk-free interest rate is the interest rate on monetary assets that are essentially risk free (in the U.S., zero coupon U.S. treasury instruments) and that have maturity dates that coincide with the expected timing of the estimated cash flows required to satisfy the ARO. If there is an equal chance that retirement will occur in 2020 or 2030, for example, the organization would apply one rate to the 2020 retirement and another to the 2030 retirement, based on the estimated forward yield curves at the date the obligation is calculated.

CON 7 requires an adjustment to the risk-free interest rate to reflect the entity's credit standing. The credit adjustment should be determined based on the credit standing of the specific organization with the legal liability for asset retirement.

Consistency in the choice of discount rates is important. If different discount rates are being used for similar time periods, management should be prepared to explain why.

What should I use as my inflation rate?

The inflation rate should reflect the increase that management is estimating for the type(s) of service(s) it would be required

to obtain in order to fulfil its legal obligation regarding the settlement. This inflation rate may be different than a general inflation factor for the organization's industry or geographic location. Management should ensure that its inflation estimates are comparable to those used in other models, such as the organization's long-term budgeting models.

Should I consider component parts?
Yes. SFAS 143 (paragraph A14) states:

"An asset retirement obligation may exist for component parts of a larger system. In some circumstances, the retirement of the component parts may be required before the retirement of the larger system to which the component parts belong."

If the recognition criteria have been met, SFAS 143 requires organizations to identify the costs of retirement that can be measured and recorded as part of an organization's AROs. Note that buildings with component parts may be an advantage. It might be easier to segregate the disposal costs.

In SFAS 143, the FASB provides an example of an ARO with component parts—a kiln lined with a special type of brick. The bricks become contaminated with hazardous chemicals during use and they wear out after five years. When the bricks are removed, they must be disposed of at a hazardous waste site. The disposal of the bricks would be covered by SFAS 143, but the cost of the replacement bricks and their installation would not be part of the ARO.

Another example would be asbestos that is wrapped around HVAC pipes. An organization would not necessarily have to tear down an entire building to remove its obligation; rather it would need to remove/replace the HVAC pipes that are wrapped in asbestos.

What impact might FIN 47 have on other financial metrics? Management should evaluate all instances in which financial results or performance metrics are utilized, such as bond covenants, Title IV ratios, benchmarking, third-party rankings and credit ratings. Management should meet with lenders and other affected parties as soon as possible to discuss the impact of FIN 47 and any modifications to existing agreements that may be necessary.

Attachment to Response to KU AG-1 Question No. 201 Page 386 of 1022

Cirathere a practice aid that I can use as I begin to assess FIN 47's impact on my organization?

The checklist included in Appendix C of this paper may be helpful in assisting management to begin to assess FIN 47's impact.

B. Q&A for industry-specific implementation issues

What is the impact on the operating results for the year of adoption?

In the year of adoption, the cumulative effect of the AROs would be reported on the institution's statement of activities as a cumulative change of an accounting principle. This impact would be reflected in a separate line directly before the total change in net assets as part of unrestricted net assets.

What is the impact on fund accounting?

For institutions that use fund accounting for internal reporting purposes, the ARC and ARO would be recorded in "Invested in Plant Fund," as would the annual ARC depreciation and ARO accretion.

What is the impact on functional expenses?

In a manner similar to that used to allocate interest expense across functional expense categories, the ARC depreciation and ARO accretion would be reported in a functional expense category. Management will need to review the purpose of the asset for which the ARC and ARO are related. If the annual depreciation/accretion expenses are associated with a piece of research equipment, then those depreciation/accretion expenses should be classified as "research." If the depreciation/accretion expenses are related to a HVAC system in a multipurpose building, then the depreciation/accretion expenses should probably be allocated among functional expense categories in a manner similar to those used for the annual interest expense on that specific building.

What impact might FIN 47/SFAS 143 have on sponsored research programs?

The impact of FIN 47/SFAS 143 should be discussed with your federal oversight agency as soon as it is reasonably estimated. Your institution may want to negotiate an agreement with the agency to recover the cumulative impact to net assets. The federal agency may not allow a reimbursement all in

one fiscal year, but may allow the amount to be recovered over a specified period.

The annual impact of FIN 47/SFAS 143 will be allocated to the affected facilities. Since some of the facilities (and equipment) might be for research, the institution may be able to negotiate an increase in its federal indirect cost rate prior to the expiration of the current agreement. It will be important for institutions to demonstrate that a rigorous analysis was performed to identify the obligations as well as to determine the cost estimates and the allocation methodology.

Even prior to considering the impact on the federal indirect cost recovery rate, institutions that are required to submit a DS-2 should begin to assess the impact of FIN 47/SFAS 143. Again, communication with the applicable federal agency that approves the DS-2 is important in order to inform them that such a change will be submitted.

Does the Clean Air Act or any other legislation impact the CARO?

Legislation (including the three acts described below that set limits on pollutants, hazardous substances, and toxic chemicals) might impact the CARO. Institutions should consult with legal counsel about the timing of legislation and how it might affect the capitalization of the CARO.

1) Clean Air Act

The Clean Air Act, codified as 42 U.S.C. 7401 et seq., is the comprehensive federal law that regulates air emissions from area, stationary, and mobile sources, it sets limits on how much of a pollutant (e.g., asbestos fibers) can be in the air. The U.S. Congress passed the Clean Air Act in 1963, the Clean Air Act Amendment in 1966, the Clean Air Act Extension in 1970, and Clean Air Act Amendments in 1977 and 1990.

2) Pollution Prevention Act (PPA)

The Pollution Prevention Act of 1990, codified as 42 U.S.C. 13101-13109, focuses on reducing the amount of hazardous substances, pollutants or contaminants being released into the environment that may harm the environment or public health.

3) Toxic Substances Control Act (TSCA)

The Toxic Substances Control Act (TSCA, 15 U.S.C. 2601 et seg.) authorizes EPA to screen existing and new chemicals used in manufacturing and commerce to identify potentially

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Changerous products or uses that should be subject to federal control. As enacted, TSCA also included a provision requiring EPA to take specific measures to control the risks from polychlorinated biphenyls (PCBs) [Section 6(e)]. Subsequently, three titles have been added to address concerns about other specific toxic substances - asbestos in 1986, radon in 1988, and lead in 1992.

C. Subsequent accounting

What if an ARO is identified subsequent to the year of adopting FIN 47?

Management has a responsibility to make a concerted effort to identify the complete population of AROs in the year of adoption. Subsequent "discoveries" of unidentified AROs could call into question the adequacy of management's initial attempt to address these requirements, as well as raise questions as to what other unidentified AROs still exist.

If an ARO is identified subsequent to initial adoption of FIN 47, then management and their auditors need to assess for materiality. If the subsequently discovered ARO is material and should have been recorded in a prior period, then management may be required to restate previously issued financial statements.

This is why it is imperative that a multi-discipline team be assembled in order to identify potential AROs. The team should be comprised of members from finance, physical plant, research, legal, purchasing, technicians, etc. It is also recommended that the team perform an actual walk-through of the facilities in order to ensure the completeness of the list of potential AROs.

What are the changes in the ARO due to the passage of time? Because the ARO is initially recorded at fair value (i.e., it is discounted from the expected settlement date), SFAS 143 requires that organizations recognize changes in the ARO that result from the passage of time.

Organizations should determine the interest component resulting from the passage of time by applying the interest method of allocation. In applying this method, the organization should use the credit-adjusted risk-free rate(s) applied when the liability (or a portion thereof) was initially measured. Changes resulting from the passage of time should be recognized as an increase in the carrying amount of the liability, with a corresponding period cost classified in the operating section of the income statement. The amount should be

separately disclosed to the extent it is material. SFAS 143 allows the use of any descriptor for this item "so long as it conveys the underlying nature of the expense." (Note: Accretion amounts recognized in accordance with SFAS 143 cannot be included as interest costs for purposes of applying SFAS Statement No. 34, Capitalization of Interest Cost.)

A change that is due to the passage of time should be incorporated prior to any revisions that are made to the ARO as a result of changes in either the timing or amount of estimated cash flows.

Table 3 below summarizes the financial statement impact of changes due to the passage of time.

Based on current available information, I need to change my ARO estimates. How should I handle this?

As indicated above, management is required to review their estimates on an annual basis (but no changes are to be made to the inflation rate or discount rate). A new method to address the legal obligation may become available or more current cost estimates may be obtained, or there may be changes in the expected timing of settlement. Management will need to recalculate the ARO based on any changes in the underlying estimates and record the changes to the ARO in the current year. If the asset is fully depreciated, subsequent changes to the ARO will be recorded directly in the current year statement of activities. If the asset is not fully depreciated, any subsequent changes to the ARO will also result in an increase or decrease in carrying amount of the related long-lived asset.

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Chinatal there are changes in the amount of undiscounted cash flows?

SFAS 143 requires that organizations recognize changes in the ARO that result from revisions made to the amount of future cash flows. Such changes should be recognized in the period of change as an increase or decrease in: a) the carrying amount of the ARO and b) the related asset retirement costs capitalized as part of the carrying amount of the related long-lived asset. Except for fully-depreciated assets, the adjustment initially will not have any income statement impact in the period of change. However, it will impact the future recognition of depreciation and accretion expense.

The change in obligation amount should be measured using the following credit-adjusted risk-free interest rate:

- Increases in the ARO: Consider upward revisions of future cash flows as a new obligation, which should be initially measured using the current credit-adjusted risk-free interest rate.
- Decreases in the ARO: Consider downward revisions in cash flow estimates as an adjustment to the existing ARO. Measure the adjustment at the historical interest rate used to measure the initial ARO to which the downward revision relates.

Organizations will have to document and track the rates used to measure and record the initial ARO and any incremental adjustments.

Table 3 Financial statement impact of ARO over time

	Statement of financial position	Statement of activities
Passage of time	 ARO: increase ARO by amount of periodic accretion expense 	Record periodic accretion expense as a component of operating expense
	ARC: allocate to expense through a systematic and rational method over useful life	 Record ARC depreciation Recognize effects of regulatory treatment
	■ Recognize effects of regulatory treatment	

What if there are revisions to the timing of future cash flows?

SFAS 143 also requires that organizations recognize changes in the ARO that result from revisions made to the timing of future cash flows. Under the expected cash flow approach, the credit-adjusted risk-free rate for each scenario will depend on the expected timing of the cash outflows. That is, if an organization has scenarios under which the retirement could occur in 2010, 2025 and 2030, each scenario would be discounted at a different credit-adjusted risk-free interest rate based on the forward yield curves at the date the obligation is calculated. The applicable discount rate is determined based on the year of expected settlement.

How should I consider AROs and ARCs in their asset impairment tests?

Management must test for impairment and recoverability in accordance with FASB Statement No. 144 (SFAS 144), Accounting for the Impairment of Disposal of Long-Lived Assets, SFAS 143 (paragraph 12) states:

"In applying the provisions of Statement 144, the carrying amount of the asset being tested for impairment shall include amounts of capitalized asset retirement costs. Estimated future cash flows related to the liability for an asset retirement obligation that has been recognized in the financial statements should be excluded from (a) the undiscounted cash flows used to test the asset for recoverability and (b) the discounted cash flows used to measure the asset's fair value."

If the organization was not previously including the cost of retirement or disposal in the impairment test, the increase in the asset carrying value could result in an impairment that must be recorded at the time of adoption of SFAS 143/FIN 47. Subsequent increases to the asset retirement cost, if significant, should also be considered for potential impairment.

I've completed the settlement of the ARO, now what?

Once the legal obligation is eliminated, then the corresponding ARC (net amount) and ARO must be removed from the organization's financial records. As a result of the removal, the organization may need to recognize a gain or loss on settlement because of the utilization of internal resources (as opposed to the third-party estimates used in the cash flow analysis).

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Appendix B

Examples

Fully depreciated assets

Let's consider the case of a college that has determined that it has six buildings with asbestos in the ceilings. Two of the buildings are used for teaching and the other four are dormitories. The two classroom buildings were constructed in 1970 and the dormitories were constructed in 1975. Although the buildings' depreciable lives are 30 years, the original ceilings are still in place. The college's master plan (as well as its shorter-term facilities annual plan) specifies that the ceilings will be replaced within the next 10 years at an estimated disposal cost of \$1 million or \$2 million, based on third-party estimates and depending on how the replacement will be performed. The institutions' credit-adjusted risk-free rate is 5% and inflation is assumed to be 2%.

The ARO calculation requires two schedules, one for the classrooms (see below) and another for the dormitories (see next page). We are assuming that all other factors are identical within these two groups.

Attachment to Response to KU AG-1 Question No. 201 Page 390 of 1022 C#1 Classrooms

The following entries would have been made in 1975 to record the ARO based on the above scenario:

Dr. Asset retirement cost

\$ 340,270 (i - from below)

Cr. ARO

\$ 340,270

Since the ceilings are fully depreciated by 2005, there is no entry to record the asset retirement cost (as that would be fully depreciated by 2005 as well). To record the liability at June 30, 2005:

Initial ARO in 1975

\$ 340,270 (i - from below)

Accretion in 1976 at 5%

(credit-adjusted risk free rate)

17,014 (\$340,270 x 0.05)†

ARO in 1976

\$ 357,284^{††}

ARO at June 30, 2005

(after 30 years)

\$1,470,630#

- Note that the amount is not a fixed amount each year as the interest method is used.
- †† In 1976, multiply the \$357,284 by 5% (to get \$17,884). Add the two together (\$357,284 + \$17,864 = \$375,148). In 1977, multiply the \$375,148 by 5% (to get \$18,757). Add the two together (\$375,148 + \$18,757 = \$393,906). Continue this process until the year ended June 30, 2006 when the result would be \$1,470,630. A similar process would be used in the examples on the following pages.

#1: Classroom buildings

Scenarios	Replacement date (A)	Settlement cost (B)	Probability	Future value (C)	Discounted cost (D)	Probability- weighted ARO (E)
Scenario 1	2011	\$ 1,000,000	25%	\$1,126,162	\$194,440	\$ 48,610
Scenario 2	2011	\$ 2,000,000	75%	\$2,252,325	\$388,881	\$291,660
						.

\$340,270 (i - to above)

- (A) The replacement date is based on management's "best estimate" for removal. In our example, we estimated the date based on the institution's master capital plan.
- (B) The settlement cost (\$1 million and \$2 million) is stated in current (2005) dollars. We are assuming that a cost study was conducted on one building and that the conditions are the same for the second building.
- (C) The future value is the settlement cost adjusted for 2% inflation from 2005 until the replacement date.
- (D) This is the discounted cost of the future value, discounted back to when the legal obligation was created. For this example, we are assuming legislation became effective in 1975. Therefore, the discount is calculated back to 1975. (Institutions should seek legal advice on the timing of their obligations.)
- (E) The probability-weighted ARO is the discounted cost weighted for the probability of each scenario.

#2: Dormitories

Charnas

Scenarios	Replacement date (F)	Settlement cost (G)	Probability	Future value (H)	Discounted cost (I)	Probability- weighted ARO (J)
Scenario 1	2010	\$1,000,000	10%	\$1,104,081	\$200,189	\$ 20,016
Scenario 2	2010	\$ 2,000,000	50%	\$2,208,162	\$400,318	\$200,159
Scenario 3	2015	\$ 1,000,000	10%	\$1,218,994	\$173,153	\$ 17,315
Scenario 4	2015	\$ 2,000,000	30%	\$2,437,989	\$346,306	\$103,892

\$341,382 (ii -to below)

- (F) The replacement date is based on the institution's master plan for replacement of the ceilings. In 2015, the institution plans to renovate the entire group of dormitory buildings.
- (G) The settlement cost (\$1 million and \$2 million) is stated in current (2005) dollars. We are assuming that a cost study was conducted on one building and that the conditions are the same for the three other buildings.
- (H) The future value is the settlement cost adjusted for 2% inflation from 2005 until the replacement date.
- (I) This is the discounted cost of the future value, discounted back to the date of construction. We are assuming that the date of construction and the date when the legal obligation began are the same.
- (J) The probability-weighted ARO is the discounted cost weighted for the probability of each scenario.

#1 Classrooms, continued

For the year ended on June 30, 2006, the cumulative catch-up adjustment would be as follows:

Dr. Cumulative change in

accounting principle \$1,470,630

Dr. Current interest expense 73,531 (\$1,470,630 x 0.05)

Cr. ARO \$1,544,161

Each year, the accretion at 5% would continue to be recorded until the settlement date. The calculation would be updated for changes in settlement date or cost of settlement (with no change to the credit-adjusted risk-free rate or inflation for the initial ARO, once they are established in the initial calculation). These changes would be recognized as normal period costs through the statement of activities.

#2: Dormitories

The following entries would have been made in 1975 to record the ARO:

Dr. Asset retirement cost \$ 341,382 (ii - from above)

Cr. ARO \$ 341,382

Since the ceilings are fully depreciated by 2005, there is no entry to record the asset retirement cost (as that would be fully depreciated by 2005 as well).

#2: Dormitories (continued)

To record the liability at June 30, 2005:

Initial ARO in 1970 \$ 341,382

Accretion at 5%

(credit-adjusted risk-free rate) 17,069 (\$341,382 x 0.05)

ARO at June 30, 2005

(after 35 years) \$1,475,434

For the fiscal year ended June 30, 2006, the cumulative catch-up adjustment and current year expense would be as follows:

Dr. Cumulative change in

accounting principle \$1,475,434

Dr. Current year expense \$ 73,772 (\$1,470,630 x 0.05)

Cr. ARO \$1,549,206

Similar to the classroom example, the accretion at 5% would continue to be recorded until the settlement date and the calculation would be updated for changes in settlement date or cost of settlement (there would be no change to creditadjusted risk-free rate or inflation, once they are established in the initial calculation). These changes would be recognized as normal period costs through the statement of activities.

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#3: Classroom buildings

Scenarios	Replacement date (K)	Settlement cost (L)	Probability	Future value (M)	Discounted cost (N)	Probability- weighted ARO (0)
Scenario 1	2011	\$ 1,000,000	25%	\$1,126,162	\$404.227	\$101,057
Scenario 2	2011	\$ 2,000,000	75%	\$2,252,325	\$808,455	\$606,341
						A

\$707,398 (iii - to below)

- (K) The replacement date is based on management's "best estimate" for removal. In our example, we estimated the date based on the institution's master capital plan.
- (L) The settlement cost (\$1 million and \$2 million) is stated in current (2005) dollars. We are assuming that a cost study was conducted on one building and that the conditions are the same for the second building; therefore, the settlement cost is the same.
- (M) The future value is the settlement cost adjusted for 2% inflation from 2005 until the replacement date.
- (N) This is the discounted cost of the future value, discounted back to the date of construction. We are assuming that the date of construction and the date when the legal obligation began are the same.
- (O) The probability-weighted ARO is the discounted cost weighted for the probability of each scenario.

#3: Classroom buildings (assets not fully depreciated)

For this example, assume the same facts as above, but the classroom buildings were acquired in 1990, have a remaining useful life of 20 years, and are not yet fully depreciated.

The following entries would have been made in 1990 to record the ARO:

Dr. Asset retirement cost 707,398 (iii - from above)

Cr. ARO 707,398

Since the ceilings are not fully depreciated by 2005, there is an entry to record the accumulated depreciation on the asset through June 30, 2005 and the 2006 depreciation expense:

Dr. Cumulative change in

accounting principle 530,549

Dr. Current year depreciation 35,370 (\$707,398 x 0.05) \$

Cr. Accumulated Depreciation \$ 565,919

To calculate the ARO balance in 2005:

Initial ARO in 1990 \$ 707,398

Accretion in 1991 at 5%

(credit-adjusted risk free rate) 35,370 (\$707,398 x 0.05)

ARO at June 30, 2005

(after 15 years) \$1,470,630

73,531 (\$1,470,630 x 0.05) Accretion in 2006

ARO at June 30, 2006 \$1,544,161 At June 30, 2005, the cumulative catch-up adjustment would be as follows:

Dr. Cumulative change in

accounting principle \$ 763,232+++ Cr. ARO \$ 763,232111

The net impact of the two entries in fiscal year 2006 is:

Dr. Asset retirement cost \$ 707,398 (iii - from above)

Dr. Current vear

depreciation expense 35,370 (\$707,398 x 0.05)

Dr. Cumulative change in

accounting principle \$1,293,781

Dr. Current ARO accretion 73,531 (\$1,470,630 x 0.05)

Cr. Accumulated depreciation \$ 565,919

Cr. ARO \$1,544,161

As in the above examples, each year, the accretion at 5% would continue to be recorded until the settlement date. The calculation would be updated for changes in settlement date or cost of settlement (with no change to the creditadjusted risk-free rate or inflation for the initial ARO, once they are established in the initial calculation). These changes would be recognized as normal period costs through the statement of activities.

Interested readers can find other examples in Appendix C and D of SFAS 143.

††† \$1,470,630 - \$707,398

Appendix C

Implementation checklist

- 1. Develop a policy to consider asset retirement obligations during property acquisition, when purchasing certain fixed assets or when entering into long-term agreements. The policy should include a provision to depreciate the Asset Retirement Cost (ARC), to accrete interest on the Asset Retirement Obligation (ARO), and to evaluate the retirement obligation based on new facts and circumstances that may cause a change to the original ARO. Additionally, the policy should prescribe financial statement reporting and disclosure, how the inflation factor will be derived and how the institution will determine its credit-adjusted risk-free rate.
- 2. Assess existing AROs for the current fiscal year. NOTE: the requirement for conditional asset retirement obligations is for fiscal years ending after December 15, 2005. Consider what assets may be affected by taking the following actions:
 - a) Obtain a list of property, plant and equipment.
 - b) Inquire with facilities management regarding possible asset requirement obligations that may be relevant for buildings and property.
 - c) Inquire with program officers, equipment technicians or other persons knowledgeable about specialized equipment or assets that may trigger possible AROs.
 - d) Obtain lease and other purchase agreements and review for possible AROs.
 - e) Inquire with counsel or other personnel who are familiar with federal, state or local laws that may trigger possible AROs.
- 3. For each possible ARO, identify the legal obligation to perform an asset retirement activity. Quantify the obligation and the related asset by taking the following actions:
 - a) Estimate the cost or cost scenarios for the AROs and substantiate your estimates with supportable assumptions.
 Use techniques similar to cash flow modelling.
 - i. Labor costs based on prevailing wages.
 - Overhead charges for labor based on current applicable rates.

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Charrius Estimated costs to assume risk or surcharges

Chardlas Estimated costs to assume risk or surcharges for hazardous materials (i.e., "hazmat").

- b) Estimate the probability of the different cost scenarios.
- c) Estimate the timeliness and related probability of satisfying the ARO.
- d) Apply inflation adjustment based on estimated settlement.
- e) Apply present value based on credit-adjusted risk-free rate of return.
- 4. For the first year-end after December 15, 2005, evaluate and recognize the applicable cumulative depreciation for the ARC and the cumulative interest accretion of the ARO.
- 5. Because this is recognized as a change in accounting principle, compute the change on a pro forma basis and disclose the adjustment in the footnotes for the beginning of the earliest year presented and at the end of all years presented as if FIN 47 had been applied during all periods affected. NOTE: Most not-for-profit organizations present single year or comparative financial information only. As applicable, assess effect on bond covenants and other financial statement measures.
- For subsequent years, depreciate the ARC and continue to accrete interest on the ARO, as well as re-evaluate the estimates used in the calculation for appropriateness.
- 7. Prepare a disclosure template for financial reporting.

About the authors

John A. Mattie is PricewaterhouseCoopers' National Education & Nonprofit Practice Leader. He has over 25 years of diversified audit and consulting experience with particular expertise serving public and private research universities as well as independent schools and other types of not-for-profit organizations.

Christina Dutch is a senior audit manager at PricewaterhouseCoopers. For the past 18 months, she has been serving in PwC's National Risk & Quality (R&Q) as one of the technical consultants on FiN 47 as well as on other technical matters related to not-for-profit organizations.

Claire Esten is a senior audit manager in the Boston office of PricewaterhouseCoopers. She serves colleges, universities, independent schools, and other types of not-for-profit organizations in the Northeast region.

Lee Ann Leahy is a PricewaterhouseCoopers' audit partner with more than 20 years of experience serving education, academic medical centers, and other types of not-for-profit organizations. Lee has served in our National office as a consultant on not-for-profit industry issues, including financial reporting standards for not-for-profit entities.

Sean Riley is a PricewaterhouseCoopers' audit partner. He has been a frequent presenter on accounting and financial reporting issues, including FIN 47, at various higher education forums. He serves on the audits of colleges, universities, independent schools, and other not-for-profit organizations in the Northeast region.

Rick Wentzel is a PricewaterhouseCoopers' audit partner who is based in our Los Angeles office. He specializes in serving colleges, universities and other not-for-profit organizations on the west coast. Rick was formerly a controller at a college in the Los Angeles area.

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Endnotes

- 1 A helpful website for asbestos-related information is: http://www.epa.gov/region4/air/asbestos/inform.htm
- 2 Other examples would include research universities that have laboratories and instruments with mercury, lead, radioactive materials or chemicals that might be subject to unique disposal regulations. Underground storage tanks for fuel or kilns also might be examples of asset retirement obligations that are within the scope of the FASB's pronouncement.

www.pwc.com/education Attachment to Page 395 of 102 Charnas

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Crescente, Angela

From:

Stratman, Paul

Sent:

Tuesday, April 17, 2012 4:09 PM

To:

Leenerts, Patricia

Cc:

Porter, Janice; Crescente, Angela

Subject:

RE: Distribution Blanket

Yes.

Cutout, abandonment, retirement, "cut, cap and purge" all mean the exact same thing.

From: Leenerts, Patricia

Sent: Tuesday, April 17, 2012 3:57 PM

To: Stratman, Paul

Cc: Porter, Janice; Crescente, Angela **Subject:** RE: Distribution Blanket

So a cutout would always force an ARO retirement? A permanent retirement requiring cut, cap and/or purge.

Thanks,

Pat

502-627-3811

From: Stratman, Paul

Sent: Tuesday, April 17, 2012 3:08 PM

To: Leenerts, Patricia **Cc:** Porter, Janice

Subject: RE: Distribution Blanket

The project and tasks in the spreadsheet are associated with retirements/cutouts/abandonments of miscellaneous gas mains that are abandoned in any given year.

You are correct, the couplings are generally left in service, but they wouldn't be needed if we didn't have to retire the pipe adjacent to their installation.

This has been a consistent practice in the gas department for many, many years.

From: Leenerts, Patricia

Sent: Tuesday, April 17, 2012 2:23 PM

To: Stratman, Paul **Cc:** Porter, Janice

Subject: FW: Distribution Blanket

Paul, I'm reviewing the above project for unitization in April. I'm hoping you can help by answering my questions or pointing me to the correct person.

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You had reviewed some projects for Diana Wacker – which I use as my guide. As well as the file attached below in Jan2011 email.

For TBRD419G the indication is that Pipe is charged to individual tasks.

I have attached a file with some detail regarding the removal costs charged to this project. There's about 23K of material charged to the retirement. Purchase materials charged to COR is unusual as usually the cups, etc are attached to the existing pipe and charged to the investment tasks.

My main concern is that would any of the COR be for permanently retired, cut, cap and purged pipe whether left in the ground or removed?

A task on this, and other projects, is CUTOUTS. Wouldn't a true cutout result in purging and cutting? Is the cutout pipe that is left in the ground always capped? Is the true order to purge the pipe, cut it, then cap what is not reattached to the existing main line?

It would be appreciated to get the correct person pretty soon, so that person or you will be able to answer my questions by Friday, the 20th. Thanks for your help.

<< File: TBRD416G-removal,xlsx >>

Thanks,

Pat 502-627-3811

From: Stratman, Paul

Sent: Friday, January 14, 2011 2:36 PM

To: Leenerts, Patricia

Subject: RE: Distribution Blanket

Here's my first pass. Let me know if you'd like to discuss anything in greater detail.

<< File: Blankets for review by Paul-sent.xls >>

From: Leenerts, Patricia

Sent: Friday, January 07, 2011 8:19 PM

To: Stratman, Paul

Subject: Distribution Blanket

I have attached a file of the gas blankets. I would appreciate you helping me to understand the purpose and how the charges flow on these gas blankets. For instance on some (electric) blankets we know that we retire what we are installing. Sometimes STORMS feeds me the retires, which I would use. Some of these you may cover on the other email that I'm sending at this time although if you didn't already address the dollars this would be the place to do that. The dollar columns are to determine where the charges should have been charged and not necessarily the account that they hit, 108901 vs. 108799 and the associated dollar amounts.

I really appreciate your help. If you have to delay this (even into February), just let me know, but obviously for me the sooner the better. << File: Blankets for review by Paul-sent.xls >>

Thanks.

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Pat 502-627**-3811**

Attachment to Response to KU AG-1 Question No. 201 Page 399 of 1022 Charnas

Crescente, Angela

From: Crescente, Angela

Sent: Tuesday, April 17, 2012 10:46 AM

To: Clyde, Peter

Cc: Porter, Janice; Leenerts, Patricia

Subject: LGE Project Numbers 135586 and 132621

Pete,

There was \$7K charged to 135586 (Task CP ASBESTOS) in February and then it was reversed in March, but the invoice appeared to be all asbestos (NEC) related. Then, in March, half of the invoice was charged to 135586 and the other half was charged to 132621. However, on 132621, it was charged to a regular removal task instead of an ARO removal task. I just wanted to be sure I understood everything and wanted to know if I should set up an ARO removal task on 132621 to charge to for the NEC costs. Please call me when you get a chance.

Thanks for your help! Angela

Attachment to Response to KU AG-1 Question No. 201 Page 400 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Monday, March 26, 2012 9:44 AM

To: Subject: Mooney, Mike (BOC 3) RE: Asbestos Task

Mike,

I have created a task called CP ASBESTOS to capture the testing and removal of asbestos. A task for lead will not be needed as it can be charged to the normal 108901, but please ask the contractors to ensure that they code the invoices to separate asbestos and lead since we do not have any AROs for lead. We will not want to include lead costs in the asbestos cost.

Thanks so much for your help! Angela

From: Mooney, Mike (BOC 3)

Sent: Monday, March 26, 2012 9:30 AM

To: Crescente, Angela **Subject:** Asbestos Task

Angela,

Mill Creek is having some tests run on a building they will be working on for the Mill Creek Env projects. They will be testing for asbestos and lead. Will we need an asbestos task set up for this testing? Project is 130875.

Mike Mooney

Budget Analyst III, Project Engineering

BOC 3

BOC Phone: (502) 627-3671

Fax: (502) 217- 2943

E-mail: Mike, Mooney@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 401 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Tuesday, March 20, 2012 1:53 PM

To:

Reeves, Stephen; Woodworth, Steve; Archer, Jamie; Purvis, Neal

Cc:

Clark, Lynda

Subject:

RE: NETVLT343-CP ASBESTOS 2010

All,

Thanks for checking on the material charged. It sounds like it was not material intended for ARO asbestos work. I am most concerned if whether or not any asbestos removal charges exist on the entire project and if so, which task would they have been charged to? Then, the charges would need to be moved to the CP ASBESTOS 2010 task. If not, then the material charged to the CP ASBESTOS 2010 task needs to be moved to a different task.

Thanks, Angela

From: Reeves, Stephen

Sent: Monday, March 19, 2012 7:46 AM

To: Crescente, Angela

Cc: Woodworth, Steve; Archer, Jamie

Subject: FW: NETVLT343-CP ASBESTOS 2010

Angela,

See emails below - let me know if there is anything I need to do.

Thanks, Steve

From: Woodworth, Steve

Sent: Friday, March 16, 2012 6:08 PM

To: Reeves, Stephen

Subject: FW: NETVLT343-CP ASBESTOS 2010

FYI

From: Archer, Jamie

Sent: Friday, March 16, 2012 12:34 PM

To: Woodworth, Steve

Subject: FW: NETVLT343-CP ASBESTOS 2010

FYI

From: Purvis, Neal

Sent: Friday, March 16, 2012 12:18 PM

Attachment to Response to KU AG-1 Question No. 201 Page 402 of 1022 Charnas

To: Archer, Jamie

Subject: RE: NETVLT343-CP ASBESTOS 2010

Just for inventory.

From: Archer, Jamie

Sent: Thursday, February 23, 2012 10:41 AM

To: Byrd, David; Purvis, Neal

Subject: FW: NETVLT343-CP ASBESTOS 2010

It looks like you charged out a barrel for asbestos removal. Did you do some removal or is this just in inventory for the next time you need it? If you did do some removal, do you know what WR the labor charges went on?

From: Reeves, Stephen

Sent: Wednesday, February 22, 2012 8:39 AM

To: Woodworth, Steve; Archer, Jamie

Cc: Crescente, Angela

Subject: FW: NETVLT343-CP ASBESTOS 2010

Steve and Jamie,

See Angela's email below. I ran a transaction report and the only thing that comes up is materials and burdens on the materials. The material listed is "DRUM, OPEN HEAD, 1A2/Y/1.5/150,DOT 17C,NEW STEEL,W/LOCK RING RETAINER LID & SPONGE". There is no labor charged. Should there be labor? If so, where would it have been charged?

Steve

From: Crescente, Angela

Sent: Friday, February 17, 2012 4:24 PM

To: Reeves, Stephen **Cc:** Clark, Lynda

Subject: NETVLT343-CP ASBESTOS 2010

Hey Steve,

NETVLT343 Task CP ASBESTOS 2010 has \$50.10 charged to it. I would not expect an ARO task to have much material, mostly labor, but the only charges on there are some very small material. Do you know if there was asbestos removal on that project and which task they would have charged it to?

Thanks, Angela

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BR-Nuclear Sources	31,525.29	12/2026
BR-Oil Storage	13,911.62	12/2026
BR-Oil Storage CT - OP	64,801.42	12/2036
Brown Unit 1 - ASB	4,819,013.64	12/2059
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GH-Environmental Ponds	1,429,058.16	12/2036
GH-Gypsum Stack-GH 1 Scrubber	8,325,471.98	12/2026
GH-Nuclear Sources	446,997.03	12/2036
GH-Oil Storage	17,413.18	12/2026
GH-Sewage Treatment Plant	36,124.09	12/2026
GH-trn-GH Spare GSU Transformer	4,415.67	12/2031
GH-trn-GH1 GSU Transformer	3,465.27	12/2020
GH-trn-GH2 GSU Transformer	3,779.52	12/2024
GH-trn-GH3 GSU Transformer	4,099.06	12/2028
GH-trn-GH4 GSU Transformer	4,423.96	12/2031
GR-Ash Pond	7,760,286.57	12/2018
GR-Chemical Storage	824.57	12/2018
GR-Coal Storage	260,530.10	12/2018
Green River Unit 1 - ASB	4,252,214.07	12/2051
Green River Unit 2 - ASB	3,907,439.21	12/2051
Green River Unit 3 - ASB	4,263,706.13	12/2051
Green River Unit 4 - ASB	4,999,224.75	12/2051
GR-Limestone Silo	1,909.83	12/2018
GR-Oil Storage	1,170.69	12/2018
GR-Sewage Treatment Plant	10,792.24	12/2018
GR-trn-G1-2 GSU Transformer	8,296.15	12/2016
GR-trn-GR3 GSU Transformer	8,338.99	12/2016
GR-trn-GR4 GSU Transformer	8,506.81	12/2017
GR-trn-GSU Spare Transformer	8,495.84	12/2017

Attachment to Response to KU AG-1 Question No. 201 Page 404 of 1022 Charnas

KU - General Facilities - ASB	4,068,976.18	12/2073
KU Distribution Subs (478) - ASB	3,446,235.00	12/2077
KU Transmission Subs (69) - ASB	2,865,833.27	12/2079
Pineville - ASB	3,293,168.39	12/2043
Pineville-Ash Pond	1,415,844.87	12/2018
TY-Ash Pond	1,271,651.44	12/2018
TY-Chemical Storage	535.16	12/2018
TY-Coal Storage	86,843.66	12/2018
TY-Oil Storage	12,652.28	12/2018
Tyrone Unit 1 (Retired) - ASB	3,687,031.65	12/2051
Tyrone Unit 2 (Retired) - ASB	3,629,527.08	12/2051
Tyrone Unit 3 - ASB	4,994,739.82	12/2051
TY-Service Water Pump Structure	259,659.16	12/2018
TY-Sewage Treatment Plant	70,480.86	12/2018

Crescente, Angela

From:

Reeves, Stephen

Sent:

Monday, March 19, 2012 7:46 AM

To:

Crescente, Angela

Cc:

Woodworth, Steve; Archer, Jamie

Subject:

FW: NETVLT343-CP ASBESTOS 2010

Angela,

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From: Reeves, Stephen

Sent: Wednesday, February 22, 2012 8:39 AM

Attachment to Response to KU AG-1 Question No. 201 Page 406 of 1022 Charnas

To: Woodworth, Steve; Archer, Jamie

Cc: Crescente, Angela

Subject: FW: NETVLT343-CP ASBESTOS 2010

Steve and Jamie,

See Angela's email below. I ran a transaction report and the only thing that comes up is materials and burdens on the materials. The material listed is "DRUM, OPEN HEAD, 1A2/Y/1.5/150,DOT 17C,NEW STEEL,W/LOCK RING RETAINER LID & SPONGE". There is no labor charged. Should there be labor? If so, where would it have been charged?

Steve

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Sent: Friday, February 17, 2012 4:24 PM

To: Reeves, Stephen Cc: Clark, Lynda

Subject: NETVLT343-CP ASBESTOS 2010

Hey Steve,

NETVLT343 Task CP ASBESTOS 2010 has \$50.10 charged to it. I would not expect an ARO task to have much material, mostly labor, but the only charges on there are some very small material. Do you know if there was asbestos removal on that project and which task they would have charged it to?

Thanks, Angela

Attachment to Response to KU AG-1 Question No. 201 Page 407 of 1022 Charnas

Crescente, Angela

From:

Purvis, Neal

Sent:

Tuesday, March 13, 2012 11:35 AM

To:

Crescente, Angela

Subject:

FW: NETVLT343-CP ASBESTOS 2010

Angela,

Could you tell me when this drum was charged to the asbestos number. Trying to track down what we ordered it for.

Thanks,

Neal Purvis

From: Archer, Jamie

Sent: Thursday, February 23, 2012 10:41 AM

To: Byrd, David; Purvis, Neal

Subject: FW: NETVLT343-CP ASBESTOS 2010

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Sent: Friday, February 17, 2012 4:24 PM

To: Reeves, Stephen **Cc:** Clark, Lynda

Subject: NETVLT343-CP ASBESTOS 2010

Hey Steve,

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Thanks,

Angela

Attachment to Response to KU AG-1 Question No. 201 Page 409 of 1022 Charnas

Crescente, Angela

From:

Porter, Janice

Sent:

Wednesday, March 07, 2012 12:54 PM

To: Cc: Wright, Sharon Crescente, Angela

Subject:

FW: LSMR414 and PMR414

From: Crescente, Angela

Sent: Wednesday, March 07, 2012 11:21 AM

To: Porter, Janice; Stratman, Paul

Cc: Leenerts, Patricia

Subject: LSMR414 and PMR414

Janice and Paul,

I have set up new CP ARO 2012 tasks on these projects for your use in 2012. Please forward this information to anyone who needs it.

Please feel free to contact me if you have any questions.

Thanks! Angela

Attachment to Response to KU AG-1 Question No. 201 Page 410 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Wednesday, March 07, 2012 11:21 AM Porter, Janice; Stratman, Paul Leenerts, Patricia

To:

Cc:

Subject:

LSMR414 and PMR414

Janice and Paul,

I have set up new CP ARO 2012 tasks on these projects for your use in 2012. Please forward this information to anyone who needs it.

Please feel free to contact me if you have any questions.

Thanks!

Angela

description	ending liability	month_yr
Canal (Retired) - ASB	1,735,822.47	12/2015
Cane Run Unit 1 (Retired) - ASB	6,343,843.71	12/2051
Cane Run Unit 2 (Retired) - ASB	5,976,084.88	12/2051
Cane Run Unit 3 (Retired) - ASB	6,734,586.88	12/2051
Cane Run Unit 4 - ASB	7,159,808.84	12/2051
Cane Run Unit 5 - ASB	6,334,678.23	12/2055
Cane Run Unit 6 - ASB	7,432,419.77	12/2056
Center Gas Storage Field - UGS	6,452,002.42	12/2033
City Gate DR 237900-ASB-Dist	43,616.29	12/2066
City Gate Prest 237900-ASB-Dist	43,183.12	12/2058
CR-Ash Pond	8,608,069.71	12/2023
CR-Coal Storage	432,289.77	12/2023
CR-Environmental Ponds	415,212.06	12/2023
CR-Land Fill	2,349,829.05	12/2023
CR-Nuclear Sources	70,054.97	12/2023
CR-Sewage Treatment Plant	19,882.11	12/2023
Doe Run 235300-ASB-UGS	599,317.92	12/2066
Doe Run Gas Storage Field - UGS	4,377,102.16	12/2033
Gas Main & Serv Abandons-Dist	91,273,146.26	12/2050
LGE Distribution Subs (66) - ASB	3,592,366.78	12/2078
LGE Transmission Subs (11) - ASB	453,537.08	12/2079
Magnolia 235120-ASB-UGS	251,278.23	12/2075
Magnolia 235300-ASB-UGS	627,417.31	12/2066
Magnolia 235600-ASB-UGS	86,281.17	12/2069
Magnolia Gas Storage Field - UGS	4,508,467.21	12/2033
Manholes - ASB	25,798,847.64	12/2094
MC-Ash Pond	17,137,864.44	12/2036
MC-Chemical Storage	29,796.43	12/2036
MC-Coal Storage	626,130.26	12/2036
MC-Environmental Ponds	520,486.66	12/2036
MC-Landfill	3,073,433.68	12/2036
MC-Nuclear Sources	45,500.15	12/2036
MC-Oil Storage	2,174.18	12/2036
Mill Creek Unit 1 - ASB	9,620,019.34	12/2059
Mill Creek Unit 2 - ASB	8,388,765.42	12/2059
Mill Creek Unit 3 - ASB	5,806,361.11	12/2069
Mill Creek Unit 4 - ASB	8,628,115.08	12/2069
Muldraugh 235120-ASB-UGS	356,289.69	12/2075
Muldraugh 235300-ASB-UGS	471,342.18	12/2066
Muldraugh 235600-ASB-UGS	381,616.97	12/2069
Muldraugh 237520-ASB-Gas Dist	22,519.08	12/2050
Muldraugh Gas Storage Field - UGS	1,765,893.07	12/2033
Ohio Falls - ASB	2,057,472.95	12/2069

Attachment to Response to KU AG-1 Question No. 201 Page 412 of 1022 Charnas

Paddy's (Unit 11) - ASB	5,069,703.26	12/2015
Riggs Junction 235120-ASB-UGS	264,813.33	12/2075
Seventh&Ormsby - ComGenPln-ASB	1,215,058.91	12/2059
TC-Ash Pond	24,276,692.92	12/2036
TC-Chemical Storage	40,314.15	12/2036
TC-Coal Storage	971,025.49	12/2036
TC-Environmental Ponds	596,743.76	12/2036
TC-Nuclear Sources	55,224.03	12/2036
TC-Sewage Treatment Plant	44,302.45	12/2036
Trn- CR Spare GSU	4,079.07	12/2017
Trn-CR4 GSU	4,075.50	12/2017
Trn-CR5 GSU	4,075.50	12/2017
Trn-CR6 GSU	4,081.14	12/2017
Trn-MC 3 GSU	4,614.72	12/2023
Trn-MC Spare GSU	5,124.62	12/2028
Trn-MC1 GSU	4,162.33	12/2018
Trn-MC2 GSU	4,265.13	12/2019
Trn-MC4 GSU	5,124.62	12/2028
Zorn - ASB	204,988.90	12/2043

Attachment to Response to KU AG-1 Question No. 201 Page 413 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Tuesday, March 06, 2012 8:36 AM

To:

Cummins, Michael

Cc:

Porter, Janice; Griffin, John; Clyde, Peter; Leenerts, Patricia

Subject:

RE: Project 135587 Question AIP Project Approval - 135587 - REVISION MAGNOLIA 20"

REPAIRS

Tracking:

Recipient

Cummins, Michael

Read

Read: 3/6/2012 8:37 AM Read: 3/6/2012 8:47 AM

Porter, Janice Griffin, John

Clyde, Peter

Read: 3/6/2012 6:13 PM

Leenerts, Patricia

Hi Mike,

Feel free to call me if you have any asbestos coating that you will have to dispose of properly or if the project winds up being a permanent cut, cap and purge activity instead of just a temporary cut, cap and purge for pipe replacing. I will be happy to set up a task for you if it becomes necessary. Also, feel free to call if you have any questions.

Thanks, Angela

From: Leenerts, Patricia

Sent: Tuesday, March 06, 2012 8:21 AM

To: Cummins, Michael

Cc: Porter, Janice; Griffin, John; Clyde, Peter; Crescente, Angela

Subject: RE: Project 135587 Question AIP Project Approval - 135587 - REVISION MAGNOLIA 20" REPAIRS

Thanks Mike, I appreciate getting the detail info. I have updated the detail description on the AIP so that the scanned copy will have that info. Please make sure that if an ARO event is deemed necessary that an ARO task for removal is utilized. Please check with Angela regarding questions on AROs.

Pat

From: Cummins, Michael

Sent: Tuesday, March 06, 2012 7:58 AM

To: Leenerts, Patricia

Cc: Porter, Janice; Griffin, John; Clyde, Peter

Subject: RE: Project 135587 Question AIP Project Approval - 135587 - REVISION MAGNOLIA 20" REPAIRS

Pat,

The project will consist of excavating and removing anomalies discovered during a 2011 in-line inspection. Cut-out does imply replacement. This project will deal with replacing relatively short (<20 ft.) sections of pipe, so the retired (cut-out) section of pipe will not remain in the ground. The retired pipe will be removed from the ground, tested for hazardous materials, and disposed of accordingly.

Thanks,

Mike Cummins

Attachment to Response to KU AG-1 Question No. 201 Page 414 of 1022 Charnas

Pipeline Integrity Engineer Louisville Gas and Electric 502-364-8339

From: Clyde, Peter

Sent: Tuesday, March 06, 2012 7:42 AM

To: Cummins, Michael

Cc: Leenerts, Patricia; Porter, Janice; Griffin, John

Subject: FW: Project 135587 Question AIP Project Approval - 135587 - REVISION MAGNOLIA 20" REPAIRS

Mike,

Please reply to Pat. Thanks.

Pete Clyde

Manager, Gas Regulatory Compliance Louisville Gas & Electric Company peter.clyde@lge-ku.com (502) 364-8715

From: Leenerts, Patricia

Sent: Monday, March 05, 2012 11:24 AM

To: Porter, Janice; Clyde, Peter

Subject: FW: Project 135587 Question AIP Project Approval - 135587 - REVISION MAGNOLIA 20" REPAIRS

135587-CUT-OUT SECTION OF THE MAGNOLIA 20" PIPELINE is the current description of this project.

Could you please provide me with some additional information. Does cut-out imply physical removal and replacement (non ARO event)? Could the cut-out section remain retired in place (an ARO event)? If that happened I guess new pipe would be laid to go around the old pipe. What specifically is going on with this project?

At this moment there is not unitizable material on the project (that may be what you are about to purchase with the AIP revision).

I appreciate the info so that I may update the description prior to my approval of the revised AIP, if possible.

Pat

From: Garrett, Chris

Sent: Monday, March 05, 2012 9:18 AM

To: Leenerts, Patricia

Subject: AIP Project Approval - 135587 - REVISION

LG&E project number 135587 (MAGNOLIA 20" REPAIRS) has been submitted for your approval. Please login to PowerPlant and respond to the items awaiting your approval.

login to powerplant

Crescente, Angela

From:

Leenerts, Patricia

Sent:

Tuesday, March 06, 2012 8:21 AM

To:

Cummins, Michael

Cc:

Porter, Janice; Griffin, John; Clyde, Peter; Crescente, Angela

Subject:

RE: Project 135587 Question AIP Project Approval - 135587 - REVISION MAGNOLIA 20"

REPAIRS

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Pipeline Integrity Engineer
Louisville Gas and Electric
502-364-8339

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To: Cummins, Michael

Cc: Leenerts, Patricia; Porter, Janice; Griffin, John

Subject: FW: Project 135587 Question AIP Project Approval - 135587 - REVISION MAGNOLIA 20" REPAIRS

Mike

Please reply to Pat. Thanks.

Pete Clvde

Manager, Gas Regulatory Compliance Louisville Gas & Electric Company peter.clyde@lge-ku.com (502) 364-8715

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Sent: Monday, March 05, 2012 11:24 AM

To: Porter, Janice; Clyde, Peter

Subject: FW: Project 135587 Question AIP Project Approval - 135587 - REVISION MAGNOLIA 20" REPAIRS

Attachment to Response to KU AG-1 Question No. 201 Page 416 of 1022 Charnas

135587-CUT-OUT SECTION OF THE MAGNOLIA 20" PIPELINE is the current description of this project.

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GH-trn-GH1 GSU Transformer	3,465.27	12/2020
GH-trn-GH2 GSU Transformer	3,779.52	12/2024
GH-trn-GH3 GSU Transformer	4,099.06	12/2028
GH-trn-GH4 GSU Transformer	4,423.96	12/2031
GR-Ash Pond	7,760,286.57	12/2018
GR-Chemical Storage	824.57	12/2018
GR-Coal Storage	260,530.10	12/2018
Green River Unit 1 - ASB	4,252,214.07	12/2051
Green River Unit 2 - ASB	3,907,439.21	12/2051
Green River Unit 3 - ASB	4,263,706.13	12/2051
Green River Unit 4 - ASB	4,999,224.75	12/2051
GR-Limestone Silo	1,909.83	12/2018
GR-Oil Storage	1,170.69	12/2018
GR-Sewage Treatment Plant	10,792.24	12/2018
GR-trn-G1-2 GSU Transformer	8,296.15	12/2016
GR-trn-GR3 GSU Transformer	8,338.99	12/2016
GR-trn-GR4 GSU Transformer	8,506.81	12/2017
GR-trn-GSU Spare Transformer	8,495.84	12/2017

Attachment to Response to KU AG-1 Question No. 201 Page 418 of 1022 Charnas

KU - General Facilities - ASB	4,068,976.18	12/2073
KU Distribution Subs (478) - ASB	3,446,235.00	12/2077
KU Transmission Subs (69) - ASB	2,865,833.27	12/2079
Pineville - ASB	3,293,168.39	12/2043
Pineville-Ash Pond	1,415,844.87	12/2018
TY-Ash Pond	1,271,651.44	12/2018
TY-Chemical Storage	535.16	12/2018
TY-Coal Storage	86,843.66	12/2018
TY-Oil Storage	12,652.28	12/2018
Tyrone Unit 1 (Retired) - ASB	3,687,031.65	12/2051
Tyrone Unit 2 (Retired) - ASB	3,629,527.08	12/2051
Tyrone Unit 3 - ASB	4,994,739.82	12/2051
TY-Service Water Pump Structure	259,659.16	12/2018
TY-Sewage Treatment Plant	70,480.86	12/2018

Attachment to Response to KU AG-1 Question No. 201 Page 419 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Wednesday, February 22, 2012 1:43 PM

To:

Thomas, Zach

Cc:

Skaggs, John; Porter, Janice; Leenerts, Patricia

Subject:

RE: Project 134431 - REPL INSULATION PIPING PURIF

Tracking:

Recipient

Read

Thomas, Zach

Read: 2/22/2012 1:44 PM

Skaggs, John

Porter, Janice

Read: 2/27/2012 9:38 AM

Leenerts, Patricia

Read: 2/22/2012 3:19 PM

Zach,

I went ahead and set up a task called CP ASBESTOS 2012 should you need it. If there is removal for asbestos, please charge the portion of costs to remove and dispose of the asbestos to this new task. If there winds up being no asbestos, then you can just leave it be and not charge to that task and that will be fine. Any other normal removal would go to the 108901 task.

Thanks and feel free to call if you have any questions. Angela

From: Leenerts, Patricia

Sent: Wednesday, February 22, 2012 12:22 PM

To: Crescente, Angela

Subject: FW: Project 134431 - REPL INSULATION_PIPING PURIF

Should they go ahead and have an ARO task setup?

From: Thomas, Zach

Sent: Wednesday, February 22, 2012 12:15 PM

To: Leenerts, Patricia

Cc: Skaggs, John; Porter, Janice

Subject: FW: Project 134431 - REPL INSULATION_PIPING PURIF

Pat,

There is a potential for some of the insulation to have asbestos in it. We will have samples of the materials analyzed before we remove the insulation.

Thanks, Zach

From: Skaggs, John

Sent: Wednesday, February 22, 2012 11:37 AM

To: Thomas, Zach

Subject: FW: Project 134431 - REPL INSULATION_PIPING PURIF

Attachment to Response to KU AG-1 Question No. 201 Page 420 of 1022 Charnas

Crescente, Angela

From:

Daly, Karen

Sent:

Saturday, January 07, 2012 8:25 AM

To:

Crescente, Angela

Subject:

FW: Journal Entries for December 2011 Revaluation.xlsx

Follow Up Flag:

Follow up

Flag Status:

Completed

Will need the full dollars and pennies on these when you have time (for the transfers page).

From: Wiseman, Sara

Sent: Saturday, January 07, 2012 8:19 AM

To: Amlung, Kim; Clark, Ed; Clark, Lynda; Crescente, Angela; Daly, Karen; Griffin, Sharon; Kinder, Debra; Kuntz, John;

Leenerts, Patricia; Riggs, Eric; Rose, Bruce; Wacker, Diana

Subject: FW: Journal Entries for December 2011 Revaluation.xlsx

Here are the journal entries that resulted from this month's ARO transactions.

From: Crescente, Angela

Sent: Friday, January 06, 2012 2:47 PM

To: Wiseman, Sara

Subject: Journal Entries for December 2011 Revaluation.xlsx

X I

Journal Entries for December 2... Attachment to Response to KU AG-1 Question No. 201 Page 421 of 1022 Charnas

(In Thousands)

Revaluation of Canal and Paddy's

LGE

Account	Debit	Credit
182	592	
230		592

(In Thousands)

Settlements

LGE

Account	Debit	Credit
101		46
108	4	
182		6
230	48	

KU

Account	Debit	Credit
101		313
108	40	
182		53
230	326	

LKE

Account	Debit	Credit
101		359
108	44	
182		59
230	374	

New AROs

LGE

Account	Debit	Credit
101	1,666	
230		1,666

KU

Account	Debit	Credit
101	1,495	
230		1,495

LKE

Account	Debit	Credit
101	3,161	
230		3,161

Total

LGE

Account	Debit	Credit
101	1,620	
108	4	
182		6
230		1,618

KU

Account	Debit	Credit
101	1,182	
108	40	
182		53
230		1,169

LKE

Account	Debit	Credit
101	2,802	
108	44	
182		59
230		2,787

Attachment to Response to KU AG-1 Question No. 201 Page 423 of 1022 Charnas

Crescente, Angela

From: Wiseman, Sara

Sent: Saturday, January 07, 2012 8:19 AM

To: Amlung, Kim; Clark, Ed; Clark, Lynda; Crescente, Angela; Daly, Karen; Griffin, Sharon;

Kinder, Debra; Kuntz, John; Leenerts, Patricia; Riggs, Eric; Rose, Bruce; Wacker, Diana

Subject: FW: Journal Entries for December 2011 Revaluation.xlsx

Follow Up Flag: Follow up Flag Status: Completed

Here are the journal entries that resulted from this month's ARO transactions.

From: Crescente, Angela

Sent: Friday, January 06, 2012 2:47 PM

To: Wiseman, Sara

Subject: Journal Entries for December 2011 Revaluation.xlsx

Journal Entries for December 2...

Attachment to Response to KU AG-1 Question No. 201 Page 424 of 1022 Charnas

(In Thousands)

Revaluation of Canal and Paddy's

LGE

Account	Debit	Credit
182	592	
230		592

(In Thousands)

Settlements

LGE

Account	Debit	Credit
101		46
108	4	
182		6
230	48	

ΚU

Account	Debit	Credit
101		313
108	40	
182		53
230	326	

LKE

Account	Debit	Credit
101		359
108	44	
182		59
230	374	

New AROs

LGE

Account	Debit	Credit
101	1,666	
230		1,666

KU

Account	Debit	Credit
101	1,495	
230		1,495

LKE

Account	Debit	Credit
101	3,161	
230		3,161

Total

LGE

Account	Debit	Credit
101	1,620	
108	4	
182		6
230		1,618

ΚU

Account	Debit	Credit
101	1,182	
108	40	
182		53
230		1,169

LKE

Account	Debit	Credit
101	2,802	
108	44	
182		59
230		2,787

Attachment to Response to KU AG-1 Question No. 201 Page 426 of 1022 Charnas

Crescente, Angela

From:

Charnas, Shannon

Sent:

Friday, January 06, 2012 2:04 PM

To:

Wiseman, Sara Crescente, Angela

Cc: Subject:

RE: Asset Retirement Obligation Review -1-6-12.docx

Follow Up Flag:

Follow up

Flag Status:

Completed

These are great, and Valerie is OK with them as well. I will send along to the distribution list. If any further updates come up we can resend.

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

From: Wiseman, Sara

Sent: Friday, January 06, 2012 1:19 PM

To: Charnas, Shannon **Cc:** Crescente, Angela

Subject: Asset Retirement Obligation Review -1-6-12.docx

<< File: Asset Retirement Obligation Review -1-6-12.docx >>

Shannon: We have tried to address Valerie's questions. Please let me know if you think I need to do something more.

Sara

Attachment to Response to KU AG-1 Question No. 201 Page 427 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Friday, January 06, 2012 10:27 AM

To:

Daly, Karen; Amlung, Kim

Subject:

RE: 108799 For December 2011

Follow Up Flag:

Follow up

Flag Status:

Completed

Tracking:

Recipient

Read

Daly, Karen

Read: 1/6/2012 10:27 AM

Amlung, Kim

There was no 108799 settlement activity for December 2011.

From: Crescente, Angela

Sent: Friday, January 06, 2012 10:26 AM

To: Amlung, Kim; Clark, Lynda; Daly, Karen; Leenerts, Patricia; Riggs, Eric; Smith, Richard; Wacker, Diana

Subject: 108799 For December 2011

All:

The activity for 108799 for December 2011 is as follows:

KU - Generation Steam - (\$123,586.81)

LGE - Generation Steam - \$457,427.04

LGE - Generation Hydro - (\$4,648.40)

Thanks, Angela

Attachment to Response to KU AG-1 Question No. 201 Page 428 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Friday, January 06, 2012 10:26 AM

To:

Amlung, Kim; Clark, Lynda; Daly, Karen; Leenerts, Patricia; Riggs, Eric; Smith, Richard;

Wacker, Diana

Subject:

108799 For December 2011

Follow Up Flag:

Flag Status:

Follow up

Completed

All:

The activity for 108799 for December 2011 is as follows:

KU - Generation Steam - (\$123,586.81)

LGE - Generation Steam - \$457,427.04

LGE – Generation Hydro – (\$4,648.40)

Thanks,

Angela

Attachment to Response to KU AG-1 Question No. 201 Page 429 of 1022 Charnas

Crescente, Angela

From:

Daly, Karen

Sent:

Thursday, January 05, 2012 8:16 AM

To:

Crescente, Angela

Subject:

FW: Journal Entries for September 2011 Revaluation.xlsx

Follow Up Flag:

Follow up

Flag Status:

Completed

Angela – I need these numbers to the penny – sorry. Karen

From: Wiseman, Sara

Sent: Monday, October 03, 2011 6:42 PM

To: Clark, Ed; Clark, Lynda; Crescente, Angela; Daly, Karen; Griffin, Sharon; Kinder, Debra; Kuntz, John; Leenerts,

Patricia; Riggs, Eric; Rose, Bruce; Wacker, Diana

Subject: Journal Entries for September 2011 Revaluation,xisx



Journal Entries for September ...

Please see the attached spreadsheet for the ARO entries which will be posted on day 4 as part of the PowerPlant close. Please note there are 2 tabs.

(In Thousands)

TC Settlement - LGE

Account	Debit	Credit
101		7,255
108	230	
182		564
230	7,589	

TC New - LGE

Account	Debit	Credit
101	3,969	
108		114
182	267	
230		4,122

TC New - KU

Account	Debit	Credit
101	3,664	
108		105
182	247	
230		3,806

TC - LKE

Account	Debit	Credit
101	378	
108	11	
182		50
230		339

Attachment to Response to KU AG-1 Question No. 201 Page 431 of 1022 Charnas

(In Thousands)

Gas Transmission Mains

Account	Debit	Credit
101	3,942	
108		9
182	9	
230		3,942

Cane Run Landfill

Account	Debit	Credit
101	876	
230		876

Mill Creek Landfill

Account	Debit	Credit
101	1,797	
230		1,797

Attachment to Response to KU AG-1 Question No. 201 Page 432 of 1022 Charnas

Crescente, Angela

From:

Erskine, Greg

Sent:

Wednesday, January 18, 2012 11:19 AM

To:

Wiseman, Sara; Crescente, Angela

Subject:

FW: ARO Footnote - 2011 10-K

Angela and Sara:

I've attached a copy of the current version of the ARO footnote from the 10-K. This version reflects the change to the ARO rollforward that Angela gave me earlier this morning. Can one of you take a look at it and e-mail me back and let me know if all the information for LKE, LG&E and KU looks OK, please?

Thanks,

Greg



Doc1.docx

From: Erskine, Greg

Sent: Wednesday, January 18, 2012 9:52 AM **To:** Wiseman, Sara; Crescente, Angela **Subject:** ARO Footnote - 2011 10-K

Angela and Sara:

I've attached a copy of the current version of the ARO footnote from the 10-K. Can one of you take a look at it and e-mail me back and let me know if all the information for LKE, LG&E and KU looks OK, please?

Thanks,

Greg

21. Asset Retirement Obligations

(PPL)

WPD has recorded conditional AROs required by U.K. law related to treated wood poles, gas-filled switchgear and fluid-filled cables.

(PPL and PPL Energy Supply)

PPL Energy Supply has recorded liabilities in the financial statements to reflect various legal obligations associated with the retirement of long-lived assets, the most significant of which relates to the decommissioning of the Susquehanna plant. The accrued nuclear decommissioning obligation was \$##D<SusqAROAROfnCY> million and \$##D<SusqAROAROfnPY> million at December 31, 2011 and 2010, and is included in "Asset retirement obligations" on the Balance Sheets. The fair value of investments that are legally restricted for the decommissioning of the Susquehanna nuclear plant was \$##D<NDTCYBSCorp> million and \$##D<NDTPYBSCorp> million at December 31, 2011 and 2010, and is included in "Nuclear plant decommissioning trust funds" on the Balance Sheets. See Notes ##FVMCC and ##AFS for additional information on the nuclear decommissioning trust funds. Other AROs recorded relate to various environmental requirements for coal piles, ash basins and other waste basin retirements.

PPL Energy Supply has recorded several conditional AROs, the most significant of which related to the removal and disposal of asbestos-containing material. In addition to the AROs that were recorded for asbestos-containing material, PPL Energy Supply identified other asbestos-related obligations, but were unable to reasonably estimate their fair values. PPL Energy Supply management was unable to reasonably estimate a settlement date or range of settlement dates for the remediation of all of the asbestos-containing material at certain of the generation plants. If economic events or other circumstances change that enable PPL Energy Supply to reasonably estimate the fair value of these retirement obligations, they will be recorded at that time.

PPL Energy Supply also identified legal retirement obligations associated with the retirement of a reservoir that could not be reasonably estimated due to an indeterminable settlement date.

(PPL and PPL Electric)

PPL Electric has identified legal retirement obligations for the retirement of certain transmission assets that could not be reasonably estimated due to indeterminable settlement dates. These assets are located on rights-of-way that allow the grantor to require PPL Electric to relocate or remove the assets. Since this option is at the discretion of the grantor of the right-of-way, PPL Electric is unable to determine when these events may occur.

(PPL, LKE, LG&E and KU)

LG&E's and KU's AROs are primarily related to the final retirement of assets associated with generating units. LG&E also has AROs related to natural gas mains and wells. LG&E's and KU's transmission and distribution lines largely operate under perpetual property easement agreements which do not generally require restoration upon removal of the property. Therefore, no material AROs are recorded for transmission and distribution assets. As described in Notes ##SSAP and ##RegMat, the accretion recorded by LG&E and KU is offset with a regulatory asset, such that there is no income statement impact.

The changes in the carrying amounts of AROs were:

	2	011	7	010	 044	
APPA attaches of the first				010	 011	 2010
ARO at beginning of period	\$	448	\$	426	\$ 345	\$ 426
Accretion expense		25		32	20	31
Obligations assumed in acquisition of LKE				103		
Obligations assumed in acquisition of WPD Midlands (a)		15				
Derecognition (b)					(5)	
Obligations incurred		11		4	11	4
Changes in estimated cash flow or settlement date		3		(100)	(4)	(100)
Obligations settled		(13)		(17)	 (13)	 (16)
ARO at end of period	\$	489	\$	448	\$ 354	\$ 345

LKE

LG&E

KU

Attachment to Response to KU AG-1 Question No. 201 Page 434 of 1022

ARO at December 31, 2009, Predecessor	\$	65	\$ 31	\$	34
Accretion expense		4	2		2
Changes in estimated cash flow or settlement date		54	30		24
Removal cost incurred		(1)	(I))	
ARO at October 31, 2010, Predecessor		122	62		60
Purchase accounting		(19)	(13)) _	(6)
ARO at December 31, 2010, Successor		103	49		54
Accretion expense		6	3		3
New obligations incurred	•	3	2		1
Changes in estimated cash flow or settlement date		7	4		3
Obligations settled		(1)	(1)) _	
ARO at December 31, 2011, Successor	S	118	\$ 57	<u>\$</u>	61

- (a) Obligations required under U.K. law related to treated wood poles, gas-filled switchgear and fluid-filled cables. See Note ##AcqEON for additional information on the acquisition.
- (b) Represents AROs derecognized as a result of PPL Energy Supply's distribution of its membership interest in PPL Global to PPL Energy Supply's parent, PPL Energy Funding. See Note ##DOps for additional information on the distribution.

The classification of AROs on the Balance Sheet was as follows.

					Dece	mber 31, 201	1			
		PPL	P	PL Energy Supply	_	LKE	_	LG&E		KU
Current portion (a) Long-term portion (b) Total	\$ <u>\$</u>	10 479 489	\$ <u>\$</u>	9 345 354	\$ <u>\$</u>	116 118	\$ <u>\$</u>	2 55 57	<u>\$</u>	61 61
					Dece	mber 31, 201	0			
		PPL		PL Energy Supply		LKE	_	LG&E		KU
Current portion (a) Long-term portion (b) Total	\$ <u>\$</u>	13 435 448	\$ <u>\$</u>	13 332 345	\$ \$	103	<u>\$</u>	49 49	\$ \$	54 54

⁽a) Included in "Other current liabilities."

⁽b) Included in "Asset retirement obligations."

Attachment to Response to KU AG-1 Question No. 201 Page 435 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Wednesday, January 18, 2012 10:31 AM

To: Cc: Erskine, Greg Wiseman, Sara

Subject:

RE: ARO Footnote - 2011 10-K

Greg,

Please use this one instead. I accidentally had one of my signs flipped. Please update Clarity with this new information and let Joel know when it is completed.



ARO Footnote 4th Quarter,xlsx

Thanks, Angela

From: Erskine, Greg

Sent: Wednesday, January 18, 2012 9:52 AM

To: Wiseman, Sara; Crescente, Angela **Subject:** ARO Footnote - 2011 10-K

Angela and Sara:

I've attached a copy of the current version of the ARO footnote from the 10-K. Can one of you take a look at it and e-mail me back and let me know if all the information for LKE, LG&E and KU looks OK, please?

Thanks,

Greg .

<< File: Doc1.docx >>

Attachment to Response to KU AG-1 Question No. 201 Page 436 of 1022 Charnas

LKE CONSOLIDATED
Asset Retirement Obligations
12ME 12/31/11
12/31/11 Reporting
12.0 II I Nopolang

08/02/12 4:05 PM

	LKE	LG&E	KÜ
12/31/10 balance	103	49	54
Accretion expense Obligations assumed in acquisition of LKE Obligations assumed in acquisition of CN ARO derecognized New obligations incurred Changes in estimated cash flow or settlement date Effect of foreign currency exchange rates Obligations settled	6 ??? ??? ??? 3 7 ??? (1)	3 ??? ??? ??? 2 4 ??? (1)	3 ??? ??? ??? 1 3 ??? ???
12/31/11 balance	118	57	61
Balance-sheet classification at 12/31/11: Current Noncurrent	2 116	2 55	??? 61
Totals	118	57	61
Balance-sheet classification at 12/31/10: Current Noncurrent	103	49	54_
Totals	103	49	54

Attachment to Response to KU AG-1 Question No. 201 Page 437 of 1022 Charnas

Crescente, Angela

From:

Erskine, Greg

Sent:

Wednesday, January 18, 2012 9:52 AM

To:

Wiseman, Sara; Crescente, Angela

Subject:

ARO Footnote - 2011 10-K

Angela and Sara:

I've attached a copy of the current version of the ARO footnote from the 10-K. Can one of you take a look at it and e-mail me back and let me know if all the information for LKE, LG&E and KU looks OK, please?

Thanks,

Greg



Doc1.docx

21. Asset Retirement Obligations

(PPL)

WPD has recorded conditional AROs required by U.K. law related to treated wood poles, gas-filled switchgear and fluid-filled cables.

(PPL and PPL Energy Supply)

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PPL Energy Supply has recorded several conditional AROs, the most significant of which related to the removal and disposal of asbestos-containing material. In addition to the AROs that were recorded for asbestos-containing material, PPL Energy Supply identified other asbestos-related obligations, but were unable to reasonably estimate their fair values. PPL Energy Supply management was unable to reasonably estimate a settlement date or range of settlement dates for the remediation of all of the asbestos-containing material at certain of the generation plants. If economic events or other circumstances change that enable PPL Energy Supply to reasonably estimate the fair value of these retirement obligations, they will be recorded at that time.

PPL Energy Supply also identified legal retirement obligations associated with the retirement of a reservoir that could not be reasonably estimated due to an indeterminable settlement date.

(PPL and PPL Electric)

PPL Electric has identified legal retirement obligations for the retirement of certain transmission assets that could not be reasonably estimated due to indeterminable settlement dates. These assets are located on rights-of-way that allow the grantor to require PPL Electric to relocate or remove the assets. Since this option is at the discretion of the grantor of the right-of-way, PPL Electric is unable to determine when these events may occur.

(PPL, LKE, LG&E and KU)

LG&E's and KU's AROs are primarily related to the final retirement of assets associated with generating units. LG&E also has AROs related to natural gas mains and wells. LG&E's and KU's transmission and distribution lines largely operate under perpetual property easement agreements which do not generally require restoration upon removal of the property. Therefore, no material AROs are recorded for transmission and distribution assets. As described in Notes ##SSAP and ##RegMat, the accretion recorded by LG&E and KU is offset with a regulatory asset, such that there is no income statement impact.

The changes in the carrying amounts of AROs were:

	PPL			PPL Energy Supp			apply	
	2	011		2010	2	011		2010
ARO at beginning of period Accretion expense	\$	448 25	\$	426 32	\$	345 20	\$	426 31
Obligations assumed in acquisition of LKE Obligations assumed in acquisition of WPD Midlands (a) Derecognition (b)		15		103		(5)		
Obligations incurred Changes in estimated cash flow or settlement date Obligations settled		11 3 (13)		4 (100) (17)		11 (4) (13)		4 (100) (16)
ARO at end of period	\$	489	\$	448	\$	354	\$ =	345

LKE

LG&E

KU

Attachment to Response to KU AG-1 Question No. 201 Page 439 of 1022

	Charnas			 		
ARO at December 31, 2009, Predecessor		\$	65	\$ 31	\$	34
Accretion expense			4	2		2
Changes in estimated cash flow or settlement date			54	30		24
Removal cost incurred			(1)	(1)		
ARO at October 31, 2010, Predecessor		•	122	 62	_	60
Purchase accounting			(19)	(13)		(6)
ARO at December 31, 2010, Successor			103	 49		54
Accretion expense			5	2		3
New obligations incurred			3	2		1
Changes in estimated cash flow or settlement date			6	3		3
Obligations settled			1	1		_
ARO at December 31, 2011, Successor		\$	118	\$ 57	\$	61

- (a) Obligations required under U.K. law related to treated wood poles, gas-filled switchgear and fluid-filled cables. See Note ##AcqEON for additional information on the acquisition.
- (b) Represents AROs derecognized as a result of PPL Energy Supply's distribution of its membership interest in PPL Global to PPL Energy Supply's parent, PPL Energy Funding. See Note ##DOps for additional information on the distribution.

The classification of AROs on the Balance Sheet was as follows.

					Decemb	er 31, 201	1			
		PPL		Energy upply		LKE		LG&E	_	KU
Current portion (a) Long-term portion (b) Total	\$ <u>\$</u>	10 479 489	\$ <u>\$</u>	9 345 354	\$ <u>\$</u>	116 118	\$ <u>\$</u>	2 55 57	\$ \$	61
					Decemb	er 31, 201	0			
		PPL		Energy upply	I	KE	_	LG&E		KU
Current portion (a) Long-term portion (b) Total	\$ \$	13 435 448	\$ <u>\$</u>	13 332 345	\$ \$	103	\$ \$	49	\$ \$	54 54

- (a) Included in "Other current liabilities."
- (b) Included in "Asset retirement obligations."

Attachment to Response to KU AG-1 Question No. 201 Page 440 of 1022 Charnas

Crescente, Angela

From:

Erskine, Greg

Sent:

Wednesday, January 18, 2012 8:30 AM

To:

Crescente, Angela

Subject:

RE: ARO Footnote - 12/31/11

Follow Up Flag: Flag Status:

Follow up Flagged

Thanks, Angela.

Greg

From: Crescente, Angela

Sent: Tuesday, January 17, 2012 4:46 PM

To: Erskine, Greg **Cc:** Wiseman, Sara

Subject: FW: ARO Footnote - 12/31/11

Greg,

Please see the attached footnote:

<< File: ARO Footnote 4th Quarter.xlsx >>

Please note, I am in balance for the non-current ARO Liability that we discussed after this email was sent. The new numbers are:

LKE 116 LG&E 55 KU 61

Thanks, Angela

From: Erskine, Greg

Sent: Monday, January 09, 2012 11:18 AM

To: Crescente, Angela

Subject: FW: ARO Footnote - 12/31/11

Angela:

I mentioned below that the 12/31/11 noncurrent ARO liability balances (in millions) that you put into the attached file need to agree with the 12/31/11 noncurrent ARO liability balances that will appear in the 12/31/11 balance sheets for LKE, LG&E and KU (in millions). I also mentioned that I didn't yet know the noncurrent ARO liability balances that will appear in the 12/31/11 balance sheets, but I would know them on or near Tuesday, January 10, and that I would e-mail the balances to you when I knew them. Well, I know them now, and here they are:

Attachment to Response to KU AG-1 Question No. 201 Page 441 of 1022 Charnas

LKE 115 LG&E 54 KU 61

Please make sure that the 12/31/11 noncurrent balances that you put into the attached file equal the above balances.

If you have any questions, let me know.

Thanks,

Greg

From: Erskine, Greg

Sent: Wednesday, December 14, 2011 3:33 PM

To: Crescente, Angela

Subject: ARO Footnote - 12/31/11

Angela:

I need to get information from you to complete the LKE, LG&E and KU sections of the ARO footnote that will appear in the 12/31/11 PPL Form 10-K. I've attached a file that shows the information I need. Can you replace the question marks in the file with amounts and return the file to me by Wednesday, January 11, please?

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I included the split between current and noncurrent we reported at 12/31/10 in the attached file for your reference.

Thanks,

Greg

<< File: Book7.xlsx >>

Attachment to Response to KU AG-1 Question No. 201 Page 442 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Tuesday, January 17, 2012 4:46 PM

To:

Erskine, Greg Wiseman, Sara

Cc: Subject:

FW: ARO Footnote - 12/31/11

Greg,

Please see the attached footnote:



ARO Footnote 4th Quarter,xlsx

Please note, I am in balance for the non-current ARO Liability that we discussed after this email was sent. The new numbers are:

LKE

116

LG&E

55

KU 61

Thanks, Angela

From: Erskine, Greq

Sent: Monday, January 09, 2012 11:18 AM

To: Crescente, Angela

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LKE

115

LG&E

54

KU

61

Please make sure that the 12/31/11 noncurrent balances that you put into the attached file equal the above balances.

If you have any questions, let me know.

Thanks,

Greg

Attachment to Response to KU AG-1 Question No. 201 Page 443 of 1022 Charnas

From: Erskine, Greg

Sent: Wednesday, December 14, 2011 3:33 PM

To: Crescente, Angela

Subject: ARO Footnote - 12/31/11

Angela:

I need to get information from you to complete the LKE, LG&E and KU sections of the ARO footnote that will appear in the 12/31/11 PPL Form 10-K. I've attached a file that shows the information I need. Can you replace the question marks in the file with amounts and return the file to me by Wednesday, January 11, please?

The file calls for a rollforward of the ARO liabilities for LKE, LG&E and KU for the twelve months ended 12/31/11 (in millions). It also calls for a split of the 12/31/11 ARO liability balances between current and noncurrent for LKE, LG&E and KU (also in millions).

The 12/31/11 noncurrent ARO liability balances (in millions) that you put into the attached file need to agree with the 12/31/11 noncurrent ARO liability balances that will appear in the 12/31/11 balance sheets for LKE, LG&E and KU (in millions). I don't yet know the noncurrent ARO liability balances that will appear in the 12/31/11 balance sheets, but I should know them on or near Tuesday, January 10. I will e-mail the balances to you when I know them. Please make sure that the 12/31/11 noncurrent balances that you put into the attached file equal the balances that I e-mail to you.

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I included the split between current and noncurrent we reported at 12/31/10 in the attached file for your reference.

Thanks,

Greg



Attachment to Response to KU AG-1 Question No. 201 Page 444 of 1022 Charnas

08/02/12 4:06 PM

	LKE	LG&E	KU
			NO
12/31/10 balance	103	49	54
Accretion expense	5	2	3
Obligations assumed in acquisition of LKE	???	???	???
Obligations assumed in acquisition of CN	???	???	???
ARO derecognized	???	???	???
New obligations incurred	3	2	1
Changes in estimated cash flow or settlement date	6	3	3
Effect of foreign currency exchange rates	???	???	???
Obligations settled	1	1_	???
12/31/11 balance	118	57	61
Balance-sheet classification at 12/31/11:			
	2	2	???
Current			
Noncurrent	116	55	61_
Totals	118	57	61
Balance-sheet classification at 12/31/10: Current Noncurrent	103	49	54
Noncarett	103	+3	- 54
Totals	103	49	54

Attachment to Response to KU AG-1 Question No. 201 Page 445 of 1022 Charnas

Crescente, Angela

From:

Simpson, Sheri

Sent:

Monday, January 16, 2012 10:37 AM

To:

Crescente, Angela

Cc:

Wiseman, Sara

Subject:

FW: Critical Accounting Policies - Asset Retirement Obligation

Hi Angela,

I wanted to send a reminder that financial and non-financial updates to the Critical Accounting Policies – Asset Retirement Obligations are due to Financial Reporting on this Wednesday, January 18, 2012 by noon. Please let me know if you believe there will be an issue with meeting this suspense date. Additionally, if you have any questions, please feel free to let me know. Thanks so much for your help.

Kind Regards, **Sheri Simpson** 502-627-3606

From: Simpson, Sheri

Sent: Tuesday, January 03, 2012 5:04 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: Critical Accounting Policies - Asset Retirement Obligation

Hello Angela,

I am responsible for the Critical Accounting Policies (CrAP) section of the 10-K and on the Responsibilities Matrix, your name is assigned to the Asset Retirement Obligation accounting policy. I have attached the language from the most recent version (preliminary draft) of the 10-k for each company. You should find that the required information is similar to what was included in our S-4 (Registration Statement), however the format may have been changed to be consistent with PPL's formatting.

Please review the disclosure and let me know if any of the information (both financial and non-financial) needs to be updated/changed.

If you have any questions, comments, or concerns, feel free to let me know. Please note, I will need this information no later than noon on Wednesday, January 18, 2012. If you believe this date is not conducive for your schedule, please bring it to my attention as soon as possible. I thank you in advance for your help.



Asset Retirement Obligation.do...

Sheri N. Simpson

Accounting Analyst III
Financial Reporting
LG&E and KU Energy, LLC
220 W. Main Street, 9th Floor
Louisville, KY 40202
P: (502) 627-3606

LKE

5) Asset Retirement Obligations

LKE is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. LKE's estimated costs of removal for all assets are recovered in rates as a component of depreciation. Since the costs of removal are collected in rates prior to payment of such costs, the accrual for these costs of removal is classified as a regulatory liability. The regulatory liability is relieved as costs are incurred. The depreciation and accretion expense related to an ARO is recorded as a regulatory asset. See Note 21 to the Financial Statements for ARO disclosures.

In determining AROs, management must make significant judgments and estimates to calculate fair value. Fair value is developed using an expected present value technique based on assumptions of market participants that considers estimated retirement costs in current period dollars that are inflated to the anticipated retirement date and then discounted back to the date the ARO was incurred. Changes in assumptions and estimates included within the calculations of the fair value of AROs could result in significantly different results than those identified and recorded in the financial statements. Estimated ARO costs and settlement dates, which affect the carrying value of various AROs and the related assets, are reviewed periodically to ensure that any material changes are incorporated into the estimate of the obligations. Any change to the capitalized asset is amortized over the remaining life of the associated long-lived asset.

At December 31, 2011, LKE had AROs totaling \$7,777 million recorded on the Balance Sheet. Of the total amount, \$7,777 million, or 7777%, relates to LKE's ash ponds and landfills. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

The following chart reflects the sensitivities related to LKE's ARO liabilities for ash ponds and landfills as of December 31, 2011:

	Change in Assumption	Impact on ARO Liability
Retirement Cost	7777%	7,777
Discount Rate	7777%	7,777
Inflation Rate	7777%	7,777

LG&E

5) Asset Retirement Obligations

LG&E is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. LG&E's estimated costs of removal for all assets are recovered in rates as a component of depreciation. Since the costs of removal are collected in rates prior to payment of such costs, the accrual for these costs of removal is classified as a regulatory liability. The regulatory liability is relieved as costs are incurred. The depreciation and accretion expense related to an ARO is recorded as a regulatory asset. See Note 21 to the Financial Statements for ARO disclosures.

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considers estimated retirement costs in current period dollars that are inflated to the anticipated retirement date and then discounted back to the date the ARO was incurred. Changes in assumptions and estimates included within the calculations of the fair value of AROs could result in significantly different results than those identified and recorded in the financial statements. Estimated ARO costs and settlement dates, which affect the carrying value of various AROs and the related assets, are reviewed periodically to ensure that any material changes are incorporated into the estimate of the obligations. Any change to the capitalized asset is amortized over the remaining life of the associated long-lived asset.

At December 31, 2011, LG&E had AROs totaling \$7,777 million recorded on the Balance Sheet. Of the total amount, \$7,777 million, or 7777%, relates to LG&E's ash ponds and landfills. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

The following chart reflects the sensitivities related to LG&E's ARO liabilities for ash ponds and landfills as of December 31, 2011:

	Change in Assumption	Impact on ARO Liability
Retirement Cost	7777%	7,777
Discount Rate	7777%	7,777
Inflation Rate	7777%	7,777

KU

5) Asset Retirement Obligations

KU is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. KU's estimated costs of removal for all assets are recovered in rates as a component of depreciation. Since the costs of removal are collected in rates prior to payment of such costs, the accrual for these costs of removal is classified as a regulatory liability. The regulatory liability is relieved as costs are incurred. The depreciation and accretion expense related to an ARO is recorded as a regulatory asset. See Note 21 to the Financial Statements for ARO disclosures.

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At December 31, 2011, KU had AROs totaling \$7,777 million recorded on the Balance Sheet. Of the total amount, \$7,777 million, or 7777%, relates to KU's ash ponds and landfills. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

The following chart reflects the sensitivities related to KU's ARO liabilities for ash ponds and landfills as of December 31, 2011:

Attachment to Response to KU AG-1 Question No. 201 Page 448 of 1022 Charnas

	Change in Assumption	Impact on ARO Liability
Retirement Cost	7777%	7,777
Discount Rate	7777%	7,777
Inflation Rate	7777%	7,777

Attachment to Response to KU AG-1 Question No. 201 Page 449 of 1022 Charnas

Crescente, Angela

From:

Erskine, Greg

Sent:

Monday, January 09, 2012 11:18 AM

To:

Crescente, Angela

Subject:

FW: ARO Footnote - 12/31/11

Angela:

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LKE

115

LG&E

54

KU 61

Please make sure that the 12/31/11 noncurrent balances that you put into the attached file equal the above balances.

If you have any questions, let me know.

Thanks,

Greg

From: Erskine, Greg

Sent: Wednesday, December 14, 2011 3:33 PM

To: Crescente, Angela

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Attachment to Response to KU AG-1 Question No. 201 Page 450 of 1022

Charnas
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Greg



Book7.xlsx

Attachment to Response to KU AG-1 Question No. 201 Page 451 of 1022 Charnas

Crescente, Angela

From: Simpson, Sheri

Sent: Tuesday, January 03, 2012 5:04 PM

To: Crescente, Angela
Cc: Wiseman, Sara

Subject: Critical Accounting Policies - Asset Retirement Obligation

Hello Angela,

I am responsible for the Critical Accounting Policies (CrAP) section of the 10-K and on the Responsibilities Matrix, your name is assigned to the Asset Retirement Obligation accounting policy. I have attached the language from the most recent version (preliminary draft) of the 10-k for each company. You should find that the required information is similar to what was included in our S-4 (Registration Statement), however the format may have been changed to be consistent with PPL's formatting.

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Asset Retirement Obligation.do...

Sheri N. Simpson

Accounting Analyst III
Financial Reporting
LG&E and KU Energy, LLC
220 W. Main Street, 9th Floor
Louisville, KY 40202
P: (502) 627-3606

LKE

5) Asset Retirement Obligations

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At December 31, 2011, LKE had AROs totaling \$7,777 million recorded on the Balance Sheet. Of the total amount, \$7,777 million, or 7777%, relates to LKE's ash ponds and landfills. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

The following chart reflects the sensitivities related to LKE's ARO liabilities for ash ponds and landfills as of December 31, 2011:

	Change in Assumption	Impact on ARO Liability
Retirement Cost	7777%	7,777
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Inflation Rate	7777%	7,777

LG&E

5) Asset Retirement Obligations

LG&E is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. LG&E's estimated costs of removal for all assets are recovered in rates as a component of depreciation. Since the costs of removal are collected in rates prior to payment of such costs, the accrual for these costs of removal is classified as a regulatory liability. The regulatory liability is relieved as costs are incurred. The depreciation and accretion expense related to an ARO is recorded as a regulatory asset. See Note 21 to the Financial Statements for ARO disclosures.

