COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES	**)**	**CASE NO.**
COMPANY FOR AN ADJUSTMENT OF	**)**	**2012-00221**
ITS ELECTRIC RATES	**)**	

RESPONSE OF KENTUCKY UTILITIES COMPANY TO THE SECOND SET OF DATA REQUESTS OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. DATED AUGUST 28, 2012

FILED: SEPTEMBER 12, 2012

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) **SS:**
COUNTY OF JEFFERSON)

The undersigned, **Daniel K. Arbough**, being duly sworn, deposes and says that he is Treasurer for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Daniel K. Arbough

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of September 2012.

(SEAL)
Notary Public

My Commission Expires:

July 21, 2015

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Lonnie E. Bellar**, being duly sworn, deposes and says that he is Vice President, State Regulation and Rates for Louisville Gas and Electric Company and Kentucky Utilities Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Lonnie E. Bellar

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of September 2012.

Notary Public (SEAL)

My Commission Expires:

July 21, 2015

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Kent W. Blake**, being duly sworn, deposes and says that he is Chief Financial Officer for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Kent W. Blake

Kent W. Blake

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of September 2012.

Notary Public (SEAL)

My Commission Expires:

July 21, 2015

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Shannon L. Charnas**, being duly sworn, deposes and says that she is Director, Accounting and Regulatory Reporting for LG&E and KU Services Company, and that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge and belief.

Shannon L. Charnas

Shannon L. Charnas

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of September 2012.

Lisa M. Henley (SEAL)
Notary Public

My Commission Expires:

July 21, 2015

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) **SS:**
COUNTY OF JEFFERSON)

The undersigned, **Chris Hermann**, being duly sworn, deposes and says that he is Senior Vice President, Energy Delivery for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Chris Hermann

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of September 2012.

Notary Public (SEAL)

My Commission Expires:

July 21, 2015

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

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

Ronald L. Miller

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of September 2012.

Notary Public (SEAL)

My Commission Expires:

July 21, 2015

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

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

Gary H. Revlett

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of September 2012.

Notary Public (SEAL)

My Commission Expires:

July 21, 2015

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Valerie L. Scott**, being duly sworn, deposes and says that she is Controller for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that she has personal knowledge of the matters set forth in the responses for which she is identified as the witness, and the answers contained therein are true and correct to the best of her information, knowledge and belief.

Valerie L. Scott

Valerie L. Scott

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of September 2012.

Susan M. Henry (SEAL)
Notary Public

My Commission Expires:

July 21, 2015

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF CUMBERLAND)

The undersigned, **John J. Spanos**, being duly sworn, deposes and says that he is the Senior Vice President, Valuation and Rate Division, for Gannett Fleming, Inc., that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

John J. Spanos
JOHN J. SPANOS

Subscribed and sworn to before me, a Notary Public in and before said County and Commonwealth, this 30th day of August 2012.

(SEAL)
Notary Public

My Commission Expires:

February 20, 2015

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Cheryl Ann Rutter, Notary Public
East Pennsboro Twp., Cumberland County
My Commission Expires Feb. 20, 2015
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Paul W. Thompson**, being duly sworn, deposes and says that he is Senior Vice President, Energy Services for Kentucky Utilities Company and Louisville Gas and Electric Company and an employee of LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Paul W. Thompson

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 10th day of September 2012.

Notary Public (SEAL)

My Commission Expires:

July 21, 2015

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.1

Responding Witness: Daniel K. Arbough

Q2.1 Refer to page 8 lines 8-18 of Mr. Arbough's Direct Testimony addressing the proforma adjustments to pension, post-retirement, and post-employment benefits expenses.

a. It appears that the March 2012 Mercer study provided in response to KIUC 1-1 is incomplete. For example, there is no support for postretirement benefits costs. Please provide a copy of the entire study. In addition, please annotate the amounts shown in the Mercer study to the workpapers provided in response to KIUC 1-1.

b. Please provide a detailed description of the differences between the "regulatory accounting" methodology and the "financial accounting" methodology as those terms and methodologies are used in the March 2012 Mercer study. In addition, please provide a copy of all materials directing or providing guidance to Mercer to develop the pension, postretirement, and postemployment costs under the regulatory accounting methodology.

c. Please indicate whether the Company used/uses the regulatory accounting or the financial accounting methodology for accounting and financial reporting purposes.

d. Please provide all reasons why the Company believes that it is appropriate to use the regulatory accounting methodology and why it is not appropriate to use the financing accounting methodology for test year expenses.

e. Refer to page 54 of the pdf file provided in response to KIUC 1-1, which is redacted, but is labeled Officer SERP and Restoration Plan. Please provide the expense amounts for each of these plans that are included in the expenses used for the test year revenue requirement. If any such amounts are included in the revenue requirement, then: 1) please explain why the Company believes these amounts should be included in the revenue requirement, and ii) why the Company did not normalize these amounts. If any such amounts are included

in the revenue requirement, then please provide a normalization adjustment and provide all supporting documentation, including unredacted Mercer report, computations, and electronic spreadsheets with formulas intact.

f. Refer to page 55 of the pdf file provided in response to KIUC 1-1, which summarizes the LG&E and KU pension costs on a regulatory and financial accounting basis and also on a consolidated basis. Please explain why the Company uses a combination of regulatory and financial accounting costs for the consolidated entity and whether the consolidated amounts are used for LKE and PPL Corp. financial reporting purposes.

g. Please describe the normal annual timing of the Mercer studies for the current year's pension, post-retirement, and post-employment costs.

h. If the normal annual timing for receipt of the Mercer studies for the current year's pension, post-retirement, and post-employment costs occurs after January, does the Company record an adjustment on its accounting books to true-up the earlier months in the year? If so, please describe how the Company computes the true-up, when the adjustment is recorded on the accounting books.

i. Please provide the Company's computation of the true-up amount for 2012 based on the Mercer study for 2012, if any, the computation of the true-up amount, the distribution to FERC expense account and other accounts, such as account 107, and a copy of the actual journal entries showing the dates and amounts of the entries. Provide all electronic spreadsheets with formulas intact.

A2.1 a. The March 2012 Mercer Study for postretirement benefit costs was attached to PSC 1-52c. The attachment reconciles the Mercer study to the workpapers provided in response the KIUC 1-1.

b. The regulatory accounting methodology reflects pension, post-retirement, and post-employment expense without consideration of any of the purchase accounting impacts associated with the acquisitions of KU's parent company by Powergen, E.ON, or PPL. The Company uses regulatory accounting as required by the merger commitments in each of the above transactions wherein the Company committed that ratepayers would not be impacted by purchase accounting. The Company has continued to record unamortized prior service cost, transition costs, and actuarial gains and losses as regulatory assets under Accounting Standards Codification (ASC) 980, *Regulated Operations*. These regulatory assets continue to be amortized under the regulatory accounting methodology consistent with the order received in case No. 2003-00434. The financial accounting methodology reflects the pension,

post-retirement, and post-employment expenses based on purchase accounting rules which require that all unamortized prior service cost, transition costs, and actuarial gains and losses recognized in accumulated other comprehensive income be reset to zero when valuing pension, post-retirement and post-employment plans at the time of an acquisition. In purchase accounting, adjustments to revalue all the assets and all liabilities of an acquired entity are reflected in the new owners' equity investment (common stock and additional paid in capital) and goodwill. The Company is not aware of any materials provided to Mercer directing it or guiding it developing these studies.

c. The Company uses the regulatory accounting methodology, consistent with ASC 980, for its accounting and financial reporting purposes, including in its financial statements filed with the Federal Energy Regulatory Commission and the Securities and Exchange Commission.

d. The Company uses the regulatory accounting methodology for the test year expense as required by the merger commitments which state purchase accounting shall not impact ratepayers.

e. Officer SERP and Restoration Plan expenses are not included in the test year expenses and are therefore redacted.

f. As noted above, the Company and its sister company, Louisville Gas and Electric Company, use the regulatory accounting methodology as required by their merger commitments to ensure that ratepayers are not impacted by the effects of purchase accounting. LKE's non-regulated entities are not eligible to use the regulatory accounting methodology and therefore use the financial accounting methodology. The methodology used for each entity is consistent in all regulatory and financial reporting purposes, including in the consolidation with PPL Corporation.

g. The normal timing for the current year's pension and post-retirement expense from Mercer is the end of February. The current year's post-employment expense is recorded based on Mercer's estimates provided in the second quarter of the prior year. There is a true up of the post-employment expense to the actual incurred in conjunction with the year-end close process.

h. Since Mercer's studies for pension and post-retirement expense are received after January, the Company records an adjustment on its books to true-up the earlier months. The Company records the true-up entry for pension and post-retirement expense in February or March of the following year. As noted in the response to part g above, the post-employment true-up is done as part of the year-end close process.

i. See attached.

KENTUCKY UTILITIES COMPANY

Adjustment for Pension, Post Retirement and Post Employment Costs
For the Twelve Months Ended March 31, 2012

	Pension	Post-retirement	Post-employment	Total
1. Pension, Post Retirement and Post Employment expenses in test year	$ 17,858,278	$ 4,485,762	$ 966,658	$ 23,310,698
2. Pension, Post Retirement and Post Employment expenses annualized for 2012 Mercer Study	14,294,397	4,147,547	294,927	18,736,871
3. Adjustment (Line 2 - Line 1)	$ (3,563,881)	$ (338,215)	$ (671,731)	$ (4,573,827)
4. Kentucky Jurisdiction (Ref. Sch. Allocators)				88.938%
5. Kentucky Jurisdictional adjustment				$ (4,067,870)

Kentucky Utilities Company
Case No.
Pension Proforma Calculation

			KU	Servco
1.	Company O&M Pension expense (excluding Servco)		$ 9,292,675	
2.	Total Company Pension costs (excluding Servco)		16,060,298	
3.	% O&M to total	(Line 1/Line 2)	57.9%	
4.	Servco O&M Pension expense charged to KU			$ 8,565,603
5.	Total Servco Pension costs charged to KU			11,100,140
6.	% O&M to total	(Line 4/Line 5)		77.2%
7.	Projected 2012 Cost per Mercer Study		$ 12,794,781 (1)	$ 16,599,016 (2)
8.	Servco % allocated to KU based on labor split			53.8%
9.	Expected O&M expenses	(Line 3, Line 8 x Line 7)	$ 7,403,209	$ 8,930,271
10.	Servco O&M charged to KU	(Line 6 x Line 9 Servco)	6,891,188	
11.	Total O&M costs for 2012 Mercer target	(Line 9 + Line 10)	$ 14,294,397	
12.	KU 12 months ended March 2012 O&M	(Line 1)	$ 9,292,675	
13.	Servco allocation for 12 months ended March 2012 O&M	(Line 4)	8,565,603	
14.	Test Year O&M for 12 months ended March 2012	(Line 12 + Line 13)	$ 17,858,278	
15.	Expenses over (under) test year	(Line 11 - Line 14)	$ (3,563,881)	

Kentucky Utilities Company
Case No.
Post-retirement Proforma Calculation

			KU	Servco
1.	Company O&M Post-retirement expense (excluding Servco)		$ 3,697,073	
2.	Total Company Post-retirement costs (excluding Servco)		5,595,945	
3.	% O&M to total	(Line 1/Line 2)	66.1%	
4.	Servco O&M Post-retirement expense charged to KU			$ 788,689
5.	Total Servco Post-retirement costs charged to KU			1,001,328
6.	% O&M to total	(Line 4/Line 5)		78.8%
7.	Projected 2012 Cost per Mercer Study		$ 5,001,551 (3)	$ 1,989,779 (4)
8.	Servco % allocated to KU based on labor split			53.8%
9.	Expected O&M expenses	(Line 3, Line 8 x Line 7)	$ 3,304,375	$ 1,070,501
10.	Servco O&M charged to KU	(Line 6 x Line 9 Servco)	843,173	
11.	Total O&M costs for 2012 Mercer target	(Line 9 + Line 10)	$ 4,147,547	
12.	KU 12 months ended March 2012 O&M	(Line 1)	$ 3,697,073	
13.	Servco allocation for 12 months ended March 2012 O&M	(Line 4)	788,689	
14.	Test Year O&M for 12 months ended March 2012	(Line 12 + Line 13)	$ 4,485,762	
15.	Expenses over (under) test year	(Line 11 - Line 14)	$ (338,215)	

Kentucky Utilities Company
Case No.
Post-employment Proforma Calculation

			KU	Servco
1.	Company O&M Post-employment expense (excluding Servco)		$ 759,941	
2.	Total Company Post-employment costs (excluding Servco)		876,188	
3.	% O&M to total	(Line 1/Line 2)	86.7%	
4.	Servco O&M Post-employment expense charged to KU			$ 206,717
5.	Total Servco Post-employment costs charged to KU			263,126
6.	% O&M to total	(Line 4/Line 5)		78.6%
7.	Projected 2012 Cost per Mercer Study		$ 113,187 (5)	$ 465,516 (6)
8.	Servco % allocated to KU based on labor split			53.8%
9.	Expected O&M expenses	(Line 3, Line 8 x Line 7)	$ 98,170	$ 250,448
10.	Servco O&M charged to KU	(Line 6 x Line 9 Servco)	196,757	
11.	Total O&M costs for 2012 Mercer target	(Line 9 + Line 10)	$ 294,927	
12.	KU 12 months ended March 2012 O&M	(Line 1)	$ 759,941	
13.	Servco allocation for 12 months ended March 2012 O&M	(Line 4)	206,717	
14.	Test Year O&M for 12 months ended March 2012	(Line 12 + Line 13)	$ 966,658	
15.	Expenses over (under) test year	(Line 11 - Line 14)	$ (671,731)	

2012 Net Periodic Pension Cost for Qualified Plans

Regulatory Accounting Purposes

	LG&E Union	NonUnion Retirement Plan LG&E	ServCo	KU	WKE	Total	WKE-Union
1. Service cost	$ 1,843,972	$ 1,895,083	$ 11,013,002	$ 7,075,655	$		
2. Interest cost	14,461,112	10,339,722	16,861,449	18,053,285			
3. Expected return on assets	(18,818,406)	(11,648,470)	(17,328,582)	(20,559,409)			
4. Amortizations:							
a. Transition	0	0	0	0			
b. Prior service cost	2,485,200	2,011,714	2,505,928	691,710			
c. Gain/loss	10,667,520	3,819,343	3,547,219	7,533,540			
5. Net periodic pension cost	**$ 10,639,398**	**$ 6,417,392**	**$ 16,599,016**	**$ 12,794,781**	$		
			(2)	(1)			

Financial Accounting Purposes

	LG&E Union	NonUnion Retirement Plan LG&E	ServCo	KU	WKE	Total	WKE-Union
1. Service cost	$ 1,843,972	$ 1,895,083	$ 11,013,002	$ 7,075,655	$		
2. Interest cost	14,461,112	10,339,722	16,861,449	18,053,285			
3. Expected return on assets	(18,818,406)	(11,648,470)	(17,328,582)	(20,559,409)			
4. Amortizations:							
a. Transition	0	0	0	0			
b. Prior service cost	778,382	0	0	0			
c. Gain/loss	0	0	0	0			
5. Net periodic pension cost	**$ (1,734,940)**	**$ 586,335**	**$ 10,545,869**	**$ 4,569,531**	$		

LG&E and KU Energy LLC
2012 Net Periodic Benefit Cost For Postretirement Benefit Plans
December 31, 2011 Measurement Date
Financial Accounting (Includes Purchase Accounting)

	Non-Union								
	LG&E	KU	ServCo	WKE	International	Total	LG&E Union	WKE Union	Grand Total
Service cost	$491,450	$1,406,855	$1,577,596	[redacted]	[redacted]	[redacted]	$470,007	[redacted]	[redacted]
Interest cost	1,545,476	3,521,798	1,398,839				2,342,959		
Expected return on assets	(466,683)	(1,793,088)	(1,781,569)				0		
Amortizations:									
Transition	0	0	0				0		
Prior service cost	283,863	586,092	512,905				375,701		
Gain/loss	(9,653)	(796,052)	(8,490)				(346,738)		
Net periodic benefit cost	$1,844,453	$2,925,605	$1,699,281				$2,841,929		

Regulatory Accounting (Excludes Purchase Accounting)

	Non-Union								
	LG&E	KU	ServCo	WKE	International	Total	LG&E Union	WKE Union	Grand Total
Service cost	$491,450	$1,406,855	$1,577,596	[redacted]	[redacted]	[redacted]	$470,007	[redacted]	[redacted]
Interest cost	1,545,476	3,521,798	1,398,839				2,342,959		
Expected return on assets	(466,683)	(1,793,088)	(1,781,569)				0		
Amortizations:									
Transition	252,457	1,120,928	109,514				417,201		
Prior service cost	568,983	912,738	685,399				1,220,885		
Gain/loss	0	(167,680)	0				(818,162)		
Net periodic benefit cost	$2,391,683	$5,001,551	$1,989,779				$3,632,890		
		(3)	(4)						
Accumulated Postretirement Benefit Obligation (APBO) as of December 31, 2011	33,701,479	76,240,751	29,641,760	[redacted]	[redacted]	[redacted]	50,568,553	[redacted]	[redacted]

LG&E & KU Energy, LLC

Estimated Year End FAS 112 Liability For Post-Employment Benefits For Disabled Employees

Liability Date	LG&E	KU (A)	ServCo (B)	International	WKE	Total
12/31/2011	4,311,798	5,422,837	2,186,069	[redacted]	[redacted]	[redacted]
12/31/2012	4,991,769	5,536,024	2,651,585			
12/31/2013	[redacted]					
12/31/2014						
12/31/2015						

Notes

1. Plan costs have been based on census data as of November 2010.
2. Future employees were projected to become disabled based on the assumptions used in the determination of the 2011 FAS 106 expense.
3. All other data, methods, plan provisions and assumptions (including 4.55% discount rate) are the same as those used in the determination of the December 31, 2010 FAS 112 liability, including a reduction in liability for Medicare-eligible disableds associated with the Medicare Modernization Act of 2003.

KU (A)

0 *
5,536,024 +
5,422,837 −
(5) 113,187 *

Servco (B)

0 *
2,651,585 +
2,186,069 −
(6) 465,516 *

LGE and KU Services Co.

* J 0 3 5 - 0 0 2 0 - 0 2 1 2 *

Template Type:	Functional Journal
Template Style:	Single Journal Entry
Set of Books:	LGE ENERGY LLC
Database:	ofmsprod

Category	List-Text:	Other
Source	List-Text:	Spreadsheet
Currency	List-Text:	USD
Accounting Date	List-Date:	1-Feb-12
Group ID	Value:	26218
Batch Name	Text:	KLH
Journal Name	Text:	J035-0020-0212
Journal Description	Text:	Monthly True-up Pension and FAS 106
Reverse Journal	List-Text:	Yes
Reversal Period	List-Text:	MAR-2012

Upl	COMPANY	PRODUCT	ORGANIZATIO	PENDITURE_OF	ACCOUNT	NTERCOMPAN	ENDITURE_T	LOCATION	Debit	Credit	Am	Description	OFF C	Line OFF 1	Line OFF 2
	List-Text								Value	Value	Valu	Text	Text	Text	Text
	0100	740	006250	006250	184096	0000	0728	0000		14,034.43		Mnthly burden true-up - PENSION	No		
	0100	141	006250	006250	107001	0000	0728	0901	2,043.36			Mnthly burden true-up - PENSION	Yes	119902	107001
	0100	141	006250	006250	926101	0000	0728	0000	11,991.07			Mnthly burden true-up - PENSION	Yes	115461	PENSION
	0100	740	006250	006250	184097	0000	0721	0000	148,953.82			Mnthly burden true-up - FASB 106	No		
	0100	141	006250	006250	107001	0000	0721	0901		21,687.13		Mnthly burden true-up - FASB 106	Yes	119902	107001
	0100	141	006250	006250	926106	0000	0721	0000		127,266.69		Mnthly burden true-up - FASB 106	Yes	115461	FASB 106
	0110	340	015590	015590	184096	0000	0728	0000	301,200.07			Mnthly burden true-up - PENSION	No		
	0110	105	015590	015590	107001	0000	0728	0901		80,212.33		Mnthly burden true-up - PENSION	Yes	119903	107001
	0110	105	015590	015590	926101	0000	0728	0000		220,987.74		Mnthly burden true-up - PENSION	Yes	115460	PENSION
	0110	340	015590	015590	184097	0000	0721	0000	77,424.94			Mnthly burden true-up - FASB 106	No		
	0110	105	015590	015590	107001	0000	0721	0901		20,618.97		Mnthly burden true-up - FASB 106	Yes	119903	107001
	0110	105	015590	015590	926106	0000	0721	0000		56,805.97		Mnthly burden true-up - FASB 106	Yes	115460	FASB 106
	0020	740	000020	000020	184096	0000	0728	0000	714,757.80			Mnthly burden true-up - PENSION	No		
	0004	000	009870	000020	926101	0000	0728	0000		71,475.78		Mnthly burden true-up - PENSION	Yes	CAPBURDEN	PENSION
	0100	141	006250	000020	926101	0000	0728	0000		321,641.01		Mnthly burden true-up - PENSION	Yes	115461	PENSION
	0110	105	015590	000020	926101	0000	0728	0000		321,641.01		Mnthly burden true-up - PENSION	Yes	115460	PENSION
	0020	740	000020	000020	184097	0000	0721	0000		72,288.53		Mnthly burden true-up -FASB 106	No		
	0004	000	009870	000020	926106	0000	0721	0000	7,228.85			Mnthly burden true-up -FASB 106	Yes	CAPBURDEN	FASB106
	0100	141	006250	000020	926106	0000	0721	0000	32,529.84			Mnthly burden true-up -FASB 106	Yes	115461	FASB 106
	0110	105	015590	000020	926106	0000	0721	0000	32,529.84			Mnthly burden true-up -FASB 106	Yes	115460	FASB 106
									1,328,659.59	1,328,659.59					

Description: Monthly expense true-up for Pension and FAS 106 cost per Cathy Shultz.

Prepared By: Kelli Haigh 3/5/12 Approved By: 3-5-12 Posted By: Kelli Haigh 3/5/12

Upload/concurrent ID: 26019338 Posted/Concurrent ID: 26019360

Reversed March 26019372

Reversal Posted March 26019381

Attachment to Response to KU KIUC-2 Question No. 2.1(i)
Page 1 of 6
Arbough

2012 NPPC Worksheet Month 2
2/29/2012
Pension & Postretirement

Pension
G/L Account: 184096

Expense per Mercer:		**LG&E**		**KU**		**SERVCO**
Union	(13)	10,639,398.00				
Non-Union	(14)	6,417,392.00	(16)	12,794,781.00	(17)	16,599,016.00
Total		**17,056,790.00**		**12,794,781.00**		**16,599,016.00**
Monthly Expense		1,421,399.17		1,066,231.75		1,383,251.33
		X 2		X 2		X 2
Expected Expense	(1)	2,842,798.33	(2)	2,132,463.50	(3)	2,766,502.67
YTD Expense per General Ledger:						
Feb 2011	(7)	2,828,763.90	(8)	2,433,663.57	(9)	3,481,260.47
Difference - JE needed		14,034.43		(301,200.07)		(714,757.80)
		(A)		(C)		(E)

Postretirement
G/L Account: 184097

Expense per Mercer:		**LG&E**		**KU**		**SERVCO**
Union	(18)	3,632,890.00				
Non-Union	(19)	2,391,683.00	(20)	5,001,551.00	(21)	1,989,779.00
Total		**6,024,573.00**		**5,001,551.00**		**1,989,779.00**
Monthly Expense		502,047.75		416,795.92		165,814.92
		X 2		X 2		X 2
Expected Expense	(4)	1,004,095.50	(5)	833,591.83	(6)	331,629.83
YTD Expense per General Ledger:						
Feb 2011	(10)	1,153,049.32	(11)	911,016.77	(12)	259,341.30
Difference - JE needed		(148,953.82)		(77,424.94)		72,288.53
		(B)		(D)		(F)

20	184096	Feb-12	(1,852,773.46)	(3,481,260.47)	✓9
100	184096	Feb-12	(1,485,733.85)	(2,828,763.90)	✓7
110	184096	Feb-12	(1,226,814.28)	(2,433,663.57)	✓8
301	184096	Feb-12	-	-	
20	184097	Feb-12	(138,066.47)	(259,341.30)	✓12
100	184097	Feb-12	(602,888.44)	(1,153,049.32)	✓10
110	184097	Feb-12	(459,251.30)	(911,016.77)	✓11
301	184097	Feb-12	-	-	

Source: Discoverer Trial Balance

Before entry posted

Source: Discoverer Trial Balance

20	184096	Feb-12	(1,138,015.66)	(2,766,502.67)	3
100	184096	Feb-12	(1,499,768.28)	(2,842,798.33)	1
110	184096	Feb-12	(925,614.21)	(2,132,463.50)	2
301	184096	Feb-12	-	-	
20	184097	Feb-12	(210,355.00)	(331,629.83)	6
100	184097	Feb-12	(453,934.62)	(1,004,095.50)	4
110	184097	Feb-12	(381,826.36)	(833,591.83)	5
301	184097	Feb-12	-	-	

After entry posted

2012 Net Periodic Pension Cost for Qualified Plans

Regulatory Accounting Purposes

	LG&E Union	NonUnion Retirement Plan LG&E	ServCo	KU	WKE	Total	WKE-Union
1. Service cost	$ 1,843,972	$ 1,895,083	$ 11,013,002	$ 7,075,655	$		
2. Interest cost	14,461,112	10,339,722	16,861,449	18,053,285			
3. Expected return on assets	(18,818,406)	(11,648,470)	(17,328,582)	(20,559,409)			
4. Amortizations:							
a. Transition	0	0	0	0			
b. Prior service cost	2,485,200	2,011,714	2,505,928	691,710			
c. Gain/loss	10,667,520	3,819,343	3,547,219	7,533,540			
5. Net periodic pension cost	$ 10,639,398	$ 6,417,392	$ 16,599,016	$ 12,794,781	$		
	(13)	(14)	(17)	(16)			

Financial Accounting Purposes

	LG&E Union	NonUnion Retirement Plan LG&E	ServCo	KU	WKE	Total	WKE-Union
1. Service cost	$ 1,843,972	$ 1,895,083	$ 11,013,002	$ 7,075,655	$		
2. Interest cost	14,461,112	10,339,722	16,861,449	18,053,285			
3. Expected return on assets	(18,818,406)	(11,648,470)	(17,328,582)	(20,559,409)			
4. Amortizations:							
a. Transition	0	0	0	0			
b. Prior service cost	778,382	0	0	0			
c. Gain/loss	0	0	0	0			
5. Net periodic pension cost	$ (1,734,940)	$ 586,335	$ 10,545,869	$ 4,569,531	$		

LG&E and KU Energy LLC
2012 Net Periodic Benefit Cost For Postretirement Benefit Plans
December 31, 2011 Measurement Date
Financial Accounting (Includes Purchase Accounting)

	Non-Union								
	LG&E	KU	ServCo	WKE	International	Total	LG&E Union	WKE Union	Grand Total
Service cost	$491,450	$1,406,855	$1,577,596	[redacted]	[redacted]	[redacted]	$470,007	[redacted]	[redacted]
Interest cost	1,545,476	3,521,798	1,398,839				2,342,959		
Expected return on assets	(466,683)	(1,793,088)	(1,781,569)				0		
Amortizations:									
Transition	0	0	0				0		
Prior service cost	283,863	586,092	512,905				375,701		
Gain/loss	(9,653)	(796,052)	(8,490)				(346,738)		
Net periodic benefit cost	$1,844,453	$2,925,605	$1,699,281				$2,841,929		

Regulatory Accounting (Excludes Purchase Accounting)

	Non-Union								
	LG&E	KU	ServCo	WKE	International	Total	LG&E Union	WKE Union	Grand Total
Service cost	$491,450	$1,406,855	$1,577,596	[redacted]	[redacted]	[redacted]	$470,007	[redacted]	[redacted]
Interest cost	1,545,476	3,521,798	1,398,839				2,342,959		
Expected return on assets	(466,683)	(1,793,088)	(1,781,569)				0		
Amortizations:									
Transition	252,457	1,120,928	109,514				417,201		
Prior service cost	568,983	912,738	685,399				1,220,885		
Gain/loss	0	(167,680)	0				(818,162)		
Net periodic benefit cost	$2,391,683	$5,001,551	$1,989,779				$3,632,890		
	(19)	(20)	(21)				(18)		
Accumulated Postretirement Benefit Obligation (APBO) as of December 31, 2011	33,701,479	76,240,751	29,641,760	[redacted]	[redacted]	[redacted]	50,568,553	[redacted]	[redacted]

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.2

Responding Witness: Valerie L. Scott

Q2.2 Refer to Exhibit 1 Schedule 1.15 attached to Mr. Blake's Direct Testimony.

a. Please separate the annual expense amounts shown on this schedule into payroll, payroll tax loadings, other payroll loadings (benefits expenses), and non-payroll expenses (separate into categories, such as materials and supplies and contractor expenses).

b. Please provide a copy of all written guidelines, policies, and/or procedures that set forth the threshold criteria for identifying and tracking storm related expenses for accounting purposes.

A2.2 a. See attached. In completing the response to this data request, the Company identified an error in Blake Exhibit 1, Reference Schedule 1.15. See attached Revised Blake Exhibit 1, Reference Schedule 1.15 reflecting the correction of this error.

b. See attachment 2-2b-1 for the criteria used to designate "Major" and "Minor" storms used by the Distribution Operations department to determine whether the costs of a storm event should be separately tracked. Attachment 2-2b-2 provides the procedures communicated to operational areas designating the projects and tasks to track storm expenses. Attachment 2-2b-3 contains a template used to provide instructions to distribution operations employees for major storms once the storm criteria has been met to ensure accounting of major storm damage costs are appropriately tracked.

Kentucky Utilities

Storm Damage Expenses on a 12 month period ending December 31

Year	Labor	Labor Burdens *	Materials	Material Burdens	Travel, Meals & Other	Outside Services	Net Expense	
2012	2,209,583	672,734	54,555	9,432	589,515	1,458,388	4,994,206	
2011	1,837,092	572,663	40,077	6,831	479,899	1,061,842	3,998,403	
2010	886,854	341,118	(210,329)	8,806	114,725	1,485,424	2,626,597	
2009	3,184,170	941,836	420,624	7,981	1,307,987	2,803,969	8,666,568	**
2008	2,700,324	756,625	159,814	12,841	766,549	2,555,645	6,951,799	
2007	1,021,809	286,482	17,118	3,350	324,442	382,090	2,035,291	
2006	1,429,064	501,416	34,129	6,714	462,958	1,679,253	4,113,534	
2005	817,723	228,505	69,257	9,114	263,950	1,150,830	2,539,379	
2004	2,838,246	719,036	162,195	15,181	(827,942)	1,213,766	4,120,482	
2003	724,424	228,298	6,281	2,037	159,848	313,112	1,434,000	

* - Labor burdens include payroll tax loadings and other tax loading as only one burden rate, including taxes and other benefits, is applied to labor.

** - Net expense reported on Blake exhibit 1, reference Schedule 1.15, excluded the entire cost of the December 2009 Winter Storm, however only the costs incurred in Virginia should have been excluded. The costs incurred in Kentucky totaling $3,441,320 have been added to this response.

Exhibit 1
Reference Schedule 1.15
Sponsoring Witness: Scott

KENTUCKY UTILITIES

Adjustment to Reflect Normalized Storm Damage Expense
For the Twelve Months Ended March 31, 2012

1. Storm damage provision based upon ten year average	$	4,470,769
2. Storm damage expenses incurred during the 12 months ended March 31, 2012		4,994,206
3. Adjustment		(523,437)
4. Kentucky Jurisdiction		94.085%
5. Kentucky Jurisdictional adjustment	$	(492,476)

Year	Expense (a)		CPI-All Urban Consumers	Amount
2012	$ 4,994,206		1.0000	$ 4,994,206
2011	3,998,403		1.0069	4,025,992
2010	2,626,597		1.0387	2,728,246
2009	8,666,568	(b)	1.0558	9,150,163
2008	6,951,799	(b)	1.0520	7,313,293
2007	2,035,291		1.0924	2,223,352
2006	4,113,534		1.1235	4,621,555
2005	2,539,379		1.1598	2,945,172
2004	4,120,482		1.1990	4,940,458
2003	1,434,000		1.2310	1,765,254
Total				$ 44,707,691
Ten Year Average				$ 4,470,769

(a) 2012 expense is for 12 months ended March 31, 2012.
All other years expenses are for calendar year.

(b) 2008 and 2009 expenses do not include 2008 Wind Storm, 2009 Winter Storm and December 2009 Virginia Storm expenses that were recorded as regulatory assets.

Major & Minor Storm criteria

"MAJOR" weather event -- In order to establish a "MAJOR" weather related event task number the DCC must verify that both criteria below are met at the Operations Center level.

1. Weather criteria - where at least one is met:
   A) Sustained winds or wind gusts in excess of 25 mph as reported by the National Weather Service,
   B) Temperatures below -15ºF,
   C) Ice accumulations greater than ¼",
   D) Lightning that is reported by the National Weather Service.
   Note: Heat is not considered an event, but rather a load issue.

2. Event impact criteria - where .75% of an operation center's customer base is affected for 4 hours or more. The minimum threshold for each operations center is as follows:
   Danville – 328 customers
   Earlington – 445 customers
   E-Town – 264 customers
   Lexington – 1,373 customers
   Louisville – 3,005 customers
   Maysville – 320 customers
   Norton – 225 customers
   Pineville – 482 customers
   Richmond – 320 customers
   Shelbyville – 262 customers

   Note> DCC will have sole discretion on whether to open up a "Major" storm number

"MINOR" weather event -- In order to establish a "MINOR" weather related event task number the DCC must verify that both criteria below are met at the Operations Center level.

1. Weather criteria - where at least one is met:
   A) Sustained winds or wind gusts in excess of 25 mph as reported by the National Weather Service,
   B) Temperatures below -15ºF,
   C) Ice accumulations greater than ¼",
   D) Lightning that is reported by the National Weather Service.
   Note: Heat is not considered an event, but rather a load issue.

2. Event impact criteria – each operation center will have to determine/support that a portion of their customer base was affected for any length of time due to weather related events (see above for weather related events). Plus, only charges directly related to each specific minor weather event should be charged to these specific task numbers.

   Note> DCC will have sole discretion on whether to open up a "Minor" storm number.

Each Operations Center must get approval from the DCC to set up any “Minor” storm numbers.

If you have any questions regarding this process, please contact your Budget Coordinator or Eric Raible at 502-627-3426.

LG&E and KU

Memo

To: Lisa Allen; Pam McDonald

From: Steve Reeves

CC: Roxane Brown, Janice Porter, Janna Singleton

Date: 9/6/2012

Re: Operational Procedures for Storm Projects in Powerplant

This is the operational procedures for setting up Minor and Major Storm projects/tasks within Powerplant.

MINOR STORMS

There are 11 Alphanumeric project numbers set up in Powerplant for Minor Storms – one for each Operations Center (see below):

KU Minor Storm Projects & Description		LG&E Minor Storm Project & Description	
STRM12160	Danville	STRM03230	Louisville
STRM11560	Earlington		
STRM12460	Elizabethtown		
STRM13150	Lexington		
STRM14260	London		
STRM13660	Maysville		
STRM17660	Norton		
STRM14160	Pineville		
STRM12360	Richmond		
STRM12560	Shelbyville		

For each **minor storm** event, the **Operations Center** will create tasks within these projects based on the date of the minor storm with the naming convention of **MMDDYY**-task (see example below for January 31, 2010).

Tasks:	Description:	FERC Acct:
013110-I	Investment	107001

013110-R	Removal	108901
013110-MISC	Miscellaneous	598100
013110-MOL	Maintenance of Overhead Lines	593002
013110-MOS	Maintenance of Overhead Services	593003
013110-MPOLE	Maintenance of Poles	593001
013110-MUL	Maintenance of Underground Lines	594002
013110-OOL	Operations Overhead Lines	583001
013110-OPER	Operations	580100
013110-PSRT	PSRT	580100
013110-SUB	Substation	590100
013110-TREE	Vegetation Mgmt	593004

MAJOR STORMS

For each **major storm** event, a new project number will need to be created by **Energy Delivery Budgeting** in Powerplant and submitted for approval. The project number will be set up will a specific naming convention using the date of the event – For example: LG&E major storm of January 31st would be setup as LMS013111 – a KU major storm of February 4th would be setup as KMS020411 (LMS= LG&E Major Storm and KMS=KU Major Storm). This way, we can track each event separately in Powerplant.

A template has been created in Powerplant to facilitate quick creation of these projects. The names are: LMStemplate, KMStemplate(KU Storms impacting both KY and VA), KMSKYTEMP (KU Storms impacting KY only) and KMSVATEMP(KU Storms impacting VA only).

(See Attachment "LMS and KMS info for PP" for details for each Powerplant field should you need to create a project from the beginning without copying the template.)

The projects will be submitted for $1.00 showing the STRMLGE or STRMKU project number as the Alternate budget reference number. The unit estimates will need to be created for utility account E364.00 and E365.00 (this should be prefilled if you use the template; otherwise see attachment for details)

Under each specifically dated major storm project, the following tasks will need to be created (this will be prefilled if you use the template; otherwise you will need to create them):

Tasks:	Description:	FERC Acct:
I	Investment	107001
R	Removal	108901
CLAIM	Claims	925001

COMM	Communications	930101
MISC	Miscellaneous	598100
MOL	Maintenance of Overhead Lines	593002
MOS	Maintenance of Overhead Services	593003
MPOLE	Maintenance of Poles	593001
MUL	Maintenance of Underground Lines	594002
OOL	Operations Overhead Lines	583001
OPER	Operations	580100
PSRT	PSRT	580100
SUB	Substation	590100
TREE	Vegetation Mgmt	593004

NOTE – if the major storm is for KU and affects both the Kentucky and Virginia territories, there will need to be a separate set of tasks with an "ODP" prefix (this will be prefilled if you use the template; otherwise you will need to create them). Also, the Work Order Treatment will need to be "Task Level" instead of "Project Level"

Once the project is approved in Powerplant send an email to the Storms distribution list (See attached) stating the project is now available for use.

All,

A (LG&E or KU) major storm project has been set up for the storms last night (Month/Date/Year) that hit the (LG&E or KU) service territory. These storm charge numbers will cover all the weather related events in the support of restoration efforts for this area. Please charge all related storm activities for this time period to the below project and tasks.

Please remember that these storm numbers are for storm restoration activities, not your normal time (if that is the case) during this period.

Please Note: Only costs directly associated with repairing the electric distribution system and restoring customers should be charged to area storm project numbers. Costs for incidental damages and associated labor not directly associated with the electric distribution system should not be charged to these numbers before consulting with your Budget Analyst or Director (Example: Labor and material costs for restoring a flooded Business Office should not be charged).

Project (LMS or KMS)(Six digit DATE) ---- Example: KMS062110 for KU Major Storm 6/21/10
Org (LG&E – 003230 or KU 013085)
Tasks

I	Capital Investment
R	Capital Removal
CLAIM	Claims
MOL	Mtce of OH Lines
MOS	Mtce OH Service
MPOLE	Mtce Pole
MISC	Miscellaneous
MUL	Mtce of UG Lines
OIL	Oil Spill
OOL	Oper OH Lines
OPER	Operations
TREE	Veg Mgmt
PSRT	PSRT
SUB	Mtce Substations
TRAN	Transformers

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.3

Responding Witness: Valerie L. Scott

Q2.3 Refer to Blake Exhibit 1 Schedule 1.15 attached to Mr. Blake's Direct Testimony.

a. Please provide a schedule in the same format using the 10 years of historic information on a twelve months ending March 31 basis so that there is no overlap between the 2011 calendar year and the 2012 test year reflected in the average.

b. Please separate the annual expense amounts shown on the schedule provided in response to part (a) of this question into payroll, payroll tax loadings, other payroll loadings (benefits expenses), and non-payroll expenses (separate into categories, such as materials and supplies and contractor expenses).

A2.3 a. See attached.

b. See attached.

KENTUCKY UTILITIES

Adjustment to Reflect Normalized Storm Damage Expense
For the Twelve Months Ended March 31, 2012

1. Storm damage provision based upon ten year average	$	4,254,374
2. Storm damage expenses incurred during the 12 months ended March 31, 2012		4,994,206
3. Adjustment		(739,832)
4. Kentucky Jurisdiction		94.085%
5. Kentucky Jurisdictional adjustment	$	(696,071)

12 month Period	Expense		CPI-All Urban Consumers	Amount
4/1/2011 thru 3/31/2012	$ 4,994,206		1.0000	$ 4,994,206
4/1/2010 thru 3/31/2011	2,197,113		1.0332	2,270,058
4/1/2009 thru 3/31/2010	6,886,488	(a)	1.0496	7,228,058
4/1/2008 thru 3/31/2009	5,289,004	(a)	1.0521	5,564,561
4/1/2007 thru 3/31/2008	5,931,453		1.0815	6,414,866
4/1/2006 thru 3/31/2007	3,630,724		1.1169	4,055,156
4/1/2005 thru 3/31/2006	2,649,407		1.1495	3,045,494
4/1/2004 thru 3/31/2005	4,565,829		1.1902	5,434,249
4/1/2003 thru 3/31/2004	1,770,309	(b)	1.2258	2,170,045
4/1/2002 thru 3/31/2003	1,093,372	(a)	1.2503	1,367,044
Total				$ 42,543,737
Ten Year Average				$ 4,254,374

(a) Periods ending 3/31/2003, 3/31/2009, and 3/31/2010 expenses do not include the 2008 Wind Storm, 2009 Winter Storm, December 2009 Virginia Storm and 2003 Ice Storm that were recorded as were recorded as regulatory assets.

(b) Excludes insurance recovery related to 2003 Ice Storm that was netted against the costs for 4/1/2002 thru 3/31/2003.

Kentucky Utilities

Storm Damage Expenses

12 month Period	Labor	Labor Burdens *	Materials	Material Burdens	Travel, Meals & Other	Outside Services	Net Expense	
4/1/2011 thru 3/31/2012	2,209,583	672,734	54,555	9,432	589,515	1,458,388	4,994,206	
4/1/2010 thru 3/31/2011	941,053	336,271	60,980	8,711	359,705	490,395	2,197,113	
4/1/2009 thru 3/31/2010	1,919,371	478,287	123,060	27,558	742,226	3,595,985	6,886,488	**
4/1/2008 thru 3/31/2009	2,889,305	916,208	66,232	(13,282)	707,204	723,337	5,289,004	
4/1/2007 thru 3/31/2008	2,043,050	601,433	138,310	10,088	703,416	2,435,156	5,931,453	
4/1/2006 thru 3/31/2007	1,370,384	486,407	42,782	6,031	445,516	1,279,605	3,630,724	
4/1/2005 thru 3/31/2006	936,067	265,636	46,875	9,917	227,956	1,162,956	2,649,407	
4/1/2004 thru 3/31/2005	2,800,709	715,077	176,749	15,230	(772,572)	1,630,635	4,565,829	
4/1/2003 thru 3/31/2004	922,608	243,377	79,105	2,041	(18,208)	541,387	1,770,309	
4/1/2002 thru 3/31/2003	485,160	202,731	(50,687)	1,341	(580,943)	1,035,771	1,093,372	

* - Labor burdens include payroll tax loadings and other tax loading as only one burden rate, including taxes and other benefits, is applied to labor.

** - Net expense reported on Blake exhibit 1, reference Schedule 1.15, excluded the entire cost of the December 2009 Winter Storm, however only the costs incurred in Virginia should have been excluded. The costs incurred in Kentucky totaling $3,441,320 have been added to this response.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.4

Responding Witness: Valerie L. Scott

Q2.4 Refer to Blake Exhibit 1 Schedule 1.16 attached to Mr. Blake's Direct Testimony.

a. Please provide a schedule in the same format using the 10 years of historic information on a twelve months ending March 31 basis so that there is no overlap between the 2011 calendar year and the 2012 test year reflected in the average.

b. Please separate the annual expense amounts shown on the schedule provided in response to part (a) of this question into payroll, payroll tax loadings, other payroll loadings (benefits expenses), and non-payroll expenses (separate into categories, such as materials and supplies and contractor expenses).

A2.4 a. See attached.

b. See attached.

Exhibit 1
Reference Schedule 1.16
Sponsoring Witness: Scott

KENTUCKY UTILITIES

Adjustment for Injuries and Damages FERC Account 925
For the Twelve Months Ended March 31, 2012

1. Injury/Damage provision based upon ten year average	$ 2,200,118
2. Injury/Damage expenses incurred during the 12 months ended March 31, 2012	3,560,504
3. Adjustment	(1,360,386)
4. Kentucky Jurisdiction (Ref. Sch. Allocators)	88.938%
5. Kentucky Jurisdictional adjustment	$ (1,209,900)

Year	Amount (a)	CPI-All Urban Consumers	Adjusted Amount
2012	$ 3,560,504	1.0000	$ 3,560,504
2011	2,472,598	1.0332	2,554,688
2010	1,889,331	1.0496	1,983,042
2009	1,333,991	1.0521	1,403,491
2008	1,183,390	1.0815	1,279,837
2007	1,653,007	1.1169	1,846,243
2006	2,241,016	1.1495	2,576,048
2005	1,148,875	1.1902	1,367,391
2004	1,764,588	1.2258	2,163,031
2003	2,612,900	1.2503	3,266,909
Total			$ 22,001,184
Ten Year Average			$ 2,200,118

(a) 2012 - 2003 expense is for 12 months ended March 31.

KENTUCKY UTILITIES

Injuries and Damages Expenses FERC Account 925

For Annual Periods Ending as of March 31

Year	Public Liability	Auto Liability	Other Injuries and Damages	Safety and Industrial Health Supplies	Safety and Industrial Health Labor	Safety and Industrial Health Labor Loadings(a)	Workers Compensation Loadings	Total
2012	2,124,725	181,189	344,147	16,071	58,318	15,770	820,284	3,560,504
2011	1,847,815	59,139	146,918	6,231	10,431	72,537	329,527	2,472,598
2010	1,219,188	183,843	25,813	13,184	59,809	16,217	371,176	1,889,231
2009	970,970	51,538	23,318	7,474	88,413	26,593	165,685	1,333,991
2008	886,322	(9,002)	43,324	4,115	86,889	29,077	142,665	1,183,390
2007	794,043	76,882	7,698	9,554	89,079	31,392	644,359	1,653,007
2006	805,931	85,697	(21,169)	38,365	113,811	33,799	1,184,582	2,241,016
2005	1,083,400	73,730	134,467	48,002	106,059	28,718	(325,502)	1,148,875
2004	442,644	77,343	252,147	29,395	80,797	19,410	862,852	1,764,588
2003	696,197	161,536	718,862	63,844	70,372	14,299	887,790	2,612,900

(a) The Company does not maintain the payroll tax loading separate from other labor loadings (burdens). Accordingly, only total labor burdens are provided.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.5

Responding Witness: Daniel K. Arbough

Q2.5 Refer to the workpapers for Blake Exhibit 1 Schedule 1.19 provided in response to KIUC 1-1. Please provide a copy of the proposal for 2012 similar to that provided for 2011. Will there be or are there any contingent premium refunds for the renewal period similar to those received during the test year? If so, please quantify these amounts and indicate whether the Company believes any amount of the projected or contingent premium refunds should be reflected as a reduction to the property insurance expense shown on this schedule.

A2.5 The 2012-13 proposal is attached. There will not be any contingent premium refunds for the 2012-13 year. The prior year's contingent refunds were related to specific projects to improve the loss prevention program, and these projects were completed. These completed projects were considered in determining the premium paid by the Company for 2012-13. There are no additional projects pending that would provide similar refunds.

Proposal

PPL CORPORATION
EFF. APRIL 1, 2012

FM Global

Proposal

Overview

Working in conjunction with PPL and Marsh, we remain committed to protecting your operating reliability with strong engineering support and a stable insurance program. Sensible loss prevention protects the deductible, keeping cash from being spent out of pocket. A stable insurance program commits meaningful capacity to PPL's property risks.

Client Service Plan

At FM Global, we are mindful that the strategies we pursue and decisions we make must ultimately be for the benefit of our mutual policyholders.

Our aim is always to mobilize our range of value added services in support of mutually agreed objectives.

We currently have 2 client service plans in place. One for PPL and a separate one for LG&E Kentucky Utilities. With all of the activities surrounding combining the 2 insurance programs last year, we were asked to hold of on updating them. We would like get together to review the plans and get your input and agreement on how best to revise them to meet all of your needs going forward.

The FM Global Difference

We are proud to have a relationship with PPL and Marsh. As you are aware, we are a different kind of company. We have put together our thoughts on some of the FM Global differences and more specifically why they might be important to you.

- FM Global has the ability to underwrite and engineer your risk on a 100% basis. This promotes pricing stability and capacity dedicated to the PPL account.
- FM Global engineering has given support to PPL and is seen as being a credible source for solutions.
- Membership Credits – 5 times since 2001, totaling over USD1,700,000,000 to our members.
    - PPL's Membership Credits have totaled USD4,155,442

We have included some additional information about FM Global as an organization in Appendix B, to answer common questions.

Proposal

Insurance Proposal

First we would like to thank Terry Novatnack, John Diacogiannis, Stacey Frey, Rick Schartel, Matt Simmons and Paul Farr for the continued partnership with FM Global.

We would also like to thank the people at Marsh for their continued support on the PPL account.

As you know we usually like to quote our renewals with the proposed policy however due to PPL's desire to receive the premiums right away we are providing the premiums today and will provide the draft policy in the near future.

Our pricing is based on the updated Property Damage values of USD34,147,620,000. PPL value is USD16,197,377,000 and LG&E, KU value is USD17,950,243,000.

As we have discussed, the LG&E, KU values are up by approximately 33% over last year. In addition, the PPL values are up by almost 6%. In order to smooth out the premium increase, our plan is to increase the premium over 2 years as follows:
We will increase the premium by 10% on the entire account at this renewal. This will actually be a rate reduction on the LG&E, KU portion.
At next renewal we will increase the rate/premium on the LG&E, KU portion by 10%. (This increase will be fixed. There could be additional increases due to values or if losses and market conditions warrant them.)

Premium

The proposed FM Global premium (net of taxes and fees) for the PPL portion is:

Layer 1 (USD180,000,000 p/o USD300,000,000)	USD4,834,133
Layer 2 (USD3,700,000,000 x/s of USD300,000,000)	USD1,285,023
Service Fee	USD200,000

The premiums above do not include Certified Terrorism charges.

Proposal

Please note that we are required to provide a quote for Certified Terrorism in the US. This is **optional coverage** however **the insured is required to sign and return the Policyholder Disclosure form** indicating their decision.

- Certified Terrorism Coverage: *(See endorsement and disclosure form.)*
- Annual premium: USD 538,486
- Limits: Policy Limit
  If this coverage is not purchased the Terrorism limit will be USD5,000,000 in the aggregate for all policies issued to PPL Corporation.

The proposed FM Global premium (net of taxes and fees) for the LG&E. KU portion is:

Layer 1 (USD180,000,000 p/o USD300,000,000)	USD3,940,186
Layer 2 (USD3,700,000,000 x/s of USD300,000,000)	USD1,047,391
Service Fee	USD150,000

The premiums above do not include Certified Terrorism charges.

Please note that we are required to provide a quote for Certified Terrorism in the US. This is **optional coverage** however **the insured is required to sign and return the Policyholder Disclosure form** indicating their decision.

- Certified Terrorism Coverage: *(See endorsement and disclosure form.)*
- Annual premium: USD 438,907
- Limits: Policy Limit
  If this coverage is not purchased the Terrorism limit will be USD5,000,000 in the aggregate for all policies issued to PPL Corporation.

Changes to Terms and Conditions

We are planning to renew coverage on our new FM Global Advantage Power Gen form. We will forward the draft policy to you in the near future.

Proposal

Conditions of Coverage

a. Premium is payable upon receipt of invoice paid directly to FM Global by **PPL Corporation** through Marsh, Inc.
b. FM Global will provide engineering services including jurisdictional inspections.
c. FM Global will conduct all loss investigations.
d. FM Global will issue Certificates of Insurance for our participation.

Program Structure

Policy 1 -- The United States of America

Proposal Expiration

Please note this proposal expires April 1, 2012.

Please review this quote and contact me with any questions that you might have. As we have discussed, we look forward to meeting with you and the people at PPL to review this proposal..

We look forward to hearing from you.

Sincerely,

Dave O'Donnell

Dave O'Donnell
Senior Account Manager

Appendix A: Financial Strength and Business Model

Financial Strength and Stability

As of year end 2011 FM Global has a policyholders' surplus of USD 6.9 billion. In-force premium at 31 December 2011 was USD 5.1 billion.

A mutual company with a very strong balance sheet, FM Global's ability to provide stable capacity and meet its obligations to policyholders has been confirmed by major industry rating agencies, principally:

In September 2011 Insurance ratings company A.M. Best has affirmed FM Global's A+ (Superior) financial performance rating and "stable" rating outlook, noting the commercial property insurer's "very strong capitalization," "solid operating performance" and "market leadership position in the commercial property market." A.M. Best assigns an A+ rating to those insurers with a very strong ability to meet their ongoing obligations to policyholders.

"FM Global is a market leader among providers of commercial property insurance," cited A.M. Best, noting that the insurer serves a significant number of FORTUNE 1000 companies worldwide.

The ratings company added, "FM Global remains one of the prominent underwriters of highly protected risk within the commercial property market and is widely recognized throughout the industry for its extensive loss control, risk management and engineering capabilities."

A.M. Best also acknowledged FM Global's "very conservative approach to risk management" that permeates all aspects of its operations. Additionally, FM Global was recognized for how the company is able to "consistently retain more than 90% of its policyholders—a result of its stable capacity, unmatched engineering, global reach, loss prevention technology, shared commitment with its policyholders to property preservation and the strategic use of membership credits."

FM Global's financial strength rating from A.M. Best is an independent opinion based on a comprehensive quantitative and qualitative evaluation of the company's balance sheet strength, operating performance and business profile.

Proposal

September 2011 FM Global, one of the world's largest business property insurers, has received an 'AA' (Very Strong) financial strength rating affirmation from Fitch Ratings with a Rating Outlook of "Stable."

According to Fitch, "the ratings continue to reflect FM Global's strong capital and long-term strong underwriting profitability, competitive advantages derived from the company's engineering expertise and benefits drawn from the company's mutual company status." The rating applies to members of the FM Global Group, including Affiliated FM Insurance Company and FM Insurance Company Limited.

Fitch noted that "FM Global's favorable underwriting performance is due in large part to the company's ability to incorporate its engineering expertise into its risk selection and underwriting processes." The ratings agency added that it views FM Global's engineering and property loss prevention services as "key advantages that are difficult to replicate and believes this expertise will result in sustainable underwriting results that are better than peers.

Proposal

Mutual Ownership

As a mutual company, our clients are our owners. Our difference is the ability to absorb and tolerate volatility. The value to our clients is large, stable capacity and the ability to focus on understanding the risk.

Our philosophy as a mutual company is that to meet our customers' needs we must maintain open lines of communication. Through our Board of Directors, Regional Advisory Boards, Risk Management Executive Councils and owners meetings, senior management receives input from a representation of major insureds. Many positive changes in our operations including the development of new products have been made as a result of these discussions.

As a mutual Company, FM Global is able to share our positive results with clients instead of having to return the money to shareholders. We have been able to deliver this benefit in a number of ways including:

- Membership Credits - we have paid out 5 membership credits with a total of USD1.7 billion returned to our policy holders since 2001.

- Expanded Capacity - as our capital grows we have an obligation as a mutual insurer to make available corresponding additional capacity to our clients.

- Increased Program Stability - as our capacity expands we are less reliant on facultative reinsurance and therefore the vagaries of the market.

For 176 years, many of the world's largest organizations have turned to FM Global to develop cost-effective property insurance and engineering solutions to protect their business operations from fire, natural disasters and other types of property risk.
FM Global ranks 570 among FORTUNE magazine's largest companies in America.
FM Global has been named "Best Property Insurer in the World" by Euromoney magazine and
"Best Global Property Insurer" by Global Finance magazine.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.6

Responding Witness: Valerie L. Scott

Q2.6 Please provide an entity organizational chart showing all affiliate relationships from PPL Corp. down to LG&E and KU Energy LLC ("LKE") and down to LG&E and KU, including all affiliate service companies and all other affiliates that affect the costs of LG&E and KU. Provide a brief description of each affiliate.

A2.6 See the response to PSC 1-2.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.7

Responding Witness: Valerie L. Scott

Q2.7 Please describe the services that LG&E and KU Services Company ("LKS") provides to LG&E and KU. Provide a listing of the LKS cost pools, a description of each cost pool, a description of the associated allocation factor for each cost pool, and the allocation factors themselves for each cost pool for each affiliate for calendar years 2010 and 2011 and for the twelve months ending March 2012.

A2.7 LKS does not utilize cost pools; charges are allocated by individual transaction. For a listing of services provided by LKS to LG&E and KU, as well as a description of the cost allocation methodologies used, please refer to the Cost Allocation Manual provided in the filing of this case as an attachment in response to the requirements in Tab 39, filing schedule 807 KAR 5:001 Section 10(6)(t). See attachments for a listing of allocation factors used for the years 2010, 2011 and the twelve months ended March 2012. Please note that the allocation factors are updated no later than May 1st each year, therefore the ratios used during 2011 were in effect for the 3 months ending March 31, 2012.

LG&E and KU Services Company (Servco)
2010 Allocation Factors

ALLOCATION FACTOR	LG&E %	KU %	LEM %	ECC %	TOTAL %
CONTRACT RATIO - LG&E, KU (Coal)	52.72%	47.28%			100.00%
CONTRACT RATIO - LG&E, KU (Gas for CT's)	63.76%	36.24%			100.00%
ELECTRIC PEAK LOAD RATIO (LG&E & KU)	35.15%	64.85%			100.00%
NUMBER OF CUSTOMERS RATIO - TOTAL	44.10%	55.90%			100.00%
NUMBER OF CUSTOMERS RATIO - RESIDENTIAL	45.66%	54.34%			100.00%
NUMBER OF CUSTOMERS RATIO - COMMERCIAL	34.67%	65.33%			100.00%
NUMBER OF CUSTOMERS RATIO - INDUSTRIAL	17.84%	82.16%			100.00%
NUMBER OF EMPLOYEES RATIO - LG&E & KU	49.47%	50.53%			100.00%
NUMBER OF EMPLOYEES RATIO WITH LEM	49.27%	50.29%	0.44%		100.00%
NUMBER OF EMPLOYEES RATIO LG&E, KU & ECC	48.68%	49.63%		1.69%	100.00%
NUMBER OF EMPLOYEES RATIO WITH LEM & ECC	48.49%	49.42%	0.42%	1.67%	100.00%
NUMBER OF EMPLOYEES RATIO - EUS BUILDING	44.21%	50.12%	1.13%	4.54%	100.00%
NUMBER OF EMPLOYEES RATIO - BOC	61.29%	35.53%		3.18%	100.00%
REVENUE RATIO - LG&E & KU	48.44%	51.56%			100.00%
REVENUE RATIO - LG&E, KU & ECC	48.44%	51.55%		0.01%	100.00%
TOTAL ASSETS RATIO	41.49%	58.51%			100.00%
NUMBER OF TRANSACTIONS RATIO - INVOICE A/P	48.48%	49.19%		2.33%	100.00%
NUMBER OF TRANSACTIONS RATIO - INVOICE A/P (WITH LEM)	48.21%	48.91%	0.64%	2.24%	100.00%
NUMBER OF TRANSACTIONS RATIO - WAREHOUSE	21.86%	78.14%			100.00%
NON-FUEL MATERIAL & SERVICES EXP. RATIO	49.19%	50.81%			100.00%
RETAIL REVENUE RATIO	47.55%	52.45%			100.00%
NUMBER OF METERS RATIO	57.38%	42.62%			100.00%
ENERGY MARKETING RATIO - LG&E & KU	47.44%	52.56%			100.00%
DIRECT EXPENSE RATIO - LG&E, KU, & ECC	35.65%	36.46%		27.89%	100.00%
GENERATION RATIO - LG&E & KU	49.37%	50.63%			100.00%

METHODOLOGIES NOT LISTED ABOVE	DESCRIPTION
DEPARTMENTAL CHARGE RATIOS	A specific Servco department ratio based upon various factors, calculated by various departments. For a description of potential factors used in the calculation of a departmental charge ratio please refer to the Cost Allocation Manual provided as an attachment to 807 KAR 5:001 Section 10(6)(t).
PROJECT RATIO	The Project Ratio is used for the Audit Services department and is utilized for budgeting purposes only. Actual labor charges for Audit Services are directly applied to specific projects.
TRANSPORTATION RESOURCE MANAGEMENT SYSTEM CHARGEBACK	The Transportation Resource Management System Chargeback Ratio (TRMS) is calculated on a monthly basis and will vary for each expenditure organization, each month based on the TRMS eligible labor costs, total monthly transportation costs and the recalculated allocation percentages for each expenditure organization.
UTILITY OWNERSHIP PERCENTAGES	Based on the contractual ownership percentages of jointly-owned generating units. These ratios are created as a result of new jointly-owned generating units, and are based on the total forecasted energy needs. The numerator is the specific company's forecasted incremental capacity and/or energy needs. The denominator is the total incremental capacity and/or energy needs of all companies.

LG&E and KU Services Company (Servco)
2011 Allocation Factors

ALLOCATION FACTOR	LG&E %	KU %	LKC %	TOTAL %
CONTRACT RATIO - LG&E, KU (Coal)	53.62%	46.38%		100.00%
CONTRACT RATIO - LG&E, KU (Gas for CT's)	80.93%	19.07%		100.00%
ELECTRIC PEAK LOAD RATIO (LG&E & KU)	35.70%	64.30%		100.00%
NUMBER OF CUSTOMERS RATIO - TOTAL**	44.09%	55.91%		100.00%
NUMBER OF CUSTOMERS RATIO - RESIDENTIAL	45.56%	54.44%		100.00%
NUMBER OF CUSTOMERS RATIO - COMMERCIAL	35.41%	64.59%		100.00%
NUMBER OF CUSTOMERS RATIO - INDUSTRIAL**	17.46%	82.54%		100.00%
NUMBER OF EMPLOYEES RATIO - LG&E & KU	49.48%	50.52%		100.00%
NUMBER OF EMPLOYEES RATIO - LG&E, KU & LKC	48.83%	49.78%	1.39%	100.00%
NUMBER OF EMPLOYEES RATIO - LG&E CENTER	44.77%	51.46%	3.77%	100.00%
NUMBER OF EMPLOYEES RATIO - BOC	60.62%	36.72%	2.66%	100.00%
REVENUE RATIO	46.91%	53.09%		100.00%
TOTAL ASSETS RATIO - LG&E & KU	42.71%	57.29%		100.00%
TOTAL ASSETS RATIO - LG&E, KU & LKC	38.01%	50.99%	11.00%	100.00%
TOTAL UTILITY PLANT ASSETS RATIO - LG&E & KU	39.38%	60.62%		100.00%
TOTAL UTILITY ELECTRIC PLANT ASSETS RATIO - LG&E & KU	33.91%	66.09%		100.00%
REVENUE/TOTAL ASSETS/NO. OF EMPLOYEES - LG&E & KU	46.37%	53.63%		100.00%
REVENUE/TOTAL ASSETS/IND.OF EMPLOYEES - LG&E, KU & LKC	44.58%	51.29%	4.13%	100.00%
NUMBER OF TRANSACTIONS RATIO - INVOICE A/P	47.92%	49.92%	2.16%	100.00%
NUMBER OF TRANSACTIONS RATIO - WAREHOUSE	21.93%	78.07%		100.00%
NON-FUEL MATERIAL & SERVICES EXP. RATIO	55.37%	44.63%		100.00%
RETAIL REVENUE RATIO	45.86%	54.14%		100.00%
NUMBER OF METERS RATIO	57.34%	42.66%		100.00%
ENERGY MARKETING RATIO - LG&E & KU	49.50%	50.50%		100.00%
GENERATION RATIO - LG&E & KU	45.57%	54.43%		100.00%

**Ratios revised as of January 20, 2012.

METHODOLOGIES NOT LISTED ABOVE	DESCRIPTION
DEPARTMENTAL CHARGE RATIOS	A specific Servco department ratio based upon various factors, calculated by various departments. For a description of potential factors used in the calculation of a departmental charge ratio please refer to the Cost Allocation Manual provided as an attachment to 807 KAR 5:001 Section 10(6)(t).
PROJECT RATIO	The Project Ratio is used for the Audit Services department and is utilized for budgeting purposes only. Actual labor charges for Audit Services are directly applied to specific projects.
TRANSPORTATION RESOURCE MANAGEMENT SYSTEM CHARGEBACK	The Transportation Resource Management System Chargeback Ratio (TRMS) is calculated on a monthly basis and will vary for each expenditure organization, each month based on the TRMS eligible labor costs, total monthly transportation costs and the recalculated allocation percentages for each expenditure organization.
UTILITY OWNERSHIP PERCENTAGES	Based on the contractual ownership percentages of jointly-owned generating units. These ratios are created as a result of new jointly-owned generating units, and are based on the total forecasted energy needs. The numerator is the specific company's forecasted incremental capacity and/or energy needs. The denominator is the total incremental capacity and/or energy needs of all companies.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.8

Responding Witness: Valerie L. Scott

Q2.8 Please provide a schedule showing the total costs incurred by LKS by cost pool and the amounts charged to each utility by FERC O&M and A&G expense account and/or other account, including, but not limited to, all depreciation expense, interest expense, return on equity, and income tax expense, for each calendar year 2007 through 2011 and for the twelve months ending March 2012.

A2.8 LKS does not utilize cost pools. LKS charges subsidiaries for its services as described in the Cost Allocation Manual included in the filing requirements, Tab 39, in this case, as required by the 807 KAR 5:001 Section 10(6)(t).

The total costs incurred by LKS, excluding convenience payments, are as follows:

Period	Amount
Calendar year 2007	$292,507,408
Calendar year 2008	$342,250,441
Calendar year 2009	$294,976,508
Calendar year 2010	$326,982,028
Calendar year 2011	$295,706,755
12 months ending March 2012	$308,907,878

See the attached file for the amounts charged by LKS to each utility.

LKS Costs Charged to LG&E and KU

	LOUISVILLE GAS AND ELECTRIC COMPANY						KENTUCKY UTILITIES COMPANY					
FERC ACCOUNT	2007	2008	2009	2010	2011	2012 TEST YEAR	2007	2008	2009	2010	2011	2012 TEST YEAR
107	-	61,949,593.23	16,435,732.02	29,015,784.62	19,090,760.16	12,320,115.10	-	59,463,897.17	24,022,229.17	37,630,407.71	29,639,331.20	19,668,814.56
108	-	-	43,579.60	481,679.88	152,755.09	134,680.00	-	-	243,629.43	264,433.47	337,703.65	310,680.18
143	-	-	-	-	691.61	-	-	-	-	-	7,463.58	6,790.91
163	-	-	282,340.41	304,721.85	215,286.70	219,587.30	-	-	254,931.93	373,892.18	487,517.94	497,024.99
165	-	-	1,830,823.32	1,479,688.51	567,467.65	3,524,711.90	-	-	3,283,475.53	3,286,148.67	(807,527.64)	3,985,506.36
184	-	-	7,101,929.63	7,119,237.29	4,987,678.93	5,850,235.01	-	-	5,563,948.60	6,530,624.63	7,654,640.87	7,898,607.69
186	-	-	331,382.19	2,277,815.86	485,868.15	248,590.77	-	-	354,746.97	2,791,560.07	456,554.98	256,401.51
408	-	-	-	-	-	-	-	-	-	-	-	-
408.1	2,744,816.10	2,997,495.70	3,012,767.70	3,003,937.36	3,052,088.45	3,245,408.57	2,934,849.26	3,292,087.14	3,465,716.88	3,212,850.58	3,265,354.52	3,478,886.50
418	-	-	-	-	-	(24,542.81)	-	-	-	-	-	(22,182.93)
426.1	953,779.70	803,501.21	728,335.24	1,498,878.13	306,066.59	905,710.05	342,727.30	304,598.70	430,357.86	616,438.18	243,448.88	533,821.51
426.3	-	169,013.07	352.11	-	221.14	(229.49)	-	295,007.73	205.64	(161.52)	235.69	377.86
426.4	230,424.06	673,755.54	718,491.10	950,962.66	917,863.07	901,125.68	322,020.43	767,517.56	883,835.21	1,144,833.52	1,113,797.18	1,104,283.72
426.5	736,852.35	1,229,295.87	655,737.85	805,258.81	729,869.04	583,223.77	434,161.59	666,390.58	614,599.58	649,248.48	611,522.76	461,836.35
500	-	1,704,891.86	1,722,490.02	1,966,564.08	1,809,972.78	1,921,082.76	-	2,009,836.86	2,023,519.13	2,620,773.74	3,120,056.69	3,285,661.79
501	-	977,144.94	988,773.44	(8,093,657.69)	1,200,701.54	1,297,054.09	-	1,031,147.59	1,385,205.96	1,078,652.85	1,529,776.50	1,573,166.66
502	-	433,024.03	387,756.15	(4,630,951.77)	206,750.23	188,455.30	-	483,442.61	338,458.82	(694,068.87)	456,347.14	411,053.86
505	-	-	-	-	449.79	-	-	-	-	-	421.03	-
506	-	781,542.65	769,038.19	(397,596.16)	(757,544.76)	113,152.22	-	65,715.64	73,483.63	(3,960,795.89)	192,281.43	143,058.53
510	-	1,351,186.29	1,081,552.10	394,899.68	1,172,244.65	1,340,144.69	-	1,055,817.00	1,025,146.37	1,193,087.37	2,512,703.67	2,507,605.90
511	-	2,343.72	901.09	2,782.88	1,870.36	1,870.36	-	7,213.86	6,756.16	389.04	7,186.51	8,540.76
512	-	251,099.52	199,342.89	129,057.31	77,137.58	(11,116.56)	-	119,312.75	187,916.43	86,791.22	6,937.24	1,502.08
513	-	256,411.69	163,885.94	311,367.89	228,289.20	256,320.49	-	134,126.34	138,546.98	98,219.10	146,655.79	139,848.38
514	-	11,010.36	52,732.67	4,664.18	1,036.24	56.78	-	14,568.73	5,037.39	3,297.70	22,488.70	22,073.01
538	-	-	-	-	(409.07)	-	-	-	-	-	-	-
539	-	2,539.27	1,902.88	2,000.94	3,614.24	2,146.65	-	-	-	-	-	-
541	-	-	92.49	612.97	12,927.19	12,292.83	-	-	10,648.14	2,361.06	-	-
542	-	-	9,785.16	-	-	414.32	-	-	-	2,850.43	-	-
544	-	-	-	-	11,745.01	12,021.17	-	-	-	-	-	-
546	-	-	-	-	-	-	-	-	641.72	-	-	-
547	-	-	-	-	-	-	-	-	-	0.02	-	-
548	-	-	-	-	(339.48)	-	-	-	5,270.86	-	-	-
549	-	-	-	11,311.29	(11,311.29)	(11,234.00)	-	-	(0.02)	-	232.65	232.65
551	-	-	4,497.63	679.16	-	-	-	-	2,218.81	-	1,800.00	1,800.00
553	-	-	290.44	-	(418.86)	-	-	320.00	-	9,958.80	-	-
554	-	-	-	-	-	-	-	619.25	42,347.00	115,205.00	9,872.67	9,872.67
556	-	1,098,996.75	1,500,162.45	1,625,366.03	1,588,068.59	1,670,230.18	-	1,574,294.63	1,758,344.94	1,938,028.64	1,926,037.13	2,020,492.19
557	-	49.78	-	-	-	-	-	113.53	-	(0.00)	0.00	0.00
560	-	1,205,072.45	569,120.24	680,245.85	802,993.16	772,918.78	-	1,987,447.91	926,354.78	1,196,339.49	1,413,932.50	1,391,967.11
561	-	753,690.44	802,690.59	1,008,195.35	1,420,343.45	1,467,763.19	-	1,028,650.69	1,142,268.99	1,464,597.06	1,899,940.81	2,027,513.82
561.5	-	-	180,839.33	371,634.09	412,603.25	422,689.25	-	-	421,155.48	730,442.98	756,220.78	778,283.38
561.6	-	6,423.25	5,367.56	1,531.38	717.71	2,650.34	-	47,889.19	22,663.67	20,293.08	46,172.83	47,166.38
562	-	50,610.09	37,185.12	34,238.57	29,697.87	29,825.06	-	-	8,192.45	937.95	-	145.36
563	-	42,539.74	23,929.40	25,474.26	44,787.05	49,015.83	-	99,608.14	104,097.75	106,491.10	113,746.12	118,536.52
566	-	705,075.68	613,127.02	1,306,387.09	1,174,283.99	3,020,032.58	-	1,167,570.64	1,139,760.06	2,581,437.22	2,509,246.48	6,297,825.67
569	-	-	1,589.84	-	-	-	-	-	-	-	-	-
570	-	221,806.16	202,264.85	202,940.81	151,053.93	181,123.35	-	263,655.58	329,808.44	278,787.38	326,285.81	342,503.97
571	-	45,872.26	(3,246.79)	46,479.22	57,983.93	65,346.68	-	144,082.43	90,539.72	206,987.93	178,243.97	197,099.82
573	-	-	245.86	-	280.09	280.09	-	62,703.52	69,742.45	38,396.10	55,203.22	64,017.37
580	-	1,146,648.78	2,324,674.64	1,228,283.68	1,688,885.84	1,678,562.90	-	1,189,646.09	2,837,654.90	1,514,175.90	1,555,058.45	1,616,877.49
581	-	325,718.39	409,587.38	459,751.41	544,331.97	558,049.74	-	603,830.37	732,823.13	792,996.12	693,609.49	754,300.02
582	-	80.36	1,656.41	6,177.06	2,745.11	225.00	-	1,413.08	195.84	343.82	-	-
583	-	1,103,309.81	141,965.30	157,941.63	142,695.83	152,461.53	-	81,904.73	19,727.22	12,027.82	25,989.42	21,994.70
584	-	7,460.78	14,373.59	17,288.85	19,956.14	16,142.74	-	-	-	-	-	813.02
586	-	118,576.18	218,242.97	195,983.38	546,740.15	561,737.36	-	104,208.20	833,317.39	207,106.39	472,572.02	490,236.44
588	-	1,397,045.34	1,413,857.82	1,507,067.35	1,558,892.01	1,461,970.78	-	832,487.08	778,203.20	925,264.54	990,248.99	908,590.19
590	-	593.88	3,333.74	183.41	5,042.46	5,047.40	-	7,629.46	7,916.03	8,538.11	6,337.33	6,129.20
592	-	1,069.69	7,321.43	2,745.04	2,287.89	2,828.59	-	1,827.58	10,728.44	4,960.46	1,303.91	2,070.19
593	-	227,391.45	131,377.74	174,265.20	130,915.62	141,704.43	-	119,150.20	123,983.53	247,523.70	115,672.12	204,254.55
594	-	215.00	-	-	240.45	225.00	-	714.18	-	-	-	-
595	-	-	-	-	514.78	514.78	-	-	16,145.38	-	-	-
596	-	-	-	-	69.69	-	-	-	-	-	-	-
598	-	-	237,514.89	3,157.12	88,311.49	91,304.83	-	-	585,766.05	18,946.68	12,932.96	19,262.14
807	-	(408.21)	38.42	71,468.28	82,214.72	9,919.00	-	-	-	-	-	-
814	-	-	40.59	-	-	-	-	-	-	-	-	-
816	-	-	1,057.55	-	(103.66)	-	-	-	-	-	-	-
817	-	-	206.38	-	1,400.22	-	-	-	-	-	-	-
818	-	9,366.03	2,094.56	6,869.83	65,707.86	58,361.88	-	-	-	-	-	-
821	-	-	-	-	22,828.35	32,790.62	-	-	-	-	-	-
832	-	226.80	-	1,571.92	3,812.47	9,737.24	-	-	-	-	-	-
833	-	321.00	468.54	-	(100.32)	686.14	-	-	-	-	-	-
834	-	-	181.49	-	1,919.84	2,705.50	-	-	-	-	-	-
836	-	252.61	-	2,038.91	-	-	-	-	-	-	-	-
851	-	-	-	-	6,058.91	6,058.91	-	-	-	-	-	-
856	-	234.74	-	2,035.26	2,204.01	1,325.42	-	-	-	-	-	-
863	-	-	-	1,187.56	153,068.37	17,075.43	-	-	-	-	-	-
871	-	1,770.73	-	-	3,072.49	3,072.49	-	-	-	-	-	-
874	-	2,452.49	8,195.83	7,683.77	158,553.70	153,299.40	-	-	-	-	-	-
875	-	3,598.11	2,504.16	4,445.64	1,285.02	1,878.04	-	-	-	-	-	-
877	-	285.90	-	-	1,341.52	1,825.69	-	-	-	-	-	-
878	-	-	-	-	(48.20)	-	-	-	-	-	-	-
879	-	-	-	-	(218.22)	-	-	-	-	-	-	-
880	-	934,169.67	1,064,113.04	1,154,182.81	1,154,169.13	1,138,385.33	-	-	-	-	-	-
881	-	-	100.00	-	-	-	-	-	-	-	-	-
886	-	-	1,051.21	-	-	-	-	-	-	-	-	-
887	-	11,525.07	2,514.16	70,849.66	34,921.94	9,161.42	-	-	-	-	-	-
889	-	-	-	-	(1.38)	-	-	-	-	-	-	-
891	-	-	-	-	422.38	422.38	-	-	-	-	-	-
892	-	-	-	1,072.71	(0.80)	-	-	-	-	-	-	-
894	-	-	-	5,383.84	2,794.09	2,794.09	-	-	-	-	-	-
901	-	1,213,372.13	1,494,507.61	1,719,576.71	1,790,819.74	1,832,609.20	-	1,486,020.38	1,709,219.12	1,978,560.25	2,021,940.58	1,985,891.91
902	-	76,840.69	68,045.19	70,238.40	150,992.19	146,765.18	-	55,620.77	1,379,431.25	54,912.89	121,337.02	119,986.93

LKS Costs Charged to LG&E and KU

	LOUISVILLE GAS AND ELECTRIC COMPANY						KENTUCKY UTILITIES COMPANY					
FERC ACCOUNT	**2007**	**2008**	**2009**	**2010**	**2011**	**2012 TEST YEAR**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012 TEST YEAR**
903	-	6,557,758.16	7,231,162.27	7,448,095.12	6,120,651.16	6,847,843.13	-	6,744,170.29	7,968,816.91	7,947,518.34	6,933,407.05	7,849,860.02
905	-	240,858.47	285,813.02	349,687.43	493,001.96	452,333.84	-	326,937.75	376,374.64	513,214.81	879,232.09	866,994.68
907	-	200,950.44	180,021.37	236,178.15	229,053.42	235,125.41	-	252,037.07	169,902.80	207,950.61	209,270.58	213,197.95
908	-	602,019.55	6,760,291.45	11,978,785.96	3,169,871.16	5,583,801.85	-	632,491.48	8,082,790.13	11,217,380.10	2,879,733.99	5,444,369.75
909	-	159,211.42	177,637.78	75,484.05	43,413.53	46,458.67	-	68,712.93	150,819.72	174,458.45	17,234.26	54,901.42
910	-	1,818,442.65	2,761,972.53	396,659.66	18,421.61	16,185.48	-	1,798,678.18	2,516,980.96	376,088.97	33,827.75	128,915.84
912	-	-	7,959.90	-	-	-	-	-	7,959.09	-	-	-
913	-	58,161.60	52,319.25	42,935.33	(0.00)	2,291.25	-	58,161.58	52,319.25	42,130.33	(0.00)	776.25
920	38,777,823.13	16,409,898.74	17,524,475.36	19,495,947.41	20,309,704.93	21,248,701.90	41,360,627.49	15,989,147.88	17,914,244.87	20,301,928.17	21,574,196.96	22,584,697.31
921	27,136,708.39	6,678,780.50	4,651,658.32	6,320,684.89	5,101,567.02	5,183,406.62	29,156,627.77	6,206,240.23	4,608,717.97	6,286,685.92	5,853,366.88	5,989,509.93
923	33,673,031.42	5,568,510.50	7,107,148.98	4,478,090.36	4,499,836.99	4,154,797.38	32,412,574.99	12,690,173.93	6,469,375.66	6,221,283.30	8,802,162.99	8,189,523.97
924	168,142.90	55,462.48	0.01	359,319.33	-	35,644.51	165,793.13	53,550.00	-	501,031.42	-	44,455.50
925	1,083,638.36	237,870.44	(18,015.74)	572,102.62	(381,337.16)	(247,332.64)	100,472.18	152,677.66	70,722.31	150,588.82	124,809.12	347,231.63
926	11,567,457.06	11,791,012.44	16,067,936.54	14,684,776.58	16,070,872.65	16,535,504.66	12,292,624.78	12,846,869.41	18,267,085.05	15,778,689.60	17,084,735.78	17,996,342.72
928	220,197.51	419,296.31	-	2.21	-	-	220,668.20	1,039,801.88	509,798.50	52,274.92	282,282.34	253,587.53
930.1	267,440.54	430,611.55	429,779.83	405,168.56	243,606.71	379,216.53	403,684.96	584,777.39	760,366.33	557,792.22	178,143.30	351,148.48
930.2	95,698.90	248,287.85	1,010,421.59	1,956,287.54	422,889.98	838,194.68	116,295.26	183,669.96	1,309,076.69	2,285,903.12	644,143.93	1,027,407.46
930.9	700,921.39	1,481,182.95	480,866.19	-	(130,274.37)	(126,777.73)	1,303,370.49	1,535,736.23	585,283.78	-	(130,274.38)	(126,777.74)
931	73.53	-	-	-	-	-	70.38	-	-	-	-	-
935	2,974,490.15	-	-	-	-	-	2,705,167.02	-	-	-	-	-
935.1	-	-	110,017.16	-	154.58	-	-	-	-	-	-	-
935.2	-	302.10	-	-	-	-	-	-	-	-	-	-
935.3	-	1,008,378.38	1,201,014.03	1,178,401.84	1,154,566.29	1,177,288.47	-	1,035,093.00	1,217,226.04	1,196,570.97	1,174,632.04	1,196,316.71
935.4	-	6,977,491.50	7,829,153.65	9,445,802.07	10,038,865.16	10,343,824.68	-	6,637,575.26	7,787,416.72	9,738,893.55	11,287,154.18	11,496,947.91
Grand Total	**121,331,495**	**145,250,591**	**121,858,446**	**128,238,051**	**115,919,754**	**121,519,309**	**124,271,735**	**149,408,590**	**138,236,192**	**154,935,477**	**144,086,894**	**149,610,631**

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.9

Responding Witness: Valerie L. Scott

Q2.9 Please describe the services that PPL Services provides to LKE, LKS and/or LG&E and KU. Provide a listing of the PPL Services cost pools, a description of each cost pool, a description of the associated allocation factor for each cost pool, and the allocation factors themselves for each cost pool for each affiliate for calendar years 2010 and 2011 and for the twelve months ending March 2012.

A2.9 PPL Services classifies the costs charged to affiliates as either direct support or indirect support. Direct support is defined as a distinct product or service that can be readily identified as being incurred for a specific affiliate, or group of affiliates, accounted for, and monitored as direct support. Any direct support charged to a specific affiliate is based on product/service unit pricing, or specific and identifiable cost accumulation and transfer. Indirect support primarily represents general and administrative support that generally benefits all PPL Corporation subsidiaries and, therefore, cannot be readily identified as being incurred for a specific affiliate. Allocation of indirect support is based on a three-factor allocation guideline recommended by the Pennsylvania Public Utility Commission. Regardless of what method PPL Services uses to charge LKE and its subsidiaries, only charges specifically identified and directly attributable to LG&E and KU are charged to those companies. All other charges from PPL Services, whether direct or indirect costs, are recorded to LG&E and KU Capital LLC, an unregulated subsidiary of LG&E and KU Energy LLC.

PPL Services direct support charges to LKE are very limited and primarily consist of environmental management, government relations and legal costs.

PPL Services indirect support allocations represent the majority of charges to LKE and are described in the following listing of PPL allocations:

- Chairman – Executive management and staff.

- Information Services Department (ISD) – provides Information Technology, computer hardware and software, and telecommunications support. Direct Support fees are assessed based on the cost of the service provided.

- External Affairs – coordinates government relations activities and provides corporate communications functions such as media and public relations services, and strategic and employee communications. Also directs community and economic development activities and real estate support. Direct charges to clients are based on actual costs accumulated for specific services rendered.

- Human Resources (HR) – provides for the acquisition and departure of personnel, performance management, consulting, technical training, compensation and benefits programs, medical screening, and labor relations. In addition, safety training, safety program evaluation and inspections, accident/incident investigation, and regulatory compliance/consultation are provided.

- Environmental Management – provides technical support and waste management system training, corporate liability and remediation management, systems and program development, policy and direction, as well as auditing and compliance services.

- Financial Department – provides accounting, financing, financial planning, corporate receipts and disbursements and pension plan services.

- Supply Chain - provides material management services – acquisition and handling.

- Office of General Counsel – provides legal services. Direct charges to clients are based on actual cost accumulated for specific services rendered.

- Risk Management – provides support for energy acquisition and management, as well as credit and insurance services.

- Auditing – provides assessments, consultative services, and investigations.

- Facilities Management – provides building management services

- PPL Services – corporate services charges including building rents for PPL Services, executive incentive compensation and corporate travel services.

PPL Services Allocation methods are described as follows:

- Direct (See Attachment Number 1.)

- Indirect – Three Factor Indirect Cost Allocation Methodology

Three-Factor Indirect Cost Allocation – Through the three-factor allocation methodology, all subsidiaries that comprise a material proportion of PPL, as measured by either invested capital, operations and maintenance expense, or employees, will receive an equitable proportion for the indirect cost allocation.

The first factor calculates each subsidiary's proportion of invested capital relative to its affiliates. For this calculation, invested capital includes all of the following components of invested capital for subsidiaries (Short Term Debt, Long Term Debt Due in One Year, Long Term Debt, Minority Interest, Company Obligated Preferred Stock, Preferred Stock, and Common Equity) that are added together and allocated by each subsidiary's relative Invested Capital as compared to its affiliates.

The second and third factors calculate each subsidiary's proportion of operation and maintenance expenses and number of employees relative to its affiliates. For these factors, the methodology generally is the same as for Invested Capital. Each subsidiary's data is summed and allocated by each subsidiary's relative operation and maintenance and employee data as compared to its affiliates.

PPL Corporation determined that each of the three factors was equal in importance and, therefore, the sum of the three was divided by three to obtain the average multi- factor allocation % for each subsidiary. For simplicity, and to reduce immaterial allocations, subsidiaries with a multi-factor average allocation rate of less than 1% are identified and do not receive an allocation.

See Attachment Number 2 for the Three Factor Indirect Cost Allocation percentages used in calendar years 2010 and 2011 and for the twelve months ending March 2012.

PPL Allocation Methods - Page 402.1 - 2011 FERC Form 60

Name of Respondent	This Report is:	Resubmission Date	Year/Period of Report
PPL Services Corporation	(1) [x] An Original (2) [ ] A Resubmission	(Mo, Da, Yr)	Dec, 31 2011

Schedule XXI - Methods of Allocation

1. Indicate the service department or function and the basis for allocation used when employees render services to more than one department or functional group. If a ratio, include the numerator and denominator.
2. Include any other allocation methods used to allocate costs.

Service Department or Function	Basis of Allocation	Name of Allocation Methodology
Corporate Audit Services - Direct	Costs charged directly to projects specifically established for business lines identified on page 307	Direct Costs - Assignable
Corporate Audit Services - Indirect	Capitalization, O&M, and Number of Employees Ratios	Three-Factor Indirect Cost Allocation
Office of Chairman - Indirect	Capitalization, O&M, and Number of Employees Ratios	Three-Factor Indirect Cost Allocation
Environmental Management - Direct:		
Environmental Management Systems	Costs charged directly to projects specifically established for business lines identified on page 307	Direct Costs - Assignable
Assessments	Costs charged directly to projects specifically established for business lines identified on page 307	Direct Costs - Assignable
Policy & Direction	Costs charged to business lines identified on page 307 based on percentage of how much work is planned for each business line multiplied by the total activity costs	Allocation of Direct Costs
Technical Support	Costs charged directly to projects specifically established for business lines identified on page 307	Direct Costs - Assignable
Stakeholder/Corporate Constituencies	Costs charged directly to projects specifically established for business lines identified on page 307	Direct Costs - Assignable
Remediation	Costs charged directly to projects specifically established for business lines identified on page 307	Direct Costs - Assignable
Compliance Activities	Costs charged directly to projects specifically established for business lines identified on page 307	Direct Costs - Assignable
Environmental Management - Indirect	Capitalization, O&M, and Number of Employees Ratios	Three-Factor Indirect Cost Allocation
External Affairs - Direct:		
All Direct Charges	Costs charged directly to projects specifically established for business lines identified on page 307	Direct Costs - Assignable
External Affairs - Indirect	Capitalization, O&M, and Number of Employees Ratios	Three-Factor Indirect Cost Allocation
Facilities Management - Direct:		
Jobs Planned	Costs charged directly to projects specifically established for business lines identified on page 307	Direct Costs - Assignable
Tenant Services	Costs charged directly to projects specifically established for business lines identified on page 307, then allocated by business line by location based on square footage	Direct Costs - Assignable / Direct Square Footage Ratio
Electric Usage	Costs charged to business lines identified on page 307 based on square footage	Direct - Square Footage Ratio
Rent - Plaza Building	Costs charged to business lines identified on page 307 based on square footage	Direct - Square Footage Ratio
Rent - Electric Utilities Buildings	Costs charged to business lines identified on page 307 based on square footage	Direct - Square Footage Ratio
NERC Support - PPL Montana	Costs charged directly to projects specifically established for PPL Montana	Direct Costs - Assignable
NERC Support - PPL Electric Utilities	Costs charged directly to projects specifically established for PPL Electric Utilities	Direct Costs - Assignable
NERC Support - PPL Generation (excl, Montana)	Costs charged to PPL Generation based on square footage occupied by PPL Generation excluding PPL Montana	Direct Costs - Assignable / Direct Square Footage Ratio
Facilities Management - Indirect	Capitalization, O&M, and Number of Employees Ratios	Three-Factor Indirect Cost Allocation
Financial - Direct:		
Accounting Services	Costs charged directly to or allocated to select business units identified on page 307 based on time spent working with respective business units.	Direct Costs Assignable / Allocation of Direct Costs
Consulting Services	Costs charged directly to projects specifically established for business lines identified on page 307	Direct Costs - Assignable
Tax-Real Estate	Allocation based on historical hours worked for each business line	Allocation of Direct Costs
Remittance Processing	Rates based on type of unit processed; Rate is multiplied by volume to arrive at relative cost ratio for each business line; total dollars for activity are charged based on relative cost ratio for each business line	Direct - Standard Unit Rate Ratio

PPL Allocation Methods - Page 402.1 - 2011 FERC Form 60

Service Department or Function	Basis of Allocation	Name of Allocation Methodology
Corporate Disbursements/Vendor Servicing	Rates based on type of unit processed; Rate is multiplied by volume to arrive at relative cost ratio for each business line; total dollars for activity are charged based on relative cost ratio for each business line	Direct - Standard Unit Rate Ratio
Energy Accounting	Allocation based on anticipated hours worked for business lines within Generation and Marketing	Allocation of Direct Costs
Pensions/Investments	Charges to business lines based on percentage of full-time number of employees	Direct - Number of Employees Ratio
Post Retirement / Medical and Life Insurance	Charges to business lines based on percentage of full-time number of employees	Percentage of Full Time Headcount
Medical/Dental/Life Insurance/Other Insurance	Based on number of employees covered in each business line and their coverage elections	Percentage of Full Time Headcount
Workers Compensation/Survivors Income Protection	Based on percentage of active employees in each business line.	Percentage of Full Time Headcount
Financial - Indirect	Capitalization, O&M, and Number of Employees Ratios	Three-Factor Indirect Cost Allocation
Human Resources - Direct:		
Acquisition & Departure of Employees	Costs charged directly to business lines identified on page 307 based on a standard rate for acquisitions and departures multiplied by a monthly average based on number of transactions per business line included in the resource plan	Direct - Number of transactions ratio
Development Consulting	Costs charged directly to project/subprojects specifically established for business lines identified on page 307; charges to "Corporate-All" subproject allocated by ratio of the number of employees in each business line	Direct Costs - Assignable; Direct Number of Employees Ratio
HR-Salaried Empl Services	Charges to business lines identified on page 307 based on percentage of salaried number of employees multiplied by the standard rate for salaried employees	Direct - Standard Unit Rate
HR-All Empl Services	Charges to business lines identified on page 307 based on percentage of total number of employees multiplied by the standard rate for all employees	Direct - Standard Unit Rate
HR-BU Empl Services	Charges to business lines identified on page 307 based on percentage of bargaining unit number of employees multiplied by the standard rate for bargaining unit employees	Direct - Standard Unit Rate
Mandated Med Tests/Screens	Charges to business lines identified on page 307 based on the number of medical tests per business line multiplied by the standard rate for the type of test performed	Direct - Standard Unit Rate
Safety & Environmental Training	Costs charged directly to project/subprojects specifically established for business lines identified on page 307; charges to "Corporate-All" subproject allocated based on percentages by business line provided by training group	Direct Costs - Assignable; Allocation of Direct Costs
Corporate Safety	Costs charged directly to project/subprojects specifically established for business lines identified on page 307; charges to "Corporate-All" subproject allocated based on percentages by business line provided by safety group	Direct Costs - Assignable; Allocation of Direct Costs
HR&S Projects	Charges to business lines identified on page 307 based on percentage of total number of employees of each business line to total employee for the Company	Direct - Number of Employees Ratio
Kentucky Integration Costs	Costs charged directly to projects specifically established for business lines identified on page 307	Direct Costs - Assignable
Human Resources - Indirect	Capitalization, O&M, and Number of Employees Ratios	Three-Factor Indirect Cost Allocation
Information Services - Direct:		
Business Solutions, Managed Infrastructure, End User Services	Costs charged to business lines identified on page 307 by percentages determined on the basis of who the work is being done for.	Allocation of Direct Costs
Business Solutions, Managed Infrastructure, End User Services	Costs charged to business lines identified on page 307 by counts to a business line, such as number of telephones or standard desktop workstations, multiplied by a standard rate.	Direct - Standard Unit Rate
Business Solutions, Managed Infrastructure, End User Services	Costs charged to business lines identified on page 307 by percentage to another activity code that is later allocated to a business line(s) via that activity code allocator	Percentage to an Activity Code
Business Solutions, Managed Infrastructure, End User Services	Costs charged to business lines identified on page 307 by counts to another activity code, such as gigabytes of network storage or number of servers an application uses that is later allocated to a business line(s) via that activity code allocator.	Counts to an Activity Code
Information Services - Indirect	Capitalization, O&M, and Number of Employees Ratios	Three-Factor Indirect Cost Allocation
Office of General Counsel - Direct:		
All Direct Charges	Costs charged directly to projects specifically established for business lines identified on page 307	Direct Costs - Assignable
Office of General Counsel - Indirect	Capitalization, O&M, and Number of Employees Ratios	Three-Factor Indirect Cost Allocation
PPL Services - Indirect	Capitalization, O&M, and Number of Employees Ratios	Three-Factor Indirect Cost Allocation
Risk Management - Direct:		
Risk Analytics	Costs allocated to business lines identified on page 307 based on the established plan for hours to be spent working on each business line activity that year multiplied by the total costs of each activity	Allocation of Direct Costs

PPL Allocation Methods - Page 402.1 - 2011 FERC Form 60

Service Department or Function	Basis of Allocation	Name of Allocation Methodology
Credit Services	Costs allocated to business lines identified on page 307 based on the established plan for hours to be spent working on each business line activity that year multiplied by the total costs of each activity	Allocation of Direct Costs
Trading Controls	Costs allocated to business lines identified on page 307 based on the established plan for hours to be spent working on each business line activity that year multiplied by the total costs of each activity	Allocation of Direct Costs
Market Analysis	Costs allocated to business lines identified on page 307 based on the established plan for hours to be spent working on each business line activity that year multiplied by the total costs of each activity	Allocation of Direct Costs
Insurance Services-Client Specific	Based on insurance premiums paid and amortization of prepaid insurance; property & liability insurance allocated or charged to business lines based on insurable value	Allocation of Direct Costs
Captive Insurance	Based on insurance premiums paid and amortization of prepaid insurance; property & liability insurance allocated to business lines based on insurable value	Direct Costs - Assignable; Allocation of Direct Costs
Loss of Generation - Captive	Based on insurance premiums paid and amortization of prepaid insurance	Allocation of Direct Costs
Loss of Generation	Based on insurance premiums paid and amortization of prepaid insurance	Allocation of Direct Costs
Risk Management - Indirect	Capitalization, O&M, and Number of Employees Ratios	Three-Factor Indirect Cost Allocation
Supply Chain - Direct:		
Acquisition of Materials and Services	Costs charged to business lines identified on page 307 based on percentage of how much work is planned for each business line multiplied by the total activity costs	Allocation of Direct Costs
Logistics Services	total material requests over the past 12-month period multiplied by the total activity costs	Direct - Number of Transaction Ratio
Delivery Services	Costs charged to business lines identified on page 307 based on percentage of the number of GO Complex employee counts by business line vs. the total GO Complex employee counts at the first of the calendar year multiplied by the total activity costs	Direct - Number of Employees Ratio
Tool Rental/Repair	Costs charged to business lines identified on page 307 based on percentage of how much work is planned for each business line multiplied by the total activity costs	Allocation of Direct Costs
Accounts Payable	Costs charged to business lines identified on page 307 based on percentage of how much work is planned for each business line multiplied by the total activity costs	Allocation of Direct Costs
Supply Chain - Indirect	Capitalization, O&M, and Number of Employees Ratios	Three-Factor Indirect Cost Allocation

Methods of Allocation Descriptions

Three-Factor Indirect Cost Allocation – Through the three-factor allocation methodology, all subsidiaries that comprise a material proportion of PPL, as measured by either invested capital, operations and maintenance expense, or employees, will receive an equitable proportion for the indirect cost allocation.