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Attachment to Response to KU AG-1 Question No. 201 Page 453 of 1022 Charnas

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At December 31, 2011, LG&E had AROs totaling \$7,777 million recorded on the Balance Sheet. Of the total amount, \$7,777 million, or 7777%, relates to LG&E's ash ponds and landfills. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

The following chart reflects the sensitivities related to LG&E's ARO liabilities for ash ponds and landfills as of December 31, 2011:

	Change in Assumption	Impact on ARO Liability
Retirement Cost	7777%	7,777
Discount Rate	7777%	7,777
Inflation Rate	7777%	7,777

KU

5) Asset Retirement Obligations

KU is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. A conditional ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. KU's estimated costs of removal for all assets are recovered in rates as a component of depreciation. Since the costs of removal are collected in rates prior to payment of such costs, the accrual for these costs of removal is classified as a regulatory liability. The regulatory liability is relieved as costs are incurred. The depreciation and accretion expense related to an ARO is recorded as a regulatory asset. See Note 21 to the Financial Statements for ARO disclosures.

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At December 31, 2011, KU had AROs totaling \$7,777 million recorded on the Balance Sheet. Of the total amount, \$7,777 million, or 7777%, relates to KU's ash ponds and landfills. The most significant assumptions surrounding AROs are the forecasted retirement costs, the discount rates and the inflation rates. A variance in the forecasted retirement costs, the discount rates or the inflation rates could have a significant impact on the ARO liabilities.

The following chart reflects the sensitivities related to KU's ARO liabilities for ash ponds and landfills as of December 31, 2011:

Attachment to Response to KU AG-1 Question No. 201 Page 454 of 1022 Charnas

	Change in Assumption	Impact on ARO Liability
Retirement Cost	7777%	7,777
Discount Rate	7777%	7,777
Inflation Rate	7777%	7,777

Attachment to Response to KU AG-1 Question No. 201 Page 455 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Monday, January 23, 2012 4:14 PM

To: Cc: Fackler, Andrea Wiseman, Sara

Subject:

RE: 10-K language surrounding AROs

Follow Up Flag: Flag Status:

Follow up Completed

Andrea,

No, this is not correct. ARO accretion and depreciation is not included in the rates process. It is best to leave it the way it was written last year which is:

LG&E for example:

Note 3 - Rates and Regulatory Matters

(h) When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

The accretion and depreciation issue is discussed in a little more detail in the Summary of Significant Accounting Policies Sensitivity Analysis for AROs.

Thanks, Angela

From: Fackler, Andrea

Sent: Monday, January 23, 2012 3:58 PM

To: Crescente, Angela Cc: Wiseman, Sara

Subject: 10-K language surrounding AROs

Angela,

Please review the following language for the ARO discussion in the regulatory footnote. PPL added the first sentence and modified the second sentence as I have shown below. If any of this is not correct, please let me know.

AROs

The regulatory asset associated with AROs represents the accumulated depreciation and accretion related to an ARO permitted to be recovered through regulated customer rates. When an asset with an ARO is retired, the related ARO regulatory asset will be against the associated ARO regulatory liability, ARO asset PP&E and ARO liability.

Thanks,

Andrea

Andrea Fackler, CPA

Accounting Analyst III

Attachment to Response to KU AG-1 Question No. 201 Page 456 of 1022 Charnas

Financial Reporting LG&E and KU Energy, LLC 220 W. Main Street Louisville, KY 40202 P. (502) 627-3442 Attachment to Response to KU AG-1 Question No. 201 Page 457 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Friday, January 20, 2012 3:12 PM

To:

Erskine, Greg Wiseman, Sara

Cc: Subject:

FW: ARO Footnote - 2011 10-K

Greg,

It looks OK to me.

Thanks, Angela

From: Erskine, Greg

Sent: Wednesday, January 18, 2012 11:19 AM

To: Wiseman, Sara; Crescente, Angela **Subject:** FW: ARO Footnote - 2011 10-K

Angela and Sara:

I've attached a copy of the current version of the ARO footnote from the 10-K. This version reflects the change to the ARO rollforward that Angela gave me earlier this morning. Can one of you take a look at it and e-mail me back and let me know if all the information for LKE, LG&E and KU looks OK, please?

Thanks,

Greg



Doc1.docx

From: Erskine, Greg

Sent: Wednesday, January 18, 2012 9:52 AM **To:** Wiseman, Sara; Crescente, Angela

Subject: ARO Footnote - 2011 10-K

Angela and Sara:

I've attached a copy of the current version of the ARO footnote from the 10-K. Can one of you take a look at it and e-mail me back and let me know if all the information for LKE, LG&E and KU looks OK, please?

Thanks,

21. Asset Retirement Obligations

(PPL)

WPD has recorded conditional AROs required by U.K. law related to treated wood poles, gas-filled switchgear and fluidfilled cables.

(PPL and PPL Energy Supply)

PPL Energy Supply has recorded liabilities in the financial statements to reflect various legal obligations associated with the retirement of long-lived assets, the most significant of which relates to the decommissioning of the Susquehanna plant. The accrued nuclear decommissioning obligation was \$##D<SusqAROAROfnCY> million and \$##D<SusqAROAROfnPY> million at December 31, 2011 and 2010, and is included in "Asset retirement obligations" on the Balance Sheets. The fair value of investments that are legally restricted for the decommissioning of the Susquehanna nuclear plant was \$##D<NDTCYBSCorp> million and \$##D<NDTPYBSCorp> million at December 31, 2011 and 2010, and is included in "Nuclear plant decommissioning trust funds" on the Balance Sheets. See Notes ##FVMCC and ##AFS for additional information on the nuclear decommissioning trust funds. Other AROs recorded relate to various environmental requirements for coal piles, ash basins and other waste basin retirements.

PPL Energy Supply has recorded several conditional AROs, the most significant of which related to the removal and disposal of asbestos-containing material. In addition to the AROs that were recorded for asbestos-containing material, PPL Energy Supply identified other asbestos-related obligations, but were unable to reasonably estimate their fair values. PPL Energy Supply management was unable to reasonably estimate a settlement date or range of settlement dates for the remediation of all of the asbestos-containing material at certain of the generation plants. If economic events or other circumstances change that enable PPL Energy Supply to reasonably estimate the fair value of these retirement obligations, they will be recorded at that time.

PPL Energy Supply also identified legal retirement obligations associated with the retirement of a reservoir that could not be reasonably estimated due to an indeterminable settlement date.

(PPL and PPL Electric)

PPL Electric has identified legal retirement obligations for the retirement of certain transmission assets that could not be reasonably estimated due to indeterminable settlement dates. These assets are located on rights-of-way that allow the grantor to require PPL Electric to relocate or remove the assets. Since this option is at the discretion of the grantor of the right-ofway, PPL Electric is unable to determine when these events may occur.

(PPL, LKE, LG&E and KU)

LG&E's and KU's AROs are primarily related to the final retirement of assets associated with generating units. LG&E also has AROs related to natural gas mains and wells. LG&E's and KU's transmission and distribution lines largely operate under perpetual property easement agreements which do not generally require restoration upon removal of the property. Therefore, no material AROs are recorded for transmission and distribution assets. As described in Notes ##SSAP and ##RegMat, the accretion recorded by LG&E and KU is offset with a regulatory asset, such that there is no income statement impact.

The changes in the carrying amounts of AROs were:

	PPL			PPL Energy Supply			ipply	
	2	2011		2010		2011		2010
ARO at beginning of period	\$	448	\$	426	\$	345	\$	426
Accretion expense		25		32		20		31
Obligations assumed in acquisition of LKE				103				
Obligations assumed in acquisition of WPD Midlands (a)		15						
Derecognition (b)						(5)		
Obligations incurred		11		4		11		4
Changes in estimated cash flow or settlement date		3		(100)		(4)		(100)
Obligations settled		(13)		(17)		<u>(13)</u>		(16)
ARO at end of period	\$	489	\$	448	\$	354	<u>\$</u>	345
				LKE]	LG&E		KU

Attachment to Response to KU AG-1 Question No. 201 Page 459 of 1022

	Charnas	<u> </u>			
ARO at December 31, 2009, Predecessor		\$	65	\$ 31	\$ 34
Accretion expense			4	2	2
Changes in estimated cash flow or settlement date			54	30	24
Removal cost incurred			(1)	(1)	
ARO at October 31, 2010, Predecessor			122	 62	 60
Purchase accounting			(19)	(13)	(6)
ARO at December 31, 2010, Successor			103	 49	54
Accretion expense			6	3	3
New obligations incurred			3	2	1
Changes in estimated cash flow or settlement date			7	4	3
Obligations settled			(1)	(1)	
ARO at December 31, 2011, Successor		\$	118	\$ 57	\$ 61

(a) Obligations required under U.K. law related to treated wood poles, gas-filled switchgear and fluid-filled cables. See Note ##AcqEON for additional information on the acquisition.

(b) Represents AROs derecognized as a result of PPL Energy Supply's distribution of its membership interest in PPL Global to PPL Energy Supply's parent, PPL Energy Funding. See Note ##DOps for additional information on the distribution.

The classification of AROs on the Balance Sheet was as follows.

	December 31, 2011						
	PPL	PPL Energy Supply	LKE	LG&E	KU		
Current portion (a) Long-term portion (b) Total	\$ 10 479 \$ 489	\$ 9 345 \$ 354	\$ 2 116 \$ 118	\$ 2 55 \$ 57	\$ 61 \$ 61		
	December 31, 2010						
	PPL	PPL Energy Supply	LKE	LG&E	KU		
Current portion (a) Long-term portion (b) Total	\$ 13 435 <u>\$</u> 448	\$ 13 332 \$ 345	\$ 103 \$ 103	\$ 49 \$ 49	\$ 54 \$ 54		

(a) Included in "Other current liabilities."

(b) Included in "Asset retirement obligations."

Attachment to Response to KU AG-1 Question No. 201 Page 460 of 1022 Charnas

Crescente, Angela

From:

Simpson, Sheri

Sent:

Wednesday, January 18, 2012 6:08 PM

To:

Crescente, Angela

Subject:

RE: Critical Accounting Policies - Asset Retirement Obligation

Absolutely no problem. It's a part of my job to make these type of edits/corrections.

Kind Regards, **Sheri Simpson** 502-627-3606

From: Crescente, Angela

Sent: Wednesday, January 18, 2012 6:07 PM

To: Simpson, Sheri

Subject: RE: Critical Accounting Policies - Asset Retirement Obligation

I'm sorry if I caused you any problems.

From: Simpson, Sheri

Sent: Wednesday, January 18, 2012 6:07 PM

To: Crescente, Angela

Subject: RE: Critical Accounting Policies - Asset Retirement Obligation

Thanks Angela.

Kind Regards, **Sheri Simpson** 502-627-3606

From: Crescente, Angela

Sent: Wednesday, January 18, 2012 6:04 PM

To: Simpson, Sheri Cc: Wiseman, Sara

Subject: FW: Critical Accounting Policies - Asset Retirement Obligation

Sheri,

I made some additional wording changes in order to make it more consistent with how it looked last year. Please note, I also changed dollars and percentages on KU and LKE by just a little bit.

<< File: Asset Retirement Obligation.docx >>

Attachment to Response to KU AG-1 Question No. 201 Page 461 of 1022 Charnas

Thanks, Angela

From: Simpson, Sheri

Sent: Monday, January 16, 2012 10:37 AM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: FW: Critical Accounting Policies - Asset Retirement Obligation

Hi Angela,

I wanted to send a reminder that financial and non-financial updates to the Critical Accounting Policies – Asset Retirement Obligations are due to Financial Reporting on this Wednesday, January 18, 2012 by noon. Please let me know if you believe there will be an issue with meeting this suspense date. Additionally, if you have any questions, please feel free to let me know. Thanks so much for your help.

Kind Regards, **Sheri Simpson** 502-627-3606

From: Simpson, Sheri

Sent: Tuesday, January 03, 2012 5:04 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: Critical Accounting Policies - Asset Retirement Obligation

Hello Angela,

I am responsible for the Critical Accounting Policies (CrAP) section of the 10-K and on the Responsibilities Matrix, your name is assigned to the Asset Retirement Obligation accounting policy. I have attached the language from the most recent version (preliminary draft) of the 10-k for each company. You should find that the required information is similar to what was included in our S-4 (Registration Statement), however the format may have been changed to be consistent with PPL's formatting.

Please review the disclosure and let me know if any of the information (both financial and non-financial) needs to be updated/changed.

If you have any questions, comments, or concerns, feel free to let me know. Please note, I will need this information no later than noon on Wednesday, January 18, 2012. If you believe this date is not conducive for your schedule, please bring it to my attention as soon as possible. I thank you in advance for your help.

<< File: Asset Retirement Obligation.docx >>

Sheri N. Simpson

Accounting Analyst III
Financial Reporting
LG&E and KU Energy, LLC
220 W. Main Street, 9th Floor
Louisville, KY 40202
P: (502) 627-3606

Attachment to Response to KU AG-1 Question No. 201 Page 462 of 1022 Charnas

Crescente, Angela

From:

Wiseman, Sara

Sent:

Monday, January 09, 2012 11:06 AM

To:

Crescente, Angela

Subject:

FW: Error assessment memo on AROs

Follow Up Flag:

Follow up

Flag Status:

Completed

From: Charnas, Shannon

Sent: Monday, January 09, 2012 11:03 AM

To: Kelly, Mimi; Wiseman, Sara **Cc:** Hickman, James; Ising, John

Subject: RE: Error assessment memo on AROs

OK, thanks.

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

From: Kelly, Mimi

Sent: Monday, January 09, 2012 10:54 AM **To:** Charnas, Shannon; Wiseman, Sara **Cc:** Hickman, James; Ising, John

Subject: FW: Error assessment memo on AROs

Hi Shannon & Sara -

Attached please find the template that we use to input control exceptions into FCM (PPL's database). We spoke with PPL and since this has action items in 2012, it will be "open" at 12/31/11 even though the financial statements have been corrected. Audit Services will track the management action items and verify they have been implemented during 2012.

Please do not hesitate to call me if you have any questions.

Thanks,

Mimi Kelly 502-627-2482

From: Hickman, James

Sent: Monday, January 09, 2012 10:30 AM

To: Kelly, Mimi

Subject: RE: Error assessment memo on AROs

Please review the attached.

James Hickman, CPA
Sarbanes-Oxley Compliance Analyst
(502)627-2396

Attachment to Response to KU AG-1 Question No. 201 Page 463 of 1022 Charnas

From: Kelly, Mimi

Sent: Friday, January 06, 2012 4:49 PM

To: Hickman, James

Subject: FW: Error assessment memo on AROs

Mimi Kelly 502-627-2482

From: Hickman, James

Sent: Friday, January 06, 2012 3:28 PM

To: Kelly, Mimi

Subject: RE: Error assessment memo on AROs

Mimi,

Please review the attached.

James Hickman, CPA Sarbanes-Oxley Compliance Analyst (502)627-2396

From: Kelly, Mimi

Sent: Friday, January 06, 2012 2:15 PM

To: Hickman, James **Cc:** Ising, John

Subject: FW: Error assessment memo on AROs

James -

Please prepare the issue input form for input into FCM.

John –

FYI. Once James has prepared the form and I have reviewed we will send to you for input into the AS database. It looks to me like this will be an open issue at 12/31 as one of the action items will not be put in place until Q1 2012, am I looking at that the right way?

Thanks,

Mimi Kelly 502-627-2482

From: Charnas, Shannon

Sent: Friday, January 06, 2012 2:10 PM

To: ritu.furlan@ey.com; Jennifer Beneke (jennifer.beneke@ey.com); Brett.Wemer@ey.com; Matt Crawley

(Matt.crawley@ey.com)

Cc: Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly, Mimi; Pienaar, Lesley;

McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby, David

Subject: Error assessment memo on AROs

Attachment to Response to KU AG-1 Question No. 201 Page 464 of 1022 Charnas

Attached is a memo regarding some additional AROs that needed to be recorded in Q4. Please let me know if you have any questions.

Thanks, << File: Asset Retirement Obligation EAM - 1-6-12.docx >>

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

Attachment to Response to KU AG-1 Question No. 201 Page 465 of 1022 Charnas

Crescente, Angela

From:

Wiseman, Sara

Sent:

Monday, January 09, 2012 8:54 AM

To:

'Jacki Hall'

Cc:

Crescente, Angela

Subject:

FW: Trimble County ARO

Attachments:

Book1.xls

Follow Up Flag:

Follow up

Flag Status:

Completed

Hi Jacki:

Turns out we did make some minor changes to our AROs. Please see the yellow highlighting on the attached spreadsheet. We added the generation wells and reversed the sewage treatment plant. Hope this helps.

Sara

From: Crescente, Angela

Sent: Monday, January 09, 2012 8:43 AM

To: Wiseman, Sara

Subject: FW: Trimble County ARO

From: Wiseman, Sara

Sent: Wednesday, January 05, 2011 10:52 AM

To: Jacki Hall Cc: Riggs, Eric

Subject: RE: Trimble County ARO

Jacki:

I've attached a summary of the new estimated costs of the AROs. I hope this helps.

Sara Wiseman Manager, Property Accounting Office 502.627.3189 Cell 502.338.0886

From: Jacki Hall [mailto:jhall@impa.com]
Sent: Thursday, December 30, 2010 11:04 AM

To: Wiseman, Sara Cc: Riggs, Eric

Subject: Trimble County ARO

Hi Sara,

Attachment to Response to KU AG-1 Question No. 201 Page 466 of 1022 Charnas

I'm following up on the conversation we had December 13 regarding ARO.	When will the updated ARO information for
Trimble County be forwarded to us?	

Thanks,

Jacki

Jacqueline R. Hall Senior Accountant Indiana Municipal Power Agency 11610 North College Avenue Carmel, IN 46032

P: 317-575-3875 F: 317-575-3372 E: jhall@impa.com

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Attachment to Response to KU AG-1 Question No. 201 Page 467 of 1022 Charnas

Asset Retirement Obligation Summary of Details

Location	n Description	Legal Requirement	Estimated Settlement Date	Estimated Cost	
TC1	TC-Ash Pond	Resource Conservation and Recovery Act, Clean Water Act	12/1/2036	14,339,500	
TC1	TC-Chemical Storage	Clean Water Act, Resource Conservation and Recovery Act	12/1/2036	23,798	
TC CTs	TC-Coal Storage	Clean Water Act	12/1/2036	573,500	
TC1	TC-Environmental Ponds	Resource Conservation and Recovery Act, Clean Water Act	12/1/2036	723,000	
TC1	TC-Nuclear Sources TC-Generation Wells	The Cabinet for Human Resources - KRS 211.844, regulation 902 KAR Chapter 100 Resource Conservation and Recovery Act, Clean Water Act	12/1/2036 12/1/2036	32,620 182,000	
TC1	TC-Sewage Treatment Plant	Clean Water Act	12/1/2036	26,155	Settled - No longer considered ARO
Total	10-Jenege Healiteit Pian	Visus Flat	12/1/2000	\$ 15,900,573	Settles Holonger Considered And

Attachment to Response to KU AG-1 Question No. 201 Page 468 of 1022 Charnas

Cres	cente,	Ang	ela

From:

Leenerts, Patricia

Sent:

Wednesday, February 22, 2012 1:36 PM

To:

Crescente, Angela

Subject:

RE: Project 134431 - REPL INSULATION PIPING PURIF

Okay, do you want to email Zach, John and Janice (cc me) when you are finished or I will if you let me know when it is setup.

From: Crescente, Angela

Sent: Wednesday, February 22, 2012 1:35 PM

To: Leenerts, Patricia

Subject: RE: Project 134431 - REPL INSULATION_PIPING PURIF

I can set one up and they can just not use it if it turns out to not have any asbestos.

From: Leenerts, Patricia

Sent: Wednesday, February 22, 2012 12:22 PM

To: Crescente, Angela

Subject: FW: Project 134431 - REPL INSULATION_PIPING PURIF

Should they go ahead and have an ARO task setup?

From: Thomas, Zach

Sent: Wednesday, February 22, 2012 12:15 PM

To: Leenerts, Patricia

Cc: Skaggs, John; Porter, Janice

Subject: FW: Project 134431 - REPL INSULATION_PIPING PURIF

Pat,

There is a potential for some of the insulation to have asbestos in it. We will have samples of the materials analyzed before we remove the insulation.

Thanks, Zach

From: Skaggs, John

Sent: Wednesday, February 22, 2012 11:37 AM

To: Thomas, Zach

Subject: FW: Project 134431 - REPL INSULATION_PIPING PURIF

From: Leenerts, Patricia

Attachment to Response to KU AG-1 Question No. 201 Page 469 of 1022 Charnas

Sent: Wednesday, February 22, 2012 10:22 AM

To: Skaggs, John Cc: Porter, Janice

Subject: Project 134431 - REPL INSULATION_PIPING PURIF

I don't know what OLF mean, so that may be the answer. Could there be asbestos in the piping insulation? This project is awaiting approval. I would appreciate a reply by the end of day today (Wed, 2/22)

Thanks,

Pat

Attachment to Response to KU AG-1 Question No. 201 Page 470 of 1022 Charnas

Crescente, Angela

From:

Leenerts, Patricia

Sent:

Wednesday, February 22, 2012 12:22 PM

To:

Crescente, Angela

Subject:

FW: Project 134431 - REPL INSULATION PIPING PURIF

Should they go ahead and have an ARO task setup?

From: Thomas, Zach

Sent: Wednesday, February 22, 2012 12:15 PM

To: Leenerts, Patricia

Cc: Skaggs, John; Porter, Janice

Subject: FW: Project 134431 - REPL INSULATION_PIPING PURIF

Pat.

There is a potential for some of the insulation to have asbestos in it. We will have samples of the materials analyzed before we remove the insulation.

Thanks, Zach

From: Skaggs, John

Sent: Wednesday, February 22, 2012 11:37 AM

To: Thomas, Zach

Subject: FW: Project 134431 - REPL INSULATION_PIPING PURIF

From: Leenerts, Patricia

Sent: Wednesday, February 22, 2012 10:22 AM

To: Skaggs, John Cc: Porter, Janice

Subject: Project 134431 - REPL INSULATION_PIPING PURIF

I don't know what OLF mean, so that may be the answer. Could there be asbestos in the piping insulation? This project is awaiting approval. I would appreciate a reply by the end of day today (Wed, 2/22)

Thanks.

Pat

Attachment to Response to KU AG-1 Question No. 201 Page 471 of 1022 Charnas

Crescente, Angela

From:

Reeves, Stephen

Sent:

Wednesday, February 22, 2012 8:39 AM

To:

Woodworth, Steve; Archer, Jamie

Cc:

Crescente, Angela

Subject:

FW: NETVLT343-CP ASBESTOS 2010

Steve and Jamie,

See Angela's email below. I ran a transaction report and the only thing that comes up is materials and burdens on the materials. The material listed is "DRUM, OPEN HEAD, 1A2/Y/1.5/150,DOT 17C,NEW STEEL,W/LOCK RING RETAINER LID & SPONGE". There is no labor charged. Should there be labor? If so, where would it have been charged?

Steve

From: Crescente, Angela

Sent: Friday, February 17, 2012 4:24 PM

To: Reeves, Stephen **Cc:** Clark, Lynda

Subject: NETVLT343-CP ASBESTOS 2010

Hey Steve,

NETVLT343 Task CP ASBESTOS 2010 has \$50.10 charged to it. I would not expect an ARO task to have much material, mostly labor, but the only charges on there are some very small material. Do you know if there was asbestos removal on that project and which task they would have charged it to?

Thanks, Angela Attachment to Response to KU AG-1 Question No. 201 Page 472 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Friday, February 17, 2012 4:24 PM

To: Cc: Reeves, Stephen Clark, Lynda

Subject:

NETVLT343-CP ASBESTOS 2010

Hey Steve,

NETVLT343 Task CP ASBESTOS 2010 has \$50.10 charged to it. I would not expect an ARO task to have much material, mostly labor, but the only charges on there are some very small material. Do you know if there was asbestos removal on that project and which task they would have charged it to?

Thanks, Angela Attachment to Response to KU AG-1 Question No. 201 Page 473 of 1022 Charnas

Crescente, Angela

From:

Sent:

Crescente, Angela Thursday, February 02, 2012 9:29 AM Wemer, Brett

To: Cc:

Wiseman, Sara

Subject:

Accretion Calculation.xlsx

Brett,

This is the accretion recalculation you requested including the gain/loss calculation you requested for TC Ash Pond.



Accretion Calculation.xlsx

Thanks, Angela

Charnas

Accretion Calculation from 11/1/2010 to 1/1/2011

ARO	Start Month	Be	ginning Liability	Discount Rate	Montly Accretion	E	nding Liability
Purc-CR Ash Pond	11/1/2010	\$	5,057,335.67	4.50%	\$ 18,965.01	\$	5,076,300.68
	12/1/2010	\$	5,076,300.68	4.50%	\$ 19,036.13	\$	5,095,336.81
	1/1/2011	\$	5,095,336.81	4.50%	\$ 19,107.51	\$	5,114,444.32
Purc-MC Ash Pond	11/1/2010	\$	4,696,835.38	5.40%	\$ 21,135.76	\$	4,717,971.14
	12/1/2010	\$	4,717,971.14	5.40%	\$ 21,230.87	\$	4,739,202.01
	1/1/2011	\$	4,739,202.01	5.40%	\$ 21,326.41	\$	4,760,528.42
Purc-Paddy's Run-ASB	11/1/2010	\$	4,550,929.02	2.60%	\$ 9,860.35	\$	4,560,789.37
	12/1/2010	\$	4,560,789.37	2.60%	\$ 9,881.71	\$	4,570,671.08
	1/1/2011	\$	4,570,671.08	2.60%	\$ 9,903.12	\$	4,580,574.20
Purc-GasMain&ServAbandon-Dist	11/1/2010	\$	11,999,962.06	5.50%	\$ 54,999.83	\$	12,054,961.89
	12/1/2010	\$	12,054,961.89	5.50%	\$ 55,251.91	\$	12,110,213.79
	1/1/2011	\$	12,110,213.79	5.50%	\$ 55,505.15	\$	12,165,718.94

Gain Loss Calculation

ARO	Start Month	Beginning Liability	Discount Rate	Montly Accretion	Ending Liability
Purc-TC Ash Pond	9/1/2011	\$ 6,959,409.88	5.40%	\$ 31,317.34	\$ 6,990,727.22

Attachment to Response to KU AG-1 Question No. 201 Page 475 of 1022 Charnas

Crescente, Angela

From:

Christopher.Holland@ey.com

Sent:

Saturday, January 21, 2012 9:47 AM

To:

Crescente, Angela

Subject:

Year-End ARO population

Follow Up Flag: Flag Status:

Follow up Completed

Angela.

I am finishing my year-end testing of fixed asset controls and I still need to test those controls surrounding ARO's. Can you please send me the total population of ARO's for the year. Depending how many ARO's occurred during the year, I may have to test some additional selections. Let me know if you have trouble providing this population.

Thanks, Chris

Christopher J. Holland | Assurance

Ernst & Young LLP

400 West Market St Suite 2400, Louisville, KY 40202, United States of America

Office: (502) 585-1400 [Christopher, Holland@ey.com

Website: www.ey.com

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Attachment to Response to KU AG-1 Question No. 201 Page 476 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Wednesday, January 04, 2012 9:06 AM

To:

Legler, Steve

Cc:

Wiseman, Sara; Hudson, Rusty

Subject:

Canal and Paddy's

Steve,

Do you still agree with the expected ARO removal dollar estimate for both Canal and Paddy's that we got from you last year? We have Canal listed at about \$1,575,000 in total for asbestos removal and Paddy's is listed in total at about \$4,600,000 for asbestos removal. I understand we are expecting some demolition charges in 2012, which would mean I will need to set up some expected retirement activity in the ARO estimates. In order to book this estimate for December, I need to know as soon as possible.

Thanks for your help, Angela

Attachment to Response to KU AG-1 Question No. 201 Page 477 of 1022 Charnas

Crescente, Angela

From:

Wiseman, Sara

Sent:

Thursday, January 12, 2012 4:07 PM

To:

Amlung, Kim; Clark, Ed; Clark, Lynda; Crescente, Angela; Daly, Karen; Griffin, Sharon;

Kinder, Debra; Kuntz, John; Leenerts, Patricia; Riggs, Eric; Rose, Bruce; Wacker, Diana

Subject:

FW: Journal Entries for December 2011 Revaluation.xlsx

Follow Up Flag:

Follow up

Flag Status:

Completed

The ARO entries have been posted. See below for a new journal entry summary. Karen will be re-issuing the plant reports later today or by mid day tomorrow.

From: Crescente, Angela

Sent: Thursday, January 12, 2012 3:58 PM

To: Wiseman, Sara

Subject: Journal Entries for December 2011 Revaluation.xlsx



Journal Entries for December 2...

Attachment to Response to KU AG-1 Question No. 201 Page 478 of 1022 Charnas

(in Thousands)

Settlements

LGE

Account	Debit	Credit
101		46
108	4	
182		6
230	48	

1	Œ	

Account	Debit	Credit
101		313
108	40	
182		53
230	326	

LKE

		A 111
Account	Debit	Credit
101		359
108	44	
182		59
230	374	

New AROs

LGE

Account	Debit	Credit
101	1,811	
230		1,811

ΚU

Account	Debit	Credit
101	1,680	
230		1,680

LKE

Account	Debit	Credit
101	3,491	
230		3,491

Total

LGE

Account	Debit	Credit
101	1,765	
108	4	
182		- 6
230		1,763

КU

Account	Debit	Credit
101	1,367	
108	40	
182		53
230		1,354

LKE

Account	Debit	Credit
101	3,132	
108	44	
182		59
230		3,117

Attachment to Response to KU AG-1 Question No. 201 Page 479 of 1022 Charnas

Crescente, Angela

From:

Wiseman, Sara

Sent:

Thursday, January 12, 2012 9:50 AM

To: Cc: Charnas, Shannon Crescente, Angela

Subject:

RE: Error assessment memo on AROs

Follow Up Flag:

Follow up

Flag Status:

Completed

Angela is working on the numbers and I have scheduled 2 PM to talk to you.

I spoke with Kelli—she is looking at Friday night very late, best case, to book her entries. If at all possible, I'd like to reopen after Angela has her entry done (as opposed to waiting on Kelli) so we can move forward with re-issuing the plant reports and re-doing all of the other stuff that will be required. We can talk about this at the meeting.

From: Charnas, Shannon

Sent: Wednesday, January 11, 2012 6:24 PM **To:** Wiseman, Sara; Crescente, Angela

Subject: RE: Error assessment memo on AROs

Sara/Angela -

If I am looking at this correctly, the numbers are significant – over \$1M for bushings, is that correct? You will need to run the current amount, I'm sure, so I'm curious what that is. I think we will need to add it to our memo as well as book it this week – getting prepared to book as soon as possible and the pension entries are ready to go. Let's discuss status briefly tomorrow.

Thanks,

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

From: McFarland, Beth

Sent: Wednesday, January 11, 2012 4:02 PM **To:** Charnas, Shannon; Wiseman, Sara

Cc: Simon, Denise

Subject: RE: Error assessment memo on AROs

Sara, Shannon,

Attached is the ARO information on bushings and pts.

Attachment to Response to KU AG-1 Question No. 201 Page 480 of 1022 Charnas

Let me know if you have questions.

Thanks! Beth

<< File: ARO Dist Subs Bushings PTs 011112.xlsx >>

From: McFarland, Beth

Sent: Tuesday, January 10, 2012 9:48 PM **To:** Charnas, Shannon; Wiseman, Sara

Cc: Simon, Denise

Subject: RE: Error assessment memo on AROs

Sara, Shannon,

I was hoping to get something to you today but we are still completing some research on AROs for bushings and now PTs/CTs. Information/records on distribution PTs/CTs are not readily available and we are having to complete some order-of-magnitude estimates. As soon as we are able to pull this information together, I will forward it to you.

I apologize for the delay.

Beth McFarland
Manager Substation Construction and Maintenance
LG&E/KU
South Service Center
502-364-8681 Office
502-645-8699 Cell
502-326-0255 Home
502-217-2420 FAX
Beth_McFarland@LGE-KU.com

From: McFarland, Beth

Sent: Monday, January 09, 2012 10:42 PM **To:** Charnas, Shannon; Wiseman, Sara

Subject: FW: Error assessment memo on AROs

Shannon, Sara,

Similar to Transmission, Distribution will be submitting AROs for PCB contaminated Distribution Substation bushings. Transmission Substations and Distribution Substations should be consistent in the manner in which they are reporting AROs. Transmission Substations has provided us with their information submitted and we will be creating something very similar for Distribution Substations.

Thank you and let me know if you have any questions.

Beth McFarland Manager Substation Construction and Maintenance Attachment to Response to KU AG-1 Question No. 201 Page 481 of 1022 Charnas

LG&E/KU
South Service Center
502-364-8681 Office
502-645-8699 Cell
502-326-0255 Home
502-217-2420 FAX
Beth.McFarland@LGE-KU.com

From: Charnas, Shannon

Sent: Friday, January 06, 2012 2:10 PM

To: ritu.furlan@ey.com; Jennifer Beneke (jennifer.beneke@ey.com); Brett.Wemer@ey.com; Matt Crawley

(Matt.crawley@ey.com)

Cc: Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly, Mimi; Pienaar, Lesley;

McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby, David

Subject: Error assessment memo on AROs

Attached is a memo regarding some additional AROs that needed to be recorded in Q4. Please let me know if you have any questions.

Thanks, << File: Asset Retirement Obligation EAM - 1-6-12.docx >>

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

Attachment to Response to KU AG-1 Question No. 201 Page 482 of 1022 Charnas

Crescente, Angela

From:

Keatseangsilp, Janna - GCM <janna.keatseangsilp@baml.com>

Sent:

Thursday, January 12, 2012 9:08 AM

To:

Horne, Elliott

Cc:

Crescente, Angela

Subject:

RE: Yield Curve request

Follow Up Flag: Flag Status:

Follow up Completed

Elliot and Angela,

As of January 3:

3mth 1.5029 6mth 1.5741 1yr 1.8108 2yr 2.1671 2.5142 3yr 2.9002 4yr 5yr 3.2255 3.9045 7yr 8yr 4.1475 9yr 4.2999 10yr 4.5207 15yr 5.1108 20yr 5.2175 25yr 5.2451 30yr 5.3225

Thanks and let me know if you need anything else.

Best, Janna

Janna Keatseangslip

Bank of America Merrill Lynch | Debt Capital Markets Merrill Lynch, Pierce, Fenner & Smith Incorporated One Bryant Park, 8th Floor | New York, NY 10036 T: (646) 855-9563 | janna.keatseangsilp@baml.com

From: Horne, Elliott [mailto:Elliott.Horne@lge-ku.com]

Sent: Thursday, January 12, 2012 8:50 AM

To: Keatseangsilp, Janna - GCM

Cc: Crescente, Angela

Subject: FW: Yield Curve request

Happy New Year Janna,

I just wanted to follow up on Angela's e-mail below to see if you were able to provide the data as of January 3, 2012.

Attachment to Response to KU AG-1 Question No. 201 Page 483 of 1022 Charnas

From: Crescente, Angela

Sent: Tuesday, January 10, 2012 4:15 PM

To: 'Keatseangsilp, Janna - GCM' **Cc:** Horne, Elliott; Wiseman, Sara **Subject:** RE: Yield Curve request

Janna,

Would you please provide me the yield curve for a BBB+ rated entity as of January 1, 2012? I apologize for the short notice, but would it be possible to receive this information by tomorrow, January 12th?

Thanks so much for your time and patience, Angela

From: Keatseangsilp, Janna - GCM [mailto:janna.keatseangsilp@bami.com]

Sent: Wednesday, December 14, 2011 11:03 AM

To: Crescente, Angela Cc: Horne, Elliott

Subject: RE: Yield Curve request

As of Dec 1:

3mth	1.5396
6mth	1.5919
1yr	1.8292
2yr	2.2080
3yr	2.5602
4yr	2.9684
5yr	3.3269
7yr	4.0283
8yr	4.2862
9yr	4.4654
10yr	4.6760
15yr	5.2881
20yr	5.3818
25yr	5.3746
30yr	5.4468
-	

Let me know if you need anything else.

Janna

Janna Keatseangslip

Bank of America Merrill Lynch | Debt Capital Markets Merrill Lynch, Pierce, Fenner & Smith Incorporated One Bryant Park, 8th Floor | New York, NY 10036 T: (646) 855-9563 | janna.keatseangsilp@baml.com

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]

Sent: Wednesday, December 14, 2011 10:40 AM

To: Keatseangsilp, Janna - GCM

Cc: Horne, Elliott

Subject: FW: Yield Curve request

Janna,

Attachment to Response to KU AG-1 Question No. 201 Page 484 of 1022

Charnas
Please forgive me if I have misplaced your email. Would you mind resending me the rates as requested below?

Thanks, Angela

From: Crescente, Angela

Sent: Friday, December 02, 2011 11:09 AM

To: 'Keatseangsilp, Janna - GCM'

Cc: Horne, Elliott

Subject: RE: Yield Curve request

Janna,

Would you please provide me the yield curve for a BBB+ rated entity as of December 1, 2011?

Thanks, Angela

From: Keatseangsilp, Janna - GCM [mailto:janna.keatseangsilp@baml.com]

Sent: Monday, November 07, 2011 11:20 AM

To: Horne, Elliott **Cc:** Crescente, Angela

Subject: RE: Yield Curve request

As of Nov 1:

3mth	1.3677
6mth	1.4157
1yr	1.6590
2yr	2.0150
3yr	2.3937
4yr	2.7604
5yr	3.0911
7yr	3.7862
8yr	4.0351
9yr	4.1927
10yr	4.4398
15yr	5.0435
20yr	5.1601
25yr	5.1474
30yr	5.2111
4yr 5yr 7yr 8yr 9yr 10yr 15yr 20yr 25yr	2.7604 3.0911 3.7862 4.0351 4.1927 4.4398 5.0435 5.1601 5.1474

Let me know if you need anything else!

Janna

Janna Keatseangsilp

Bank of America Merrill Lynch | Debt Capital Markets Merrill Lynch, Pierce, Fenner & Smith Incorporated One Bryant Park, 8th Floor | New York, NY 10036 T: (646) 855-9563 | Janna.keatseangsilp@baml.com

From: Horne, Elliott [mailto:Elliott.Horne@lge-ku.com]

Sent: Monday, November 07, 2011 9:27 AM

To: Keatseangsilp, Janna - GCM

Cc: Crescente, Angela

Subject: FW: Yield Curve request

Hello Janna,

Can you forward me the yield curve for a BBB+ rated entity as of November 1, 2011? (Provided below is similar information that you sent me earlier this year.) Please copy Angela Crescente on your response. Thanks!

From: Keatseangsilp, Janna - GCM [mailto:janna.keatseangsilp@baml.com]

Sent: Tuesday, September 27, 2011 8:51 AM

To: Horne, Elllott; Crescente, Angela **Subject:** RE: Yield Curve request

Elliott and Angela,

Please see below. Let me know if you need anything else!

Thanks, Janna

Jan 3: 3mth .7328 6mth .8291 1yr 1.2084 2yr 1.7600 3yr 2.1971 4yr 2.6696 3.1507 5yr 3.8689 7yr 8yr 4.1816 9yr 4.3678 10yr 4.6041 15yr 5.3941 20yr 5.8834

5.7692

5.8071

Sep 1:

25yr

30yr

- up	
3mth	.8099
6mth	.8697
1yr	1.1926
2yr	1.5599
3yr	1.7176
4yr	1.9274
5yr	2.2404
7yr	2.8034
8yr	3.1254
9yr	3.3178
10yr	3.6592
15yr	4.5424
20yr	4.9412
25yr	4.9120
30yr	4.9964
-	

Sep 23:

3mth .8815

Attachment to Response to KU AG-1 Question No. 201 Page 486 of 1022 Charnas

6mth	.9090
1yr	1.2480
2yr	1.6578
3yr	1.8533
4yr	2.0436
5yr	2.2925
7yr	2.7826
8yr	3.0642
9yr	3.1825
10yr	3.4890
15yr	4.2507
20yr	4.5705
25yr	4.4882
30yr	4.5228

Janna Keatseangsilp

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From: Horne, Elliott [mailto:Elliott.Horne@lge-ku.com]

Sent: Monday, September 26, 2011 4:37 PM

To: Keatseangsilp, Janna - GCM **Subject:** FW: Yield Curve request

Hello Janna,

Thanks so much for the information. Please see request below from our accounting department and advise if you are able to accommodate.

From: Crescente, Angela

Sent: Monday, September 26, 2011 3:56 PM

To: Horne, Elliott

Subject: RE: Yield Curve request

Thanks Elliott! Would she also be able to add 3 month, 6 month, 4 year, 8 year, 9 year, 15 year, and 25 year for both January and September? Would she also be able to provide the rates as of September 1, 2011? Thanks so much for your help. I'm sorry, I should have asked for these specifically before, but I didn't know that the Deloitte spreadsheet was going to be so specific.

Thanks so much! Angela

P.S. Please thank her tool

From: Horne, Elliott

Sent: Monday, September 26, 2011 3:33 PM

To: Crescente, Angela **Cc:** Arbough, Dan

Subject: FW: Yield Curve request

Angela,

Attached are the BBB+ yield curve rates as of January and September of 2011.

Attachment to Response to KU AG-1 Question No. 201 Page 487 of 1022 Charnas

From: Keatseangsilp, Janna - GCM [mailto:janna.keatseangsilp@baml.com]

Sent: Monday, September 26, 2011 3:19 PM

To: Horne, Elliott

Cc: Timmeny, Sean H - GCM **Subject:** RE: Yield Curve request

Hi Eliot,

Here are the yield curves per your request. Please let me know if I can help with anything else.

Jan 3:

1yr	1.2084
2yr	1.7600
3yr	2.1971
5yr	3.1507
7yr	3.8689
10yr	4.6041
20yr	5.8834
30yr	5.8071

Sep 23:

1yr	1.2480
2yr	1.6578
3yr	1.8533
5yr	2.2925
7yr	2.7826
10yr	3.4890
20yr	4.5705
30yr	4.5228

Best, Janna

Janna Keatseangsilp

Bank of America Merrill Lynch | Debt Capital Markets Merrill Lynch, Pierce, Fenner & Smith Incorporated One Bryant Park, 8th Floor | New York, NY 10036 T: (646) 855-9563 | janna.keatseangsilp@baml.com

From: Horne, Elliott [mailto:Elliott.Horne@ige-ku.com]

Sent: Monday, September 26, 2011 2:28 PM

To: Keatseangsilp, Janna - GCM **Cc:** Timmeny, Sean H - GCM **Subject:** Yield Curve request

Thanks Janna,

Can you forward me the yield curve for a BBB+ rated entity (as of January 2011 and most recent available)? The periods that I need in particular are below. Please call me if you have any questions. Thanks!

1yr

2yr

Attachment to Response to KU AG-1 Question No. 201 Page 488 of 1022 Charnas

3yr 5yr 7yr 10yr 20yr 30yr

From: Keatseangsilp, Janna - GCM [mailto:janna.keatseangsilp@baml.com]

Sent: Monday, September 26, 2011 2:26 PM

To: Horne, Elliott

Subject: Sean Timmeny and Janna's email

Hi Elliot,

This is my email address. Sean Timmeny's is <u>sean.timmeny@baml.com</u>. Let me know what you need again and we'll start working on it.

Thanks!

Janna

Janna Keatseangsiip

Bank of America Merrill Lynch | Debt Capital Markets Merrill Lynch, Pierce, Fenner & Smith Incorporated One Bryant Park, 8th Floor | New York, NY 10036 T: (646) 855-9563 | janna.keatseangsilp@baml.com

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Charnas

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Attachment to Response to KU AG-1 Question No. 201 Page 492 of 1022 Charnas

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Attachment to Response to KU AG-1 Question No. 201 Page 493 of 1022 Charnas

Crescente, Angela

From:

Horne, Elliott

Sent:

Thursday, January 12, 2012 7:51 AM

To:

Crescente, Angela

Subject:

RE: Inflation Rate

Follow Up Flag:

Follow up

Flag Status:

Completed

Hi Angela,

Please find attached the inflation rate information that you requested.



2012InflRates,xis

From: Crescente, Angela

Sent: Tuesday, January 10, 2012 4:18 PM

To: Horne, Elliott

Subject: FW: Inflation Rate

Elliott,

Could you provide me the inflation rate as of 1/1/2012, please? As I mentioned in Janna's email, would it be possible for me to receive this information by tomorrow, January 12^{th} ? I'm so sorry for the short notice, it was out of my control.

Thanks so much, Angela

From: Horne, Elliott

Sent: Friday, December 02, 2011 12:55 PM

To: Crescente, Angela **Subject:** RE: Inflation Rate

Happy Friday Angela. Please see attached. (Inflation rate didn't change).

<< File: 2011InflRates.xls >>

From: Crescente, Angela

Sent: Friday, December 02, 2011 11:07 AM

To: Horne, Elliott

Subject: FW: Inflation Rate

Elliott,

Attachment to Response to KU AG-1 Question No. 201 Page 494 of 1022 Charnas

Could you provide me the inflation rate as of 12/1/2011, please?

Thanks, Angela

From: Horne, Elliott

Sent: Monday, November 07, 2011 11:47 AM

To: Crescente, Angela **Subject:** Inflation Rate

<< File: 2011Rates.xls >>

Angela,

The inflation rate as of 11/1/2011 is approximately 2.25%. (The attached file shows how this rate was determined.)

Please let me know if you need any additional information.

Attachment to Response to KU AG-1 Question No. 201 Page 495 of 1022 Charnas

January 2012 Inflation Rate Information

Inflation Rate Calculation

 30-Yr Treasury as of 1/3/2012
 2.98%

 30-Yr TIPS as of 1/3/2012
 0.81%

 Expected Inflation Rate
 2.17%

Crescente, Angela

From:

Crescente, Angela

Sent:

Wednesday, July 18, 2012 11:22 AM

To: Cc:

Koellner, Corey Wiseman, Sara

Subject:

RE: LGE ARO Regulatory Assets

Follow Up Flag: Flag Status:

Follow up Completed

Corey,

This should be left as a credit due to settlement activity and the offsetting account is 230016.

Thanks, Angela

From: Koellner, Corey

Sent: Tuesday, July 17, 2012 12:02 PM

To: Crescente, Angela Cc: Wiseman, Sara

Subject: LGE ARO Regulatory Assets

I'm preparing the LGE regulatory asset information that will be included in the Form 3; I have identified the following ARO assets with credit activity in 2Q12:

Account

Account

Line Description

Je Name

Credits

182326 OTHER REGULATORY ASSETS ARO - GAS

PP ARO USD 01-JUN-12

Journal Import Created

750,064.05

Can you let me know if this item should be documented as a credit, or if it should be netted against the debits due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner Regulatory Accounting & Reporting LG&E and KU Energy LLC Direct: (502) 627-2965

Attachment to Response to KU AG-1 Question No. 201 Page 498 of 1022 Charnas

Crescente, Angela

From:

Koeliner, Corey

Sent:

Tuesday, July 17, 2012 12:02 PM

To: Cc: Crescente, Angela Wiseman, Sara

Subject:

LGE ARO Regulatory Assets

Follow Up Flag: Flag Status:

Follow up Completed

I'm preparing the LGE regulatory asset information that will be included in the Form 3; I have identified the following ARO assets with credit activity in 2Q12:

Account

Account

Line Description

Je Name

Credits

182326 OTHER REGULATORY ASSETS ARO - GAS

PP ARO USD 01-JUN-12

Journal Import Created

750,064.05

Can you let me know if this item should be documented as a credit, or if it should be netted against the debits due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner Regulatory Accounting & Reporting LG&E and KU Energy LLC Direct: (502) 627-2965

Fax: (502) 627-3800

corev.koellner@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 499 of 1022 Charnas

Crescente, Angela

From:

Koellner, Corey

Sent:

Wednesday, July 18, 2012 11:32 AM

To:

Crescente, Angela

Subject:

RE: LGE ARO Regulatory Assets

Follow Up Flag: Flag Status:

Follow up Completed

Thank you!

From: Crescente, Angela

Sent: Wednesday, July 18, 2012 11:22 AM

To: Koellner, Corey Cc: Wiseman, Sara

Subject: RE: LGE ARO Regulatory Assets

Corey,

This should be left as a credit due to settlement activity and the offsetting account is 230016.

Thanks, Angela

From: Koellner, Corey

Sent: Tuesday, July 17, 2012 12:02 PM

To: Crescente, Angela Cc: Wiseman, Sara

Subject: LGE ARO Regulatory Assets

I'm preparing the LGE regulatory asset information that will be included in the Form 3; I have identified the following ARO assets with credit activity in 2Q12:

Account

Account

Line Description

Je Name

Credits

182326 OTHER REGULATORY ASSETS ARO - GAS

PP ARO USD 01-JUN-12

Journal Import Created

750,064.05

Attachment to Response to KU AG-1 Question No. 201 Page 500 of 1022 Charnas

Can you let me know if this item should be documented as a credit, or if it should be netted against the debits due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner Regulatory Accounting & Reporting LG&E and KU Energy LLC Direct: (502) 627-2965 Fax: (502) 627-3800

corey.koellner@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 501 of 1022 Charnas

Crescente, Angela

From:

Koellner, Corey

Sent:

Monday, July 23, 2012 11:35 AM

To: Subject: Crescente, Angela KU ARO Regulatory Liabs

Follow Up Flag: Flag Status:

Follow up Completed

I'm preparing the KU regulatory liability information that will be included in the Form 3; I have identified the following ARO liabs with debit activity in 2Q12:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-APR-12	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-JUN-12	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-MAY-12	Journal Import Created	6,257.17

Can you let me know if these items should be documented as debits, or if they should be netted against the credit (like 1Q12) due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner Regulatory Accounting & Reporting LG&E and KU Energy LLC Direct: (502) 627-2965

Fax: (502) 627-3800

corey.koellner@lge-ku.com

Crescente, Angela

From:

Crescente, Angela

Sent:

Monday, July 23, 2012 12:06 PM

To: Cc: Koellner, Corey Wiseman, Sara

Subject:

RE: KU ARO Regulatory Liabs

Follow Up Flag: Flag Status:

Follow up Flagged

Corey,

The three lines of \$6,257.17 should be netted against the credit for normal activity.

Thanks, Angela

From: Koeliner, Corey

Sent: Monday, July 23, 2012 11:35 AM

To: Crescente, Angela

Subject: KU ARO Regulatory Liabs

I'm preparing the KU regulatory liability information that will be included in the Form 3; I have identified the following ARO liabs with debit activity in 2Q12:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-APR-12	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-JUN-12	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-MAY-12	Journal Import Created	6,257.17

Can you let me know if these items should be documented as debits, or if they should be netted against the credit (like 1Q12) due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner Regulatory Accounting & Reporting LG&E and KU Energy LLC Direct: (502) 627-2965

Crescente, Angela

From:

Crescente, Angela

Sent:

Monday, July 23, 2012 11:09 AM

To: Cc: Koellner, Corey Wiseman, Sara

Subject:

RE: LGE ARO Regulatory Liabs

Follow Up Flag: Flag Status:

Follow up Completed

Corey,

The three lines of \$55.74 should be netted against the credit for normal activity.

Thanks, Angela

From: Koellner, Corey

Sent: Monday, July 23, 2012 10:44 AM

To: Crescente, Angela

Subject: LGE ARO Regulatory Liabs

I'm preparing the LGE regulatory liability information that will be included in the Form 3; I have identified the following ARO liabs with debit activity in 2Q12:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-APR-12	Journal Import Created	55.74
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-JUN-12	Journal Import Created	55.74
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-MAY-12	Journal Import Created	55.74

Can you let me know if these items should be documented as debits, or if they should be netted against the credit (as they were in 1Q12) due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner Regulatory Accounting & Reporting LG&E and KU Energy LLC Direct: (502) 627-2965

Fax: (502) 627-3800 corey.koellner@lge-ku.com Attachment to Response to KU AG-1 Question No. 201 Page 505 of 1022 Charnas

Attachment to Response to KU AG-1 Question No. 201 Page 506 of 1022 Charnas

Crescente, Angela

From:

Koellner, Corey

Sent:

Monday, July 23, 2012 10:44 AM

To: Subject: Crescente, Angela LGE ARO Regulatory Liabs

Follow Up Flag: Flag Status:

Follow up Completed

I'm preparing the LGE regulatory liability information that will be included in the Form 3; I have identified the following ARO liabs with debit activity in 2Q12:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-APR-12	Journal Import Created	55.74
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-JUN-12	Journal Import Created	55.74
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-MAY-12	Journal Import Created	55.74

Can you let me know if these items should be documented as debits, or if they should be netted against the credit (as they were in 1Q12) due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner Regulatory Accounting & Reporting LG&E and KU Energy LLC Direct: (502) 627-2965 Fax: (502) 627-3800

Attachment to Response to KU AG-1 Question No. 201 Page 507 of 1022 Charnas

Crescente, Angela

From:

Wiseman, Sara

Sent:

Monday, February 20, 2012 11:08 AM

To:

Charnas, Shannon Crescente, Angela

Cc: Subject:

ARO policy changes--very minor



652 - Capital -ARO Policies a...

Shannon:

Attached is a copy of the ARO policy. A minor wording change has been made to the policy and we just send one instead of two. You approved the wording before we started using it last year, but I didn't take the time then to ask you to update the policy.

I know the normal procedure is to meet with you and Valerie, but since it is so minor I thought you might forgo that. I'm glad to do whatever is necessary. Or you may decide that we don't need to revise the policy for such a minor change.

Date 32/3420/4412 Page 1 of 5

652 - Capital - Asset Retirement Obligations Policy and Procedures

Policy: An asset retirement obligation ("ARO") will be established when a legal obligation exists, in compliance with ARO guidance per FASB Accounting Standards Codification ("ASC") Topics 410 and 980-410 (formerly Statement of Financial Accounting Standards No. 143 ("SFAS 143"), Accounting for AROs and the subsequent FASB Interpretation No. 47 ("FIN 47")).

Procedure: Criteria for the recognition and accounting of legal retirement obligations related to tangible long lived assets are detailed below.

Scope: All legal retirement obligations of LG&E and KU Energy LLC ("LKE" or the "Company") and its subsidiaries including Louisville Gas & Electric Company ("LG&E"), Kentucky Utilities Company ("KU") and LG&E and KU Services Company ("Servco").

Objective of Procedure: Accurate identification of and provision for Asset Retirement Obligations as defined in ASC Topics 410 and 980-410.

General Requirements:

Definition of ARO: A legal retirement obligation is an obligation that a party is required to settle as a result of an existing or enacted law, statute, ordinance or contract. A retirement encompasses the sale, abandonment or disposal in some other manner of a long lived asset. After an entity retires an asset, the asset is no longer under the control of that entity, or no longer in existence, or no longer capable of being used in the manner for which it was originally acquired. Retirement does not encompass the temporary idling of a long lived asset. (ASC 410-20-05)

Legal and Environmental Department personnel, in coordination with line of business and Property Accounting personnel, determine the need to establish an ARO based upon review of legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations.

Additionally, Property Accounting will distribute ARO Questionnaires quarterly. See Appendix A for the questionnaires and target audiences.

Initial ARO Establishment:

A long lived tangible asset is determined to give rise to a legal retirement obligation.

The need to add an ARO is considered during the approval process for asset additions. During the AIP process, Property Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Property Accounting Analyst in charge of ARO accounting for further action. The Property Accounting Analyst in charge of ARO accounting reviews the AIP

Date 32/3120/4112 Page 2 of 5

652 - Capital - Asset Retirement Obligations Policy and Procedures

and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations. Cost estimates for the AROs are determined based on discussions with appropriate field personnel, the Legal Department and the Environmental Department. Cost estimates are to be reviewed periodically. The cost associated with the recognition of the asset retirement obligation is capitalized as part of the related tangible asset's book cost and is depreciated over a life dictated by the settlement date of the ARO liability. The asset retirement obligation book cost is initially recorded at fair value. An expected cash flow approach is used to determine the cash flows by incorporating probabilities of cost into the measurement. A market risk premium is also incorporated due to the uncertainty of the costs in the future. For U.S. GAAP purposes, the interest rates used in this calculation are provided by the Treasurer. These rates are based on the credit rating of the utilities. New interest rates are used when a new ARO is recorded or when the liabilities must be recalculated due to a change in the estimate. Also, a new interest rate is used for the new ARO when it is recorded. The fair value of the obligation is assigned to the appropriate FERC plant account and tracked using the PowerPlant fixed asset system.

The ARO asset and an offsetting liability equal to the fair value of the ARO are also recorded by PowerPlant via the following entry:

Dr. 101XXX - Plant In Service – ARO Asset Retirement Cost Cr. 230XXX - ARO Liability

Depreciation:

Depreciation on ARO assets is calculated on a straight line basis (consistent with all utility depreciation calculations) over a life dictated by the settlement date of the ARO liability.

The PowerPlant journal entry reflecting depreciation expense for the ARO asset is:

Dr. 403XXX - Depreciation Expense
Cr. 108XXX - Accumulated Depreciation – ARO Asset Retirement Cost

Accretion:

As depreciation expense allocates the cost of installing an asset over its useful life, accretion expense allocates the increase in the cost of removing an asset over its useful life. Each period the ARO liability is increased through the recognition of accretion expense. The PowerPlant journal entry reflecting accretion is as follows:

Dr. 411XXX - Accretion Expense Cr. 230XXX - ARO Liability

Date 32/3120/1112 Page 3 of 5

652 - Capital - Asset Retirement Obligations Policy and Procedures

Regulatory Assets and Liabilities: Pursuant to ASC 980-410, depreciation and accretion expense related to the ARO asset and liability is offset with a regulatory asset. The PowerPlant journal entry to record the offset is:

Dr. 182XXX - Other Regulatory Assets ARO Cr. 407XXX - Regulatory Credits

Settlement: At the time of settlement the appropriate ARO amounts in accounts 101XXX, 108XXX, 182XXX and 230XXX are reversed.

Reports Generated and Recipients:

- ARO Quarterly Rollforward Report provided to external auditors
- · ARO account reconciliation reports:
- PowerPlant report ARO Report Reg 1001 (182 accounts)
- PowerPlant report ARO Report ARO 1100 (230 accounts)

Additional Controls or Responsibility Provided by Other Procedures:

N/A

Regulatory Requirements:

- FERC Accounting Guidelines
- Kentucky Public Service Commission Order Case No. 2003-00426

Reference:

- ASC Topic 410
- ASC Topic 980-410
- FERC Order 552
- FERC Order 631

Corresponding PPL Policy No. and Name:

407 - Asset Retirement Obligation

Key Contact: Manager, Property Accounting

Administrative Responsibility: Director, Accounting and Regulatory Reporting

Date Created: 08/24/05

Dates Revised: 10/21/06; 12/31/09; 12/01/10; 03/31/11, 2/202/12

Date 32/3120/1112 Page 4 of 5

652 - Capital - Asset Retirement Obligations Policy and Procedures

APPENDIX A

Questionnaire

Distribution: Environmental, Legal, Budget Managers for each operating line of business

Please answer the following questions for the period since the date of your last completed questionnaire.

To the best of your knowledge, are you aware of any changes that would impact the
valuation of the asset retirement obligations ("AROs") that have been identified? Such
changes may include changes in laws, statutes, regulations, precedents set by the
Company, contracts, permits, certificates of need, right of way agreements, market costs
or available resources for remediation, or planned retirements. (Please list)

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

- 2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that --- will create an ARO? (Please list, include location)
- Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"
- 3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)
- Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"
- 4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.
 3.

Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

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Date 3<u>2/3120/1112</u> Page 5 of 5

652 - Capital - Asset Retirement Obligations Policy and Procedures

Questionnaire

Asset-Retirement-Obligation-Promissory-Estoppel

Distribution: Environmental, Legal, Budget Managers for each line of business

Please answer the following question.

In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.

Formatted: Heading 2

Attachment to Response to KU AG-1 Question No. 201 Page 513 of 1022 Charnas

<u>Breakers:</u> Disposal of oil found in breakers is an ARO. However, non PCB oil can generally be recycled at no cost to the Company or even sold. The Company must pay to dispose of or recycle PCB contaminated oil. However, Company personnel estimate that there are few breakers remaining which may contain PCB contaminated oil. Therefore the amount of the PCB contaminated oil remaining is considered to be minimal and cannot be estimated. Recent breaker purchases by the Company contain SF6 gas. SF6 gas is not considered to be an ARO as greenhouse gas regulations rules only require reporting of SF6, they do not include requirements on control. SF6 will be sold or recycled upon retirement. Due to this fact, no ARO has been recorded for oil or SF6.

<u>Batteries:</u> Batteries do need to be disposed of in a certain manner for environmental reasons; however, most batteries are recycled at no cost to the Company upon retirement. Therefore, no ARO has been recorded.

<u>Freon (HVAC):</u> There are certain regulations for disposal of Freon. Only have 4 control houses with air conditioning. Future plans would be to add air conditioning one per year. Due to the small dollar amounts involved, no ARO was established.

<u>Easement, Leases:</u> A review of a sample of main easement/lease forms by the Legal Department did not reveal any legal requirements to remove property upon retirement. The Legal Department will continue to review easement forms as they are revised to ensure this finding does not change. Therefore, no ARO is recorded. <u>Underground Electric Lines:</u> There is a minimal amount of oil found in underground electric lines, however, it is not PCB contaminated. The oil is pumped out of the lines upon removal or abandonment. Non PCB oil can generally be recycled at no cost to the Company or even sold. Therefore, since there is no cost to the Company an ARO is not required.

<u>Poles:</u> Poles may be coated with creosote. However, there is no additional cost for disposal of creosote covered poles. Therefore, no ARO has been recorded.

The following items are not considered to be AROs (for the reasons documented):

<u>Sewage Facilities</u>: There is no legal obligation. We do remove sewage facilities in a certain way to satisfy our best practice approach, but not for a legal obligation.

The following item was established as an ARO due to materiality purposes in December 2011:

<u>Bushings:</u> Disposal of oil found in bushings is an ARO. Non-PCB oil can generally be recycled at no cost to the Company or even sold. The Company must pay to dispose of or recycle PCB contaminated oil. After a certain date, manufacturers stopped manufacturing bushings with PCB contaminated oil. The Company does have some transmission bushings that contain PCB; therefore, an ARO was established.

From: Daly, Karen

From:

Sent: To:	Monday, January 16, 2012 2: Daly, Karen; Leenerts, Patricia		
Cc:	Riggs, Eric		
Subject:	RE: LGE Transfer (Fin) Detail I	PG3	
Tracking:	Recipient	Read	
	Daly, Karen	Read: 1/16/2012 2:16 PM	
	Leenerts, Patricia	Read: 1/16/2012 2:15 PM	
	Riggs, Eric	Read: 1/16/2012 2:15 PM	
If it is what I am reme Production to correct		et, right? If so, it was a transfer from Steam to Other	
Thanks, Angela			
From: Daly, Karen Sent: Monday, Januar To: Leenerts, Patricia Cc: Riggs, Eric; Cresce Subject: RE: LGE Tra	nte, Angela		
I wasn't planning on cl	nanging the report.		
Angela, Please describ	e for both of us for our support.		
Karen			
From: Leenerts, Patric Sent: Monday, Januar To: Daly, Karen Cc: Riggs, Eric; Cresce Subject: RE: LGE Trai	y 16, 2012 2:00 PM nte, Angela		
Karen, please let me k	now when you have updated the descript	tion on the Plant Report so they I my reprint for my backup.	
Thanks,			
Pat 502-627- 3811			

Crescente, Angela

Attachment to Response to KU AG-1 Question No. 201 Page 515 of 1022 Charnas

Sent: Monday, January 16, 2012 1:58 PM **To:** Leenerts, Patricia; Crescente, Angela

Cc: Riggs, Eric

Subject: RE: LGE Transfer (Fin) Detail PG3

Ok...I didn't split it enough on the page. The electric part is ARO – for which Angela can explain. The Gas part is the transfer of meters.

From: Leenerts, Patricia

Sent: Monday, January 16, 2012 1:51 PM

To: Crescente, Angela **Cc:** Daly, Karen

Subject: FW: LGE Transfer (Fin) Detail PG3

I intended on copying you.

Thanks,

Pat 502-627-3811

From: Leenerts, Patricia

Sent: Monday, January 16, 2012 1:50 PM

To: Daly, Karen

Subject: LGE Transfer (Fin) Detail PG3

Karen, I'm not sure that the explanation shown for Mar-2011 (A) is correct. It is an ARO transfer and Angela said it didn't have anything to do with meters. Could you let me know what the correct description should be so I can write my footnote? Thanks

Pat

Attachment to Response to KU AG-1 Question No. 201 Page 516 of 1022 Charnas

Crescente, Angela

From: Wiseman, Sara

Sent: Thursday, January 12, 2012 4:07 PM

To: Amlung, Kim; Clark, Ed; Clark, Lynda; Crescente, Angela; Daly, Karen; Griffin, Sharon;

Kinder, Debra; Kuntz, John; Leenerts, Patricia; Riggs, Eric; Rose, Bruce; Wacker, Diana

Subject: FW: Journal Entries for December 2011 Revaluation.xlsx

The ARO entries have been posted. See below for a new journal entry summary. Karen will be re-issuing the plant reports later today or by mid day tomorrow.

From: Crescente, Angela

Sent: Thursday, January 12, 2012 3:58 PM

To: Wiseman, Sara

Subject: Journal Entries for December 2011 Revaluation.xlsx

Journal Entries for December 2... (In Thousands)

Settlements

LGE

Account	Debit	Credit	
101		46	
108	4		
182		6	
230	48		

ΚU

Account	Debit	Credit
101		313
108	40	
182		53
230	326	

LKE

Account	Debit	Credit
101		359
108	44	
182	Į.	59
230	374	

New AROs

LGE

Account	Debit	Credit	
101	1,811		
230		1,811	

KU

Account	Debit	Credit
101	1,680	
230		1,680

LKE

Account	Debit	Credit
101	3,491	
230		3,491

Total

LGE

Account	Debit	Credit
101	1,765	
108	4	
182		6
230		1,763

KU

Account	Debit	Credit
101	1,367	
108	40	
182		53
230		1,354

LKE

Account	Debit	Credit	
101	3,132		
108	44		
182		59	
230		3,117	

From:

Koellner, Corey

Sent:

Monday, January 30, 2012 12:59 PM

To: Cc: Crescente, Angela Wiseman, Sara

Subject:

LGE ARO Regulatory Assets

Follow Up Flag:

Follow up

Flag Status:

Completed

I'm preparing the LGE regulatory asset information that will be included in the Form 1; I have identified the following ARO assets with credit activity in 4Q11:

Account	Account	Line Description	Je Name	Credits
182317	OTHER REGULATORY ASSETS ARO - GENERATION	J425-0100-1211 Adjustment USD 31-DEC-11	Journal Import Created	6,166.72
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	48,850.45
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-OCT-11	Journal Import Created	232,768.16
182317	OTHER REGULATORY ASSETS ARO - GENERATION	Reverses "J425-0100-1211 Adjustment USD 31- DEC-11"06-JAN-12 12:59:12	Journal Import Created	592,005.19
182326	OTHER REGULATORY ASSETS ARO - GAS	PP ARO USD 01-DEC-11	Journal Import Created	2,723.43

Can you let me know if these items should be documented as credits, or if they should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner
Regulatory Accounting & Reporting
LG&E and KU Energy LLC
Direct: (502) 627-2965
Fax: (502) 627-3800

Attachment to Response to KU AG-1 Question No. 201 Page 519 of 1022 Charnas

Cresce	nte,	Angela

From:

Crescente, Angela

Sent:

Tuesday, January 31, 2012 10:05 AM

To:

Koellner, Corey

Subject:

RE: KU ARO Regulatory Liabs

Follow Up Flag:

Follow up

Flag Status:

Completed

Corey,

The \$37,069.71 reclass activity offsetting account is 108116. The \$1,060,171.41 reclass activity offsetting account is 108116.

Thanks, Angela

From: Crescente, Angela

Sent: Tuesday, January 31, 2012 8:25 AM

To: Koellner, Corey Cc: Wiseman, Sara

Subject: RE: KU ARO Regulatory Liabs

Corey,

In regards to the \$1,054,478.91, that is a journal entry reversal so go ahead and net that against the credits. The \$43,326.88 should be split by \$6,257.17 netting against the credit for normal activity, and the \$37,069.71 staying as a debit for reclass activity. The two lines of \$6,257.17 should be netted against the credit for normal activity and the \$1,060,171.41 should be left as a debit for reclass activity.

Thanks, Angela

From: Koellner, Corey

Sent: Monday, January 30, 2012 2:32 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: KU ARO Regulatory Liabs

I'm preparing the KU regulatory liability information that will be included in the Form 1; I have identified the following ARO liabs with debit activity in 4Q11:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	J440-0110-1211 Adjustment USD 31- DEC-11	Journal Import Created	1,054,478.91
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	43,326.88
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-NOV-11	Journal Import Created	6,257.17
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-OCT-11	Journal Import Created	6,257.17
254015	REGULATORY LIABILITY ARO -	PP ARO USD 01-DEC-11	Journal Import Created	1,060,171.41
	TRANSMISSION			

Can you let me know if these items should be documented as debits, or if they should be netted against the credit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner
Regulatory Accounting & Reporting
LG&E and KU Energy LLC
Direct: (502) 627-2965
Fax: (502) 627-3800
corey.koellner@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 521 of 1022 Charnas

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Crescente, Angela From: Tuesday, January 31, 2012 10:00 AM Sent: Koellner, Corey To: RE: LGE ARO Regulatory Assets Subject: Follow Up Flag: Follow up Flag Status: Completed Corey, The \$3,083.36 reclass amount offsetting account is 108107. The \$48,850.45 and the \$232,768.16 settlement activity offsetting account is 230012. The \$2,723.43 settlement activity offsetting account is 230016. I went ahead and added the last three numbers of the account for my own documentation purposes in case I ever wind up needing to explain. I may not remember as well in the future. Thanks, Angela From: Crescente, Angela Sent: Tuesday, January 31, 2012 8:10 AM To: Koellner, Corey Cc: Wiseman, Sara Subject: RE: LGE ARO Regulatory Assets Corey, In regards to the \$6,166.72, \$3,083.36 of it should net against the debit because it was a journal entry reversal. The other \$3,083.36 was a reclass and should be left as a credit. The \$48,850.45, \$232,768.16, and \$2,723.43 should be left as a credit due to settlement activity. The \$592,005.19 was a journal entry reversal and should be netted against the debit. Thanks, Angela From: Koellner, Corey

Sent: Monday, January 30, 2012 12:59 PM

To: Crescente, Angela Cc: Wiseman, Sara

Subject: LGE ARO Regulatory Assets

I'm preparing the LGE regulatory asset information that will be included in the Form 1; I have identified the following ARO assets with credit activity in 4Q11:

Account 182317	Account OTHER REGULATORY ASSETS ARO - GENERATION	Line Description J425-0100-1211 Adjustment USD 31-DEC-11	Je Name Journal Import Created	Credits 6,166.72
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	48,850.45
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-OCT-11	Journal Import Created	232,768.16
182317	OTHER REGULATORY ASSETS ARO - GENERATION	Reverses "J425-0100-1211 Adjustment USD 31- DEC-11"06-JAN-12 12:59:12	Journal Import Created	592,005.19
182326	OTHER REGULATORY ASSETS ARO - GAS	PP ARO USD 01-DEC-11	Journal Import Created	2,723.43

Can you let me know if these items should be documented as credits, or if they should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner
Regulatory Accounting & Reporting
LG&E and KU Energy LLC
Direct: (502) 627-2965
Fax: (502) 627-3800
corey.koellner@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 523 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Tuesday, January 31, 2012 9:37 AM

To:

Koellner, Corey

Subject:

RE: KU ARO Regulatory Assets

Follow Up Flag:

Follow up

Flag Status:

Completed

It is 230012.

From: Koellner, Corey

Sent: Tuesday, January 31, 2012 8:53 AM

To: Crescente, Angela

Subject: RE: KU ARO Regulatory Assets

Could you let me know the offset account(s)?

From: Crescente, Angela

Sent: Monday, January 30, 2012 4:07 PM

To: Koellner, Corey **Cc:** Wiseman, Sara

Subject: RE: KU ARO Regulatory Assets

Corey,

Since this is settlement related activity, please document the activity below as a credit.

Thanks,

Angela

Attachment to Response to KU AG-1 Question No. 201 Page 524 of 1022 Charnas

From: Koellner, Corey

Sent: Monday, January 30, 2012 2:21 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: KU ARO Regulatory Assets

I'm preparing the KU regulatory asset information that will be included in the Form 1; I identified the following ARO asset with credit activity in 4Q11:

Account Line Description Je Name Credits
182317 OTHER REGULATORY ASSETS ARO - PP ARO USD 01-DEC-11 Journal Import Created 326,707.17
GENERATION

Can you let me know if this item should be documented as a credit, or if it should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner Regulatory Accounting & Reporting LG&E and KU Energy LLC Direct: (502) 627-2965 Fax: (502) 627-3800

From:

Crescente, Angela

Sent:

Tuesday, January 31, 2012 8:25 AM

To: Cc: Koellner, Corey Wiseman, Sara

Subject:

RE: KU ARO Regulatory Liabs

Follow Up Flag:

Follow up

Flag Status:

Completed

Corey,

In regards to the \$1,054,478.91, that is a journal entry reversal so go ahead and net that against the credits. The \$43,326.88 should be split by \$6,257.17 netting against the credit for normal activity, and the \$37,069.71 staying as a debit for reclass activity. The two lines of \$6,257.17 should be netted against the credit for normal activity and the \$1,060,171.41 should be left as a debit for reclass activity.

Thanks, Angela

From: Koellner, Corey

Sent: Monday, January 30, 2012 2:32 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: KU ARO Regulatory Liabs

I'm preparing the KU regulatory liability information that will be included in the Form 1; I have identified the following ARO liabs with debit activity in 4Q11:

Account 254014	Account REGULATORY LIABILITY ARO - GENERATION	Je Name J440-0110-1211 Adjustment USD 31-	Line Description Journal Import Created	Debits 1,054,478.91
254014 254014	REGULATORY LIABILITY ARO - GENERATION REGULATORY LIABILITY ARO - GENERATION		Journal Import Created Journal Import Created	43,326.88 6,257.17
254014 254015	REGULATORY LIABILITY ARO - GENERATION REGULATORY LIABILITY ARO -		Journal Import Created Journal Import Created	6,257.17 1,060,171.41

Attachment to Response to KU AG-1 Question No. 201 Page 526 of 1022 Charnas

TRANSMISSION

Can you let me know if these items should be documented as debits, or if they should be netted against the credit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner
Regulatory Accounting & Reporting
LG&E and KU Energy LLC
Direct: (502) 627-2965
Fax: (502) 627-3800
corey.koellner@lge-ku.com

From:

Crescente, Angela

Sent:

Tuesday, January 31, 2012 8:22 AM

To: Cc: 'Koellner, Corey' Wiseman, Sara

Subject:

RE: LGE ARO Regulatory Liabs

Follow Up Flag:

Follow up

Flag Status:

Completed

Corey,

In regards to the \$17,218.85, that is a journal entry reversal so go ahead and net that against the credits. The \$85,639.66 should be split by \$55.74 netting against the credit for normal activity, and the \$85,583.92 staying as a debit for reclass activity. The two lines of \$55.74 should be netted against the credit for normal activity and the \$18,472.98 should be left as a debit for reclass activity.

Thanks, Angela

From: Koellner, Corey

Sent: Monday, January 30, 2012 1:47 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: LGE ARO Regulatory Liabs

I'm preparing the LGE regulatory liability information that will be included in the Form 1; I have identified the following ARO liabs with debit activity in 4Q11:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	5	Journal Import Created	17,218.85
		DEC-11		
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	85,639.66
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-NOV-11	Journal Import Created	55.74
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-OCT-11	Journal Import Created	55.74
254015	REGULATORY LIABILITY ARO -	PP ARO USD 01-DEC-11	Journal Import Created	18,472.98
	TRANSMISSION			

Attachment to Response to KU AG-1 Question No. 201 Page 528 of 1022 Charnas

Can you let me know if these items should be documented as debits, or if they should be netted against the credit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner
Regulatory Accounting & Reporting
LG&E and KU Energy LLC
Direct: (502) 627-2965
Fax: (502) 627-3800

From:

Crescente, Angela

Sent:

Tuesday, January 31, 2012 8:10 AM

To: Cc: Koellner, Corey Wiseman, Sara

Subject:

RE: LGE ARO Regulatory Assets

Follow Up Flag:

Follow up

Flag Status:

Completed

Corey,

In regards to the \$6,166.72, \$3,083.36 of it should net against the debit because it was a journal entry reversal. The other \$3,083.36 was a reclass and should be left as a credit. The \$48,850.45, \$232,768.16, and \$2,723.43 should be left as a credit due to settlement activity. The \$592,005.19 was a journal entry reversal and should be netted against the debit.

Thanks, Angela

From: Koellner, Corey

Sent: Monday, January 30, 2012 12:59 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: LGE ARO Regulatory Assets

I'm preparing the LGE regulatory asset information that will be included in the Form 1; I have identified the following ARO assets with credit activity in 4Q11:

Account 182317	Account OTHER REGULATORY ASSETS ARO - GENERATION	Line Description J425-0100-1211 Adjustment USD 31-DEC-11	Je Name Journal Import Created	Credits 6,166.72
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	48,850.45
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-OCT-11	Journal Import Created	232,768.16

Attachment to Response to KU AG-1 Question No. 201 Page 530 of 1022

OTHER REGULATORY ASSETS ARO -

GENERATION

Reverses "J425-0100-1211 Adjustment USD Charnas Journal Import Created DEC-11"06-JAN-12 12:59:12

592,005.19

OTHER REGULATORY ASSETS ARO - GAS 182326

PP ARO USD 01-DEC-11

Journal Import Created

2,723.43

Can you let me know if these items should be documented as credits, or if they should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

182317

Corey Koellner Regulatory Accounting & Reporting LG&E and KU Energy LLC Direct: (502) 627-2965 Fax: (502) 627-3800 corey.koellner@lge-ku.com

From:

Crescente, Angela

Sent:

Monday, January 30, 2012 4:07 PM

To: Cc:

Koellner, Corey Wiseman, Sara

Subject:

RE: KU ARO Regulatory Assets

Follow Up Flag: Flag Status:

Follow up Completed

Corey,

Since this is settlement related activity, please document the activity below as a credit.

Thanks, Angela

From: Koellner, Corey

Sent: Monday, January 30, 2012 2:21 PM

To: Crescente, Angela Cc: Wiseman, Sara

Subject: KU ARO Regulatory Assets

I'm preparing the KU regulatory asset information that will be included in the Form 1; I identified the following ARO asset with credit activity in 4Q11:

Account

Account

Line Description

Je Name

Credits

182317 OTHER REGULATORY ASSETS ARO -**GENERATION**

PP ARO USD 01-DEC-11

Journal Import Created

326,707.17

Can you let me know if this item should be documented as a credit, or if it should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner

Regulatory Accounting & Reporting

Attachment to Response to KU AG-1 Question No. 201 Page 532 of 1022 Charnas

_

From:

Koellner, Corey

Sent:

Monday, January 30, 2012 2:32 PM

To: Cc: Crescente, Angela Wiseman, Sara

Subject:

KU ARO Regulatory Liabs

Follow Up Flag:

Follow up

Flag Status:

Completed

I'm preparing the KU regulatory liability information that will be included in the Form 1; I have identified the following ARO liabs with debit activity in 4Q11:

Account 254014	Account REGULATORY LIABILITY ARO - GENERATION	Je Name J440-0110-1211 Adjustment USD 31- DEC-11	Line Description Journal Import Created	Debits 1,054,478.91
254014 254014 254014 254015	REGULATORY LIABILITY ARO - GENERATION REGULATORY LIABILITY ARO - GENERATION REGULATORY LIABILITY ARO - GENERATION REGULATORY LIABILITY ARO - TRANSMISSION	PP ARO USD 01-NOV-11	Journal Import Created Journal Import Created Journal Import Created Journal Import Created	43,326.88 6,257.17 6,257.17 1,060,171.41

Can you let me know if these items should be documented as debits, or if they should be netted against the credit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner Regulatory Accounting & Reporting LG&E and KU Energy LLC Direct: (502) 627-2965

Fax: (502) 627-3800

Attachment to Response to KU AG-1 Question No. 201 Page 534 of 1022 Charnas

Crescente, Angela

From:

Koellner, Corey

Sent:

Monday, January 30, 2012 2:21 PM

To: Cc:

Crescente, Angela Wiseman, Sara

Subject:

KU ARO Regulatory Assets

Follow Up Flag:

Follow up

Flag Status:

Completed

I'm preparing the KU regulatory asset information that will be included in the Form 1; I identified the following ARO asset with credit activity in 4Q11:

Account

Account

Line Description

Je Name

Credits

182317 OTHER REGULATORY ASSETS ARO -

PP ARO USD 01-DEC-11

Journal Import Created

326,707.17

GENERATION

Can you let me know if this item should be documented as a credit, or if it should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner Regulatory Accounting & Reporting LG&E and KU Energy LLC Direct: (502) 627-2965

Fax: (502) 627-3800

From:

Koeliner, Corey

Sent:

Monday, January 30, 2012 1:47 PM

To: Cc: Crescente, Angela Wiseman, Sara

Subject:

LGE ARO Regulatory Liabs

Follow Up Flag:

Follow up

Flag Status:

Completed

I'm preparing the LGE regulatory liability information that will be included in the Form 1; I have identified the following ARO liabs with debit activity in 4Q11:

Account	Account	Je Name	Line Description	Debits
254014	REGULATORY LIABILITY ARO - GENERATION	J431-0100-1211 Adjustment USD 31-	Journal Import Created	17,218.85
		DEC-11		
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	85,639.66
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-NOV-11	Journal Import Created	55.74
254014	REGULATORY LIABILITY ARO - GENERATION	PP ARO USD 01-OCT-11	Journal Import Created	55.74
254015	REGULATORY LIABILITY ARO -	PP ARO USD 01-DEC-11	Journal Import Created	18,472.98
	TRANSMISSION		·	

Can you let me know if these items should be documented as debits, or if they should be netted against the credit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner Regulatory Accounting & Reporting LG&E and KU Energy LLC Direct: (502) 627-2965

Fax: (502) 627-3800

From:

Koellner, Corey

Sent:

Monday, January 30, 2012 12:59 PM

To: Cc: Crescente, Angela Wiseman, Sara

Subject:

LGE ARO Regulatory Assets

Follow Up Flag:

Follow up

Flag Status:

Completed

I'm preparing the LGE regulatory asset information that will be included in the Form 1; I have identified the following ARO assets with credit activity in 4Q11:

Account 182317	Account OTHER REGULATORY ASSETS ARO - GENERATION	Line Description J425-0100-1211 Adjustment USD 31-DEC-11	Je Name Journal Import Created	Credits 6,166.72
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-DEC-11	Journal Import Created	48,850.45
182317	OTHER REGULATORY ASSETS ARO - GENERATION	PP ARO USD 01-OCT-11	Journal Import Created	232,768.16
182317	OTHER REGULATORY ASSETS ARO - GENERATION	Reverses "J425-0100-1211 Adjustment USD 31- DEC-11"06-JAN-12 12:59:12	Journal Import Created	592,005.19
182326	OTHER REGULATORY ASSETS ARO - GAS	PP ARO USD 01-DEC-11	Journal Import Created	2,723.43

Can you let me know if these items should be documented as credits, or if they should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner
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LG&E and KU Energy LLC
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Fax: (502) 627-3800

Attachment to Response to KU AG-1 Question No. 201 Page 537 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Monday, January 16, 2012 2:15 PM

To:

Daly, Karen; Leenerts, Patricia

Cc:

Riggs, Eric

Subject:

RE: LGE Transfer (Fin) Detail PG3

Follow Up Flag:

Flag Status:

Follow up

Completed

Tracking:

Recipient

Read

Daly, Karen

Read: 1/16/2012 2:16 PM

Leenerts, Patricia

Read: 1/16/2012 2:15 PM

Riggs, Eric

Read: 1/16/2012 2:15 PM

If it is what I am remembering correctly, it is the Zorn ARO asset, right? If so, it was a transfer from Steam to Other Production to correct the ARO depr group.

Thanks, Angela

From: Daly, Karen

Sent: Monday, January 16, 2012 2:04 PM

To: Leenerts, Patricia

Cc: Riggs, Eric; Crescente, Angela

Subject: RE: LGE Transfer (Fin) Detail PG3

I wasn't planning on changing the report.

Angela, Please describe for both of us for our support.

Karen

From: Leenerts, Patricia

Sent: Monday, January 16, 2012 2:00 PM

To: Daly, Karen

Cc: Riggs, Eric; Crescente, Angela

Subject: RE: LGE Transfer (Fin) Detail PG3

Karen, please let me know when you have updated the description on the Plant Report so they I my reprint for my backup.

Thanks,

Pat

502-627-3811

Attachment to Response to KU AG-1 Question No. 201 Page 538 of 1022 Charnas

From: Daly, Karen

Sent: Monday, January 16, 2012 1:58 PM **To:** Leenerts, Patricia; Crescente, Angela

Cc: Riggs, Eric

Subject: RE: LGE Transfer (Fin) Detail PG3

Ok...I didn't split it enough on the page. The electric part is ARO – for which Angela can explain. The Gas part is the transfer of meters.

From: Leenerts, Patricia

Sent: Monday, January 16, 2012 1:51 PM

To: Crescente, Angela **Cc:** Daly, Karen

Subject: FW: LGE Transfer (Fin) Detail PG3

Lintended on copying you.

Thanks,

Pat 502-627-3811

From: Leenerts, Patricia

Sent: Monday, January 16, 2012 1:50 PM

To: Daly, Karen

Subject: LGE Transfer (Fin) Detail PG3

Karen, I'm not sure that the explanation shown for Mar-2011 (A) is correct. It is an ARO transfer and Angela said it didn't have anything to do with meters. Could you let me know what the correct description should be so I can write my footnote? Thanks

Pat

Clark, Ed

From:

Wacker, Diana

Sent:

Monday, May 07, 2012 3:03 PM

To: Cc:

'Vu Nguyen'; Crescente, Angela

Subject:

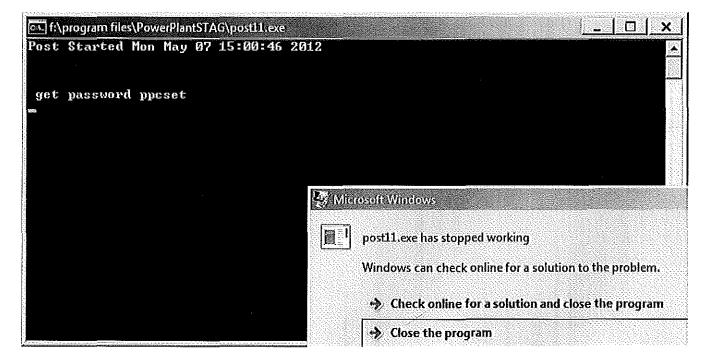
Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara

RE: New Post11 - ARO Post issue Number 43-Critical

Importance:

High

Vu: We are still having issues with POST. We are getting the following:



This is in STAG.

We are going to recreate some transactions and try in TEST.

Diana

From: Vu Nguyen [mailto:vnguyen@pwrplan.com]

Sent: Monday, May 07, 2012 12:21 PM

To: Crescente, Angela

Cc: Wacker, Diana; Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara

Subject: RE: New Post11 - ARO Post issue Number 43-Critical

Please kick off Post again.

Thanks,

Vu Nguyen

Manager, Professional Services

PowerPlan, Inc.

Attachment to Response to KU AG-1 Question No. 201 Page 540 of 1022 Charnas

200 Galleria Parkway Atlanta, GA 30339

O: +1 770.618.2294
M: +1 404.492.8291
vnguyen@pwrplan.com

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]

Sent: Monday, 07 May, 2012 10:56 AM

To: Vu Nguyen

Cc: Wacker, Diana; Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara

Subject: New Post11 - ARO Post issue Number 43-Critical

Vu,

After the new post version went in this morning, I tried to post ARO Retirements in PTAXSTAG and got an error. I successfully posted ARO retirements on Friday before the new version of Post in PTAXSTAG.

Thanks, Angela

From: Wacker, Diana

Sent: Monday, May 07, 2012 10:53 AM

To: Crescente, Angela **Subject:** FW: New Post11

From: Rubsch, Derik

Sent: Monday, May 07, 2012 10:37 AM

To: 'Vu Nguyen'

Cc: Wacker, Diana; Jim Oqilvie; Neal, Susan; Duce, John

Subject: RE: New Post11

Diana,

I copied the executable to PTAXSTAG and PTAXTEST if you want to test it.

Thanks, Derik

From: Vu Nguyen [mailto:vnguyen@pwrplan.com]

Sent: Monday, May 07, 2012 10:29 AM

To: Rubsch, Derik

Cc: Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John

Subject: New Post11

Derik – Please copy the new Post11.exe from the bin folder to pTaxStag and pTaxTest – It should have today's date as the modified date.

Diana – Once the copy is done, please re-test your preliminary retirement.

Thanks.

Attachment to Response to KU AG-1 Question No. 201 Page 541 of 1022 Charnas

Vu Nguyen Manager, Professional Services

PowerPlan, Inc. 200 Galleria Parkway Atlanta, GA 30339

O: +1 770.618.2294 M: +1 404.492.8291 vnguyen@pwrplan.com

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Clark, Ed

From:

Wacker, Diana

Sent:

Monday, May 07, 2012 12:35 PM

To:

'Vu Nguyen'; Crescente, Angela

Cc: Subject: Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara RE: New Post11 - ARO Post issue Number 43-Critical

The transactions posted. We will check the results and if ok, then close the incident.

Diana

From: Vu Nguyen [mailto:vnguyen@pwrplan.com]

Sent: Monday, May 07, 2012 12:21 PM

To: Crescente, Angela

Cc: Wacker, Diana; Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara

Subject: RE: New Post11 - ARO Post issue Number 43-Critical

Please kick off Post again.

Thanks,

Vu Nguyen

Manager, Professional Services

PowerPlan, Inc. 200 Galleria Parkway Atlanta, GA 30339

O: +1 770.618.2294 M: +1 404,492,8291 vnguven@pwrplan.com

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]

Sent: Monday, 07 May, 2012 10:56 AM

To: Vu Nauven

Cc: Wacker, Diana; Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara

Subject: New Post11 - ARO Post issue Number 43-Critical

Vu,

After the new post version went in this morning, I tried to post ARO Retirements in PTAXSTAG and got an error. I successfully posted ARO retirements on Friday before the new version of Post in PTAXSTAG.

Thanks, Angela

From: Wacker, Diana

Sent: Monday, May 07, 2012 10:53 AM

To: Crescente, Angela Subject: FW: New Post11

Attachment to Response to KU AG-1 Question No. 201 Page 543 of 1022 Charnas

From: Rubsch, Derik

Sent: Monday, May 07, 2012 10:37 AM

To: 'Vu Nguyen'

Cc: Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John

Subject: RE: New Post11

Diana,

I copied the executable to PTAXSTAG and PTAXTEST if you want to test it.

Thanks, Derik

From: Vu Nguyen [mailto:vnguyen@pwrplan.com]

Sent: Monday, May 07, 2012 10:29 AM

To: Rubsch, Derik

Cc: Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John

Subject: New Post11

Derik – Please copy the new Post11.exe from the bin folder to pTaxStag and pTaxTest – It should have today's date as the modified date.

Diana – Once the copy is done, please re-test your preliminary retirement.

Thanks.

Vu Nguyen

Manager, Professional Services

PowerPlan, Inc. 200 Galleria Parkway Atlanta, GA 30339

O: +1 770.618.2294 M: +1 404.492.8291 vnguyen@pwrplan.com

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Attachment to Response to KU AG-1 Question No. 201 Page 544 of 1022

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Attachment to Response to KU AG-1 Question No. 201 Page 545 of 1022 Charnas

Clark, Ed

From:

Vu Nguyen <vnguyen@pwrplan.com> Monday, May 07, 2012 12:21 PM

Sent: To:

Crescente, Angela

Cc:

Wacker, Diana; Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara

Subject:

RE: New Post11 - ARO Post issue Number 43-Critical

Please kick off Post again.

Thanks,

Vu Nguyen

Manager, Professional Services

PowerPlan, Inc. 200 Galleria Parkway Atlanta, GA 30339

O: +1 770.618.2294 M: +1 404.492.8291 vnguyen@pwrplan.com

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]

Sent: Monday, 07 May, 2012 10:56 AM

To: Vu Nguyen

Cc: Wacker, Diana; Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara

Subject: New Post11 - ARO Post issue Number 43-Critical

Vu,

After the new post version went in this morning, I tried to post ARO Retirements in PTAXSTAG and got an error. I successfully posted ARO retirements on Friday before the new version of Post in PTAXSTAG.

Thanks, Angela

From: Wacker, Diana

Sent: Monday, May 07, 2012 10:53 AM

To: Crescente, Angela **Subject:** FW: New Post11

From: Rubsch, Derik

Sent: Monday, May 07, 2012 10:37 AM

To: 'Vu Nguyen'

Cc: Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John

Subject: RE: New Post11

Diana,

I copied the executable to PTAXSTAG and PTAXTEST if you want to test it.

Attachment to Response to KU AG-1 Question No. 201 Page 546 of 1022 Charnas

Thanks, Derik

From: Vu Nguyen [mailto:vnguyen@pwrplan.com]

Sent: Monday, May 07, 2012 10:29 AM

To: Rubsch, Derik

Cc: Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John

Subject: New Post11

Derik – Please copy the new Post11.exe from the bin folder to pTaxStag and pTaxTest – It should have today's date as the modified date.

Diana – Once the copy is done, please re-test your preliminary retirement.

Thanks.

Vu Nguyen

Manager, Professional Services

PowerPlan, Inc. 200 Galleria Parkway Atlanta, GA 30339

O: +1 770.618.2294 M: +1 404.492.8291 vnguyen@pwrplan.com

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Attachment to Response to KU AG-1 Question No. 201 Page 547 of 1022 Charnas

Clark, Ed

From:

Vu Nguyen <vnguyen@pwrplan.com> Monday, May 07, 2012 11:35 AM

Sent: To:

Crescente, Angela

Subject:

Read: New Post11 - ARO Post issue Number 43-Critical

Attachments:

Read: New Post11 - ARO Post issue Number 43-Critical

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Attachment to Response to KU AG-1 Question No. 201 Page 548 of 1022 Charnas

Clark, Ed

From:

Vu Nguyen < vnguyen@pwrplan.com>

To:

Crescente, Angela

Sent:

Subject:

Monday, May 07, 2012 11:35 AM Read: New Post11 - ARO Post issue Number 43-Critical

Your message

To: Vu Nguyen

Subject: New Post11 - ARO Post issue Number 43-Critical

Sent: Monday, May 07, 2012 10:55:53 AM (UTC-05:00) Eastern Time (US & Canada)

was read on Monday, May 07, 2012 11:34:22 AM (UTC-05:00) Eastern Time (US & Canada).

Clark, Ed

From:

Wacker, Diana

Sent:

Monday, May 07, 2012 11:04 AM

To:

Crescente, Angela; 'Vnguyen@pwrplan.com'

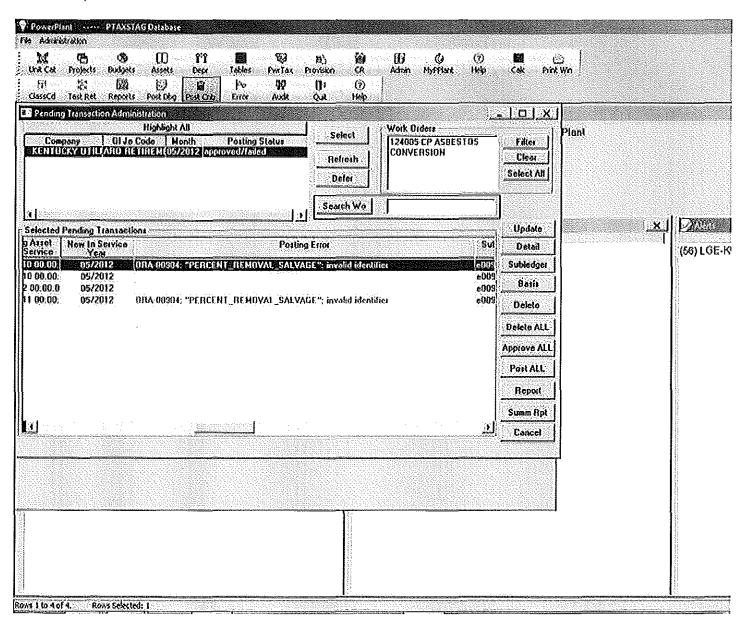
Cc:

Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara

Subject:

RE: New Post11 - ARO Post issue Number 43-Critical

Here is the post error - Diana



From: Crescente, Angela

Sent: Monday, May 07, 2012 10:56 AM

To: 'Vnguyen@pwrplan.com'

Cc: Wacker, Diana; Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara

Subject: New Post11 - ARO Post issue Number 43-Critical

Vu,

Attachment to Response to KU AG-1 Question No. 201 Page 550 of 1022

Charnas
After the new post version went in this morning, I tried to post ARO Retirements in PTAXSTAG and got an error. I successfully posted ARO retirements on Friday before the new version of Post in PTAXSTAG.

Thanks, Angela

From: Wacker, Diana

Sent: Monday, May 07, 2012 10:53 AM

To: Crescente, Angela Subject: FW: New Post11

From: Rubsch, Derik

Sent: Monday, May 07, 2012 10:37 AM

To: 'Vu Nguyen'

Cc: Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John

Subject: RE: New Post11

Diana,

I copied the executable to PTAXSTAG and PTAXTEST if you want to test it.

Thanks, Derik

From: Vu Nguyen [mailto:vnquyen@pwrplan.com]

Sent: Monday, May 07, 2012 10:29 AM

To: Rubsch, Derik

Cc: Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John

Subject: New Post11

Derik – Please copy the new Post11.exe from the bin folder to pTaxStag and pTaxTest – It should have today's date as the modified date.

Diana – Once the copy is done, please re-test your preliminary retirement.

Thanks.

Vu Nguyen

Manager, Professional Services

PowerPlan, Inc. 200 Galleria Parkway Atlanta, GA 30339

O: +1 770.618.2294 M: +1 404,492,8291 vnguyen@pwrplan.com

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Charnas
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Attachment to Response to KU AG-1 Question No. 201 Page 552 of 1022 Charnas

Clark, Ed

From: Crescente, Angela

Sent: Monday, May 07, 2012 10:56 AM

To: 'Vnguyen@pwrplan.com'

Cc: Wacker, Diana; Kinder, Debra; Rubsch, Derik; Neal, Susan; Wiseman, Sara

Subject: New Post11 - ARO Post issue Number 43-Critical

Vu,

After the new post version went in this morning, I tried to post ARO Retirements in PTAXSTAG and got an error. I successfully posted ARO retirements on Friday before the new version of Post in PTAXSTAG.

Thanks, Angela

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To: Crescente, Angela Subject: FW: New Post11

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Sent: Monday, May 07, 2012 10:37 AM

To: 'Vu Nguyen'

Cc: Wacker, Diana; Jim Ogilvie; Neal, Susan; Duce, John

Subject: RE: New Post11

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Thanks, Derik

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Sent: Monday, May 07, 2012 10:29 AM

To: Rubsch, Derik

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Subject: New Post11

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Diana – Once the copy is done, please re-test your preliminary retirement.

Thanks.

Vu Nguyen

Manager, Professional Services

PowerPlan, Inc.

Attachment to Response to KU AG-1 Question No. 201 Page 553 of 1022 Charnas

200 Galleria Parkway Atlanta, GA 30339

O: +1 770.618.2294 M: +1 404.492.8291 vnguyen@pwrplan.com

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Clark, Ed

From:

Crescente, Angela

Sent:

Monday, May 07, 2012 10:15 AM

To:

'Plant Support'

Subject:

RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

I'm sorry Elizabeth that it took me so long, I have been closing and testing our upgrade. I have now finished the depr reserve adj in PTAXDEV and posted them on the KU Company.

Thanks, Angela

-----Original Message-----From: Crescente, Angela

Sent: Monday, April 30, 2012 8:55 AM

To: 'Plant Support'

Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

Sure, I will let you know when I am done. Thanks!

----Original Message----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Friday, April 27, 2012 8:30 PM

To: Crescente, Angela; ecowart@pwrplan.com

Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

I am so sorry, could you do it again. I've copied my direct email on this as well so that I will immediately see when you reply. This will be at the top of my list to investigate.

Thank you!

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 4/17/2012 2:47 PM To: support@pwrplan.com

Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

Elizabeth,

I don't think I have heard back from you on this. Any luck finding anything? Let me know if you need me to do this again since DEV has refreshed again.

Thanks, Angela

----Original Message-----From: Crescente, Angela

Sent: Wednesday, April 04, 2012 1:14 PM

To: 'Plant Support'

Attachment to Response to KU AG-1 Question No. 201 Page 555 of 1022 Charnas

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Elizabeth,
I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait?
Thanks, Angela
Original Message From: Plant Support [mailto:support@pwrplan.com] Sent: Wednesday, April 04, 2012 9:07 AM To: Crescente, Angela Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
If you could that would be great.
Thank you,
Elizabeth
I did this in DEV, but it refreshed over the weekend. I can do it again if you want.
Original Message From: Plant Support [mailto:support@pwrplan.com] Sent: Tuesday, April 03, 2012 5:13 PM To: Crescente, Angela Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Hi Angela,
I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.
Elizabeth
Original Message From: Crescente, Angela [Angela.Crescente@lge-ku.com] Sent: 3/30/2012 5:13 PM

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

To: support@pwrplan.com

Cc: Diana.Wacker@lge-ku.com; Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 556 of 1022

Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

Hi Elizabeth,

I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.

Thanks! Angela

----Original Message----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Friday, March 30, 2012 4:47 PM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN,_50060ILZXN:ref]

Hi Angela,

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 3/30/2012 11:08 AM To: support@pwrplan.com

Cc: Sara.Wiseman@lge-ku.com; Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com

Subject: Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks, Angela Attachment to Response to KU AG-1 Question No. 201 Page 557 of 1022 Charnas

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Thanks,

Elizabeth Cowart
PowerPlant Support
770.937.3000
ref:_00D60KJDN._50060ILZXN:ref

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000

Clark, Ed

From:

Leenerts, Patricia

Sent:

To:

Subject:

Thursday, May 03, 2012 10:21 AM
Crescente, Angela
Please set up CC&P ARO for the following projects

RRCS419G

RR 108799 2299

RRCS421G

RR

108799

2299

RRCS422G

RR

108799

2299

Thanks,

Pat

502-627-3811

Attachment to Response to KU AG-1 Question No. 201 Page 559 of 1022 Charnas

Clark, Ed

From:

Leenerts, Patricia

Sent:

Tuesday, May 01, 2012 3:15 PM

To: Subject:

Crescente, Angela FW: ARO question

Angela, can you and when will you send written formal clarification from Friday's meeting. FYI, Paul Stratman in on vacation through 5/7. Also, how will existing projects with existing charges be handled? I believe that all Paul's projects will need a JE to move to 108799, but what about Pete's?

Thanks,

Pat

502-627-3811

From: Clyde, Peter

Sent: Tuesday, May 01, 2012 2:24 PM

To: Leenerts, Patricia Subject: RE: ARO question

Installing transmission pipe requires digging a hole, purging the line, cutting the pipe, welding in new pipe and backfilling. You cannot install pipe without doing this. PCB wipe samples and asbestos disposal are the only things that are done exclusively for retirement purposes when the job involves pipe replacement in small lengths.

The digging, purging, cutting, and backfilling could be argued to be needed for the retirement. The same logic would apply to each activity. However, I thought we said at the meeting that if the task was needed for the investment, it was charged to investment.

I made a couple of edits below.

Pete Clyde

Manager, Gas Regulatory Compliance Louisville Gas & Electric Company peter.clyde@lge-ku.com (502) 364-8715

From: Leenerts, Patricia

Sent: Tuesday, May 01, 2012 1:59 PM

To: Clyde, Peter

Subject: FW: ARO question

I decided to add the section in italics below.

Thanks,

Attachment to Response to KU AG-1 Question No. 201 Page 560 of 1022 Charnas

Pat 502-627-3811

From: Leenerts, Patricia

Sent: Tuesday, May 01, 2012 1:55 PM

To: Clyde, Peter

Subject: ARO question

Pete, this is what I was going to send Angela. It is a little different than our conversation because when I started typing I started remembering. This is not the official answer. Does it make sense or trigger additional memories from the meeting?

Angela,

Pete Clyde called regarding the discussion on AROs related to transmission lines. He is in charge of the Transmission lines. He summarized stating that the only cost to the ARO is the swab for asbestos PCBs, unless asbestos PCBs was found present and additional removal cost incurred at that point. He plans to charge the digging and backfilling as well as charge cutting, capping and purging to the investment task since he is putting the new pipe in. I believe that is half right. He needs to look at it as though he's putting the new pipe in because he has to remove old bad pipe. If the pipe didn't need replacing then we wouldn't be putting new pipe in. So the cutting capping and purging need to be 108799, but the digging and backfilling should be investment. Is that right? When I write that it seems the digging and backfilling should also be retirement. I guess the way to look at it is, installing pipe takes digging a hole, laying the pipe and covering the hole back up. Anything else is ARO.

He commented that he is worried about the correct labor costs getting charged to the ARO tasks. His way, there was no labor (PCB swab only).

I guess the other way to look at is that the cost of the pipe is the investment, the original pipe had labor, etc when it was first installed. All other costs are to the ARO. It always makes more sense during the meeting. I think that Pete's situation is a little different than Paul Stratman's. Maybe Pete's is not as straight forward?

Also, we used to allocate for retirement based on how the original AIP was setup. Should we consider that as a fix for when the charges come in from the field. Of course that only works when the original AIP has an estimate for removal costs. Did we decide that there is never 108901 retirements for Transmission or Distribution mains.

Thanks,

Pat 502-627-**3811**

Attachment to Response to KU AG-1 Question No. 201 Page 561 of 1022 Charnas

Clark, Ed

From:

Plant Support <support@pwrplan.com>

Sent:

Friday, April 27, 2012 8:30 PM

To:

Crescente, Angela; ecowart@pwrplan.com

Subject:

RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

I am so sorry, could you do it again. I've copied my direct email on this as well so that I will immediately see when you reply. This will be at the top of my list to investigate.

Thank you!

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 4/17/2012 2:47 PM To: support@pwrplan.com

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

Elizabeth,

I don't think I have heard back from you on this. Any luck finding anything? Let me know if you need me to do this again since DEV has refreshed again.

Thanks, Angela

----Original Message-----From: Crescente, Angela

Sent: Wednesday, April 04, 2012 1:14 PM

To: 'Plant Support'

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

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Thanks,

Angela

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From: Plant Support [mailto:support@pwrplan.com]

Sent: Wednesday, April 04, 2012 9:07 AM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

If you could that would be great.

Thank you,

Attachment to Response to KU AG-1 Question No. 201 Page 562 of 1022 Charnas

Charnas
Elizabeth
Original Message From: Crescente, Angela [Angela.Crescente@lge-ku.com] Sent: 4/4/2012 8:42 AM To: support@pwrplan.com Cc: Diana.Wacker@lge-ku.com; Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
I did this in DEV, but it refreshed over the weekend. I can do it again if you want.
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Hi Angela,
I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.
Elizabeth
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Hi Elizabeth,
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Thanks! Angela
Original Message From: Plant Support [mailto:support@pwrplan.com] Sent: Friday, March 30, 2012 4:47 PM To: Crescente, Angela

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Hi Angela,

Attachment to Response to KU AG-1 Question No. 201 Page 563 of 1022

Could you send screen print of the depreciation groups and the depreciation groups and the depreciation groups are the reserve/expense in the Depr moduel?

Thanks,		
Elizabeth		
Original Message		
From: Crescente, Angela [Angela.Crescente@lge-ku.com]	1	
Sent: 3/30/2012 11:08 AM		

Sent: 3/30/2012 11:08 AM To: support@pwrplan.com

Cc: Sara.Wiseman@lge-ku.com; Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com

Subject: Purchase Accounting Reserve on an ARO

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Thanks, Angela

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Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000 ref:_00D60KJDN._50060ILZXN:ref

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000 Attachment to Response to KU AG-1 Question No. 201 Page 564 of 1022 Charnas

Attachment to Response to KU AG-1 Question No. 201 Page 565 of 1022 Charnas

Clark, Ed

From:

Hiner, Brad

Sent:

Friday, April 27, 2012 3:35 PM

To:

Crescente, Angela; Satkamp, Mark; Porter, Janice

Cc:

Cloyd, Russ

Subject:

RE: Gas Control 2012 Regulator Facility Projects and AROs

Angela,

My INV (installation tasks) are linked to account 107001 - Construction Work In Progress

My RET (retirement tasks) are linked to account 108901 - Retirement - RWIP

Is this set up correctly?

Brad

From: Crescente, Angela

Sent: Friday, April 27, 2012 3:09 PM

To: Hiner, Brad; Satkamp, Mark; Porter, Janice

Cc: Cloyd, Russ

Subject: RE: Gas Control 2012 Regulator Facility Projects and AROs

There was some discussion after the meeting that the information Property Accounting needs for retirements might better be provided from Maps and Records. If that is the case here as well, let me know because I think there is a meeting that will be planned to discuss this option and there may be a need for only one retirement task. However, if you would rather have separate retirement tasks for your own tracking purposes, that is fine too. I will need to change the tasks you referenced below because the account number is different. I will wait for you to respond to this email about what I stated above before I do anything else.

Thanks, Angela

From: Hiner, Brad

Sent: Friday, April 27, 2012 3:03 PM

To: Crescente, Angela; Satkamp, Mark; Porter, Janice

Cc: Cloyd, Russ

Subject: RE: Gas Control 2012 Regulator Facility Projects and AROs

As of now, I have set up two tasks for each location on the HP Commercial Services Project. The format that I have used is the following:

INV_???? - Install ???? RET_???? - Retire ????

If this is not sufficient let me know. Some of the RET tasks already have materials charges that will need to be transferred if we have to create new retirement tasks with a different naming convention.

Brad

From: Crescente, Angela

Sent: Friday, April 27, 2012 2:57 PM To: Satkamp, Mark; Porter, Janice

Cc: Hiner, Brad; Cloyd, Russ

Subject: RE: Gas Control 2012 Regulator Facility Projects and AROs

All,

I don't mind setting up the tasks for you if you would let me know what the locations or facilities are.

Thanks, Angela

From: Satkamp, Mark

Sent: Friday, April 27, 2012 2:54 PM **To:** Porter, Janice; Crescente, Angela

Cc: Hiner, Brad; Cloyd, Russ

Subject: Gas Control 2012 Regulator Facility Projects and AROs

Janice and Angela,

From what I think I understand from the meeting today on AROs, we will need to set up retirement tasks for the following 3 projects, as follows:

#134648 2012 Gas Regulation Capacity Project #135166 2012 HP Commercial Services Project #135170 2012 Gas Regulation Facility Upgrade Project

- 1) Set up a separate retirement task for each location or facility on these projects where retirement costs will be incurred.
- 2) All retirement costs charged to these tasks will be considered as ARO related.

Please let me know if my understanding is not correct.

Thanks,

Mark Satkamp Manager, Gas Control 502-627-3135 Office mark.satkamp@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 567 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Friday, April 27, 2012 3:09 PM

To:

Hiner, Brad; Satkamp, Mark; Porter, Janice

Cc:

Cloyd, Russ

Subject:

RE: Gas Control 2012 Regulator Facility Projects and AROs

There was some discussion after the meeting that the information Property Accounting needs for retirements might better be provided from Maps and Records. If that is the case here as well, let me know because I think there is a meeting that will be planned to discuss this option and there may be a need for only one retirement task. However, if you would rather have separate retirement tasks for your own tracking purposes, that is fine too. I will need to change the tasks you referenced below because the account number is different. I will wait for you to respond to this email about what I stated above before I do anything else.

Thanks, Angela

From: Hiner, Brad

Sent: Friday, April 27, 2012 3:03 PM

To: Crescente, Angela; Satkamp, Mark; Porter, Janice

Cc: Cloyd, Russ

Subject: RE: Gas Control 2012 Regulator Facility Projects and AROs

As of now, I have set up two tasks for each location on the HP Commercial Services Project. The format that I have used is the following:

INV_???? - Install ???? RET_???? - Retire ????

If this is not sufficient let me know. Some of the RET tasks already have materials charges that will need to be transferred if we have to create new retirement tasks with a different naming convention.

Brad

From: Crescente, Angela

Sent: Friday, April 27, 2012 2:57 PM **To:** Satkamp, Mark; Porter, Janice **Cc:** Hiner, Brad; Cloyd, Russ

Subject: RE: Gas Control 2012 Regulator Facility Projects and AROs

All,

I don't mind setting up the tasks for you if you would let me know what the locations or facilities are.

Thanks,

Angela

Attachment to Response to KU AG-1 Question No. 201 Page 568 of 1022 Charnas

From: Satkamp, Mark

Sent: Friday, April 27, 2012 2:54 PM **To:** Porter, Janice; Crescente, Angela

Cc: Hiner, Brad; Cloyd, Russ

Subject: Gas Control 2012 Regulator Facility Projects and AROs

Janice and Angela,

From what I think I understand from the meeting today on AROs, we will need to set up retirement tasks for the following 3 projects, as follows:

#134648 2012 Gas Regulation Capacity Project #135166 2012 HP Commercial Services Project #135170 2012 Gas Regulation Facility Upgrade Project

- 1) Set up a separate retirement task for each location or facility on these projects where retirement costs will be incurred.
- 2) All retirement costs charged to these tasks will be considered as ARO related.

Please let me know if my understanding is not correct.

Thanks,

Mark Satkamp
Manager, Gas Control
502-627-3135 Office
mark.satkamp@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 569 of 1022 Charnas

Clark, Ed

From:

Hiner, Brad

Sent:

Friday, April 27, 2012 3:03 PM

To:

Crescente, Angela; Satkamp, Mark; Porter, Janice

Cc:

Cloyd, Russ

Subject:

RE: Gas Control 2012 Regulator Facility Projects and AROs

As of now, I have set up two tasks for each location on the HP Commercial Services Project. The format that I have used is the following:

INV_???? - Install ???? RET_???? - Retire ????

If this is not sufficient let me know. Some of the RET tasks already have materials charges that will need to be transferred if we have to create new retirement tasks with a different naming convention.

Brad

From: Crescente, Angela

Sent: Friday, April 27, 2012 2:57 PM **To:** Satkamp, Mark; Porter, Janice **Cc:** Hiner, Brad; Cloyd, Russ

Subject: RE: Gas Control 2012 Regulator Facility Projects and AROs

All,

I don't mind setting up the tasks for you if you would let me know what the locations or facilities are.

Thanks, Angela

From: Satkamp, Mark

Sent: Friday, April 27, 2012 2:54 PM **To:** Porter, Janice; Crescente, Angela

Cc: Hiner, Brad; Cloyd, Russ

Subject: Gas Control 2012 Regulator Facility Projects and AROs

Janice and Angela,

From what I think I understand from the meeting today on AROs, we will need to set up retirement tasks for the following 3 projects, as follows:

#134648 2012 Gas Regulation Capacity Project #135166 2012 HP Commercial Services Project #135170 2012 Gas Regulation Facility Upgrade Project

Attachment to Response to KU AG-1 Question No. 201 Page 570 of 1022

- 1) Set up a separate retirement task for each location or facility on these projects where retirement costs will be incurred.
- 2) All retirement costs charged to these tasks will be considered as ARO related.

Please let me know if my understanding is not correct.

Thanks,

Mark Satkamp Manager, Gas Control 502-627-3135 Office mark.satkamp@ige-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 571 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent: To: Friday, April 27, 2012 2:57 PM Satkamp, Mark; Porter, Janice

Cc:

Hiner, Brad; Cloyd, Russ

Subject:

RE: Gas Control 2012 Regulator Facility Projects and AROs

All,

I don't mind setting up the tasks for you if you would let me know what the locations or facilities are.

Thanks, Angela

From: Satkamp, Mark

Sent: Friday, April 27, 2012 2:54 PM **To:** Porter, Janice; Crescente, Angela

Cc: Hiner, Brad; Cloyd, Russ

Subject: Gas Control 2012 Regulator Facility Projects and AROs

Janice and Angela,

From what I think I understand from the meeting today on AROs, we will need to set up retirement tasks for the following 3 projects, as follows:

#134648 2012 Gas Regulation Capacity Project #135166 2012 HP Commercial Services Project #135170 2012 Gas Regulation Facility Upgrade Project

- 1) Set up a separate retirement task for each location or facility on these projects where retirement costs will be incurred.
- 2) All retirement costs charged to these tasks will be considered as ARO related.

Please let me know if my understanding is not correct.

Thanks,

Mark Satkamp

Manager, Gas Control 502-627-3135 Office mark.satkamp@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 572 of 1022 Charnas

Clark, Ed

From:

Satkamp, Mark

Sent:

Friday, April 27, 2012 2:54 PM Porter, Janice; Crescente, Angela

To: Cc:

Hiner, Brad; Cloyd, Russ

Subject:

Gas Control 2012 Regulator Facility Projects and AROs

Janice and Angela,

From what I think I understand from the meeting today on AROs, we will need to set up retirement tasks for the following 3 projects, as follows:

#134648 2012 Gas Regulation Capacity Project #135166 2012 HP Commercial Services Project #135170 2012 Gas Regulation Facility Upgrade Project

- 1) Set up a separate retirement task for each location or facility on these projects where retirement costs will be incurred.
- 2) All retirement costs charged to these tasks will be considered as ARO related.

Please let me know if my understanding is not correct.

Thanks,

Mark Satkamp

Manager, Gas Control 502-627-3135 Office mark.satkamp@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 573 of 1022 Charnas

Clark, Ed

From:

Erskine, Greg

Sent:

Tuesday, April 24, 2012 9:13 AM

To:

Crescente, Angela

Subject:

RE: ARO Footnote 1st Quarter.xlsx

Angela:

Thanks. I've attached a copy of the current version of the 3/31/12 ARO footnote. Please take a look at it and if you have any questions or suggested changes, please let me know.

Greg



Doc1.docx

From: Crescente, Angela

Sent: Tuesday, April 24, 2012 9:03 AM

To: Erskine, Greg **Cc:** Wiseman, Sara

Subject: ARO Footnote 1st Quarter.xlsx

Greg,

I made some minor changes due to rounding and placement per advice from Lynda who checked my support papers. On the "ARO Footnote 1st Quarter" spreadsheet, I just moved the numbers from "Changes in estimated cash flow or settlement date" to "New obligations incurred". All of the numbers are the same in total.

<< File: ARO Footnote 1st Quarter.xlsx >>

On the "ARO Footnote changes", I changed the short term back to the way it was for rounding purposes, so the only thing left is the KU December 31, 2011 number of 61. Please see attached:

<< File: ARO Footnote changes.docx >>

I realize none of this information matters for the actual footnote as it all rounds out, but I wanted to send you the updates so your information will match my supporting documentation.

Thanks, Angela Attachment to Response to KU AG-1 Question No. 201 Page 574 of 1022 Charnas

16. Asset Retirement Obligations

(PPL, PPL Energy Supply, LKE, LG&E and KU)

The changes in the carrying amounts of AROs were as follows.

			I	PPL					
	1	PPL	Energ	y Supply	I	KE	LG	S&E	 KU
ARO at December 31, 2011	\$	497	\$	359	\$	118	\$	57	\$ 61
Accretion expense		9		6		2		1	1
Changes in estimated cash flow or settlement date		2		2					
Obligations settled		(4)		(4)					
ARO at March 31, 2012	\$	504	\$	363	\$	120	\$	58	\$ 62

Substantially all of the ARO balance is classified as noncurrent at March 31, 2012 and December 31, 2011.

(PPL, LKE, LG&E and KU)

Accretion and depreciation expense recorded by LG&E and KU is offset with a regulatory credit on the income statement, such that there is no earnings impact.

(PPL and PPL Energy Supply)

The most significant ARO recorded by PPL and PPL Energy Supply relates to the decommissioning of the Susquehanna nuclear plant. The accrued nuclear decommissioning obligation was \$##D<SusqAROAROfnCY> million and \$##D<SusqAROAROfnPY> million at ##D<CurQtrEnd> and ##D<PreYearEnd>.

Assets in the NDT funds are legally restricted for purposes of settling PPL's and PPL Energy Supply's ARO related to the decommissioning of the Susquehanna plant. The aggregate fair value of these assets was \$##D<NDTCYBSCorp> million and \$##D<NDTPYBSCorp> million at ##D<CurQtrEnd> and ##D<PreYearEnd>, and is included in "Nuclear plant decommissioning trust funds" on the Balance Sheets. See Notes ##FVMCC and ##AFS for additional information on these assets.

Attachment to Response to KU AG-1 Question No. 201 Page 575 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Tuesday, April 24, 2012 9:03 AM

To: Cc: Erskine, Greg Wiseman, Sara

Subject:

ARO Footnote 1st Quarter.xlsx

Greg,

I made some minor changes due to rounding and placement per advice from Lynda who checked my support papers. On the "ARO Footnote 1st Quarter" spreadsheet, I just moved the numbers from "Changes in estimated cash flow or settlement date" to "New obligations incurred". All of the numbers are the same in total.



ARO Footnote 1st Quarter.xlsx

On the "ARO Footnote changes", I changed the short term back to the way it was for rounding purposes, so the only thing left is the KU December 31, 2011 number of 61. Please see attached:



ARO Footnote changes.docx

I realize none of this information matters for the actual footnote as it all rounds out, but I wanted to send you the updates so your information will match my supporting documentation.

Thanks, Angela

Attachment to Response to KU AG-1 Question No. 201 Page 576 of 1022 Charnas

LG&E AND KU Asset Retirement Obligations 12/31/11 through 03/31/12 () Means Debit 03/31/12 Reporting

04/24/12 8:33 AM

·	LKE	LG&E	KU	FCD
12/31/11 balance	118,299,060.52	56,856,461.36	61,379,032.38	63,566.78
Accretion expense	1,510,355.29	725,537.76	783,723.30	1,094.23
Obligations assumed in acquisition of LKE	0.00	0.00	0.00	0.00
Obligations assumed in acquisition of CN	0.00	0.00	0.00	0.00
ARO derecognized	0.00	0.00	0.00	0.00
New obligations incurred	(103.71)	(23.74)	(79.97)	0.00
Changes in estimated cash flow or settlement date	0.00	0.00	0.00	0.00
Effect of foreign currency exchange rates	0.00	0.00	0.00	0.00
Obligations settled	(42,330.43)	(42,330.43)	0.00	0.00
Other (forced - S/B zero)	0.00	0.00	0.00	0.00
03/31/12 balance	119,766,981.67	57,539,644.95	62,162,675.71	64,661.01

Rollforward

Attachment to Response to KU AG-1 Question No. 201 Page 577 of 1022 Charnas

LG&E AND KU Asset Retirement Obligations 12/31/11 and 03/31/12 03/31/12 Reporting

04/24/12 8:33 AM

			12/31/11				03/31/12		
			LG&E	KU	FCD	LG&E	KU	FÇD	
Acct No Acct Desc	:	Curr or Noncurr	0100	0110	0304	0100	0110	0304	
108799 RWIP-AR	O LEGAL	NCURR	1,749,888.89	410,549.80	0.00	1,792,219.32	410,549.80	0.00	
230012 ASSET R	ETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506,99)	(63,566.78)	(35,535,961.67)	(61,026,925,38)	(64,661.01)	
230013 ASSET R	ETIREMENT OBLIGATIONS - TRANSMISS	NCURR	(253,364.08)	(545,748.17)	0.00	(256,803.61)	(553,172.37)	0.00	
230015 ASSET R	ETIREMENT OBLIGATIONS - DISTRIBUTIO	NCURR	(658,353.57)	(806,034.02)	0.00	(667,350.10)	(816,834,76)	0.00	
230016 ASSET R	ETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	0.00	(20,407,301.74)	0.00	0.00	
230017 ASSET R	ETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	0.00	(109,586.15)	0.00	0.00	
230022 ASSET R	ETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980.00)	(176,293.00)	0.00	(800,980,00)	(176,293.00)	0.00	
230026 ASSET R	ETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	0.00	(1,553,881.00)	0.00	0.00	
Totals			(56,856,461.36)	(61,379,032.38)	(63,566.78)	(57,539,644.95)	(62,162,675.71)	(64,661.01)	
Summary:									
Current		CURR	(2,354,861.00)	(176,293.00)	0.00	(2,354,861.00)	(176,293.00)	0.00	
Noncurrent		NCURR	(54,501,600.36)	(61,202,739,38)	(63,566,78)	(55,184,783.95)	(61,986,382.71)	(64,661,01)	
Totals			(56,856,461.36)	(61,379,032.38)	(63,566.78)	(57,539,644.95)	(62,162,675,71)	(64,661.01)	

Attachment to Response to KU AG-1 Question No. 201 Page 578 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Friday, April 13, 2012 3:17 PM

To: Cc: Erskine, Greg Wiseman, Sara

Subject:

FW: ARO Footnote - 3/31/12

Greg,

I made a few changes to the current and noncurrent balances just in case they decide to leave them in. Let me know, but everything else looks good.



ARO Footnote changes.docx

Thanks, Angela

From: Erskine, Greg

Sent: Thursday, April 12, 2012 10:11 AM

To: Crescente, Angela

Subject: RE: ARO Footnote - 3/31/12

Angela:

I've updated the ARO footnote using the information you gave me, and I've attached a copy of the updated version. Please take a look at it and if you see something that doesn't look right, let me know.

This version still contains the tables that show the current and noncurrent balances. I suppose they haven't gotten around to taking them out yet.

If you have any questions, let me know.

Greg



Doc1.docx

From: Crescente, Angela

Sent: Wednesday, April 11, 2012 4:46 PM

To: Erskine, Greg **Cc:** Wiseman, Sara

Subject: FW: ARO Footnote - 3/31/12

Attachment to Response to KU AG-1 Question No. 201 Page 579 of 1022 Charnas

Greg,
Please see the attached and feel free to contact me if you have any questions.
<< File: ARO Footnote 1st Quarter.xlsx >> Thanks, Angela
From: Erskine, Greg Sent: Wednesday, April 11, 2012 4:27 PM To: Crescente, Angela Subject: FW: ARO Footnote - 3/31/12
Angela:
I've updated the attached file to include FCD. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to today, please?
Thanks,
Greg
From: Erskine, Greg Sent: Tuesday, April 10, 2012 9:23 AM To: Crescente, Angela Cc: Wiseman, Sara Subject: FW: ARO Footnote - 3/31/12
Angela:
I mentioned below that I planned on updating the 3/31/12 balances in the attached file after we closed March. I've updated them now. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me today, please?
Thanks,
Greg
From: Erskine, Greg

Sent: Wednesday, March 28, 2012 10:32 AM

To: Crescente, Angela Cc: Wiseman, Sara

Subject: ARO Footnote - 3/31/12

Angela:

I need to get rollforwards of LG&E's and KU's AROs for the three months ended 3/31/12 to help complete the 3/31/12

Attachment to Response to KU AG-1 Question No. 201 Page 580 of 1022

10-Q. I've attached a file that shows what I need. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me by Wednesday, April 11, please?

Please make sure the amounts on the row labeled "Other (forced - S/B zero)" equal zero before you send the file back to me.

I've detailed the beginning and ending balances by account on the worksheet named "BalancesByAccount" in the file. The balances in the columns headed "3/31/12" on this worksheet in the attached version of the file actually represent 2/29/12 balances. I plan on updating the amounts in these columns to reflect 3/31/12 balances after we close March, and I plan on sending you copy of the updated file containing the 3/31/12 balances on or about Tuesday, April 10.

If you have any questions, please let me know.

Thanks,

Greg

<< File: Book3.xlsx >>

Attachment to Response to KU AG-1 Question No. 201 Page 581 of 1022 Charnas

NOTE: The disclosure within "Note 16 Asset Retirement Obligations" below has been reviewed as part of a "pre-draft" process. Changes to the wording within this disclosure should only be for new events. Should you believe changes are necessary, please contact Jerry Green or Brian Lazarus.

16. Asset Retirement Obligations

(PPL, LKE, LG&E and KU)

Accretion and depreciation expense recorded by LG&E and KU is offset with a regulatory credit on the income statement, such that there is no earnings impact.

(PPL, PPL Energy Supply, LKE, LG&E and KU)

The changes in the carrying amounts of AROs were as follows.

	PPL								
	I	PL	Energ	y Supply	I	KE	LG	&E	 KU
ARO at December 31, 2011	\$	497	\$	359	\$	118	\$	57	\$ 61
Accretion expense		9		7		2		1	1
Derecognition				(5)					
Obligations settled		(3)		(3)					
ARO at March 31, 2012	\$	503	\$	358	\$	120	\$	58	\$ 62

The classification of AROs on the Balance Sheet was as follows.

	March 31, 2012								
	PPL	PPL Energy Supply LKE	LG&E	KU					
Current portion (a) Long-term portion (b)	\$ 7,777 7,777	\$ 7,777 \$ 23 7,777 1187	5 <u>56</u>	\$ 62					
Total	<u>\$ 15,554</u>	= \$\frac{15,554}{200} \frac{\\$ 120}{200} December 31, 200	=	\$ 62					
		PPL							
	PPL	Energy Supply LKE	LG&E	KU					
Current portion (a)	\$ 13	\$ 10 \$ 2	*	\$					
Long-term portion (b)	484			621					
Total	<u>\$ 497</u>	\$ 359 \$ 118	\$ 57	\$ 621					

- (a) Included in "Other current liabilities."
- (b) Included in "Asset retirement obligations."

(PPL and PPL Energy Supply)

The most significant ARO recorded by PPL and PPL Energy Supply relates to the decommissioning of the Susquehanna nuclear plant. The accrued nuclear decommissioning obligation was \$7,777 million and \$292 million at March 31, 2012 and December 31, 2011, and is included in "Asset retirement obligations" on the Balance Sheets.

Assets in the NDT funds are legally restricted for purposes of settling PPL's and PPL Energy Supply's ARO related to the decommissioning of the Susquehanna station. The aggregate fair value of these assets was \$644 million and \$640 million at March 31, 2012 and December 31, 2011, and is included in "Nuclear plant decommissioning trust funds" on the Balance Sheets. See Notes #FVMCC and ##AFS for additional information on these assets.

Attachment to Response to KU AG-1 Question No. 201 Page 582 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Friday, April 13, 2012 1:58 PM

To: Cc: Leichty, Doug Wiseman, Sara RE: ARO Balances

Subject: Attachments:

LGE and KU ARO Balances March 2012.pdf

Doug,

Please see the attached and feel free to contact me if you need anything else or have any questions.

Thanks, Angela

From: Leichty, Doug

Sent: Friday, March 30, 2012 8:52 AM

To: Crescente, Angela Subject: ARO Balances

In preparation for the upcoming Kentucky rate case, I will need the attached for the 12 months ended March 31, 2012 by April 16, 2012.

Thanks, Doug

Account Balance for LG&E

Period Name MAR-2012

	Balance SUM	NEW PROPERTY.
: Compan	0100	Sum
Account		斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯
101107 PLANT IN SERVICE ELECTRIC ARO ASSET RETIREMENT COST EQUIPMENT	28,285,799.15	28,285,799.15
101725以外的企業。PLANTAN SERVICESELECTRICAROASSET/RETIREMENT/COST/EAND/BUILDING學的學學的	533,396.11	533,396.11
101207	謎 21,040,462.23	21,040,462,23
101225 PLANTIN SERVICE GAS ARO ASSET RETIREMENT COST LAND/BUILDING	33,839,35	33,839.35
101325 PLANTIN SERVICE COMMON ARO ASSET RETIREMENT COST LAND/BUILDING	101,389.77	101,389.77
108107. ACCUM DEPR ELECTRIC ARO ASSET RETIREMENT COST EQUIPMENT	-1,857,310.33	-1,857,310.33
108125	-10,421.74	-10,421.74
108207 ACCUM. DEPR GAS ARO ASSET RETIREMENT COST-EQUIPMENT	∰ -7 93,967.94	-793,967,94
108225 ACCUM DEPRAGAS ARO ASSET RETIREMENT COST LAND/BUILDING	-776.07	-776.07
108325 ACCUM DERR COMMON ARO ASSET RETIREMENT COST EAND/BUILDING	-2,918.69	-2,918.69
1087999 RWP-ARO LEGAL	1,792,219.32	1,792,219,32
OTHER REGULATORY ASSETS AROUGENERATION	10,251,402.00	10,251,402.00
182318 OTHER REGASSETS AROUTRANSMISSION	7,283.12	7,283,12
182325 OTHER REGULATORY ASSETS ARO DISTRIBUTION	50,947.07	50,947.07
22326 OTHER REGULATORY ASSETS ARO GAS	1,681,625.17	1,681,625.17
S2S277 CTHER REGULATORY ASSETS AROUS COMMON!	<u>11,115.07</u>	11,115.07
230012 ASSET RETIREMENT, OBLIGATIONS STEAM	-35,535,961.67	-35,535,961.67
230013 ASSET RETIREMENT OBUGATIONS TRANSMISSION	-256,803.61	-256,803,61
230015 ASSET/RETIREMENT/OBLIGATIONS_DISTRIBUTION	-667,350.10	-667,350.10
230016 ASSET/RETIREMENT OBEIGATIONS GAS	-20,407,301.74	-20,407,301.74
230017 ASSET RETIREMENT OBLIGATIONS COMMON	-109,586.15	-109,586.15
23:0022 ASSET RETIREMENT OBLIGATIONS STEAM ST	-800,980.00	-800,980.00
230026 ASSET/RETIREMENT OBEIGATIONS GAS ST	-1,553,881.00	-1,553,881.00
254014 REGULATORY LIABILITY AROUGENERATION	-204,350.68	-204,350.68
254015 REGULATORY LIABILITY AROUTRANSMISSION	0.00	0,00
254016 REGULATORY LIABILITY ARO GAS	-2,155,824 <i>.</i> 27	-2,155,824.27
Sum Andrews Control of the Control o	-567,955.63	-567,955.63

Attachment to Response to KU AG-1 Question No. 201 Page 584 of 1022 Charnas

Account Balance for KU

Period Name MAR-2012

	88/8/8/88/88/88	Balance SUM	nskiskulu en
İ	Company	0110	Sum
Account			EWOUGH HERE
101107 PLANT IN SERVICE - ELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT		57,517,797.90	57,517,797.90
101125 PLANTIN SERVICE PELECTRICARO ASSET RETIREMENT COST PANDIBUIEDING		374,327.29	374,327,29
108107 ACCUM DEPR ELECTRIC ARO ASSET RETIREMENT COST EQUIPMENT		-4,297,778,61	-4,297,778,61
108125 ACCUM DEPREELECTRIC ARO ASSET RETIREMENT COST-LAND/BUILDING		-8,060,8-	-8,060.09
108799 RWIP-ARO/LEGAL		410,549.80	410,549.80
182317		8,922,473.85	8,922,473,85
182318 OTHERREGIASSETS ARO TRANSMISSION		19,986.56	19,986,56
182325 OTHER REGULATORY ASSETS ARO DISTRIBUTION		44,478.61	44,478.61
		-61,026,925.38	-61,026,925,38
230013 ASSET RETIREMENT OBLIGATIONS TRANSMISSION		-553,172,37	-553,172.37
230015 ASSET RETIREMENT OBLIGATIONS DISTRIBUTION		-816,834.76	-816,834.76
230022 ASSET/RETIREMENT/OBLIGATIONS/STEAM ST	den de la companya d	-176,293.00	-176,293.00
254014	DESCRIPTION OF THE PROPERTY OF	-3,538,293.96	-2,538,293.96
254015 REGULATORY, LIABILITY ARO TRANSMISSION		0.00	0.00
Süm		-3,127,744.16	-3,127,744.16

Attachment to Response to KU AG-1 Question No. 201 Page 585 of 1022 Charnas

Clark, Ed

From:

Sechler, Joel R < JRSechler@pplweb.com>

Sent:

Thursday, April 12, 2012 1:45 PM

To: Cc:

Subject:

Erskine, Greg Crescente, Angela RE: LKE ARO Template

Great. Thanks Greg.

Joel

From: Erskine, Greg [mailto:Greg.Erskine@lge-ku.com]

Sent: Thursday, April 12, 2012 1:42 PM

To: Sechler, Joel R

Cc: Crescente, Angela Michelle **Subject:** RE: LKE ARO Template

Joel:

I updated it earlier today.

Greg

From: Sechler, Joel R [mailto:JRSechler@pplweb.com]

Sent: Thursday, April 12, 2012 1:41 PM **To:** Crescente, Angela; Erskine, Greg

Subject: LKE ARO Template

Hi Angela and Greg,

Can you let me know when the LKE ARO template is updated? I'll need to include the totals in my note.

Thanks,

Joel Sechler
Financial Accounting - Asset Management
VTN 220-3948
JRSechler@pplweb.com, GENTW10

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Attachment to Response to KU AG-1 Question No. 201 Page 586 of 1022

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Attachment to Response to KU AG-1 Question No. 201 Page 587 of 1022 Charnas

Clark, Ed

From:

Erskine, Greg

Sent:

Thursday, April 12, 2012 1:42 PM

To: Cc: 'Sechler, Joel R'

Subject:

Crescente, Angela RE: LKE ARO Template

Joel:

I updated it earlier today.

Greg

From: Sechler, Joel R [mailto:JRSechler@pplweb.com]

Sent: Thursday, April 12, 2012 1:41 PM **To:** Crescente, Angela; Erskine, Greg

Subject: LKE ARO Template

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Thanks,

Joel Sechler
Financial Accounting - Asset Management
VTN 220-3948
JRSechler@pplweb.com, GENTW10

Attachment to Response to KU AG-1 Question No. 201 Page 588 of 1022 Charnas

Clark, Ed

From:

Sechler, Joel R < JRSechler@pplweb.com>

Sent: To: Thursday, April 12, 2012 1:41 PM Crescente, Angela; Erskine, Greg

Subject:

LKE ARO Template

Hi Angela and Greg,

Can you let me know when the LKE ARO template is updated? I'll need to include the totals in my note.

Thanks,

Joel Sechler
Financial Accounting - Asset Management
VTN 220-3948

IRSechler@pplweb.com, GENTW10

Clark, Ed

From:

Erskine, Greg

Sent:

Thursday, April 12, 2012 10:11 AM

To:

Crescente, Angela

Subject:

RE: ARO Footnote - 3/31/12

Angela:

I've updated the ARO footnote using the information you gave me, and I've attached a copy of the updated version. Please take a look at it and if you see something that doesn't look right, let me know.

This version still contains the tables that show the current and noncurrent balances. I suppose they haven't gotten around to taking them out yet.

If you have any questions, let me know.

Greg



Doc1.docx

From: Crescente, Angela

Sent: Wednesday, April 11, 2012 4:46 PM

To: Erskine, Greg Cc: Wiseman, Sara

Subject: FW: ARO Footnote - 3/31/12

Greg,

Please see the attached and feel free to contact me if you have any questions.

<< File: ARO Footnote 1st Quarter.xlsx >>

Thanks, Angela

From: Erskine, Greg

Sent: Wednesday, April 11, 2012 4:27 PM

To: Crescente, Angela

Subject: FW: ARO Footnote - 3/31/12

Angela:

I've updated the attached file to include FCD. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to today, please?

Attachment to Response to KU AG-1 Question No. 201 Page 590 of 1022 Charnas

Thanks,
Greg
From: Erskine, Greg Sent: Tuesday, April 10, 2012 9:23 AM To: Crescente, Angela Cc: Wiseman, Sara Subject: FW: ARO Footnote - 3/31/12

Angela:

I mentioned below that I planned on updating the 3/31/12 balances in the attached file after we closed March. I've updated them now. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me today, please?

Thanks,

Greg

From: Erskine, Greg

Sent: Wednesday, March 28, 2012 10:32 AM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: ARO Footnote - 3/31/12

Angela:

I need to get rollforwards of LG&E's and KU's AROs for the three months ended 3/31/12 to help complete the 3/31/12 10-Q. I've attached a file that shows what I need. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me by Wednesday, April 11, please?

Please make sure the amounts on the row labeled "Other (forced - S/B zero)" equal zero before you send the file back to me.

I've detailed the beginning and ending balances by account on the worksheet named "BalancesByAccount" in the file. The balances in the columns headed "3/31/12" on this worksheet in the attached version of the file actually represent 2/29/12 balances. I plan on updating the amounts in these columns to reflect 3/31/12 balances after we close March, and I plan on sending you copy of the updated file containing the 3/31/12 balances on or about Tuesday, April 10.

If you have any questions, please let me know.

Thanks,

Greg

<< File: Book3.xlsx >>

Attachment to Response to KU AG-1 Question No. 201 Page 591 of 1022 Charnas

NOTE: The disclosure within "Note 16 Asset Retirement Obligations" below has been reviewed as part of a "pre-draft" process. Changes to the wording within this disclosure should only be for new events. Should you believe changes are necessary, please contact Jerry Green or Brian Lazarus.

16. Asset Retirement Obligations

(PPL, LKE, LG&E and KU)

Accretion and depreciation expense recorded by LG&E and KU is offset with a regulatory credit on the income statement, such that there is no earnings impact.

(PPL, PPL Energy Supply, LKE, LG&E and KU)

The changes in the carrying amounts of AROs were as follows.

	PPL									
		PPL	Energ	gy Supply	L	KE	LG	3&E	I	ζU
ARO at December 31, 2011	\$	497	\$	359	\$	118	\$	57	\$	61
Accretion expense		9		7		2		1		1
Derecognition				(5)						
Obligations settled		(3)		(3)						
ARO at March 31, 2012	\$	503	\$	358	\$	120	\$	58	\$	62
1110 W. 1141011 51, 2012	<u> </u>	303		500			-		<u> </u>	

The classification of AROs on the Balance Sheet was as follows.

	March 31, 2012								
	PPL	PPL Energy Supply	LKE	LG&E	KU				
Current portion (a) Long-term portion (b) Total	\$ 7,777 7,777 \$ 15,554	\$ 7,777 7,777 \$ 15,554	\$ 3 117 \$ 120	\$ 3 55 \$ 58	\$ 62 \$ 62				
			December 31, 201	<u> </u>					
	PPL	PPL Energy Supply	LKE	LG&E	KU				
Current portion (a) Long-term portion (b) Total	\$ 13 484 \$ 497	\$ 10 349 \$ 359	\$ 2 116 \$ 118	\$ 2 55 \$ 57	\$ 62 \$ 62				

- (a) Included in "Other current liabilities."
- (b) Included in "Asset retirement obligations."

(PPL and PPL Energy Supply)

The most significant ARO recorded by PPL and PPL Energy Supply relates to the decommissioning of the Susquehanna nuclear plant. The accrued nuclear decommissioning obligation was \$7,777 million and \$292 million at March 31, 2012 and December 31, 2011, and is included in "Asset retirement obligations" on the Balance Sheets.

Assets in the NDT funds are legally restricted for purposes of settling PPL's and PPL Energy Supply's ARO related to the decommissioning of the Susquehanna station. The aggregate fair value of these assets was \$644 million and \$640 million at March 31, 2012 and December 31, 2011, and is included in "Nuclear plant decommissioning trust funds" on the Balance Sheets. See Notes ##FVMCC and ##AFS for additional information on these assets.

Attachment to Response to KU AG-1 Question No. 201 Page 592 of 1022 Charnas

Clark, Ed	ŧ
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From:

Crescente, Angela

Sent:

Wednesday, April 11, 2012 4:46 PM

To: Cc: Erskine, Greg Wiseman, Sara

Subject:

FW: ARO Footnote - 3/31/12

Greg,

Please see the attached and feel free to contact me if you have any questions.



ARO Footnote 1st Quarter.xlsx

Thanks, Angela

From: Erskine, Greg

Sent: Wednesday, April 11, 2012 4:27 PM

To: Crescente, Angela

Subject: FW: ARO Footnote - 3/31/12

Angela:

I've updated the attached file to include FCD. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to today, please?

Thanks,

Greg

From: Erskine, Greg

Sent: Tuesday, April 10, 2012 9:23 AM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: FW: ARO Footnote - 3/31/12

Angela:

I mentioned below that I planned on updating the 3/31/12 balances in the attached file after we closed March. I've updated them now. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me today, please?

Thanks,

Greg

Attachment to Response to KU AG-1 Question No. 201 Page 593 of 1022 Charnas

From: Erskine, Greg

Sent: Wednesday, March 28, 2012 10:32 AM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: ARO Footnote - 3/31/12

Angela:

I need to get rollforwards of LG&E's and KU's AROs for the three months ended 3/31/12 to help complete the 3/31/12 10-Q. I've attached a file that shows what I need. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me by Wednesday, April 11, please?

Please make sure the amounts on the row labeled "Other (forced - S/B zero)" equal zero before you send the file back to me.

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If you have any questions, please let me know.

Thanks,

Greg

Book3.xlsx

Attachment to Response to KU AG-1 Question No. 201 Page 594 of 1022 Charnas

04/11/12

4:43 PM

LG&E AND KU Asset Retirement Obligations 12/31/11 through 03/31/12 () Means Debit 03/31/12 Reporting

	LKE	LG&E	KU	FCD
12/31/11 balance	118,299,060.52	56,856,461.36	61,379,032.38	63,566.78
Accretion expense	1,510,355.29	725,537.76	783,723.30	1,094.23
Obligations assumed in acquisition of LKE	0.00	0.00	0.00	0.00
Obligations assumed in acquisition of CN	0.00	0.00	0.00	0.00
ARO derecognized	0.00	0.00	0.00	0.00
New obligations incurred	0.00	0.00	0.00	0.00
Changes in estimated cash flow or settlement date	(103.71)	(23.74)	(79.97)	0.00
Effect of foreign currency exchange rates	0.00	0.00	0.00	0.00
Obligations settled	(42,330.43)	(42,330.43)	0.00	0.00
Other (forced - S/B zero)	0.00	0.00	0.00	0.00
03/31/12 balance	119,766,981.67	57,539,644.95	62,162,675.71	64,661.01

Attachment to Response to KU AG-1 Question No. 201 Page 595 of 1022 Charnas

LG&E AND KU Asset Retirement Obligations 12/31/11 and 03/31/12 03/31/12 Reporting 04/11/12 4:43 PM

				12/31/11			03/31/12	
			LG&E	KU	FCD	LG&E	KU	FCD
Acct No	Acct Desc	Curr or Noncurr	0100	0110	0304	0100	0110	0304
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	0.00	1,792,219.32	410,549,80	0.00
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(63,566,78)	(35,535,961.67)	(61,026,925.38)	(64,661.01)
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISS	I NCURR	(253,364.08)	(545,748.17)	0.00	(256,803,61)	(553,172,37)	0.00
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTI	CNCURR	(658,353.57)	(806,034.02)	0.00	(667,350.10)		0,00
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	0.00	(20,407,301,74)		0.00
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	0.00	(109,586,15)	0.00	0.00
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980.00)	(176,293.00)	0.00	(00.080.008)		0.00
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	0.00_	(1,553,881.00)	· · ·	0.00
Totals			(56,856,461.36)	(61,379,032,38)	(63,566.78)	(57,539,644.95)	(62,162,675.71)	(64,661.01)
Summary:								
Current		CURR	(2,354,861.00)	(176,293.00)	0.00	(2,354,861.00)	(176,293,00)	0.00
Noncurrent		NCURR	(54,501,600,36)	(61,202,739,38)	(63,566,78)	(55,184,783.95)	(61,986,382.71)	(64,661.01)
Totals			(56,856,461.36)	(61,379,032,38)	(63,566.78)	<u>(57,539,644.95)</u>	(62,162,675.71)	(64,661.01)

Attachment to Response to KU AG-1 Question No. 201 Page 596 of 1022 Charnas

Clark, Ed

From:

Erskine, Greg

Sent:

Wednesday, April 11, 2012 4:27 PM

To:

Crescente, Angela

Subject:

FW: ARO Footnote - 3/31/12

Angela:

I've updated the attached file to include FCD. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to today, please?

Thanks,

Greg

From: Erskine, Greg

Sent: Tuesday, April 10, 2012 9:23 AM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: FW: ARO Footnote - 3/31/12

Angela:

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Thanks,

Greg

From: Erskine, Greg

Sent: Wednesday, March 28, 2012 10:32 AM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: ARO Footnote - 3/31/12

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Attachment to Response to KU AG-1 Question No. 201 Page 597 of 1022

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Thanks,

Greg



Book3.xlsx

Attachment to Response to KU AG-1 Question No. 201 Page 598 of 1022 Charnas

783,643.33

62,162,675.71

04/11/12

4:26 PM

1,094.23

64,661.01

LG&E AND KU Asset Retirement Obligations 12/31/11 through 03/31/12 () Means Debit 03/31/12 Reporting

Obligations assumed in acquisition of LKE Obligations assumed in acquisition of CN

Effect of foreign currency exchange rates

Changes in estimated cash flow or settlement date

12/31/11 balance

Accretion expense

ARO derecognized New obligations incurred

Obligations settled

03/31/12 balance

Other (forced - S/B zero)

·			
LKE	LG&E	KU	FCD
118,299,060.52	56,856,461.36	61,379,032.38	63,566.78
0.00	?????	?????	?????
0.00	?????	?????	?????
0.00	?????	?????	?????
0.00	?????	?????	?????
0.00	?????	?????	?????
0.00	?????	?????	?????
0.00	?????	?????	?????
0.00	?????	?????	?????

683,183.59

57,539,644.95

1,467,921.15

119,766,981.67

LG&E AND KU Asset Retirement Obligations 12/31/11 and 03/31/12 03/31/12 Reporting

Attachment to Response to KU AG-1 Question No. 201 Page 599 of 1022 Charnas

04/11/12 4:25 PM

			12/31/11				03/31/12		
			LG&E	KU	FCD	LG&E	KU	FCD	
Acct No	Acct Desc	Curr or Noncurr	0100	0110	0304	0100	0110	0304	
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	0.00	1,792,219.32	410,549,80	0.00	
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(63,566,78)	(35,535,961,67)	(61,026,925,38)	(64,661.01)	
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISS	I NCURR	(253,364.08)	(545,748.17)	0.00	(256,803.61)	(553,172.37)	0.00	
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTION	CNCURR	(658,353.57)	(806,034.02)	0.00	(667,350,10)		0.00	
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	0.00	(20,407,301.74)	0.00	0.00	
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	0.00	(109,586.15)	0.00	0.00	
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980.00)	(176,293.00)	0.00	(800,980,008)	(176,293.00)	0.00	
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	0.00	(1,553,881.00	0,00	0.00	
Totals			(56,856,461.36)	(61,379,032.38)	(63,566.78)	(57,539,644,95	(62,162,675.71)	(64,661.01)	
Summary:									
Current		CURR	(2,354,861.00)	(176,293,00)	0.00	(2,354,861.00)	(176,293.00)	0.00	
Noncurrent		NCURR	(54,501,600.36)	(61,202,739,38)	(63,566,78)	(55,184,783.95	(61,986,382.71)	(64,661.01)	
Totals			(56,856,461.36)	(61,379,032,38)	(63,566,78)	<u>(57,539,644.95</u>	(62,162,675.71)	(64,661.01)	

Attachment to Response to KU AG-1 Question No. 201 Page 600 of 1022 Charnas

Crescente, Angela

From:

Leenerts, Patricia

Sent:

Friday, August 03, 2012 10:05 AM

To:

Porter, Janice

Cc:

Crescente, Angela; Clyde, Peter

Subject:

RE: ED RAC Reallocation Needed - ASAP - Pipeline Repairs

ARO. I believe that the excavation, etc, will be charged to the investment task since the purpose of the work is to replace with new pipe.

Follow Up Flag:

Follow up Completed

Flag Status:

Janice, I just had the chance to review the 138512. I took the chargeable status off of the 108901 removal task and opened an ARO task. The cut, cap, purge needs to go to the

Angela, please review my setup of the ARO tasks when you have a break from your rate case duties.

Thanks,

Pat

502-627-3811

From: Porter, Janice

Sent: Thursday, August 02, 2012 4:54 PM

To: Leenerts, Patricia

Cc: Allen, Lisa; Wiseman, Sara; Walker, Barry; Neal, Susan; Clyde, Peter **Subject:** FW: ED RAC Reallocation Needed - ASAP - Pipeline Repairs

Importance: High

Pat,

These have been submitted for approval, project numbers 138512 Revision and 138669 Original.

Please make them top priority.

Thanks for your help.

Janice

From: Allen, Lisa

Sent: Thursday, August 02, 2012 3:36 PM

Attachment to Response to KU AG-1 Question No. 201 Page 601 of 1022 Charnas

To: Walker, Barry; Clyde, Peter; Porter, Janice; McDonald, Pam **Subject:** FW: ED RAC Reallocation Needed - ASAP - Pipeline Repairs

Importance: High

These reallocations have been approved by the ED RAC so you can proceed with the AIP on the new WK A Pipeline Repair project. (Record time! Got 2 votes within 5 minutes of the email).

Lisa

From: Allen, Lisa

Sent: Thursday, August 02, 2012 3:30 PM **To:** Malloy, John; Thomas, Greg; Jessee, Tom

Cc: Walker, Barry; Clyde, Peter

Subject: ED RAC Reallocation Needed - ASAP - Pipeline Repairs

Importance: High

All -

Pete has found numerous immediate repair conditions as a result of the WK A Pipeline ILI that requires him to take immediate action. A portion of the line containing most of the immediate repairs conditions will likely take a pressure reduction while they evaluate repair versus replacement options. They have 3 anomalies that are being excavated and repairs need to be completed asap. It is on a section of line that they cannot maintain a pressure reduction into next week. The anomalies are between Muldraugh and Salt River. He needs \$100K for this new repair project at this point to get started on the repairs while he conducts an engineering review of the ILI data and also while he reviews resource availability. He will need to request additional funding later on for the full cost, once it is known.

In addition, he also need \$45K more on the Magnolia 16-inch pipeline repair project between Magnolia and Muldraugh. Three locations have been identified to date that will require capital repairs:

- North (+/-550') of Hwy 60 in Ft. Knox ROW Internal wall loss involving long seam
- North of Bullion Blvd near Tobacco Leaf Lake 3 internal anomalies involving long seam
- South of Martin Lane Corrosion clusters (+/- 35%) at girth weld

This project also will need more funding when the total cost is known and will be requested in a couple of weeks.

We have already allocated the remaining dollars that were in the budget repair pipeline project to the repair projects he is currently working on.

Barry has found 4 projects in his area to cover this \$145K (\$100K for WK A and \$45K for Magnolia 16 inch) at this point – see projects below.

Please let me know ASAP whether or not you approve this request so that we can get a project approved and opened on the WK A Pipeline Repairs.

Thanks.

Project	Project Name	Proposed Reallocation Amount (\$000s)	Comments
134885	Purchase replacement equipment trailer - Muld	\$35	Replacement of trailer deferred
134430	Fire detection system upgrade - Mag	\$27	Project scope change and proposed for 2013
134440	Oil/water controls - Mag	\$58	No longer needed due to rework of piping and gauges
134455	Heat tracing freeze protection for Purifier #2 - Muld	\$25	Project under run - actual costs less than project estimate
	Total	\$1 <u>45</u>	

Lisa Allen

Manager, Finance & Budgeting - Energy Delivery (502) 627-4903 lisa.allen@lge-ku.com Attachment to Response to KU AG-1 Question No. 201 Page 603 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Wednesday, April 11, 2012 4:27 PM

To: Cc: Erskine, Greg Wiseman, Sara

Subject:

FW: ARO Footnote - 3/31/12

Greg,

Once the numbers for LKE have been updated to include FCD company account 230012, please send the file back to me so I can populate what you need. That may mean that I won't be able to get your information back to you until in the morning.

Thanks, Angela

From: Erskine, Greg

Sent: Tuesday, April 10, 2012 9:23 AM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: FW: ARO Footnote - 3/31/12

Angela:

I mentioned below that I planned on updating the 3/31/12 balances in the attached file after we closed March. I've updated them now. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me today, please?

Thanks,

Greg

From: Erskine, Greg

Sent: Wednesday, March 28, 2012 10:32 AM

To: Crescente, Angela Cc: Wiseman, Sara

Subject: ARO Footnote - 3/31/12

Angela:

I need to get rollforwards of LG&E's and KU's AROs for the three months ended 3/31/12 to help complete the 3/31/12 10-Q. I've attached a file that shows what I need. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me by Wednesday, April 11, please?

Please make sure the amounts on the row labeled "Other (forced - S/B zero)" equal zero before you send the file back to me.

Attachment to Response to KU AG-1 Question No. 201 Page 604 of 1022

I've detailed the beginning and ending balances by account of the Worksheet named "BalancesByAccount" in the file. The balances in the columns headed "3/31/12" on this worksheet in the attached version of the file actually represent 2/29/12 balances. I plan on updating the amounts in these columns to reflect 3/31/12 balances after we close March, and I plan on sending you copy of the updated file containing the 3/31/12 balances on or about Tuesday, April 10.

If you have any questions, please let me know.

Thanks,

Greg



Book3.xlsx

Attachment to Response to KU AG-1 Question No. 201 Page 605 of 1022 Charnas

LG&E AND KU Asset Retirement Obligations 12/31/11 through 03/31/12 () Means Debit 03/31/12 Reporting 04/10/12 9:21 AM

	LKE	LG&E	KU
12/31/11 balance	118,235,493.74	56,856,461.36	61,379,032.38
Accretion expense	0.00	?????	?????
Obligations assumed in acquisition of LKE	0.00	?????	?????
Obligations assumed in acquisition of CN	0.00	?????	?????
ARO derecognized	0.00	?????	?????
New obligations incurred	0.00	?????	?????
Changes in estimated cash flow or settlement date	0.00	?????	?????
Effect of foreign currency exchange rates	0.00	?????	?????
Obligations settled	0.00	?????	?????
Other (forced - S/B zero)	1,466,826.92	683,183.59	783,643.33
03/31/12 balance	119,702,320.66	57,539,644.95	62,162,675.71

Attachment to Response to KU AG-1 Question No. 201 Page 606 of 1022 Charnas

LG&E AND KU Asset Retirement Obligations 12/31/11 and 03/31/12 03/31/12 Reporting 04/10/12 9:21 AM

			12/31/11		03/3	1/12
			LG&E	KÜ	LG&E	KU
Acct No	Acct Desc	Curr or Noncurr	0100	0110	0100	0110
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	1,792,219.32	410,549.80
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(35,535,961.67)	(61,026,925.38)
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISS	INCURR	(253,364.08)	(545,748.17)	(256,803.61)	(553,172.37)
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTION	NCURR	(658,353.57)	(806,034.02)	(667,350.10)	(816,834.76)
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	(20,407,301.74)	0.00
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	(109,586.15)	0.00
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980.00)	(176,293.00)	(800,980.00)	(176,293.00)
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	(1,553,881.00)	0.00
Totals			(56,856,461.36)	(61,379,032.38)	(57,539,644.95)	(62,162,675.71)
Summary:						
Current		CURR	(2,354,861.00)	(176,293.00)	(2,354,861.00)	(176,293.00)
Noncurrent		NCURR	(54,501,600.36)	(61,202,739.38)	<u>(55,184,783.95)</u>	(61,986,382.71)
Totals			(56,856,461.36)	(61,379,032.38)	(57,539,644.95)	(62,162,675.71)

Attachment to Response to KU AG-1 Question No. 201 Page 607 of 1022 Charnas

Clark, Ed

From:

Erskine, Greg

Sent:

Tuesday, April 10, 2012 9:23 AM

To: Cc: Crescente, Angela Wiseman, Sara

Subject:

FW: ARO Footnote - 3/31/12

Angela:

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Book3.xlsx

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Other (forced - S/B zero)	1,466,826.92	683,183.59	783,643.33
03/31/12 balance	119,702,320.66	57,539,644.95	62,162,675.71

Attachment to Response to KU AG-1 Question No. 201 Page 609 of 1022 Charnas

LG&E AND KU Asset Retirement Obligations 12/31/11 and 03/31/12 03/31/12 Reporting

04/10/12 9:21 AM

			12/3	12/31/11		1/12
			LG&E	KŲ	LG&E	KU
Acct No	Acct Desc	Curr or Noncurr	0100	0110	0100	0110
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	1,792,219.32	410,549.80
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(35,535,961.67)	(61,026,925.38)
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Noncurrent		NCURR	(54,501,600.36)	(61,202,739.38)	(55,184,783.95)	(61,986,382.71)
Totals			(56,856,461.36)	(61,379,032.38)	(57,539,644.95)	(62,162,675.71)

Attachment to Response to KU AG-1 Question No. 201 Page 610 of 1022 Charnas

Clark, Ed

From:

Wiseman, Sara

Sent:

Monday, April 09, 2012 8:45 AM Scott, Valerie

To:

Cc:

Charnas, Shannon; Pienaar, Lesley; Crescente, Angela Current Portion ARO emails

Subject:





RE: Financial FW: FW: Financial Reporting Disclo... Reporting Di...

Sara Wiseman Manager, Property Accounting Office 502.627.3189 Cell 502.338.0886

Attachment to Response to KU AG-1 Question No. 201 Page 611 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Thursday, April 05, 2012 2:04 PM

To:

Pienaar, Lesley; Erskine, Greg; Fackler, Andrea; Simpson, Sheri

Cc:

Wiseman, Sara

Subject:

RE: Financial Reporting Disclosure of Current Portion of AROs

FYI

From: Sechler, Joel R [mailto:JRSechler@pplweb.com]

Sent: Thursday, April 05, 2012 1:54 PM

To: Crescente, Angela

Subject: FW: Financial Reporting Disclosure of Current Portion of AROs

Hi Angela,

Just to give you an update, Financial Reporting and Vince approved the reversal of the current portion of the ARO, as long as it remains below materiality thresholds (1%). We're just running going to run this change by the auditors first. As soon as we have their approval (assuming it goes through), you can reverse the balance out.

If for some reason we don't get a ruling in time for you to book the entry in the March feed, I'll adjust the LKE balance in PPL's general ledger. I'm not sure what time the books close for you. Let me know if you have any questions.

Thanks,

Joel

From: Nitsche, John P

Sent: Thursday, April 05, 2012 11:32 AM

To: Green Jr, Gerald R **Cc:** Sechler, Joel R

Subject: RE: Financial Reporting Disclosure of Current Portion of AROs

I'm going to speak with Scott Hartman after lunch.

From: Green Jr, Gerald R

Sent: Thursday, April 05, 2012 10:48 AM

To: Nitsche, John P

Subject: RE: Financial Reporting Disclosure of Current Portion of AROs

does LKE have any current? YES, we've discussed with them and they are awaiting an answer.

Are you going to reverse the existing? Yes, that was the plan.

Jerry

From: Lazarus, Brian M

Sent: Thursday, April 05, 2012 10:38 AM

To: Green Jr, Gerald R **Cc:** Benfield, Jonathan E

Subject: FW: Financial Reporting Disclosure of Current Portion of AROs

FYI

From: Sorgi, Vincent

Sent: Thursday, April 05, 2012 10:10 AM

To: Nitsche, John P

Cc: Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R **Subject:** Re: Financial Reporting Disclosure of Current Portion of AROs

Works for me. Let's just notify EY of this change.

Thanks all.

Vince

From: Nitsche, John P

Sent: Thursday, April 05, 2012 08:09 AM

To: Sorgi, Vincent

Cc: Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R **Subject**: Financial Reporting Disclosure of Current Portion of AROs

Vince,

We have been reviewing the various journal entries we prepare in Asset Management, and a number of them are for balance sheet reclassifications for financial reporting. In an effort to reduce the number of manual entries we prepare, we would like to discontinue breaking out the current portion of AROs. The current balance for all of PPL at 12/31/11 was only \$13 million; \$10 million of this is at Energy Supply. We believe this amount is clearly immaterial for both PPL and PPL Energy Supply balance sheets. We propose discontinuing the reclassification, but Asset Management will document current spend (estimated spending for the next 12 months from the balance sheet date), and if this figure becomes material we will consider recording a current liability. We would use a minimum materiality threshold of 1% of current liabilities, which right now for PPL Energy Supply would be \$30 million. We will also coordinate with Kentucky, but right now their current portion of AROs is only \$2 million.

We (Asset Management) meet with Environmental and Generation personnel twice a year to review AROs and at this time we have a good sense what current spend will be. Between these times we see what type of expenditures are hitting the ARO projects and question if there are any unusual increases in expenditures. So we have a good sense of what the level of spending is. Eliminating the reclassification will save us some formal documentation time, including sending emails to various project managers as well as preparation and processing of the journal entry itself. We have reviewed this change with Brian and Mark W., and they are comfortable with eliminating the reclassification at this point, but they suggested making sure you were in agreement as well.

So let us know your thoughts......thanks.

Clark, Ed

From:

Sechler, Joel R < JRSechler@pplweb.com>

Sent:

Thursday, April 05, 2012 3:52 PM

To:

Crescente, Angela

Cc:

Nitsche, John P; Wiseman, Sara; Pienaar, Lesley; Erskine, Greg

Subject:

FW: FW: Financial Reporting Disclosure of Current Portion of AROs

Hi Angela,

It looks like we have approval to no longer book the current portion of the ARO as long as the amount remains immaterial. I plan to book the reversal on Monday, do you still have time to get an entry in before the flat file is generated and sent to us? If not I can reverse the LKE balance as well.

Let me know if you have any questions or concerns.

Thanks,

Joel

From: Nitsche, John P

Sent: Thursday, April 05, 2012 3:27 PM

To: Sechler, Joel R

Subject: FW: FW: Financial Reporting Disclosure of Current Portion of AROs

FYI

From: scott.hartman@ey.com [mailto:scott.hartman@ey.com]

Sent: Thursday, April 05, 2012 3:24 PM

To: Nitsche, John P

Subject: Re: FW: Financial Reporting Disclosure of Current Portion of AROs

John,

Based on current materiality levels, I believe that is fine. However, the quarterly assessment to determine what the amount would/should be is key, because technically it is an error, however, but willing to agree that it is immaterial. We will note it each period as a balance sheet reclassification adjustment, however, it will not need to be reported to the audit committee based on materiality.

Thanks for checking.

Scott



Scott T. Hartman | Executive Director | Assurance Services

Ernst & Young LLP

2005 Market Street, Suite 700, Philadelphia, Pennsylvania 19103, United States of America

Office: 1-215-448-3388 | Fax: 1-866-373-9710 | scott.hartman@ey.com

Cell: 1-610-597-8678 | EY/Comm: 9204278

Website: www.ey.com

Assistant: Meghan G. Kallen | Phone: 1-215-448-5108

Thank you for considering the environmental impact of printing emails.

Attachment to Response to KU AG-1 Question No. 201 Page 614 of 1022 Charnas

From:

"Nitsche, John P" <jpnitsche@pplweb.com>

To:

"scott.hartman@ey.com" <scott.hartman@ey.com>

Date:

04/05/2012 02:40 PM

Subject:

FW: Financial Reporting Disclosure of Current Portion of AROs

Scott.

This is what I wanted to let you now about. Our plan is to no longer break out the current portion of our AROs; we would reverse out what we have currently classified in the current liability account, and then just monitor quarterly to see if the amount becomes "material". Vince was OK with the change, but wanted to make sure you were aware of our plans.

Any questions, let me know.....thanks.

From: Nitsche, John P

Sent: Thursday, April 05, 2012 8:10 AM

To: Sorgi, Vincent

Cc: Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R

Subject: Financial Reporting Disclosure of Current Portion of AROs

Vince

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Attachment to Response to KU AG-1 Question No. 201 Page 615 of 1022 Charnas

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Attachment to Response to KU AG-1 Question No. 201 Page 616 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Thursday, April 05, 2012 3:56 PM

To:

Charnas, Shannon

Cc:

Wiseman, Sara; Pienaar, Lesley; Erskine, Greg

Subject:

RE: FW: Financial Reporting Disclosure of Current Portion of AROs

Shannon:

Please read Joel's email below.

Thanks, Angela

From: Sechler, Joel R [mailto:JRSechler@pplweb.com]

Sent: Thursday, April 05, 2012 3:52 PM

To: Crescente, Angela

Cc: Nitsche, John P; Wiseman, Sara; Pienaar, Lesley; Erskine, Greg

Subject: FW: FW: Financial Reporting Disclosure of Current Portion of AROs

Hi Angela,

It looks like we have approval to no longer book the current portion of the ARO as long as the amount remains immaterial. I plan to book the reversal on Monday, do you still have time to get an entry in before the flat file is generated and sent to us? If not I can reverse the LKE balance as well.

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Joel

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Sent: Thursday, April 05, 2012 3:27 PM

To: Sechler, Joel R

Subject: FW: FW: Financial Reporting Disclosure of Current Portion of AROs

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Sent: Thursday, April 05, 2012 3:24 PM

To: Nitsche, John P

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Sent: Thursday, April 05, 2012 8:10 AM

To: Sorgi, Vincent

Cc: Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R
Subject: Financial Reporting Disclosure of Current Portion of AROs

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Attachment to Response to KU AG-1 Question No. 201 Page 618 of 1022

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Attachment to Response to KU AG-1 Question No. 201 Page 619 of 1022 Charnas

Clark, Ed

From:

Sechler, Joel R < JRSechler@pplweb.com>

Sent:

Thursday, April 05, 2012 3:52 PM

To:

Crescente, Angela

Cc:

Nitsche, John P; Wiseman, Sara; Pienaar, Lesley; Erskine, Greg

Subject:

FW: FW: Financial Reporting Disclosure of Current Portion of AROs

Hi Angela,

It looks like we have approval to no longer book the current portion of the ARO as long as the amount remains immaterial. I plan to book the reversal on Monday, do you still have time to get an entry in before the flat file is generated and sent to us? If not I can reverse the LKE balance as well.

Let me know if you have any questions or concerns.

Thanks,

Joel

From: Nitsche, John P

Sent: Thursday, April 05, 2012 3:27 PM

To: Sechler, Joel R

Subject: FW: Financial Reporting Disclosure of Current Portion of AROs

FYI

From: scott.hartman@ev.com [mailto:scott.hartman@ev.com]

Sent: Thursday, April 05, 2012 3:24 PM

To: Nitsche, John P

Subject: Re: FW: Financial Reporting Disclosure of Current Portion of AROs

John,

Based on current materiality levels, I believe that is fine. However, the quarterly assessment to determine what the amount would/should be is key, because technically it is an error, however, but willing to agree that it is immaterial. We will note it each period as a balance sheet reclassification adjustment, however, it will not need to be reported to the audit committee based on materiality.

Thanks for checking.

Scott

劃 ERNST & YOUNG

Scott T. Hartman | Executive Director | Assurance Services

Ernst & Young LLP

2005 Market Street, Suite 700, Philadelphia, Pennsylvania 19103, United States of America

Office: 1-215-448-3388 | Fax: 1-866-373-9710 | scott.hartman@ey.com

Cell: 1-610-597-8678 | EY/Comm: 9204278

Website: www.ey.com

Assistant: Meghan G. Kallen | Phone: 1-215-448-5108

Thank you for considering the environmental impact of printing emails.

Attachment to Response to KU AG-1 Question No. 201 Page 620 of 1022 Charnas

From:

"Nitsche, John P" <ipnitsche@pplweb.com>

To:

"scott.hartman@ey.com" <scott.hartman@ey.com>

Date:

04/05/2012 02:40 PM

Subject:

FW: Financial Reporting Disclosure of Current Portion of AROs

Scott.

This is what I wanted to let you now about. Our plan is to no longer break out the current portion of our AROs; we would reverse out what we have currently classified in the current liability account, and then just monitor quarterly to see if the amount becomes "material". Vince was OK with the change, but wanted to make sure you were aware of our plans.

Any questions, let me know.....thanks.

From: Nitsche, John P

Sent: Thursday, April 05, 2012 8:10 AM

To: Sorgi, Vincent

Cc: Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R
Subject: Financial Reporting Disclosure of Current Portion of AROs

Vince.

We have been reviewing the various journal entries we prepare in Asset Management, and a number of them are for balance sheet reclassifications for financial reporting. In an effort to reduce the number of manual entries we prepare, we would like to discontinue breaking out the current portion of AROs. The current balance for all of PPL at 12/31/11 was only \$13 million; \$10 million of this is at Energy Supply. We believe this amount is clearly immaterial for both PPL and PPL Energy Supply balance sheets. We propose discontinuing the reclassification, but Asset Management will document current spend (estimated spending for the next 12 months from the balance sheet date), and if this figure becomes material we will consider recording a current liability. We would use a minimum materiality threshold of 1% of current liabilities, which right now for PPL Energy Supply would be \$30 million. We will also coordinate with Kentucky, but right now their current portion of AROs is only \$2 million.

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So let us know your thoughts......thanks.

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Attachment to Response to KU AG-1 Question No. 201 Page 621 of 1022 Charnas

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Clark, Ed

From: Charnas, Shannon

Sent: Thursday, April 05, 2012 3:44 PM

To: Wiseman, Sara Cc: Crescente, Angela

Subject: RE: Financial Reporting Disclosure of Current Portion of AROs

Lesley made a comment about this, but I didn't really know what she meant, now I do. While I agree that it is not a material number, I don't really understand why we would stop breaking it out if we are currently recording it that way. It seems like it would be easier to record it that way rather than do an on-going evaluation as to whether or not it is material and then potentially have to back track or have an error. I assume there has been no follow up from E&Y at this point?