The first factor calculates each subsidiary's proportion of invested capital relative to its affiliates. For this calculation, invested capital includes all of the following components of invested capital for subsidiaries (Short Term Debt, Long Term Debt Due in One Year, Long Term Debt, Minority Interest, Company Obligated Preferred Stock, Preferred Stock, and Common Equity) that are added together and allocated by each subsidiary's relative Invested Capital as compared to its affiliates.

The second and third factors calculate each subsidiary's proportion of operation and maintenance expenses and number of employees relative to its affiliates. For these factors, the methodology generally is the same as for Invested Capital. Each subsidiary's data is summed and allocated by each subsidiary's relative operation and maintenance and employee data as compared to its affiliates.

PPL Corporation determined that each of the three factors was equal in importance and, therefore, the sum of the three was divided by three to obtain the average multi- factor allocation % for each subsidiary. For simplicity, and to reduce immaterial allocations, subsidiaries with a multi-factor average allocation rate of less than 1% are identified and do not receive an allocation.

Direct Costs Assignable – Costs which can be directly identified with a particular service or product.

Allocation of Direct Costs - Costs that benefit multiple business lines and allocated to business lines based on a designated percentage

Percentage of Full Time Headcount – Allocations based on the actuarial determined obligations of current active employees is used as a basis to allocate total plan activity, including active and retiree costs and obligations.

Direct Number of Employees Ratio – A ratio based on the number of employees benefiting from a service. This ratio is determined based on actual counts of applicable

Service Department or Function	Basis of Allocation	Name of Allocation Methodology

employees at the end of the previous calendar year, the numerator of which is for the associate company and the denominator of which is for all associate companies.

Direct Square Footage Ratio – A ratio based on the square footage of space rented, the numerator of which is the square footage rented by an associate company and the denominator is the total square footage rented to all associate companies.

Direct Standard Unit Rate - Rate calculated by service department for each particular item (e.g. workstations, phones, different types of invoices) which is then multiplied by the number of items used by or processed for associate companies. For example, Information Services would calculate the standard rate for workstations or phones used by associate companies.

Direct Standard Unit Rate Ratio - Rate calculated by service department for each particular item (e.g. different types of invoices) which is then multiplied by the volume to arrive at relative cost ratio for each business line; total dollars for activity are charged based on relative cost ratio for each business line

Direct Number of Transactions Ratio – A ratio based on the sum of transactions occurring in the prior year, the numerator of which is for an associate company and the denominator of which is for all associate companies. For example, services pertaining to Supply Chain Accounts Payable would define the transaction as the number of material requests processes. Human Resources would define the transaction as the number of employee acquisition and departures included in the resource plan.

Percentage to an Activity Code - Costs charged to business lines by percentage to another activity code that is later allocated to a business line(s) via that activity code allocator

Counts to an Activity Code - Costs charged to business lines identified on page 307 by counts to another activity code, such as gigabytes of network storage or number of servers an application uses, that is later allocated to a business line(s) via that activity code allocator.

PPLThree Factor Indirect Cost Allocation Percentages
1/1/2010 - 3/31/2012

PPL Service Company - "Cost Pools"	Energy Supply	Electric Utilities	PPL Global	LKE	Total
1/1/2012 - 3/31/2012					
Audit Services	56%	44%	0%	0%	100%
Chairman	30%	19%	29%	22%	100%
Environmental	52%	41%	6%	1%	100%
External Affairs	34%	27%	18%	21%	100%
Facilities Management	51%	49%	0%	0%	100%
Financial	38%	29%	22%	11%	100%
HR&D	50%	46%	3%	1%	100%
ISD	56%	44%	0%	0%	100%
OGC	31%	22%	24%	23%	100%
PPL Services	44%	34%	14%	8%	100%
Risk Management	40%	30%	15%	15%	100%
Supply Chain	32%	23%	45%	0%	100%
5/1/2011 - 12/31/2011					
Audit Services	60%	40%	0%	0%	100%
Chairman	26%	12%	35%	27%	100%
Environmental	56%	37%	4%	3%	100%
External Affairs	37%	26%	16%	21%	100%
Facilities Management	60%	40%	0%	0%	100%
Financial	34%	21%	32%	13%	100%
HR&D	56%	43%	1%	0%	100%
ISD	60%	40%	0%	0%	100%
OGC	36%	21%	23%	20%	100%
PPL Services	44%	29%	17%	10%	100%
Risk Management	42%	26%	18%	14%	100%
Supply Chain	34%	20%	46%	0%	100%
1/1/2011 - 4/30/2011					
Audit Services	60%	40%	0%	0%	100%
Chairman	33%	16%	16%	35%	100%
Environmental	57%	37%	2%	4%	100%
External Affairs	41%	28%	7%	24%	100%
Facilities Management	60%	40%	0%	0%	100%
Financial	41%	26%	16%	17%	100%
HR&D	55%	44%	1%	0%	100%
ISD	60%	40%	0%	0%	100%
OGC	40%	24%	11%	25%	100%
PPL Services	48%	32%	8%	12%	100%
Risk Management	46%	28%	8%	18%	100%
Supply Chain	48%	28%	24%	0%	100%
11/1/2010 - 12/31/2010					
Audit Services	60%	40%	0%	0%	100%
Chairman	33%	16%	16%	35%	100%
Environmental	57%	37%	2%	4%	100%
External Affairs	41%	28%	7%	24%	100%
Facilities Management	60%	40%	0%	0%	100%
Financial	41%	26%	16%	17%	100%
HR&D	55%	44%	1%	0%	100%
ISD	60%	40%	0%	0%	100%
OGC	40%	24%	11%	25%	100%
PPL Services	48%	32%	8%	12%	100%
Risk Management	46%	28%	8%	18%	100%
Supply Chain	48%	28%	24%	0%	100%
1/1/2010 - 10/31/2010					
Audit Services	61%	39%	0%		100%
Chairman	55%	23%	22%		100%
Environmental	60%	30%	10%		100%
External Affairs	58%	36%	6%		100%
Facilities Management	61%	39%	0%		100%
Financial	55%	27%	18%		100%
HR&D	53%	26%	21%		100%
ISD	61%	39%	0%		100%
OGC	53%	26%	21%		100%
PPL Services	53%	26%	21%		100%
Risk Management	53%	26%	21%		100%
Supply Chain	53%	26%	21%		100%

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.10

Responding Witness: Valerie L. Scott

Q2.10 Please provide a schedule showing the total costs incurred by PPL Services by cost pool and the amounts charged to LKE, LKS and/or each utility by FERC O&M and A&G expense account and/or other account, including, but not limited to, all depreciation expense, interest expense, return on equity, and income tax expense, for each calendar year 2007 through 2011 and for the twelve months ending March 2012. If PPL Services costs are charged to LKE and/or LKS and not directly to LG&E and KU, then extend the schedule to show the PPL Services costs incurred by LKE and/or LKS by cost pool and the amounts charged by LKE and/or LKS to each utility by FERC O&M and A&G expense account and/or other account, including, but not limited to, all depreciation expense, interest expense, return on equity, and income tax expense, for each calendar year 2007 through 2011 and for the twelve months ending March 2012.

A2.10 See attached.

PPL Services costs are charged directly on the books of the LKE recipient receiving the services. Unless charges are specifically attributable to the utilities, the PPL Services costs are charged to LG&E and KU Capital LLC. There was no interest expense, return on equity or income tax expense charged by PPL Services to any LKE affiliate for any period presented.

PPL Allocated Costs
CATGA-B-D Reports 2007 - 2012

12 Months Ended 3/31/12	Total Costs				Allocated to Kentucky					Amounts Charged to LKE Affiliate			
	CATGA (Direct)	CATGB (Indirect)	CATGD (Depreciation)	TOTAL	CATGA (Direct)	CATGB (Indirect)	CATGD (Depreciation)	TOTAL	FERC ACCOUNT	LG&E	KU	LKC	TOTAL
Chairman	72,599	9,895,167		9,967,766	0	1,724,563		1,724,563	930.2	158,499	195,696	1,269,253	1,623,448
Breakdown by account				0				0	426.4	45,252	55,863		101,115
Corporate Audit Services	732,344	2,091,502		2,823,846	0	0		0					0
Environmental Management	2,242,127	906,982		3,149,109	59,294	22,397		81,691	930.2			81,691	81,691
External Affairs	5,891,997	6,325,773		12,217,770	12,752	1,340,324		1,353,076	930.2			929,071	929,071
Breakdown by account				0				0	426.4			423,792	423,792
Facilities Management	31,008,368	522,326		31,530,694	0	0		0					0
Financial	37,972,152	26,636,032		64,608,184	0	3,386,259		3,386,259	930.2			3,386,259	3,386,259
Human Resources	18,354,789	10,081,664		28,436,453	0	26,407		26,407	930.2			26,407	26,407
Information Services	53,487,589	25,784,682		79,272,271	20,965	0		20,965	921	8,199	8,793	3,973	20,965
Office of General Counsel	22,421,801	12,940,538		35,362,339	39,619	2,742,776		2,782,395	930.2			2,782,395	2,782,395
PPL Services, Inc.		2,267,085	20,297,934	22,565,019		4,850,313	100,682	4,950,995	930.2			5,013,287	5,013,287
Risk Management Spt	37,366,548	6,706,108		44,072,656	0	979,721		979,721	930.2			896,887	896,887
Breakdown by account				0				0	925	27,046	25,407	29,505	81,958
Supply chain	23,835,397	-1,092,185		22,743,212	0	0		0					0
	233,385,711	**103,065,674**	**20,297,934**	**356,749,319**	**132,630**	**15,072,760**	**100,682**	**15,306,072**		**238,996**	**285,759**	**14,842,520**	**15,367,275**

2011	Total Costs				Allocated to Kentucky					Amounts Charged to LKE Affiliate			
	CATGA (Direct)	CATGB (Indirect)	CATGD (Depreciation)	TOTAL	CATGA (Direct)	CATGB (Indirect)	CATGD (Depreciation)	TOTAL	FERC ACCOUNT	LG&E	KU	LKC	TOTAL
Chairman	0	9,403,050		9,403,050	0	1,825,267		1,825,267	930.2	211,336	260,924	1,362,219	1,834,479
Breakdown by account				0				0	426.4	60,332	74,488	0	134,820
Corporate Audit Services	664,157	2,103,342		2,767,499	0	0		0					0
Environmental Management	2,247,013	1,027,402		3,274,415	82,687	35,495		118,182	930.2			118,182	118,182
External Affairs	5,840,989	6,296,757		12,137,746	37,894	1,392,070		1,429,964	426.4			1,429,677	1,429,677
Facilities Management	32,730,162	254,199		32,984,361	0	0		0					0
Financial	38,452,966	26,519,373		64,972,339	0	3,828,462		3,828,462	930.2			3,713,015	3,713,015
Human Resources	18,919,918	9,099,112		28,019,030	0	0		0					0
Information Services	51,960,850	26,978,730		78,939,580	0	0		0					0
Office of General Counsel	25,719,681	12,344,624		38,064,305	39,619	2,659,455		2,699,074	930.2			2,699,074	2,699,074
PPL Services, Inc.	0	47,181,731	17,088,306	64,270,037	0	5,117,371	144,032	5,261,403	930.2			5,125,011	5,125,011
Risk Management Spt	36,014,624	6,685,463		42,700,087	0	1,024,349		1,024,349	930.2			1,035,561	1,035,561
Supply chain	23,341,928	-946,387		22,395,541	0	0		0					0
	235,892,288	**146,947,396**	**17,088,306**	**399,927,990**	**160,200**	**15,882,469**	**144,032**	**16,186,701**		**271,668**	**335,412**	**15,482,739**	**16,089,819**

Nov & Dec 2010	Total Costs				Allocated to Kentucky					Amounts Charged to LKE Affiliate			
	CATGA (Direct)	CATGB (Indirect)	CATGD (Depreciation)	TOTAL	CATGA (Direct)	CATGB (Indirect)	CATGD (Depreciation)	TOTAL	FERC ACCOUNT	LG&E	KU	LKC	TOTAL
Chairman		1,204,903		1,204,903		321,732		321,732	930.2			321,732	321,732
Corporate Audit Services	65,405	343,176		408,581	0	0		0				-	0
Environmental Management	412,007	177,259		589,266	2,193	9,267		11,460	930.2			11,460	11,460
External Affairs	841,495	1,037,392		1,878,887	0	294,000		294,000	930.2			294,000	294,000
Facilities Management	5,367,446	116,629		5,484,075	0	0		0				-	0
Financial	2,066,901	4,830,277		6,897,178	0	1,292,641		1,292,641	930.2			1,292,641	1,292,641
Human Resources	3,405,485	2,778,354		6,183,839	0	0		0				-	0
Information Services	8,918,350	4,796,128		13,714,478	0	0		0				-	0
Office of General Counsel	2,962,714	-1,512,824		1,449,890	0	127,142		127,142	930.2			127,142	127,142
PPL Services, Inc.		13,137,087	3,088,401	16,225,488		340,518		340,518	930.2			340,518	340,518
Risk Management Spt	8,393,268	1,056,823		9,450,091	0	194,215		194,215	930.2			194,215	194,215
Breakdown by account				0	112,799			112,799	925	54,934	57,553	312	112,799
Supply chain	3,636,983	-22,559		3,614,424	0	0		0				-	0
	36,070,054	**27,942,645**	**3,088,401**	**67,101,100**	**114,992**	**2,579,515**	**0**	**2,694,507**		**54,934**	**57,553**	**2,582,020**	**2,694,507**

PPL Allocated Costs
CATGA-B-D Reports 2007 - 2012

2010	Total Costs				Allocated to Kentucky					Amounts Charged to LKE Affiliate			
	CATGA (Direct)	CATGB (Indirect)	CATGD (Depreciation)	TOTAL	CATGA (Direct)	CATGB (Indirect)	CATGD (Depreciation)	TOTAL	FERC ACCOUNT	LG&E	KU	LKC	TOTAL
Chairman		6,322,257		6,322,257		321,732		321,732	930.2			321,732.00	321,732
Corporate Audit Services	522,021	1,992,198		2,514,219	0	0		0				-	0
Environmental Management	2,251,632	1,033,690		3,285,322	2,193	9,267		11,460	930.2			11,460.00	11,460
External Affairs	4,426,988	7,682,588		12,109,576	0	294,000		294,000	930.2			294,000.00	294,000
Facilities Management	25,979,454	583,487		26,562,941	0	0		0				-	0
Financial	10,444,301	27,996,153		38,440,454	0	1,292,641		1,292,641	930.2			1,292,641.00	1,292,641
Human Resources	22,171,513	10,179,200		32,350,713	0	0		0				-	0
Information Services	51,446,324	27,586,466		79,032,790	0	0		0				-	0
Office of General Counsel	20,290,803	13,218,953		33,509,756	0	127,142		127,142	930.2			127,142.00	127,142
PPL Services, Inc.		38,260,821	15,610,219	53,871,040		340,518		340,518	930.2			340,518.00	340,518
Risk Management Spt	39,810,616	6,305,754		46,116,370		194,215		194,215	930.2			194,215.00	194,215
Breakdown by account				0	112,799			112,799	925	54,934	57,553	312	112,799
Supply chain	23,055,805	-421,516		22,634,289	0	0		0				-	0
	200,399,457	**140,740,051**	**15,610,219**	**356,749,727**	**114,992**	**2,579,515**	**0**	**2,694,507**		**54,934**	**57,553**	**2,582,020**	**2,694,507**

2009	Total Costs				Allocated to Kentucky					Amounts Charged to LKE Affiliate			
	CATGA (Direct)	CATGB (Indirect)	CATGD (Depreciation)	TOTAL	CATGA (Direct)	CATGB (Indirect)	CATGD (Depreciation)	TOTAL	FERC ACCOUNT	LG&E	KU	LKC	TOTAL
Chairman	0	8,567,207		8,567,207				0					0
Corporate Audit Services	622,438	2,040,466		2,662,904				0					0
Environmental Management	2,059,703	1,256,829		3,316,532				0					0
External Affairs	4,395,048	8,290,893		12,685,941				0					0
Facilities Management	24,359,219	1,162,609		25,521,828				0					0
Financial	11,042,770	29,858,297		40,901,067				0					0
Human Resources	21,438,823	8,821,248		30,260,071				0					0
Information Services	49,735,384	26,229,615		75,964,999				0					0
Office of General Counsel	24,263,788	7,780,797		32,044,585				0					0
PPL Services, Inc.	0	46,336,518	14,018,702	60,355,220				0					0
Risk Management Spt	34,672,074	5,668,573		40,340,647				0					0
Supply chain	21,422,414	-46,718		21,375,696				0					0
	194,011,661	**145,966,334**	**14,018,702**	**353,996,697**	**0**	**0**	**0**	**0**		**0**	**0**	**0**	**0**

Kentucky Business Units were not part of PPL Corporation in 2009

2008	Total Costs				Allocated to Kentucky					Amounts Charged to LKE Affiliate			
	CATGA (Direct)	CATGB (Indirect)	CATGD (Depreciation)	TOTAL	CATGA (Direct)	CATGB (Indirect)	CATGD (Depreciation)	TOTAL	FERC ACCOUNT	LG&E	KU	LKC	TOTAL
Chairman	0	8,795,950		8,795,950				0					0
Corporate Audit Services	177,607	2,794,444		2,972,051				0					0
Environmental Management	2,537,239	1,293,156		3,830,395				0					0
External Affairs	5,419,673	11,338,151		16,757,824				0					0
Facilities Management	25,532,552	216,810		25,749,362				0					0
Financial	9,409,222	29,124,547		38,533,769				0					0
Human Resources	22,120,322	9,171,964		31,292,286				0					0
Information Services	57,822,914	29,940,463		87,763,377				0					0
Office of General Counsel	27,145,924	11,755,323		38,901,247				0					0
PPL Services, Inc.	0	14,052,095	12,282,683	26,334,778				0					0
Risk Management Spt	27,070,529	10,388,010		37,458,539				0					0
Supply chain	22,217,983	-788,336		21,429,647				0					0
	199,453,965	**128,082,577**	**12,282,683**	**339,819,225**	**0**	**0**	**0**	**0**		**0**	**0**	**0**	**0**

Kentucky Business Units were not part of PPL Corporation in 2008

PPL Allocated Costs
CATGA-B-D Reports 2007 - 2012

2007	Total Costs				Allocated to Kentucky					Amounts Charged to LKE Affiliate			
	CATGA (Direct)	CATGB (Indirect)	CATGD (Depreciation)	TOTAL	CATGA (Direct)	CATGB (Indirect)	CATGD (Depreciation)	TOTAL	FERC ACCOUNT	LG&E	KU	LKC	TOTAL
Chairman	0	7,948,355		7,948,355				0					0
Corporate Audit Services	287,650	2,970,946		3,258,596				0					0
Environmental Management	2,979,220	1,583,866		4,563,086				0					0
External Affairs	5,863,745	12,010,082		17,873,827				0					0
Facilities Management	23,829,403	19,064		23,848,467				0					0
Financial	14,561,012	34,880,267		49,441,279				0					0
Human Resources	27,406,791	2,111,609		29,518,400				0					0
Information Services	65,352,552	13,108,456		78,461,008				0					0
Office of General Counsel	27,494,774	9,220,411		36,715,185				0					0
PPL Services, Inc.			0	0				0					0
Risk Management Spt	17,819,438	19,305,105		37,124,543				0					0
Supply chain	26,809,943	169,227		26,979,170				0					0
	212,404,528	**103,327,388**	**0**	**315,731,916**	**0**	**0**	**0**	**0**		**0**	**0**	**0**	**0**

Kentucky Business Units were not part of PPL Corporation in 2007

Attachment to Response to KU KIUC Question No. 2-10
3 of 3
Scott

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.11

Responding Witness: Daniel K. Arbough

Q2.11 Please provide the capitalization amounts and the costs of each component for LKE for each month January 2008 through March 2012.

A2.11 Please see attachment for the amounts of debt and equity and the costs of debt for LKE for each month January 2008 through March 2012. The cost of debt for each component was calculated by dividing the actual interest for each month by the average monthly balance. The cost of equity is not immediately observable and the Company has not estimated it.

LG&E and KU Energy LLC (Consolidated)

Capitalization Amounts

	Short-Term Debt				Long-Term Debt				Common Equity
	Ending Bal.	Avg. Bal.	Interest Exp.	Cost of Debt	Ending Bal.	Avg. Balance	Int. Exp.	Cost of Debt	Ending Bal.
Dec-07	61,800,000				3,379,220,789				
Jan-08	150,800,000	106,300,000	218,261	2.46%	3,305,307,140	3,342,263,965	14,512,953	5.21%	5,671,846,044
Feb-08	220,400,000	185,600,000	144,627	0.94%	3,225,307,140	3,265,307,140	13,902,510	5.11%	5,619,705,061
Mar-08	223,600,000	222,000,000	201,939	1.09%	3,300,307,140	3,262,807,140	15,299,176	5.63%	5,641,427,105
Apr-08	362,700,000	293,150,000	357,387	1.46%	3,300,307,140	3,300,307,140	13,839,498	5.03%	5,600,582,889
May-08	362,600,000	362,650,000	545,831	1.81%	3,375,307,140	3,337,807,140	13,534,827	4.87%	5,616,193,848
Jun-08	350,300,000	356,450,000	498,211	1.68%	3,314,513,520	3,344,910,330	12,697,917	4.56%	5,576,586,832
Jul-08	539,600,000	444,950,000	782,060	2.11%	3,211,513,520	3,263,013,520	13,345,431	4.91%	5,705,041,175
Aug-08	570,500,000	555,050,000	919,601	1.99%	3,261,513,520	3,236,513,520	13,421,073	4.98%	5,737,105,775
Sep-08	599,300,000	584,900,000	933,366	1.91%	3,261,513,520	3,261,513,520	13,898,237	5.11%	5,631,207,040
Oct-08	570,706,380	585,003,190	1,315,628	2.70%	3,371,233,405	3,316,373,463	15,416,589	5.58%	5,673,356,113
Nov-08	565,406,380	568,056,380	1,043,459	2.20%	3,467,233,405	3,419,233,405	14,313,743	5.02%	5,668,034,295
Dec-08	553,606,380	559,506,380	631,171	1.35%	3,530,133,405	3,498,683,405	20,235,459	6.94%	3,797,081,529
Jan-09	472,006,380	512,806,380	384,462	0.90%	3,655,133,405	3,592,633,405	13,491,590	4.51%	3,851,627,222
Feb-09	336,206,380	404,106,380	276,033	0.82%	3,735,133,405	3,695,133,405	13,583,704	4.41%	3,863,595,314
Mar-09	370,606,380	353,406,380	307,470	1.04%	3,734,883,405	3,735,008,405	14,340,309	4.61%	3,743,979,979
Apr-09	539,606,380	455,106,380	350,049	0.92%	3,684,883,405	3,709,883,405	13,615,628	4.40%	3,712,389,005
May-09	564,606,380	552,106,380	338,773	0.74%	3,684,883,405	3,684,883,405	14,301,287	4.66%	3,694,236,785
Jun-09	643,506,380	604,056,380	335,566	0.67%	3,634,883,405	3,659,883,405	14,257,173	4.67%	3,666,090,320
Jul-09	1,185,306,380	914,406,380	821,546	1.08%	3,684,883,405	3,659,883,405	14,394,298	4.72%	3,605,696,151
Aug-09	1,192,106,380	1,188,706,380	1,185,205	1.20%	3,684,883,405	3,684,883,405	14,292,144	4.65%	3,622,609,453
Sep-09	1,195,906,380	1,194,006,380	1,134,526	1.14%	3,684,883,405	3,684,883,405	14,325,771	4.67%	3,685,706,857
Oct-09	794,606,380	995,256,380	1,109,335	1.34%	4,109,883,405	3,897,383,405	14,770,232	4.55%	3,705,869,153
Nov-09	801,706,380	798,156,380	995,244	1.50%	4,159,883,405	4,134,883,405	13,546,737	3.93%	3,704,477,074
Dec-09	850,806,380	826,256,380	1,037,090	1.51%	4,184,883,405	4,172,383,405	14,224,393	4.09%	2,224,010,541
Jan-10	808,206,380	829,506,380	1,040,955	1.51%	4,234,883,405	4,209,883,405	14,140,919	4.03%	2,199,154,143
Feb-10	767,806,380	788,006,380	884,827	1.35%	4,234,883,405	4,234,883,405	13,962,262	3.96%	2,255,374,571
Mar-10	739,406,380	753,606,380	968,886	1.54%	4,234,883,405	4,234,883,405	14,638,918	4.15%	2,235,549,731
Apr-10	922,306,380	830,856,380	953,575	1.38%	4,084,883,405	4,159,883,405	14,250,218	4.11%	2,238,075,682
May-10	925,106,380	923,706,380	1,006,491	1.31%	4,084,883,405	4,084,883,405	13,919,800	4.09%	2,245,421,725
Jun-10	1,068,906,380	997,006,380	1,021,643	1.23%	3,984,883,405	4,034,883,405	14,143,967	4.21%	2,240,621,853
Jul-10	1,084,806,380	1,076,856,380	970,874	1.08%	3,984,883,405	3,984,883,405	14,126,422	4.25%	2,246,506,352
Aug-10	1,069,006,380	1,076,906,380	862,235	0.96%	3,984,883,405	3,984,883,405	13,986,474	4.21%	2,287,549,522
Sep-10	1,006,306,380	1,037,656,380	777,303	0.90%	3,984,883,405	3,984,883,405	13,668,399	4.12%	2,327,747,096
Oct-10	1,173,106,380	1,089,706,380	722,017	0.80%	3,909,883,405	3,947,383,405	14,401,629	4.38%	2,277,650,349
Nov-10	163,000,000	668,053,190	799,428	1.44%	3,824,490,447	3,867,186,926	11,259,229	3.49%	3,952,116,620
Dec-10	163,000,000	163,000,000	318,393	2.34%	3,824,596,690	3,824,543,569	11,782,577	3.70%	4,010,407,898
Jan-11	-	81,500,000	200,490	2.95%	3,824,702,934	3,824,649,812	11,631,761	3.65%	4,051,653,374
Feb-11	-	-	2,192	N/A [1]	3,824,809,177	3,824,756,055	11,737,830	3.68%	4,023,316,215
Mar-11	-	-	0	N/A	3,824,915,420	3,824,862,298	11,798,092	3.70%	4,041,863,113
Apr-11	-	-	(0)	N/A	3,825,021,663	3,824,968,541	11,839,255	3.71%	4,044,676,060
May-11	-	-	0	N/A	3,825,127,906	3,825,074,784	11,608,591	3.64%	3,967,126,541
Jun-11	-	-	(0)	N/A	3,825,234,149	3,825,181,028	11,963,999	3.75%	3,990,859,650
Jul-11	-	-	0	N/A	3,825,340,392	3,825,287,271	11,708,750	3.67%	4,031,277,434
Aug-11	-	-	0	N/A	3,825,446,635	3,825,393,514	11,732,338	3.68%	3,985,405,188
Sep-11	-	-	0	N/A	4,075,150,379	3,950,298,507	11,778,549	3.58%	3,757,148,027
Oct-11	-	-	0	N/A	4,075,259,976	4,075,205,177	12,734,324	3.75%	3,764,603,944
Nov-11	-	-	(0)	N/A	4,073,369,573	4,074,314,774	12,258,935	3.61%	3,717,289,299
Dec-11	-	-	0	N/A	4,073,479,170	4,073,424,372	12,402,138	3.65%	3,739,734,858
Jan-12	-	-	(0)	N/A	4,073,588,768	4,073,533,969	12,320,316	3.63%	3,765,084,577
Feb-12	-	-	6,863	N/A [1]	4,073,698,365	4,073,643,566	12,333,536	3.63%	3,753,783,430
Mar-12	-	-	(0)	N/A	4,073,807,962	4,073,753,164	12,457,836	3.67%	3,764,448,787

Notes:

[1] Short-term interest expense in 2011 and 2012 related to Overnight Loan Facility with PPL that had outstanding balance during the month but not at month-end and money-pool interest.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.12

Responding Witness: Daniel K. Arbough

Q2.12 Please provide the capitalization amounts and the costs of each component for LKS for each month January 2008 through March 2012.

A2.12 LKS had no outstanding short-term or long-term debt for each month January 2008 through March 2012. Please see attachment for the amounts of equity for this period. The cost of equity is not immediately observable and the Company has not estimated it.

LG&E and KU Energy Services

Capitalization Amounts

	Short-Term Debt				Long-Term Debt				Common Equity
	Ending Bal.	Avg. Bal.	Int. Exp.	Cost of Debt	Ending Bal.	Avg. Bal.	Int. Exp.	Cost of Debt	Ending Bal.
Dec-07	-				-				
Jan-08	-	-	-	N/A	-	-	-	N/A	(36,989,128)
Feb-08	-	-	-	N/A	-	-	-	N/A	(36,989,128)
Mar-08	-	-	-	N/A	-	-	-	N/A	(37,110,909)
Apr-08	-	-	-	N/A	-	-	-	N/A	(37,110,909)
May-08	-	-	-	N/A	-	-	-	N/A	(37,110,909)
Jun-08	-	-	-	N/A	-	-	-	N/A	(37,110,909)
Jul-08	-	-	-	N/A	-	-	-	N/A	(37,110,909)
Aug-08	-	-	-	N/A	-	-	-	N/A	(37,110,909)
Sep-08	-	-	-	N/A	-	-	-	N/A	(37,110,909)
Oct-08	-	-	-	N/A	-	-	-	N/A	(37,110,909)
Nov-08	-	-	-	N/A	-	-	-	N/A	(37,110,909)
Dec-08	-	-	-	N/A	-	-	-	N/A	(78,084,061)
Jan-09	-	-	-	N/A	-	-	-	N/A	(78,084,061)
Feb-09	-	-	-	N/A	-	-	-	N/A	(78,084,061)
Mar-09	-	-	-	N/A	-	-	-	N/A	(78,084,061)
Apr-09	-	-	-	N/A	-	-	-	N/A	(78,084,061)
May-09	-	-	-	N/A	-	-	-	N/A	(78,084,061)
Jun-09	-	-	-	N/A	-	-	-	N/A	(78,084,061)
Jul-09	-	-	-	N/A	-	-	-	N/A	(78,084,061)
Aug-09	-	-	-	N/A	-	-	-	N/A	(78,084,061)
Sep-09	-	-	-	N/A	-	-	-	N/A	(78,084,061)
Oct-09	-	-	-	N/A	-	-	-	N/A	(78,084,061)
Nov-09	-	-	-	N/A	-	-	-	N/A	(78,084,061)
Dec-09	-	-	-	N/A	-	-	-	N/A	(64,659,600)
Jan-10	-	-	-	N/A	-	-	-	N/A	(64,659,600)
Feb-10	-	-	-	N/A	-	-	-	N/A	(64,659,600)
Mar-10	-	-	-	N/A	-	-	-	N/A	(64,659,600)
Apr-10	-	-	-	N/A	-	-	-	N/A	(64,659,600)
May-10	-	-	-	N/A	-	-	-	N/A	(64,659,600)
Jun-10	-	-	-	N/A	-	-	-	N/A	(64,659,600)
Jul-10	-	-	-	N/A	-	-	-	N/A	(64,659,600)
Aug-10	-	-	-	N/A	-	-	-	N/A	(64,659,600)
Sep-10	-	-	-	N/A	-	-	-	N/A	(64,659,600)
Oct-10	-	-	-	N/A	-	-	-	N/A	16,087,510
Nov-10	-	-	-	N/A	-	-	-	N/A	82,879,777
Dec-10	-	-	-	N/A	-	-	-	N/A	20,852,609
Jan-11	-	-	-	N/A	-	-	-	N/A	19,634,532
Feb-11	-	-	-	N/A	-	-	-	N/A	19,195,981
Mar-11	-	-	-	N/A	-	-	-	N/A	20,121,407
Apr-11	-	-	-	N/A	-	-	-	N/A	20,149,156
May-11	-	-	-	N/A	-	-	-	N/A	20,177,705
Jun-11	-	-	-	N/A	-	-	-	N/A	20,205,161
Jul-11	-	-	-	N/A	-	-	-	N/A	20,231,801
Aug-11	-	-	-	N/A	-	-	-	N/A	20,258,058
Sep-11	-	-	-	N/A	-	-	-	N/A	20,283,300
Oct-11	-	-	-	N/A	-	-	-	N/A	20,315,169
Nov-11	-	-	-	N/A	-	-	-	N/A	20,347,642
Dec-11	-	-	-	N/A	-	-	-	N/A	20,184,415
Jan-12	-	-	-	N/A	-	-	-	N/A	20,142,232
Feb-12	-	-	-	N/A	-	-	-	N/A	20,183,207
Mar-12	-	-	-	N/A	-	-	-	N/A	20,232,280

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.13

Responding Witness: Valerie L. Scott

Q2.13 Please provide a trial balance as of December 31 for LKE for each calendar year 2008 through 2011 and for the twelve months ending March 2012. The income statement amounts should be for the twelve months.

A2.13 See attached. Note the attachments do not include purchase accounting.

LG&E AND KU ENERGY LLC
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2008 - DECEMBER 31, 2008

Account	Description	Total Company
101311	PLANT IN SERVICE - COMMON GENERAL EQUIPMENT	$ 1,375,489.49
108311	ACCUM. DEPR. - COMMON GENERAL EQUIPMENT	(1,375,489.49)
121001	NONUTIL PROP IN SERV	(87,245,000.00)
121199	CLOSED 07/08 - ORIGINAL COST - NONUTIL PROP (JDE CO ONLY)	-
122001	ACCUM DEPR/DEPL	35,746,000.00
122199	CLOSED 07/08 - ACCUM DEPR - NONUTIL PROP (JDE CO ONLY)	-
123001	CLOSED 01/10 - INVEST. IN ASSOC CO - EEI	9,109,000.00
123103	INVEST IN LGE	507,864,927.45
123104	INVEST IN LGE CAPITAL	1,067,617,971.23
123105	INVESTMENT IN KU	548,530,285.69
123108	INVEST IN LEM	314,870,890.00
123109	INVEST IN SERVCO	1,000.00
123170	CLOSED 01/10 - INVEST IN CUYANA	(15,973,000.00)
124196	CLOSED 08/10 - DISCONTINUED OPERATIONS - OTHER ASSETS	116,850,000.00
131090	CASH-BOA A/P - CLEARING	37,641.24
136005	TEMP INV-OTHER	414,626.12
136015	TEMP INV-MONEY POOL-GOLDMAN SACHS <3 MOS	-
145006	NOTES RECEIVABLE FROM LEM	708,738.33
145011	N/R - MONEY POOL - LGE	221,999,200.00
145012	N/R - MONEY POOL - KU	16,247,454.00
145013	N/R - MONEY POOL - LCC	820,185,358.03
145014	N/R - MONEY POOL - LPI	48,886,848.31
145015	N/R - MONEY POOL - LEM	89,592,920.48
145019	CLOSED 07/10 - N/R - MONEY POOL - EUSNGT	3,072,423.20
145026	NOTES RECEIVABLE FROM LEM-NON CURRENT	60,000,000.00
146019	CLOSED 05/11 - A/R FROM EUSIC	-
146100	INTERCOMPANY	137,114,236.22
171001	INTEREST RECEIVABLE	431.04
186505	GOODWILL	2,330,244,115.00
190001	CLOSED 12/11 - ACC DEF INC TAX-FED	-
190002	CLOSED 12/11 - ACC DEF INC TAX CURRENT-FED	-
190005	CLOSED 08/10 - ACC DEF INC TAX-DISCO-FED	-
190006	CLOSED 08/10 - ACC DEF INC TAX-DISCO-ST	-
190308	CLOSED 12/11 - DTA ON RECEIV. AND OTHER ASSETS (NON DERIV.)	6,074,447.39
190318	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	98,700.00
190361	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - A	-
190403	CLOSED 08/12 - DTA ON FIXED ASSETS	12,925,962.46
190418	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	(1,089,151.50)
190422	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD	(3,850.31)
190423	CLOSED 08/12 - DTA ON TAX CREDITS	117,859,661.00
190461	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - C	(129,692,621.65)
190462	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - D	129,692,621.65
190508	CLOSED 12/11 - DTA ON RECEIV. AND OTHER ASSETS (NON DERIV.) - STATE	134,171.04
190518	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE	18,000.00
190603	CLOSED 08/12 - DTA ON FIXED ASSETS - STATE (NON-CURRENT)	2,257,809.47
190618	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE (NON-CURRENT)	(1,193,983.00)
190622	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD -STATE (NON-CURRENT)	11,000.88
190661	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - STATE - C	(1,074,827.35)
190662	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - STATE - D	1,074,827.35
201001	COMMON STOCK-AUTH SH	(778,273,201.33)
201002	COMMON STOCK-W/O PAR	1,260,585.95
211001	CONTRIBUTED CAPITAL - MISC.	(4,224,001,262.13)
214010	CAP STOCK EXP-COMMON	1,229,156.61
216001	UNAPP RETAINED EARN	(632,423,238.73)
216050	CLOSED 08/10 - SAP ONLY - RECLASS NET INCOME TO CURRENT YEAR RETAINED EARNINGS	1,785,827,135.07
217100	CLOSED 08/10 - REACQ COMMON STOCK	1,673,725.15
219002	CLOSED 06/11 - OCI - INT SWAPS	(9,900,000.00)
219004	CLOSED 02/10 - OCI - FOREIGN EXCHANGE GAIN/LOSS	(92,367,000.00)
219013	OCI - FAS 158 INCREASE FUNDED STATUS - GROSS	(30,203,533.00)
219102	CLOSED 08/12 - TAX OCI-INT SWAPS	3,851,670.00
219104	CLOSED 02/10 - TAX OCI- FOREIGN EXCHANGE GAINS/LOSS	22,728,000.00
219113	OCI - FAS 158 INCREASE FUNDED STATUS - TAX	12,242,125.76
223002	CLOSED 04/11 - L-T DEBT PAYABLE TO FIDELIA/PPL (EFF 11/10)	(1,050,000,000.00)

LG&E AND KU ENERGY LLC
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2008 - DECEMBER 31, 2008

Account	Description	Total Company
223004	CLOSED 04/11 - L-T ADVANCES PAYABLE FROM E.ON NA/PPL (EFF 11/10)	(50,000,000.00)
228301	FASB106-POST RET BEN	0.50
228304	PENSION PAYABLE	0.01
228306	PENSION PAYABLE SERP	-
232001	ACCTS PAYABLE-REG	(77,157.00)
232100	ACCOUNTS PAYABLE-TRADE	-
232604	CLOSED 08/10 - DISCONTINUED OPERATIONS - PROVISIONS	0.49
232606	CLOSED 08/10 - DISCONTINUED OPERATIONS - DEFERRED TAXES/DEFERRED INCOME	(46,147,938.23)
233010	CLOSED 01/11 - CURR PORT OF L-T DEBT PAYABLE TO FIDELIA/PPL (EFF 11/10)	(255,000,000.00)
233011	ST - NOTES PAYABLE TO E.ON NA/PPL (EFF 11/10)	(135,400,000.00)
233012	CLOSED 01/11 - ST - NOTES PAYABLE TO FIDELIA/PPL (EFF 11/10)	(163,206,380.00)
233036	CLOSED 04/11 - N/P - MONEY POOL LPD CURRENT	(99,123,038.21)
233037	CLOSED 04/11 - N/P - MONEY POOL LPO CURRENT	(107,722,061.59)
234010	CLOSED 01/11 - I/C PAYABLE - FIDELIA/PPL (EFF 11/10)	(6,567,353.58)
234012	I/C PAYABLE - PARENT CO FINANCING	(467,807.98)
234019	CLOSED 05/11 - I/C PAYABLE - EUSIC	(30,323,718.19)
234100	A/P TO ASSOC CO	(504,410,099.33)
236010	CLOSED 04/08 - CORP INCOME-KY-OPR	-
236011	CLOSED 04/08 - CORP INCOME-FED-OPR	-
236021	CLOSED 04/08 - OTHER TAXES ACCRUED-OPR	-
236025	CORP INC TAX-FED EST-OPR	-
236026	CORP INC TAX-ST EST-OPR	-
236031	CORP INCOME-KY-OPR	4,104,510.97
236032	CORP INCOME-FED-OPR	9,919,622.17
236035	OTHER TAXES ACCRUED-OPR	-
253004	OTH DEFERRED CR-OTHR	(132,929.01)
253021	CLOSED 02/10 - PAA-CUYANA	2,241,000.00
253022	CLOSED 02/10 - PAA-CENTRO	16,553,000.00
253023	CLOSED 02/10 - PAA-LG&E CENTRO	(1,082,000.00)
253028	OTHER DEFERRED CREDITS-CROSS BORDER LEASE	(300,000.00)
253193	CLOSED 02/10 - NON-CONTROLLING INTEREST-CURRENT EARNINGS	-
253197	CLOSED 02/10 - NON-CONTROLLING INTEREST-PAA-CUM. R/E PRIOR PERIOD	30,712,000.00
282503	DTL ON FIXED ASSETS	5,205.44
282703	DTL ON FIXED ASSETS - STATE (NON-CURRENT)	949.32
283001	CLOSED 12/11 - DEF INC TAX-OTH-FED	-
283003	CLOSED 12/11 - DEF INC TAX-OTH-ST	-
283017	DEF INC TAX - FED EST	-
283018	DEF INC TAX - ST EST	-
283461	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - A	-
283508	CLOSED 12/11 - DTL ON RECEIVABLES AND OTHER ASSETS (NON DERIVATIVE)	(2,996,861.00)
283515	DTL ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS	(256,202.33)
283526	CLOSED 12/11 - DTL AS RESULT OF SPECIFIC FOREIGN COUNTRY ITEMS	(34,342,000.00)
283561	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - C	129,692,621.65
283562	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - D	(129,692,621.65)
283708	CLOSED 12/11 - DTL ON RECEIVABLES AND OTHER ASSETS (NON DERIVATIVE) - STATE (NON-CURRENT)	(546,540.00)
283715	DTL ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS - STATE (NON-CURRENT)	(47,199.57)
283761	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - STATE - C	1,074,827.35
283762	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - STATE - D	(1,074,827.35)
403100	DEPREC EXP	(2,519,886.74)
408102	REAL AND PERSONAL PROP. TAX	3,517.48
409101	FED INC TAX-UTIL OPR	26,637,287.40
409102	KY ST INCOME TAXES	807,195.14
409104	FED INC TAXES - EST	-
409105	ST INC TAXES - EST	-
409203	FED INC TAX-OTHER	4,190,852.00
409206	ST INC TAX-OTHER	(580,732.00)
410101	DEF FED INC TAX-OPR	9,188,435.14
410102	DEF ST INC TAX-OPR	691,775.97
410103	DEF FED INC TAX - OPR EST	-
410104	DEF ST INC TAX - OPR EST	-
410203	DEF FEDERAL INC TX	(6,158,751.00)
410204	DEF STATE INC TAX	(325,735.00)
411101	FED INC TX DEF-CR-OP	(39,726,711.44)

LG&E AND KU ENERGY LLC
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2008 - DECEMBER 31, 2008

Account	Description	Total Company
411102	ST INC TAX DEF-CR-OP	(229,277.91)
418103	CLOSED 01/10 - EQUITY IN EARNINGS OF SUBS-EEI	420,000.00
418105	CLOSED 04/11 - DIVIDEND INCOME FROM LG&E COMPANY	(40,000,000.00)
418197	CLOSED 01/10 - EQUITY IN EARNINGS CUYANA	(600,000.00)
419102	CLOSED 03/09 - INT INC-US TREAS SEC	(3,988.28)
419105	CLOSED 03/09 - INT INC-FED TAX PMT	(50,017.56)
419114	CLOSED 03/09 - DIVS FROM INVESTMENT	(19,703.59)
419205	INTEREST INCOME FROM FINANCIAL HOLDINGS	(627.96)
426518	GOODWILL IMPAIRMENT	1,806,000,000.00
430001	CLOSED 09/10 - INT-ADV FR ASSOC CO	(36,953,223.02)
430002	INT-DEBT TO ASSOC CO	6,172,943.26
430003	INT EXP ON NOTES TO FIDELIA/PPL (EFF 11/10)	55,155,470.35
430004	I/C INT EXP - E.ON NORTH AMERICA/PPL (EFF 11/10)	4,348,921.19
433050	CLOSED 08/10 - SAP ONLY - RECLASS NET INCOME TO CURRENT YEAR RETAINED EARNINGS - OFFSET	(1,785,827,135.07)
433093	CLOSED 04/10 - PAA-NON-CONTROLLING INTEREST IS	583,200.00
433101	OTHER EXPENSES - DISCONTINUED OPERATIONS	(122,409.98)
433102	FED CURRENT INCOME TAXES - DISCO OPS	47,618.84
438002	CLOSED 06/11 - COMMON STK DIVS DECL - EUSIC	-
921003	GEN OFFICE SUPPL/EXP	22,029.07
926101	PENSIONS EXPENSE - BURDENS	(923,489.01)
926106	FASB 106 (OPEB) POST RETIREMENT EXPENSE - BURDENS	(221,330.01)
930207	OTHER MISC GEN EXP	(6,227.27)
	Totals	**$** -

LG&E AND KU ENERGY LLC
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2009 - DECEMBER 31, 2009

Account	Description	Total Company
101311	PLANT IN SERVICE - COMMON GENERAL EQUIPMENT	$ 612,348.74
108311	ACCUM. DEPR. - COMMON GENERAL EQUIPMENT	(612,348.74)
121001	NONUTIL PROP IN SERV	-
122001	ACCUM DEPR/DEPL	-
123001	CLOSED 01/10 - INVEST. IN ASSOC CO - EEI	-
123002	CLOSED 08/10 - INVEST. IN ASSOC CO - EEI	8,689,000.00
123103	INVEST IN LGE	507,916,034.45
123104	INVEST IN LGE CAPITAL	1,067,617,971.23
123105	INVESTMENT IN KU	623,676,771.69
123108	INVEST IN LEM	314,870,890.00
123109	INVEST IN SERVCO	1,000.00
123170	CLOSED 01/10 - INVEST IN CUYANA	-
123196	CLOSED 02/10 - INVEST IN CUYANA	-
124196	CLOSED 08/10 - DISCONTINUED OPERATIONS - OTHER ASSETS	-
131090	CASH-BOA A/P - CLEARING	22,506.14
136005	TEMP INV-OTHER	414,626.12
136015	TEMP INV-MONEY POOL-GOLDMAN SACHS <3 MOS	-
143027	INCOME TAX RECEIVABLE - FEDERAL	-
145006	NOTES RECEIVABLE FROM LEM	60,708,738.33
145010	NOTES RECEIVABLE FROM LCC	583,344,976.60
145011	N/R - MONEY POOL - LGE	170,400,400.00
145012	N/R - MONEY POOL - KU	44,974,954.00
145013	N/R - MONEY POOL - LCC	261,349,333.76
145014	N/R - MONEY POOL - LPI	49,084,607.23
145015	N/R - MONEY POOL - LEM	110,390,258.09
145019	CLOSED 07/10 - N/R - MONEY POOL - EUSNGT	3,085,476.05
145026	NOTES RECEIVABLE FROM LEM-NON CURRENT	-
145030	NOTES RECEIVABLE FROM ECC - NON CURRENT	720,000,000.00
146019	CLOSED 05/11 - A/R FROM EUSIC	-
146100	INTERCOMPANY	140,933,079.44
171001	INTEREST RECEIVABLE	191.04
186001	MISC DEFERRED DEBITS	189,464.00
186038	CLOSED 08/10 - INCOME TAX RECEIVABLE - LONG-TERM - FEDERAL	8,007,326.00
186505	GOODWILL	837,244,115.00
190308	CLOSED 12/11 - DTA ON RECEIV. AND OTHER ASSETS (NON DERIV.)	(46,959.86)
190318	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	98,700.00
190403	CLOSED 08/12 - DTA ON FIXED ASSETS	1,383,818.32
190408	CLOSED 12/11 - DTA ON RECEIV. AND OTHER ASSETS (NON DERIV.)	732,740.75
190415	DTA ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS	(1,026,059.87)
190418	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	-
190422	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD	7,487,741.05
190423	CLOSED 08/12 - DTA ON TAX CREDITS	141,879,090.00
190461	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - C	(150,457,330.25)
190462	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - D	150,457,330.25
190508	CLOSED 12/11 - DTA ON RECEIV. AND OTHER ASSETS (NON DERIV.) - STATE	134,171.04
190518	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE	18,000.00
190603	CLOSED 08/12 - DTA ON FIXED ASSETS - STATE (NON-CURRENT)	152,859.17
190615	DTA ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS - STATE (NON-CURRENT)	(187,123.38)
190618	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE (NON-CURRENT)	-
190622	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD -STATE (NON-CURRENT)	1,697,555.44
190661	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - STATE - C	(1,663,291.23)
190662	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - STATE - D	1,663,291.23
201001	COMMON STOCK-AUTH SH	(774,109,733.62)
201002	COMMON STOCK-W/O PAR	-
211001	CONTRIBUTED CAPITAL - MISC.	(4,224,001,262.13)
214010	CAP STOCK EXP-COMMON	-
216001	UNAPP RETAINED EARN	1,202,753,896.34
216050	CLOSED 08/10 - SAP ONLY - RECLASS NET INCOME TO CURRENT YEAR RETAINED EARNINGS	1,396,898,677.31
217100	CLOSED 08/10 - REACQ COMMON STOCK	-
219002	CLOSED 06/11 - OCI - INT SWAPS	(9,900,000.00)
219004	CLOSED 02/10 - OCI - FOREIGN EXCHANGE GAIN/LOSS	-
219013	OCI - FAS 158 INCREASE FUNDED STATUS - GROSS	(26,232,654.00)
219102	CLOSED 08/12 - TAX OCI-INT SWAPS	3,851,670.00
219104	CLOSED 02/10 - TAX OCI- FOREIGN EXCHANGE GAINS/LOSS	-
219113	OCI - FAS 158 INCREASE FUNDED STATUS - TAX	10,203,932.41

LG&E AND KU ENERGY LLC
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2009 - DECEMBER 31, 2009

Account	Description	Total Company
223002	CLOSED 04/11 - L-T DEBT PAYABLE TO FIDELIA/PPL (EFF 11/10)	(1,230,000,000.00)
223004	CLOSED 04/11 - L-T ADVANCES PAYABLE FROM E.ON NA/PPL (EFF 11/10)	(50,000,000.00)
228301	FASB106-POST RET BEN	(0.45)
228304	PENSION PAYABLE	0.01
228306	PENSION PAYABLE SERP	-
232001	ACCTS PAYABLE-REG	-
232100	ACCOUNTS PAYABLE-TRADE	-
232211	TIA LIABILITY	(1,184,150.00)
232604	CLOSED 08/10 - DISCONTINUED OPERATIONS - PROVISIONS	-
232606	CLOSED 08/10 - DISCONTINUED OPERATIONS - DEFERRED TAXES/DEFERRED INCOME	-
233010	CLOSED 01/11 - CURR PORT OF L-T DEBT PAYABLE TO FIDELIA/PPL (EFF 11/10)	(325,000,000.00)
233011	ST - NOTES PAYABLE TO E.ON NA/PPL (EFF 11/10)	(112,600,000.00)
233012	CLOSED 01/11 - ST - NOTES PAYABLE TO FIDELIA/PPL (EFF 11/10)	(738,206,380.00)
233036	CLOSED 04/11 - N/P - MONEY POOL LPD CURRENT	(99,529,307.51)
233037	CLOSED 04/11 - N/P - MONEY POOL LPO CURRENT	(108,163,575.08)
234010	CLOSED 01/11 - I/C PAYABLE - FIDELIA/PPL (EFF 11/10)	(10,911,761.65)
234012	I/C PAYABLE - PARENT CO FINANCING	(520,032.84)
234019	CLOSED 05/11 - I/C PAYABLE - EUSIC	(8,017,345.19)
234100	A/P TO ASSOC CO	(559,172,849.00)
236025	CORP INC TAX-FED EST-OPR	-
236026	CORP INC TAX-ST EST-OPR	-
236031	CORP INCOME-KY-OPR	4,947,077.37
236032	CORP INCOME-FED-OPR	(608,434.83)
236035	OTHER TAXES ACCRUED-OPR	-
253004	OTH DEFERRED CR-OTHR	(132,929.01)
253006	CLOSED 06/11 - ACCRUED OFFICER LONG-TERM INCENTIVE	(304,350.00)
253021	CLOSED 02/10 - PAA-CUYANA	-
253022	CLOSED 02/10 - PAA-CENTRO	-
253023	CLOSED 02/10 - PAA-LG&E CENTRO	-
253028	OTHER DEFERRED CREDITS-CROSS BORDER LEASE	(300,000.00)
253193	CLOSED 02/10 - NON-CONTROLLING INTEREST-CURRENT EARNINGS	-
253197	CLOSED 02/10 - NON-CONTROLLING INTEREST-PAA-CUM. R/E PRIOR PERIOD	-
282503	DTL ON FIXED ASSETS	-
282703	DTL ON FIXED ASSETS - STATE (NON-CURRENT)	-
283017	DEF INC TAX - FED EST	-
283018	DEF INC TAX - ST EST	-
283508	CLOSED 12/11 - DTL ON RECEIVABLES AND OTHER ASSETS (NON DERIVATIVE)	(2,858,681.00)
283514	DTL ON PROVISIONS FOR PENSIONS - OCI - FED (NON-CURRENT)	1,306,901.27
283515	DTL ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS	(705,339.72)
283518	CLOSED 08/12 - DTL ON LIABILITIES (EXCLUDING DERIVATIVES)	(2,312,049.05)
283526	CLOSED 12/11 - DTL AS RESULT OF SPECIFIC FOREIGN COUNTRY ITEMS	-
283561	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - C	150,457,330.25
283562	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - D	(150,457,330.25)
283708	CLOSED 12/11 - DTL ON RECEIVABLES AND OTHER ASSETS (NON DERIVATIVE) - STATE (NON-CURRENT)	(521,340.00)
283714	DTL ON PROVISIONS FOR PENSIONS - OCI - STATE (NON-CURRENT)	238,340.66
283715	DTL ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS - STATE (NON-CURRENT)	(129,109.12)
283718	CLOSED 08/12 - DTL ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE (NON-CURRENT)	(25,463.00)
283761	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - STATE - C	1,663,291.23
283762	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - STATE - D	(1,663,291.23)
403100	DEPREC EXP	(2,645,000.00)
408102	REAL AND PERSONAL PROP. TAX	2,896.04
409101	FED INC TAX-UTIL OPR	17,583,341.21
409102	KY ST INCOME TAXES	3,677,723.50
409104	FED INC TAXES - EST	-
409105	ST INC TAXES - EST	-
410101	DEF FED INC TAX-OPR	69,564,247.98
410102	DEF ST INC TAX-OPR	9,731,246.67
410103	DEF FED INC TAX - OPR EST	-
410104	DEF ST INC TAX - OPR EST	-
410211	CLOSED 05/11 - FED INC TAX DEF-GAIN ON SALE DISCO	3,362,621.89
410212	CLOSED 05/11 - STATE INC TAX DEF-GAIN ON SALE DISCO	84,960.48
411101	FED INC TX DEF-CR-OP	(82,597,461.54)
411102	ST INC TAX DEF-CR-OP	(9,179,158.42)
411211	CLOSED 05/11 - FED INC TAX DEF-GAIN ON SALE DISCO-CREDIT	(40,997,020.92)
411212	CLOSED 05/11 - STATE INC TAX DEF-GAIN ON SALE DISCO-CREDIT	(8,191,483.10)

LG&E AND KU ENERGY LLC
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2009 - DECEMBER 31, 2009

Account	Description	Total Company
418103	CLOSED 01/10 - EQUITY IN EARNINGS OF SUBS-EEI	-
418105	CLOSED 04/11 - DIVIDEND INCOME FROM LG&E COMPANY	(80,000,000.00)
418107	EQUITY IN EARNINGS OF SUBS-EEI	420,000.00
418108	CLOSED 02/10 - EQUITY IN EARNINGS CUYANA	(575,000.00)
418197	CLOSED 01/10 - EQUITY IN EARNINGS CUYANA	-
419002	INT INC-US TREAS SEC	(2,333.23)
419005	INT INC-FED TAX PMT	(53,509.47)
419014	DIVS FROM INVESTMENT	(336.82)
419102	CLOSED 03/09 - INT INC-US TREAS SEC	-
419205	INTEREST INCOME FROM FINANCIAL HOLDINGS	(1.70)
421001	MISC NONOPR INCOME	(4,705.05)
421301	PRETAX GAIN/LOSS ON DISPOSAL OF DISC OPERS	115,631,377.00
426505	OFFICER LONG-TERM INCENT	304,350.00
426518	GOODWILL IMPAIRMENT	1,493,000,000.00
426522	CLOSED 11/10 - IMPAIRMENT ON INVESTMENT (NON-OPERATING)	(40,572,000.00)
426523	CLOSED 11/10 - IMPAIRMENT ON ASSETS (NON-OPERATING)	(79,795,900.00)
430001	CLOSED 09/10 - INT-ADV FR ASSOC CO	(31,353,221.27)
430002	INT-DEBT TO ASSOC CO	848,116.25
430003	INT EXP ON NOTES TO FIDELIA/PPL (EFF 11/10)	56,753,486.98
430004	I/C INT EXP - E.ON NORTH AMERICA/PPL (EFF 11/10)	3,073,198.86
431003	INT-FED TAX DEFNCY	4,763.06
431004	INT-OTHER TAX DEFNCY	(77,157.00)
433050	CLOSED 08/10 - SAP ONLY - RECLASS NET INCOME TO CURRENT YEAR RETAINED EARNINGS - OFFSET	(1,396,898,677.31)
433093	CLOSED 04/10 - PAA-NON-CONTROLLING INTEREST IS	558,900.00
433101	OTHER EXPENSES - DISCONTINUED OPERATIONS	(119,868.06)
433102	FED CURRENT INCOME TAXES - DISCO OPS	46,628.67
438002	CLOSED 06/11 - COMMON STK DIVS DECL - EUSIC	-
920100	OTHER GENERAL AND ADMIN SALARIES	994,686.00
921003	GEN OFFICE SUPPL/EXP	52,675.80
926101	PENSIONS EXPENSE - BURDENS	(2,512,572.50)
926106	FASB 106 (OPEB) POST RETIREMENT EXPENSE - BURDENS	(119,814.00)
	Totals	**$** -

LG&E AND KU ENERGY LLC
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2010- DECEMBER 31, 2010

Account	Description	Total Company
101311	PLANT IN SERVICE - COMMON GENERAL EQUIPMENT	$ 5,960,687.40
108311	ACCUM. DEPR. - COMMON GENERAL EQUIPMENT	(5,960,687.40)
123002	CLOSED 08/10 - INVEST. IN ASSOC CO - EEI	51,399,000.00
123103	INVEST IN LGE	8,483,164,151.44
123104	INVEST IN LGE CAPITAL	9,878,729,393.54
123105	INVESTMENT IN KU	11,549,298,762.16
123108	INVEST IN LEM	3,511,932,143.96
123109	INVEST IN SERVCO	130,924,459.14
123122	INVESTMENT IN EEI	33,566,000.00
123124	INVESTMENT IN DHA	1,200,000.00
131014	CASH-US BANK	9,327.09
131090	CASH-BOA A/P - CLEARING	27,918,176.21
136005	TEMP INV-OTHER	3,775,513.44
136016	TEMP INV-GOLDMAN SACHS-CASH UNRESTRICTED	29,101,299.53
136018	TEMP INV-FIDELITY INVESTMENTS-CASH UNRESTRICTED	29,106,937.93
136019	TEMP INV-JPMORGAN-CASH UNRESTRICTED	17,102,668.85
136020	TEMP INV-UBS-CASH UNRESTRICTED	27,105,091.08
143028	INCOME TAX RECEIVABLE - STATE	5,223,306.43
145006	NOTES RECEIVABLE FROM LEM	545,674,064.97
145010	NOTES RECEIVABLE FROM LCC	6,984,987,003.03
145011	N/R - MONEY POOL - LGE	1,326,369,000.00
145012	N/R - MONEY POOL - KU	719,869,540.00
145013	N/R - MONEY POOL - LCC	1,736,180,228.63
145014	N/R - MONEY POOL - LPI	540,587,617.24
145015	N/R - MONEY POOL - LEM	2,462,141,591.12
145019	CLOSED 07/10 - N/R - MONEY POOL - EUSNGT	3,086,007.44
145021	NOTES RECEIVABLE - PPL ENERGY FUNDING - CURRENT	61,000,000.00
145030	NOTES RECEIVABLE FROM ECC - NON CURRENT	8,490,000,000.00
146019	CLOSED 05/11 - A/R FROM EUSIC	4,143,049.62
146032	CLOSED 02/11 - A/R FROM E.ON N. AMERICA	6,072,625.94
146055	I/C INTEREST RECEIVABLE - PPL ENERGY FUNDING CURRENT	82,311.71
146100	INTERCOMPANY	1,289,394,248.28
171001	INTEREST RECEIVABLE	3,160.94
181016	UNAM EXP-SR NOTE LKE2010 $400M 11/15	4,897,305.07
181017	UNAM EXP-SR NOTE LKE2010 $475M 11/20	6,306,316.98
186004	FINANCING EXPENSE	199,388.75
186038	CLOSED 08/10 - INCOME TAX RECEIVABLE - LONG-TERM - FEDERAL	8,007,326.00
186505	GOODWILL	8,372,441,150.00
190308	CLOSED 12/11 - DTA ON RECEIV. AND OTHER ASSETS (NON DERIV.)	(506,978.26)
190318	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	1,184,400.00
190322	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD	3,455,415.15
190403	CLOSED 08/12 - DTA ON FIXED ASSETS	43,083.25
190408	CLOSED 12/11 - DTA ON RECEIV. AND OTHER ASSETS (NON DERIV.)	8,337,322.00
190410	CLOSED 12/11 - DTA ON OTHER RECEIVABLES FR. DERIV. FINANCIAL INSTRUMENTS	29,322,577.53
190415	DTA ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS	44,589,067.38
190418	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	1,220,967.70
190422	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD	(313,272,058.59)
190423	CLOSED 08/12 - DTA ON TAX CREDITS	1,799,931,225.18
190424	CLOSED 08/12 - DTA ON VALUATION ALLOWANCE	396,010,391.00
190461	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - C	(1,459,028,669.56)
190462	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - D	1,459,028,669.56
190508	CLOSED 12/11 - DTA ON RECEIV. AND OTHER ASSETS (NON DERIV.) - STATE	1,448,509.38
190518	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE	216,000.00
190603	CLOSED 08/12 - DTA ON FIXED ASSETS - STATE (NON-CURRENT)	(0.01)
190610	CLOSED 12/11 - DTA ON OTHER RECEIVABLES FR. DERIV. FINANCIAL INSTRUMENTS - STATE (NON-CURRE	5,347,582.56
190615	DTA ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS - STATE (NON-CURRENT)	8,131,744.80
190618	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE (NON-CURRENT)	(25,463.00)
190622	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD -STATE (NON-CURRENT)	(45,441,267.19)
190623	CLOSED 08/12 - DTA ON TAX CREDITS - STATE (NON-CURRENT)	8,343,960.93
190624	CLOSED 08/12 - DTA ON VALUATION ALLOWANCE - STATE (NON-CURRENT)	72,220,740.00
190661	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - STATE - C	(37,554,373.69)
190662	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - STATE - D	37,554,373.69
201001	COMMON STOCK-AUTH SH	(7,741,097,336.20)

LG&E AND KU ENERGY LLC
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2010- DECEMBER 31, 2010

Account	Description	Total Company
211001	CONTRIBUTED CAPITAL - MISC.	(50,155,017,216.12)
216001	UNAPP RETAINED EARN	26,018,428,361.38
219002	CLOSED 06/11 - OCI - INT SWAPS	(99,000,000.00)
219013	OCI - FAS 158 INCREASE FUNDED STATUS - GROSS	(260,190,599.00)
219102	CLOSED 08/12 - TAX OCI-INT SWAPS	38,511,570.00
219113	OCI - FAS 158 INCREASE FUNDED STATUS - TAX	101,214,143.05
221016	SR NOTE LKE2010 $400M 11/15 2.125%	(800,000,000.00)
221017	SR NOTE LKE2010 $475M 11/20 3.750%	(950,000,000.00)
223002	CLOSED 04/11 - L-T DEBT PAYABLE TO FIDELIA/PPL (EFF 11/10)	(11,100,000,000.00)
223004	CLOSED 04/11 - L-T ADVANCES PAYABLE FROM E.ON NA/PPL (EFF 11/10)	(500,000,000.00)
223006	LT NOTES PAYABLE TO LG&E AND KU CAPITAL LLC	(289,259,664.00)
223014	LT NOTES PAYABLE TO SERVCO	(300,000,000.00)
226016	DEBT DISC-SR NOTE LKE2010 $400M 11/15	3,477,057.79
226017	DEBT DISC-SR NOTE LKE2010 $475M 11/20	7,368,247.49
228301	FASB106-POST RET BEN	329,039.95
228304	PENSION PAYABLE	9,005,113.09
232050	ACCTS PAYABLE - EON	48,663.08
233010	CLOSED 01/11 - CURR PORT OF L-T DEBT PAYABLE TO FIDELIA/PPL (EFF 11/10)	(3,325,000,000.00)
233011	ST - NOTES PAYABLE TO E.ON NA/PPL (EFF 11/10)	(557,900,000.00)
233012	CLOSED 01/11 - ST - NOTES PAYABLE TO FIDELIA/PPL (EFF 11/10)	(9,007,063,800.00)
233013	ST - NOTES PAYABLE TO SERVCO	(244,359.64)
233019	SHORT TERM NOTES PAYABLE TO LG&E AND KU CAPITAL CORP	(235,611.28)
233036	CLOSED 04/11 - N/P - MONEY POOL LPD CURRENT	(1,096,159,112.19)
233037	CLOSED 04/11 - N/P - MONEY POOL LPO CURRENT	(1,191,246,963.44)
234010	CLOSED 01/11 - I/C PAYABLE - FIDELIA/PPL (EFF 11/10)	(96,000,647.78)
234012	I/C PAYABLE - PARENT CO FINANCING	8,749,018.63
234019	CLOSED 05/11 - I/C PAYABLE - EUSIC	(37,018,511.33)
234100	A/P TO ASSOC CO	(6,868,931,071.87)
236025	CORP INC TAX-FED EST-OPR	4,241,381.25
236026	CORP INC TAX-ST EST-OPR	773,504.17
236031	CORP INCOME-KY-OPR	35,183,204.27
236032	CORP INCOME-FED-OPR	58,155,295.66
236035	OTHER TAXES ACCRUED-OPR	(13,750.00)
237016	ACCR INT-SR NOTE LKE2010 $400M 11/15	(1,605,555.55)
237017	ACCR INT-SR NOTE LKE2010 $475M 11/20	(3,364,583.34)
253004	OTH DEFERRED CR-OTHR	(1,595,148.12)
253028	OTHER DEFERRED CREDITS-CROSS BORDER LEASE	(3,600,000.00)
282503	DTL ON FIXED ASSETS	2,518,299.16
282703	DTL ON FIXED ASSETS - STATE (NON-CURRENT)	467,121.42
283001	CLOSED 12/11 - DEF INC TAX-OTH-FED	(63,512,000.00)
283017	DEF INC TAX - FED EST	(392,481.86)
283018	DEF INC TAX - ST EST	(71,577.24)
283508	CLOSED 12/11 - DTL ON RECEIVABLES AND OTHER ASSETS (NON DERIVATIVE)	(28,034,085.56)
283514	DTL ON PROVISIONS FOR PENSIONS - OCI - FED (NON-CURRENT)	(75,248,826.96)
283515	DTL ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS	(1,194,428.91)
283518	CLOSED 08/12 - DTL ON LIABILITIES (EXCLUDING DERIVATIVES)	(18,382,512.45)
283561	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - C	1,459,028,669.56
283562	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - D	(1,459,028,669.56)
283708	CLOSED 12/11 - DTL ON RECEIVABLES AND OTHER ASSETS (NON DERIVATIVE) - STATE (NON-CURRENT)	(5,112,600.00)
283714	DTL ON PROVISIONS FOR PENSIONS - OCI - STATE (NON-CURRENT)	(13,723,190.32)
283715	DTL ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS - STATE (NON-CURRENT)	(218,304.72)
283761	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - STATE - C	37,554,373.69
283762	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - STATE - D	(37,554,373.69)
408102	REAL AND PERSONAL PROP. TAX	18,324.30
409101	FED INC TAX-UTIL OPR	110,307,380.02
409102	KY ST INCOME TAXES	(5,858,535.06)
409104	FED INC TAXES - EST	(4,241,381.25)
409105	ST INC TAXES - EST	(773,504.17)
409203	FED INC TAX-OTHER	(91,044,000.00)
410101	DEF FED INC TAX-OPR	1,124,499,955.02
410102	DEF ST INC TAX-OPR	205,551,554.58
410103	DEF FED INC TAX - OPR EST	392,481.86
410104	DEF ST INC TAX - OPR EST	71,577.24

LG&E AND KU ENERGY LLC
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2010- DECEMBER 31, 2010

Account	Description	Total Company
410203	DEF FEDERAL INC TX	63,512,000.00
411101	FED INC TX DEF-CR-OP	(1,215,743,324.91)
411102	ST INC TAX DEF-CR-OP	(219,207,990.47)
418102	CLOSED 04/11 - DIVIDEND INCOME FROM KU	(200,000,000.00)
418105	CLOSED 04/11 - DIVIDEND INCOME FROM LG&E COMPANY	(400,000,000.00)
418107	EQUITY IN EARNINGS OF SUBS-EEI	2,625,000.00
419002	INT INC-US TREAS SEC	(7,338.60)
419005	INT INC-FED TAX PMT	(5,771.88)
419014	DIVS FROM INVESTMENT	(18,908.70)
419208	INT INC - PPL ENERGY FUNDING	(82,311.71)
419209	INT INC-ASSOC CO	(14,771,428.05)
421001	MISC NONOPR INCOME	(348,554.46)
426505	OFFICER LONG-TERM INCENT	(3,652,200.00)
427016	INT EXP-SR NOTE LKE2010 $400M 11/15	1,605,555.55
427017	INT EXP-SR NOTE LKE2010 $475M 11/20	3,364,583.34
428016	AM EXP-SR NOTE LKE2010 $400M 11/15	93,973.61
428017	AM EXP-SR NOTE LKE2010 $475M 11/20	59,961.69
428216	AM DISC-SR NOTE LKE2010 $400M 11/15	66,942.21
428217	AM DISC-SR NOTE LKE2010 $475M 11/20	70,252.51
430001	CLOSED 09/10 - INT-ADV FR ASSOC CO	(217,492,997.49)
430002	INT-DEBT TO ASSOC CO	3,779,655.74
430003	INT EXP ON NOTES TO FIDELIA/PPL (EFF 11/10)	345,809,115.86
430004	I/C INT EXP - E.ON NORTH AMERICA/PPL (EFF 11/10)	18,990,080.06
433101	OTHER EXPENSES - DISCONTINUED OPERATIONS	(31,757.00)
433102	FED CURRENT INCOME TAXES - DISCO OPS	12,353.48
438002	CLOSED 06/11 - COMMON STK DIVS DECL - EUSIC	460,000,000.00
920100	OTHER GENERAL AND ADMIN SALARIES	(11,936,232.00)
921003	GEN OFFICE SUPPL/EXP	312,179.84
926101	PENSIONS EXPENSE - BURDENS	(14,964,981.00)
926106	FASB 106 (OPEB) POST RETIREMENT EXPENSE - BURDENS	(553,179.00)
	Totals	**$ -**

LG&E AND KU ENERGY LLC
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2011 - DECEMBER 31, 2011

Account	Description	Total Company
101311	PLANT IN SERVICE - COMMON GENERAL EQUIPMENT	$ -
108311	ACCUM. DEPR. - COMMON GENERAL EQUIPMENT	-
121107	FURNITURE & FIXTURES	530,948.74
122207	FURNITURE & FIXTURES - ACCUM DEPRECIATION	(530,948.74)
123102	INVESTMENT IN LGE PA ADJS	-
123103	INVEST IN LGE	1,252,659,286.41
123104	INVEST IN LGE CAPITAL	(459,236,198.12)
123105	INVESTMENT IN KU	1,953,960,761.26
123108	INVEST IN LEM	(31,332,988.85)
123109	INVEST IN SERVCO	16,400,430.94
123124	INVESTMENT IN DHA	300,000.00
123175	INVESTMENT IN KU PA ADJS	-
131014	CASH-US BANK	4,775.32
131090	CASH-BOA A/P - CLEARING	1,628,547.29
136005	TEMP INV-OTHER	114,626.12
136015	TEMP INV-MONEY POOL-GOLDMAN SACHS <3 MOS	-
136016	TEMP INV-GOLDMAN SACHS-CASH UNRESTRICTED	-
136018	TEMP INV-FIDELITY INVESTMENTS-CASH UNRESTRICTED	4,551.62
136019	TEMP INV-JPMORGAN-CASH UNRESTRICTED	1,802.80
136020	TEMP INV-UBS-CASH UNRESTRICTED	40.91
143035	A/R - EUSIC/EON	2,436,649.00
145010	NOTES RECEIVABLE FROM LCC	676,420,640.51
145011	N/R - MONEY POOL - LGE	-
145012	N/R - MONEY POOL - KU	-
145013	N/R - MONEY POOL - LCC	769,431,043.93
145015	N/R - MONEY POOL - LEM	59,589,567.31
145021	NOTES RECEIVABLE - PPL ENERGY FUNDING - CURRENT	15,000,000.00
145030	NOTES RECEIVABLE FROM ECC - NON CURRENT	-
146032	CLOSED 02/11 - A/R FROM E.ON N. AMERICA	-
146048	INTERCOMPANY DIVIDENDS RECEIVABLE FROM LG&E COMPANY	-
146055	I/C INTEREST RECEIVABLE - PPL ENERGY FUNDING CURRENT	52,180.02
146056	INTERCOMPANY DIVIDENDS RECEIVABLE FROM KU COMPANY	-
146100	INTERCOMPANY	11,141,075.51
171001	INTEREST RECEIVABLE	67.34
181016	UNAM EXP-SR NOTE LKE2010 $400M 11/15	2,384,006.92
181017	UNAM EXP-SR NOTE LKE2010 $475M 11/20	3,336,157.01
181018	UNAM EXP-SR NOTE LKE2011 $250M 9/21	2,151,416.02
186004	FINANCING EXPENSE	-
190308	CLOSED 12/11 - DTA ON RECEIV. AND OTHER ASSETS (NON DERIV.)	-
190318	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	7,973.68
190322	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD	(16,640.44)
190403	CLOSED 08/12 - DTA ON FIXED ASSETS	-
190408	CLOSED 12/11 - DTA ON RECEIV. AND OTHER ASSETS (NON DERIV.)	-
190418	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	324,366.54
190422	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD	6,078,809.41
190423	CLOSED 08/12 - DTA ON TAX CREDITS	154,940,381.92
190508	CLOSED 12/11 - DTA ON RECEIV. AND OTHER ASSETS (NON DERIV.) - STATE	-
190518	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE	277,218.06
190522	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD -STATE	47,544.12
190618	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE (NON-CURRENT)	77.46
190622	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD -STATE (NON-CURRENT)	1,867,572.60
190623	CLOSED 08/12 - DTA ON TAX CREDITS - STATE (NON-CURRENT)	-
201001	COMMON STOCK-AUTH SH	(774,109,733.62)
211001	CONTRIBUTED CAPITAL - MISC.	(4,199,582,408.31)
216001	UNAPP RETAINED EARN	2,186,833,218.40
219011	ACCUM OCI OF SUBS - PTAX	135,927,753.69
219111	ACCUM OCI OF SUBS - TAX	(52,875,896.41)
221016	SR NOTE LKE2010 $400M 11/15 2.125%	(400,000,000.00)
221017	SR NOTE LKE2010 $475M 11/20 3.750%	(475,000,000.00)
221018	SR NOTE LKE2011 $250M 9/21	(250,000,000.00)
223002	CLOSED 04/11 - L-T DEBT PAYABLE TO FIDELIA/PPL (EFF 11/10)	-
223004	CLOSED 04/11 - L-T ADVANCES PAYABLE FROM E.ON NA/PPL (EFF 11/10)	-
223006	LT NOTES PAYABLE TO LG&E AND KU CAPITAL LLC	(96,419,888.00)

LG&E AND KU ENERGY LLC
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2011 - DECEMBER 31, 2011

Account	Description	Total Company
223014	LT NOTES PAYABLE TO SERVCO	(100,000,000.00)
226016	DEBT DISC-SR NOTE LKE2010 $400M 11/15	1,369,362.23
226017	DEBT DISC-SR NOTE LKE2010 $475M 11/20	3,296,701.87
226018	DEBT DISC-SR NOTE LKE2011 $250M 9/21	392,437.49
232001	ACCTS PAYABLE-REG	-
232050	ACCTS PAYABLE - EON	-
232100	ACCOUNTS PAYABLE-TRADE	-
233010	CLOSED 01/11 - CURR PORT OF L-T DEBT PAYABLE TO FIDELIA/PPL (EFF 11/10)	-
233011	ST - NOTES PAYABLE TO E.ON NA/PPL (EFF 11/10)	-
233012	CLOSED 01/11 - ST - NOTES PAYABLE TO FIDELIA/PPL (EFF 11/10)	-
233013	ST - NOTES PAYABLE TO SERVCO	(150,586.94)
233019	SHORT TERM NOTES PAYABLE TO LG&E AND KU CAPITAL CORP	(141,779.39)
234010	CLOSED 01/11 - I/C PAYABLE - FIDELIA/PPL (EFF 11/10)	-
234012	I/C PAYABLE - PARENT CO FINANCING	(51,666.67)
234019	CLOSED 05/11 - I/C PAYABLE - EUSIC	-
234100	A/P TO ASSOC CO	(701,602,653.51)
236025	CORP INC TAX-FED EST-OPR	-
236026	CORP INC TAX-ST EST-OPR	-
236031	CORP INCOME-KY-OPR	(782,395.75)
236032	CORP INCOME-FED-OPR	1,630,452.22
236035	OTHER TAXES ACCRUED-OPR	-
237016	ACCR INT-SR NOTE LKE2010 $400M 11/15	(1,086,111.11)
237017	ACCR INT-SR NOTE LKE2010 $475M 11/20	(2,276,041.67)
237018	ACCR INT-SR NOTE LKE2011 $250M 9/21	(2,795,138.88)
238204	DIV PAYABLE - PPL FM LKE	-
253004	OTH DEFERRED CR-OTHR	(132,929.01)
253028	OTHER DEFERRED CREDITS-CROSS BORDER LEASE	(300,000.00)
253032	UNCERTAIN TAX POSITION - FEDERAL	-
253033	UNCERTAIN TAX POSITION - STATE	(11,879.82)
253320	UNCERTAIN TAX POSITIONS - INTEREST	(1,290.86)
282503	DTL ON FIXED ASSETS	215,609.16
282703	DTL ON FIXED ASSETS - STATE (NON-CURRENT)	39,320.82
283001	CLOSED 12/11 - DEF INC TAX-OTH-FED	-
283508	CLOSED 12/11 - DTL ON RECEIVABLES AND OTHER ASSETS (NON DERIVATIVE)	-
283518	CLOSED 08/12 - DTL ON LIABILITIES (EXCLUDING DERIVATIVES)	-
408102	REAL AND PERSONAL PROP. TAX	1,949.10
409101	FED INC TAX-UTIL OPR	(2,852,797.12)
409102	KY ST INCOME TAXES	(976,135.73)
409104	FED INC TAXES - EST	-
409105	ST INC TAXES - EST	-
409203	FED INC TAX-OTHER	(224,000.00)
410101	DEF FED INC TAX-OPR	6,040,309.52
410102	DEF ST INC TAX-OPR	2,093,742.23
410203	DEF FEDERAL INC TX	-
411101	FED INC TX DEF-CR-OP	(5,409,883.69)
411102	ST INC TAX DEF-CR-OP	(766,916.66)
417010	OTHER MISC REVENUES FROM NON-UTILITY OPERATIONS	(3,408.00)
419002	INT INC-US TREAS SEC	(686.22)
419014	DIVS FROM INVESTMENT	(259.20)
419208	INT INC - PPL ENERGY FUNDING	(1,155,714.17)
419209	INT INC-ASSOC CO	(26,988,581.01)
421001	MISC NONOPR INCOME	(12.75)
427016	INT EXP-SR NOTE LKE2010 $400M 11/15	8,500,000.00
427017	INT EXP-SR NOTE LKE2010 $475M 11/20	17,812,500.00
427018	INT EXP-SR NOTE LKE2011 $250M 9/21	2,795,138.88
428016	AM EXP-SR NOTE LKE2010 $400M 11/15	581,894.90
428017	AM EXP-SR NOTE LKE2010 $475M 11/20	359,214.38
428018	AM EXP-SR NOTE LKE2011 $250M 9/21	52,316.82
428216	AM DISC-SR NOTE LKE2010 $400M 11/15	354,400.00
428217	AM DISC-SR NOTE LKE2010 $475M 11/20	371,925.00
428218	AM DISC-SR NOTE LKE2011 $250M 9/21	10,062.51
430002	INT-DEBT TO ASSOC CO	1,105,368.40
430004	I/C INT EXP - E.ON NORTH AMERICA/PPL (EFF 11/10)	618,018.04

LG&E AND KU ENERGY LLC
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2011 - DECEMBER 31, 2011

Account	Description	Total Company
431004	INT-OTHER TAX DEFNCY	385.14
438002	CLOSED 06/11 - COMMON STK DIVS DECL - EUSIC	-
438006	COMMON STOCK DIV DECLARED PPL FM LKE	285,250,000.00
921003	GEN OFFICE SUPPL/EXP	70,971.08
	Totals	**$ -**

LG&E AND KU ENERGY LLC
TRIAL BALANCE
FOR THE PERIOD April 1, 2011 - March 31, 2012

Account	Description	Total Company
121107	FURNITURE & FIXTURES	$ 5,840,436.14
122207	FURNITURE & FIXTURES - ACCUM DEPRECIATION	(5,840,436.14)
123102	INVESTMENT IN LGE PA ADJS	1,540,746,346.32
123103	INVEST IN LGE	15,647,470,353.21
123104	INVEST IN LGE CAPITAL	(5,407,013,696.22)
123105	INVESTMENT IN KU	24,296,735,323.96
123108	INVEST IN LEM	(380,112,809.64)
123109	INVEST IN SERVCO	212,438,053.44
123124	INVESTMENT IN DHA	3,600,000.00
123175	INVESTMENT IN KU PA ADJS	2,456,800,794.88
131014	CASH-US BANK	57,303.84
131090	CASH-BOA A/P - CLEARING	21,477,933.68
136005	TEMP INV-OTHER	1,375,513.44
136018	TEMP INV-FIDELITY INVESTMENTS-CASH UNRESTRICTED	54,247.76
136019	TEMP INV-JPMORGAN-CASH UNRESTRICTED	21,383.42
136020	TEMP INV-UBS-CASH UNRESTRICTED	431.38
143035	A/R - EUSIC/EON	15,859,174.00
144006	UNCOLL ACCT-A/R MISC	(2,436,649.00)
145010	NOTES RECEIVABLE FROM LCC	9,167,451,546.66
145013	N/R - MONEY POOL - LCC	8,031,912,118.11
145015	N/R - MONEY POOL - LEM	709,587,504.64
145021	NOTES RECEIVABLE - PPL ENERGY FUNDING - CURRENT	564,000,000.00
146048	INTERCOMPANY DIVIDENDS RECEIVABLE FROM LG&E COMPANY	81,000,000.00
146055	I/C INTEREST RECEIVABLE - PPL ENERGY FUNDING CURRENT	1,087,952.42
146056	INTERCOMPANY DIVIDENDS RECEIVABLE FROM KU COMPANY	116,500,000.00
146100	INTERCOMPANY	157,395,640.46
171001	INTEREST RECEIVABLE	896.13
181016	UNAM EXP-SR NOTE LKE2010 $400M 11/15	29,291,784.66
181017	UNAM EXP-SR NOTE LKE2010 $475M 11/20	40,108,758.76
181018	UNAM EXP-SR NOTE LKE2011 $250M 9/21	14,140,462.33
186004	FINANCING EXPENSE	703,778.96
190308	CLOSED 12/11 - DTA ON RECEIV. AND OTHER ASSETS (NON DERIV.)	(635,084.24)
190318	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	931,182.77
190322	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD	5,716,625.04
190408	CLOSED 12/11 - DTA ON RECEIV. AND OTHER ASSETS (NON DERIV.)	5,470,761.80
190418	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	11,267,468.45
190422	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD	73,758,715.10
190423	CLOSED 08/12 - DTA ON TAX CREDITS	1,852,865,490.85
190508	CLOSED 12/11 - DTA ON RECEIV. AND OTHER ASSETS (NON DERIV.) - STATE	1,814,526.42
190518	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE	1,548,640.03
190522	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD -STATE	929,296.56
190524	CLOSED 08/12 - DTA ON VALUATION ALLOWANCE - ST-CURRENT	(748,044.00)
190618	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE (NON-CURRENT)	26,005.02
190622	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD -STATE (NON-CURRENT)	25,667,252.21
190623	CLOSED 08/12 - DTA ON TAX CREDITS - STATE (NON-CURRENT)	1,953,075.07
190624	CLOSED 08/12 - DTA ON VALUATION ALLOWANCE - STATE (NON-CURRENT)	748,044.00
201001	COMMON STOCK-AUTH SH	(8,515,207,069.82)
211001	CONTRIBUTED CAPITAL - MISC.	(54,143,069,144.72)
216001	UNAPP RETAINED EARN	23,925,753,072.39
219011	ACCUM OCI OF SUBS - PTAX	1,463,353,332.16
219111	ACCUM OCI OF SUBS - TAX	(569,244,446.93)
221016	SR NOTE LKE2010 $400M 11/15 2.125%	(4,800,000,000.00)
221017	SR NOTE LKE2010 $475M 11/20 3.750%	(5,700,000,000.00)
221018	SR NOTE LKE2011 $250M 9/21	(1,750,000,000.00)
223006	LT NOTES PAYABLE TO LG&E AND KU CAPITAL LLC	(1,157,038,656.00)
223014	LT NOTES PAYABLE TO SERVCO	(1,200,000,000.00)
226016	DEBT DISC-SR NOTE LKE2010 $400M 11/15	17,318,346.86
226017	DEBT DISC-SR NOTE LKE2010 $475M 11/20	40,490,234.94
226018	DEBT DISC-SR NOTE LKE2011 $250M 9/21	2,747,062.51
232001	ACCTS PAYABLE-REG	(3,479,818.30)
232050	ACCTS PAYABLE - EON	99,494.00
233013	ST - NOTES PAYABLE TO SERVCO	(1,122,665.47)
233019	SHORT TERM NOTES PAYABLE TO LG&E AND KU CAPITAL CORP	(1,072,223.67)

LG&E AND KU ENERGY LLC
TRIAL BALANCE
FOR THE PERIOD April 1, 2011 - March 31, 2012

Account	Description	Total Company
234012	I/C PAYABLE - PARENT CO FINANCING	(575,018.17)
234019	CLOSED 05/11 - I/C PAYABLE - EUSIC	(23,277.00)
234100	A/P TO ASSOC CO	(8,325,886,185.13)
236025	CORP INC TAX-FED EST-OPR	2,496,351.47
236026	CORP INC TAX-ST EST-OPR	455,261.66
236031	CORP INCOME-KY-OPR	(10,244,979.45)
236032	CORP INCOME-FED-OPR	43,442,703.45
236035	OTHER TAXES ACCRUED-OPR	(12,470.00)
237016	ACCR INT-SR NOTE LKE2010 $400M 11/15	(25,854,166.55)
237017	ACCR INT-SR NOTE LKE2010 $475M 11/20	(54,179,687.54)
237018	ACCR INT-SR NOTE LKE2011 $250M 9/21	(19,555,972.16)
238204	DIV PAYABLE - PPL FM LKE	(256,000,000.00)
253004	OTH DEFERRED CR-OTHR	(1,595,148.12)
253028	OTHER DEFERRED CREDITS-CROSS BORDER LEASE	(3,600,000.00)
253033	UNCERTAIN TAX POSITION - STATE	(2,983,504.28)
253320	UNCERTAIN TAX POSITIONS - INTEREST	(617,166.44)
282503	DTL ON FIXED ASSETS	2,283,579.78
282703	DTL ON FIXED ASSETS - STATE (NON-CURRENT)	416,458.32
283001	CLOSED 12/11 - DEF INC TAX-OTH-FED	(41,210,000.00)
408102	REAL AND PERSONAL PROP. TAX	16,368.20
409101	FED INC TAX-UTIL OPR	(13,612,422.89)
409102	KY ST INCOME TAXES	(905,443.28)
409104	FED INC TAXES - EST	(2,496,351.47)
409105	ST INC TAXES - EST	(455,261.66)
409203	FED INC TAX-OTHER	(42,246,000.00)
410101	DEF FED INC TAX-OPR	28,302,166.58
410102	DEF ST INC TAX-OPR	9,354,225.62
410108	DEF FED INC TAX-SPEC ITEM	137,159.85
410203	DEF FEDERAL INC TX	41,210,000.00
411101	FED INC TX DEF-CR-OP	(28,923,744.77)
411102	ST INC TAX DEF-CR-OP	(2,595,367.14)
411108	FED INC TX DEF-CR-SPEC ITEM	(6,894,485.50)
411109	ST INC TAX DEF-CR-SPEC ITEM	(391,885.26)
417010	OTHER MISC REVENUES FROM NON-UTILITY OPERATIONS	(29,578.81)
419002	INT INC-US TREAS SEC	(4,577.05)
419014	DIVS FROM INVESTMENT	(1,507.46)
419208	INT INC - PPL ENERGY FUNDING	(6,699,574.73)
419209	INT INC-ASSOC CO	(176,286,195.38)
421001	MISC NONOPR INCOME	(114.75)
427016	INT EXP-SR NOTE LKE2010 $400M 11/15	55,249,999.90
427017	INT EXP-SR NOTE LKE2010 $475M 11/20	115,781,250.00
427018	INT EXP-SR NOTE LKE2011 $250M 9/21	11,180,555.52
428016	AM EXP-SR NOTE LKE2010 $400M 11/15	3,713,762.84
428017	AM EXP-SR NOTE LKE2010 $475M 11/20	2,301,380.89
428018	AM EXP-SR NOTE LKE2011 $250M 9/21	213,121.21
428216	AM DISC-SR NOTE LKE2010 $400M 11/15	2,303,599.90
428217	AM DISC-SR NOTE LKE2010 $475M 11/20	2,417,512.50
428218	AM DISC-SR NOTE LKE2011 $250M 9/21	40,249.96
430002	INT-DEBT TO ASSOC CO	7,278,146.86
430004	I/C INT EXP - E.ON NORTH AMERICA/PPL (EFF 11/10)	3,978,511.46
431004	INT-OTHER TAX DEFNCY	185,675.70
438006	COMMON STOCK DIV DECLARED PPL FM LKE	1,777,250,000.00
904004	UNCOLL ACCTS - A/R MISC - SPEC ITEM	2,436,649.00
921003	GEN OFFICE SUPPL/EXP	339,773.69
	Totals	**$ -**

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.14

Responding Witness: Valerie L. Scott

Q2.14 Please provide a trial balance as of December 31 for LKS for each calendar year 2008 through 2011 and for the twelve months ending March 2012. The income statement amounts should be for the twelve months.