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

From: Wiseman, Sara

Sent: Thursday, April 05, 2012 2:08 PM

To: Charnas, Shannon **Cc:** Crescente, Angela

Subject: FW: Financial Reporting Disclosure of Current Portion of AROs

Just an FYI regarding current portion of ARO (230 account). Angela has made Lesley aware of this issue, but I also wanted to give you a heads up. Actually, Angela and I are not against their suggestion, we just felt you should know about it.

From: Crescente, Angela

Sent: Thursday, April 05, 2012 2:04 PM

To: Pienaar, Lesley; Erskine, Greg; Fackler, Andrea; Simpson, Sheri

Cc: Wiseman, Sara

Subject: RE: Financial Reporting Disclosure of Current Portion of AROs

FYI

From: Sechler, Joel R [mailto:JRSechler@pplweb.com]

Sent: Thursday, April 05, 2012 1:54 PM

To: Crescente, Angela

Subject: FW: Financial Reporting Disclosure of Current Portion of AROs

Hi Angela,

Just to give you an update, Financial Reporting and Vince approved the reversal of the current portion of the ARO, as long as it remains below materiality thresholds (1%). We're just running going to run this change by the auditors first. As soon as we have their approval (assuming it goes through), you can reverse the balance out.

If for some reason we don't get a ruling in time for you to book the entry in the March feed, I'll adjust the LKE balance in PPL's general ledger. I'm not sure what time the books close for you. Let me know if you have any questions.

Thanks,

Joel

From: Nitsche, John P

Sent: Thursday, April 05, 2012 11:32 AM

To: Green Jr, Gerald R **Cc:** Sechler, Joel R

Subject: RE: Financial Reporting Disclosure of Current Portion of AROs

I'm going to speak with Scott Hartman after lunch.

From: Green Jr, Gerald R

Sent: Thursday, April 05, 2012 10:48 AM

To: Nitsche, John P

Subject: RE: Financial Reporting Disclosure of Current Portion of AROs

does LKE have any current? YES, we've discussed with them and they are awaiting an answer.

Are you going to reverse the existing? Yes, that was the plan.

Jerry

From: Lazarus, Brian M

Sent: Thursday, April 05, 2012 10:38 AM

To: Green Jr, Gerald R **Cc:** Benfield, Jonathan E

Subject: FW: Financial Reporting Disclosure of Current Portion of AROs

FYI

From: Sorgi, Vincent

Sent: Thursday, April 05, 2012 10:10 AM

To: Nitsche, John P

Cc: Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R **Subject:** Re: Financial Reporting Disclosure of Current Portion of AROs

Works for me. Let's just notify EY of this change.

Thanks all.

Vince

From: Nitsche, John P

Sent: Thursday, April 05, 2012 08:09 AM

To: Sorgi, Vincent

Cc: Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R **Subject**: Financial Reporting Disclosure of Current Portion of AROs

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Attachment to Response to KU AG-1 Question No. 201 Page 624 of 1022

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So let us know your thoughts......thanks.

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Sent:

Thursday, April 05, 2012 2:04 PM

To:

Pienaar, Lesley; Erskine, Greg; Fackler, Andrea; Simpson, Sheri

Cc:

Wiseman, Sara

Subject:

RE: Financial Reporting Disclosure of Current Portion of AROs

Tracking:

Recipient

Read

Pienaar, Lesley Erskine, Greg Fackler, Andrea Simpson, Sheri

Wiseman, Sara

Read: 4/5/2012 2:32 PM Read: 4/5/2012 2:27 PM

Read: 4/5/2012 2:31 PM Read: 4/5/2012 2:19 PM

Read: 4/5/2012 2:04 PM

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Charnas
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Attachment to Response to KU AG-1 Question No. 201 Page 628 of 1022 Charnas

Clark, Ed

From:

Sechler, Joel R < JRSechler@pplweb.com>

Sent:

Thursday, April 05, 2012 1:54 PM

To:

Crescente, Angela

Subject:

FW: Financial Reporting Disclosure of Current Portion of AROs

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To: Nitsche, John P

Cc: Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R **Subject:** Re: Financial Reporting Disclosure of Current Portion of AROs

Attachment to Response to KU AG-1 Question No. 201 Page 629 of 1022 Charnas

Works for me. Let's just notify EY of this change.

Thanks all.

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From: Nitsche, John P

Sent: Thursday, April 05, 2012 08:09 AM

To: Sorgi, Vincent

Cc: Woods, Mark D; Lazarus, Brian M; Rander, Erik D; Sechler, Joel R **Subject**: Financial Reporting Disclosure of Current Portion of AROs

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So let us know your thoughts......thanks.

Clark, Ed

From:

Crescente, Angela

Sent:

Wednesday, April 04, 2012 1:14 PM

To:

'Plant Support'

Cc:

Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject:

RE: Purchase Accounting Reserve on an ARO

[ref: 00D60KJDN. 50060ILZXN:ref]

Tracking:

Recipient

Read

'Plant Support'

Wiseman, Sara Wacker, Diana

Read: 4/4/2012 1:16 PM

Read: 4/4/2012 1:18 PM

Kinder, Debra

Read: 4/4/2012 1:14 PM

Elizabeth,

I completed and posted the reserve adjustments in DEV in April for LGE. Do you want me to close the CPR or wait?

Thanks,

Angela

----Original Message----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Wednesday, April 04, 2012 9:07 AM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

If you could that would be great.

Thank you,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 4/4/2012 8:42 AM To: support@pwrplan.com

Cc: <u>Diana.Wacker@lge-ku.com</u>; <u>Sara.Wiseman@lge-ku.com</u>; <u>Debra.Kinder@lge-ku.com</u>

Subject: RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

I did this in DEV, but it refreshed over the weekend. I can do it again if you want.

----Original Message----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Tuesday, April 03, 2012 5:13 PM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ref: _00D60KJDN. 50060ILZXN:ref]

Hi Angela,

Attachment to Response to KU AG-1 Question No. 201 Page 631 of 1022 Charnas

I connected to look into this in more detail. I cannot see where the reserve adjustment was done to net the reserve to zero on this set of books. Which database were you using. In theory that should eliminate the monthly depr expense, but I wanted to review in the tables once the reserve adjustment was completed.

Elizabeth
Hi Elizabeth,
I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.
Thanks! Angela
Original Message From: Plant Support [mailto:support@pwrplan.com] Sent: Friday, March 30, 2012 4:47 PM To: Crescente, Angela Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]
Hi Angela,
Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr modue!?
Thanks,
Elizabeth

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

Cc: Sara.Wiseman@lge-ku.com; Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com

Subject: Purchase Accounting Reserve on an ARO

Attachment to Response to KU AG-1 Question No. 201 Page 632 of 1022 Charnas

I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Th	an	ks,
Ar	nge	la

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Thanks,

Elizabeth Cowart
PowerPlant Support
770.937.3000
ref:_00D60KJDN._50060ILZXN:ref

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000 Attachment to Response to KU AG-1 Question No. 201 Page 633 of 1022 Charnas

Viain, Lu	C	ark.	Ed
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From: Sent:

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To:

Crescente, Angela

Cc:

Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject:

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Sent: 3/30/2012 5:13 PM To: support@pwrplan.com

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Attachment to Response to KU AG-1 Question No. 201 Page 634 of 1022 Charnas

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Attachment to Response to KU AG-1 Question No. 201 Page 635 of 1022

Charnas

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Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000 ref:_00D60KJDN._50060ILZXN:ref

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Attachment to Response to KU AG-1 Question No. 201 Page 636 of 1022 Charnas

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Cc:

Wiseman, Sara; Pienaar, Lesley; Erskine, Greg; Simpson, Sheri; Fackler, Andrea; Nitsche,

John F

Subject:

RE: Current Portion of the ARO Portion

Angela,

Thanks for the prompt turn around. John and I are going to meet with reporting to discuss this item tomorrow. I'll follow up with you as soon as I have a ruling as to whether or not we need to continue recording the entry.

Joel

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]

Sent: Wednesday, April 04, 2012 8:21 AM

To: Sechler, Joel R

Cc: Wiseman, Sara L; Pienaar, Lesley Ann; Erskine, Gregory P; Simpson, Sheri Noreen; Fackler, Andrea M

Subject: RE: Current Portion of the ARO Portion

Joel,

The current portion for Q1 will be the same as what was reported at year end.

Thanks, Angela

From: Sechler, Joel R [mailto:JRSechler@pplweb.com]

Sent: Wednesday, April 04, 2012 8:06 AM

To: Crescente, Angela

Subject: Current Portion of the ARO Portion

Hi Angela,

It looks like we're no longer going to report the current portion of the AROs in ARO note. Financial Reporting feels its immaterial for the note.

Therefore, we're considering not booking a current portion either if we could justify that we're monitoring it routinely and the amount doesn't become material. Anyway, I was wondering if you had an estimate of what the current portion of the LKE ARO's was going to be for Q1? Will it be much larger than at yearend?

Thanks,

Joel Sechler
Financial Accounting - Asset Management
VTN 220-3948
JRSechler@pplweb.com, GENTW10

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Attachment to Response to KU AG-1 Question No. 201 Page 637 of 1022

delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

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Attachment to Response to KU AG-1 Question No. 201 Page 638 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Wednesday, April 04, 2012 8:21 AM

To:

'Sechler, Joel R'

Cc:

Wiseman, Sara; Pienaar, Lesley; Erskine, Greg; Simpson, Sheri; Fackler, Andrea

Subject:

RE: Current Portion of the ARO Portion

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VTN 220-3948
JRSechler@pplweb.com, GENTW10

Attachment to Response to KU AG-1 Question No. 201 Page 639 of 1022 Charnas

Clark, Ed

From: Sechler, Joel R < JRSechler@pplweb.com>

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Subject: Current Portion of the ARO Portion

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Financial Accounting - Asset Management
VTN 220-3948
<u>IRSechler@pplweb.com</u>, GENTW10

Attachment to Response to KU AG-1 Question No. 201 Page 640 of 1022 Charnas

Cla	ark,	Ed
-----	------	----

Sent: 3/30/2012 11:08 AM To: support@pwrplan.com

From: Sent: To: Cc: Subject:	Plant Support <support@pwrplan.com> Tuesday, April 03, 2012 5:13 PM Crescente, Angela Wiseman, Sara; Wacker, Diana; Kinder, Debra RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN50060ILZXN:ref]</support@pwrplan.com>
Hi Angela,	
zero on this set of books. V	is in more detail. I cannot see where the reserve adjustment was done to net the reserve to Which database were you using. In theory that should eliminate the monthly depr expense, he tables once the reserve adjustment was completed.
Elizabeth	
Sent: 3/30/2012 5:13 PM To: support@pwrplan.com Cc: Diana.Wacker@lge-ku.o	ngela.Crescente@lge-ku.com]
Hi Elizabeth,	
I hope this is what you were me Monday. Just let me kr	e looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help now.
Thanks! Angela	
Original Message From: Plant Support [mailto Sent: Friday, March 30, 201 To: Crescente, Angela Cc: Wiseman, Sara; Wacker Subject: RE: Purchase Accord	2 4:47 PM
Hi Angela,	
Could you send screen prin reserve/expense in the Dep	t of the depreciation groups and the depr ledger query tool for these groups so I can see the or moduel?
Thanks,	
Elizabeth	
Original Messag From: Crescente, Angela [A	ge ngela.Crescente@lge-ku.com]

1

Attachment to Response to KU AG-1 Question No. 201 Page 641 of 1022

Cc: Sara.Wiseman@lge-ku.com; Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com

Subject: Purchase Accounting Reserve on an ARO

Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

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Thanks, Angela

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Thanks,

Elizabeth Cowart **PowerPlant Support** 770.937.3000 ref:_00D60KJDN._50060ILZXN:ref

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000

Clark, Ed

From:

Puckett, Paul

Sent:

Monday, April 02, 2012 10:23 AM

To:

Freibert, Diana; Crescente, Angela

Cc: Subject: McFarland, Beth RE: ARO-Bushings

Diana and Angela,

Costs vary a bit, depending on which vendor we used, but in general, I'd say around \$200 per bushing.

Generally, there's a flat rate associated with bushing disposal (usually around \$150), but the oil is an additional amount (and the volume of oil varies, depending on the bushing size) and the transport is part of the cost.

W. Paul Puckett

Engineer - Environmental Affairs Department
LG&E and KU Energy (Louisville Gas & Electric, Kentucky Utilities, and Old Dominion Power)
220 West Main Street
P.O. Box 32010
Louisville, KY 40232
(502) 627-4659
(502) 217-4836 (facsimile)
(502) 648-7842 (mobile)

Please note the recent change in e-mail address: paul.puckett@lge-ku.com

From: Freibert, Diana

Sent: Monday, April 02, 2012 10:16 AM **To:** Puckett, Paul; Crescente, Angela

Cc: McFarland, Beth

Subject: RE: ARO-Bushings

Thanks for the info Paul. What is the approximate cost to dispose of PCB-contaminated bushings and the cost to dispose of greater than 500 ppm bushings?

From: Puckett, Paul

Sent: Monday, April 02, 2012 10:04 AM **To:** Crescente, Angela; Freibert, Diana

Cc: McFarland, Beth Subject: ARO-Bushings

Angela and Diana,

I'm not certain if we discussed this previously, but EAD has tracked PCB analytical results for bushings that have been retired in a manner similar to the line transformers. To date, the results indicate the following:

NON-PCB (<50 ppm): 75%

PCB-contaminated (50-499 ppm): 21%

PCB (500 ppm and greater): 4%

Attachment to Response to KU AG-1 Question No. 201 Page 643 of 1022

Charnas
Please note that not all bushings have any dielectric materials (oil or tar) so not all bushings have to be considered for special disposal. Also, note that we do not test every bushing prior to disposal. We only evaluate those manufactured before 1980 so these results may be skewed a bit towards the PCB-regulated side.

W. Paul Puckett

Engineer - Environmental Affairs Department LG&E and KU Energy (Louisville Gas & Electric, Kentucky Utilities, and Old Dominion Power) 220 West Main Street P.O. Box 32010 Louisville, KY 40232 (502) 627-4659 (502) 217-4836 (facsimile) (502) 648-7842 (mobile)

Please note the recent change in e-mail address: paul.puckett@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 644 of 1022 Charnas

Clark, Ed

From:

Freibert, Diana

Sent:

Monday, April 02, 2012 10:16 AM

To:

Puckett, Paul; Crescente, Angela

Cc: Subject: McFarland, Beth RE: ARO-Bushings

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Please note the recent change in e-mail address: paul.puckett@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 645 of 1022 Charnas

Clark, Ed

From:

Puckett, Paul

Sent:

Monday, April 02, 2012 10:04 AM Crescente, Angela; Freibert, Diana

To: Cc:

McFarland, Beth

Subject:

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Please note the recent change in e-mail address: paul.puckett@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 646 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Friday, March 30, 2012 5:14 PM

To:

'Plant Support'

Cc:

Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject:

RE: Purchase Accounting Reserve on an ARO [ref: 00D60KJDN. 50060ILZXN:ref]

Attachments:

PA Reserve - Support2.pdf

Hi Elizabeth,

I hope this is what you were looking for (the query is on the last page). If not, I will have to get Debbie and Diana to help me Monday. Just let me know.

Thanks!

Angela

----Original Message----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Friday, March 30, 2012 4:47 PM

To: Crescente, Angela

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref]

Hi Angela,

Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel?

Thanks,

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 3/30/2012 11:08 AM To: support@pwrplan.com

Cc: Sara.Wiseman@lge-ku.com; Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com

Subject: Purchase Accounting Reserve on an ARO

Support,

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Attachment to Response to KU AG-1 Question No. 201 Page 647 of 1022

Charnas make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve.

Thanks, Angela

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Thanks,

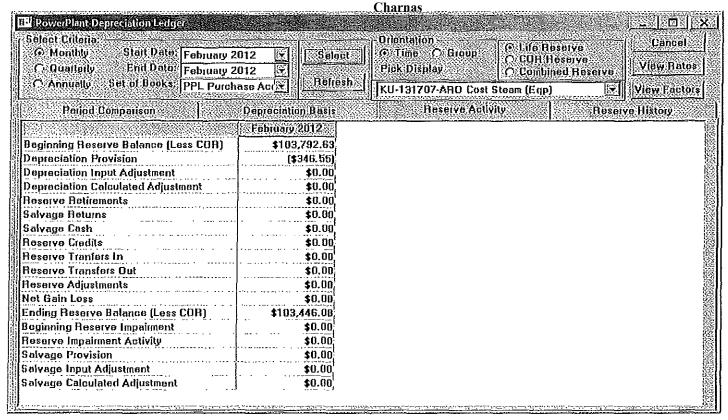
Elizabeth Cowart PowerPlant Support 770.937.3000 ref: 00D60KJDN. 50060ILZXN:ref Attachment to Response to KU AG-1 Question No. 201 Page 648 of 1022 Charnas

PowerPlant Depreciation Ledger Select Criteria: Orientation Cancel Clife Reserve ○ COR Reserve Start Date: February 2012 (Monthly @∢Time ∴ Ω∢Group Select View Hates End Date: February 2012 C Quarterly Pick Display 泛 C. Combined Reserve Set of Hooks: PPL Purchase Act Refresh C Annually. LGE-131707-ARO Cost Steam (Egp) View Factors Reserve Activity Period Comparison Depreciation Basis Reserve History February 2012 \$112,441.99 Beginning Reserve Balance (Less COR) Depreciation Provision (\$375.43) Depreciation Input Adjustment \$0.00 Depreciation Calculated Adjustment \$0.00 Reserve Retirements \$0.00 Salvage Returns \$0.00 \$0.00 Salvage Cash \$0.00 Reserve Credits \$0.00 Reserve Tranters In Reserve Transfers Out \$0.00 Reserve Adjustments \$0.00 \$0.00 Net Gain Loss Not Gain Loss Ending Heserve Balance (Less COR) \$112,066.56 Beginning Reserve Impairment \$0.00 Reserve Impairment Activity \$0.00 Salvage Provision \$0.00 Salvago Input Adjustment \$0.00 Salvage Calculated Adjustment \$0.00

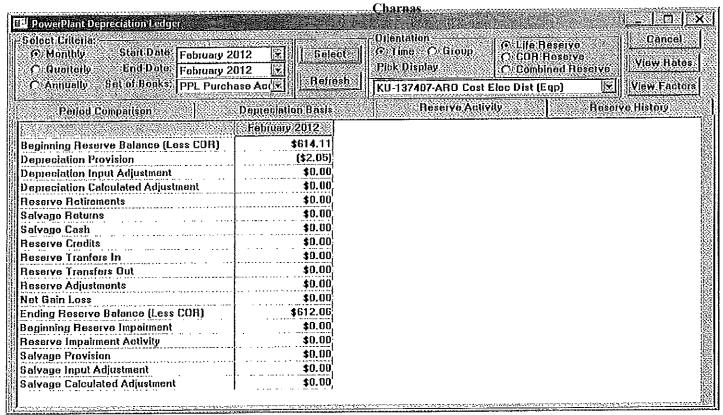
Attachment to Response to KU AG-1 Question No. 201 Page 649 of 1022 Charnas

Select Criterie: ————————————————————————————————————	012 [♥] Sêlect	Offentation Office Officer	©: Lifé Reseive	Cancel
C. Quarterly End Date: February 2	012 5	Rick Display	Combined Reserve	View Rates
O Annually Set of Docks) PPL Purch	ase Acrix Refresh	LGE-137407-ARO Cost	A contraction of the second second	
				. <i> </i>
Period Comparison	Depreciation Basis	Reservo Activ	lly	eive History
	February 2012			
Jeginning Reserve Balance (Less COR)	\$446.42			
Depreciation Provision	(\$1.38)			
Depreciation Input Adjustment	\$0.00			
Depreciation Calculated Adjustment	\$0,00			
leserve Retirements	\$0.00			
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alvage Cash	\$0.80			
leserve Credits	\$0.00			
leserve Tranfers In	\$0.00			
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leserve Adjustments	\$0.00			
let Gain Loss	\$0.00			
inding Reserve Balance (Less COR)	\$445.04			
eginning Reserve Impairment	\$0.00			
leserve Impairment Activity	\$0.00			
alvage Provision	\$0.00			
alvage Input Adjustment	\$0.00			
alvage Calculated Adjustment	\$0.00			

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Attachment to Response to KU AG-1 Question No. 201 Page 651 of 1022



Attachment to Response to KU AG-1 Question No. 201 Page 652 of 1022

Depr Group Id	Gl Post Mo Yr	Set Of Books Id	Begin Reserve	Depreciation Expense	End Reserve
-131707-ARO Cost	02/2012	PPL Purchase Accounts	\$103,792.63	(\$346,55)	\$103,446,08
J-137407-ARO Cost I	02/2012	PPL Purchase Account	\$614.11	(\$2,05)	\$612.06
SE-137407-ARO Cost	02/2012	PPL Purchase Account	\$44 6.42	(\$1,38)	\$445.04
SE-131707-ARO Cost	02/2012	PPL Purchase Accounti	\$112,441.99	(\$375.43)	\$112,066.56
			\$ 217,295.15	(\$725.41)	\$216,569.74

Attachment to Response to KU AG-1 Question No. 201 Page 653 of 1022 Charnas

Clark, Ed

Angela

Plant Support <support@pwrplan.com> From: Sent: Friday, March 30, 2012 4:47 PM To: Crescente, Angela Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060ILZXN:ref] Hi Angela, Could you send screen print of the depreciation groups and the depr ledger query tool for these groups so I can see the reserve/expense in the Depr moduel? Thanks. Elizabeth ----- Original Message -----From: Crescente, Angela [Angela.Crescente@lge-ku.com] Sent: 3/30/2012 11:08 AM To: support@pwrplan.com Cc: Sara.Wiseman@lge-ku.com; Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com Subject: Purchase Accounting Reserve on an ARO Support, A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions. I have been trying to work on how to make the reserve and the depreciation entries stop from happening. In DEV for April, I have booked reserve adjustments to zero out the reserve; however, the depreciation journal entry is still firing for the same amount for April and May even without any reserve. I have been having to book manual GL entries to correct the GL since this entry should not be happening. There is no PP journal layout for this activity either. How can I make the entry stop firing? I have attached the journal rows spreadsheets for April and May to show the depreciation journal entry and system screenshots to show the zeroing of the reserve. Thanks,

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entities other than the intended recipient is not allowed. If you received this message and the information contained therein by error, please contact the sender and delete the material from your/any storage medium.

Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000 ref:_00D60KJDN._50060ILZXN:ref

Attachment to Response to KU AG-1 Question No. 201 Page 655 of 1022 Charnas

Clark, Ed

From:

Plant Support <support@pwrplan.com>

Sent:

Friday, March 30, 2012 11:23 AM

To:

Crescente, Angela

Cç:

Wiseman, Sara; Wacker, Diana; Kinder, Debra

Subject:

RE: Purchase Accounting Reserve on an ARO [ref:_00D60KJDN._50060lLZXN:ref]

Hello Angela,

We have received your case and I will work with a Subject Matter Expert to provide you with a plan of next steps. In the interim if you have any additional questions please let me know.

Thank you,

Dennis Hatchett

PowerPlan Consultants, Inc 200 Galleria Parkway, Ste. 1300 Atlanta, GA 30339

O: 770.423.7683 M: 281.723.3073

------ Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 3/30/2012 11:08 AM To: support@pwrplan.com

Cc: Sara.Wiseman@lge-ku.com; Diana.Wacker@lge-ku.com; Debra.Kinder@lge-ku.com

Subject: Purchase Accounting Reserve on an ARO

Support,

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Thanks

Attachment to Response to KU AG-1 Question No. 201 Page 656 of 1022

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ref:_00D60KJDN._50060ILZXN:ref

Attachment to Response to KU AG-1 Question No. 201 Page 657 of 1022 Charnas

Clark, Ed

From:

PowerPlant Support <support@pwrplan.com>

Sent:

Friday, March 30, 2012 11:09 AM

To:

Crescente, Angela

Subject:

[Case # 00012422] - Purchase Accounting Reserve on an ARO - [ref: 00D60KJDN._

50060ILZXN:ref]

Thank you for contacting PowerPlan Support. Your request has been successfully received and a case has been created. You may reply to this email to add comments to your case.

Thank You
PowerPlan Support

Case: 00012422

Subject: Purchase Accounting Reserve on an ARO

Description: Support,

A few months ago, I had to create a few transition AROs which should never have any purchase accounting impact. However, on the purchase accounting set of books, reserve was created and depreciated on these AROs without a purchase accounting asset (there should be no purchase accounting asset or reserve, only financial). I do not appear to have this issue on the setup of new AROs as opposed to transitions.

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Attachment to Response to KU AG-1 Question No. 201 Page 658 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Friday, March 30, 2012 11:08 AM

To:

'Plant Support'

Cc:

Wacker, Diana; Kinder, Debra; Wiseman, Sara

Subject:

Purchase Accounting Reserve on an ARO

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lge test je rows april.xlsx



lge test je rows may.xlsx



PA Reserve -Support,pdf

Thanks, Angela

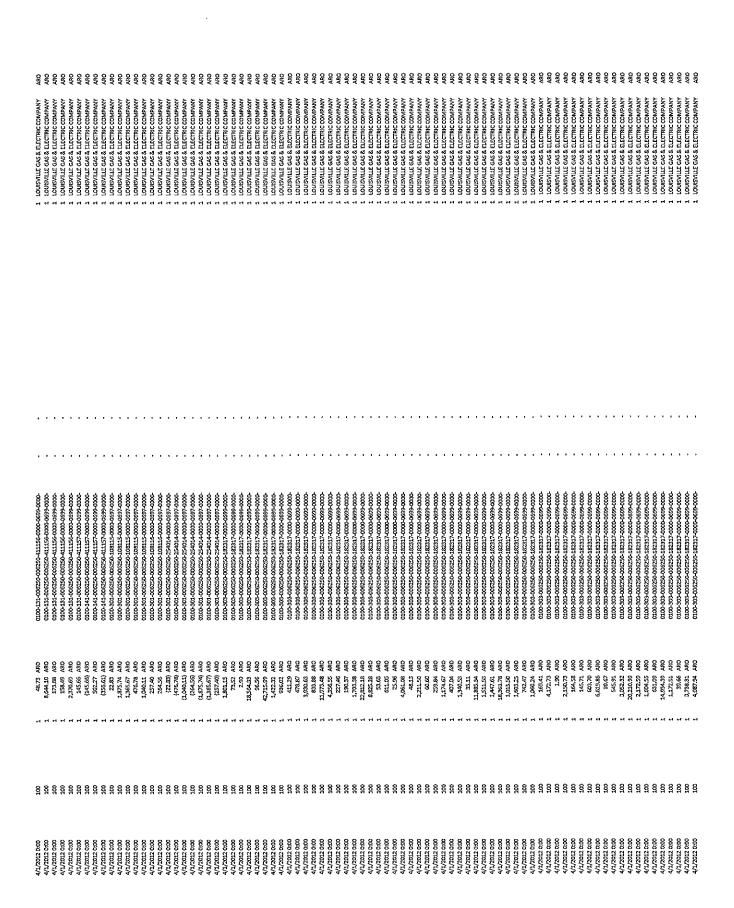
Attachment to Response to KU AG-1 Question No. 201 Page 659 of 1022 Charnas

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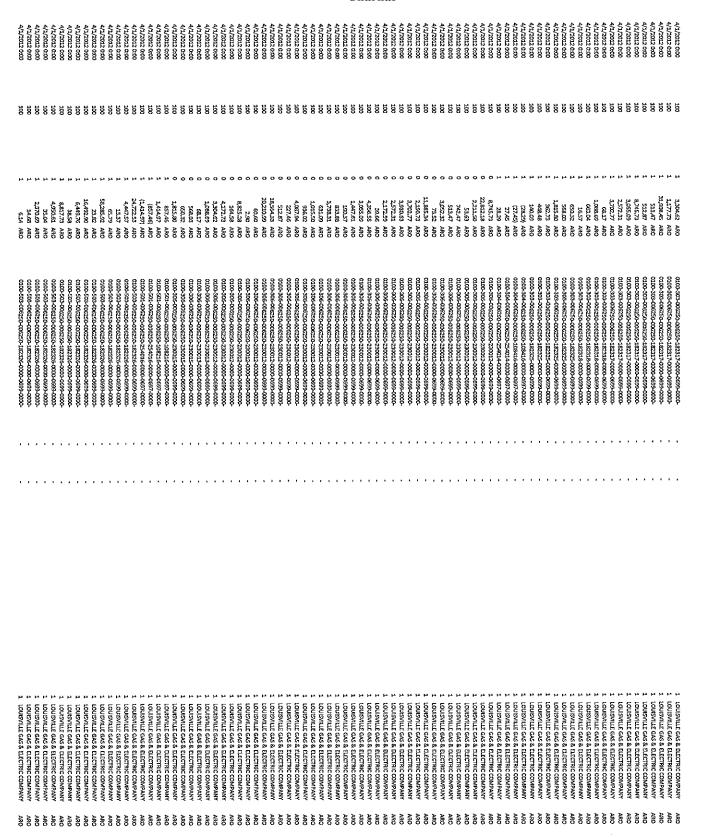
Attachment to Response to KU AG-1 Question No. 201 Page 660 of 1022 Charnas

1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-131-006250-006250-411156-0000-0699-0000-	18,89 ARO	н	100	4/1/2012 0:00
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1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-131-006250-006250-411156-0000-0699-0000-	65,79 ARO	14 t	100	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY 1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-131-006750-016250-411156-0000-0699-0000-	14,58 ARO	دو د	3 8 8	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-131-006250-006250-411156-0000-0699-0000-	58,285,92 ARO	. Д.	100	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY	•	•	0100-131-006250-006250-411156-0000-0699-0000-	23.82 ARO	н 1	100 50	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY 1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-131-000250-000250-407426-0000-0699-0000-	(53.15) ARO	ין נ	1 1 2 2	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY 1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-131-006250-006250-407426-0000-0699-0000-	(52,04) ARO	بو مو	100	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-1131-006250-006250-407426-0000-0699-0000-	(5,98) ARO	eq. e	; ie	4/1/2012 0:00
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1 LOUISVILLE GAS & ELECTRIC COMPANY 1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-131-006250-006250-407426-0000-0699-0000-	(25,37) ARO	÷ 5÷	1 10	4/1/2012 0:00
1 LOUISVILLE GAS & CLECTRIC COMPANY			0100-131-006250-006250-407426-0000-0699-0000-	(4,950.61) ARO	. р.	100	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-131-006250-006250-407426-0000-0699-0000-	(24,722,58) ARO	ין בען	1 8	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-131-006250-006250-407426-0000-0699-0000-	(4,447.57) ARO	. ₁₄	8	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY 1 LOUISVILLE GAS & ELECTRIC COMPANY	, ,		0100-131-006250-006250-407426-0000-0699-0000-	(1,878.53) ARO	1 44	12 58	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-131-000250-006250-407426-0000-0699-0000-	(11.52) ARO	. ,.	: 10	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-131-006250-006250-407426-0000-0699-0000-	(12.57) ARO	, 44	100	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-131-006250-005250-407406-0000-0699-0000-	(35,04) ARO	دو هـ	1 10	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-131-006250-006250-407406-0000-0699-0000-	(5,335,95) ARO	ъ	100	4/1/2012 0;00
1 COUSSYLLE GAS & CLECTRIC COMPANY			0100-131-806250-006250-407406-0000-0699-0000-	(6,449,76) ARO	נ נו	100	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-131-006250-006550-407406-0000-0699-0000-	(158,49) ARO	• 14	3 28	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY	•		0100-131-006250-006250-407406-0000-0689-0000-	(175,88) ARO	3 ÷	100	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-131-006750-006750-407406-0000-0699-0000-	(18.89) ARO	.	10 20	4/1/2012 0:00
1 FOLISVILLE GAS & ELECTRIC COMPANY			0100-131-006250-006250-407406-0000-0699-0000-	(16,492.90) ARO		ž 18	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY		,	0100-131-006250-006250-407406-0000-0699-0000-	(58,285,92) ARO	ц	18	4/1/2012 0:00
1. LOUISVILLE GAS & ELECTRIC COMPANY			0100-131-006250-006250-407406-0000-0699-0000-	(65,79) ARO	1 44	£ 58	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-131-006750-006750-407406-0000-0699-0000-	(48.73) ARO	. д	8 8	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY	,	,	0100-131-000250-000250-407400-0000-0099-0000-	(2,370,69) ARO	щ	100	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY 1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-122-006250-006250-411157-0000-0699-0000- 0100-131-006250-006250-407406-0000-0699-0000-	356.61 ARO	,,	10 10	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-122-006250-006250-411155-0000-0699-0000-	650.32 ARO	. 44	100	4/1/2012 0:00
1 CONSTRUCT SAS & CELETIAN COMPANY			0100-122-006250-006250-411155-0000-0699-0000-	568.03 ARO	,. ,	100	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-122-006250-006250-407427-0000-0699-0000-	(121.91) ARO	.	i 16	4/1/2012 0:00
1 LOUISVILLE GAS & RECTRIC COMPANY	,	•	0100-122-008150-008250-407425-0000-0699-0000-	(448,48) ARO	ч.	. #g	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-122-006250-006250-407425-0000-0699-0000-	(140,09) ARO		2 20	4/1/2012 0:00
1 COUISVILLE GAS & ELECTRIC COMPANY			0100-122-006250-006250-407407-0000-0609-0000-	(356.61) ARO	. 14	100	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-122-006250-006250-407405-0000-0699-0000-	(568,03) ARO	,	12 65	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY 1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-122-006250-006250-407405-0000-0699-0000- 0100-133-0063-50-0063-50-407405-0000-0699-0000-	(1,815.80) ARO	. 4 د	3 8	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-121-006750-006750-411151-0000-0699-0000-	1,088.69 ARO		12	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-121-006250-006250-411151-0000-0699-0000-	(653,04) ARO	ע בן	5 5	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-121-005250-005250-407422-0000-0699-0000-	(16.57) ARO	щ	100	4/1/2012 0:00
1. LOUISVILLE GAS & ELECTRIC COMPANY			0100-121-006250-006250-407-0000-0659-0000- 0100-121-006250-006250-407402-0000-0659-0000-	(1,082,69) ARO (68,17) ARO	,	100	4/1/2012 0:00
2 LOUISVILLE GAS & ELECTRIC COMPANY			0100-111-000250-000250-411150-0000-0699-0000-	513.47 ARO	ъ.	100	4/1/2012 0:00
1 LOUISVILLE GAS & CLECTRIC COMPANY			0100-111-006250-006250-411150-0000-0659-0000-	3,304.62 ARO 20,210.99 ARO	.	100	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-111-006250-006250-411150-0000-0659-0000-	833,88 ARO	. н	100	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY		, ,	0100-111-006250-006250-411150-0000-0699-0000-	11,885,34 ARO	54 p	100	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-111-006250-006250-411150-0000-0699-0000-	190.37 ARO	. ب	; i;	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-111-006250-006250-411150-0000-0699-0000-	73.52 ARO	щ	100	4/1/2012 0:00
1 LOUSVILLE GAS & ELECTRIC COMPANY 1 LOUSVILLE GAS & ELECTRIC COMPANY		, ,	0100-111-016250-016250-411150-0000-0699-0000-	742,47 ARO	. ,,	3 100	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-111-000250-000250-411150-0000-0099-0000-	164.58 ARO	н 1	100	4/1/2012 0:00
1 LOUISVALLE GAS & CRECTARG COMPANY			0100-111-006750-006750-411150-0000-0699-0000-	4.356.55 ARO	-	10 60	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-111-006250-005250-411150-0000-0689-0000-	3,052.32 ARO	. 5+	100	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY	, ,		0100-111-00220-005111-0200-029-000-	3,930.63 ARO	ь,	10 80	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY		,	0100-111-006250-006250-411150-0000-0699-0000-	27,812.18 ARO	د و د	8 8	4/1/2012 0:00
1 COULDVILLE GAS & ELECTRIC COMPANY	. ,	. ,	0100-111-006250-006250-411150-0000-0699-0000-	631,09 ARO	14.4	1 5 8 8	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-111-006250-006250-411150-0000-0699-0000-	2,172.59 ARO	. ,.	3 8	4/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY 1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-111-006250-006250-411150-0000-0699-0000-	2,211.50 ARO	11 1	3 80	4/1/2012 0:00
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Attachment to Response to KU AG-1 Question No. 201 Page 662 of 1022 Charnas



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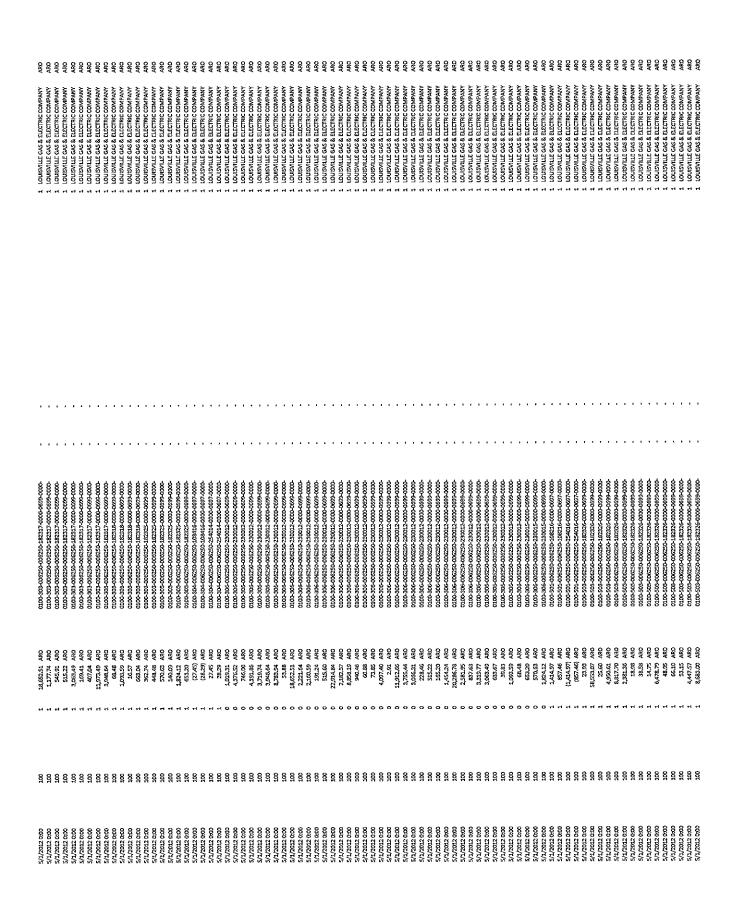
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à à	1 LOUISVILLE GAS & ELECTRIC COMPANY 1 LOUISVILLE GAS & ELECTRIC COMPANY		(448,48) ARO 0100-122-008250-007425-0000-0895-0000- (121,91) ARO 0100-122-008250-008250-407427-0000-0899-0000-	,, ,,	50 50	5/1/2012 0:00
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AR S	1 LOUISVILLE GAS & ELECTRIC COMPANY		(362.74) ARO 0100-122-006750-006754-407475-0000-0699-0000-	נ בק	190	5/1/2012 0:00
AR O		•		• ,	100	5/1/2012 0:00
ARO E		•		₩ 1	100	5/1/2012 0:00
ARO ORO		•			3 13	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC COMPANY	•		1 44	100	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC COMPANY	•	(16.57) ARC 0100-121-006250-006250-407422-0000-0699-0000-	 ,	i i	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC COMPANY	•			100	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC COMPANY 1 LOUISVILLE GAS & ELECTRIC COMPANY	• •	2,221,64 ARO 0100-111-008250-005250-411150-0000-0699-0000- (1,053,55) ARO 0100-121-006250-005250-407402-0000-0699-0000-	,	1 61 61	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC COMPANY	•			100	5/1/2012 0:00
A 80	3. LOUISVILLE GAS & ELECTRIC COMPANY	•	4,276,52 ARO 0100-111-005250-406250-411150-0000-0699-0000-		i 10	5/1/2012 0:00
ARO I	1 LOUISVILLE GAS & ELECTRIC COMPANY	•		14	100	5/1/2012 0:00
AR O				בן בן	8 8	5/1/2012 0:00
ARO		,		-	100	5/1/2012 0:00
A A			1,019.31 ARO 0100-111-000250-006250-411150-0000-0699-0000-	,, ,,,	100	5/1/2012 0:00
A N	1 LOUISVILLE GAS & ELECTRIC COMPANY	•	3,719,74 ARO 0100-111-006250-0111150-0000-0599-0000-	. ш	100	5/1/2012 0:00
A A	1 LOUISVILLE GAS & ELECTRIC COMPANY 1 LOUISVILLE GAS & ELECTRIC COMPANY		7,97 ARO 0109-111-006250-006250-411150-0000-0699-0000-	,. ,.	100	5/1/2012 0:00
, À	1 (DUISVILLE GAS & ELECTRIC COMPANY	•			100	5/1/2012 0:00
A A	LOUISVILLE GAS & ELECTRIC COMPANY LOUISVILLE GAS & ELECTRIC COMPANY		5,048,64 ARO 0,00-1,11-0,65,50-0,062,50-4,11,150-0,000-0,699-0,000-		100	5/1/2012 0:00
ARO.	1 LOUISVILLE GAS & ELECTRIC COMPANY	•	_	. д.	100	5/1/2012 0:00
ARO R	1 LOUISVILLE GAS & ELECTRIC CONFIANY 1 LOUISVILLE GAS & ELECTRIC CONFIANY		4,191.66 ARO 0100-111-006250-006250-411150-0000-0699-0000-	щ	e e	5/1/2012 0:00
AR O	1 LOUISVILLE GAS & CLECTRIC COMPANY			—	100	5/1/2012 0:00
사 사	1 LOUISVILLE GAS À ELECTRIC COMPANY 1 LOUISVILLE GAS À ELECTRIC COMPANY		6,783,94 ARO 0100-111-006250-006250-411150-0000-0659-0000- 60,88 ARO 0100-111-006250-005250-411150-0000-0659-0000-	+	100	5/1/2012 0:00 5/1/2012 0:00
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			-	0100-303-006250-006250-182317-0000-069	3,066,31 ARO		ğ	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-303-006350-006350-183317-0000-069	4,061.08 ARO	н 1	100	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC CONTRANY	,	1000	0100-503-000250-006250-182317-0000-0699-0000-	1,454.24 ARO	4 12	8	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC COMPANY		-0000-	0100-303-006250-006250-182317-0000-0699-0000-	14,934,40 ARO		100	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC COMPANY		4 4	0100-903-008250-008250-182317-0000-9639-0000	3,755.44 ARO	1 2 1	100	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC COMPANY		- HORDE	02001-2020-0-0-0-0-0-0-0-0-0-0-0-0-0-0-0	ARO ARO	نو د.	1 6	2/1/2012 0:00 00:0 7107/1/2
. ≱	1 LOUISVILLE GAS & ELECTRIC COMPANY		-0000	0100-903-006250-006250-182317-0000-0699-0000-	2,581.95 ARO		100	5/1/2012 0:00
集 :	1 LOUISVILLE GAS & ELECTRIC COMPANY		-0000	0100-903-006250-006250-182317-0000-0659-0000-	2,182.37 ARO		100	5/1/2012 0:00
≵ ≱	1 LOUISMILLE GAS & ELECTRIC COMPANY 1 TOUISMILLE GAS & ELECTRIC COMPANY			0100-903-008250-008250-182317-0000-0699-0000 0100-903-008250-008250-182317-0000-0699-0000	1,172.51 ARO	.	100	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC COMPANY		-0000	0100-308-006250-006250-182317-0000-0699-0000	1,060.24 ARO	4	150	5/1/2012 0:00
	1 LOUISVALLE GAS & ELECTRIC COMPANY 1 LOUISVALLE GAS & ELECTRIC COMPANY		- A	0100-303-006250-006250-182317-0000-0695	837,63 ARO	4 44	10 10	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC COMPANY		,	0100-802-000250-000250-182317-0000-0699-0000-	50.88 ARO	د ا د	; iš	5/1/2012 0:00
<u> </u>	1 LOUISVILLE GAS & ELECTRIC COMPANY		-0000	0100-903-006250-006250-182317-0000-0699-0000-	478.87 ARO	ц	100	5/1/2012 0:00
			,	0100-903-006250-006250-182317-0000-0699-0000- 0100-903-006250-006250-182317-0000-0699-0000-	940.46 ARO		100	5/1/2012 0:00
			-0000	0100-303-006250-006250-182317-0000-0699-0000	1,174.66 ARO		100	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC COMPANY		4000	0300-303-006350-006250-182317-0000-0699-0000-	191.24 ARO		100	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC COMPANY			0000-6690-0000-115251-0515000-021501-5010 0000-6690-0000-115251-0515000-021500-501	4,191.86 ARO		100	5/1/2012 0:00
≱	1 LOUISVILLE GAS & ELECTRIC COMPANY		-0000-	0100-303-006250-006250-182317-0000-0699-0000-	53.88 ARO	ц	100	5/1/2012 0:00
4 4	1 LOUISVILLE GAS & ELECTRIC COMPANY		686	0100-303-096250-086250-182317-0800-0699-0000 0100-303-086250-086250-182317-0800-0699-0080	1,908.45 ARO		i i	5/1/2012 0:00
ě	1 LOUISVILLE GAS & ELECTRIC COMPANY		- TOOOD	0100-303-006250-006250-182317-0000-0699-0000	1,604.56 ARO		100	5/1/2012 0:00
2 2	1 LOUISVILLE GAS & ELECTRIC COMPANY		1000	0100-903-008250-008250-182317-0000-0893-0000 0100-303-006050-006250-182317-0000-0693-0000	35.11 ARO	نو عم	15 15	5/1/2012 0:00
×	1 LOUISVILLE GAS & ELECTRIC COMPANY		-0000	0100-303-006250-006250-182317-0000-0699-0000	4,097,40 ARO	. ,,	100	5/1/2012 0:00
2 2	1 LOUISVILLE GAS & ELECTRIC COMPANY		-0000	0100-303-006250-006250-182317-0000-0659-0000-	39.83 ARO	p. 7	100	2/1/2012 0:00
₽ ₽	1 LOUISMILLE GAS & RECTRIC COMPANY			0100-305-006250-02550-152317-0200-6699-0000	1.90 ARO	. ,.	100	5/1/2012 0:00
4	1. LOUISVILLE GAS & ELECTRIC COMPANY	,		0100-203-006250-006250-182317-0000-0699-0000-	145,71 ARO	,,,	100	5/1/2012 0:00
<u>A</u> 2	1 LOUISVILLE GAS & ELECTRIC COMPANY		686	0100-303-006250-006250-132517-0000-0695-0000	48,13 ARO	,. ,	15 15	5/1/2012 0:00
<u> </u>	1 LOUISVILLE GAS & ELECTRIC CONFRANCE		,	0100-303-000250-00250-132317-0000-0630-0000	411,29 ARO	a 1a	i 8	5/1/2012 0:00
≱. F	1 LOUISVILLE GAS & ELECTRIC COMPANY		-0000	0100-303-006250-006250-182317-0000-0699-0000	3,519.77 ARO	. д.	100	5/1/2012 0:00
<u> </u>	1 LOUISVILLE GAS & ELECTRIC COMPANY 1 LOUISVILLE GAS & ELECTRIC COMPANY			0000-6690-0000-116281-052900-052900-605-0010	1,422,32 ARO	,	100	5/1/2012 0:00
: 2:	1 COMPANY		1000	010-303-006250-05250-152317-0500-0590-0100	1,511,54 ARO	دو د	i i	5/1/2012 0:00
¥			-	0100-303-006250-006250-182317-0000-0699-0000	25,96 ARO		100	5/1/2012 0:00
£ £	1 COUSVILLE GAS & ELECTRIC COMPANY 1 COUSVILLE GAS & ELECTRIC COMPANY			0100-303-006250-006250-182317-0000-0699-0000	20,286,78 ARO	.	100	5/1/2012 0:00
4			- 0000	0100-303-006250-006250-182317-0000-0699-0000-	746.00 ARO		100	5/1/2012 0:00
A :			0000	0100-809-006250-006250-182817-0000-0699-0000	1,608,75 ARO	<u></u>	100	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC COMPANY 1 LOUISVILLE GAS & ELECTRIC COMPANY	, ,	0000	0100-303-006250-006250-182317-0000-0699-0000- 0100-303-006250-006250-182317-0000-0699-0000-	3,719.74 ARO	,	ë ë	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC COMPANY		0000	0100-303-006250-006250-182317-0000-0699-0000-	39.67 ARO	. 14	100	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC COMPANY		0000	0200-999-0000-112231-0239-0000-0599-0000-059-000-059-00-05-00	1,801.16 ARO	μ,	16 6	5/1/2012 0:00
			-0000-	0100-303-006250-006250-182317-0000-0699-0000	4,376.52 ARO		100	5/1/2012 0:00
	1 LOUISVILLE GAS & ELECTRIC COMPANY		0000	0100-305-006250-06250-182317-0000-0699-0000-	42,715.99 ARO	3 -5 1	100	5/1/2012 0:00
\$ \$	1 LOUISVILLE GAS & ELECTRIC COMPANY		988	0100-803-006250-006250-182317-0000-0699-0000	1,703.39 ARO	, μ	3 3	5/1/2012 0:00
A 4	1 LOUISVILLE GAS & ELECTRIC COMPANY		0000	0100-009-006250-015251-0200-0699-0000	11,912.66 ARO	14 5	3 8	5/1/2012 0:00
A A			,	0100-303-006250-006250-182817-0000-0695	515.60 ARO	. ,	100	5/1/2012 0:00
A A	1 LOUISVILLE GAS & CLECTRIC COMPANY 1 LOUISVILLE GAS & CLECTRIC COMPANY		000	0300-003-006250-006250-182317-0000-0699-0000-	2.91 ARO	н,	100	5/1/2012 0:00
A			-	03.00-303-006250-0254014-0000-0597-0000	(264.56) ARO	. μ	100	5/1/2012 0:00
4 4	1 LOUISVILLE GAS & ELECTRIC COMPANY		0000	0100-301-006250-006250-254014-0000-0697-0000	(257,40) ARO	+ 4	100	5/1/2012 0:00
£ 5				0100-301-006250-254014-0000-0697-0000	(476.78) ARO	. ,,	100	5/1/2012 0:00
<u>≱</u> ≩	1. LOUISVILLE GAS & ELECTRIC COMPANY		0000	0100-301-406250-406250-25442,4-4000-0697-0000-	(1,875.74) ARO	ı- 1	100	5/1/2012 0:00
à A	1 LOUISVILLE GAS & ELECTRIC COMPANY		900	0100-301-006250-006250-108116-0000-0697-0000-	257,40 ARO	د ر د	3 8	5/1/2012 0:00
A !	1 tollsvatte gas & electric company		0000	0100-301-006250-006250-108116-0060-0697-0000	254.55 ARO	н,	18 50	5/1/2012 0:00
A A	1 LOUISVILLE GAS & ELECTRIC COMPANY 1 LOUISVILLE GAS & ELECTRIC COMPANY		9000	9160-391-096250-096250-198115-0900-0697-0900- 0160-391-096250-096250-198115-0900-0697-0900-	476.78 ARO	μμ	100	5/1/2012 0:00
3 , 3	1 LOUISVILLE GAS & ELECTRIC COMPANY		0000	0000-301-006250-006250-1062115-0000-0697-0000-	1,040.11 ARO	, 4	100	5/1/2012 0:00
; à	1 LOUISVILLE GAS & ELECTRIC COMPANY		-	0100-301-006250-006250-108115-0000-0697-0000	22.83 ARO		100	5/1/2012 0:00
Ą	1 LOUISVILLE GAS & ELECTRIC COMPANY			0100-141-006250-006250-411157-0000-0699-0000	504.57 ARO		100	5/1/2012 0:00
A A	1 LOUISVILLE GAS & ELECTRIC COMPANY 1 LOUISVILLE GAS & ELECTRIC COMPANY		0000	0100-141-006250-006250-411157-0000-0699-0000-	(146.33) ARO (358.24) ARO	בן גון	5 50	5/1/2012 0:00
\$:	1 LOUISVILLE GAS & ELECTRIC COMPANY	,	0000	0100-131-006250-006250-411157-0000-0699-0000	146,33 ARO	۽ مو	100	5/1/2012 0:00
A A	1 LOUISVILLE GAS & ELECTRIC COMPANY		0000	0100-131-006250-00033111256-0010-0699-0000	14,75 ARO	- س	6 20	5/1/2012 0:00
AR.	1 LOUISVILLE GAS & ELECTRIC COMPANY	,	0000-	0100-131-006250-006250-411156-0000-0699	6,478,79 ARO	₩ 1	100	5/1/2012 0:00
# #	1 LOUISVILLE GAS & ELECTRIC COMPANY 1 LOUISVILLE GAS & ELECTRIC COMPANY	٠.	onno. -	-0000-6690-0000-951112-052200-052300-121-0010 -0010-6690-0001-951112-052300-052300-121-0010	5,359.96 ARO 35.20 ARO	ב, בן	10 00	5/1/2012 0:00 5/1/2012 0:00

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	- CG-237600-Gas Distribution - N		0300-131-006250-006250-403023-0000-0697-0000-	1 (16,779.00) DEPR EXPENSE	1 10	5/1/2012 0:00
	-LGE-23760D-Gos Distribution - N	,		1 105,470.49 DEPR EXPENSE	100	5/1/2012 0:00
	-LGE-237520-Gas Distribution - C			1 Z44,06 DEPR EXPENSE	100	5/1/2012 0:00
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	-LGE-237422-Gas Distribution La			1 2.47 DEPR EXPENSE	100	5/1/2012 0:00
	-LGE-236700-Gas Transmission -		0100-131-000250-000250-403022-0000-0697-0000-	1 S.049.78 DEPR EXPENSE	to to	5/1/2012 0:00
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	-LGE-235700- KY Gas storage Und		0100-131-006250-006250-400021-0000-0697-0000-	1 2.318.96 DEPRESPENSE	100	5/1/2012 0:00
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engrd 1	-LGE-235300- IN Gas Storage Und		_	1 409,89 DEPR EXPENSE	100	5/1/2012 0:00
	-LGE-235255- KY Gas Stor UG			1 2.190.07 DEPR EXPENSE	100	5/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY	-(GE-235255- N Gas Stor UG		0100-131-006250-006250-403021-0000-0697-0000-	1 19 997 CR DIPPR EXPENSE	8	5/1/2012 0:00
н	-LGE-235255- IN Gas 5tor UG	,	_	1 4,682.50 DEPR EXPENSE	18	5/1/2012 0:00
	-LGE-285250- KY AROP Cas Stor L			1 1,414.97 DEPR EXPENSE	100	5/1/2012 0:00
	-LOE-ZESZEO-IN AROP GAS STOFT		0100-131-006250-006250-403021-0000-0697-0000-	1 857.46 DEPR EXPENSE	3 13	5/1/2012 0:00
4	-LGE-235250- IN AROP Gas Stor L		_	1 S,ASA.91 DEPR EXPENSE	100	5/1/2012 0:00
14.	-LGE-235240- KY Gas Storage Unc			1 450.56 DEPR EXPENSE	100	1,7012 0:00
dorard 1 LOUISVILLE GAS & ELECTRIC COMPANY	*LGE-235240- KY Gas Storage Uno		0100-151-006250-006250-403021-0000-0697-0000-	1 173.29 DEPR EXPENSE	100	5/1/2012 0:00
	-LGE-2352AD- IN Gas Storage Undergrd			1 149 SO DEPR EXPENSE	ž 8	5/1/2012 0:00
H	-LGE-Z35Z30-Gas Storage Undg			1 7,397,46 DEPR EXPENSE	100	/1/2012 0:00
1 LOUISVILLE GAS & ELECTRIC COMPANY	-LGE-135140- KY Gas Storage Uno			1 211.31 DEPR EXPENSE	100	/1/2012 0:00
	-1.GE-235140- NY Gas Storage Und		0100-131-006250-006250-403021-0000-0697-0000-	1 1408 71 DEPREMENTED	100	/1/2012 GOO
A LOCIONATE SANS SECULO COMPANY TO COMPAN	Full assessed and NI TOP 125.6-15 In			A SALSO DEPRENTENSE	100	V1/2012 0:00

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1 LOUISVILLE GAS & ELECTRIC COMPANY	# GE_t34tQ_TC & Smirtings at	0107-101-201050-1011-1011-1017-0107-0107-			7000
id Impr	- LGE-134100-TC 7 Structures at	0100-301-006250-006250-108112-0000-0697-0000-	208.37 DEPR EXPENSE		5/1/2012 0:00
	*LGE-194100-TC 6 Structures as	0100-301-005250-005250-108115-0000-0597-0000-	146.79 DEPR EXPENSE		5/1/2012 0:00
id impr		0100-301-006250-006250-108115-0000-0697-0000-	155.57 DEPR EXPENSE		5/1/2012 0:00
and Imp	-LGE-134100-PR 13 Structures	0100-301-006250-006250-108115-0000-0697-0000-			5/1/2012 0:00
and Imp	LGE-184100-EWB 7 Structures	0100-301-006250-006250-108115-0000-0697-0000- 0100-301-006250-006250-108115-0000-0697-0000-	14,44 DEPR EXPENSE 5,34 DEPR EXPENSE		5/1/2012 0:00
and imp	-LGE-184100-EWD 6 Structures	0100-901-006250-006250-108115-0000-0697-0000-			5/1/2012 0:00
ares &	-LGE-134100-Cane Run - Structures	0100-301-006250-006250-108115-0000-0697-0000-	17.63 DEPR EXPENSE		5/1/2012 0:00
280	LGE-133100-Ohio Falis Non-Pri	0100-301-006250-006250-108115-0000-0697-0000-			5/1/2012 0:00 5/1/2012 0:00
CR 2009	LGE-131101-AROP TC 2 Struct	0100-301-006250-006250-108115-0000-0697-0000-			5/1/2012 0:00
& impr	LGE-131101-AROP MC 4 Struct	0100-301-006250-006250-108115-0000-0697-0000-	1,040,11 DEPR EXPENSE		5/1/2012 0:00 5/1/2012 0:00
& Impr	- LGE-131101-AROP MC 1 Struct & Impr	0100-801-006250-006250-108115-0000-0697-0000-		1000	9/1/2012 0:00
2-Struc	- LGE-131100-Trimble Unit 1 SO	0100-801-006250-006250-108115-0000-0697-0000-	139,94 DEPR EXPENSE		5/1/2012 0:00
R 2009	-16E-131100-TC Unit 2 Struc EC	0100-801-006250-006250-108115-0000-0697-0600-	55,86 DEPR EXPENSE		2/1/2012 0:00
2006	LOF-191100-TO Unit 2 Struc	0100-301-006250-006250-108115-0000-0697-0000-	2,383.19 DEPR EXPENSE		5/1/2012 0:00
R 2006	-LGE-131100-TC Unit 1 Struc ECR	0100-301-0062%0062%108115-0000-0697-0000-			5/1/2012 0:00
02-St		0100-301-005250-005250-105115-0000-0697-0000-	S1.114.68 DEPR EXPENSE		5/1/2012 0:00
truct	- LGE-131100-Mill Creek Unit 8	0100-301-008250-008250-108115-0000-0697-0000-			5/1/2012 0:00
02-50		0100-301-006250-006250-108115-0000-0697-0000-	39.31 DEPR EXPENSE		5/1/2012 0:00
102-St	- LGE-191100-MIII Creek Unit 2 S02-St	0100-301-006250-006250-1081115-0000-0697-0000-	255,46 DEPR EXPENSE		5/1/2012 0:00
truct	LGE-131100-Mill Creek Unit 1 S	0100-001-006250-006250-008115-0000-0697-0000-	3,291,27 DEPR EXPENSE		5/1/2012 0:00
OR 2005		0100-301-006250-006250-108115-0000-0697-0000-			5/1/2012 0:00
	- LGE-191100-MC Unit 4 Strue	0100-301-006250-006250-108115-0000-0697-0000-	6,930,15 DEPR EXPENSE		5/1/2012 0:00
a John	- LGE-191100-CR Unit 6 Struc	9100-301-006250-006250-108115-0000-0697-0000-	3,882,85 DEPR EXPENSE		5/1/2012 0:00
02-Stru	-LGE-131100-Cane Run Unit 6 502	0100-301-006250-006250-108115-0000-0697-0000-			5/1/2012 0:00
02-Stru tructur		0100-301-006250-406250-108115-4000-4697-0000-	254,47 DEPR EXPENSE		5/1/2012 0:00 5/1/2012 0:00
ructur	-LGE-131100-Cane Run Unit 4 S	0100-301-006250-006250-108115-0000-0697-0000-			5/1/2012 0:00
72-2mu	LGE-133300-Cane Run Unit 4 S	0100-141-006250-006250-404401-0000-0698-0000- 0100-301-006250-006250-108115-0000-0698-0000-	(107,037,84) DEPR EXPENSE		5/1/2012 0:00
	•	0100-141-006250-006250-404401-0000-0698-0000-	(107,098.90) DEPR EXPENSE		5/1/2012 0:00
	•	0100-141-006250-006250-404401-0000-0698-0000-	(129,257.29) DEPR EXPENSE	100	5/1/2012 0:00
	•	0100-141-000250-000250-404401-0000-0698-0000-	(11,072.88) DEPR EXPENSE		5/1/2012 0:00
		0100-141-006750-006750-404401-0000-0698-0000-	(121,801.68) DEPR EXPENSE		S/1/2012 0:00
	•	0100-141-006250-006250-404401-0000-0698-0000-	(121,871.16) DEPR EXPENSE	100	5/1/2012 0:00
COLUMB	LGE-330910-CCS Software	0100-141-006250-006250-404401-0000-0697-0000- 0100-141-006250-006250-404401-0000-0697-0000-	369,396,55 DEPR EXPENSE	100	5/1/2012 0:00
(1/8)	-LGE-339915-ARO Cost Common	0100-141-006250-006250-409311-0000-0697-0000-	171.70 DEPR EXPENSE	100	5/1/2012 0:00
	•	0100-141-006250-006250-403511-0000-0697-0000-	(121,91) DEPR EXPENSE	12 6	5/1/2012 0:00
pment	- LGE-339800-Miscellaneous Equ	0100-141-006250-006250-403025-0000-0697-0000-	496.54 DEPR EXPENSE	160	5/1/2012 0:00
ulp-Comp	+LGE-339710-Communication Ec	0100-141-000250-006250-403025-0000-0697-0000-	4,913,49 DEPR EXPENSE	100	5/1/2012 0:00
1 Equip	LGE-339700- IN Communication	0100-141-006250-006250-403925-0000-0697-0000-	7,735.55 DEPR EXPENSE	95	5/1/2012 0:00
Other	-LGE-339620-Power Op Equip - Other		(11.67) DEPR EXPENSE	100 100	5/1/2012 0:00
o Equi	- LGE-339600-Tools, Shop, Garage	0100-141-006250-405250-403025-0000-0597-0000-	15,615.91 DEPRICKPENSE		5/1/2012 0:00
	-LGE-339900-Stores Equipment	•	5,300,70 DEPR EXPENSE	100	5/1/2012 0:00
1	- LGE-339220-Trans Equip-Trailers	0100-141-006250-006250-403025-0000-0037-0000-	(20,27) DEPR EXPENSE	18 88	5/1/2012 0:00 5/1/2012 0:00
	- LOE-339140-Security Equipment		12,946.53 DEPR EXPENSE	100	5/1/2012 0:00
a		0100-141-000250-000250-403025-0000-0697-0000-	69,951,28 DEPRICKPENSE	100	5/1/2012 0:00 5/1/2012 0:00
	- LGE-339120-Office Equipment	•	15,265.81 DEPR EXPENSE	. #	5/1/2012 0:00
	-LGE-339110-Office Furniture		42,734,47 DEPR EXPENSE	100	\$/1/2012 0:00
s, Micr	LGE-33906-Common Structure	0100-141-006750-006750-403075-0000-0697-0000-	1941.87 DEPR EXPENSE		5/1/2012 0:00 5/1/2012 0:00
s- Othe	-LGE-339040-Common Structure	•	76.03 DEPR EXPENSE	100	11/2012 0:00
s-Othe	-LGE-333040-Common Structure	0100-141-006250-006250-403025-0000-0657-0000-			5/1/2012 0:00
s-stor	LGE-330030-Common Structure LGE-330030-Common Structure	0100-141-006250-006250-403025-0000-4697-0000- 	17,825,55 DEPR EXPENSE		5/1/2012 0:00
s-Tran	-LGE-339020-Common Structure	0100-141-005250-005250-403025-000D-0697-0000-			5/1/2012 0:00
oned 5 - Tran	LGE-339020-Common Structures - Tran	0100-141-006250-006250-409025-0000-0697-0000- 0100-141-006250-006250-409025-0000-0697-0000-	147.69 DEPR EXPENSE	200	/1/2012 0:00 /1/2012 0:00
med	-LGE-339010-Struct-LGE Bldg Ow	0100-141-006250-006250-403025-0000-0697-0000-			1/1/2012 0:00
Owned.	- LGE-339010-Struct Broad-LGE Owned	0100-141-006250-006250-403025-0000-0697-0000-	61.598.68 DEPR EXPENSE		1/2012 0:00

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Attachment to Response to KU AG-1 Question No. 201 Page 700 of 1022 Charnas

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-LOE-131200-CR Unit 6 Bell ECR 2006
-LGE-131700-CR Unit 5 Boll ECR 2005 -LGE-131700-CR Unit 6 Boll

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1,941,87 42,734,47 15,766,81 259,067,76 69,951,28 69,951,28 12,946,53 20,00 15,601,00 15,611,01 54,907,70 16,54 48,54 48,54 7,735,55	0 253.50 DEPR 1 2,550.50 DEPR 2 3,550.50 DEPR	17/2/043 453.94 6,009.28 5,800.5 39.45 39.45 (73.29) (558.78) (258.78) (258.78) (218.99) (146.29) (146.29) (148.99)	20,300,00 5,400,00 5,400,00 8,827,70 24,772,46 405,492,46 7,767,70 409,859,73 192,447,72 190,447,72 190,459,73 191,447,72 191,447,72 191,75 191,447,72 191,75 191,7	2,47 5,624.01 1,408.71 1,408.71 1,408.72 1,507.46 7,507.46 7,507.46 7,507.46 7,507.46 7,507.46 1,507.46 1,507.46 1,507.46 1,607.46 1,607.46 1,607.46
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LGE-339920-Common Structures - Othe LGE-3399120-Office Furniture LGE-3399120-Office Furniture LGE-3399120-Office Furniture LGE-3399120-Office Equipment LGE-3399120-Computer LGE-3399120-Computer LGE-3399120-Computer LGE-3399120-Office Equipment LGE-3399120-Office Equipment LGE-3399120-Office Equipment LGE-3399200-Power Office Office LGE-3399120-Office Equipment LGE-3399200-Power Office LGE-3399200-Power LGE-3399200-Pow	- LGE-139920-Str LGE bldg - Johnt Use- LGE-139920-Str LGE bldg - Johnt Use- LGE-139920-Str LGE bldg - Johnt Use- LGE-139920-Str LGE bldg - Dwned - LGE-139920-Common Structures - Str - LGE-139920-Common Structures - Str - LGE-139920-Common Structures - Othe - LGE-139920-Common Structures - Othe - LGE-139920-Common Structures - Othe - LGE-139920-Common Structures - Gene - LGE-139920-Common Structures - Gene - LGE-139920-Struct Broad- Johnt Use - LGE-139	LGC-23920-Fower by Equip - Other	LGC-235700- NY Gas Stonge Undergrd LGC-235607-ANO Cost Gas US Stone (E LGC-235607-ANO Cost Gas US Stone (E LGC-235607-ANO Cost Gas US (Eqs) LGC-235807-ANO Cost Gas US (Eqs) LGC-237800-Gas Distribution - Mains LGC-237800-Gas Distribution - Gas S LGC-235000-Gas Distribution - Gas S LGC-235000-Gas Distribution - Notice LGC-235000-Gas Distribution - Notice LGC-235000-Gas Distribution - Notice LGC-235000-Gas Distribution - Other	LGC-232420-Gas Dierebution Land 81 LGC-232420-Gas Dierebution Land 81 LGC-23240-W Coas Storage Undergy LGC-232540-W Coas Storage Undergy LGC-232540-W Coas Storage Undergy LGC-232520-Gas Dierebution - City LGC-232520-W Coas Dierebution - City LGC-232520-W Coas Storage Undergrd LGC-232520-W Coas Storage Undergrd LGC-232520-W Coas Storage Undergrd LGC-232530-W Coas Storage Undergrd LGC-232530-W Coas Storage Undergrd LGC-232530-W Coas Storage Undergrd LGC-235550-W Coas Storage Undergrd LGC-235500-W Coas Storage Undergrd
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Accrue monthly depredation expense	Accrue monthly depredation expense Accrue monthly despredation expense Accrue month	Accuse monthly depreciation expense Accuse monthly despreciation expense.	Accuse monthly depreciation expenses Accuse monthly depreciation expense	Accrue monthly depreciation excenne Accrue monthly depreciation expense Accrue monthly depreciation expense.

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LOUISVILLE GAS & ELECTRIC COMPANY Acordo monthly depreciation expensi	1 LOUISVILLE G		-DEP ECR	99	0110-105-015590-006750-931900-0000-0699-0000-13255	647,558,23 DEPR EXPENSE	μ	100	5/1/2012 0:00
LOUISVILLE GAS & ELECTRIC COMPANY Accrue monthly depreciation expens	1 LOUISVILLE G		-DEP ECR	8	0110-105-015590-006250-931900-0000-0699-0000-13255	97,020.91 DEPR EXPENSE	_L	100	5/1/2012 0:00
LOUISVILLE GAS & ELECTRIC COMPANY Accrue monthly depredation expans	1 LOUISVILLE		-DEP CCR	3	0110-105-015590-006250-981900-0000-0699-0000-18255	237,533,96 DEPR EXPENSE	,	100	5/1/2012 0:00
LOUISVILLE GAS & ELECTRIC COMPANY Accrue monthly depreciation expens	1 LOUISVILLE G		-DEP ECR	8	0110-105-015590-006250-931900-0000-0699-0000-132559	1,585,401.17 DEPR EXPENSE		100	5/1/2012 0:00
LOUISVILLE GAS & ELECTRIC COMPANY Accrue monthly depreciation expens	1 TONISMITTE 6		-DEP ECR	_	0110-105-015590-006250-931900-0000-0699-0000-132555	11,034.02 DEPR EXPENSE	,,	100	5/1/2012 0:00
LOUISVILLE GAS & ELECTRIC COMPANY Accrue monthly depreciation expens	1 FORISAITE C		-DEP ECR	9	0110-105-015590-006250-931900-0000-0699-0000-13255	73,645,86 DEPR EXPENSE	,.	100	5/1/2012 0:00
LOUISVILLE GAS & ELECTRIC COMPANY Accrue monthly depreciation expensi	1 LOUISVILLE G		-DEP ECR	- 53	0110-105-015590-006250-931900-0000-0699-0000-132559	27,014.33 DEPR EXPENSE	,,,	100	5/1/2012 0:00
LOUISVILLE GAS & ELECTRIC COMPANY Accrue monthly depreciation expense	1 LOUISVILLE G.		-DEP ECR	3	0110-105-015590-006250-931900-0000-0699-0000-13255	180,305.99 DEPR EXPENSE	14	100	5/1/2012 0:00
LOUISVILLE GAS & ELECTRIC COMPANY Accrue monthly depreciation expens	1 LOUISVILLE G.	-LGE-330310-CCS Software			0100-704-006250-006250-111303-0000-0697-0000-	369,095.99 DEPR EXPENSE	0	8	5/1/2012 0:00
LOUISVILLE GAS & ELECTRIC COMPANY Accrue monthly depreciation expense	1 rollsvilled	-LGE-550300-Misc Inteng Plant-Softwa	•	٠	0100-704-006250-006250-111303-0000-0697-0000-	369,306.55 DEPR EXPENSE	0	8	5/1/2012 0:00
LOUISVILLE GAS & ELECTRIC COMPANY Accrue monthly depreciation expense	1 LOUISVILLE G	-10C-359620-Pawer Op Equip - Other	,	,	0100-704-006250-006250-108621-0000-0697-0000-	(11.67) DEPR EXPENSE	0	100	5/1/2012 0:00
LOUISVILLE GAS & ELECTRIC COMPANY Accrue monthly depredation expens	1 LOUISVILLE G.	-LGE-339220-Trans Equip-Trailers		:	0100-704-006250-006250-108621-0000-0697-0000-	(20,27) DEPR EXPENSE	0	100	5/1/2012 0:00
LOUISVILLE GAS & ELECTRIC COMPANY Accrue monthly depredation expense	1 LOUISVILLE G	-LGE-389915-ARO Cost Common (L/8)	•		0100-704-006250-006250-108325-0000-0697-0000-	171.70 DEPR EXPENSE	0	100	5/1/2012 0100
LOUISVILLE GAS & CLECTRIC COMPANY Acrase monthly depreciation expens	1 Louisville G	-LGE-339610-Power Op Equip-Routly Ra	•		0100-704-006250-006250-108313-0000-0697-0000-	379.50 DEPR EXPENSE	0	100	5/1/2012 0:00
LOUISVILLE GAS & ELECTRIC COMPANY Accrue monthly depreciation expensi	1 LOUISVILLE G	-LGE-339210-Trans Equip-Cars and Tru			0100-704-006250-006250-108313-0000-0697-0000-	2,676.95 DEPR EXPENSE	0	100	5/1/2012 0:00
LOUISVILLE CAS & ELECTRIC COMPANY Accrue monthly depreciation expens	1 LOUISVILLE G	-LGE-339710-Communication Equip-Comp	Ů		0100-704-006250-006250-108312-0000-0697-0000-	4,913.49 DEPR EXPENSE	0	100	5/1/2012 0:00
LOUISVILLE GAS & ELECTRIC COMPANY Accrue monthly depreciation expense	1 LOUISVILLE G.	-Log-839/00- KY Communication Equip	•		0100-704-006250-006250-106312-0000-0697-0000-	AUG,/SI,AS DEPR EXPENSE	-	100	5/1/2012 0:00

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Company Id	Trans Type	Timo Stamp	Dear Id	Je Molhod Id	Company		30.0
KENTUCKY UTILITII	S C(AHU Accretion Credit (liab)	11/3/2010 14:45:3	E009112	GAAP Reversal	ifisco	prd	基格提供
KENTUCKY UTILITIE	ES C(Adjustment Debit (1610)	11/3/2010 14:45:3	E009112	GAAP Heversol	ifisco	biq	
KENTUCKY UTILITII	S C(Addition Dobit (1010/1060)	11/3/2010 14:45:3		GAAP Reveisal	ilisco	prd	
All Companies	Transfer To (Debit)	12/30/2010 20:51:	PWRPLANT	Purchase Acct	pa_co	Diq.	Netriave
IGNORE Entry	Intercompany Transer To	1/27/2012 14:56:5	E005011	Purchase Acct	իե_co	prd	Update
IGNORE Entry	Intercompany Tranfer From	1/27/2012 14:57:4	E005011	Purchase Acet	pa6q	prd	TOPPOSE.
IGNOBE Entry	ARD addition debit[1016]	10/3/2011 17:44:1	E009595	Purchase Acet	pa_co	prdi	Intell
IGNORE Entry	AHD addition credit[1017]	10/3/2011 17:44:1	E009595	Purchase Acct	08_69	prd	5-WW
All Companies	Transfer From (Credit)	12/30/2010 20:61:	PWRPLANT	Purchase Acot	pa_co	ptdi	Copy
All Companies	Helirement Debit (1080)	12/30/2010 20:51:		Purchase Acct	pa_co	btq.	27, 30, 48, 48, 50, 50, 50, 50, 50, 50, 50, 50, 50, 50
All Companies	Retirement Credit (1010)	12/30/2010 20:51:	PWRPLANT	Purchase Acct	pa_co	btq	Delete
All Companies	Life teserve transfer debit[1			Purchase Acct	pa_co	prd	
Ali Companies	Life reserve transfer credit[1		/	Purchase Acet	pa_co	Pid	N. (25)
All Companies	Addition Debit [1010/1060]	1/28/2011 08:43:4	PWBPLANT	Purchase Acct	pa_co_	Pidl	_ Show
All Companies	Addition Credit (1070)	1/28/2011 08:43:4	PWBPLANT	Purchase Acct	pa_co	Did	Dropdo
IGNORE Entry	Intercompany Tranfer To	1/27/2012 15:02:6	E005011	Purchase Accling Post Acq	pa_co	Dtq.	630000 (AL-2)
GNORE Entry	Intercompany Tranfer From	1/27/2012 15:02:1	E005011	Purchase Accting Post Acq	pa_co	Dtd.	
IGNORE Entry	ARO addition debit(1016)	10/3/2011 17:44:1	E009595	Purchase Acoling Post Acq	pa_co	btq	Validate
IGNORE Entry	ARD addition credit(1917)	10/3/2011 17:44:11	E009595	Purchase Accting Post Acq	pa_co	prd	750526545160
All Companies	Transfer To (Debit)	2/20/2011 19:09:3	PWAPLANT	Purchase Accting Post Acq	pa_co	prd	
A LEET TO THE PARTY.	TENNIS PROGRAMITAN PROGRAMMAN PROGRAMMAN	AND LOSS FRANCISCO (MANAGEMENT)	WWW.Wave.www.			WY [2]	Cancel
						71 1 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	**************************************
		y Word Values from pp_gl_i	A CONTRACTOR OF THE PROPERTY O				
glico - gl company no acct - external gl acc	from company gl	co : al company no from co num - work order number	mpany	iesy - external of acct for deprivacy corus - external of acct for deprior			
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afour ARO OU from D	ideal and a second and a second and in the secon	c default to for BU 33223		OBact - ACCTG act for 108 only	Carrier Walter And	シェン・ペース さいかつ	

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Charnas

GPR Depreciation	<u> 2 20 74 C CONTONE E PARTE DE PARTE DE PARTE DE CONTONE E PARTE DE CONTONE E PARTE DE PA</u>				
Set of Books:	PPL Purchase Acc	counting 🔀	÷.		Update
Asset Id:	43494638	Eng In Servi	ce Year; 12/2010		Cancel
Asset Description:	Purc TC Ash Pond	łI.GE			Prev Mo
Company	A STATE OF THE PARTY OF THE PAR	EXELECTRIC COMPANY			Next Mo
Depr Group:	LGE-131707/ARO	Cost Steam (Eqp)		<u> Il grando de la composición dela composición de la composición de la composición dela composición dela composición dela composición dela composición de la composición dela composic</u>	
Accounting Month:	04/2012	Depreciation Base:	\$0,00	Mid Period Method:	Straight Line
::: Initial Life(mo):	304	Beginning Reserve:	\$102,429,98	Mid Period Conv.:	0.5
Remaining Life:	297.5	Cuttent Dept Expense:	\$0 .00	Depreciation Method:	
Monthly Calc Rate:	0.3361%	Input Expense Adj! 🗍	\$0.00	Begin Year Reserve:	\$103,462.88
Est: Salvage Pot:	0.0000%	Calc Expense Adj	\$0.00	YTD Depr.Exp.	(\$1,032.90)
Beginning Value:	\$0.00	Reserve Adj.	(\$102,429.98)	YTD Expense Adj	\$0.00
Net Add / Adj:	\$0.00	Reserve Trans In:	\$ D.00	Prior YTD Depr Exp.	\$0.00
- Rétirements:	\$0.00	Reserve Trans Dut:	\$0.00 **********************************	rior YTD Expense Adj:	\$0.00
Transfers In:	\$0.00	Other Credits / Adj:	\$0.00	Account Distribu	ition Détails: 🧀
Transfers Out:	\$0.00	Cost of Removal:	\$0.00	403111	
Current Value:	\$0.00	Salvage Proceeds:	\$0.00	True-Up Reserve	Depr Adjustment
	ig Reserve is not il Depreciation	Loss (Gain): 🗸	\$0.00		
Approval has		*Ending Reserve:	\$0.00	Adjustment History	Audits

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L CPR Depreciation					
Set of Books:	PPL Purchase Acc	ounting 🔀			Update
Asset Id:	43494648	Eng In Servic	e Year; 12/2010		Cancel
Asset Description.	Ruic TC Coal Stor	25-5-16-16-16-16-16-16-16-16-16-16-16-16-16-			Prev Mo
Company: Dept Group:	LOUISVILLE GAS LGE-131707/ARD	3 & ELECTRIC COMPANY Cost Steam (Egp)			Next Mo
Accounting Month:	04/2012	Depreciation Base;	\$0.00	Mid Reriod, Method:	Straight Line
Initial:Life(mo):	304	Beginning Reserve.	\$4,096.66	Mid Period Cony	0.5
- Remaining Life:	297.6	Current Depr Expense:	\$0.00	Depreciation Method:	<none></none>
Monthly Calc Rate:	0.3361%	Input Expense Adj:	\$0.00	Begin Year Reserve:	\$4,137.97
Est. Salvaga Pol:	0.0000%	Calc Expense Adj:	\$0.00	YID Dept Exp;	(\$41.31)
Beginning Value:	\$0.00	Reserve Adj:	(\$4,096.66)	YTD Expense Adj:	\$0.00
Ne) Add / Adj:	\$0.00	Reserve Trans In:	\$0.00	Rrior YTD Dept Exp:	\$0.00
Hetirements.	\$0.00	Reserve Trans Out:	\$0.00 [F	nior YTD Expense Adj:	\$0.00
ः Transférs In:	\$0.00	Other Credits / Adj	\$0.00	Account Distrib	ution Details:
Transfers Out:	\$0.00	Cost of Removal:	\$0.00	403111	
Current Value:	\$0.00	Salvage Rioceeds:	\$0.00	Tiue Up Reserve	Depr Adjustment
	ng Reserve is not	Loss (Gain):	\$0.00		
Approval has	il Depreciation been run.	*Ending Reserve:	\$0.00	Adjustment History	Audits

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Set of Books: 1	PL Purchase Acc	ounting 🗷			Update
Asset Id:	13494657	Eng In Service	Year: 12/2010	The second	Cancel
Asset Description:	Purc T.G. Eriyironin	ental Ronds-LGE			Prev Mo
		&ELECTRIC COMPANY Cost Steam (Egp)			Next Ma
Accounting Month:	04/2012	Depreciation Base:	\$0.00	Mid Period Method:	Straight Line
Initial Life(mo):	304	Beginning Reserve:	\$5,164.49	Mid Period Conv.:	0.5
Remaining Life: [297.5	Current Dept Expense:	\$0.00,	Depreciation Method:	(none>
Monthly Calc Rate:	0.3361%	Input:Expense Adj:	\$0.00	Begin Year Reserve:	\$5,216.57
Est, Salvage Pot:	0.00002	Calc Expense Adj: 🗍	\$0.00	YTD Depr.Exp: [(\$52.08)
Beginning Value:	\$0.00	Reserve Adj:	(\$5,164,49)	≃YID Expense Adj: ∫	\$0.00
Net Add / Adj:	\$0.00	Reserve Trans In:	\$0,00	Prior YTD Depr Exp.	\$0.00
Retirements:	\$0.00	Reserve Trans Out:	\$0.00\P	rjor YTD Expense Adj:	\$0.00
Transfers In:	\$0.00	Other Credits / Adj:	\$0.00	Account Distribu	lion Details:
Transfers Dut:	\$0.00		\$0.00	403111	
Current Value:	\$0.00	Salvage Proceeds:	\$0.00	True:Up Reserve	epr Adjustment
* NOTE: Ending calculated until	Reserve is not	Loss (Gain):	\$0.00		
Approval has be		*Ending Reserve:	\$0.00	Adjustment History	Audits

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CPR Depreciation	and the second s				
Set of Books:	PPL Purchase Acc	counting 🖫			Update
Asset Id:	48080849	Eng In Servi	ce Year: 12/2011	데	Cancel
Asset Description:	Purc-Dist Bushing	s/LGE-POB			Prev Ma
Company: Depr Group:		3/& ELECTRIC COMPANY Cost Elec Dist (Eqp)			Next Mo
Accounting Month:	04/2012	Depreciation Base:	\$ 0.00	Mid Period Method:	Straight Line
Initial Life(mo):	324	Beginning Reserve:	\$443.66	Mid Period Conv.:	0.5
Remaining Life:	321.5	Current Depr Expense:	\$0.00	Depreciation Mothod:	<none></none>
Monthly Calc Rate:	0.3110%	Input Expense Adj:	\$0.00	Begin Year Reserve:	\$0.00,
Est. Salvage Pot:	0.0000%	Calc Expense Adj:	\$ 0,00	YTD Dept Ехр.	(\$3.45)
Beginning Values	\$0.00	Reserve Adj:	(\$443.66)	YTD Expense Adj:	\$0.00
Net Add / Adj	\$0.00	Reserve Trans In:	\$0.00	Prior YTD Dept Exp:	\$0.00
Retirements:	\$0.00	Reserve Trans Dut:	\$0.00 P	ijot YTD Ехрап se Adj:	\$0.00
Transfers In:	\$0.00	Other Gredits 7 Adj: 🗍	\$0.00	Account Distribi	ition Details.
Transfers Out:	\$0.00	∠ Cost of Removal:	\$ 0.00	403115	
Current Value:	\$0.00,	Salvage Proceeds:	\$0.00	True Up Reserve	Depr Adjustment
	g Reserve is not	Loss (Gain):	\$0.00		
calculated unt Approval has l	II Depreciation	*Ending Reserve:	\$0,00	Adjustment History	Audits

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LE CPR Depreciation					<u>x</u> [d] x
Set of Books:	PPL Purchase Acc	ounting 🔀			Update
Asset Id:	43494639	Eng In Service '	(е н: <mark>12/2010</mark>		Cancel
Asset Description:	Para-TC Ash Pond-	A			Prey Mo
	LOUISVILLE GAS & ELECTRIC COMPANY				
Depr Group:	LGE:191707-ARO.I	Jost Steam (Egp)			Next Mo
Accounting Month:	05/2012	Depreciation Base:	\$0.00	Aid Period Method:	Straight Line
Initial Life(mo):	304	Beginning Roserve:	\$0.00	Mid Rejied Conv.:	0.5
Remaining Life:	296.5	Current Depr Expense:	\$0.00 De	preciation Method: 3	nane>
Monthly Calc Pate:	0.3373%	Input Expense Adj:	\$0.00 Be	egin Year Reserve:	\$103,462.88
Est. Salvage Pct:	0.0000%	Calc Expense Adj:	\$ 0.00	YID Dept Exp:	(\$1, 032.90)
Beginning Value:	\$0.00	Peserve Adj.	\$ 0.00	YTD Expense Adj:	\$0.00
Net Add / Adj:	\$0.00	Reserve Trans In:		ioi YID Depr Exp:	\$0.00
Retirements:	\$0.00	Reserve Trans Out:		YTD Expense Adj:	\$0.00 }
Transfers In:	\$0.00	\$2\$\frac{1}{2}\frac{1}	\$0.00	Account Distributi	on Details:
Transfers Out:	\$0.00	Cost of Removal:		13111	
Current Value:	\$0.00	Salyage Proceeds:		ue:Up:Reserve D	epr Adjustment
* NUTE: Endin calculated unt Approval has l		Loss (Gein): *Ending Réserve:	\$0.00 \$0.00 A	jjustment History	Audils

Attachment to Response to KU AG-1 Question No. 201 Page 709 of 1022 Charnas

Set of Books:	PPL Purchase Acc	ounting 🗐			Update
				4	
	43494648	Eng In Service Y	ear 12/2010	J	Cancel
	Purc-TC Coal Stora				Prev Mo
Company:	A STATE OF THE PROPERTY OF THE	& ELECTRIC COMPANY			Next Mo
Depr Group:	LGE-131707-ARU	Cost Steam (Egp)			
Accounting Manth:	05/2012	Depreciation Base:	\$0.00	Mid Period Method:	Straight Line
Initial Life(mo):	304	Beginning Reserve:	\$0.00	Mid Period Cony.:	0.5
Remaining Life:	296.5	Current Depr Expense:	\$0.00	Depreciation Mothod:	<none></none>
donthly Calc Bate:	0.3373%	Input/Expense Adj:	\$0.00	Degin Year Hoservo:	\$4,137.97
Est: Salvage Pot:	0.0000%	Cald Expense Adj:	\$0.00	YTD Depr Exp.	[\$41.31]
Beginning Value:	\$0.00	Reserve Adj:	\$0.00	YTD Expense Adi:	\$0.00
Net Add / Adj:	\$0.00	Reserve Trans In:	\$0.00	Prior YTD Depr Exp:	\$0.00
Helicements:	\$0.00	Reserve Trans Out:	\$ 0.00 Pri	or YTD Expense Adj:	\$0.00
Transfers In:	\$0.00	Other Credits / Adj.	\$0.00	Account Distribi	ıtion Details:
Transfers Out:	\$0.00	Cost of Removal:	\$0.00	403111	
Current Value:	\$0.00	Salvage Proceeds:	\$0.00	Tiue-Up Roseive	Depr Adjustment
* NOTE: Endin	ig Reserve is not	Loss (Gain):	\$0.00		

Attachment to Response to KU AG-1 Question No. 201 Page 710 of 1022 Charnas

Set of Books:	PPL Purchase Acc	counting 🔻			Update	
			September 1		NATION OF THE PARTY OF THE PART	
	43494657	Eng In Service	Year: [12/2010		Cancel	
Asset Description:	e violentinistic interest in the interest in the	Office of minimum design design of the second stand of	0.005.20.00.00	Prev Mo		
Company:	40.004000000000000000000000000000000000	& ELECTRIC COMPANY			Next Mo	
Depr Group:	LGE-131707-ARD	Cost Steam (Egp)				
Accounting Month:	05/2012	Depreciation Base:	\$0.00	Mid Period Method:	Straight Line	
Initial Life(mo):	304	Beginning Reserve:	\$0.00	Mid Period Conv.:	0.5	
Remaining Life:	296.5	Guttent Dept Expense:	\$0.00,	Depreciation Method:	<none></none>	
donthly Calc Hate:	0.3373%	Input Expense Adj:	\$0.00}	Begin Year Reserve:	\$5,216.57	
Est. Salvage Pct:	0.0000%	Calc Expense Adj:	\$0,00	YTD Depr Exp;	(\$52.08)	
Beginning Value:	\$0.00	Reserve Adj:	\$0.00	YTD Expense Adj:	\$0.00	
Net Add / Adj:	\$0.00	Reserve Trans In:	\$0.00	Prior YTD Dept Exp:	\$0.00	
Retirements:	\$0.00	Reserve Trans Dut:	\$0.00 Pr	ior YTD Expense Adj:	\$0.00	
Transfers In:	\$0.00	Dther Credits / Adj:	\$0.00	Account Distrib	ition Details:	
Transfers Dut:	\$0.00	Cost of Removal:	\$0.00	403111		
Current Value:	\$0.00	Salvage Proceeds:	\$0.00	True,Up Reserve	Depr Adjustment	
	g Reserve is not	Loss (Gain):	\$0.00	*		
calculated unt Approval has b		Ending Reserve:	\$ D.00	Adjustment History	Audits	

Attachment to Response to KU AG-1 Question No. 201 Page 711 of 1022

E CPR Depreciation			Charnas		
Set of Books:	PPL Purchase Acc	ounting 💌			Update
Asset Id:	 18080849 	Eng In Service	э Үөл: <mark>12/2011</mark>	TI .	Cancel
Asset Description:	Purc Dist Bushings	LGE-PCR			Prey Mo
	1 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1	& ELECTRIC COMPANY		575	Next Mo
Depr Group:	LGE=137407-ARO	Cost Elec Dist (Egp)			
Accounting Month:	05/2012	Depreciation Base:	\$0.00	- Mid Period Method:	Straight Line
Initial Life(mo):	324	Beginning Reserve:	\$0.00	Mid Period Cony,:	0.5
Bemaining Life:	320,5	Current Depr Expense:	\$0.00	Depreciation Method: 7	none>
Monthly Calc Bate:	0.3120%	Input Expense Adj:	\$0.00	=Begin Year Heserve:	\$0.00
Est. Salvage Pct:	0.0000%	Calc Expense Adj::	\$0.00	YTD Depr Exp:	(\$3.45)
Beginning Value:	\$0.00	Reserve Adj. 🗍	\$0.00	YTD Expense Adj:	\$0.00
Net Add / Adj:	\$0,00	Reserve Trans In:	\$0.00	Prior YTD Depr Exp:	\$0.00
Retirements:	\$0.00	Reserve Trans Out:	\$0.00 F	rior YTD Expense Adj: 🗌	\$0.00
Transfers In:	\$0.00	Other Credits / Adj:	\$0.00	Account Distribut	ion Details:
Transfers Out:	\$0.00	Cost of Removal:	\$0.00	403115	SAN AND AND AND AND AND AND AND AND AND A
Cutrent Value:	\$0.00	Salvage Proceeds:	\$0.00	True:Up Reserve	epr Adjustment
* NOTE: Endir calculated unt	ig Reserve is not	Loss (Gain):	\$0.00		
Approval has l		*Ending Reserve:	\$0.00	Adjustment History	Audits

Attachment to Response to KU AG-1 Question No. 201 Page 712 of 1022 Charnas

Clark, Ed

From:

Sent:

Leichty, Doug Friday, March 30, 2012 8:52 AM

To: Subject:

Crescente, Angela ARO Balances

Attachments:

ARO as of 12312011.pdf

In preparation for the upcoming Kentucky rate case, I will need the attached for the 12 months ended March 31, 2012 by April 16, 2012.