A2.14 See attached. Note the attachments do not include purchase accounting.

LG&E and KU Services Company
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2008 - DECEMBER 31, 2008

Account	Description	Total Company
101311	PLANT IN SERVICE - COMMON GENERAL EQUIPMENT	$3,522,576.97
107001	CONSTR WORK IN PROG	904,153.88
108099	CLOSED 01/11 - RWIP SALVAGE CREDITS	-
108311	ACCUM. DEPR. - COMMON GENERAL EQUIPMENT	(2,598,590.26)
108901	RETIREMENT - RWIP	-
131090	CASH-BOA A/P - CLEARING	-
131091	CASH-BOA PAYROLL	-
143001	A/R-OFFICERS/EMPL	2,398.16
143008	CLOSED 06/09 - EMPLOYEE COMPUTER LOANS	103,749.70
143009	CLOSED 06/09 - EMPLOYEE PAYROLL ADVANCES	74,250.04
143011	INSURANCE CLAIMS	6,177.00
143019	CLOSED 04/08 - ACCTS REC - TAX REFUNDS	-
143020	CLOSED 07/09 - DEFAULT EMPLOYEE RECEIVABLES	33,587.93
143026	CLOSED 08/10 - A/R FUTUREGEN	100.00
143032	ACCTS REC - TAX REFUNDS	44,031.86
146002	CLOSED 09/09 - LPI - IPOD	-
146003	CLOSED 09/09 - LEM-CONTINUING OPERATIONS	-
146016	CLOSED 02/11 - A/R FROM E.ON SVERIGE	-
146024	CLOSED 02/11 - A/R FROM E.ON UK	6,602.79
146030	CLOSED 02/11 - A/R FROM E.ON AG	271,939.64
146033	CLOSED 02/11 - A/R FROM RUHRGAS	44,243.67
146034	CLOSED 02/11 - A/R FROM EON ENERGIE	212.40
146046	CLOSED 02/11 - A/R FROM KRAFTWERKE (ENERGIE)	40,995.75
146049	INTERCOMPANY ADVANCE FROM LG&E	-
146050	INTERCOMPANY ADVANCE FROM KU	-
146100	INTERCOMPANY	97,731,168.93
146902	CLOSED 09/07 - LPI POWER GEN - INDIRECT	-
146903	CLOSED 09/09 - LEM-CONTINUING OPERATIONS - INDIRECT	-
163003	FREIGHT	-
165002	PREPAID TAXES	-
165100	PREPAID OTHER	2,446,758.85
184001	CLOSED 06/12 - VACATION - BURDEN CLEARING	-
184002	VACATION PAY	-
184010	CLOSED 06/12 - HOLIDAY - BURDEN CLEARING	-
184011	HOLIDAY PAY	-
184020	CLOSED 06/12 - SICK - BURDEN CLEARING	-
184021	SICK PAY	-
184030	CLOSED 06/12 - OTHER OFF-DUTY - BURDEN CLEARING	-
184031	OTHER OFF-DUTY PAY	-
184040	TEAM INCENTIVE AWARD - BURDEN CLEARING	-
184074	CLOSED 03/09 - WORKERS COMP - CLAIMS	-
184075	WORKERS COMP - BURDEN CLEARING	-
184076	ADMINISTRATIVE AND GENERAL - BURDEN CLEARING	-
184093	LONG TERM DISABILITY - BURDEN CLEARING	-
184096	PENSIONS - BURDEN CLEARING	-
184097	FASB 106 (OPEB) - BURDEN CLEARING	-
184098	FASB 112 (OPEB) - BURDEN CLEARING	-
184101	GROUP LIFE INSURANCE - BURDEN CLEARING	-
184104	DENTAL INSURANCE - BURDEN CLEARING	-
184105	MEDICAL INSURANCE - BURDEN CLEARING	-
184108	401K - BURDEN CLEARING	-
184109	RETIREMENT INCOME - BURDEN CLEARING	-
184119	CLOSED 04/11 - PENSION INTEREST - BURDEN CLEARING	-
184120	CLOSED 04/11 - FASB 106 INTEREST (OPEB) - BURDEN CLEARING	-
184121	OTHER BENEFITS - BURDEN CLEARING	-
184450	CL ACC TO OTH DEF CR	-
184605	ENGINEERING OVERHEADS - TRANSMISSION	-
184701	EMPLOYEE ADVANCES - CLEARING	195.83
190001	CLOSED 12/11 - ACC DEF INC TAX-FED	-
190002	CLOSED 12/11 - ACC DEF INC TAX CURRENT-FED	-
190003	CLOSED 12/11 - ACC DEF INC TAX-ST	-
190004	CLOSED 12/11 - ACC DEF INC TAX CURRENT - STATE	-
190315	DTA ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS	-

LG&E and KU Services Company
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2008 - DECEMBER 31, 2008

Account	Description	Total Company
190318	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	1,991,782.12
190403	CLOSED 08/12 - DTA ON FIXED ASSETS	227,052.77
190415	DTA ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS	65,484,223.32
190418	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	161,064.40
190422	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD	-
190461	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - C	(65,872,340.49)
190462	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - D	65,872,340.49
190515	DTA ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS - STATE	-
190518	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE	363,242.94
190615	DTA ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS - STATE (NON-CURRENT)	11,942,411.48
190661	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - STATE - C	(11,942,411.48)
190662	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - STATE - D	11,942,411.48
201001	COMMON STOCK-AUTH SH	(100.00)
211001	CONTRIBUTED CAPITAL - MISC.	(900.00)
219013	OCI - FAS 158 INCREASE FUNDED STATUS - GROSS	127,798,792.00
219113	OCI - FAS 158 INCREASE FUNDED STATUS - TAX	(49,713,730.63)
228201	WORKERS COMPENSATION	-
228301	FASB106-POST RET BEN	(12,173,766.00)
228304	PENSION PAYABLE	(116,609,571.45)
228305	POST EMPLOYMENT BENEFIT PAYABLE	(1,025,302.00)
228306	PENSION PAYABLE SERP	(50,546,607.52)
228325	FASB 112 - POST EMPLOY MEDICARE SUBSIDY	52,670.00
232001	ACCTS PAYABLE-REG	(11,086,559.74)
232002	SALS/WAGES ACCRUED	(4,207,336.30)
232012	CLOSED 10/07 - ACCRUED SHORT TERM INCENTIVE	-
232022	ACCRUED AUDIT FEES	(837,401.00)
232023	ACCRUED TAXABLE OFFICER BENEFITS	104.35
232024	CREDIT CASH BALANCE	(4,530,072.12)
232100	ACCOUNTS PAYABLE-TRADE	(6,078,816.29)
232104	CLOSED 10/07 - PEN PAY - SERP	-
232106	CLOSED 11/10 - ACTIVE-WELFARE PLAN CONTRIBUTIONS	(39,234.74)
232111	401K LIABILITY - EMPLOYER	(91,077.29)
232202	CLOSED 04/08 - LOUISVILLE PAC WITHHOLDING PAYABLE	-
232203	CLOSED 07/12 - WORK SHOES WITHHOLDING PAYABLE	-
232206	UNITED WAY WITHHOLDING PAYABLE	-
232207	CLOSED 04/08 - US SAVINGS BONDS WITHHOLDING PAYABLE	-
232211	TIA LIABILITY	(10,330,608.13)
232214	CLOSED 04/08 - 401K WITHHOLDING PAYABLE	-
232215	CLOSED 06/09 - LOUISVILLE PAC WITHHOLDING PAYABLE	-
232216	CLOSED 04/08 - DCAP WITHHOLDING PAYABLE	-
232219	FEDERAL PAC WITHHOLDING PAYABLE	-
232220	CREDIT UNION WITHHOLDING PAYABLE	-
232223	CLOSED 06/09 - GARNISHEES WITHHOLDING PAYABLE	(503.32)
232229	CLOSED 06/09 - US SAVINGS BONDS WITHHOLDING PAYABLE	(6,994.82)
232233	401K WITHHOLDING PAYABLE	-
232234	CLOSED 06/09 - DCAP WITHHOLDING PAYABLE	(31,256.38)
232238	CLOSED 04/08 - HCRA WITHHOLDING PAYABLE	-
232239	CLOSED 04/08 - UNIVERSAL LIFE INS WITHHOLDING PAYABLE	-
232241	CLOSED 06/09 - HCRA WITHHOLDING PAYABLE	(54,053.87)
232242	CLOSED 06/09 - UNIVERSAL LIFE INS WITHHOLDING PAYABLE	(86.28)
234008	CLOSED 02/11 - I/C PAYABLE - E.ON UK	-
234009	CLOSED 02/11 - I/C PAYABLE - E.ON AG	(389,718.00)
234016	CLOSED 02/11 - I/C PAYABLE E.ON SVERIGE	-
234033	CLOSED 02/11 - I/C PAYABLE - RUHRGAS	(63,687.64)
234046	CLOSED 02/11 - I/C PAYABLE - KRAFTWERKE (ENERGIE)	-
234100	A/P TO ASSOC CO	-
236005	CLOSED 04/08 - STATE UNEMPLOYMENT-OPR	-
236006	CLOSED 04/08 - FEDERAL UNEMPLOYMENT-OPR	-
236007	FICA-OPR	(1,282,649.42)
236010	CLOSED 04/08 - CORP INCOME-KY-OPR	-
236011	CLOSED 04/08 - CORP INCOME-FED-OPR	-
236013	ST SALES/USE TAX-KY-OPR	0.12
236014	CLOSED 04/08 - ST SALES/USE TAX-KY-OPR	-

LG&E and KU Services Company
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2008 - DECEMBER 31, 2008

Account	Description	Total Company
236021	CLOSED 04/08 - OTHER TAXES ACCRUED-OPR	-
236031	CORP INCOME-KY-OPR	(460,182.94)
236032	CORP INCOME-FED-OPR	(3,024,188.44)
236035	OTHER TAXES ACCRUED-OPR	-
236115	STATE UNEMPLOYMENT-OPR	(148,955.95)
236116	FEDERAL UNEMPLOYMENT-OPR	(44,344.19)
241001	CLOSED 04/08 - TAX COLL PAY-FICA	-
241002	CLOSED 04/08 - T/C PAY-PERS INC-KY	-
241003	CLOSED 04/08 - T/C PAY-PERS INC-FED	-
241007	TAX COLL PAY-FICA	(106,735.04)
241008	CLOSED 04/08 - T/C PAY-PERS INC-IND	-
241018	STATE WITHHOLDING TAX PAYABLE	(384,749.37)
241032	CLOSED 04/08 - T/C PAY-PERS INC- VIRGINIA	-
241036	LOCAL WITHHOLDING TAX PAYABLE	(138,480.59)
241037	T/C PAY-PERS INC-FED	64,065.11
241060	CLOSED 04/08 - KU LICENSE FEES (P/R)	-
242002	MISC LIAB-VESTED VAC	(7,463,240.17)
242003	CLOSED 06/11 - ACCRUED OFFICER LONG-TERM INCENTIVE-CURR PORTION	(4,743,073.00)
242014	ESCHEATED DEPOSITS	-
242022	ACCRUED SHORT TERM INCENTIVE	(2,932,099.62)
242023	PENSION PAYABLE SERP CURRENT	(2,091,502.00)
242101	RETIREMENT INCOME LIABILITY	(290,687.57)
253005	CL ACC FR OTH DEF DR	-
253006	CLOSED 06/11 - ACCRUED OFFICER LONG-TERM INCENTIVE	(4,633,478.00)
253025	DEFERRED COMPENSATION	(14,992,423.14)
282503	DTL ON FIXED ASSETS	(139,716.22)
282703	DTL ON FIXED ASSETS - STATE (NON-CURRENT)	(26,072.57)
283001	CLOSED 12/11 - DEF INC TAX-OTH-FED	-
283003	CLOSED 12/11 - DEF INC TAX-OTH-ST	-
283561	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - C	65,872,340.49
283562	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - D	(65,872,340.49)
283761	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - STATE - C	11,942,411.48
283762	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - STATE - D	(11,942,411.48)
403100	DEPREC EXP	712,756.33
408101	TAX-NON INC-UTIL OPR	(1.37)
408105	FEDERAL UNEMP TAX	2,293.33
408106	FICA TAX	196,478.74
408107	STATE UNEMP TAX	7,915.19
408115	CLOSED 01/09 - FEDERAL UNEMP TAX - A&G	4,824.03
408116	CLOSED 01/09 - FICA TAX - A&G	347,749.21
408117	CLOSED 01/09 - STATE UNEMP TAX - A&G	15,724.70
408118	CLOSED 01/09 - FEDERAL UNEMP TAX - COAL RESALE	4.60
408119	CLOSED 01/09 - STATE UNEMP TAX - COAL RESALE	21.55
408120	CLOSED 01/09 - FICA TAX - COAL RESALE	671.48
408125	CLOSED 01/09 - FEDERAL UNEMP TAX - ELECTRIC COS	575.59
408126	CLOSED 01/09 - FICA TAX - ELECTRIC COS	57,905.25
408127	CLOSED 01/09 - STATE UNEMP TAX - ELECTRIC COS	2,170.33
408175	CLOSED 01/09 - FEDERAL UNEMP TAX - ELECTRIC COS INDIRECT	630.29
408176	CLOSED 01/09 - FICA TAX - ELECTRIC COS INDIRECT	66,717.85
408177	CLOSED 01/09 - STATE UNEMP TAX - ELECTRIC COS INDIRECT	2,436.22
408185	CLOSED 01/09 - FEDERAL UNEMP TAX - A&G INDIRECT	28,017.95
408186	CLOSED 01/09 - FICA TAX - A&G INDIRECT	2,937,180.92
408187	CLOSED 01/09 - STATE UNEMP TAX - A&G INDIRECT	107,427.69
408188	CLOSED 01/09 - FEDERAL UNEMP TAX - SELLING EXP	3,208.83
408189	CLOSED 01/09 - STATE UNEMP TAX - SELLING EXP	12,431.98
408190	CLOSED 01/09 - FICA TAX - SELLING EXP	336,449.03
408191	CLOSED 01/09 - FEDERAL UNEMP TAX - SELLING - INDIRECT	3,345.27
408193	CLOSED 01/09 - FICA TAX - SELLING - INDIRECT	353,941.23
408194	CLOSED 01/09 - STATE UNEMP TAX - SELLING - INDIRECT	12,998.16
408195	FEDERAL UNEMP TAX - INDIRECT	77,279.80
408196	FICA TAX - INDIRECT	2,371,368.37
408197	STATE UNEMP TAX - INDIRECT	34,286.65
408202	TAX-NON INC-OTHER	100.00

LG&E and KU Services Company
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2008 - DECEMBER 31, 2008

Account	Description	Total Company
409101	FED INC TAX-UTIL OPR	1,497,369.58
409102	KY ST INCOME TAXES	288,697.91
409203	FED INC TAX-OTHER	2,009,672.00
409206	ST INC TAX-OTHER	875,671.00
410101	DEF FED INC TAX-OPR	7,997,897.38
410102	DEF ST INC TAX-OPR	1,263,266.16
410203	DEF FEDERAL INC TX	(2,009,672.00)
410204	DEF STATE INC TAX	(875,671.00)
411101	FED INC TX DEF-CR-OP	(9,495,266.95)
411102	ST INC TAX DEF-CR-OP	(1,551,964.08)
412001	SERVICE COMPANY CONSTRUCTION OR OTHER SERVICES EXP	122,105,290.61
417010	OTHER MISC REVENUES FROM NON-UTILITY OPERATIONS	-
426101	DONATIONS	1,608,247.61
426191	DONATIONS - INDIRECT	316,225.05
426301	PENALTIES	464,020.80
426401	EXP-CIVIC/POL/REL	1,923,222.32
426491	EXP-CIVIC/POL/REL - INDIRECT	1,330,124.27
426501	OTHER DEDUCTIONS	1,975,648.69
426502	SERP	1,444,578.60
426504	OFFICERS TIA	3,430,857.07
426505	OFFICER LONG-TERM INCENT	3,575,346.99
426512	EXPATRIATE BENEFITS	219,776.20
426513	OTHER OFFICER BENEFITS	268,816.42
426515	CLOSED 05/11 - SENIOR MANAGER - LONG TERM INCENTIVE	196,932.00
426517	SERP - INTEREST	3,158,148.00
426591	OTHER DEDUCTIONS - INDIRECT	394,433.12
426596	CLOSED 12/09 - SENIOR MANAGER - LONG TERM INCENTIVE - INDIRECT	80.31
457101	DIRECT COSTS CHARGED	(223,635,626.99)
457201	INDIRECT COSTS CHARGED	(118,614,813.92)
500100	OPER SUPER/ENG	334,073.06
500900	OPER SUPER/ENG - INDIRECT	3,387,305.30
501019	CLOSED 10/08 - COAL RESALE EXPENSES	458.35
501026	COAL RESALE EXPENSES	13,214.79
501090	FUEL HANDLING	1,133,444.83
501093	CLOSED 08/10 - FUEL HANDLING-BTU	407,055.78
501251	FLY ASH DISPOSAL	1,121.57
501990	FUEL HANDLING - INDIRECT	860,052.99
501993	FUELS PROCUREMENT - INDIRECT	366,196.03
502002	BOILER SYSTEMS OPR	1,129.12
502004	SDRS-H2O SYS OPR	4,782.23
502100	STM EXP(EX SDRS.SPP)	821,109.70
502900	STM EXP(EX SDRS.SPP) - INDIRECT	89,445.59
506100	MISC STM PWR EXP	823,688.96
506105	OPERATION OF SCR/NOX REDUCTION EQUIP	24,000.00
506900	MISC STM PWR EXP - INDIRECT	438.29
510100	MTCE SUPER/ENG - STEAM	2,407,003.29
511100	MTCE-STRUCTURES	9,557.58
512005	MAINTENANCE-SDRS	995.63
512015	SDRS-COMMON H2O SYS	5.74
512017	MTCE-SLUDGE STAB SYS	1,366.93
512100	MTCE-BOILER PLANT	67,536.20
512101	MAINTENANCE OF SCR/NOX REDUCTION EQUIP	345,423.89
513100	MTCE-ELECTRIC PLANT	308,819.39
513900	MTCE-ELECTRIC PLANT - BOILER	132,594.14
514100	MTCE-MISC/STM PLANT	25,579.09
539100	MISC HYD PWR GEN EXP	2,539.27
553100	MTCE-GEN/ELECT EQ	320.00
554100	MTCE-MISC OTH PWR GEN	619.25
556100	SYS CTRL / DISPATCHING	74,593.00
556900	SYS CTRL / DISPATCHING - INDIRECT	2,598,698.38
557206	MISO DAY 2 OTHER - NATIVE LOAD	163.31
560100	OP SUPER/ENG-SSTOPER	68,168.37
560900	OP SUPER/ENG-SSTOPER - INDIRECT	3,124,351.99

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Account	Description	Total Company
561601	TRANSMISSION SERVICE STUDIES	54,312.44
561900	LOAD DISPATCH-WELOB - INDIRECT	1,151,603.63
561901	BALANCING AUTHORITY EXPENSE (LABOR ONLY)	630,737.50
562100	STA EXP-SUBST OPER	50,610.09
563100	OTHER INSP-ELEC TRAN	127,280.43
563900	OTHER INSP-ELEC TRAN - INDIRECT	14,867.45
566100	MISC TRANS EXP-SSTMT	423,922.08
566900	MISC TRANS EXP-SSTMT - INDIRECT	1,448,724.24
570100	MTCE-ST EQ-SSTMTCE	485,461.74
571100	MTCE OF OVERHEAD LINES	189,954.69
573100	MTCE-MISC TR PLT-SSTMT	62,703.52
580100	OP SUPER/ENG-SSTOPER	1,698,237.91
580900	OP SUPER/ENG-SSTOPER - INDIRECT	638,056.96
581900	SYS CTRL/SWITCH-DIST - INDIRECT	929,548.76
582100	STATION EXP-SSTOPER	1,493.44
583001	OPR-O/H LINES	1,131,589.48
583005	CUST COMPL RESP-O/H	53,625.06
584005	RESP-U/G CUST COMPL	7,460.78
586100	METER EXP	218,981.82
586900	METER EXP - INDIRECT	3,802.56
588100	MISC DIST EXP-SUBSTATION OPERATIONS	1,750,382.71
588900	MISC DIST EXP-SUBSTATION OPERATIONS - INDIRECT	479,149.71
590100	MTCE/SUPER/ENG-SSTMT	8,223.34
592100	MTCE-ST EQ-SSTMTCE	2,897.27
593001	MTCE-POLE/FIXT-DISTR	10,098.87
593002	MTCE-COND/DEVICE-DIS	55,024.63
593003	MTCE-SERVICES	232.96
593004	TREE TRIMMING	281,185.19
594001	MTCE-ELEC MANHOL ETC	714.18
594002	MTCE-U/G COND ETC	215.00
807003	GAS PROCUREMENT EXP	(408.21)
818100	COMPR STATION EXP	9,366.03
832100	MTC-RESERVOIRS/WELLS	226.80
833100	MTCE-LINES	321.00
836100	MTCE-PURIFICATION EQUP	252.61
856100	MAINS EXPENSES	234.74
871100	DISTR LOAD DISPATCH	1,770.73
874001	OTHER MAINS/SERV EXP	2,264.88
874006	PATROLLING MAINS	187.61
875100	MEAS/REG STA-GENERAL	3,598.11
877100	MEAS/REG STA-CITY GATE	285.90
880100	OTH GAS DISTR EXPENSE	811,785.19
880900	OTH GAS DISTR EXPENSE - INDIRECT	122,384.48
887100	MTCE-GAS MAINS-DISTR	11,525.07
901001	SUPV-CUST ACCTS	2,131,310.45
901900	SUPV-CUST ACCTS - INDIRECT	568,082.06
902001	METER READ-SERV AREA	131,511.91
902002	METER READ-CLER/OTH	888.51
902900	METER READ-SERV AREA - INDIRECT	61.04
903001	AUDIT CUST ACCTS	24,722.36
903003	PROCESS METER ORDERS	64,635.72
903006	CUST BILL/ACCTG	32,285.13
903007	PROCESS PAYMENTS	69,075.96
903012	PROC CUST CNTRT/ORDR	206,519.34
903022	COLL OFF-LINE BILLS	76,268.87
903030	PROC CUST REQUESTS	3,293,432.57
903031	PROC CUST PAYMENTS	162,958.95
903032	DELIVER BILLS-REG	4,198,470.54
903035	COLLECTING-OTHER	94.46
903036	CUSTOMER COMPLAINTS	202,189.86
903902	BILL SPECIAL ACCTS - INDIRECT	35,594.79
903906	CUST BILL/ACCTG - INDIRECT	229,817.28
903907	PROCESS PAYMENTS - INDIRECT	773,735.65

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Account	Description	Total Company
903909	PROC EXCEPTION PMTS - INDIRECT	21,364.39
903912	PROC CUST CNTRT/ORDR - INDIRECT	374,396.91
903930	PROC CUST REQUESTS - INDIRECT	2,706,491.93
903931	PROC CUST PAYMENTS - INDIRECT	486,294.80
903936	CUSTOMER COMPLAINTS - INDIRECT	343,578.94
904001	UNCOLLECTIBLE ACCTS	-
904002	UNCOLLECTABLE ACCTS - WHOLESALE	-
905001	MISC CUST SERV EXP	459,133.95
905002	MISC CUST BILL/ACCTG	108,566.98
905900	CLOSED 04/10 - MISC CUST SERV EXP - INDIRECT	95.29
907001	SUPV-CUST SER/INFO	176,449.85
907900	SUPV-CUST SER/INFO - INDIRECT	276,537.66
908001	CUST MKTG/ASSIST	32,473.71
908009	MISC MARKETING EXP	972.06
908901	CUST MKTG/ASSIST - INDIRECT	416,455.12
908902	RES CONS/ENG ED PROG - INDIRECT	501,400.00
908909	MISC MARKETING EXP - INDIRECT	283,210.14
909004	MISC CUST COM-SER/IN	109,350.80
909005	MEDIA RELATIONS	-
909013	SAFETY PROGRAMS	159,231.15
910001	MISC CUST SER/INFO	3,085,308.12
910900	MISC CUST SER/INFO - INDIRECT	531,812.71
913012	OTH ADVER-SALES	116,323.18
920001	CLOSED 11/08 - OFFICERS SALARIES	419,381.84
920100	OTHER GENERAL AND ADMIN SALARIES	8,602,381.41
920900	OTHER GENERAL AND ADMIN SALARIES - INDIRECT	29,652,858.88
920901	CLOSED 11/08 - OFFICERS SALARIES- INDIRECT	2,511,190.59
921001	CLOSED 12/08 - EXP-OFFICERS/EXEC	509,917.62
921002	EXP-GEN OFFICE EMPL	1,829,418.13
921003	GEN OFFICE SUPPL/EXP	3,493,311.24
921004	OPR-GEN OFFICE BLDG	555,261.46
921007	CLOSED 05/08 - EXP-CIVIC/POL/REL-NONREG	2.03
921901	CLOSED 12/08 - EXP-OFFICERS/EXEC-INDIRECT	214,810.81
921902	INDIRECT EMPLOYEE OFFICE EXPENSE ALLOCATION	2,007,130.09
921903	GEN OFFICE SUPPL/EXP - INDIRECT	9,408,446.49
921907	CLOSED 05/08 - EXP-CIVIC/POL/REL-NONREG-INDIRECT	(9.59)
923100	OUTSIDE SERVICES	20,211,135.60
923101	OUTSIDE SERVICES - AUDIT FEES - PWC	1,398,999.92
923102	CLOSED 08/12 - OUTSIDE SERVICES - TAX SERVICES - PWC	17,000.00
923103	CLOSED 08/12 - OUTSIDE SERVICES - NON-AUDIT SERVICES - PWC	5,214.00
923301	OUTSIDE SERVICES - AUDIT FEES - OTHER	11,020.00
923302	OUTSIDE SERVICES - TAX SERVICES - OTHER	15,000.06
923303	CLOSED 08/12 - OUTSIDE SERVICES - NON-AUDIT SERVICES - OTHER	44,616.29
923900	OUTSIDE SERVICES - INDIRECT	5,958,760.99
924100	PROPERTY INSURANCE	191,250.00
925001	PUBLIC LIABILITY	174,083.45
925002	WORKERS COMP EXPENSE - BURDENS	404.79
925003	AUTO LIABILITY	1,399.73
925004	SAFETY AND INDUSTRIAL HEALTH	39,652.41
925012	CLOSED 01/09 - WORKERS COMP INS-A&G	3,150.79
925022	CLOSED 01/09 - WORKERS COMP INS-ELECTRIC COS	200.82
925025	CLOSED 01/09 - WORKERS COMP - COAL RESALE	0.18
925026	CLOSED 01/09 - WORKERS COMP - SELLING EXP	854.51
925027	CLOSED 01/09 - WORKERS COMP - SELLING - INDIRECT	480.88
925100	OTHER INJURIES AND DAMAGES	115,713.29
925902	WORKERS COMP EXPENSE - BURDENS INDIRECT	5,537.14
925904	SAFETY & INDUSTRIAL HEALTH - INDIRECT	76,347.93
925912	CLOSED 01/09 - WORKERS COMP INS INDIRECT-A&G	5,736.96
925922	CLOSED 01/09 - WORKERS COMP INS-INDIRECT-ELECTRIC COS	123.35
926001	TUITION REFUND PLAN	75,776.80
926002	GROUP LIFE INSURANCE EXPENSE - BURDENS	32,167.15
926003	MEDICAL INSURANCE EXPENSE - BURDENS	492,256.34
926004	DENTAL INSURANCE EXPENSE - BURDENS	31,018.65

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Account	Description	Total Company
926005	LONG TERM DISABILITY EXPENSE - BURDENS	31,362.96
926012	CLOSED 01/09 - LIFE INS EXP - A&G	79,955.47
926013	CLOSED 01/09 - MEDICAL INS EXP - A&G	1,298,639.07
926014	CLOSED 01/09 - DENTAL INS EXP - A&G	80,109.80
926015	CLOSED 01/09 - LONG TERM DISABILITY - A&G	85,585.56
926019	OTHER BENEFITS EXPENSE - BURDENS	(37,059.26)
926022	CLOSED 01/09 - LIFE INS EXP - ELECTRIC COS	5,534.63
926023	CLOSED 01/09 - MEDICAL INS EXP - ELECTRIC COS	84,149.51
926024	CLOSED 01/09 - DENTAL INS EXP - ELECTRIC COS	5,515.01
926025	CLOSED 01/09 - LONG TERM DISABILITY - ELECTRIC COS	5,921.63
926100	EMPLOYEE BENEFITS - NON-BURDEN	1,055,183.09
926101	PENSIONS EXPENSE - BURDENS	697,529.52
926102	401K EXPENSE - BURDENS	327,271.05
926105	FASB 112 (OPEB) POST EMPLOYMENT EXPENSE - BURDENS	52,114.46
926106	FASB 106 (OPEB) POST RETIREMENT EXPENSE - BURDENS	91,614.47
926110	EMPLOYEE WELFARE	95,094.98
926116	RETIREMENT INCOME EXPENSE - BURDENS	20,118.15
926117	CLOSED 04/11 - PENSION INTEREST EXPENSE - BURDENS	48,883.85
926118	CLOSED 04/11 - FASB 106 INTEREST (OPEB) POST RETIREMENT EXPENSE - BURDENS	13,071.84
926121	CLOSED 01/09 - PENSION EXP - A&G	1,802,074.68
926122	CLOSED 01/09 - 401(K) A&G	525,736.15
926123	CLOSED 01/09 - FAS 112 POST EMP BENE - A&G	48,156.82
926124	CLOSED 01/09 - POST RETIRE BENEFITS A&G	238,010.92
926126	CLOSED 01/09 - RETIREMENT INCOME ACCOUNT EXP - AG	50,186.19
926127	CLOSED 01/09 - PENSION INTEREST EXP - AG	126,780.13
926128	CLOSED 01/09 - FASB 106 INTEREST EXP - AG	76,597.77
926131	CLOSED 01/09 - PENSION EXP - ELECTRIC COS	124,571.51
926132	CLOSED 01/09 - 401(K) - ELECTRIC COS	35,992.37
926133	CLOSED 01/09 - FAS112-POST EMP BENE - ELECTRIC COS	3,151.07
926134	CLOSED 01/09 - POST RETIRE BENEFITS - ELECTRIC COS	16,434.80
926136	CLOSED 01/09 - RETIREMENT INCOME ACCOUNT EXP - ELECT COS	3,271.99
926137	CLOSED 01/09 - PENSION INTEREST EXP - ELECT COS	8,761.41
926138	CLOSED 01/09 - FASB 106 INTEREST EXP - ELECT COS	5,286.71
926161	CLOSED 01/09 - PENSIONS - COAL RESALE	1,040.81
926162	CLOSED 01/09 - 401K - COAL RESALE	251.59
926163	CLOSED 01/09 - FASB 112 - COAL RESALE	16.64
926164	CLOSED 01/09 - FASB 106 - COAL RESALE	138.32
926166	CLOSED 01/09 - RETIREMENT INCOME - COAL RESALE	33.14
926167	CLOSED 01/09 - PENSION INTEREST EXPENSE - COAL RESALE	73.12
926168	CLOSED 01/09 - FASB 106 INTEREST EXPENSE - COAL RESALE	44.76
926169	CLOSED 01/09 - DENTAL INSURANCE - COAL RESALE	40.52
926170	CLOSED 01/09 - GROUP LIFE INSURANCE - COAL RESALE	46.06
926171	CLOSED 01/09 - LONG TERM DISABILITY - COAL RESALE	52.75
926172	CLOSED 01/09 - MEDICAL INSURANCE - COAL RESALE	648.97
926181	CLOSED 01/09 - PENSIONS - SELLING EXP	686,449.16
926182	CLOSED 01/09 - 401K - SELLING EXP	193,291.44
926183	CLOSED 01/09 - FASB 112 - SELLING EXP	16,576.04
926184	CLOSED 01/09 - FASB 106 - SELLING EXP	90,670.07
926186	CLOSED 01/09 - RETIREMENT INCOME - SELLING EXP	18,742.80
926187	CLOSED 01/09 - PENSION INTEREST EXPENSE - SELLING EXP	48,348.87
926188	CLOSED 01/09 - FASB 106 INTEREST EXPENSE - SELLING EXP	29,184.16
926189	CLOSED 01/09 - DENTAL INSURANCE - SELLING EXP	29,821.89
926190	CLOSED 01/09 - GROUP LIFE INSURANCE - SELLING EXP	30,501.54
926191	CLOSED 01/09 - LONG TERM DISABILITY - SELLING EXP	32,727.79
926192	CLOSED 01/09 - MEDICAL INSURANCE - SELLING EXP	457,997.34
926901	TUITION REFUND PLAN - INDIRECT	302,794.38
926902	GROUP LIFE INSURANCE EXPENSE - BURDENS INDIRECT	162,524.19
926903	MEDICAL INSURANCE EXPENSE - BURDENS INDIRECT	2,268,381.48
926904	DENTAL INSURANCE EXPENSE - BURDENS INDIRECT	161,814.98
926905	LONG TERM DISABILITY EXPENSE - BURDENS INDIRECT	172,950.58
926911	PENSIONS EXPENSE - BURDENS INDIRECT	3,639,963.14
926912	401K EXPENSE - BURDENS INDIRECT	1,056,319.02
926915	FASB 112 (OPEB) POST EMPLOYMENT EXPENSE - BURDENS INDIRECT	94,580.65

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926916	FASB 106 (OPEB) POST RETIREMENT EXPENSE - BURDENS INDIRECT	481,416.34
926917	PENSION INTEREST EXPENSE - BURDENS INDIRECT	257,533.56
926918	FASB 106 INTEREST (OPEB) POST RETIREMENT EXPENSE - BURDENS INDIRECT	171,744.98
926919	OTHER BENEFITS EXPENSE - BURDENS INDIRECT	115,344.45
926920	CLOSED 01/09 - PENSION INTEREST EXP - INDIRECT - AG	265,640.96
926921	CLOSED 01/09 - FASB 106 INTEREST EXP - INDIRECT - AG	159,918.21
926922	CLOSED 01/09 - LIFE INS EXP INDIRECT A&G	167,741.39
926923	CLOSED 01/09 - MEDICAL INS EXP INDIRECT - A&G	2,342,456.62
926924	CLOSED 01/09 - DENTAL IS EXP INDIRECT A&G	167,542.26
926925	CLOSED 01/09 - LT DISABILITY INDIRECT A&G	178,012.23
926926	CLOSED 01/09 - PENSION EXP - INDIRECT A&G	3,750,717.49
926927	CLOSED 01/09 - 401(K) INDIRECT A&G	1,094,590.29
926929	CLOSED 01/09 - FAS112 POST EMP BENE - INDIRECT A&G	97,348.80
926930	CLOSED 01/09 - POST RETIRE BENEFITS - INDIRECT A&G	496,591.25
926932	CLOSED 01/09 - LIFE INS EXP INDIRECT - ELECTRIC COS	3,863.51
926933	CLOSED 01/09 - MEDICAL INS EXP - INDIRECT ELECTRIC COS	53,827.37
926934	CLOSED 01/09 - DENTAL INS EXP - INDIRECT ELECTRIC COS	3,812.85
926935	CLOSED 01/09 - LONG TERM DISABILITY INDIRECT ELECTRIC COS	4,133.91
926936	CLOSED 01/09 - PENSION EXP INDIRECT ELECTRIC COS	86,278.78
926937	CLOSED 01/09 - 401K INDIRECT ELECTRIC COS	24,799.94
926939	CLOSED 01/09 - FAS112 POST EMP BENE - INDIRECT ELECTRIC COS	2,157.10
926940	CLOSED 01/09 - POST RETIRE BENEFITS INDIRECT ELECTRIC COS	11,449.25
926941	CLOSED 01/09 - PENSION INTEREST EXP - INDIRECT - ELECT COS	6,114.71
926942	CLOSED 01/09 - FASB 106 INTEREST EXP - INDIRECT - ELECT COS	3,692.73
926982	CLOSED 01/09 - 401K - SELLING - INDIRECT	124,009.09
926983	CLOSED 01/09 - DENTAL INSURANCE - SELLING - INDIRECT	19,153.03
926984	CLOSED 01/09 - FASB 106 - SELLING - INDIRECT	58,149.19
926985	CLOSED 01/09 - FASB 112 - SELLING - INDIRECT	10,543.53
926986	CLOSED 01/09 - GROUP LIFE INSURANCE - SELLING - INDIRECT	19,632.55
926987	CLOSED 01/09 - LONG TERM DISABILITY - SELLING - INDIRECT	20,918.90
926988	CLOSED 01/09 - MEDICAL INSURANCE - SELLING - INDIRECT	270,936.26
926989	CLOSED 01/09 - PENSIONS - SELLING - INDIRECT	439,382.00
926990	RETIREMENT INCOME EXPENSE - BURDENS INDIRECT	195,499.63
926991	CLOSED 01/09 - PENSION INTEREST EXPENSE - SELLING - INDIRECT	31,261.95
926992	CLOSED 01/09 - FASB 106 INTEREST EXPENSE - SELLING - INDIRECT	18,694.16
928001	FORMAL CASES-REG COM	649,691.60
928002	REG UPKEEP ASSESSMTS	793,780.92
928006	FORMAL CASES - TENNESSEE	15,625.67
930101	GEN PUBLIC INFO EXP	1,163,039.47
930191	GEN PUBLIC INFO EXP - INDIRECT	14,648.66
930201	MISC CORPORATE EXP	4,675.58
930202	ASSOCIATION DUES	128,126.00
930203	RESEARCH WORK	65,000.00
930207	OTHER MISC GEN EXP	195,353.46
930250	CLOSED 08/12 - BROKER FEES	75,139.51
930902	ASSOCIATION DUES - INDIRECT	927,911.00
930903	RESEARCH WORK - INDIRECT	448,911.67
930904	RESEARCH AND DEVELOPMENT EXPENSES	1,795,700.60
930907	OTHER MISC GEN EXP - INDIRECT	6,513.16
931100	RENTS-OTHER	4,028.06
935201	CLOSED 04/10 - MTCE-GEN OFF FUR/EQ	302.10
935391	MTCE-COMMUNICATION EQ - INDIRECT	2,308,239.41
935401	MTCE-OTH GEN EQ	1,934,631.50
935402	MAINT. OF NON-BONDABLE GENERAL PLANT	46,360.79
935403	MNTC BONDABLE PROPERTY	299,851.77
935488	MTCE-OTH GEN EQ - INDIRECT	12,693,857.35
	Totals	$ -

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101311	PLANT IN SERVICE - COMMON GENERAL EQUIPMENT	$1,906,460.33
107001	CONSTR WORK IN PROG	700,224.75
108311	ACCUM. DEPR. - COMMON GENERAL EQUIPMENT	(754,669.64)
108901	RETIREMENT - RWIP	-
131090	CASH-BOA A/P - CLEARING	-
131091	CASH-BOA PAYROLL	-
143001	A/R-OFFICERS/EMPL	(1,798.38)
143008	CLOSED 06/09 - EMPLOYEE COMPUTER LOANS	-
143009	CLOSED 06/09 - EMPLOYEE PAYROLL ADVANCES	-
143011	INSURANCE CLAIMS	6,177.00
143020	CLOSED 07/09 - DEFAULT EMPLOYEE RECEIVABLES	-
143026	CLOSED 08/10 - A/R FUTUREGEN	-
143027	INCOME TAX RECEIVABLE - FEDERAL	52,558.13
143029	CLOSED 11/11 - EMPLOYEE COMPUTER LOANS	79,250.90
143030	EMPLOYEE PAYROLL ADVANCES	74,200.71
143032	ACCTS REC - TAX REFUNDS	116,518.11
143033	DEFAULT EMPLOYEE RECEIVABLES	38,956.63
146002	CLOSED 09/09 - LPI - IPOD	-
146003	CLOSED 09/09 - LEM-CONTINUING OPERATIONS	-
146016	CLOSED 02/11 - A/R FROM E.ON SVERIGE	8,771.75
146024	CLOSED 02/11 - A/R FROM E.ON UK	-
146030	CLOSED 02/11 - A/R FROM E.ON AG	179,889.54
146033	CLOSED 02/11 - A/R FROM RUHRGAS	-
146034	CLOSED 02/11 - A/R FROM EON ENERGIE	4,790.93
146046	CLOSED 02/11 - A/R FROM KRAFTWERKE (ENERGIE)	43,420.29
146049	INTERCOMPANY ADVANCE FROM LG&E	-
146050	INTERCOMPANY ADVANCE FROM KU	-
146100	INTERCOMPANY	99,034,745.08
163003	FREIGHT	-
165100	PREPAID OTHER	51,162.18
165101	PREPAID IT CONTRACTS	4,923,002.57
184001	CLOSED 06/12 - VACATION - BURDEN CLEARING	-
184002	VACATION PAY	-
184010	CLOSED 06/12 - HOLIDAY - BURDEN CLEARING	-
184011	HOLIDAY PAY	-
184020	CLOSED 06/12 - SICK - BURDEN CLEARING	-
184021	SICK PAY	-
184030	CLOSED 06/12 - OTHER OFF-DUTY - BURDEN CLEARING	-
184031	OTHER OFF-DUTY PAY	-
184040	TEAM INCENTIVE AWARD - BURDEN CLEARING	-
184074	CLOSED 03/09 - WORKERS COMP - CLAIMS	-
184075	WORKERS COMP - BURDEN CLEARING	-
184093	LONG TERM DISABILITY - BURDEN CLEARING	-
184096	PENSIONS - BURDEN CLEARING	-
184097	FASB 106 (OPEB) - BURDEN CLEARING	-
184098	FASB 112 (OPEB) - BURDEN CLEARING	-
184101	GROUP LIFE INSURANCE - BURDEN CLEARING	-
184104	DENTAL INSURANCE - BURDEN CLEARING	-
184105	MEDICAL INSURANCE - BURDEN CLEARING	-
184108	401K - BURDEN CLEARING	-
184109	RETIREMENT INCOME - BURDEN CLEARING	-
184119	CLOSED 04/11 - PENSION INTEREST - BURDEN CLEARING	-
184120	CLOSED 04/11 - FASB 106 INTEREST (OPEB) - BURDEN CLEARING	-
184121	OTHER BENEFITS - BURDEN CLEARING	-
184701	EMPLOYEE ADVANCES - CLEARING	-
184702	IEXPENSE CREDIT CARD CLEARING	8,542.33
190318	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	1,801,125.95
190403	CLOSED 08/12 - DTA ON FIXED ASSETS	-
190414	DTA ON PROVISIONS FOR PENSIONS - OCI - FED (NON-CURRENT)	34,817,246.97
190415	DTA ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS	26,393,843.08
190418	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	10,501.40
190461	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - C	(61,221,591.45)
190462	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - D	61,221,591.45

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190518	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE	328,472.82
190603	CLOSED 08/12 - DTA ON FIXED ASSETS - STATE (NON-CURRENT)	-
190614	DTA ON PROVISIONS FOR PENSIONS - OCI - ST (NON-CURRENT)	6,349,649.90
190615	DTA ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS - STATE (NON-CURRENT)	4,813,466.76
190661	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - STATE - C	(11,163,116.66)
190662	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - STATE - D	11,163,116.66
201001	COMMON STOCK-AUTH SH	(100.00)
211001	CONTRIBUTED CAPITAL - MISC.	(900.00)
219013	OCI - FAS 158 INCREASE FUNDED STATUS - GROSS	105,827,497.00
219113	OCI - FAS 158 INCREASE FUNDED STATUS - TAX	(41,166,896.87)
228301	FASB106-POST RET BEN	(10,557,151.30)
228304	PENSION PAYABLE	(107,379,622.45)
228305	POST EMPLOYMENT BENEFIT PAYABLE	(1,192,039.00)
228306	PENSION PAYABLE SERP	(55,059,400.24)
228325	FASB 112 - POST EMPLOY MEDICARE SUBSIDY	72,860.00
232001	ACCTS PAYABLE-REG	(5,681,360.33)
232002	SALS/WAGES ACCRUED	(1,326,702.82)
232022	ACCRUED AUDIT FEES	(666,180.00)
232023	ACCRUED TAXABLE OFFICER BENEFITS	-
232024	CREDIT CASH BALANCE	(4,878,085.47)
232100	ACCOUNTS PAYABLE-TRADE	(5,902,202.53)
232106	CLOSED 11/10 - ACTIVE-WELFARE PLAN CONTRIBUTIONS	(37,907.75)
232111	401K LIABILITY - EMPLOYER	(94,265.00)
232205	IBEW UNION DUES WITHHOLDING PAYABLE	-
232206	UNITED WAY WITHHOLDING PAYABLE	-
232211	TIA LIABILITY	(9,282,674.60)
232215	CLOSED 06/09 - LOUISVILLE PAC WITHHOLDING PAYABLE	-
232219	FEDERAL PAC WITHHOLDING PAYABLE	-
232220	CREDIT UNION WITHHOLDING PAYABLE	-
232223	CLOSED 06/09 - GARNISHEES WITHHOLDING PAYABLE	-
232229	CLOSED 06/09 - US SAVINGS BONDS WITHHOLDING PAYABLE	-
232233	401K WITHHOLDING PAYABLE	-
232234	CLOSED 06/09 - DCAP WITHHOLDING PAYABLE	-
232241	CLOSED 06/09 - HCRA WITHHOLDING PAYABLE	-
232242	CLOSED 06/09 - UNIVERSAL LIFE INS WITHHOLDING PAYABLE	-
232243	LOUISVILLE PAC WITHHOLDING PAYABLE	-
232244	GARNISHEES WITHHOLDING PAYABLE	67.82
232245	CLOSED 04/11 - US SAVINGS BONDS WITHHOLDING PAYABLE	(5,222.31)
232246	DCAP WITHHOLDING PAYABLE	(39,584.79)
232248	HCRA WITHHOLDING PAYABLE	-
232249	UNIVERSAL LIFE INS WITHHOLDING PAYABLE	(43.52)
234009	CLOSED 02/11 - I/C PAYABLE - E.ON AG	(2,335,402.79)
234016	CLOSED 02/11 - I/C PAYABLE E.ON SVERIGE	(7,343.00)
234033	CLOSED 02/11 - I/C PAYABLE - RUHRGAS	-
234100	A/P TO ASSOC CO	(1,756,373.32)
236007	FICA-OPR	(861,312.67)
236013	ST SALES/USE TAX-KY-OPR	0.12
236031	CORP INCOME-KY-OPR	(30,003.56)
236032	CORP INCOME-FED-OPR	-
236115	STATE UNEMPLOYMENT-OPR	(71,301.11)
236116	FEDERAL UNEMPLOYMENT-OPR	(28,822.77)
237302	CLOSED 05/11 - INTEREST ACCRUED ON RAR SETTLEMENTS	-
241007	TAX COLL PAY-FICA	(8,773.29)
241018	STATE WITHHOLDING TAX PAYABLE	(57,783.81)
241036	LOCAL WITHHOLDING TAX PAYABLE	(212,787.20)
241037	T/C PAY-PERS INC-FED	-
242002	MISC LIAB-VESTED VAC	(7,915,639.60)
242003	CLOSED 06/11 - ACCRUED OFFICER LONG-TERM INCENTIVE-CURR PORTION	(4,352,919.00)
242014	ESCHEATED DEPOSITS	(650.00)
242022	ACCRUED SHORT TERM INCENTIVE	(2,848,762.59)
242023	PENSION PAYABLE SERP CURRENT	(2,340,376.00)
242101	RETIREMENT INCOME LIABILITY	(406,223.39)
253006	CLOSED 06/11 - ACCRUED OFFICER LONG-TERM INCENTIVE	(4,125,410.00)

LG&E and KU Services Company
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Account	Description	Total Company
253025	DEFERRED COMPENSATION	(16,152,332.34)
282503	DTL ON FIXED ASSETS	-
282703	DTL ON FIXED ASSETS - STATE (NON-CURRENT)	-
283518	CLOSED 08/12 - DTL ON LIABILITIES (EXCLUDING DERIVATIVES)	(88,520.59)
283561	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - C	61,221,591.45
283562	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - D	(61,221,591.45)
283718	CLOSED 08/12 - DTL ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE (NON-CURRENT)	(15,859.02)
283761	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - STATE - C	11,163,116.66
283762	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - STATE - D	(11,163,116.66)
403016	GENERAL DEPRECIATION EXPENSE	625,801.35
403100	DEPREC EXP	-
408105	FEDERAL UNEMP TAX	1,896.97
408106	FICA TAX	1,526,120.29
408107	STATE UNEMP TAX	(52,612.81)
408195	FEDERAL UNEMP TAX - INDIRECT	68,536.90
408196	FICA TAX - INDIRECT	5,282,731.87
408197	STATE UNEMP TAX - INDIRECT	149,586.99
408202	TAX-NON INC-OTHER	150.00
409101	FED INC TAX-UTIL OPR	2,474,109.17
409102	KY ST INCOME TAXES	478,663.62
409206	ST INC TAX-OTHER	-
410101	DEF FED INC TAX-OPR	6,576,777.65
410102	DEF ST INC TAX-OPR	1,012,185.82
411101	FED INC TX DEF-CR-OP	(9,050,886.82)
411102	ST INC TAX DEF-CR-OP	(1,490,849.44)
412001	SERVICE COMPANY CONSTRUCTION OR OTHER SERVICES EXP	59,950,618.41
426101	DONATIONS	1,523,030.56
426191	DONATIONS - INDIRECT	29,147.11
426301	PENALTIES	566.75
426401	EXP-CIVIC/POL/REL	760,577.77
426491	EXP-CIVIC/POL/REL - INDIRECT	1,641,948.38
426501	OTHER DEDUCTIONS	1,612,189.70
426502	SERP	1,509,360.00
426504	OFFICERS TIA	3,080,141.97
426505	OFFICER LONG-TERM INCENT	3,984,170.53
426512	EXPATRIATE BENEFITS	(69,999.65)
426513	OTHER OFFICER BENEFITS	378,592.23
426517	SERP - INTEREST	3,335,899.00
426591	OTHER DEDUCTIONS - INDIRECT	613,877.81
431003	INT-FED TAX DEFNCY	-
457101	DIRECT COSTS CHARGED	(172,903,502.37)
457201	INDIRECT COSTS CHARGED	(122,073,005.60)
500100	OPER SUPER/ENG	386,319.36
500900	OPER SUPER/ENG - INDIRECT	3,364,652.52
501001	FUEL-COAL - TON	(143,583.00)
501020	START-UP OIL -GAL	5,082.39
501022	STABILIZATION OIL - GAL	5,082.36
501026	COAL RESALE EXPENSES	9,944.02
501090	FUEL HANDLING	1,245,771.48
501093	CLOSED 08/10 - FUEL HANDLING-BTU	216,763.58
501251	FLY ASH DISPOSAL	993.01
501990	FUEL HANDLING - INDIRECT	1,250,689.14
501993	FUELS PROCUREMENT - INDIRECT	127,027.05
502001	OTHER WASTE DISPOSAL	1,393.43
502004	SDRS-H2O SYS OPR	41.18
502100	STM EXP(EX SDRS.SPP)	660,892.16
502900	STM EXP(EX SDRS.SPP) - INDIRECT	63,888.20
506100	MISC STM PWR EXP	816,121.82
506105	OPERATION OF SCR/NOX REDUCTION EQUIP	129,326.40
510100	MTCE SUPER/ENG - STEAM	2,106,698.47
511100	MTCE-STRUCTURES	7,657.25
512005	MAINTENANCE-SDRS	117,549.48
512017	MTCE-SLUDGE STAB SYS	9,731.32

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Account	Description	Total Company
512100	MTCE-BOILER PLANT	145,578.52
512101	MAINTENANCE OF SCR/NOX REDUCTION EQUIP	114,400.00
513100	MTCE-ELECTRIC PLANT	151,384.94
513900	MTCE-ELECTRIC PLANT - BOILER	167,342.73
514100	MTCE-MISC/STM PLANT	57,770.06
539100	MISC HYD PWR GEN EXP	1,902.88
541100	MTCE-SUPER/ENG - HYDRO	10,740.63
542100	MAINT OF STRUCTURES - HYDRO	9,785.16
546100	OPER SUPER/ENG - TURBINES	641.72
548100	GENERATION EXP	5,270.86
549100	MISC OTH PWR GEN EXP	(0.02)
551100	MTCE-SUPER/ENG - TURBINES	6,716.44
553100	MTCE-GEN/ELECT EQ	290.44
554100	MTCE-MISC OTH PWR GEN	42,347.00
556100	SYS CTRL / DISPATCHING	91,182.12
556900	SYS CTRL / DISPATCHING - INDIRECT	3,167,325.27
560100	OP SUPER/ENG-SSTOPER	41,493.36
560900	OP SUPER/ENG-SSTOPER - INDIRECT	1,453,981.66
561100	LOAD DISPATCH-WELOB	65,144.02
561190	LOAD DISPATCH - INDIRECT	257,058.15
561501	RELIABILITY, PLANNING AND STANDARDS DEVELOPMENT	1,901.76
561590	RELIABILITY, PLANNING AND STANDARDS DEVELOPMENT - INDIRECT	600,093.05
561601	TRANSMISSION SERVICE STUDIES	28,031.23
561900	LOAD DISPATCH-WELOB - INDIRECT	925,148.57
561901	BALANCING AUTHORITY EXPENSE (LABOR ONLY)	697,608.84
562100	STA EXP-SUBST OPER	45,377.57
563100	OTHER INSP-ELEC TRAN	110,490.40
563900	OTHER INSP-ELEC TRAN - INDIRECT	17,536.75
566100	MISC TRANS EXP-SSTMT	292,324.87
566900	MISC TRANS EXP-SSTMT - INDIRECT	1,460,562.21
569101	MAINTENANCE OF COMPUTER HARDWARE	1,589.84
570100	MTCE-ST EQ-SSTMTCE	532,073.29
571100	MTCE OF OVERHEAD LINES	87,292.93
573100	MTCE-MISC TR PLT-SSTMT	69,988.31
580100	OP SUPER/ENG-SSTOPER	4,618,724.16
580900	OP SUPER/ENG-SSTOPER - INDIRECT	543,605.38
581900	SYS CTRL/SWITCH-DIST - INDIRECT	1,142,410.51
582100	STATION EXP-SSTOPER	1,852.25
583001	OPR-O/H LINES	61,078.05
583005	CUST COMPL RESP-O/H	100,614.47
584005	RESP-U/G CUST COMPL	14,373.59
586100	METER EXP	1,046,381.70
586900	METER EXP - INDIRECT	5,178.66
588100	MISC DIST EXP-SUBSTATION OPERATIONS	1,662,234.87
588900	MISC DIST EXP-SUBSTATION OPERATIONS - INDIRECT	529,826.15
590100	MTCE/SUPER/ENG-SSTMT	11,168.29
590900	MTCE/SUPER/ENG-SSTMT - INDIRECT	81.48
592100	MTCE-ST EQ-SSTMTCE	18,049.87
593001	MTCE-POLE/FIXT-DISTR	10,337.80
593002	MTCE-COND/DEVICE-DIS	37,121.20
593003	MTCE-SERVICES	2,397.12
593004	TREE TRIMMING	205,505.15
595100	MTCE-TRANSF/REG	16,145.38
598100	MTCE OF MISC DISTRIBUTION PLANT	823,280.94
807502	GAS PROCUREMENT EXP	38.42
814003	SUPV-STOR/COMPR STA	40.59
816100	WELLS EXPENSE	1,057.55
817100	LINES EXPENSE	206.38
818100	COMPR STATION EXP	2,094.56
833100	MTCE-LINES	468.54
834100	MTCE-COMP STA EQUIP	181.49
874001	OTHER MAINS/SERV EXP	4,707.20
874002	LEAK SUR-DIST MN/SVC	645.39

LG&E and KU Services Company
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Account	Description	Total Company
874005	CHEK STOP BOX ACCESS	2,843.24
875100	MEAS/REG STA-GENERAL	2,504.16
880100	OTH GAS DISTR EXPENSE	953,292.04
880900	OTH GAS DISTR EXPENSE - INDIRECT	110,821.00
881100	RENTS-GAS DISTR	100.00
886100	MTCE-GAS DIST STRUCT	1,051.21
887100	MTCE-GAS MAINS-DISTR	2,514.16
901001	SUPV-CUST ACCTS	2,591,117.39
901900	SUPV-CUST ACCTS - INDIRECT	612,609.34
902001	METER READ-SERV AREA	1,446,917.10
902900	METER READ-SERV AREA - INDIRECT	559.34
903001	AUDIT CUST ACCTS	40,905.24
903003	PROCESS METER ORDERS	287,585.37
903006	CUST BILL/ACCTG	65,939.76
903007	PROCESS PAYMENTS	61,213.49
903008	INVEST THEFT OF SVC	330.22
903012	PROC CUST CNTRT/ORDR	234,120.18
903022	COLL OFF-LINE BILLS	89,467.80
903030	PROC CUST REQUESTS	3,335,777.50
903031	PROC CUST PAYMENTS	181,244.75
903032	DELIVER BILLS-REG	4,706,974.23
903036	CUSTOMER COMPLAINTS	215,481.55
903902	BILL SPECIAL ACCTS - INDIRECT	56,427.04
903903	PROCESS METER ORDERS - INDIRECT	127,280.45
903906	CUST BILL/ACCTG - INDIRECT	264,935.60
903907	PROCESS PAYMENTS - INDIRECT	735,041.68
903909	PROC EXCEPTION PMTS - INDIRECT	17,319.50
903912	PROC CUST CNTRT/ORDR - INDIRECT	467,340.00
903930	PROC CUST REQUESTS - INDIRECT	3,680,900.90
903931	PROC CUST PAYMENTS - INDIRECT	271,249.37
903936	CUSTOMER COMPLAINTS - INDIRECT	360,444.55
905001	MISC CUST SERV EXP	520,874.80
905002	MISC CUST BILL/ACCTG	141,312.86
907001	SUPV-CUST SER/INFO	86,617.11
907900	SUPV-CUST SER/INFO - INDIRECT	263,307.06
908001	CUST MKTG/ASSIST	8,974.97
908004	DSM - ENERGY AUDIT	1,325.00
908005	DSM CONSERVATION PROG	13,943,716.04
908006	DSM - HVAC	1,235.00
908007	DSM - CONSERVATION	(6,465.00)
908009	MISC MARKETING EXP	634.85
908901	CUST MKTG/ASSIST - INDIRECT	334,979.84
908902	RES CONS/ENG ED PROG - INDIRECT	396,000.00
908909	MISC MARKETING EXP - INDIRECT	162,680.88
909004	MISC CUST COM-SER/IN	109,222.37
909005	MEDIA RELATIONS	-
909010	PRINT ADVER-SER/INFO	136,158.09
909013	SAFETY PROGRAMS	88,448.93
910001	MISC CUST SER/INFO	4,793,444.06
910900	MISC CUST SER/INFO - INDIRECT	485,509.43
912003	GEN MKTG AND MKTG PGMS	15,918.99
913012	OTH ADVER-SALES	104,638.50
920001	CLOSED 11/08 - OFFICERS SALARIES	3,427.93
920100	OTHER GENERAL AND ADMIN SALARIES	7,779,897.10
920900	OTHER GENERAL AND ADMIN SALARIES - INDIRECT	34,405,565.57
920901	CLOSED 11/08 - OFFICERS SALARIES- INDIRECT	2,151.16
921001	CLOSED 12/08 - EXP-OFFICERS/EXEC	299.02
921002	EXP-GEN OFFICE EMPL	1,467,854.79
921003	GEN OFFICE SUPPL/EXP	2,667,750.54
921004	OPR-GEN OFFICE BLDG	537,585.11
921901	CLOSED 12/08 - EXP-OFFICERS/EXEC-INDIRECT	38.76
921902	INDIRECT EMPLOYEE OFFICE EXPENSE ALLOCATION	1,512,801.86
921903	GEN OFFICE SUPPL/EXP - INDIRECT	5,980,889.63

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Account	Description	Total Company
923100	OUTSIDE SERVICES	10,295,064.85
923101	OUTSIDE SERVICES - AUDIT FEES - PWC	1,559,000.08
923102	CLOSED 08/12 - OUTSIDE SERVICES - TAX SERVICES - PWC	9,099.94
923103	CLOSED 08/12 - OUTSIDE SERVICES - NON-AUDIT SERVICES - PWC	3,084.00
923301	OUTSIDE SERVICES - AUDIT FEES - OTHER	74,750.00
923302	OUTSIDE SERVICES - TAX SERVICES - OTHER	16,200.00
923303	CLOSED 08/12 - OUTSIDE SERVICES - NON-AUDIT SERVICES - OTHER	650.80
923900	OUTSIDE SERVICES - INDIRECT	6,044,962.34
924100	PROPERTY INSURANCE	0.01
925001	PUBLIC LIABILITY	(66,475.52)
925002	WORKERS COMP EXPENSE - BURDENS	(16,539.74)
925003	AUTO LIABILITY	55.89
925004	SAFETY AND INDUSTRIAL HEALTH	102,825.98
925100	OTHER INJURIES AND DAMAGES	9,269.00
925902	WORKERS COMP EXPENSE - BURDENS INDIRECT	23,513.24
925904	SAFETY & INDUSTRIAL HEALTH - INDIRECT	1,623.88
926001	TUITION REFUND PLAN	80,596.17
926002	GROUP LIFE INSURANCE EXPENSE - BURDENS	12,249.49
926003	MEDICAL INSURANCE EXPENSE - BURDENS	2,112,498.84
926004	DENTAL INSURANCE EXPENSE - BURDENS	80,487.92
926005	LONG TERM DISABILITY EXPENSE - BURDENS	(39,249.46)
926019	OTHER BENEFITS EXPENSE - BURDENS	317,416.07
926100	EMPLOYEE BENEFITS - NON-BURDEN	713,678.17
926101	PENSIONS EXPENSE - BURDENS	8,095,144.95
926102	401K EXPENSE - BURDENS	897,967.74
926105	FASB 112 (OPEB) POST EMPLOYMENT EXPENSE - BURDENS	(105,914.79)
926106	FASB 106 (OPEB) POST RETIREMENT EXPENSE - BURDENS	641,974.15
926110	EMPLOYEE WELFARE	90,468.14
926116	RETIREMENT INCOME EXPENSE - BURDENS	82,749.41
926117	CLOSED 04/11 - PENSION INTEREST EXPENSE - BURDENS	3,463,126.29
926118	CLOSED 04/11 - FASB 106 INTEREST (OPEB) POST RETIREMENT EXPENSE - BURDENS	289,627.74
926901	TUITION REFUND PLAN - INDIRECT	306,799.90
926902	GROUP LIFE INSURANCE EXPENSE - BURDENS INDIRECT	349,033.18
926903	MEDICAL INSURANCE EXPENSE - BURDENS INDIRECT	5,603,456.82
926904	DENTAL INSURANCE EXPENSE - BURDENS INDIRECT	375,892.54
926905	LONG TERM DISABILITY EXPENSE - BURDENS INDIRECT	388,487.86
926911	PENSIONS EXPENSE - BURDENS INDIRECT	8,639,410.19
926912	401K EXPENSE - BURDENS INDIRECT	2,504,651.89
926915	FASB 112 (OPEB) POST EMPLOYMENT EXPENSE - BURDENS INDIRECT	246,102.36
926916	FASB 106 (OPEB) POST RETIREMENT EXPENSE - BURDENS INDIRECT	1,016,963.26
926917	PENSION INTEREST EXPENSE - BURDENS INDIRECT	845,362.09
926918	FASB 106 INTEREST (OPEB) POST RETIREMENT EXPENSE - BURDENS INDIRECT	229,384.63
926919	OTHER BENEFITS EXPENSE - BURDENS INDIRECT	279,108.15
926990	RETIREMENT INCOME EXPENSE - BURDENS INDIRECT	327,513.95
928001	FORMAL CASES-REG COM	255,754.63
928006	FORMAL CASES - TENNESSEE	36,112.46
928007	FORMAL CASES - VIRGINIA	217,931.41
930101	GEN PUBLIC INFO EXP	1,272,887.43
930191	GEN PUBLIC INFO EXP - INDIRECT	37,081.64
930201	MISC CORPORATE EXP	3,763.78
930202	ASSOCIATION DUES	133,545.94
930203	RESEARCH WORK	25,500.00
930207	OTHER MISC GEN EXP	83,547.17
930272	ASSOCIATION DUES - INDIRECT	890,454.86
930274	RESEARCH AND DEVELOPMENT EXPENSES - INDIRECT	1,178,068.42
930277	OTHER MISC GEN EXP - INDIRECT	6,220.00
930902	ASSOCIATION DUES - INDIRECT	44,608.40
930903	RESEARCH WORK - INDIRECT	67,556.00
930904	RESEARCH AND DEVELOPMENT EXPENSES	998,116.67
930907	OTHER MISC GEN EXP - INDIRECT	610.20
935101	MTCE-GEN PLANT	110,017.16
935391	MTCE-COMMUNICATION EQ - INDIRECT	2,577,503.62
935401	MTCE-OTH GEN EQ	772,836.42

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Account	Description	Total Company
935402	MAINT. OF NON-BONDABLE GENERAL PLANT	53,433.20
935403	MNTC BONDABLE PROPERTY	301,405.13
935488	MTCE-OTH GEN EQ - INDIRECT	15,281,821.17
	Totals	**$ -**

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Account	Description	Total Company
101311	PLANT IN SERVICE - COMMON GENERAL EQUIPMENT	$17,716,127.28
101315	PLANT IN SERVICE - COMMON GENERAL EQUIPMENT	7,508,934.89
107001	CONSTR WORK IN PROG	7,539,558.80
108311	ACCUM. DEPR. - COMMON GENERAL EQUIPMENT	(9,440,949.95)
131091	CASH-BOA PAYROLL	9.00
143001	A/R-OFFICERS/EMPL	(15,970.22)
143011	INSURANCE CLAIMS	74,124.00
143027	INCOME TAX RECEIVABLE - FEDERAL	105,116.26
143028	INCOME TAX RECEIVABLE - STATE	64,959.15
143029	CLOSED 11/11 - EMPLOYEE COMPUTER LOANS	433,786.14
143030	EMPLOYEE PAYROLL ADVANCES	869,967.72
143032	ACCTS REC - TAX REFUNDS	528,066.36
143033	DEFAULT EMPLOYEE RECEIVABLES	492,354.07
145020	NOTES RECEIVABLE FROM LKE - CURRENT	244,359.64
145025	NOTES RECEIVABLE FROM LG&E AND KU ENERGY LLC NON-CURRENT	300,000,000.00
146016	CLOSED 02/11 - A/R FROM E.ON SVERIGE	13,306.18
146030	CLOSED 02/11 - A/R FROM E.ON AG	1,913,386.36
146033	CLOSED 02/11 - A/R FROM RUHRGAS	(21,772.00)
146034	CLOSED 02/11 - A/R FROM EON ENERGIE	39,561.26
146046	CLOSED 02/11 - A/R FROM KRAFTWERKE (ENERGIE)	372,238.87
146054	I/C RECEIVABLE - PPL - MUTUAL ASSISTANCE	1,664,150.00
146100	INTERCOMPANY	1,180,452,438.39
163003	FREIGHT	244,889.74
165100	PREPAID OTHER	374,650.90
165101	PREPAID IT CONTRACTS	56,511,816.54
184001	CLOSED 06/12 - VACATION - BURDEN CLEARING	(5,560,616.91)
184002	VACATION PAY	5,653,744.70
184010	CLOSED 06/12 - HOLIDAY - BURDEN CLEARING	(18,509,717.63)
184011	HOLIDAY PAY	14,417,521.27
184020	CLOSED 06/12 - SICK - BURDEN CLEARING	(8,413,080.05)
184021	SICK PAY	9,866,775.68
184030	CLOSED 06/12 - OTHER OFF-DUTY - BURDEN CLEARING	(5,048,404.46)
184031	OTHER OFF-DUTY PAY	5,337,801.71
184040	TEAM INCENTIVE AWARD - BURDEN CLEARING	(41,599,329.99)
184075	WORKERS COMP - BURDEN CLEARING	(90,884.01)
184093	LONG TERM DISABILITY - BURDEN CLEARING	89,781.84
184096	PENSIONS - BURDEN CLEARING	(76,578,567.70)
184097	FASB 106 (OPEB) - BURDEN CLEARING	(8,619,414.61)
184098	FASB 112 (OPEB) - BURDEN CLEARING	(2,142,006.51)
184101	GROUP LIFE INSURANCE - BURDEN CLEARING	(15,941.64)
184104	DENTAL INSURANCE - BURDEN CLEARING	(622,074.50)
184105	MEDICAL INSURANCE - BURDEN CLEARING	(10,098,449.89)
184108	401K - BURDEN CLEARING	(1,125,199.88)
184109	RETIREMENT INCOME - BURDEN CLEARING	(1,881,157.14)
184119	CLOSED 04/11 - PENSION INTEREST - BURDEN CLEARING	(17,975,979.70)
184120	CLOSED 04/11 - FASB 106 INTEREST (OPEB) - BURDEN CLEARING	(1,142,952.56)
184121	OTHER BENEFITS - BURDEN CLEARING	(2,837,206.89)
184702	IEXPENSE CREDIT CARD CLEARING	22,508.01
190318	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	33,258,703.52
190403	CLOSED 08/12 - DTA ON FIXED ASSETS	(49,521.77)
190414	DTA ON PROVISIONS FOR PENSIONS - OCI - FED (NON-CURRENT)	355,676,129.80
190415	DTA ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS	417,434,714.44
190418	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	823,410.90
190422	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD	(703,574.01)
190461	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - C	(561,353,102.29)
190462	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - D	561,353,102.29
190518	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE	6,065,417.10
190603	CLOSED 08/12 - DTA ON FIXED ASSETS - STATE (NON-CURRENT)	(10,204.26)
190614	DTA ON PROVISIONS FOR PENSIONS - OCI - ST (NON-CURRENT)	64,864,947.66
190615	DTA ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS - STATE (NON-CURRENT)	76,127,910.67
190618	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE (NON-CURRENT)	25,017.42
190622	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD -STATE (NON-CURRENT)	2,010,211.47
190661	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - STATE - C	(102,356,895.70)

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190662	CLOSED 05/11 - NETTING OUT DEFERRED TAX ASSETS - STATE - D	102,356,895.70
201001	COMMON STOCK-AUTH SH	(1,200.00)
211001	CONTRIBUTED CAPITAL - MISC.	(130,923,259.14)
216001	UNAPP RETAINED EARN	43,966.70
219013	OCI - FAS 158 INCREASE FUNDED STATUS - GROSS	1,081,082,447.52
219113	OCI - FAS 158 INCREASE FUNDED STATUS - TAX	(420,541,077.46)
228301	FASB106-POST RET BEN	(124,220,644.49)
228304	PENSION PAYABLE	(1,290,031,830.82)
228305	POST EMPLOYMENT BENEFIT PAYABLE	(15,475,012.00)
228306	PENSION PAYABLE SERP	(701,814,048.17)
228325	FASB 112 - POST EMPLOY MEDICARE SUBSIDY	1,231,197.00
232001	ACCTS PAYABLE-REG	(57,911,152.11)
232002	SALS/WAGES ACCRUED	(33,860,557.27)
232022	ACCRUED AUDIT FEES	(10,128,781.32)
232023	ACCRUED TAXABLE OFFICER BENEFITS	(1,629,056.62)
232024	CREDIT CASH BALANCE	(47,094,935.78)
232050	ACCTS PAYABLE - EON	(2,228,642.25)
232100	ACCOUNTS PAYABLE-TRADE	(75,394,880.58)
232106	CLOSED 11/10 - ACTIVE-WELFARE PLAN CONTRIBUTIONS	(64,965.84)
232111	401K LIABILITY - EMPLOYER	(1,038,768.67)
232211	TIA LIABILITY	(55,162,219.03)
232244	GARNISHEES WITHHOLDING PAYABLE	1,666.21
232245	CLOSED 04/11 - US SAVINGS BONDS WITHHOLDING PAYABLE	(38,755.74)
232246	DCAP WITHHOLDING PAYABLE	(369,479.45)
232248	HCRA WITHHOLDING PAYABLE	(95,514.90)
232249	UNIVERSAL LIFE INS WITHHOLDING PAYABLE	(348.56)
234009	CLOSED 02/11 - I/C PAYABLE - E.ON AG	(16,424,984.90)
234016	CLOSED 02/11 - I/C PAYABLE E.ON SVERIGE	(22,239.00)
234046	CLOSED 02/11 - I/C PAYABLE - KRAFTWERKE (ENERGIE)	(37,237.00)
234052	I/C PAYABLE - PPL	(4,836,414.46)
234100	A/P TO ASSOC CO	(14,888,513.09)
236007	FICA-OPR	(11,220,393.82)
236013	ST SALES/USE TAX-KY-OPR	120.48
236031	CORP INCOME-KY-OPR	(1,138,722.43)
236032	CORP INCOME-FED-OPR	4,828,391.14
236035	OTHER TAXES ACCRUED-OPR	101,452.00
236115	STATE UNEMPLOYMENT-OPR	(608,829.89)
236116	FEDERAL UNEMPLOYMENT-OPR	(258,473.86)
241007	TAX COLL PAY-FICA	(73,753.32)
241018	STATE WITHHOLDING TAX PAYABLE	(376,308.09)
241036	LOCAL WITHHOLDING TAX PAYABLE	(2,306,164.43)
241037	T/C PAY-PERS INC-FED	(69,850.10)
242002	MISC LIAB-VESTED VAC	(100,088,198.36)
242003	CLOSED 06/11 - ACCRUED OFFICER LONG-TERM INCENTIVE-CURR PORTION	(39,157,328.74)
242014	ESCHEATED DEPOSITS	(16,334.90)
242022	ACCRUED SHORT TERM INCENTIVE	(27,194,012.17)
242023	PENSION PAYABLE SERP CURRENT	(28,344,744.00)
242101	RETIREMENT INCOME LIABILITY	(2,201,927.68)
253006	CLOSED 06/11 - ACCRUED OFFICER LONG-TERM INCENTIVE	(28,871,818.00)
253025	DEFERRED COMPENSATION	(196,061,425.07)
283518	CLOSED 08/12 - DTL ON LIABILITIES (EXCLUDING DERIVATIVES)	(1,062,247.08)
283561	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - C	561,353,102.29
283562	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - D	(561,353,102.29)
283718	CLOSED 08/12 - DTL ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE (NON-CURRENT)	(190,308.24)
283761	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - STATE - C	102,356,895.70
283762	CLOSED 05/11 - NETTING OUT DEFERRED TAX LIABILITIES - STATE - D	(102,356,895.70)
403016	GENERAL DEPRECIATION EXPENSE	3,066,034.58
408105	FEDERAL UNEMP TAX	140,223.29
408106	FICA TAX	14,463,845.22
408107	STATE UNEMP TAX	(117,947.98)
408195	FEDERAL UNEMP TAX - INDIRECT	513,836.52
408196	FICA TAX - INDIRECT	36,989,972.33
408197	STATE UNEMP TAX - INDIRECT	1,049,684.90

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Account	Description	Total Company
408202	TAX-NON INC-OTHER	21,600.00
409101	FED INC TAX-UTIL OPR	21,307,670.52
409102	KY ST INCOME TAXES	5,921,080.36
410101	DEF FED INC TAX-OPR	35,718,553.28
410102	DEF ST INC TAX-OPR	5,442,259.89
411101	FED INC TX DEF-CR-OP	(56,945,829.44)
411102	ST INC TAX DEF-CR-OP	(11,348,678.65)
412001	SERVICE COMPANY CONSTRUCTION OR OTHER SERVICES EXP	386,016,279.40
419209	INT INC-ASSOC CO	(244,359.64)
426101	DONATIONS	15,769,134.73
426191	DONATIONS - INDIRECT	281,430.34
426301	PENALTIES	(807.60)
426401	EXP-CIVIC/POL/REL	2,263,313.84
426491	EXP-CIVIC/POL/REL - INDIRECT	14,286,190.91
426501	OTHER DEDUCTIONS	9,597,860.42
426502	SERP	10,771,732.00
426504	OFFICERS TIA	16,343,045.09
426505	OFFICER LONG-TERM INCENT	38,214,226.12
426512	EXPATRIATE BENEFITS	794,202.24
426513	OTHER OFFICER BENEFITS	1,814,323.28
426517	SERP - INTEREST	22,758,558.00
426591	OTHER DEDUCTIONS - INDIRECT	1,214,304.53
457101	DIRECT COSTS CHARGED	(1,024,980,056.04)
457201	INDIRECT COSTS CHARGED	(888,851,794.52)
500100	OPER SUPER/ENG	1,979,174.75
500900	OPER SUPER/ENG - INDIRECT	26,610,362.17
501001	FUEL-COAL - TON	(5,545,991.71)
501002	FUEL-COAL - BTU - (STAT ONLY)	(412,193.92)
501020	START-UP OIL -GAL	(1,803,185.79)
501022	STABILIZATION OIL - GAL	25,835.78
501026	COAL RESALE EXPENSES	62,548.47
501090	FUEL HANDLING	(42,098,657.07)
501091	FUEL SAMPLING AND TESTING	30,063.60
501093	CLOSED 08/10 - FUEL HANDLING-BTU	44,336.10
501251	FLY ASH DISPOSAL	4,704.00
501990	FUEL HANDLING - INDIRECT	7,885,542.82
502001	OTHER WASTE DISPOSAL	3,568.32
502002	BOILER SYSTEMS OPR	2,031.52
502003	SDRS OPERATION	869,310.00
502006	SCRUBBER REACTANT EX	(16,096,355.53)
502100	STM EXP(EX SDRS.SPP)	6,160,474.58
502900	STM EXP(EX SDRS.SPP) - INDIRECT	906,372.93
506100	MISC STM PWR EXP	4,990,004.49
506104	NOX REDUCTION REAGENT	(5,429,232.26)
506105	OPERATION OF SCR/NOX REDUCTION EQUIP	47,836.80
506109	SORBENT INJECTION OPERATION	(8,504,726.32)
510100	MTCE SUPER/ENG - STEAM	12,660,533.87
511100	MTCE-STRUCTURES	10,512.32
512005	MAINTENANCE-SDRS	32,519.91
512015	SDRS-COMMON H2O SYS	23,814.80
512017	MTCE-SLUDGE STAB SYS	1,346.05
512100	MTCE-BOILER PLANT	222,491.28
512101	MAINTENANCE OF SCR/NOX REDUCTION EQUIP	497,700.00
512102	SORBENT INJECTION MAINTENANCE	157,164.00
512103	MERCURY MONITORS MAINTENANCE	181,218.00
513100	MTCE-ELECTRIC PLANT	1,287,920.80
513900	MTCE-ELECTRIC PLANT - BOILER	1,302,832.36
514100	MTCE-MISC/STM PLANT	38,151.00
539100	MISC HYD PWR GEN EXP	8,175.96
541100	MTCE-SUPER/ENG - HYDRO	23,217.71
542100	MAINT OF STRUCTURES - HYDRO	25,653.87
547040	FUEL-OIL - GAL	0.20
549002	AIR QUALITY EXPENSES	53,568.73

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551100	MTCE-SUPER/ENG - TURBINES	4,140.96
553100	MTCE-GEN/ELECT EQ	84,137.64
554100	MTCE-MISC OTH PWR GEN	856,419.10
556100	SYS CTRL / DISPATCHING	533,235.48
556900	SYS CTRL / DISPATCHING - INDIRECT	22,559,588.01
560100	OP SUPER/ENG-SSTOPER	365,313.87
560900	OP SUPER/ENG-SSTOPER - INDIRECT	10,409,611.90
561100	LOAD DISPATCH-WELOB	590,070.86
561190	LOAD DISPATCH - INDIRECT	3,498,225.09
561590	RELIABILITY, PLANNING AND STANDARDS DEVELOPMENT - INDIRECT	7,132,480.48
561601	TRANSMISSION SERVICE STUDIES	126,352.58
561900	LOAD DISPATCH-WELOB - INDIRECT	5,447,629.27
561901	BALANCING AUTHORITY EXPENSE (LABOR ONLY)	5,022,802.44
562100	STA EXP-SUBST OPER	183,386.47
563100	OTHER INSP-ELEC TRAN	632,289.47
563900	OTHER INSP-ELEC TRAN - INDIRECT	111,809.68
566100	MISC TRANS EXP-SSTMT	1,280,882.13
566140	INDEPENDENT OPERATOR	1,689,939.10
566900	MISC TRANS EXP-SSTMT - INDIRECT	14,536,903.66
570100	MTCE-ST EQ-SSTMTCE	3,346,277.80
571100	MTCE OF OVERHEAD LINES	1,604,603.60
573100	MTCE-MISC TR PLT-SSTMT	301,989.41
580100	OP SUPER/ENG-SSTOPER	15,155,364.12
580900	OP SUPER/ENG-SSTOPER - INDIRECT	2,666,261.15
581900	SYS CTRL/SWITCH-DIST - INDIRECT	7,799,742.20
582100	STATION EXP-SSTOPER	40,656.85
583001	OPR-O/H LINES	271,857.14
583005	CUST COMPL RESP-O/H	775,323.12
583100	O/H LINE EXP-SSTOPER	952.93
584005	RESP-U/G CUST COMPL	110,758.01
586100	METER EXP	2,540,726.34
586900	METER EXP - INDIRECT	5,537.16
588100	MISC DIST EXP-SUBSTATION OPERATIONS	11,438,212.29
588900	MISC DIST EXP-SUBSTATION OPERATIONS - INDIRECT	3,648,079.28
590100	MTCE/SUPER/ENG-SSTMT	56,677.93
592100	MTCE-ST EQ-SSTMTCE	44,205.64
593001	MTCE-POLE/FIXT-DISTR	555,413.26
593002	MTCE-COND/DEVICE-DIS	73,823.99
593004	TREE TRIMMING	1,544,237.07
598100	MTCE OF MISC DISTRIBUTION PLANT	185,675.05
807502	GAS PROCUREMENT EXP	74,290.66
818100	COMPR STATION EXP	26,589.50
832100	MTC-RESERVOIRS/WELLS	3,143.84
836100	MTCE-PURIFICATION EQUP	10,724.55
856100	MAINS EXPENSES	8,321.60
863100	MTCE-GAS MAINS-TRANS	4,092.36
874001	OTHER MAINS/SERV EXP	13,401.45
874005	CHEK STOP BOX ACCESS	28,640.85
875100	MEAS/REG STA-GENERAL	29,346.66
880100	OTH GAS DISTR EXPENSE	6,774,469.61
880900	OTH GAS DISTR EXPENSE - INDIRECT	723,761.18
887100	MTCE-GAS MAINS-DISTR	135,476.51
892100	MTCE-OTH SERVICES	7,803.71
894100	MTCE-OTHER EQUIP	32,255.79
901001	SUPV-CUST ACCTS	19,518,244.29
901900	SUPV-CUST ACCTS - INDIRECT	4,317,165.36
902001	METER READ-SERV AREA	810,584.56
902002	METER READ-CLER/OTH	1,566.67
902900	METER READ-SERV AREA - INDIRECT	636.20
903001	AUDIT CUST ACCTS	59,305.41
903003	PROCESS METER ORDERS	288,145.44
903006	CUST BILL/ACCTG	500,329.74
903007	PROCESS PAYMENTS	496,254.93

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Account	Description	Total Company
903008	INVEST THEFT OF SVC	1,715.34
903011	MAINTENANCE-CIS	-
903012	PROC CUST CNTRT/ORDR	1,791,059.40
903022	COLL OFF-LINE BILLS	92,635.37
903024	CLOSED 04/10 - COLLECT SUNDRY BILLS	-
903030	PROC CUST REQUESTS	8,781,259.94
903031	PROC CUST PAYMENTS	1,602,599.84
903032	DELIVER BILLS-REG	28,865,024.07
903035	COLLECTING-OTHER	-
903036	CUSTOMER COMPLAINTS	1,590,867.64
903902	BILL SPECIAL ACCTS - INDIRECT	451,061.56
903903	PROCESS METER ORDERS - INDIRECT	225,711.36
903906	CUST BILL/ACCTG - INDIRECT	1,285,067.86
903907	PROCESS PAYMENTS - INDIRECT	4,038,573.32
903909	PROC EXCEPTION PMTS - INDIRECT	76,698.51
903912	PROC CUST CNTRT/ORDR - INDIRECT	3,211,034.80
903930	PROC CUST REQUESTS - INDIRECT	39,238,738.00
903931	PROC CUST PAYMENTS - INDIRECT	1,854,824.73
903936	CUSTOMER COMPLAINTS - INDIRECT	2,563,511.44
905001	MISC CUST SERV EXP	3,790,145.96
905002	MISC CUST BILL/ACCTG	1,484,087.48
907001	SUPV-CUST SER/INFO	687,809.87
907900	SUPV-CUST SER/INFO - INDIRECT	2,060,739.76
908004	DSM - ENERGY AUDIT	16,200.00
908005	DSM CONSERVATION PROG	139,551,982.12
908006	DSM - HVAC	840.00
908007	DSM - CONSERVATION	(7,790.28)
908009	MISC MARKETING EXP	30,391.90
908901	CUST MKTG/ASSIST - INDIRECT	2,790,735.63
908902	RES CONS/ENG ED PROG - INDIRECT	1,648,790.16
908909	MISC MARKETING EXP - INDIRECT	1,056,950.84
909004	MISC CUST COM-SER/IN	139,813.35
909010	PRINT ADVER-SER/INFO	1,029,067.40
909013	SAFETY PROGRAMS	376,800.03
910001	MISC CUST SER/INFO	429,207.09
910900	MISC CUST SER/INFO - INDIRECT	2,280,054.51
913012	OTH ADVER-SALES	539,995.94
920100	OTHER GENERAL AND ADMIN SALARIES	45,435,120.63
920900	OTHER GENERAL AND ADMIN SALARIES - INDIRECT	236,897,142.46
921001	CLOSED 12/08 - EXP-OFFICERS/EXEC	27,411.78
921002	EXP-GEN OFFICE EMPL	9,127,012.90
921003	GEN OFFICE SUPPL/EXP	16,744,133.20
921004	OPR-GEN OFFICE BLDG	3,967,926.72
921902	INDIRECT EMPLOYEE OFFICE EXPENSE ALLOCATION	13,087,013.00
921903	GEN OFFICE SUPPL/EXP - INDIRECT	47,680,758.41
923100	OUTSIDE SERVICES	44,847,275.04
923101	OUTSIDE SERVICES - AUDIT FEES - PWC	10,925,701.95
923103	CLOSED 08/12 - OUTSIDE SERVICES - NON-AUDIT SERVICES - PWC	21,300.10
923301	OUTSIDE SERVICES - AUDIT FEES - OTHER	271,600.07
923302	OUTSIDE SERVICES - TAX SERVICES - OTHER	109,200.00
923303	CLOSED 08/12 - OUTSIDE SERVICES - NON-AUDIT SERVICES - OTHER	46,457.22
923900	OUTSIDE SERVICES - INDIRECT	32,057,216.37
924100	PROPERTY INSURANCE	5,069,349.87
925001	PUBLIC LIABILITY	325,189.71
925002	WORKERS COMP EXPENSE - BURDENS	11,295.75
925003	AUTO LIABILITY	39,251.74
925004	SAFETY AND INDUSTRIAL HEALTH	658,913.91
925100	OTHER INJURIES AND DAMAGES	2,278,677.80
925902	WORKERS COMP EXPENSE - BURDENS INDIRECT	188,651.68
925904	SAFETY & INDUSTRIAL HEALTH - INDIRECT	23,922.61
926001	TUITION REFUND PLAN	400,223.22
926002	GROUP LIFE INSURANCE EXPENSE - BURDENS	69,002.56
926003	MEDICAL INSURANCE EXPENSE - BURDENS	20,231,664.61

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926004	DENTAL INSURANCE EXPENSE - BURDENS	769,758.61
926005	LONG TERM DISABILITY EXPENSE - BURDENS	(100,623.46)
926019	OTHER BENEFITS EXPENSE - BURDENS	3,244,522.03
926100	EMPLOYEE BENEFITS - NON-BURDEN	34,412,478.15
926101	PENSIONS EXPENSE - BURDENS	45,130,644.88
926102	401K EXPENSE - BURDENS	7,123,159.65
926105	FASB 112 (OPEB) POST EMPLOYMENT EXPENSE - BURDENS	807,336.10
926106	FASB 106 (OPEB) POST RETIREMENT EXPENSE - BURDENS	4,715,640.69
926110	EMPLOYEE WELFARE	591,344.71
926116	RETIREMENT INCOME EXPENSE - BURDENS	832,496.81
926117	CLOSED 04/11 - PENSION INTEREST EXPENSE - BURDENS	19,239,556.02
926118	CLOSED 04/11 - FASB 106 INTEREST (OPEB) POST RETIREMENT EXPENSE - BURDENS	247,494.21
926901	TUITION REFUND PLAN - INDIRECT	2,264,160.80
926902	GROUP LIFE INSURANCE EXPENSE - BURDENS INDIRECT	2,428,352.51
926903	MEDICAL INSURANCE EXPENSE - BURDENS INDIRECT	39,898,848.84
926904	DENTAL INSURANCE EXPENSE - BURDENS INDIRECT	2,659,780.85
926905	LONG TERM DISABILITY EXPENSE - BURDENS INDIRECT	2,732,555.74
926911	PENSIONS EXPENSE - BURDENS INDIRECT	58,031,153.18
926912	401K EXPENSE - BURDENS INDIRECT	17,633,277.76
926915	FASB 112 (OPEB) POST EMPLOYMENT EXPENSE - BURDENS INDIRECT	2,009,955.82
926916	FASB 106 (OPEB) POST RETIREMENT EXPENSE - BURDENS INDIRECT	7,102,316.38
926917	PENSION INTEREST EXPENSE - BURDENS INDIRECT	5,061,707.42
926918	FASB 106 INTEREST (OPEB) POST RETIREMENT EXPENSE - BURDENS INDIRECT	1,287,876.36
926919	OTHER BENEFITS EXPENSE - BURDENS INDIRECT	2,243,181.66
926990	RETIREMENT INCOME EXPENSE - BURDENS INDIRECT	2,319,943.99
928001	FORMAL CASES-REG COM	52,147.32
928002	REG UPKEEP ASSESSMTS	17.68
928006	FORMAL CASES - TENNESSEE	50.00
928007	FORMAL CASES - VIRGINIA	447,523.79
930101	GEN PUBLIC INFO EXP	5,577,791.91
930191	GEN PUBLIC INFO EXP - INDIRECT	228,247.16
930201	MISC CORPORATE EXP	2,963.25
930202	ASSOCIATION DUES	1,918,350.24
930207	OTHER MISC GEN EXP	587,837.90
930272	ASSOCIATION DUES - INDIRECT	8,695,046.36
930274	RESEARCH AND DEVELOPMENT EXPENSES - INDIRECT	20,220,903.52
930277	OTHER MISC GEN EXP - INDIRECT	7,250.00
930903	RESEARCH WORK - INDIRECT	615,199.61
930907	OTHER MISC GEN EXP - INDIRECT	2,813,182.06
935391	MTCE-COMMUNICATION EQ - INDIRECT	16,948,696.81
935401	MTCE-OTH GEN EQ	692,959.13
935402	MAINT. OF NON-BONDABLE GENERAL PLANT	270,804.47
935403	MNTC BONDABLE PROPERTY	2,330,313.43
935488	MTCE-OTH GEN EQ - INDIRECT	122,012,197.81
	Totals	**$ -**