Thanks,

Doug

Account Balance for LG&E

Period Name DEC-2011

		1:89404-6915(8948)	Balance SUM	utove aspistana utove a
		Company	0100	Süm
Account sessions	Account		The appear of the property of the Country of the Co	
	PLANT IN SERVICE SELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT		28,285,822,89	28,285,822,89
		Paraser Decision	533,396.11	533,396,11
	PCANTINISERVICE: GAS ARO ASSET RETIREMENT COST-EQUIPMENT		21,040,462.23	21,040,462.23
101225	PLANT IN SERVICE GAS ARO ASSET RETIREMENT COST LAND/BUILDING	STREET,	33,839,35	33,839.35
101325	PLANT IN SERVICE COMMON ARO ASSET RETIREMENT COST LAND/BUILDING		101,389.77	101,389,77
108107			-1,405,083,15	-1,405,083,15
108125	ACCUM DEPREBLECTRICARO ASSET RETIREMENT COST L'AND/BUILDING		-8,573,89	-8,573,89
108207	ACCUM DEPRIGASIARO ASSET RETIREMENT COST-EQUIPMENT		-636,420.32	-638,420.32
108225	ACCUM DEPREGAS ARO ASSET/RETIREMENT COST-LAND/BUILDING		-539,29	-639,29
108325	ACCUMEDERRECOMMONARO/ASSET/RETIREMENT/COST-TAND/BUILDING/		-2,403.59	-2,403.59
108799	RWP-ARO/LEGAL		1,749,838.89	1,749,888.89
182317	OTHER REGULATORY ASSETS ARO GENERATION		9,382,874.91	9,382,874.91
182318	OTHER REC ASSETS ARO TRANSMISSION	Brown Street	1,804.76	1,804.76
182325	OTHER REGULATORY ASSETS ARO DISTRIBUTION	部的短點對於	38,853,46	38,853.46
182326	OTHER REGULATORY ASSETS ARO GAS		1,233,920.15	1,233,920.15
182327	OTHER REGULATORY ASSETS ARO COMMON		9,106.86	9,106,86
230012	ASSET RETIREMENT OBLIGATIONS: STEAM		-35,116,397.44	-35,116,397,44
230013	ASSET RETIREMENT OBLIGATIONS TRANSMISSION		-253,364.08	-253,364,08
230015	ASSET RETIREMENT OBLIGATIONS DISTRIBUTION		-658,353.57	-658,353.57
230016	ASSET RETIREMENT OBLIGATIONS GAS		-20,115,281,12	-20,115,281.12
230017	ASSET RETIREMENT OBLIGATIONS COMMON		-108,093.04	-108,093.04
230022	ASSETREDREMENT OBLIGATIONS STEAM (ST		-800,980.00	-800,980.00
230026	ASSETRETIREMENT OBUGATIONS GAS ST		-1,553,881,00	-1,553,881.00
254014	REGULATORY LIABILITY ARO GENERATION	四個個個個	-188,608.63	-188,608.63
254015 666666666	REGULATORY LIABILITY AROUTRANSMISSION		0.00	0.00
254016	REGULATORY LIABILITY ARO GAS		-2,149,408.34	-2,149,408.34
	Sum		-588,128.08	-588,128.08

Account Balance for KU

Period Name DEC-2011

	Balance SUM	2/2008-00/2006
Company	0110	Sum
•Account		
10/1107% PLANTIN SERVICE CELECTRIC AROMS SET RETUREMENT COST COURMENT ()	57,517,877.87	57,517,877.87
10/125% PLANTIN SERVICE ELECTRICARO ASSETRETIREMENT COST L'AND/BUT DING ASSET RETIREMENT DING ASSET RETIREMENT COST L'AND/BUT DING ASSET RETIREMENT DINGRA PROPRIEMENT DING ASSET RETIREMENT DING ASSET RETIREMENT DING A	374,327.29	374,327.29
T08107116 ACCUM: DEPR: ELECTRICARO ASSET/RETIREMENT/COST-EQUIPMENT/	-3,517,277.38	-3,517,277.38
108125 ACCUM DEPRESECTRICARO ASSETS RETIREMENTICOSTE AND/BUILDING		-6,637.64
108799	410,549.80	410,549,80
182217 OTHER REGULATORY ASSETS ARO GENERATION	7,387,106.47	7,387,106.47
182818 OTHERREGASSETS ARO TRANSMISSION		8,472.85
182325	25,712,72	25,712.72
280012 ASSET REJIREMENT OBLIGATIONS STEAM	-60,261,506.99	-60,261,506,99
280013 ASSETRETIREMENT OBLIGATIONS TRANSMISSION	-545,748.17	-545,748.17
230015 ASSET REDREMENT OBLIGATIONS DISTRIBUTION		-806,034.02
230022 ASSEDREDREMENTOBUGATIONS-STEAM-ST		-176,293.00
254014 REGULATORY ELABILITY ARO-GENERATION		-3,533,597.56
254015 REGULATORY LIABILITY ARO - TRANSMISSION	0.00	0.00
Sim)		-3,123,047.76

Attachment to Response to KU AG-1 Question No. 201 Page 715 of 1022 Charnas

Clark, Ed

From:

Erskine, Greg

Sent:

Wednesday, March 28, 2012 10:32 AM

To: Cc: Crescente, Angela Wiseman, Sara

Subject:

ARO Footnote - 3/31/12

Angela:

I need to get rollforwards of LG&E's and KU's AROs for the three months ended 3/31/12 to help complete the 3/31/12 10-Q. I've attached a file that shows what I need. Can you replace the question marks with amounts in the worksheet named "Rollforward" in the file and e-mail it back to me by Wednesday, April 11, please?

Please make sure the amounts on the row labeled "Other (forced - S/B zero)" equal zero before you send the file back to me.

I've detailed the beginning and ending balances by account on the worksheet named "BalancesByAccount" in the file. The balances in the columns headed "3/31/12" on this worksheet in the attached version of the file actually represent 2/29/12 balances. I plan on updating the amounts in these columns to reflect 3/31/12 balances after we close March, and I plan on sending you copy of the updated file containing the 3/31/12 balances on or about Tuesday, April 10.

If you have any questions, please let me know.

Thanks,

Greg

圖

Book3.xlsx

Attachment to Response to KU AG-1 Question No. 201 Page 716 of 1022 Charnas

LG&E AND KU Asset Retirement Obligations 12/31/11 through 03/31/12 () Means Debit 03/31/12 Reporting 03/09/12 11:55 AM

	LKE	LG&E	KU
12/31/11 balance	118,235,493.74	56,856,461.36	61,379,032.38
Accretion expense	0.00	?????	?????
Obligations assumed in acquisition of LKE	0.00	?????	?????
Obligations assumed in acquisition of CN	0.00	?????	?????
ARO derecognized	0.00	?????	?????
New obligations incurred	0.00	?????	?????
Changes in estimated cash flow or settlement date	0.00	?????	?????
Effect of foreign currency exchange rates	0.00	?????	?????
Obligations settled	0.00	?????	?????
Other (forced - S/B zero)	980,248.76	458,960.71	521,288.05
03/31/12 balance	119,215,742.50	57,315,422.07	61,900,320.43

LG&E AND KU Asset Retirement Obligations 12/31/11 and 03/31/12 03/31/12 Reporting

Attachment to Response to KU AG-1 Question No. 201 Page 717 of 1022 Charnas

03/09/12 11:26 AM

			12/31/11		03/31/12		
			LG&E	KU	LG&E	KU	
Acct No	Acct Desc	Curr or Noncurr	0100	0110	0100	0110	
108799	RWIP-ARO LEGAL	NCURR	1,749,888.89	410,549.80	1,773,569.96	410,549.80	
230012	ASSET RETIREMENT OBLIGATIONS - STEAM	NCURR	(35,116,397.44)	(60,261,506.99)	(35,395,537.12)	(60,770,699.12)	
230013	ASSET RETIREMENT OBLIGATIONS - TRANSMISS	INCURR	(253,364.08)	(545,748.17)	(255,651.94)	(550,686.48)	
230015	ASSET RETIREMENT OBLIGATIONS - DISTRIBUTION	NCURR	(658,353.57)	(806,034.02)	(664,329.70)	(813,191.63)	
230016	ASSET RETIREMENT OBLIGATIONS - GAS	NCURR	(20,115,281.12)	0.00	(20,309,526.10)	0.00	
230017	ASSET RETIREMENT OBLIGATIONS - COMMON	NCURR	(108,093.04)	0.00	(109,086.17)	0.00	
230022	ASSET RETIREMENT OBLIGATIONS - STEAM - ST	CURR	(800,980.00)	(176,293.00)	(800,980.00)	(176,293.00)	
230026	ASSET RETIREMENT OBLIGATIONS - GAS - ST	CURR	(1,553,881.00)	0.00	(1,553,881.00)	0.00	
Totals			(56,856,461.36)	(61,379,032.38)	(57,315,422.07)	(61,900,320.43)	
Summary:							
Current		CURR	(2,354,861.00)	(176,293.00)	(2,354,861.00)	(176,293.00)	
Noncurrent		NCURR	(54,501,600.36)	(61,20 <u>2,739.38)</u>	(54,960,561.07)	(61,724,027.43)	
Totals			(56,856,461.36)	(61,379,032.38)	(57,315,422.07)	(61,900,320.43)	

Clark, Ed

From:

Crescente, Angela

Sent:

Tuesday, March 27, 2012 8:32 AM

To:

Williams, Scott

Subject:

RE: ARO on Plant Report question

Scott,

I'm sorry, I should have clarified, this is real cost of removal/salvage also known as parent cost of removal.

Thanks, Angela

From: Williams, Scott

Sent: Monday, March 26, 2012 4:16 PM

To: Crescente, Angela

Subject: FW: ARO on Plant Report question

Angela,

Here is an e mail you sent me last month on topic I left you a voice mail. I just need to know that this is real cost of removal/salvage and not ARO related.

Thanks Scott

From: Crescente, Angela

Sent: Wednesday, February 29, 2012 2:49 PM

To: Williams, Scott

Cc: Wiseman, Sara; Daly, Karen; Wacker, Diana

Subject: ARO on Plant Report question

Scott,

For LGE, the \$929,05.35 on the transfers detail tab is made up of the following:

- Steam ARO parent cost of removal settlement of \$568,245.24, Gas ARO parent cost of removal settlement of \$258,005.34.
- The remaining \$102,802.77 is due to a reclass from ARO account 254 to the cost of removal and salvage 108 accounts for assets that were no longer deemed to be AROs.

For KU, the \$1,091,548.62 on the transfers detail tab is due to a reclass from ARO account 254 to the cost of removal and salvage 108 accounts for assets that were no longer deemed to be AROs.

Thanks,

Angela

Attachment to Response to KU AG-1 Question No. 201 Page 719 of 1022 Charnas

Clark, Ed

From:

Williams, Scott

Sent:

Monday, March 26, 2012 4:16 PM

To:

Crescente, Angela

Subject:

FW: ARO on Plant Report question

Angela,

Here is an e mail you sent me last month on topic I left you a voice mail. I just need to know that this is real cost of removal/salvage and not ARO related.

Thanks Scott

From: Crescente, Angela

Sent: Wednesday, February 29, 2012 2:49 PM

To: Williams, Scott

Cc: Wiseman, Sara; Daly, Karen; Wacker, Diana

Subject: ARO on Plant Report question

Scott,

For LGE, the \$929,05.35 on the transfers detail tab is made up of the following:

- Steam ARO parent cost of removal settlement of \$568,245.24, Gas ARO parent cost of removal settlement of \$258,005.34.
- The remaining \$102,802.77 is due to a reclass from ARO account 254 to the cost of removal and salvage 108 accounts for assets that were no longer deemed to be AROs.

For KU, the \$1,091,548.62 on the transfers detail tab is due to a reclass from ARO account 254 to the cost of removal and salvage 108 accounts for assets that were no longer deemed to be AROs.

Thanks, Angela Attachment to Response to KU AG-1 Question No. 201 Page 720 of 1022 Charnas

Clark, Ed

From: Sent:

PowerPlantAlerts@lge-ku.com Friday, March 23, 2012 6:00 AM Crescente, Angela PowerPlant Alerts - LGE-KU - AIP - ARO

To:

Subject:

Project 136368 has ARO

login to powerplant

Attachment to Response to KU AG-1 Question No. 201 Page 721 of 1022 Charnas

Clark, Ed

From: Sent:

Plant Support <support@pwrplan.com> Monday, March 19, 2012 4:30 PM

To:

Crescente, Angela

Subject:

RE: ARO reclass to 182 regulatory entries [ref: 00D60KJDN. 50060DvSco:ref]

Wonderful! Thank you.

Elizabeth

----- Original Message -----

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 3/19/2012 3:39 PM To: support@pwrplan.com

Subject: RE: ARO reclass to 182 regulatory entries [ref:_00D60KJDN._50060DvSco:ref]

Elizabeth,

Believe it or not, we finally got this to work just a couple of weeks ago, with some fancy footwork in the system. I think I'm good now.

Thanks, Angela

----Original Message----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Monday, March 19, 2012 1:58 PM

To: Crescente, Angela

Subject: RE: ARO reclass to 182 regulatory entries [ref:_00D60KJDN._50060DvSco:ref]

Hi Angela,

We are going through old support cases. This one is very old. Was someone able to modify the report as requested or is this still needed?

Thanks.

Elizabeth

----- Original Message

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 7/7/2011 10:27 AM To: support@pwrplan.com

Cc: Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com; Diana.Wacker@lge-ku.com; Jim.Ogilvie@lge-ku.com

Subject: RE: ARO reclass to 182 regulatory entries

Support,

This report is still not showing what I need it to show, so I believe there is still confusion regarding what I need. I have copied Jim Ogilvie on this email because I gave him some support/screenshots on what I need done when he was here in May. He also helped me set up the reg entries in March that I needed in the hopes that they would make the report

Attachment to Response to KU AG-1 Question No. 201 Page 722 of 1022 Charnas

work when I actually performed the work in PowerPlant. So, I figured I should go ahead and follow the procedure for sending this through support as this happened before the new procedure was put into place.

Thanks, Angela

From: PowerPlant Support [mailto:support@pwrplan.com]

Sent: Wednesday, April 13, 2011 11:22 AM

To: Crescente, Angela

Subject: RE: ARO reclass to 182 regulatory entries

I create new versions of each report and sent them to Nick to be included in the next rebuild. Whenever this new rebuild is made available, let me know, and I'll help you modify the report setup in Powerplant to point to the new reports so you can test the new reports.

Sunjin Cone PowerPlant Support 770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]

Sent: Wednesday, 13 April, 2011 9:35 AM

To: PowerPlant Support

Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

Sure thing, you go to Assets>ARO>Reg Entry>Reports and it is report number ARO-4005.

By the way, I remembered on the way home last night that I have this same problem on report "Reg-1001" so the asset adjustment that I did is not showing up on this report by asset either. I'm sorry, I should of thought of that sooner. This report is in the same location as the one above.

Also, Nick Alexander is here today and tomorrow working on some things for us including simple formatting tweeks on my reports, but he doesn't want to send them to the build until you are finished so he doesn't cause you any trouble. So he wanted me to keep him posted of when you are completed with your changes.

Thanks, Angela

From: PowerPlant Support [mailto:support@pwrplan.com]

Sent: Wednesday, April 13, 2011 9:26 AM

To: Crescente, Angela

Subject: RE: ARO reclass to 182 regulatory entries

Angela,

Can you tell me where in Powerplant you go to get to this report? I've lost my notes on how to find this report again.

Sunjin Cone PowerPlant Support 770-937-3000 Attachment to Response to KU AG-1 Question No. 201 Page 723 of 1022 Charnas

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]

Sent: Tuesday, 12 April, 2011 8:32 AM

To: PowerPlant Support

Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

Any word on the progress of the report? Just checking on it because I will be using it for my monthly account reconciliations.

Thanks, Angela

From: PowerPlant Support [mailto:support@pwrplan.com]

Sent: Tuesday, April 05, 2011 3:09 PM

To: Crescente, Angela

Subject: RE: ARO reclass to 182 regulatory entries

Report change won't be a quick turn around.

It will likely be next week before you'll get the report changed.

Sunjin Cone PowerPlant Support 770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]

Sent: Tuesday, 05 April, 2011 1:48 PM

To: PowerPlant Support

Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

I need to post these asset adjustments today since we have to close first thing in the morning. Are you expecting the report modification to happen today or can I go ahead and post these transactions and fix the report later? Is there anything else I can do to help?

Thanks, Angela

From: PowerPlant Support [mailto:support@pwrplan.com]

Sent: Tuesday, April 05, 2011 9:35 AM

To: PowerPlant Support; Crescente, Angela; Jim Ogilvie Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: ARO reclass to 182 regulatory entries

Angela called and provided clarification. I still had journal entries on the brain. The report can be modified to include asset id information.

Sunjin Cone PowerPlant Support 770-937-3000 Attachment to Response to KU AG-1 Question No. 201 Page 724 of 1022 Charnas

From: PowerPlant Support

Sent: Tuesday, 05 April, 2011 9:16 AM To: 'Crescente, Angela'; Jim Ogilvie

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: ARO reclass to 182 regulatory entries

No, there is no way this report can show the asset_id information for the entry you are asking about. You could run a query using the CPR Query tool window if you wanted to reconcile the asset adjustments dollars for the depr group.

Sunjin Cone PowerPlant Support 770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]

Sent: Tuesday, 05 April, 2011 8:33 AM To: PowerPlant Support; Jim Ogilvie

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

I am OK with the entry including both assets. Is there some way I can modify the report to show what happened by asset?

Thanks, Angela

From: PowerPlant Support [mailto:support@pwrplan.com]

Sent: Monday, April 04, 2011 5:00 PM To: Crescente, Angela; Jim Ogilvie

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: ARO reclass to 182 regulatory entries

Angela,

The entry for \$ 9,754,171.05 that includes the two assets is a one line transaction due to both assets being in the same depr group, and the entry information is setup to pull from the depr_ledger table, which is a table where the dollars are by depr group, and it doesn't appear that the setup can be changed to retain asset_id information.

Sunjin Cone PowerPlant Support 770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]

Sent: Monday, 04 April, 2011 4:11 PM To: PowerPlant Support; Jim Ogilvie

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: ARO reclass to 182 regulatory entries

Importance: High

Attachment to Response to KU AG-1 Question No. 201 Page 725 of 1022 Charnas

OK, accidentally told a lie (I'm sorry, it's Monday). I kept looking and now I can see where the reg entries fired, but since there was more than one done on LGE, it combined them which makes sense. However, my report does not reflect this activity by asset. Any ideas on how to make that work? I thought it worked before, but I must be mistaken. The other asset was Purc-MC Ash Pond for \$4,696,835.38.

Picture (Device Independent Bitmap)]
< ge reg entry rows march test.xlsx>>
hanks,
ngela
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Thanks,

Elizabeth Cowart
PowerPlant Support
770.937.3000
ref:_00D60KJDN._50060DvSco:ref

Thanks,

Elizabeth Cowart

Attachment to Response to KU AG-1 Question No. 201 Page 727 of 1022 Charnas

PowerPlant Support 770.937.3000

Clark, Ed

From:

Crescente, Angela

Sent:

Monday, March 19, 2012 3:39 PM

To:

'Plant Support'

Subject:

RE: ARO reclass to 182 regulatory entries [ref: 00D60KJDN. 50060DvSco:ref]

Elizabeth,

Believe it or not, we finally got this to work just a couple of weeks ago, with some fancy footwork in the system. I think I'm good now.

Thanks, Angela

----Original Message----

From: Plant Support [mailto:support@pwrplan.com]

Sent: Monday, March 19, 2012 1:58 PM

To: Crescente, Angela

Subject: RE: ARO reclass to 182 regulatory entries [ref:_00D60KJDN._50060DvSco:ref]

Hi Angela,

We are going through old support cases. This one is very old. Was someone able to modify the report as requested or is this still needed?

Thanks,

Elizabeth

----- Original Message

From: Crescente, Angela [Angela.Crescente@lge-ku.com]

Sent: 7/7/2011 10:27 AM To: support@pwrplan.com

Cc: Sara.Wiseman@lge-ku.com; Debra.Kinder@lge-ku.com; Diana.Wacker@lge-ku.com; Jim.Ogilvie@lge-ku.com

Subject: RE: ARO reclass to 182 regulatory entries

Support,

This report is still not showing what I need it to show, so I believe there is still confusion regarding what I need. I have copied Jim Ogilvie on this email because I gave him some support/screenshots on what I need done when he was here in May. He also helped me set up the reg entries in March that I needed in the hopes that they would make the report work when I actually performed the work in PowerPlant. So, I figured I should go ahead and follow the procedure for sending this through support as this happened before the new procedure was put into place.

Thanks, Angela

From: PowerPlant Support [mailto:support@pwrplan.com]

Sent: Wednesday, April 13, 2011 11:22 AM

To: Crescente, Angela

Subject: RE: ARO reclass to 182 regulatory entries

Attachment to Response to KU AG-1 Question No. 201 Page 729 of 1022 Charnas

I create new versions of each report and sent them to Nick to be included in the next rebuild.

Whenever this new rebuild is made available, let me know, and I'll help you modify the report setup in Powerplant to point to the new reports so you can test the new reports.

Sunjin Cone PowerPlant Support 770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]

Sent: Wednesday, 13 April, 2011 9:35 AM

To: PowerPlant Support

Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

Sure thing, you go to Assets>ARO>Reg Entry>Reports and it is report number ARO-4005.

By the way, I remembered on the way home last night that I have this same problem on report "Reg-1001" so the asset adjustment that I did is not showing up on this report by asset either. I'm sorry, I should of thought of that sooner. This report is in the same location as the one above.

Also, Nick Alexander is here today and tomorrow working on some things for us including simple formatting tweeks on my reports, but he doesn't want to send them to the build until you are finished so he doesn't cause you any trouble. So he wanted me to keep him posted of when you are completed with your changes.

Thanks, Angela

From: PowerPlant Support [mailto:support@pwrplan.com]

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To: Crescente, Angela

Subject: RE: ARO reclass to 182 regulatory entries

Angela,

Can you tell me where in Powerplant you go to get to this report? I've lost my notes on how to find this report again.

Sunjin Cone PowerPlant Support 770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]

Sent: Tuesday, 12 April, 2011 8:32 AM

To: PowerPlant Support

Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

Any word on the progress of the report? Just checking on it because I will be using it for my monthly account reconciliations.

Attachment to Response to KU AG-1 Question No. 201 Page 730 of 1022 Charnas

Thanks, Angela

From: PowerPlant Support [mailto:support@pwrplan.com]

Sent: Tuesday, April 05, 2011 3:09 PM

To: Crescente, Angela

Subject: RE: ARO reclass to 182 regulatory entries

Report change won't be a quick turn around.

It will likely be next week before you'll get the report changed.

Sunjin Cone PowerPlant Support 770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]

Sent: Tuesday, 05 April, 2011 1:48 PM

To: PowerPlant Support

Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

I need to post these asset adjustments today since we have to close first thing in the morning. Are you expecting the report modification to happen today or can I go ahead and post these transactions and fix the report later? Is there anything else I can do to help?

Thanks, Angela

From: PowerPlant Support [mailto:support@pwrplan.com]

Sent: Tuesday, April 05, 2011 9:35 AM

To: PowerPlant Support; Crescente, Angela; Jim Ogilvie Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: ARO reclass to 182 regulatory entries

Angela called and provided clarification. I still had journal entries on the brain. The report can be modified to include asset_id information.

Sunjin Cone PowerPlant Support 770-937-3000

From: PowerPlant Support

Sent: Tuesday, 05 April, 2011 9:16 AM To: 'Crescente, Angela'; Jim Ogilvie

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: ARO reclass to 182 regulatory entries

No, there is no way this report can show the asset id information for the entry you are asking about.

You could run a query using the CPR Query tool window if you wanted to reconcile the asset adjustments dollars for the depr group.

Attachment to Response to KU AG-1 Question No. 201 Page 731 of 1022 Charnas

Sunjin Cone PowerPlant Support 770-937-3000

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Sent: Tuesday, 05 April, 2011 8:33 AM To: PowerPlant Support; Jim Ogilvie

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: ARO reclass to 182 regulatory entries

Sunjin,

I am OK with the entry including both assets. Is there some way I can modify the report to show what happened by asset?

Thanks, Angela

From: PowerPlant Support [mailto:support@pwrplan.com]

Sent: Monday, April 04, 2011 5:00 PM To: Crescente, Angela; Jim Ogilvie

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: RE: ARO reclass to 182 regulatory entries

Angela,

The entry for \$ 9,754,171.05 that includes the two assets is a one line transaction due to both assets being in the same depr group, and the entry information is setup to pull from the depr_ledger table, which is a table where the dollars are by depr group, and it doesn't appear that the setup can be changed to retain asset_id information.

Sunjin Cone PowerPlant Support 770-937-3000

From: Crescente, Angela [mailto:Angela.Crescente@lge-ku.com]

Sent: Monday, 04 April, 2011 4:11 PM To: PowerPlant Support; Jim Ogilvie

Cc: Wiseman, Sara; Wacker, Diana; Kinder, Debra Subject: ARO reclass to 182 regulatory entries

Importance: High

OK, accidentally told a lie (I'm sorry, it's Monday). I kept looking and now I can see where the reg entries fired, but since there was more than one done on LGE, it combined them which makes sense. However, my report does not reflect this activity by asset. Any ideas on how to make that work? I thought it worked before, but I must be mistaken. The other asset was Purc-MC Ash Pond for \$4,696,835.38.

[Picture (Device Independent Bitmap)]

<< lge reg entry rows march test.xlsx>>

Thanks,

Attachment to Response to KU AG-1 Question No. 201 Page 732 of 1022 Charnas

Angela
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Thanks,

Elizabeth Cowart PowerPlant Support 770.937.3000 ref: 00D60KJDN. 50060DvSco:ref

Attachment to Response to KU AG-1 Question No. 201 Page 734 of 1022 Charnas

Clark, Ed

From:

Plant Support <support@pwrplan.com>

Sent:

Monday, March 19, 2012 1:58 PM

To:

Crescente, Angela

Subject:

RE: ARO reclass to 182 regulatory entries [ref:_00D60KJDN._50060DvSco:ref]

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To: PowerPlant Support

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Attachment to Response to KU AG-1 Question No. 201 Page 735 of 1022 Charnas

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Attachment to Response to KU AG-1 Question No. 201 Page 739 of 1022 Charnas

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Thanks,

Elizabeth Cowart
PowerPlant Support
770.937.3000
ref:_00D60KJDN._50060DvSco:ref

Attachment to Response to KU AG-1 Question No. 201 Page 740 of 1022 Charnas

Clark, Ed

From:

Sent:

Wiseman, Sara Wednesday, March 14, 2012 2:17 PM Crescente, Angela

To:

Subject:

FW: ARO Quarterly Questionnaire.docx

From: Garrett, Chris

Sent: Tuesday, March 13, 2012 9:00 PM

To: Wiseman, Sara

Subject: ARO Quarterly Questionnaire.docx



ARO Quarterly Questionnaire.d...

ARO Quarterly Questionnaire

Please answer the following questions for the period since the date of your last completed questionnaire.

1. To the best of your knowledge, are you aware of any changes that would impact the valuation of the asset retirement obligations ("AROs") that have been identified? Such changes may include changes in laws, statutes, regulations, precedents set by the Company, contracts, permits, certificates of need, right of way agreements, market costs or available resources for remediation, or planned retirements. (Please list)

Answer: No

2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that will create an ARO? (Please list, include location)

Answer: No

3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)

Answer: No

Answer: No

4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.

Completed by: Chris Garrett_______

For the quarter ended: 1Q2012

Attachment to Response to KU AG-1 Question No. 201 Page 742 of 1022 Charnas

Clark, Ed

From: Sent:

To:

Trimble, Robert Monday, March 05, 2012 11:05 AM Miller, Jon; Crescente, Angela; Wiseman, Sara ARO Quarterly Questionnaire.docx

Subject:



ARO Quarterly Questionnaire.d... Attachment to Response to KU AG-1 Question No. 201 Page 743 of 1022 Charnas

ARO Quarterly Questionnaire

Please answer the following questions for the period since the date of your last completed questionnaire.

1. To the best of your knowledge, are you aware of any changes that would impact the valuation of the asset retirement obligations ("AROs") that have been identified? Such changes may include changes in laws, statutes, regulations, precedents set by the Company, contracts, permits, certificates of need, right of way agreements, market costs or available resources for remediation, or planned retirements. (Please list)

Answer: No

2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that will create an ARO? (Please list, include location)

Answer: No

3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)

Answer: No

4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.

Answer: No

Completed by: Robby Tri	mble		
For the quarter ended:	March 31, 2012		

Attachment to Response to KU AG-1 Question No. 201 Page 744 of 1022 Charnas

Clark, Ed

From:

Josh Hirschel <jhirschel@pwrplan.com> Wednesday, March 14, 2012 10:11 AM

Sent: To:

Crescente, Angela

Subject:

ARO v10.3

Attachments:

ARO Rate Types from Doc.doc

Angela – Please see attached for the piece of the ARO v10.3 doc related to the rate type information.

Josh Hirschel

Director, Professional Services

O: +1 770.937.3027 M: +1 404.550.3690 jhirschel@pwrplan.com

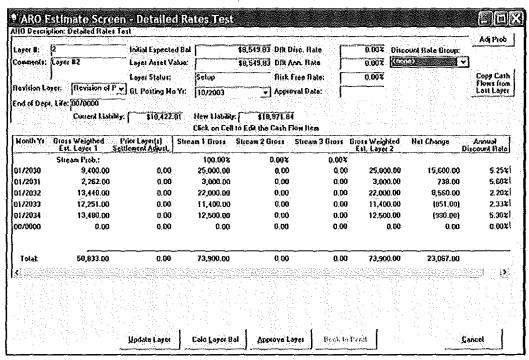
This e-mail message is for the sole use of the intended recipient(s). It may contain confidential information, legally privileged information or other information subject to legal restrictions. If you are not the intended recipient, you may not read it, copy it, use it, or disclose it. Please notify the sender by replying to this message, and then delete or destroy all copies of this message in all media. Also, this email message is not an offer or acceptance, and it is not intended to be all or part of an agreement. Thank you.

1.1.1 ARO Rate Types

PowerPlant offers the option to choose between four different rate types for the Site or Component Non-Transition/Forecast AROs. These Rate Types use slightly different methodologies in order to determine the discount rates and the initial expected balance for new layers.

- 1) Standard (Generally recommended PowerPlant processing for U.S. GAAP). This methodology will derive the net change between the new layer and all prior layers month by month to determine if each monthly estimate is upward or downward.
 - i. If detailed rates is not selected, this upward/downward differentiation is calculated on a Month Yr basis. A downward estimate will use the prior layer(s) rate (FIFO) to discount the net change back to the GL Posting Mo Yr. Upward estimates will use the inputted rate on the layer to discount the future cash flows. The total discounted net change will be the initial expected balance for the layer. This method can potentially have different layers accreting at different discount rates since the liability can be spread over multiple layers.
 - ii. If detailed rates is selected, this upward/downward differentiation is calculated on a Month Yr Date basis. Upward estimates will use the inputted detailed rate (by Estimated Settlement Date) to discount the future cash flows increments. The total discounted net change will be the initial expected balance for the layer. There are two options for calculating the discount rates for downward estimates: FIFO and Weighted Average.
 - a. FIFO Same as in i.
 - b. Weighted Average Method Calculates a discount rate for the downward estimate which is a weighted average of the discount rates of the previous layers, with the same estimated settlement date.

Note: The option to use detail rates and the Fifo vs average method is selected on the ARO Details window when initially setting up the ARO.

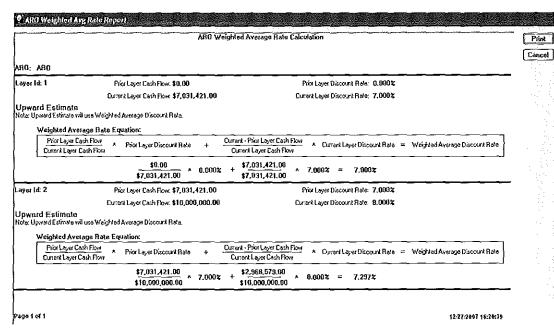


ARO Estimate Window for Standard Rate Type with Detailed Rates

Annual Discount Rate column is visible. This is the discount rate for the estimated settlement date (Month Yr.)

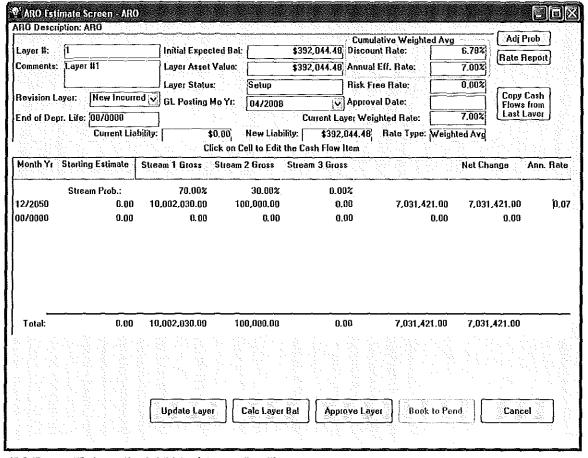
The Discount Rate Group Listbox displays all uploaded discount rate groups. These are sets of Detailed Discount Rates by Estimated Settlement Date which are loaded into PowerPlant through the Pre-Processor. When a Discount Rate Group is selected, the Annual Discount Rate will be populated with the discount rates from that group.

- 2) (Simple) Weighted Average The fundamental concept of this approach is that all the liability is held on a single layer, thus, accreting at a single discount rate. This discount rate is determined by the following logic:
 - i. If the sum of all the cash flow items (independent of Month Yr) is equal to or less than the previous layer, the new layer is considered to be "downward," and the prior layer's Current Layer Weighted Average Rate that was derived is used as the discount rate.
 - ii. If the sum of the cash flow items is greater than the previous layer, the layer is considered to be an "upward estimate". For upward layers, PowerPlant will determine the discount rate by weighting the sum of the remaining cash flows/discount rate for prior layers, plus the difference between remaining cash flows weighted by the new rate. The "Rate Report" button will show the calculations used by PowerPlant to derive the Weighted Average Rate by layer.



ARO Estimate Window - Weighted Average Rate Type Rate Report

- iii. This Weighted Average Rate will be used to determine the present value of the future cash flows, and ultimately the new liability of the entire ARO.
- iv. The initial expected balance will be calculated based on the difference between the Current Liability and the New Liability.
- v. This methodology also allows for the user to input discount rates by Month Yr. PowerPlant will calculate the weighted average rate (internal to the new layer) by simply weighting the cash flow amounts and discount rates by time period.



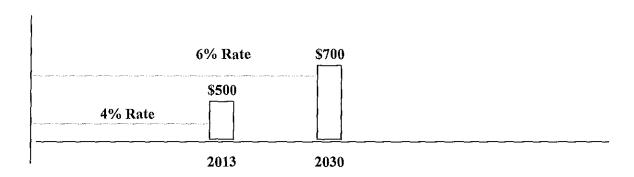
ARO Estimate Window - Simple Weighted Average Rate Type

3) Time Average – The Time Average rate is similar to the Average rate method except that it takes into account the discount rates in determining the average. In the simple or starting case illustrated in Exhibit 1 below, it is easily seen that the advantage of this method is that there is no change in the liability versus a more discrete method when there is just a small time shift in the cash flow estimates.

Note: If there are multiple prior layers with remaining cash flows with various discount rates (note, only possible if converting from Standard rate type to Time average), then the calculation will first find the time average for all prior layers and will use that single discount rate as the weighting for the prior layers in the current calculation. Additionally, if the user inputs various discount rates by time period on the current layer the system will find the time average of those new estimates at their respective time periods. The end result is that there will be a single discount rate for the prior layer(s) and a single discount rate for the new layer to be used in the final time average calculation.

Exhibit 1 - Time Weighted Average

Starting up with different cash flows at different rates.



Time-Weighted Rate would be the single rate between 4% and 6% that will yield the same liability as discounting the \$500 at 4% and \$700 at 6%.

Exhibit 2 – String of cash flows:

Layer 1		5.00% Initial Discount Rate
	Dec-20	\$1000
	Dec-25	\$2000
	Dec-30	\$3000
		\$6000
Layer 2		8.00% New Discount Rate
	Dec-25	\$1200
	Dec-30	\$1800
	Dec-35	\$3500
		\$6500

Layer 2 is an Increase of Total Cash flows by \$500

End Result is that 6000 will be weighted at 5% and 500 at 8%, but how do we know to which dates to apply these dollars?

2 Step Process:

1) If Estimated Cash Flow Date is on Layer 2 and Layer 1 then apply the minimum of layer 1's RCF (Remaining Cash Flow) and layer 2's RCF at old rate.

Dec-25	\$1200	5%
Dec-30	\$1800	5%
	\$3000	

2) Take total estimate on Layer 2 and start applying them to farthest out time period at new layer's rate. When new layer's total cash flow is satisfied, move to the prior layer's rate and satisfy prior layer's remaining cash flows.

Layer 2 Incremental Cash Flow = \$500

Layer 1 Total Cash Flow = \$6000

Layer 1 Current Satisfied Cash Flow = \$3000

Layer 1 Remaining Cash Flow = \$3000

	Dec-35	\$3000	5%
Summary	of Cash Flows by Ra	ate/Date	
	Dec-25	\$1200	5%
	_		

Dec-25	\$1200	370
Dec-30	\$1800	5%
Dec-35	\$3000	5%
Dec-35	\$500	8%

If the change in the total nominal cash flow dollars is up, then the incremental cost in period T is blended in at the new rate. The incremental amount can be determined in total, but it is not well defined when looked at over multiple time periods. Therefore PowerPlant adopted the convention that operates in two steps. First those estimates that remain fixed from the former estimates to the revised estimate are kept at the old rate. The remaining amount of the new estimate is allocated outmost years forward with the new rate applied first. This is illustrated in Exhibit 2 above. (Note that the new discount rates can vary by time interval). In the above example we simply used an 8%

rate, but we could have used a different rate, for example, for the first 10 years, the next 10 years, and then the outer years.) Note that you will get a different liability depending on the method of assigning incremental amounts to time. Thus both the C_T and IC_T need to be calculated. Once the positive incremental cash flows (IC_T) are known (i.e. assigned), the equation is:

$$\sum_{T} \frac{C_{T}}{\left(1 + \frac{DR_{A}}{12}\right)^{T}} + \sum_{T} \frac{IC_{T}}{\left(1 + \frac{NDR_{T}}{12}\right)^{T}} = \sum_{T} \frac{(C_{T} + IC_{T})}{\left(1 + \frac{DR_{A}}{12}\right)^{T}}$$

Where we're solving for $DR_{A'}$, the new weighted average discount rate, and $NDR_{T'}$ is the new discount rate for the current incremental "layer," at time interval T. This equation calculates a new average rate which provides the same liability as if the individual rates were used (e.g. the 5% and 8% in the example; or more than two rates if the rates vary by time horizon) to do the discounting. Accretion is processed at this (time weighted) average rate, which over time can give a difference in accretion with the standard rate. The system provides a report showing the computation:

ARO Time Average Rate Calculation

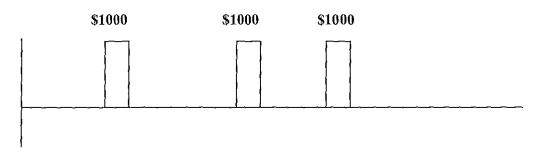
•	Prior Layer La	Prior Layer Cash Flow: \$6,000.00			Prior Leyer Discount Rate: 5.000%			
Current Layer Cash Flow: \$6,500.00			0	Current Layer Discount Rate: 8.000%				
•	te will use Time Average Discou Int Rate is the Average Rate the		unted cash flor	is pased on a layered rate:				
Estimate Date	Estimated Cash Flows	Lavered Rate	Periods	<u>Discounted Cash Flow w/</u> Laxered Bata	Solved Time Average Rate	Discounted Cash Flow w/ Average Rate		
12/2025	\$1,200.00	5.00000%	264	\$410.22	5.14669%	\$397.81		
12/2030	\$1,800.00	5.00000%	324	\$492.13	5.14669%	\$464.29		
				4000.00	E 44DAAN	ACO2 00		
12/2035	\$3,000.00	5.00000%	384	\$629,60	5.14669%	\$602.09		

Note the following:

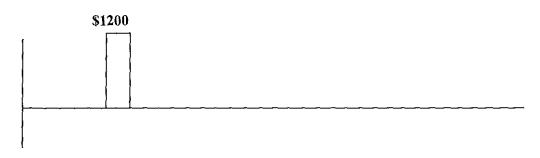
- 1. In this approach, movement of cash flow dollars in time is at the old discount rate. Only the increment up is at the new. (This is different from the 'Standard' method, which looks at each month separately in terms of increments of cash flow.)
- 2. Partial settlements and cash flows are always trued up with the liability. If a partial settlement occurs the liability is credited, and it is treated in effect as an estimated cash flow in the current period, without changing any of the underlying cash flows. The next time cash flows are reestimated this settlement cash flow (actually all settlements since the last re-estimate) are taken into account as a cash flow. This varies slightly with the settlement adjustment in the standard process illustrated below.

Standard Method True Up Process

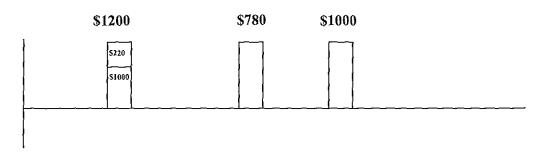




Partial Settlement

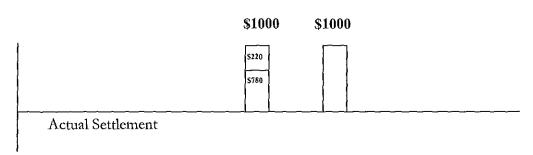


Processing



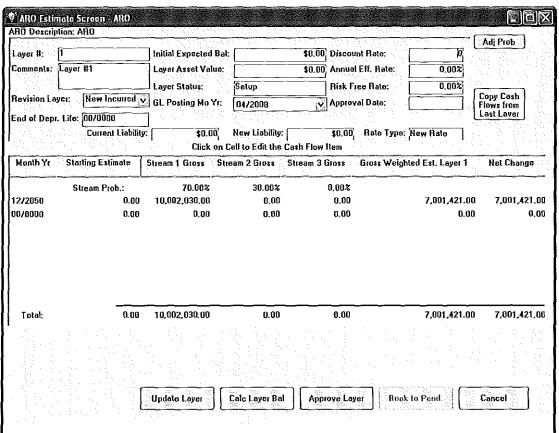
To settle, the system to pull forward \$200 in present value (\$220 in future value).

New



\$220 is added with the new discount rate deriving the new time weighted average rate.

New Rate – This rate type is the similar to the Weighted Average Rate Type in the fact that all the liability is maintained on a single layer. However, instead of calculating a Weighted Average Rate, PowerPlant will always use the inputted new rate. Upward and Downward estimates have no impact on the rate used to discount the future cash flows using this "New Rate" methodology. This is the 'fresh start' approach used for IFRS.



ARO Estimate Window - New Rate Type

Note that under IFRS, even if the future cash flows are not revised, but only the discount rate changes, the ARO needs to be rerun to determine the new valuation.

Attachment to Response to KU AG-1 Question No. 201 Page 754 of 1022 Charnas

Clark, Ed

From:

Sent:

Trimble, Robert Monday, March 05, 2012 11:05 AM Miller, Jon; Crescente, Angela; Wiseman, Sara ARO Quarterly Questionnaire.docx

To: Subject:



ARO Quarterly Questionnaire.d... Attachment to Response to KU AG-1 Question No. 201 Page 755 of 1022 Charnas

ARO Quarterly Questionnaire

Please answer the following questions for the period since the date of your last completed questionnaire.

1. To the best of your knowledge, are you aware of any changes that would impact the valuation of the asset retirement obligations ("AROs") that have been identified? Such changes may include changes in laws, statutes, regulations, precedents set by the Company, contracts, permits, certificates of need, right of way agreements, market costs or available resources for remediation, or planned retirements. (Please list)

Answer: No

2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that will create an ARO? (Please list, include location)

Answer: No

3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)

Answer: No

Answer: No

4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.

Completed by: Robby Trimble

For the quarter ended: ____March 31, 2012_____

Attachment to Response to KU AG-1 Question No. 201 Page 756 of 1022 Charnas

Clark, Ed

From:

Charnas, Shannon

Sent:

Saturday, March 03, 2012 2:45 PM

To: Cc: Wiseman, Sara Crescente, Angela

Subject:

RE: ARO policy changes--very minor

Sorry for the delay. I will save the revision to the acctrestricted drive.

Thanks,

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

From: Wiseman, Sara

Sent: Monday, February 20, 2012 11:08 AM

To: Charnas, Shannon **Cc:** Crescente, Angela

Subject: ARO policy changes--very minor

<< File: 652 - Capital - ARO Policies and Procedures - 02-20-12.docx >>

Shannon:

Attached is a copy of the ARO policy. A minor wording change has been made to the policy and we just send one instead of two. You approved the wording before we started using it last year, but I didn't take the time then to ask you to update the policy.

I know the normal procedure is to meet with you and Valerie, but since it is so minor I thought you might forgo that. I'm glad to do whatever is necessary. Or you may decide that we don't need to revise the policy for such a minor change.

Attachment to Response to KU AG-1 Question No. 201 Page 757 of 1022 Charnas

Clark, Ed

From:

Leichty, Doug

Sent:

Thursday, March 01, 2012 9:11 AM

To: Subject: Crescente, Angela RE: ARO information

Yes.

From: Crescente, Angela

Sent: Thursday, March 01, 2012 9:03 AM

To: Leichty, Doug

Subject: ARO information

Doug,

I believe I sent you everything you needed that is due by March 14th, right? Just wanted to make sure because I will be out of town for training that week.

Thanks, Angela

Attachment to Response to KU AG-1 Question No. 201 Page 758 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Wednesday, February 29, 2012 2:49 PM

To:

Williams, Scott

Cc:

Wiseman, Sara; Daly, Karen; Wacker, Diana

Subject:

ARO on Plant Report question

Scott,

For LGE, the \$929,05.35 on the transfers detail tab is made up of the following:

- Steam ARO parent cost of removal settlement of \$568,245.24, Gas ARO parent cost of removal settlement of \$258,005.34.
- The remaining \$102,802.77 is due to a reclass from ARO account 254 to the cost of removal and salvage 108 accounts for assets that were no longer deemed to be AROs.

For KU, the \$1,091,548.62 on the transfers detail tab is due to a reclass from ARO account 254 to the cost of removal and salvage 108 accounts for assets that were no longer deemed to be AROs.

Thanks, Angela

Attachment to Response to KU AG-1 Question No. 201 Page 759 of 1022 Charnas

Clark, Ed

From:

Sent:

To:

Cc: Subject: Sundheimer, Glenn Tuesday, February 21, 2012 7:55 AM Wiseman, Sara Crescente, Angela; Allen, Lisa ARO Quarterly Questionnaire.docx



ARO Quarterly Questionnaire.d...

Attachment to Response to KU AG-1 Question No. 201 Page 760 of 1022 Charnas

ARO Quarterly Questionnaire

Please answer the following questions for the period since the date of your last completed questionnaire.

1. To the best of your knowledge, are you aware of any changes that would impact the valuation of the asset retirement obligations ("AROs") that have been identified? Such changes may include changes in laws, statutes, regulations, precedents set by the Company, contracts, permits, certificates of need, right of way agreements, market costs or available resources for remediation, or planned retirements. (Please list)

Answer: No.

2. To the best of your knowledge, are you aware of any acquired assets, land, or leases that will create an ARO? (Please list, include location)

Answer: No.

3. To the best of your knowledge, are you aware of any new construction that will create an ARO? (Please list, include location)

Answer: No.

4. In certain very limited circumstances the Company could be determined to be obligated to retire an asset or a group of assets based upon a commitment made to a third party. Are you aware of any communications either written or verbal between representatives of LKE and third parties with respect to retirement of an asset or a group of assets owned by LKE at the end of operations or a specific point in time? If so, please list the identities of the LKE representatives and assets involved, as well as the third party or parties who were involved and the context in which the discussions took place.

Answer: No.

Completed by: Glenn Sundheimer		
For the quarter ended: 2012	March 31,	

Attachment to Response to KU AG-1 Question No. 201 Page 761 of 1022 Charnas

Clark, Ed

From:

Scott, Valerie

Sent:

Friday, February 17, 2012 9:28 AM

To:

Crescente, Angela

Subject:

RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Thanks Angela. I had forgotten about this treatment, but I agree.

Valerie

From: Crescente, Angela

Sent: Friday, February 17, 2012 8:34 AM

To: Scott, Valerie

Subject: RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Valerie,

For AROs, the cost of removal and salvage amounts of identified ARO parent assets are reclassed from the 108 (cost of removal and salvage) accounts to the 254 regulatory liabilities accounts per our agreement with the PSC. However, the 254 and 108 cost of removal and salvage accounts all rollup to the same line which is accumulated cost of removal on the balance sheet.

Thanks, Angela

From: Scott, Valerie

Sent: Thursday, February 16, 2012 6:09 PM

To: Crescente, Angela

Subject: FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Angela,

How do the regulatory liabilities arise?

Valerie

From: Fackler, Andrea

Sent: Thursday, February 16, 2012 3:18 PM

To: Scott, Valerie **Cc:** Pienaar, Lesley

Subject: FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

I had already sent Angela an email to confirm this before I talked to you.

From: Crescente, Angela

Sent: Thursday, February 16, 2012 3:17 PM

To: Fackler, Andrea **Cc:** Wiseman, Sara

Subject: RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Andrea,

Attachment to Response to KU AG-1 Question No. 201 Page 762 of 1022 Charnas

Yes, we do have regulatory liabilities for AROs. So, the sentence is technically correct with or without Vince's suggestions.

Thanks, Angela

From: Fackler, Andrea

Sent: Thursday, February 16, 2012 2:24 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Angela,

Can you confirm that we do have regulatory liabilities for AROs? See the last couple of emails below with Valerie.

Thanks, Andrea

From: Fackler, Andrea

Sent: Thursday, February 16, 2012 2:14 PM

To: 'Scott, Valerie'

Cc: Pienaar, Lesley; Simpson, Sheri

Subject: RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

The following accounts have ARO in the account name and are mapped to accumulated cost of removal.

254014 REGULATORY LIABILITY ARO - GENERATION 254016 REGULATORY LIABILITY ARO - GAS

I can confirm with Angela that these are the accounts that we are talking about in this sentence.

Andrea

From: Scott, Valerie

Sent: Thursday, February 16, 2012 2:10 PM

To: Fackler, Andrea

Cc: Pienaar, Lesley; Simpson, Sheri

Subject: Re: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Okay with this change but I do not think we have a reg liability. Mat need to take that wording out.

Valerie

On Feb 16, 2012, at 1:33 PM, "Fackler, Andrea" < Andrea. Fackler@lge-ku.com > wrote:

Vince is asking if we can also add the phrase "created by the regulatory credit" to the reg. FN language below. It was added to the SSAP description below. Here is the before and after if you are okay with this:

Attachment to Response to KU AG-1 Question No. 201 Page 763 of 1022 Charnas

Before:

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

After:

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset created by the regulatory credit is offset against the associated regulatory liability, PP&E and ARO liability.

Thanks, Andrea

From: Pienaar, Lesley

Sent: Friday, February 10, 2012 6:19 PM **To:** Fackler, Andrea; Simpson, Sheri

Cc: Scott, Valerie

Subject: FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Please change as highlighted below

From: Erskine, Greg

Sent: Friday, February 10, 2012 5:45 PM

To: Pienaar, Lesley

Subject: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Lesley:

Discussions of the offsetting of depreciation and accretion expense related to ARO's appear in the following four places, in addition to the other two places you already know about.

Greg

MD&A (LKE, LG&E and KU):

6) Asset Retirement Obligations

LKE is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. The accretion and depreciation are offset with a regulatory credit, such that there is no income statement impact. An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact. The regulatory asset created by the regulatory credit is relieved when the ARO has been settled. An ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. See Note 21 for related disclosures.

Attachment to Response to KU AG-1 Question No. 201 Page 764 of 1022 Charnas

Note 6 – Utility Rate Regulation:

<u>AROs</u>

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

Attachment to Response to KU AG-1 Question No. 201 Page 765 of 1022 Charnas

Clark, Ed

From: Crescente, Angela

Sent: Friday, February 17, 2012 8:54 AM

To: Erskine, Greg
Cc: Wiseman, Sara

Subject: FW: A comment from Brian on ARO

Attachments: 20120216182558552.pdf

Greg:

Yes, it was just a difference between the wording we used to use and the wording they use now. We just changed our wording to match theirs for 2011 year-end and quarter work.

Thanks, Angela

From: Erskine, Greg

Sent: Friday, February 17, 2012 8:48 AM

To: Crescente, Angela

Subject: FW: A comment from Brian on ARO

Angela:

The attached file contains a page from the ARO footnote in the current version of the 2011 10-K. Does the amount labeled "removal cost incurred" in the file represent obligations settled?

Greg

From: Green Jr, Gerald R [mailto:GRGreen]r@pplweb.com]

Sent: Thursday, February 16, 2012 7:26 PM

To: Pienaar, Lesley; Erskine, Greg **Subject:** A comment from Brian on ARO

Gerry

Jerry Green
PPL
Financial Reporting
610-774-6011
610-774-7725 (fax)
grgreenjr@pplweb.com

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Draft

ARO at December 31, 2009, Predecessor
Accretion expense
Changes the estimated cash flow or settlement date
Removal cost incurred
ARO at October 31, 2010, Predecessor
Purchase accounting
ARO at December 31, 2010, Successor
Accretion expense
New Joligations incurred
Changes in estimated cash flow or settlement date
Obligations settled
ARO at December 31, 2011, Successor

LKE		I	G&E	KU			
\$	65	\$	31	\$	34 2 24		
•	4		2		2		
	54		30		2 4		
	(1)		(1)				
	(1) 122 (19) 103		(1) 62	•	60		
	(19)		(13) 49		60 (6) 54 3		
	103		49		54		
	б	_	3		3		
	3		2		1		
	7		4		. 3		
	(1)		· (1)				
\$	118	\$	57	\$	61		

- (a) Obligations required under U.K. law related to treated wood poles, gas-filled switchgear and fluid-filled cables. See Note 10 for additional information on the acquisition.
- (b) Represents AROs derecognized as a result of PPL Bnergy Supply's distribution of its membership interest in PPL Global to PPL Bnergy Supply's parent, PPL Bnergy Funding. See Note 9 for additional information on the distribution.

The classification of AROs on the Balance Sheets was as follows.

	December 31, 2011							
	PPL Energy PPL Supply LKE LG	&E KU						
Current portion (a) Long-term portion (b) Total	\$ 13 \$ 10 \$ 2 \$ 484 349 116 \$ 497\forall \$ 359\forall \$ 118 \forall \$	2 55 <u>\$ 61</u> 57 4 \$ 61 ×						
	December 31, 2010 PPL Energy							

	December 31, 2010							
	PPL Energy PPL Supply LKE LG&E	KU						
Current portion (a)	\$ 13 \$ 13							
Long-term portion (b)	435 332 \$ 103 \$ 49 \$	54						
Total	\$ 448Y \$ 345 X \$ 103 x \$ 49x \$	54 ×						

- (a) Included in "Other current liabilities."
- (b) Included in "Asset retirement obligations."

22. Variable Interest Entities

(PPL and PPL Energy Supply)

In December 2001, a subsidiary of PPL Energy Supply entered into a \$455 million operating lease arrangement, as lessee, for the development, construction and operation of a gas-fired combined-cycle generation facility located in Lower Mt. Bethel Township, Northampton County, Pennsylvania. The owner/lessor of this generation facility, LMB Funding, LP, was created to own/lease the facility and incur the related financing costs. The initial lease term commenced on the date of commercial operation, which occurred in May 2004, and ends in December 2013. Under a residual value guarantee, if the generation facility is sold at the end of the lease term and the cash proceeds from the sale are less than the original acquisition cost, the subsidiary of PPL Energy Supply is obligated to pay up to 70.52% of the original acquisition cost. This residual value guarantee protects the other variable interest holders from losses related to their investments. LMB Funding, LP cannot extend or cancel the lease or sell the facility without the prior consent of the PPL Energy Supply subsidiary. As a result, LMB Funding, LP was determined to be a VIE and the subsidiary of PPL Energy Supply was considered the primary beneficiary that consolidates this VIE.

The lease financing, which includes \$437 million of "Long-term Debt" and \$18 million of "Noncontrolling interests" at December 31, 2011 and December 31, 2010, is secured by, among other things, the generation facility, the carrying amount of which is disclosed on the Balance Sheets. The debt matures at the end of the initial lease term. As a result of the consolidation, PPL Energy Supply has recorded interest expense in lieu of rent expense. For 2011, 2010 and 2009, additional depreciation on the generation facility of \$16 million, \$16 million and \$11 million was recorded.

Attachment to Response to KU AG-1 Question No. 201 Page 767 of 1022 Charnas

Clark, Ed

From:

Erskine, Greg

Sent:

Friday, February 17, 2012 8:48 AM

To:

Crescente, Angela

Subject:

FW: A comment from Brian on ARO

Attachments:

20120216182558552.pdf

Angela:

The attached file contains a page from the ARO footnote in the current version of the 2011 10-K. Does the amount labeled "removal cost incurred" in the file represent obligations settled?

Greg

From: Green Jr, Gerald R [mailto:GRGreen]r@pplweb.com]

Sent: Thursday, February 16, 2012 7:26 PM

To: Pienaar, Lesley; Erskine, Greg **Subject:** A comment from Brian on ARO

Jerry Green
PPL
Financial Reporting
610-774-6011
610-774-7725 (fax)
grgreenjr@pplweb.com

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.

Draft

ARO at December 31, 2009, Predecessor
Accretion expense
Changes in estimated cash flow or settlement date
Removal cost incurred
ARO at October 31, 2010, Predecessor
Purchase accounting
ARO at December 31, 2010, Successor
Accretion expense
New Holigations incurred
Changes in estimated cash flow or settlement date
Obligations settled
ARO at December 31, 2011, Successor

LKE		L	G&E	KU			
\$	65 ·	\$	31	\$	34 2		
•	4		2		2		
	54		30		24		
	54 (1) 122		(1) 62				
	122		62	7	60 (6)		
	(19)		(13)		(6)		
•	(19) 103	,	(13) 49		54 3		
	6		3		3		
	6 3		2		1		
	. 7		4		. 3		
	(1)	•	(1)				
\$	118	\$	57	\$	61		

- (a) Obligations required under U.K. law related to treated wood poles, gas-filled switchgear and fluid-filled cables. See Note 10 for additional information on the acquisition.
- (b) Represents AROs derecognized as a result of PPL Buergy Supply's distribution of its membership interest in PPL Global to PPL Buergy Supply's parent, PPL Buergy Funding. See Note 9 for additional information on the distribution.

The classification of AROs on the Balance Sheets was as follows.

	December 31, 2011								
	PPL,		. Energy upply		LKE]	LG&E	<u>_</u>	KU
Current portion (a) Long-term portion (b) Total	\$ 13 484 \$ 497	·	10 349 359×	\$	2 116 118 x	\$	2 55 57 37	\$ <u>\$</u>	61 61 ×
				eceml	ber 31 , 201 0)			

			<i>7</i> 01.4	muer 31, 2010				
P	PL	Energy apply		LKE	L	G&E		KU
\$	13	\$ 13		100		40		e.i
	435	 332	<u>></u> _	103	<u>\$</u>	49	<u>\$</u>	24
\$	4487	\$ 345 x	\$	103 s	\$	49.	\$	<u>54</u> ×

Current portion (a)
Long-term portion (b)
Total

- (a) Included in "Other current liabilities."
- (b) Included in "Asset retirement obligations,"

🕯 22. Variable Interest Entities

(PPL and PPL Energy Supply)

In December 2001, a subsidiary of PPL Energy Supply entered into a \$455 million operating lease arrangement, as lessee, for the development, construction and operation of a gas-fired combined-cycle generation facility located in Lower Mt. Bethel Township, Northampton County, Pennsylvania. The owner/lessor of this generation facility, LMB Funding, LP, was created to own/lease the facility and incur the related financing costs. The initial lease term commenced on the date of commercial operation, which occurred in May 2004, and ends in December 2013. Under a residual value guarantee, if the generation facility is sold at the end of the lease term and the cash proceeds from the sale are less than the original acquisition cost, the subsidiary of PPL Energy Supply is obligated to pay up to 70.52% of the original acquisition cost. This residual value guarantee protects the other variable interest holders from losses related to their investments. LMB Funding, LP cannot extend or cancel the lease or sell the facility without the prior consent of the PPL Energy Supply subsidiary. As a result, LMB Funding, LP was determined to be a VIE and the subsidiary of PPL Energy Supply was considered the primary beneficiary that consolidates this VIE.

The lease financing, which includes \$437 million of "Long-term Debt" and \$18 million of "Noncontrolling interests" at December 31, 2011 and December 31, 2010, is secured by, among other things, the generation facility, the carrying amount of which is disclosed on the Balance Sheets. The debt matures at the end of the initial lease term. As a result of the consolidation, PPL Energy Supply has recorded interest expense in lieu of rent expense. For 2011, 2010 and 2009, additional depreciation on the generation facility of \$16 million, \$16 million and \$11 million was recorded.

Attachment to Response to KU AG-1 Question No. 201 Page 769 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Friday, February 17, 2012 8:34 AM

To:

Scott, Valerie

Subject:

RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Valerie,

For AROs, the cost of removal and salvage amounts of identified ARO parent assets are reclassed from the 108 (cost of removal and salvage) accounts to the 254 regulatory liabilities accounts per our agreement with the PSC. However, the 254 and 108 cost of removal and salvage accounts all rollup to the same line which is accumulated cost of removal on the balance sheet.

Thanks, Angela

From: Scott, Valerie

Sent: Thursday, February 16, 2012 6:09 PM

To: Crescente, Angela

Subject: FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Angela,

How do the regulatory liabilities arise?

Valerie

From: Fackler, Andrea

Sent: Thursday, February 16, 2012 3:18 PM

To: Scott, Valerie Cc: Pienaar, Lesley

Subject: FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

I had already sent Angela an email to confirm this before I talked to you.

From: Crescente, Angela

Sent: Thursday, February 16, 2012 3:17 PM

To: Fackler, Andrea **Cc:** Wiseman, Sara

Subject: RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Andrea,

Yes, we do have regulatory liabilities for AROs. So, the sentence is technically correct with or without Vince's suggestions.

Thanks,

Angela

Attachment to Response to KU AG-1 Question No. 201 Page 770 of 1022

Charnas

From: Fackler, Andrea

Sent: Thursday, February 16, 2012 2:24 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Angela,

Can you confirm that we do have regulatory liabilities for AROs? See the last couple of emails below with Valerie.

Thanks, Andrea

From: Fackler, Andrea

Sent: Thursday, February 16, 2012 2:14 PM

To: 'Scott, Valerie'

Cc: Pienaar, Lesley; Simpson, Sheri

Subject: RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

The following accounts have ARO in the account name and are mapped to accumulated cost of removal.

254014 REGULATORY LIABILITY ARO - GENERATION 254016 REGULATORY LIABILITY ARO - GAS

I can confirm with Angela that these are the accounts that we are talking about in this sentence,

Andrea

From: Scott, Valerie

Sent: Thursday, February 16, 2012 2:10 PM

To: Fackler, Andrea

Cc: Pienaar, Lesley; Simpson, Sheri

Subject: Re: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Okay with this change but I do not think we have a reg liability. Mat need to take that wording out.

Valerie

On Feb 16, 2012, at 1:33 PM, "Fackler, Andrea" < Andrea. Fackler@lge-ku.com > wrote:

Vince is asking if we can also add the phrase "created by the regulatory credit" to the reg. FN language below. It was added to the SSAP description below. Here is the before and after if you are okay with this:

Before:

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

After:

Attachment to Response to KU AG-1 Question No. 201 Page 771 of 1022

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset created by the regulatory credit is offset against the associated regulatory liability, PP&E and ARO liability.

Thanks, Andrea

From: Pienaar, Lesley

Sent: Friday, February 10, 2012 6:19 PM **To:** Fackler, Andrea; Simpson, Sheri

Cc: Scott, Valerie

Subject: FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Please change as highlighted below

From: Erskine, Greg

Sent: Friday, February 10, 2012 5:45 PM

To: Pienaar, Lesley

Subject: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Lesley:

Discussions of the offsetting of depreciation and accretion expense related to ARO's appear in the following four places, in addition to the other two places you already know about.

Greg

MD&A (LKE, LG&E and KU):

6) Asset Retirement Obligations

LKE is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. The accretion and depreciation are offset with a regulatory credit, such that there is no income statement impact. An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact. The regulatory asset created by the regulatory credit is relieved when the ARO has been settled. An ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. See Note 21 for related disclosures.

Note 6 - Utility Rate Regulation:

AROs

Attachment to Response to KU AG-1 Question No. 201 Page 772 of 1022

Charnas
As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

Attachment to Response to KU AG-1 Question No. 201 Page 773 of 1022 Charnas

Clark, Ed

From: Crescente, Angela

Sent: Tuesday, February 14, 2012 9:08 AM

To: Ising, John Cc: Wiseman, Sara

Subject: FW: List of AROs to send with questionnaires.xlsx

John,

Please see the attached list of AROs that we will be sending out with the first quarter questionnaire. Sara mentioned that she plans on forwarding the emails to you so that the issue can be closed out.



List of AROs to send with ques...

Thanks, Angela

ARO

Canal

Canal (Retired)-Asbestos

Cane Run

CR Ash Pond

CR Coal Storage

CR Environmental Ponds

CR Floodwall Penetration

CR Generation Wells

CR Landfill

CR Nuclear Sources

CR Unit 1 (Retired)-Asbestos

CR Unit 2 (Retired)-Asbestos

CR Unit 3 (Retired)-Asbestos

CR Unit 4-Asbestos

CR Unit 5-Asbestos

CR Unit 6-Asbestos

Mill Creek

MC Ash Pond

MC Chemical Storage

MC Coal Storage

MC Environmental Ponds

MC Generation Wells

MC Landfill

MC Nuclear Sources

MC Oil Storage

MC Unit 1-Asbestos

MC Unit 2-Asbestos

MC Unit 3-Asbestos

MC Unit 4-Asbestos

Ohio Falls

Ohio Falls-Asbestos

Paddy's Run

Paddy's Run-Asbestos

Trimble County

TC Ash Pond-LGE

TC Chemical Storage

TC Coal Storage-LGE

Attachment to Response to KU AG-1 Question No. 201 Page 775 of 1022 Charnas

TC Environmental Ponds-LGE
TC Generation Wells-LGE
TC Nuclear Sources

Zorn

Zorn-Asbestos

Transmission

LGE Tranmission Subs (11)-Asbestos Transmission Bushings LGE-PCB

Electric Distribution

Distribution Bushings LGE-PCB LGE Distribution Subs (66)-Asbestos Manholes-Asbestos

Gas Distribution, Transmission and Underground Storage

Center GSF UGS (Wells)

Doe Run 235300-UGS-Asbestos

Doe Run GSF UGS (Wells)

GasMain&ServAbandon-Distribution

GasMains-Transmission

Magnolia 235120-UGS-Asbestos

Magnolia 235300-UGS-Asbestos

Magnolia 235600-UGS-Asbestos

Magnolia GSF UGS (Wells)

Muldraugh 235120-UGS-Asbestos

Muldraugh 235300-UGS-Asbestos

Muldraugh 235600-UGS-Asbestos

Muldraugh 237520-Dist-Asbestos

Muldraugh GSF UGS (Wells)

Riggs Junc 235120-UGS-Asbestos

Common

Seventh&O-ComGenPIn-ASB

<u>ARO</u>

Brown

BR Ash Pond

BR Auxiliary Pond

BR Coal Storage

BR Generation Wells

BR Nuclear Sources

BR Oil Storage

BR Oil Storage CT - OP

BR Unit 1-Asbestos

BR Unit 2-Asbestos

BR Unit 3-Asbestos

Dix Dam

Dix Dam Generation Wells

Dix Dam-Hydro-Asbestos

Ghent

Ghent Generation Wells

Ghent Ash Pond

Ghent Chemical Storage

Ghent Coal Storage

Ghent Environmental Ponds

Ghent Gypsum Stack

Ghent Nuclear Sources

Ghent Oil Storage

Ghent Unit 1-Asbestos

Ghent Unit 2-Asbestos

Ghent Unit 3-Asbestos

Ghent Unit 4-Asbestos

Green River

Purc-GR Ash Pond

Purc-GR Chemical Storage

Purc-GR Coal Storage

Purc-GR Generation Wells

Purc-GR Oil Storage

Purc-GR Unit 1-Asbestos

Purc-GR Unit 2-Asbestos

Purc-GR Unit 3-Asbestos

Purc-GR Unit 4-Asbestos

Pineville

Attachment to Response to KU AG-1 Question No. 201 Page 777 of 1022 Charnas

Purc-Pineville Ash Pond
Purc-Pineville Generation Wells
Purc-Pineville-Asbestos

Trimble County

Purc-TC Ash Pond-KU
Purc-TC Coal Storage-KU
Purc-TC Environmental Ponds-KU
Purc-TC Generation Wells-KU

Tyrone

Purc-TY Ash Pond
Purc-TY Chemical Storage
Purc-TY Coal Storage
Purc-TY Generation Wells
Purc-TY Oil Storage
Purc-TY Unit 1 (Retired)-Asbestos
Purc-TY Unit 2 (Retired)-Asbestos
Purc-TY Unit 3-Asbestos

Transmission

Purc-KU Transmission Subs (69)-ASB Purc-Transmission Bushings KU-PCB

Electric Distribution and General Facilities

Purc-Big Stone Gap Sub-Dist-Asbestos Purc-Distribution Bushings KU-PCB Purc-Distribution Line Transformers-PCB Purc-KU Distribution Subs (478)-Asbestos Purc-KU General Facilities-Asbestos Attachment to Response to KU AG-1 Question No. 201 Page 778 of 1022 Charnas

Clark, Ed

From:

Kelly, Mimi

Sent:

Monday, February 13, 2012 4:17 PM

To:

Wiseman, Sara

Cc:

Wacker, Diana; Crescente, Angela

Subject:

RE: ARO Action Item

Hi Sara -

Thanks for getting back to me. I will follow up with Valerie, Kent and Brad.

Mimi Kelly 502-627-2482

From: Wiseman, Sara

Sent: Monday, February 13, 2012 4:17 PM

To: Kelly, Mimi

Cc: Wacker, Diana; Crescente, Angela

Subject: RE: ARO Action Item

Mimi:

That action item will not be completed until Q1 2012. Either late February or early March.

From: Kelly, Mimi

Sent: Monday, February 13, 2012 2:03 PM

To: Wacker, Diana; Wiseman, Sara; Crescente, Angela

Subject: RE: ARO Action Item

Ok - Darn - I had told Brad and Kent I would get back to them today.

Sara/Angela - Please let me know in the morning and I will send a note to Brad and Kent then.

Mimi Kelly 502-627-2482

From: Wacker, Diana

Sent: Monday, February 13, 2012 1:57 PM **To:** Wiseman, Sara; Crescente, Angela

Cc: Kelly, Mimi

Subject: FW: ARO Action Item

Sara/Angela - Please see Mimi's note below.

Mimi – both Sara and Angela are out today – they are the individuals best suited to answer your question. Both will return to the office tomorrow.

Diana

Attachment to Response to KU AG-1 Question No. 201 Page 779 of 1022 Charnas

From: Kelly, Mimi

Sent: Monday, February 13, 2012 1:54 PM

To: Wacker, Diana

Subject: FW: ARO Action Item

Diana -

I think Sara is out today. I was wondering if you could help me answer a question that came up in our control review meeting with Brad this morning. In our documentation of the Q4 ARO issue we have the action item referenced in my note to Valerie below. Can you confirm that this was (or will be) put in place for the first time for Q1 – 2012 close. Valerie was thinking this was already in place, but I am thinking it wasn't. If you aren't the best person to help me with this, please forward this note that person. Thanks for your help with this.

Mimi Kelly 502-627-2482

From: Kelly, Mimi

Sent: Monday, February 13, 2012 10:43 AM

To: Scott, Valerie Cc: Vincent, Michael Subject: ARO Action Item

Hi Valerie -

The following action item is the one still open related to the ARO issue that was identified in the 4th quarter – In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012.

It sounded like from what you were saying that you thought this had been done for Q4-2011. I just wanted to double check with you before I contacted Sara. We have an expected completion date for this of 4/30/2012. Thanks, << OLE Object: Picture (Device Independent Bitmap) >> Guidance for DescriptionUse to enter or edit a description of this object.

Ms. Mimi Kelly, CPA, CGMA

Manager, Sarbanes-Oxley Compliance

LG&E and KU Services Company | 220 W. Main Street | P.O. Box 32030 | Louisville, KY 40232-2030

(502) 627-2482 (Direct Line) | (502) 554-3872 (Cell Phone) | (502)-627-3334 (Fax)

mimi.kelly@lge-ku.com

<< OLE Object: Picture (Device Independent Bitmap) >>

Attachment to Response to KU AG-1 Question No. 201 Page 780 of 1022 Charnas

Clark, Ed

From:

Wiseman, Sara

Sent:

Monday, February 13, 2012 4:17 PM

To:

Kelly, Mimi

Cc:

Wacker, Diana; Crescente, Angela

Subject:

RE: ARO Action Item

Mimi:

That action item will not be completed until Q1 2012. Either late February or early March.

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Sent: Monday, February 13, 2012 2:03 PM

To: Wacker, Diana; Wiseman, Sara; Crescente, Angela

Subject: RE: ARO Action Item

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Sara/Angela - Please let me know in the morning and I will send a note to Brad and Kent then.

Mimi Kelly 502-627-2482

From: Wacker, Diana

Sent: Monday, February 13, 2012 1:57 PM **To:** Wiseman, Sara; Crescente, Angela

Cc: Kelly, Mimi

Subject: FW: ARO Action Item

Sara/Angela – Please see Mimi's note below.

Mimi – both Sara and Angela are out today – they are the individuals best suited to answer your question. Both will return to the office tomorrow.

Diana

From: Kelly, Mimi

Sent: Monday, February 13, 2012 1:54 PM

To: Wacker, Diana

Subject: FW: ARO Action Item

Diana -

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Attachment to Response to KU AG-1 Question No. 201 Page 781 of 1022 Charnas

Mimi Kelly 502-627-2482

From: Kelly, Mimi

Sent: Monday, February 13, 2012 10:43 AM

To: Scott, Valerie Cc: Vincent, Michael Subject: ARO Action Item

Hi Valerie -

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Ms. Mimi Kelly, CPA, CGMA

Manager, Sarbanes-Oxley Compliance

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(502) 627-2482 (Direct Line) | (502) 554-3872 (Cell Phone) | (502)-627-3334 (Fax)

mimi.kelly@lge-ku.com

<< OLE Object: Picture (Device Independent Bitmap) >>

Attachment to Response to KU AG-1 Question No. 201 Page 782 of 1022 Charnas

Clark, Ed

From:

Wacker, Diana

Sent:

Monday, February 13, 2012 1:57 PM Wiseman, Sara; Crescente, Angela

To: Cc:

Kelly, Mimi

Subject:

FW: ARO Action Item

Sara/Angela – Please see Mimi's note below.

Mimi – both Sara and Angela are out today – they are the individuals best suited to answer your question. Both will return to the office tomorrow.

Diana

From: Kelly, Mimi

Sent: Monday, February 13, 2012 1:54 PM

To: Wacker, Diana

Subject: FW: ARO Action Item

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Mimi Kelly 502-627-2482

From: Kelly, Mimi

Sent: Monday, February 13, 2012 10:43 AM

To: Scott, Valerie **Cc:** Vincent, Michael **Subject:** ARO Action Item

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Thanks, T Guidance for DescriptionUse to enter or edit a description of this object.

Ms. Mimi Kelly, CPA, CGMA

Manager, Sarbanes-Oxley Compliance

LG&E and KU Services Company | 220 W. Main Street | P.O. Box 32030 | Louisville, KY 40232-2030

Attachment to Response to KU AG-1 Question No. 201 Page 783 of 1022



Attachment to Response to KU AG-1 Question No. 201 Page 784 of 1022 Charnas

Clark, Ed

From:

Cosby, David

Sent:

Monday, February 13, 2012 9:49 AM Wiseman, Sara; Drake, Michael

To: Cc:

Crescente, Angela

Subject:

RE: ARO discussion at Maintenance Managers meeting

Sara,

Mike Drake from Ghent will add you to the April agenda for the next quarterly review. You can check with him prior to the meeting to confirm time needed and content. You can also work with him to set a preliminary schedule for the quarterly update discussions. Please feel free to add me to the agenda to join or call in as well. Thanks.

David L. Cosby Jr.

Manager - Fin. & Budgeting - Power Generation

LG&E and KU Energy Services

502-627-2499

david.cosby@lge-ku.com

From: Wiseman, Sara

Sent: Sunday, February 12, 2012 11:36 AM

To: Cosby, David **Cc:** Crescente, Angela

Subject: ARO discussion at Maintenance Managers meeting

Hi David:

Sr. Management has asked me to conduct semiannual ARO review meetings similar to what we did in the 4th quarter of 2011. I'd like to get on the agenda for the April maintenance managers meeting since that worked so well the first time. I anticipate this discussion would go much more quickly since we are starting with the ARO summary we compiled from the last meeting.

Would you be able to help out with this? Thanks!

Sara Wiseman Manager, Property Accounting Office 502.627.3189 Cell 502.338.0886

Attachment to Response to KU AG-1 Question No. 201 Page 785 of 1022 Charnas

Clark, Ed

From:

Wiseman, Sara

Sent:

Sunday, February 12, 2012 11:36 AM

To: Cc: Cosby, David Crescente, Angela

Subject:

ARO discussion at Maintenance Managers meeting

Hi David:

Sr. Management has asked me to conduct semiannual ARO review meetings similar to what we did in the 4th quarter of 2011. I'd like to get on the agenda for the April maintenance managers meeting since that worked so well the first time. I anticipate this discussion would go much more quickly since we are starting with the ARO summary we compiled from the last meeting.

Would you be able to help out with this? Thanks!

Sara Wiseman Manager, Property Accounting Office 502.627.3189 Cell 502.338.0886

Attachment to Response to KU AG-1 Question No. 201 Page 786 of 1022 Charnas

Clark, Ed

From:

Wiseman, Sara

Sent:

Friday, February 10, 2012 12:25 PM

To:

Crescente, Angela

Subject:

FW: Change to Object ARO FN (1) in FSR

From: Erskine, Greg

Sent: Friday, February 10, 2012 12:23 PM

To: Wiseman, Sara

Subject: FW: Change to Object ARO FN (1) in FSR

Sara:

FYI. Joel just e-mailed me back and told me he made this change.

Greg

From: Erskine, Greg

Sent: Friday, February 10, 2012 10:05 AM

To: 'Sechler, Joel R'

Subject: Change to Object ARO FN (1) in FSR

Joel:

Can you make the attached change to the second-to-last paragraph in ARO FN (1) in FSR, please?

Thanks,

Greg



Doc1.docx

Attachment to Response to KU AG-1 Question No. 201 Page 787 of 1022 Charnas

(PPL, LKE, LG&E and KU)

LG&E's and KU's AROs are primarily related to the final retirement of assets associated with generating units. LG&E also has AROs related to natural gas mains and wells. LG&E's and KU's transmission and distribution lines largely operate under perpetual property easement agreements which do not generally require restoration upon removal of the property. Therefore, no material AROs are recorded for transmission and distribution assets. As described in Notes ##SSAP and ##RegMat, the accretion recorded by LG&E and KU is offset with amortization of a regulatory asset, such that there is no income statement impact.

Attachment to Response to KU AG-1 Question No. 201 Page 788 of 1022 Charnas

Clark, Ed

From:

Wiseman, Sara

Sent:

Thursday, February 09, 2012 4:04 PM

To:

Crescente, Angela

Subject:

FW: List of AROs to send with questionnaires.xlsx

I'm OK with that.