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Account	Description	Total Company
101315	PLANT IN SERVICE - COMMON GENERAL EQUIPMENT	$ 2,900,129.78
107001	CONSTR WORK IN PROG	1,512,327.81
108311	ACCUM. DEPR. - COMMON GENERAL EQUIPMENT	-
108314	ACCUM. DEPR. - COMMON GENERAL EQUIPMENT - NONUTILITY	(1,029,856.93)
131090	CASH-BOA A/P - CLEARING	-
131091	CASH-BOA PAYROLL	-
143001	A/R-OFFICERS/EMPL	1,078.06
143011	INSURANCE CLAIMS	6,177.00
143012	ACCTS REC - MISCELLANEOUS	46,971.63
143029	CLOSED 11/11 - EMPLOYEE COMPUTER LOANS	-
143030	EMPLOYEE PAYROLL ADVANCES	70,783.16
143032	ACCTS REC - TAX REFUNDS	-
143033	DEFAULT EMPLOYEE RECEIVABLES	20,196.98
145020	NOTES RECEIVABLE FROM LKE - CURRENT	150,586.94
145025	NOTES RECEIVABLE FROM LG&E AND KU ENERGY LLC NON-CURRENT	100,000,000.00
146049	INTERCOMPANY ADVANCE FROM LG&E	-
146050	INTERCOMPANY ADVANCE FROM KU	-
146054	I/C RECEIVABLE - PPL - MUTUAL ASSISTANCE	-
146057	I/C RECEIVABLE - PPL LEASE OF SIMPSONVILLE DATA CTR SPACE	-
146100	INTERCOMPANY	101,435,203.60
163003	FREIGHT	-
165100	PREPAID OTHER	-
165101	PREPAID IT CONTRACTS	7,065,654.39
184001	CLOSED 06/12 - VACATION - BURDEN CLEARING	-
184002	VACATION PAY	-
184010	CLOSED 06/12 - HOLIDAY - BURDEN CLEARING	-
184011	HOLIDAY PAY	-
184020	CLOSED 06/12 - SICK - BURDEN CLEARING	-
184021	SICK PAY	-
184030	CLOSED 06/12 - OTHER OFF-DUTY - BURDEN CLEARING	-
184031	OTHER OFF-DUTY PAY	-
184040	TEAM INCENTIVE AWARD - BURDEN CLEARING	-
184075	WORKERS COMP - BURDEN CLEARING	-
184093	LONG TERM DISABILITY - BURDEN CLEARING	-
184096	PENSIONS - BURDEN CLEARING	-
184097	FASB 106 (OPEB) - BURDEN CLEARING	-
184098	FASB 112 (OPEB) - BURDEN CLEARING	-
184101	GROUP LIFE INSURANCE - BURDEN CLEARING	-
184104	DENTAL INSURANCE - BURDEN CLEARING	-
184105	MEDICAL INSURANCE - BURDEN CLEARING	-
184108	401K - BURDEN CLEARING	-
184109	RETIREMENT INCOME - BURDEN CLEARING	-
184119	CLOSED 04/11 - PENSION INTEREST - BURDEN CLEARING	-
184120	CLOSED 04/11 - FASB 106 INTEREST (OPEB) - BURDEN CLEARING	-
184121	OTHER BENEFITS - BURDEN CLEARING	-
184702	IEXPENSE CREDIT CARD CLEARING	-
190318	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	2,606,728.18
190322	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD	(32,751.77)
190403	CLOSED 08/12 - DTA ON FIXED ASSETS	(202,065.18)
190414	DTA ON PROVISIONS FOR PENSIONS - OCI - FED (NON-CURRENT)	45,057,614.45
190415	DTA ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS	20,990,034.68
190418	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	1,214,922.15
190422	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD	(1,015,560.72)
190518	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE	475,391.16
190522	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD -STATE	93,576.48
190603	CLOSED 08/12 - DTA ON FIXED ASSETS - STATE (NON-CURRENT)	(36,853.92)
190614	DTA ON PROVISIONS FOR PENSIONS - OCI - ST (NON-CURRENT)	8,217,194.12
190615	DTA ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS - STATE (NON-CURRENT)	3,827,969.78
190618	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE (NON-CURRENT)	180,454.86
190622	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD -STATE (NON-CURRENT)	2,901,602.04
201001	COMMON STOCK-AUTH SH	(100.00)
211001	CONTRIBUTED CAPITAL - MISC.	(100,000,900.00)
216001	UNAPP RETAINED EARN	(77,857.77)

LG&E and KU Services Company
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2011 - DECEMBER 31, 2011

Account	Description	Total Company
219013	OCI - FAS 158 INCREASE FUNDED STATUS - GROSS	136,953,235.40
219113	OCI - FAS 158 INCREASE FUNDED STATUS - TAX	(53,274,808.57)
228301	FASB106-POST RET BEN	(7,339,457.00)
228304	PENSION PAYABLE	(125,689,760.00)
228305	POST EMPLOYMENT BENEFIT PAYABLE	(2,252,220.00)
228306	PENSION PAYABLE SERP	(61,955,603.00)
228325	FASB 112 - POST EMPLOY MEDICARE SUBSIDY	89,293.00
232001	ACCTS PAYABLE-REG	(4,762,475.56)
232002	SALS/WAGES ACCRUED	(2,106,733.83)
232022	ACCRUED AUDIT FEES	(528,723.96)
232023	ACCRUED TAXABLE OFFICER BENEFITS	-
232024	CREDIT CASH BALANCE	(8,215,587.06)
232050	ACCTS PAYABLE - EON	(62,399.21)
232100	ACCOUNTS PAYABLE-TRADE	(10,788,013.86)
232111	401K LIABILITY - EMPLOYER	(225,189.81)
232206	UNITED WAY WITHHOLDING PAYABLE	-
232211	TIA LIABILITY	(10,288,466.07)
232219	FEDERAL PAC WITHHOLDING PAYABLE	-
232220	CREDIT UNION WITHHOLDING PAYABLE	-
232233	401K WITHHOLDING PAYABLE	-
232243	LOUISVILLE PAC WITHHOLDING PAYABLE	-
232244	GARNISHEES WITHHOLDING PAYABLE	-
232246	DCAP WITHHOLDING PAYABLE	(23,558.33)
232248	HCRA WITHHOLDING PAYABLE	(68,503.52)
232249	UNIVERSAL LIFE INS WITHHOLDING PAYABLE	(144.76)
234051	INTERCOMPANY PENSION PAYABLE	-
234052	I/C PAYABLE - PPL	(184,797.04)
234053	I/C PAYABLE TO PPL ENERGY SUPPLY	(902.40)
234100	A/P TO ASSOC CO	(6,041,655.48)
236007	FICA-OPR	(1,027,106.44)
236013	ST SALES/USE TAX-KY-OPR	-
236025	CORP INC TAX-FED EST-OPR	-
236026	CORP INC TAX-ST EST-OPR	-
236031	CORP INCOME-KY-OPR	(644,078.50)
236032	CORP INCOME-FED-OPR	(3,601,040.01)
236115	STATE UNEMPLOYMENT-OPR	(70,758.99)
236116	FEDERAL UNEMPLOYMENT-OPR	(42,447.95)
241007	TAX COLL PAY-FICA	-
241018	STATE WITHHOLDING TAX PAYABLE	(51,105.55)
241036	LOCAL WITHHOLDING TAX PAYABLE	(276,255.94)
241037	T/C PAY-PERS INC-FED	-
242002	MISC LIAB-VESTED VAC	(9,490,049.59)
242014	ESCHEATED DEPOSITS	-
242022	ACCRUED SHORT TERM INCENTIVE	(2,802,085.99)
242023	PENSION PAYABLE SERP CURRENT	(2,518,266.00)
242101	RETIREMENT INCOME LIABILITY	(678,285.32)
253025	DEFERRED COMPENSATION	(18,066,618.22)
283518	CLOSED 08/12 - DTL ON LIABILITIES (EXCLUDING DERIVATIVES)	-
283718	CLOSED 08/12 - DTL ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE (NON-CURRENT)	-
403016	GENERAL DEPRECIATION EXPENSE	536,768.15
408105	FEDERAL UNEMP TAX	12,794.02
408106	FICA TAX	1,440,154.49
408107	STATE UNEMP TAX	5,860.99
408195	FEDERAL UNEMP TAX - INDIRECT	90,826.20
408196	FICA TAX - INDIRECT	6,132,863.08
408197	STATE UNEMP TAX - INDIRECT	126,902.14
408202	TAX-NON INC-OTHER	-
409101	FED INC TAX-UTIL OPR	7,995,543.41
409102	KY ST INCOME TAXES	2,500,855.93
409104	FED INC TAXES - EST	-
409105	ST INC TAXES - EST	-
409203	FED INC TAX-OTHER	(4,945,161.69)
409206	ST INC TAX-OTHER	(901,853.19)

LG&E and KU Services Company
TRIAL BALANCE
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Account	Description	Total Company
410101	DEF FED INC TAX-OPR	8,326,160.68
410102	DEF ST INC TAX-OPR	1,623,013.60
411101	FED INC TX DEF-CR-OP	(11,191,267.35)
411102	ST INC TAX DEF-CR-OP	(3,188,227.57)
412001	SERVICE COMPANY CONSTRUCTION OR OTHER SERVICES EXP	55,289,324.86
419005	INT INC-FED TAX PMT	-
419209	INT INC-ASSOC CO	(563,145.22)
426101	DONATIONS	558,932.84
426191	DONATIONS - INDIRECT	1,831.10
426301	PENALTIES	456.83
426401	EXP-CIVIC/POL/REL	695,477.50
426491	EXP-CIVIC/POL/REL - INDIRECT	2,006,194.60
426501	OTHER DEDUCTIONS	1,359,213.31
426502	SERP	3,861,318.52
426504	OFFICERS TIA	3,151,232.23
426505	OFFICER LONG-TERM INCENT	3,453,052.02
426513	OTHER OFFICER BENEFITS	252,806.80
426591	OTHER DEDUCTIONS - INDIRECT	253,516.04
431104	INTEREST EXPENSE FROM FINANCIAL LIABILITIES	-
456008	OTHER MISC ELEC REVS	-
457101	DIRECT COSTS CHARGED	(137,698,173.93)
457201	INDIRECT COSTS CHARGED	(158,008,581.01)
500100	OPER SUPER/ENG	300,529.51
500900	OPER SUPER/ENG - INDIRECT	4,629,499.96
501001	FUEL-COAL - TON	0.02
501026	COAL RESALE EXPENSES	10,577.65
501090	FUEL HANDLING	1,242,351.08
501990	FUEL HANDLING - INDIRECT	1,477,549.29
502001	OTHER WASTE DISPOSAL	1,427.38
502004	SDRS-H2O SYS OPR	1,860.81
502006	SCRUBBER REACTANT EX	(17,349.12)
502100	STM EXP(EX SDRS.SPP)	611,931.22
502900	STM EXP(EX SDRS.SPP) - INDIRECT	65,227.08
505100	ELECTRIC SYS OPR	870.82
506100	MISC STM PWR EXP	(612,109.80)
506105	OPERATION OF SCR/NOX REDUCTION EQUIP	580.53
506150	ECR MERCURY MONITORS OPERATIONS	46,265.94
510100	MTCE SUPER/ENG - STEAM	3,684,948.32
511100	MTCE-STRUCTURES	9,056.87
512005	MAINTENANCE-SDRS	9,233.81
512015	SDRS-COMMON H2O SYS	156.41
512017	MTCE-SLUDGE STAB SYS	183.86
512100	MTCE-BOILER PLANT	12,900.74
512101	MAINTENANCE OF SCR/NOX REDUCTION EQUIP	61,600.00
513100	MTCE-ELECTRIC PLANT	192,173.05
513900	MTCE-ELECTRIC PLANT - BOILER	182,771.94
514100	MTCE-MISC/STM PLANT	23,524.94
538100	ELECTRIC EXPENSES - HYDRO	(409.07)
539100	MISC HYD PWR GEN EXP	3,614.24
541100	MTCE-SUPER/ENG - HYDRO	12,927.19
544100	MTCE-ELECTRIC PLANT	11,745.01
548100	GENERATION EXP	(339.48)
549002	AIR QUALITY EXPENSES	(11,311.29)
549100	MISC OTH PWR GEN EXP	232.65
551100	MTCE-SUPER/ENG - TURBINES	1,800.00
553100	MTCE-GEN/ELECT EQ	(418.86)
554100	MTCE-MISC OTH PWR GEN	9,872.67
556100	SYS CTRL / DISPATCHING	85,944.33
556900	SYS CTRL / DISPATCHING - INDIRECT	3,428,161.39
560100	OP SUPER/ENG-SSTOPER	106,506.78
560900	OP SUPER/ENG-SSTOPER - INDIRECT	2,110,418.88
561100	LOAD DISPATCH-WELOB	118,555.42
561190	LOAD DISPATCH - INDIRECT	1,868,370.99

LG&E and KU Services Company
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2011 - DECEMBER 31, 2011

Account	Description	Total Company
561590	RELIABILITY, PLANNING AND STANDARDS DEVELOPMENT - INDIRECT	1,168,622.03
561601	TRANSMISSION SERVICE STUDIES	46,890.54
561900	LOAD DISPATCH-WELOB - INDIRECT	1,283,412.37
561901	BALANCING AUTHORITY EXPENSE (LABOR ONLY)	50,147.48
562100	STA EXP-SUBST OPER	29,697.87
563100	OTHER INSP-ELEC TRAN	150,182.07
563900	OTHER INSP-ELEC TRAN - INDIRECT	8,351.10
566100	MISC TRANS EXP-SSTMT	150,155.91
566140	INDEPENDENT OPERATOR	1,639,826.84
566900	MISC TRANS EXP-SSTMT - INDIRECT	1,893,547.72
570100	MTCE-ST EQ-SSTMTCE	477,339.74
571100	MTCE OF OVERHEAD LINES	236,227.90
573100	MTCE-MISC TR PLT-SSTMT	55,483.31
580100	OP SUPER/ENG-SSTOPER	2,887,228.01
580900	OP SUPER/ENG-SSTOPER - INDIRECT	356,716.28
581900	SYS CTRL/SWITCH-DIST - INDIRECT	1,237,941.46
582100	STATION EXP-SSTOPER	2,745.11
583001	OPR-O/H LINES	60,927.31
583005	CUST COMPL RESP-O/H	107,757.94
584001	OPR-UNDERGRND LINES	4,562.60
584005	RESP-U/G CUST COMPL	15,393.54
586100	METER EXP	1,015,842.76
586900	METER EXP - INDIRECT	3,469.41
588100	MISC DIST EXP-SUBSTATION OPERATIONS	2,019,935.44
588900	MISC DIST EXP-SUBSTATION OPERATIONS - INDIRECT	529,205.56
590100	MTCE/SUPER/ENG-SSTMT	11,379.79
592100	MTCE-ST EQ-SSTMTCE	3,591.80
593001	MTCE-POLE/FIXT-DISTR	3,518.67
593002	MTCE-COND/DEVICE-DIS	14,054.94
593003	MTCE-SERVICES	1,429.35
593004	TREE TRIMMING	227,584.78
594002	MTCE-U/G COND ETC	240.45
595100	MTCE-TRANSF/REG	514.78
596100	MTCE OF STREET LIGHTING AND SIGNALS	69.69
598100	MTCE OF MISC DISTRIBUTION PLANT	101,244.45
807502	GAS PROCUREMENT EXP	82,214.72
816100	WELLS EXPENSE	(103.66)
817100	LINES EXPENSE	1,400.22
818100	COMPR STATION EXP	65,707.86
821100	PURIFICATION EXP	22,828.35
832100	MTC-RESERVOIRS/WELLS	3,812.47
833100	MTCE-LINES	(100.32)
834100	MTCE-COMP STA EQUIP	1,919.84
851100	SYS CTRL/DSPTCH-GAS	6,058.91
856100	MAINS EXPENSES	2,204.01
863100	MTCE-GAS MAINS-TRANS	153,068.37
871100	DISTR LOAD DISPATCH	3,072.49
874001	OTHER MAINS/SERV EXP	148,624.42
874002	LEAK SUR-DIST MN/SVC	(160.86)
874005	CHEK STOP BOX ACCESS	10,090.14
875100	MEAS/REG STA-GENERAL	1,285.02
877100	MEAS/REG STA-CITY GATE	1,341.52
878100	METER/REG EXPENSE	(48.20)
879100	CUST INSTALL EXPENSE	(218.22)
880100	OTH GAS DISTR EXPENSE	1,035,502.80
880900	OTH GAS DISTR EXPENSE - INDIRECT	118,666.33
887100	MTCE-GAS MAINS-DISTR	34,921.94
889100	MTCE-M/R STA EQ-GENL	(1.38)
891100	MTCE-M/R ST EQ-CITY GATE	422.38
892100	MTCE-OTH SERVICES	(0.80)
894100	MTCE-OTHER EQUIP	2,794.09
901001	SUPV-CUST ACCTS	3,173,314.78
901900	SUPV-CUST ACCTS - INDIRECT	639,445.54

LG&E and KU Services Company
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2011 - DECEMBER 31, 2011

Account	Description	Total Company
902001	METER READ-SERV AREA	263,656.80
902002	METER READ-CLER/OTH	8,672.41
903001	AUDIT CUST ACCTS	1,112,737.26
903003	PROCESS METER ORDERS	21,193.08
903006	CUST BILL/ACCTG	62,649.58
903007	PROCESS PAYMENTS	89,719.87
903008	INVEST THEFT OF SVC	13,396.53
903012	PROC CUST CNTRT/ORDR	274,926.91
903013	HANDLE CREDIT PROBS	168.36
903022	COLL OFF-LINE BILLS	495,433.37
903023	PROC BANKRUPT CLAIMS	259.06
903025	MTCE-ASST PROGRAMS	16,059.41
903030	PROC CUST REQUESTS	353,580.29
903031	PROC CUST PAYMENTS	244,942.60
903032	DELIVER BILLS-REG	1,182,524.19
903035	COLLECTING-OTHER	365,160.81
903036	CUSTOMER COMPLAINTS	272,128.09
903901	CLOSED 04/10 - AUDIT CUST ACCTS - INDIRECT	86.70
903902	BILL SPECIAL ACCTS - INDIRECT	107,509.31
903906	CUST BILL/ACCTG - INDIRECT	285,620.89
903907	PROCESS PAYMENTS - INDIRECT	(136,411.76)
903909	PROC EXCEPTION PMTS - INDIRECT	12,991.16
903912	PROC CUST CNTRT/ORDR - INDIRECT	503,992.84
903930	PROC CUST REQUESTS - INDIRECT	7,079,908.53
903931	PROC CUST PAYMENTS - INDIRECT	258,754.14
903936	CUSTOMER COMPLAINTS - INDIRECT	436,726.99
905001	MISC CUST SERV EXP	907,021.31
905002	MISC CUST BILL/ACCTG	464,933.30
905003	MISC COLLECTING EXP	279.44
907001	SUPV-CUST SER/INFO	93,138.63
907900	SUPV-CUST SER/INFO - INDIRECT	345,185.37
908004	DSM - ENERGY AUDIT	(25.00)
908005	DSM CONSERVATION PROG	5,456,900.26
908006	DSM - HVAC	(480.00)
908007	DSM - CONSERVATION	13,864.00
908901	CUST MKTG/ASSIST - INDIRECT	448,090.75
908902	RES CONS/ENG ED PROG - INDIRECT	(69,027.52)
908909	MISC MARKETING EXP - INDIRECT	200,282.66
909004	MISC CUST COM-SER/IN	11,546.93
909010	PRINT ADVER-SER/INFO	(2,159.16)
909013	SAFETY PROGRAMS	51,260.02
910001	MISC CUST SER/INFO	5,492.62
910900	MISC CUST SER/INFO - INDIRECT	46,756.74
913012	OTH ADVER-SALES	-
920100	OTHER GENERAL AND ADMIN SALARIES	6,201,796.68
920900	OTHER GENERAL AND ADMIN SALARIES - INDIRECT	37,827,255.84
921001	CLOSED 12/08 - EXP-OFFICERS/EXEC	-
921002	EXP-GEN OFFICE EMPL	1,169,891.61
921003	GEN OFFICE SUPPL/EXP	1,182,226.87
921004	OPR-GEN OFFICE BLDG	1,003,754.50
921902	INDIRECT EMPLOYEE OFFICE EXPENSE ALLOCATION	1,566,884.88
921903	GEN OFFICE SUPPL/EXP - INDIRECT	6,634,487.20
923100	OUTSIDE SERVICES	8,591,660.30
923101	OUTSIDE SERVICES - AUDIT FEES - PWC	316,142.86
923301	OUTSIDE SERVICES - AUDIT FEES - OTHER	45,835.00
923302	OUTSIDE SERVICES - TAX SERVICES - OTHER	16,800.00
923900	OUTSIDE SERVICES - INDIRECT	7,628,834.27
924100	PROPERTY INSURANCE	-
925001	PUBLIC LIABILITY	69,467.84
925002	WORKERS COMP EXPENSE - BURDENS	11,511.23
925003	AUTO LIABILITY	4,193.24
925004	SAFETY AND INDUSTRIAL HEALTH	106,966.52
925100	OTHER INJURIES AND DAMAGES	(476,551.00)

LG&E and KU Services Company
TRIAL BALANCE
FOR THE PERIOD JANUARY 1, 2011 - DECEMBER 31, 2011

Account	Description	Total Company
925902	WORKERS COMP EXPENSE - BURDENS INDIRECT	32,171.69
925904	SAFETY & INDUSTRIAL HEALTH - INDIRECT	4,433.17
926001	TUITION REFUND PLAN	70,390.75
926002	GROUP LIFE INSURANCE EXPENSE - BURDENS	88,681.19
926003	MEDICAL INSURANCE EXPENSE - BURDENS	3,156,389.02
926004	DENTAL INSURANCE EXPENSE - BURDENS	155,131.40
926005	LONG TERM DISABILITY EXPENSE - BURDENS	127,542.32
926019	OTHER BENEFITS EXPENSE - BURDENS	215,846.05
926100	EMPLOYEE BENEFITS - NON-BURDEN	1,901,346.68
926101	PENSIONS EXPENSE - BURDENS	7,576,694.01
926102	401K EXPENSE - BURDENS	1,142,996.09
926105	FASB 112 (OPEB) POST EMPLOYMENT EXPENSE - BURDENS	155,448.24
926106	FASB 106 (OPEB) POST RETIREMENT EXPENSE - BURDENS	523,748.42
926110	EMPLOYEE WELFARE	97,815.86
926116	RETIREMENT INCOME EXPENSE - BURDENS	184,497.01
926117	CLOSED 04/11 - PENSION INTEREST EXPENSE - BURDENS	-
926118	CLOSED 04/11 - FASB 106 INTEREST (OPEB) POST RETIREMENT EXPENSE - BURDENS	-
926901	TUITION REFUND PLAN - INDIRECT	258,217.00
926902	GROUP LIFE INSURANCE EXPENSE - BURDENS INDIRECT	310,501.65
926903	MEDICAL INSURANCE EXPENSE - BURDENS INDIRECT	6,970,717.59
926904	DENTAL INSURANCE EXPENSE - BURDENS INDIRECT	394,666.94
926905	LONG TERM DISABILITY EXPENSE - BURDENS INDIRECT	296,089.45
926911	PENSIONS EXPENSE - BURDENS INDIRECT	14,461,754.82
926912	401K EXPENSE - BURDENS INDIRECT	2,577,423.54
926915	FASB 112 (OPEB) POST EMPLOYMENT EXPENSE - BURDENS INDIRECT	347,966.14
926916	FASB 106 (OPEB) POST RETIREMENT EXPENSE - BURDENS INDIRECT	1,279,540.23
926917	PENSION INTEREST EXPENSE - BURDENS INDIRECT	96,837.05
926918	FASB 106 INTEREST (OPEB) POST RETIREMENT EXPENSE - BURDENS INDIRECT	45,166.23
926919	OTHER BENEFITS EXPENSE - BURDENS INDIRECT	83,007.47
926990	RETIREMENT INCOME EXPENSE - BURDENS INDIRECT	462,784.09
928001	FORMAL CASES-REG COM	12,877.36
928006	FORMAL CASES - TENNESSEE	(25.00)
928007	FORMAL CASES - VIRGINIA	269,429.98
930101	GEN PUBLIC INFO EXP	377,589.47
930191	GEN PUBLIC INFO EXP - INDIRECT	68,620.69
930202	ASSOCIATION DUES	5,000.01
930207	OTHER MISC GEN EXP	107,189.25
930223	SUSPENSE - PPL	-
930272	ASSOCIATION DUES - INDIRECT	33,487.23
930274	RESEARCH AND DEVELOPMENT EXPENSES - INDIRECT	659,790.47
930277	OTHER MISC GEN EXP - INDIRECT	850.24
930903	RESEARCH WORK - INDIRECT	0.03
930907	OTHER MISC GEN EXP - INDIRECT	13,738,326.69
935101	MTCE-GEN PLANT	154.58
935391	MTCE-COMMUNICATION EQ - INDIRECT	2,369,723.11
935401	MTCE-OTH GEN EQ	67,135.48
935402	MAINT. OF NON-BONDABLE GENERAL PLANT	129,342.12
935403	MNTC BONDABLE PROPERTY	759,674.35
935488	MTCE-OTH GEN EQ - INDIRECT	20,674,918.53
	Totals	**$ -**

LG&E and KU Services Company
TRIAL BALANCE
FOR THE PERIOD APRIL 1, 2011 - MARCH 31, 2012

Account	Description	Total Company
101315	PLANT IN SERVICE - COMMON GENERAL EQUIPMENT	$ 31,897,953.92
107001	CONSTR WORK IN PROG	14,747,600.63
108311	ACCUM. DEPR. - COMMON GENERAL EQUIPMENT	(466,625.30)
108314	ACCUM. DEPR. - COMMON GENERAL EQUIPMENT - NONUTILITY	(10,827,390.00)
143001	A/R-OFFICERS/EMPL	2,221.02
143011	INSURANCE CLAIMS	74,124.00
143012	ACCTS REC - MISCELLANEOUS	416,884.24
143029	CLOSED 11/11 - EMPLOYEE COMPUTER LOANS	9,038.61
143030	EMPLOYEE PAYROLL ADVANCES	839,345.17
143032	ACCTS REC - TAX REFUNDS	1,077.00
143033	DEFAULT EMPLOYEE RECEIVABLES	331,961.48
143036	SUSPENSE - PPL	27,319.60
145020	NOTES RECEIVABLE FROM LKE - CURRENT	1,122,665.47
145025	NOTES RECEIVABLE FROM LG&E AND KU ENERGY LLC NON-CURRENT	1,200,000,000.00
146057	I/C RECEIVABLE - PPL LEASE OF SIMPSONVILLE DATA CTR SPACE	69,639.76
146100	INTERCOMPANY	979,002,540.19
163003	FREIGHT	110,027.05
165100	PREPAID OTHER	44,047.06
165101	PREPAID IT CONTRACTS	71,900,189.80
184001	CLOSED 06/12 - VACATION - BURDEN CLEARING	(7,404,646.34)
184002	VACATION PAY	6,704,766.28
184010	CLOSED 06/12 - HOLIDAY - BURDEN CLEARING	(22,061,782.05)
184011	HOLIDAY PAY	15,605,414.45
184020	CLOSED 06/12 - SICK - BURDEN CLEARING	(8,747,261.58)
184021	SICK PAY	10,662,851.23
184030	CLOSED 06/12 - OTHER OFF-DUTY - BURDEN CLEARING	(5,039,873.91)
184031	OTHER OFF-DUTY PAY	6,174,501.29
184040	TEAM INCENTIVE AWARD - BURDEN CLEARING	(63,936,837.58)
184075	WORKERS COMP - BURDEN CLEARING	(186,992.45)
184093	LONG TERM DISABILITY - BURDEN CLEARING	(485,423.77)
184096	PENSIONS - BURDEN CLEARING	(121,677,503.67)
184097	FASB 106 (OPEB) - BURDEN CLEARING	(10,356,240.42)
184098	FASB 112 (OPEB) - BURDEN CLEARING	(2,806,462.33)
184101	GROUP LIFE INSURANCE - BURDEN CLEARING	(76,637.81)
184104	DENTAL INSURANCE - BURDEN CLEARING	(912,743.67)
184105	MEDICAL INSURANCE - BURDEN CLEARING	(15,381,024.43)
184108	401K - BURDEN CLEARING	(1,656,528.65)
184109	RETIREMENT INCOME - BURDEN CLEARING	(3,027,791.38)
184121	OTHER BENEFITS - BURDEN CLEARING	(3,887,999.05)
184702	IEXPENSE CREDIT CARD CLEARING	15,535.10
190318	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	39,715,389.38
190322	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD	(423,757.27)
190403	CLOSED 08/12 - DTA ON FIXED ASSETS	(1,972,697.77)
190414	DTA ON PROVISIONS FOR PENSIONS - OCI - FED (NON-CURRENT)	487,294,085.58
190415	DTA ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS	306,340,804.26
190418	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES)	6,564,145.05
190422	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD	(9,505,730.57)
190518	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE	7,242,928.20
190522	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD -STATE	1,210,734.96
190603	CLOSED 08/12 - DTA ON FIXED ASSETS - STATE (NON-CURRENT)	(353,603.70)
190614	DTA ON PROVISIONS FOR PENSIONS - OCI - ST (NON-CURRENT)	88,868,222.20
190615	DTA ON PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS - STATE (NON-CURRENT)	55,867,623.06
190618	CLOSED 08/12 - DTA ON LIABILITIES (EXCLUDING DERIVATIVES) - STATE (NON-CURRENT)	921,958.80
190622	CLOSED 08/12 - DTA ON LOSSES CARRIED FORWARD -STATE (NON-CURRENT)	28,394,051.63
201001	COMMON STOCK-AUTH SH	(1,200.00)
211001	CONTRIBUTED CAPITAL - MISC.	(1,115,467,029.57)
216001	UNAPP RETAINED EARN	(1,944,554.09)
219013	OCI - FAS 158 INCREASE FUNDED STATUS - GROSS	1,481,137,038.00
219113	OCI - FAS 158 INCREASE FUNDED STATUS - TAX	(576,162,307.78)
228301	FASB106-POST RET BEN	(95,889,394.12)
228304	PENSION PAYABLE	(1,293,297,347.04)
228305	POST EMPLOYMENT BENEFIT PAYABLE	(23,155,992.00)
228306	PENSION PAYABLE SERP	(767,889,303.09)

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Account	Description	Total Company
228325	FASB 112 - POST EMPLOY MEDICARE SUBSIDY	1,322,629.36
232001	ACCTS PAYABLE-REG	(42,948,860.37)
232002	SALS/WAGES ACCRUED	(42,863,624.91)
232022	ACCRUED AUDIT FEES	(7,818,311.52)
232023	ACCRUED TAXABLE OFFICER BENEFITS	(1,309,563.06)
232024	CREDIT CASH BALANCE	(39,930,596.73)
232050	ACCTS PAYABLE - EON	(1,465,637.86)
232100	ACCOUNTS PAYABLE-TRADE	(65,272,974.22)
232111	401K LIABILITY - EMPLOYER	(2,692,440.80)
232206	UNITED WAY WITHHOLDING PAYABLE	21,855.96
232211	TIA LIABILITY	(38,329,927.79)
232220	CREDIT UNION WITHHOLDING PAYABLE	1,190.00
232243	LOUISVILLE PAC WITHHOLDING PAYABLE	2,356.50
232244	GARNISHEES WITHHOLDING PAYABLE	2,935.56
232246	DCAP WITHHOLDING PAYABLE	(263,876.03)
232248	HCRA WITHHOLDING PAYABLE	(712,419.71)
232249	UNIVERSAL LIFE INS WITHHOLDING PAYABLE	(1,532.25)
234051	INTERCOMPANY PENSION PAYABLE	(4,317,070.00)
234052	I/C PAYABLE - PPL	(18,426,702.23)
234053	I/C PAYABLE TO PPL ENERGY SUPPLY	(13,400.32)
234100	A/P TO ASSOC CO	(14,612,022.39)
236007	FICA-OPR	(11,328,896.94)
236025	CORP INC TAX-FED EST-OPR	(206,276.88)
236026	CORP INC TAX-ST EST-OPR	(37,618.90)
236031	CORP INCOME-KY-OPR	4,780,773.46
236032	CORP INCOME-FED-OPR	(10,669,207.08)
236115	STATE UNEMPLOYMENT-OPR	(546,386.08)
236116	FEDERAL UNEMPLOYMENT-OPR	(360,893.13)
241007	TAX COLL PAY-FICA	6,069.46
241018	STATE WITHHOLDING TAX PAYABLE	(480,880.33)
241036	LOCAL WITHHOLDING TAX PAYABLE	(2,266,043.66)
241037	T/C PAY-PERS INC-FED	18,750.00
242002	MISC LIAB-VESTED VAC	(112,778,619.05)
242014	ESCHEATED DEPOSITS	(4,406.00)
242022	ACCRUED SHORT TERM INCENTIVE	(21,413,167.62)
242023	PENSION PAYABLE SERP CURRENT	(29,479,136.00)
242101	RETIREMENT INCOME LIABILITY	(2,034,855.96)
253025	DEFERRED COMPENSATION	(209,602,852.69)
403016	GENERAL DEPRECIATION EXPENSE	3,375,816.94
408105	FEDERAL UNEMP TAX	207,799.59
408106	FICA TAX	10,587,579.86
408107	STATE UNEMP TAX	83,394.53
408195	FEDERAL UNEMP TAX - INDIRECT	556,050.17
408196	FICA TAX - INDIRECT	41,370,861.74
408197	STATE UNEMP TAX - INDIRECT	840,759.38
408202	TAX-NON INC-OTHER	1,200.00
409101	FED INC TAX-UTIL OPR	85,981,899.13
409102	KY ST INCOME TAXES	18,471,889.62
409104	FED INC TAXES - EST	206,276.88
409105	ST INC TAXES - EST	37,618.90
409203	FED INC TAX-OTHER	(66,630,930.61)
409206	ST INC TAX-OTHER	(12,151,537.50)
410101	DEF FED INC TAX-OPR	32,929,403.95
410102	DEF ST INC TAX-OPR	7,051,781.05
411101	FED INC TX DEF-CR-OP	(51,285,376.60)
411102	ST INC TAX DEF-CR-OP	(13,187,392.29)
412001	SERVICE COMPANY CONSTRUCTION OR OTHER SERVICES EXP	349,117,153.27
418001	NONOPR RENT INCOME	(97,395.45)
419209	INT INC-ASSOC CO	(3,706,564.27)
426101	DONATIONS	19,627,809.36
426191	DONATIONS - INDIRECT	285,554.80
426301	PENALTIES	1,062.03
426401	EXP-CIVIC/POL/REL	4,926,907.40

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426491	EXP-CIVIC/POL/REL - INDIRECT	12,547,802.42
426501	OTHER DEDUCTIONS	10,384,056.18
426502	SERP	24,669,603.68
426504	OFFICERS TIA	20,651,603.81
426505	OFFICER LONG-TERM INCENT	28,056,548.21
426512	EXPATRIATE BENEFITS	(16,947.00)
426513	OTHER OFFICER BENEFITS	1,620,879.98
426591	OTHER DEDUCTIONS - INDIRECT	1,402,396.18
457101	DIRECT COSTS CHARGED	(1,044,266,250.23)
457201	INDIRECT COSTS CHARGED	(1,058,734,971.22)
500100	OPER SUPER/ENG	2,029,103.17
500900	OPER SUPER/ENG - INDIRECT	29,486,947.40
501001	FUEL-COAL - TON	0.34
501022	STABILIZATION OIL - GAL	0.18
501026	COAL RESALE EXPENSES	67,402.68
501090	FUEL HANDLING	7,281,612.00
501990	FUEL HANDLING - INDIRECT	10,255,284.47
502001	OTHER WASTE DISPOSAL	7,207.78
502004	SDRS-H2O SYS OPR	3,602.37
502006	SCRUBBER REACTANT EX	(138,793.12)
502100	STM EXP(EX SDRS.SPP)	4,267,281.30
502900	STM EXP(EX SDRS.SPP) - INDIRECT	479,067.19
505100	ELECTRIC SYS OPR	2,612.46
506100	MISC STM PWR EXP	461,030.63
506105	OPERATION OF SCR/NOX REDUCTION EQUIP	1,741.59
506150	ECR MERCURY MONITORS OPERATIONS	110,429.91
510100	MTCE SUPER/ENG - STEAM	18,404,183.68
511100	MTCE-STRUCTURES	73,147.06
512005	MAINTENANCE-SDRS	27,547.27
512015	SDRS-COMMON H2O SYS	1,251.28
512017	MTCE-SLUDGE STAB SYS	5,679.67
512100	MTCE-BOILER PLANT	69,001.51
512101	MAINTENANCE OF SCR/NOX REDUCTION EQUIP	123,200.00
513100	MTCE-ELECTRIC PLANT	1,606,017.88
513900	MTCE-ELECTRIC PLANT - BOILER	1,117,364.52
514100	MTCE-MISC/STM PLANT	241,612.20
538100	ELECTRIC EXPENSES - HYDRO	(409.07)
539100	MISC HYD PWR GEN EXP	15,694.10
541100	MTCE-SUPER/ENG - HYDRO	82,824.17
542100	MAINT OF STRUCTURES - HYDRO	828.64
544100	MTCE-ELECTRIC PLANT	76,045.05
548100	GENERATION EXP	(339.48)
549002	AIR QUALITY EXPENSES	(101,183.29)
549100	MISC OTH PWR GEN EXP	930.60
551100	MTCE-SUPER/ENG - TURBINES	7,200.00
553100	MTCE-GEN/ELECT EQ	(418.86)
554100	MTCE-MISC OTH PWR GEN	52,608.03
556100	SYS CTRL / DISPATCHING	551,123.89
556900	SYS CTRL / DISPATCHING - INDIRECT	23,298,072.17
560100	OP SUPER/ENG-SSTOPER	578,172.36
560900	OP SUPER/ENG-SSTOPER - INDIRECT	12,915,387.00
561100	LOAD DISPATCH-WELOB	678,944.68
561190	LOAD DISPATCH - INDIRECT	11,924,772.78
561590	RELIABILITY, PLANNING AND STANDARDS DEVELOPMENT - INDIRECT	7,643,590.18
561601	TRANSMISSION SERVICE STUDIES	336,824.11
561900	LOAD DISPATCH-WELOB - INDIRECT	8,713,059.36
561901	BALANCING AUTHORITY EXPENSE (LABOR ONLY)	451,327.32
562100	STA EXP-SUBST OPER	221,688.64
563100	OTHER INSP-ELEC TRAN	1,039,779.51
563900	OTHER INSP-ELEC TRAN - INDIRECT	51,966.22
566100	MISC TRANS EXP-SSTMT	1,038,508.86
566140	INDEPENDENT OPERATOR	34,304,253.77
566900	MISC TRANS EXP-SSTMT - INDIRECT	11,921,536.73

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570100	MTCE-ST EQ-SSTMTCE	3,335,668.64
571100	MTCE OF OVERHEAD LINES	1,597,450.07
573100	MTCE-MISC TR PLT-SSTMT	365,884.98
580100	OP SUPER/ENG-SSTOPER	18,420,113.94
580900	OP SUPER/ENG-SSTOPER - INDIRECT	2,407,951.20
581900	SYS CTRL/SWITCH-DIST - INDIRECT	8,032,154.90
582100	STATION EXP-SSTOPER	7,319.07
583001	OPR-O/H LINES	367,680.39
583005	CUST COMPL RESP-O/H	716,518.01
584001	OPR-UNDERGRND LINES	11,247.68
584005	RESP-U/G CUST COMPL	102,113.88
586100	METER EXP	6,030,841.06
586900	METER EXP - INDIRECT	15,167.85
588100	MISC DIST EXP-SUBSTATION OPERATIONS	12,205,605.76
588900	MISC DIST EXP-SUBSTATION OPERATIONS - INDIRECT	3,523,332.05
590100	MTCE/SUPER/ENG-SSTMT	77,106.27
592100	MTCE-ST EQ-SSTMTCE	27,514.85
593001	MTCE-POLE/FIXT-DISTR	1,533,662.66
593002	MTCE-COND/DEVICE-DIS	78,966.13
593003	MTCE-SERVICES	7,146.75
593004	TREE TRIMMING	1,515,462.75
594002	MTCE-U/G COND ETC	1,140.45
595100	MTCE-TRANSF/REG	4,739.42
596100	MTCE OF STREET LIGHTING AND SIGNALS	69.69
598100	MTCE OF MISC DISTRIBUTION PLANT	638,682.04
807502	GAS PROCUREMENT EXP	129,066.72
816100	WELLS EXPENSE	(103.66)
817100	LINES EXPENSE	4,200.66
818100	COMPR STATION EXP	432,015.38
821100	PURIFICATION EXP	156,004.14
832100	MTC-RESERVOIRS/WELLS	30,387.12
833100	MTCE-LINES	4,016.52
834100	MTCE-COMP STA EQUIP	23,563.84
851100	SYS CTRL/DSPTCH-GAS	37,236.80
856100	MAINS EXPENSES	12,807.37
863100	MTCE-GAS MAINS-TRANS	474,687.58
871100	DISTR LOAD DISPATCH	19,098.77
874001	OTHER MAINS/SERV EXP	1,334,738.57
874002	LEAK SUR-DIST MN/SVC	63,839.14
874005	CHEK STOP BOX ACCESS	30,917.11
875100	MEAS/REG STA-GENERAL	15,006.16
877100	MEAS/REG STA-CITY GATE	7,301.84
878100	METER/REG EXPENSE	(48.20)
879100	CUST INSTALL EXPENSE	(218.22)
880100	OTH GAS DISTR EXPENSE	6,987,770.54
880900	OTH GAS DISTR EXPENSE - INDIRECT	772,017.07
887100	MTCE-GAS MAINS-DISTR	112,749.12
889100	MTCE-M/R STA EQ-GENL	(1.38)
891100	MTCE-M/R ST EQ-CITY GATE	2,609.80
892100	MTCE-OTH SERVICES	(0.80)
894100	MTCE-OTHER EQUIP	22,658.45
901001	SUPV-CUST ACCTS	20,947,564.01
901900	SUPV-CUST ACCTS - INDIRECT	4,253,248.32
902001	METER READ-SERV AREA	1,550,051.78
902002	METER READ-CLER/OTH	10,799.70
902900	METER READ-SERV AREA - INDIRECT	350.00
903001	AUDIT CUST ACCTS	6,029,381.16
903002	BILL SPECIAL ACCTS	405.03
903003	PROCESS METER ORDERS	162,675.38
903006	CUST BILL/ACCTG	413,461.28
903007	PROCESS PAYMENTS	636,587.49
903008	INVEST THEFT OF SVC	70,024.74
903012	PROC CUST CNTRT/ORDR	1,848,260.93

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903013	HANDLE CREDIT PROBS	1,010.16
903022	COLL OFF-LINE BILLS	2,545,277.76
903023	PROC BANKRUPT CLAIMS	2,072.48
903025	MTCE-ASST PROGRAMS	88,865.75
903030	PROC CUST REQUESTS	3,221,802.10
903031	PROC CUST PAYMENTS	1,656,459.49
903032	DELIVER BILLS-REG	24,363,145.10
903035	COLLECTING-OTHER	1,931,507.24
903036	CUSTOMER COMPLAINTS	1,840,024.83
903901	CLOSED 04/10 - AUDIT CUST ACCTS - INDIRECT	780.30
903902	BILL SPECIAL ACCTS - INDIRECT	704,693.29
903906	CUST BILL/ACCTG - INDIRECT	1,745,069.67
903907	PROCESS PAYMENTS - INDIRECT	2,881,661.90
903909	PROC EXCEPTION PMTS - INDIRECT	81,701.36
903912	PROC CUST CNTRT/ORDR - INDIRECT	3,208,934.72
903930	PROC CUST REQUESTS - INDIRECT	45,970,389.84
903931	PROC CUST PAYMENTS - INDIRECT	1,828,030.04
903936	CUSTOMER COMPLAINTS - INDIRECT	2,749,698.76
905001	MISC CUST SERV EXP	5,426,579.84
905002	MISC CUST BILL/ACCTG	2,264,057.19
905003	MISC COLLECTING EXP	2,235.52
907001	SUPV-CUST SER/INFO	614,671.82
907900	SUPV-CUST SER/INFO - INDIRECT	2,254,261.03
908004	DSM - ENERGY AUDIT	(100.00)
908005	DSM CONSERVATION PROG	115,759,206.75
908006	DSM - HVAC	(1,920.00)
908007	DSM - CONSERVATION	55,456.00
908901	CUST MKTG/ASSIST - INDIRECT	3,331,448.46
908902	RES CONS/ENG ED PROG - INDIRECT	1,359,472.48
908909	MISC MARKETING EXP - INDIRECT	1,282,510.89
909004	MISC CUST COM-SER/IN	81,285.98
909010	PRINT ADVER-SER/INFO	837,920.32
909013	SAFETY PROGRAMS	285,450.08
910001	MISC CUST SER/INFO	286,258.69
910900	MISC CUST SER/INFO - INDIRECT	3,087,312.97
913012	OTH ADVER-SALES	383,868.68
920100	OTHER GENERAL AND ADMIN SALARIES	41,412,398.38
920900	OTHER GENERAL AND ADMIN SALARIES - INDIRECT	251,105,197.95
921001	CLOSED 12/08 - EXP-OFFICERS/EXEC	120.00
921002	EXP-GEN OFFICE EMPL	7,174,763.88
921003	GEN OFFICE SUPPL/EXP	13,314,339.11
921004	OPR-GEN OFFICE BLDG	5,140,656.77
921902	INDIRECT EMPLOYEE OFFICE EXPENSE ALLOCATION	11,022,504.32
921903	GEN OFFICE SUPPL/EXP - INDIRECT	43,331,940.08
923100	OUTSIDE SERVICES	44,175,211.39
923101	OUTSIDE SERVICES - AUDIT FEES - PWC	7,571,651.96
923301	OUTSIDE SERVICES - AUDIT FEES - OTHER	287,499.97
923302	OUTSIDE SERVICES - TAX SERVICES - OTHER	107,800.00
923900	OUTSIDE SERVICES - INDIRECT	39,738,772.13
924100	PROPERTY INSURANCE	817,750.01
925001	PUBLIC LIABILITY	542,484.70
925002	WORKERS COMP EXPENSE - BURDENS	60,516.14
925003	AUTO LIABILITY	26,359.44
925004	SAFETY AND INDUSTRIAL HEALTH	713,305.43
925100	OTHER INJURIES AND DAMAGES	(818,174.13)
925902	WORKERS COMP EXPENSE - BURDENS INDIRECT	186,377.01
925904	SAFETY & INDUSTRIAL HEALTH - INDIRECT	34,561.34
926001	TUITION REFUND PLAN	438,135.42
926002	GROUP LIFE INSURANCE EXPENSE - BURDENS	659,592.82
926003	MEDICAL INSURANCE EXPENSE - BURDENS	22,460,768.48
926004	DENTAL INSURANCE EXPENSE - BURDENS	1,047,363.93
926005	LONG TERM DISABILITY EXPENSE - BURDENS	958,663.70
926019	OTHER BENEFITS EXPENSE - BURDENS	2,830,635.91

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926100	EMPLOYEE BENEFITS - NON-BURDEN	12,759,741.42
926101	PENSIONS EXPENSE - BURDENS	54,263,164.99
926102	401K EXPENSE - BURDENS	8,463,718.57
926105	FASB 112 (OPEB) POST EMPLOYMENT EXPENSE - BURDENS	998,003.28
926106	FASB 106 (OPEB) POST RETIREMENT EXPENSE - BURDENS	3,627,752.25
926110	EMPLOYEE WELFARE	595,000.94
926116	RETIREMENT INCOME EXPENSE - BURDENS	978,122.01
926901	TUITION REFUND PLAN - INDIRECT	1,662,358.32
926902	GROUP LIFE INSURANCE EXPENSE - BURDENS INDIRECT	2,289,636.93
926903	MEDICAL INSURANCE EXPENSE - BURDENS INDIRECT	45,992,497.43
926904	DENTAL INSURANCE EXPENSE - BURDENS INDIRECT	2,742,194.94
926905	LONG TERM DISABILITY EXPENSE - BURDENS INDIRECT	2,209,634.40
926911	PENSIONS EXPENSE - BURDENS INDIRECT	86,375,664.26
926912	401K EXPENSE - BURDENS INDIRECT	19,197,441.98
926915	FASB 112 (OPEB) POST EMPLOYMENT EXPENSE - BURDENS INDIRECT	2,243,891.58
926916	FASB 106 (OPEB) POST RETIREMENT EXPENSE - BURDENS INDIRECT	7,963,967.97
926917	PENSION INTEREST EXPENSE - BURDENS INDIRECT	868,546.55
926918	FASB 106 INTEREST (OPEB) POST RETIREMENT EXPENSE - BURDENS INDIRECT	405,803.28
926919	OTHER BENEFITS EXPENSE - BURDENS INDIRECT	3,070,097.74
926990	RETIREMENT INCOME EXPENSE - BURDENS INDIRECT	2,501,980.65
928001	FORMAL CASES-REG COM	65,071.34
928006	FORMAL CASES - TENNESSEE	(225.00)
928007	FORMAL CASES - VIRGINIA	1,848,150.10
930101	GEN PUBLIC INFO EXP	9,076,596.73
930191	GEN PUBLIC INFO EXP - INDIRECT	320,960.63
930202	ASSOCIATION DUES	469,024.61
930203	RESEARCH WORK	41,101.97
930207	OTHER MISC GEN EXP	555,273.38
930223	SUSPENSE - PPL	5,999.00
930272	ASSOCIATION DUES - INDIRECT	5,339,693.03
930274	RESEARCH AND DEVELOPMENT EXPENSES - INDIRECT	18,954,048.36
930277	OTHER MISC GEN EXP - INDIRECT	2,152.16
930903	RESEARCH WORK - INDIRECT	902,952.31
930907	OTHER MISC GEN EXP - INDIRECT	94,881,236.65
935101	MTCE-GEN PLANT	311.18
935391	MTCE-COMMUNICATION EQ - INDIRECT	15,600,456.40
935401	MTCE-OTH GEN EQ	439,668.74
935402	MAINT. OF NON-BONDABLE GENERAL PLANT	640,812.74
935403	MNTC BONDABLE PROPERTY	3,797,607.47
935488	MTCE-OTH GEN EQ - INDIRECT	134,773,890.68
	Totals	**$ -**

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.15

Responding Witness: Daniel K. Arbough

Q2.15 Please provide a schedule showing the capitalization amounts and costs of each component for LKE itself on an unconsolidated basis that support its equity investment in each utility and each other affiliate and/or other investment for each month January 2010 through March 2012. The schedule should show the total capitalization amounts and costs of each component for LKE itself on an unconsolidated basis and then show the amounts that support each of its subsidiaries and/or other investments and the manner in which the capitalization amounts were assigned/allocated to each of the subsidiaries and/or other investments. Provide all computations and workpapers, including electronic spreadsheet with formulas intact.

A2.15 See Attachment #1 for the amounts of debt and equity and the costs of debt for LKE on an unconsolidated basis for each month January 2010 through March 2012. The cost of debt for each component was calculated by dividing the actual interest for each month by the average monthly balance. The cost of equity is not immediately observable and the Company has not estimated it.

Refer to Attachments #2 and #3 for all computations and workpapers (including electronic spreadsheets with formulas intact) supporting Attachment #1.

LKE INCOME STATEMENT

Period: DEC-2010 Currency: USD
Submitted: 10-FEB-11 11:01:53

2mos.

	MONTH LKE US GAAP	*YTD LKE US GAAP*
REVENUES:		
Electric utility revenues	0.00	0.00
Gas utility revenues	0.00	0.00
Non-utility revenues	0.00	0.00
Total revenues	0.00	0.00
COST OF REVENUES:		
Fuel for electric generation	0.00	0.00
Power purchased	0.00	0.00
Gas supply expenses	0.00	0.00
Total cost of revenues	0.00	0.00
GROSS PROFIT	0.00	0.00
OPERATING EXPENSES:		
Operation and maintenance expense	(2,435.53)	(11,359.81)
Depreciation, accretion, and amort expense	0.00	0.00
Nonrecurring charges	0.00	0.00
Total operating expenses	(2,435.53)	(11,359.81)
Equity in earnings of affiliates	0.00	0.00
Operating income	(2,435.53)	(11,359.81)
Other income (expense) - net	5,100.96	11,650.87
Loss on asset impairment	0.00	0.00
Intercompany dividends (LKE)	0.00	0.00
Interest income	82,373.79	82,435.87
Intercompany interest (LKE)	2,265,104.26	4,514,695.67
Intercompany interest - affil cos (non-LKE)	(50,958.90)	(632,570.83)
Interest expense	(2,323,383.67)	(3,792,326.29)
Preferred dividends	0.00	0.00
Income before income taxes	(24,199.09)	172,525.48
Current income tax provision	(1,107,897.04)	(1,184,422.89)
Deferred income tax provision	(50,328.12)	226,492.88
Total income tax provision	(1,158,225.16)	(957,930.01)
Income before disc op, extra items	(1,182,424.25)	(785,404.53)
Net income - discontinued operations	0.00	0.00
Gain on sale - discontinued operations	0.00	0.00
Extraordinary items	0.00	0.00
Cumulative effect of acctg change	0.00	0.00
Net income excl noncontrolling interest	(1,182,424.25)	(785,404.53)
Noncontrolling interest - income statement	0.00	0.00
Net income	(1,182,424.25)	(785,404.53)
Total of all income-statement accounts	1,182,424.25	785,404.53
Difference	0.00	0.00

2010
LKE (UNCONS)
INT EXP

ST = $1,084,142.86

LT = $50,834,700.14

G2-15 KIUC
2010
LKE UNCONS
INT EXP

① = 581611.93 + 50,958.90 ST
& ③, ④, ⑤ LT

CONSOLIDATED INCOME STATEMENT LELLC PARENT

E.ON US, Inc.
Period: OCT-2010 Currency: USD
Submitted: 09-NOV-10 09:09:00

	TOTAL LELLC
REVENUES:	
Electric utility revenues	0.00
Gas utility revenues	0.00
Non-utility revenues	0.00
Total revenues	0.00
COST OF REVENUES:	
Fuel for electric generation	0.00
Power purchased	0.00
Gas supply expenses	0.00
Total cost of revenues	0.00
GROSS PROFIT	0.00
OPERATING EXPENSES:	
Operation and maintenance expense	3,322,784.63
Depreciation, accretion, and amort expense	0.00
Nonrecurring charges	0.00
Total operating expenses	3,322,784.63
Equity in earnings of affiliates	(350,000.00)
Operating income	2,972,784.63
Other income (expense) - net	49,610.56
Loss on asset impairment	0.00
Intercompany dividends (EUS)	105,000,000.00
Interest income	2,395.05
Intercompany interest (EUS)	29,191,820.20
Intercompany interest - affil cos (non-EUS)	(47,493,945.88)
Interest expense	0.00
Preferred dividends	0.00
Income before income taxes	89,722,664.56
Current income tax provision	(11,922,873.41)
Deferred income tax provision	14,148,447.96
Total income tax provision	2,225,574.55
Income before disc op, extra items	91,948,239.11
Net income - discontinued operations	3,073.33
Gain on sale - discontinued operations	0.00
Extraordinary items	0.00
Cumulative effect of acctg change	0.00
Net income excl noncontrolling interest	91,951,312.44
Noncontrolling interest - income statement	0.00
Net income	91,951,312.44
Total of all income-statement accounts	(91,951,312.44)
Difference	0.00

451,572.03 (1) ST
47,042,373.85 (7) LT

Currency: USD
Balance Type: Period to Date
COMPANY Range: 0800 to 0800

COMPANY: 0800 LG&E AND KU ENERGY LLC

2 mos NOV-DEC 2010

ACCOUNT	Description	Beginning Balance	Debits	Credits	Ending Balance
232100	ACCOUNTS PAYABLE-TRADE	0.00	85,654,687.26	85,654,687.26	0.00
233013	ST - NOTES PAYABLE TO SERVCO	(80,953.50)	0.00	46,473.31	(127,426.81)
233019	SHORT TERM NOTES PAYABLE TO LG&	(78,055.27)	0.00	44,809.51	(122,864.78)
233036	CLOSED 04/11 - N/P - MONEY POOL	(99,765,472.89)	99,776,557.94	11,085.05	0.00
233037	CLOSED 04/11 - N/P - MONEY POOL	(108,419,595.71)	108,431,642.33	12,046.62	0.00
234012	I/C PAYABLE - PARENT CO FINANCI	(581,611.93)	663,017.93	132,364.90	(50,958.90)
234019	CLOSED 05/11 - I/C PAYABLE - EU	0.00	3,246,894.00	3,246,894.00	0.00
234100	A/P TO ASSOC CO	(636,435,390.40)	1,241,954,453.57	1,211,038,126.34	(605,519,063.17)
236031	CORP INCOME-KY-OPR	(3,547,197.49)	1,439,612.00	915,956.47	(3,023,541.96)
236032	CORP INCOME-FED-OPR	(1,561,081.33)	1,723,667.74	548,945.31	(386,358.90)
237016	ACCR INT-SR NOTE LKE2010 $400M	(448,611.11)	0.00	708,333.33	(1,156,944.44)
237017	ACCR INT-SR NOTE LKE2010 $475M	(940,104.17)	0.00	1,484,375.00	(2,424,479.17)
253004	OTH DEFERRED CR-OTHR	(132,929.01)	0.00	0.00	(132,929.01)
253028	OTHER DEFERRED CREDITS-CROSS BO	(300,000.00)	0.00	0.00	(300,000.00)
282503	DTL ON FIXED ASSETS	(949.32)	0.00	0.00	(949.32)
282703	DTL ON FIXED ASSETS - STATE (NO	949.32	0.00	0.00	949.32
283508	CLOSED 12/11 - DTL ON RECEIVABL	0.37	0.00	0.00	0.37
283518	CLOSED 08/12 - DTL ON LIABILITI	(2,294,368.70)	0.00	0.00	(2,294,368.70)
408102	REAL AND PERSONAL PROP. TAX	(212.85)	0.00	0.00	(212.85)
409101	FED INC TAX-UTIL OPR	64,722.38	548,945.31	357,004.74	256,662.95
409102	KY ST INCOME TAXES	11,803.47	915,956.47	0.00	927,759.94
410101	DEF FED INC TAX-OPR	668,032.75	1,908,130.51	0.00	2,576,163.26
410102	DEF ST INC TAX-OPR	0.00	27,345.72	0.00	27,345.72
411101	FED INC TX DEF-CR-OP	(944,853.75)	0.00	973,186.75	(1,918,040.50)
411102	ST INC TAX DEF-CR-OP	0.00	0.00	911,961.36	(911,961.36)
419002	INT INC-US TREAS SEC	(62.08)	0.00	62.08	(124.16)
419014	DIVS FROM INVESTMENT	(6,549.85)	0.00	5,100.96	(11,650.81)
419208	INT INC - PPL ENERGY FUNDING	0.00	94,897.80	177,209.51	(82,311.71)
419209	INT INC-ASSOC CO	(2,381,292.47)	15,714.78	2,395,233.53	(4,760,811.22)
421001	MISC NONOPR INCOME	(0.06)	0.00	0.00	(0.06)
427016	INT EXP-SR NOTE LKE2010 $400M 1	448,611.11	708,333.33	0.00	(3) 1,156,944.44
427017	INT EXP-SR NOTE LKE2010 $475M 1	940,104.17	1,484,375.00	0.00	2,424,479.17
428016	AM EXP-SR NOTE LKE2010 $400M 11	25,510.03	42,953.55	0.00	(5) 68,463.58
428017	AM EXP-SR NOTE LKE2010 $475M 11	16,383.49	27,194.71	0.00	43,578.20
428216	AM DISC-SR NOTE LKE2010 $400M 1	18,704.44	29,533.33	0.00	(4) 48,237.77
428217	AM DISC-SR NOTE LKE2010 $475M 1	19,629.38	30,993.75	0.00	50,623.13
430002	INT-DEBT TO ASSOC CO	131,701.06	180,909.01	66,494.52	246,115.55
430004	I/C INT EXP - E.ON NORTH AMERIC	581,611.93	50,958.90	0.00	(1) 632,570.83
438002	CLOSED 06/11 - COMMON STK DIVS	81,000,000.00	0.00	0.00	81,000,000.00
921003	GEN OFFICE SUPPL/EXP	9,137.13	11,672.91	9,237.38	11,572.66
		0.00	3,424,738,783.84	3,424,738,783.84	0.00

Currency: USD
Balance Type: Period to Date
COMPANY Range: 0800 to 0800

COMPANY: 0800 LG&E AND KU ENERGY LLC

10 mos short year

ACCOUNT	Description	Beginning Balance	Debits	Credits	Ending Balance
418107	EQUITY IN EARNINGS OF SUBS-EEI	315,000.00	35,000.00	350,000.00	0.00
419002	INT INC-US TREAS SEC	(857.34)	952.08	94.74	0.00
419005	INT INC-FED TAX PMT	(1,442.97)	1,442.97	0.00	0.00
419014	DIVS FROM INVESTMENT	(65.82)	65.82	0.00	0.00
419209	INT INC-ASSOC CO	0.00	2,543,108.12	2,543,108.12	0.00
421001	MISC NONOPR INCOME	(49,544.74)	49,544.74	0.00	0.00
426505	OFFICER LONG-TERM INCENT	(304,350.00)	304,350.00	0.00	0.00
430001	CLOSED 09/10 - INT-ADV FR ASSOC	(27,168,205.80)	27,168,205.80	0.00	0.00
430002	INT-DEBT TO ASSOC CO	404,024.52	186,139.76	590,164.28	0.00
430003	INT EXP ON NOTES TO FIDELIA/PPL	41,203,251.50	3,916,386.33	45,119,637.83	0.00
430004	I/C INT EXP - E.ON NORTH AMERIC	2,153,229.73	221,078.32	2,374,308.05	0.00
433101	OTHER EXPENSES - DISCONTINUED O	(4,527.00)	5,030.00	503.00	0.00
433102	FED CURRENT INCOME TAXES - DISC	1,761.00	206.23	1,967.23	0.00
438002	CLOSED 06/11 - COMMON STK DIVS	56,000,000.00	25,000,000.00	0.00	81,000,000.00
920100	OTHER GENERAL AND ADMIN SALARIE	(994,686.00)	994,686.00	0.00	0.00
921003	GEN OFFICE SUPPL/EXP	35,601.02	10,540.35	46,141.37	0.00
926101	PENSIONS EXPENSE - BURDENS	(1,794,600.00)	1,994,000.00	199,400.00	0.00
926106	FASB 106 (OPEB) POST RETIREMENT	(65,601.00)	74,794.00	9,193.00	0.00
		0.00	4,309,852,395.63	4,309,852,395.63	0.00

70,670.56 - part close out entry!

LT FIDELIA
ST EON NA
LT EON NA

EON NA LT 1,922,736.02
EON NA ST 311,084.50
EON NA CF ST 140,487.53

2,374,308.05

Currency: USD
Accounts From: 0800.000.000000.000000.430002.0000.0000.0000
To: 0800.ZZZ.ZZZZZZ.ZZZZZZ.430002.ZZZZ.ZZZZ.ZZZZ
Balance Type: Actual

Period: OCT-2010

Source	Category	Batch Name	JE Name	Accounting Flexfield	Description	Entry Item	Debits	Credits
Spreadshee	Other	KWC Spreadsheet 22737018: A 10	J105-0800	0800.000.000800.000004.430002.0000.0699.00	Accr IC Int	Journal Import Cr	34,691.23	
Spreadshee	Other	KWC Spreadsheet 22737018: A 10	J105-0800	0800.000.000800.000020.430002.0000.0699.00	Accr IC Int	Journal Import Cr	35,979.33	
Spreadshee	Accrual	KWC Spreadsheet 22693619: A 10	J028-0004	0800.000.000800.000518.430002.0000.0699.00	I/C Interes	Journal Import Cr	21,468.19	
Spreadshee	Accrual	KWC Spreadsheet 22693619: A 10	J028-0004	0800.000.000800.000523.430002.0000.0699.00	I/C Interes	Journal Import Cr	23,330.45	
Spreadshee	Other	KWC Spreadsheet 22702639: A 10	J024-0800	0800.000.000800.000800.430002.0000.0699.00	Accr IC Int	Journal Import Cr	35,979.33	
Spreadshee	Other	KWC Spreadsheet 22707974: A 10	J025-0800	0800.000.000800.000800.430002.0000.0699.00	Accr IC Int	Journal Import Cr	34,691.23	
Spreadshee	Other	KWC Spreadsheet 22737018: A 10	J105-0800	0800.000.000800.000800.430002.0000.0699.00	Accr IC Int	Journal Import Cr		34,691.23
Spreadshee	Other	KWC Spreadsheet 22737018: A 10	J105-0800	0800.000.000800.000800.430002.0000.0699.00	Accr IC Int	Journal Import Cr		35,979.33
Spreadshee	Other	KWC Spreadsheet 22800928: A 10	J106-0800	0800.000.999001.000004.430002.0000.0699.00	Close Out I	Journal Import Cr		34,691.23
Spreadshee	Other	KWC Spreadsheet 22800928: A 10	J106-0800	0800.000.999001.000020.430002.0000.0699.00	Close Out I	Journal Import Cr		35,979.33
Spreadshee	Other	KWC Spreadsheet 22800928: A 10	J106-0800	0800.000.999001.000518.430002.0000.0699.00	Close Out I	Journal Import Cr		215,385.24
Spreadshee	Other	KWC Spreadsheet 22800928: A 10	J106-0800	0800.000.999001.000523.430002.0000.0699.00	Close Out I	Journal Import Cr		233,437.92
Total for Period:		OCT-2010					186,139.76	590,164.28

CLOSE BOOK

Beginning Balance: 404,024.52 DR

Ending Balance: 0.00 DR

Grand Total for report from JAN-2010 through OCT-2010	590,164.28	590,164.28

Revie\

2010
LKE Luncons)
LT INTEXP

LG&E and KU Energy LLC
181016 & 181017 Amortization of Debt Expense 428016 & 428017 on Senior Notes
For the year 2010

SR NOTE DEBT ACCOUNT	221016	221017	
UNAMORTIZED DEBT EXPENSE	181016	181017	
AMORTIZATION EXPENSE ACCOUNT	428016	428017	
SENIOR NOTE TOTAL	$400,000,000	$475,000,000	$875,000,000.00
DEBT ISSUANCE EXPENSE - NOV 10	$2,416,740.00	$3,104,240.00	
DEBT ISSUANCE EXPENSE - DEC 10	$157,798.68	$157,798.67	
RATE	2.125%	3.750%	
SERIES	LKE2010	LKE2010	
ISSUED	11/12/2010	11/12/2010	
MATURITY	11/15/2015	11/15/2020	
TOTAL # OF MONTHS	60	120	
BALANCE Jan. 1, 2010	$ -	$ -	$ -

MONTHLY AMORTIZATION				
JAN	1			-
FEB	2			-
MAR	3			-
APR	4			-
MAY	5			-
JUN	6			-
JUL	7			-
AUG	8			-
SEP	9			-
OCT	10			-
NOV	11	25,510.03	16,383.49	41,893.52
DEC	12	42,953.55	27,194.71	70,148.26
YEAR TOTAL (INTEREST EXP.)		$ 68,463.58	$ 43,578.20	$ 112,041.78

(5) LT

UNAMORTIZED DEBT BALANCE				
JAN	1			-
FEB	2			-
MAR	3			-
APR	4			-
MAY	5			-
JUN	6			-
JUL	7			-
AUG	8			-
SEP	9			-
OCT	10			-
NOV	11	2,391,229.97	3,087,856.51	5,479,086.48
DEC	12	2,506,075.10	3,218,460.47	5,724,535.57

Review

LKE (LUCONS)
LT INT EXP

LG&E and KU Energy LLC - Co. 800
226016 & 226017 Amortization of Debt Discount 428216 & 428217 on Senior Notes
For the year 2010

			TOTAL
SR NOTE DEBT ACCOUNT	221016	221017	
UNAMORTIZED DEBT DISCOUNT	226016	226017	
AMORTIZATION DISCOUNT ACCOUNT	428216	428217	
SENIOR NOTE TOTAL	$400,000,000	$475,000,000	$875,000,000.00
DEBT DISCOUNT	$1,772,000	$3,719,250	
RATE	2.125%	3.750%	
SERIES	LKE2010	LKE2010	
ISSUED	11/12/2010	11/12/2010	
MATURITY	11/15/2015	11/15/2020	
TOTAL # OF MONTHS	60	120	
BALANCE Jan. 1, 2010	$ -	$ -	$ -
MONTHLY AMORTIZATION			
JAN	1		-
FEB	2		-
MAR	3		-
APR	4		-
MAY	5		-
JUN	6		-
JUL	7		-
AUG	8		-
SEP	9		-
OCT	10		-
NOV	11	18,704.44	19,629.38	38,333.82
DEC	12	29,533.33	30,993.75	60,527.08
YEAR TOTAL (AMORTIZATION)		$ 48,237.77	$ 50,623.13	$ 98,860.90
UNAMORTIZED DISCOUNT BALANCE				
JAN	1			-
FEB	2			-
MAR	3			-
APR	4			-
MAY	5			-
JUN	6			-
JUL	7			-
AUG	8			-
SEP	9			-
OCT	10			-
NOV	11	1,753,295.56	3,699,620.62	5,452,916.18
DEC	12	1,723,762.23	3,668,626.87	5,392,389.10

(4)
LT

2010 LKE (UNCONS) LT INTEXP

LG&E and KU Energy LLC - Co. 800 #J021-0800
237016 & 237017 Accrued Interest and 427016 & 427017 Interest Expense on Senior Notes
For the year 2010

			TOTAL
SR NOTE DEBT ACCOUNT	221016	221017	
ACCRUED INTEREST ACCOUNT	237016	237017	
SR NOTE INT EXPENSE ACCOUNT	427016	427017	

SENIOR NOTE TOTAL	$400,000,000	$475,000,000	$875,000,000.00
RATE	2.125%	3.750%	
SERIES	LKE2010	LKE2010	
ISSUED	11/12/2010	11/12/2010	
MATURITY	11/15/2015	11/15/2020	
PAYMENTS	5/15 & 11/15	5/15 & 11/15	

BALANCE				
Jan. 1, 2010		$ -	$ -	$ -
MONTHLY PROVISIONS				
JAN	1			-
FEB	2			-
MAR	3			-
APR	4			-
MAY	5			-
JUN	6			-
JUL	7			-
AUG	8			-
SEP	9			-
OCT	10			-
NOV	11	448,611.11	940,104.17	1,388,715.28
DEC	12	708,333.33	1,484,375.00	2,192,708.33
YEAR TOTAL (INTEREST EXP.)		$ 1,156,944.44	$ 2,424,479.17	$ 3,581,423.61
PAYMENTS				
JAN	1			-
FEB	2			-
MAR	3			-
APR	4			-
MAY	5			-
JUN	6			-
JUL	7			-
AUG	8			-
SEP	9			-
OCT	10			-
NOV	11			-
DEC	12			-
TOTAL		$ -	$ -	$ -
ACCRUED INTEREST BALANCE				
JAN	1			-
FEB	2			-
MAR	3			-
APR	4			-
MAY	5			-
JUN	6			-
JUL	7			-
AUG	8			-
SEP	9			-
OCT	10			-
NOV	11	(448,611.11)	(940,104.17)	(1,388,715.28)
DEC	12	(1,156,944.44)	(2,424,479.17)	(3,581,423.61)

(3) LT

Q2-15 KIUC

2010
LKE (UNCONS)
INT EXP
ST + LT AFFIL

LG&E and KU Energy LLC - Co. 800
419209 & 430002 - Intercompany Interest Income/(Expense)
2010

12 mos

		Jan	Feb	Mar	Apr	May	June	July	August	September	October	Short Year Eff with Sale 11/1/10. November	December	YTD 2010
145006	Notes Receivable from LEM (J020-0800)	233,650.00	233,650.00	233,650.00	233,650.00	233,650.00	233,650.00	233,650.00	233,650.00	230,020.00	29,108.33	0.00	0.00	2,128,328.33
145010	Notes Receivable from LKC (J023-0800)	2,698,509.49	2,574,643.07	2,689,842.96	2,664,240.61	2,715,372.32	2,770,314.99	2,689,469.38	2,587,681.60	2,472,483.53	2,409,188.82	2,302,858.53	2,329,750.41	30,904,355.71
233013	Notes Payable to Servco (J024-0800)									70670.56	(35,979.33)	(44,974.17)	(46,473.31)	(127,426.81)
233019	Notes Payable to LKC (J025-0800)										(34,691.23)	(43,364.04)	(44,809.51)	(122,864.78)
	Money Pool Intercompany Interest (J028-0004):													
	Pool-KU	8,971.79	8,013.18	6,652.91	2,922.89	9,995.94	19,326.89	22,370.92	15,186.57	6,225.81	8,758.89	10,260.91	798.51	119,485.21
	Pool-LGE	26,774.01	16,298.80	18,202.25	19,856.03	24,519.30	37,766.26	38,420.62	28,309.68	22,634.31	24,620.75	1,280.89	648.33	259,331.23
	LKC-Pool	41,900.56	15,825.09	18,631.50	25,973.77	27,602.66	39,969.17	44,418.78	37,525.96	36,602.56	47,154.92	56,020.53	42,098.81	433,724.31
	Pool-ENGT	531.39												531.39
	Pool-LEM	18,994.72	40,746.58	47,493.41	46,488.47	52,615.58	75,408.64	80,695.16	64,575.20	62,633.75	13,689.06	623.58	755.94	504,720.09
	Pool-LPO	(18,628.17)	(16,828.34)	(19,565.99)	(18,938.25)	(21,437.04)	(30,673.38)	(32,637.30)	(26,117.71)	(25,281.29)	(23,330.45)	(22,582.71)	(12,046.62)	(268,067.25)
	Pool-LPI	8,453.46	7,636.70	8,879.04	8,594.18	9,728.13	13,919.57	14,810.80	11,852.21	11,472.65	10,587.35	10,248.03	5,466.75	121,648.87
	Pool-LPD	(17,141.16)	(15,485.00)	(18,004.12)	(18,007.37)	(19,725.93)	(28,225.01)	(30,032.17)	(24,032.97)	(23,263.32)	(21,468.19)	(20,780.14)	(11,085.05)	(247,250.43)
	Month's Total	3,002,016.09	2,864,500.08	2,985,781.96	2,964,780.33	3,032,320.96	3,131,457.13	3,061,166.19	2,928,630.54	2,793,528.00	2,427,638.92	2,249,591.41	2,265,104.26	33,706,515.87
	YTD Total	3,002,016.09	5,866,516.17	8,852,298.13	11,817,078.46	14,849,399.42	17,980,856.55	21,042,022.74	23,970,653.28	26,764,181.28	29,191,820.20 (YTD)	2,249,591.41	4,514,695.67 (2 mos)	33,706,515.87
	YTD Income Statement I/C Interest (LKE)	3,002,016.09	5,866,516.17	8,852,298.13	11,817,078.46	14,849,399.42	17,980,856.55	21,042,022.74	23,970,653.28	26,764,181.28	29,191,820.20	2,249,591.41	4,514,695.67	
	Difference	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	Avg Debt Rate for Money Pool:	0.20%	0.20%	0.21%	0.21%	0.23%	0.34%	0.35%	0.28%	0.28%	0.25%	0.25%	0.25%	

Note: Effective with the 11/1/10 sale to PPL, E.ON US became LG&E and KU Energy LLC (LKE)

LT Σ(2) $ 250,291.59

ST Σ(8) $ 515,317.68

Q2-15 KIUC
2010
LKE LONGCO
INT EXP
ST + LT

LG&E and KU Energy LLC
430004 - I/C Interest (Non-LKE)
2010

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Short Year with Sale 11/1/10. PPL Nov-10	Dec-10	YTD Total
Short-term Notes:													
E.ON North America (See GL# 234012 J022-0800))	68,336.50	12,621.01	3,024.54	5,693.93	15,099.77	37,061.07	66,672.97	59,821.57	24,503.86	18,249.28	523,143.44	-	834,227.94
E.ON NA-Commit Fee (See GL# 234012 J022-0800))	8,138.22	15,238.30	18,638.22	17,648.63	16,963.97	13,259.59	9,391.64	10,087.40	14,780.55	16,343.01	58,468.49	50,958.90	249,914.92
Total Short-Term Interest	76,474.72	27,857.31	21,662.76	23,342.56	32,063.74	50,320.66	76,064.61	69,908.97	39,284.41	34,592.29	581,611.93	50,958.90	1,084,142.86 (1)
Long-term Notes:													
E.ON North America (See GL# 234012 J022-0800)	192,916.67	192,916.67	192,916.67	192,916.67	192,916.67	192,916.63	192,916.67	192,916.67	192,916.67	186,486.03	-	-	1,922,736.02
Fidelia (E.ON) (See GL # 234010 J021-0800)	4,852,164.05	4,647,330.83	4,873,582.55	4,807,438.35	4,463,222.26	4,475,395.35	4,481,465.91	4,377,628.70	4,225,023.50	3,916,386.33	-	-	45,119,637.83
Total Long-Term Interest	5,045,080.72	4,840,247.50	5,066,499.22	5,000,355.02	4,656,138.93	4,668,311.98	4,674,382.58	4,570,545.37	4,417,940.17	4,102,872.36	-	-	47,042,373.85 (T)
Month's Total Interest	5,121,555.44	4,868,104.81	5,088,161.98	5,023,697.58	4,688,202.67	4,718,632.64	4,750,447.19	4,640,454.34	4,457,224.58	4,137,464.65	581,611.93	50,958.90	48,119,637.83 (T)
YTD Interest													
Per above	5,121,555.44	9,989,660.25	15,077,822.23	20,101,519.81	24,789,722.48	29,508,355.12	34,258,802.31	38,899,256.65	43,356,481.23	47,493,945.88	581,611.93	632,570.83	632,570.83
Per Trial Balance:													
Account #430003 Interest Expense Fidelia	4,852,164.05	9,499,494.88	14,373,077.43	19,180,515.78	23,643,738.04	28,119,133.39	32,600,599.30	36,978,228.00	41,203,251.50	45,119,637.83	-	-	
Account #430004 Interest Expense PPL (Eff 11/10)	269,391.39	490,165.37	704,744.80	921,004.03	1,145,984.44	1,389,221.73	1,658,203.01	1,921,028.65	2,153,229.73	2,374,308.05	581,611.93	632,570.83	
	5,121,555.44	9,989,660.25	15,077,822.23	20,101,519.81	24,789,722.48	29,508,355.12	34,258,802.31	38,899,256.65	43,356,481.23	47,493,945.88	581,611.93	632,570.83	
Difference	-	-	-	-	-	-	-	-	-	-	-	-	
Comparison to Income Statement													
Intercompany Interest - Non-LEL Per I/S	(5,121,555.44)	(9,989,660.25)	(15,077,822.23)	(20,101,519.81)	(24,789,722.48)	(29,508,355.12)	(34,258,802.31)	(38,899,256.65)	(43,356,481.23)	(47,493,945.88)	(581,611.93)	(632,570.83)	
Total per Trial Balance (above)	(5,121,555.44)	(9,989,660.25)	(15,077,822.23)	(20,101,519.81)	(24,789,722.48)	(29,508,355.12)	(34,258,802.31)	(38,899,256.65)	(43,356,481.23)	(47,493,945.88)	(581,611.93)	(632,570.83)	
Difference	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

ST (1) = 1,084,142.86

LT (T) = 47,042,373.85

GAAP LKE INCOME STATEMENT

Period: DEC-2011 Currency: USD
Submitted: 03-JAN-12 17:37:58

	Company 0800 Month LKE US GAAP	*Company 0800 YTD LKE US GAAP*	*Company 0803 Current Month LKE PAA*	*Company 0803 YTD LKE PAA*
REVENUES:				
Electric utility revenues	0.00	0.00	0.00	0.00
Wholesale revenues	0.00	0.00	0.00	0.00
Wholesale revenues to affiliates (LKE)	0.00	0.00	0.00	0.00
Gas utility revenues	0.00	0.00	0.00	0.00
Non-utility revenues	0.00	0.00	0.00	0.00
Total revenues	0.00	0.00	0.00	
OPERATING EXPENSES:				
Fuel for electric generation	0.00	0.00	0.00	
Power purchased	0.00	0.00	0.00	
Power purchased from affiliates (LKE)	0.00	0.00	0.00	
Gas supply expenses	0.00	0.00	0.00	
Operation and maintenance expense	(4,500.00)	(59,971.08)	0.00	
Taxes other than income	1.00	(1,949.10)	0.00	
Depreciation, accretion, and amort expense	0.00	0.00	0.00	
Nonrecurring charges	0.00	0.00	0.00	
Total operating expenses	(4,499.00)	(61,920.18)	0.00	0.00
Operating income	(4,499.00)	(61,920.18)	0.00	0.00
Equity in earnings of affiliates	0.00	0.00	0.00	0.00
Derivative gains (losses)	0.00	0.00	0.00	0.00
Other income (expense) - net	34.35	4,366.17	0.00	0.00
Loss on asset impairment	0.00	0.00	0.00	0.00
Intercompany dividends (EUS)	0.00	0.00	0.00	0.00
Intercompany interest income (LKE)	2,278,532.94	26,988,581.01 N/A	0.00	0.00
Intercompany interest expense (LKE)	(107,873.69)	(1,105,368.40) ② LT	0.00 (AFFIL)	0.00
Intercompany interest income (non-LKE)	52,180.02	1,155,714.17 N/A	0.00	0.00
Intercompany interest expense (non-LKE)	(51,666.67)	(618,018.04) ① ST	0.00 (PPL)	0.00
Interest expense	(3,269,325.02)	(30,837,837.63) =③+④+⑤+⑥		0.00
Preferred dividends	0.00	0.00	0.00	0.00
Income before income taxes	(1,102,617.07)	(4,474,482.90)	0.00	0.00
Current income tax provision	(0.02)	4,472,535.82	0.00	0.00
Deferred income tax provision	0.00	(2,269,948.46)	0.00	0.00
Total income tax provision	(0.02)	2,202,587.36	0.00	0.00
Income before disc op, extra items	(1,102,617.09)	(2,271,895.54)	0.00	0.00
Loss from disc operations - pretax	0.00	0.00	0.00	0.00
Loss from disc operations - tax	0.00	0.00	0.00	0.00
Loss from discontinued operations	0.00	0.00	0.00	0.00
Loss on disp of disc operations - pretax	0.00	0.00	0.00	0.00
Loss on disp of disc operations - tax	0.00	0.00	0.00	0.00
Loss on disp - discontinued operations	0.00	0.00	0.00	0.00
Extraordinary items	0.00	0.00	0.00	0.00
Cumulative effect of acctg change	0.00	0.00	0.00	0.00
Net income excl noncontrolling interest	(1,102,617.09)	(2,271,895.54)	0.00	0.00
Noncontrolling interest - income statement	0.00	0.00	0.00	0.00
Net income	(1,102,617.09)	(2,271,895.54)	0.00	0.00
Total of all income-statement accounts	1,102,617.09	2,271,895.54	0.00	0.00
Difference	0.00	0.00	0.00	0.00

LKE CONCONS INT EXP

ST = $618,018.0

LT = $31,942,820.

Q2-15 KIUC
2011
LKE CONCONS
INT EXP

⑥ is N/A TAX
= 385.14

LT = 30,837,452.

Q2-15 KIUC
2011
LKE (Uxons)
T/B

Currency: USD
Balance Type: Period to Date
COMPANY Range: 0800 to 0800

COMPANY: 0800 LG&E AND KU ENERGY LLC

ACCOUNT	Description	Beginning Balance	Debits	Credits	Ending Balance
232100	ACCOUNTS PAYABLE-TRADE	0.00	81,889,841.88	81,889,841.88	0.00
233013	ST - NOTES PAYABLE TO SERVCO	(95,667.00)	0.00	54,919.94	(150,586.94)
233019	SHORT TERM NOTES PAYABLE TO LG&	(88,825.64)	0.00	52,953.75	(141,779.39)
234012	I/C PAYABLE - EON N. AMERICA/PP	(50,000.00)	50,000.00	51,666.67	(51,666.67) ✓
234100	A/P TO ASSOC CO	(705,693,299.77)	705,693,299.77	0.00	0.00
236025	CORP INC TAX-FED EST-OPR	785,517.90	0.00	785,517.90	0.00
236026	CORP INC TAX-ST EST-OPR	143,255.55	0.00	143,255.55	0.00
236031	CORP INCOME-KY-OPR	(1,846,109.49)	1,199,395.54	0.00	(646,713.95)
236032	CORP INCOME-FED-OPR	(220,737.50)	18,758,638.89	16,606,696.00	1,931,205.39
236035	OTHER TAXES ACCRUED-OPR	(1.00)	1.00	0.00	0.00
237016	ACCR INT-SR NOTE LKE2010 $400M	(377,777.74)	0.00	708,333.37	(1,086,111.11) ✓
237017	ACCR INT-SR NOTE LKE2010 $475M	(791,666.67)	0.00	1,484,375.00	(2,276,041.67) ✓
237018	ACCR INT-SR NOTE LKE2011 $250M	(1,883,680.55)	0.00	911,458.33	(2,795,138.88) ✓
238204	DIV PAYABLE - PPL FM LKE	(64,000,000.00)	64,000,000.00	0.00	0.00
253004	OTH DEFERRED CR-OTHR	(132,929.01)	0.00	0.00	(132,929.01)
253028	OTHER DEFERRED CREDITS-CROSS BO	(300,000.00)	0.00	0.00	(300,000.00)
253033	UNCERTAIN TAX POSITION - STATE	(227,190.00)	118,100.32	0.00	(109,089.68)
253320	UNCERTAIN TAX POSITIONS - INTER	(44,624.00)	0.00	0.00	(44,624.00)
282503	DTL ON FIXED ASSETS	164,262.46	0.00	0.00	164,262.46
282703	DTL ON FIXED ASSETS - STATE (NO	29,956.68	0.00	0.00	29,956.68
408102	REAL AND PERSONAL PROP. TAX	1,950.10	0.00	1.00	1,949.10
409101	FED INC TAX-UTIL OPR	(2,491,743.40)	0.00	785,517.89	(3,277,261.29)
409102	KY ST INCOME TAXES	(828,018.99)	0.00	143,255.54	(971,274.53)
409104	FED INC TAXES - EST	(785,517.90)	785,517.90	0.00	0.00
409105	ST INC TAXES - EST	(143,255.55)	143,255.55	0.00	0.00
409203	FED INC TAX-OTHER	(224,000.00)	0.00	0.00	(224,000.00)
410101	DEF FED INC TAX-OPR	4,789,467.22	0.00	0.00	4,789,467.22
410102	DEF ST INC TAX-OPR	1,546,521.91	0.00	0.00	1,546,521.91
411101	FED INC TX DEF-CR-OP	(3,671,611.14)	0.00	0.00	(3,671,611.14)
411102	ST INC TAX DEF-CR-OP	(394,429.53)	0.00	0.00	(394,429.53)
417010	OTHER MISC REVENUES FROM NON-UT	(3,408.00)	0.00	0.00	(3,408.00)
419002	INT INC-US TREAS SEC	(652.79)	0.00	33.43	(686.22)
419014	DIVS FROM INVESTMENT	(258.28)	0.00	0.92	(259.20)
419208	INT INC - PPL ENERGY FUNDING	(1,103,534.15)	0.00	52,180.02	(1,155,714.17)
419209	INT INC-ASSOC CO	(24,710,048.07)	0.00	2,278,532.94	(26,988,581.01)
421001	MISC NONOPR INCOME	(12.75)	0.00	0.00	(12.75)
427016	INT EXP-SR NOTE LKE2010 $400M 1	7,791,666.63	708,333.37	0.00	8,500,000.00
427017	INT EXP-SR NOTE LKE2010 $475M 1	16,328,125.00	1,484,375.00	0.00 LT (3)	17,812,500.00
427018	INT EXP-SR NOTE LKE2011 $250M 9	1,883,680.55	911,458.33	0.00	2,795,138.88
428016	AM EXP-SR NOTE LKE2010 $400M 11	530,389.73	51,505.17	0.00	581,894.90
428017	AM EXP-SR NOTE LKE2010 $475M 11	327,830.69	31,383.69	0.00 LT (5)	359,214.38
428018	AM EXP-SR NOTE LKE2011 $250M 9/	33,928.65	18,388.17	0.00	52,316.82
428216	AM DISC-SR NOTE LKE2010 $400M 1	324,866.63	29,533.37	0.00	354,400.00
428217	AM DISC-SR NOTE LKE2010 $475M 1	340,931.25	30,993.75	0.00 LT (4)	371,925.00
428218	AM DISC-SR NOTE LKE2011 $250M 9	6,708.34	3,354.17	0.00	10,062.51
430002	INT-DEBT TO ASSOC CO	997,494.71	107,873.69	0.00 LT (2)	1,105,368.40
430004	I/C INT EXP - E.ON NORTH AMERIC	566,351.37	51,666.67	0.00 ST (1)	618,018.04
431004	INT-OTHER TAX DEFNCY	385.14	0.00	0.00 D/A (6)	385.14
438006	COMMON STOCK DIV DECLARED PPL F	285,250,000.00	0.00	0.00	285,250,000.00
921003	GEN OFFICE SUPPL/EXP	55,471.08	21,000.00	5,500.00	70,971.08

R LKE (CONSOL) LT INT EXP

LG&E and KU Energy LLC
181016, 181017 & 181018 Amortization of Debt Expense 428016, 428017 & 428018 on Senior Notes
For the year 2011

				TOTAL
SR NOTE DEBT ACCOUNT	221016	221017	221018	
UNAMORTIZED DEBT EXPENSE	181016	181017	181018	
AMORTIZATION EXPENSE ACCOUNT	428016	428017	428018	
SENIOR NOTE TOTAL	$400,000,000	$475,000,000	$250,000,000	$1,125,000,000.00
DEBT ISSUANCE EXPENSE - NOV 10	$2,416,740.00	$3,104,240.00	$0.00	$5,520,980.00
DEBT ISSUANCE EXPENSE - DEC 10	$157,798.68	$157,798.67	$0.00	$315,597.35
RATE	2.125%	3.750%	4.375%	
SERIES	LKE2010	LKE2010	LKE2011	
ISSUED	11/12/2010	11/12/2010	9/29/2011	
MATURITY	11/15/2015	11/15/2020	10/1/2021	
TOTAL # OF MONTHS	60	120	120	
BALANCE Jan. 1, 2011	$ 2,506,075.10	$ 3,218,460.47	$ -	$ 5,724,535.57
DEBT ISSUANCE EXPENSE - JAN 11	-2	106,404.50	106,404.50	-	212,809.00
DEBT ISSUANCE EXPENSE - FEB 11	-3	(23,641.68)	(23,641.68)	-	(47,283.36)
DEBT ISSUANCE EXPENSE - MAR 11	-4	65,594.66	65,594.66	-	131,189.32
DEBT ISSUANCE EXPENSE - APR 11	-5	0.00	0.00	-	0.00
DEBT ISSUANCE EXPENSE - MAY 11	-6	91,015.66	108,099.84	-	199,115.50
DEBT ISSUANCE EXPENSE - JUN 11	-7	59,075.14	59,075.15	-	118,150.29
DEBT ISSUANCE EXPENSE - JUL 11	-8	99,053.30	99,053.30	-	198,106.60
DEBT ISSUANCE EXPENSE - AUG 11	-9	0.00	0.00	-	0.00
DEBT ISSUANCE EXPENSE - SEP 11	-10	51,506.09	51,506.10	1,625,000.00	1,728,012.19
DEBT ISSUANCE EXPENSE - OCT 11	-11	0.00	0.00	360,606.32	360,606.32
DEBT ISSUANCE EXPENSE - NOV 11	-12	10,819.05	10,819.05	99,390.00	-1	121,028.10
DEBT ISSUANCE EXPENSE - DEC 11	-13	0.00	0.00	118,736.52	-2	118,736.52
MONTHLY AMORTIZATION					
JAN	1	(44,788.11)	(28,096.44)	-	(72,884.55)
FEB	2	(44,373.34)	(27,894.37)	-	(72,267.71)
MAR	3	(45,544.67)	(28,459.84)	-	(74,004.51)
APR	4	(45,544.67)	(28,459.84)	-	(74,004.51)
MAY	5	(47,230.15)	(29,408.08)	-	(76,638.23)
JUN	6	(48,344.78)	(29,930.87)	-	(78,275.65)
JUL	7	(50,249.65)	(30,815.27)	-	(81,064.92)
AUG	8	(50,249.65)	(30,815.27)	-	(81,064.92)
SEP	9	(51,279.77)	(31,283.51)	-	(82,563.28)
OCT	10	(51,279.77)	(31,283.51)	(16,546.72)	(99,110.00)
NOV	11	(51,505.17)	(31,383.69)	(17,381.93)	(100,270.79)
DEC	12	(51,505.17)	(31,383.69)	(18,388.17)	(101,277.03)
TOTAL		(581,894.90)	(359,214.38)	(52,316.82)	(993,426.10) (5)
UNAMORTIZED DEBT BALANCE					
JAN	1	2,567,691.49	3,296,768.53	-	5,864,460.02
FEB	2	2,499,676.47	3,245,232.48	-	5,744,908.95
MAR	3	2,519,726.46	3,282,367.30	-	5,802,093.76
APR	4	2,474,181.79	3,253,907.46	-	5,728,089.25
MAY	5	2,517,967.30	3,332,599.22	-	5,850,566.52
JUN	6	2,528,697.66	3,361,743.50	-	5,890,441.16
JUL	7	2,577,501.31	3,429,981.53	-	6,007,482.84
AUG	8	2,527,251.66	3,399,166.26	-	5,926,417.92
SEP	9	2,527,477.98	3,419,388.85	1,625,000.00	7,571,866.83
OCT	10	2,476,198.21	3,388,105.34	1,969,059.60	7,833,363.15
NOV	11	2,435,512.09	3,367,540.70	2,051,067.67	7,854,120.46
DEC	12	2,384,006.92	3,336,157.01	2,151,416.02	7,871,579.95

LKE (LOCOS)
LT INT EXP

LG&E and KU Energy LLC - Co. 800
226016, 226017 7 226018 Amortization of Debt Discount 428216, 428217 & 428218 on Senior Notes
For the year 2011

SR NOTE DEBT ACCOUNT	221016	221017	221018	
UNAMORTIZED DEBT DISCOUNT	226016	226017	226018	
AMORTIZATION DISCOUNT ACCOUNT	428216	428217	428218	
SENIOR NOTE TOTAL	$400,000,000	$475,000,000	$250,000,000	$1,125,000,000.00
DEBT DISCOUNT	$1,772,000	$3,719,250	$402,500	
RATE	2.125%	3.750%	4.375%	
SERIES	LKE2010	LKE2010	LKE2011	
ISSUED	11/12/2010	11/12/2010	9/29/2011	
MATURITY	11/15/2015	11/15/2020	10/1/2021	
TOTAL # OF MONTHS	60	120	120	
BALANCE				
Jan. 1, 2011	1,723,762.23	3,668,626.87	-	5,392,389.10
MONTHLY AMORTIZATION				
JAN	1 (29,533.33)	(30,993.75)	-	(60,527.08)
FEB	2 (29,533.33)	(30,993.75)	-	(60,527.08)
MAR	3 (29,533.33)	(30,993.75)	-	(60,527.08)
APR	4 (29,533.33)	(30,993.75)	-	(60,527.08)
MAY	5 (29,533.33)	(30,993.75)	-	(60,527.08)
JUN	6 (29,533.33)	(30,993.75)	-	(60,527.08)
JUL	7 (29,533.33)	(30,993.75)	-	(60,527.08)
AUG	8 (29,533.33)	(30,993.75)	-	(60,527.08)
SEP	9 (29,533.33)	(30,993.75)	-	(60,527.08)
OCT	10 (29,533.33)	(30,993.75)	(3,354.17)	(63,881.25)
NOV	11 (29,533.33)	(30,993.75)	(3,354.17)	(63,881.25)
DEC	12 (29,533.37)	(30,993.75)	(3,354.17)	(63,881.29)
AMORTIZATION TOTAL	$ (354,400.00)	$ (371,925.00)	$ (10,062.51)	$ (736,387.51)
UNAMORTIZED DISCOUNT BALANCE				
JAN	1 1,694,228.90	3,637,633.12	-	5,331,862.02
FEB	2 1,664,695.57	3,606,639.37	-	5,271,334.94
MAR	3 1,635,162.24	3,575,645.62	-	5,210,807.86
APR	4 1,605,628.91	3,544,651.87	-	5,150,280.78
MAY	5 1,576,095.58	3,513,658.12	-	5,089,753.70
JUN	6 1,546,562.25	3,482,664.37	-	5,029,226.62
JUL	7 1,517,028.92	3,451,670.62	-	4,968,699.54
AUG	8 1,487,495.59	3,420,676.87	-	4,908,172.46
SEP	9 1,457,962.26	3,389,683.12	402,500.00	5,250,145.38
OCT	10 1,428,428.93	3,358,689.37	399,145.83	5,186,264.13
NOV	11 1,398,895.60	3,327,695.62	395,791.66	5,122,382.88
DEC	12 1,369,362.23	3,296,701.87	392,437.49	5,058,501.59

(4) LT

LKE (UNCOPS)
LT INT EXP

LG&E and KU Energy LLC - Co. 800
237016, 237017 & 237018 Accrued Interest and 427016, 427017 & 427018 Interest Expense on Sen
For the year 2011

				TOTAL
SR NOTE DEBT ACCOUNT	221016	221017	221018	
ACCRUED INTEREST ACCOUNT	237016	237017	237018	
SR NOTE INT EXPENSE ACCOUNT	427016	427017	427018	
SENIOR NOTE TOTAL	$400,000,000	$475,000,000	$250,000,000	$1,125,000,000.00
RATE	2.125%	3.750%	4.375%	
SERIES	LKE2010	LKE2010	LKE2011	
ISSUED	11/12/2010	11/12/2010	9/29/2011	
MATURITY	11/15/2015	11/15/2020	10/1/2021	
PAYMENTS	5/15 & 11/15	5/15 & 11/15	4/1 & 10/1	
BALANCE Jan. 1, 2011	$ (1,156,944.44)	$ (2,424,479.17)	$ -	$ (3,581,423.61)
MONTHLY PROVISIONS				
JAN 1	(708,333.33)	(1,484,375.00)	-	(2,192,708.33)
FEB 2	(708,333.33)	(1,484,375.00)	-	(2,192,708.33)
MAR 3	(708,333.33)	(1,484,375.00)	-	(2,192,708.33)
APR 4	(708,333.33)	(1,484,375.00)	-	(2,192,708.33)
MAY 5	(708,333.33)	(1,484,375.00)	-	(2,192,708.33)
JUN 6	(708,333.33)	(1,484,375.00)	-	(2,192,708.33)
JUL 7	(708,333.33)	(1,484,375.00)	-	(2,192,708.33)
AUG 8	(708,333.33)	(1,484,375.00)	-	(2,192,708.33)
SEP 9	(708,333.33)	(1,484,375.00)	(60,763.89)	(2,253,472.22)
OCT 10	(708,333.33)	(1,484,375.00)	(911,458.33)	(3,104,166.66)
NOV 11	(708,333.33)	(1,484,375.00)	(911,458.33)	(3,104,166.66)
DEC 12	(708,333.37)	(1,484,375.00)	(911,458.33)	(3,104,166.70)
TOTAL INTEREST EXP - 2011	$ (8,500,000.00)	$ (17,812,500.00)	$ (2,795,138.88)	$ (29,107,638.88) (3) LT
PAYMENTS				
JAN 1				-
FEB 2				-
MAR 3				-
APR 4				-
MAY 5	4,320,833.33	9,054,687.50		13,375,520.83
JUN 6				-
JUL 7				-
AUG 8				-
SEP 9				-
OCT 10				-
NOV 11	4,250,000.00	8,906,250.00		13,156,250.00
DEC 12				-
TOTAL PAYMENTS	$ 8,570,833.33	$ 17,960,937.50	$ -	$ 26,531,770.83
ACCRUED INTEREST BALANCE				
JAN 1	(1,865,277.77)	(3,908,854.17)	0.00	(5,774,131.94)
FEB 2	(2,573,611.10)	(5,393,229.17)	0.00	(7,966,840.27)
MAR 3	(3,281,944.43)	(6,877,604.17)	0.00	(10,159,548.60)
APR 4	(3,990,277.76)	(8,361,979.17)	0.00	(12,352,256.93)
MAY 5	(377,777.76)	(791,666.67)	0.00	(1,169,444.43)
JUN 6	(1,086,111.09)	(2,276,041.67)	0.00	(3,362,152.76)
JUL 7	(1,794,444.42)	(3,760,416.67)	0.00	(5,554,861.09)
AUG 8	(2,502,777.75)	(5,244,791.67)	0.00	(7,747,569.42)
SEP 9	(3,211,111.08)	(6,729,166.67)	(60,763.89)	(10,001,041.64)
OCT 10	(3,919,444.41)	(8,213,541.67)	(972,222.22)	(13,105,208.30)
NOV 11	(377,777.74)	(791,666.67)	(1,883,680.55)	(3,053,124.96)
DEC 12	(1,086,111.11)	(2,276,041.67)	(2,795,138.88)	(6,157,291.66)

Q2-15 KIUC
2011
LKE (UNCONS)
LT INT EXP
NP-AFFILIATES

LG&E and KU Energy LLC - Co. 800
419209 & 430002 - Intercompany Interest Income/(Expense)
2011

		Jan	Feb	Mar	Apr	May	June	July	August	September	October	November	December	YTD
145010	Notes Receivable from LKC (J023-0800)	2,332,896.62	2,254,554.08	2,341,055.09	2,307,105.39	2,328,612.25	2,285,160.61	2,072,887.79	1,876,183.80	1,884,318.65	1,897,539.27	1,884,318.65	1,957,540.51	25,422,172.71
233018	Notes Payable to Servco (J024-0800)	(47,294.64)	(43,021.22)	(47,630.64)	(45,423.34)	(46,726.47)	(45,219.17)	(43,601.14)	(42,669.58)	(41,312.50)	(52,158.25)	(53,148.33)	(54,919.94)	(563,145.22)
233019	Notes Payable to LKC (J025-0800)	(46,601.44)	(41,481.01)	(45,925.41)	(43,797.12)	(45,053.61)	(43,600.27)	(42,040.17)	(41,161.25)	(39,833.47)	(49,530.12)	(51,245.56)	(52,953.75)	(542,223.18)
													②	1,105,368.40
Money Pool Intercompany Interest (J028-0004):														
	Pool-KU	2,323.44	(1,175.77)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,147.67
	Pool-LGE	4,617.03	3,058.76	57.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,733.62
	LKC-Pool	18,877.02	22,815.40	25,619.68	22,019.77	21,599.66	17,914.63	67,881.05	213,794.73	206,853.19	235,358.08	242,867.70	297,910.45	1,393,511.36
	Pool-LEM	12,419.89	11,187.39	12,485.97	9,662.25	9,486.56	7,797.98	8,056.51	16,618.89	16,229.71	18,294.82	18,693.70	23,081.98	164,015.65
	Month's Total	2,278,237.92	2,205,937.63	2,285,662.52	2,249,566.95	2,267,918.39	2,222,053.78	2,063,184.04	2,022,746.59	2,026,255.58	2,049,503.80	2,041,486.16	2,170,659.25	25,883,212.61
	YTD Total	2,278,237.92	4,484,175.55	6,769,838.07	9,019,405.02	11,287,323.41	13,509,377.19	15,572,561.23	17,595,307.82	19,621,563.40	21,671,067.20	23,712,553.36	25,883,212.61	
YTD Income Statement I/C Interest (LKE)		2,278,237.92	4,484,175.55	6,769,838.07	9,019,405.02	11,287,323.41	13,509,377.19	15,572,561.23	17,595,307.82	19,621,563.40	21,671,067.20	23,712,553.36	25,883,212.61	
	Difference	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	Avg Debt Rate for Utility Money Pool:	0.25%	0.25%	0.25%	0.20%	0.19%	0.16%	0.16%	0.12%	0.17%	0.17%	0.13%	0.45%	
	Avg Debt Rate for Non-Utility Money Pool:								0.33%	0.33%	0.36%	0.38%	0.45%	

Note: Effective with the 11/1/10 sale to PPL, E.ON US became LG&E and KU Energy LLC (LKE)

Q2-15 KIUC
2011
LKE (Concons)
ST INT EXP
PPL

LG&E and KU Energy LLC
430004 - I/C Interest (Non-LKE)
2011

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
Short-term Notes:													
PPL (See GL# 234012 J022-0800))	15,484.61	2,191.73	-	-	-	-	-	-	-	-			17,676.34
PPL-Commit Fee (See GL# 234012 J022-0800))	49,418.63	45,809.32	50,958.50	49,315.07	50,958.90	49,315.07	50,958.90	50,958.90	49,315.07	51,666.67	50,000.00	51,666.67	600,341.70
Total Short-Term Interest	64,903.24	48,001.05	50,958.50	49,315.07	50,958.90	49,315.07	50,958.90	50,958.90	49,315.07	51,666.67	50,000.00	51,666.67	
Long-term Notes:													
Total Long-Term Interest	-	-	-	-	-	-	-	-	-	-	-	-	
Month's Total Interest	64,903.24	48,001.05	50,958.50	49,315.07	50,958.90	49,315.07	50,958.90	50,958.90	49,315.07	51,666.67	50,000.00	51,666.67	-
YTD Interest													
Per above	64,903.24	112,904.29	163,862.79	213,177.86	264,136.76	313,451.83	364,410.73	415,369.63	464,684.70	516,351.37	566,351.37	618,018.04	618,018.04 (2)
Per Trial Balance:													
Account #430004 Interest Expense PPL (Eff 11/10)	64,903.24	112,904.29	163,862.79	213,177.86	264,136.76	313,451.83	364,410.73	415,369.63	464,684.70	516,351.37	566,351.37	618,018.04	
	64,903.24	112,904.29	163,862.79	213,177.86	264,136.76	313,451.83	364,410.73	415,369.63	464,684.70	516,351.37	566,351.37	618,018.04	
Difference	-	-	-	-	-	-	-	-	-	-	-	-	
Comparison to Income Statement													
Intercompany Interest - Non-LKE Per I/S	(64,903.24)	(112,904.29)	(163,862.79)	(213,177.86)	(264,136.76)	(313,451.83)	(364,410.73)	(415,369.63)	(464,684.70)	(516,351.37)	(566,351.37)	(618,018.04)	
Total per Trial Balance (above)	(64,903.24)	(112,904.29)	(163,862.79)	(213,177.86)	(264,136.76)	(313,451.83)	(364,410.73)	(415,369.63)	(464,684.70)	(516,351.37)	(566,351.37)	(618,018.04)	
Difference	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

GAAP LKE INCOME STATEMENT

Period: MAR-2012 Currency: USD
Submitted: 04-APR-12 13:41:15

	Company 0800 Month LKE US GAAP	Company 0800 YTD LKE US GAAP	Company 0803 Current Month LKE PAA	Company 0803 YTD LKE PAA
REVENUES:				
Electric utility revenues	0.00	0.00	0.00	0.00
Wholesale revenues	0.00	0.00	0.00	0.00
Wholesale revenues to affiliates (LKE)	0.00	0.00	0.00	0.00
Gas utility revenues	0.00	0.00	0.00	0.00
Non-utility revenues	0.00	0.00	0.00	0.00
Total revenues	0.00	0.00	0.00	0.00
OPERATING EXPENSES:				
Fuel for electric generation	0.00	0.00	0.00	0.00
Power purchased	0.00	0.00	0.00	0.00
Power purchased from affiliates (LKE)	0.00	0.00	0.00	0.00
Gas supply expenses	0.00	0.00	0.00	0.00
Operation and maintenance expense	(2,440,231.92)	(2,440,633.15)	0.00	0.00
Taxes other than income	(165.00)	(825.00)	0.00	0.00
Depreciation, accretion, and amort expense	0.00	0.00	0.00	0.00
Nonrecurring charges	0.00	0.00	0.00	0.00
Total operating expenses	(2,440,396.92)	(2,441,458.15)	0.00	0.00
Operating income	(2,440,396.92)	(2,441,458.15)	0.00	0.00
Equity in earnings of affiliates	0.00	0.00	0.00	0.00
Derivative gains (losses)	0.00	0.00	0.00	0.00
Other income (expense) - net	33.43	102.65	0.00	0.00
Loss on asset impairment	0.00	0.00	0.00	0.00
Intercompany dividends (EUS)	0.00	0.00	0.00	0.00
Intercompany interest income (LKE)	540,943.29	5,080,590.57 N/A	0.00	0.00
Intercompany interest expense (LKE)	(140,808.51)	(404,841.80) (2) LT	0.00 (AFFIL)	0.00
Intercompany interest income (non-LKE)	0.00	32,759.20 N/A	0.00	0.00
Intercompany interest expense (non-LKE)	(38,750.00)	(120,862.92) (1) ST	0.00 (PPL)	0.00
Interest expense	(3,269,532.94)	(9,808,182.86) = (3)+(4)+(5)+(6)	0.00	0.00
Preferred dividends	0.00	0.00	0.00	0.00
Income before income taxes	(5,348,511.65)	(7,661,893.31)	0.00	0.00
Current income tax provision	0.00	1,753,905.47	0.00	0.00
Deferred income tax provision	6,201,354.46	5,957,688.26	0.00	0.00
Total income tax provision	6,201,354.46	7,711,593.73	0.00	0.00
Income before disc op, extra items	852,842.81	49,700.42	0.00	0.00
Loss from disc operations - pretax	0.00	0.00	0.00	0.00
Loss from disc operations - tax	0.00	0.00	0.00	0.00
Loss from discontinued operations	0.00	0.00	0.00	0.00
Loss on disp of disc operations - pretax	0.00	0.00	0.00	0.00
Loss on disp of disc operations - tax	0.00	0.00	0.00	0.00
Loss on disp - discontinued operations	0.00	0.00	0.00	0.00
Extraordinary items	0.00	0.00	0.00	0.00
Cumulative effect of acctg change	0.00	0.00	0.00	0.00
Net income excl noncontrolling interest	852,842.81	49,700.42	0.00	0.00
Noncontrolling interest - income statement	0.00	0.00	0.00	0.00
Net income	852,842.81	49,700.42	0.00	0.00
Total of all income-statement accounts	(852,842.81)	(49,700.42)	0.00	0.00
Difference	0.00	0.00	0.00	0.00

LKE CONS INT EXP

ST = $120,862.92
LT = 10,212,816.66

Q2-15 KIUC 2012 LKE (UNCONS) INT EXP

(6) is N/A TAX = 208.00
LT = 9,807,974.86

Q2-15 KIUC
2012
LKE (UNCONS)
T/B

LGE ENERGY LLC

Summary1 Trial Balance
Period: MAR-2012

Re 9:55
3

Currency: USD
Balance Type: Period to Date
COMPANY Range: 0800 to 0800

COMPANY: 0800 LG&E AND KU ENERGY LLC

ACCOUNT	Description	Beginning Balance	Debits	Credits	Ending Balance	
226018	DEBT DISC-SR NOTE LKE2011 $250M	385,729.19	0.00	3,354.17	382,375.02	✓
232100	ACCOUNTS PAYABLE-TRADE	0.00	25,042,529.59	25,042,529.59	0.00	
233013	ST - NOTES PAYABLE TO SERVCO	(120,250.00)	0.00	71,687.50	(191,937.50)	
233019	SHORT TERM NOTES PAYABLE TO LG&	(115,944.92)	0.00	69,121.01	(185,065.93)	✓
234012	I/C PAYABLE - EON N. AMERICA/PP	(42,529.59)	42,529.59	38,750.00	(38,750.00)	✓
234100	A/P TO ASSOC CO	(697,371,048.67)	697,371,048.67	0.00	0.00	
236025	CORP INC TAX-FED EST-OPR	761,102.57	0.00	761,102.57	0.00	
236026	CORP INC TAX-ST EST-OPR	138,802.90	0.00	138,802.90	0.00	
236031	CORP INCOME-KY-OPR	(782,395.75)	138,802.90	0.00	(643,592.85)	
236032	CORP INCOME-FED-OPR	2,484,452.22	1,479,911.57	0.00	3,964,363.79	
236035	OTHER TAXES ACCRUED-OPR	(660.00)	0.00	165.00	(825.00)	
237016	ACCR INT-SR NOTE LKE2010 $400M	(2,502,777.81)	0.00	708,333.33	(3,211,111.14)	✓
237017	ACCR INT-SR NOTE LKE2010 $475M	(5,244,791.67)	0.00	1,484,375.00	(6,729,166.67)	✓
237018	ACCR INT-SR NOTE LKE2011 $250M	(4,618,055.54)	0.00	911,458.33	(5,529,513.87)	✓
238204	DIV PAYABLE - PPL FM LKE	(25,000,000.00)	25,000,000.00	0.00	0.00	
253004	OTH DEFERRED CR-OTHR	(132,929.01)	0.00	0.00	(132,929.01)	
253028	OTHER DEFERRED CREDITS-CROSS BO	(300,000.00)	0.00	0.00	(300,000.00)	
253033	UNCERTAIN TAX POSITION - STATE	(11,879.82)	0.00	0.00	(11,879.82)	
253320	UNCERTAIN TAX POSITIONS - INTER	(1,290.86)	0.00	208.00	(1,498.86)	
282503	DTL ON FIXED ASSETS	215,609.16	0.00	0.00	215,609.16	
282703	DTL ON FIXED ASSETS - STATE (NO	39,320.82	0.00	0.00	39,320.82	
408102	REAL AND PERSONAL PROP. TAX	660.00	165.00	0.00	825.00	
409101	FED INC TAX-UTIL OPR	12,000.00	0.00	761,102.57	(749,102.57)	
409102	KY ST INCOME TAXES	0.00	0.00	138,802.90	(138,802.90)	
409104	FED INC TAXES - EST	(761,102.57)	761,102.57	0.00	0.00	
409105	ST INC TAXES - EST	(138,802.90)	138,802.90	0.00	0.00	
409203	FED INC TAX-OTHER	(866,000.00)	0.00	0.00	(866,000.00)	
410101	DEF FED INC TAX-OPR	0.00	85,990.21	0.00	85,990.21	
410102	DEF ST INC TAX-OPR	393,332.62	0.00	0.00	393,332.62	
411101	FED INC TX DEF-CR-OP	(149,666.42)	0.00	6,041,658.35	(6,191,324.77)	
411102	ST INC TAX DEF-CR-OP	0.00	0.00	245,686.32	(245,686.32)	
419002	INT INC-US TREAS SEC	(67.21)	0.00	33.43	(100.64)	
419014	DIVS FROM INVESTMENT	(2.01)	0.00	1.08	(3.09)	
419208	INT INC - PPL ENERGY FUNDING	(32,759.20)	0.00	4,179.64	(36,938.84)	
419209	INT INC-ASSOC CO	(4,539,647.28)	0.00	540,943.29	(5,080,590.57)	—
427016	INT EXP-SR NOTE LKE2010 $400M 1	1,416,666.70	708,333.33	0.00	2,125,000.03	
427017	INT EXP-SR NOTE LKE2010 $475M 1	2,968,750.00	1,484,375.00	0.00	4,453,125.00	LT ③
427018	INT EXP-SR NOTE LKE2011 $250M 9	1,822,916.66	911,458.33	0.00	2,734,374.99	
428016	AM EXP-SR NOTE LKE2010 $400M 11	103,010.34	51,505.17	0.00	154,515.51	
428017	AM EXP-SR NOTE LKE2010 $475M 11	62,767.38	31,383.69	0.00	94,151.07	LT ⑤
428018	AM EXP-SR NOTE LKE2011 $250M 9/	36,776.34	18,388.17	0.00	55,164.51	
428216	AM DISC-SR NOTE LKE2010 $400M 1	59,066.70	29,533.33	0.00	88,600.03	
428217	AM DISC-SR NOTE LKE2010 $475M 1	61,987.50	30,993.75	0.00	92,981.25	LT ④
428218	AM DISC-SR NOTE LKE2011 $250M 9	6,708.30	3,354.17	0.00	10,062.47	
430002	INT-DEBT TO ASSOC CO	264,033.29	140,808.51	0.00	404,841.80	LT ⑥ ✓
430004	I/C INT EXP - E.ON NORTH AMERIC	82,112.92	38,750.00	0.00	120,862.92	ST ⑥A ✓
431004	INT-OTHER TAX DEFNCY	0.00	208.00	0.00	208.00	
438006	COMMON STOCK DIV DECLARED PPL F	25,000,000.00	0.00	0.00	25,000,000.00	
904003	UNCOLL ACCTS - A/R MISC	0.00	2,436,649.00	0.00	2,436,649.00	
921003	GEN OFFICE SUPPL/EXP	401.23	3,822.92	240.00	3,984.15	

LKE (UNCONS)
LT INT EXP

LG&E and KU Energy LLC
181016, 181017 & 181018 Amortization of Debt Expense 428016, 428017 & 428018 on Senior Notes
For the year 2012

SR NOTE DEBT ACCOUNT	221016	221017	221018	
UNAMORTIZED DEBT EXPENSE	181016	181017	181018	
AMORTIZATION EXPENSE ACCOUNT	428016	428017	428018	
SENIOR NOTE TOTAL	$400,000,000	$475,000,000	$250,000,000	$1,125,000,000.00
DEBT ISSUANCE EXPENSE - NOV 10	$2,416,740.00	$3,104,240.00	$0.00	$5,520,980.00
DEBT ISSUANCE EXPENSE - DEC 10	$157,798.68	$157,798.67	$0.00	$315,597.35
DEBT ISSUANCE EXPENSE - 2011	$459,826.72	$476,910.92	$2,203,732.84	$3,140,470.48
RATE	2.125%	3.750%	4.375%	
SERIES	LKE2010	LKE2010	LKE2011	
ISSUED	11/12/2010	11/12/2010	9/29/2011	
MATURITY	11/15/2015	11/15/2020	10/1/2021	
TOTAL # OF MONTHS	60	120	120	

BALANCE						
Jan. 1, 2011		$ 2,384,006.92	$ 3,336,157.01	$ 2,151,416.02		$ 7,871,579.95
DEBT ISSUANCE EXPENSE - JAN 12	-14	0.00	0.00	0.00	-3	0.00
DEBT ISSUANCE EXPENSE - FEB 12	-15	0.00	0.00	0.00	-4	0.00
MONTHLY AMORTIZATION						
JAN	1	(51,505.17)	(31,383.69)	(18,388.17)		(101,277.03)
FEB	2	(51,505.17)	(31,383.69)	(18,388.17)		(101,277.03)
MAR	3	(51,505.17)	(31,383.69)	(18,388.17)		(101,277.03)
						(5) 303,831.09
UNAMORTIZED DEBT BALANCE						
JAN	1	2,332,501.75	3,304,773.32	2,133,027.85		7,770,302.92
FEB	2	2,280,996.58	3,273,389.63	2,114,639.68		7,669,025.89
MAR	3	2,229,491.41	3,242,005.94	2,096,251.51		7,567,748.86

2012
LKE (UNCONS)
LT INT EXP

LG&E and KU Energy LLC - Co. 800
226016, 226017 7 226018 Amortization of Debt Discount 428216, 428217 & 428218 on Senior Notes
For the year 2012

SR NOTE DEBT ACCOUNT	221016	221017	221018	
UNAMORTIZED DEBT DISCOUNT	226016	226017	226018	
AMORTIZATION DISCOUNT ACCOUNT	428216	428217	428218	
SENIOR NOTE TOTAL	$400,000,000	$475,000,000	$250,000,000	$1,125,000,000.00
DEBT DISCOUNT	$1,772,000	$3,719,250	$402,500	
RATE	2.125%	3.750%	4.375%	
SERIES	LKE2010	LKE2010	LKE2011	
ISSUED	11/12/2010	11/12/2010	9/29/2011	
MATURITY	11/15/2015	11/15/2020	10/1/2021	
TOTAL # OF MONTHS	60	120	120	
BALANCE Jan. 1, 2012	1,369,362.23	3,296,701.87	392,437.49	5,058,501.59
MONTHLY AMORTIZATION				
JAN	1 (29,533.37)	(30,993.75)	(3,354.17)	(63,881.29)
FEB	2 (29,533.33)	(30,993.75)	(3,354.13)	(63,881.21)
MAR	3 (29,533.33)	(30,993.75)	(3,354.17)	(63,881.25)
				(4) 191,643.75
UNAMORTIZED DISCOUNT BALANCE				
JAN	1 1,339,828.86	3,265,708.12	389,083.32	4,994,620.30
FEB	2 1,310,295.53	3,234,714.37	385,729.19	4,930,739.09
MAR	3 1,280,762.20	3,203,720.62	382,375.02	4,866,857.84

LKE (CONSOL)
LT INT EXP

LG&E and KU Energy LLC - Co. 800
237016, 237017 & 237018 Accrued Interest and 427016, 427017 & 427018 Interest Expense o
For the year 2012

					TOTAL
SR NOTE DEBT ACCOUNT		221016	221017	221018	
ACCRUED INTEREST ACCOUNT		237016	237017	237018	
SR NOTE INT EXPENSE ACCOUNT		427016	427017	427018	
SENIOR NOTE TOTAL		$400,000,000	$475,000,000	$250,000,000	$1,125,000,000.00
RATE		2.125%	3.750%	4.375%	
SERIES		LKE2010	LKE2010	LKE2011	
ISSUED		11/12/2010	11/12/2010	9/29/2011	
MATURITY		11/15/2015	11/15/2020	10/1/2021	
PAYMENTS		5/15 & 11/15	5/15 & 11/15	4/1 & 10/1	
BALANCE Jan. 1, 2012		(1,086,111.11)	(2,276,041.67)	(2,795,138.88)	(6,157,291.66)
MONTHLY PROVISIONS					
JAN	1	(708,333.37)	(1,484,375.00)	(911,458.33)	(3,104,166.70)
FEB	2	(708,333.33)	(1,484,375.00)	(911,458.33)	(3,104,166.66)
MAR	3	(708,333.33)	(1,484,375.00)	(911,458.33)	(3,104,166.66)
					(3) 9,312,500.02
PAYMENTS					
JAN	1				
FEB	2				-
MAR	3				-
ACCRUED INTEREST BALANCE					
JAN	1	(1,794,444.48)	(3,760,416.67)	(3,706,597.21)	(9,261,458.36)
FEB	2	(2,502,777.81)	(5,244,791.67)	(4,618,055.54)	(12,365,625.02)
MAR	3	(3,211,111.14)	(6,729,166.67)	(5,529,513.87)	(15,469,791.68)

Q2-15 KIUC
2012
LKE (UNCONS)
LT INT EXP
NP - AFFILIATES

LG&E and KU Energy LLC - Co. 800
419209 & 430002 - Intercompany Interest Income/(Expense)
2012

		Jan	Feb	Mar	Apr	May	June	July	August	September	October	November	December	YTD
145010	Notes Receivable from LKC (J023-0800)	1,957,540.51	1,927,228.22	0.00										3,884,768.73
233013	Notes Payable to Servco (J024-0800)	(67,360.39)	(67,062.50)	(71,687.50)										(206,110.39)
233019	Notes Payable to LKC (J025-0800)	(64,948.81)	(64,661.59)	(69,121.01)								(2) 404,841.80		(198,731.41)
Money Pool Intercompany Interest (J028-0004):														
	Pool-KU	0.00	0.00	0.00										0.00
	Pool-LGE	55.56	0.00	0.00										55.56
	LKC-Pool	333,378.64	275,151.78	519,709.05										1,128,239.47
	Pool-LEM	25,649.01	20,643.56	21,234.24										67,526.81
	Month's Total	2,184,314.52	2,091,299.47	400,134.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,675,748.77
	YTD Total	2,184,314.52	4,275,613.99	4,675,748.77	4,675,748.77	4,675,748.77	4,675,748.77	4,675,748.77	4,675,748.77	4,675,748.77	4,675,748.77	4,675,748.77	4,675,748.77	
YTD Income Statement I/C Interest (LKE)		2,184,314.52	4,275,613.99	4,675,748.77										
	Difference	0.00	0.00	0.00	4,675,748.77	4,675,748.77	4,675,748.77	4,675,748.77	4,675,748.77	4,675,748.77	4,675,748.77	4,675,748.77	4,675,748.77	
Avg Debt Rate for Utility & Non-Utility Money Pool		0.50%	0.43%	0.41%										

Prepared by_____

Reviewed by_____

Q2-15 KIUC
2012
LKE (UNCONS)
ST INTEREST EXP.
PPL

LG&E and KU Energy LLC
430004 - I/C Interest (Non-LKE)
2012

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12			
Short-term Notes:													
PPL (See GL# 234012 J022-0800))		6,862.92	-										
PPL-Commit Fee (See GL# 234012 J022-0800))	39,583.33	35,666.67	38,750.00										
Total Short-Term Interest	39,583.33	42,529.59	38,750.00	-	-	-	-	-	-	-			
Long-term Notes:													
Total Long-Term Interest	-	-	-	-	-	-	-	-	-	-	-	-	
Month's Total Interest	39,583.33	42,529.59	38,750.00	-	-	-	-	-	-	-	-	-	-
YTD Interest													
Per above	39,583.33	82,112.92	120,862.92	120,862.92	120,862.92	120,862.92	120,862.92	120,862.92	120,862.92	120,862.92	120,862.92	120,862.92	120,862.92 (1)
Per Trial Balance:													
Account #430004 Interest Expense PPL (Eff 11/10)	39,583.33	82,112.92	120,862.92										
	39,583.33	82,112.92	120,862.92	-	-	-	-	-	-	-	-	-	
Difference	-	-	-	120,862.92	120,862.92	120,862.92	120,862.92	120,862.92	120,862.92	120,862.92	120,862.92	120,862.92	
Comparison to Income Statement													
Intercompany Interest - Non-LKE Per I/S	(39,583.33)	(82,112.92)	(120,862.92)										
Total per Trial Balance (above)	(39,583.33)	(82,112.92)	(120,862.92)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Difference	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

The attachment #1 and #3 are being provided in separate files in Excel format

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.16

Responding Witness: Ronald L. Miller

Q2.16 Please describe the federal income tax status of each utility, whether it treated as a corporation or partnership (or other form of pass-through entity), and whether, and if so, at what level, it is a member of any affiliate group that files a consolidated tax return.

A2.16 Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company (KU) are corporations and are treated as such for income tax purposes. LG&E and KU are direct subsidiaries of LG&E and KU Energy LLC, which is a direct subsidiary of PPL Corporation, and are included in the consolidated federal income tax return of PPL Corporation and Subsidiaries.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.17

Responding Witness: Ronald L. Miller

Q2.17 Please describe the federal income tax status of LKE, whether it is treated as a corporation or as a partnership (or other form of pass-through entity) and whether, and if so, at what level, it is a member of any affiliate group that files a consolidated tax return.

A2.17 LG&E and KU Energy LLC (LKE) has elected to be treated as a corporation for federal income tax purposes. LKE is a direct subsidiary of PPL Corporation and is included in the consolidated federal income tax return of PPL Corporation and Subsidiaries.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.18

Responding Witness: Valerie L. Scott

Q2.18 Refer to footnote (f) on page 137 of the PPL Corp 2011 10-K, which addresses increases in LKE's A&G expenses in 2010 compared to 2009. The footnote states that LKE's A&G expenses were $3 million greater in 2010 compared to 2009 due to 2 months post-acquisition "PPL support" charges.

a. Please describe the process that resulted in the increases in LKE expenses for PPL support charges, e.g., PPL Services charged LKS, which in turn charged LG&E and KU, after which the LG&E and KU charges were consolidated to LKE expenses.

b. Please provide the PPL support charges by FERC O&M/A&G expense account included in the Company's revenue requirement. In addition, please provide these amounts by PPL cost pool and provide the computations of the allocations to the Company that were included in the Company's revenue requirement, including all intermediate affiliate allocations and electronic spreadsheets with formulas intact.

c. Please explain why the amounts provided in response to part (b) of this question were not proformed out of test year expenses to comply with the terms of the settlement agreement approved by the Commission in Case No. 2010-00204. Provide all support relied on for the Company's response that the Company believes allows it to include these expenses or that otherwise justifies recovery of these expenses.

A2.18 a. PPL Corporation and its subsidiaries provide an invoice to LG&E and KU Services Company. Unless charges are specifically attributable to KU or to LG&E, they are charged to LG&E and KU Capital LLC, an unregulated subsidiary of LG&E and KU Energy LLC. Amounts reported for LKE in its consolidated 10-K include charges to all subsidiaries of LKE.

b. See attached for the jurisdictional amounts of the PPL support charges included in the Company's revenue requirement. In the process of providing this response, the Company identified $192,943.54 of insurance costs charged to it by PPL which were included in this response, but inadvertently excluded from the response to PSC 2-45. These costs relate to 2010 and were included in the revenue requirements in this case, but incorrectly excluded from the proforma adjustment to remove out-of-period adjustments shown in Blake Exhibit 1, Reference Schedule 1.18.

   See also the attachment being provided in Excel format.

c. The amounts provided in part (b) were not proformed out of test year expenses because they are directly attributable to the Company, are a reasonable cost of providing service and are incurred consistent with the regulatory commitment referenced in the supplemental request for information.

PPL Support Charges Included in KU's Revenue Requirement

for the Test Year Ending March 2012

GL Date	Journal Source	Batch Name	Journal Name	Expenditure Category	Expenditure Organization	PPL Cost Pool	FERC Account	Account	Amount charged to Kentucky Utilities Company	KY JURISDICTIONALIZED
04/30/11	Spreadsheet	April 2011	J107-0020-0111/J0	Insurance	PPL Corporation	N/A	925	925001	363,187.34	318,079.02
05/31/11	Spreadsheet	May 2011	J107-0020-0111/J0	Insurance	PPL Corporation	N/A	925	925001	142,882.01	125,135.89
06/30/11	Spreadsheet	June 2011	J107-0020-0111/J0	Insurance	PPL Corporation	N/A	925	925001	142,882.01	125,135.89
07/31/11	Spreadsheet	July 2011	J107-0020-0111/J0	Insurance	PPL Corporation	N/A	925	925001	142,882.01	125,135.89
08/31/11	Spreadsheet	Aug 2011	J107-0020-0111/J0	Insurance	PPL Corporation	N/A	925	925001	142,882.01	125,135.89
09/30/11	Spreadsheet	Sept 2011	J107-0020-0111/J0	Insurance	PPL Corporation	N/A	925	925001	142,882.01	125,135.89
10/31/11	Spreadsheet	Oct 2011	J107-0020-0111/J0	Insurance	PPL Corporation	N/A	925	925001	142,882.01	125,135.89
11/30/11	Spreadsheet	Nov 2011	J107-0020-0111/J0	Insurance	PPL Corporation	N/A	925	925001	142,882.01	125,135.89
12/31/11	Spreadsheet	Dec 2011	J107-0020-0111/J0	Insurance	PPL Corporation	N/A	925	925001	142,882.01	125,135.89
04/30/11	Spreadsheet		J040-0020-0411	EEI dues	PPL Services Corporation	Chairman	930.2	930272	21,743.64	19,043.05
04/30/11	Spreadsheet		J042-0020-0411	Letter of credit fees	PPL Energy Supply LLC	N/A	921	921003	410.96	359.92
04/30/11	Spreadsheet		J200-0020-0411	Credit monitoring service	PPL Services Corporation	N/A	921	921003	4,933.60	4,320.84
05/31/11	Spreadsheet		J040-0020-0511	EEI dues	PPL Services Corporation	Chairman	930.2	930272	21,743.64	19,043.05
05/31/11	Spreadsheet		J042-0020-0511	Letter of credit fees	PPL Energy Supply LLC	N/A	921	921003	424.66	371.92
05/31/11	Spreadsheet		J202-0020-0511	Credit scoring tool software licens	PPL Services Corporation	N/A	921	921902	5,200.00	4,554.15
06/30/11	Spreadsheet		J040-0020-0611	EEI dues	PPL Services Corporation	Chairman	930.2	930272	21,743.64	19,043.05
06/30/11	Spreadsheet		J042-0020-0611	Letter of credit fees	PPL Energy Supply LLC	N/A	921	921003	410.96	359.92
06/30/11	Spreadsheet		J063-0100-0611	Credit monitoring service	PPL Services Corporation	N/A	921	921003	8,711.11	7,629.18
06/30/11	Spreadsheet		J085-0100-0611	Insurance	PPL Corporation	N/A	925	925001	4,617.90	4,044.35
07/31/11	Spreadsheet		J040-0020-0711	EEI dues	PPL Services Corporation	Chairman	930.2	930272	21,743.64	19,043.05
07/31/11	Spreadsheet		J042-0020-0711	Letter of credit fees	PPL Energy Supply LLC	N/A	921	921003	424.66	371.92
08/31/11	Spreadsheet		J040-0020-0811	EEI dues	PPL Services Corporation	Chairman	930.2	930272	21,743.64	19,043.05
08/31/11	Spreadsheet		J042-0020-0811	Letter of credit fees	PPL Energy Supply LLC	N/A	921	921003	424.66	371.92
08/31/11	Spreadsheet		J115-0100-0811	Credit monitoring service	PPL Services Corporation	N/A	921	921003	8,711.11	7,629.18
09/30/11	Spreadsheet		J040-0020-0911	EEI dues	PPL Services Corporation	Chairman	930.2	930272	21,743.64	19,043.05
09/30/11	Spreadsheet		J042-0020-0911	Letter of credit fees	PPL Energy Supply LLC	N/A	921	921003	410.96	359.92
10/31/11	Spreadsheet		J040-0020-1011	EEI dues	PPL Services Corporation	Chairman	930.2	930272	21,743.64	19,043.05
10/31/11	Spreadsheet		J042-0020-1011	Letter of credit fees	PPL Energy Supply LLC	N/A	921	921003	367.67	322.00
10/31/11	Spreadsheet		J115-0100-1011	Credit monitoring service	PPL Services Corporation	N/A	921	921003	8,711.11	7,629.18
11/30/11	Spreadsheet		J040-0020-1111	EEI dues	PPL Services Corporation	Chairman	930.2	930272	21,743.64	19,043.05
11/30/11	Spreadsheet		J042-0020-1111	Letter of credit fees	PPL Energy Supply LLC	N/A	921	921003	279.45	244.74
11/30/11	Spreadsheet		J055-0110-0111	Insurance	PPL Corporation	N/A	925	925001	-25,082.70	-21,967.40
11/30/11	Spreadsheet		J055-0110-0111	Insurance	PPL Corporation	N/A	925	925001	-19,508.96	-17,085.92
12/31/11	Spreadsheet		J040-0020-1211	EEI dues	PPL Services Corporation	Chairman	930.2	930272	21,743.64	19,043.05
12/31/11	Spreadsheet		J042-0020-1211	Letter of credit fees	PPL Energy Supply LLC	N/A	921	921003	288.77	252.90
01/31/12	Spreadsheet		J040-0020-0112	EEI Dues	PPL Corporation	N/A	930.2	930272	20,217.17	17,701.04
01/31/12	Spreadsheet		J040-0020-0112	Insurance	PPL Services Corporation	Risk Management Spt	925	925001	8,469.07	7,415.05
01/31/12	Spreadsheet		J042-0020-0112	Letter of credit fees	PPL Energy Supply LLC	N/A	921	921003	287.98	252.14
02/29/12	Spreadsheet		J042-0020-0212	Letter of credit fees	PPL Energy Supply LLC	N/A	921	921003	269.40	235.87
02/29/12	Spreadsheet		J042-0110-0212	Credit monitoring service	PPL Services Corporation	N/A	921	921003	7,840.00	6,864.27
02/29/12	Spreadsheet		J061-0110-0212	EEI Dues	PPL Corporation	N/A	930.2	930272	20,217.17	17,701.04
03/31/12	Spreadsheet		J040-0020-0312	Insurance	PPL Services Corporation	Risk Management Spt	925	925001	8,469.07	7,415.05
03/31/12	Spreadsheet		J042-0020-0312	Letter of credit fees	PPL Energy Supply LLC	N/A	921	921003	287.98	252.14
03/31/12	Spreadsheet		J042-0110-0312	Rating service for financing	PPL Corporation	N/A	921	921902	5,832.00	5,106.18
03/31/12	Spreadsheet		J043-0020-0312	Clarity software license fee	PPL Services Corporation	Information Services	921	921903	1,374.85	1,203.74
03/31/12	Spreadsheet		J043-0020-0312	UI Planner software license fee	PPL Services Corporation	Information Services	921	921903	1,324.98	1,160.08
03/31/12	Spreadsheet		J061-0110-0312	EEI Dues	PPL Corporation	N/A	930.2	930272	20,217.17	17,701.04
03/31/12	Spreadsheet		J201-0020-0312	Clarity software license fee	PPL Services Corporation	Information Services	921	921903	784.61	686.96
03/31/12	Spreadsheet		J201-0020-0312	UI Planner software license fee	PPL Services Corporation	Information Services	921	921903	2,261.85	1,980.35
03/31/12	Spreadsheet		J201-0020-0312	Clarity software license fee	PPL Services Corporation	Information Services	921	921903	784.61	686.96
03/31/12	Spreadsheet		J201-0020-0312	UI Planner software license fee	PPL Services Corporation	Information Services	921	921903	2,261.85	1,980.35
03/31/12	Spreadsheet		J203-0020-0312	Insurance	PPL Services Corporation	Risk Management Spt	925	925001	8,469.07	7,415.05
								Total	1,811,040.93	1,586,079.60

One attachment is being provided in a separate file in Excel format.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.19

Responding Witness: Lonnie E. Bellar / Valerie L. Scott

Q2.19 Please provide a copy of the most recent "affiliated interest report" filed with the Commission in response to Regulatory Commitment 3(d) made in Case No. 2010-00204.

A2.19 On June 29, 2012 LG&E and KU filed a copy of the Annual Accounting Information filing in compliance with some of the Regulatory Commitments noted in the Commission's Order dated September 30, 2010 in Case No. 2010-00204.

This filing can be accessed through the links listed below.

Volume 1 of 2
http://psc.ky.gov/PSCSCF/Post%20Case%20Referenced%20Correspondence/2010%20cases/2010-00204/20120629_LGE%20and%20KU%20Annual%20Accounting%20Information%20Filing%20Vol%201%20of%202.pdf

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KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.20

Responding Witness: Valerie L. Scott

Q2.20 Refer to Regulatory Commitment 5 made in Case No. 2010-00204 as follows: PPL, E.ON US, LG&E, and KU commit that PPL's acquisition of E.ON US, LG&E, and KU (the "Acquisition") shall have no impact on the base rates or the operation of the fuel adjustment clauses, environmental surcharges, gas supply clause, or demand-side management clause, of LG&E or KU.

a. Please identify all costs included in the Company's per books amounts, both balance sheet and income statement accounts related to PPL's acquisition of E.ON US, LG&E, and KU for the test year.

b. Please identify all adjustments made to the Company's per books amounts for the test year revenue requirement to remove any costs included in the Company's per books amounts related to PPL's acquisition of E.ON US, LG&E, and KU. Provide all computations and workpapers, including electronic spreadsheets with formulas intact used to quantify each such adjustment.

c. Please provide a reconciliation between the actual per books accounting amounts for common equity reflected in the Company's trial balance and the "per books" amount for common equity shown in column 1on line 3 of Blake Exhibit 2. It appears that the "per books" amount for common equity on Blake Exhibit 2 was adjusted to remove the effects of the merger push-down accounting, but any such adjustments were not documented or otherwise addressed on this exhibit or in testimony.

d. Please confirm that none of the premium paid by PPL Corp for E.ON US was pushed down for accounting purposes to the gross plant in service for the Company. If any of the premium was pushed down to the gross plant in service for the Company, and any of the per books plant in service amounts were "written up," then please provide a schedule showing the per books amounts of the write-up on gross plant, accumulated depreciation any ADIT effects, and depreciation expense, and the amounts of any proforma

adjustments the Company made to remove the effects of these write-up to quantify the revenue requirement for the test year. Provide all computations and workpapers, including electronic spreadsheets with formulas intact.

A2.20 a. There are no costs included in the Company's per books amounts for both balance sheet and income statement accounts related to PPL's acquisition of E.ON U.S., LG&E, and KU for the test year.

b. No adjustments were made to the Company's per books amounts for the test year revenue requirement to remove costs included in the Company's per books amounts related to PPL's acquisition of E.ON U.S., LG&E, and KU. No adjustments were needed because purchase accounting for the Company is recorded in a separate general ledger and this general ledger was not included in the per book amounts used in this case.

c. See response to b. The adjustments to capitalization made on Blake Exhibit 2 are consistent with adjustments made in prior rate cases and do not relate to push-down accounting.

d. None of the premium paid by PPL Corp. for E.ON U.S. was pushed down for accounting purposes to the gross plant in service for the Company.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.21

Responding Witness: Valerie L. Scott

Q2.21 Refer to Blake Exhibit 1 Schedule 1.25, which identifies Ms. Scott as the sponsoring witness.

a. Please explain why Ms. Scott does not address this adjustment in her testimony.

b. In the Company's last base rate case, the Commission approved a 10 year amortization period for the 2008 Wind storm regulatory asset and the 2009 Winter storm regulatory asset. Please explain why the Commission should use the 5 year amortization period proposed by the Company in this case for the 2011 Wind storm regulatory asset instead of a 10 year amortization period.

A2.21 a. Blake Exhibit 1, Schedule 1.25 was intentionally left blank, thus not discussed in Ms. Scott's testimony because it does not pertain to KU. This reference schedule is used in LG&E's Exhibit 1, as this storm occurred in LG&E's service territory.

b. See the response to part a above.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.22

Responding Witness: Paul W. Thompson

Q2.22 Refer to page 11 lines 12-15 of Mr. Thompson's Direct Testimony and to the response to KIUC 1-26 related to total maintenance outage expenses.

a. Please provide a schedule in the same format using the 10 years of historic information on a twelve months ending March 31 basis so that there is no overlap between the 2011 calendar year and the 2012 test year reflected in the average.

b. Please separate the annual expense amounts shown on the schedule provided in response to part (a) of this question into payroll, payroll tax loadings, other payroll loadings (benefits expenses), and non-payroll expenses (separate into categories, such as materials and supplies and contractor expenses).

c. Please provide a description of each outage that occurred during the test year.

A2.22 a. See attached. Please note that the information referenced was not averaged.

b. See attached. Please note that the outage expenses do not include any internal employee labor costs. Therefore the breakdown does not include any payroll related costs from internal employees.

c. A description of each planned outage that took place during the test year follows by unit:

- Ghent 1 – Boiler. The primary areas of focus were:
  - Main turbine valve inspections and repairs
  - Chemical clean of high pressure section of the turbine
  - Boiler inspection and repairs
  - Wash air heaters and economizer
  - Boiler inspection and repairs
  - Inspect and repair coal mills

- Ghent 2 – Major including turbine and boiler. The primary areas of focus were:
    - Turbine generator overhaul
    - Turbine system oil flushes
    - Inspect and repair coal mills and gear boxes
    - High energy piping inspection and repairs
    - Boiler chemical clean

  Please note that only a small portion of the Ghent 2 outage actually took place during the test year. Most of the work was done after the test year ended.

- Ghent 3 – Major including turbine and boiler. The primary areas of focus were:
    - Turbine generator overhaul
    - Induced Draft fan motor inspection and repair
    - Boiler inspection and repairs
    - Wash air heaters
    - Boiler chemical clean
    - Inspection and repairs of superheater outlet header
    - Precipitator inspection and repairs
- Ghent 4 – Short, pit stop outage. The primary areas of focus were:
    - Clean condenser tubes
    - Inspect and repair air heaters
    - Boiler inspection and repairs
    - Inspect and repair primary superheat section of boiler
    - Wash Induced Draft fans
    - Inspect and repair circulating water lines.
- Brown 1 – Boiler. The primary areas of focus were:
    - Boiler inspection and repairs
    - Ductwork and precipitator repairs
    - Economizer repairs
- Brown FGD (Scrubber) – Inspection and repairs. The Brown coal units have a common absorber vessel.
- Brown 2 – Boiler. The primary areas of focus were:
    - Boiler inspection and repairs
    - Boiler chemical clean
    - Ductwork repairs
    - Replace expansion joints
- Brown 3 – Boiler. The primary areas of focus were:
    - Boiler inspection and repairs
    - Coal mill maintenance
    - Main condenser vacuum pump overhaul
- Green River 3 – No planned outages during the test year.
- Green River 4 – Boiler. The primary areas of focus were:
    - Boiler inspection and repairs

  - Boiler chemical clean
  - Coal mill overhaul
  - Turbine valve inspection
  - Condensate pump overhaul
- Tyrone 3 – No planned outages during the test year.
- Trimble County 2 – Inspection outage prior to expiration of warranty coverage. The primary areas of focus were:
  - Boiler repairs
  - Air flow testing
  - Wet and dry precipitator inspections
  - Fabric filter inspections
  - Electrical function testing
  - Inspect Low Pressure last stage (turbine) blades
  - Feedwater heater inspections
  - Switchgear maintenance

  Please note that only a small portion of the Trimble County 2 outage actually took place during the test year. Most of the work was done after the test year ended.
- Combustion turbines. None of the combustion turbines had material planned outages during the test year. The costs, or in certain cases, credits that were incurred were for final invoice true-ups and relatively small accounting adjustments.

Twelve Months Ended March 31 KU

($000s)		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Trimble Co 2	Contractor Expenses	-	-	-	-	-	-	-	-	-	84
	Materials and Supplies	-	-	-	-	-	-	-	-	-	209
	Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**292**
Total	Contractor Expenses	-	-	-	-	-	-	-	-	-	84
	Materials and Supplies	-	-	-	-	-	-	-	-	-	209
	Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**292**
Ghent 1	Contractor Expenses	1	1,670	1,171	102	1,723	4,546	2,123	845	1,969	2,768
	Materials and Supplies	84	694	494	399	(673)	841	714	607	1,010	941
	Total	**85**	**2,364**	**1,665**	**501**	**1,050**	**5,387**	**2,837**	**1,452**	**2,979**	**3,709**
Ghent 2	Contractor Expenses	-	4	136	3,152	737	1,746	515	1,712	931	988
	Materials and Supplies	-	20	319	351	196	394	356	462	262	599
	Total	**-**	**25**	**455**	**3,503**	**933**	**2,140**	**871**	**2,174**	**1,192**	**1,587**
Ghent 3	Contractor Expenses	-	87	219	281	364	2,049	660	796	2,403	7,453
	Materials and Supplies	-	111	11	31	227	200	350	520	919	1,671
	Total	**-**	**199**	**230**	**312**	**591**	**2,249**	**1,010**	**1,317**	**3,322**	**9,124**
Ghent 4	Contractor Expenses	-	-	570	239	1,218	477	3,856	632	2,584	430
	Materials and Supplies	-	0	5	64	217	287	746	311	862	164
	Total	**-**	**0**	**575**	**302**	**1,435**	**764**	**4,602**	**943**	**3,446**	**594**
Total	Contractor Expenses	1	1,762	2,096	3,774	4,042	8,818	7,153	3,986	7,886	11,639
	Materials and Supplies	84	825	830	844	(33)	1,722	2,167	1,899	3,053	3,375
	Total	**85**	**2,587**	**2,926**	**4,618**	**4,009**	**10,539**	**9,320**	**5,885**	**10,939**	**15,014**
Brown 1	Contractor Expenses	271	-	431	123	528	2,954	438	175	609	291
	Materials and Supplies	101	2	0	16	180	719	81	53	151	42
	Total	**372**	**2**	**431**	**138**	**707**	**3,674**	**519**	**228**	**760**	**333**
Brown 1, 2, 3	Contractor Expenses	-	-	588	351	271	180	188	-	6	40
	Materials and Supplies	-	19	216	121	331	80	195	-	15	25
	Total	**-**	**19**	**804**	**471**	**602**	**260**	**383**	**-**	**21**	**65**
Brown 2	Contractor Expenses	1,516	66	618	504	519	441	1,670	1,181	429	948

Twelve Months Ended March 31 KU

($000s)		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Materials and Supplies	329	9	8	168	118	110	301	184	202	214
	Total	**1,845**	**74**	**626**	**672**	**637**	**551**	**1,971**	**1,365**	**631**	**1,162**
Brown 3	Contractor Expenses	-	-	1,221	3,015	892	1,390	797	800	1,097	1,224
	Materials and Supplies	-	-	150	366	572	313	264	475	1,571	603
	Total	**-**	**-**	**1,371**	**3,380**	**1,463**	**1,703**	**1,061**	**1,276**	**2,669**	**1,827**
Total	Contractor Expenses	1,786	66	2,859	3,992	2,210	4,966	3,093	2,156	2,142	2,503
	Materials and Supplies	430	30	374	670	1,199	1,222	840	712	1,938	884
	Total	**2,216**	**95**	**3,232**	**4,662**	**3,409**	**6,187**	**3,934**	**2,868**	**4,080**	**3,388**
Green River 3	Contractor Expenses	-	-	(25)	186	269	108	325	440	1,232	-
	Materials and Supplies	-	18	0	31	39	39	103	165	276	(0)
	Total	**-**	**18**	**(25)**	**217**	**308**	**147**	**428**	**604**	**1,509**	**(0)**
Green River 4	Contractor Expenses	-	-	130	485	263	293	70	643	194	1,448
	Materials and Supplies	-	-	8	36	43	100	57	142	107	487
	Total	**-**	**-**	**138**	**521**	**306**	**392**	**127**	**785**	**301**	**1,935**
Total	Contractor Expenses	-	-	105	671	532	401	395	1,083	1,427	1,448
	Materials and Supplies	-	18	9	67	82	139	160	306	383	487
	Total	**-**	**18**	**113**	**738**	**614**	**540**	**556**	**1,389**	**1,810**	**1,935**
Tyrone 1, 2	Contractor Expenses	-	-	1	-	-	-	-	-	-	-
	Materials and Supplies	-	-	0	-	-	-	-	-	-	-
	Total	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Tyrone 3	Contractor Expenses	63	849	105	154	146	406	360	-	0	-
	Materials and Supplies	10	163	6	44	65	72	77	-	-	-
	Total	**74**	**1,011**	**111**	**198**	**211**	**478**	**437**	**-**	**0**	**-**
Total	Contractor Expenses	63	849	106	154	146	406	360	-	0	-
	Materials and Supplies	10	163	6	44	65	72	77	-	-	-
	Total	**74**	**1,011**	**113**	**198**	**211**	**478**	**437**	**-**	**0**	**-**
Total Steam	Contractor Expenses	1,851	2,676	5,166	8,591	6,930	14,591	11,002	7,225	11,455	15,673

Twelve Months Ended March 31 KU

($000s)		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Materials and Supplies	524	1,036	1,218	1,625	1,313	3,154	3,244	2,917	5,375	4,955
	Total	**2,375**	**3,712**	**6,384**	**10,216**	**8,244**	**17,744**	**14,246**	**10,142**	**16,830**	**20,629**
Trimble Co 5	Contractor Expenses	-	-	-	4	283	162	-	-	-	-
	Materials and Supplies	0	0	-	(0)	10	0	-	-	-	-
	Total	**0**	**0**	**-**	**4**	**293**	**162**	**-**	**-**	**-**	**-**
Trimble Co 6	Contractor Expenses	0	-	-	-	-	9	333	-	-	-
	Materials and Supplies	0	0	-	-	-	0	131	-	-	-
	Total	**1**	**0**	**-**	**-**	**-**	**9**	**464**	**-**	**-**	**-**
Trimble Co 7	Contractor Expenses	-	-	-	-	-	8	351	-	-	-
	Materials and Supplies	-	-	-	-	-	1	303	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**	**9**	**654**	**-**	**-**	**-**
Trimble Co 8	Contractor Expenses	-	-	-	-	-	8	35	(35)	-	-
	Materials and Supplies	-	-	-	-	-	-	18	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**	**8**	**53**	**(35)**	**-**	**-**
Trimble Co 9	Contractor Expenses	-	-	-	-	-	8	313	-	-	-
	Materials and Supplies	-	-	-	-	0	0	337	-	-	(2)
	Total	**-**	**-**	**-**	**-**	**0**	**8**	**649**	**-**	**-**	**(2)**
Trimble Co 10	Contractor Expenses	-	-	0	-	-	218	103	-	-	-
	Materials and Supplies	-	-	-	-	-	287	1	-	-	-
	Total	**-**	**-**	**0**	**-**	**-**	**505**	**104**	**-**	**-**	**-**
Total	Contractor Expenses	0	-	0	4	283	413	1,134	(35)	-	-
	Materials and Supplies	0	0	-	(0)	10	288	789	-	-	(2)
	Total	**1**	**0**	**0**	**4**	**293**	**700**	**1,924**	**(35)**	**-**	**(2)**
Paddy'S Run 13	Contractor Expenses	-	41	3	-	-	-	99	-	1,943	(18)
	Materials and Supplies	-	3	-	-	-	-	66	-	694	38
	Total	**-**	**45**	**3**	**-**	**-**	**-**	**164**	**-**	**2,637**	**20**
Brown 5	Contractor Expenses	43	-	-	-	9	-	-	-	101	19

Twelve Months Ended March 31 KU

($000s)		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Materials and Supplies	0	-	-	-	-	-	-	-	19	1
	Total	**43**	**-**	**-**	**-**	**9**	**-**	**-**	**-**	**119**	**20**
Brown 6	Contractor Expenses	35	-	864	2	-	1,307	11	94	333	14
	Materials and Supplies	54	(131)	0	526	-	147	108	(97)	103	(30)
	Total	**89**	**(131)**	**864**	**528**	**-**	**1,454**	**119**	**(2)**	**437**	**(16)**
Brown 7	Contractor Expenses	22	-	42	15	-	11	1,272	(565)	38	(14)
	Materials and Supplies	8	(972)	54	39	-	-	65	-	3	-
	Total	**30**	**(972)**	**96**	**53**	**-**	**11**	**1,337**	**(565)**	**41**	**(14)**
Brown 8	Contractor Expenses	45	10	-	-	-	-	-	154	-	-
	Materials and Supplies	0	4	-	-	-	-	-	0	-	-
	Total	**45**	**15**	**-**	**-**	**-**	**-**	**-**	**155**	**-**	**-**
Brown 9	Contractor Expenses	21	-	-	-	275	-	-	-	-	-
	Materials and Supplies	0	-	-	-	0	-	-	-	-	-
	Total	**21**	**-**	**-**	**-**	**275**	**-**	**-**	**-**	**-**	**-**
Brown 10	Contractor Expenses	54	-	-	-	-	-	-	-	-	-
	Materials and Supplies	4	-	-	-	-	-	-	-	-	-
	Total	**58**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Haefling 1	Contractor Expenses	-	-	-	39	-	20	6	19	7	5
	Materials and Supplies	-	-	-	10	-	12	-	15	27	-
	Total	**-**	**-**	**-**	**49**	**-**	**32**	**6**	**34**	**34**	**5**
Haefling 2	Contractor Expenses	-	-	-	-	-	6	1	13	2	3
	Materials and Supplies	-	-	-	-	-	2	-	6	43	-
	Total	**-**	**-**	**-**	**-**	**-**	**8**	**1**	**20**	**45**	**3**
Haefling 3	Contractor Expenses	-	-	-	-	44	6	41	29	8	3
	Materials and Supplies	-	-	-	-	19	2	13	7	1	-
	Total	**-**	**-**	**-**	**-**	**64**	**8**	**54**	**36**	**9**	**3**
Total	Contractor Expenses	220	10	906	56	328	1,351	1,331	(254)	490	29
	Materials and Supplies	66	(1,099)	54	575	19	163	186	(68)	195	(29)
	Total	**286**	**(1,088)**	**961**	**631**	**347**	**1,514**	**1,517**	**(323)**	**685**	**0**

Twelve Months Ended March 31 KU

($000s)		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total CTs	Contractor Expenses	221	52	909	60	612	1,763	2,564	(289)	2,433	12
	Materials and Supplies	66	(1,095)	54	574	29	451	1,041	(68)	889	7
	Total	**287**	**(1,044)**	**963**	**634**	**641**	**2,214**	**3,605**	**(357)**	**3,321**	**19**
Dix Dam	Contractor Expenses	-	-	-	-	-	-	-	-	15	-
	Materials and Supplies	-	-	-	-	-	-	-	-	1	-
	Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15**	**-**
Grand Total	Contractor Expenses	2,071	2,727	6,075	8,651	7,542	16,354	13,566	6,936	13,902	15,685
	Materials and Supplies	590	(59)	1,273	2,199	1,342	3,604	4,285	2,849	6,264	4,962
	Total	**2,662**	**2,668**	**7,347**	**10,850**	**8,884**	**19,958**	**17,851**	**9,785**	**20,166**	**20,647**

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.23

Responding Witness: Paul W. Thompson

Q2.23 Refer to page 11 lines 12-15 of Mr. Thompson's Direct Testimony. Please provide the total budgeted or otherwise forecasted non-labor outage costs for each year 2012 through 2014 by unit.

A2.23 See attached.

Rate Case Analysis - Outages (Nonlabor)

US$ 000

	Projection		
	2012	2013	2014
Trimble Co 1	-	-	-
Trimble Co 2	1,063	-	2,705
Total	1,063	-	2,705
Ghent 1	3,249	2,205	3,525
Ghent 2	8,068	1,565	1,630
Ghent 3	3,120	3,115	4,325
Ghent 4	2,238	1,680	9,060
Total	16,675	8,565	18,540
Brown 1	684	443	4,540
Brown 1, 2, 3	6	-	224
Brown 2	649	647	464
Brown 3	6,813	401	942
Total	8,152	1,491	6,170
Green River 3	1,013	200	1,001
Green River 4	344	911	301
Total	1,357	1,111	1,302
Tyrone 1, 2	-	-	-
Tyrone 3	-	-	-
Total	-	-	-
Total Steam	27,246	11,167	28,718
Trimble Co 5	4	4	4
Trimble Co 6	4	4	4
Trimble Co 7	3	3	3
Trimble Co 8	3	3	3
Trimble Co 9	3	3	3
Trimble Co 10	3	3	3
Total	21	21	22
Paddy'S Run 13	21	51	52
Brown 5	-	-	-
Brown 6	16	48	58
Brown 7	77	29	30
Brown 8	-	60	-
Brown 9	50	355	57

Rate Case Analysis - Outages (Nonlabor)

US$ 000

	Projection		
	2012	2013	2014
Brown 10	-	-	596
Haefling 1	12	31	32
Haefling 2	30	31	-
Haefling 3	30	31	64
Total	216	585	836
Total CTs	257	657	910
Dix Dam	-	-	-
Grand Total	27,503	11,824	29,628

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.24

Responding Witness: Kent W. Blake

Q2.24 Refer to Blake Exhibit 1 Schedule 1.30. Please provide a copy of the electronic spreadsheet with formulas intact used to compute the amount shown on line 4. Reconcile the amount on line 4 with the workpapers provided for this schedule in response to KIUC 1-1.

A2.24 Please refer to the electronic spreadsheet contained in "Attachment to KIUC 1-1 File 1" ("KU_KIUC_Att_1-001_(001)_Exh1-9.xlsx") provided in response to KIUC 1-1. The tab labeled "1.30" includes the support with formulas used to compute the per books interest amount shown on line 4. Page 12 of the supporting financial report referenced therein was provided in the file labeled "KU Response to KIUC's 1st Request for Information" ("KU_1st_DR_of_KIUC_-_FINAL.pdf") filed in response to KIUC 1-1 under the Reference Schedule 1.30 cover page.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.25

Responding Witness: Daniel K. Arbough

Q2.25 Refer to page 5 lines 1-7 of Mr. Arbough's Direct Testimony wherein he describes the calculation of the Company's weighted cost of debt. Please provide a schedule showing how the Company computed the weighted-average cost of debt showing each issue and each component of the calculation.

A2.25 See attached. Certain information requested is confidential and proprietary, and is being provided under seal pursuant to a petition for confidential treatment.

KENTUCKY UTILITIES COMPANY
ANALYSIS OF THE EMBEDDED COST OF CAPITAL AT
March 31, 2012

LONG-TERM DEBT

	Due	Rate	Principal	Annualized Cost: Interest	Amortized Debt Issuance Exp/Discount	Amortized Loss-Reacquired Debt	Letter of Credit and other fees	Total	Embedded Cost
Pollution Control Bonds -									
Mercer Co. 2000 Series A	05/01/23	0.190% *	$ 12,900,000	$ 24,510	$ -	$ 46,743	$ 156,549 a	$ 227,802	1.766%
Carroll Co. 2002 Series A	02/01/32	0.350% *	20,930,000	73,255	4,104	36,300	20,930 b	134,589	0.643%
Carroll Co. 2002 Series B	02/01/32	0.350% *	2,400,000	8,400	2,856	4,164	2,400 b	17,820	0.743%
Muhlenberg Co. 2002 Series A	02/01/32	0.350% *	2,400,000	8,400	1,140	12,744	2,400 b	24,684	1.029%
Mercer Co. 2002 Series A	02/01/32	0.350% *	7,400,000	25,900	3,180	12,900	7,400 b	49,380	0.667%
Carroll Co. 2002 Series C	10/01/32	0.222% *	96,000,000	213,120	73,658	186,036	300,538 c	773,352	0.806%
Carroll Co. 2004 Series A	10/01/34	0.190% *	50,000,000	95,000	-	105,023	609,493 a	809,516	1.619%
Carroll Co. 2006 Series B	10/01/34	0.200% *	54,000,000	108,000	47,920	-	658,985 a	814,905	1.509%
Carroll Co. 2007 Series A	02/01/26	5.750%	17,875,000	1,027,813	33,342	-	-	1,061,155	5.937%
Trimble Co. 2007 Series A	03/01/37	6.000%	8,927,000	535,620	16,072	-	-	551,692	6.180%
Carroll Co. 2008 Series A	02/01/32	0.200% *	77,947,405	155,895	34,400	-	951,225 a	1,141,520	1.464%
Called Bonds				-	-	201,063 1		201,063	
First Mortgage Bonds -									
2010 due 2015	11/01/15	1.625%	250,000,000	4,062,500	461,126 **		-	4,523,626	1.809%
Debt discount on FMB	11/01/15	1.625%	(634,375)		175,000 **			175,000	-27.586%
2010 due 2020	11/01/20	3.250%	500,000,000	16,250,000	418,360 **		-	16,668,360	3.334%
Debt discount on FMB	11/01/15	3.250%	(1,630,125)		189,000 **			189,000	-11.594%
2010 due 2040	11/01/40	5.125%	750,000,000	38,437,500	249,641 **		-	38,687,141	5.158%
Debt discount on FMB	11/01/40	5.125%	(7,764,531)		271,250 **			271,250	-3.493%
Revolving Credit Facility	10/19/16				[redacted]	3&4	500,000	[redacted]	
Letter of Credit Facility	04/29/14								
Total External Debt			$ 1,840,750,374	$ 61,025,913	$ 3,065,319	$ 604,973	$ 3,209,920	$ 67,906,126	**3.689%**
Notes Payable to PPL.	2		$ -	$ -	$ -	$ -	$ -	$ -	
Total Internal Debt			$ -	$ -	$ -	$ -	$ -	$ -	**0.000%**
		Total	$ 1,840,750,374	$ 61,025,913	$ 3,065,319	$ 604,973	$ 3,209,920	$ 67,906,126	**3.689%**

SHORT-TERM DEBT

	Rate	Principal	Annualized Cost: Interest	Expense	Loss	Premium	Total	Embedded Cost
Notes Payable to Associated Company	0.410% *	$ -	$ -	$ -	$ -	$ -	$ -	0.000%
Revolving Credit Facility Payable		-	-	-	-	-	-	
	Total	$ -	$ -	$ -	$ -	$ -	$ -	**0.000%**
Embedded Cost of Total Debt		$ 1,840,750,374	$ 61,025,913	$ 3,065,319	$ 604,973	$ 3,209,920	$ 67,906,126	**3.689%**

* Composite rate at end of current month.
** Debt discount shown on separate line.

1 Series P and R bonds were redeemed in 2003, and 2005, respectively . They were not replaced with other bond series. The remaining unamortized expense is being amortized over the remainder of the original lives (due 5/15/07, 6/1/25, 6/1/35, and 6/1/36 respectively) of the bonds as loss on reacquired debt.

2 Fidelia Notes Payable were paid off on 11/1/2010 with PPL Notes Payable that were paid off with the new FMB issues on 11/16/2010.

3 Included setup fees for the Wachovia Credit Facility in Long-term Debt due to 4 year credit arrangement
4 Credit Facility amended effective October 19, 2011. New term of 5 years at lower interest rate.

a - Letter of credit fee = (principal bal + 45 days interest)*2% L/C Fee and .25% L/C Fronting Fee. Rate based on company credit rating. Remarketing Fee = 10 basis points.
b - Remarketing fee = 10 basis points
c - Remarketing fee = 25 basis points

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.26

Responding Witness: Daniel K. Arbough

Q2.26 Refer to the Company's response to KIUC 1-35 and the fact that the Company had "cash remaining" after it financed to take advantage of low market interest rates. Please provide the daily amounts of amount of cash and short term investments at December 31, 2011 through the most recent date for which actual data is available.

A2.26 Attached are the daily amounts of cash and short-term investments at December 31, 2011 through August 29, 2012. The total daily cash and short term investment balances exclude the service center customer overnight deposit balances at small banks throughout the state as these daily balance amounts are not significant or available.

	Cash and Short Term Investments
12/31/2011	$ 32,974,632.25
1/1/2012	$ 32,974,632.25
1/2/2012	$ 32,974,632.25
1/3/2012	$ 32,051,831.80
1/4/2012	$ 38,714,543.13
1/5/2012	$ 43,607,716.87
1/6/2012	$ 40,881,878.02
1/7/2012	$ 40,881,878.02
1/8/2012	$ 40,881,878.02
1/9/2012	$ 43,404,004.10
1/10/2012	$ 48,425,360.39
1/11/2012	$ 53,175,139.93
1/12/2012	$ 23,224,145.76
1/13/2012	$ 10,509,037.77
1/14/2012	$ 10,509,037.77
1/15/2012	$ 10,509,037.77
1/16/2012	$ 10,509,037.77
1/17/2012	$ 3,123,934.56
1/18/2012	$ 9,297,102.94
1/19/2012	$ 14,755,880.65
1/20/2012	$ 11,243,012.64
1/21/2012	$ 11,243,012.64
1/22/2012	$ 11,243,012.64
1/23/2012	$ 18,248,178.02
1/24/2012	$ 23,164,081.86
1/25/2012	$ 12,479,639.88
1/26/2012	$ 15,863,752.10
1/27/2012	$ 19,012,323.20
1/28/2012	$ 19,012,323.20
1/29/2012	$ 19,012,323.20
1/30/2012	$ 21,651,446.98
1/31/2012	$ 29,709,830.87
2/1/2012	$ 32,437,794.20
2/2/2012	$ 14,344,516.42
2/3/2012	$ 17,742,821.50
2/4/2012	$ 17,742,821.50
2/5/2012	$ 17,742,821.50
2/6/2012	$ 20,874,252.14
2/7/2012	$ 26,608,911.74
2/8/2012	$ 35,186,820.68
2/9/2012	$ 40,785,939.86
2/10/2012	$ 44,138,009.84
2/11/2012	$ 44,138,009.84

	Cash and Short Term Investments
2/12/2012	$ 44,138,009.84
2/13/2012	$ 48,424,804.02
2/14/2012	$ 54,350,446.95
2/15/2012	$ 50,011,693.74
2/16/2012	$ 61,082,837.09
2/17/2012	$ 62,121,110.39
2/18/2012	$ 62,121,110.39
2/19/2012	$ 62,121,110.39
2/20/2012	$ 62,121,110.39
2/21/2012	$ 35,419,088.20
2/22/2012	$ 46,987,974.95
2/23/2012	$ 50,596,002.84
2/24/2012	$ 54,442,276.91
2/25/2012	$ 54,442,276.91
2/26/2012	$ 54,442,276.91
2/27/2012	$ 38,263,393.72
2/28/2012	$ 45,216,060.85
2/29/2012	$ 49,629,239.84
3/1/2012	$ 53,191,883.60
3/2/2012	$ 50,188,659.92
3/3/2012	$ 50,188,659.92
3/4/2012	$ 50,188,659.92
3/5/2012	$ 52,237,148.06
3/6/2012	$ 57,264,711.26
3/7/2012	$ 64,705,957.39
3/8/2012	$ 55,885,309.24
3/9/2012	$ 54,978,093.23
3/10/2012	$ 54,978,093.23
3/11/2012	$ 54,978,093.23
3/12/2012	$ 53,960,011.02
3/13/2012	$ 60,405,550.31
3/14/2012	$ 68,902,785.46
3/15/2012	$ 62,814,260.91
3/16/2012	$ 65,641,761.14
3/17/2012	$ 65,641,761.14
3/18/2012	$ 65,641,761.14
3/19/2012	$ 52,407,993.57
3/20/2012	$ 58,830,325.63
3/21/2012	$ 62,119,999.50
3/22/2012	$ 69,961,065.13
3/23/2012	$ 72,899,616.39
3/24/2012	$ 72,899,616.39
3/25/2012	$ 72,899,616.39
3/26/2012	$ 64,616,239.22

	Cash and Short Term Investments	
3/27/2012	$	66,685,087.46
3/28/2012	$	71,323,566.45
3/29/2012	$	49,345,357.06
3/30/2012	$	50,645,502.02
3/31/2012	$	50,645,502.02
4/1/2012	$	50,645,502.02
4/2/2012	$	46,171,796.73
4/3/2012	$	52,753,838.38
4/4/2012	$	55,219,143.58
4/5/2012	$	57,822,438.02
4/6/2012	$	61,311,314.88
4/7/2012	$	61,311,314.88
4/8/2012	$	61,311,314.88
4/9/2012	$	63,008,147.72
4/10/2012	$	52,463,286.54
4/11/2012	$	57,549,209.30
4/12/2012	$	62,924,372.44
4/13/2012	$	63,864,705.12
4/14/2012	$	63,864,705.12
4/15/2012	$	63,864,705.12
4/16/2012	$	53,906,017.34
4/17/2012	$	66,174,118.00
4/18/2012	$	70,319,338.31
4/19/2012	$	54,355,364.30
4/20/2012	$	54,623,272.59
4/21/2012	$	54,623,272.59
4/22/2012	$	54,623,272.59
4/23/2012	$	60,460,693.98
4/24/2012	$	66,877,599.43
4/25/2012	$	49,242,879.41
4/26/2012	$	52,291,353.68
4/27/2012	$	52,944,116.15
4/28/2012	$	52,944,116.15
4/29/2012	$	52,944,116.15
4/30/2012	$	48,490,693.58
5/1/2012	$	22,611,976.45
5/2/2012	$	22,939,023.69
5/3/2012	$	26,278,910.87
5/4/2012	$	30,864,095.83
5/5/2012	$	30,864,095.83
5/6/2012	$	30,864,095.83
5/7/2012	$	33,244,666.37
5/8/2012	$	22,292,269.76
5/9/2012	$	26,384,393.63

	Cash and Short Term Investments
5/10/2012	$ 28,743,849.61
5/11/2012	$ 28,843,910.18
5/12/2012	$ 28,843,910.18
5/13/2012	$ 28,843,910.18
5/14/2012	$ 30,505,570.41
5/15/2012	$ 22,027,481.14
5/16/2012	$ 28,227,929.37
5/17/2012	$ 9,741,914.85
5/18/2012	$ 10,385,833.38
5/19/2012	$ 10,385,833.38
5/20/2012	$ 10,385,833.38
5/21/2012	$ 9,094,960.87
5/22/2012	$ 18,428,490.02
5/23/2012	$ 22,297,743.14
5/24/2012	$ 24,117,069.80
5/25/2012	$ 3,531,614.19
5/26/2012	$ 3,531,614.19
5/27/2012	$ 3,531,614.19
5/28/2012	$ 3,531,614.19
5/29/2012	$ 6,290,221.34
5/30/2012	$ 11,090,176.64
5/31/2012	$ 5,387,957.96
6/1/2012	$ 9,028,818.45
6/2/2012	$ 9,028,818.45
6/3/2012	$ 9,028,818.45
6/4/2012	$ 13,293,902.95
6/5/2012	$ 19,611,324.64
6/6/2012	$ 23,411,359.14
6/7/2012	$ 26,753,827.57
6/8/2012	$ 10,253,922.38
6/9/2012	$ 10,253,922.38
6/10/2012	$ 10,253,922.38
6/11/2012	$ 11,595,344.22
6/12/2012	$ 15,947,374.65
6/13/2012	$ 18,102,432.41
6/14/2012	$ 20,545,924.64
6/15/2012	$ 12,192,456.22
6/16/2012	$ 12,192,456.22
6/17/2012	$ 12,192,456.22
6/18/2012	$ 15,887,244.95
6/19/2012	$ 8,537,269.78
6/20/2012	$ 11,671,298.20
6/21/2012	$ 14,922,551.28
6/22/2012	$ 19,054,472.09

	Cash and Short Term Investments
6/23/2012	$ 19,054,472.09
6/24/2012	$ 19,054,472.09
6/25/2012	$ 1,181,145.10
6/26/2012	$ 7,789,606.13
6/27/2012	$ 13,101,465.29
6/28/2012	$ 24,155.74
6/29/2012	$ 24,267.03
6/30/2012	$ 24,267.03
7/1/2012	$ 24,267.03
7/2/2012	$ 335,472.47
7/3/2012	$ 2,867,519.23
7/4/2012	$ 2,867,519.23
7/5/2012	$ 7,443,342.30
7/6/2012	$ 9,626,698.25
7/7/2012	$ 9,626,698.25
7/8/2012	$ 9,626,698.25
7/9/2012	$ 2,287,654.21
7/10/2012	$ 8,706,820.30
7/11/2012	$ 12,073,485.47
7/12/2012	$ 16,629,773.36
7/13/2012	$ 2,771,908.51
7/14/2012	$ 2,771,908.51
7/15/2012	$ 2,771,908.51
7/16/2012	$ 356,448.29
7/17/2012	$ 35,979.38
7/18/2012	$ 36,350.41
7/19/2012	$ 34,713.81
7/20/2012	$ 57,606.34
7/21/2012	$ 57,606.34
7/22/2012	$ 57,606.34
7/23/2012	$ 353,535.74
7/24/2012	$ 8,775,551.04
7/25/2012	$ 1,044,913.93
7/26/2012	$ 4,217,356.16
7/27/2012	$ 5,667,292.23
7/28/2012	$ 5,667,292.23
7/29/2012	$ 5,667,292.23
7/30/2012	$ 9,220,720.79
7/31/2012	$ 44,659.27
8/1/2012	$ 4,694,555.53
8/2/2012	$ 8,878,640.59
8/3/2012	$ 12,022,215.92
8/4/2012	$ 12,022,215.92
8/5/2012	$ 12,022,215.92

	Cash and Short Term Investments
8/6/2012	$ 11,804,336.82
8/7/2012	$ 17,130,769.06
8/8/2012	$ 7,996,333.48
8/9/2012	$ 14,152,062.71
8/10/2012	$ 15,879,672.07
8/11/2012	$ 15,879,672.07
8/12/2012	$ 15,879,672.07
8/13/2012	$ 22,569,265.35
8/14/2012	$ 28,562,534.64
8/15/2012	$ 19,556,519.68
8/16/2012	$ 23,697,432.81
8/17/2012	$ 24,637,404.63
8/18/2012	$ 24,637,404.63
8/19/2012	$ 24,637,404.63
8/20/2012	$ 19,968,443.22
8/21/2012	$ 29,340,974.49
8/22/2012	$ 39,563,715.75
8/23/2012	$ 43,396,127.73
8/24/2012	$ 45,731,677.78
8/25/2012	$ 45,731,677.78
8/26/2012	$ 45,731,677.78
8/27/2012	$ 27,863,332.94
8/28/2012	$ 35,786,706.75
8/29/2012	$ 39,862,774.10

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.27

Responding Witness: John J. Spanos

Q2.27 Refer to the Company's response to KIUC 1-42(b).

a. Please describe specifically how Mr. Spanos used the Ventyx study to determine the life spans of the generating units. Provide all notes, workpapers, and computations, if any.

b. Please describe specifically how Mr. Spanos used life spans for similar units elsewhere in the industry to determine the life spans of the generating units. Provide all notes, workpapers, and computations, if any.

c. Please describe specifically how Mr. Spanos used the potential for new environmental regulations to determine the life spans of the generating units. Provide all notes, workpapers, and computations, if any.

d. Please describe specifically how Mr. Spanos used the age of major equipment, such as scrubbers, to determine the life spans of the generating units. Provide all notes, workpapers, and computations, if any.

A2.27 a-d. The economic analysis performed in the Ventyx study provided an estimate of the probable economic lives should operating, economic and regulatory conditions continue into the future in a similar manner as today. As such, the study presented a starting framework for the development of depreciable lives in that it indicated which plants were likely not to survive beyond the timeframe for the study. However, as indicated in the study, the Ventyx study did not contemplate other potential factors that could influence the lives of these plants in the future. These include operating characteristics beyond lives of approximately 60 years, the need for major equipment replacements or additions and the potential for future environmental regulations. Also considered was the interplay between these factors.

For coal-fired power plants, the primary reason for retirements in the industry has been economic, driven in large part by environmental regulations, as well as by the competitive price of other fuels – especially natural gas in recent years. Life spans have typically ranged from 50-70 years with 60 years being the most common. However, specific life spans are based on the unique operating characteristics of each plant. In recent years the trend has been for estimates on the shorter end of this range to be more common. Additionally, retirements that have occurred have been earlier than anticipated due to both the need for significant capital investments required to meet various regulations and the competitive costs of newer natural gas facilities. Indeed, LG&E and KU have both experienced this, as Tyrone Unit 3 and the Cane Run coal-fired plants are now planned to be retired earlier than forecast in the previous Depreciation Study. In both of these cases, as well as for the retirements of the remaining Tyrone and Green River units, the decision to retire is based on the fact that the costs of keeping the units running exceeds the cost of retirement due to the need for significant investments in environmental and other equipment.

For LG&E's and KU's other units, significant investments have been, and are currently being made in environmental equipment to allow the units to meet current and anticipated regulations. Equipment such as scrubbers, SCRs and baghouses either are being installed (or replaced) or will be installed on most of these units. In part due to these significant investments, the life spans proposed in this study for most coal units are longer than in the prior study.

However, this equipment has finite lives, and will at some point in time need to be replaced in order for the units to continue to meet environmental regulations. Further, it is possible that future regulations may require even more stringent controls for SO_x, NO_x, ash ponds, water usage or CO_2 emissions. As a result, even more significant investments may need to be made in new technologies.

The experience of LG&E and KU, as well as other utilities, has been that the lives of much of this equipment, especially scrubbers, has been on average 25 to 30 years. Most of LG&E's and KU's fleet has had or will have scrubbers installed or rebuilt within the next 5 years, meaning that at the time this equipment will need to be replaced, LG&E's and KU's coal-fired power plants will be close to 60 years in age. The likelihood that it will be economically viable to make such significant investments for plants of that age is difficult to determine, but will be much smaller than the decision made today to make such investments for younger units. Indeed, faced with similar decisions for plants of this age (and even younger for the Cane Run units), LG&E and KU have decided to retire much of their older coal fleet.

The vintages of environmental equipment currently installed at LG&E's and KU's sites can be found in the vintage plant balances found in pages III-278 through III-325 of the Depreciation Study. Scrubber investments are separately identified. In cases where the probable retirement dates in the Depreciation Study differ from the Ventyx study for coal-fired units, the dates used for the Depreciation Study are approximately 25 to 30 years from the installation of major equipment.

For the hydro units, the life span for the Ohio Falls units is based on the FERC license date. For Dix Dam, which does not have a FERC license, the life span used is 100 years, based on the experience of other utilities in the industry.

For LG&E's and KU's newer gas-fired units, the life spans used were generally 30 years. These were based primarily on industry experience and informed judgment based on utilization for these types of units. See the response to KIUC 1-45 for a further discussion of the life spans of these units.

For LG&E's and KU's older, smaller combustion turbine units, life spans of 50 years were used, based primarily on the experience of others in the industry. As discussed in KIUC 1-45, these units are run infrequently and require relatively little capital investments. However, given the size and age of these units, should any major equipment fail or investment be required, it is likely that it will be more economical to replace these units rather than repair them.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.28

Responding Witness: John J. Spanos

Q2.28 Refer to Mr. Spanos' Direct Testimony and the depreciation study that he performed. Please confirm as a matter of depreciation principle for life span property, such as generating units, that interim net salvage applies only to interim retirements and not final retirements and that terminal net salvage applies to the terminal (final) retirements. Please provide a copy of all authoritative sources that support your response and specifically identify the relevant portions of such authoritative sources and explain why that source supports your response.

A2.28 For life span property, terminal net salvage occurs at or following the retirement of an entire generating unit or station. These retirements are known as "final" or "terminal" retirements. Interim net salvage is net salvage recorded for "interim" retirements, which occur before the final retirement of an entire generating unit or station. For depreciation purposes, both should be recovered prospectively over the service lives of the assets. Estimates for each type of net salvage may be the same (e.g. (10) percent for both interim and terminal net salvage), or they may differ, depending on the information available at the time of the depreciation study. If the net salvage estimates for interim and final net salvage are not the same, the estimates should be composited as described in NARUC's Public Utility Depreciation Practices (1996), pages 161 through 163.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.29

Responding Witness: John J. Spanos

Q2.29 Refer to page 14 lines 1-2 of Mr. Spano's Direct Testimony wherein he states that "The past practice for LG&E and almost all others in the industry was to apply the interim net salvage percentage to all plant in service at the account level."

a. Please confirm that this was not the "past practice" for LG&E for *life span property* until Case No. 2007-00564 (consolidated with Case No. 2008-00252) wherein the depreciation rates proposed by the Company were included as one component of a settlement agreement adopted by the Commission. In addition, please confirm that prior to that case, the "past practice" for life span property was to apply the interim net salvage only to the interim retirements, not "all plant in service." Please provide a copy of all documents and other analyses reviewed in conjunction with developing your response to this question.

b. Please confirm that for life span property applying the interim net salvage percentage to *all* plant in service at the account level has the practical effect of including interim net salvage on both interim retirements and on final retirements. Please explain your response and provide a copy of all authoritative sources relied on or that otherwise confirm your response.

c. Please confirm that for life span property a utility cannot have interim net salvage on final retirements unless interim retirements are defined to include final retirements. Please explain your response and provide a copy of all authoritative sources relied on or that otherwise confirm your response.

d. Please provide a copy of all documentation and all analyses compiled and relied on to support the claim for life span property that the "past practice" for "almost all others in the industry" was to apply the *interim* net salvage percentage to *all* plant in service at the account level.

A2.29 a. Prior to Case Nos. 2007-00564 and 2007-00565, the practice for life span property for both LG&E and KU was to include an estimate for terminal net salvage. In each of these prior cases, the methodology was similar to that employed for the current Depreciation Study, although the 1992 and 1999 depreciation studies did not include a separate estimate for interim net salvage; that is, the estimate for interim net salvage was in practice zero percent. In the 2002 Depreciation Study, filed in the 2003 rate case, a separate provision for interim net salvage was also included.

b. Applying the interim net salvage estimate has the practical effect of applying the same net salvage estimate as for interim retirements to terminal retirements. This does not necessarily mean that interim net salvage is included for final retirements.

c. Final net salvage applies to final retirements. The average net salvage for final retirements may or may not have a different estimate than for interim retirements.

d. The statement in Mr. Spanos's testimony was based on his experience in the industry, and in particular the majority of Depreciation Studies he has conducted. In Kentucky, this included the prior studies for LG&E and KU, as well as for Duke Kentucky. Mr. Spanos's current practice is to include a separate estimate for interim and final net salvage.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.30

Responding Witness: Shannon L. Charnas / John J. Spanos

Q2.30 Please identify each generating unit that the Company actually has retired and dismantled and provide the following information for each such unit:

a. Description of generating unit, including type of capacity and mW of capacity.

b. Year of retirement.

c. Year of dismantlement.

d. Cost of dismantlement.

e. Description of dismantlement activities.

f. Gross plant in service at date of retirement and at date dismantlement commenced.

g. Accumulated depreciation at date of retirement and at date dismantlement commenced.

h. Accounting journal entries used to record dismantlement costs. Provide the accounts, amounts, computations, and descriptions.

i. All actual generating unit dismantlement data that was provided to Mr. Spanos.

j. A description of how Mr. Spanos used the actual generating unit dismantlement data provide to him to determine the net negative salvage on final retirements, if at all.

A2.30 a-i. KU has not yet dismantled any retired generating units. See the response to Question No. 2.68 for details on generating units that have been retired in the last 15 years.

j. KU does not have any retired generating units that have been dismantled at this point in time, so there is no historical data for Mr. Spanos to incorporate into his analysis. However, projected costs for the potential dismantlement of the Canal and Paddy's run plants were incorporated into Mr. Spanos's analysis. These amounts were included in the response to KIUC 1-44.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.31

Responding Witness: John J. Spanos

Q2.31 Please describe the review performed by Mr. Spanos prior to completing his depreciation study and his Direct Testimony of the Kentucky Commission's "past practice" for life span property of including dismantlement costs in the depreciation rates.