From: Crescente, Angela

Sent: Thursday, February 09, 2012 12:53 PM

To: Wiseman, Sara

Subject: List of AROs to send with questionnaires.xlsx

Sara:

Would you please take a look and see if this will work for John? I cleaned up the names a bit to make them easier for people to know what they are.



List of AROs to send with ques...

Thanks, Angela

ARO

Canal

Canal (Retired)-Asbestos

Cane Run

CR Ash Pond

CR Coal Storage

CR Environmental Ponds

CR Floodwall Penetration

CR Generation Wells

CR Landfill

CR Nuclear Sources

CR Unit 1 (Retired)-Asbestos

CR Unit 2 (Retired)-Asbestos

CR Unit 3 (Retired)-Asbestos

CR Unit 4-Asbestos

CR Unit 5-Asbestos

CR Unit 6-Asbestos

Mill Creek

MC Ash Pond

MC Chemical Storage

MC Coal Storage

MC Environmental Ponds

MC Generation Wells

MC Landfill

MC Nuclear Sources

MC Oil Storage

MC Unit 1-Asbestos

MC Unit 2-Asbestos

MC Unit 3-Asbestos

MC Unit 4-Asbestos

Ohio Falls

Ohio Falls-Asbestos

Paddy's Run

Paddy's Run-Asbestos

Trimble County

TC Ash Pond-LGE

TC Chemical Storage

TC Coal Storage-LGE

Attachment to Response to KU AG-1 Question No. 201 Page 790 of 1022 Charnas

TC Environmental Ponds-LGE
TC Generation Wells-LGE
TC Nuclear Sources

Zorn

Zorn-Asbestos

Transmission

LGE Tranmission Subs (11)-Asbestos Transmission Bushings LGE-PCB

Electric Distribution

Distribution Bushings LGE-PCB LGE Distribution Subs (66)-Asbestos Manholes-Asbestos

Gas Distribution, Transmission and Underground Storage

Center GSF UGS (Wells)

Doe Run 235300-UGS-Asbestos

Doe Run GSF UGS (Wells)

GasMain&ServAbandon-Distribution

GasMains-Transmission

Magnolia 235120-UGS-Asbestos

Magnolia 235300-UGS-Asbestos

Magnolia 235600-UGS-Asbestos

Magnolia GSF UGS (Wells)

Muldraugh 235120-UGS-Asbestos

Muldraugh 235300-UGS-Asbestos

Muldraugh 235600-UGS-Asbestos

Muldraugh 237520-Dist-Asbestos

Muldraugh GSF UGS (Wells)

Riggs Junc 235120-UGS-Asbestos

Common

Seventh&O-ComGenPln-ASB

<u>ARO</u>

Brown

BR Ash Pond

BR Auxiliary Pond

BR Coal Storage

BR Generation Wells

BR Nuclear Sources

BR Oil Storage

BR Oil Storage CT - OP

BR Unit 1-Asbestos

BR Unit 2-Asbestos

BR Unit 3-Asbestos

Dix Dam

Dix Dam Generation Wells Dix Dam-Hydro-Asbestos

Ghent

Ghent Generation Wells

Ghent Ash Pond

Ghent Chemical Storage

Ghent Coal Storage

Ghent Environmental Ponds

Ghent Gypsum Stack

Ghent Nuclear Sources

Ghent Oil Storage

Ghent Unit 1-Asbestos

Ghent Unit 2-Asbestos

Ghent Unit 3-Asbestos

Ghent Unit 4-Asbestos

Green River

Purc-GR Ash Pond

Purc-GR Chemical Storage

Purc-GR Coal Storage

Purc-GR Generation Wells

Purc-GR Oil Storage

Purc-GR Unit 1-Asbestos

Purc-GR Unit 2-Asbestos

Purc-GR Unit 3-Asbestos

Purc-GR Unit 4-Asbestos

Pineville

Attachment to Response to KU AG-1 Question No. 201 Page 792 of 1022 Charnas

Purc-Pineville Ash Pond Purc-Pineville Generation Wells Purc-Pineville-Asbestos

Trimble County

Purc-TC Ash Pond-KU
Purc-TC Coal Storage-KU
Purc-TC Environmental Ponds-KU
Purc-TC Generation Wells-KU

Tyrone

Purc-TY Ash Pond
Purc-TY Chemical Storage
Purc-TY Coal Storage
Purc-TY Generation Wells
Purc-TY Oil Storage
Purc-TY Unit 1 (Retired)-Asbestos
Purc-TY Unit 2 (Retired)-Asbestos
Purc-TY Unit 3-Asbestos

Transmission

Purc-KU Transmission Subs (69)-ASB Purc-Transmission Bushings KU-PCB

Electric Distribution and General Facilities

Purc-Big Stone Gap Sub-Dist-Asbestos Purc-Distribution Bushings KU-PCB Purc-Distribution Line Transformers-PCB Purc-KU Distribution Subs (478)-Asbestos Purc-KU General Facilities-Asbestos

Attachment to Response to KU AG-1 Question No. 201 Page 793 of 1022 Charnas

Clark, Ed

From:

Sent:

PowerPlantAlerts@lge-ku.com Thursday, February 09, 2012 6:01 AM Crescente, Angela PowerPlant Alerts - LGE-KU - AIP - ARO

To:

Subject:

Project 130762 has ARO

login to powerplant

Attachment to Response to KU AG-1 Question No. 201 Page 794 of 1022 Charnas

Clark, Ed

From:

Wiseman, Sara

Sent:

Saturday, February 04, 2012 4:26 PM

To:

Cc: Subject: Ising, John Crescente, Angela EAM on AROs

John: Any time you are ready, I can show you PEPs with the meeting for the AROs listed as a responsibility. It is in mine and in Angela's too. Let me know how to proceed.

Sara Wiseman Manager, Property Accounting Office 502.627.3189 Cell 502.338.0886

Attachment to Response to KU AG-1 Question No. 201 Page 795 of 1022 Charnas

Clark, Ed

From:

Sent:

Crescente, Angela Friday, February 03, 2012 1:37 PM Wemer, Brett

To: Cc:

Wiseman, Sara

Subject:

ARO 1000-TC Ash Pond.xlsx

Brett,

Here is the ARO 1000 report for the TC Ash Pond gain/loss accretion information.

ARO 1000-TC Ash Pond.xlsx

Thanks, Angela

Attachment to Response to KU AG-1 Question No. 201 Page 796 of 1022 Charnas

company_id	liability_account	beginning_liability	liability_incurred	liabilities_settled	accretion	revisions	gain_loss	ending_liability_	adjust	description	aro_id	start_month	end_month
100	230012	6,959,409.88		-	31,317.34	-	(6,990,727.22)	<u>-</u>	-	Purc-TC Ash Pond	30299528	9/1/2011 00:00:00	9/1/2011 00:00:00
	·-	6,959,409.88	-	-	31,317.34	-	(6,990,727.22)	-					

Attachment to Response to KU AG-1 Question No. 201 Page 797 of 1022 Charnas

Clark, Ed

From:

Brett.Wemer@ey.com

Sent:

Friday, February 03, 2012 12:45 PM

To: Sublect: Crescente, Angela LG&E ARO Calculations

Attachments:

ARO Calculation Examples for Angela - LG&E,xlsx.zip

Angela,

Here is a spreadsheet with two sample calculations, for your reference.

Thanks, Brett

Brett M. Wemer | Assurance Services

Ernst & Young, LLP

400 West Market Street, Suite 2400, Louisville, KY 40202, United States of America

Office: 502.585.6463 | Fax: 866.672.6541 | brett.wemer@ey.com

EY/Comm: 5129363 Website: www.ey.com

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Louisville Gas and Electric Company TC Ash Pond 12/31/2011

	Assumptions: Inflation Rate Discount Rate Mkt Risk Premium
	TC Ash Pond
11/1/10 Present Day Cost	7,456,540
Market Risk Premium adjusted	8,575,021
Months until Remediation	303
Future Cash Flow	15,897,610
NPV of Change in Future Cashflow	3,782,277
Total Liab Incurred	\$ 3,782,277
Per PowerPlant	3,640,117
Difference	142,160

2.50% 5.70% 15.00% Attachment to Response to KU AG-1 Question No. 201 Page 798 of 1022 Charnas

Louisville Gas and Electric Company Cane Run Ash Pond 12/31/2011

	Assumptions: Inflation Rate Discount Rate Mkt Risk Premium
11/1/10 Present Day Cost	10,138,115
Market Risk Premium adjusted	11,658,832
Months until Remediation	447
Future Cash Flow	24,378,751
NPV of Change in Future Cashflow	3,943,933
Total Liab Incurred	\$ 3,943,933
Per PowerPlant	3,941,519
Difference	2,414

2.00% 4.90% 15.00% Attachment to Response to KU AG-1 Question No. 201 Page 799 of 1022 Charnas

Attachment to Response to KU AG-1 Question No. 201 Page 800 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Friday, February 03, 2012 10:54 AM

To: Cc: 'Jacki Hall' Wiseman, Sara

Subject:

RE: Trimble ARO Confirmation

Jacki,

If it helps any at all, I sent it to the attention of Evan Brothers at (317) 453-2666 on January 23rd and the fax transmittal said it was successful. I also sent the original in the mail the same day.

Thanks, Angela

From: Wiseman, Sara

Sent: Thursday, February 02, 2012 5:24 PM

To: 'Jacki Hall'

Cc: Crescente, Angela

Subject: RE: Trimble ARO Confirmation

Hi Jacki: We both faxed and mailed the confirmation sometime last week. Angela Crescente signed it.

From: Jacki Hall [mailto:jhall@impa.com]
Sent: Thursday, February 02, 2012 5:21 PM

To: Wiseman, Sara

Subject: Trimble ARO Confirmation

Hi Sara,

Our auditor's sent a confirmation regarding the Trimble County 1 ARO as of December 31, 2011. If you still have the confirmation, please complete the confirmation and mail it to our auditors as soon as you can. If you have already mailed it out or did not receive the confirmation, please let me know.

Thanks for your assistance!

Jacki

Jacqueline R. Hall
Senior Accountant
Indiana Municipal Power Agency
11610 North College Avenue
Carmel, IN 46032
P: 317-575-3875
F: 317-575-3372

E: jhall@impa.com

Attachment to Response to KU AG-1 Question No. 201 Page 801 of 1022 Charnas

Clark, Ed

From:

Wiseman, Sara

Sent:

Thursday, February 02, 2012 5:24 PM

To:

'Jacki Hall'

Cc:

Crescente, Angela

Subject:

RE: Trimble ARO Confirmation

Hi Jacki: We both faxed and mailed the confirmation sometime last week. Angela Crescente signed it.

From: Jacki Hall [mailto:jhall@impa.com] Sent: Thursday, February 02, 2012 5:21 PM

To: Wiseman, Sara

Subject: Trimble ARO Confirmation

Hi Sara,

Our auditor's sent a confirmation regarding the Trimble County 1 ARO as of December 31, 2011. If you still have the confirmation, please complete the confirmation and mail it to our auditors as soon as you can. If you have already mailed it out or did not receive the confirmation, please let me know.

Thanks for your assistance!

Jacki

Jacqueline R. Hall Senior Accountant Indiana Municipal Power Agency 11610 North College Avenue Carmel, IN 46032 P: 317-575-3875

J: 317-575-3372

E: jhall@impa.com

Attachment to Response to KU AG-1 Question No. 201 Page 802 of 1022 Charnas

Clark, Ed

From:

PowerPlantAlerts@lge-ku.com Thursday, February 02, 2012 6:00 AM Crescente, Angela PowerPlant Alerts - LGE-KU - AIP - ARO Sent:

To: Subject:

Project 135160 has ARO Project 134452 has ARO Project 134593 has ARO

login to powerplant

Clark, Ed

From:

Fackler, Andrea

Sent: To: Tuesday, January 31, 2012 5:15 PM Crescente, Angela; Wiseman, Sara

Subject:

FW: Question from Vince on ARO reg assets

FYI

----Original Message-----

From: Benfield, Jonathan E [mailto:JEBenfield@pplweb.com]

Sent: Tuesday, January 31, 2012 4:51 PM

To: Fackler, Andrea

Subject: RE: Question from Vince on ARO reg assets

Hi Andrea - Mark Cunningham and I met with Vince and walked him through the accounting. Please disregard his comment to insert "immediate" and he doesn't need any further information at this time.

Jon

----Original Message-----

From: Fackler, Andrea [mailto:Andrea.Fackler@lge-ku.com]

Sent: Tuesday, January 31, 2012 9:08 AM

To: Benfield, Jonathan E

Subject: RE: Question from Vince on ARO reg assets

Hey Jon,

I don't know if you've already talked to Vince, but he also added the word "immediate" with regard to the depr and accretion expense's impact on the income statement in a couple places in the 10-K. See p. 282 of the draft with his comments for an example. This is not correct. There is never an income statement impact because the depr and accretion expense is always offset by regulatory credits, even when there are settlements. I was planning to put a note to this point in the response cell for his comment asking someone to call him, but if you can also mention this to him, that would be great.

Thanks, Andrea

----Original Message----

From: Benfield, Jonathan E [mailto:JEBenfield@pplweb.com]

Sent: Monday, January 30, 2012 5:25 PM

To: Fackler, Andrea

Subject: RE: Question from Vince on ARO reg assets

I can walk him through it on our end. We'll follow up with Sara and Angela if needed. Thanks Andrea.

Jon

From: Fackler, Andrea [Andrea.Fackler@lge-ku.com]

Sent: Monday, January 30, 2012 5:07 PM

To: Benfield, Jonathan E

Subject: Question from Vince on ARO reg assets

Hey Jon,

Attachment to Response to KU AG-1 Question No. 201 Page 804 of 1022 Charnas

I was just going through Vince's comments on the first draft and noticed that he put a comment on the ARO language in the regulatory footnote. He's asking someone to call him and explain the accounting. Is this something that needs to be arranged with Sara and Angela on our end? Or will someone on your end take care of this? Let me know if you need me to do anything to facilitate.

Thanks, Andrea

Andrea Fackler, CPA
Accounting Analyst III
Financial Reporting
LG&E and KU Energy, LLC
220 W. Main Street
Louisville, KY 40202
P: (502) 627-3442

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Attachment to Response to KU AG-1 Question No. 201 Page 805 of 1022 Charnas

Clark, Ed

From:

Fackler, Andrea

Sent:

Tuesday, January 31, 2012 9:04 AM

To:

Simpson, Sheri; Erskine, Greg

Cc:

Crescente, Angela; Wiseman, Sara; Pienaar, Lesley

Subject:

FW: ARO language

Sheri/Greg,

In the comments we received from PPL, Vince added the word "immediate" in the ARO section of the regulatory footnote to say that there is no "immediate" income statement impact. Per Angela, there is never an income statement impact, so adding this word is not correct. Vince used a comment in my section, so I can respond to that comment on the Sharepoint site stating that the use of "immediate" is not correct.

I wanted to let you both know about this because I know I saw at least one other section in the 10-K where Vince added "immediate". Please do not make this change and if there is a comment, you can respond as to why it is not correct.

Thanks, Andrea

Andrea Fackler, CPA
Accounting Analyst III
Financial Reporting
LG&E and KU Energy, LLC
220 W. Main Street
Louisville, KY 40202
P. (502) 627-3442

From: Crescente, Angela

Sent: Tuesday, January 31, 2012 8:55 AM

To: Fackler, Andrea **Cc:** Wiseman, Sara

Subject: RE: ARO language

Andrea,

That would not be an appropriate statement because all income statement activity is reversed through a regulatory credit as it if never happened. For financial reporting, the accretion expense, depreciation expense, and regulatory credit all rollup to the same line. In other words, the income statement remains neutral and there is never an income statement impact on that line in total.

Thanks, Angela

From: Fackler, Andrea

Sent: Monday, January 30, 2012 5:10 PM

Attachment to Response to KU AG-1 Question No. 201 Page 806 of 1022 Charnas

To: Crescente, Angela **Cc:** Wiseman, Sara **Subject:** ARO language

Angela,

PPL is requesting that we add the word "immediate" in the following explanation for the ARO regulatory assets/liabilities. Just wanted to make sure you were okay with it before I added it.

AROs

As noted in Note 1, LG&E and KU record a regulatory asset to offset the depreciation and accretion expense related to AROs such that there is no <u>immediate</u> income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

Thanks, Andrea

Andrea Fackler, CPA
Accounting Analyst III
Financial Reporting
LG&E and KU Energy, LLC
220 W. Main Street
Louisville, KY 40202
P. (502) 627-3442

Attachment to Response to KU AG-1 Question No. 201 Page 807 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Tuesday, January 31, 2012 8:55 AM

To: Cc: Fackler, Andrea Wiseman, Sara RE: ARO language

Subject:

Tracking:

IVE. FINO Iding

Fackler, Andrea

Recipient

Read

Read: 1/31/2012 9:00 AM

Wiseman, Sara

Andrea,

That would not be an appropriate statement because all income statement activity is reversed through a regulatory credit as it if never happened. For financial reporting, the accretion expense, depreciation expense, and regulatory credit all rollup to the same line. In other words, the income statement remains neutral and there is never an income statement impact on that line in total.

Thanks, Angela

From: Fackler, Andrea

Sent: Monday, January 30, 2012 5:10 PM

To: Crescente, Angela Cc: Wiseman, Sara Subject: ARO language

Angela,

PPL is requesting that we add the word "immediate" in the following explanation for the ARO regulatory assets/liabilities. Just wanted to make sure you were okay with it before I added it.

AROs

As noted in Note 1, LG&E and KU record a regulatory asset to offset the depreciation and accretion expense related to AROs such that there is no <u>immediate</u> income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

Thanks, Andrea

Andrea Fackler, CPA
Accounting Analyst III
Financial Reporting
LG&E and KU Energy, LLC
220 W. Main Street
Louisville, KY 40202
P. (502) 627–3442

Attachment to Response to KU AG-1 Question No. 201 Page 808 of 1022 Charnas

Attachment to Response to KU AG-1 Question No. 201 Page 809 of 1022 Charnas

Clark, Ed

From:

Fackler, Andrea

Sent:

Monday, January 30, 2012 5:10 PM

To: Cc: Crescente, Angela

Subject:

Wiseman, Sara ARO language

Angela,

PPL is requesting that we add the word "immediate" in the following explanation for the ARO regulatory assets/liabilities. Just wanted to make sure you were okay with it before I added it.

AROs

As noted in Note 1, LG&E and KU record a regulatory asset to offset the depreciation and accretion expense related to AROs such that there is no <u>immediate</u> income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

Thanks, Andrea

Andrea Fackler, CPA
Accounting Analyst III
Financial Reporting
LG&E and KU Energy, LLC
220 W. Main Street
Louisville, KY 40202
P. (502) 627–3442

Crescente, Angela

From:

Koeliner, Corey

Sent:

Tuesday, January 31, 2012 8:53 AM

To:

Crescente, Angela

Subject:

RE: KU ARO Regulatory Assets

Follow Up Flag: Flag Status:

Follow up Completed

Could you let me know the offset account(s)?

From: Crescente, Angela

Sent: Monday, January 30, 2012 4:07 PM

To: Koellner, Corey **Cc:** Wiseman, Sara

Subject: RE: KU ARO Regulatory Assets

Corey,

Since this is settlement related activity, please document the activity below as a credit.

Thanks, Angela

From: Koellner, Corey

Sent: Monday, January 30, 2012 2:21 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: KU ARO Regulatory Assets

I'm preparing the KU regulatory asset information that will be included in the Form 1; I identified the following ARO asset with credit activity in 4Q11:

Account Account Line Description Je Name Credits

Attachment to Response to KU AG-1 Question No. 201

Page 811 of 1022

Charnas

182317 OTHER REGULATORY ASSETS ARO - GENERATION

PP ARO USD 01-DEC-11

Journal Import Created

326,707.17

Can you let me know if this item should be documented as a credit, or if it should be netted against the debit due to the nature of the activity?

Thanks in advance for the help!

Corey Koellner
Regulatory Accounting & Reporting
LG&E and KU Energy LLC
Direct: (502) 627-2965
Fax: (502) 627-3800
corey.koellner@lge-ku.com

Clark, Ed

From:

Brett.Wemer@ey.com

Sent:

Friday, January 27, 2012 3:17 PM

To: Subject: Crescente, Angela ARO testing selections

Attachments:

Attachments.zip

Angela,

Please see attached the KU and LG&E ARO 1000 reports with my testing selections. For each ARO that I am interested in, I have highlighted the row in green. Additionally, I have highlighted one or two amounts from that row in yellow. If I have highlighted the beginning 1/1/11 balance, that means that I am interested in the information from the 11/1 Deloitte valuation, including the present day cost binder support and the calculation with rates to get to the Deloitte value. Additionally, I would like to see your accretion calculation to take the 11/1 value up to 1/1/11. If I have highlighted activity (additions, gain/loss, etc), then I am interested in the calculation to determine that, including the costs if it is a layer and the information for the rates used in the calculation. Let me know if you have any questions as to what I am looking for and thank you again so much for your help.

Thanks, Brett



Brett M. Wemer | Assurance Services

Ernst & Young, LLP

400 West Market Street, Suite 2400, Louisville, KY 40202, United States of America

Office: 502.585.6463 | Fax: 866.672.6541 | brett.wemer@ey.com

EY/Comm: 5129363 Website: www.ey.com

From: To: "Crescente, Angela" <Angela.Crescente@lge-ku.com>
"Brett.Wemer@ey.com" <Brett.Wemer@ey.com>

Date: Subject:

01/27/2012 09:26 AM RE: meeting today

Thanks!

From: Brett.Wemer@ey.com [mailto:Brett.Wemer@ey.com]

Sent: Friday, January 27, 2012 9:25 AM

To: Crescente, Angela Subject: meeting today

Angela,

I wasn't sure if you had my e-mail address or not, so I just wanted to provide for purposes of the ARO meeting notice for this afternoon.

Attachment to Response to KU AG-1 Question No. 201 Page 813 of 1022 Charnas

Thanks, Brett

Brett M. Wemer | Assurance Services

Ernst & Young, LLP

400 West Market Street, Suite 2400, Louisville, KY 40202, United States of America

Office: 502.585.6463 | Fax: 866.672.6541 | brett.wemer@ey.com

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Attachment to Response to KU AG-1 Question No. 201 Page 814 of 1022 Charnas

Kentuc	ky Utili:	ties C	ompany
ARG	0-1000	Liabi	lities

		beginning_liability	liability_incurred	liabilities_settled	accretion	revisions	gain_loss	ending_liability	adjust	description	aro_id	start_month	end_month
110	230012	20,007,000,00	\$ -	S - 3	\$ 516,557.42	\$ -	\$.	\$ 10,823,879.37	\$ -	Purc-BR Ash Pond	30297819	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 2,454,124.35	\$ -	\$ -	\$ 122,989.86	\$ -	\$ -	\$ 2,577,114.21	\$ -	Purc-BR Auxiliary Pond	30297823	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	62,795.81	\$ -	\$ -	\$ 3,147.03	\$ -	\$ -	\$ 65,942.84	\$ -	Purc-BR Coal Storage	30297825	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012 \$; -	\$ 378,385.65	\$ -	\$ -	\$ -	\$ -	\$ 378,385.65	\$ -	Purc-BR Gen Wells	47239923	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	15,834.57	\$ -	\$ -	\$ 206.86	\$ *	\$ (16,041.43)	\$ -	\$ -	Purc-BR Lab	30297836	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	15,505.40	\$	\$ -	\$ 777.06	\$ -	\$	\$ 16,282.46	\$ -	Purc-BR Nuclear Sources	30297849	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	6,851.35	\$	\$ -	\$ 343.37	\$ -	\$ -	\$ 7,194.72	\$ -	Purc-BR Oil Storage	30297851	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	17,951.29	\$ -	\$ -	\$ 993.72	\$ -	\$ -	\$ 18,945.01	\$ -	Purc-BR Oil Storage CT - OP	30297858	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 405,867.01	\$ -	\$	\$ 21,315.95	\$ -	\$ (42,353.83)	\$ 384,829.13	\$ -	Purc-BR Unit 1-ASB	30297868	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	817,203.34	\$ -	\$ -	\$ 45,001.45	\$ -	\$ (47,356.67)	\$ 814,848.12	\$ -	Purc-BR Unit 2-ASB		1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 1,859,103.32	\$ -	\$ -	\$ 104,868.05	\$ -	\$ -	\$ 1,963,971.37	\$ -	Purc-BR Unit 3-AS8	30297870	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	-	\$ 93,978.89	\$ -	\$ -	\$ -	\$ -	\$ 93,978.89	\$ -	Purc-Dix Dam Gen Wells	47240493	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 58,138.17	\$ -	\$ -	\$ 3,279.45	\$ -	\$ -	\$ 61,417.62	\$ -	Purc-Dix Dam-Hydro-ASB	30297873	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ -	\$ 51,016.93	\$ -	\$ -	\$ -	\$ -	\$ 51,016,93	\$ -	Purc-GH Gen Wells		1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 14,499,701.30	\$ +	s -	S 802,656,33	S -	\$.	\$ 15,302,357.63	S-	Purc-Ghent Ash Pond			12/1/2011 00:00:00
110	230012	\$ 11,493.24	Ś -	\$ -	\$ 636.22	\$ -	\$ -	\$ 12,129.46	\$ -	Purc-Ghent Chemical Storage		1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012			š -	\$ 22.536.11	\$ -	\$ -	\$ 429,643.13		Purc-Ghent Coal Storage		1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012			\$ -	\$ 21.862.24	\$ -	\$ -	\$ 416,795.76		Purc-Ghent Environmental Ponds		1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012		\$ -	Š -	\$ 71.98	\$ -	\$ (1,372.23)		\$ -	Purc-Ghent GSU Spare		1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012		\$ -	\$ -	\$ 85.23	\$ -	\$ (2,125,39)		Š -	Purc-Ghent GSU Unit 1		1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012		š .	\$ -	\$ 84.45	\$ -	\$ (1,842.86)	+ '	\$ -	Purc-Ghent GSU Unit 2	30297887		12/1/2011 00:00:00
110	230012	·	\$ -	s -	\$ 78.18	\$ -	\$ (1,575.73)		\$ -	Purc-Ghent GSU Unit 3	+	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012		\$ -	\$ -	\$ 71.98		\$ (1,372,23)		\$ -	Purc-Ghent GSU Unit 4			12/1/2011 00:00:00
110	230012	· ,,, ,,,,,,,,,,,,,,,,,,,,,,,,,,,	\$ -	\$ -	\$ 204,983,10	\$ -	\$ -	\$ 4,295,190.03	\$ -	Purc-Ghent Gypsum Stack		1/1/2011 00:00:00	
110	230012		\$ -	\$ -	\$ 6,845.07	\$ -	\$ -	\$ 130,498.75	\$ -	Purc-Ghent Nuclear Sources		1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012		7	\$ -	\$ 429.48	\$ -	\$ -	\$ 8,999,38		Purc-Ghent Oil Storage		1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	·	\$ -	\$ -	\$ 889.85	\$ -	\$ (18,645.65)	7,00000	\$ -	<u> </u>		1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012		•	\$ -	\$ 106,924.80	\$ -	\$ (18,043.03)	\$ 2,002,490,05		Purc-Ghent Sewage Treatment Plant Purc-Ghent Unit 1-ASB			
110	230012 3	· · · · · · · · · · · · · · · · · · ·		\$ -	\$ 106,924.80	\$ -	\$ -	\$ 2,574,799.98				1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	· · · · · · · · · · · · · · · · · · ·		T	\$ 137,483.79		•	 		Purc-Ghent Unit 2-ASB		+	12/1/2011 00:00:00
						\$ -	\$ -		+	Purc-Ghent Unit 3-ASB			12/1/2011 00:00:00
110	2000,000	φ <u> </u>			\$ 18,583.54	\$ -	\$ -	\$ 348,033.15		Purc-Ghent Unit 4-ASB			12/1/2011 00:00:00
110	230012	,	and the second second second second	\$	\$ 226,134.65	\$ -	\$ -	\$ 6,234,927.86		Purc-GR Ash Pond			12/1/2011 00:00:00
110	230012			\$ -	\$ 24.03	\$ -	\$ -	\$ 662.49	\$ -	Purc-GR Chemical Storage			12/1/2011 00:00:00
110	230012		\$ -	\$ -	\$ 7,574.77	\$ -	\$ -	\$ 208,849.75	\$ -	Purc-GR Coal Storage		 	12/1/2011 00:00:00
110	230012	•	\$ 107,155.78	\$ -	\$ -	\$ -	\$ -	\$ 107,155.78	\$ -	Purc-GR Gen Wells	+	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012			\$ -	\$ 197.64	\$ -	\$ (6,096.20)		\$ -	Purc-GR GSU Spare		1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	.,	-	\$ -	\$ 179.03	\$ -	\$ (6,270.78)	 	\$ -	Purc-GR GSU Unit 3	-		12/1/2011 00:00:00
110	230012	,		\$ -	\$ 197.64	\$ -	\$ (6,096.20)	 	\$ -	Purc-GR GSU Unit 4			12/1/2011 00:00:00
110	230012	V,0021.0		\$ -	\$ 179.03	\$ -	\$ (6,270.78)		\$ -	Purc-GR GSU Units 1 & 2			12/1/2011 00:00:00
110		\$ 1,479.32		\$ -	\$ 55.67	s -	\$ (1,534.99)	 	\$ -	Purc-GR Limestone Silo		<u> </u>	12/1/2011 00:00:00
110	200030	\$ 906.35		\$ -	\$ 34.10	\$ -	\$ -	\$ 940.45	\$ -	Purc-GR Oil Storage	_	+	12/1/2011 00:00:00
110		\$ 8,340.91		\$ -	\$ 313.92	\$ -	\$ (8,654.83)		\$ -	Purc-GR Sewage Treatment Plant		1/1/2011 00:00:00	12/1/2011 00:00:00
110		\$ 536,727.19	 	\$ -	\$ 30,275.62	\$ -	\$ -	\$ 567,002.81	 	Purc-GR Unit 1-AS8		+	12/1/2011 00:00:00
110		\$ 493,208.83		\$ -	\$ 27,820.86	\$ -	\$ -			Purc-GR Unit 2-ASB	30297941	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 538,177.81		\$ -	\$ 29,141.23	\$ -	\$ (52,587.21)		\$ -	Purc-GR Unit 3-ASB			12/1/2011 00:00:00
110	230012	\$ 631,017.13	\$ -	\$ -	\$ 35,594.31	\$ -	\$ -	\$ 666,611.44	\$ -	Purc-GR Unit 4-ASB	30297954	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 1,092,507.52	\$ -	\$ -	\$ 41,115.37	\$ -	\$ -	\$ 1,133,622.89	\$ -	Purc-Pineville Ash Pond	30297959	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ -	\$ 14,287.18	\$ -	\$ -	\$ -	\$ -	\$ 14,287.18	\$ -	Purc-Pineville Gen Wells	47240494	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 622,991.10	\$ -	\$ -	\$ 35,141.60	\$ -	\$ -	\$ 658,132.70	\$ -	Purc-Pineville-ASB	30297962	1/1/2011 00:00:00	12/1/2011 00:00:00
1.10	230012	5 strategic of Agrici	\$ 3,360,108.01	\$100 CONTRACTOR	\$ 196,609.84	S -	\$ -	\$ 3,556,717.85	\$ -	Purc-TC Ash Pond-KU	43429707	1/1/2011 00:00:00	12/1/2011 00:00:00

Attachment to Response to KU AG-1 Question No. 201 Page 815 of 1022 Charnas

Kentucky Utilities Company ARO-1000 Liabilities

company_id	liability_account	beginning_liability	liability_incurred	liabilities_settled	acc	retion	revisions	gain_loss	e	nding_liability	adjust	description	aro_id	start_month	end_month
110	230012	\$ -	\$ 1.34,385.67	\$ -	\$	7,863.30	\$ -	\$ -	\$	142,248.97	\$ -	Purc-TC Coal Storage-KU	43429708	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ -	\$ 169,417.29	\$ -	\$	9,913.10	\$ -	\$ -	\$	179,330.39	\$ -	Purc-TC Environmental Ponds-KU	43429709	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ -	\$ 46,914.27	\$ -	\$	-	\$ -	\$ -	\$	46,914.27	\$ -	Purc-TC Gen Wells-KU	47462922	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 983,257.14	\$ -	\$ -	\$ 3	37,003.83	\$ -	\$	\$	1,020,260.97	\$ -	Purc-TY Ash Pond	30297963	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 414.47	\$ -	\$ -	\$	15.60	\$ -	\$ -	\$	430.07	\$ -	Purc-TY Chemical Storage	30297964	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 67,091.91	\$ -	\$ -	\$	2,524.92	\$ -	\$ -	\$	69,616.83	\$ -	Purc-TY Coal Storage	30297965	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ -	\$ 35,718.34	\$ -	\$	-	\$ -	\$ -	\$	35,718.34	\$ -	Purc-TY Gen Wells	47240492	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 9,796.42	\$ -	\$ -	\$	368.68	\$ -	\$ -	\$	10,165.10	\$ -	Purc-TY Oil Storage	30297966	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 200,844.88	\$ -	\$ -	\$	7,558.58	\$ -	\$ (208,403.46)	\$	-	\$-	Purc-TY Service Water Pump Struct	30297967	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 54,398.60	\$ -	\$ -	\$	2,047.24	\$ -	\$ (56,445.84)	\$		\$ -	Purc-TY Sewage Treatment Plant	30297969	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 465,356.96	\$ -	\$ -	\$ 2	26,249.79	\$ -	\$ -	\$	491,606.75	\$ -	Purc-TY Unit 1 (Retired)-ASB	30297970	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 458,103.97	\$ -	\$ -	\$ 2	25,840.67	\$ -	\$ -	\$	483,944.64	\$ -	Purc-TY Unit 2 (Retired)-ASB	30297971	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230012	\$ 630,436.92	\$ -	\$ -	\$ 3	35,112.13	\$ -	\$ (19,434.90)	\$	646,114.15	\$ -	Purc-TY Unit 3-ASB	30297972	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230013	\$ 87,750.38	\$ -	\$ -	\$	4,949.80	\$ -	\$	\$	92,700.18	\$ -	Purc-KU Trans Subs (69)-ASB	30297958	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230013	\$ -	\$ 453,047.99	\$ -	\$		\$ -	\$ -	\$	453,047.99	\$ -	Purc-Transm Bushings KU-PCB	47238431	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230015	\$ 4,500.48	\$ -	\$ -	\$	253.86	\$ -	\$	\$	4,754.34	\$ -	Purc-Big Stone Gap Sub-Dist-ASB	30297818	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230015	\$ -	\$ 314,421.66	\$ -	\$	-	\$ -	\$ -	\$	314,421.66	\$ -	Purc-Dist Line Transformers-PCB	47239218	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230015	\$ 116,747.80	\$ -	\$ -	\$	6,585.50	\$ -	\$ -	\$	123,333.30	\$ -	Purc-KU Dist Subs (478)-ASB	30297956	1/1/2011 00:00:00	12/1/2011 00:00:00
110	230015	\$ 168,767.82	\$ -	\$ -	\$	9,519.83	\$ -	\$ -	\$	178,287.65	\$ -	Purc-KU General Facilities-ASB	30297957	1/1/2011 00:00:00	12/1/2011 00:00:00
		\$ 53,981,306.41	\$ 5,158,837.66	\$ -	\$ 2,96	68,682.25	\$ -	\$ (504,481.21)	\$	61,604,345.11	\$ -	_			

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Louisville Gas and Electric Company ARO-1000 Liabilities

company_id	liability_account	beginning_liability	liability_incurred	liabilities_settled	accretion	revisions	gain loss	ending_liability	adjust	description	aro_id start_month end month
100	230012	\$ 1,564,958.03	\$ -	ş -	\$ 41,177.29	\$ 148,338.66	\$ -	\$ 1,754,473.98	\$ -	Purc-Canal (Retired)-ASB	30298063 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 5,095,336.81	\$ 100 miles	\$ -	S 234,078.91	S -	S +	\$ 5,329,415.72	s -	Purc-CR Ash Pond	30298089 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 256,016.06	\$ -	\$ -	\$ 11,761.33	\$ -	\$ -	\$ 267,777.39	\$ -	Purc-CR Coal Storage	30298212 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 648,497.37	\$ -	\$ -	\$ 29,791.86	\$ -	\$ -	\$ 678,289.23	\$ -	Purc-CR Environmental Ponds	30298254 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ -	\$ 1,101,827.06	\$ -	\$ -	s -	\$ -	\$ 1,101,827.06	\$ -	Purc-CR Floodwall Penetration	47240496 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ -	\$ 152,675.14	\$ -	s -	\$ -	\$ -	\$ 152,675.14	\$ -	Purc-CR Gen Wells	47240500 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 2,831.36	\$ -	s -	\$ 94.87	\$ -	\$ (2,926.23)	\$ -	\$ -	Purc-CR GSU Spare	30298296 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 2,831.36	\$ -	\$ -	\$ 94,87	\$ -	\$ (2,926.23)	\$ -	\$ -	Purc-CR GSU Unit 4	30298313 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 2,831.36	\$ -	\$ -	\$ 94.87	\$ -	\$ (2,926.23)	\$ -	\$ -	Purc-CR GSU Unit 5	30298376 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 2,831.36	\$ -	\$ -	\$ 94.87	\$ -	\$ (2,926.23)	\$ -	\$ -	Purc-CR GSU Unit 6	30298378 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 1,391,318.41	\$ -	\$ -	\$ 73,655.47	\$ 875,901.64	\$ -	\$ 2,340,875.52	\$ -	Purc-CR Landfill	30298394 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	·	\$ -	\$ -	\$ 1,906.19	\$	7	\$ 43,399.13	\$ -	Purc-CR Nuclear Sources	30298395 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 11,762.79	\$ -	\$ -	\$ 540.37	\$ -	\$ (12,303,16)		\$ -	Purc-CR Sewage Treatment Plant	30298397 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 800,739.04	\$ -	\$ -	\$ 45,167.95	\$ -	\$ -	\$ 845,906.99	\$ -	Purc-CR Unit 1 (Retired)-ASB	30298399 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 754,319.33	\$ -	\$ -	\$ 42,549.54	\$ -	\$ -	\$ 796,868.87	ļ\$ -	Purc-CR Unit 2 (Retired)-ASB	30298415 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 850,059.88	\$ -	\$ -	\$ 47,950.07	\$ -	\$ -	\$ 898,009.95	\$ -	Purc-CR Unit 3 (Retired)-ASB	30298416 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 903,732.58	\$ -	\$ -	\$ 50,669.22	\$ -	\$ (16,831.81)	\$ 937,569.99	\$ -	Purc-CR Unit 4-ASB	30298417 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 653,107.34	\$ -	\$ -	\$ 36,138.87	\$ -	\$ (32,358.79)	\$ 656,887.42	\$ -	Purc-CR Unit 5-ASB	30298420 1/1/2011 00:00:00 12/1/2011 00:00:00
100	207012	\$ 728,494.00		\$ -	\$ 37,501.42	\$ -	\$ (290,060.21)	\$ 475,935.21		Purc-CR Unit 6-ASB	30298445 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 4,739,202.01	\$5.00	S		\$ -	s -	\$ 5,001,548.84	S -	Purc-MC Ash Pond	30298653 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 8,238.45	<u>s -</u>	s -	\$ 456.06	\$ -	\$ -	\$ 8,694.51	\$ -	Purc-MC Chemical Storage	30298655 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012		\$ -	\$ -	\$ 9,589,83	\$ -	\$ -	\$ 182,826.74		Purc-MC Coal Storage	30298656 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012		\$ -	<u>s</u> -	\$ 24,985.43	\$ -	\$ -	\$ 476,337.96		Purc-MC Environmental Ponds	30298657 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012		\$ 122,110.6		\$ -	\$ -	\$ -	\$ 122,110.65		Purc-MC Gen Wells	47240502 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012		\$ -	\$ -	\$ 97.75	s -	S (1,969.79)		\$ -	Purc-MC GSU Spare	30298659 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	,,	\$ -	\$ -	\$ 102.36	\$ -	\$ (2,822.14)	· · ·	\$ -	Purc-MC GSU Unit 1	30298660 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	7 22 2 3	\$ -	\$ -	\$ 104.79	\$ -	\$ (2,744.12)		\$ -	Purc-MC GSU Unit 2	30298661 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012			<u>s</u> -	\$ 105.97	\$ -	\$ (2,412.69)		s -	Purc-MC GSU Unit 3	30298663 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012		\$ -	\$ -	\$ 97.75	\$ -	\$ (1,969.79)		\$ -	Purc-MC GSU Unit 4	30298666 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012		the contract of the contract o	\$.	\$ 47,731.89	* - pro pro		\$ 1,975,791.45		Purc-MC Landfill	30298668 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	,		<u>\$</u> -	\$ 696.94	\$ -	\$ -	\$ 13,287.09	+	Purc-MC Nuclear Sources	30298686 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012		+	<u> </u>	\$ 33.35	s -	\$ -	\$ 635,77	+-	Purc-MC Oil Storage	30298687 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012			<u> </u>	\$ 43,854.72	\$ -	\$ (49,475.56)			Purc-MC Unit 1-ASB	30298691 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 706,450.14		<u> </u>	\$ 38,587.94	\$ -	\$ (33,853.94)			Purc-MC Unit 2-ASB	30298693 1/1/2011 00:00:00 12/1/2011 00:00:00
100		\$ 294,903.75		\$ -	\$ 16,634.88		<u>\$</u>	\$ 311,538.63		Purc-MC Unit 3-ASB	30298694 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012			\$ -	\$ 24,714.68	 	\$ -	\$ 462,857,38		Purc-MC Unit 4-ASB	30298697 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	<u> </u>		\$	\$ 5,893.50		\$ -	\$ 110,373.67		Purc-Ohio Falis-ASB	30299347 1/1/2011 00:00:00 12/1/2011 00:00:00
100			S -	is the second		\$ 443,666.53	S	\$ 5,134,601.48	Lead to Assess to Liberties of	Purc-Paddy's Run-ASB	30299348 1/1/2011 00:00:00 12/1/2011 00:00:00
100			\$	<u>\$</u>	\$ 276,857.86		\$ (6,990,727,22)		\$ -	Purc-TC Ash Pond	30299528 1/1/2011 00:00:00 12/1/2011 00:00:00
100	,	\$	\$ 3,640,117.0		\$ 212,994.02		S -	\$ 3,853,111.03		Purc-TCAsh Pond-LGE	43429704 1/1/2011 00:00:00 12/1/2011 00:00:00
100		\$ 11,142.38		\$ -	\$ 616.80		\$ -	\$ 11,759.18		Purc-TC Chemical Storage	30299529 1/1/2011 00:00:00 12/1/2011 00:00:00
100		\$ 268,517.35		<u> </u>	\$ 11,072.78	+	\$ (279,590.13)		\$ -	Purc-TC Coal Storage	30299530 1/1/2011 00:00:00 12/1/2011 00:00:00
100		\$ -	\$ 145,584.3		\$ 8,518.58	 	\$ -	\$ 154,102.92		Purc-TC Coal Storage-LGE	43429705 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 338,514,52	+	\$ -	\$ 13,959.23		\$ (352,473.75)		\$ -	Purc-TC Environmental Ponds	30299531 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ -	\$ 183,535.2		\$ 10,739.19		\$ -			Purc-TC Environmental Ponds-LGE	43429706 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	·	\$ 50,823.6		\$ -	\$ -	\$ -	\$ 50,823.66	 	Purc-TC Gen Wells-LGE	47240501 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 15,273.05		\$ -	\$ 845.46	+	\$ -	\$ 16,118.51		Purc-TC Nuclear Sources	30299558 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	\$ 12,245.94	· ·	\$ -	\$ 677.90		\$ (12,923.84)	 	\$ -	Pure-TC Sewage Treatment Plant	30299561 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230012	· · · · · · · · · · · · · · · · · · ·			\$ 2,187.61		\$ -	\$ 40,969.82 \$ 14.670.49		Purc-Zorn-ASB	30299563 1/1/2011 00:00:00 12/1/2011 00:00:00 30298615 1/1/2011 00:00:00 12/1/2011 00:00:00
100				\$ -	\$ 783,33		<u> </u>			Purc-LGE Trans Subs (11)-ASB	30298615 1/1/2011 00:00:00 12/1/2011 00:00:00 47240498 1/1/2011 00:00:00 12/1/2011 00:00:00
100		•	\$ 238,693.5) \$ - \$ -	\$ 6,527.35	\$ - \$ -	\$ - \$ -	\$ 238,693.59		Purc-Transm Bushings LGE-PCB Purc-LGE Dist Subs (66)-ASB	30298586 1/1/2011 00:00:00 12/1/2011 00:00:00
100	230015	\$ 115,717.02	15 -	<u> </u>	13 0,327.35	13		1 444.3/	, , ,	is dic-cae biscaus (do)-wab	

Attachment to Response to KU AG-1 Question No. 201 Page 817 of 1022 Charnas

Louisville Gas and Electric Company
ARO-1000 Liabilities

company_id	liability_account	beginning_liability	liability incurred	liabilities_sett	led	accretion	revisions	gain loss	e	ending liability	adjust	description	aro id	start_month	end month
100	230015		\$ -	\$	- 5	20,865.83	\$ -	\$ -	\$	390,776.22	\$ -	Purc-Manholes-ASB	_		12/1/2011 00:00:00
100	230016	\$ 2,070,910.92	\$ -	\$	- \$	105,655.63	\$ -	\$ (281,355.77)	\$	1,895,210.78	\$ -	Purc-Center GSF UGS (Wells)	30298067	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 2,578,01	\$ -	\$	- (\$	145.42	\$ -	\$ (2,723,43)	\$		\$ -	Purc-CityGateDR237900-Dist-ASB	30298070	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 3,757.94	\$ -	\$	- 5	69.36	\$ -	\$ (3,827.30)	\$	-	\$ -	Purc-CityGatePR237900-Dist-ASB	30298073	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 35,421.51	\$ -	\$	- 5	1,998.04	\$ -	\$ -	\$	37,419.55	\$ -	Purc-Doe Run 235300-UGS-ASB	30298504	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 1,405,091.64	\$ -	\$	- (\$	68,097.83	\$ -	\$ (303,287.12)	\$	1,169,902.35	\$ -	Purc-Doe Run GSF UGS (Wells)	30298525	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 12,110,213,80	\$ -	S		674,142.90	\$ -	\$ (240,594.70)	S.	12,543,662.00	\$ -	Purc-GasMain&ServAbandon-Dist	30298566	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ -	\$ 3,941,518.65	\$. 3	48,481.04	\$ -	\$.	\$	3,989,999.69	\$ -	Purc-GasMains-Trans	43429702	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 9,420.42	\$ -	\$	- 5	444.74	\$ -	\$ (2,325.11)	\$	7,540.05	\$ -	Purc-Magnolia 235120-UGS-ASB	30298635	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 37,081.84	\$ -	\$	- 5	1,909.79	\$ -	\$ (4,882.70)	\$	34,108.93	\$ -	Purc-Magnolia 235300-UGS-ASB	30298637	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 4,381.41	\$ -	\$	- 5	226.94	\$ -	\$ (542.50)	\$	4,065.85	\$ -	Purc-Magnolia 235600-UGS-ASB	30298650	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 1,447,487.04	\$ -	\$	- 5	76,616,07	\$ -	\$ (109,999.04)	\$	1,414,104,07	\$ -	Purc-Magnolia GSF UGS (Wells)	30298651	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 13,357,31	\$ -	\$		430.75	\$ -	\$ (8,660.96)	\$	5,127.10	\$ -	Purc-Muldraugh 235120-UGS-ASB	30298738	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 27,857.53	\$ -	\$	- !	1,248.67	\$ -	\$ (8,660.96)	\$	20,445,24	\$ -	Purc-Muldraugh 235300-UGS-ASB	30298741	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 19,379.39	\$ -	\$	- 5	866.37	\$ -	\$ (6,086.08)	\$	14,159.68	\$ -	Purc-Muldraugh 235600-UG\$-ASB	30298749	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 2,990.16	\$ -	\$	- 3	168.67	\$ -	\$ -	\$	3,158.83	\$ -	Purc-Muldraugh 237520-Dist-ASB	30298750	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 566,771.46	\$ -	\$	- 5	28,949.67	\$ -	\$ (75,950.12)	\$	519,771.01	\$ -	Purc-Muldraugh GSF UGS (Wells)	30298925	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230016	\$ 9,927.02	\$ -	\$	- 5	559.97	\$ -	\$ -	\$	10,486.99	\$ -	Purc-Riggs June 235120-UGS-ASB	30299352	1/1/2011 00:00:00	12/1/2011 00:00:00
100	230017	\$ 102,321.30	\$ -	\$	- [5,771,74	\$ -	\$ -	\$	108,093.04	\$ -	Purc-Seventh&O-ComGenPln-ASB	30299518	1/1/2011 00:00:00	12/1/2011 00:00:00
	· _	\$ 52,650,788.91	\$ 9,576,885.36	\$	- ;	2,831,996.05	\$ 3,264,620.48	\$ (9,863,273.53)	\$	58,461,017.27	\$ -				

Attachment to Response to KU AG-1 Question No. 201 Page 818 of 1022 Charnas

Clark, Ed

From:

Wright, Sharon

Sent:

Wednesday, January 25, 2012 8:39 AM

To: Subject:

Crescente, Angela RE: PMR414-CP ARO

Angela,

I can't do a COD on this since it's labor. You have to have an invoice number and vendor name. I will do a journal entry to correct for January close. Just wanted to let you know. Thanks!

Sharon K. Wright
Senior Budget Analyst - Energy Delivery Finance & Budgeting
(502) 627-2270
sharon.wright@lge-ku.com

From: Crescente, Angela

Sent: Wednesday, January 11, 2012 10:01 AM

To: Wright, Sharon

Subject: FW: PMR414-CP ARO

From: Crescente, Angela

Sent: Tuesday, October 11, 2011 3:41 PM **To:** Singleton, Janna; Wright, Sharon

Subject: PMR414-CP ARO

Janna:

Here you go:

<< File: PMR414-CP ARO FOR SEPTEMBER 2011.xls >>

This is just straight out of the system because I wasn't sure how you would want it sorted.

Thanks a bunch!

Angela

Attachment to Response to KU AG-1 Question No. 201 Page 819 of 1022 Charnas

Clark, Ed

From:

Leichty, Doug

Sent:

Tuesday, January 24, 2012 10:28 AM

To:

Crescente, Angela

Subject:

RE: ARO Balances as of 12/31/2011

Yes, that will be fine. I will need the rollforward for the Virginia filing.

Thanks, Doug

From: Crescente, Angela

Sent: Tuesday, January 24, 2012 10:14 AM

To: Leichty, Doug

Subject: RE: ARO Balances as of 12/31/2011

Do you want me to go ahead and send you the ARO rollforward as well?

From: Leichty, Doug

Sent: Tuesday, January 24, 2012 9:02 AM

To: Crescente, Angela

Subject: ARO Balances as of 12/31/2011

Angela,

Please provide me with the ARO balances as of 12/31/2011 by January 31, 2011.

Thanks,

Doug

Attachment to Response to KU AG-1 Question No. 201 Page 820 of 1022 Charnas

Clark, Ed

From:

Benfield, Jonathan E < JEBenfield@pplweb.com>

Sent:

Tuesday, January 24, 2012 9:51 AM Fackler, Andrea; Crescente, Angela

To: Cc:

Wiseman, Sara

Subject:

RE: 10-K language surrounding AROs

Thanks guys - I do appreciate you taking the time to think through that.

From: Fackler, Andrea [mailto:Andrea.Fackler@lge-ku.com]

Sent: Tuesday, January 24, 2012 9:45 AM

To: Crescente, Angela Michelle; Benfield, Jonathan E

Cc: Wiseman, Sara L

Subject: RE: 10-K language surrounding AROs

These changes have been made in the 10-K draft and will be reflected in the first draft that comes out tomorrow.

Andrea

From: Crescente, Angela

Sent: Tuesday, January 24, 2012 9:40 AM

To: 'Benfield, Jonathan E'

Cc: Fackler, Andrea; Wiseman, Sara

Subject: FW: 10-K language surrounding AROs

Jonathan,

Sara and I are OK with the changes you suggested in the WORD document.

Thanks, Angela

From: Benfield, Jonathan E [mailto:JEBenfield@pplweb.com]

Sent: Monday, January 23, 2012 6:20 PM

To: Crescente, Angela

Cc: Fackler, Andrea; Wiseman, Sara

Subject: RE: 10-K language surrounding AROs

Hi Angela - most of the changes in the attached attempt to get the language a little more consistent with Note 1 (page 249 of the preliminary draft). Would you be open to these edits (the attached is a blackline against the language in the email below)?

Thanks!

Jon

From: Fackler, Andrea [mailto:Andrea.Fackler@lge-ku.com]

Sent: Monday, January 23, 2012 5:43 PM

To: Benfield, Jonathan E

Subject: FW: 10-K language surrounding AROs

How do you feel about adding the below sentence from the critical accounting policy discussion?

From: Crescente, Angela

Sent: Monday, January 23, 2012 5:10 PM

Attachment to Response to KU AG-1 Question No. 201 Page 821 of 1022 Charnas

To: Fackler, Andrea **Cc:** Wiseman, Sara

Subject: RE: 10-K language surrounding AROs

Andrea,

Please see if it would be OK to use the same language that is in the sensitivity analysis and add it to the sentence in our previous email. For example:

An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

Thanks, Angela

From: Fackler, Andrea

Sent: Monday, January 23, 2012 5:01 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: FW: 10-K language surrounding AROs

Angela,

See below for some suggestions from PPL to help clarify what the ARO reg asset represents.

Andrea

From: Benfield, Jonathan E [mailto:JEBenfield@pplweb.com]

Sent: Monday, January 23, 2012 4:54 PM

To: Fackler, Andrea

Subject: RE: 10-K language surrounding AROs

I don't feel real real strongly about this, but is there a way to provide some introductory commentary on what the ARO reg asset represents? I think to a non-utility person, this is probably very confusing. Would Sara perhaps be more comfortable if we struck "permitted to be recovered through regulated customer rates" or is there some other way to sum up what the reg asset represents?

Sorry to be a pain - this certainly does not need to be resolved for the 1st draft. Thanks Andrea!

Jon

From: Fackler, Andrea [mailto:Andrea.Fackler@lge-ku.com]

Sent: Monday, January 23, 2012 4:22 PM

To: Benfield, Jonathan E

Subject: FW: 10-K language surrounding AROs

Jon,

You edited the ARO description in the regulatory footnote as shown in the email below. According to our ARO accounting expert, this modification of the language is not correct for us. Thus, I am not going to make the changes you suggested. If you need more detail on this, please let me know.

Thanks,

Attachment to Response to KU AG-1 Question No. 201 Page 822 of 1022 Charnas

Andrea

From: Crescente, Angela

Sent: Monday, January 23, 2012 4:14 PM

To: Fackler, Andrea Cc: Wiseman, Sara

Subject: RE: 10-K language surrounding AROs

Andrea,

No, this is not correct. ARO accretion and depreciation is not included in the rates process. It is best to leave it the way it was written last year which is:

LG&E for example:

Note 3 - Rates and Regulatory Matters

(h) When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

The accretion and depreciation issue is discussed in a little more detail in the Summary of Significant Accounting Policies Sensitivity Analysis for AROs.

Thanks, Angela

From: Fackler, Andrea

Sent: Monday, January 23, 2012 3:58 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: 10-K language surrounding AROs

Angela,

Please review the following language for the ARO discussion in the regulatory footnote. PPL added the first sentence and modified the second sentence as I have shown below. If any of this is not correct, please let me know.

AROs

The regulatory asset associated with AROs represents the accumulated depreciation and accretion related to an ARO permitted to be recovered through regulated customer rates. When an asset with an ARO is retired, the related ARO regulatory asset will beis offset against the associated ARO regulatory liability, ARO asset PP&E and ARO liability.

Thanks, Andrea

Andrea Fackler, CPA
Accounting Analyst III

Attachment to Response to KU AG-1 Question No. 201 Page 823 of 1022 Charnas

Financial Reporting LG&E and KU Energy, LLC 220 W. Main Street Louisville, KY 40202 P. (502) 627-3442

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Attachment to Response to KU AG-1 Question No. 201 Page 824 of 1022 Charnas

Clark, Ed

From:

Fackler, Andrea

Sent:

Tuesday, January 24, 2012 9:45 AM

To:

Crescente, Angela; 'Benfield, Jonathan E'

Cc:

Wiseman, Sara

Subject:

RE: 10-K language surrounding AROs

These changes have been made in the 10-K draft and will be reflected in the first draft that comes out tomorrow.

Andrea

From: Crescente, Angela

Sent: Tuesday, January 24, 2012 9:40 AM

To: 'Benfield, Jonathan E'

Cc: Fackler, Andrea; Wiseman, Sara

Subject: FW: 10-K language surrounding AROs

Jonathan,

Sara and I are OK with the changes you suggested in the WORD document.

Thanks, Angela

From: Benfield, Jonathan E [mailto:JEBenfield@pplweb.com]

Sent: Monday, January 23, 2012 6:20 PM

To: Crescente, Angela

Cc: Fackler, Andrea; Wiseman, Sara

Subject: RE: 10-K language surrounding AROs

Hi Angela - most of the changes in the attached attempt to get the language a little more consistent with Note 1 (page 249 of the preliminary draft). Would you be open to these edits (the attached is a blackline against the language in the email below)?

Thanks!

Jon

From: Fackler, Andrea [mailto:Andrea.Fackler@lge-ku.com]

Sent: Monday, January 23, 2012 5:43 PM

To: Benfield, Jonathan E

Subject: FW: 10-K language surrounding AROs

How do you feel about adding the below sentence from the critical accounting policy discussion?

From: Crescente, Angela

Sent: Monday, January 23, 2012 5:10 PM

To: Fackler, Andrea **Cc:** Wiseman, Sara

Subject: RE: 10-K language surrounding AROs

Andrea,

Attachment to Response to KU AG-1 Question No. 201 Page 825 of 1022

Charnas

Please see if it would be OK to use the same language that is in the sensitivity analysis and add it to the sentence in our previous email. For example:

An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

Thanks, Angela

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Sent: Monday, January 23, 2012 5:01 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: FW: 10-K language surrounding AROs

Angela,

See below for some suggestions from PPL to help clarify what the ARO reg asset represents.

Andrea

From: Benfield, Jonathan E [mailto:JEBenfield@pplweb.com]

Sent: Monday, January 23, 2012 4:54 PM

To: Fackler, Andrea

Subject: RE: 10-K language surrounding AROs

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Jon

From: Fackler, Andrea [mailto:Andrea.Fackler@lge-ku.com]

Sent: Monday, January 23, 2012 4:22 PM

To: Benfield, Jonathan E

Subject: FW: 10-K language surrounding AROs

Jon,

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Thanks, Andrea

From: Crescente, Angela

Sent: Monday, January 23, 2012 4:14 PM

Attachment to Response to KU AG-1 Question No. 201 Page 826 of 1022 Charnas

To: Fackler, Andrea Cc: Wiseman, Sara

Subject: RE: 10-K language surrounding AROs

Andrea,

No, this is not correct. ARO accretion and depreciation is not included in the rates process. It is best to leave it the way it was written last year which is:

LG&E for example:

Note 3 - Rates and Regulatory Matters

(h) When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

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Thanks, Angela

From: Fackler, Andrea

Sent: Monday, January 23, 2012 3:58 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: 10-K language surrounding AROs

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Thanks, Andrea

Andrea Fackler, CPA
Accounting Analyst III
Financial Reporting
LG&E and KU Energy, LLC
220 W. Main Street
Louisville, KY 40202
P. (502) 627-3442

Attachment to Response to KU AG-1 Question No. 201 Page 827 of 1022 Charnas

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Clark, Ed

From: Crescente, Angela

Sent: Tuesday, January 24, 2012 9:40 AM

To: 'Benfield, Jonathan E'

Cc: Fackler, Andrea; Wiseman, Sara
Subject: FW: 10-K language surrounding AROs

Attachments: ARO reg asset language.doc

Jonathan,

Sara and I are OK with the changes you suggested in the WORD document.

Thanks, Angela

From: Benfield, Jonathan E [mailto:JEBenfield@pplweb.com]

Sent: Monday, January 23, 2012 6:20 PM

To: Crescente, Angela

Cc: Fackler, Andrea; Wiseman, Sara

Subject: RE: 10-K language surrounding AROs

Hi Angela - most of the changes in the attached attempt to get the language a little more consistent with Note 1 (page 249 of the preliminary draft). Would you be open to these edits (the attached is a blackline against the language in the email below)?

Thanks!
Jon

From: Fackler, Andrea [mailto:Andrea.Fackler@lge-ku.com]

Sent: Monday, January 23, 2012 5:43 PM

To: Benfield, Jonathan E

Subject: FW: 10-K language surrounding AROs

How do you feel about adding the below sentence from the critical accounting policy discussion?

From: Crescente, Angela

Sent: Monday, January 23, 2012 5:10 PM

To: Fackler, Andrea Cc: Wiseman, Sara

Subject: RE: 10-K language surrounding AROs

Andrea,

Please see if it would be OK to use the same language that is in the sensitivity analysis and add it to the sentence in our previous email. For example:

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Thanks, Angela

Attachment to Response to KU AG-1 Question No. 201 Page 829 of 1022

Charnas

From: Fackler, Andrea

Sent: Monday, January 23, 2012 5:01 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: FW: 10-K language surrounding AROs

Angela,

See below for some suggestions from PPL to help clarify what the ARO reg asset represents.

Andrea

From: Benfield, Jonathan E [mailto:JEBenfield@pplweb.com]

Sent: Monday, January 23, 2012 4:54 PM

To: Fackler, Andrea

Subject: RE: 10-K language surrounding AROs

I don't feel real real strongly about this, but is there a way to provide some introductory commentary on what the ARO reg asset represents? I think to a non-utility person, this is probably very confusing. Would Sara perhaps be more comfortable if we struck "permitted to be recovered through regulated customer rates" or is there some other way to sum up what the reg asset represents?

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Thanks Andrea!

Jon

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Sent: Monday, January 23, 2012 4:22 PM

To: Benfield, Jonathan E

Subject: FW: 10-K language surrounding AROs

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Thanks, Andrea

From: Crescente, Angela

Sent: Monday, January 23, 2012 4:14 PM

To: Fackler, Andrea **Cc:** Wiseman, Sara

Subject: RE: 10-K language surrounding AROs

Andrea,

No, this is not correct. ARO accretion and depreciation is not included in the rates process. It is best to leave it the way it was written last year which is:

LG&E for example:

Attachment to Response to KU AG-1 Question No. 201 Page 830 of 1022 Charnas

Note 3 - Rates and Regulatory Matters

(h) When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

The accretion and depreciation issue is discussed in a little more detail in the Summary of Significant Accounting Policies Sensitivity Analysis for AROs.

Thanks, Angela

From: Fackler, Andrea

Sent: Monday, January 23, 2012 3:58 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: 10-K language surrounding AROs

Angela,

Please review the following language for the ARO discussion in the regulatory footnote. PPL added the first sentence and modified the second sentence as I have shown below. If any of this is not correct, please let me know.

AROs

The regulatory asset associated with AROs represents the accumulated depreciation and accretion related to an ARO permitted to be recovered through regulated customer rates. When an asset with an ARO is retired, the related ARO regulatory asset will be against the associated ARO regulatory liability, ARO asset PP&E and ARO liability.

Thanks, Andrea

Andrea Fackler, CPA
Accounting Analyst III
Financial Reporting
LG&E and KU Energy, LLC
220 W. Main Street
Louisville, KY 40202
P. (502) 627-3442

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Attachment to Response to KU AG-1 Question No. 201 Page 831 of 1022

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Attachment to Response to KU AG-1 Question No. 201 Page 832 of 1022 Charnas

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Attachment to Response to KU AG-1 Question No. 201 Page 833 of 1022 Charnas

Clark, Ed

From:

Leichty, Doug

Sent:

Tuesday, January 24, 2012 9:02 AM Crescente, Angela ARO Balances as of 12/31/2011

To:

Subject: Attachments:

ARO Balances as of 09302011.pdf

Angela,

Please provide me with the ARO balances as of 12/31/2011 by January 31, 2011.

Thanks,

Doug

Account Balance for LG&E

Period Name SEP-2011

	9998888	Balance SUM	324 TESS 2015 TES
	Company	0100	Sum
Account Second Account second			
1011077 PLANTIN SERVICE ELECTRIC AROASSET RETIREMENT COST EQUIPMENT		26,577,290.78	26,577,290,78
701125 PLANTIN SERVICE PELECTRIC ARO ASSET RETUREMENT COST, L'AND/BULLDING		533,396.11	533,396.11
101207	部門的國際部	21,043,016.77	21,043,016.77
101225 PLANTIN SERVICE GASARO ASSET RETIREMENT COST L'AND/BUILDING	對於領導排解	33,839,35	33,839,35
101325 PLANT IN SERVICE COMMONARO ASSET RETIREMENT COSTE AND BUILDING		101,389,77	101,389,77
108107 ACCUM/DEPRO-ELECTRIC ARO ASSET RETIREMENT COST-EQUIPMENT	海超別機能	-1,000,397,54	-1,000,397.54
108125 ACCUM DEPR ELECTRIC ARO ASSET RETIREMENT COST-LAND/BUILDING	洲流海湖	-6,726.03	-6,726.03
108207. ACCUM DERRAGAS ARO ASSET RETIREMENT COST EQUIPMENT	建建筑	-482,914.28	-482,914.23
108225 ACCUM DEPRI GAS ARO ASSET RETIREMENT COST LAND/BUILDING	除郊山部科仙	-502.49	-502.49
108325 ACCUMEDERS COMMONARO ASSET RETIREMENT COST-CAND/BUILDING	體別性的問	-1,888.49	-1,888.49
108799 RWIP-AROTEGAL	場際無利利的	1,195,493,45	1,195,493.45
182817 OTHER REGULATORY/ASSETS ARO "GENERATION"	建工程的	8,168,865.35	8,168,865,35
182318 OTHER REGASSETS AROUTRANSWISSION		892.13	892.13
182325 OTHER REGULATORY ASSETS ARO DISTRIBUTION	可控制数	30,355.13	30,355.13
182325 OTHER REGULATORY ASSETS ARO GAS	心	790,278,28	790,278.28
182327 OTHER REGULATORY ASSETS ARO-COMMON	第1個標 100	7,118.99	7,118.99
230012 ASSETRETIREMENT OBLIGATIONS STEAM		-33,573,174.59	-33,573,174.59
230013 COMPANY ASSETREDREMENT OBLIGATIONS TRANSMISSION	得與網路線響	-14,470.61	-14,470.61
230015 ASSET RETIREMENT OBEIGATIONS DISTRIBUTION		-506,030.73	-506,030.73
230016 ASSET RETIREMENT/OBLIGATIONS GAS	TENTAND HA	-20,616,515.63	-20,616,515,63
230017 ASSET RETIREMENT OBLIGATIONS COMMON		-106,620.27	-106,620.27
230022 ASSET RETIREMENT OBLIGATIONS STEAM ST		-210,000.00	-210,000.00
230026 ASSET RETIREMENT/OBUIGATIONS GAS ST		-767,202.00	-767,202.00
254014 REGULATORY LIABILITY ARO-GENERATION	跳路關閉	-274,746.64	-274,746.64
254015 REGULATORY LIABILITY ARC TRANSMISSION		0.00	0.00
254016 REGULATORY, LIABILITY ARO, GAS		-2,144,773.05	-2,144,773.05
Sum		-1,224,026,24	-1,224,026,24

Attachment to Response to KU AG-1 Question No. 201 Page 835 of 1022 Charnas

Account Balance for KU

Period Name SEP-2011

	P202374555560FA	Balance SUM	998888888
	Company	0110	Sum
Accounting to Account the Acco			都出關的間点制度
101107		56,150,452,96	56,150,452.96
101125	TOWN SHOWS	374,327,29	374,327.29
108107	部制點開點轉	-2,787,911.33	-2,787,911.33
108125 ACCUM DEPR. ELECTRIC ARO ASSET REDREMENT, COST-LAND/BUILDING		-5,215.19	-5,215.19
108799 RWP-ARO/LEGAL		423,757,16	423,757.18
182317 OTHER REGULATORY ASSETS ARO GENERATION			5,924,714.61
182318 OTHER REGIASSETS ARCHTRANSMISSION			5,637.24
			18,888.76
230012 ASSEL RETIREMENT OBLIGATIONS STEAM		-59,135,280.24	-59,135,280.24
230013 ASSET RETIREMENT OBLIGATIONS TRANSMISSION		-91,437.14	-91,437.14
280015 ASSET RETIREMENT OBLIGATIONS DISTRIBUTION		-302,200.96	-302,200.96
230022 ASSET/RETIREMENT/OBLIGATIONS/STEAM//ST		-151,976.00	-151,976.00
254014 REGULATORY LIABILITY AROUGENERATION		-4,563,607.34	-4,563,607.34
254015 REGULATORY EIABILITY ARO TRANSMISSION		0.00	0.00
Sum		-4,139,850.16	-4,139,850.16

Attachment to Response to KU AG-1 Question No. 201 Page 836 of 1022 Charnas

Clark, Ed

From:

Sent:

To:

Subject:

PowerPlantAlerts@lge-ku.com Tuesday, January 24, 2012 6:00 AM Crescente, Angela PowerPlant Alerts - LGE-KU - AIP - ARO

Project 134556 has ARO

login to powerplant

Clark, Ed

From: Benfield, Jonathan E < JEBenfield@pplweb.com>

Sent: Monday, January 23, 2012 6:20 PM

To: Crescente, Angela

Cc: Fackler, Andrea; Wiseman, Sara **Subject:** RE: 10-K language surrounding AROs

Attachments: ARO reg asset language.doc

Hi Angela - most of the changes in the attached attempt to get the language a little more consistent with Note 1 (page 249 of the preliminary draft). Would you be open to these edits (the attached is a blackline against the language in the email below)?

Thanks!
Jon

From: Fackler, Andrea [mailto:Andrea.Fackler@lge-ku.com]

Sent: Monday, January 23, 2012 5:43 PM

To: Benfield, Jonathan E

Subject: FW: 10-K language surrounding AROs

How do you feel about adding the below sentence from the critical accounting policy discussion?

From: Crescente, Angela

Sent: Monday, January 23, 2012 5:10 PM

To: Fackler, Andrea **Cc:** Wiseman, Sara

Subject: RE: 10-K language surrounding AROs

Andrea,

Please see if it would be OK to use the same language that is in the sensitivity analysis and add it to the sentence in our previous email. For example:

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Thanks, Angela

From: Fackler, Andrea

Sent: Monday, January 23, 2012 5:01 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: FW: 10-K language surrounding AROs

Angela,

See below for some suggestions from PPL to help clarify what the ARO reg asset represents.

Andrea

Attachment to Response to KU AG-1 Question No. 201 Page 838 of 1022

Charnas

From: Benfield, Jonathan E [mailto:JEBenfield@pplweb.com]

Sent: Monday, January 23, 2012 4:54 PM

To: Fackler, Andrea

Subject: RE: 10-K language surrounding AROs

I don't feel real real strongly about this, but is there a way to provide some introductory commentary on what the ARO reg asset represents? I think to a non-utility person, this is probably very confusing. Would Sara perhaps be more comfortable if we struck "permitted to be recovered through regulated customer rates" or is there some other way to sum up what the reg asset represents?

Sorry to be a pain - this certainly does not need to be resolved for the 1st draft.

Thanks Andreal

Jon

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Sent: Monday, January 23, 2012 4:22 PM

To: Benfield, Jonathan E

Subject: FW: 10-K language surrounding AROs

Jon,

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Thanks, Andrea

From: Crescente, Angela

Sent: Monday, January 23, 2012 4:14 PM

To: Fackler, Andrea Cc: Wiseman, Sara

Subject: RE: 10-K language surrounding AROs

Andrea,

No, this is not correct. ARO accretion and depreciation is not included in the rates process. It is best to leave it the way it was written last year which is:

LG&E for example:

Note 3 - Rates and Regulatory Matters

(h) When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

The accretion and depreciation issue is discussed in a little more detail in the Summary of Significant Accounting Policies Sensitivity Analysis for AROs.

Thanks, Angela Attachment to Response to KU AG-1 Question No. 201 Page 839 of 1022 Charnas

From: Fackler, Andrea

Sent: Monday, January 23, 2012 3:58 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: 10-K language surrounding AROs

Angela,

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Thanks, Andrea

Andrea Fackler, CPA
Accounting Analyst III
Financial Reporting
LG&E and KU Energy, LLC
220 W. Main Street
Louisville, KY 40202
P. (502) 627-3442

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Attachment to Response to KU AG-1 Question No. 201 Page 840 of 1022

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Attachment to Response to KU AG-1 Question No. 201 Page 841 of 1022 Charnas

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Clark, Ed

From:

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Sent:

Monday, January 23, 2012 5:10 PM

To: Cc:

'Fackler, Andrea' Wiseman, Sara

Subject:

RE: 10-K language surrounding AROs

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To: Fackler, Andrea

Subject: RE: 10-K language surrounding AROs

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Thanks Andrea!

Jon

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To: Benfield, Jonathan E

Subject: FW: 10-K language surrounding AROs

Jon,

Attachment to Response to KU AG-1 Question No. 201 Page 843 of 1022

Charnas

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Thanks, Andrea

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To: Fackler, Andrea **Cc:** Wiseman, Sara

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Attachment to Response to KU AG-1 Question No. 201 Page 844 of 1022 Charnas

Andrea

Andrea Fackler, CPA
Accounting Analyst III
Financial Reporting
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Attachment to Response to KU AG-1 Question No. 201 Page 845 of 1022 Charnas

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Sent:

Monday, January 23, 2012 5:01 PM

To: Cc: Crescente, Angela Wiseman, Sara

Subject:

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To: Fackler, Andrea Cc: Wiseman, Sara

Subject: RE: 10-K language surrounding AROs

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Attachment to Response to KU AG-1 Question No. 201 Page 846 of 1022

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Thanks. Andrea

Andrea Fackler, CPA Accounting Analyst III Financial Reporting LG&E and KU Energy, LLC 220 W. Main Street Louisville, KY 40202 P. (502) 627-3442

Attachment to Response to KU AG-1 Question No. 201 Page 847 of 1022

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Attachment to Response to KU AG-1 Question No. 201 Page 848 of 1022 Charnas

Clark, Ed

From:

Fackler, Andrea

Sent:

Monday, January 23, 2012 4:54 PM

To: Cc: Crescente, Angela Wiseman, Sara

Subject:

RE: 10-K language surrounding AROs

Ok, I'll let PPL know that their wording edits were not made because they were not correct for us and see what they say.

From: Crescente, Angela

Sent: Monday, January 23, 2012 4:14 PM

To: Fackler, Andrea Cc: Wiseman, Sara

Subject: RE: 10-K language surrounding AROs

Andrea,

No, this is not correct. ARO accretion and depreciation is not included in the rates process. It is best to leave it the way it was written last year which is:

LG&E for example:

Note 3 - Rates and Regulatory Matters

(h) When an asset with an ARO is retired, the related ARO regulatory asset will be offset against the associated regulatory liability, ARO asset and ARO liability.

The accretion and depreciation issue is discussed in a little more detail in the Summary of Significant Accounting Policies Sensitivity Analysis for AROs.

Thanks, Angela

From: Fackler, Andrea

Sent: Monday, January 23, 2012 3:58 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: 10-K language surrounding AROs

Angela,

Please review the following language for the ARO discussion in the regulatory footnote. PPL added the first sentence and modified the second sentence as I have shown below. If any of this is not correct, please let me know.

AROs

The regulatory asset associated with AROs represents the accumulated depreciation and accretion related to an ARO permitted to be recovered through regulated customer rates. When an asset with an ARO is retired, the related ARO regulatory asset will be against the associated ARO regulatory liability, ARO asset PP&E and ARO liability.

Attachment to Response to KU AG-1 Question No. 201 Page 849 of 1022 Charnas

Thanks, Andrea

Andrea Fackler, CPA
Accounting Analyst III
Financial Reporting
LG&E and KU Energy, LLC
220 W. Main Street
Louisville, KY 40202
P. (502) 627-3442

Attachment to Response to KU AG-1 Question No. 201 Page 850 of 1022 Charnas

Clark, Ed

From:

Christopher.Holland@ey.com

Sent:

Saturday, January 21, 2012 9:47 AM

To:

Crescente, Angela

Subject:

Year-End ARO population

Angela,

I am finishing my year-end testing of fixed asset controls and I still need to test those controls surrounding ARO's. Can you please send me the total population of ARO's for the year. Depending how many ARO's occurred during the year, I may have to test some additional selections. Let me know if you have trouble providing this population.

Thanks, Chris



Christopher J. Holland | Assurance

Ernst & Young LLP

400 West Market St Suite 2400, Louisville, KY 40202, United States of America

Office: (502) 585-1400 | Christopher.Holland@ey.com

Website: www.ey.com

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Attachment to Response to KU AG-1 Question No. 201 Page 851 of 1022 Charnas

Clark, Ed

From:

Porter, Janice

Sent:

Tuesday, January 10, 2012 1:44 PM Ryan, Joe

To:

Cc:

Subject:

Crescente, Angela; Clyde, Peter; Allen, Lisa ARO Task for Asbestos on Pipe for WKY Yellow Line Replacement

Project 135586 has a task for you to charge the removal of asbestos on the pipe. The task is CP ASBESTOS. Please forward this info.

Janice

Attachment to Response to KU AG-1 Question No. 201 Page 852 of 1022 Charnas

Clark, Ed

From:

McFarland, Beth

Sent:

Thursday, February 02, 2012 1:19 PM

To: Cc: Crescente, Angela McFarland, Beth

Subject:

FW: Error assessment memo on AROs

Angela,

Regarding distribution PTs in the attached email, please use 94% KU and 6% LGE.

Thanks! Beth

From: McFarland, Beth

Sent: Wednesday, January 11, 2012 4:02 PM To: Charnas, Shannon; Wiseman, Sara

Cc: Simon, Denise

Subject: RE: Error assessment memo on AROs

Sara, Shannon,

Attached is the ARO information on bushings and pts.

Let me know if you have questions.

Thanks! Beth



ARO Dist Subs Bushings PTs 01...

From: McFarland, Beth

Sent: Tuesday, January 10, 2012 9:48 PM To: Charnas, Shannon; Wiseman, Sara

Cc: Simon, Denise

Subject: RE: Error assessment memo on AROs

Sara, Shannon,

I was hoping to get something to you today but we are still completing some research on AROs for bushings and now PTs/CTs. Information/records on distribution PTs/CTs are not readily available and we are having to complete some order-of-magnitude estimates. As soon as we are able to pull this information together, I will forward it to you.

I apologize for the delay.

Beth McFarland

Attachment to Response to KU AG-1 Question No. 201 Page 853 of 1022 Charnas

Manager Substation Construction and Maintenance LG&E/KU
South Service Center
502-364-8681 Office
502-645-8699 Cell
502-326-0255 Home
502-217-2420 FAX
Beth.McFarland@LGE-KU.com

From: McFarland, Beth

Sent: Monday, January 09, 2012 10:42 PM **To:** Charnas, Shannon; Wiseman, Sara

Subject: FW: Error assessment memo on AROs

Shannon, Sara,

Similar to Transmission, Distribution will be submitting AROs for PCB contaminated Distribution Substation bushings. Transmission Substations and Distribution Substations should be consistent in the manner in which they are reporting AROs. Transmission Substations has provided us with their information submitted and we will be creating something very similar for Distribution Substations.

Thank you and let me know if you have any questions.

Beth McFarland
Manager Substation Construction and Maintenance
LG&E/KU
South Service Center
502-364-8681 Office
502-645-8699 Cell
502-326-0255 Home
502-217-2420 FAX
Beth.McFarland@LGE-KU.com

From: Charnas, Shannon

Sent: Friday, January 06, 2012 2:10 PM

To: ritu.furlan@ey.com; Jennifer Beneke (jennifer.beneke@ey.com); Brett.Wemer@ey.com; Matt Crawley

(Matt.crawley@ey.com)

Cc: Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly, Mimi; Pienaar, Lesley;

McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby, David

Subject: Error assessment memo on AROs

Attachment to Response to KU AG-1 Question No. 201 Page 854 of 1022

Charnas
Attached is a memo regarding some additional AROs that needed to be recorded in Q4. Please let me know if you have any questions.

Thanks, << File: Asset Retirement Obligation EAM - 1-6-12.docx >>

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

Bushings

1/11/2012

ки	No. of Bushings		
Transformer mfg <=1979	529	1587	
Breakers mfg <=1979	69	414	
·	KU Total	2001 (estimated)	
LGE			
Transformer mfg <=1979	144	864	
Breakers mfg <=1979	136	816	
	LGE Total	1680 (estimated)	
	Company Total	3681 (estimated)	
Average bushings/year:	number	bushings	
(bushings changed out would be <= 1979)			
Breakers	2	12	
Transformers	4	12	
	Company Total Bushings/Year	24 (estimated)	
	approx KU bushings/yr approx LGE bushings/yr	16 (estimated) 8 (estimated)	

Note: Assume \$500/device for retirement/disposal

Attachment to Response to KU AG-1 Question No. 201 Page 856 of 1022 Charnas

Instrument Transformers

1/11/2012

LGE/KU

Oil Filled PT (Potential Transformers) <= 1979

No. of devices

36

LGE/KU Total

36 (Estimated)

Average/year: (changed out would be <= 1979)

Oil Filled PT (Potential Transformers) <= 1979

number

1 (Estimated)

Note: Assume \$200/device for retirement/disposal

Attachment to Response to KU AG-1 Question No. 201 Page 857 of 1022 Charnas

Clark, Ed

From:

Fackler, Andrea

Sent:

Friday, February 10, 2012 7:11 PM

To:

Crescente, Angela

Cc:

'Wise, Tuesday M'

Subject:

FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

FYI on some changes to ARO wording from Valerie in case you haven't seen this yet.

From: Pienaar, Lesley

Sent: Friday, February 10, 2012 6:19 PM **To:** Fackler, Andrea; Simpson, Sheri

Cc: Scott, Valerie

Subject: FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Please change as highlighted below

From: Erskine, Greg

Sent: Friday, February 10, 2012 5:45 PM

To: Pienaar, Lesley

Subject: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Lesley:

Discussions of the offsetting of depreciation and accretion expense related to ARO's appear in the following four places, in addition to the other two places you already know about.

Greg

MD&A (LKE, LG&E and KU):

6) Asset Retirement Obligations

LKE is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. The accretion and depreciation are offset with a regulatory credit, such that there is no income statement impact. An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact. The regulatory asset created by the regulatory credit is relieved when the ARO has been settled. An ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. See Note 21 for related disclosures.

Note 6 - Utility Rate Regulation:

AROs

Attachment to Response to KU AG-1 Question No. 201 Page 858 of 1022

Charnas
As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

Attachment to Response to KU AG-1 Question No. 201 Page 859 of 1022 Charnas

Clark, Ed

From:

Fackler, Andrea

Sent:

Thursday, February 16, 2012 2:24 PM

To: Cc: Crescente, Angela Wiseman, Sara

Subject:

FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Angela,

Can you confirm that we do have regulatory liabilities for AROs? See the last couple of emails below with Valerie.

Thanks, Andrea

From: Fackler, Andrea

Sent: Thursday, February 16, 2012 2:14 PM

To: 'Scott, Valerie'

Cc: Pienaar, Lesley; Simpson, Sheri

Subject: RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

The following accounts have ARO in the account name and are mapped to accumulated cost of removal.

254014 REGULATORY LIABILITY ARO - GENERATION 254016 REGULATORY LIABILITY ARO - GAS

I can confirm with Angela that these are the accounts that we are talking about in this sentence.

Andrea

From: Scott, Valerie

Sent: Thursday, February 16, 2012 2:10 PM

To: Fackler, Andrea

Cc: Pienaar, Lesley; Simpson, Sheri

Subject: Re: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Okay with this change but I do not think we have a reg liability. Mat need to take that wording out.

Valerie

On Feb 16, 2012, at 1:33 PM, "Fackler, Andrea" < Andrea. Fackler@lge-ku.com > wrote:

Vince is asking if we can also add the phrase "created by the regulatory credit" to the reg. FN language below. It was added to the SSAP description below. Here is the before and after if you are okay with this:

Before:

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

Attachment to Response to KU AG-1 Question No. 201 Page 860 of 1022 Charnas

After:

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset created by the regulatory credit is offset against the associated regulatory liability, PP&E and ARO liability.

Thanks, Andrea

From: Pienaar, Lesley

Sent: Friday, February 10, 2012 6:19 PM **To:** Fackler, Andrea; Simpson, Sheri

Cc: Scott, Valerie

Subject: FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Please change as highlighted below

From: Erskine, Greg

Sent: Friday, February 10, 2012 5:45 PM

To: Pienaar, Lesley

Subject: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Lesley:

Discussions of the offsetting of depreciation and accretion expense related to ARO's appear in the following four places, in addition to the other two places you already know about.

Greg

MD&A (LKE, LG&E and KU):

6) Asset Retirement Obligations

LKE is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. The accretion and depreciation are offset with a regulatory credit, such that there is no income statement impact. An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact. The regulatory asset created by the regulatory credit is relieved when the ARO has been settled. An ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. See Note 21 for related disclosures.

Note 6 - Utility Rate Regulation:

<u>AROs</u>

Attachment to Response to KU AG-1 Question No. 201 Page 861 of 1022 Charnas

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

Attachment to Response to KU AG-1 Question No. 201 Page 862 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Thursday, February 16, 2012 3:17 PM

To: Cc: Fackler, Andrea Wiseman, Sara

Subject:

RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Andrea,

Yes, we do have regulatory liabilities for AROs. So, the sentence is technically correct with or without Vince's suggestions.

Thanks, Angela

From: Fackler, Andrea

Sent: Thursday, February 16, 2012 2:24 PM

To: Crescente, Angela **Cc:** Wiseman, Sara

Subject: FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Angela,

Can you confirm that we do have regulatory liabilities for AROs? See the last couple of emails below with Valerie.

Thanks, Andrea

From: Fackler, Andrea

Sent: Thursday, February 16, 2012 2:14 PM

To: 'Scott, Valerie'

Cc: Pienaar, Lesley; Simpson, Sheri

Subject: RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

The following accounts have ARO in the account name and are mapped to accumulated cost of removal.

254014 REGULATORY LIABILITY ARO - GENERATION 254016 REGULATORY LIABILITY ARO - GAS

I can confirm with Angela that these are the accounts that we are talking about in this sentence.