A2.31 Mr. Spanos's review included 1) the LG&E and KU 2001 Depreciation Studies;[1] 2) the LG&E and KU 2002 Depreciation Studies performed in conjunction with the 2003 Rate Cases;[2] 3) the LG&E and KU 2007 Depreciation Studies[3] which were consolidated with the 2008 Rate Cases;[4] and 4) prior depreciation studies for Duke Kentucky. In the 2001 Depreciation Studies, as well as with the 2002 Depreciation Studies filed with the 2003 Rate Cases for LG&E and KU, final net salvage was separately identified. In the 2007 Depreciation Studies consolidated with the 2008 Rate Cases for LG&E and KU, as well as the prior study for Duke Kentucky, the estimate for interim and final net salvage was the same, and not separately identified.

[1] Case No. 2001-140: In the Matter of: *Application of Kentucky Utilities Company for an Order Approving Revised Depreciation Rates.* Case No. 2001-141: In the Matter of: *Application of Louisville Gas and Electric Company for an Order Approving Revised Depreciation Rates*.
[2] Case No. 2003-00433: In the Matter of: *An Adjustment of the Gas and Electric Rates, Terms, and Conditions of Louisville Gas and Electric Company*. Case No. 2003-00434: In the Matter of: *An Adjustment of the Electric Rates, Terms, and Conditions of Kentucky Utilities Company*.
[3] Case No. 2007-00564: In the Matter of: *Application of Louisville Gas and Electric Company to File Depreciation Study*. Case No. 2007-00565: In the Matter of: *Application of Kentucky Utilities Company to File Depreciation Study*.
[4] Case No. 2008-00251: In the Matter of: *Application of Kentucky Utilities Company for an Adjustment of its Electric Base Rates*. Case No. 2008-00252: In the Matter of: *Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Base Rates*.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.32

Responding Witness: John J. Spanos

Q2.32 Please confirm that Mr. Spanos told the Commission and other parties in Case No. 2009-00329 in response to KIUC 1-1 and to KIUC 1-3 that the proposed TC2 depreciation rates, which were the same as the TC1 depreciation rates, did NOT include terminal net salvage despite the fact that the interim net salvage rates were applied to total plant, not just interim retirements.

A2.32 Mr. Spanos' position in the case referenced in the data request was characterized as such because there was no terminal net salvage estimate available for Trimble County Units 1 and 2. In other words, all retirements and associated net salvage was classified as interim net salvage. Therefore, the interim net salvage estimates should have been applied to all plant. As discussed in his direct testimony in this proceeding, Mr. Spanos believes that the methodology used in the current Depreciation Study, which incorporates a specific net salvage estimate for final retirements, is a more precise methodology, and an improvement over the methodology used in the prior depreciation study.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.33

Responding Witness: John J. Spanos

Q2.33 Please confirm that it is not still Mr. Spanos' position that the present depreciation rates for TC1 and TC2 do NOT include terminal net salvage.

A2.33 Please see the response to Question No. 2.32. Mr. Spanos' position is as follows: if no dismantlement information is available, then a reasonable alternative is to apply the interim net salvage estimates to all plant. However, in part as a response to needed precision in prior depreciation studies raised by regulators, Mr. Spanos acknowledges that there are limitations to this methodology. Mr. Spanos is of the opinion that if information on dismantlement is available, then the methodology employed in this Depreciation Study is an improvement over applying the interim net salvage estimates to all plant.

Based on information available for this study – much of which was not available 5 years ago - Mr. Spanos' opinion is that the estimates and methodology presented in this study represent the best estimates of future net salvage for production plants.

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Response to Second Set of Data Requests of
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Dated August 28, 2012

Question No. 2.34

Responding Witness: John J. Spanos

Q2.34 Refer to page 7 of Mr. Spanos' testimony wherein he is asked the following question and provides the following answer (in part).

> **Q. ARE THE METHODS AND PROCEDURES OF THIS DEPRECIATION STUDY CONSISTENT WITH PAST PRACTICES?**
> A. The methods and procedures of this study are the *same* as those utilized in past studies of this Company as well as others before this Commission. (emphasis added).

a. Please confirm that this Answer is not correct with respect to final net salvage and the Company's request for recovery of this cost in the depreciation rates is not the "same" as those utilized in past studies of this Company.

b. Please identify and provide copies of all studies utilized by "others" before this Commission that include final net salvage in depreciation rates that were approved by the Commission. Specifically identify where in each such study it demonstrates that final net salvage was included in the proposed depreciation rates.

c. For each such study identified in response to part (b) of this question, please indicate whether the Commission adopted the utility's proposed final net salvage in the depreciation rates and if so, then please identify where in the Commission's order it adopted this proposal.

A2.34 a. The answer cited in the Q&A above is not the complete answer provided in Mr. Spanos's testimony. As the rest of the answer states, the average service life procedure and remaining life method are the same as those utilized in past studies of this Company as well as others before this Commission. The methodology of recovering net salvage prospectively through depreciation expense has also not changed. Only the methodology used for determining

the appropriate net salvage estimates for each generating unit have been modified from the previous study. This change is discussed in pages 13 and 14 of Mr. Spanos's direct testimony.

b. In the portion of Mr. Spanos's testimony cited above, the term "others" refers to other companies that have used the Average Service Life – Broad Group procedure and the remaining life method, not to the inclusion of final net salvage in depreciation rates. However, the 1992, 2001, and 2002 depreciation studies for LG&E and KU all include final net salvage estimates in depreciation rates. Pages 2-18 through 2-22 of the 2002 LG&E Depreciation Study show the use of terminal net salvage for LG&E, and pages 2-29 through 2-33 of the 2002 KU Depreciation study show the same for KU. Section D of both the LG&E and KU 1999 depreciation studies show the final net salvage estimates for generation plant for both the 1992 and 1999 Depreciation Studies.

c. Mr. Spanos's understanding is that the final net salvage estimates for the 1999 study were adopted as a part of a settlement (although the lives for generation were different for the settlement than for the study). As part of a settlement for the 2002 depreciation study, the Company continued to use the depreciation rates from the 1999 study, so the 2002 depreciation rates were never used by the Company.

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Dated August 28, 2012

Question No. 2.35

Responding Witness: John J. Spanos

Q2.35 Does Mr. Spanos agree that the cost of dismantling a generating unit is a function of many factors, including, but not limited to, the size of the facility, the complexity of the facility, the fuel type of the facility, the equipment and configuration of the facility, environmental remediation, brownfield or greenfield site restoration, re-usability and marketability of the equipment, and other factors. Please explain your response.

A2.35 Mr. Spanos agrees that the dismantlement of a generating unit is a function of a number of factors. The estimate for final net salvage included in this study takes these factors into account.

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Response to Second Set of Data Requests of
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Question No. 2.36

Responding Witness: Paul W. Thompson

Q2.36 Please provide a copy of all dismantlement studies, site specific or not, prepared by or for the Company for each of its generating units.

A2.36 The Company has not had any dismantlement studies completed on any of its generating units.

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Question No. 2.37

Responding Witness: Shannon L. Charnas

Q2.37 Does the Company seek to have the Commission change its policy on final net salvage as a component of depreciation rates in this proceeding? If so, why didn't it highlight this request and provide any testimony support of this change in policy?

A2.37 The Company does not accept the premise in the request (i.e. "the Commission['s] … policy on final net salvage as a component of depreciation rates") but confirms it is not advocating a change in its previous position with regard to net salvage.

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Question No. 2.38

Responding Witness: Shannon L. Charnas

Q2.38 Please provide a copy of all correspondence, studies, reports, analyses, comparisons, research, and all other materials related to the Company's evaluation of the final net salvage issue and whether it should seek recovery of these projected costs through its depreciation rates and the resulting expense.

A2.38 Kentucky Utilities Company (KU) engaged a professional depreciation consultant to provide an independent, unbiased depreciation study. KU reviewed the study and the underlying assumptions. The judgments and recommendations in the study appeared reasonable and the study was accepted by the Company. There are no specific correspondences, studies, analyses, comparisons, research, or other materials relating to the evaluation of the final net salvage issue.

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Question No. 2.39

Responding Witness: Shannon L. Charnas

Q2.39 Did the Company direct Mr. Spanos to include final net salvage as a component of the proposed depreciation rates or was this decision made solely by Mr. Spanos? If the Company directed Mr. Spanos to include final net salvage as a component of the proposed depreciation rates, then please provide all documentation to that effect, along with all other written directions to Mr. Spanos on either policy or methodological issues.

A2.39 No. Kentucky Utilities Company (KU) did not direct Mr. Spanos regarding final net salvage. Based on his expertise and knowledge of the industry, Mr. Spanos presented the depreciation study which was accepted by KU.

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Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.40

Responding Witness: Shannon L. Charnas

Q2.40 Please provide a copy of the engagement agreement between the Company and Gannet Fleming/Mr. Spanos and provide a copy of all other written descriptions, whether through correspondence or through other means, of the scope of work and the positions that would be taken by Mr. Spanos.

A2.40 See attached.

LG&E and KU Services Company
CONTRACT NO. 53159

This Contract ("Contract") is entered into this 25th Day of May, 2011 (the "Effective Date") by and between LG&E and KU Services Company, a Kentucky corporation ("Company") whose address is 220 West Main Street, Louisville, Kentucky 40202 and Gannett Fleming, Inc., a Delaware Corporation ("Contractor") whose primary address is 207 Senate Avenue, Camp Hill, Pennsylvania 17011.

WHEREAS, Contractor desires the opportunity to provide services to Company and its Affiliates during the terms of this Contract and Company and its Affiliates desire the opportunity to engage Contractor to provide such services; and

WHEREAS, the parties intend that this Contract sets forth the exclusive set of terms and conditions which shall govern the performance of the "Services" (as defined below) by Contractor for Company should Company engage Contractor to provide the Services.

NOW THEREFORE, in consideration of the premises, the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do agree as follows:

1.0 DEFINITIONS

1.01 **Agreement:** "Agreement" shall mean this Contract, along with any attachments or specifications issued by Company or executed by the parties in accordance with Article 2, or other agreed collateral document pursuant to which the Service is to be delivered.
1.02 **Applicable Laws:** "Applicable Laws" shall mean any and all applicable federal, state, or local laws, regulations, codes, ordinances, administrative rules, court orders, permits or executive orders.
1.03 **Contractor:** "Contractor" shall mean the entity designated as the "Contractor" in the opening paragraph of this Contract.
1.04 **Company:** "Company" shall mean LG&E and KU Services Company as a party to this agreement.
1.05 **Affiliate:** "Affiliate" shall mean any entity which, from time to time, in whole or in part, and directly or indirectly, controls, is controlled by, or under common control with LG&E and KU Services Company and shall include, without limitation, Louisville Gas and Electric Company and Kentucky Utilities Company, both Kentucky corporations.
1.06 **Services**: "Services" shall mean the services to be provided within the terms of this Agreement as defined within the body of this Contract.

2.0 DESCRIPTION OF SERVICES

Contractor shall provide the following: **Depreciation Study of the electric, gas and common plant of Louisville Gas and Electric and Kentucky Utilities and providing expert testimony** as more specifically defined within the articles of Section 2.0 and hereinafter referred to as the Services, under the terms and conditions hereof.

2.1 The Work shall include, but not be limited to the articles listed below. ***Contractor shall provide all labor, supervision, materials, equipment, tools and shall pay all expenses, necessary or appropriate to provide the Services.***

ORIGINAL

2.2 In performance of the Services, Contractor shall:

2.2.1 Prepare a complete electric, gas, and common depreciation study for Company's utility subsidiaries in accordance with the specification within Exhibit No. 1, Scope of Services, attached hereto and incorporated herein by reference. The services to be performed shall include detailed analysis of all depreciable electric, gas and common plant in service as of December 31, 2011 and the associated historical mortality experience.

2.2.2 Louisville Gas and Electric and Kentucky Utilities remain separate legal entities subject to the jurisdiction of the Kentucky Public Service Commission (KY PSC) and the State Corporate Commission of Virginia (SCC VA). Therefore the study must include a separate analysis of the depreciation rates for each utility.

2.2.3 The study shall be conducted in accordance with all Generally Accepted Accounting Principles and regulatory requirements. This study is to be based on plants in service as of December 31, 2011. A preliminary review document shall be completed with supporting data, footnotes, etc. and submitted to the Manager of Property Accounting no later than December 1, 2011. A full presentation of the preliminary document, inclusive of any and all visual aids necessary shall be presented before management on or about December 15, 2011. The completed depreciation study shall be delivered for management review by March 31, 2012 with any and all necessary findings. All information obtained before, during and after the depreciation study shall be held in strict confidence and shall be released only by written request from the Company's Manager of Property Accounting.

3.0 EXHIBITS

All Services shall be performed in strict accordance with the following specifications, exhibits and drawings which are incorporated herein by reference.

Exhibit No.	Title
Exhibit No. 1	Scope of Services
Exhibit No. 2	Contractor Code of Business Conduct
Exhibit No. 3	Billing Rates

4.0 CONTRACT TERM

This Contract shall become effective June 1, 2011 and continue until December 31, 2012, or until such time as any related testimony is complete. This Contract is subject to Article 18, Term and Termination of the fully executed ASA between both parties. Company makes no promise or guarantee as to the amount of Services to be performed under this Agreement nor does it convey an exclusive right to the Contractor to perform Services of the type or nature set forth within this Agreement. Either party may terminate this contract upon thirty (30) days written notice to the other party.

5.0 PERFORMANCE SCHEDULE

5.1 Contractor shall commence performance of the work on or about June 1, 2011 and shall complete work no later than December 31, 2012 or until all related testimony is complete.

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5.2 The Company's engagement is with the firm Gannett Fleming and not with a specific member or employee of Gannett Fleming. The depreciation study for the Company will be conducted under the supervision of John J. Spanos, Vice President of Gannett Fleming's Valuation and Rate Division. Quality assurance of the study will be provided by John F. Wiedmayer, Jr., Project Manager Depreciation. To the extent the Companies are required to present testimony in support of the approval of the depreciation study before state or federal regulators, John F. Wiedmayer, Jr. will provide quality assurance in the preparation of the testimony by Mr. Spanos and will be available for review of and comment on testimony or written comments submitted by persons in opposition to the depreciation study.

5.3 Contractor shall notify Company's representative at least one (1) full working day prior to working on Company property for work that will occur on any Saturday, Sunday or Company holiday. Failure to notify the Company properly will result in loss of payment for work conducted during this period.

5.4 Contractor shall not assign nor subcontract out any material portion of the Services except under extenuating circumstances, which requires advanced written approval by the Company. Contractor shall notify Company of its intent to use subcontractors in performance of the Services at least forty-eight (48) hours in advance of start of the work. Subcontractors will be denied access to Company facilities without the required notification and approval. Refer to article 16, Assignment of Agreement; Subcontracting, of the ASA.

6.0 ADMINISTRATIVE SERVICES AGREEMENT

The terms and conditions set forth in the Administrative Services Agreement ("ASA") signed and executed on May 25 2011, are hereby incorporated by reference as fully set forth herein. In the event of a conflict between the terms and conditions of the ASA and those of this Contract, the terms and conditions of the Contract shall prevail.

7.0 COMPENSATION

7.1 Full compensation to Contractor for full and complete performance by Contractor of the Services, compliance with all terms and conditions of this Agreement and for Contractor's payment of all obligations incurred in, or applicable to, performance of the Services (hereinafter referred to as the "Contract Price") shall be determined in accordance with the unit prices as outlined within Exhibit No. 3, Billing Rates, plus reimbursement for direct actual expenses at cost (with a copy of the receipt). **The overall estimated Contract Price for the two (2) depreciation studies is $50,000.00 - $55,000.00.** This estimate and the actual Contract Price shall be based upon the billing rates detailed within Exhibit No. 3, Billing Rates, attached hereto and incorporated herein by reference.

7.2 Company agrees to reimburse Contractor for travel expenses required in overnight travel, including lodging and meals; at actual costs, as verified by actual receipts. Mileage will be reimbursed at current IRS reimbursable rate. Lodging will be capped at a maximum daily rate of $200 per person (unless prior written approval is provided by Company). A list of local area hotels offering a discounted rate to Company's Contractors can be obtained by contacting Carrie Mattingly, Sourcing Leader at carrie.mattingly@lge-ku.com . Air travel will only be reimbursed for Coach Class. Contractor is encouraged to exercise the most cost effective manner when reserving lodging and air fare.

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7.3 The Contract Price excludes charges for work subsequent to the completion of the final reports and such work in connection with a proceeding before a regulatory body. Should these costs occur they shall be based upon the rates identified within Exhibit No. 3, Billing Rates, attached hereto and incorporated herein by reference. All subsequent work or Services require prior written approval from the Company.

7.4 SPECIAL INVOICING INSTRUCTIONS

Invoices, one original per month along with any supporting documentation and containing Contract Number 53159, shall be mailed to the attention of:

LG&E and KU Services Company
Attn: Manager of Property Accounting
P.O. Box 32010
Louisville, KY 40232

Or via email to: sara.wiseman@lge-ku.com

Invoice payment terms are NET 30.

8.0 CONTRACTUAL NOTICES

All notices and communications regarding this Contract shall be in writing, shall be identified by the Contract number and shall be addressed as follows (which address either party may change upon five (5) days prior notice to the other party):

8.1 Company address:
LG&E and KU Services Company
PO Box 32020
Louisville, Kentucky 40232
Attention: Carrie Mattingly
(502) 627-2433
(502) 217-4991 Fax
carric.mattingly@lge-ku.com

Copy To:
LG&E and KU Services Company
PO Box 32010
Louisville, Kentucky 40232
Attention: Sara Wiseman
(502) 627-3189
sara.wiseman@lge-ku.com

8.2 Contractor's Address:
Gannett Fleming, Inc.
Valuation and Rate Division
PO Box 67100
Harrisburg, Pennsylvania 17106
Attention: Cheryl Rutter, Administrator
(717) 763-7211 x2283
(717) 763-4590 Fax
crutter@gfnet.com

ORIGINAL

9.0 USE AND DISCLOSURE OF INFORMATION

9.1 All information and data provided by or owned by the Company, including all specifications, data, notes, programs or documentation, or other technical or business information in written, graphic or other forms furnished or revealed by the Company to Contractor or any of its affiliates, associates, employers, agents, representatives or subcontractors is deemed to be confidential.

9.2 Contractor agrees, regarding all Company confidential information, to use such confidential information solely in performing the Services. Contractor further agrees to keep in confidence and prevent disclosures to any persons or organizations outside of its own organization, or to any person within its own organization not having a need to know, all Company confidential information.

9.3 Contractor agrees not to publish, publicize, or advertise the existence of this Contract or the subject matter of it or in any way associate the Company with it. Contractor shall not without the prior written consent of the Company, make any public announcement, issue any press release, make any statement to any third party, or make or authorize the publication of any article, either externally or internally, which identifies, relates to or otherwise gives publicly to any agreement between the Company and the Contractor.

10.0 ENTIRE AGREEMENT

This Contract, including the ASA and all exhibits listed within this Contract, constitutes the entire agreement between the parties relating to the Services and supersedes all prior or contemporaneous oral or written agreements, negotiations, understandings and statements pertaining to the Services or this Contract.

The parties hereto have executed this Contract on the dates written below, but it is effective as of the date first written above.

LG&E AND KU SERVICES COMPANY

BY: William K Wade

TITLE: Manager, Corporate Purchasing

DATE: 5-23-2011

GANNETT FLEMING, INC.

BY: John J. Spanos

TITLE: Vice President, Valuation and Rate Division

DATE: May 18, 2011

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Exhibit No. 1
Scope of Services

The depreciation study will include seven (7) major tasks up to the date of filing with the respective state commissions. Upon the filing of the depreciation study, Contractor will prepare testimony and respond to any data requests from commission staffs. The following scope of services sets forth the depreciation study work plan.

Task 1 - Data Assembly and Review

Contractor will prepare a written data requirement list for Company personnel to use in assembling the needed data for the study. The list will specify the data to be obtained for each plant account and the manner in which the data are to be transmitted to the Contractor. The required data will be through December 2011 in order to update from the previous study. There will be a need to include data from accounts not studied in the previous case.

The assembled data will be reviewed by the Contractor staff and a "post audit" computer program for control and logic. Irregular or unusual entries will be identified and reviewed with the Company personnel to determine their circumstances and whether they require adjustment. Large retirements also will be identified and explanations as to the cause of such retirements will be requested.

Task 2 - Statistical Analyses of Data

The data assembled and reviewed in Task 1 will be analyzed by the Contractor for historical indications of service life using the retirement rate method.

Trends in average service life and survivor curve shape will be identified by the Contractor through the use of experience band analyses with the retirement rate model. Experience bands will identify the impact of economic and technological cycles on the service life of property groups. The selection of the bands for analysis will be based on a review of annual addition and retirement levels, a multiple original group life table, and preliminary discussions with operating management related to changes in materials used in construction, changes in installed technology and major retirement programs.

Annual gross salvage and cost of removal will be expressed by the Contractor as percents of the related retirements for all accounts, as appropriate. Moving averages will be used to smooth the annual fluctuations.

Task 3 - Field Review and Management Conferences

The field review by the Contractor will include visits to representative power stations, substations, gas storage and production facilities, city gate stations, measuring and regulating stations, and service centers. The purpose of the inspections will be to obtain information related to the operation and condition of the property.

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During these visits, the Contractor also will meet with appropriate Company personnel to obtain additional information related to the outlook for the property. The results of the statistical analyses conducted in Task 2, the typical range of lives and salvage used in the industry, and Contractor's general experience, will be reviewed with these Company personnel as a basis for forecasting future survivor and net salvage characteristics. The discussion will focus on the past forces of retirement which produced the historical indications and the extent to which future forces such as economic, technological, physical and environmental will result in future lives and net salvage values that differ from the past.

Task 4 - Preliminary Service Life and Net Salvage Estimates

Preliminary estimates of average service lives, type survivor curves and net salvage percents will be made by Contractor on the basis of the statistical analyses, observed conditions at the time of the field review, the discussions with the Company management related to outlook and the typical range of lives used in the electric and gas utility industries. Calculations of annual and accrued depreciation will be performed. The calculations may include scenarios that realign plant assets and the accumulated depreciation based on procedures.

Task 5 - Presentation to Management

The results of the depreciation calculations and the bases for such calculations will be presented by the Contractor to the Company management to insure that the results are in accordance with the Company management's capital recovery policies and outlook.

Task 6 - Final Estimates and Calculations

Final calculations of depreciation accrual rates and reserves by account will be performed by the Contractor in order to reflect appropriate modifications as determined during the review with the Company management.

Task 7 - Draft and Final Report

A draft report will be prepared by the Contractor for review by the Company's management. The report will include an introduction, a description of the methods used in the statistical analyses and depreciation calculations, a narrative discussion of the factors considered in the estimation of service life and net salvage including the content of the account, the statistical support for the estimates, and the summary and detailed tabulations of depreciation by account. After review, comment and discussion, a final report will be prepared by the Contractor and submitted to the Company's management.

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Exhibit No. 2
Contractor Code of Business Conduct

This LG&E and KU Services Company (a Kentucky corporation) Contractor Code of Business Conduct ("Code") is incorporated by reference into the General Service Agreement or other agreement between you as the contractor ("Contractor") and LG&E and KU Services Company and/or one of its affiliates Kentucky Utilities Company, and Louisville Gas and Electric Company (collectively the "Company"). This Code sets minimum standards for Contractor's conduct in the areas addressed. Contracts between Company and Contractor may provide for standards exceeding the standards of this code.

Observance of Laws
Contractor shall fully comply with the provisions of all federal, state and local laws, regulations and ordinances applicable to its activities performed for the Company or any goods or services provided to or on behalf of the Company, including without limitation, all applicable laws, regulations and ordinances pertaining to occupational health and safety and environmental protection.

Bribes and Kickbacks
Contractor may not under any circumstances accept or pay bribes, kickbacks or other similar compensation or consideration in any way relating to the Company or any activity for or on behalf of the Company.

Dishonest and Fraudulent Activity
Contractor shall not engage in or allow its employees to engage in dishonest acts or fraudulent activity in connection with or in association with the Company's business. For purposes of this policy, the definition of a dishonest act or fraudulent activity includes but is not limited to:

1. An intentional or deliberate act to deprive the Company or any person of something of value, or to gain an unfair benefit using deception, false suggestions, suppression of truth, or other unfair means which are believed and relied upon.
2. A dishonest act or fraudulent activity may be, but is not limited to, an intentional act or activity that is unethical, improper, or illegal such as:
   a. Embezzlement;
   b. Misappropriation, misapplication, destruction, removal, or concealment of property;
   c. Alteration or falsification of paper or electronic documents, including the inappropriate destruction of paper or electronic documents;
   d. False claims and/or misrepresentation of facts;
   e. Theft of an asset, including, but not limited to, money, tangible property, trade secrets or intellectual property;

Harassment
Contractor shall not permit sexual advances, actions, comments, or any other conduct that creates an intimidating or otherwise offensive work environment on Company property or any site where Contractor is performing activity for or on behalf of Company. Further, Contractor shall not permit the use of racial and religious slurs, or any other conduct that breeds an offensive work environment, on Company property or any site where Contractor is performing activity for or on behalf of Company.

Drugs and Alcohol
Contractor shall not allow any employee to perform services for or on behalf of Company while under the influence of drugs or alcohol. Contractor shall maintain a drug and alcohol testing program meeting all

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applicable federal, state and local laws, regulations and ordinances and meeting or exceeding any and all standards stated in any contract with Company or any document incorporated in such a contract.

Misuse of Company Assets

No funds or assets of the Company may be used or paid for any unlawful or improper purpose. A Contractor's employees shall not have access to any Company computers unless the contract between such Contractor and the Company expressly provides for such access in writing.

Reporting of Violations

In the event Contractor learns of any violation of this Code, Contractor shall immediately report such violation to Company's Director, Compliance and Ethics at (502) 627-2648.

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Exhibit No. 3
Billing Rates

EFFECTIVE JANUARY 1, 2011

Personnel	Hourly Rate
SUPERVISORY STAFF	
P. R. Herbert, President	$215.00
J. J. Spanos, Vice President	205.00
C. R. Clarke, Director, Western U.S. Services	205.00
L. E. Kennedy, Director, Canadian Services	205.00
H. Walker, III, Manager, Financial Studies	190.00
J. F. Wiedmayer, Jr., Project Manager, Depreciation	160.00
STAFF	
Analysts and Engineers	135.00
Associate Analysts and Engineers	125.00
Assistant Analysts and Engineers	110.00
Senior Technicians	90.00
Technicians	85.00
Support Staff	85.00

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ADMINISTRATIVE SERVICES AGREEMENT
LG&E AND KU SERVICES COMPANY AND/OR AFFILIATES

This Administrative Services Agreement (this "Agreement") is made this 25 day of May, 2011 (the "Effective Date') by and between LG&E and KU Services Company, a Kentucky corporation ("LG&E and KU Services Company") and/or its "Affiliates" (as defined below) and Gannett Fleming, Inc. ("Contractor"), a Delaware corporation.

WHEREAS, Contractor desires the opportunity to perform Administrative And/Or Professional Non-Engineering Related Services to Company and/or its Affiliates from time to time, and Company desires the opportunity to engage Contractor to provide such Administrative And/Or Professional Non-Engineering Related Services, evaluations and/or recommendations;

WHEREAS, the Administrative And/Or Professional Non-Engineering Related Services to be rendered by Contractor, as defined in Article 1.01, do not constitute any engineering services, electrical reliability studies, surveys and/or environmentally related services (if engineering services, electrical reliability studies, surveys and/or environmentally professional services should ever be rendered by Contractor to Company, or if Contractor should ever provide any goods and/or render any engineering related and/or construction services to the Company pursuant to any Contract, Statement of Work and/or Purchase Order (or any change orders related thereto), Contractor must then enter into Company's standard "General Services Agreement"; provided, however, that nothing in this Agreement shall preclude Contractor from rendering other types of professional and/or business administrative types of services (i.e., accounting, medical, legal, etc.) which do not constitute engineering services, electrical reliability studies, surveys and/or environmentally related services; and

WHEREAS, the parties intend that this Agreement sets forth the exclusive set of terms and conditions which shall govern the performance of the Work by Contractor for Company should Company engage Contractor to provide Work.

NOW THEREFORE, in consideration of the premises, the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and incorporating the above stated recitals, the parties do agree as follows:

ARTICLE 1 DEFINITIONS

1.01 **Administrative And/Or Professional Non-Engineering Related Services:** "Administrative And/Or Professional Non-Engineering Related Services" shall mean any types of professional and/or business administrative types of services (i.e., accounting, medical, legal, etc.) which do not constitute professional engineering services, electrical reliability studies, surveys and/or environmentally related services.

1.02 **Affiliate:** "Affiliate" shall mean any entity which, from time to time, in whole or in part, and directly or indirectly, controls, is controlled by, or under common control with LG&E and KU Services Company and shall include, without limitation, Louisville Gas and Electric Company and Kentucky Utilities Company, both Kentucky corporations.

1.03 **Agreement:** "Agreement" shall mean this Administrative Consulting Services Agreement, along with any attachments, specifications, Purchase Orders, engagement letters or Statements of Work sent by Company in accordance with Article 2, and/or other agreed collateral document pursuant to which the Work is to be performed.

1.04 **Applicable Laws:** "Applicable Laws" shall mean any and all applicable federal, state or local laws, regulations, codes, ordinances, administrative rules, court orders or permits.

1.05 **Contract:** "Contract" shall mean, in the aggregate, those specialized terms and conditions contained within Statements of Work and/or Purchase Orders, if any, which are issued pursuant to this Agreement with respect to the Administrative And/Or Professional Non-Engineering Related Services.

1.06 **Contract Price:** "Contract Price" shall mean the aggregate of the particular consideration set forth in one or more Purchase Orders or as otherwise agreed upon. Unless otherwise agreed, the Contract Price includes all applicable taxes, duties, fees and assessments of any nature including, without limitation, all sales and use taxes, due to any governmental authority with respect to the Work.

1.07 **Contractor:** "Contractor" shall mean the entity designated as the "Contractor" in the opening paragraph of this Agreement.

1.08 **Company:** "Company" shall mean LG&E and KU Services Company and/or any of its Affiliates as appropriate based on which entity is the party to the Purchase Order, engagement letter, Statement of Work or other binding document. The rights and obligations of LG&E and KU Services Company and each of its Affiliates hereunder shall be limited to the extent of such party's proportionate utilization of Contractor's services hereunder.

1.09 **LG&E and KU Services Company:** "LG&E and KU Services Company" shall mean LG&E and KU Services Company, a Kentucky corporation.

1.10 **Purchase Order:** Company may, at its discretion, issue its own "Purchase Order Standard Terms and Conditions" and/or "Contractor's Purchase Agreement" (collectively, the "Purchase Order"), comprising part of the Contract and/or incorporating the Statements of Work, that may supplement, but not contradict this Agreement unless otherwise expressly provided by Company.

1.11 **Statements of Work:** "Statements of Work", if any shall comprise, in part, the Contract including specifications, instructions, drawings, schedules, scopes and/or descriptions of Work.

1.12 **Work:** "Work" shall include those Administrative And/Or Professional Non-Engineering Related Services set forth in any instructions, specifications, schedules, Contract, Statement(s) of Work and/or Purchase Order(s) as mutually executed by the parties.

ARTICLE 2 SCOPE OF AGREEMENT

Unless otherwise agreed in a writing executed by each of the parties (i.e., the Contract) which evidences a clear intention to supersede this Agreement, the parties intend that this Agreement apply to all transactions which may occur between Company and Contractor during the term of this Agreement. Company makes no commitment to Contractor as to the exclusiveness of this relationship or as to the volume and/or quantities (per unit or otherwise), if any, of business Company will perform with Contractor. Such Contract for the provision of Work under this Agreement shall be reflected by (a) each of the parties executing a mutually acceptable schedule to this Agreement or (b) Company providing a Purchase Order and/or engagement letter and/or Statement of Work to Contractor and Contractor accepting such Purchase Order, engagement letter and/or Statement of Work (including by commencing performance pursuant to such Purchase Order). In the event Company provides a Purchase Order, engagement letter and/or Statement of Work to Contractor and Contractor commences performance thereon, Contractor hereby agrees to the formation of a binding agreement as described in the Purchase Order upon Contractor's commencement of performance, waives any argument that it might otherwise have under Applicable Laws that the Purchase Order and/or Statement of Work should have been executed by each of the parties to be enforceable and further agrees to not contest the enforceability of such Purchase Order, engagement letter and/or Statement of Work on those grounds, and agrees to not contest the admissibility of Company's records related to such Purchase Order that are kept in the ordinary course by Company. In addition, in no event shall the terms and conditions of any proposal, Purchase Order acknowledgement, invoice, or other document, in each case as unilaterally issued by Contractor, be binding upon Company without Company's explicit written acceptance thereof. Any Work performed by Contractor without Company's binding commitment for such Work either via a duly executed schedule to this Agreement or a duly executed Purchase Order and/or Statement of Work shall be at Contractor's sole risk and expense, and Company shall have no obligation to pay for any such Work.

ARTICLE 3 CONDITIONS AND RISKS OF WORK; WORK HARMONY

Contractor represents that Contractor has carefully examined all conditions relevant to the Work and its surroundings, and Contractor assumes the risk of such conditions and will, regardless of such conditions, the expense, or difficulty of performing the Work, fully complete the Work for the stated Contract Price without further recourse to Company. Information on the site of the Work and local conditions at such site furnished by Company in specifications, drawings, or otherwise is made without representation or warranty of any nature by Company, is not guaranteed by Company, and is furnished solely for the convenience of Contractor. In case of a conflict between instructions, specifications, drawings, schedules, and/or Purchase Order(s), Company shall resolve such conflict; and Company's resolution shall be binding on Contractor. Contractor agrees that all labor employed by Contractor, its agents, or subcontractors for Work on the premises of Company, if any, shall be in harmony with all other labor being used by Company or other contractors working on Company's premises. To the extent applicable, Contractor agrees to give Company immediate notice of any threatened or actual labor dispute and will provide assistance as determined necessary by Company to resolve any such dispute. Contractor, its agents, or subcontractors, if any, shall remove from Company's premises any person objected to by Company in association with the Work.

ARTICLE 4 COMPANY CHANGES IN WORK

The scope of and conditions applicable to the Work shall be subject to changes by Company from time to time. Such changes shall only be enforceable if documented in a writing executed by Company. Except as otherwise specifically set forth in this Agreement, changes in the scope of or conditions applicable to the Work may result in adjustments in the Contract Price and/or the Work schedule in accordance with this Article 4. If Contractor believes that adjustment of the Contract Price or the Work schedule is justified, whether as a result of a change made pursuant to this Article or as a result of any other circumstance, then Contractor shall (a) give Company written notice of its claim within five (5) business days after receipt of notice of such change or the occurrence of such circumstances and (b) shall supply a written statement supporting Contractor's claim within ten (10) business days after receipt of notice of such change or occurrence of such circumstances, which statement shall include Contractor's detailed estimate of the effect on the Contract Price and/or the Work schedule. Contractor agrees to continue performance of the Work during the time any claim hereunder is pending. Company shall not be bound to any adjustments in the Contract Price or the Work schedule unless expressly agreed to by Company in writing. Company will not be liable for, and Contractor waives, any claims of Contractor that Contractor knew or should have known and that were not reported by Contractor in accordance with the provisions of this Article.

ARTICLE 5 FORCE MAJEURE

Neither party shall be liable to the other for any damages for any failure to perform or for any delays or interruptions beyond that party's reasonable control in performing any of its obligations under this Agreement only due to acts of God, fires, floods, earthquakes, riots, civil insurrection, acts of the public enemy, or acts or failures to act of civil or military authority, unless the time to perform is expressly guaranteed. Contractor shall advise Company immediately of any anticipated and actual failure, delay, or interruption and the cause and estimated duration of such event. Any such failure, delay, or interruption, even though existing on the date of this Agreement or on the date of the start of the Work, shall require Contractor to within five (5) days submit a recovery plan detailing the manner in which the failure, delay, or interruption shall be remedied and the revised schedule. Contractor shall diligently proceed with the Work notwithstanding the occurrence thereof. This Article shall apply only to the part of the Work directly affected by the particular failure, delay, or interruption, and shall not apply to the Work as a whole or any other unaffected part thereof.

ARTICLE 6 CONTRACTOR DELAYS

Time is of the essence in the performance of this Agreement by Contractor. Contractor agrees to cooperate with Company in scheduling the Work so that the project will progress with a minimum of delays. Company shall not be responsible for compensating Contractor for any costs of overtime or other premium time work unless Company has provided separate prior written authorization for additional compensation to Contractor.

ARTICLE 7 COMPANY EXTENSIONS

Company shall have the right to extend schedules or suspend the Work, in whole or in part, at any time upon written notice to Contractor (except that in an emergency or in the event that Company identifies any safety concerns, Company may require an immediate suspension upon oral or written notice to Contractor). Contractor shall, upon receipt of such notice, immediately suspend or delay the Work. Contractor shall resume any suspended Work when directed by Company. If Contractor follows the requirements of Article 4, a mutually agreed equitable adjustment to the Contract Price or to the schedules for payments and performance of the remaining Work may be made to reflect Company's extension of schedules or suspension of the Work. Contractor will provide Company with all information requested in connection with determining the amount of such equitable adjustment.

ARTICLE 8 AUDITING

8.01 Rights of Inspection of Records and Auditing. Contractor shall maintain complete records relating to any cost-based (i.e., Work not covered by firm prices) components billed under this Agreement or relating to the quantity of units billed under any unit price provisions of this Agreement (all the foregoing hereinafter referred to collectively as "Records") which shall be open to inspection and subject to audit and reproduction during normal working hours, by Company or its authorized representative to the extent necessary to adequately permit evaluation and verification of any invoices, payments, time sheets, or claims based on Contractor's actual costs incurred in the performance of Work under this Agreement. For the purpose of evaluating or verifying such actual or claimed costs, Company or its authorized representative shall have access to said Records at any time, including any time after final payment by Company to Contractor pursuant to this Agreement. All non-public information obtained in the course of such audits shall be held in confidence except pursuant to judicial and administrative order. Company or its authorized representatives shall have access, during normal working hours, to all necessary Contractor facilities

and shall be provided adequate and appropriate work space to conduct audits in compliance with the provisions of this Article. Company shall give Contractor reasonable notice of intended audits.

ARTICLE 9 COMPLIANCE WITH APPLICABLE LAWS; SAFETY; DRUG AND ALCOHOL TESTING; IMMIGRATION; NERC RELIABILITY STANDARDS COMPLIANCE

9.01 Applicable Laws and Safety: Contractor agrees to protect its own and its subcontractors' employees and be responsible for their Work until Company's acceptance of the entire project and, if Contractor and/or its employees, agents, representatives and/or subcontractors are on Company's premises, to protect Company's facilities, property, employees and third parties from damage or injury. Contractor shall at all times be solely responsible for complying with all Applicable Laws and facility rules, including without limitation those relating to health and safety, in connection with the Work and for obtaining (but only as approved by Company) all permits and approvals necessary to perform the Work. Without limiting the foregoing, and as applicable, Contractor agrees to strictly abide by and observe (i) all standards of the Occupational Safety & Health Administration (OSHA) which are applicable to the Work being performed now or in the future; (ii) Company's Contractor/Subcontractor Safety Policy; and (iii) Company's Contractor's Code of Business Conduct (Contractor hereby acknowledges receipt of copies of all such policies and agrees to be bound by these and any other rules and regulations of the Company, as well as to any amendments and/or modifications that may be issued in the future with respect thereto. If Contractor and/or its employees, agents, representatives and/or subcontractors are on Company's premises, Contractor shall maintain the Work site in a safe and orderly condition at all times. Company shall have the right but not the obligation to review Contractor's and/or its subcontractor's compliance with safety and cleanup measures. In the event Contractor fails to keep the work area clean, if Contractor and/or its employees, agents, representatives and/or subcontractors are on Company's premises, Company shall have the right to perform such cleanup on behalf of, at the risk of and at the expense of Contractor. Contractor further specifically acknowledges, agrees and warrants that Contractor has complied, and shall at all times during the term of this Agreement, comply in all respects with all laws, rules and regulations relating to the employment authorization of employees including, but not limited to, the Immigration Reform and Control Act of 1986, as amended, and the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, as amended, whereby Contractor certifies to Company that Contractor has (a) properly maintained, and shall at all times during the term of this Agreement properly maintain all records required by Immigration and Customs Enforcement, such as the completion and maintenance of the Form I-9 for each of Contractor's employees; (b) that Contractor maintains and follows an established policy to verify the employment authorization of its employees; (c) that Contractor has verified the identity and employment eligibility of all employees in compliance with all applicable laws; and (d) that Contractor is without knowledge of any fact that would render any employee or subcontractor of Contractor ineligible to legally work in the United States. Contractor further acknowledges, agrees and warrants that all of its subcontractors will be required to agree to these same terms as a condition to being awarded any subcontract for such Work.

9.02 Hazards and Training: Assuming Contractor and/or its employees, agents, representatives and/or subcontractors are on Company's premises at any time performing the Work, Contractor shall furnish adequate numbers of trained, qualified, and experienced personnel and appropriate safety and other equipment in first-class condition, suitable for performance of the Work. Such personnel shall be skilled and properly trained to perform the Work and recognize all hazards associated with the Work. Without limiting the foregoing, Contractor shall participate in any safety orientation or other of Company's familiarization initiatives related to safety and shall strictly comply with any monitoring initiatives as determined by Company. Contractor shall accept all equipment, structures, and property of Company as found and acknowledges it has inspected the property, has determined the hazards incident to working thereon or thereabouts, and has adopted suitable precautions and methods for the protection and safety of its employees and the property.

9.03 Drug and Alcohol: Assuming Contractor and/or its employees, agents, representatives and/or subcontractors are on Company's premises at any time performing the Work, no person will perform any of the Work while under the influence of drugs or alcohol. No alcohol may be consumed within four (4) hours of the start of any person's performance of the Work or anytime during the workday. A person will be deemed under the influence of alcohol if a level of .02 percent blood alcohol or greater is found. In addition to the requirements of the drug testing program, as set forth in Company's rules and regulations, all persons who will perform any of the Work will be subject to drug and alcohol testing under either of the following circumstances: (i) where the person's performance either contributed to an accident or cannot be completely discounted as a contributing factor to an accident which involves off-site medical treatment of any person; and (ii) where Company determines in its sole discretion that there is reasonable cause to believe such person is using drugs or alcohol or may otherwise be unfit for duty. Such persons will not be permitted to perform any Work until the test results are established. Contractor shall be solely responsible for administering and conducting drug and alcohol testing, as set forth herein, at Contractor's sole

expense. As applicable and in addition to any other requirements under this Agreement, Contractor shall develop and strictly comply with any and all drug testing requirements as required by Applicable Laws.

9.04 NERC Reliability Standards. The following additional provisions shall apply if Contractor's Work in any way involves areas or assets which are located within physical security perimeters as defined by NERC's Reliability Standards for the Bulk Electric Systems of North America (collectively, the "**NERC Standards**"), including without limitation any Company data center or control center. Contractor's non-compliance of NERC Standards may result in fines and/or penalties being assessed against the Company that would result in Company seeking indemnification from Contractor as a consequence of Contractor's and/or its subcontractors', agents' and/or representatives' non-compliance of NERC Standards.

A. *Information Protection*. Without compromising the confidentiality provisions in Article 24, Contractor shall at all times comply with the Company's information protection program(s) as defined by CIP-003, R4. Among the information protected by this program are: ***(i)*** all operational procedures; ***(ii)*** lists of critical cyber assets; ***(iii)*** network topology or similar diagrams; ***(iv)*** floor plans of computing centers that contain critical cyber assets; ***(v)*** equipment layouts of critical cyber assets; ***(vi)*** disaster recovery plans; ***(vii)*** incident response plans; and ***(viii)*** security configuration information. Contractor shall protect this protected information from disclosure consistent with the program.

B. *Access Revocation*. **Contractor shall *immediately* advise appropriate Company's management if any of Contractor's personnel who have key card access to a restricted area or electronic access to a protected system no longer require such access.**

C. *Training*. If any Contractor personnel require key card access to a restricted area or electronic access to a protected system, Contractor shall ensure that such personnel complete, and retake as requested, all necessary NERC training as requested by Company.

D. *Personnel Risk Assessment*. If any Contractor personnel require key card access to a restricted area or electronic access to a protected system, Contractor shall ensure that Company receives necessary waivers and information from Contractor's personnel to complete, and repeat as necessary, such background checks as requested by Company.

Continuing Obligations. Contractor further acknowledges that its compliance with the NERC Standards is a continuing obligation during and after the Term. Upon written notice to Contractor, Company shall have the absolute right to audit and inspect any and all information regarding Contractor's compliance with this Section 9.04, and/or to require confirmation of the destruction of any documentation received from or regarding Company. Contractor is encouraged to contact Company's Compliance Department pursuant to Section 9.05 to ensure Contractor understands and complies with this Section 9.04.

.9.05 Office of Compliance: The Company has an Office of Compliance. Should Contractor have actual knowledge of violations of any of the herein stated policies of conduct in this Article 9, or have a reasonable basis to believe that such violations will occur in the future, whether by its own employees, agents, representatives or subcontractors, or by another vendor and/or supplier of the Company and its employees, agents, representatives or subcontractors, or by any employee, agent and/or representative of Company, Contractor has an affirmative obligation to immediately report any such known, perceived and/or anticipated violations to the Company's Office of Compliance in care of Director, Compliance and Ethics, LG&E and KU Services Company, 220 West Main Street, Louisville, Kentucky 40202.

ARTICLE 10 STATUS OF CONTRACTOR

Company does not reserve any right to control the methods or manner of performance of the Work by Contractor. Contractor, in performing the Work, shall not act as an agent or employee of Company, but shall be and act as an independent contractor and shall be free to perform the Work by such methods and in such manner as Contractor may choose, doing everything necessary to perform such Work properly and safely and having supervision over and responsibility for the safety and actions of its employees. Contractor's employees and subcontractors shall not be deemed to be employees of Company. Contractor agrees that if any portion of Contractor's Work is subcontracted, all such subcontractors shall be bound by and observe the conditions of this Agreement to the same extent as required of Contractor. In such event, Company strongly encourages the use of Minority Business Enterprises, Women Business Enterprises, and Disadvantaged Business Enterprises, as defined under federal law and as certified by a certifying agency that Company recognizes as proper.

ARTICLE 11 EQUAL EMPLOYMENT OPPORTUNITY

To the extent applicable, Contractor shall comply with all of the following provisions, which are incorporated herein by reference: (i) Equal Opportunity regulations set forth in 41 CFR § 60-1.4(a) and (c), prohibiting employment discrimination against any employee or applicant because of race, color, religion, sex, or national origin; (ii)

Vietnam Era Veterans Readjustment Assistance Act regulations set forth in 41 CFR § 60-250.4 relating to the employment and advancement of disabled veterans and Vietnam era veterans; (iii) Rehabilitation Act regulations set forth in 41 CFR § 60-741.4 relating to the employment and advancement of qualified disabled employees and applicants for employment; (iv) the clause known as "Utilization of Small Business Concerns and Small Business Concerns Owned and Controlled by Socially and Economically Disadvantaged Individuals" set forth in 15 USC § 637(d)(3); and (v) the subcontracting plan requirement set forth in 15 USC § 637(d).

ARTICLE 12 INDEMNITY BY CONTRACTOR

Contractor shall indemnify, defend, and hold harmless Company, its directors, members, managers, officers, and employees, from any and all damage, loss, claim, demand, suit, liability, penalty and/or fine (pursuant to Section 9.04 or otherwise), or forfeiture of every kind and nature, including but not limited to reasonable costs and expenses of defending against the same and payment of any settlement or judgment therefore, by reason of (a) bodily and other personal injuries to or deaths of persons, (b) damages to property, (c) the release or threatened release of a hazardous substance or any pollution or contamination of or other adverse effects on the environment, (d) violations of any Applicable Laws, or (e) infringement of patent, copyright, trademark, trade secret, or other property right, whether suffered directly by Company or indirectly by reason of third party claims, demands, or suits, to the extent caused by the negligent acts or omissions of Contractor, its employees, agents, subcontractors, or other representatives or otherwise from performance of this Agreement. This obligation to indemnify, defend, and hold harmless shall survive termination or expiration of this Agreement.

ARTICLE 13 INSURANCE

13.01 Contractor's Insurance Obligation: During the entire duration of the scope of Work on a per claims basis with respect to any Purchase Order issued under this Agreement, Contractor shall provide and maintain, and shall require any subcontractor to provide and maintain the following insurance (and, except with regard to Workers' Compensation, naming Company as additional insured and waiving rights of subrogation against Company and Company's insurance carrier(s)), and shall submit evidence of such coverage to Company prior to the start of the Work and, furthermore, Contractor shall notify Company, prior to the commencement of any Work pursuant to any Statement of Work and/or Purchase Order, of any threatened, pending and/or paid off claims to third parties, individually or in the aggregate, which otherwise affects the availability of the limits of coverage inuring to the benefit of Company as hereinafter specified:

(a) Workers' Compensation and Employer's Liability Policy, which shall include:
1) Workers' Compensation (Coverage A), with statutory limits, and in accordance with the laws of the state where the Work is performed;
2) Employer's Liability (Coverage B) with minimum limits of One Million Dollars ($1,000,000) Bodily Injury by Accident, each Accident, $1,000,000 Bodily Injury by Disease, each Employee;
3) Thirty (30) Day Cancellation Clause; and
4) Broad Form All States Endorsement.

(b) Commercial General Liability Policy, which shall have minimum limits of One Million Dollars ($1,000,000) each occurrence; One Million Dollars ($1,000,000) Products/Completed Operations Aggregate each occurrence; One Million Dollars ($1,000,000) Personal and Advertising Injury each occurrence, in all cases subject to Two Million Dollars ($2,000,000) in the General Aggregate for all such claims, and including:
1) Thirty (30) Day Cancellation Clause;
2) Blanket Written Contractual Liability to the extent covered by the policy against liability assumed by Contractor under this Agreement; and
3) Broad Form Property Damage.

(c) Commercial Automobile Liability Insurance covering the use of all owned, non-owned, and hired automobiles, with a bodily injury, including death, and property damage combined single minimum limit of One Million Dollars ($1,000,000) each occurrence with respect to Contractor's vehicles assigned to or used in performance of Work under this Agreement.

(d) Umbrella/Excess Liability Insurance with minimum limits of Two Million Dollars ($2,000,000) per occurrence; Two Million Dollars ($2,000,000) aggregate, to apply to employer's liability, commercial general liability, and automobile liability.

(f) Professional Liability Insurance, only to the extent applicable, and/or Errors and Admission coverage relating to professional administrative/consulting types of services will be separately provided by Contractor as specified in the Work, with limits, in each respect, of Three Million Dollars ($3,000,000) per

claim and Three Million Dollars ($3,000,000) in the aggregate, which insurance shall be either on an occurrence basis or on a claims made basis (with a retroactive date satisfactory to Company).

13.02 Quality of Insurance Coverage: The above policies to be provided by Contractor shall be written by insurance companies which are both licensed to do business in the state where the Work will be performed and either satisfactory to Company or having a Best Rating of not less than A-. These policies shall not be materially changed or canceled except with thirty (30) days written notice to Company from Contractor and the insurance carrier. Evidence of coverage, notification of cancellation or other changes shall be mailed to: Attn: Manager, Supply Chain, LG&E and KU Services Company, P.O. Box 32020, Louisville, Kentucky 40232.

13.03 Implication of Insurance: Company reserves the right to request and receive a summary of coverage of any of the above policies or endorsements; however, Company shall not be obligated to review any of Contractor's certificates of insurance, insurance policies, or endorsements, or to advise Contractor of any deficiencies in such documents. Any receipt of such documents or their review by Company shall not relieve Contractor from or be deemed a waiver of Company's rights to insist on strict fulfillment of Contractor's obligations under this Agreement.

13.04 Other Notices: Contractor shall provide notice of any accidents or claims relating to the Work to Company's Manager, Risk Management at LG&E and KU Services Company, P.O. Box 32030, Louisville, Kentucky 40232 and Company's site authorized representative.

ARTICLE 14 WARRANTIES

Contractor hereby represents and warrants to Company that all services provided by Contractor in its performance of its obligations under this Agreement shall be provided by personnel who are careful, skilled, experienced, qualified and competent. Contractor represents and warrants that all services, findings, recommendations and advice provided by or on behalf of Contractor under this Agreement shall be rendered in a highly competent and/or professional manner.

ARTICLE 15 OWNERSHIP OF INTELLECTUAL PROPERTY; PATENTS

All inventions, discoveries, processes, methods, designs, drawings, blueprints, information, software, works of authorship and know-how, or the like, whether or not patentable or copyrightable (collectively, "Intellectual Property"), which Contractor conceives, develops, or begins to develop, either alone or in conjunction with Company or others, in connection with the Work, shall be "work made for hire" and the sole and exclusive property of Company. However, such documents are not intended or represented to be suitable for re-use by Company or others on extensions with respect to the Work on any other similar scope of Work. Any modification, changes, or reuse without written verification or adaptation by Contractor for the specific purpose intended with respect to the Work will be at Company's sole risk and without liability or legal exposure to Contractor. Upon request, Contractor shall promptly execute all applications, assignments, and other documents that Company shall deem necessary to apply for and obtain letters patent of the United States and/or copyright registration for the Intellectual Property and in order to evidence Company's sole ownership thereof.

ARTICLE 16 ASSIGNMENT OF AGREEMENT; SUBCONTRACTING

Upon prior written notice given to Company, Contractor shall not, by operation of law or otherwise, assign and/or subcontract any part of the Work or this Agreement without Company's prior written approval. Such approval, if given by Company, shall not relieve Contractor from full responsibility for the fulfillment of any and all obligations under this Agreement. Under any and all circumstances, any permitted assignee of Contractor, whether or not such assignee shall be a division, subsidiary and/or affiliate entity of Contractor, shall also be fully bound by the terms of this Agreement and, furthermore, upon request by Company, each of Contractor and its permitted assignee shall provide sufficient financial information, as determined by Company in its sole discretion, necessary to validate such assignee's credit worthiness and ability to perform under this Agreement.

ARTICLE 17 INVOICES AND EFFECT OF PAYMENTS; RELEASE OF LIENS

17.01 Invoices: Within a reasonable period of time following the end of each calendar month or other agreed period, Contractor shall submit an invoice to Company that complies with this Article. Payments shall be made within forty-five (45) days of Company's receipt of Contractor's proper invoice, and, in the event that Company's payment is overdue, Contractor shall promptly provide Company with a notice that such payment is overdue. Contractor's invoices shall designate the extent to which LG&E and KU Services Company or any of its Affiliates is the responsible party. To the extent applicable, such invoices shall reference the contract number and shall also show labor, material and taxes paid regarding the services rendered (including without limitation sales and use taxes, to

the extent applicable); retainers to the extent as may be specified in the Purchase Order, Statement of Work and/or other contractual documentation. All invoices shall be submitted with supporting documentation and in acceptable form and quality to Company's authorized representative. Should Company dispute any invoice for any reason, payment on such invoice shall be made within thirty (30) days of the dispute resolution. Payment of the invoice shall not release Contractor from any of its obligations hereunder, including but not limited to its warranty and indemnity obligations.

17.02 Taxes: If Company provides Contractor with an exemption certificate demonstrating an exemption from sales or use taxes in Kentucky, then Contractor shall not withhold or pay Kentucky sales or use taxes to the extent such exemption certificate applies to the Work. In no event shall Contractor rely upon Company's direct pay authorization in not withholding or paying Kentucky sales or use taxes. Otherwise, Contractor shall be solely responsible for paying all appropriate sales, use, and other taxes and duties (including without limitation sales or use tax with respect to materials purchased and consumed in connection with the Work) to, as well as filing appropriate returns with, the appropriate authorities. To the extent specifically included in the Contract Price, Contractor shall bill Company for and Company shall pay Contractor all such taxes and duties, but Company shall in no event be obligated for taxes and duties not specifically included in the Contract Price or for interest or penalties arising out of Contractor's failure to comply with its obligations under this Section 17.

17.03 Billing of Additional Work: All claims for payments of additions to the Contract Price shall be shown on separate Contractor's invoices and must refer to the specific change order or written authorization issued by Company as a condition to being considered for payment.

17.04 Effect of Payments/Offset: No payments shall be considered as evidence of the performance of or acceptance of the Work, either in whole or in part, and all payments are subject to deduction for loss, damage, costs, or expenses for which Contractor may be liable under any Purchase Order or set-off hereunder. In addition to Company's right of off-set for threatened and/or filed liens and/or encumbrances, and/or with respect to payment disputes pursuant to Section 17.05, Company, without waiver or limitation of any rights or remedies of Company, shall be entitled from time to time to deduct from any and all amounts owing by Company to Contractor in connection with this Agreement or any other contract with Company any and all amounts owed by Contractor to Company in connection with this Agreement or any other contract with Company.

17.05 Release and Indemnity Regarding Liens: Contractor hereby releases and/or waives for itself and its successors in interest, and for all subcontractors and their successors in interest, any and all claim or right of mechanics or any other type of lien to assert and/or file upon Company's or any other party's property, the Work, or any part thereof as a result of performing the Work. Contractor shall execute and deliver to Company such documents as may be required by Applicable Laws (i.e., partial and/or final waivers of liens and/or affidavits of indemnification) to make this release effective and shall give all required notices to subcontractors with respect to ensuring the effectiveness of the foregoing releases against those parties. Contractor shall secure the removal of any lien that Contractor has agreed to release in this Article within five (5) working days of receipt of written notice from Company to remove such lien. If not timely removed, Company may remove the lien and charge all costs and expenses including legal fees to Contractor including, without limitation, the costs of bonding off such lien. Company, in its sole discretion, expressly reserves the right to off-set and/or retain any reasonable amount due to Contractor from payment of any one or more of Contractor's invoices upon Company having actual knowledge of any threatened and/or filed liens and/or encumbrances that may be asserted and/or filed by any subcontractor, materialman, independent contractor and/or third party with respect to the Work, with final payment being made by Company only upon verification that such threatened and/or filed liens and/or encumbrances have been irrevocably satisfied, settled, resolved and/or released (as applicable), and/or that any known payment disputes concerning the Work involving Contractor and any of its subcontractors, agents and/or representatives have been resolved so that no actions, liens and/or encumbrances will be filed against Company and/or Company's property.

ARTICLE 18 TERM AND TERMINATION

18.01 Term: This Agreement shall commence on the date set forth above and shall survive in full force and effect until terminated as set forth below and/or otherwise, solely with respect to any Statement of Work and/or Purchase Order, terminate consistent with the specified expiration date as may be stated in any Statement of Work and/or Purchase Order by and between Contractor and Company notwithstanding any terms and conditions to the contrary in this Agreement. A termination under this Article 18 based on certain Work shall only apply to the Statement of Work and/or Purchase Order that covers such Work. Any Statements of Work and/or Purchase Orders that do not relate to such Work shall not be affected by such a termination.

18.02 Termination for Contractor's Breach: If the Work to be done under this Agreement shall be abandoned by Contractor, if this Agreement or any portion thereof shall be assigned by operation of law or otherwise, if Contractor is placed in bankruptcy, or if a receiver be appointed for its properties, if Contractor shall make an

assignment for the benefit of creditors, if at any time the necessary progress of Work is not being maintained, if at any time Contractor's professional license (or any professional licenses of any of its employees and/or subcontractors) is revoked or rescinded, or if Contractor is violating any of the conditions or agreements of this Agreement, or has executed this Agreement in bad faith, Company may, without prejudice to any other rights or remedies it may have at law or equity as a result thereof, notify Contractor to discontinue any or all of the Work and terminate this Agreement in whole or part. In the event that Section 365(a) of the Bankruptcy Code or some successor law gives Contractor as debtor-in-possession the right to either accept or reject this Agreement, then Contractor agrees to file an appropriate motion with the Bankruptcy Court to either accept or reject this Agreement within twenty (20) days of the entry of the Order for Relief in the bankruptcy proceeding. Contractor and Company acknowledge and agree that said twenty (20) day period is reasonable under the circumstances. Contractor and Company also agree that if Company has not received notice that Contractor has filed a motion with the Bankruptcy Court to accept or reject this Agreement within said twenty (20) day period, then Company may file a motion with the Bankruptcy Court asking that this Agreement be accepted or rejected, and Contractor shall not oppose such motion.

18.03 Effect of Termination for Contractor's Breach: The expenses of completing the Work in excess of the unpaid portion of the Contract Price, together with any damages suffered by Company, shall be paid by Contractor, and Company shall have the right to set off such amounts from amounts due to Contractor. Company shall not be required to obtain the lowest figures for completing the Work but may make such expenditures as in its sole judgment shall best accomplish such completion.

18.04 Termination for Company's Convenience: Company may terminate this Agreement in whole or in part for its own convenience by fifteen (15) days' written notice at any time, with or without cause. In such event, Company shall pay Contractor all actual direct labor costs incurred on the Work prior to such notice, plus any reasonable unavoidable cancellation costs which Contractor may incur as a result of such termination.

ARTICLE 19 PUBLICITY

Contractor shall not issue news releases, publicize or issue advertising pertaining to the Work or this Agreement without first obtaining the written approval of Company.

ARTICLE 20 CONFIDENTIAL INFORMATION

All information relating to the Work or the business of Company, including, but not limited to, drawings and specifications relating to the Work, shall be held in confidence by Contractor and shall not be used by Contractor for any purpose other than for the performance of the Work or as authorized in writing by Company or as required to be produced in response to subpoena, court order or other legal proceeding. All drawings, specifications, or documents furnished by Company to Contractor or developed in connection with the Work shall either be destroyed or returned to Company (including any copies thereof) upon request at any time.

ARTICLE 21 INCIDENTIAL/CONSEQUENTIAL DAMAGES

Other than with respect to a force majeure as provided in Article 5 and Contractor's compliance therewith, Company expressly reserves its right to seek all incidental and/or consequential damages that may arise from the scope of Work of Contractor's performance and/or non-performance herein or regarding any of Contractor's employees, sub-contractors, agents and/or representatives; provided, however, that in no event shall Contractor have the right to assert any claims of incidental and/or consequential damages against Company.

ARTICLE 22 MISCELLANEOUS.

22.01 Waiver: No waiver by Company of any provision herein or of a breach of any provision shall constitute a waiver of any other breach or of any other provision.

22.02 Headings: The headings of Articles, Sections, Paragraphs, and other parts of this Agreement are for convenience only and do not define, limit, or construe the contents thereof.

22.03 Severability: If any provision of this Agreement shall be held invalid under law, such invalidity shall not affect any other provision or provisions hereof which are otherwise valid.

22.04 State Law Governing Agreement; Consent to Jurisdiction: This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Kentucky, without regard to its principles of conflicts of laws. The site of any legal actions between the parties shall be held in state and/or federal court in Louisville, Kentucky.

22.05 Enforcement of Rights: Company shall have the right to recover from Contractor all expenses, including but not limited to fees for inside or outside counsel hired by Company, arising out of Contractor's breach of this Agreement or any other action by Company to enforce or defend Company's rights hereunder.

22.06 No Third Party Beneficiaries: Except for Contractor and Company, there are no intended third party beneficiaries of this Agreement and none may rely on this Agreement in making a claim against Company.

22.07 Notices: All notices and communications respecting this Agreement shall be in writing, shall be identified by the contract number, shall be designated for LG&E and KU Services Company, or the appropriate Affiliate, and shall be addressed as follows (which address either party may change upon five (5) days prior notice to the other party):

To Company:	To Contractor:
LG&E and KU Services Company	Gannett Fleming, Inc.
Attn: Manager, Supply Chain	Attn: John J. Spanos, Vice President, Valuation and Rate Division
P.O. Box 32020 Louisville, Kentucky 40232	P.O. Box 67100 Harrisburg, PA 17106-7100 Fax No. 717-763-4590

ARTICLE 23 LIABILITY OF AFFILIATES

Any and all liabilities of LG&E and KU Services Company and/and its Affiliates under this Agreement shall be several but not joint.

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the Effective Date.

LG&E AND KU SERVICES COMPANY	**GANNETT FLEMING, INC.**
Signature	*Signature*
William K Woodard	John J. Spanos
Name (Please Print)	*Name (Please Print)*
Manager Supply Chain	Vice President, Valuation and Rate Division
Title	*Title*
May 23, 2011	May 18, 2011
Date	*Date*

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.41

Responding Witness: Paul W. Thompson

Q2.41 Please describe the operating status of the Tyrone 1 and 2 steam generating units.

a. Are they retired? If not, are they mothballed, and under what circumstances can they and/or will they be returned to service?

b. Have they been dismantled? If not, what are the plans to do so, if any?

A2.41 a. Tyrone 1 and 2 are retired.

b. The units have not been dismantled. There are no current plans to dismantle Tyrone 1 and 2.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.42

Responding Witness: Paul W. Thompson

Q2.42 Please describe the operating status of the Green River 1 and 2 steam generating units.

a. Are they retired? If not, are they mothballed, and under what circumstances can they and/or will they be returned to service?

b. Have they been dismantled? If not, what are the plans to do so, if any?

A2.42 a. Green River 1 and 2 are retired.

b. The units have not been dismantled. There are no current plans to dismantle Green River 1 and 2.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.43

Responding Witness: John J. Spanos

Q2.43 Refer to page III-2 of the depreciation study, which states that "The annual accrual rates were calculated in accordance with the straight line remaining life method of depreciation using the equal life group procedure." On page 8 lines 5-6 of Mr. Spanos' Direct Testimony, he states that he used the "average service life procedure." Please confirm that Mr. Spanos used the average service life procedure. If he did not, then please provide revised proposed depreciation rates using the average service life procedure and provide all workpapers, including electronic files with formulas intact.

A2.43 Mr. Spanos used the average service life procedure.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.44

Responding Witness: Shannon L. Charnas / Ronald L. Miller

Q2.44 Refer to the Company's response to Staff 1-54.

a. Provide excel copies of all calculations with formulae intact.

b. Attachment to Q.54 (b). Provide full detailed explanation of the entry at the bottom of page 1: Debiting $9,926 to account 182.3, and crediting $9,926 to account 407. In addition, explain who got this income: ratepayers or shareholders.

c. Explain and show how and where the following AROs are reported in the most recent KU Form 1s, Form 10 K's and in each of the depreciation studies and revenue requirement calculations in this proceeding: Big Stone Gap Asbestos, Brown Ash Pond, Brown Auxiliary Pond, Brown Coal storage, Brown generation Wells, Brown Nuclear Sources, Brown Oil Storage, Brown Oil Storage CT-OP, Brown Asbestos, KU Distribution Bushings, KU Distribution Line Transformers, Dix Dam Generation Wells, Dix Dam Asbestos, Ghent Ash Pond, Ghent Chemical Storage, Ghent Coal Storage, Ghent Environmental Ponds, Ghent Generation Wells, Ghent Gypsum Stack, Ghent Nuclear Sources, Ghent Oil Storage, Ghent Asbestos, Green River Ash Pond, Green River Chemical Storage, Green River Coal Storage, Green River Generation Wells, Green River Storage, Green River Asbestos, KU Distribution Substations, KU General Facilities, KU Transmission Substations, Pineville Ash Pond, Pineville Generation Wells, Pineville Asbestos, Trimble County Ash Pond, Trimble County Coal Storage, Trimble County Environmental Ponds, Trimble County Generation Wells, KU Transmission Bushings, Tyrone Ash Pond, Tyrone Chemical Storage, Tyrone Cola Storage, Tyrone Generation Wells, Tyrone Oil Storage, Tyrone Asbestos.

d. Q.54(c), provide the documents from Case No 2007-00565 which are cited in the response, but do not appear to have been provided in the response.

e. Q.54 (d), attachment. Provide a narrative explanation and excel worksheet showing the calculation of each depreciation rate before and after adoption of SFAS No. 143. When were these new rates applied? Did the KPUC approve the new rates? If yes, which case and Order? Did KU use the new rates in both the 10K's and Form 1's or just 10K's.

f. Explain how AROs are treated for federal income tax purposes, ratemaking purposes, FERC Form 1 purposes and Form 10K purposes.

g. Identify all deferred taxes (provisions and accumulated amounts) resulting from Legal AROs and Non-legal AROs (see response to Staff Q.1-26.)

A2.44 a. See attachment being provided in Excel format for files that were originally prepared in Excel. Those that were not originally in Excel format were produced in response to PSC 1-54.

b. Accretion and depreciation expense related to AROs are both income statement neutral as they are offset by income statement regulatory credits and reclassified to a regulatory asset on the balance sheet. The entry debiting $9,926k to account 182.3 (regulatory asset) and crediting $9,926k to account 407 (regulatory credit) reflects this activity.

c. There is no ARO activity or balances in any depreciation study or revenue requirement calculation for KU.

AROs are not shown individually in the KU Form 1 or the KU 10-K, but are reported in total so no specific ARO will be identified. In total, the ARO activity and balances can be found on pages 204-207 (Electric Plant In Service), 219 (Accumulated Provision for Depreciation), 336 (Depreciation and Amortization of Electric Plant) and 402 (Steam-Electric Generating Plant Statistics) of the KU Form 1. In the 10-K, the ARO activity, balances, and discussions can be found in the Management Discussion & Analysis (Critical Accounting Policies), Notes to Financial Statements including Note 1 (Summary of Significant Accounting Policies), and Note 21 (Asset Retirement Obligations). The ARO activity and balances are recorded on the financial statements in total in the appropriate financial statement line items based on specific account number used.

d. See attachments, including some provided in Excel format. The documents which were originally provided in Excel format are being provided here in the same format.

e. The depreciation rates in the "Pre SFAS 143 Depreciation Rate" column for asset numbers which end in "AROP" are the PSC approved depreciation rates

which were in effect when SFAS No. 143 was adopted. The rates were the same before and after the implementation of SFAS No. 143.

The assets ending in "AROC" are the asset retirement costs established upon the initial recognition of the ARO liability as required by SFAS No. 143. These assets did not exist prior to the adoption of SFAS No. 143, therefore, the Pre SFAS 143 Depreciation Rate was 0%. The Post SFAS 143 Depreciation Rate on AROC assets is calculated using a straight-line basis over the remaining life of the asset. The calculation of the rate is performed in an automated fashion within the Fixed Assets system and as such there are no workpapers that support this automated calculation. There is no impact on KU's ratemaking process as the depreciation expense related to AROC assets is income statement neutral because it is offset by income statement regulatory credits and reclassified to a regulatory asset on the balance sheet. The accounting treatment for AROs was approved in PSC Order No. 2003-00427.

f. For federal income tax purposes, changes in either assets or liabilities related to AROs result in annual book/tax temporary differences, with deferred taxes recorded at applicable tax rates. See (c) above for ARO reporting in the KU Form 1 and Form 10-K. ARO balances and activities are removed from calculations for ratemaking purposes such as the depreciation study or revenue requirement calculation for KU.

g. The net ARO balance recorded for KU in Accumulated Deferred Income Taxes at March 31, 2012 is a debit of $1,374,569 ($1,203,353 in the Kentucky jurisdiction). The ARO amount in the test year provision is a current tax expense and a deferred tax benefit of $1,169,492 ($1,012,183 in the Kentucky jurisdiction).

There are no non-legal AROs recorded on the Company financial statements, therefore there are no corresponding deferred tax amounts.

The attachment is being provided in a separate file in Excel format.

7 Files

Due to the size of the attachment being greater than 50 MB, it is being filed on CD. Please see the Motion for Deviation.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.45

Responding Witness: Shannon L. Charnas / John J. Spanos

Q2.45 Refer to the Company's response to Staff 1-50, 1-51, and 1-56. For the following questions please refer to the life span accounts listed Spanos Testimony at page II-28-29:

a. Please provide the specific calculation of each probable retirement year for each plant and unit listed in these pages. Also, please provide the installation date for each plant and unit therein.

b. Please identify all legal AROs associated and a debit and credit analysis of all accounts entries for AROs and ARCs. Please include all workpapers.

c. If any off these plants is currently regulated by multiple regulators, identify depreciation rates set for each of the regulators that have jurisdiction of that plant.

d. Please provide the physical location of each of the listed plants by county and state.

e. Please provide a unique history of each plant and unit which details its ownership history and its jurisdictional history.

f. Please provide a comparison, by account and location, of the probable retirement year forecasted in the prior studies, with the probable retirement year forecasted in the Depreciation Study submitted in this case.

g. Do the life span analyses include interim additions? If so, please provide a detailed explanation of how and why interim additions are included.

h. Identify all circumstances unique to Kentucky that the Company believes influences or has an impact on the life span estimates.

i. Has the Company ever retired any plants in their entirety as assumed by witness's use of the life-span method? If yes, please provide a full explanation, along with the accounting entries for the final retirement.

j. For all accounts and locations for which the life span method is proposed, provide the following information to support the final retirement dates. Please respond to each item.

1) Economic studies. (NARUC Deprecation Manual, p. 146)
2) Official retirement plans for each specific plant and unit therein. (NARUC, p. 146)
3) Forecasts. (NARUC, p. 146)
4) Studies of technological obsolescence. (NARUC, p. 146)
5) Studies of adequacy of capacity. (NARUC, p. 146)
6) Studies of competitive pressure. (NARUC, p. 146)
7) Relationship of type of construction to remaining life span.
8) Relationship of attained age to remaining life span.
9) Relationship of observed features and conditions at the time of field visits to remaining life span.
10) Relationship of specific plans of management to remaining life span.

A2.45 The references to Staff 1-51, 1-52 and 1-56 appear to be references to the second round of data requests. KU assumes the KIUC is referring to the responses to PSC 2-51, 2-52 and 2-56.

a. Please refer to Question No. 2.27 for a description of the development of the probable retirement dates shown on pages II-28 and II-29. The installation date for each plant is listed on pages II-28 and II-29, as well as in the attachment to part f of this data request.

b. See the response to Question No. 2.50 identifying all legal AROs associated with each plant. See the response to AG 1-207 for the test year accounting entries of all AROs.

c. See attached for the depreciation rates for Trimble County Unit 2 plant by regulator, which are the only depreciation rates that differ among the regulators. See the response to KIUC 1-30 under Current Rates ASL for all other depreciation rates, which are consistent among the regulators.

d. See attached.

e. See attached. The ownership percentages for each plant have been the same as shown in the attachment since the plants were placed in-service. Plants owned by KU are subject to the jurisdiction of the Kentucky Public Service

Commission (KPSC), Federal Energy Regulatory Commission (FERC) and Virginia State Corporation Commission (VSCC).

f. See attached.

g. Interim additions are not included in the life span analysis.

h. There are no known circumstances unique to Kentucky that the Company believes influence or have an impact on the life span estimates.

i. KU has retired plants in their entirety as described by Mr. Spanos' use of the life span method, such as Pineville Units 1, 2, and 3, Green River Units 1 and 2, and Tyrone Units 1 and 2. In many cases, small amounts of the unit stay on the books due to its proximity to other units at the location, or to allow for common use for other units at the location. These assets remain on the books; however, they no longer maintain the function of generation, as previously established. See the response to Question No. 2.68 for retirement amounts for those units retired within the last 15 years.

j. The life span method is proposed for Production Accounts 311 through 346 for KU. KU conducts periodic resource and economic analyses to determine probable retirement dates for each of the production units. One of the purposes of the resource plan is to recommend the capital improvements necessary to enable KU to continue to provide quality service that meets the needs of its customers. The resource plan examines adequacy of growth and assesses production capacity and unit efficiency.

As part of the operational planning process, KU assesses the adequacy of existing, major facilities and the need to make capital improvements, including complete replacement, of such facilities during the time horizon studied. In so doing, various factors are considered, including engineering criteria, quality of service, evolving regulatory standards, environmental regulation and cost. This process forms the basis for the development of detailed capital budgets and financing plans which, in turn, drive the specific capital projects that are completed each year.

While this operational planning process does not result in detailed retirement plans beyond a 5-year horizon, it projects retirement dates for all major facilities of the Company, and it provides analyses of both the service adequacy of existing major facilities during the study period and the major facility retirements, new construction and improvements recommended for the study period. If the Company determines that major facilities may cease to provide adequate service during the study period, retirement plans are evaluated. All major facilities continue to be assessed through the Company's on-going operational analysis and planning.

This operational planning process is established by the Company's engineering department and supported by Gannett Fleming through site visits and the life span dates of other comparable facilities in the electric industry.

Additionally, the Ventyx study provided an economic analysis of the life spans of these plants based on certain economic and operating conditions. For the Depreciation Study, further analysis was performed to incorporate the major capital investments required for environmental equipment, and in particular scrubbers. The response to Question No. 2.27 provides further discussion of how these considerations have been incorporated into the probable retirement date estimates for each generating unit.

Kentucky Utilities Company
Generating Unit Information

Steam Production Plant	Multiple Jurisdiction (c)	Location (d) County	Location (d) State	Ownership % KU	Ownership % LG&E	Ownership % IMEA/IMPA
Tyrone Unit 3	No	Woodford	KY	100%		
Tyrone Units 1 & 2	No	Woodford	KY	100%		
Green River Unit 3	No	Muhlenberg	KY	100%		
Green River Unit 4	No	Muhlenberg	KY	100%		
Green River Units 1 & 2	No	Muhlenberg	KY	100%		
Brown Unit 1	No	Mercer	KY	100%		
Brown Unit 2	No	Mercer	KY	100%		
Brown Unit 3	No	Mercer	KY	100%		
Pineville Unit 3	No	Bell	KY	100%		
Ghent Unit 1	No	Carroll	KY	100%		
Ghent Unit 2	No	Carroll	KY	100%		
Ghent Unit 3	No	Carroll	KY	100%		
Ghent Unit 4	No	Carroll	KY	100%		
Trimble County Unit 2	Yes (see below)	Trimble	KY	14.25%	60.75%	25%
Hydro Plant						
Dix Dam	No	Mercer	KY	100%		
Other Production Plant						
Paddy's Run Generator 13	No	Jefferson	KY	47%	53%	
Brown Unit 5	No	Mercer	KY	47%	53%	
Brown Unit 6	No	Mercer	KY	62%	38%	
Brown Unit 7	No	Mercer	KY	62%	38%	
Brown Unit 8	No	Mercer	KY	100%		
Brown Unit 9	No	Mercer	KY	100%		
Brown Unit 10	No	Mercer	KY	100%		
Brown Unit 11	No	Mercer	KY	100%		
Trimble County CT 5	No	Trimble	KY	71%	29%	
Trimble County CT 6	No	Trimble	KY	71%	29%	
Trimble County CT 7	No	Trimble	KY	63%	37%	
Trimble County CT 8	No	Trimble	KY	63%	37%	
Trimble County CT 9	No	Trimble	KY	63%	37%	
Trimble County CT 10	No	Trimble	KY	63%	37%	
Haefling Units 1, 2, & 3	No	Fayette	KY	100%		

Jurisdictional Depreciation Rates - Trimble County Unit 2

Unit	Plant Account	Depreciation Rates KPSC	Depreciation Rates FERC	Depreciation Rates VSCC
Trimble Co. Unit 2	131100	2.10%	1.41%	2.10%
	131200	4.28%	2.79%	4.28%
	131400	2.78%	2.20%	2.78%
	131500	2.49%	1.22%	2.49%
	131600	2.03%	2.03%	2.03%
Trimble Co. Unit 2 Scrubber	131100	2.10%	2.65%	2.10%
	131200	4.28%	3.87%	4.28%
	131500	2.49%	2.70%	2.49%

Kentucky Utilities Company
Forecast Life Spans for Production Plant

		Life Span			
		2006 Depr Study		2011 Depr Study	
Unit	Installation Year	Final Ret	Life Span	Final Ret	Life Span
(1)	(2)	(3)	(4)	(5)	(6)
STEAM PRODUCTION PLANT					
Brown Unit 1	1956	2026	70	2028	72
Brown Unit 2	1963	2026	63	2034	71
Brown Unit 3	1971	2026	55	2035	64
Ghent Unit 1	1974	2026	52	2034	60
Ghent Unit 2	1977	2027	50	2034	57
Ghent Unit 3	1981	2036	55	2037	56
Ghent Unit 4	1984	2036	52	2038	54
Green River Units 1 & 2	1950	2018	68	-	
Green River Unit 3	1954	2018	64	2015	61
Green River Unit 4	1959	2018	59	2015	56
Pineville Unit 3	1951	2010	59	2015	64
Pineville Units 1&2		-		-	
Trimble County Unit 2	2011	2066	55	2066	55
Tyrone Units 1 & 2	1947	2007	60	-	
Tyrone Unit 3	1953	2018	65	2012	59
System Laboratory	1990	2036	46	2040	50
HYDRO PRODUCTION PLANT					
Dix Dam	1941	2036	95	2041	100

Kentucky Utilities Company
Forecast Life Spans for Production Plant

		Life Span			
		2006 Depr Study		2011 Depr Study	
Unit	Installation Year	Final Ret	Life Span	Final Ret	Life Span
(1)	(2)	(3)	(4)	(5)	(6)
OTHER PRODUCTION PLANT					
Brown Unit 5	2001	2036	35	2031	30
Brown Unit 6	1999	2036	37	2029	30
Brown Unit 7	1999	2036	37	2029	30
Brown Unit 8	1995	2036	41	2025	30
Brown Unit 9	1994	2036	42	2031	37
Brown Unit 10	1995	2036	41	2031	36
Brown Unit 11	1996	2036	40	2026	30
Haefling Units 1, 2, & 3	1970	2010	40	2020	50
Trimble County 5	2002	2036	34	2032	30
Trimble County 6	2002	2036	34	2032	30
Trimble County 7	2004	2036	32	2034	30
Trimble County 8	2004	2036	32	2034	30
Trimble County 9	2004	2036	32	2034	30
Trimble County 10	2004	2036	32	2034	30
Paddys Run Generator 13	2001	2036	35	2031	30

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.46

Responding Witness: Shannon L. Charnas

Q2.46 Refer to the response to AG-196, response refers to response to PSC 1-56, but that response does not relate to the question being asked. Please explain.

A2.46 The Company inadvertently made reference to PSC 1-56 in its response. The reference should have been to PSC 1-54 which describes the change in accounting referred to in AG 1-196.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.47

Responding Witness: John J. Spanos

Q2.47 Refer to the Company's response to AG-198, response sites to "attached spreadsheet" but spreadsheet not attached to response. Please provide.

A2.47 The requested information in AG 1-198 was provided in Excel format. In accordance with the Commission procedures for electronic filing, the Excel file was uploaded separate from the data response document. See "Attachment to AG 1-198" ('KU_Att_AG_1-198.xls').

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.48

Responding Witness: Shannon L. Charnas

Q2.48 Refer to the Company's response to AG 201, provide the cited attachments.

A2.48 The requested information in AG 1-201 was provided. Due to the size of the file and the size restriction of the Commission procedures for electronic filing, the referenced attachment was uploaded in four separate files from the data response document. See the following files:

"Attachment to AG 1-201 File 1"
('Attachment_to_KU_AG_1-201_–_2010_Public.pdf')

"Attachment to AG 1-201 File 2"
('Attachment_to_KU_AG_1-201_–_2011_Public_Part1.pdf')

"Attachment to AG 1-201 File 3"
('Attachment_to_KU_AG_1-201_–_2011_Public_Part2.pdf')

"Attachment to AG 1-201 File 4"
('Attachment_to_KU_AG_1-201_–_2012_Public.pdf')

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.49

Responding Witness: Shannon L. Charnas

Q2.49 Refer to the Company's response to AG-203. Provide the 2007, 2008, 2009, 2010 and 2011 ARO amounts for each plant account

A2.49 See attached.

Kentucky Utilities
Asset Retirement Obligations by Plant Account
Years Ending December 31, 2007, 2008, 2009, 2010 and 2011

ARO	Plant Account and Description	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011
Ash Ponds, Landfills	131100 - Structures and Improvements					
Brown		$ 6,678,082.20	$ 7,119,503.46	$ 7,590,102.65	$ 12,761,446.30	$ 13,400,993.58
Ghent		9,052,280.07	9,650,635.80	10,288,542.83	14,894,634.82	15,719,153.39
Green River		7,338,863.13	7,823,961.98	8,341,125.88	6,008,793.21	6,234,927.86
Pineville		-	-	-	1,092,507.52	1,133,622.89
Trimble County		-	-	-	-	3,736,048.24
Tyrone		564,693.25	602,019.48	641,812.98	983,257.14	1,020,260.97
Coal Storage	131100 - Structures and Improvements					
Brown		39,631.85	42,251.52	45,044.35	62,795.81	65,942.84
Ghent		428,862.76	457,210.60	487,432.22	407,107.02	429,643.13
Green River		67,676.65	72,150.10	76,919.22	201,274.98	208,849.75
Trimble County		-	-	-	-	142,248.97
Tyrone		22,554.48	24,045.33	25,634.71	67,091.91	69,616.83
Gypsum Stack	131200 - Boiler Plant Equipment					
Ghent		575,182.53	613,202.09	653,734.74	4,090,206.93	4,295,190.03
Generation Wells	131100 - Structures and Improvements					
Brown		-	-	-	-	378,385.65
Dix Dam		-	-	-	-	93,978.89
Ghent		-	-	-	-	51,016.93
Green River		-	-	-	-	107,155.78
Pineville		-	-	-	-	14,287.18
Trimble County		-	-	-	-	46,914.27
Tyrone		-	-	-	-	35,718.34
Nuclear Sources	131200 - Boiler Plant Equipment					
Brown		10,567.04	11,265.51	12,010.16	15,505.40	16,282.46
Ghent		72,340.67	77,122.39	82,220.19	123,653.68	130,498.75
Chemical Storage	131200 - Boiler Plant Equipment					
Ghent		5,115.09	5,453.22	5,813.67	11,493.24	12,129.46
Green River		4,327.16	4,613.19	4,918.11	638.46	662.49
Tyrone		-	40,888.27	43,590.99	414.47	430.07
Oil Storage	131200 - Boiler Plant Equipment					
Brown		270,178.97	288,037.84	307,077.15	24,802.64	26,139.73
Ghent		10,347.81	11,031.80	11,761.00	8,569.90	8,999.38
Green River		16,987.06	18,109.89	19,306.97	906.35	940.45
Tyrone		86,473.09	51,300.69	54,691.67	9,796.42	10,165.10
Asbestos - Generation	131200 - Boiler Plant Equipment					
Brown		1,265,833.84	1,339,720.59	1,344,581.84	3,082,173.67	3,163,648.62
Dix Dam		34,201.04	36,197.34	38,310.17	58,138.17	61,417.62
Ghent		1,803,525.57	1,908,797.38	2,020,213.90	4,991,780.66	5,273,356.33

ARO	Plant Account and Description	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011
Green River		750,396.48	794,197.11	716,426.21	2,199,130.96	2,269,375.77
Pineville		151,880.91	160,746.20	170,128.98	622,991.10	658,132.70
Tyrone		953,633.63	1,009,297.26	954,294.19	1,553,897.85	1,621,665.54
Service Water Pump Structure	131200 - Boiler Plant Equipment					
Tyrone		136,103.07	145,099.49	154,690.56	200,844.88	-
Mercury Sources	131200 - Boiler Plant Equipment					
Green River		1,446.37	1,541.98	1,643.91	-	-
Tyrone		2,260.75	2,410.19	2,569.51	-	-
Sewage Treatment Plant	131100 - Structures and Improvements					
Brown		6,613.43	7,050.59	7,516.63	-	-
Ghent		6,317.64	6,735.24	7,180.42	17,755.80	-
Green River		3,592.19	3,829.63	4,082.76	8,340.91	-
Tyrone		3,759.24	4,007.73	4,272.64	54,398.60	-
Limestone Silo	131200 - Boiler Plant Equipment					
Green River		4,520.57	4,819.40	5,137.96	1,479.32	-
Lab	131600 - Miscellaneous Power Plant Equipment					
Brown		11,885.12	12,670.71	13,508.26	15,834.57	-
GSU Transformer	131500 - Accessory Electric Equipment					
Ghent		-	-	6,572.72	7,896.62	-
Green River		-	-	20,928.14	23,980.62	-

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.50

Responding Witness: Shannon L. Charnas

Q2.50 Refer to the Company's response to AG-204. Reconcile ARO amounts with amounts provided in response to Staff 1-54 and KIUC follow-up to AG-203.

A2.50 See attached for a breakdown of the ARO liability originally provided in the response to AG 1-204 to include plant level detail, which was provided in the response to Question No. 2.49, a follow-up to the response to AG 1-203. The information provided in the response to PSC 1-54 related to the implementation of SFAS No. 143 in 2003, and it does not reconcile to current ARO liability amounts.

Kentucky Utilities
Asset Retirement Obligations by Plant Account
March 31, 2012

ARO	Plant Account and Description	March 2012
Ash Ponds, Landfills	131100 - Structures and Improvements	
Brown		$ 13,565,827.00
Ghent		15,932,318.33
Green River		6,292,778.94
Pineville		1,144,141.26
Trimble County		3,789,540.22
Tyrone		1,029,727.50
Coal Storage	131100 - Structures and Improvements	
Brown		66,753.95
Ghent		435,469.44
Green River		210,787.57
Trimble County		144,285.66
Tyrone		70,262.77
Gypsum Stack	131200 - Boiler Plant Equipment	
Ghent		4,348,021.25
Generation Wells	131100 - Structures and Improvements	
Brown		383,326.01
Dix Dam		95,229.62
Ghent		51,695.89
Green River		108,230.92
Pineville		14,430.52
Trimble County		47,538.63
Tyrone		36,076.72
Nuclear Sources	131200 - Boiler Plant Equipment	
Brown		16,482.74
Ghent		132,268.42
Chemical Storage	131200 - Boiler Plant Equipment	
Ghent		12,293.94
Green River		668.64
Tyrone		434.06
Oil Storage	131200 - Boiler Plant Equipment	
Brown		26,485.14
Ghent		9,110.08
Green River		949.18
Tyrone		10,259.42
Asbestos - Generation	131200 - Boiler Plant Equipment	
Brown		3,207,348.47
Dix Dam		62,265.99
Ghent		5,346,197.82
Green River		2,300,722.91
Pineville		667,223.57
Tyrone		1,644,065.80

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.51

Responding Witness: Daniel K. Arbough / Shannon L. Charnas

Q2.51 Refer to the Company's response to AG-205, provide the calculation of the rate and the "indications provided by a major investment bank) supporting the rates shown ion the response. Provide a narrative explanation and manual example of how these indications are translated into the rates in the attachment.

A2.51 The attachment shows the indication received from the investment bank of borrowing rates for a BBB+ rated entity. These rates are then input into the attached spreadsheet (KU KIUC Att 2-051 – Discount Rate.xlsx) that is being provided in Excel format in the column headed "Semi-annual." The yield curve provided by the bank includes several points along the curve, but for points along the curve between quoted periods the model does a linear interpolation. The yield curve quoted by the bank is based on semi-annual payments and the model converts those semi-annual rates first to an equivalent annual rate, and then to an equivalent monthly rate. The monthly rate is then rounded to the nearest one-tenth of one percent and input into the PowerPlant fixed asset system in order to calculate the liability and monthly accretion amounts.

As an example, at the time it was revalued, the Green River Generation Wells ARO had a remaining life of 7 years. In the column titled Time Until Decommissioning (Years), the row with 7 is selected to arrive at the Rounded Discount Rate Used in System, of 4.00%.

The attachment is being provided in a separate file in Excel format.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.52

Responding Witness: Shannon L. Charnas

Q2.52 Refer to the Company's response to AG-207, 209, 211, 273: provide the cited attachments.

A2.52 The requested information was provided in Excel format. In accordance with the Commission procedures for electronic filing, the Excel file was uploaded separate from the data response document.

For AG 1-207, see "Attachment to AG 1-207"
('KU_Att_AG_1-207.xls')

For AG 1-209, see "Attachment to AG 1-209"
('KU_Att_AG_1-209.xlsx')

For AG 1-211, see "Attachment to AG 1-211"
('KU_Att_AG_1-211_Attachment_1_-_COR,_Salvage.xlsx')

For AG 1-273, see "Attachment to AG 1-273"
('KU_Att_AG_1-273.xlsx')

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.53

Responding Witness: John J. Spanos

Q2.53 If not provided elsewhere, please provide all workpapers related to the selection of the amortization periods for the General Plant accounts. If no workpapers exist, please identify all facts, data, rationale or other bases upon which Kentucky Utilities ("KU") relied in selecting each of the amortization periods of the General Plant accounts.

A2.53 The general plant amortization periods in this case are the same as those approved in the last proceeding. Therefore, there are no new workpapers to identify. However, attached is a list of amortization periods of other utilities to support the continued use of the amortization periods for the accounts in this study.

FERC Acct.	Description	Company: Company 1 Study date: 2005	Company 2 2005	Company 3 2005	Company 4 2004
		Survivor Curve	Survivor Curve	Survivor Curve	Survivor Curve
	GENERAL PLANT				
391	OFFICE FURNITURE & EQUIPMENT			20 - SQ	20 - SQ
	FURNITURE	20 - SQ	20 - SQ		
	EQUIPMENT				
	COMPUTERS AND SOFTWARE				5 - SQ
	COMPUTER HARDWARE				
	SOFTWARE				
	LARGE APPLICATION SOFTWARE				
	DATA HANDLING	10 - SQ	10 - SQ		
	INFORMATION SYSTEMS	10 - SQ	10 - SQ		
	AML&P - EKLUTNA				
	POWER MANAGEMENT SYSTEMS				
	CASH PROCESSING EQUIPMENT				
	EDP				
	SYSTEM DEVELOPMENT				
393	STORES EQUIPMENT	20 - SQ	20 - SQ	20 - SQ	
394	TOOLS, SHOP AND GARAGE EQUIPMENT	20 - SQ	20 - SQ	20 - SQ	25 - SQ
	ELECTRIC VEHICLES				
395	LABORATORY EQUIPMENT	20 - SQ	20 - SQ	20 - SQ	15 - SQ
397	COMMUNICATION EQUIPMENT	15 - SQ	15 - SQ	10 - SQ	15 - SQ
	COMPUTERS				
	STRUCTURES & IMPROVEMENTS				
	COMMUNICATION & CONTROL EQUIPMENT				
	FIBER OPTIC CABLE				
	SCADA				
	TELEPHONE AND DATA COLLECTION EQUIPMENT				
	TRANS LINE				
	EMS				
	MICROWAVE				
	ELECTRONIC				
	TOWER/BUILDING				
	CLEARING				
	MASSED				
	OTHER				
	REMOTE MONITORING EQUIPMENT				
	AMI COMMUNICATION NETWORK				
	SPECIFIC ASSETS				
398	MISCELLANEOUS EQUIPMENT	15 - SQ	15 - SQ	15 - SQ	

FERC Acct.	Description	Company: Company 5 Study date: 2009	Company 6 2009	Company 7 2005	Company 8 2004
		Survivor Curve	Survivor Curve	Survivor Curve	Survivor Curve
	GENERAL PLANT				
391	OFFICE FURNITURE & EQUIPMENT	20 - SQ	20 - SQ	20 - SQ	15 - SQ
	FURNITURE				
	EQUIPMENT				
	COMPUTERS AND SOFTWARE	5 - SQ	5 - SQ	5 - SQ	5 - SQ
	COMPUTER HARDWARE				
	SOFTWARE				
	LARGE APPLICATION SOFTWARE				
	DATA HANDLING				
	INFORMATION SYSTEMS				
	AML&P - EKLUTNA				
	POWER MANAGEMENT SYSTEMS				
	CASH PROCESSING EQUIPMENT				
	EDP				
	SYSTEM DEVELOPMENT				
393	STORES EQUIPMENT	25 - SQ	25 - SQ		20 - SQ
394	TOOLS, SHOP AND GARAGE EQUIPMENT	25 - SQ	25 - SQ	25 - SQ	20 - SQ
	ELECTRIC VEHICLES				
395	LABORATORY EQUIPMENT	15 - SQ	15 - SQ	15 - SQ	20 - SQ
397	COMMUNICATION EQUIPMENT			15 - SQ	15 - SQ
	COMPUTERS				
	STRUCTURES & IMPROVEMENTS				
	COMMUNICATION & CONTROL EQUIPMENT				
	FIBER OPTIC CABLE				
	SCADA				
	TELEPHONE AND DATA COLLECTION EQUIPMENT				
	TRANS LINE				
	EMS				
	MICROWAVE				
	ELECTRONIC	10 - SQ	10 - SQ		
	TOWER/BUILDING	25 - SQ	25 - SQ		
	CLEARING				
	MASSED				
	OTHER				
	REMOTE MONITORING EQUIPMENT				
	AMI COMMUNICATION NETWORK				
	SPECIFIC ASSETS				
398	MISCELLANEOUS EQUIPMENT	10 - SQ	10 - SQ		20 - SQ

FERC Acct.	Description	Company: Company 9 Study date: 2004	Company 10 2004	Company 11 2008	Company 12 2004
			Survivor Curve	Survivor Curve	Survivor Curve	Survivor Curve
	GENERAL PLANT				
391	OFFICE FURNITURE & EQUIPMENT			15 - SQ	10 - SQ
	FURNITURE	20 - SQ	20 - SQ		
	EQUIPMENT	10 - SQ	10 - SQ		
	COMPUTERS AND SOFTWARE	5 - SQ	5 - SQ	5 - SQ	5 - SQ
	COMPUTER HARDWARE				
	SOFTWARE				
	LARGE APPLICATION SOFTWARE				
	DATA HANDLING				
	INFORMATION SYSTEMS				
	AML&P - EKLUTNA				7 - SQ
	POWER MANAGEMENT SYSTEMS				
	CASH PROCESSING EQUIPMENT				
	EDP				
	SYSTEM DEVELOPMENT				
393	STORES EQUIPMENT	20 - SQ	20 - SQ	20 - SQ	20 - SQ
394	TOOLS, SHOP AND GARAGE EQUIPMENT	20 - SQ	20 - SQ	20 - SQ	20 - SQ
	ELECTRIC VEHICLES				
395	LABORATORY EQUIPMENT	20 - SQ	20 - SQ	20 - SQ	15 - SQ
397	COMMUNICATION EQUIPMENT	15 - SQ	15 - SQ	15 - SQ	10 - SQ
	COMPUTERS				
	STRUCTURES & IMPROVEMENTS				
	COMMUNICATION & CONTROL EQUIPMENT				
	FIBER OPTIC CABLE				
	SCADA				
	TELEPHONE AND DATA COLLECTION EQUIPMENT				
	TRANS LINE				
	EMS				
	MICROWAVE				
	ELECTRONIC				
	TOWER/BUILDING				
	CLEARING				
	MASSED				
	OTHER				
	REMOTE MONITORING EQUIPMENT				
	AMI COMMUNICATION NETWORK				
	SPECIFIC ASSETS				
398	MISCELLANEOUS EQUIPMENT	20 - SQ	20 - SQ	20 - SQ	15 - SQ

FERC Acct.	Description	Company: 13 Study date: 2002 Survivor Curve	Company 14 2008 Survivor Curve	Company 15 2010 Survivor Curve	Company 16 2002 Survivor Curve
	GENERAL PLANT				
391	OFFICE FURNITURE & EQUIPMENT				
	FURNITURE	20 - SQ	20 - SQ		20 - SQ
	EQUIPMENT	10 - SQ			10 - SQ
	COMPUTERS AND SOFTWARE	5 - SQ			5 - SQ
	COMPUTER HARDWARE			5 - SQ	
	SOFTWARE				
	LARGE APPLICATION SOFTWARE				
	DATA HANDLING		5 - SQ		
	INFORMATION SYSTEMS		5 - SQ		
	AML&P - EKLUTNA				
	POWER MANAGEMENT SYSTEMS				
	CASH PROCESSING EQUIPMENT				
	EDP				
	SYSTEM DEVELOPMENT				
393	STORES EQUIPMENT	20 - SQ	25 - SQ	25 - SQ	20 - SQ
394	TOOLS, SHOP AND GARAGE EQUIPMENT	20 - SQ	25 - SQ	20 - SQ	
	ELECTRIC VEHICLES				
395	LABORATORY EQUIPMENT	15 - SQ	15 - SQ	15 - SQ	
397	COMMUNICATION EQUIPMENT	19 - S1.5	15 - SQ	15 - SQ	13 - L2
	COMPUTERS				
	STRUCTURES & IMPROVEMENTS				
	COMMUNICATION & CONTROL EQUIPMENT				
	FIBER OPTIC CABLE				
	SCADA				
	TELEPHONE AND DATA COLLECTION EQUIPMENT				
	TRANS LINE				
	EMS				
	MICROWAVE		15 - SQ		
	ELECTRONIC				
	TOWER/BUILDING				
	CLEARING				
	MASSED				
	OTHER				
	REMOTE MONITORING EQUIPMENT				
	AMI COMMUNICATION NETWORK				
	SPECIFIC ASSETS				
398	MISCELLANEOUS EQUIPMENT	20 - SQ	20 - SQ	10 - SQ	20 - SQ

FERC Acct.	Description	Company: Company 17 Study date: 2010 Survivor Curve	Company 18 2010 Survivor Curve	Company 19 2005 Survivor Curve	Company 20 2007 Survivor Curve
	GENERAL PLANT				
391	OFFICE FURNITURE & EQUIPMENT	20 - SQ		15 - SQ	15 - SQ
	FURNITURE		20 - SQ		
	EQUIPMENT				
	COMPUTERS AND SOFTWARE		5 - SQ		5 - SQ
	COMPUTER HARDWARE	5 - SQ			
	SOFTWARE	5 - SQ	5 - SQ		
	LARGE APPLICATION SOFTWARE				10 - SQ
	DATA HANDLING				10 - SQ
	INFORMATION SYSTEMS				
	AML&P - EKLUTNA				
	POWER MANAGEMENT SYSTEMS				
	CASH PROCESSING EQUIPMENT				
	EDP				
	SYSTEM DEVELOPMENT	15 - SQ			
393	STORES EQUIPMENT	25 - SQ	30 - SQ	20 - SQ	25 - SQ
394	TOOLS, SHOP AND GARAGE EQUIPMENT	25 - SQ	25 - SQ	25 - SQ	25 - SQ
	ELECTRIC VEHICLES				
395	LABORATORY EQUIPMENT	20 - SQ	15 - SQ	20 - SQ	20 - SQ
397	COMMUNICATION EQUIPMENT	15 - SQ	15 - SQ	15 - SQ	15 - SQ
	COMPUTERS			6 - SQ	
	STRUCTURES & IMPROVEMENTS				
	COMMUNICATION & CONTROL EQUIPMENT				
	FIBER OPTIC CABLE		25 - S2.5		
	SCADA				
	TELEPHONE AND DATA COLLECTION EQUIPMENT				10 - SQ
	TRANS LINE				
	EMS				
	MICROWAVE				
	ELECTRONIC				
	TOWER/BUILDING		25 - S2		
	CLEARING				
	MASSED				
	OTHER				
	REMOTE MONITORING EQUIPMENT				
	AMI COMMUNICATION NETWORK				
	SPECIFIC ASSETS				
398	MISCELLANEOUS EQUIPMENT	20 - SQ	15 - SQ	15 - SQ	20 - SQ

FERC Acct.	Description	Company: 21 Study date: 2010 Survivor Curve	Company 22 2008 Survivor Curve	Company 23 2005 Survivor Curve	Company 24 2008 Survivor Curve
	GENERAL PLANT				
391	OFFICE FURNITURE & EQUIPMENT		10 - SQ	15 - SQ	15 - SQ
	FURNITURE	15 - SQ			
	EQUIPMENT	10 - SQ			
	COMPUTERS AND SOFTWARE	5 - SQ	5 - SQ	5 - SQ	
	COMPUTER HARDWARE				
	SOFTWARE				
	LARGE APPLICATION SOFTWARE				
	DATA HANDLING	5 - SQ			
	INFORMATION SYSTEMS				
	AML&P - EKLUTNA				
	POWER MANAGEMENT SYSTEMS				
	CASH PROCESSING EQUIPMENT				
	EDP				8 - SQ
	SYSTEM DEVELOPMENT				
393	STORES EQUIPMENT	25 - SQ	20 - SQ	25 - SQ	20 - SQ
394	TOOLS, SHOP AND GARAGE EQUIPMENT	20 - SQ	20 - SQ	25 - SQ	20 - SQ
	ELECTRIC VEHICLES			10 - SQ	
395	LABORATORY EQUIPMENT	15 - SQ	20 - SQ	25 - SQ	15 - SQ
397	COMMUNICATION EQUIPMENT	10 - SQ		25 - SQ	10 - SQ
	COMPUTERS				
	STRUCTURES & IMPROVEMENTS				
	COMMUNICATION & CONTROL EQUIPMENT				
	FIBER OPTIC CABLE				
	SCADA		8 - SQ		
	TELEPHONE AND DATA COLLECTION EQUIPMENT				
	TRANS LINE				
	EMS				
	MICROWAVE		15 - SQ		
	ELECTRONIC				
	TOWER/BUILDING	25 - SQ			
	CLEARING			15 - SQ	
	MASSED			15 - SQ	
	OTHER		10 - SQ		
	REMOTE MONITORING EQUIPMENT				
	AMI COMMUNICATION NETWORK				
	SPECIFIC ASSETS				
398	MISCELLANEOUS EQUIPMENT	15 - SQ	10 - SQ	25 - SQ	20 - SQ

FERC Acct.	Description	Company: 25 Study date: 2009	Company 26 2005	Company 27 2011	Company 28 2003
		Survivor Curve	Survivor Curve	Survivor Curve	Survivor Curve
	GENERAL PLANT				
391	OFFICE FURNITURE & EQUIPMENT	20 - SQ	20 - SQ	20 - SQ	10 - SQ
	FURNITURE				
	EQUIPMENT				
	COMPUTERS AND SOFTWARE				8 - SQ
	COMPUTER HARDWARE				
	SOFTWARE				
	LARGE APPLICATION SOFTWARE				
	DATA HANDLING			5 - SQ	
	INFORMATION SYSTEMS	5 - SQ			
	AML&P - EKLUTNA				
	POWER MANAGEMENT SYSTEMS				
	CASH PROCESSING EQUIPMENT				
	EDP				
	SYSTEM DEVELOPMENT				
393	STORES EQUIPMENT	20 - SQ			10 - SQ
394	TOOLS, SHOP AND GARAGE EQUIPMENT	25 - SQ	25 - SQ	25 - SQ	10 - SQ
	ELECTRIC VEHICLES				
395	LABORATORY EQUIPMENT	20 - SQ		15 - SQ	10 - SQ
397	COMMUNICATION EQUIPMENT	20 - SQ	15 - SQ	15 - SQ	10 - SQ
	COMPUTERS				
	STRUCTURES & IMPROVEMENTS				
	COMMUNICATION & CONTROL EQUIPMENT				
	FIBER OPTIC CABLE				
	SCADA				
	TELEPHONE AND DATA COLLECTION EQUIPMENT				
	TRANS LINE				
	EMS				
	MICROWAVE				
	ELECTRONIC				
	TOWER/BUILDING				
	CLEARING				
	MASSED				
	OTHER				
	REMOTE MONITORING EQUIPMENT				
	AMI COMMUNICATION NETWORK				
	SPECIFIC ASSETS				
398	MISCELLANEOUS EQUIPMENT	15 - SQ		20 - SQ	10 - SQ

FERC Acct.	Description	Company: 29 Study date: 2011 Survivor Curve	Company 30 2005 Survivor Curve	Company 31 2008 Survivor Curve	Company 32 2008 Survivor Curve
	GENERAL PLANT				
391	OFFICE FURNITURE & EQUIPMENT		15 - SQ	20 - SQ	20 - SQ
	FURNITURE	20 - SQ			
	EQUIPMENT				
	COMPUTERS AND SOFTWARE				
	COMPUTER HARDWARE				
	SOFTWARE				
	LARGE APPLICATION SOFTWARE				
	DATA HANDLING				15 - SQ
	INFORMATION SYSTEMS				5 - SQ
	AML&P - EKLUTNA				
	POWER MANAGEMENT SYSTEMS				
	CASH PROCESSING EQUIPMENT				
	EDP	5 - SQ			
	SYSTEM DEVELOPMENT				
393	STORES EQUIPMENT	30 - SQ	20 - SQ	25 - SQ	15 - SQ
394	TOOLS, SHOP AND GARAGE EQUIPMENT	25 - SQ	20 - SQ	25 - SQ	15 - SQ
	ELECTRIC VEHICLES				
395	LABORATORY EQUIPMENT	20 - SQ	20 - SQ	15 - SQ	10 - SQ
397	COMMUNICATION EQUIPMENT	15 - SQ	10 - SQ	15 - SQ	10 - SQ
	COMPUTERS				
	STRUCTURES & IMPROVEMENTS				
	COMMUNICATION & CONTROL EQUIPMENT				
	FIBER OPTIC CABLE				
	SCADA				
	TELEPHONE AND DATA COLLECTION EQUIPMENT				
	TRANS LINE				
	EMS				
	MICROWAVE				15 - SQ
	ELECTRONIC				
	TOWER/BUILDING				
	CLEARING				
	MASSED				
	OTHER				
	REMOTE MONITORING EQUIPMENT				
	AMI COMMUNICATION NETWORK				
	SPECIFIC ASSETS				
398	MISCELLANEOUS EQUIPMENT	20 - SQ	15 - SQ	15 - SQ	10 - SQ

FERC Acct.	Description	Company: 33 Study date: 2008 Survivor Curve	Company 34 2008 Survivor Curve	Company 35 2008 Survivor Curve	Company 36 2008 Survivor Curve
	GENERAL PLANT				
391	OFFICE FURNITURE & EQUIPMENT	15 - SQ	15 - SQ	20 - SQ	15 - SQ
	FURNITURE				
	EQUIPMENT				
	COMPUTERS AND SOFTWARE				
	COMPUTER HARDWARE				
	SOFTWARE				
	LARGE APPLICATION SOFTWARE				
	DATA HANDLING	15 - SQ	15 - SQ	15 - SQ	15 - SQ
	INFORMATION SYSTEMS	5 - SQ	5 - SQ	5 - SQ	5 - SQ
	AML&P - EKLUTNA				
	POWER MANAGEMENT SYSTEMS				
	CASH PROCESSING EQUIPMENT				
	EDP				
	SYSTEM DEVELOPMENT				
393	STORES EQUIPMENT	15 - SQ	15 - SQ	15 - SQ	15 - SQ
394	TOOLS, SHOP AND GARAGE EQUIPMENT	15 - SQ	15 - SQ	15 - SQ	15 - SQ
	ELECTRIC VEHICLES				
395	LABORATORY EQUIPMENT	10 - SQ	10 - SQ	10 - SQ	10 - SQ
397	COMMUNICATION EQUIPMENT	10 - SQ	10 - SQ	10 - SQ	10 - SQ
	COMPUTERS				
	STRUCTURES & IMPROVEMENTS				
	COMMUNICATION & CONTROL EQUIPMENT				
	FIBER OPTIC CABLE				
	SCADA				
	TELEPHONE AND DATA COLLECTION EQUIPMENT				
	TRANS LINE				
	EMS				
	MICROWAVE	15 - SQ	15 - SQ	15 - SQ	15 - SQ
	ELECTRONIC				
	TOWER/BUILDING				
	CLEARING				
	MASSED				
	OTHER				
	REMOTE MONITORING EQUIPMENT				
	AMI COMMUNICATION NETWORK				
	SPECIFIC ASSETS				
398	MISCELLANEOUS EQUIPMENT	10 - SQ	10 - SQ	10 - SQ	10 - SQ

FERC Acct.	Description	Company: 37 Study date: 2009 Survivor Curve	Company 38 2007 Survivor Curve	Company 39 2008 Survivor Curve	Company 40 2008 Survivor Curve
	GENERAL PLANT				
391	OFFICE FURNITURE & EQUIPMENT	15 - SQ		20 - SQ	20 - SQ
	FURNITURE				
	EQUIPMENT	10 - SQ			10 - SQ
	COMPUTERS AND SOFTWARE	5 - SQ		5 - SQ	5 - SQ
	COMPUTER HARDWARE				
	SOFTWARE			7 - SQ	7 - SQ
	LARGE APPLICATION SOFTWARE				
	DATA HANDLING				
	INFORMATION SYSTEMS				
	AML&P - EKLUTNA				
	POWER MANAGEMENT SYSTEMS				
	CASH PROCESSING EQUIPMENT				
	EDP				
	SYSTEM DEVELOPMENT				
393	STORES EQUIPMENT				25 - SQ
394	TOOLS, SHOP AND GARAGE EQUIPMENT	20 - SQ		20 - SQ	20 - SQ
	ELECTRIC VEHICLES				
395	LABORATORY EQUIPMENT	15 - SQ			20 - SQ
397	COMMUNICATION EQUIPMENT	20 - SQ		15 - SQ	15 - SQ
	COMPUTERS				
	STRUCTURES & IMPROVEMENTS				
	COMMUNICATION & CONTROL EQUIPMENT				
	FIBER OPTIC CABLE		10 - L0		
	SCADA				
	TELEPHONE AND DATA COLLECTION EQUIPMENT				
	TRANS LINE				
	EMS				
	MICROWAVE				
	ELECTRONIC				
	TOWER/BUILDING				
	CLEARING				
	MASSED				
	OTHER				
	REMOTE MONITORING EQUIPMENT				
	AMI COMMUNICATION NETWORK				
	SPECIFIC ASSETS				
398	MISCELLANEOUS EQUIPMENT	15 - SQ		20 - SQ	20 - SQ

FERC Acct.	Description	Company: Company 41 Study date: 2008 Survivor Curve	Company 42 2011 Survivor Curve	Company 43 2005 Survivor Curve	Company 44 2008 Survivor Curve	Compa 200 Survivor
	GENERAL PLANT					
391	OFFICE FURNITURE & EQUIPMENT	20 - SQ			20 - SQ	20 -
	FURNITURE		20 - SQ	25 - SQ		
	EQUIPMENT		5 - SQ	5 - SQ		
	COMPUTERS AND SOFTWARE	5 - SQ	8 - L2	5 - SQ	5 - SQ	5 -
	COMPUTER HARDWARE					
	SOFTWARE	7 - SQ		10 - SQ		
	LARGE APPLICATION SOFTWARE					
	DATA HANDLING					
	INFORMATION SYSTEMS					
	AML&P - EKLUTNA					
	POWER MANAGEMENT SYSTEMS					
	CASH PROCESSING EQUIPMENT					
	EDP					
	SYSTEM DEVELOPMENT					
393	STORES EQUIPMENT	25 - SQ	25 - SQ	20 - SQ	25 - SQ	25 -
394	TOOLS, SHOP AND GARAGE EQUIPMENT	20 - SQ	20 - SQ	20 - SQ	20 - SQ	20 -
	ELECTRIC VEHICLES					
395	LABORATORY EQUIPMENT	20 - SQ	20 - SQ	15 - SQ	20 - SQ	20 -
397	COMMUNICATION EQUIPMENT	15 - SQ	15 - SQ	10 - SQ	15 - SQ	15 -
	COMPUTERS					
	STRUCTURES & IMPROVEMENTS					
	COMMUNICATION & CONTROL EQUIPMENT					
	FIBER OPTIC CABLE		10 - SQ			
	SCADA					
	TELEPHONE AND DATA COLLECTION EQUIPMENT					
	TRANS LINE					
	EMS					
	MICROWAVE					
	ELECTRONIC					
	TOWER/BUILDING					
	CLEARING					
	MASSED					
	OTHER					
	REMOTE MONITORING EQUIPMENT					
	AMI COMMUNICATION NETWORK					
	SPECIFIC ASSETS					
398	MISCELLANEOUS EQUIPMENT		15 - SQ	15 - SQ	20 - SQ	20 -

FERC Acct.	Description	Company: ıy 45 Study date: 8 Curve	Company 46 2007 Survivor Curve	Company 47 2005 Survivor Curve	Company 48 2005 Survivor Curve	Compa 200 Survivor
	GENERAL PLANT					
391	OFFICE FURNITURE & EQUIPMENT	SQ				15 -
	FURNITURE			20 - SQ		
	EQUIPMENT			7 - SQ	15 - SQ	
	COMPUTERS AND SOFTWARE	SQ			5 - SQ	
	COMPUTER HARDWARE					
	SOFTWARE					
	LARGE APPLICATION SOFTWARE				10 - SQ	
	DATA HANDLING					10 -
	INFORMATION SYSTEMS					5 -
	AML&P - EKLUTNA					
	POWER MANAGEMENT SYSTEMS					
	CASH PROCESSING EQUIPMENT					
	EDP					
	SYSTEM DEVELOPMENT					
393	STORES EQUIPMENT	SQ		20 - SQ		25 -
394	TOOLS, SHOP AND GARAGE EQUIPMENT	SQ	20 - SQ	20 - SQ	20 - SQ	25 -
	ELECTRIC VEHICLES					
395	LABORATORY EQUIPMENT	SQ	15 - SQ	15 - SQ		15 -
397	COMMUNICATION EQUIPMENT	SQ	10 - SQ	24 - R4	20 - S4	15 -
	COMPUTERS					
	STRUCTURES & IMPROVEMENTS					
	COMMUNICATION & CONTROL EQUIPMENT					
	FIBER OPTIC CABLE					
	SCADA				14 - S2	
	TELEPHONE AND DATA COLLECTION EQUIPMENT					
	TRANS LINE					
	EMS					
	MICROWAVE					
	ELECTRONIC					
	TOWER/BUILDING					
	CLEARING					
	MASSED					
	OTHER					
	REMOTE MONITORING EQUIPMENT					
	AMI COMMUNICATION NETWORK					
	SPECIFIC ASSETS					
398	MISCELLANEOUS EQUIPMENT	SQ		20 - SQ		15 -

		Company:	ıy 49	Company 50
		Study date:	7	1999
FERC Acct.	Description		Curve	Survivor Curve
	GENERAL PLANT			
391	OFFICE FURNITURE & EQUIPMENT		SQ	
	FURNITURE			20 - SQ
	EQUIPMENT			
	COMPUTERS AND SOFTWARE			3 - SQ
	COMPUTER HARDWARE			
	SOFTWARE			
	LARGE APPLICATION SOFTWARE			
	DATA HANDLING		SQ	
	INFORMATION SYSTEMS		SQ	
	AML&P - EKLUTNA			
	POWER MANAGEMENT SYSTEMS			
	CASH PROCESSING EQUIPMENT			
	EDP			
	SYSTEM DEVELOPMENT			
393	STORES EQUIPMENT		SQ	20 - SQ
394	TOOLS, SHOP AND GARAGE EQUIPMENT		SQ	
	ELECTRIC VEHICLES			
395	LABORATORY EQUIPMENT		SQ	
397	COMMUNICATION EQUIPMENT		SQ	15 - R1
	COMPUTERS			
	STRUCTURES & IMPROVEMENTS			
	COMMUNICATION & CONTROL EQUIPMENT			
	FIBER OPTIC CABLE			
	SCADA			
	TELEPHONE AND DATA COLLECTION EQUIPMENT			
	TRANS LINE			
	EMS			SQUARE*
	MICROWAVE			
	ELECTRONIC			
	TOWER/BUILDING			
	CLEARING			
	MASSED			
	OTHER			
	REMOTE MONITORING EQUIPMENT			
	AMI COMMUNICATION NETWORK			
	SPECIFIC ASSETS			
398	MISCELLANEOUS EQUIPMENT		SQ	20 - SQ

FERC Acct.	Description	Company: 51 Study date: 2005 Survivor Curve	Company 52 2010 Survivor Curve	Company 53 2010 Survivor Curve	Company 54 2010 Survivor Curve
	GENERAL PLANT				
391	OFFICE FURNITURE & EQUIPMENT	15 - SQ	10 - SQ	20 - SQ	20 - SQ
	FURNITURE				
	EQUIPMENT				
	COMPUTERS AND SOFTWARE	4 - SQ	5 - SQ	5 - SQ	7 - SQ
	COMPUTER HARDWARE				
	SOFTWARE	5 - SQ			
	LARGE APPLICATION SOFTWARE	7 - SQ			
	DATA HANDLING				
	INFORMATION SYSTEMS				
	AML&P - EKLUTNA				
	POWER MANAGEMENT SYSTEMS				
	CASH PROCESSING EQUIPMENT				
	EDP				
	SYSTEM DEVELOPMENT				
393	STORES EQUIPMENT		10 - SQ	20 - SQ	30 - SQ
394	TOOLS, SHOP AND GARAGE EQUIPMENT		15 - SQ	25 - SQ	25 - SQ
	ELECTRIC VEHICLES				
395	LABORATORY EQUIPMENT		10 - SQ	15 - SQ	20 - SQ
397	COMMUNICATION EQUIPMENT		15 - SQ	15 - SQ	15 - SQ
	COMPUTERS				
	STRUCTURES & IMPROVEMENTS				
	COMMUNICATION & CONTROL EQUIPMENT				
	FIBER OPTIC CABLE				
	SCADA				
	TELEPHONE AND DATA COLLECTION EQUIPMENT		10 - SQ		
	TRANS LINE				
	EMS				
	MICROWAVE				
	ELECTRONIC				
	TOWER/BUILDING				
	CLEARING				
	MASSED				
	OTHER				
	REMOTE MONITORING EQUIPMENT				
	AMI COMMUNICATION NETWORK				
	SPECIFIC ASSETS				
398	MISCELLANEOUS EQUIPMENT		10 - SQ	15 - SQ	20 - SQ

FERC Acct.	Description	Company: Company 55 Study date: 2009	Company 56 2004	Company 57 2004	Company 58 2009
		Survivor Curve	Survivor Curve	Survivor Curve	Survivor Curve
	GENERAL PLANT				
391	OFFICE FURNITURE & EQUIPMENT	20 - SQ			15 - SQ
	FURNITURE		15 - SQ	15 - SQ	
	EQUIPMENT				
	COMPUTERS AND SOFTWARE		5 - SQ	5 - SQ	5 - SQ
	COMPUTER HARDWARE	5 - SQ			
	SOFTWARE	10 - SQ			
	LARGE APPLICATION SOFTWARE				
	DATA HANDLING				
	INFORMATION SYSTEMS				
	AML&P - EKLUTNA				
	POWER MANAGEMENT SYSTEMS				
	CASH PROCESSING EQUIPMENT				
	EDP				
	SYSTEM DEVELOPMENT				
393	STORES EQUIPMENT	15 - SQ	15 - SQ	15 - SQ	25 - SQ
394	TOOLS, SHOP AND GARAGE EQUIPMENT	20 - SQ	15 - SQ	15 - SQ	25 - SQ
	ELECTRIC VEHICLES				
395	LABORATORY EQUIPMENT	15 - SQ	15 - SQ	15 - SQ	20 - SQ
397	COMMUNICATION EQUIPMENT	20 - R3	15 - SQ	15 - SQ	10 - SQ
	COMPUTERS				
	STRUCTURES & IMPROVEMENTS				
	COMMUNICATION & CONTROL EQUIPMENT				
	FIBER OPTIC CABLE				
	SCADA	15 - S1			
	TELEPHONE AND DATA COLLECTION EQUIPMENT				
	TRANS LINE				
	EMS				
	MICROWAVE				
	ELECTRONIC				
	TOWER/BUILDING				
	CLEARING				
	MASSED				
	OTHER				
	REMOTE MONITORING EQUIPMENT	12 - R2.5			
	AMI COMMUNICATION NETWORK				
	SPECIFIC ASSETS				
398	MISCELLANEOUS EQUIPMENT	20 - SQ	15 - SQ	15 - SQ	20 - SQ

FERC Acct.	Description	Company: Company 59 Study date: 2009 Survivor Curve	Company 60 2006 Survivor Curve	Company 61 2002 Survivor Curve	Company 62 2011 Survivor Curve
	GENERAL PLANT				
391	OFFICE FURNITURE & EQUIPMENT	15 - SQ			20 - SQ
	FURNITURE	15 - SQ			
	EQUIPMENT				
	COMPUTERS AND SOFTWARE	5 - SQ	6 - R4		
	COMPUTER HARDWARE				
	SOFTWARE	3 - SQ			
	LARGE APPLICATION SOFTWARE				
	DATA HANDLING				
	INFORMATION SYSTEMS				
	AML&P - EKLUTNA				
	POWER MANAGEMENT SYSTEMS				
	CASH PROCESSING EQUIPMENT				
	EDP				
	SYSTEM DEVELOPMENT				
393	STORES EQUIPMENT	25 - SQ			
394	TOOLS, SHOP AND GARAGE EQUIPMENT				25 - SQ
	ELECTRIC VEHICLES				
395	LABORATORY EQUIPMENT	20 - SQ			20 - SQ
397	COMMUNICATION EQUIPMENT	10 - SQ	20 - R1.5		15 - SQ
	COMPUTERS				
	STRUCTURES & IMPROVEMENTS				
	COMMUNICATION & CONTROL EQUIPMENT				
	FIBER OPTIC CABLE				
	SCADA				
	TELEPHONE AND DATA COLLECTION EQUIPMENT				
	TRANS LINE				
	EMS				
	MICROWAVE				
	ELECTRONIC				
	TOWER/BUILDING				
	CLEARING				
	MASSED				
	OTHER				
	REMOTE MONITORING EQUIPMENT				
	AMI COMMUNICATION NETWORK				20 - SQ
	SPECIFIC ASSETS				
398	MISCELLANEOUS EQUIPMENT	20 - SQ			20 - SQ

FERC Acct.	Description	Company: 63 Study date: 1999	Company 64 2007	Company 65 2007	Company 66 2002
		Survivor Curve	Survivor Curve	Survivor Curve	Survivor Curve
	GENERAL PLANT				
391	OFFICE FURNITURE & EQUIPMENT				20 - SQ
	FURNITURE	20 - SQ	15 - SQ	20 - SQ	
	EQUIPMENT	10 - SQ		15 - SQ	
	COMPUTERS AND SOFTWARE	3 - SQ		5 - SQ	5 - SQ
	COMPUTER HARDWARE				
	SOFTWARE				
	LARGE APPLICATION SOFTWARE				
	DATA HANDLING		8 - SQ		
	INFORMATION SYSTEMS		10 - SQ		
	AML&P - EKLUTNA				
	POWER MANAGEMENT SYSTEMS			7 - SQ	
	CASH PROCESSING EQUIPMENT				
	EDP				
	SYSTEM DEVELOPMENT				
393	STORES EQUIPMENT	20 - SQ	25 - SQ	25 - SQ	20 - SQ
394	TOOLS, SHOP AND GARAGE EQUIPMENT	25 - SQ	25 - SQ	20 - SQ	25 - SQ
	ELECTRIC VEHICLES				
395	LABORATORY EQUIPMENT	20 - SQ	15 - SQ	20 - SQ	20 - SQ
397	COMMUNICATION EQUIPMENT	15 - R1	15 - SQ	15 - SQ	19 - L2
	COMPUTERS				
	STRUCTURES & IMPROVEMENTS				
	COMMUNICATION & CONTROL EQUIPMENT				
	FIBER OPTIC CABLE				
	SCADA				
	TELEPHONE AND DATA COLLECTION EQUIPMENT				
	TRANS LINE				
	EMS	SQUARE*			
	MICROWAVE				
	ELECTRONIC				
	TOWER/BUILDING				
	CLEARING				
	MASSED				
	OTHER				
	REMOTE MONITORING EQUIPMENT				
	AMI COMMUNICATION NETWORK				
	SPECIFIC ASSETS				
398	MISCELLANEOUS EQUIPMENT	20 - SQ	20 - SQ	20 - SQ	15 - SQ

FERC Acct.	Description	Company: 67 Study date: 2006	Company 68 2002	Company 69 2009	Company 70 2008
		Survivor Curve	Survivor Curve	Survivor Curve	Survivor Curve
	GENERAL PLANT				
391	OFFICE FURNITURE & EQUIPMENT		10 - SQ	20 - SQ	20 - SQ
	FURNITURE				
	EQUIPMENT	20 - SQ			
	COMPUTERS AND SOFTWARE	5 - SQ	6 - SQ	5 - SQ	
	COMPUTER HARDWARE				
	SOFTWARE				
	LARGE APPLICATION SOFTWARE				
	DATA HANDLING				20 - SQ
	INFORMATION SYSTEMS				
	AML&P - EKLUTNA				
	POWER MANAGEMENT SYSTEMS				
	CASH PROCESSING EQUIPMENT				
	EDP				5 - SQ
	SYSTEM DEVELOPMENT				
393	STORES EQUIPMENT	20 - SQ	15 - SQ	20 - SQ	25 - SQ
394	TOOLS, SHOP AND GARAGE EQUIPMENT	20 - SQ	20 - SQ	25 - SQ	20 - SQ
	ELECTRIC VEHICLES				
395	LABORATORY EQUIPMENT	20 - SQ	20 - SQ	15 - SQ	20 - SQ
397	COMMUNICATION EQUIPMENT	15 - SQ	15 - SQ	15 - SQ	8 - SQ
	COMPUTERS				
	STRUCTURES & IMPROVEMENTS				
	COMMUNICATION & CONTROL EQUIPMENT				
	FIBER OPTIC CABLE				
	SCADA				
	TELEPHONE AND DATA COLLECTION EQUIPMENT				
	TRANS LINE				
	EMS				
	MICROWAVE				
	ELECTRONIC				
	TOWER/BUILDING				
	CLEARING				
	MASSED				
	OTHER				
	REMOTE MONITORING EQUIPMENT				
	AMI COMMUNICATION NETWORK				
	SPECIFIC ASSETS				
398	MISCELLANEOUS EQUIPMENT	15 - SQ	10 - SQ	20 - SQ	20 - SQ

FERC Acct.	Description	Company: Company 71 Study date: 2011 Survivor Curve	Company 72 2010 Survivor Curve	Company 73 2008 Survivor Curve
	GENERAL PLANT			
391	OFFICE FURNITURE & EQUIPMENT	20 - SQ	20 - SQ	
	FURNITURE			
	EQUIPMENT		5 - SQ	
	COMPUTERS AND SOFTWARE	5 - SQ	5 - SQ	5 - SQ
	COMPUTER HARDWARE			
	SOFTWARE			
	LARGE APPLICATION SOFTWARE			
	DATA HANDLING			
	INFORMATION SYSTEMS			
	AML&P - EKLUTNA			
	POWER MANAGEMENT SYSTEMS			
	CASH PROCESSING EQUIPMENT			
	EDP			
	SYSTEM DEVELOPMENT			
393	STORES EQUIPMENT	10 - SQ	20 - SQ	
394	TOOLS, SHOP AND GARAGE EQUIPMENT	20 - SQ	25 - SQ	
	ELECTRIC VEHICLES			
395	LABORATORY EQUIPMENT	10 - SQ	15 - SQ	
397	COMMUNICATION EQUIPMENT	10 - SQ	15 - SQ	10 - SQ
	COMPUTERS			
	STRUCTURES & IMPROVEMENTS			
	COMMUNICATION & CONTROL EQUIPMENT			
	FIBER OPTIC CABLE			
	SCADA			
	TELEPHONE AND DATA COLLECTION EQUIPMENT			
	TRANS LINE			
	EMS			
	MICROWAVE			
	ELECTRONIC			
	TOWER/BUILDING			
	CLEARING			
	MASSED			
	OTHER			
	REMOTE MONITORING EQUIPMENT			
	AMI COMMUNICATION NETWORK			
	SPECIFIC ASSETS			
398	MISCELLANEOUS EQUIPMENT	10 - SQ		

ELECTRIC

METROPOLITAN EDISON COMPANY
AMERENCILCO
OKLAHOMA GAS AND ELECTRIC (HOLDING COMPANY ASSETS)
PSI ENERGY, INC.
NSTAR - ELECTRIC
PACIFIC GAS & ELECTRIC COMPANY
EL PASO ELECTRIC COMPANY
ENTERGY GULF STATES LOUISIANA, LLC.
EXELON GENERATION COMPANY
DOMINION - VIRGINIA POWER
OMAHA PUBLIC POWER DISTRICT
IDAHO POWER COMPANY
KANSAS CITY POWER AND LIGHT COMPANY - KANSAS JURISDICTION
DUKE ENERGY KENTUCKY
BANGOR HYDRO - ELECTRIC COMPANY
ANCHORAGE MUNICIPAL POWER & LIGHT
MADISON GAS AND ELECTRIC COMPANY
MAINE PUBLIC SERVICE COMPANY
MICHIGAN ELECTRIC TRANSMISSION COMPANY
WISCONSIN PUBLIC SERVICE CORPORATION
DUKE ENERGY INDIANA
FLORIDA POWER & LIGHT COMPANY
CHUGACH ELECTRIC ASSOCIATION, INC
EAST KENTUCKY POWER COOPERATIVE
UGI UTILITIES, INC. - ELECTRIC DIVISION
ALLIANT - MINNESOTA
CENTERPOINT ENERGY - HOUSTON ELECTRIC LLC
AMERENCIPS
AVISTA CORPORATION
GREATER MISSOURI OPERATIONS - ECORP
NORTHERN INDIANA PUBLIC SERVICE COMPANY
OKLAHOMA GAS AND ECLECTIC
ALLIANT ENERGY - WISCONSIN POWER & LIGHT
DUKE ENERGY OHIO
PPL ELECTRIC UTILITIES CORPORATION
GREATER MISSOURI OPERATIONS - MPS JURISDICTION
JACKSON ENERGY COOPERATIVE CORPORATION
GREATER MISSOURI OPERATIONS - L&P JURISDICTION
BONNEVILLE POWER ADMINISTRATION
RELIANT ENERGY
AMERENUE

CENTRAL HUDSON GAS AND ELECTRIC
ALLEGHENY ENERGY - MONONGAHELA POWER COMPANY
SOUTH CAROLINA ELECTRIC & GAS COMPANY
ALLIANT - ILLINOIS
DUKE ENERGY CAROLINAS
ENTERGY LOUISIANA, LLC.
NEVADA POWER COMPANY
BLACK HILLS COLORADO ELECTRIC UTILITY COMPANY, LP
CENTRAL VERMONT PUBLIC SERVICE CORPORATION
ENTERGY TEXAS, INC.
PUGET SOUND ENERGY
KANSAS CITY POWER AND LIGHT COMPANY - MISSOURI JURISDICTION
ALLEGHENY ENERGY - POTOMAC EDISON COMPANY
WISCONSIN POWER AND LIGHT COMPANY
DUQUESNE LIGHT COMPANY
MARITIME ELECTRIC COMPANY
NSTAR ELECTRIC & GAS COMPANY - COMMONWEALTH ELECTRIC COMPANY
ARIZONA PUBLIC SERVICE COMPANY
ALLIANT - IOWA
MAUI ELECTRIC COMPANY
ENTERGY MISSISSIPPI, INC.
MIDAMERICAN ENERGY COMPANY
PENNSYLVANIA ELECTRIC COMPANY
SIERRA PACIFIC POWER COMPANY
ENTERGY ARKANSAS, INC.
OWEN ELECRTRIC COOPERATIVE
POTOMAC ELECTRIC POWER COMPANY
ATLANTIC CITY ELECTRIC COMPANY
ALLEGHENY ENERGY SUPPLY, INC.
AMERENIP
DUKE POWER COMPANY
NOVA SCOTIA POWER, INC.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.54

Responding Witness: John J. Spanos

Q2.54 If not provided elsewhere, please provide hard copies of all of Mr. Spanos's actuarial and semi-actuarial studies relating to KU, whether they were relied upon or not.

A2.54 All actuarial studies were supplied in the response to Kroger 1-1.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.55

Responding Witness: John J. Spanos

Q2.55 Did Mr. Spanos use reciprocal, harmonic, or ELG weighting in any of his calculations? If yes, please provide all calculations using direct weighting. Also, provide this in hardcopy and on diskette.

A2.55 As described on page II-32 of the depreciation study, the remaining life depreciation accruals were calculated for each vintage of plant based on the average service life procedure. The book reserve for each account and/or location was allocated among the vintages in proportion to the calculated accrued depreciation for the account and/or location. Mr. Spanos did not perform any calculations using any alternative forms of weighting.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.56

Responding Witness: Shannon L. Charnas

Q2.56 Does the Company maintain its book reserve by plant account? If not, please explain why not.

A2.56 Yes, the Company maintains its book reserve by plant account.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.57

Responding Witness: Shannon L. Charnas

Q2.57 If the Company does maintain its book reserves by plant account, how long has the Company has maintained its recorded reserves at the account level.

A2.57 The Company has maintained book reserves by plant account subsequent to and including December 2000.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.58

Responding Witness: John J. Spanos

Q2.58 Please provide all notes taken during any meetings with Company representatives or facility tours attended by Mr. Spanos or any of his associates.

A2.58 Please refer to the responses to Question No. 2.70 and Question No. 2.71.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.59

Responding Witness: John J. Spanos

Q2.59 Please provide copies of all of Mr. Spanos's testimony, speeches, papers, articles and presentations during the last five years which address public utility depreciation rates, future net salvage, average net salvage, SFAS No. 143, FERC RM02-7, expensing and / or capitalization of net salvage, or IFRS.

A2.59 All testimony prepared by Mr. Spanos has been filed with the respective state commissions. Attached is a list of cases that Mr. Spanos has submitted testimony in the last 5 years. Also, attached are Mr. Spanos' presentations related to depreciation over the last 5 years.

LIST OF CASES IN WHICH JOHN J. SPANOS SUBMITTED TESTIMONY

	Year	Jurisdiction	Docket No.	Client/Utility	Subject
1.	1998	Pa. PUC	R-00984375	City of Bethlehem-Bureau of Water	Original Cost and Depreciation
2.	1998	Pa. PUC	R-00984567	City of Lancaster	Original Cost and Depreciation
3.	1999	Pa. PUC	R-00994605	The York Water Company	Depreciation
4.	2000	D.T.&E.	DTE 00-105	Massachusetts-American Water Company	Depreciation
5.	2001	Pa. PUC	R-00016114	City of Lancaster	Original Cost and Depreciation
6.	2001	Pa. PUC	R-00016236	The York Water Company	Depreciation
7.	2001	Pa. PUC	R-00016339	Pennsylvania-American Water Company	Depreciation
8.	2001	PUC of Ohio	01-1228-GA-AIR	Cinergy Corp. - Cincinnati Gas and Electric Company	Depreciation
9.	2001	Ky. PSC	2001-092	Cinergy Corp. - Union Light, Heat and Power Company	Depreciation
10.	2002	Pa. PUC	R-00016750	Philadelphia Suburban Water Co.	Depreciation
11.	2002	Ky. PSC	2002-00145	Columbia Gas of Kentucky	Depreciation
12.	2002	NJ BPU	GR02040245	NUI Corporation/Elizabethtown Gas Co.	Depreciation
13.	2002	Id. PUC	IPC-E-03-7	Idaho Power Company	Depreciation
14.	2003	Pa. PUC	R-0027975	The York Water Company	Depreciation
15.	2003	Ind. URC	Cause 42359	Cinergy Corp. - PSI Energy, Inc.	Depreciation
16.	2003	Pa. PUC	R-00038304	Pennsylvania-American Water Co.	Depreciation
17.	2003	Mo. PSC	WR-2003-0500	Missouri-American Water Co.	Depreciation
18.	2003	FERC	ER-03-1274-000	NSTAR - Boston Edison Company	Depreciation
19.	2003	NJ BPU	BPU 03080683	South Jersey Gas Company	Depreciation
20.	2003	Nv. PUC	Doc. 03-10001	Nevada Power Company	Depreciation
21.	2003	La. PSC	U-27676	CenterPoint Energy - Arkla	Depreciation
22.	2003	Pa. PUC	R-00038805	Pennsylvania Suburban Water Co.	Depreciation
23.	2004	Alberta Energy & Util. Board	1306821	EPCOR Distribution, Inc.	Depreciation
24.	2004	Pa. PUC	R-00038168	National Fuel Gas Distribution Corp. (Pa.)	Depreciation
25.	2004	Pa. PUC	R-00049255	PPL Electric Utilities	Depreciation
26.	2004	Pa. PUC	R-00049165	The York Water Company	Depreciation
27.	2004	Ok. Corp.Cm.	PUD 200400187	CenterPoint Energy - Arkla	Depreciation
28.	2004	Oh. PUC	04-680-EI-AIR	Cinergy Corp. - Cincinnati Gas and Electric Company	Depreciatio

LIST OF CASES IN WHICH JOHN J. SPANOS SUBMITTED TESTIMONY, cont.

	Year	Jurisdiction	Docket No.	Client/Utility	Subject
29.	2004	RR Comm of Tx.	GUD#	CenterPoint Energy - Entex Gas Svcs. Div.	Depreciation
30.	2004	NY PUC	04-G-1047	National Fuel Gas Distribution Corp. (NY)	Depreciation
31.	2004	Ark. PSC	04-121-U	CenterPoint Energy - Arkla	Depreciation
32.	2005	Ill. Comm Cm	05-	North Shore Gas Company	Depreciation
33.	2005	Ill. Comm. Cm.	05-	Peoples Gas Light and Coke Company	Depreciation
34.	2005	Ky. PSC	2005-00042	Union Light Heat & Power	Depreciation
35.	2005	Ill. Comm Cm.	05-0308	MidAmerican Energy Company	Depreciation
36.	2005	Mo. PSC	GR-2005	Laclede Gas Company	Depreciation
37.	2005	Ks. Corp.Cm.	05-WSEE-981-RTS	Westar Energy	Depreciation
38.	2005	RR Comm of Tx	GUD #	CenterPoint Energy - Entex Gas Svcs Div.	Depreciation
39.	2005	FERC		Cinergy Corporation	Accounting
40.	2005	Ok. Corp.Cm.	PUD 200500151	Oklahoma Gas and Electric Co.	Depreciation
41.	2005	Ma. Dept Telcom & Energy	DTE 05-85	NSTAR	Depreciation
42.	2005	NY PUC	05-E-0934/05-G-0935	Central Hudson Gas & Electric Co.	Depreciation
43.	2005	AK Reg Cm	U-04-102	Chugach Electric Association	Depreciation
44.	2005	Ca. PUC	A.05-12-002	Pacific Gas & Electric	Depreciation
45.	2006	Pa. PUC	R-00051030	Aqua Pennsylvania, Inc.	Depreciation
46.	2006	Pa. PUC	R-00051178	T.W. Phillips Gas and Oil Co.	Depreciation
47.	2006	NC Util Cm.		Pub. Service Co. of North Carolina	Depreciation
48.	2006	Pa. PUC	R-00051167	City of Lancaster	Depreciation
49.	2006	Pa. PUC		Duquesne Light Company	Depreciation
50.	2006	Pa. PUC	R-00061322	The York Water Company	Depreciation
51.	2006	Pa. PUC	R-00051298	PPL Gas Utilities	Depreciation
52.	2006	PUC of Tx.	32093	CenterPoint Energy - Houston Electric	Depreciation
53.	2006	PSC of SC		Duke Energy Kentucky	Depreciation
				SCANA	Depreciation
54.	2006	Ak. Reg Cm	U-06-6	Municipal Light and Power	Depreciation
55.	2006	De. PSC		Delmarva Power and Light	Depreciation
56.	2006	In. URC	IURC43081	Indiana American Water Co.	Depreciation
57.	2006	Ak. Reg Cm	U-06-134	Chugach Electric Association	Depreciation

LIST OF CASES IN WHICH JOHN J. SPANOS SUBMITTED TESTIMONY, cont.

	Year	Jurisdiction	Docket No.	Client/Utility	Subject
58.	2006	Mo PSC	WR-2007-0216	Missouri American Water Company	Depreciation
59.	2006	FERC	ISO5-82, et.al	TransAlaska Pipeline	Depreciation
60.	2006	Pa PUC	R-00061493	National Fuel Gas Distribution Corp. (PA)	Depreciation
61.	2007	NC Util Cm	E-7	Duke Energy Carolinas, LLC	Depreciation
62.	2007	Oh PSC	08-709-EL-AIR	Duke Energy Ohio Gas	Depreciation
63.	2007	Pa PUC	R-00072155	PPL Electric Utilities Corp.	Depreciation
64.	2007	Ky PSC	2007-00143	Kentucky American Water Company	Depreciation
65.	2007	Pa PUC	R-00072229	Pennsylvania American Water Co.	Depreciation
66.	2007	Ky PSC	2007-00008	NiSource - Columbia Gas of Kentucky	Depreciation
67.	2007	NY PSC	07-G-0141	National Fuel Gas Distribution Corp. (NY)	Depreciation
68.	2008	AK PSC	U-08-004	Anchorage Water & Wastewater Utility	Depreciation
69.	2008	TN Reg Ath	08-00039	Tennessee American Water Company	Depreciation
70.	2008	DE PSC	08-96	Artesian Water Company	Depreciation
71.	2008	PA PUC	R-2008-2023067	The York Water Company	Depreciation
72.	2008	KS CC	08-WSEE1-RTS	Westar Energy	Depreciation
73.	2008	IN URC	43526	Northern Indiana Public Service Co.	Depreciation
74.	2008	IN URC	43501	Duke Energy Indiana	Depreciation
75.	2008	MD PSC	9159	NiSource - Columbia Gas of Maryland	Depreciation
76.	2008	KY PSC	2008-000251	Kentucky Utilities	Depreciation
77.	2008	KY PSC	2008-000252	Louisville Gas & Electric	Depreciation
78.	2008	PA PUC	2008-2032689	Pennsylvania American Water Co.	Depreciation
79.	2008	NY PSC	08-E887/08-G0888	Central Hudson	Depreciation
80.	2008	WV TC	VE-080416/VG-8080417	Avista Corporation	Depreciation
81.	2009	Il CC	09-	Peoples Gas, Light and Coke Co.	Depreciation
82.	2009	Il CC	09-	North Shore Gas Company	Depreciation
83.	2009	DC PSC	1053	Potomac Electric Power Company	Depreciation
84.	2009	KY PSC	2009-00141	NiSource – Columbia Gas of Kentucky	Depreciation
85.	2009	FERC	ER08-1056-002	Entergy Services	Depreciation
86.	2009	PA PUC	R-2009-2097323	Pennsylvania American Water Co.	Depreciation
87.	2009	NC Util Cm	E-7, Sub 909	Duke Energy Carolinas, LLC	Depreciation
88.	2009	KY PSC	2009-00202	Duke Energy Kentucky	Depreciation
89.	2009	VA St CC	PUE-2009-00059	Aqua Virginia, Inc.	Depreciation
90.	2009	PA PUC	2009-2132019	Aqua Pennsylvania, Inc.	Depreciation

LIST OF CASES IN WHICH JOHN J. SPANOS SUBMITTED TESTIMONY, cont.

	Year	Jurisdiction	Docket No.	Client/Utility	Subject
91.	2009	MS PSC	09-	Entergy Mississippi	Depreciation
92.	2009	AK PSC	09-084-U	Entergy Arkansas	Depreciation
93.	2009	TX PUC	37744	Entergy Texas	Depreciation
94.	2009	TX PUC	37690	El Paso Electric Co.	Depreciation
95.	2009	PA PUC	R-2009-2106908	The Borough of Hanover	Depreciation
96.	2009	KS Corp Cm	10-KCPE-415-RTS	Kansas City Power & Light	Depreciation
97.	2009	PA PUC	R-2009-	United Water Pennsylvania	Depreciation
98.	2009	OH PUC		Aqua Ohio Water Company.	Depreciation
99.	2009	PSC of WI	3270-DU-103	Madison Gas & Electric Co.	Depreciation
100.	2009	MO PSC	WR-2010	Missouri American Water Co.	Depreciation
101.	2009	AK Reg Cm.	U-09-097	Chugach Electric Association	Depreciation
102.	2010	IN URC		Northern Indiana Public Service Co.	Depreciation
103.	2010	PSC of WI	6690-DU-104	Wisconsin Public Service Corp.	Depreciation
104.	2010	PA PUC	R-2010-2161694	PPL Electric Utilities Corp.	Depreciation
105.	2010	KY PSC	2010-00036	Kentucky American Water Co.	Depreciation
106.	2010	PA PUC	R-2009-2149262	Columbia Gas of Pennsylvania	Depreciation
107.	2010	MO PSC	GR-2010-0171	Laclede Gas Company	Depreciation
108.	2010	PSC of SC	2009-489-E	South Carolina Electric & Gas Co.	Depreciation
109.	2010	NJ Bd of PU	ER09080664	Atlantic City Electric	Depreciation
110.	2010	VA St. CC	PUE-2010-00001	Virginia American Water Company	Depreciation
111.	2010	PA PUC	R-2010-2157140	The York Water Company	Depreciation
112.	2010	MO. PSC	ER-2010-0356	Greater Missouri Operations Co.	Depreciation
113.	2010	PA PUC	R-2010-2167797	T. W. Phillips Gas and Oil Co.	Depreciation
114.	2010	PSC SC	2009-489-E	SCANA - Electric	Depreciation
115.	2010	PA PUC	R-2010-2201702	Peoples Natural Gas, LLC	Depreciation
116.	2010	AK PSC		Oklahoma Gas and Electric Co.	Depreciation
117.	2010	IN URC		Northern Indiana Public Serv. Co. – NIFL	Depreciation
118.	2010	IN URC		Northern Indiana Public Serv. Co. – Kokomo	Depreciation
119.	2010	PA PUC	R-2010-2166212	Pennsylvania American Water Co. – WW	Depreciation
120.	2010	NC Util Cm.		Aqua North Carolina, Inc.	Depreciation
121.	2011	OH PUC	11-4161-WS-AIR	Ohio American Water Company	Depreciation
122.	2011	MS PSC	EC-123-0082-00	Entergy Mississippi	Depreciation

LIST OF CASES IN WHICH JOHN J. SPANOS SUBMITTED TESTIMONY, cont.

	Year	Jurisdiction	Docket No.	Client/Utility	Subject
123.	2011	CO PUC	11AL-387E	Black Hills Colorado	Depreciation
124.	2011	PA PUC	R-2010-2215623	Columbia Gas of Pennsylvania	Depreciation
125.	2011	IN URC	43114 IGCC 4S	Duke Energy Indiana	Depreciation
126.	2011	FERC	IS11-146-000	Enbridge Pipelines (Southern Lights)	Depreciation
127.	2011	Il CC	11-0217	MidAmerican Energy Corporation	Depreciation
128.	2011	OK CC	201100087	Oklahoma Gas & Electric Co.	Depreciation
129.	2011	PA PUC	2011-2232243	Pennsylvania American Water Company	Depreciation
130.	2011	FERC		Carolina Gas Transmission	Depreciation
131.	2012	WA UTC		Avista Corporation	Depreciation
132	2012	AK Reg Cm	U-12-009	Chugach Electric Association	Depreciation
133	2012	MA PUC	DPU 12-	Columbia Gas of Massachusetts	Depreciation
134	2012	TX PUC	40094	El Paso Electric Company	Depreciation
135	2012	ID PUC	IPC-E-12	Idaho Power Company	Depreciation
136	2012	PA PUC	R-2012-2290597	PPl Electric – PFG & NGP	Depreciation
137	2012	PA PUC	R-2012-2311725	Hanover, Borough of – Bureau of Water	Depreciation
138	2012	KY PSC	2012-00222	Louisville Gas and Electric Company	Depreciation
139	2012	KY PSC	2012-00221	Kentucky Utilities Company	Depreciation
140	2012	PA PUC	R-2012-2285985	Peoples Natural Gas Company	Depreciation
141	2012	D.C. PSC	Case 1087	Potomac Electric Power Company	Depreciation
142	2012	OH PSC	12-1682-EL-AIR	Duke Energy Ohio (Electric)	Depreciation
143	2012	OH PSC	12-1685-GA-AIR	Duke Energy Ohio (Gas)	Depreciation

DECOMMISSIONING & OTHER DEPRECIATION ISSUES

BY: JOHN J. SPANOS, CDP
Vice President

GANNETT FLEMING, INC.
Valuation and Rate Division

September 28, 2010

Introduction

- What is a decommissioning study?
- Which assets could be affected by a decommissioning study?
- Appropriate ways to apply decommissioning study results.
- General plant amortization conversion.
- Segregation of accumulated depreciation and depreciation rate.

Decommissioning

WHAT IS A DECOMMISSIONING STUDY?

3

Decommissioning

Independent Review/Analysis of the Costs to Dismantle a Facility

- *Brownfield*
- *Greenfield*

Description of Process

Should Include Dismantlement Techniques and Scrap Values

Compare to Past Industry Costs

4

Decommissioning

WHICH ASSETS COULD BE AFFECTED BY A DECOMMISSIONING STUDY?

5

Decommissioning

- *Steam Production Facilities*
  - *Coal*
  - *Gas*
- *Hydro Facilities*
- *Other Production*
  - *Combustion Turbines*
  - *Wind*
- *Any Life Spanned Facility*

6

Decommissioning

TECHNIQUES TO APPLY DECOMMISSIONING STUDY RESULTS

7

Decommissioning

Separate Decommissioning Fund - Similar to Nuclear

Escalation to the Date of Retirement

Apply Dismantlement Costs to Appropriate Plant Balances

8

Decommissioning

Separate Decommissioning Fund – Similar to Nuclear

- *Pros*
  - *Sets aside funds for dismantling in the future*
  - *No stranded costs or major cash flow issues*
  - *No continual rate case issues after first case*
- *Cons*
  - *Basically establishing an obligation*
  - *Estimate needs to be accurate*
  - *Approval very difficult*

9

Decommissioning

Escalation to the Date of Retirement

- *Current Costs to Dismantle Increased into Future*
- *Escalation Component – CPI/Inflation Factor*
- *Dollar/Kw*

10

Decommissioning

Apply Dismantlement Costs to Appropriate Plant Balances

- *Segregate Surviving Plant for Dismantlement*
  - *Percentage of Dollars*
  - *Based on Interim Curve*
- *Interim Net Salvage for Remaining Plant Balance*

11

Decommissioning

Application of Results to Depreciation Rates

- *Apply One Composite Rate For Account*
- *Apply Individual Rates To Segregated Plant Balances*
- *Apply Location Rate By Account*

12

Other Depreciation Issues

- *General Plant Amortization Conversion*
- *Segregation of Accumulated Depreciation and Depreciation Rate*

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Other Depreciation Issues

General Plant Amortization Conversion

- *Achieving the Desired Rate*
  - *Make the Necessary Retirements*
    - *Vintages Outside Amortization Period*
    - *Annually*
  - *Align/Adjust Past Recovery to Amortization Level*

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Other Depreciation Issues

Segregation of Accumulated Depreciation and Depreciation Rate

- *2 or 3 Components: Capital Recovery, Cost of Removal and Gross Salvage*
- *Possible Segregation Options*
  - *Past Parameters*
  - *Future Parameters*

15

QUESTIONS?

16

Early Plant Retirements
Regulatory Perspective

John Spanos, Vice President
Gannett Fleming Valuation and Rate Division

Gannett Fleming

Early Plant Retirements

- **Large Units of Property**
  - Power Plants
    - Economic, environmental considerations
  - Gas Facilities
    - LNG Facilities
    - Underground Storage
  - Gas Pipelines
- **Mass Property**
  - Smart Grid / AMI Meters
    - Technological obsolescence

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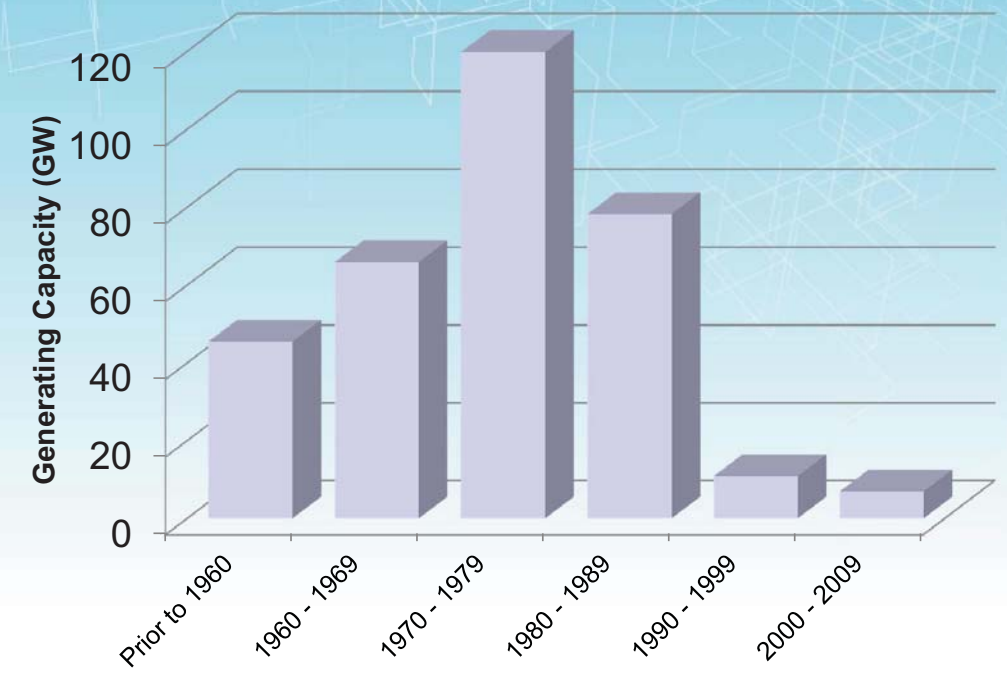
Case Study: Coal Generation

- **Coal Power Plants**
  - Depreciation by generating site or unit
  - Life span property
    - Based on estimated final retirement
    - May include provision for interim retirements
  - Decommissioning costs
  - Early retirements of some units
    - Economic considerations
    - Environmental regulations

Case Study: Coal Generation

U.S. Coal Fleet



- 14% Prior to 1960
- 20% 1960s
- 37% 1970s
- 24% 1980s
- 3% 1990s
- 2% 2000s

Source: Platts Power Plant Database, 2009

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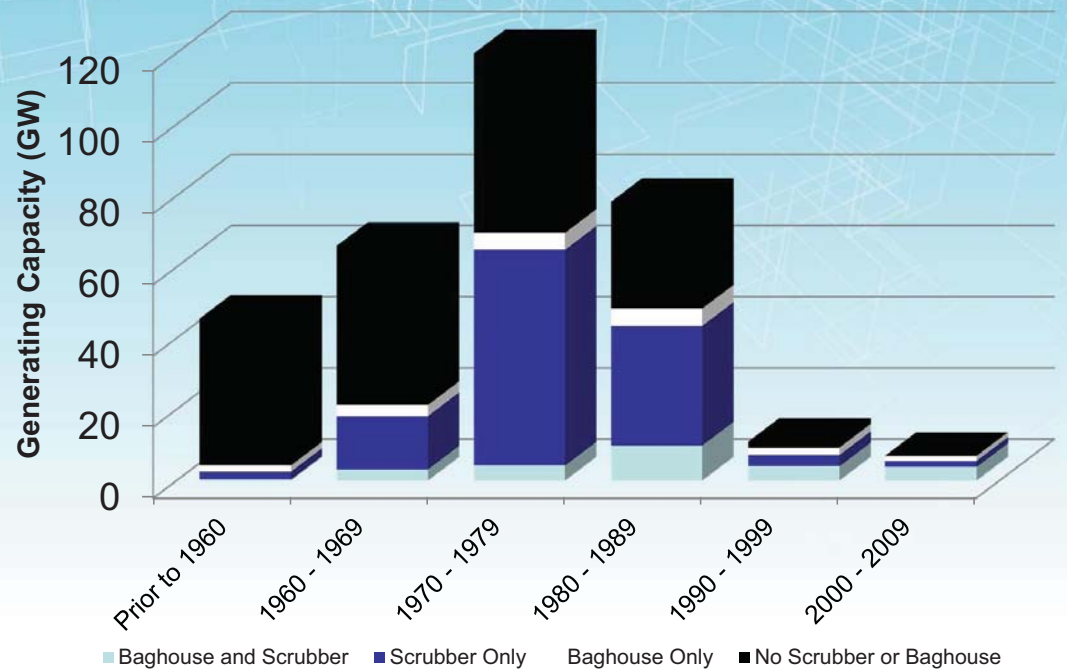
Case Study: Coal Generation

U.S. Coal Fleet



- 51% No Scrubber or Baghouse
- 6% Baghouse
- 35% Scrubber
- 8% Baghouse and Scrubber

Source: Platts Power Plant Database, 2009

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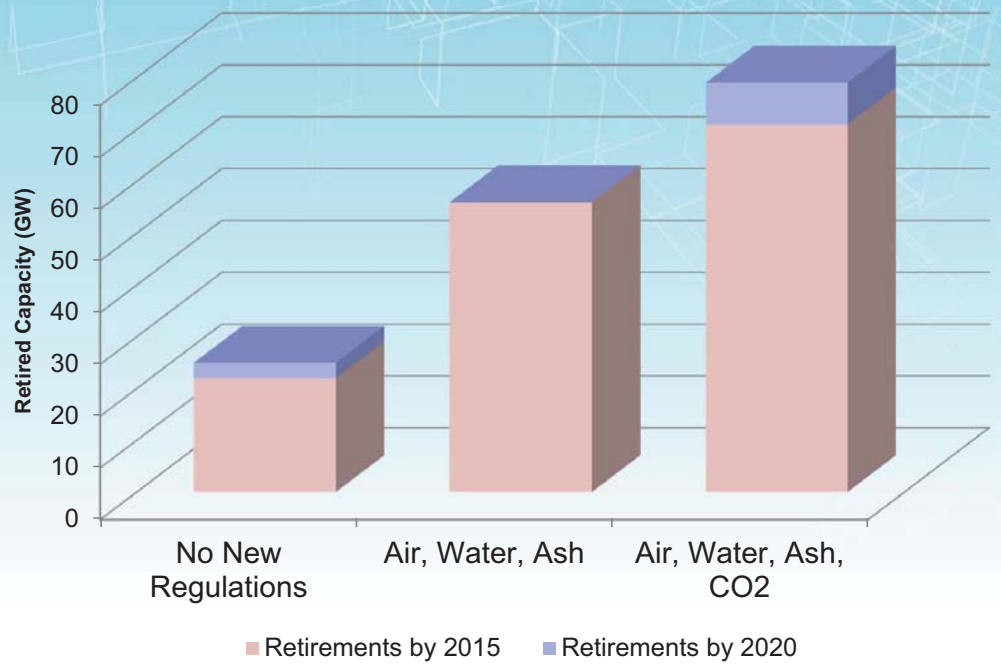
Case Study: Coal Generation

EEI Forecast of Coal Retirements, 2011-2020



- No New Regulations
  - 8% of Fleet Retired by 2020
- Air, Water, Ash Regulations
  - 18% of Fleet Retired by 2020
- Air, Water, Ash, CO2 Regulations
  - 31% of Fleet Retired by 2020

Source: Edison Electric Institute, *Potential Impacts of Environmental Regulation on the U.S. Generation Fleet*. January 2011.

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Case Study: Coal Generation

Example

- Coal plant
- Placed in service in 1970
- Original cost of $50 million
- Estimated life span of 50 years
- No interim retirements
- No decommissioning costs
- Actual retirement in 2010

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Case Study: Coal Generation

Plant (millions)

Year	Add.	Ret.	Balance
1970	$50		$50
1971			$50
1972			$50
		. . .	
2008			$50
2009			$50
2010		($50)	0

Reserve (millions)

Year	Depr. Expense	Ret.	Balance
1970	$0.5		$0.5
1971	$1.0		$1.5
1972	$1.0		$2.5
		. . .	
2008	$1.0		$38.5
2009	$1.0		$39.5
2010	$0.5	($50)	($10)

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Case Study: Coal Generation

$10 million unrecovered cost

- Transfer unrecovered cost to other units within FERC accounts
  - Easier regulatory approval
  - Costs recovered over remaining lives of other generating units
    - Deferred recovery
- Regulatory asset for unrecovered costs
  - Costs recovered over fixed period
    - 3-5 years
  - Potential rate shock

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Case Study: Smart Grid / AMI Meters

Meters

- Mass property
  - Group depreciation
- Early retirements
  - Technological obsolescence
    - New technology replaces existing meters
  - Existing life estimate may be too long

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Case Study: Smart Grid / AMI Meters

Example

- $100 million in Account 370, Meters
  - Accumulated Depreciation $30 million
  - 30-S2 Survivor Curve
  - 0% Net Salvage
  - 3.33% Depreciation Rate
- All meters will be replaced by AMI Meters over a five year period

Case Study: Smart Grid / AMI Meters

Unrecovered Costs

- Subaccount for retired meters
  - Shorten life for meters to be retired
    - Based on forecast retirements
  - Truncation date
    - Synchronize with timing of retirement program
  - Recover costs over fixed period
    - 3-5 years
    - May require regulatory asset
- Adjust life estimate for all meters (old and new)

Conclusion

- Early retirements reality for many companies
  - Economic and environmental reasons
  - Technological obsolescence
- Anticipate early retirements before they occur
  - Discussions with operations planning
  - Awareness of industry trends
  - Periodic depreciation reviews
  - Better match of recovery to consumption

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COMMUNICATION TOOLS & SOFTWARE IN GENERAL PLANT

John J. Spanos
Vice President
Gannett Fleming, inc.

EEI/AGA Fall Meeting
Miami, Florida
November 14, 2011

How Do We Handle the New Technology Assets Being Placed into Service?

What Plant Accounts Have Assets That Relate to These New Units?

11/2011

Related Plant Accounts

- *Account 352, Structures and Improvements*
- *Account 353, Station Equipment*
- *Account 362, Station Equipment*
- *Account 390, Structures and Improvements*
- *Account 391, Office Furniture and Equipment*
- *Account 397, Communication Equipment*

Assets within Plant Accounts

Account 352, Structures and Improvements

This account shall include the cost in place of structures and improvements used in connection with transmission operations.

- *Building*
- *Foundation*
- *HVAC*
- *Roof*
- *Doors*
- *Windows*

Assets within Plant Accounts

Account 353, Station Equipment

This account shall include the cost installed of transforming, conversion, and switching equipment used for the purpose of changing the characteristics of electricity in connection with its transmission or for controlling transmission circuits.

Items

1. *Bus compartments, concrete, brick, and sectional steel.*
2. *Conduit, including concrete and iron duct.*
3. *Control equipment, including batteries, battery charging equipment, transformers, remote relay boards, and connections.*
4. *Conversion equipment, including transformers, indoor and outdoor, frequency changers, motor generator sets, rectifiers, synchronous converters, motors, cooling equipment, and associated connections.*
5. *Fixed and synchronous condensers, including transformers, switching equipment blowers, motors and connections.*
6. *Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.*
7. *General station equipment, including air compressors, motors, hoists, cranes, test equipment, ventilating equipment, etc.*
8. *Platforms, railings, steps, gratings, etc. appurtenant to apparatus listed herein.*
9. *Primary and secondary voltage connections, including bus runs and supports, insulators, potheads, lightning arresters, cable and wire runs from and to outdoor connections or to manholes and the associated regulators, reactors, resistors, surge arresters, and accessory equipment.*
10. *Switchboards, including meters, relays, control wiring, etc.*
11. *Switching equipment, indoor and outdoor, including oil circuit breakers and operating mechanisms, truck switches, and disconnect switches.*
12. *Tools and appliances.*

Assets within Plant Accounts

Account 362, Station Equipment

This account shall include the cost installed of station equipment, including transformer banks, etc., which are used for the purpose of changing the characteristics of electricity in connection with its distribution.

Items

1. *Bus compartments, concrete, brick and sectional steel.*
2. *Conduit, including concrete and iron duct.*
3. *Control equipment, including batteries, battery charging equipment, transformers, remote relay boards, and connections.*
4. *Conversion equipment, indoor and outdoor, frequency changers, motor generator sets, rectifiers, synchronous converters, motors, cooling equipment, and associated connections.*
5. *Fixed and synchronous condensers, including transformers, switching equipment, blowers, motors, and connections.*
6. *Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.*
7. *General station equipment, including air compressors, motors, hoists, cranes, test equipment, ventilating equipment, etc.*
9. *Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.*
10. *Primary and secondary voltage connections, including bus runs and supports, insulators, potheads, lightning arresters, cable and wire runs from and to outdoor connections or to manholes and the associated regulators, reactors, resistors, surge arresters, and accessory equipment.*
11. *Switchboards, including meters, relays, control wiring, etc.*
12. *Switching equipment, indoor and outdoor, including oil circuit breakers and operating mechanisms, truck switches, disconnect switches.*

Assets within Plant Accounts

Account 390, Structures and Improvements

This account shall include the cost in place of structures and improvements used for utility purposes, the cost of which is not properly includible in other structures and improvements accounts.

- *Building*
- *Foundation*
- *HVAC*
- *Roof*
- *Doors*
- *Windows*

Assets within Plant Accounts

Account 391, Office Furniture and Equipment

This account shall include the cost of office furniture and equipment owned by the utility and devoted to utility service, and not permanently attached to buildings, except the cost of such furniture and equipment which the utility elects to assign to other plant accounts on a functional basis.

Items

1. *Bookcases and shelves.*
2. *Desks, chairs, and desk equipment.*
3. *Drafting-room equipment.*
4. *Filing, storage, and other cabinets.*
5. *Floor covering. 6. Library and library equipment.*
7. *Mechanical office equipment, such as accounting machines, typewriters, etc.*
8. *Safes.*
9. *Tables.*

Assets within Plant Accounts

Account 397, Communication Equipment

This account shall include the cost installed of telephone, telegraph, and wireless equipment for general use in connection with utility operations.

Items

1. *Antennae.*
2. *Booths.*
3. *Cables.*
4. *Distributing boards.*
5. *Extension cords.*
6. *Gongs*
7. *Hand sets, manual and dial.*
8. *Insulators.*
9. *Intercommunicating sets.*
10. *Loading coils.*
11. *Operators' desks.*
12. *Poles and fixtures used wholly for telephone or telegraph wire.*
13. *Radio transmitting and receiving sets.*
14. *Remote control equipment and lines.*
15. *Sending keys.*
16. *Storage batteries*
17. *Switchboards.*
18. *Telautograph circuit connections.*
19. *Telegraph receiving sets.*
20. *Telephone and telegraph circuits.*
21. *Testing instruments.*
22. *Towers.*
23. *Underground conduit used wholly for telephone or telegraph wires and cable wires*

New Communication Assets

1. Control Center
2. Software
3. Hardware
   - on lines
   - within control center
   - within substation

Itemized New Communication Assets

- Interrupting Switch
- AMI/Smart Grid Meters
- Controllable/Regulating Inverter
- Automatic Switching devices
- Distribution Management System (Software)
- Enhanced Fault Detection Technology
- Fault Current Limiter
- Loading Monitor
- Regulating Transformer
- Phasor Measurement Technology (Software)
- Advanced Analysis/Visualization Systems (Software)
- Two Way Communication Equipment
- Electric Vehicle Charging System
- Cabling
- Repeaters

Depreciation Practices

1) Depreciate vs. Amortize

2) Segregate into Subaccounts

3) Allocate Costs to Account Level

Depreciation Practices

Depreciate vs Amortize

- Depreciate
  - Buildings
  - Hardware
- Amortize
  - Software

Depreciation Practices

Segregate into Subaccounts

- Establish Homogeneous Groups
- Identify Appropriate Function
- Identify Appropriate Account

Depreciation Practices

Allocate Costs to Account Level

- Difficult Process for Property Records
- Creates Retirement Unit Issues
- Leads to Amortization Only

What Would be the Best Capital Recovery Practices?

General Plant Amortization

How Do You Get to the Correct Amortization Rate?

Steps for Implementing General Plant Amortization

- Establish Appropriate Amortization Period
- Record Retirements of Dollars Outside Amortization Period
- Align/Segregate Accumulated Depreciation
- Record Annual Retirements Based on Vintage

Steps for Implementing General Plant Amortization

Account 397, Communication Equipment Example

- *$2.0 Million in Plant in Service as of December 31, 2010*
- *15-Year Amortization Period*
- *$500,000 of Assets Older Than 15 Years*
- *Accumulated Depreciation = $1.1 Million Before Retirement*

Steps for Implementing General Plant Amortization

Account 397, Communication Equipment Example, cont.

- *$1.5 Million Plant Balance*
- *Accumulated Depreciation = $600,000*
  - *$750,000 for Amortized Assets*
  - *($150,000) for Segregated Recovery*
- *Rate = $6.67%*

AGA/EEI ANNUAL MEETING

HOT TOPICS WITH INTERVENORS

JOHN J. SPANOS
SENIOR VICE PRESIDENT
GANNETT FLEMING, INC.

MAY 23, 2012

Depreciation Topics in Filings

- *Life Spans of Generating Facilities*
- *Decommissioning of Power Plants*
- *Net Salvage Issues*
- *Interim Retirements and Mass Retirements*
- *Theoretical Reserve*
- *Stranded Costs*
- *Using ELG Procedure*

Life Spans of Generating Facilities

- *Coal Plants*
- *Hydro Facilities*
- *Combined Cycle*
- *Renewables*
- *Repowering Plants*

Issues of Coal Plant Life Spans

- *Environmental Regulations*
  - *Scrubber Installed*
  - *New State Rulings*
- *Integrated Resource Plan (IRP)*
- *Industry Ranges/Trends*
- *Meeting Generation Demands*

Issues of Hydro Facility Life Spans

- *FERC License Date/Renewal*
- *Length of Renewals*
- *Fish Hatcheries*

Life Span of Combined Cycle Plants

- *Relatively New Technology*
- *Factors for Life Span*
  - *Number of Starts*
  - *Gas Turbine vs. Steam Turbine*
  - *Peaker vs. Base Load*

Life Spans of Renewables/Repowering Plants

- *Wind*
- *Solar*
- *Biomass*
- *Repowering*

Decommissioning of Power Plants

- *Expert Study*
  - *Contingency Factors*
  - *Scrap Value*
- *Escalation of Study to Retirement Date*
  - *Appropriate Escalation Percentage*
- *Land Value*

Net Salvage Issues

- *Reimbursements*
- *Time Synchronization*
- *Allocation of Costs to Accounts*
- *Abnormal or Unusual Entries*
- *Overtime Hours, Contractor Hours or Emergency Hours*
- *Interim Net Salvage Percents*
- *Trends Toward More Negative Net Salvage*

Net Salvage Issues

Can you support your Net Salvage Percents?

- *Do you have a policy for recording reimbursements?*
- *What is your practice for recording cost of removal and gross salvage?*
  - *Actual Costs by Retirement Order*
  - *Allocation of Retirement Order*
- *Do you identify abnormal or unusual entries?*
- *Are labor hours identified as regular, overtime, emergency projects?*

10

Interim and Mass Retirements

- *Interim Survivor Curves or Interim Retirement Rates*
- *Causes of Retirements*
- *Abnormal or Unusual Retirements*
- *Technology Retirements*

Interim and Mass Retirements

Have you considered these impacts?

- *What makes sense to you?*
  - *Interim Survivor Curves*
  - *Interim Rates of Retirements*
- *Do you know the causes of your retirements?*
  - *Regular*
  - *Abnormal/Unusual*
  - *Technology Change*

Theoretical Reserve

- Comparison to Book Reserve
  - How do You Establish the Theoretical Reserve?
- Reserve Reallocation
  - Do You Have a Methodology for Reallocation?
  - Did You Acquire Assets?
- Amortization Amounts

Stranded Costs

- Early Retirements of Power Plants
- Conversion to AMI or Smart Meters
- Extraordinary Retirements

Using ELG Procedure

- *Certain State Jurisdictions*
- *Converting to IFRS*
- *Good Conversion Situation*

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.60

Responding Witness: John J. Spanos

Q2.60 Please refer to pages III-4 through III-10 of Exhibit JJS-KU. If not provided elsewhere, please provide the calculation of the depreciation rates shown Exhibit JJS-LGE, pages III-4 through III-10 in electronic format (Excel) with all formulae intact and workpapers showing the development of the amounts shown in column (5). Calculation workpapers should be provided in electronic format with all formulae intact.

A2.60 The question is unclear as it refers to pages III-4 through III-10 of Exhibit JJS-KU and the same pages on Exhibit JJS-LGE. It is assumed the references should both be to Exhibit JJS-KU. The development of the detailed depreciation calculations shown on pages III-4 through III-10 of Exhibit JJS-KU are shown in the "Depreciation Calculations" section of the same exhibit, which starts on page III-274. The attachment being provided in Excel format provides these calculations in electronic format. The Excel spreadsheet which sets forth pages III-4 through III-10 with all formulae intact was set forth in response to KIUC 1-46.

The attachment is being provided in a separate file in Excel format.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.61

Responding Witness: Shannon L. Charnas

Q2.61 If the Company does not maintain its book reserve by plant account, please provide the calculation of the recorded reserve as of 12/31/2011 and as shown in the Company's most recent Depreciation Study.

A2.61 The Company maintains its book reserve by plant account.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.62

Responding Witness: John J. Spanos

Q2.62 If not provided elsewhere, provide all remaining life calculations resulting from the Company's most recent Depreciation Study both in hard copy and in electronic format with all formulae intact.

A2.62 The remaining life calculations resulting from the Depreciation Study are set forth on pages III-274 through III-418. The electronic format is available in the response to Question No. 2.60.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.63

Responding Witness: John J. Spanos

Q2.63 Were any retirements, classified as sales or reimbursements excluded to the extent to which the salvage receipt represents recovery of original cost? If yes:

a. Please provide, by account, the annual retirements and the related salvage that has been excluded for the 10 years ending 2011.

b. Please provide the Commission Orders and Decisions approving this practice.

c. Please demonstrate that the retirements were excluded from the life studies.

A2.63 a. See the attachment for a list of sales and reimbursements for which the salvage receipt represents the recovery of original cost that were excluded from the depreciation study.

b. These transactions, which are either sales or are related to insurance proceeds for failure or damage to equipment, are unusual events that are not expected to reoccur. Mr. Spanos is unaware of any Orders or Decisions that specifically approve the practice of excluding unusual events from the net salvage analysis, but it is a common and accepted practice in the industry.

c. Please refer to Attachment 1 to the response to Question No. 2.65, which is the life analysis data for the Depreciation Study. These transactions have transaction codes 1 or 2, which are excluded from the life analysis for the depreciation study.

Kentucky Utilities

Sales and Reimbursements Excluded from Depreciation Study Analysis for the Period 2002-2011

Account	Transaction Type	Transaction Year	Retirement	Cost of Removal	Reimbursements	Salvage	Description
31500	Reimbursed Retirement	2007	(343,771.79)	(287,143.10)	-	-	Insurance proceeds and associated retirement for Brown Unit 3 switchgear destroyed by fire
34300	Reimbursed Retirement	2004	-	(1,751,508.79)	-	-	Insurance proceeds related to failure of Brown CT 7 turbine blades, vanes and associated equipment
34300	Reimbursed Retirement	2003	(1,776,053.64)	-	-	-	Retirement reimbursed by insurance proceeds related to failure of Brown CT 7 turbine blades, vanes and associated equipment
39010	Sale	2001	(3,052,270.00)	(2,640,441.00)	-	-	Sale of leased assets that occurred at LG&E & KU merger

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.64

Responding Witness: Shannon L. Charnas

Q2.64 Please provide the 12/31/11 plant balances and reserve on an account-by-account basis.

A2.64 See attached.

Kentucky Utilities Company
Plant In Service and Reserve Balances as of December 31, 2011

	Plant In-Service	Reserve
Electric Distribution		
E360.10-Land Rights	$ 2,039,033.29	$ (1,485,248.64)
E360.20-Land	3,271,807.48	-
E361.00-Structures and Improvements	7,658,288.09	(1,787,770.86)
E362.00-Station Equipment	141,200,430.90	(40,173,682.51)
E364.00-Poles, Towers, and Fixtures	287,791,623.26	(133,160,671.69)
E365.00-OH Conductors and Devices	276,286,079.00	(108,982,196.93)
E366.00-Underground Conduit	1,861,963.15	(653,383.00)
E367.00-UG Conductors and Devices	140,620,010.68	(28,891,798.30)
E368.00-Line Transformers	286,070,399.06	(117,730,753.22)
E369.00-Services	89,050,186.06	(57,697,778.62)
E370.00-Meters	70,049,355.34	(32,484,595.85)
E371.00-Install on Customer Premise	18,253,214.45	(17,670,373.49)
E373.00-Street Lighting / Signal System	81,534,875.55	(20,437,534.01)
E374.05-ARO Cost Electric Dist. (Land/Building)	287,375.79	(5,224.26)
E374.07-ARO Cost Elec Dist. (Equipment)	499,658.73	(1,541.28)
	$ 1,406,474,300.83	$ (561,162,552.66)
Electric General		
E389.20-Land	$ 2,567,847.40	$ -
E390.10-Structures and Improvements	47,011,269.52	(9,650,596.30)
E390.20-Improvements to Leased Property	531,973.44	(413,479.85)
E391.10-Office Equipment	7,513,787.56	(4,161,870.85)
E391.20-Non PC Computer Equipment	17,256,012.35	(6,803,952.54)
E391.31-Personal Computers	6,398,371.65	(4,572,022.54)
E392.00-Transportation Equipment	15,967,078.60	(14,739,218.17)
E393.00-Stores Equipment	551,794.27	(164,539.33)
E394.00-Tools, Shop, and Garage Equipment	7,648,755.44	(1,767,310.95)
E396.00-Power Operated Equipment	1,174,225.44	(139,927.20)
E397.00-Communication Equipment	30,872,565.00	(11,690,195.16)
	$ 137,493,680.67	$ (54,103,112.89)

Kentucky Utilities Company
Plant In Service and Reserve Balances as of December 31, 2011

	Plant In-Service	Reserve
Hydro Production		
E330.10-Land Rights	$ 879,311.47	$ (934,908.34)
E331.00-Structures and Improvements	616,526.69	(353,804.90)
E332.00-Reservoirs, Dams, and Water	21,603,969.66	(6,653,142.03)
E333.00-Water Wheels, Turbines, Generators	4,430,624.31	(8,591.03)
E334.00-Accessory Electric Equipment	578,333.28	(90,045.17)
E335.00-Misc Power Plant Equipment	297,023.86	(85,988.63)
E336.00-Roads, Railroads, and Bridges	176,359.59	(49,946.07)
E337.07-ARO Cost Hydro Prod (Equipment)	57,608.88	(1,094.53)
	$ 28,639,757.74	$ (8,177,520.70)
Electric Intangible		
E301.00-Organization	$ 44,455.58	$ -
E302.00-Franchises and Consents	55,918.83	(21,073.55)
E303.00-Misc Intangible Plant	18,338,712.02	(7,484,852.36)
E303.10-CCS Software	40,210,208.29	(10,240,838.40)
	$ 58,649,294.72	$ (17,746,764.31)
Other Production		
E340.10-Land Rights	$ 176,409.31	$ (99,438.28)
E340.20-Land	118,514.41	-
E341.00-Structures and Improvements	36,018,413.21	(12,997,864.04)
E342.00-Fuel Holders, Producers, Accessories	22,747,816.91	(8,652,454.51)
E343.00-Prime Movers	358,823,032.37	(114,089,551.22)
E344.00-Generators	59,360,761.14	(25,756,113.54)
E345.00-Accessory Electric Equipment	44,367,406.07	(14,270,908.74)
E346.00-Misc Power Plant Equipment	5,362,941.07	(2,145,470.81)
E347.07-ARO Cost Other Production (Equipment)	17,790.81	(763.60)
	$ 526,993,085.30	$ (178,012,564.74)
Steam Production		
E310.20-Land	$ 10,881,103.86	$ -
E311.00-Structures and Improvements	333,950,215.30	(160,282,912.19)
E312.00-Boiler Plant Equipment	2,674,446,282.96	(831,288,586.97)
E314.00-Turbogenerator Units	319,664,519.66	(165,599,516.82)
E315.00-Accessory Electric Equipment	201,634,659.45	(85,712,983.02)
E316.00-Misc Power Plant Equipment	30,010,398.68	(15,379,037.54)
E317.07-ARO Cost Steam (Equipment)	56,489,771.46	(3,512,619.50)
	$ 3,627,076,951.37	$ (1,261,775,656.04)

Kentucky Utilities Company
Plant In Service and Reserve Balances as of December 31, 2011

	Plant In-Service	Reserve
Electric Transmission		
E350.10-Land Rights	$ 23,413,728.55	$ (15,953,928.10)
E350.20-Land	2,199,383.04	-
E352.10-Structures & Improvements	17,020,058.51	(4,850,266.51)
E352.20-Struct. & Improvements-System Control	1,220,542.62	(860,224.97)
E353.10-Station Equipment	191,753,788.17	(65,213,655.63)
E353.20-Station Equipment-System Control	14,668,403.51	(18,014,251.91)
E354.00-Towers and Fixtures	95,353,356.62	(48,758,750.77)
E355.00-Poles and Fixtures	148,658,780.48	(68,401,548.27)
E356.00-OH Conductors and Devices	160,446,879.27	(109,283,432.78)
E357.00-Underground Conduit	448,760.26	(187,417.67)
E358.00-UG Conductors and Devices	1,161,549.29	(918,039.23)
E359.15-ARO Cost Transmission (Land/Building)	86,951.50	(1,413.38)
E359.17-ARO Cost Transmission (Equipment)	453,047.99	(1,258.47)
	$ 656,885,229.81	$ (332,444,187.69)
Total Plant in Service	$ 6,442,212,300.44	$ (2,413,422,359.03)

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.65

Responding Witness: John J. Spanos

Q2.65 Provide all tabulations included in the Depreciation Study and all data necessary to recreate in their entirety, all analyses and calculations performed for the preparation of the Depreciation Study. Please provide this and all electronic data in Excel (or .txt format if appropriate), with all formulae intact. Please provide any record layouts necessary to interpret the data. Include in the response electronic spreadsheet copies of all of the schedules and/or tables included in the Depreciation Study, with all formulae intact, including Statements A through E, and Schedules A through F for each account. Identify and explain all unique spreadsheet formulae or assumptions required to recreate in their entirety all of the witness' calculations given his inputs.

A2.65 Please refer to pages III-4 through III-418 of the Depreciation Study, as well as the response to Kroger 1-1 for the workpapers for life and net salvage analysis for the Depreciation Study, as well as the detailed depreciation calculations. The life and net salvage tabulations are not available in Excel format, but were filed in electronic format as PDFs. The development of the net salvage estimates for production plant was included in Excel format in the response to Kroger Q1-1.

See attachments being provided in Excel format. KU KIUC Att 2-65 No. 1 and KU KIUC Att 2-65 No. 2 contain the data used for life and net salvage analysis.

The attachment is being provided in a separate file in Excel format.