Andrea

From: Scott, Valerie

Sent: Thursday, February 16, 2012 2:10 PM

To: Fackler, Andrea

Cc: Pienaar, Lesley; Simpson, Sheri

Subject: Re: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Attachment to Response to KU AG-1 Question No. 201 Page 863 of 1022

Charnas

Okay with this change but I do not think we have a reg liability. Mat need to take that wording out.

Valerie

On Feb 16, 2012, at 1:33 PM, "Fackler, Andrea" < Andrea. Fackler@lge-ku.com > wrote:

Vince is asking if we can also add the phrase "created by the regulatory credit" to the reg. FN language below. It was added to the SSAP description below. Here is the before and after if you are okay with this:

Before:

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

After:

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset created by the regulatory credit is offset against the associated regulatory liability, PP&E and ARO liability.

Thanks, Andrea

From: Pienaar, Lesley

Sent: Friday, February 10, 2012 6:19 PM **To:** Fackler, Andrea; Simpson, Sheri

Cc: Scott, Valerie

Subject: FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Please change as highlighted below

From: Erskine, Greg

Sent: Friday, February 10, 2012 5:45 PM

To: Pienaar, Lesley

Subject: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Lesley:

Discussions of the offsetting of depreciation and accretion expense related to ARO's appear in the following four places, in addition to the other two places you already know about.

Greg

MD&A (LKE, LG&E and KU):

6) Asset Retirement Obligations

Attachment to Response to KU AG-1 Question No. 201 Page 864 of 1022 Charnas

LKE is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. The accretion and depreciation are offset with a regulatory credit, such that there is no income statement impact. An offsetting regulatory asset is recognized to reverse the depreciation and accretion expense related to the ARO such that there is no income statement impact. The regulatory asset created by the regulatory credit is relieved when the ARO has been settled. An ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. See Note 21 for related disclosures.

Note 6 - Utility Rate Regulation:

AROs

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

Attachment to Response to KU AG-1 Question No. 201 Page 865 of 1022 Charnas

Clark, Ed

From:

Fackler, Andrea

Sent:

Thursday, February 16, 2012 5:59 PM Crescente, Angela; Wiseman, Sara

To: Subject:

FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

FYI

From: Scott, Valerie

Sent: Thursday, February 16, 2012 5:40 PM

To: Fackler, Andrea

Cc: Pienaar, Lesley; Simpson, Sheri

Subject: RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

These would be the accounts. The sentence is correct with your changes.

Thanks.

Valerie

From: Fackler, Andrea

Sent: Thursday, February 16, 2012 2:14 PM

To: Scott, Valerie

Cc: Plenaar, Lesley; Simpson, Sheri

Subject: RE: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

The following accounts have ARO in the account name and are mapped to accumulated cost of removal.

254014 REGULATORY LIABILITY ARO - GENERATION 254016 REGULATORY LIABILITY ARO - GAS

I can confirm with Angela that these are the accounts that we are talking about in this sentence.

Andrea

From: Scott, Valerie

Sent: Thursday, February 16, 2012 2:10 PM

To: Fackler, Andrea

Cc: Pienaar, Lesley; Simpson, Sheri

Subject: Re: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Okay with this change but I do not think we have a reg liability. Mat need to take that wording out.

Valerie

On Feb 16, 2012, at 1:33 PM, "Fackler, Andrea" < Andrea. Fackler@lge-ku.com > wrote:

Attachment to Response to KU AG-1 Question No. 201 Page 866 of 1022 Charnas

Vince is asking if we can also add the phrase "created by the regulatory credit" to the reg. FN language below. It was added to the SSAP description below. Here is the before and after if you are okay with this:

Before:

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

After:

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset created by the regulatory credit is offset against the associated regulatory liability, PP&E and ARO liability.

Thanks, Andrea

From: Pienaar, Lesley

Sent: Friday, February 10, 2012 6:19 PM **To:** Fackler, Andrea; Simpson, Sheri

Cc: Scott, Valerie

Subject: FW: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Please change as highlighted below

From: Erskine, Greg

Sent: Friday, February 10, 2012 5:45 PM

To: Pienaar, Lesley

Subject: Discussions of the Offsetting of Depreciation and Accretion Expense Related to ARO's

Lesley:

Discussions of the offsetting of depreciation and accretion expense related to ARO's appear in the following four places, in addition to the other two places you already know about.

Greg

MD&A (LKE, LG&E and KU):

6) Asset Retirement Obligations

LKE is required to recognize a liability for legal obligations associated with the retirement of long-lived assets. The initial obligation is measured at its estimated fair value. An equivalent amount is recorded as an increase in the value of the capitalized asset and allocated to expense over the useful life of the asset. Until the obligation is settled, the liability is increased, through the recognition of accretion expense in the Consolidated Statements of Income, for changes in the obligation due to the passage of time. The accretion and depreciation are offset with a regulatory credit, such that there is no income statement impact. An offsetting regulatory asset is recognized to reverse the

Attachment to Response to KU AG-1 Question No. 201 Page 867 of 1022

Charnas

depreciation and accretion expense related to the ARO such that there is no income statement impact. The regulatory asset created by the regulatory credit is relieved when the ARO has been settled. An ARO must be recognized when incurred if the fair value of the ARO can be reasonably estimated. See Note 21 for related disclosures.

Note 6 - Utility Rate Regulation:

AROs

As noted in Note 1, the accretion and depreciation related to LG&E's and KU's AROs are offset with a regulatory credit, such that there is no income statement impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated regulatory liability, PP&E and ARO liability.

Attachment to Response to KU AG-1 Question No. 201 Page 868 of 1022 Charnas

Clark, Ed

From:

Wiseman, Sara

Sent:

Tuesday, April 03, 2012 3:17 PM

To:

Crescente, Angela

Subject:

FW: Asset Retirement Obligations

From: McFarland, Beth

Sent: Tuesday, April 03, 2012 2:12 PM

To: Wiseman, Sara

Subject: FW: Asset Retirement Obligations

Sara,

Please review and ensure that I haven't stated anything incorrectly.

Thanks! Beth

From: McFarland, Beth

Sent: Tuesday, April 03, 2012 2:11 PM

To: Beyerle, Jude; Brown, Chris; Buckner, Alan; Cinnamon, Ralph; Davis, Ronnie; Freibert, Diana

Cc: Arnold, Ron

Subject: Asset Retirement Obligations

All -

If you are removing and retiring an asset that involves a **legally** required removal cost (Examples – Asbestos, PCB) then the costs should be charged to a task set up against a 108799 ARO account.

Ron Arnold can take care of setting this task up for you under your normal removal project number.

Please note that only the charges associated with the legally required removal costs should be charged to this account. Example - if you remove a bushing with PCB, only the costs associated with disposal of the PCB bushing should be charged to this account (not the actual removal of the bushing).

This does not apply to work completed on O&M Projects.

I understand this is a bit confusing so the best thing to do is ask questions when the situation presents itself.

Thanks! Beth

Beth McFarland Manager Substation Construction & Maintenance LG&E and KU Energy LLC 4664 Jennings Lane Attachment to Response to KU AG-1 Question No. 201 Page 869 of 1022 Charnas

Louisville, KY 40218 502-364-8681 Office 502-645-8699 Cell 502-217-2420 FAX Beth.McFarland@LGE-KU.com Attachment to Response to KU AG-1 Question No. 201 Page 870 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Tuesday, April 03, 2012 3:21 PM

To: Cc: McFarland, Beth Wiseman, Sara

Subject:

RE: Asset Retirement Obligations

Beth,

What you stated is correct. Please let them know they can feel free to contact me if they have any questions. Also, I would like to walk through setting up these types of tasks with Ron before he begins doing that for consistency purposes to help the reporting process.

Thanks, Angela

From: McFarland, Beth

Sent: Tuesday, April 03, 2012 2:12 PM

To: Wiseman, Sara

Subject: FW: Asset Retirement Obligations

Sara,

Please review and ensure that I haven't stated anything incorrectly.

Thanks! Beth

From: McFarland, Beth

Sent: Tuesday, April 03, 2012 2:11 PM

To: Beyerle, Jude; Brown, Chris; Buckner, Alan; Cinnamon, Ralph; Davis, Ronnie; Freibert, Diana

Cc: Arnold, Ron

Subject: Asset Retirement Obligations

All -

If you are removing and retiring an asset that involves a **legally** required removal cost (Examples – Asbestos, PCB) then the costs should be charged to a task set up against a 108799 ARO account.

Ron Arnold can take care of setting this task up for you under your normal removal project number.

Please note that only the charges associated with the legally required removal costs should be charged to this account. Example - if you remove a bushing with PCB, only the costs associated with disposal of the PCB bushing should be charged to this account (not the actual removal of the bushing).

This does not apply to work completed on O&M Projects.

Attachment to Response to KU AG-1 Question No. 201 Page 871 of 1022

I understand this is a bit confusing so the best thing to do is ask questions when the situation presents itself.

Thanks! Beth

Beth McFarland
Manager Substation Construction & Maintenance
LG&E and KU Energy LLC
4664 Jennings Lane
Louisville, KY 40218
502-364-8681 Office
502-645-8699 Cell
502-217-2420 FAX
Beth.McFarland@LGE-KU.com

Attachment to Response to KU AG-1 Question No. 201 Page 872 of 1022 Charnas

Crescente, Angela

From:

Leenerts, Patricia

Sent:

Thursday, April 26, 2012 1:15 PM

To:

Murphy, Kevin

Cc:

Crescente, Angela; Wiseman, Sara

Subject:

RE: Retirements - LSMR414, DLSMR414 and PMR414

Kevin, Okay...I'll send to Angela too since she is the ARO person and may appreciate a head's up.

Thanks,

Pat

502-627-3811

From: Murphy, Kevin

Sent: Thursday, April 26, 2012 1:13 PM

To: Nash, Joshua; Stratman, Paul; Leenerts, Patricia

Subject: RE: Retirements - LSMR414, DLSMR414 and PMR414

Pat,

This may be good for discussion tomorrow at the ARO meeting. I'm not sure that we (engineering) need to dictate which asset types were retired for a given period. Retirement data can (should) be retrieved through the Maps and Records department to be consistent with all other reporting mechanisms that the company reports to external agencies (i.e. the DOT).

I'm concerned that we may be unnecessarily providing you data that could be more efficiently and consistently extracted from another department; but I may not entirely understand the issue.

Our LSMR, PMR, DLSMR production sheets do not necessarily equate to retirement volumes for a given period; neither in quantity or expense.

I'll be happy to discuss tomorrow.

Regards, Kevin

From: Nash, Joshua

Sent: Thursday, April 26, 2012 11:07 AM

To: Murphy, Kevin; Stratman, Paul

Subject: FW: Retirements - LSMR414, DLSMR414 and PMR414

FYL

From: Leenerts, Patricia

Sent: Thursday, April 26, 2012 10:33 AM

Attachment to Response to KU AG-1 Question No. 201 Page 873 of 1022 Charnas

To: Nash, Joshua

Subject: Retirements - LSMR414, DLSMR414 and PMR414

Josh,

I was able to discuss only the retirement info. As I stated that we retire what was installed. We use the Miller Large Scale/Priority Production spreadsheets to make that determination. You pointed out that the time difference between the first cut and the second cut may cross years. The first cut may have a small percentage of the mains retired. The second cut finalizes all the retirements for that project. I thought that I would need to match the dollars with the activity and I was correct. I do need to know what needs to be retired based on the Miller Large Scale/Priority Production spreadsheets. I use the summary tab for the LSMR projects. The PMR projects I combine by project location for the year. Because of the way we process these projects, they are only worked once a year. The ARO retirement forces that decision. April is the month chosen, thinking that all the charges from the previous year will be booked by then. I only need the information from you at the end of each year. It may be easier for you to send it more frequently when you are emailing others and that is fine. Add me to any distribution list that you think I will find helpful. I will file it until I need the info. I would need project location, size and material of pipe and the footage retired.

I didn't copy the others on this, but would gladly resend, like new, if you would like me to. Let me know if any of the above was not what we agreed or talked about.

Thanks, I really appreciate your help.

Pat 502-627-3811

Attachment to Response to KU AG-1 Question No. 201 Page 874 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Wednesday, April 25, 2012 1:29 PM

To:

Ryan, Joe

Cc: Subject: Porter, Janice; Clyde, Peter; Leenerts, Patricia RE: LGE Project Numbers 135586 and 132621

Joe,

I set up a task on 132621 for asbestos removal called "CP ASBESTOS". It looks like everything is OK for 135586. Therefore, the \$3,673.50 from NEC needs to moved from the REMOVAL task to the CP ASBESTOS on 132621 either via journal entry or COD.

Thanks, Angela

From: Ryan, Joe

Sent: Wednesday, April 25, 2012 10:07 AM

To: Crescente, Angela

Cc: Porter, Janice; Clyde, Peter

Subject: RE: LGE Project Numbers 135586 and 132621

Angela,

It seem as if an ARO removal task should be set up under 132621 & 135586 and charges for below referenced invoice transferred. Please advise as how you would like me to proceed. regards,

Joe

From: Clyde, Peter

Sent: Tuesday, April 24, 2012 2:24 PM

To: Ryan, Joe

Cc: Crescente, Angela; Porter, Janice

Subject: FW: LGE Project Numbers 135586 and 132621

Joe,

Angela has some questions on how the asbestos removal has been charged on the projects listed below. Could you please have someone follow up with her?

135586

REPLACE WESTERN KY YELLOW LINE

132621

PENILE TO PADDY'S RUN PIPELINE

Pete Clyde

Manager, Gas Regulatory Compliance Louisville Gas & Electric Company peter.clyde@lge-ku.com

Attachment to Response to KU AG-1 Question No. 201 Page 875 of 1022 Charnas

(502) 364-8715

From: Crescente, Angela

Sent: Tuesday, April 17, 2012 10:46 AM

To: Clyde, Peter

Cc: Porter, Janice; Leenerts, Patricia

Subject: LGE Project Numbers 135586 and 132621

Pete,

There was \$7K charged to 135586 (Task CP ASBESTOS) in February and then it was reversed in March, but the invoice appeared to be all asbestos (NEC) related. Then, in March, half of the invoice was charged to 135586 and the other half was charged to 132621. However, on 132621, it was charged to a regular removal task instead of an ARO removal task. I just wanted to be sure I understood everything and wanted to know if I should set up an ARO removal task on 132621 to charge to for the NEC costs. Please call me when you get a chance.

Thanks for your help! Angela

Attachment to Response to KU AG-1 Question No. 201 Page 876 of 1022 Charnas

Crescente, Angela

From:

Ryan, Joe

Sent:

Wednesday, April 25, 2012 10:07 AM

To:

Crescente, Angela

Cc:

Porter, Janice; Clyde, Peter

Subject:

RE: LGE Project Numbers 135586 and 132621

Angela,

It seem as if an ARO removal task should be set up under 132621 & 135586 and charges for below referenced invoice transferred. Please advise as how you would like me to proceed. regards,

joe

From: Clyde, Peter

Sent: Tuesday, April 24, 2012 2:24 PM

To: Ryan, Joe

Cc: Crescente, Angela; Porter, Janice

Subject: FW: LGE Project Numbers 135586 and 132621

Joe,

Angela has some questions on how the asbestos removal has been charged on the projects listed below. Could you please have someone follow up with her?

135586

REPLACE WESTERN KY YELLOW LINE

132621

PENILE TO PADDY'S RUN PIPELINE

Pete Clyde

Manager, Gas Regulatory Compliance Louisville Gas & Electric Company peter.clyde@lge-ku.com (502) 364-8715

From: Crescente, Angela

Sent: Tuesday, April 17, 2012 10:46 AM

To: Clyde, Peter

Cc: Porter, Janice; Leenerts, Patricia

Subject: LGE Project Numbers 135586 and 132621

Pete,

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Attachment to Response to KU AG-1 Question No. 201 Page 877 of 1022 Charnas

Charnas

I just wanted to be sure I understood everything and wanted to know if I should set up an ARO removal task on 132621 to charge to for the NEC costs. Please call me when you get a chance.

Thanks for your help! Angela

Attachment to Response to KU AG-1 Question No. 201 Page 878 of 1022 Charnas

Crescente, Angela

From:

Clyde, Peter

Sent:

Tuesday, April 24, 2012 2:24 PM

To:

Ryan, Joe

Cc:

Crescente, Angela; Porter, Janice

Subject:

FW: LGE Project Numbers 135586 and 132621

Joe,

Angela has some questions on how the asbestos removal has been charged on the projects listed below. Could you please have someone follow up with her?

135586

REPLACE WESTERN KY YELLOW LINE

132621

PENILE TO PADDY'S RUN PIPELINE

Pete Clyde

Manager, Gas Regulatory Compliance Louisville Gas & Electric Company peter.clyde@lge-ku.com (502) 364-8715

From: Crescente, Angela

Sent: Tuesday, April 17, 2012 10:46 AM

To: Clyde, Peter

Cc: Porter, Janice; Leenerts, Patricia

Subject: LGE Project Numbers 135586 and 132621

Pete,

There was \$7K charged to 135586 (Task CP ASBESTOS) in February and then it was reversed in March, but the invoice appeared to be all asbestos (NEC) related. Then, in March, half of the invoice was charged to 135586 and the other half was charged to 132621. However, on 132621, it was charged to a regular removal task instead of an ARO removal task. I just wanted to be sure I understood everything and wanted to know if I should set up an ARO removal task on 132621 to charge to for the NEC costs. Please call me when you get a chance.

Thanks for your help! Angela

Attachment to Response to KU AG-1 Question No. 201 Page 879 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Thursday, February 09, 2012 3:58 PM Wemer, Brett

To: Cc:

Wiseman, Sara

Subject:

ARO JEs Purc-MC Landfill.xlsx

Brett,

Please see the attached journal entry flow for the Purc-MC Landfill settlement for one of the gain/loss amounts you selected from the ARO-1000 report.



ARO JEs Purc-MC Landfill.xlsx

Thanks, Angela

Attachment to Response to KU AG-1 Question No. 201 Page 880 of 1022 Charnas

Sottlement Month May 2011

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Attachment to Response to KU AG-1 Question No. 201 Page 881 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Thursday, February 09, 2012 12:53 PM

To:

Wiseman, Sara

Subject:

List of AROs to send with questionnaires.xlsx

Sara:

Would you please take a look and see if this will work for John? I cleaned up the names a bit to make them easier for people to know what they are.



List of AROs to send with ques...

Thanks, Angela

<u>ARO</u>

Canal

Canal (Retired)-Asbestos

Cane Run

CR Ash Pond

CR Coal Storage

CR Environmental Ponds

CR Floodwall Penetration

CR Generation Wells

CR Landfill

CR Nuclear Sources

CR Unit 1 (Retired)-Asbestos

CR Unit 2 (Retired)-Asbestos

CR Unit 3 (Retired)-Asbestos

CR Unit 4-Asbestos

CR Unit 5-Asbestos

CR Unit 6-Asbestos

Mill Creek

MC Ash Pond

MC Chemical Storage

MC Coal Storage

MC Environmental Ponds

MC Generation Wells

MC Landfill

MC Nuclear Sources

MC Oil Storage

MC Unit 1-Asbestos

MC Unit 2-Asbestos

MC Unit 3-Asbestos

MC Unit 4-Asbestos

Ohio Falls

Ohio Falls-Asbestos

Paddy's Run

Paddy's Run-Asbestos

Trimble County

TC Ash Pond-LGE

TC Chemical Storage

TC Coal Storage-LGE

Attachment to Response to KU AG-1 Question No. 201 Page 883 of 1022 Charnas

TC Environmental Ponds-LGE
TC Generation Wells-LGE
TC Nuclear Sources

Zorn

Zorn-Asbestos

Transmission

LGE Tranmission Subs (11)-Asbestos Transmission Bushings LGE-PCB

Electric Distribution

Distribution Bushings LGE-PCB LGE Distribution Subs (66)-Asbestos Manholes-Asbestos

Gas Distribution, Transmission and Underground Storage

Center GSF UGS (Wells)

Doe Run 235300-UGS-Asbestos

Doe Run GSF UGS (Wells)

GasMain&ServAbandon-Distribution

GasMains-Transmission

Magnolia 235120-UGS-Asbestos

Magnolia 235300-UGS-Asbestos

Magnolia 235600-UGS-Asbestos

Magnolia GSF UGS (Wells)

Muldraugh 235120-UGS-Asbestos

Muldraugh 235300-UGS-Asbestos

Muldraugh 235600-UGS-Asbestos

Muldraugh 237520-Dist-Asbestos

Muldraugh GSF UGS (Wells)

Riggs Junc 235120-UGS-Asbestos

Common

Seventh&O-ComGenPin-ASB

ARO

Brown

BR Ash Pond

BR Auxiliary Pond

BR Coal Storage

BR Generation Wells

BR Nuclear Sources

BR Oil Storage

BR Oil Storage CT - OP

BR Unit 1-Asbestos

BR Unit 2-Asbestos

BR Unit 3-Asbestos

Dix Dam

Dix Dam Generation Wells

Dix Dam-Hydro-Asbestos

Ghent

Ghent Generation Wells

Ghent Ash Pond

Ghent Chemical Storage

Ghent Coal Storage

Ghent Environmental Ponds

Ghent Gypsum Stack

Ghent Nuclear Sources

Ghent Oil Storage

Ghent Unit 1-Asbestos

Ghent Unit 2-Asbestos

Ghent Unit 3-Asbestos

Ghent Unit 4-Asbestos

Green River

Purc-GR Ash Pond

Purc-GR Chemical Storage

Purc-GR Coal Storage

Purc-GR Generation Wells

Purc-GR Oil Storage

Purc-GR Unit 1-Asbestos

Purc-GR Unit 2-Asbestos

Purc-GR Unit 3-Asbestos

Purc-GR Unit 4-Asbestos

Pineville

Attachment to Response to KU AG-1 Question No. 201 Page 885 of 1022 Charnas

Purc-Pineville Ash Pond Purc-Pineville Generation Wells Purc-Pineville-Asbestos

Trimble County

Purc-TC Ash Pond-KU
Purc-TC Coal Storage-KU
Purc-TC Environmental Ponds-KU
Purc-TC Generation Wells-KU

Tyrone

Purc-TY Ash Pond
Purc-TY Chemical Storage
Purc-TY Coal Storage
Purc-TY Generation Wells
Purc-TY Oil Storage
Purc-TY Unit 1 (Retired)-Asbestos
Purc-TY Unit 2 (Retired)-Asbestos
Purc-TY Unit 3-Asbestos

Transmission

Purc-KU Transmission Subs (69)-ASB Purc-Transmission Bushings KU-PCB

Electric Distribution and General Facilities

Purc-Big Stone Gap Sub-Dist-Asbestos Purc-Distribution Bushings KU-PCB Purc-Distribution Line Transformers-PCB Purc-KU Distribution Subs (478)-Asbestos Purc-KU General Facilities-Asbestos

Attachment to Response to KU AG-1 Question No. 201 Page 886 of 1022 Charnas

Clark, Ed

From:

Crescente, Angela

Sent:

Tuesday, January 24, 2012 10:46 AM

To:

Leichty, Doug

Subject:

RE: ARO Balances as of 12/31/2011

Attachments:

ARO Rollforward LGE KU Balance Ended Dec 11 for auditors.xlsx

Doug,

Here you go.

Thanks, Angela

From: Leichty, Doug

Sent: Tuesday, January 24, 2012 10:28 AM

To: Crescente, Angela

Subject: RE: ARO Balances as of 12/31/2011

Yes, that will be fine. I will need the rollforward for the Virginia filing.

Thanks, Doug

From: Crescente, Angela

Sent: Tuesday, January 24, 2012 10:14 AM

To: Leichty, Doug

Subject: RE: ARO Balances as of 12/31/2011

Do you want me to go ahead and send you the ARO rollforward as well?

From: Leichty, Doug

Sent: Tuesday, January 24, 2012 9:02 AM

To: Crescente, Angela

Subject: ARO Balances as of 12/31/2011

Angela,

Please provide me with the ARO balances as of 12/31/2011 by January 31, 2011.

Thanks, Doug

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Attachment to Response to KU AG-1 Question No. 201

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mplementation	,			00 1 100 100 0	2,551,914,05,		•			•	2,881,014,68		•		•	•	•	2,881,914,88
		732 76R.18)	200,015,35		1,772,740.64				74,389,91		1,297,110,25					452,778,64		1,749,889.89
122007	,	(238,021,75)	,	The same of the same	(1,673,621,90)		1 000 0007	(182,505.71)	,		(1,858,490.61)	•	(205,408,51)	6,778,88	,	1	•	(2,055,120,24)
1207,101225,101325 108207,108225,1083,	,	(50,528.88)			48,232,404,10			•	,		48,232,404,10	•	•	(48,856,83)	1,811,463.08		,	49,994,910.35

(0,63)

CILIDERSODOST70AppDall_LocalWincostWincostWincostWincostVindovesVomporary internot FloatCentert.CutboakWiT373724APD Rollforward LGE KU Balance Ended Dec 11 for auditora.xixx / LGE;2011 Doc - CAAAP

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407.755 (0.80) (0.80) (0.80) (0.80) (0.80)		(287,595,99)	,	(2,101.53) (2,101.53) (2,101.53) (2,101.53)	(2,101.53) (789,097.59) 2,101.50	(2,101.03) (200.037.059) (207.035.00) (114,550.00) (114,550.00) (1250.00)	(2,101.53) (2,101.59) (2,101.59) (2,101.50) (2,355.83) (114,550.00) (2,355.83) (114,550.00) (2,355.83) (114,550.00) (2,355.83) (3,355.83) (3,355.83) (3,355.83)	42,365,85 42,365,85 47,365 47,365 47,365 47,365 47,365 47,365 47,365 47,365 47,365 47,365 47,365 47,365 47,365 47,365 47,365 47,365 47,3	(2,101.53) (2,101.53) (2,101.53) (2,101.53) (2,101.53) (2,101.53) (2,101.53) (3,114.550.00) (3,014.71) (3,014.71) (3,014.71) (3,014.71) (45,272.21) (45,272.21) (45,272.21)	(2,101.33) 2,101.33 2,101.33 (114,590.00) (114,590.00) (65,918.35) (65,914.71) (55,914.71) (55,914.71) (55,914.71) (55,914.71) (55,914.71) (55,914.71) (55,914.71) (55,914.71) (55,914.71) (55,914.71)	(2,101.53) 2,101.33 2,101.33 (114,550.00) (114,550.00) (114,550.00) (114,550.00) (114,550.00) (114,550.00) (114,550.00) (114,550.00) (114,550.00) (114,550.00) (114,550.00) (114,550.00) (114,550.00) (114,550.00) (114,550.00) (114,550.00) (114,550.00) (114,550.00) (114,550.00) (114,500.00)
(224,626,83)		244 131 24 (724 878 83) (744 131,24)	244,131,07 (225,575,63) (244,131,07) (246,131,07) (246,131,07)	244,131,10 (226,528,85) (244,131,19) (246,13	208,494.01 (227,489.09) (298,494.91)	243 p72.57 (228,200,80) (245,972.57) (2.24,850,89) (1,224,850,89)	243,972.49 (220,195.19) (245,972.49) (240,972.49) (1,489,620,237) (1,489,620,237)	274,861.55 (220,133,65) (274,861,55)	243,912.00 (230,560.05) (243,912.00) 2,007.667.82 (1,822,270.39) (2,007,587.29)	249,785,32 (240,000,23) (240,795,32) (240,795,32) (240,795,32) (2,27,392,84) (2,271,886,83) (2,277,392,84)	255,618,30 (250,673,41) (255,618,30)
(4,381,035,51) 446,422,84 1,882,834,91	224,020,83	224,826.83 2,012	225,575,83 (19 908-20) 10 008-20 (450,850,858,87) 450,200,09	228,528,85 (19,00,20 6,440,703,11) 676,731,51 7,205,302,51	227.486.03 (20.020.87) 20.020.97 4.90.784.09) 804.277.84 2,972.389.49	228.200.88 200.205.51) 20.206.51 3481,070.49) 1,132,418.30 2,092,619.09	220,165,16 (20,851,69) - 20,851,69 (4,001,71,159) 1,380,665,08	220,133.05 (20,531,99) 20,631,09 4,527,345,50) 1,591,777,39 2,139,042,01	220,559.05 720,651,87) 20,651,87 4,442,875,39) 1,822,770,38 2,134,874,78	240,009.23 (20,631,00) 	250,873,41
(53,981,308,41) 1,560,848,70	224,020.83) 224,020.83	2,398,400,00 (54,205,833,24) 2,019,008,77 ((225,576,83) 225,576,83 244,131,07 2,239,600,000,(64,431,500,07) 2,499,973,57	226,528,85 244,131,10 249,000,00 2,000,	7277,486,00) 2277,486,05 208,484,91 68,305.20 (58,885.20) 7400,00 (54,877,128,89) 3,597,540,30 (228,200,86 245,077,57 2388,400,00 (65,095,377,89) 3,896,777,79 (6	229,165,18 229,165,18 245,077,48 245,077,48 245,077,48 245,077,48 245,077,48 245,077,48 245,077,49 245,077,077,077,077,077,077,077,077,077,07	(119,704,65) 220,130,65 274,861.55 119,276.79 (119,276.70) 2,588,400,00 (55,585,248.70) 4,728,479,91 (220,586,05 24,577,00 24,577,00 24,577,00 24,577,00 24,577,00 24,577,00 24,577,00 24,577,00 24,577,00 24,577,00 24,577,00 24,577,00 24,577,00 24,577,00	(2,40,509.23) 2.40,745.32 240,745.32 (3,805,476.39) 2.46,977.50 (3,805,476.39) 2.46,977.50 (38,890,894,34) 5,646,740,57 (6	(250,873.41) 250,873.41 255,818.30
0 (487,106,48) 287,291,48 2,386,400,00	(244,131.24)	(731,237,73) 287,595,66	(244,131,07) 2,101.63	(2,101.0) (2,101.0) (1,216,466.00) 787,865,09	(786,424.31) (42,363.83) (42,363.83) (44,363.83) (44,363.83) (44,363.83) (44,693.00) (44,6	(2708,693,127) 85,819,000	(243.072.49) 63,814,71 (1,650,838,70) 499,758,29	(274,661,55) (119,378,70) 31,308,70 (119,378,70) 45,527,271	(243,912.80) (1,805.44) (1,605.44) (1,805.44)	(249,785,32) (105,925,11) (105,925,11) (2,778,179,52) (2,778,179,52)	(255,618,30) 100,602,32
Ending Balance Dect 0/4th Quarter 52,017,556,70		Ending Balanco Jan11 52,8472	Robrusty Activity ARO Accordion ARO Representan ARO Robrido AROR ROBRIDO Endrop Balanco Fob11	March Activity ARO Accroion ARO Experience ARO Experience	April Activity ARO Accuston ARO Sotisment Activity ARO Sotisment Activity ARO Style ARO Style ARO Activity ARO Activity Activity Activity Ending Bulance April	Miny Activity ARO Concordion ARO Exprediction ARO Structure ARO	Juno Activity ARD Accordion ARD Depreciation ARD Riving ACON ON Ending Balance Junitized Quartor Ending Balance Junitized Quartor	July Aathily ARO Accretion ARO September ARO September Activity ARO September Activity ARO RAWP ACTIVITY	August Activity ARO Accordion ARO Depreciation ARO Revize Accordio OSR Ending Balanco Aug11 Ending Balanco Aug11	Suptomber Activity ARO Accellen ARO Depredation ARO Revolueden ARO Revolueden Accentu COR Ending Bainnoo Sop11/3rd Quarter	October Activity ARO Accretion - ARO Depreciation - ARO RWIP

Kentucky Utilities Company

		(0.60)				,	•	(0.60)	,	,	(0:00)		,	•	(0'0)
Ceah		(688,152.11)		٠		(0,717,11)		(895,860,22)		,			123,586.81	•	(572,282,41)
COR Parent 108xxx Settlement					٠		,	1	•	,	•		•	,	1
COR lon-Parent 10thox Settlement		161,732,61		,	٠		,	31,732,61	,	•	•		,		31,732.61
Depr Regulatory Cr 407421 - 407422 N 407425	•	(7,512,981,14) 1		,	(255,618,40)			(2,768,599,64) 161,732,61		(259,923,53)			٠		(3,028,523,07), 161,732,61
4ccr Rogulatory Cr Do 407401 - 407402 At 407405	•	(2,322,569,02)		(251,742,18)				(2,574,301.20)	(252,815.66)	•	•	•			(2,827,115,88)
nciation Expense Ac 03111-403715 A		2,512,981,14		,	255,618,40	•		2,788,509,64		259,923.53	•		•		3,028,523.07
Dopreciation Exp. Dopraciation Expense Ac Parent 403111-403115 44 403co	20,631,06	2,105,838,70		•	٠	,	20,531,98	2,216,470,68		•			٠	(4.07.1.273.70)	1,145,195,98
corellon Expense D 411150 - 411151 411155	•	2,322,559,02		251,742,18			•	2,674,301,20	252,815.96	1	•		•		2,827,116,86
Regulatory Liabilities 254014 - 254015	(20,631,98)	(4,584,239,30)		٠			(20,631,66)	(4,604,871,26)					•	107127270	(3,533,597,56)
Regulatory Associa 182317 - 182318 182325		6,455,532,32		251,742,18	255,618.40			6,982,892,90	252,816.66	250,023,63	(54,340,05)	•	•		7,421,292,04
ARO Liabilites 230012,13,15 230022,23,25	3	(59,931,567,75)		(251,742,18)				(50,183,309.93)	(252,815,88)	•	326,707,17	(1.680,163,76)			(81,789,582,18)
COR Parent 108xxx mplementation		2,388,400.00			7	,	•	534,136,61 2,388,400,00	,	,			•	•	2,388,400,00
WP-ARO Legal 108799		524,419,50		,	٠	9 717.11	•	534, 136, 61		•		•	(123,586,81)		410,549.80
Accum Degree RWIP-ARO Legal 08107 & 108125 108786		(3,048,744,82)			(255,618.40)			(3,304,363,72)		(259,923,53)	40,371,73	•			(3,523,915,02)
ARO Ausots 101107 & 101125		50,524,780,25		•			•	58,524,780,25		•	(312,738,65)	1,680,163,76		•	57,892,205,18
I See		1	•					l				AROs			I

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FCD Company ARO Rollforward Schedule - 2011

	ARO Assets 121007	Accum Deprec 122007	ARO Liabilities 230012	Accretion Expense 411150
Ending Balance Dec10/4th Quarter	23,185.97	(126.10)	(59,371.93)	671.73
January Activity ARO Accretion	_	-	(338.74)	338.74
ARO Depreciation		(63.08)	(59,710.67)	338.74
Ending Balance Jan11	23,185.97	(189.18)	(59,710.67)	330.74
February Activity ARO Accretion	-	- (62.08)	(340.67)	340.67
ARO Depreciation Ending Balance Feb11	23,185.97	(63.08) (252.26)	(60,051.34)	679.41
•		• • • • • • • • • • • • • • • • • • • •		
March Activity ARO Accretion ARO Depreciation	2.	(63.08)	(342.61)	342.61 -
Ending Balance Mar11	23,185.97	(315.34)	(60,393.95)	1,022.02
				11-11111 11-11
April Activity ARO Accretion ARO Depreciation	- -	(63.08)	(344.57)	344.57 -
Ending Balance Apr11	23,185.97	(378.42)	(60,738.52)	1,366.59
May Activity ARO Accretion	_	<u>.</u>	(346.53)	346.53
ARO Depreciation	-	(63.08)	-	-
Ending Balance May11	23,185.97	(441.50)	(61,085.05)	1,713.12
June Activity ARO Accretion	-	- (056.76)	(348.51)	348.51
ARO Depreciation Ending Balance Jun11	23,185.97	(256.76) (698.26)	(61,433.56)	2,061.63
			- Annual Carlotte Control of the Carlotte Control of t	1
July Activity ARO Accretion ARO Depreciation	<u>-</u>	- (63.08)	(350.50)	350.50
Ending Balance Jul11	23,185.97	(761.34)	(61,784.06)	2,412.13
-			etror in	
August Activity ARO Accretion	_	_	(352.50)	352.50
ARO Depreciation	_	(63.08)	• •	-
Ending Balance Aug11	23,185.97	(824.42)	(62,136.56)	2,764.63
September Activity ARO Accretion	•	-	(354.51)	354.51
ARO Depreciation Ending Balance Sep11	23,185.97	(63.08) (887.50)	(62,491.07)	3,119.14
Ending Datance Cop 11	20,100.01	(001.00)	(02,701,01)	0,110.1-1
October Activity ARO Accretion	-	(00.00)	(356.53)	356.53
ARO Depreciation Ending Balance Oct11	23,185.97	(63.08) (950.58)	(62,847.60)	3,475.67
			(,)	
November Activity ARO Accretion	-	- (63.08)	(358.57)	358.57
ARO Depreciation Ending Balance Nov11	23,185.97	(1,013.66)	(63,206.17)	3,834.24
December Activity ARO Accretion		_	(360.61)	360.61
ARO Depreciation		(63.08)	· -	
Ending Balance Dec11	23,185.97	(1,076.74)	(63,566.78)	4,194.85

LKE ARO Rollforward Schedule - 2011

	ARO Assets	Accum Deprec	RWIP-ARO Logal	COR	ARO Liabilities I	Regulatory Assets			Deprociation Exp De	prociation Expense	Accr Regulatory Cr	Depr Regulatory Cr	COR	COR"	56,000,000	ă
	101207,101225,101325 106	108107 & 108125 3207,108225,108325	108799	Parent 108xxx		182317 - 182318 182325 - 182327		411150 + 411151 411155 - 411157			407401 - 407402 407405 - 407407	407421 - 407422 407425 - 407427	Non-Parent 108xxx	Parent 108xxx	Cosh	j
Ending Balance Dec10/4th Quarter	121007 99,047,888.71	122007 (782,693.47)	3,192,810.22	Implementation 5,270,314.68	(106,891,467.25)	8,389,969.97	(7,556,460.01)	880,945,67	2,552,450.69	782,587,37	(880,945.67)	(782,567.37)	Settlement	Settlement (266,306,79)	(3,192,810.22)	(36,31
January Activity																
ARO Accretion ARO Depreciation	-	(392,143.51)	-	-	(443,828,21)	443,289.47 392,080.43	-	443,628,21	-	392,080.43	(443,289.47)	(392,080,43)	-	-	-	(6
ARO RWIP	•		9,152,91	•	-	-		-			-		•	-	(9,152.91)) "
Accrue COR Ending Balance Jan11	99,047,888.71	(1,174,836.98)	3,201,963,13	5,270,314.68	(107,135,095,46)	9,225,329,87	(27,882,32) (7,584,122,33)	443,628,21	27,682.32 2,580,113.01	392,080,43	(443,289,47)	(392,080.43)		(266,306,79)	(3,201,963.13)	(36,37
February Activity																
ARO Accretion ARO Depreciation	•	(392,143,25)	-	-	(445,518.64)	445,177.97 392,080.17	-	445,518.64	<u>.</u>	392,080,17	(445,177,97)	(392,080.17)	-	-	-	,,
ARO RWIP	-	(40,20)	187,862,06	-	-	-	:	-		302,000.17		(332,000.17)	-	-	(187,862.08)) (6
Accrue COR Ending Balance Feb11	99.047.888.71	(1.586.980.23)	3.389.825.19	5 270 314 68	(107.580.614.10)	10,082,588.01	(27,852.34) (7,611,784.67)	889,146,85	27,662,34 2,607,775,35	784.160.60	(898.467.44)	(784.160.60)		/266 208 701	(3,389,825,19)	(36,40
	28,041,000,11	(1,000,000,20)	8,308,62,0,18	0,270,014.00	(10) 0000014:10)	10,002,000.01	(7,07),704.07)	808,1-10,00	2,007,173,85	764, 160.60	(000,407,44)	(704, 100.00)		(200,300.19)	(3,308,023,19)	(20)41
March Activity ARO Accretion					(447,417,28)	447,074,67		447.417.28			1447 074 070					
ARO Depreciation		(392,094.97)		-	(447,417,20)	392,031,89	-	447,417,40	-	392,031.89	(447,074,67)	(392,031,69)		-	-	(6
ARO RWIP	-	· · · - ·	53,888,54	-			(27,654,12)	-	27.654.12	· -	•	· · · ·	•	•	(53,888.84)	, `
Accrue COR Ending Balance Mar11/1st Quarter	99,047,888,71	(1,959,075.20)	3,443,714,03	5,270,314.68	(108,028,031.38)	10,901,694,57	(7,639,438.79)	1,336,564,13	2,635,429,47	1,176,192,49	(1,335,542,11)	(1,176,192,49)		(266.306.79)	(3,443,714.03)	(36,50
-	- Water the state of the state			ANGRE SALES	202		***************************************	10000000000000000000000000000000000000				workstwone			alanda manda di tanan mendel	4 (
April Activity ACO Accretion	_		_	_	(449,324,24)	448,979,67	_	449,324,24	_	_	(448,979,67)	_	_		-	
RO Depreciation		(514,400,62)	•	-	• • •	514,337,54	-	•	-	514,337,54	-	(514,337,54)	-	-	-	(
RO Settlement Activity RO RWIP	(124,265.02)	124,265,62	(408,900,34) 152,879,28	-	417,405,07	(417,405.07)	-	•	_	•	-	-	408,900,34	-	(152,879,28)	4
Accrue COR		_			-		(27,757,65)	-	27,757.65							
Ending Balance April	98,923,623,09	(2,349,210.20)	3,187,692,97	5,270,314.68	(108,059,950.55)	11,447,606,71	(7,667,196,44)	1,785,888.37	2,663,187.12	1,690,530,03	(1,784,521,78)	(1,690,530,03)	408,900.34	(266,306,79)	(3,596,593,31)	(36,56
May Activity																
ARO Accrotion ARO Depreciation	•	(1,389,836.53)	-	-	(449,347.64)	449,001,11 1,389,773,45	-	449,347.64	-	1,389,773.45	(449,001.11)	(4 200 770 46)	-	-	-	(6
ARO Settlement Activity	(1,020,163.93)	1,020,163.93	(1,490,647,93)	-	1,490,647.93	(1,490,847,93)	826,250,58	:	-	1,009,770,40	:	(1,389,773.45)	1,490,647.93	(826,250,58)	, -	(e
ARO RWIP	· · · · - ·	-	(764,982,32)	-	•	•	(28.190.66)	-	28.190.66	-	-	=	• •	-	764,982,32	
Accrue COR Ending Balance May11	97,903,459,16	(2,718,882,80)	932,062,72	5,270,314.68	(107,018,650.26)	11,795,733,34	(6,869,136.52)	2,235,236.01	2,691,377.78	3,080,303.48	(2,233,522.89)	(3,080,303,48)	1,899,548.27	(1,092,557.37)	(2,831,610,99)	(38,62
lune Activity																
ARO Accretion	-			-	(444,554.51)	444,208.00	-	444,554,51			(444,208.00)	-		-	_	
ARO Depreciation ARO RWIP	•	(388,574,84)	252,859,58	•	-	388,318.08	-	-	-	388,318,08	-	(388,318.08)	-	-	(252,859,56)	(25
Accrue COR							(28,578,20)	:	28,578.20		•			- :	-	•
inding Balance Jun11/2nd Quarter	97,903,459,16	(3,107,457,64)	1,184,922,28	5,270,314.68	(107,483,204,77)	12,628,257,42	(6,897,714.72)	2,679,790,52	2,719,955,98	3,468,621,58	(2,677,728.89)	(3,468,621,56)	1,899,548,27	(1,092,557,37)	(3,084,470.55)	(3G,BE
July Activity																
ARO Accretion	•	(445,835,94)	-	-	(446,447.55)	446,097,05 445,772,86	-	446,447,55	-	445,772,86	(446,097.05)	(445,772.88)	-	-	-	
ARO Depreciation ARO Settlement Activity	(58,386.46)	58,388.46	(225,861,43)	_	225,861.43	(225,861,43)	-	-	÷	440,772.00	-	(440,772.00)	225,861,43		-	(6
ARO RWIP			264,536.31	-		•	(28,470,80)	-	29,470,80	-	-	-	-	-	(264,536.31)	i
Accrue COR Ending Balance Jul11	97,845,072.70	(3,494,907,12)	1,223,597,18	5,270,314,68	(107,683,790,89)	13,294,265.90	(6,926,185,52)	3,128,238.07	2,748,426.78	3,914,394,42	(3,123,825.94)	(3,914,394.42)	2,125,409,70	(1,092,557,37)	(3,349,006.86)	(36,94
							1210 11200									•
August Activity ARO Accretion	•	-	_		(447,313,53)	446,961,03	_	447,313.53	-	-	(446,961,03)	_		_	-	
ARO Depreciation	-	(388,271,65)	211,770,92	-	•	388,208,55	-	•	-	388,208,57	• •	(388,208.57)	-	-	/244 777 001	(0
ARO RWIP Accrue COR	-	-	Z11,470,8Z				(47,917,38)		47,917.38	-	-	-	-	-	(211,770,92)	
Ending Balanco Aug11	97,845,077,70	(3,883,178,77)	1,435,388.08	5,270,314,68	(108,131,104,42)	14,129,435.48	(6,974,102.90)	3,573,561,80	2,796,344.16	4,302,602,99	(3,570,786.97)	(4,302,502,99)	2,125,409,70	(1,092,557,37)	(3,580,777.78)	(37,0
Septombar Activity																
ARO Accretion	-		-		(452,727.58)	452,373.07	-	452,727.58	-		(452,373.07)		•	-	-	
		(414,425,03)			_	414.361.95	_	_		414,361.95		(414,361,95)	_	_	_	(C
ARO Depreciation ARO Revaluation	6,991,826,30	11,160,95	-		(6,953,567,24)	(49,420.01)			•	414,001.00	•	(-1-,001.00)		-		,-

LKE ARC Rollforward Schodule - 2011

	ARO Assets 191107 & 101125 101207,101225,101325 121007	Accum Depred 1 108107 8 108125 108207,108225,108325 122007	RWIP-ARO Legal 108799	COR Parent 108xx Implementation	ARO (Lab) (1 es 230012, 13, 15-17 230022, 23, 25-27	Regulatory Assets 182317 - 182318 182325 - 182327	Regulatory Liabilities 254014 - 254016	Accretion Expense 411150 - 411151 411155 - 411157	Depreciation Exp Parent 403xxx	Depreciation Expanse 403111-403115 403211-12,403311	Accr Regulatory Cr 407401 - 407402 407405 - 407407	Depr Regulatory Cr 407421 - 407422 407425 - 407427	COR Non-Parent 108xxx Settlement	COR Parent 108xx Cash -Settlement	
ARO RWIP		-	183,882.55	-	-	-	-	-			-	-	-	- (183,982	55) -
Accrue COR					•	-	(9,024.13)		9,024.13			-		-	<u> </u>
Ending Balance Sep11/3rd Quarter	104,836,899.00	(4,286,442,85)	1,619,250.63	5,270,314,68	(115,537,399,24)	14,946,750.49	(6,983,127,03)	4,026,279.18	2,805,368.29	4,716,964,94	(4,023,180.04)	(4,716,964,94)	2,125,409.70	(1,092,557,37) (3,744,660	33) (37,074,89)
October Activity															
ARO Accretion		-	_	_	(481,823,97)	481,467,44	-	481,823,97	-	-	(481,467,44)	-	-	-	
ARO Depreciation	-	(493,703,13)	-	-	· · · - ·	493,640.05	•	•	-	493,640,05		(493,640.05)	-		(63,08)
ARO Sottlement Activity	(\$6,528,68)	56,528,68	(232,768,16)	-	232,768.16	(232,768,16)	-	•	-	•	•	-	232,768.16	-	
ARO RWIP	-	-	300,677,67	=	-	-	-	-		=	-	=	-	- (360,677	67) -
Accrue COR	104,780,370,32	(4,723,617,30)	1,747,160.14	5,270,314,68	(115,788,455,05)	15,689,089,82	(28,470,80)	4,508,103.15	28,470.80 2,833,839.09	5,210,604,99	14.504.007.403	(5,210,604,99)	2,358,177,86	(1,092,557,37) (4,105,338.	(37,137,97)
Ending Balance Oct11	104,780,370,32	(4.723,617.30)	1,747,160.14	5,270,314,00	[113,766,455.05]	13,009,008,62	(7,011,397,63)	4,305,103,13	2,033,039,09	5,210,504,99	(4,504,627.48)	(5,210,604,99)	2,336,177,06	(1,092,557.37) (4,105,336.	(37,137.97)
November Activity															
ARC Accretion	_	•	_	-	(482,815,41)	482,456,84	-	482,815,41	•	-	(482,456.84)	-	-	-	
ARO Depreciation	_	(438,250.19)	-	-	•	438,187.11	-	-	-	438,187.11	- '	(438,187,11)	-	-	(63,08)
ARO RWIP	-	•	84,086,72	-	-			-		-	•	-	-	- (84,089	.72) -
Accrue COR	444 700 070 00	45 4 54 BOST 401	4 mp4 n40 96	5,270,314,68	(116,269,270.46)	16,609,733,77	(28,343.67)	4.990.918.56	28,343,67	# BAS 700 AD	(4,987,084.32)	/E 040 700 401	0.050 477 00	44 COD FETT 270 /4 400 404	70) 67 004 051
Ending Balance Nov11	104,780,370,32	(5,161,887,49)	1,831,246,86	3,270,314,66	(116,209,270.46)	10,009,733,77	(7,039,941.50)	4,000,016,00	2,862,182,76	5,648,792.10	(4,967,004.32)	(5,648,792.10)	2,358,177,88	(1,092,557,37) (4,189,424	72) (37,201.05)
December Activity															
ARO Accretion	_	-	_		(484,877,77)	484,517.16		484,877.77	_	_	(484,517.16)	-	_	-	
ARO Depreciation	_	(465,395.12)	-	-		465,332,04	-	-		465,332.04		(465,332.04)	_	-	(63,08)
ARO Revaluation	(361,695,68)	47,150,61	-	-	(213,724,14)	528,269.21	-	-	•	· -	-	•	-	•	(0,00)
ARO Establishment of Now AROs	3,491,626,84	-	-	-	(3,491,626,84)	-	-	-	-	-	-	-	-	-	
ARO RWIP	-	•	329,191,83	-	-	-		•	-	-	-	-	-	~ (329,191	83) -
Accrue COR		45 500 440 00v	0.400.400.60	5.270.314.68	(120.459.499.21)	4U 607 BET 4B	1,168,326,97	E 475 700 00	(1,168,326.97)	-	474 CO4 400	(0.444.404.44)	0.000 477 00	# 000 CCT 070 C4 E40 040	
Ending Balance Dec11	107,910,301.48	(5,580,112,00)	2,160,438,59	5,270,314.68	(120,409,499,21)	18,087,852.18	(5,871,614,53)	5,475,796,33	1,693,855,79	6,114,124,14	(5,471,601.48)	(6,114,124,14)	2,350,177.66	(1,092,557,37) (4,518,616	55) (37,264.13)

Attachment to Response to KU AG-1 Question No. 201 Page 894 of 1022 Charnas

Crescente, Angela

From:

Wiseman, Sara

Sent:

Friday, January 06, 2012 5:31 PM

To:

Crescente, Angela

Subject:

FW: Error assessment memo on AROs

Follow Up Flag: Flag Status:

Follow up Completed

From: Kelly, Mimi

Sent: Friday, January 06, 2012 5:00 PM

To: Charnas, Shannon

Cc: Scott, Valerie; Wiseman, Sara; Hickman, James **Subject:** FW: Error assessment memo on AROs

Thanks Shannon.

This is very well written and very helpful for our SOX Exception reporting.

We prepare a template to enter Management Issues into the PPL FCM database. I will forward that to you for your review once we have completed our assessment.

Mimi Kelly 502-627-2482

From: Charnas, Shannon

Sent: Friday, January 06, 2012 2:10 PM

To: ritu.furlan@ey.com; Jennifer Beneke (jennifer.beneke@ey.com); Brett.Wemer@ey.com; Matt Crawley

(Matt.crawley@ey.com)

Cc: Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly, Mimi; Pienaar, Lesley;

McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby, David

Subject: Error assessment memo on AROs

Attached is a memo regarding some additional AROs that needed to be recorded in Q4. Please let me know if you have any questions.

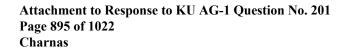


Asset Retirement Obligation EA...

Thanks,

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978





MEMORANDUM

Date:

January 6, 2012

To:

Valerie L. Scott, Controller

From:

Sara Wiseman, Manager, Property Accounting

Angela Crescente, Accounting Analyst III, Property Accounting

Re:

Asset Retirement Obligation Review

cc:

Shannon Charnas, Director, Accounting & Regulatory Reporting

Debbie Shelton, Director, Audit Services

Rusty Hudson, Director, Energy Services Accounting & Budget

Mimi Kelly, Manager, Sarbanes-Oxley Compliance Lesley Pienaar, Manager, Financial Reporting

Beth McFarland, Manager, Substation Construction & Maintenance

Robby Trimble, Manager, Transmission Line Service

Lisa Allen, Manager, Finance & Budgeting-Energy Delivery Jon Miller, Manager, Finance & Budgeting-Transmission

David Cosby, Manager, Finance & Budgeting-Power Production

Ernst & Young

Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

Attachment to Response to KU AG-1 Question No. 201 Page 896 of 1022 Charnas

January 6, 2012 Page 2 Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant Understated
Accumulated Depreciation Overstated
Regulatory Assets Overstated
Asset Retirement Obligations Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

How Error Was Identified

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

Controls Impacted

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this

January 6, 2012 Page 3 Asset Retirement Obligation Review

program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

Action Plan

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This process will provide employees with helpful information to aid in indentifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

Materiality Assessment

Periods Impacted (including quarter correction booked)

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's) 9ME 09/30/11

Fin Stmt Line Item	Company	<u>Debit</u>	Credit
Regulated Utility Plant	LG&E	1,620	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,618
Regulated Utility Plant	KU	1,182	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,169

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 6, 2012 Page 4 Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	<u>12/3</u>	1/09	<u>12/3</u>	1/10	3/3	<u>1/11</u>	6/30	0/11	9/30	0/11
	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	KU	LG&E	KU
Impact of ARO Adjustment on Regulated Utility Plant	5.5	1.2	5.5	1.2	2.3	4.9	2.3	4.9	1.6	1.2
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.13%	0.02%	0.21%	0.03%	0.08%	0.11%	0.08%	0.11%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	(0.05)	0.003	(0.05)	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	32	13	9	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.74%	3.53%	11.22%	2.22%	4.29%	9.26%	4.20%	9.09%	2.96%	2.03%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Total Deferred Credits and Other Noncurrent Liabilities (B)	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.55%	0.12%	0.43%	0.09%	0.17%	0.40%	0.17%	0.39%	0.12%	0.09%

⁽B) This subtotal line is included to show an additional level of comparison.



Qualitative Assessment

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.

 Response The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.
 Response No.
- Whether it affects compliance with loan covenants or other contractual requirements. Response No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.
 Response No.
- Whether it involves concealment of an unlawful or fraudulent transaction. Response No.

Conclusion on Materiality Assessment

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 900 of 1022 Charnas

January 6, 2012 Page 6 Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

SOX Assessment

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5¹ "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, <u>A Framework for Evaluating Control Exceptions and Deficiencies</u>² (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

¹ AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

² A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

Attachment to Response to KU AG-1 Question No. 201 Page 901 of 1022 Charnas

January 6, 2012 Page 7 Asset Retirement Obligation Review

Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as "a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting."

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

Disclosure

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – "In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period."

No disclosure related to this error is required in the quarterly or annual financial statements.

Conclusion

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 902 of 1022 Charnas

Crescente, Angela

From: Charnas, Shannon

Sent: Friday, January 06, 2012 2:10 PM

To: ritu.furlan@ey.com; Jennifer Beneke (jennifer.beneke@ey.com); Brett.Wemer@ey.com;

Matt Crawley (Matt.crawley@ey.com)

Cc: Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly,

Mimi; Pienaar, Lesley; McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby,

David

Subject: Error assessment memo on AROs

Follow Up Flag: Follow up Flag Status: Completed

Attached is a memo regarding some additional AROs that needed to be recorded in Q4. Please let me know if you have any questions.

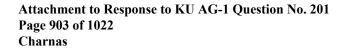


Asset Retirement Obligation EA...

Thanks,

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978





MEMORANDUM

Date:

January 6, 2012

To:

Valerie L. Scott, Controller

From:

Sara Wiseman, Manager, Property Accounting

Angela Crescente, Accounting Analyst III, Property Accounting

Re:

Asset Retirement Obligation Review

ce:

Shannon Charnas, Director, Accounting & Regulatory Reporting

Debbie Shelton, Director, Audit Services

Rusty Hudson, Director, Energy Services Accounting & Budget

Mimi Kelly, Manager, Sarbanes-Oxley Compliance Lesley Pienaar, Manager, Financial Reporting

Beth McFarland, Manager, Substation Construction & Maintenance

Robby Trimble, Manager, Transmission Line Service

Lisa Allen, Manager, Finance & Budgeting-Energy Delivery Jon Miller, Manager, Finance & Budgeting-Transmission

David Cosby, Manager, Finance & Budgeting-Power Production

Ernst & Young

Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

Attachment to Response to KU AG-1 Question No. 201 Page 904 of 1022 Charnas

January 6, 2012 Page 2 Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant Understated
Accumulated Depreciation Overstated
Regulatory Assets Overstated
Asset Retirement Obligations Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

How Error Was Identified

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

Controls Impacted

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this

Attachment to Response to KU AG-1 Question No. 201 Page 905 of 1022 Charnas

January 6, 2012 Page 3 Asset Retirement Obligation Review

program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

Action Plan

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This process will provide employees with helpful information to aid in indentifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

Materiality Assessment

Periods Impacted (including quarter correction booked)

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's) 9ME 09/30/11

		7141L 07/30/1 X			
Fin Stmt Line Item	Company	<u>Debit</u>	<u>Credit</u>		
Regulated Utility Plant	LG&E	1,620	10. W		
Accumulated Depreciation	LG&E	4			
Regulatory Assets	LG&E		6		
Asset Retirement Obligations	LG&E		1,618		
Regulated Utility Plant	KU	1,182			
Accumulated Depreciation	KU	40			
Regulatory Assets	KU		53		
Asset Retirement Obligations	KU		1,169		

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 6, 2012 Page 4 Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	12/3	1/09	12/3	<u>1/10</u>	<u>3/31</u>	/11	6/30	<u>)/11</u>	9/30	<u>)/11</u>
	LG&E	<u>KU</u>	<u>LG&E</u>	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5.5	1.2	5.5	1.2	2.3	4.9	2.3	4.9	1.6	1.2
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.13%	0.02%	0.21%	0.03%	0.08%	0.11%	0.08%	0.11%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets Regulatory Assets (A/C 182) Total Percentage Impact on F/S Line	0.003 14 0.02%	(0.05) 32 -0.16%	0.003 13 0.02%	(0.05) 9 -0.56%	(0.306) 149 -0.21%	0.15 113 0.13%	(0.306) 363 -0.08%	0.15 227 0.07%	(0.006) 390 0.00%	(0.05) 224 -0.02%
Total Percentage Impact on 175 Line	0.0270	-0.1070	0.0270	-0.5070	-0.2170	0.1570	-0.0070	0.0770	0.0070	~0.0270
Impact of ARO Adjustment on Asset Retirement Obligations	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.74%	3.53%	11.22%	2.22%	4.29%	9.26%	4.20%	9.09%	2.96%	2.03%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Total Deferred Credits and Other Noncurrent Liabilities (B)	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.55%	0.12%	0.43%	0.09%	0.17%	0.40%	0.17%	0.39%	0.12%	0.09%

⁽B) This subtotal line is included to show an additional level of comparison.



Qualitative Assessment

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate. Response The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.

 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.
 Response No.
- Whether it affects compliance with loan covenants or other contractual requirements.
 Response No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.
 Response No.
- Whether it involves concealment of an unlawful or fraudulent transaction. Response No.

Conclusion on Materiality Assessment

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 908 of 1022 Charnas

January 6, 2012 Page 6 Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

SOX Assessment

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5¹ "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, <u>A Framework for Evaluating Control Exceptions and Deficiencies</u>² (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

¹ AUDITING STANDARD No. 5 -AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

² A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

Attachment to Response to KU AG-1 Question No. 201 Page 909 of 1022 Charnas

January 6, 2012 Page 7 Asset Retirement Obligation Review

Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as "a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting."

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

Disclosure

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – "In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period."

No disclosure related to this error is required in the quarterly or annual financial statements.

Conclusion

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 910 of 1022 Charnas

Crescente, Angela

From:

Wiseman, Sara

Sent:

Friday, January 06, 2012 1:19 PM

To:

Charnas, Shannon Crescente, Angela

Cc: Subject:

Asset Retirement Obligation Review -1-6-12.docx

Follow Up Flag:

Flag Status:

Follow up

Completed



Asset Retirement Obligation Re...

Shannon: We have tried to address Valerie's questions. Please let me know if you think I need to do something more.

Sara

Attachment to Response to KU AG-1 Question No. 201 Page 911 of 1022 Charnas



MEMORANDUM

Date:

January 65, 2012

To:

Valerie L. Scott, Controller

From:

Sara Wiseman, Manager, Property Accounting

Angela Crescente, Accounting Analyst III, Property Accounting

Re:

Asset Retirement Obligation Review

ce:

Shannon Charnas, Director, Accounting & Regulatory Reporting

Debbie Shelton, Director, Audit Services

Rusty Hudson, Director, Energy Services Accounting & Budget

Mimi Kelly, Manager, Sarbanes-Oxley Compliance Lesley Pienaar, Manager, Financial Reporting

Beth McFarland, Manager, Substation Construction & Maintenance

Robby Trimble, Manager, Transmission Line Service Lisa Allen, Manager, Finance & Budgeting-Energy Delivery Jon Miller, Manager, Finance & Budgeting-Transmission David Cosby, Manager, Finance & Budgeting-Power Production

Ernst & Young

Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

These errors caused the following misstatements on LG&E and KU's financial statements:

January 56, 2012 Page 2 Asset Retirement Obligation Review

Regulated Utility Plant Understated
Accumulated Depreciation Overstated
Regulatory Assets Overstated
Asset Retirement Obligations Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

How Error Was Identified

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified.

Controls Impacted

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s fNeed to give a time frame

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January 56, 2012 Page 3 Asset Retirement Obligation Review

of reference (i.e., during the period XXXX to XXXX or prior to XXXX.)]. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

Action Plan

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. JWas this step taken during the meetings discussed in the "How Error Was Identified" section? If not, how do we know we have everything now? We should add some discussion of these questions in that section of the memo. This process will provide employees with helpful information to aid in indentifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

Materiality Assessment

Periods Impacted (including quarter correction booked)

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	Х
2009	X	X	Х	Х

Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's)

		9ME 09/	/30/11
Fin Stmt Line Item	Company	<u>Debit</u>	Credit
Regulated Utility Plant	LG&E	1,620	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,618
Regulated Utility Plant	KU	1,182	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53

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Attachment to Response to KU AG-1 Question No. 201 Page 914 of 1022 Charnas

| January 56, 2012 Page 4 Asset Retirement Obligation Review

Asset Retirement Obligations	KU		1.169
Asset Retirement Congutions	120		1,107

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 56, 2012 Page 5 Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	12/3	1/09	12/3	1/10	3/3	1/11	6/30	0/11	9/3	0/11
	LG&E	<u>KU</u>	LG&E	KU	LG&E	<u>KU</u>	<u>LG&E</u>	<u>KU</u>	LG&E	KU
Impact of ARO Adjustment on Regulated Utility Plant	5.5	1.2	5.5	1.2	2.3	4.9	2.3	4.9	1.6	1,2
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.13%	0.02%	0.21%	0.03%	0.08%	0.11%	0.08%	0.11%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0,15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets Regulatory Assets (A/C 182)	0.003 14	(0.05) 32	0.003 13	(0.05)	(0.306) 149	0.15 113	(0.306) 363	0.15 227	(0,006) 390	(0,05) 224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.74%	3.53%	11.22%	2,22%	4.29%	9.26%	4.20%	9.09%	2.96%	2.03%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.5	1,2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Total Deferred Credits and Other Noncurrent Liabilities (B)	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.55%	0.12%	0.43%	0.09%	0.17%	0.40%	0.17%	0.39%	0.12%	0.09%

⁽B) This subtotal line is included to show an additional level of comparison.



Qualitative Assessment

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.
 Response The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.
 Response No.
- Whether it affects compliance with loan covenants or other contractual requirements. Response – No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.
 Response No.
- Whether it involves concealment of an unlawful or fraudulent transaction.
 Response No.

Conclusion on Materiality Assessment

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

| January 56, 2012 Page 7 Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

SOX Assessment

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5¹ "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is
 missing or (b) an existing control is not properly designed so that, even if the control
 operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as
 designed, or when the person performing the control does not possess the necessary
 authority or competence to perform the control effectively."

The SOX guidance, <u>A Framework for Evaluating Control Exceptions and Deficiencies</u>² (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

¹ AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

² A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

Attachment to Response to KU AG-1 Question No. 201 Page 918 of 1022 Charnas

January <u>56</u>, 2012 Page 8 Asset Retirement Obligation Review

Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as "a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting."

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

Disclosure

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – "In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period."

No disclosure related to this error is required in the quarterly or annual financial statements.

Conclusion

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 919 of 1022 Charnas

Crescente, Angela

From:

Charnas, Shannon

Sent: To: Thursday, January 05, 2012 8:04 PM Wiseman, Sara; Crescente, Angela

Subject:

FW: ARO EAM

Follow Up Flag:

Follow up

Flag Status:

Completed

Sara/Angela -

See rave reviews below! Would you take a stab at addressing her questions and let me know if you would like to discuss.

Thanks,

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

From: Scott, Valerie

Sent: Thursday, January 05, 2012 7:59 PM

To: Charnas, Shannon Subject: RE: ARO EAM

Shannon,

Good memo! I only have a few minor items to add, in the attached. Let me know if you would like to discuss.

Thanks.



Asset Retirement Obligation Re...

Valerie

From: Charnas, Shannon

Sent: Thursday, January 05, 2012 7:13 PM

To: Scott, Valerie **Subject:** ARO EAM

Valerie –

Attachment to Response to KU AG-1 Question No. 201 Page 920 of 1022 Charnas

Attached is the draft of the ARO EAM. Please let me know if you would like to discuss, or if you have any comments.

Thanks,

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

<< File: Asset Retirement Obligation Review -1-5-12 v2.docx >>

Attachment to Response to KU AG-1 Question No. 201 Page 921 of 1022 Charnas



MEMORANDUM

Date:

January 5, 2012

To:

Valerie L. Scott, Controller

From:

Sara Wiseman, Manager, Property Accounting

Angela Crescente, Accounting Analyst III, Property Accounting

Re:

Asset Retirement Obligation Review

ee:

Shannon Charnas, Director, Accounting & Regulatory Reporting

Debbie Shelton, Director, Audit Services

Rusty Hudson, Director, Energy Services Accounting & Budget

Mimi Kelly, Manager, Sarbanes-Oxley Compliance Lesley Pienaar, Manager, Financial Reporting

Beth McFarland, Manager, Substation Construction & Maintenance

Robby Trimble, Manager, Transmission Line Service Lisa Allen, Manager, Finance & Budgeting-Energy Delivery Jon Miller, Manager, Finance & Budgeting-Transmission David Cosby, Manager, Finance & Budgeting-Power Production

Ernst & Young

Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

These errors caused the following misstatements on LG&E and KU's financial statements:

Attachment to Response to KU AG-1 Question No. 201 Page 922 of 1022 Charnas

January 5, 2012 Page 2 Asset Retirement Obligation Review

Regulated Utility Plant Understated
Accumulated Depreciation Overstated
Regulatory Assets Overstated
Asset Retirement Obligations Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

How Error Was Identified

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified.

Controls Impacted

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AlP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment INeed to give a time frame of reference (i.e., during the period XXXX to XXXX or prior to XXXX.)]. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

Action Plan

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Attachment to Response to KU AG-1 Question No. 201 Page 923 of 1022 Charnas

January 5, 2012 Page 3 Asset Retirement Obligation Review

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. [Was this step taken during the meetings discussed in the "How Error Was Identified" section? If not, how do we know we have everything now? We should add some discussion of these questions in that section of the memo. [This process will provide employees with helpful information to aid in indentifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

Materiality Assessment

Periods Impacted (including quarter correction booked)

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's)

		9ME 09	/30/11
Fin Stmt Line Item	<u>Company</u>	<u>Debit</u>	<u>Credit</u>
Regulated Utility Plant	LG&E	1,620	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,618
Regulated Utility Plant	KU_	1,182	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,169

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

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January 5, 2012 Page 4 Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	12/3	1/09	12/3	1/10	3/31	/11	6/30	<u>)/11</u>	9/30	0/11
	LG&E	<u>KU</u>	LG&E	KU	LG&E	KU	LG&E	KU	LG&E	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5.5	1.2	5.5	1.2	2.3	4.9	2.3	4.9	1.6	1.2
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.13%	0.02%	0.21%	0.03%	0.08%	0,11%	0.08%	0.11%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets Regulatory Assets (A/C 182)	0.003 14	(0.05) 32	0.003 13	(0.05) 9	(0.306) 149	0.15 113	(0.306) 363	0.15 227	(0.006) 390	(0.05) 224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.74%	3.53%	11.22%	2.22%	4.29%	9.26%	4.20%	9.09%	2.96%	2.03%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Total Deferred Credits and Other Noncurrent	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.55%	0.12%	0.43%	0.09%	0.17%	0.40%	0.17%	0.39%	0.12%	0.09%
Asset Retirement Obligations (A/C 230) Total Percentage Impact on F/S Line Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities Total Deferred Credits and Other Noncurrent Liabilities (B)	17.74% 5.5 1,006	3.53% 1.2 1,014	11,22% 5.5 1,269	2.22% 1.2 1,275	4.29% 2.1 1,220	9.26% 5 1,256	4.20% 2.1 1,244	9.09% 5 1,286	2.96% 1.6 1,284	2.03% 1.2 1,315

⁽B) This subtotal line is included to show an additional level of comparison.



Qualitative Assessment

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.
 Response The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.
 Response No.
- Whether it affects compliance with loan covenants or other contractual requirements.
 Response No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.
 Response No.
- Whether it involves concealment of an unlawful or fraudulent transaction.
 Response No.

Conclusion on Materiality Assessment

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 926 of 1022 Charnas

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Page 6
Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

SOX Assessment

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5¹ "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is
 missing or (b) an existing control is not properly designed so that, even if the control
 operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as
 designed, or when the person performing the control does not possess the necessary
 authority or competence to perform the control effectively."

The SOX guidance, <u>A Framework for Evaluating Control Exceptions and Deficiencies</u>² (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

¹ AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

² A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

Attachment to Response to KU AG-1 Question No. 201 Page 927 of 1022 Charnas

January 5, 2012
Page 7
Asset Retirement Obligation Review

Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as "a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting,"

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

Disclosure

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – "In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period."

No disclosure related to this error is required in the quarterly or annual financial statements.

Conclusion

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 928 of 1022 Charnas

Crescente, Angela

From:

Wiseman, Sara

Sent:

Thursday, January 05, 2012 5:04 PM

To:

Charnas, Shannon Crescente, Angela

Cc: Subject:

Asset Retirement Obligation Review -1-5-12 v2.docx

Follow Up Flag:

Follow up

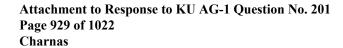
Flag Status:

Completed



Asset Retirement Obligation Re...

Ready for the next level of review.





MEMORANDUM

Date:

January 5, 2012

To:

Valerie L. Scott, Controller

From:

Sara Wiseman, Manager, Property Accounting

Angela Crescente, Accounting Analyst III, Property Accounting

Re:

Asset Retirement Obligation Review

cc:

Shannon Charnas, Director, Accounting & Regulatory Reporting

Debbie Shelton, Director, Audit Services

Rusty Hudson, Director, Energy Services Accounting & Budget

Mimi Kelly, Manager, Sarbanes-Oxley Compliance Lesley Pienaar, Manager, Financial Reporting

Beth McFarland, Manager, Substation Construction & Maintenance

Robby Trimble, Manager, Transmission Line Service

Lisa Allen, Manager, Finance & Budgeting-Energy Delivery Jon Miller, Manager, Finance & Budgeting-Transmission

David Cosby, Manager, Finance & Budgeting-Power Production

Ernst & Young

Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

These errors caused the following misstatements on LG&E and KU's financial statements:

Attachment to Response to KU AG-1 Question No. 201 Page 930 of 1022 Charnas

January 5, 2012 Page 2 Asset Retirement Obligation Review

Regulated Utility Plant Understated
Accumulated Depreciation Overstated
Regulatory Assets Overstated
Asset Retirement Obligations Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

How Error Was Identified

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified.

Controls Impacted

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

Action Plan

Attachment to Response to KU AG-1 Question No. 201 Page 931 of 1022 Charnas

January 5, 2012 Page 3 Asset Retirement Obligation Review

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This will provide employees with helpful information to aid in indentifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

Materiality Assessment

Periods Impacted (including quarter correction booked)

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's)

		9ME 09/	/30/11
Fin Stmt Line Item	<u>Company</u>	<u>Debit</u>	<u>Credit</u>
Regulated Utility Plant	LG&E	1,620	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,618
Regulated Utility Plant	KU	1,182	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,169

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 5, 2012 Page 4 Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	12/31/09		<u>12/31/10</u>		<u>3/31/11</u>		<u>6/30/11</u>		9/30/11	
	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	$\underline{\mathbf{K}}\underline{\mathbf{U}}$
Impact of ARO Adjustment on Regulated Utility Plant	5.5	1.2	5.5	1.2	2.3	4.9	2.3	4.9	1.6	1.2
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
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Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	(0.05)	0.003	(0.05)	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	32	13	9	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.74%	3.53%	11.22%	2.22%	4.29%	9.26%	4.20%	9.09%	2.96%	2.03%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Total Deferred Credits and Other Noncurrent Liabilities ^(B)	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.55%	0.12%	0.43%	0.09%	0.17%	0.40%	0.17%	0.39%	0.12%	0.09%

⁽B) This subtotal line is included to show an additional level of comparison.



Qualitative Assessment

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate. Response The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.

 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
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- Whether it affects compliance with loan covenants or other contractual requirements. Response No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.
 Response No.
- Whether it involves concealment of an unlawful or fraudulent transaction. Response No.

Conclusion on Materiality Assessment

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 934 of 1022 Charnas

January 5, 2012 Page 6 Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

SOX Assessment

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5¹ "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as
 designed, or when the person performing the control does not possess the necessary
 authority or competence to perform the control effectively."

The SOX guidance, <u>A Framework for Evaluating Control Exceptions and Deficiencies</u>² (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

¹ AUDITING STANDARD No. 5 -AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

² A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

Attachment to Response to KU AG-1 Question No. 201 Page 935 of 1022 Charnas

January 5, 2012 Page 7 Asset Retirement Obligation Review

Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as "a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting."

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

Disclosure

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – "In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period."

No disclosure related to this error is required in the quarterly or annual financial statements.

Conclusion

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 936 of 1022 Charnas

Crescente, Angela

From:

Charnas, Shannon

Sent:

Thursday, January 05, 2012 3:15 PM

To:

Wiseman, Sara; Crescente, Angela

Subject:

Asset Retirement Obligation Review -1-5-12.docx

Follow Up Flag:

Follow up Completed

Flag Status:



Asset Retirement Obligation Re... Attachment to Response to KU AG-1 Question No. 201 Page 937 of 1022 Charnas



MEMORANDUM

Date:

January 5, 2012

To:

Valerie L. Scott, Controller

From:

Sara Wiseman, Manager, Property Accounting

Angela Crescente, Accounting Analyst III, Property Accounting

Re:

Asset Retirement Obligation Review

cc:

Shannon Charnas, Director, Accounting & Regulatory Reporting

Debbie Shelton, Director, Audit Services

Mimi Kelly, Manager, Sarbanes-Oxley Compliance Lesley Pienaar, Manager, Financial Reporting

Ernst & Young

Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant Understated
Accumulated Depreciation Overstated
Regulatory Assets Overstated
Asset Retirement Obligations Understated

Attachment to Response to KU AG-1 Question No. 201 Page 938 of 1022 Charnas

January 5, 2012 Page 2 Asset Retirement Obligation Review

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

How Error Was Identified

The errors were discovered while completing the Aaction Pplan associated with the Eerror Aassessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the Aaction Pplan, Property Accounting conducted a training session with Ggas Ppersonnel. At the request of Senior Mmanagement, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified.

Controls Impacted

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

Action Plan

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with. The summaries will be attached to the questionnaire, which is distributed in the first quarter of 2012. This will provide employees with helpful information to aid in indentifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of

Attachment to Response to KU AG-1 Question No. 201 Page 939 of 1022 Charnas

January 5, 2012 Page 3 Asset Retirement Obligation Review

business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

Materiality Assessment

Periods Impacted (including quarter correction booked)

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	Х
2009	X	Х	X	X

Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's)

		9ME 09	/30/11
Fin Stmt Line Item	<u>Company</u>	<u>Debit</u>	<u>Credit</u>
D. C. LYNTH, DI.	1.000		<u></u>
Regulated Utility Plant	LG&E	1,620	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,618
Regulated Utility Plant	KU	1,182	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,169

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

Attachment to Response to KU AG-1 Question No. 201 Page 940 of 1022 Charnas

January 5, 2012 Page 4 Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the Egror Agssessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	12/31/09	12/31/10	<u>3/31</u>	/11	<u>6/30</u>	<u>)/1 1</u>	<u>9/30/11</u>	
	LG&E	LG&E	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5.5	5.5	2.3	4.9	2.3	4.9	1.6	1.2
Regulated Utility Plant (A/C 101)	4,200	2,600	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.13%	0.21%	0.08%	0.11%	0.08%	0.11%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	0.005	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	17	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.03%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	0.003	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	13	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	0.02%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.5	5.5	2.1	5	2.1	5	1.6	1.2
Asset Retirement Obligations (A/C 230)	31	49	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.74%	11.22%	4.29%	9.26%	4.20%	9.09%	2.96%	2.03%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.5	5.5	2.1	5	2.1	5	1.6	1.2
Total Deferred Credits and Other Noncurrent Liabilities (B)	1,006	1,269	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.55%	0.43%	0.17%	0.40%	0.17%	0.39%	0.12%	0.09%

⁽B) This subtotal line is included to show an additional level of comparison.



Qualitative Assessment

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.

 Response The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.
 Response No.
- Whether it affects compliance with loan covenants or other contractual requirements.
 -Response No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.
 Response No.
- Whether it involves concealment of an unlawful or fraudulent transaction. Response No.

Conclusion on Materiality Assessment

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

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Attachment to Response to KU AG-1 Question No. 201 Page 942 of 1022 Charnas

January 5, 2012
Page 6
Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

SOX Assessment

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5¹ "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is
 missing or (b) an existing control is not properly designed so that, even if the control
 operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as
 designed, or when the person performing the control does not possess the necessary
 authority or competence to perform the control effectively."

The SOX guidance, <u>A Framework for Evaluating Control Exceptions and Deficiencies</u>² (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

¹ AUDITING STANDARD No. 5 -AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

² A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

Attachment to Response to KU AG-1 Question No. 201 Page 943 of 1022 Charnas

January 5, 2012 Page 7 Asset Retirement Obligation Review

Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as "a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting."

See the Controls-Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of pperation. Management believes that the deficiency in the design/operation of the controls should/should not be classified as a pignificant deficiency or material weakness.

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a the misunderstanding regarding what was included in the AROsof what was included in the AROsof what was included in the ARO calculation. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative, The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings.

Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

NOTE: If the deficiency is a design deficiency, it must be classified as either a significant deficiency or material weakness.]

Disclosure

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – "In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period."

No disclosure related to this error is required in the quarterly or annual financial statements.

Conclusion

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

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Attachment to Response to KU AG-1 Question No. 201 Page 944 of 1022 Charnas

Crescente, Angela

From:

Wiseman, Sara

Sent:

Tuesday, January 10, 2012 7:57 AM

To:

Crescente, Angela

Subject:

FW: Error assessment memo on AROs

Follow Up Flag:

Follow up

Flag Status:

Completed

From: McFarland, Beth

Sent: Monday, January 09, 2012 10:42 PM **To:** Charnas, Shannon; Wiseman, Sara

Subject: FW: Error assessment memo on AROs

Shannon, Sara,

Similar to Transmission, Distribution will be submitting AROs for PCB contaminated Distribution Substation bushings. Transmission Substations and Distribution Substations should be consistent in the manner in which they are reporting AROs. Transmission Substations has provided us with their information submitted and we will be creating something very similar for Distribution Substations.

Thank you and let me know if you have any questions.

Beth McFarland
Manager Substation Construction and Maintenance
LG&E/KU
South Service Center
502-364-8681 Office
502-645-8699 Cell
502-326-0255 Home
502-217-2420 FAX
Beth.McFarland@LGE-KU.com

From: Charnas, Shannon

Sent: Friday, January 06, 2012 2:10 PM

To: ritu.furlan@ey.com; Jennifer Beneke (jennifer.beneke@ey.com); Brett.Wemer@ey.com; Matt Crawley

(Matt.crawley@ey.com)

Cc: Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly, Mimi; Pienaar, Lesley;

McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby, David

Subject: Error assessment memo on AROs

Attachment to Response to KU AG-1 Question No. 201 Page 945 of 1022 Charnas

Attached is a memo regarding some additional AROs that needed to be recorded in Q4. Please let me know if you have any questions.



Asset Retirement Obligation EA...

Thanks,

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

Attachment to Response to KU AG-1 Question No. 201 Page 946 of 1022 Charnas



MEMORANDUM

Date:

January 6, 2012

To:

Valerie L. Scott, Controller

From:

Sara Wiseman, Manager, Property Accounting

Angela Crescente, Accounting Analyst III, Property Accounting

Re:

Asset Retirement Obligation Review

cc:

Shannon Charnas, Director, Accounting & Regulatory Reporting

Debbie Shelton, Director, Audit Services

Rusty Hudson, Director, Energy Services Accounting & Budget

Mimi Kelly, Manager, Sarbanes-Oxley Compliance Lesley Pienaar, Manager, Financial Reporting

Beth McFarland, Manager, Substation Construction & Maintenance

Robby Trimble, Manager, Transmission Line Service

Lisa Allen, Manager, Finance & Budgeting-Energy Delivery Jon Miller, Manager, Finance & Budgeting-Transmission

David Cosby, Manager, Finance & Budgeting-Power Production

Ernst & Young

Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

Attachment to Response to KU AG-1 Question No. 201 Page 947 of 1022 Charnas

January 6, 2012 Page 2 Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant Understated
Accumulated Depreciation Overstated
Regulatory Assets Overstated
Asset Retirement Obligations Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

How Error Was Identified

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

Controls Impacted

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this

Attachment to Response to KU AG-1 Question No. 201 Page 948 of 1022 Charnas

January 6, 2012 Page 3 Asset Retirement Obligation Review

program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

Action Plan

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This process will provide employees with helpful information to aid in indentifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

Materiality Assessment

Periods Impacted (including quarter correction booked)

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's) 9ME 09/30/11

	~	- 4	
Fin Stmt Line Item	<u>Company</u>	<u>Debit</u>	Credit
Regulated Utility Plant	LG&E	1,620	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,618
Regulated Utility Plant	KU	1,182	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,169

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 6, 2012 Page 4 Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	12/3	1/09	12/3	1/10	<u>3/31</u>	<u>/11</u>	6/30	/11	9/30	<u>)/11</u>
	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	KU	LG&E	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5.5	1.2	5.5	1.2	2.3	4.9	2.3	4.9	1.6	1.2
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.13%	0.02%	0.21%	0.03%	0.08%	0.11%	0.08%	0.11%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets Regulatory Assets (A/C 182)	0.003 14	(0.05) 32	0.003 13	(0.05) 9	(0.306) 149	0.15 113	(0.306) 363	0.15 227	(0.006) 390	(0.05) 224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.74%	3.53%	11.22%	2.22%	4.29%	9.26%	4.20%	9.09%	2.96%	2.03%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.5	1.2	5.5	1.2	2.1	5	2.1	5	1.6	1.2
Total Deferred Credits and Other Noncurrent Liabilities (B)	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.55%	0.12%	0.43%	0.09%	0.17%	0.40%	0.17%	0.39%	0.12%	0.09%

⁽B) This subtotal line is included to show an additional level of comparison.



Qualitative Assessment

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate. Response - The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.

 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.
 Response No.
- Whether it affects compliance with loan covenants or other contractual requirements.
 Response No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.
 Response No.
- Whether it involves concealment of an unlawful or fraudulent transaction. Response No.

Conclusion on Materiality Assessment

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 951 of 1022 Charnas

January 6, 2012 Page 6 Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

SOX Assessment

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5¹ "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as
 designed, or when the person performing the control does not possess the necessary
 authority or competence to perform the control effectively."

The SOX guidance, <u>A Framework for Evaluating Control Exceptions and Deficiencies</u>² (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

¹ AUDITING STANDARD No. 5 -AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

² A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

Attachment to Response to KU AG-1 Question No. 201 Page 952 of 1022 Charnas

January 6, 2012 Page 7 Asset Retirement Obligation Review

Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as "a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting."

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

Disclosure

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – "In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period."

No disclosure related to this error is required in the quarterly or annual financial statements.

Conclusion

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 953 of 1022 Charnas

Crescente, Angela

From:

Charnas, Shannon

Sent:

Friday, January 13, 2012 10:08 AM

To:

'ritu.furlan@ey.com'; 'Jennifer Beneke (jennifer.beneke@ey.com)';

'Brett.Wemer@ey.com'; 'Matt Crawley (Matt.crawley@ey.com)'

Cc:

Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly,

Mimi; Pienaar, Lesley; McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby,

David

Subject:

RE: Error assessment memo on AROs

Follow Up Flag:

Follow up

Flag Status:

Completed

There were a few updates needed to the ARO memo due to some additional AROs that were booked yesterday totaling ~\$325k. Attached is a clean and tracked changes version.

Please let me know if you have any questions.





Obligation EA...

Obligation EA...

Thanks,

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

From: Charnas, Shannon

Sent: Friday, January 06, 2012 2:10 PM

To: ritu.furlan@ey.com; Jennifer Beneke (jennifer.beneke@ey.com); Brett.Wemer@ey.com; Matt Crawley

(Matt.crawley@ey.com)

Cc: Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly, Mimi; Pienaar, Lesley;

McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby, David

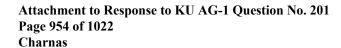
Subject: Error assessment memo on AROs

Attached is a memo regarding some additional AROs that needed to be recorded in Q4. Please let me know if you have any questions.

Thanks, << File: Asset Retirement Obligation EAM - 1-6-12.docx >>

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978





MEMORANDUM

Date:

January 13, 2012

To:

Valerie L. Scott, Controller

From:

Sara Wiseman, Manager, Property Accounting

Angela Crescente, Accounting Analyst III, Property Accounting

Re:

Asset Retirement Obligation Review

cc:

Shannon Charnas, Director, Accounting & Regulatory Reporting

Debbie Shelton, Director, Audit Services

Rusty Hudson, Director, Energy Services Accounting & Budget

Mimi Kelly, Manager, Sarbanes-Oxley Compliance Lesley Pienaar, Manager, Financial Reporting

Beth McFarland, Manager, Substation Construction & Maintenance

Robby Trimble, Manager, Transmission Line Service

Lisa Allen, Manager, Finance & Budgeting-Energy Delivery Jon Miller, Manager, Finance & Budgeting-Transmission

David Cosby, Manager, Finance & Budgeting-Power Production

Ernst & Young

Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in distribution and transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

Attachment to Response to KU AG-1 Question No. 201 Page 955 of 1022 Charnas

January 6, 2012 Page 2 Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant Understated
Accumulated Depreciation Overstated
Regulatory Assets Overstated
Asset Retirement Obligations Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

How Error Was Identified

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

Controls Impacted

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this

Attachment to Response to KU AG-1 Question No. 201 Page 956 of 1022 Charnas

January 6, 2012 Page 3 Asset Retirement Obligation Review

program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

Action Plan

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This process will provide employees with helpful information to aid in identifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

Materiality Assessment

Periods Impacted (including quarter correction booked)

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's) 9ME 09/30/11

		717117 (7/130/11			
Fin Stmt Line Item	Company	<u>Debit</u>	<u>Credit</u>		
Regulated Utility Plant	LG&E	1,765			
Accumulated Depreciation	LG&E	4			
Regulatory Assets	LG&E		6		
Asset Retirement Obligations	LG&E		1,763		
Regulated Utility Plant	KU	1,367			
Accumulated Depreciation	KU	40			
Regulatory Assets	KU		53		
Asset Retirement Obligations	KU		1,354		

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 6, 2012 Page 4 Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	<u>12/3</u>	1/09	12/3	<u>1/10</u>	<u>3/31</u>	<u>/11</u>	<u>6/30</u>	<u>)/11</u>	9/30	<u> </u>
	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5.7	1.4	5.7	1.4	2.5	5.1	2.5	5.1	1.8	1.4
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.14%	0.03%	0.22%	0.04%	0.09%	0.12%	0.09%	0.12%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	(0.05)	0.003	(0.05)	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	32	13	9	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.7	1.4	5.7	1.4	2.3	5.2	2.3	5.2	1.8	1.4
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	18.39%	4.12%	11.63%	2.59%	4.69%	9.63%	4.60%	9.45%	3.33%	2.37%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.7	1.4	5.7	1.4	2.3	5.2	2.3	5.2	1.8	1.4
Total Deferred Credits and Other Noncurrent Liabilities (B)	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.57%	0.14%	0.45%	0.11%	0.19%	0.41%	0.18%	0.40%	0.14%	0.11%

⁽B) This subtotal line is included to show an additional level of comparison.



Qualitative Assessment

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate. Response - The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.

 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements. Response No.
- Whether it affects compliance with loan covenants or other contractual requirements. Response No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation. Response No.
- Whether it involves concealment of an unlawful or fraudulent transaction.
 Response No.

Conclusion on Materiality Assessment

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 959 of 1022 Charnas

January 6, 2012 Page 6 Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

SOX Assessment

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5¹ "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as
 designed, or when the person performing the control does not possess the necessary
 authority or competence to perform the control effectively."

The SOX guidance, <u>A Framework for Evaluating Control Exceptions and Deficiencies</u>² (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

¹ AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

² A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

Attachment to Response to KU AG-1 Question No. 201 Page 960 of 1022 Charnas

January 6, 2012 Page 7 Asset Retirement Obligation Review

Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as "a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting."

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

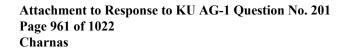
Disclosure

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – "In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period."

No disclosure related to this error is required in the quarterly or annual financial statements.

Conclusion

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.





MEMORANDUM

Date:

January 613, 2012

To:

Valerie L. Scott, Controller

From:

Sara Wiseman, Manager, Property Accounting

Angela Crescente, Accounting Analyst III, Property Accounting

Re:

Asset Retirement Obligation Review

cc:

Shannon Charnas, Director, Accounting & Regulatory Reporting

Debbie Shelton, Director, Audit Services

Rusty Hudson, Director, Energy Services Accounting & Budget

Mimi Kelly, Manager, Sarbanes-Oxley Compliance Lesley Pienaar, Manager, Financial Reporting

Beth McFarland, Manager, Substation Construction & Maintenance

Robby Trimble, Manager, Transmission Line Service

Lisa Allen, Manager, Finance & Budgeting-Energy Delivery Jon Miller, Manager, Finance & Budgeting-Transmission

David Cosby, Manager, Finance & Budgeting-Power Production

Ernst & Young

Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in distribution and transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

Attachment to Response to KU AG-1 Question No. 201 Page 962 of 1022 Charnas

January 6, 2012 Page 2 Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant

Accumulated Depreciation

Regulatory Assets

Asset Retirement Obligations

Understated

Overstated

Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

How Error Was Identified

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

Controls Impacted

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this

Attachment to Response to KU AG-1 Question No. 201 Page 963 of 1022 Charnas

January 6, 2012 Page 3 Asset Retirement Obligation Review

program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

Action Plan

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This process will provide employees with helpful information to aid in identifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

Materiality Assessment

Periods Impacted (including quarter correction booked)

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	Х

Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's) 9ME 09/30/11

			,
Fin Stmt Line Item	<u>Company</u>	<u>Debit</u>	<u>Credit</u>
Regulated Utility Plant	LG&E	1,6201,765	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,618 <u>1,763</u>
Regulated Utility Plant	KU	1,182 <u>1,367</u>	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,169 1,354

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 6, 2012 Page 4 Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	12/3	1/09	12/3	<u>1/10</u>	<u>3/3</u> 1	<u> 1/11</u>	<u>6/30</u>)/11	9/30	<u> </u>
	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	KU
Impact of ARO Adjustment on Regulated Utility Plant	5. 5 7	1.2 <u>4</u>	5. 5 7	1. 2 4	2. 3 5	4 .9 <u>5.1</u>	2. 3 5	4.9 <u>5.1</u>	1. 6 <u>8</u>	1. 2 4
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0. 13 <u>14</u> %	0. 02 <u>03</u> %	0. 21 22%	0. 03 <u>04</u> %	0. 08<u>09</u>%	0.1112%	0. 08 <u>09</u> %	0. 11<u>12</u>%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	(0.05)	0.003	(0.05)	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	32	13	9	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5. 5 7	1. 2 4	5. 5 <u>7</u>	1. 2 4	2. 1 <u>3</u>	5 <u>.2</u>	2. 1 3	5 <u>.2</u>	1. 6 <u>8</u>	1. 2 4
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.7 4 <u>18.39</u> %	3.53 <u>4.12</u> %	11. 22 <u>63</u> %	2. 22 59%	4. 29<u>69</u>%	9. 26 <u>63</u> %	4, 20 <u>60</u> %	9. 09<u>45</u>%	2.96 3.33%	2.03 2.37%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5. 5 7	1. 2 4	5. 5 7	1.24	2. 1 3	5 <u>.2</u>	2. 1 3	5 <u>.2</u>	1. 6 <u>8</u>	1. 2 4
Total Deferred Credits and Other Noncurrent Liabilities (B)	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0. 55 <u>57</u> %	0. 12 <u>14</u> %	0. 43<u>45</u>%	0. 09 <u>11</u> %	0. 17 <u>19</u> %	0.4 <u>041</u> %	0. 17<u>18</u>%	0. 39<u>40</u>%	0. 12 <u>14</u> %	0. 09 11%

⁽B) This subtotal line is included to show an additional level of comparison.



Qualitative Assessment

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.

 Response The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.

 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements. Response No.
- Whether it affects compliance with loan covenants or other contractual requirements. Response No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.
 Response No.
- Whether it involves concealment of an unlawful or fraudulent transaction. Response No.

Conclusion on Materiality Assessment

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 966 of 1022 Charnas

January 6, 2012 Page 6 Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

SOX Assessment

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5¹ "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, <u>A Framework for Evaluating Control Exceptions and Deficiencies</u>² (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

¹ AUDITING STANDARD No. 5 --AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

² A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

Attachment to Response to KU AG-1 Question No. 201 Page 967 of 1022 Charnas

January 6, 2012 Page 7 Asset Retirement Obligation Review

Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as "a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting."

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

Disclosure

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – "In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period."

No disclosure related to this error is required in the quarterly or annual financial statements.

Conclusion

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 968 of 1022 Charnas

Crescente, Angela

From:

Charnas, Shannon

Sent:

Friday, January 13, 2012 10:08 AM

To:

'ritu.furlan@ey.com'; 'Jennifer Beneke (jennifer.beneke@ey.com)';

'Brett.Wemer@ey.com'; 'Matt Crawley (Matt.crawley@ey.com)'

Cc:

Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly,

Mimi; Pienaar, Lesley; McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby,

David

Subject:

RE: Error assessment memo on AROs

There were a few updates needed to the ARO memo due to some additional AROs that were booked yesterday totaling ~\$325k. Attached is a clean and tracked changes version.

Please let me know if you have any questions.





Obligation EA...

Obligation EA...

Thanks,

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978

From: Charnas, Shannon

Sent: Friday, January 06, 2012 2:10 PM

To: ritu.furlan@ey.com; Jennifer Beneke (jennifer.beneke@ey.com); Brett.Wemer@ey.com; Matt Crawley

(Matt.crawley@ey.com)

Cc: Scott, Valerie; Wiseman, Sara; Crescente, Angela; Shelton, Debbie; Hudson, Rusty; Kelly, Mimi; Pienaar, Lesley;

McFarland, Beth; Trimble, Robert; Allen, Lisa; Miller, Jon; Cosby, David

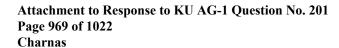
Subject: Error assessment memo on AROs

Attached is a memo regarding some additional AROs that needed to be recorded in Q4. Please let me know if you have any questions.

Thanks, << File: Asset Retirement Obligation EAM - 1-6-12.docx >>

Shannon Charnas

Director, Accounting & Regulatory Reporting LG&E and KU (502) 627-4978





MEMORANDUM

Date:

January 13, 2012

To:

Valerie L. Scott, Controller

From:

Sara Wiseman, Manager, Property Accounting

Angela Crescente, Accounting Analyst III, Property Accounting

Re:

Asset Retirement Obligation Review

cc:

Shannon Charnas, Director, Accounting & Regulatory Reporting

Debbie Shelton, Director, Audit Services

Rusty Hudson, Director, Energy Services Accounting & Budget

Mimi Kelly, Manager, Sarbanes-Oxley Compliance Lesley Pienaar, Manager, Financial Reporting

Beth McFarland, Manager, Substation Construction & Maintenance

Robby Trimble, Manager, Transmission Line Service

Lisa Allen, Manager, Finance & Budgeting-Energy Delivery Jon Miller, Manager, Finance & Budgeting-Transmission

David Cosby, Manager, Finance & Budgeting-Power Production

Ernst & Young

Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in distribution and transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

Attachment to Response to KU AG-1 Question No. 201 Page 970 of 1022 Charnas

January 6, 2012 Page 2 Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant Understated
Accumulated Depreciation Overstated
Regulatory Assets Overstated
Asset Retirement Obligations Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

How Error Was Identified

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

Controls Impacted

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this

Attachment to Response to KU AG-1 Question No. 201 Page 971 of 1022 Charnas

January 6, 2012 Page 3 Asset Retirement Obligation Review

program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

Action Plan

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This process will provide employees with helpful information to aid in identifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

Materiality Assessment

Periods Impacted (including quarter correction booked)

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's)

		91VIE 09/30/11			
Fin Stmt Line Item	<u>Company</u>	<u>Debit</u>	<u>Credit</u>		
Regulated Utility Plant	LG&E	1,765			
Accumulated Depreciation	LG&E	4			
Regulatory Assets	LG&E		6		
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Regulated Utility Plant	KU	1,367			
Accumulated Depreciation	KU	40			
Regulatory Assets	KU		53		
Asset Retirement Obligations	KU		1,354		

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 6, 2012 Page 4 Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	12/31/09		12/31/10		<u>3/31/11</u>		6/30/11	9/30/11		
	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	KU
Impact of ARO Adjustment on Regulated Utility Plant	5.7	1.4	5.7	1.4	2.5	5.1	2.5	5.1	1.8	1.4
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0.14%	0.03%	0.22%	0.04%	0.09%	0.12%	0.09%	0.12%	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
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Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5.7	1.4	5.7	1.4	2.3	5.2	2.3	5.2	1.8	1.4
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	18.39%	4.12%	11.63%	2.59%	4.69%	9.63%	4.60%	9.45%	3.33%	2.37%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5.7	1.4	5.7	1.4	2.3	5.2	2.3	5.2	1.8	1.4
Total Deferred Credits and Other Noncurrent Liabilities (B)	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0.57%	0.14%	0.45%	0.11%	0.19%	0.41%	0.18%	0.40%	0.14%	0.11%

⁽B) This subtotal line is included to show an additional level of comparison.



Qualitative Assessment

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.

 Response The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.

 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
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- Whether it affects compliance with regulatory requirements.
 Response No.
- Whether it affects compliance with loan covenants or other contractual requirements.
 Response No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.
 Response No.
- Whether it involves concealment of an unlawful or fraudulent transaction. Response No.

Conclusion on Materiality Assessment

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 974 of 1022 Charnas

January 6, 2012 Page 6 Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

SOX Assessment

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5¹ "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, <u>A Framework for Evaluating Control Exceptions and Deficiencies</u>² (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

¹ AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

² A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

Attachment to Response to KU AG-1 Question No. 201 Page 975 of 1022 Charnas

January 6, 2012 Page 7 Asset Retirement Obligation Review

Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as "a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting."

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

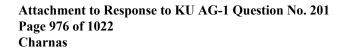
Disclosure

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – "In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period."

No disclosure related to this error is required in the quarterly or annual financial statements.

Conclusion

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.





MEMORANDUM

Date:

January 613, 2012

To:

Valerie L. Scott, Controller

From:

Sara Wiseman, Manager, Property Accounting

Angela Crescente, Accounting Analyst III, Property Accounting

Re:

Asset Retirement Obligation Review

cc:

Shannon Charnas, Director, Accounting & Regulatory Reporting

Debbie Shelton, Director, Audit Services

Rusty Hudson, Director, Energy Services Accounting & Budget

Mimi Kelly, Manager, Sarbanes-Oxley Compliance Lesley Pienaar, Manager, Financial Reporting

Beth McFarland, Manager, Substation Construction & Maintenance

Robby Trimble, Manager, Transmission Line Service

Lisa Allen, Manager, Finance & Budgeting-Energy Delivery Jon Miller, Manager, Finance & Budgeting-Transmission

David Cosby, Manager, Finance & Budgeting-Power Production

Ernst & Young

Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in distribution and transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

Attachment to Response to KU AG-1 Question No. 201 Page 977 of 1022 Charnas

January 6, 2012 Page 2 Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant

Accumulated Depreciation

Regulatory Assets

Asset Retirement Obligations

Understated

Overstated

Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

How Error Was Identified

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

Controls Impacted

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this

Attachment to Response to KU AG-1 Question No. 201 Page 978 of 1022 Charnas

January 6, 2012 Page 3 Asset Retirement Obligation Review

program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

Action Plan

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This process will provide employees with helpful information to aid in identifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

Materiality Assessment

Periods Impacted (including quarter correction booked)

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's) 9ME 09/30/11

Fin Stmt Line Item	Company	<u>Debit</u>	Credit
Regulated Utility Plant	LG&E	1,620 1,765	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,618 <u>1,763</u>
Regulated Utility Plant	KU	1,182 <u>1,367</u>	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,169 <u>1,354</u>

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 6, 2012 Page 4 Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	12/3	1/09	<u>12/3</u>	<u>1/10</u>	<u>3/3</u> 1	<u>I/11</u>	<u>6/30</u>	<u>0/11</u>	<u>9/3</u> (<u>0/11</u>
	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5.5 <u>7</u>	1. 2 4	5. 5 7	1. 2 4	2. 3 <u>5</u>	4 . 9 <u>5.1</u>	2. 3 <u>5</u>	4 .9 <u>5.1</u>	1. 6 <u>8</u>	1. 2 4
Regulated Utility Plant (A/C 101)	4,200	4,892	2,600	3,630	2,832	4,361	2,868	4,410	2,899	4,446
Total Percentage Impact on F/S Line	0. 13 <u>14</u> %	0. 02 03%	0. 21 22%	0. 03 <u>04</u> %	0. 08<u>09</u>%	0. 11 <u>12</u> %	0. 08<u>09</u>%	0. 11 <u>12</u> %	0.06%	0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets	0.003	(0.05)	0.003	(0.05)	(0.306)	0.15	(0.306)	0.15	(0.006)	(0.05)
Regulatory Assets (A/C 182)	14	32	13	9	149	113	363	227	390	224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5. 5 <u>7</u>	1. <u>24</u>	5. 5 <u>7</u>	1.2 <u>4</u>	2. 1 3	5 <u>.2</u>	2. 1 3	5 <u>.2</u>	1. 6 <u>8</u>	1. <u>24</u>
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.7 4 <u>18.39</u> %	3.53 <u>4.12</u> %	11. 22 <u>63</u> %	2. 22 <u>59</u> %	4. 29<u>69</u>%	9. 26<u>63</u>%	4. 20 <u>60</u> %	9. 09<u>45</u>%	2.96<u>3.33</u>%	2.03 2.37%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5. 5 <u>7</u>	1. 2 4	5. 5 7	1.2 <u>4</u>	2. 1 3	5 <u>.2</u>	2. 1 3	5 <u>.2</u>	1. 6 <u>8</u>	1. 2 4
Total Deferred Credits and Other Noncurrent Liabilities (B)	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0. 55 <u>57</u> %	0. 12 <u>14</u> %	0.4 <u>345</u> %	0. 09 <u>11</u> %	0. 17 <u>19</u> %	0. <u>4041</u> %	0. 17 <u>18</u> %	0. 39 40%	0. 12 <u>14</u> %	0. 09 11%

⁽B) This subtotal line is included to show an additional level of comparison.



Qualitative Assessment

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.

 Response The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements. Response No.
- Whether it affects compliance with loan covenants or other contractual requirements.
 Response No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation. Response No.
- Whether it involves concealment of an unlawful or fraudulent transaction.
 Response No.

Conclusion on Materiality Assessment

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 981 of 1022 Charnas

January 6, 2012 Page 6 Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

SOX Assessment

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5¹ "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."

The SOX guidance, <u>A Framework for Evaluating Control Exceptions and Deficiencies</u>² (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

¹ AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

² A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

Attachment to Response to KU AG-1 Question No. 201 Page 982 of 1022 Charnas

January 6, 2012 Page 7 Asset Retirement Obligation Review

Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as "a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting."

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

Disclosure

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – "In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period."

No disclosure related to this error is required in the quarterly or annual financial statements.

Conclusion

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 983 of 1022 Charnas

Crescente, Angela

From:

Wiseman, Sara

Sent:

Thursday, January 12, 2012 5:02 PM

To:

Charnas, Shannon; Crescente, Angela

Subject:

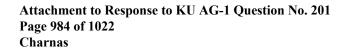
Asset Retirement Obligation EAM - 1-13-12.docx



Asset Retirement Obligation EA...

Shannon: I've updated the EAM and tracked the changes. Here it is for your review.

Sara





MEMORANDUM

Date:

January 613, 2012

To:

Valerie L. Scott, Controller

From:

Sara Wiseman, Manager, Property Accounting

Angela Crescente, Accounting Analyst III, Property Accounting

Re:

Asset Retirement Obligation Review

cc:

Shannon Charnas, Director, Accounting & Regulatory Reporting

Debbie Shelton, Director, Audit Services

Rusty Hudson, Director, Energy Services Accounting & Budget

Mimi Kelly, Manager, Sarbanes-Oxley Compliance Lesley Pienaar, Manager, Financial Reporting

Beth McFarland, Manager, Substation Construction & Maintenance

Robby Trimble, Manager, Transmission Line Service

Lisa Allen, Manager, Finance & Budgeting-Energy Delivery Jon Miller, Manager, Finance & Budgeting-Transmission

David Cosby, Manager, Finance & Budgeting-Power Production

Ernst & Young

Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in distribution and transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

Attachment to Response to KU AG-1 Question No. 201 Page 985 of 1022 Charnas

January 6, 2012 Page 2 Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant Understated
Accumulated Depreciation Overstated
Regulatory Assets Overstated
Asset Retirement Obligations Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

How Error Was Identified

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

Controls Impacted

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this

Attachment to Response to KU AG-1 Question No. 201 Page 986 of 1022 Charnas

January 6, 2012 Page 3 Asset Retirement Obligation Review

program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

Action Plan

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This process will provide employees with helpful information to aid in identifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

Materiality Assessment

Periods Impacted (including quarter correction booked)

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's) 9ME 09/30/11

		/ I T I T I	77.007.1
Fin Stmt Line Item	<u>Company</u>	<u>Debit</u>	<u>Credit</u>
Regulated Utility Plant	LG&E	1,620 <u>1,765</u>	
Accumulated Depreciation	LG&E	4	
Regulatory Assets	LG&E		6
Asset Retirement Obligations	LG&E		1,61 8 <u>1,763</u>
Regulated Utility Plant	KU	1,182 1,367	
Accumulated Depreciation	KU	40	
Regulatory Assets	KU		53
Asset Retirement Obligations	KU		1,169 <u>1,354</u>

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 6, 2012 Page 4 Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

	12/3	1/09	12/3	<u>1/10</u>	<u>3/3</u>	<u>1/11</u>	<u>6/30</u>	<u>)/11</u>	9/30	0/11
	<u>LG&E</u>	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>
Impact of ARO Adjustment on Regulated Utility Plant	5. 5 7	1. 2 4	5. 5 7	1.2 <u>4</u>	2. 3 <u>5</u>	4.9 <u>5.1</u>	2. <u>35</u>	4.9 <u>5.1</u>	1. <u>68</u>	1. 2 4
Regulated Utility Plant (A/C 101) Total Percentage Impact on F/S Line	4,200 0. 13 <u>14</u> %	4,892 0. 02 03%	2,600 0. 21 22%	3,630 0. 03 <u>04</u> %	2,832 0. 08 <u>09</u> %	4,361 0. 11 <u>12</u> %	2,868 0. 08 09%	4,410 0. 11 12%	2,899 0.06%	4,446 0.03%
Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
Impact of ARO Adjustment on Regulatory Assets Regulatory Assets (A/C 182)	0.003 14	(0.05) 32	0.003 13	(0.05) 9	(0.306) 149	0.15 113	(0.306) 363	0.15 227	(0.006) 390	(0.05) 224
Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	0.13%	-0.08%	0.07%	0.00%	-0.02%
Impact of ARO Adjustment on Asset Retirement Obligations	5. 5 <u>7</u>	1. 2 4	5. 5 7	1. <u>24</u>	2. 1 3	5 <u>.2</u>	2. 1 3	5 <u>.2</u>	1. <u>68</u>	1. 2 4
Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
Total Percentage Impact on F/S Line	17.74 <u>18.39</u> %	3.53 <u>4.12</u> %	11. 22 <u>63</u> %	2. 22 <u>59</u> %	4. 29 <u>69</u> %	9. 26 <u>63</u> %	4. 20<u>60</u>%	9. 09<u>45</u>%	2.96 3.33%	2.03 2.37%
Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5. 5 7	1. 2 4	5. 5 7	1.2 <u>4</u>	2. 1 3	5 <u>.2</u>	2. 1 3	5 <u>.2</u>	1. 6 <u>8</u>	1. 2 4
Total Deferred Credits and Other Noncurrent Liabilities (B)	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
Total Percentage Impact on F/S Line	0. 55 <u>57</u> %	0. 12 <u>14</u> %	0.4 <u>345</u> %	0. 09 11%	0. 17 <u>19</u> %	0. 40<u>41</u>%	0. 17 <u>18</u> %	0. 39 <u>40</u> %	0. 12 <u>14</u> %	0. 09 <u>11</u> %

⁽B) This subtotal line is included to show an additional level of comparison.



Qualitative Assessment

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate.

 Response The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.

 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.
 Response No.
- Whether it affects compliance with loan covenants or other contractual requirements.
 Response No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation.
 Response No.
- Whether it involves concealment of an unlawful or fraudulent transaction. Response No.

Conclusion on Materiality Assessment

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 989 of 1022 Charnas

January 6, 2012 Page 6 Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

SOX Assessment

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5¹ "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as
 designed, or when the person performing the control does not possess the necessary
 authority or competence to perform the control effectively."

The SOX guidance, <u>A Framework for Evaluating Control Exceptions and Deficiencies</u>² (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

¹ AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

² A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

Attachment to Response to KU AG-1 Question No. 201 Page 990 of 1022 Charnas

January 6, 2012 Page 7 Asset Retirement Obligation Review

Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as "a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting."

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

Disclosure

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – "In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period."

No disclosure related to this error is required in the quarterly or annual financial statements.

Conclusion

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 991 of 1022 Charnas

Crescente, Angela

From: Wiseman, Sara

Sent: Thursday, January 12, 2012 5:02 PM **To:** Charnas, Shannon; Crescente, Angela

Subject: Asset Retirement Obligation EAM - 1-13-12.docx

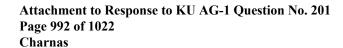
Follow Up Flag: Follow up Flag Status: Follow up



Asset Retirement Obligation EA...

Shannon: I've updated the EAM and tracked the changes. Here it is for your review.

Sara





MEMORANDUM

Date:

January 613, 2012

To:

Valerie L. Scott, Controller

From:

Sara Wiseman, Manager, Property Accounting

Angela Crescente, Accounting Analyst III, Property Accounting

Re:

Asset Retirement Obligation Review

cc:

Shannon Charnas, Director, Accounting & Regulatory Reporting

Debbie Shelton, Director, Audit Services

Rusty Hudson, Director, Energy Services Accounting & Budget

Mimi Kelly, Manager, Sarbanes-Oxley Compliance Lesley Pienaar, Manager, Financial Reporting

Beth McFarland, Manager, Substation Construction & Maintenance

Robby Trimble, Manager, Transmission Line Service

Lisa Allen, Manager, Finance & Budgeting-Energy Delivery Jon Miller, Manager, Finance & Budgeting-Transmission

David Cosby, Manager, Finance & Budgeting-Power Production

Ernst & Young

Overview of Error

During the fourth quarter of 2011, Property Accounting conducted meetings with all of the lines business regarding asset retirement obligations (AROs). The purpose of these meetings was to provide refresher training on the AROs currently recorded as well as to ascertain if any additional AROs should be established on the financial records of Kentucky Utilities Company (KU) or Louisville Gas and Electric Company (LG&E). Meeting attendees included representatives from the various lines of business, Property Accounting, Legal and Environmental Affairs. During the course of these meetings, it was discovered that AROs should have been established previously for the disposal of PCB contaminated oil in distribution and transmission bushings and distribution transformers. Additionally, AROs should have been previously established for the plugging of ground wells found at the generating plant sites and to fill the concrete tunnels that are part of the Cane Run floodwall penetration upon retirement in order to maintain the integrity of the floodwall. The determination was also made at the meetings to reverse AROs previously recorded for retirement activities for generation step-up transformers, sewage treatment plants, the Green River limestone silo and the service water pump at Tyrone, as no legal requirements were found to apply to these assets.

Attachment to Response to KU AG-1 Question No. 201 Page 993 of 1022 Charnas

January 6, 2012 Page 2 Asset Retirement Obligation Review

These errors caused the following misstatements on LG&E and KU's financial statements:

Regulated Utility Plant Understated
Accumulated Depreciation Overstated
Regulatory Assets Overstated
Asset Retirement Obligations Understated

In December 2011, the appropriate journal entries were recorded to establish new AROs and to reverse AROs that had been recorded in error.

How Error Was Identified

The errors were discovered while completing the action plan associated with the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. As part of the action plan, Property Accounting conducted a training/review session with gas personnel. At the request of senior management, the training was broadened to encompass a review of all fixed assets recorded on the Companies' financial records to ascertain if any additional AROs should be established. As a result, review meetings were held with all of the lines of business and it was during these discussions that the errors were identified. The training materials provided at the meetings included the definition of an ARO as well as a summary of the AROs currently recorded on the financial records. Additionally, retirement unit listings (which represent the assets recorded on the property records) were provided in advance of the meetings to the meeting participants. This helped to ensure that adequate consideration concerning the need to establish an ARO was given to all of the fixed assets owned by the Company.

Controls Impacted

The errors are determined to be deficiencies as the errors were the result of controls that were not operating effectively and were not able to identify the misstatements.

Cycle 40.01-Acquisitions, Disposals and Retirement, Control Activity #9 states "ARO Review for Acquisitions: During the AIP review process, Accounting Analysts review the projects to determine if the need for an ARO may exist. If the project is identified as having the potential to require an ARO, a copy of the AIP is forwarded to the Accounting Analyst in charge of ARO accounting for further action. The Accounting Analyst in charge of ARO accounting reviews the AIP and if appropriate, contacts the Legal and Environmental personnel who will make the final determination of the need to establish an ARO based upon review of existing legal documents including laws, statutes, contracts, permits, certificates of need, right of way agreements and environmental regulations." This control was in place and functioning. However, there was no mention on the AIPs received by Property Accounting that the Company still had bushings and line transformers with PCB contaminated oil listed on the property records. According to personnel in the Transmission and Distribution lines of business, the Company went through a program to eliminate PCB contaminated equipment during the 1980s. However, it was discovered during recent discussions, the bushings and line transformers, were not part of this

Attachment to Response to KU AG-1 Question No. 201 Page 994 of 1022 Charnas

January 6, 2012 Page 3 Asset Retirement Obligation Review

program. Property Accounting was not aware of any legal obligations for the plugging of generation wells and remediation of floodwall penetration, and the AIPs did not indicate that there was any reason to investigate a possible ARO.

Action Plan

In an effort to ensure that the appropriate personnel are fully aware of the AROs currently recorded on the financial records, Property Accounting will begin attaching summaries of the AROs currently recorded to the quarterly ARO questionnaire, effective with the first quarter of 2012. This process will provide employees with helpful information to aid in identifying any changes required. Additionally, Property Accounting will coordinate annual review/training meetings with line of business personnel and Legal and Environmental Affairs representatives. These meetings will be similar to the meetings held in the fourth quarter of 2011, which helped to identify the current errors. These meetings will provide the opportunity to share information and discuss any changes to laws or changes in operations of the business, which could cause changes to AROs. The meetings will be held annually in the fourth quarter, beginning in 2012.

Materiality Assessment

Periods Impacted (including quarter correction booked)

Year/Quarter	Q1	Q2	Q3	Q4
2011	X	X	X	
2010	X	X	X	X
2009	X	X	X	X

Quantitative Assessment -- Adjustment to Amounts Reported on Financial Statements (000's) 9ME 09/30/11

<u>Company</u>	<u>Debit</u>	<u>Credit</u>
LG&E	1,620 1,765	
LG&E	4	
LG&E		6
LG&E		1,618 1,763
KU	1,1821,367	
KU	40	
KU		53
KU		1,1691,354
	LG&E LG&E LG&E LG&E KU KU	LG&E 1,6201,765 LG&E 4 LG&E LG&E LG&E KU 1,1821,367 KU 40 KU

In this situation, a waived adjustment was not entered into the waived adjustment file; there was no waived adjustment in the current period (Q4 2011) since the balance sheet was corrected when the above entry was recorded in December 2011 on the general ledger. The adjustments were discovered too late to be included in the September 2011 waived adjustment file.

January 6, 2012 Page 4 Asset Retirement Obligation Review

The following table shows the detailed financial statement lines affected. The impact shown below is inclusive of the errors discussed in this memo as well as the errors documented in the error assessment memo dated October 31, 2011, for the Trimble County Unit 2 joint use assets and gas transmission main AROs. Amounts shown are in millions of \$:

		12/3	1/09	12/3	<u>1/10</u>	<u>3/3</u> 1	<u>/11</u>	<u>6/30</u>	<u>)/11</u>	9/30	<u>0/11</u>
		LG&E	<u>KU</u>	LG&E	<u>KU</u>	LG&E	<u>KU</u>	<u>LG&E</u>	<u>KU</u>	LG&E	<u>KU</u>
	Impact of ARO Adjustment on Regulated Utility Plant	5. <u>57</u>	1.2 <u>4</u>	5. <u>57</u>	1. 2 4	2.3 <u>5</u>	4 .9 <u>5.1</u>	2.3 <u>5</u>	4 .9 <u>5.1</u>	1. <u>68</u>	1. <u>24</u>
	Regulated Utility Plant (A/C 101) Total Percentage Impact on F/S Line	4,200 0. 13 <u>14</u> %	4,892 0. 02 <u>03</u> %	2,600 0. 21 22%	3,630 0. 03 <u>04</u> %	2,832 0. 08 <u>09</u> %	4,361 0. 11 12%	2,868 0. 08 <u>09</u> %	4,410 0. 11 <u>12</u> %	2,899 0.06%	4,446 0.03%
	Impact of ARO Adjustment on Accumulated Depreciation	0.005	(0.04)	0.005	(0.04)	(0.104)	0.06	(0.104)	0.06	(0.004)	(0.04)
	Accumulated Depreciation (A/C 108)	1,708	1,838	17	14	44	54	68	90	91	120
	Total Percentage Impact on F/S Line	0.00%	0.00%	0.03%	-0.29%	-0.24%	0.11%	-0.15%	0.07%	0.00%	-0.03%
	Impact of ARO Adjustment on Regulatory Assets	0.003 14	(0.05) 32	0.003 13	(0.05)	(0.306) 149	0.15	(0.306)	0.15	(0.006)	(0.05)
	Regulatory Assets (A/C 182) Total Percentage Impact on F/S Line	0.02%	-0.16%	0.02%	-0.56%	-0.21%	113 0.13%	363 -0.08%	227 0.07%	390 0.00%	224 -0.02%
[Impact of ARO Adjustment on Asset Retirement Obligations	5. 5 7	1. 2 <u>4</u>	5. 5 7	1.2 <u>4</u>	2. 1 3	5 <u>.2</u>	2. 1 3	5 <u>.2</u>	1. 6 <u>8</u>	1. 2 4
	Asset Retirement Obligations (A/C 230)	31	34	49	54	49	54	50	55	54	59
[Total Percentage Impact on F/S Line	17.7 4 <u>18.39</u> %	3.53<u>4.12</u>%	11. 22 63%	2. 22 <u>59</u> %	4. 29 <u>69</u> %	9. 26 <u>63</u> %	4. 20 <u>60</u> %	9. 09<u>45</u>%	2.96 3.33%	2.03 2.37%
-	Impact of ARO Adjustment on Total Deferred Credits and Other Noncurrent Liabilities	5. 5 7	1. 2 4	5. <u>57</u>	1.2 <u>4</u>	2. 1 <u>3</u>	5 <u>.2</u>	2. 1 3	5 <u>.2</u>	1.6 <u>8</u>	1. 2 4
	Total Deferred Credits and Other Noncurrent Liabilities (3)	1,006	1,014	1,269	1,275	1,220	1,256	1,244	1,286	1,284	1,315
	Total Percentage Impact on F/S Line	0. 55 <u>57</u> %	0. 12 14%	0.4 3 45%	0. 09 11%	0. 17<u>19</u>%	0.4 <u>041</u> %	0. 17<u>18</u>%	0. 39 40%	0. 12 <u>14</u> %	0. 09 <u>11</u> %

⁽B) This subtotal line is included to show an additional level of comparison.



Qualitative Assessment

In Topic 1 - M, "Materiality" the SEC provides examples of qualitative factors that could cause an otherwise small quantitative error to be material to an investor. These examples, with responses in the context of the first quarter difference not corrected prior to issuance:

- Whether it arises from a precisely measurable item/calculation or an estimate. Response - The asset retirement obligations are based on estimates.
- Whether it masks a change in earnings or other trends.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it hides a failure to meet analysts' or others' consensus expectations.

 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it changes a loss into income or vice versa.
 Response There is no income statement impact as accretion and depreciation expense are offset by a regulatory credit, the financial statement impact of AROs is income statement neutral.
- Whether it affects compliance with regulatory requirements.
 Response No.
- Whether it affects compliance with loan covenants or other contractual requirements.
 Response No, there is no affect on compliance with loan covenants or other contractual requirements per conversation with Dan Arbough.
- Whether it has the effect of increasing management's bonuses or other compensation. Response No.
- Whether it involves concealment of an unlawful or fraudulent transaction. Response No.

Conclusion on Materiality Assessment

Management has concluded, based on both the quantitative and qualitative assessments, this error is not material to the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 997 of 1022 Charnas

January 6, 2012 Page 6 Asset Retirement Obligation Review

This error impacted the balance sheet only, there was no income statement impact. For KU, the error was greater than 5% on the Asset Retirement Obligations balance sheet line in 2011 Q1 and Q2 financial statements. For LG&E, the error was greater than 5% on the Asset Retirement Obligation balance sheet line at December 31, 2010 and 2009. However, the error was less than 1% on the Total Deferred Credits and Other Noncurrent Liabilities balance sheet line for all periods for both LG&E and KU. Management believes that an investor would not be influenced by the Asset Retirement Obligation line alone, but more focused on the Total Deferred Credits and Other Noncurrent Liabilities subtotal, or total liabilities, in making investing decisions. Therefore, although the percentage of error exceeds 5% on the Asset Retirement Obligation line item, the percent impact on the Total Deferred Credits and Other Noncurrent Liabilities, and accordingly total liabilities, is immaterial and in management's opinion an adjustment or restatement is not deemed necessary.

NOTE: See also overall assessment of all errors made prior to issuance of the financial statements.

SOX Assessment

Per the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 5¹ "A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

- A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.
- A deficiency in operation exists when a properly designed control does not operate as
 designed, or when the person performing the control does not possess the necessary
 authority or competence to perform the control effectively."

The SOX guidance, <u>A Framework for Evaluating Control Exceptions and Deficiencies</u>² (Framework) provides a methodology for evaluating deficiencies that consists of answering the following question, for which LKE is providing a subsequent response.

¹ AUDITING STANDARD No. 5 –AN AUDIT OF INTERNAL CONTROL OVER FINANCIAL REPORTING THAT IS INTEGRATED WITH AN AUDIT OF FINANCIAL STATEMENTS, PCAOB Release No. 2007-005, May 24, 2007

² A Framework for Evaluating Control Exceptions and Deficiencies, Version 3, A collaboration of 9 audit firms and William F. Messier, jr. Professor, Georgia State University, December 20, 2004

Attachment to Response to KU AG-1 Question No. 201 Page 998 of 1022 Charnas

January 6, 2012 Page 7 Asset Retirement Obligation Review

Considering the potential magnitude, and any mitigating controls, would a prudent official conclude that the deficiency is at least a significant deficiency with regard to both the annual and interim financial statements? PCAOB AS5 defines a significant deficiency as "a deficiency, or combination of deficiencies in internal controls over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting."

See the Controls Impacted and Action Plan sections above. Based upon this assessment, the deficiency is one of operation, as the control was being performed, as evidenced by the discussion with field personnel that took place to identify the need for quantification of the AROs. The error occurred due to a misunderstanding regarding what was included in the AROs. Following earlier discussions, it was believed by Property Accounting that all PCB contaminated oil had been removed, but on later clarification, it was determined that the transmission bushings and distribution line transformers were excluded from this removal initiative. The generation wells and the floodwall remediation were previously not identified as AROs, and were brought up only recently in the ARO review meetings. Management believes that the deficiency in the operation of the controls should not be classified as a significant deficiency or material weakness.

Disclosure

Per FASB ASC 250-10-45 Accounting Changes and Error Corrections – Presentation, Materiality Determination for Correction of an Error, paragraph 45-27 – "In determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period."

No disclosure related to this error is required in the quarterly or annual financial statements.

Conclusion

Management has concluded the error is not a significant deficiency/material weakness and will not be disclosed in the financial statements.

Attachment to Response to KU AG-1 Question No. 201 Page 999 of 1022 Charnas

Crescente, Angela

From:

Crescente, Angela

Sent:

Wednesday, January 04, 2012 1:37 PM

To:

Legler, Steve

Cc:

Wiseman, Sara; Hudson, Rusty

Subject:

RE: Canal and Paddy's

Steve,

Per our conversation, you are still in agreement with the estimates provided last year. The activities budgeted in 2012 would not be expected to have any asbestos removal dollars in them since it is engineering and stack removal. Based on the information we currently have available, it would be best to use 60% of the expected asbestos removal dollars for Canal in 2017 and approximately 20% in 2018 and 2019 since the contractors have explained that they intend to remove most of the asbestos upfront. For Paddy's, it would be best to use 60% in 2015 and 10% in 2016, 2017, 2018, 2019. Please confirm or feel free to correct any misunderstandings I have.

Thanks, Angela

From: Crescente, Angela

Sent: Wednesday, January 04, 2012 9:06 AM

To: Legler, Steve

Cc: Wiseman, Sara; Hudson, Rusty **Subject:** Canal and Paddy's

Steve,

Do you still agree with the expected ARO removal dollar estimate for both Canal and Paddy's that we got from you last year? We have Canal listed at about \$1,575,000 in total for asbestos removal and Paddy's is listed in total at about \$4,600,000 for asbestos removal. I understand we are expecting some demolition charges in 2012, which would mean I will need to set up some expected retirement activity in the ARO estimates. In order to book this estimate for December, I need to know as soon as possible.

Thanks for your help, Angela

Attachment to Response to KU AG-1 Question No. 201 Page 1000 of 1022 Charnas

	1	Deloitte				From Bloombe	rg				Merrill Lynch]
				As of	11/1/2010								_
				USD US	Utility BBB+	<u> USD US L</u>	Itility BBB		Yield				
	Q	uoted Yld Ci	CYld	<u>Tenor</u>	(%)	Tenor	(%)	888 vs. 888+	LG&E and KU Energy	BBB+ vs. LKE	<u>Description</u>	XXIM	Yield vs. BBB
3 mo		1.1125	0.011094	3M	0.8846	3M	1.1094	-0.2248					
6 mo		1,1536	0.011503	6M	0.9664	6M	1,1503	-0.1839					
1 y		1.4144	0.014094	17	1.3261	1Y	1.4094	-0.0833					
	2	1.601	0.015946	2Y	1.5397	2Y	1.5946	-0.0549			US Utility Corporates, 1-3 Yrs	1,479	-0.1156
	3	2.0289	0.020187	3Y	1.7829	3Y	2.0187	-0.2358			US Utility Corporates, 1-5 Yrs	1.795	-0.2237
	4	2,4809	0.024656	4Y	2,2106	4Y	2.4657	-0.2551			US Utility Corporates, 3-5 Yrs	2.115	-0.3507
	5	2.7162	0.026979	5 Y	2.5694	5Y	2.698	-0.1286	2.219	-0.3504	US Utility Corporates, 5-7 Yrs	3.363	0.665
	7	3.5715	0.0354	7 Y	3.2943	7Y	3.5402	-0,2459			US Utility Corporates, 5-10 Yrs	3.642	0.1018
	8	3.9687	0.039298	89	3.7192	8Y	3.9301	-0.2109			US Utility Corporates, 7-10 Yrs	3,752	-0.1781
	9	4.2091	0.041654	Ye	3.9558	9Y	4.1657	:-0.2099					
	10	4,4107	0,043628	10Y	4.1754	10Y	4.3631	-0.1877	3.845	-0.3304			
	15	4.9371	0.048771	15Y	4.8417	15Y	4.8776	-0.0359					
	20	5.5525	0.054768	20Y	5.4336	20Y	5.4775	-0.0439			US Utility Corporates, 10+ Yrs	5.337	-0.1405
	25	5.7221	0.056418	25Y	5.4654	25Y	5,6425	-0.1771					
	30	5.8704	0.057859	30Y	5.5495	30Y	5.7867	-0.2372					
											US Utility Corporates, BB8 Rated	3,92	

Crescente, Angela

From:

Legler, Steve

Sent:

Wednesday, January 04, 2012 2:37 PM

To: Subject: Crescente, Angela RE: Canal and Paddy's

Angela,

Based on our conversation, here is an estimate of asbestos removal costs based on current budget assumptions in the MTP/LTP. Please review and we can discuss.

Steve

Demolition Asbestos Removal (\$M) 2015 2016 2017 2018 2019 Total Canal 0.945 0.315 0.315 1.575 Paddy's Run 0.15 1.00 1.6 0.93 0.925 4.60 Total: 0.15 1 2.545 1.24 1.24 6.175

MTP/LTP Total Demolition Costs in MTP (2015-2019) 0.30 1.30 7.50 10.00 7.00 26.10

From: Crescente, Angela

Sent: Wednesday, January 04, 2012 1:37 PM

To: Legler, Steve

Cc: Wiseman, Sara; Hudson, Rusty Subject: RE: Canal and Paddy's

Steve,

Per our conversation, you are still in agreement with the estimates provided last year. The activities budgeted in 2012 would not be expected to have any asbestos removal dollars in them since it is engineering and stack removal. Based on the information we currently have available, it would be best to use 60% of the expected asbestos removal dollars for Canal in 2017 and approximately 20% in 2018 and 2019 since the contractors have explained that they intend to remove most of the asbestos upfront. For Paddy's, it would be best to use 60% in 2015 and 10% in 2016, 2017, 2018, 2019. Please confirm or feel free to correct any misunderstandings I have.

Thanks, Angela

From: Crescente, Angela

Sent: Wednesday, January 04, 2012 9:06 AM

To: Legler, Steve

Attachment to Response to KU AG-1 Question No. 201 Page 1002 of 1022 Charnas

Cc: Wiseman, Sara; Hudson, Rusty **Subject:** Canal and Paddy's

Steve,

Do you still agree with the expected ARO removal dollar estimate for both Canal and Paddy's that we got from you last year? We have Canal listed at about \$1,575,000 in total for asbestos removal and Paddy's is listed in total at about \$4,600,000 for asbestos removal. I understand we are expecting some demolition charges in 2012, which would mean I will need to set up some expected retirement activity in the ARO estimates. In order to book this estimate for December, I need to know as soon as possible.

Thanks for your help, Angela

Attachment to Response to KU AG-1 Question No. 201 Page 1003 of 1022 Charnas

		Deloitte				From Bloombe	erg				Merriii Lynch]
				As of	11/1/2010								_
				<u>usd us</u>	Utility BBB+	USD US (Itility BBB		Yield				
	Q	uoted Yld (CC YId	<u>Tenor</u>	(%)	Tenor	(%)	<u>888 vs. 888+</u>	LG&E and KU Energy	BBB+ vs. LKE	<u>Description</u>	YTM	<u>Yield vs. BBB</u>
3 mo		1.1125	0.011094	3M	0.8846	3M	1.1094	-0.2248					
6 mo		1.1536	0.011503	6M	0.9664	6M	1.1503	-0.1839					
17		1.4144	0.014094	19	1.3261	1Y	1.4094	-0.0833					
	2	1,601	0.015946	2Y	1.5397	2Y	1.5946	-0.0549			US Utility Corporates, 1-3 Yrs	1,521	-0.0736
	3	2.0289	0.020187	3Y	1.7829	3Y	2,0187	-0,2358			US Utility Corporates, 1-5 Yrs	1.832	-0.1867
	4	2.4809	0.024656	4Y	2.2106	4Y	2.4657	-0,2551			US Utility Corporates, 3-5 Yrs	2.146	-0,3197
	5	2.7162	0.026979	5Y	2.5694	\$Y	2.698	-0.1286	2.219	-0.3504	US Utility Corporates, S-7 Yrs	3.344	0.646
	7	3.5715	0.0354	7Y	3.2943	7 Y	3.5402	-0.2459			US Utility Corporates, 5-10 Yrs	3.614	0,0738
	8	3.9687	0.039298	8Y	3.7192	8Y	3.9301	-0,2109			US Utility Corporates, 7-10 Yrs	3,72	-0.2101
	9	4.2091	0.041654	9Y	3.9558	9Y	4.1657	-0.2099					
	10	4,4107	0.043628	10Y	4.1754	10Y	4.3631	-0.1877	3.845	-0.3304			
	15	4.9371	0.048771	15Y	4.8417	15Y	4.8776	-0.0359					
	20	5.5525	0.054768	20Y	5.4335	20Y	5.4775	-0.0439			US Utility Corporates, 10+ Yrs	5,483	0.0055
	25	5.7221	0.056418	25Y	5.4654	25Y	5.6425	-0.1771					
	30	5,8704	0.057859	30Y	5.5495	30Y	5.7867	-0.2372					
											US Utility Corporates, BBB Rated	3.92	

Crescente, Angela

From:

Legler, Steve

Sent:

Wednesday, January 04, 2012 2:37 PM

To: Subject: Crescente, Angela RE: Canal and Paddy's

Angela,

Based on our conversation, here is an estimate of asbestos removal costs based on current budget assumptions in the MTP/LTP. Please review and we can discuss.

0.30

1.30

Steve

Demolition Asbestos Removal (\$M) 2015 2016 2017 2018 2019 Total Canal 0.945 0.315 0.315 1.575 Paddy's Run 0.15 1.00 1.6 0.93 0.925 4.60 Total: 0.15 1 2.545 1.24 1.24 6.175

7.50

10.00

7.00

26.10

MTP/LTP Total Demolition Costs in MTP (2015-2019)

From: Crescente, Angela

Sent: Wednesday, January 04, 2012 1:37 PM

To: Legler, Steve

Cc: Wiseman, Sara; Hudson, Rusty Subject: RE: Canal and Paddy's

Steve,

Per our conversation, you are still in agreement with the estimates provided last year. The activities budgeted in 2012 would not be expected to have any asbestos removal dollars in them since it is engineering and stack removal. Based on the information we currently have available, it would be best to use 60% of the expected asbestos removal dollars for Canal in 2017 and approximately 20% in 2018 and 2019 since the contractors have explained that they intend to remove most of the asbestos upfront. For Paddy's, it would be best to use 60% in 2015 and 10% in 2016, 2017, 2018, 2019. Please confirm or feel free to correct any misunderstandings I have.

Thanks, Angela

From: Crescente, Angela

Sent: Wednesday, January 04, 2012 9:06 AM

To: Legler, Steve

Attachment to Response to KU AG-1 Question No. 201 Page 1005 of 1022 Charnas

Cc: Wiseman, Sara; Hudson, Rusty **Subject:** Canal and Paddy's

Steve,

Do you still agree with the expected ARO removal dollar estimate for both Canal and Paddy's that we got from you last year? We have Canal listed at about \$1,575,000 in total for asbestos removal and Paddy's is listed in total at about \$4,600,000 for asbestos removal. I understand we are expecting some demolition charges in 2012, which would mean I will need to set up some expected retirement activity in the ARO estimates. In order to book this estimate for December, I need to know as soon as possible.

Thanks for your help, Angela

Attachment to Response to KU AG-1 Question No. 201 Page 1006 of 1022 Charnas

		Deloitte				From Bloombe	erg				Merriii Lynch]
				As of	11/1/2010								_
				<u>usd us</u>	Utility BBB+	USD US (Itility BBB		Yield				
	Q	uoted Yld (CC YId	<u>Tenor</u>	(%)	Tenor	(%)	<u>888 vs. 888+</u>	LG&E and KU Energy	BBB+ vs. LKE	<u>Description</u>	YTM	<u>Yield vs. BBB</u>
3 mo		1.1125	0.011094	3M	0.8846	3M	1.1094	-0.2248					
6 mo		1.1536	0.011503	6M	0.9664	6M	1.1503	-0.1839					
17		1.4144	0.014094	19	1.3261	1Y	1.4094	-0.0833					
	2	1,601	0.015946	2Y	1.5397	2Y	1.5946	-0.0549			US Utility Corporates, 1-3 Yrs	1,521	-0.0736
	3	2.0289	0.020187	3Y	1.7829	3Y	2,0187	-0,2358			US Utility Corporates, 1-5 Yrs	1.832	-0.1867
	4	2.4809	0.024656	4Y	2.2106	4Y	2.4657	-0,2551			US Utility Corporates, 3-5 Yrs	2.146	-0,3197
	5	2.7162	0.026979	5Y	2.5694	\$Y	2.698	-0.1286	2.219	-0.3504	US Utility Corporates, S-7 Yrs	3.344	0.646
	7	3.5715	0.0354	7Y	3.2943	7 Y	3.5402	-0.2459			US Utility Corporates, 5-10 Yrs	3.614	0,0738
	8	3.9687	0.039298	8Y	3.7192	8Y	3.9301	-0,2109			US Utility Corporates, 7-10 Yrs	3,72	-0.2101
	9	4.2091	0.041654	9Y	3.9558	9Y	4.1657	-0.2099					
	10	4,4107	0.043628	10Y	4.1754	10Y	4.3631	-0.1877	3.845	-0.3304			
	15	4.9371	0.048771	15Y	4.8417	15Y	4.8776	-0.0359					
	20	5.5525	0.054768	20Y	5.4335	20Y	5.4775	-0.0439			US Utility Corporates, 10+ Yrs	5,483	0.0055
	25	5.7221	0.056418	25Y	5.4654	25Y	5.6425	-0.1771					
	30	5,8704	0.057859	30Y	5.5495	30Y	5.7867	-0.2372					
											US Utility Corporates, BBB Rated	3.92	

Attachment to Response to KU AG-1 Question No. 201 Page 1007 of 1022 Charnas

Crescente, Angela

From:

Mooney, Mike (BOC 3)

Sent:

Wednesday, January 04, 2012 9:42 AM

To:

Crescente, Angela

Subject:

RE: Paddy's and Canal 108 Estimate

We are using the following throughout the LTP

Paddy's - 132874 Canal - 132875

--Mike

From: Crescente, Angela

Sent: Wednesday, January 04, 2012 9:39 AM

To: Mooney, Mike (BOC 3)

Subject: RE: Paddy's and Canal 108 Estimate

Mike,

Are the same project numbers being used throughout the LTP?

Thanks, Angela

From: Mooney, Mike (BOC 3)

Sent: Thursday, December 22, 2011 10:42 AM

To: Crescente, Angela

Subject: FW: Paddy's and Canal 108 Estimate

Angela,

According to the engineer below, 50% of Paddy's (\$1.25M) and 50% of Canal (\$762k) will be for asbestos removal.

If you need anything else, just let me know.

--Mike

From: Jones, Greg

Sent: Thursday, December 22, 2011 10:32 AM

To: Mooney, Mike (BOC 3)

Subject: RE: Paddy's and Canal 108 Estimate

I would say 50% of each, especially for PR chimney, as the asbestos coating will extremely complicate the work.

Attachment to Response to KU AG-1 Question No. 201 Page 1008 of 1022 Charnas

From: Mooney, Mike (BOC 3)

Sent: Thursday, December 22, 2011 10:14 AM

To: Jones, Greg

Subject: FW: Paddy's and Canal 108 Estimate

Any idea about the amounts they want below?

--Mike

From: Crescente, Angela

Sent: Thursday, December 22, 2011 10:00 AM

To: Mooney, Mike (BOC 3)

Subject: Paddy's and Canal 108 Estimate

Mike,

Paddy's (132874) has \$2,500,000 budget to 108901 for 2012 and Canal (132875) has \$1,525,000 budgeted for 2012. Is any of this related to the removal of asbestos? If so, please provide me an estimate of how much is asbestos related versus normal removal. In order to complete the ARO footnote for year-end, I need this information no later than January 3rd.

Thanks, Angela

Attachment to Response to KU AG-1 Question No. 201 Page 1009 of 1022 Charnas

		Deloitte				From Bloombe	erg			
				As of USD US U	11/1/2010 Itility BBB+	USD US L	Jtility BBB		Yield	
	Q	uoted Yld	CC Yld	<u>Tenor</u>	(%)	Tenor	(%)	BBB vs. BBB+	LG&E and KU Energy	BBB+ vs. LKE
3 mo		1.1125	0.011094	3M	0.8846	зм	1.1094	-0.2248		
6 mo		1.1536	0.011503	6M	0.9664	6M	1.1503	-0.1839		
1 y		1.4144	0.014094	1Y	1.3261	1Y	1.4094	-0.0833		
	2	1.601	0.015946	2Y	1.5397	2Y	1.5946	-0.0549		
	3	2.0289	0.020187	3Y	1.7829	3Y	2.0187	-0.2358		
	4	2.4809	0.024656	4Y	2.2106	4Y	2.4657	-0.2551		
	5	2.7162	0.026979	5Y	2.5694	5Y	2.698	-0.1286	2.219	-0.3504
	7	3.5715	0.0354	7Y	3.2943	7Y	3.5402	-0.2459		
	8	3.9687	0.039298	8Y	3.7192	8Y	3.9301	-0.2109		
	9	4.2091	0.041654	9Y	3.9558	9Y	4.1657	-0.2099		
	10	4.4107	0.043628	10Y	4.1754	10Y	4.3631	-0.1877	3.845	-0.3304
	15	4.9371	0.048771	15Y	4.8417	15Y	4.8776	-0.0359		
	20	5.5525	0.054768	20Y	5.4336	20Y	5.4775	-0.0439		
	25	5.7221	0.056418	25Y	5.4654	25Y	5.6425	-0.1771		
	30	5.8704	0.057859	30Y	5.5495	30Y	5.7867	-0.2372		

Attachment to Response to KU AG-1 Question No. 201 Page 1010 of 1022 Charnas

Clark, Ed

From: Sent:

Wiseman, Sara Thursday, February 09, 2012 10:00 AM Crescente, Angela Summary 2010 ARO revaluation.xlsx

To:

Subject:



Summary 2010 ARO revaluation...

This one?

Attachment to Response to KU AG-1 Question No. 201 Page 1011 of 1022 Charnas

Location	Description	Logal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
_cocation	Duscription	Logaritogarianie	Colocinente Data			Tedato of AtO	O Statistical Control of the Control	Based on NEC estimate to remove all asbestos
		Clean Air Act, Toxic Substances				Removal and disposal of asbestos in		from a typical 100 MW unit; adjusted for known
CR	Cane Run Unit 1 (Retired) - ASB	Control Act	12/1/2051	\$ 2,760,000	Steve Legler	the proper manner.		prior remediation
								Based on NEC estimate to remove all asbestos
		Clean Air Act, Toxic Substances				Removal and disposal of asbestos in		from a typical 100 MW unit; adjusted for known
CR	Cane Run Unit 2 (Retired) - ASB	Control Act	12/1/2051	2,600,000	Steve Legler	the proper manner,		prior remediation
		Clean Air Act. Toxic Substances				Removal and disposal of asbestos in		Based on NEC estimate to remove all asbestos from a typical 100 MW unit; adjusted for known
CR	Cane Run Unit 3 (Retired) - ASB	Control Act	12/1/2051	2.930.000	Steve Legler	the proper manner.		prior remediation
CK	Cane Run Unit 3 (Retired) - A3B	Control Act	(2) ((200)	2,850,000	Steve Legici	но рюрог паплет.		Based on NEC estimate to remove all asbestos
		Clean Air Act. Toxic Substances				Removal and disposal of asbestos in		from a typical 100 MW unit; adjusted for known
CR	Cane Run Unit 4 - ASB	Control Act	12/1/2051	3,115,000	Steve Legler	the proper manner.		prior remediation
				, ,		• •		Based on NEC estimate to remove all asbestos
		Clean Air Act, Toxic Substances				Removal and disposal of asbestos in		from a typical 100 MW unit; adjusted for known
CR	Cane Run Unit 5 - ASB	Control Act	12/1/2055	2,540,000	Steve Løgler	the proper manner.		prior remediation
								Based on NEC estimate to remove all asbestos
	0	Clean Air Act, Toxic Substances	12/1/2056	2.920.000	Diament and a	Removal and disposal of asbestos in		from a typical 100 MW unit; adjusted for known prior remediation
CR	Cane Run Unit 6 - ASB	Control Act	12/1/2056	2,920,000	Steve Legler	the proper manner,		List of ponds and acreage from David Millay. Jeff
						Coal combustion by-product storage	43 acres @ \$83k per acre - not unit	Heun estimated \$120,000/acre based on
		Resource Conservation and			Jeff Heun	facilities must be properly closed and	specific. Acreage verified by Paul Puckett-	escalating Santec(FMSM) from 2002 to 2010 and
CR	CR-Ash Pond	Recovery Act, Clean Water Act	12/1/2023	6,627,500	David Millay	monitored.	Environmental Dept.	knowledge of current project costs.
	•	• •			•	Must remove all material storage piles		List of ponds and acreage from David Millay. Jeff
						to eliminate the potential for		Heun estimated \$120,000/acre based on
					Jeff Heun	"contaminated" stormwater runoff from	\$15k/acre at 17 acres Acreage verified by	escalating Santec(FMSM) from 2002 to 2010 and
CR	CR-Coal Storage	Clean Water Act	12/1/2023	333,000	David Millay	the site.	Delbert Billiter-Fuels Dept.	knowledge of current project costs,
					Jeff Heun			Heun estimated \$120,000/acre based on escalating Santec(FMSM) from 2002 to 2010 and
	CR-Environmental Ponds		12/1/2023	843,500	Jeπ neun David Millay			knowledge of current project costs,
	CR-Environmental Ponds		12/ 1/2025	045,500	David Military			Heun estimated \$120.000/acre based on
					Jeff Heun		110 acres Acreage verified by Paul Puckett	escalating Santec(FMSM) from 2002 to 2010 and
CR	CR-Land Fill		12/1/2023	1,809,686	David Millay		Environmental Dept.	knowledge of current project costs.
		The Cabinet for Human Resources			•		•	Current telephone estimate from nuclear disposal
		 KRS 211.844, regulation 902 				The handling and disposal of	50 cesium sources - allocate evenly across	
CR	CR-Nuclear Sources	KAR Chapter 100	12/1/2023	53,970		radioactive waste,	3 units - \$870/source	Supported by email from OHMART
					T O	Must properly close all wastewater		Estimated cost to pump out tank, fill tank with
~ =	00 0	Cloan Water Act	12/1/2023	15,300	I ony Ospome Mark Pavne	treatment facilities under KPDES permit	Estimated cost to pump out tank, fill tank	soil, and grade land based on email from Osborne.
CR	CR-Sewage Treatment Plant	Gloan Water Act	121112023	15,300	wark rayne	program.	with soil, and grade land.	Osbonia,
Total				\$ 26,547,956				

Attachment to Response to KU AG-1 Question No. 201 Page 1012 of 1022 Charnas

Location	Description	Legal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
MC	MC-Ash Pond	Resource Conservation and Recovery Act, Clean Water Act	12/1/2036	\$ 10,122,000		Coal combustion by-product storage facilities must be properly closed and monitored.	54 acres @ \$83k per acre - not unit specific, Acreage verified by Paul Puckett- Environmental Dept. allocate eventy across units. This is a	Based on Pineville \$83k/acre estimate from FMSM engineering study Supported by engineering estimate based
MC	MC-Chemical Storage	Clean Water Act, Resource Conservation and Recovery Act	12/1/2036	17,596		Hazardous wastes must be removed from site and disposed of properly. to eliminate the potential for	building which contains waste material that has already been removed for disposal, tons of usable coal) - not unit specific 20	on hourly rates provided by American Enviro Services Inc.
MC	MC-Coal Storage	Clean Water Act	12/1/2036	370,000		"contaminated" stormwater runoff from the site.	acres Acreage verified by Delbert Billiter- Fuels Dept.	Based on Pineville \$15k/acre from PMR Construction invoice
MC	MC-Environmental Ponds		12/1/2036	964,000			98 acres @ \$83k per acre - not unit	
МС	MC-Landfill	The Cabinet for Human Resources	12/1/2036	1,818,426			specific. Acreage verified by Paul Puckett- Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
МС	MC-Nuclear Sources	- KRS 211.844, regulation 902 KAR Chapter 100	12/1/2036	26,890		The handling and disposal of radioactive waste. chemicals/petroleum products from	Allocate evenly across units	40 sources at \$870. Supported by OHMART email 80 man hours at internal burdened labor
МС	MC-Oil Storage	Clean Water Act	12/1/2036	1,286		aboveground storage tanks/reservoirs and recycle/reuse or dispose of	Not unit specific	rate of \$75 per hour. Supported by Shannon Charnas email.
мс	Mill Creek Unit 1 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2059	3,555,000		Removal and disposal of asbestos in the proper manner.		
мс	Mill Creek Unit 2 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2059	3,100,000		Removal and disposal of asbestos in the proper manner.		
мс	Mill Creek Unit 3 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2069	1,750,000		Removal and disposal of asbestos in the proper manner.		
МС	Mill Creek Unit 4 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2069	2,600,000		Removal and disposal of asbestos in the proper manner.		
Total				\$ 24,325,198				

Attachment to Response to KU AG-1 Question No. 201 Page 1013 of 1022 Charnas

Location	n Description	Logal Roquirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
TC1	TC-Ash Pond	Resource Conservation and Recovery Act, Clean Water Act	12/1/2036	14,339,500		Coal combustion by-product storage facilities must be properly closed and monitored.	\$83k/acre at 115 acres * 75% Acreage verified by Paul Puckett-Environmental Dept	FSMS estimate of \$83k/acre per study during Pineville retirement
TC1	TC-Chemical Storage	Clean Water Act, Resource Conservation and Recovery Act	12/1/2036	23,798		Hazardous wastes must be removed from site and disposed of properly. eliminate the potential for	\$480 per drum for 6 drums	Supported by faxed estimate provided by ENSCO Inc.
TC CTs	TC-Coal Storage	Clean Water Act	12/1/2036	573,500		"contaminated" stormwater runoff from the site.	Marketable - no PCBs	
TC1	TC-Environmental Ponds	The Cabinet for Human Resources -	12/1/2036	723,000			\$15k/acre at 22 acres * 75% Acreage verified by Delbert Billiter-Fuels Dept. Ceslum source removal - 25 boxes	Pineville estimate of \$15k/acre Used estimate of \$900 * 75% per source based
TC1	TC-Nuclear Sources	KRS 211.844, regulation 902 KAR Chapter 100	12/1/2036	32,620		The handling and disposal of radioactive waste. Must properly close all wastewater	attached to outside of ductwork and above coal feeders. Tie to conveyors on TC1.	on Ghent's estimate from call to Ohmart 12/02. Supported by OHMART email
TC1	TC-Sewage Treatment Plant	Clean Water Act	12/1/2036	26,155		treatment facilities under KPDES permit program.	Estimated cost to pump out tank, fill tank with soil, and grade land.	Supported by PMR invoice
Total				\$ 15,718,573				

Attachment to Response to KU AG-1 Question No. 201 Page 1014 of 1022 Charnas

Location	n Description	Legal Requirement	Estimated Sottlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
			•				54 acres @ \$83k per acre - not unit	
		Clean Air Act, Toxic				Removal and disposal of asbestos in	specific. Acreage verified by Paul Puckett-	Based on Pineville \$83k/acre estimate from
PR	Paddy's (Unit 11) - ASB	Substances Control Act	12/1/2015	\$ 4,600,000		the proper manner.	Environmental Dept.	FMSM engineering study
							54 acres @ \$83k per acre - not unit	· · · · ·
		Clean Air Act, Toxic				Removal and disposal of asbestos in	specific. Acreage verified by Paul Puckett-	Based on Pineville \$83k/acre estimate from
OF	Ohio Falis - ASB	Substances Control Act	12/1/2069	620,000		the proper manner.	Environmental Dept.	FMSM engineering study
							54 acres @ \$83k per acre - not unit	
		Clean Air Act, Toxic				Removal and disposal of asbestos in	specific. Acreage verified by Paul Puckett-	Based on Pineville \$83k/acre estimate from
ZN	Zorn - ASB	Substances Control Act	12/1/2043	105,000		the proper manner.	Environmental Dept.	FMSM engineering study
							54 acres @ \$83k per acre - not unit	
		Clean Air Act, Toxic				Removal and disposal of asbestos in	specific. Acreage verified by Paul Puckett-	Detailed Estimate by vendor due to possible
CN	Canal (Retired) - ASB	Substances Control Act	12/1/2015	1,575,000	Steve Legier	the proper manner,	Environmental Dept.	impending demolition
Total				\$ 6,900,000				

Attachment to Response to KU AG-1 Question No. 201 Page 1015 of 1022 Charnas

Location	Description	Logal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Naturo of ARO	Comment	Support
Distribution LGS	E Distribution Subs (66) - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2078	\$ 901,000		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett- Environmental Dept. 54 acres @ \$83k per acre - not unit	Based on Pinoville \$83k/acre estimate from FMSM engineering study
Transmissio LGI	E Transmission Subs (11) - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2079	111,442		Removal and disposal of asbestos in the proper manner.	specific. At sorage verified by Paul Puckett- Environmental Dept. 54 acres @ \$83k per acre - not unit	Based on Pinoville \$83k/acre estimate from FMSM engineering study
Distribution Mar	nholes - ASB	Ciean Air Act, Toxic Substances Control Act	12/1/2094	4,668,187		Removal and disposal of asbestos in the proper manner.	specific. Acreage verified by Paul Puckett- Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Distribution Sev	venth&Ormsby - ComGenPin-ASB	Clean Air Act, Toxic Substances Control Act	12/1/2059	449,000	-	Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett- Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Total				\$ 6,129,629				

Location	Description	Legal Regulrement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
LOCULOR	Description	Legal Augultenent	Settlement Date		r rovided by:	Nature of Arco	54 acres @ \$83k per acre - not unit	
Gas	Center Gas Storage Field - UGS		12/1/2033	\$ 4,052,250			specific. Acreage verified by Paul Puckett- Environmental Dept. 54 acres @ \$83k per acre - not unit	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	City Gate DR 237900-ASB-Dist	Clean Air Act, Toxic Substances Control Act	12/1/2066	13,974		Removal and disposal of asbestos in the proper manner.	specific. Acroage verified by Paul Puckett- Environmental Dept, 54 acres @ \$83k per acre - not unit	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Doe Run 235300-ASB-UGS	Clean Air Act, Toxic Substances Control Act	12/1/2066	192,000		Removal and disposal of asbestos in the proper manner.	specific. Acreage verified by Paul Puckett- Environmental Dept. 54 acres @ \$83k per acre - not unit	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Doe Run Gas Storage Field - UGS		12/1/2033	2,749,410			specific. Acreage verified by Paul Puckett- Environmental Dept, 54 acros @ \$83k per acre - not unit	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Gas Main & Serv Abandons-Dist		12/1/2050	40,500,665			specific. Acreage verified by Paul Puckett- Environmental Dept. 54 acres @ \$83k per acre - not unit	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Magnolia 235120-ASB-UGS	Clean Air Act, Toxic Substances Control Act	12/1/2075	67,000		Removal and disposal of asbestos in the proper manner.	specific. Acreage verified by Paul Puckett- Environmental Dept. 54 acres @ \$83k per acre - not unit	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Magnolia 235300-ASB-UGS	Clean Air Act, Toxic Substances Control Act	12/1/2066	201,000		Removal and disposal of asbestos in the proper manner.	specific. Acreage verified by Paul Puckett- Environmental Dept. 54 acres @ \$83k per acre - not unit	Based on Pinoville \$83k/acre estimate from FMSM engineering study
Gas	Magnolia 235600-ASB-UGS	Clean Air Act, Toxic Substances Control Act	12/1/2069	26,000		Removal and disposal of asbestos in the proper manner.	specific. Acreage verified by Paul Puckett- Environmental Dept. 54 acres @ \$83k per acre - not unit	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Magnolia Gas Storage Field - UGS		12/1/2033	2,832,367			specific. Acreage verified by Paul Puckett- Environmental Dept. 54 acres @ \$83k per acre - not unit	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Muldraugh 235120-ASB-UGS	Clean Air Act, Toxic Substances Control Act	12/1/2075	95,000		Removal and disposal of asbestos in the proper manner.	specific, Acreage verified by Paul Puckett- Environmental Dept. 54 acres @ \$83k per acre - not unit	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Muldraugh 235300-ASB-UGS	Clean Air Act, Textc Substances Control Act	12/1/2066	151,000		Removal and disposal of asbestos in the proper manner.	specific. Acreage verified by Paul Puckett- Environmental Dept. 54 acres @ \$83k per acre - not unit	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Muldraugh 235600-ASB-UGS	Clean Air Act, Toxic Substances Control Act	12/1/2069	115,000		Removal and disposal of asbestos in the proper manner.	specific. Acreage verified by Paul Puckett- Environmental Dept. 54 acres @ \$83k per acre - not unit	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Muldraugh 237520-ASB-Gas Dist	Clean Air Act, Toxic Substances Control Act	12/1/2050	10,000		Removal and disposal of asbestos in the proper manner.	specific, Acreage verified by Paul Puckett- Environmental Dept. 54 acres @ \$83k per acre - not unit	Based on Pineville \$83k/acre estimate from FMSM engineering study
Gas	Muldraugh Gas Storago Field - UGS		12/1/2033	1,109,029			specific. Acreage verified by Paul Puckett- Environmental Dept. 54 acres @ \$83k per acre - not unit	FMSM engineering study
Gas	Riggs Junction 235120-ASB-UGS	Clean Air Act, Toxic Substances Control Act	12/1/2075	70,603		Removal and disposal of asbestos in the proper manner.	specific, Acreage verified by Paul Puckett- Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Total				\$ 52,185,298				

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Location	n Description	Legal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
GH	GH-Ash Pond	Resource Conservation and Recovery Act, Clean Water Act	12/1/2036	\$ 30,968,500		Coal combustion by-product storage facilities must be properly closed and monitored.	\$83k/acre at 276 acres Acreage verified by Paul Puckett-Environmental Dept	FSMS estimate of \$83k/acre per study during Pineville retirement
GH	GH-Chemical Storage	Clean Water Act, Resource Conservation and Recovery Act	12/1/2036	24,547		Hazardous wastes must be removed from site and disposed of properly. to eliminate the potential for	\$83k/acre at 276 acres Acreage verified by Paul Puckett-Environmental Dept	FSMS estimate of \$83k/acre per study during Pineville retirement Based on Pineville estimate - \$15k/acre for 45
GH	GH-Coal Storage	Clean Water Act	12/1/2036	869,500		"contaminated" stormwater runoff from the site.	Not unit specific	acres Acreage verified by Delbert Billiter-Fuels Dept. Based on Pinovillo estimate - \$15k/acre for 45
GH	Ghent Unit 1 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2059	8,318,000		Removal and disposal of asbestos in the proper manner.	Not unit specific	acres Acreage verified by Delbert Billiter-Fuels Dept. Based on Pineville estimate - \$15k/acre for 45
GH	Ghont Unit 2 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2060	11,023,000		Removal and disposal of asbestos in the proper manner.	Not unit specific	acres Acreage verified by Delbert Blillter-Fuels Dept. Based on Pineville estimate - \$15k/acre for 45
GH	Ghent Unit 3 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2069	1,955,000		Removal and disposal of asbestos in the proper manner.	Not unit specific	acres Acreage verified by Delbert Billiter-Fuels Dept. Based on Pineville estimate - \$15k/acre for 45
GH	Ghent Unit 4 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2069	1,955,000		Removal and disposal of asbestos in the proper manner.	Not unit specific Assume closure similar to ash pend -	acres Acreage verified by Delbert Billiter-Fuels Dept.
GН	GH-Environmental Ponds		12/1/2036	843,500	•	to eliminate the potential for	\$83k/acre at 10 acres Acreage verified by Paul Puckett-Environmental Dept	FSMS estimate of \$83k/acre per study during Pineville retirement Cost based on phone conversations with vendors
GН	GH-Gypsum Stack-GH 1 Scrubber	Clean Water Act The Cabinet for Human Resources	12/1/2026	6,025,000		"contaminated" stormwater runoff from the site.	Radium Sources - 42; Unit 1 - 6; Unit 2 - 12; Unit 3 - 12; Unit 4 - 12	(Ohmart 12/02) and physical counts. Supported by email from OHMART.
GH	GH-Nuclear Sources	- KRS 211.844, regulation 902 KAR Chapter 100	12/1/2036	264,100		The handling and disposal of radioactive waste. chemicals/petroleum products from	Common to the plant in the Coal Yard.	Supported by email from Evergreen USA Based on Pineville estimate of \$1k for 50 people,
GH	GH-Oil Storage	Clean Water Act	12/1/2026	12,624		aboveground storage tanks/reservoirs and recycle/reuse or dispose of Must properly close all wastewater	Estimated cost to pump out tank, fill tank with soil, and grade land.	assumed \$4k for 200 people and additional fee for equipment use. Supported by PMR involce
GH	GH-Sewage Treatment Plant	Clean Water Act	12/1/2026	26,155_		treatment facilities under KPDES permit program.		
Total				\$ 62,284,926				

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Location	Description	Legal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Commont	Support
BR	BR-Ash Pond	Resource Conservation and Recovery Act, Clean Water Act	12/1/2026	\$ 15,183,000		Coal combustion by-product storage facilities must be properly closed and monitored.	Not unit specific - Steam units only 1,2,3	\$83k/acre for 116 acres Acreage verified by Paul Puckett-Environmental Dept
BR	BR-Auxiliary Pond		12/1/2026	3,615,000		eliminate the potential for		Droad on Pinesilla antimata (MEldana fau f
BR	BR-Coal Storage	Clean Water Act The Cabinet for Human Resources -	12/1/2026	92,500		"contaminated" stormwater runoff from the site.	Not unit specific - Steam units 1, 2,3. assets w/UOP 5676; 3-1,3-2,3-3,3-4,83-5	Based on Pineville estimate - \$15k/acre for 4 acres Acreage verified by Delbert Billiter-Fuels Dept. based on conversations with vendors (Secoal,
BR	BR-Nuclear Sources	KRS 211.844, regulation 902 KAR Chapter 100	12/1/2026	22,840		The handling and disposal of radioactive waste, chemicals/petroleum products from	Feeders Upper & Lower. Also, the assets with UOP 5025: Hoppers Transformers only. This oil has no PCBs	contract supplier of radition sources, 12/02) and physical counts. Supported by OHMART email Supported by internal email from Shannon
BR	BR-Oil Storage	Clean Water Act	12/1/2026	10,092		aboveground storage tanks/reservoirs and recycle/reuse or dispose of chemicals/petroleum products from	(non-hazardous). Should be able to sell for reuse. Tie to BR3 10,11. Transformers only. This oil has no	Chamas, American Enviro Services will take oit at no cost Supported by internal email from Shannon
BR	BR-Oil Storage CT - OP	Clean Water Act	12/1/2036	38,340		aboveground storage tanks/reservoirs and recycle/reuse or dispose of	PCBs (non-hazardous). Should be able to sell for reuse. Tie to 8R 7. Tanks are not unit specific - for BR 1, 2, 3 -	Charnas. American Enviro Services will take oil at no cost
BR	Brown Unit 1 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2059	1,781,000		Removal and disposal of asbestos in the proper manner.	flat fee paid to contractor for removal. ESTIMATE Tanks are not unit specific - include BR 5.	Supported by email from Somerset Environmental
BR	Brown Unit 2 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2059	3,586,000		Removal and disposal of asbestos in the proper manner.	6, 7, 8, 9, 10, 11 - flat fee paid to contractor for removal. ESTIMATE	Supported by email from Somerset Environmental
BR	Brown Unit 3 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2059	\$ 8,158,000		Removal and disposal of asbestos in the proper manner.	Estimate - Not unit specific - include BR 1, 2,3.	Supported by englneering estimate provided by Barry Currens
Total				\$ 32,486,773				

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Location	n Description	Logal Requirement	Estimated Settloment Date	Estimated Cost	Estimate Provided by:	: Nature of ARO	Commont	Support
TY	TY-Ash Pond	Resource Conservation and Recovery Act, Clean Water Act	12/1/2018	\$ 1,084,500		Coal combustion by-product storage facilities must be properly closed and monitored.	Not unit specific, Not unit specific - allocable among units,	\$83k/acre at 9 acres based on Pineville estimate Acreage verified by Paul Puckett-Environmental Dept
TY	TY-Chemical Storage	Clean Water Act, Resource Conservation and Recovery Act	12/1/2018	457		Hazardous wastes must be removed from site and disposed of properly. eliminate the potential for	UOP 5373 - Instrument or measuring device (instrumentation). Tie to TY3 Assuming that we would be required to	Supported by ENSCO quote provided by Mike Winkler
TY	TY-Coal Storage	Clean Water Act	12/1/2018	74,000		"contaminated" stormwater runoff from the site. chemicals/petroleum products from	close similar to the ash pond - Not unit specific	2 acres at \$15k per acre Pineville estimate Acreage verified by Delbert Billiter-Fuels Dept. Flat fee for contractor removal. Based upon
TY	TY-Oil Storage	Clean Water Act	12/1/2018	10,805		aboveground storage tanks/reservoirs and recycle/reuse or dispose of	One underground and one above ground - Not unit specific.	estimate from Somerset Environmental (contractor) received on 12/23/02.
	Tyrone Unit 1 (Retired) - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	1,604,000		Removal and disposal of asbestos in the proper manner,		
	Tyrone Unit 2 (Retired) - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	1,579,000		Removal and disposal of asbestos in the proper manner.		
TY	Tyrone Unit 3 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	2,173,000		Removal and disposal of asbestos in the proper manner.	Not unit specific,	Engineering estimate provided by Barry Currens
ΤΥ	TY-Service Water Pump Structure	Corps of Engineers	12/1/2018	221,525		Barge mooring facilities/intake and discharge structures. Must properly close all wastewater	2 structures which have asbestos and lead paint issues - Not unit specific.	estimate from Evans Construction Co Based on Pineville estimate of \$1k for 50 people
TY	TY-Sewage Treatment Plant	Clean Water Act	12/1/2018	60,000		treatment facilities under KPDES permit program.	Estimated cost to pump out tank, fill tank with soil, and grade land.	and additional fee for equipment use. Supported by PMR invoice
Total				\$ 6,807,287				

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Location	n Description	Logal Regulrement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
GR	GR-Ash Pond	Resource Conservation and Recovery Act, Clean Water Act	12/1/2018	\$ 6,627,500		Coal combustion by-product storage facilities must be properly closed and monitored.		FSMS estimate of \$83k/acre per study during Pineville rotirement chemicals and dispose of in ash pond. (\$3,000)
GR	GR-Chemical Storage	Clean Water Act, Resource Conservation and Recovery Act	12/1/2018	704		Hazardous wastes must be removed from site and disposed of properly. eliminate the potential for	Common to the plant divide evenly among the units	Tank removal for scrap \$0. Supported by Shannon Charnas email
GR	GR-Coal Storage	Clean Water Act	12/1/2018	222,000		"contaminated" stormwater runoff from the site.		
GR	Green River Unit 1 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	1,850,000		Removal and disposal of asbestos in the proper manner.	Based on Ghent estimate.	Supported by email from Evergreen USA
GR	Green River Unit 2 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	1,700,000		Removal and disposal of asbestos in the proper manner.	41,700 gallons at \$0.60 per gallon. Allocate evenly across all units	Supported by Invoice from American Enviro Services
GR	Green River Unit 3 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	1,855,000		Removal and disposal of asbestos in the proper manner.		
GR	Green River Unit 4 - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2051	2,175,000		Removal and disposal of asbestos in the proper manner, to eliminate the potential for		
GR	GR-Limestone Silo	Clean Water Act	12/1/2018	1,631		"contaminated" stormwater runoff from the site.		80 manhours at \$75 per hour internal burdened labor rate. Supported by Shannon Chamas email
GR	GR-Oil Storage	Clean Water Act	12/1/2018	1,000		chemicals/petroleum products from aboveground storage tanks/reservoirs and recycle/reuse or dispose of Must properly close all wastewater	Based on \$0.22 gallon (41,700 gallons) plus removal of underground line \$1K/100 feet. Common - divide evenly among the units.	Based on Ghent estimate. Supported by emaîl from Evergreen USA Based on Pineville estimate of \$1k for 50 people,
GR	GR-Sewage Treatment Plant	Clean Water Act	12/1/2018	9,200		treatment facilities under KPDES permit program.	Estimated cost to pump out tank, fill tank with soil, and grade land.	assumed \$1k for 50 people and additional fee for equipment use. Supported by PMR invoice
Total				\$ 14,442,035				

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Location	Description	Legal Requirement	Estimated Sottlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Commont	Support
		Clean Air Act, Toxic				Removal and disposal of asbestos in	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett-	Based on Pineville \$83k/acre estimate from
DD	Dlx Dam - ASB - Hydro	Substances Control Act	12/1/2069	\$ 345,000		the proper manner.	Environmental Dept.	FMSM engineering study
Pine	Pineville - ASB	Clean Air Act, Toxic Substances Control Act	12/1/2043	1,686,700		Removal and disposal of asbestos in the proper manner.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett- Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Pine	Pineville-Ash Pond	Resource Conservation and Recovery Act, Clean Water Act	12/1/2018	1,205,000		Coal combustion by-product storage facilities must be properly closed and monitored.	54 acres @ \$83k per acre - not unit specific. Acreage verified by Paul Puckett- Environmental Dept.	Based on Pineville \$83k/acre estimate from FMSM engineering study
Total				\$ 3,236,700			·	·

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Location	Description	Logal Requirement	Estimated Settlement Date	Estimated Cost	Estimate Provided by:	Nature of ARO	Comment	Support
				· · · · · · · · · · · · · · · · · · ·	•		54 acres @ \$83k per acre - not unit	
		Clean Air Act, Toxic				Removal and disposal of asbestos in	specific. Acreage verified by Paul Puckett-	Based on Pineville \$83k/acre estimate from
Distribution	Big Stone Gap Substation - ASB-Dist	Substances Control Act	12/1/2077	\$ 34,000		the proper manner.	Environmental Dept.	FMSM engineering study
							54 acres @ \$83k per acre - not unit	
		Clean Air Act, Toxic				Removal and disposal of asbestos in	specific, Acreage verified by Paul Puckett-	Based on Pineville \$83k/acre estimate from
General	KU - General Facilities - ASB	Substances Control Act	12/1/2073	1,130,000		the proper manner.	Environmental Dept.	FMSM engineering study
							54 acres @ \$83k per acre - not unit	,
		Clean Air Act. Toxic				Removal and disposal of asbestos in	specific, Acreage verified by Paul Puckett-	Based on Pineville \$83k/acre estimate from
Distribution	KU Distribution Subs (478) - ASB	Substances Control Act	12/1/2077	882,000		the proper manner.	Environmental Dept.	FMSM engineering study
							54 acres @ \$83k per acre - not unit	
		Clean Air Act. Toxic				Removal and disposal of aspestos in	specific, Acreage verified by Paul Puckett-	Based on Pineville \$83k/acre estimate from
Transmission	KU Transmission Subs (69) - ASB	Substances Control Act	12/1/2079	704,181		the proper manner.	Environmental Dept.	FMSM engineering study
Heliothioaidt	מפאר (פט) פענים ווסופנווופווופו	Cabolance Sonia an Mar				ata brakan mammar	and a survey of the survey of	, main anginearing addy
Total				\$ 2,750,181				

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