2 Files

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.66

Responding Witness: John J. Spanos

Q2.66 For each plant account, and for each year since the inception of the account up to and including December 31, 2011, please provide the following standard depreciation study data as identified at pages 27-30 of the August 1996 NARUC Public Utility Depreciation Practices Manual ("NARUC Manual"). At a minimum, the data provided should be the same data set used to conduct the life analyses included in the Company's filed depreciation study. Provide the data in electronic format (Excel or .txt). Provide aged vintage data if available. Use the codes identified for each type of data, unless the Company regularly uses other codes. In those circumstances, identify and explain the Company's coding system.

Code	Data Type
9	Addition
0	Ordinary Retirement
1	Reimbursement
2	Sale
3	Transfer – In
4	Transfer – Out
5	Acquisition
6	Adjustment
7	Final retirement of life span property (see NARUC Manual, Chapter X)
8	Balance at Study Date
	Initial Balance of Installation

A2.66 Please refer to Attachment 1 of the response to Question No. 2.65 for the life analysis data.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.67

Responding Witness: Shannon L. Charnas

Q2.67 Please provide sample copies of the Continuing Property Records from which the plant data used in the study were drawn. Please provide a sample for each account in the study.

A2.67 See attached.

Kentucky Utilities Company
Sample of Continuing Property Records

Account	In-Service Date	Description	Asset ID	Cost
E302.00-Franchises and Consents	31-Dec-1994	NEW HAVEN	10632443	$ 747.88
E303.00-Misc Intangible Plant	24-Mar-2008	TRANSMISSION SOFTWARE	14510138	60,795.57
E303.10-CCS Software	31-May-2011	SERVICE SUITE SOFTWARE ENHANCEMENTS	34931615	37,161.34
E311.00-Structures and Improvements	31-Oct-1994	HVAC DUCTWORK-CONTROL BLDG	17147378	194,201.72
E312.00-Boiler Plant Equipment	31-Dec-1982	VISIBLE EMISSION MONITORING SYSTEM	10633534	468,208.20
E314.00-Turbogenerator Units	31-May-1994	TUBE CLEANERS	14061631	2,522.23
E315.00-Accessory Electric Equipment	31-Jul-1984	COOLING TOWER INSTRUMENT CABLE	10636802	330,564.58
E316.00-Misc Power Plant Equipment	31-Mar-1999	TRASH PUMP 2986-T, SN:T98110052	10636462	18,069.00
E330.10-Land Rights	31-Dec-1941	FLOWAGE RIGHTS	10637781	879,311.47
E331.00-Structures and Improvements	31-Aug-1961	MESH FENCE	10637881	2,999.30
E332.00-Reservoirs, Dams, and Water Ways	30-Jun-1990	RETRACTOLOCK SPILLWAY GATE HARNESS	10638005	7,354.12
E333.00-Water Wheels, Turbines, Generators	31-Dec-1962	GOVERNOR	10636437	12,808.80
E334.00-Accessory Electric Equipment	30-Nov-1975	HEAVY DUTY SAFETY SWITCHES	10636558	1,221.44
E335.00-Misc Power Plant Equipment	31-Dec-1996	SUMP PUMP	10638635	9,512.12
E336.00-Roads, Railroads, and Bridges	31-Dec-1941	CONCRETE AND STEEL BRIDGE	10638743	35,609.30
E340.10-Land Rights	31-Oct-1996	EASEMENT: KING	10638855	11,371.99
E341.00-Structures and Improvements	31-May-1994	HVAC-WAREHOUSE	10639100	44,608.12
E342.00-Fuel Holders, Producers, Accessories	30-Nov-1977	PIPING	10639556	8,266.11
E343.00-Prime Movers	30-Sep-1999	BATTERIES AND RACKS	10639563	220,485.39
E344.00-Generators	30-Sep-1999	SURGE ARRESTERS	13851283	141,884.83
E345.00-Accessory Electric Equipment	31-May-1994	GROUNDING SYSTEM	13851593	115,212.23
E346.00-Misc Power Plant Equipment	30-Nov-1997	HAND OPERATED MANLIFTS	13851858	10,316.87
E350.10-Land Rights	31-Aug-1995	EASEMENTS	15718317	1,021.13
E352.10-Structures & Improvements	31-Dec-1998	DRAINAGE INFRASTRUCTURE	10640747	12,578.41
E352.20-Structures & Improvements -System	31-Oct-1988	AIR CONDITIONING	13880086	966.42
E353.10-Station Equipment	30-Nov-1992	TRANSFORMER MAT	10649942	1,688.41
E353.20-Station Equipment - System	31-Aug-1976	BATTERY ROOM COMPLETE	10663397	1,596.48
E354.00-Towers and Fixtures	31-Dec-1986	STEEL TOWER TYPE 3CS	10664405	122,612.52
E355.00-Poles and Fixtures	31-Dec-1984	POLE WOOD 75 FT	10667625	6,566.48
E356.00-OH Conductors and Devices	31-Dec-1977	ALUMAWELD MESSENGER	10681134	6,873.57
E357.00-Underground Conduit	31-Jul-2002	AL OR CU TUBING OR ANGLE BUS	13859710	1,806.50
E358.00-UG Conductors and Devices	31-Dec-1973	#1500 MCM UGAL 1/C CABLE 69 KV	10681521	78,405.34
E360.10-Land Rights	31-Oct-1965	RIGHT OF WAY	13997239	2,714.72
E361.00-Structures and Improvements	31-Mar-2003	TRANSIT FOUNDATION	10683649	14,532.40
E362.00-Station Equipment	28-Feb-1988	BB 376 OIL CIRCUIT BREAKER	10699919	17,685.83
E364.00-Poles, Towers, and Fixtures	30-Sep-2004	70' POLE	14264996	4,224.67
E365.00-OH Conductors and Devices	1-Jan-2004	INSULATORS - LINE	10749332	2,184.16
E366.00-Underground Conduit	1-Jan-2011	OUTDOOR LIGHTING 156	31181729	1,991.22
E367.00-UG Conductors and Devices	1-Jan-2007	#750 MCM W. P. COPPER	10781577	7,356.91
E368.00-Line Transformers	1-Jan-1968	TRANSFORMERS - OH 1P - 75 KVA	10777899	43,165.79
E369.00-Services	1-Jan-2003	UNDERGROUND SERVICE	10764325	2,032.69
E370.00-Meters	1-Jan-1988	METERS 1 PHASE	16037992	33,101.42
E371.00-Install on Customer Premise	31-Dec-1990	HPS CON/DEC 22000L	10717895	12,491.48
E373.00-Street Lighting / Signal Systems	1-Jan-1950	#6 BARE COPPER	10735287	4,713.89
E390.10-Structures and Improvements	30-Nov-1988	TRANSFORMER STORAGE PAD	16122386	876.38
E390.20-Improvements to Leased Property	31-Jul-1962	WIRING	10720495	1,721.39
E391.10-Office Equipment	31-Jan-2005	DATA CENTER CENTER EQUIPMENT	14743268	25,986.06
E391.20-Non PC Computer Equipment	31-Mar-2006	INTERNET HARDWARE ENHANCEMENT	14741412	25,434.35
E391.31-Personal Computers	28-Feb-2006	XSERIES 346 3.4GHZ INTEL XEON	14742813	6,511.80
E392.00-Transportation Equipment	31-May-2011	2011 CHEVY SILVERADO	34954519	27,992.39
E393.00-Stores Equipment	27-Nov-2007	MID AMERICA SECURITY CAMERA	14591512	5,503.51
E394.00-Tools, Shop, and Garage Equipment	31-May-2005	PMI IVS3/600E POWER METER	13846643	7,061.89
E396.00-Power Operated Equipment	30-Nov-2010	2010 ALTEC DIGGER DERRICK	30477471	121,656.96
E397.00-Communication Equipment	31-Mar-2001	ROUTER STANDARDIZATION	10723546	47,985.65

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.68

Responding Witness: Shannon L. Charnas / John J. Spanos

Q2.68 Please provide the following information for all final retirements for the last 15 years. If requested data is not available for the last 15 years, please provide the data for as many years as are available. For purposes of this question the term "final retirement" means retirements of entire elements of plant, rather than components thereof, for which there was no subsequent replacement, either *in situ* or functionally in some other location. If the detail requested is not available, please estimate, for each account, the proportion of retired plant that is replaced *in situ* or functionally in some other location.

a. Date of retirement
b. Amount of retirement
c. Account
d. Reason for retirement
e. Whether or not retirement was excluded from historical interim retirement rate studies.

A2.68 Kentucky Utilities Company has recorded three final retirements of generating facilities in the past 15 years. The first retirement was Pineville Unit 3, the second was Green River Units 1 & 2, and the third was Tyrone Units 1 & 2. The tables below set forth the information for parts a) through d) of the response.

a-d. Pineville Unit 3

a. Date of retirement	December 2002
b. Amount of retirement	$9,934,337
c. Accounts	311 - 316
d. Reason for retirement	Catastrophic Failure

Green River Units 1&2

a. Date of retirement	March 2004
b. Amount of retirement	$17,235,843
c. Accounts	311 - 316
d. Reason for retirement	End of economic useful life

Tyrone Units 1 & 2

a. Date of retirement	March 2007
b. Amount of retirement	$5,380,367
c. Accounts	311 - 316
d. Reason for retirement	End of economic useful life

e. These retirements have been excluded from the interim retirement rate studies.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.69

Responding Witness: John J. Spanos

Q2.69 Provide copies of all information relative to current operations and future expectations provided to the Company's depreciation consultant by Company operating and financial management personnel. Provide all information in the same format provided to the consultant. Identify by name and title, all Company personnel who provided the information, and explain the extent of their participation and preparation of the information they provided.

A2.69 Please refer to the responses to Question No. 2.70 and Question No. 2.71 for meeting and field trip notes which contain the information relative to current operations and future expectations that were provided by the Company.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.70

Responding Witness: John J. Spanos

Q2.70 Provide all notes the consultant took during any meetings with Company personnel regarding the most recent Depreciation Study.

A2.70 Please see the attached for the requested notes.

MEETING W/ SCOTT STRAIGHT

CANE RUN

ALL COAL TO BE SHUT DOWN
COMBINED CYCLE UNIT TO BE OPERATIONAL } 2015

UNLIKELY TO DISMANTLE UNITS IN SHORT TERM

PLAN TO CAP STACKS, MOTHBALLED CONDITION

MILL CREEK

DEMOLISH UNIT 1, 2 & 3 FGD

INSTALL 2 NEW FGD - COMBINE 1 + 2

LIKE MOTHBALL STACKS

DEMOLISH THICKENER TANK AND FOUNDATION

PLAN NEW SCRUBBER AND BAGHOUSE

TYRONE

BEING SHUTDOWN

GREEN RIVER

BEING SHUTDOWN

HAEFLING UNITS

OCCASSIONALLY OPERATIONAL

GHENT

PHASE I TO BE BUILT ON LANDFILL

SIMILAR CONSTRUCTION AS MILL CREEK

BASE LOAD - HIGH DISPATCH

BROWN
ONE LIMESTONE SCRUBBER FOR ALL UNITS
PLAN TO ADD ID FANS AND BAGHOUSE FOR ALL UNITS

TRIMBLE COUNTY
BASE LOAD
UNIT 1 AND 2
COMBINED STACK W/ 3 LINERS
ATTEMPT TO PUT IN A BAGHOUSE ON UNIT 1

OHIO FALLS
$130M CAPITAL INVESTMENT
OPERATING SIDE OF PLANT BEING ENHANCED
A FEW COSMETIC UPGRADES

DIX DAM
ALL THREE UNITS BEING UPGRADED
SOME VOIDS IN DAM WATER BEING DRAWN

BROWN CTS
TRIMBLE COUNTY CTS

PROCESS PONDS / ASH PONDS AT MILL CREEK AND GHENT, TRIMBLE COUNTY
- TO BE RETIRED DUE TO REGULATION
NEED TO CREATE LANDFILLS
EXPECT MORE COAL TO COME IN BY BARGE OVER RAIL

ALL PLANTS WILL BE HIGH SULFUR COAL BY 2012. BROWN IS ALL THAT NEEDS TO BE DONE
BAGS W/IN BAGHOUSE ARE REPLACED EVERY 2-3 YRS ⇒ APPROX $4M/YR

MEETING W/ CHRIS GARRETT 4:00

NEXT 5 YR - 6 BILLION CAPITAL PLAN

$700M IN NEW GENERATION

PLAN TO UPGRADE T&D INFRASTRUCTURE

TRANSMISSION INVESTMENT FOR RELIABILITY AND PLANT CLOSURE

GAS

- CONTINUAL LEAK ISSUE
- PIPE TESTING REQUIRED
- ANTICIPATE HIGHER REPLACEMENT LEVELS

DO THEY HAVE STRANDED COSTS ON CANE RUN, GREEN RIVER AND TYRONE

CCR SPENDING ON PONDS A CONCERN

ESTIMATE CLOSURE COSTS BUT NOT DECOMMISSIONING COSTS.

LGE-KU

MEETING W/ SCOTT STRAIGHT

10/12/2015
3:00 PM

NED ALLIS, JOHN SPANOS
SHANNON CHARNAS, ELLI RIGGS,
SARAH WISEMAN,
SCOTT STRAIGHT (T)

CANE RUN
- ALL COAL OPERATIONS CEASE 2Q 2015
CC OPERATIONAL 2Q 2015
- DECOMMISSION ALL PONDS 2015-2016
- MAY NOT DECOMMISSION ENTIRE PLANT
(PADDY'S & CANAL DRIVEN BY SAFETY REGULATION)

CURRENT PLAN:
- CAP CHIMNEYS
- MOMBAM UNIT (PERMANENT MOMBAM)
- PONDS } NEED SITE FOR CC
- TRANSMISSION LINES }

MILL CREEK
FUTURE PLANS (BY END OF 2015)
- DEMOLISH 1,2,3 FGD
- NEW 1&2 FGD, TIE 3 INTO 04 FGD
- RETIRE CHIMNEYS
- DEMOLISH LIMESTONE EQUIP FOR FGD & BAGHOUSE
- ASH PONDS CLOSED

TYRONE / GREEN RIVER
- SHUT DOWN
- NO PLAN TO DEMOLISH SOLVENT

HAEFLING

- RADELY OPERATED, BUT STILL IN SERVICE

GHENT

- PHASE 1 LANDFILL CONTINUATION
  - TRANSPORT SYSTEM
  - THERE WILL BE ONGOING CONSTRUCTION FOR 20+ YEARS
- LAND IS LIMITED AT SITE
- MAJOR ENVIRONMENTAL CONSTRUCTION

GHENT, MILL CREEK, TRIMBLE - PRIMARY BASE LOAD

BROWN

- ALL THREE UNITS SHARE SCRUBBER
- ADD BAGHOUSES
- REPLACE FANS
- ASH PONDS CLOSED

TRIMBLE

UNIT 1 - STILL #2 OR #3 ON DISPATCH

FGD INSERVICE

- WILL INSTALL BAGHOUSE (ALL UNITS)

OHIO FALLS

- $130 MILLION TO REHAB UNITS ($3.7 MIL IS ARCHITECTURAL IMPROVEMENTS)
- RUN THROUGH FERC LICENSE

DIX DAM

- 2008 - 2012 REHAB UNITS
  - SOME STRUCTURAL IMPROVEMENTS

BROWN CTs - JEFFERSON

TRIMBLE CTs - TOM CLOTFELTER

COAL SUPPLY

- MOST BARGE DELIVERY
- LOWER COST, MORE RELIABLE
- BY NEXT YEAR ALL HIGH SULFER COAL (BROWN WILL BE CONVERTED BY YEAR END)

BAGHOUSES

- BAGS REPLACED 2-4 YEARS

10,000+ BAGS -> $4-5 MIL PER REPLACEMENT

LG&E - KU

Meeting w/ Chris Garrett

10/12/2017
4:00 PM

Ned Allis, John Spanos
Sarah Wiseman, Eric Riggs
Shannon Charnas
Chris Garrett

- $6 Billion Capital Plan over 5 Years
  - Environmental - $2.5 Million (ECR Filing)
  - Replace Retiring Generation
  - Transmission & Distribution
    - Grid will change based on changes to transmission fleet
  - Gas Line Maintenance
  - Stricter Pipeline Testing
    - May lead to more replacements

Impacts

1. Stranded Investment
   < $100 Million - Recovery
2. Environmental Costs
   - CCR Spend - Ponds - May include in ECR
   - Costs for Final Retirements

TRANSMISSION

- SYSTEM IN NEED OF UPGRADE
- WILL ADD SUBSTATIONS & LINES TO REBALANCE SYSTEM

LGE - KU ACCOUNTING

10/12/2011

ERIC, SHAW, KAREN

REIMBURSEMENTS

- KU HAS ALLOCATED FULL AMOUNTS TO 108
- LGE ALLOCATED BETWEEN 107 & 108
- NOW BOM WILL ALLOCATE BETWEEN 107 & 108

Major Assumptions

6. Operational and Other (Cont.)

6.12 Demolition (cost of removal) costs for Canal and Paddy's Run are as follows:

- **2012 $4.0M**
- **2013 $5.0M**
- **2014 $5.0M**
- **2015 $3.8M**
- **2016 $1.3M**
- **2017 – 2019 $11.0M**
- **Order of events will be engineering for both sites (2012), Paddy's Run Stacks (2012), complete demolition of Canal (2013 - 2015), then the balance of Paddy's Run (2016 - 2019).**

6.13 A MAXIMO Upgrade (tied to Oracle Upgrade) will take place in 2013 (likely starting second half of 2012).

LG&E · KU

10:00 AM 12/2/20..

ERII, SARAH

STUMP, LOU ANN

TYRONE → MAY BE RETIRED 2012 (1 HOUR IN OPERATION) (2015 IN ECR FILING)

GREEN RIVER - 2015 MORE LIKELY

- CURRENTLY RUN, MAY NOT BE NEEDED W/ TRANSMISSION UPGRADE

LAS

- LONGER LIVES DUE TO HIGHER COST TO BUILD NEW UNITS
  - I.E. REPLACEMENT COSTS HIGHER THAN UPGRADES / OPERATING COSTS
- REFERENCE 60 YEARS IN LAS
- BASED ON BUSINESS-AS-USUAL ASSUMPTION
  - NO IMPACT OF LOW PROBABILITY OUTAGE EVENTS

RETIREMENTS OF UNITS

$2.1 M PER UNIT TO RETIRE

- CLOSE SPACES, ETC.

- ECR ANALYSIS
  - $2.1 M TO RETIRE IN 2016 (ALL UNITS)
  - CAN BE ESCALATED TO RETIREMENT DATE

1/5/2014

LG&E Generation Call

2:00 PM

ERIC
SARAH
SHANNON
LONNIE BELLAR
SCOTT STRAIGHT
JOHN VOYLE
STUART WILSON
JOHN SPANOS
NED ALLIS

DISMANTLEMENT

LAS - ~$2 M / UNIT FOR LIMITED DISMANTLEMENT (STACKS, DISCONNECTION)

- $2 M IS ONLY COST TO MOTHBALL

- CANE RUN WILL BE MUCH MORE THAN MOTHBALL
  -> PONDS, ETC.

$120,000 / ACRE TO CLOSE PONDS

- MAY NEED TO SEND PROJECTION OF FINAL RETIREMENTS

  - SEND TO ERIC

$2 M IS CITED IN ECR CASE

- $12 Million INCREMENTAL COSTS
  - USED FOR ECONOMIC ANALYSIS
    OF ROTATE / REPLACE

- PONDS WILL HAVE TO BE CLOSED
  WHETHER ROTATING OR NOT

LG&E KU CONFERENCE CALL

2:00 PM
2/23/2012

SARAH WISEMAN
ERIC RIGGS
BOB WATT
(ALL OTHER ATTENDEES EXCEPT BANS, KAM, KENDRICK)

TOPICS

1) NET SALVAGE (GENERATION)
2) LIFE SPANS → LAS
3) RESERVE ALLOCATIONS

1) NET SALVAGE - EROSION PROCESS

2) LAS
→ ASSUMPTION THAT NEW VINTS COST MORE THAN MAINTAINING OTHER ASSETS } REGULATIONS

TYRONE / GREEN RIVER

IF TYRONE IS NOT RUN BY FEB 2013, THEN CANNOT RUN AT ALL w/o OVERHAULING CONTROLS

TYRONE → TOLD COMMISSION 2015 CTM FLUID

CANE RUN
TYRONE
GREEN RIVER
} 2015

TRIMBLE COUNTY 2

- ORIGINAL RATES BASED ON SS YEAR L.S.

→ ≈ $120 M IS FROM TC1 (20 YEARS OLD)
- NOT CONSIDERED IN CAS
→ RISK THAT COULD HAVE "CATASTROPHIC FAILURE" EARLIER DUE TO AGE OF ASSETS

→ RUN SS $60 IN SCENARIOS

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.71

Responding Witness: John J. Spanos

Q2.71 Identify all plant tours during the preparation of the most recent Depreciation Study. a) Identify those in attendance and their titles and job descriptions. b) Provide all conversation notes taken during the tour. c) Provide all photographs and images taken during the tour.

A2.71 Please refer to pages II-19 and II-24 of Exhibit JJS-KU for a listing of sites visited for the most recent KU depreciation study and page II-24 of Exhibit JJS-LG&E for a listing of sites visited for the most recent LG&E depreciation study.

a. The following table sets forth those in attendance and their titles, during the various field tours taken for the Depreciation Study.

Name	Title
John Spanos	Sr. Vice President, Gannett Fleming
Ned Allis	Analyst, Gannett Fleming
Eric Riggs	Sr. Accounting Analyst, Property Accounting
Sara Wiseman	Manager, Property Accounting
Karen Daly	Accounting Analyst, Property Accounting
Dave Harmeling	Sr. Mechanical Engineer, Muldraugh Station
Mike Kirkland	General Manager, Mill Creek
Eileen Saunders	Manager, Major Capital Projects, Mill Creek
Joe Autry	Production Support Leader, Mill Creek
Ken Craigmyle	Project Coord., Major Capital Projects Mill Creek
Steve Turner	General Manager, Cane Run
Bob Barnett	Manager, Commercial Operations, Cane Run
Steve Turner	General Manager, Ohio Falls
Steve Lanphierd	Supervisor, Production, Brown
Greg Wilson	Supervisor, Production, Brown CTs
Paul Wright	Manager, Production, Ghent
Ken Joyce	Production Support Leader, Trimble County

Mike Monchilovich	Supervisor, Facility Operations, East Service Center
Don Fowler	Sr. Electrical Operator, Substation Operations

b. See attached for notes taken during site visits. Certain information requested is confidential and proprietary, and is being provided under seal pursuant to a petition for confidential treatment.

c. See attached for photographs taken during site visits.

ITINERARY FOR
JOHN J. SPANOS AND NED ALLIS

OCTOBER 10-12, 2011

Monday, Oct. 10

Leave	Harrisburg	Delta Flt. 3119	6:00 a.m.
Arrive	Detroit	(Seat 5B,5C)	7:47 a.m.
Leave	Detriot	Delta Flt. 6026	8:57 a.m.
Arrive	Louisville	(Seat 4A,4B)	10:25 a.m.

Company personnel will meet us at the airport

HOTEL: Marriott Louisville Downtown (Confirmation Nos. (J) 81957964
280 W. Jefferson (N) 81957306
Louisville, KY 40202
Ph: (502) 627-5045
FAX: (502) 627-5044

PURPOSE: LGE/KU field review and management meetings

Office Address: 220 West Main Street
Louisville, KY 40202

Contact: Sara Wiseman 502-627-3189
Eric Riggs 502-627-2822

Wednesday, Oct. 12

Leave	Louisville	US Air Flt.2620	7:57 p.m.
Arrive	Harrisburg	(Seat 2C,2D)	12:09 a.m.

CONFIDENTIAL INFORMATION REDACTED

tinerary: John Spanos visit

Location:	Date of Visit:	Contact:	Office:	Cell:
Muldraugh	Mon, Oct 10 11:30	David Harmeling	502-364-8575	[redacted]
Mill Creek	Mon, Oct 10 1:30	Mike Kirkland	502-933-6565	
Cane Run	Mon, Oct 10 3:00	Steve Turner	502-499-8801	
Ohio Falls	Mon, Oct 10 4:30	Steve Turner	502-499-8801	
Brown	Tues, Oct 11 8:00	Jeff Fraley	859-748-4401	
Tyrone	Tues, Oct 11 10:30	Jeff Fraley	859-748-4401	
Ghent	Tues, Oct 11 1:30	Jeff Joyce	502-347-4001	[redacted]
Trimble County	Tues, Oct 11 3:00	Tom Crutcher	502-627-6201	[redacted]
Scott Straight	Wed, Oct 12 3:00			
Chris Garrett	Wed, Oct 12 4:00			

MULDRAUGH COMPRESSOR STATION 11:15 DAVE HARMONG

2007/2010 REPLACED BLOWERS

COOLERS FOR COMPRESSOR ENGINES OCCURRING FOR LAST FEW YEARS

CONTROL PANEL WORK - UPGRADES

TURBINE COMPRESSORS / RECIPROCATING COMPRESSORS

GAS RENTIFICATION

- INTERNALS OF DEHYDRATION ABSORBER VESSEL
- PUMP REPLACEMENTS
- COOLER TUBE REPLACEMENTS

BOILER BUILDING REPLACED - BOILER STAYED INTACT

DO NOT ANTICIPATE MAJOR PROJECTS IN NEXT FEW YEARS

MAGNOLIA - WILL HAVE A FEW MAJOR UPGRADES IN NEXT FEW YEARS

ANTICIPATE SIMILAR OPERATIONS IN NEXT FIVE YEARS

9 TOTAL COMPRESSORS

1995 MAJOR UPGRADE OF GAS RENTIFICATION FACILITY

EXPECT W/IN 10 YEARS A NEED TO UPGRADE COMPRESSORS - MAYBE 15 YEARS

MANY ASSETS BECOMING OBSOLETE

NEWER ASSETS WILL NOT HAVE SAME USE EXPECTANCY - SHOULD BE SHORTER

1985 RETIRED SOME U/G STORAGE WELLS

- DOE RUN, CENTER, ETC., FLINT HILL, CAMERON

① COOLING TOWERS + COMPRESSOR BLDG

MULDRAUGH STORAGE FIELD ON OUTSIDE OF FACILITY

② FILTER SEPARATOR

WELDING SHOP / STORAGE BLDG

③ TURBINES 9 + 10 COMPRESSORS - ORIGINALLY 1995

④ EXHAUST FANS FOR COMPRESSORS

TURBINES 9 + 10 PRIMARILY FOR DOE RUN FIELD

⑤ AIR COMPRESSORS - 3 W/IN NEW BLDG

⑥ COMPRESSORS 6 THRU 8

ALL NEW CONTROL PANELS - UPGRADED 1995 + 2008/2009

LOCATIONS STARTED IN 1950S

FIRST STAGE COMPRESSORS RETIRED IN 1990S/1960S

BUILT NEW TRAINING/OFFICE BUILDING - 1996

(7) BUILT NEW OFFICE BLDG - 2008

(8) 2 of 3 GAS PURIFICATION EQUIPMENT

UNITS 2 + 3 ON OUTSIDE. -UPGRADED IN 1995 + 2008

UNIT 1 ADDED THE SAME ALL ALONG

(9) CARBON FILTER

(10) UNIT 3 ABSORBER

(11) PUMP AND HEAT EXCHANGER

(12) STEAM BOILER UNIT 3

(13) EMERGENCY GENERATOR BLDG

(14) H_2S FLARE/EXHAUST

(15) GENERATOR/EMERGENCY - ADDED 1996

(16) DEHYDRATION FACILITY

2 STAGES - 1968 AND 2008

2008 EQUIPMENT NOW PRIMARY

(17) DEHYDRATOR ABSORBER

OBSOLETE PUT IN RECENTLY - APPLICATION DOWNSTREAM

RECENTLY ADDED PIG LAUNCHER ASSETS

MOVED O/H ELECTRICAL EQUIP ⇒ U/G EQUIPMENT

Mill Creek Generating Station 1:45 Mike Kirkland, Elliott Saunders, Joe Astry, Ken Craigmyle

4 units

Scrubber Work Started 2001 - 2007

Conversion from Dry ⇒ Wet Scrubber

Units 1 + 2 Retrofit

Units 3 + 4 original

Units 1 + 2 Shared Stack w/ Separate Flue

Future Units 1 + 2

Combined Scrubber + 1 Stack

Baghouses for each Unit

Unit 4 - New FGD, Scrubber and Stack, Pulse Jet Filter — To be completed by 12/2015 $1.2 Billion

Unit 4's existing scrubber will be duct to Unit 3

Unit 3 ~~Scrubber~~ Demolished and converted to Baghouse

Upgrades to Unit 4 FGD

Considerable Fan Upgrades

Expect 25-30 yr life

All Four Units utilized Heavily - Load Following Process

Ability to load by Rail or Barge

Newly Permitted Landfill

- Send Fly Ash to other industries

Controls Continual Upgrades - 10 yr cycle

Turbines on 8-yr cycles

2014 Rebuilding Unit 4 Cooling Tower

Anticipate Station Rebuilds for All Units - w/in 8 yrs

Need Warehouse + Office Bldg - 2015 or 50

Will be Relocated at Unit 1 + 2 Scrubber

Warehouse to be Similar to Brown Warehouse

PAC Injection System

Hydrated Lime Injection Systems

Rail Cars at Mill Creek and Ghent - Sold in last few yrs

2007 Retirement of Unit 4 Retired
2006 Retirement of Unit 3 Retired
2005/2006 Part of Unit 3 Scrubber
2001 Upgraded Stack Liners & Scrubbers
2003/2004 Unit 3 & 4 ~~Scrubber~~ SCR Installation
2011 - 300M Limestone Facility Unit 4
2001 - Limestone Facility Unit 3

(18) Unit 2 Controls
(19) Unit 3 Controls
(20) Coal Feeders Unit 3
(21) Unit 3 Turbine
(22) Boiler Feed Pump Unit 3
(23) Unit 4 Turbine & Feed Pump
(24) Unit 4 SCR
(25) " " Precipitator
(26) " " FGD
(27) Stacks 3 & 4
(28) Unit 3 SCR and FGD
(29) Stacks 1 & 2 Combined
(30) & (31) Unit 1 & 2 Scrubbers
(32) Cooling Tower Unit 2
(33) Unit 2 Boiler (Top)
(34) Pulverizers Unit 3 1 of 4
(35) " " 4 1 of 5
(36) Motor Driven Boiler Feed Pump
(37) Overall Unit

CANE RUN GENERATING STATION 3:20 STEVE TURNER, BOB BARNETT

CANE RUN 4, 5 & 6 RUNNING
" " 1, 2 & 3 RETIRED IN PLACE } 610 MW

REMAINING UNITS BASE LOAD

HAVE SCRUBBERS ON ALL THREE

PLAN TO RETIRE BY 1/1/2016

DO NOT PLAN MANY CAPITAL PROJECT

NEW UNIT WILL BE COMBINE CYCLE

DEMOLISHING IS NOT LIKELY IN NEXT 10 YRS

UNIT 6 REPLACED RETENTION
- A LOT OF BOILER WORK

UNIT 5 BOILER WORK / SUPERHEATER

SWITCHGEAR UPGRADES RECENTLY

MANY ON GOING PROJECTS TO KEEP FACILITY RUNNING
- MOTORS + PUMPS FOR BOILER FEED PUMPS

UNIT 4 TURBINE TO BE OVERHAULED 2012 - LAST ONE TO BE DONE
- MAY REPLACE SOME HP BLADING

NO EXPECTATIONS FOR REUSE OF ASSETS AFTER RETIREMENT

HONEYWELL CONTROL ROOM FOR UNIT 4-6

(38) UNITS 4 & 5 TURBINE

(39) UNIT 5 COAL FEEDER - 6/UNIT

(40) UNIT 6 TURBINE

(41) UNIT 6 PULVERIZERS

(42) UNIT 5 CONDENSER AND FEED WATER ~~HEAT~~ HEATER

(43) COAL HANDLING EQUIPMENT

(44) THICKENERS AND LIME FACILITY

(45) STACKS

(46) PRECIPITATOR AND SCRUBBER

COMBINED CYCLE WILL BE 640 MW
- 1 STEAM + 2 GAS UNITS

Ohio Falls Hydro ~~Facility~~ Facility 4:40 Steve Turner

Planning to Construct Office

8 units - 10 MW each originally

8/25 MW Rehab

2 units have been completed

1 unit in process

Remaining units completed in 2018

Replacing Runner, Wicked Gates, Controls, moving to HP Hydraulic

Not many upgrades in 80 years

FERC Licensed - currently have 40 yr extension thru 2045

Each unit will be upgraded to 12.5 MW

Limited work to structure will be done

(47) Unit 1 Generator

(48) 8 Generators

Units 6 & 7 have been Rehabbed

(49) Nameplate

(50) Shaft & Wicked Gate Unit 6

(51) Unit 4 Governor Oil System

(52) Units Governor

(53) Runners for all units

Converting to Static Excitation

(54) Transformer

(55) Powerhouse

BROWN GENERATING STATION 8:30 STEVE LAMPEER

3 COAL FIRED UNITS

UNIT 1 - 105MW

2 - 150MW

3 - 350MW

ONE CENTRAL SCRUBBER FOR ALL UNITS - COMPLETED 2010

5 CTs

2 - GE 24s

3 - GT11N2

ICE PLANT - COOLS INLET TO TURBINES

DUCTWORK & ID FANS FOR UNIT 1 RECENTLY

FAN UPGRADES FOR UNIT 3

SCRs TO BE BUILT NEXT FEW YEARS

UNIT 3 SCR WILL BE CONSTRUCTED BY END OF 2011

INCLUDES HYDRATED LIME FACILITY

UNIT 2 IN OUTAGE - POSSIBLE BOILER TUBE WORK

CHANGED COAL DUMPING METHODS - SELF DUMPING

EXPECT TO FLOW TO HIGH SULFUR COAL IN NOVEMBER

ALL ASH TO GO TO LANDFILL

GYPSUM PROP BUILDING/ FACILITY CONSTRUCTED DUE TO SCRUBBER

LIMESTONE BUILDING + SCRUBBER BUILDING CONSTRUCTED

HYDRO FACILITY - DIX DAM

- CONSIDERABLE AMOUNT OF OVERHAUL
- GENERATOR OVERHAULS

ONE NEW TANK CONSTRUCTED FOR CTs

- NEW UNLOADING AREA FOR DOUBLE WALLED TUBING

56 UNIT 1 TURBINE AND LP HEATER
57 UNIT 2 TURBINE
NEW DCS CONTROLS FOR UNIT 2 BEING INSTALLED
58 UNIT 1 CONTROLS
59 UNIT 3 BOILER FEED PUMP (1 OF 2)
60 SCRUBBER
61 SCRUBBER STACK
62 UNIT 3 STACK
63 LIMESTONE LOADING FACILITY
64 COOLING TOWERS UNIT 3
65 WAREHOUSE - 2005
66 COOLING TOWERS - UNITS 1 + 2
67 SCR UNIT 3 - UNDER CONSTRUCTION
68 ASH POND
69 UNIT 1 STACK AND NEW DUCT WORK
70 UNIT 3 TURBINE
71 UNIT 3 COAL FEEDERS
72 UNIT 5 PULVERIZERS - 1 OF 5
73 CONDESATE PUMPS - UNIT 5
74 UNIT 5 CONDENSER
75 UNIT 2 BOILER FEED PUMPS
76 3 OF 4 PULVERIZERS - UNIT 1

2009 UNIT 1 REDID
2011 UNIT 2 REDID, REWIND, RECOIL
UPGRADED CONTROLS SO IT CAN BE OPERATED BY BROWN PLANT
2012 UNIT 3 COMPLETE REWIND

} DIX'S DAM

Brown CTs 9:55 Greg Wilson

2009 Unit 7 overhaul

2 GT24

5 GTN2 - one built in 2005

Units 5, 5, 9, 10 & 11 - GTN2

Unit 6 & 7 - GT24

2 stage compression

GTN2 not as efficient

GT24 - operate about 50 times/yr

Units 9 & 10 overhauls soon to occur

GTN2 - 20-30 starts/yr

Originally built in 1994

(77) Unit 6 Turbine

(78) Unit 5 Pumps

(79) Units Burners

(80) Low NOx Water Tanks

(81) Units 6 thru 11

Tyrone Generating Station 11:10 Steve Lamphiard

SPCC ~~Failed~~ Assets added 5 yrs ago

Double walled fuel tanks added - 2005

(82) Fuel tanks

(83) Coal Handling equipments

(84) Overall Plant

5 Boilers ⇒ 3 units

Units 1 & 2 Retired 2002 - 1967

Unit 3 - 1953 Has not run since February

1976/1978 Precipitator Built ⇒ upgraded in 1995

(85) Boiler

(86) Unit 2 & 3 Turbines

2 intakes for Plant

(87) Intake for Unit 1 & 2

COMET GENERATING STATION 2:35 PAUL WRIGHT

~~UNIT 4~~ 4 UNITS

511 MW

1973 FIRST UNIT

1977 UNIT 2

1981 UNIT 3

1984 UNIT 4

UNIT 1 SCRUBBER 1994

3 SCRUBBER 2007

4 SCRUBBER 2008

UNIT 1 SCRUBBER 2009 ⇒ UNIT 2 CONVERTED UNIT 1 SCRUBBER

SCRs PLACED IN SERVICE 2003

LIMESTONE INSPARATION FACILITY - 2008

COOLING TOWERS OVERHAULED 2007 → 2010

EACH UNIT HAS OWN COOLING TOWER

TURBINES ON 7 YR CYCLE
GENERATOR REWOUND > UNIT 1

UNIT 3 OVERHAUL - 2011

UNIT 2 OVERHAUL - 2005

UNIT 4 OVERHAUL - 2008

LOAD FOLLOWING UNITS - GO DOWN AT NIGHT

NEW CONTROLS - 2009 TOOK TWO YRS STARTED WITH UNIT 3

NEW ID FANS FOR UNIT 2, 3 + 4 DUE TO SCRUBBER

ADDED SO_3 MITIGATION EQUIPMENT ON ALL UNITS ⇒ FOR LIME INJECTION

PERMANENT SO_3 EQUIPMENT FOR UNIT 2 - 2012

LANDFILL TO BE IN SERVICE - 2013

CONVERTING WET ASH ⇒ DRY ASH FOR LANDFILL

2014 - ADDED BAGHOUSE FOR UNITS 3 + 4

INCL. NEW ID FANS

2015 - ADD BAGHOUSES FOR UNIT 1 + 2

INCL. BOOSTER ID FANS

ASH CONVERSION WILL ADD INVESTMENT SUCH AS SILOS, BUILDINGS
6 INCINERATORS PER UNIT - SMART WORK
2012 - ECONOMIZER UNIT 2 TO BE UPGRADED
2007/2008 - UNIT 3 + 4 LOWER ECONOMIZER TO BE REPLACED
BARGE UNLOADER BUCKETS - 3 YR CYCLE
FEED WATER HEATERS TO BE CHANGED OUT OVER NEXT FEW YEARS
CONTROLS BEING UPGRADED - 2012/2013
NEED NEW BARGE
NEW LIMESTONE FACILITY - 2008
WILL ADD SHOPS AND STOREROOMS. BALHOUSE WILL BE BUILT ON CURRENT SHOP LAND
GYPSUM STACK DRAINS BEING ADDED
2017 - PLAN TO RELINE UNIT 2/3 STACK
COOLING TOWER CELLS ON 15-20 YR CYCLE
SPCC RULES CAUSE FUEL OIL PIPING UPGRADES - 2008/2009
CATALYSTS HAVE CYCLE OF CHANGE OUT OF LAYERS
PRECIPITATORS ARE GETTING OLD
LOW PRESSURE WATER SERVICE PUMPS REPLACED DUE TO SCRUBBER INSTALLATION
AIR HEATER BASKETS BEING CHANGED OUT - ONLY BOTTOM LAYER
COAL PIPING BETWEEN MILLS AND BOILER CONTINUALLY REPLACED
COOLING WATER PIPING TO CONDENSER NEEDS REPLACEMENT - 96" LINE
ALREADY COMPLETED UNIT 3
ALL CATHODIC PROTECTION REPLACED AND ADDED TO IN NEXT FEW YRS
NEW WAREHOUSE BUILT TO REPLACE SMALLER BUDGS WHICH WERE RETIRED
ABSORBER SLURRY CONCENTRATION CHANGING WHICH CAUSES ADDED PLANT FOR ALL 4 UNITS - 2012

88 UNIT 1 PULVERIZERS (3 OF 6)
89 UNIT 1 TURBINE
90 " 2 TURBINE
91 UNIT 1 & 2 CONTROLS
92 UNIT 3 & 4 TURBINES
93 COAL FEEDERS UNIT 3
94 AMMONIA EQUIP
95 SCRUBBER UNIT 4
96 MAINTENANCE BLDG
97 LIMESTONE BLDG AND LOADING
98 SO_3 TANKS
99 UNIT 4 PRECIPITATOR AND SCR
100 STACKS
101 PULVERIZERS UNIT 3 (2 OF 6)
102 UNITS 1 & 2
103 " 3 & 4

TRIMBLE COUNTY 5:00 KEN JOYCE

CTs - AIR COMPRESSOR UPGRADE / CHANGEOUT

UNITS 8 + 10 - ADDED FAST START UNITS

PURGE NITROGEN INJECTION

TRIMBLE COUNTY UNIT 1

ADDED SO_3 FACILITY

EMERSON UPGRADE TO CONTROL SYSTEM

2009 - CONTROL SYSTEM UPGRADE AND TURBINE OVERHAUL

SUPERHEAT TUBE WORK IN BOILER

SCAFFOLD WALKWAY

PRECIPITATOR UPGRADES

OVERHAUL OF SCRUBBER

CHANGING FROM ASH POND WATER TO SERVICE WATER

OVERHAULED 2 LIMESTONE MILLS

UNIT 2 - 800 MW - 2011

FUEL OIL SUPPLY + SERVICE WATER SHARED BY BOTH UNITS

COAL HANDLING SHARED BY BOTH UNITS

ASH POND REDID - INCREASED GRADING

CONVERTED GYPSUM POND

PLAN TO ADD LANDFILL FOR DRY STORAGE

PLAN TO GET AND FLY ASH SILO

(104) UNIT 1 TURBINE

(105) STEAM DRIVEN BOILER FEED PUMP UNIT 2

(106) UNIT 2 TURBINE

(107) UNIT 2 GENERATOR / EXCITOR

(108) FEED WATER HEATERS

(109) COAL FEEDERS

(110) BURNERS UNIT 2 (1 OF 5)

(111) 1 OF 2 AIR HEATERS UNIT 2

(112) UNIT 2 CONTROLS

113 6 CT UNITS
114 LIMESTONE FACILITY
115 SO_3 + FLY ASH
116 SCRUBBER STACK
117 UNIT 1 SCRUBBER
118 UNIT 2 SCRUBBER
119 UNIT 2 PRECIPITATOR AND BAGHOUSE
120 COOLING TOWER
CONVERTED HYPERBOLIC TOWER FROM UNIT 1 ⇒ UNIT 2
121 PLANT OVERVIEW

EAST SERVICE CENTER 8:000 MIKE MONCHILOVICH

1986 CONSTRUCTION

(122) EMERGENCY GENERATOR - NOW

UPGRADED OLDER VERSION

SAFETY + TECHNICAL TRAINING SERVICES

GAS + SERVICE DEPARTMENTS

ASSEMBLY / TRAINING ROOMS

GARAGE FOR VEHICLE MAINTENANCE

(123) VEHICLE BAYS

(124) REAR OF BLDG + TOWER

(125) TRAINING CENTER - 1990 GAS

EXTENDED TRAINING FOR ELECTRIC & FIELD HOMES LATER

WORTHINGTON SUBSTATION 8:30 DON FUTURE

69 KV TRANSMISSION ⇒ 12 KV

METALCLAD SWITCHGEAR

(126) CONTROL BLDG + SWITCHGEAR

(127) TRANSFORMERS

(128) CAPACITOR BANK AND SF6 BREAKER

ADDING SECOND TRANSFORMER DUE TO UPGRADE

MICROPROCESSOR CONTROLS

(129) FRONT OF EAST SERVICE CENTER

34.5 KV ASSETS FOR KU MOVED TO DISTRIBUTION FROM TRANSMISSION CONSISTENT W/ LG&E

2009/2010 TRANSFER

FRIES HILL SUBSTATION 9:10

69KV ⇒ 12KV SUBSTATION

OLD SUBSTATION FOR AREA

(130) TRANSFORMERS

(131) OIL BREAKERS

(132) CONTROLS

(133) SWITCHGEAR

COLLINS SUBSTATION 9:40

ADDED 138 KV LINE - 2010

ORIGINAL ONLY 69KV ⇒ 12KV

(134) CONTROL BLDG AND CAPACITOR BANK

(135) SWITCHGEAR | TRANSFORMER

138 KV NEEDED TO UPGRADE FORD MOTORS PLANT

NEW CONTROL BLDG FOR 138KV

NO ORIGINAL CONSTRUCTION

(136) 138KV TRANSFORMER AND BREAKER (SF6)

(137) 69KV " " OIL BREAKER

OLD HENRY SUBSTATION 10:15

2011 SUBSTATION W/ LANDSCAPING

138 KV SUBSTATION

(138) TRANSFORMER AND SWITCHGEAR

(139) SF6 BREAKERS AND BUS WORK

(140) CONTROL BLDG

(141) 3 CTS SOON TO BE ACQUIRED BY LS POWER (BLUEGRASS GENERATION)

ELDER PARK CITY GATE STATION 11:00 MIKE COLLINS

TEXAS EASTERN COMES IN

VERY OLD GATE STATION

(192) SEPARATOR

(193) 1/2 ODORANT TANK & EQUIP

2 MEASUREMENT RUNS

TRANSMITTERS UPGRADED AROUND 4 YRS AGO

(194) EMERGENCY GENERATOR

(195) MEASUREMENT BLDGS

FIBER COMMUNICATION BLDG - PART OF FIBER LOOP

RTUS UPGRADED 2001 - CONTROLLED DOWNTOWN

12 CITY GATE STATIONS

2 COMPRESSOR STATIONS

PLAN TO TIE INTO LAGRANGE STATION

(196) REGULATOR RUNS

(197) WATER BATH HEATER

REPLACED REGULATOR W/IN LAST 10 YRS

TRYING TO GO TO MODERN REGULATORS

LAGRANGE CITY GATE STATION 11:30

(198) ODORANT EQUIPMENT

VALVE PIT for SHUT OFF or BY PASS

U/G ODORANT TANK REMOVED

1960S CONSTRUCTION => TEXAS EASTERN GAS

PLAN TO REMOVE STATION AND BUILD ANOTHER LINE AT ELDER PARK

(199) REGULATOR RUNS

UPGRADED HEATER IN 1997

(150) HEATER

CONNECT TO TEXAS EASTERN MEASUREMENT

Regulator
CANNONS ~~GATE~~ STATION 12:00

RTU UPGRADED 10 YRS AGO

LINES COME IN FROM ELMER PARK AND EASTERN KENTUCKY

(151) CONVERTED INTO STOREROOM / GENERATOR

(152) REGULATOR RUNS

(153) MEASUREMENT / RTU RUNS

BRAND NEW GENERATOR

MULDRAUGH GAS STORAGE 11:15 AM

2007 - 2010

COMPRESSION - BLOWERS

COOLERS FOR COMPRESSORS @ $60K YEAR 2007-2011

CONTROL PANEL WORK

RECIPROCATING COMPRESSORS

PURIFICATION

REPLACE INTERNALS OF DEHYDRATION

TUBE BUNDLE REPLACEMENTS

BOILER BUILDING REPLACEMENT

NO MAJOR PROJECTS PLANNED HERE IN NEAR FUTURE

MAGNOLIA PROJECTS PLANNED

EXPECTATIONS FOR OPERATIONS TO BE SIMILAR

GOING FORWARD

MULDRAUGH

- 9 COMPRESSORS
- MAJOR UPGRADE TO PURIFICATION SYSTEM - 1995
- SOME COMPRESSORS 1940-1950 VINTAGE, MAY NEED REPLACEMENT OR REFURBISHMENT IN 5-15 YR RANGE
  - RECIPROCATING COMPRESSORS NOT MADE ANYMORE
  - COULD BE REPLACED W/ LIGHTER WEIGHT COMPRESSOR, SHORTER LIVES (15 YRS)

MULDRAUGH

- 1985 RETIREMENTS:

FLINT HILL, CANNON, CENTER, DEER FIELD
- RETIREMENT OF FULL STATIONS

1. STATION - ALL PURIFICATION (DEMARCATION)
2. COOLERS
3. METERING BUILDING
4. COMPRESSOR BUILDING
5. WELLS, PIPING STORAGE FIELD
6. FILTER SEPARATOR
7. COMPRESSOR BUILDING
8. STORAGE BUILDING
9. COMPRESSOR BUILDING
10. TURBINE ENGINE DRIVEN COMPRESSORS (1970s)
11. AIR COMPRESSORS
12. COMPRESSORS (1940s - 196[illegible])

STATION

- BUILT IN 1950s
- SOME COMPRESSORS [illegible] 1950s - 1960s
- OFFICES BUILT 1950s [illegible]

PURIFICATION - 3 UNITS 1960s, REPLACED IN 1995 (2 & 3)

ABSORBER → BOILER → DEHYDRATION → ODORIZATION

H_2S, CO_2 BURNED W/ FLARESTACK

DEHY - 1960s #1, 2008 #2

STANDBY GENERATOR (1996)

- PIG LAUNCHERS (NEW)

MILL CREEK POWER PLANT 1:45 PM

JOE AUTRY . TOM KENNY CRAIGHYLE
MIKE KIRKLAND
ELLEN SAUNDERS

SPENDING

2000s · CONVERT DRY → WET SCRUBBER

SCRUBBERS

1 & 2 · RETROFITS - SHALE STACK, DIFFERENT FLUE
3 & 4 · BUILT W/ UNIT

FUTURE PLANS · THROUGH 2016

U1 & U2 · COMBINED SCRUBBER (POWDER ACTIVATED CARBON)
BAGHOUSES (ONE EACH UNIT), PAC INJECTION

U3 · WILL USE U4 SCRUBBER,
DEMOLISH U3 SCRUBBER,
NEW BAGHOUSE FOR U3 (PAC)
PACE FOR UPGRADES TO U4 SCRUBBER

U4 · NEW WET FGD, NEW STACK
BAGHOUSE (PAC)

$1.2 BILLION IN SPENDING

DISPATCH

- HAS BEEN HIGH IN DISPATCH ORDER
- WILL BE BASED IN PART ON POLLUTION CONTROLS
  92-94% vs. 98%

COAL SUPPLY

- TRAIN & BARGE

FLY ASH - SENT TO CONCRETE INDUSTRY

CONTROLS - HAVE BECOME ALMOST CONTINUOUS CYCLE,
BUT UPGRADING DIGITAL, NOT AS SIGNIFICANT
- SERVERS, SOFTWARE, ETC.

TURBINES - 8 YEAR CYCLES

U4 COOLING TOWER - MAY NEED TO BE REBUILT

- POSSIBLE STATOR REWINDS (AB-9 MIL)
- WILL NEED TO CONSTRUCT WAREHOUSE & OFFICE BUILDING
  (WHERE U1&U2 SCRUBBER ARE)

2006

U4 / REHEATER, SUPERHEATER, PRIMARY HEATER RETIREMENTS

U3 / REHEATER
SCRUBBER OUTLET DUCTS } RETIRE

2001, 2004 MAJOR WORK W/ SCRUBBERS
CZ76

SCRs - U3 & U4
INSTALLED 2004 = $40 MIL

2001 - $20 MIL LIMESTONE FACILITY

U1 & U2 - MORE DEGRADED, FLUE GAS LEAKS, ETC.
U3 - LESS EFFICIENT, WORSE DESIGN
U4 - OK, PIPED TO U3

CANE RUN

3:30 PM

BOB BARNETT
STEVE TURNER

1, 2, 3 - RETIRED

V4, V5 - 170, 180 MW
V6 - 260 MW

PRIMARILY BASELOAD

SCRUBBERS INSTALLED. MEET CURRENT REQ'S
WILL NOT MEET 2016 REGULATIONS, RETIRED 1/1/2016
(PENDING APPROVAL)

PLANNED COMBINED CYCLE (640 MW) 2 x 1

DECOMMISSIONING (NOT CURRENTLY PLANNED)
- ASBESTOS INSULATION BIG COST

Plant Work

U6 - REHEATER

U5 - SUPERHEATER

SWITCHGEAR UPGRADES, BREAKERS
TRAVELLING WATER SCREENS, FEEDPUMP MOTORS

U4 - WILL OVERHAUL TURBINES NEXT YEAR

OHIO FALLS

KERRY JOHNSON

COMMISSIONED IN LATE 1920s

PLANNED WORK

REPLACE TRAILER w/ OFFICE BUILDING, MUSEUM &c

8 UNITS

10 mW EACH, WILL BE UPGRADE TO 12.5 MW

$125-130 MILLION REHABILITATION PROJECT

- COMPLETE BY 2014
- ALREADY REHABS 2, 5 BEING REHABBED NOW

- RUNNER
- GATES
- GENERATOR COOLER
- CONTROLS
- LOW PRESSURE → HIGH PRESSURE HYDRAULIC SYSTEM

FERC LICENSE - 40 YEARS

BROWN

8:30 AM

STEVE LAMPERÉ

COAL - 3 UNITS

U1 - 105
U2 - 150
U3 - 350

1 SCRUBBER FOR ALL THREE UNITS - ONLINE 2010

GAS - 5 CTs

2 GT24
3 GT 11 N2

ICE PLANT - USED TO COOL INLET TO TURBINES
(INCREASE EFFICIENCY IN SUMMER)

SCRUBBER

- MODIFY DUCTWORK FOR U1
FAN UPGRADES (U1 & U3)
- GYPSUM PREP BUILDING

FUTURE PLANS

- SCR FOR U3, THEN U1 & U2

- BURN HIGH SULFER COAL IN NOVEMBER
- LANDFILL FOR ASH

DIX DAM (DAVE BECK)

- STRUCTURAL REPAIR
- OVERHAUL GENERATORS

2009 - OVERHAUL 1 UNIT WINDING, WATERWHEEL
- CONTROLS (OPERATED FROM BROWN U3)
- OTHERS OVERHAULED THROUGH 2012

CTs (GREG WILSON)

- TANK REGULATIONS
- OVERHAUL RE-LOADING AREA

- U7 OVERHAUL IN 2009

U6, 07 - GT24 - 50-60 STARTS / YEAR
U8 - GT11N2 - LESS FREQUENTLY, 20-30 STARTS / YEAR
U10 - GT11N2 (NATAT - 2002)

U9, U10 OVERHAULS ≈ 2013-2014

BROWN PHOTOS

(1) Coal Silo (U1)
(3) U1 Elevation
(3) U2 Turbine/Gen
(6) U3 Boiler Feed Pumps
(7) Scrubber
(9) U1 2 3 Stack
(9) U3 Stack (Reflection)
(10) U1-2 Stack (Reflection)
(11) Limestone
(12) Coal Unloading (U3)
(13) U1 U2 Coal Pile
(14) CTs
(15) [illegible]
[illegible]
(23) U3 [illegible]
[illegible]
(23) Condenser
(24) U2 Feed Pumps
[illegible]

CTs

(1) U6
(2,3) U6
(4,5) U6
(6) U5
(7) U5
(8) U5

Burning U5
Fuel Tanks
U6-10

TYRONE

Recent Work

Steel Fuel Tank

Built 1947

U1 + U2 Retired in 2002
U3 - online 1953, Retired 2011

[illegible]

1. [illegible]
2. [illegible]
3. [illegible]
4. [illegible]
5. Turbine Deck
6. Boilers, Coal Hppr
7. Boiler Feed Pump

GHENT

2:30 PM

PAUL WILLIAMS

MIKE DRAKE

TIM HARRISON

4 UNITS

U1	511 MW EA.	1973	SCRUBBER - 1994, NOW IN 2009
U2		1977	BECAME U2 SCRUB (INCLUDING REPLACE ID FANS, NOT WAREHOUSE)
U3		1981	2007
U4		1984	2008

- ALL LOAD FOLLOWING UNITS

- SCRS INSTALLED 2004
- LIMESTONE PREP FACILITY - 2008 (& UNLOADING FACILITY)
- COOLING TOWERS OVERHAULED 2008-2010 (REBUILD CELLS)
- UNIT 1 - GENERATOR REWIND, TURBINE OVERHAUL IN 2009 - 2008
- CONTROL UPGRADES - COMPLETED 2007-2009
- FUEL OIL PIPING OVERHEAD
- SO_3 MITIGATION EQUIP
- LOW ECONOMIZER U3 & U4
- BARGE UNLOADER BUCKETS - 3YR CYCLE
- COAL PIPING - HIGH REMOVAL COST (UNDER STANDARDS)

FUTURE

U3	TURB OVERHAUL	2011
U4		2014

- LANDFILL IN SERVICE 2013 - TANKS, BUILDINGS
- CONVEY NOT ASH TO DRY ASH, CONVEYOR TO LANDFILL - 2013
- BAGHOUSES FOR U3 & U4 - 2014 (INCL. ID FAN REPLACEMENTS)
- BAGHOUSES U1 & U2 - 2015
- ECONOMIZER U2, 2012
- REPLACING FEEDWATER HEATERS
- CONTROL UPGRADES - CYBER SECURITY
- NEED NEW STANDARDS ONCE BAGHOUSES INSTALLED
- U2 STACK LINER (2017)
- COOLING TOWER CELLS (LATE 2010's)

- HEAVY METALS & SO_x (BOOSTER FANS)
- CATALYST CHANGED OUT FREQUENTLY
- MANY OTHER ONGOING PROJECTS
- DIFFERENT COAL COULD LEAD TO DIFFERENT INTERIOR LINES

Chart

1,2 U2 PULVERIZERS
3 U2 TURB/GEN
4 U1 "
5 CONTROL ROOM
6 FEED PUMPS, HEATERS U1
7 U3/U4 TURB.
8 COAL FEEDERS, HOPPERS
9 U4 SCRUBBER
10 WAREHOUSE (NEW)
11 STACK - U4
12 LIMESTONE UNLOAD
13 U1 PRECIPITATOR & SCR
14 ASH POND (SOLD)
15 ASH POND (RESERVOIR)
16 AMMONIA STORAGE
17 PRECIPITATORS (U3)
18 U4, SILO

TRIMBLE COUNTY 5:00

KENNY JOYCE
JOE COMPTON

CTs

- AIR COMPRESSOR UPGRADE
- 8, 10 - FAST START CAPABILITY (NITROGEN SYSTEM)

TRIMBLE U1

- SO_2 REDUCTION SYSTEM - LIME INJECTION
- CONTROL SYSTEM UPGRADE
- TURBINE WORK (2008)
- TURBINE VALVE OVERHAUL (2011)
- BOILER WORK (2011-2012)
- SCRUBBER OVERHAUL (2011-2012)
- ASH POND WATER CONVERTED TO SERVICE WATER
- LIMESTONE MILL OVERHAULS
- ASH POND, GYPSEUM STORAGE POND

- UNIT 2 MEANS MORE CAPITAL SPENDING TO KEEP EVERYTHING RUNNING

TRIMBLE U2 (~800 MW)

- CWN SCRUBBER

SHARED

COAL HANDLING, LIME PREP, WATER

TRANSMISSION

1. U1 TURBINE
2. U2 FOUNDATION
3. U2 TURBINE
4. U3 GENERATOR
5. U2 BOILER FEED PUMP
6. U2 CONDENSER
7. U2 BOILER DRUM
8. U1 AIR HEATERS
9. SWITCHYARD
10. CTs
11. ELECTRIC FACILITY
12. SCRUBBER U2
13. SPRAY - SCRUBBER
14. LIME, GYPSUM
15. ESP, (U2, CONVERTED FROM U1)
    U2 ENVIRONMENTAL WAS 2/3 COST
    - USES 6% OF ELEC.
16. WATER TREATMENT
17. ASH PONDS

EAST SERVICE CENTER

8:00 AM

MIKE MONCRIEF

- IN SERVICE 1986 (GAS & ELEC)
- SAFETY, ELEC & GAS OPS
EXERCISE ROOM

PHOTOS

1. NEW EMERGENCY GENERATOR
2. TRAINING ROOM
3. SHOP (VEHICLE MAINT.)
4. VEHICLE LOT
5. BUILDING
6. TRAINING CENTER (BUILT 1990, EXTENDED MID-1990s)
7. POLE TRAINING
8. GAS TRAINING

LA GRANGE 11:30

- TO EASTERN IN

1. ODORIZER (WOODGRAND TANK REMOVED)
2. REG RUN
3. BOILER - UPGRADED 1997 (TO ORIGINAL EQUIP IN 3G)
4. SOLAR PANELS FOR BATTERIES

- PLAN TO TIE ELDER PARK IN
- EVENTUALLY MAY BECOME STATION

CANNONS 12:00

- ELDER PARK & EASTERN KENTUCKY
- WAS ORIGINAL LOCATION OF GAS CONTROL

1. STRUCTURES, VALVE REGULATOR, PIPING ← REG BUILDING & PARTS PARTS
2,3. REG RUN (SOME WILL BE REPLACED)
4. CONTROL BUILDING
5. NEW GENERATOR

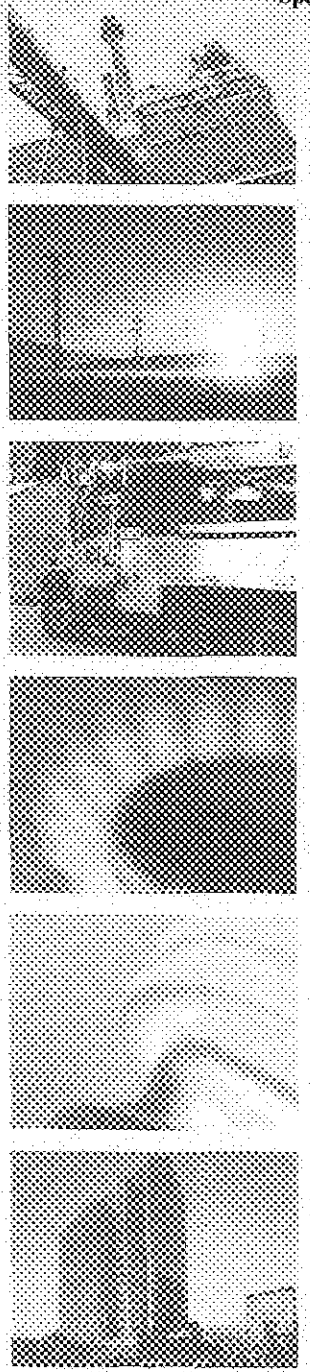
PPL companies

Trimble County Station Overview

Louisville Gas & Electric Company

Joe Coghill - Production Leader

August 7, 2011



Trimble County Plant Site (without TC2)

LG&E KU
an PPL company

Trimble County Station

General Information

Trimble County Station
General Information

- *The Trimble County Plant site consists of more than 2,200 acres located on the Ohio River in Trimble County, Kentucky, approximately 50 miles northeast of Louisville.*
  - ✓ *Approximately 1,000-acres developed*
  - ✓ *114-acre Wildlife Preserve*
  - ✓ *97-acre ash pond*
  - ✓ *Approximately 1,000 acres undeveloped*
- *Trimble County Station is LG&E's and PPL's "newest" plant and is comprised of 8 generating units of several different types:*
  - ✓ *TC1 (1990) – 547 MW (gross); 514 MW (net) rated output; coal combustion*
  - ✓ *TC5 & 6 (2002) – 153 MW output; gas combustion*
  - ✓ *TC7,8,9,10 (2004) – 153 MW output; gas combustion*
  - ✓ *TC2 (2010)– 810 MW (gross); 760 MW (net) rated output ; coal combustion*
- *138 full-time employees (currently)*
  - ✓ *92 full-time employees prior to TC2*
  - ✓ *150 full-time employees after TC2 commercial operation*

LG&E KU
PPL companies

Aerial View of Trimble County Station

Trimble County Station
Combustion Turbine Unit Layout

Trimble County Station Combustion Turbine Site

- *Trimble County Units 5, 6, 7, 8, 9 and 10*
  - ✓ *(6) General Electric MS700/FA Simple Cycle Combustion Turbines*
  - ✓ *TC5 and 6 commercial summer 2002; TC7 – 10 commercial summer 2004*
  - ✓ *153-MW (net) rating (each); 160-MW with evaporative cooling in summer*
  - ✓ *Single fuel (natural gas) units*
  - ✓ *Due to (relatively) high cost of fuel, units are run predominantly during peak use times (summer)*
  - ✓ *Very reliable (greater than 95% starting reliability)*
  - ✓ *Company also owns/operates/maintains approximately 6-miles gas pipeline*

Trimble County Station
Primary Raw Materials

- *Typical Consumption*
  - ✓ *Coal*
    - *TC1 – 1.5 to 1.8 million tons high sulfur fuel*
    - *TC2 – 2.6 million tons*
  - ✓ *Limestone*
    - *TC1 – 170 to 180 thousand tons of rock*
    - *TC2 – 250 thousand tons*
  - ✓ *Boiler Water*
    - *TC1 & TC2 – 40 million gallons*
  - ✓ *Combustion Turbine Fuel*
    - *7.9 billion cubic feet natural gas (2010)*
- *Material Handling (Coal and Limestone)*
  - ✓ *Separate coal and limestone barge unloaders (no rail service)*
  - ✓ *Coal unloading at 3,000 tons per hour (1,500 ton barge in 30 minutes)*
  - ✓ *Limestone unloading at 1,000 tons per hour*

LG&E KU
PPL companies

Trimble County Station

Environmental Stewardship

Trimble County Station
Environmental Information

➢ Environmental Systems

- ✓ **Selective Catalytic Reduction Unit (SCR) – TC1 and TC2** - *structure contains a catalyst and mixing zones for ammonia to react with flue gas and remove Nitrous Oxides. Byproducts are nitrogen gas and water. Typical removal is 85 to 90 %.*

- ✓ **Electrostatic Precipitator (DESP) – TC1 and TC2** - *structure contains electric charged plates and electrodes that capture positive and negative charged fly ash particles. A rapper system releases the heavier particles to an ash hopper for removal. Typical removal is over 98%.*

- ✓ **Pulse Jet Fabric Filter (PJFF) – TC2 only** - *structure contains filter bag compartments that capture the finer fly ash particles in the cloth. Powder activated carbon is injected upstream of the bags to absorb the mercury as flue gas is pulled through the compartments by the induced draft fans. The collected ash on the bags is released to hoppers through an outside air pulse system that cleans the bags. An additional 10% fly ash is removed resulting in over 99.5 % performance.*

LG&E KU
PPL companies

Trimble County Station
Environmental Information

➢ Environmental Systems

- ✓ **Flue Gas Desulfurization (FGD) – TC1 and TC2** - *structure contains a tank to hold the limestone slurry that is pumped and sprayed in fine droplets over the flue gas to remove the SO2 and form new compound. Air is injected into the slurry mixture to form gypsum. The new compound is pumped to a processing plant as a primary raw material for manufacturing wallboard. Typical SO2 removal is over 95%.*

- ✓ **Wet Electrostatic Precipitator (WESP) – TC2 only** - *structure contains plates and electrodes that are charged. A film of process water runs over the plates to flush the captured SO3 to a drain tank to be recycled into the process.*

- ✓ **Hydrated Lime Injection (HL) – TC1 only** - *pulverized material is blown into nozzles located in ductwork before and after the Dry Electrostatic Precipitator to react with the flue gas and remove SO3.*

LGE KU
PPL companies

TC2 Air Quality Control System

LG&E KU
an PPL company

TC2 Air Quality Control System

Trimble County Station
Combustion Byproducts

➢ *Combustion By-Product Beneficial Re-Use*

- ✓ **Flyash** *(used as a cement filler and cement kiln feedstock)*
  - *Currently negotiating a long-term (15-year base) contract to beneficially re-use most of flyash generated by TC1 and TC2 (barge)*
- ✓ **Gypsum** *(used to manufacture wallboard)*
  - *Recently signed a long-term (20-year base) contract to remove a minimum of 50% of the gypsum generated by TC1 and TC2 (barge)*
- ✓ **Bottom Ash** *(used to manufacture blasting grit and roofing shingles)*
  - *Currently have a contract in place which has resulted in the beneficial re-use of approximately 50% of bottom ash generated by TC1 (truck)*
- ✓ **Ash Pond Life Extension**
  - *Biggest benefit provided by combustion byproduct beneficial re-use is it extends byproduct disposal pond life, thereby postponing construction of additional disposal ponds (which require significant capital investment and are subject to environmental scrutiny)*

LGE KU
PPL companies

Trimble County Unit 1 & Unit 2 Comparison

LG&E KU
PPL companies

What's different about Unit 2?

TC2	TC1
760.5 MW Net Output	514 MW Net Output
8662 Btu/kWh Heat Rate (40% eff.) (6-7% auxiliary power consumption)	10300 Btu/kWh Heat Rate (34% eff.) (6-7% auxiliary power consumption)
Supercritical Boiler	Subcritical Boiler
Air Quality Control System – SCR, Dry Electrostatic Precipitator, Baghouse, Wet FGD and Wet Electrostatic Precipitator	Air Quality Control System – SCR, Dry Electrostatic Precipitator and Wet FGD
(Existing) Hyperbolic Cooling Tower	(New) Mechanical Draft Cooling Tower

LG&E KU
PPL companies

What's different about Unit 2?

TC2	TC1
Blend of Eastern Bituminous and Western Sub-bituminous (PRB) Coal	Eastern Bituminous Coal
Steam Flow 5,150,000 lb/hr (2,336,001 kg/hr)	Steam Flow 4,000,000 lb/hr (1,814,369 kg/hr)
Steam Pressure 3,690 psig (25 MPa)	Steam Pressure 2,400 psig (17 MPa)
Steam Temperature 1,075 deg. F (579 deg. C)	Steam Temperature 1,005 deg. F (541 deg. C)
Building Height 285 ft. (87 m)	Building Height 264 ft. (80 m)

PPL companies

What's different about Unit 2?

Air Emissions	TC2	TC1
SO_2	3,263 TPY (2,960,144 kg/yr)	4,822 TPY (4,374,445 kg/yr)
NO_x	1,506 TPY (957,989 kg/yr)	5,556 TPY (5,040,318 kg/yr)
Mercury	13 X 10^{-6} lbs/MWH (5.9X10^{-6} kg/MWH)	N/A
Lead	0.55 TPY (499 kg/yr)	N/A
Sulfuric Acid Mist	26.6 lbs/hr (12.1 kg/hr)	N/A
Fluorides	1.55 lbs/hr (0.7 kg/hr)	N/A

PPL companies

TC2 Support Features

Water Treatment Upgrade (Siemens) (converts river water to ultra pure boiler water)

- *1 MMPF and 1 Reverse Osmosis Train*
- *72 membranes*
- *95% salt rejection (300 gpm product/100 gpm waste) [1364 liters/min product - 455 liters/min waste]*

Service Water Upgrade

- *Increased pressure and flow requirements*
- *2 existing pumps modified*
- *1 new pump*

Fuel Blending

- *Five 1,500 TPH feeders*
  - *PRB / East Bituminous blending*

Ash Pond - used for process water and storage of combustion byproducts

- *North, south, and west dike of current BAP to be raised 30 ft. (9.14 m)*
  - *Pumps and piping to be modified*
- *Current EBAP to be relined and used as gypsum pond*
  - *New permit to allow release of GP into cooling tower blowdown*
- *Development of ravines A and B for future Coal Combustion Product (CCP) storage*

Aux. Boiler (Nebraska Boiler)

- *83,500 lb/hr output (37875 kg/hr)*

Stack (TC1 and TC2 will use the same stack)

- *Unit 1 - 18 ' D liner*
- *Unit 2 - 1 18'D liner and 1 10' D liner*

PPL companies

Questions ?

WORTHINGTON SUBSTATION 8:30

DON FOWLER

69 kV → 12 kV

CONTROL HOUSE – REMOTE

METAL-CLAD SWITCHGEAR (MICRO-PROCESSOR)

CAPACITOR BANK

SF6 BREAKER

1. STATION – INCL 2ND TRANSFORMER FOR INCREASE CAPACITY
2. CONTROL-HOUSE, SWITCHGEAR

TROY'S HILL SUB 9:15

2 x 69 kV → 12 kV (x 2)

- OIL BREAKERS

1. BREAKERS
2. TRANSFORMER
3. TRANSFORMER (1991)
4. CONTROLS
5. SWITCHGEAR (TRANSFORMER)
6. #2 SWITCHGEAR

COLLINS SUB 9:45

(BUILT 1968) 138 ADJ? [illegible]

1. TRANSMISSION LINES (~~138~~ 69 kV)

   3 SF6, 1 OIL [illegible]

   138 kV → 12 kV

   69 kV

2. STATION
3. CONTROLS (OLD CONTROL BUILDING)
4. ORIGINAL STATION
5. NEW STATION
6. NEW CONTROLS

COOPER BREAKERS (SF6)
- ROTTED OUT ?
1 FAULT

OLD UENY [illegible] STATION

ON-LINE 2011

138 kV → 12 kV MODERN SECURITY

1. SWITCHGEAR BUILDING
2. STATION - SF6 BREAKERS
3. BREAKERS
4. SWITCHGEAR
5. TRANSF #1 (EVOT)
6. SIEMENS SF6
7. CONTROLS

TOTAL 12 CC, 2 COMPLETE

ELDER PARK CITY GATE 11:05 AM
MIKE COLLINS

- BUILT

TEXAS IN
→ SEPARATOR

- MEASURING EQUIP UPGRADED EARLY

① TOTAL EQUIP
② ODORIZER
③ REGS
④ SEPARATOR
⑤ BUILDING (ORIGINAL)
⑥ MEASURING EQUIP (2 RUNS)
⑦ GENERATOR
⑧ COMM. EQUIP (UPGRADED 10 YRS AGO, WILL BE UPGRADED SOON)
⑨ REGS (REPLACED EVERY 10 YRS)

- MANY PARTS RETIRED BECAUSE PARTS NOT SUPPORTED

LG&E AND KU SERVICES COMPANY

Account 311, Structures and Improvements October 10-12, 2011

Top of Unit 2 Boiler at Mill Creek Generating Station

Mill Creek Generating Station

LG&E AND KU SERVICES COMPANY

Account 311, Structures and Improvements October 10-12, 2011

Warehouse (2005) at Brown Generating Station

Tyrone Generating Station

LG&E AND KU SERVICES COMPANY

Account 311, Structures and Improvements October 10-12, 2011

Unit 1 & 2 Intake at Tyrone Generating Station

Maintenance Building at Ghent Generating Station

LG&E AND KU SERVICES COMPANY

Account 311, Structures and Improvements October 10-12, 2011

Limestone Building and Loading at Ghent Generating Station

Units 1 & 2 at Ghent Generating Station

LG&E AND KU SERVICES COMPANY

Account 311, Structures and Improvements October 10-12, 2011

Units 3 & 4 at Ghent Generating Station

Limestone Facility at Trimble County Generating Station

LG&E AND KU SERVICES COMPANY

Account 311, Structures and Improvements October 10-12, 2011

Trimble County Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

Unit 3 Coal Feeders at Mill Creek Generating Station

Boiler Feed Pump at Mill Creek Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

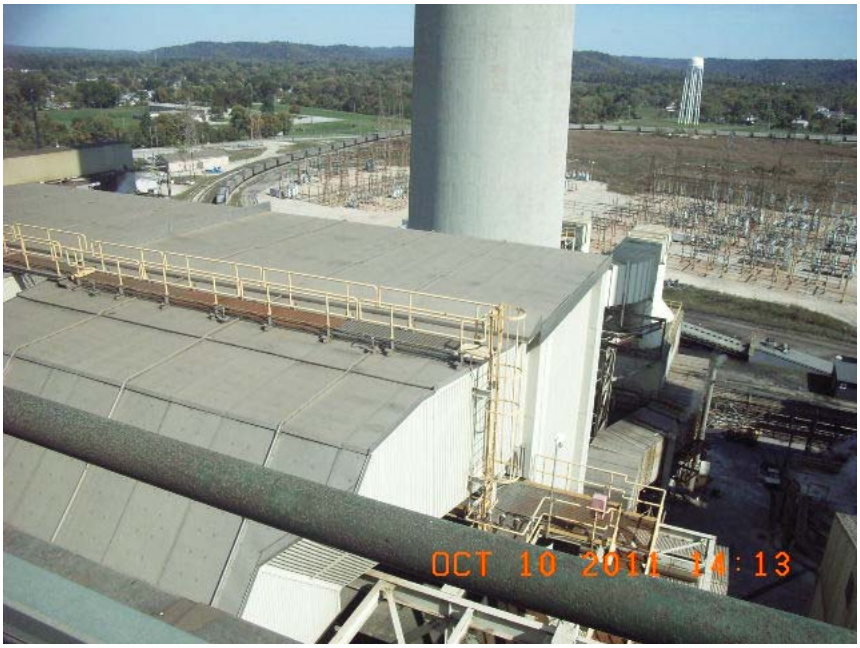
Unit 4 SCR AT Mill Creek Generating Station

Unit 4 Precipitator at Mill Creek Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

Unit 4 FGD at Mill Creek Generating Station



Unit 3 SCR AND FGD at Mill Creek Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

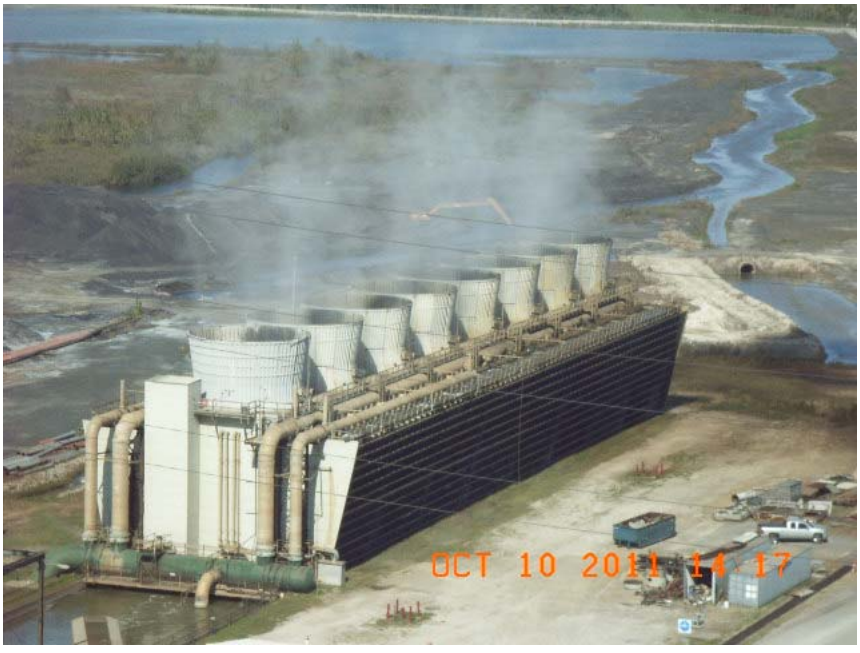
Stacks 3 & 4 at Mill Creek Generating Station

Stack for Units 1 & 2 at Mill Creek Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

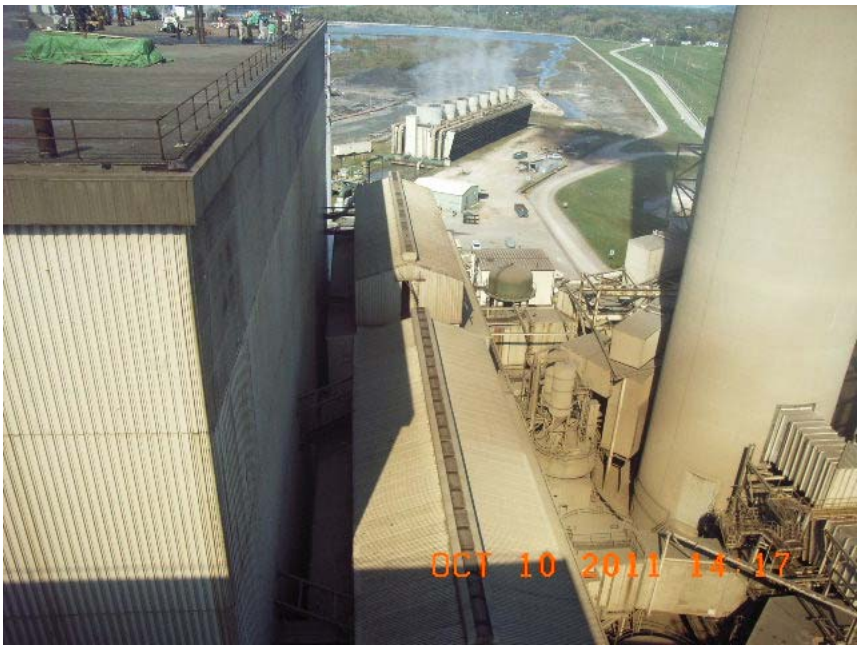
1 & 2 Scrubber at Mill Creek Generating Station



Unit 2 Cooling Tower at Mill Creek Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011



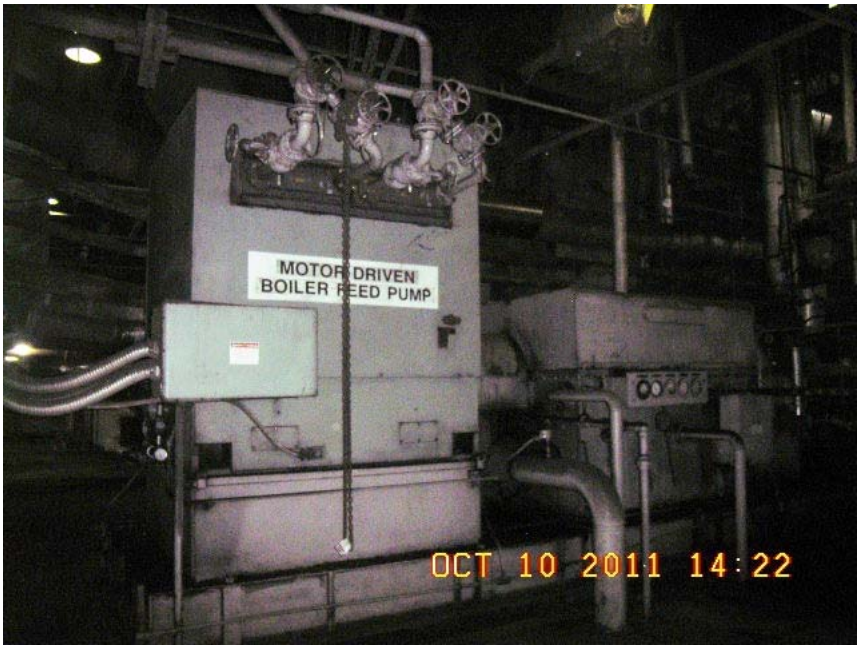
Unit 2 Precipitator at Mill Creek Generating Station

1 of 4 Pulverizers for Unit 3 at Mill Creek Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

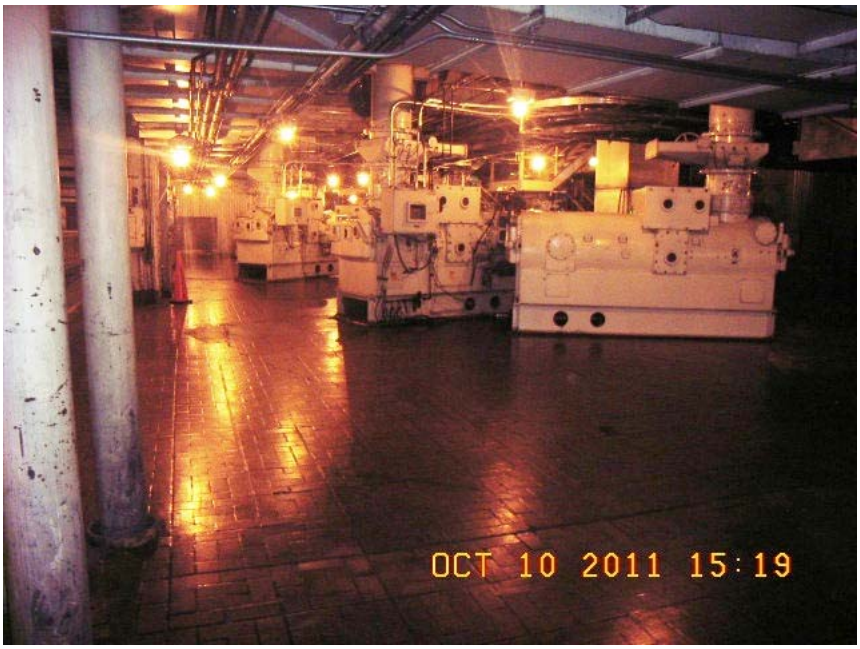
1 of 5 Pulverizers for Unit 4 at Mill Creek Generating Station



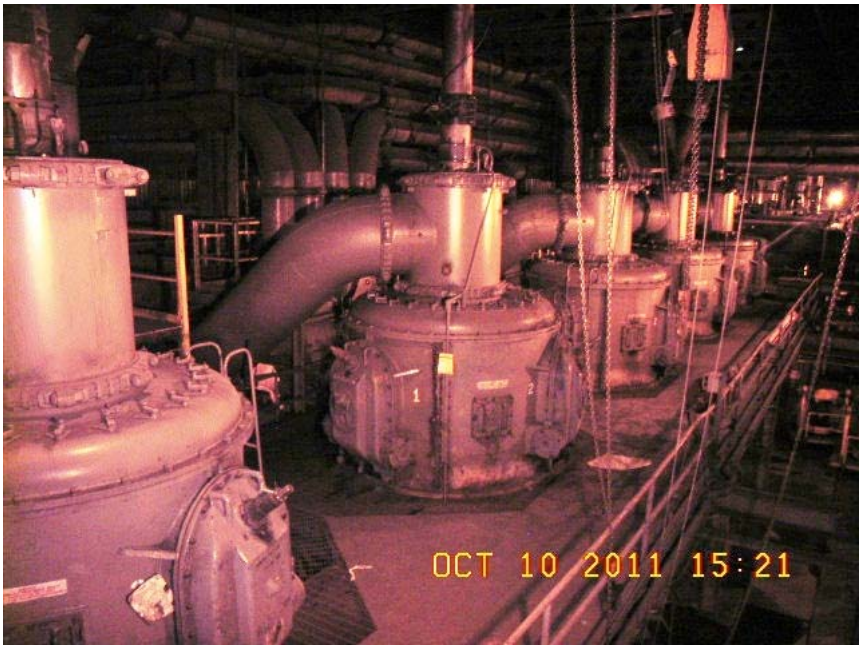
Motor Driven Boiler Feed Pump at Mill Creek Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011



Coal Feeders for Unit 5 at Cane Run Generating Station



Unit 6 Pulverizers at Cane Run Generating Station

LG&E AND KU SERVICES COMPANY

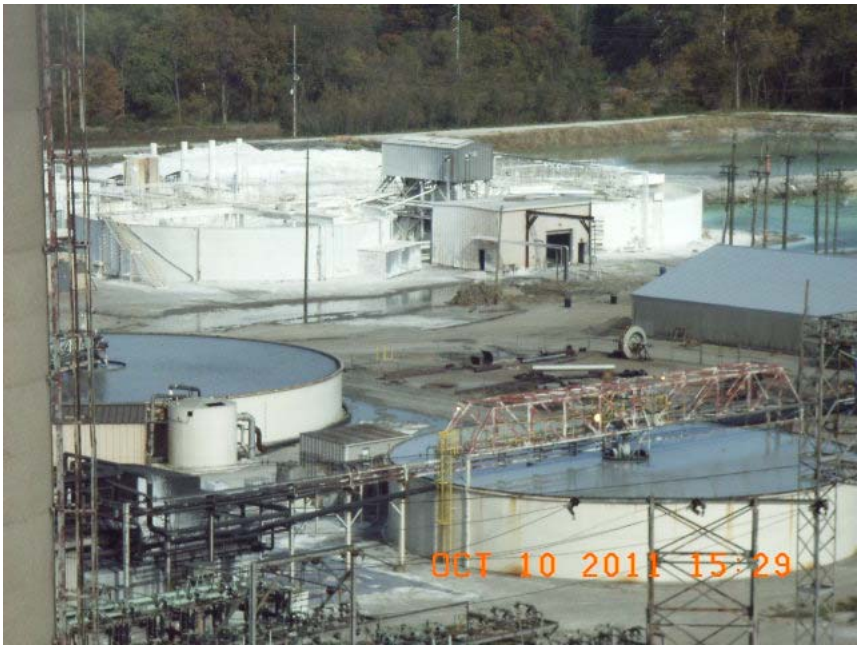
Account 312, Boiler Plant Equipment October 10-12, 2011

Unit 5 Condenser and Feed Water Heater at Cane Run Generating Station

Coal Handling Equipment at Cane Run Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011



Thickeners and Lime Facility at Cane Run Generating Station

Stacks at Cane Run Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

Precipitator and Scrubber at Cane Run Generating Station

1 of 2 Boiler Feed Pumps for Unit 3 at Brown Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

Scrubber at Brown Generating Station

Scrubber Stack at Brown Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

Unit 3 Stack at Brown Generating Station

Limestone Loading Facility at Brown Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

Cooling Towers for Unit 3 at Brown Generating Station

Cooling Towers for Units 1 & 2 at Brown Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

Unit 3 SCR AT Brown Generating Station

Ash Pond at Brown Generating Station

LG&E AND KU SERVICES COMPANY

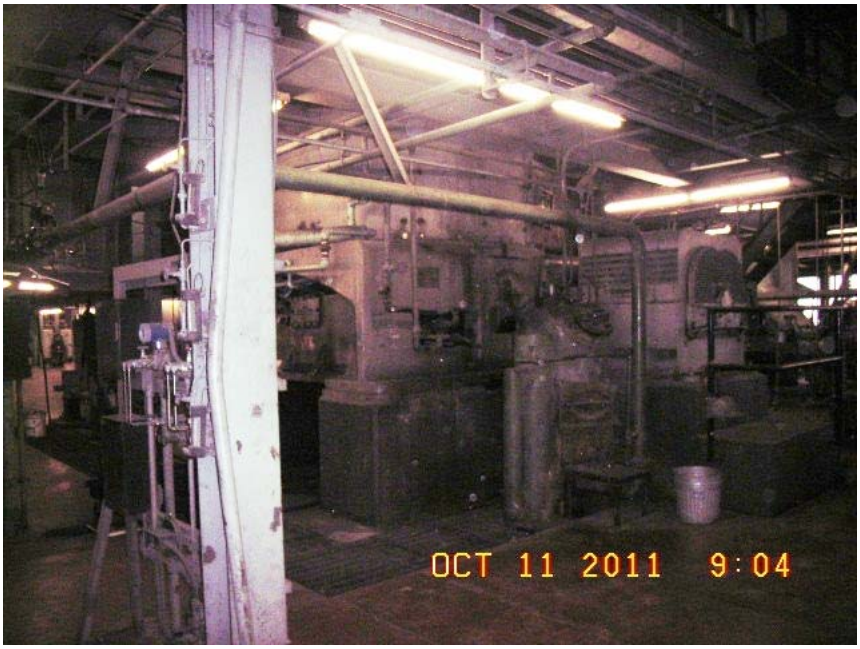
Account 312, Boiler Plant Equipment October 10-12, 2011

Unit 1 Stack and New Duct Work at Brown Generating Station

Unit 3 Coal Feeders at Brown Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

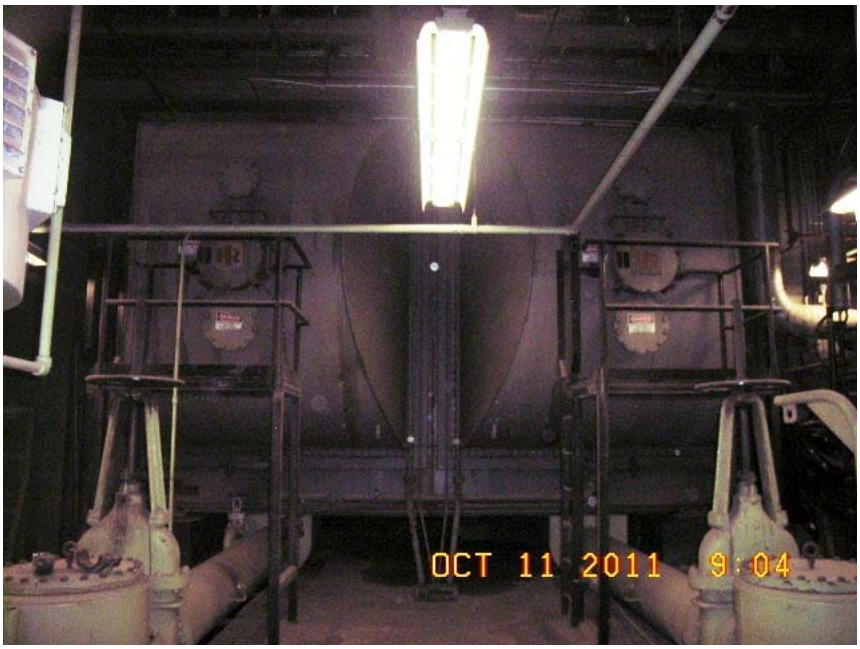


1 of 5 Pulverizers for Unit 5 at Brown Generating Station

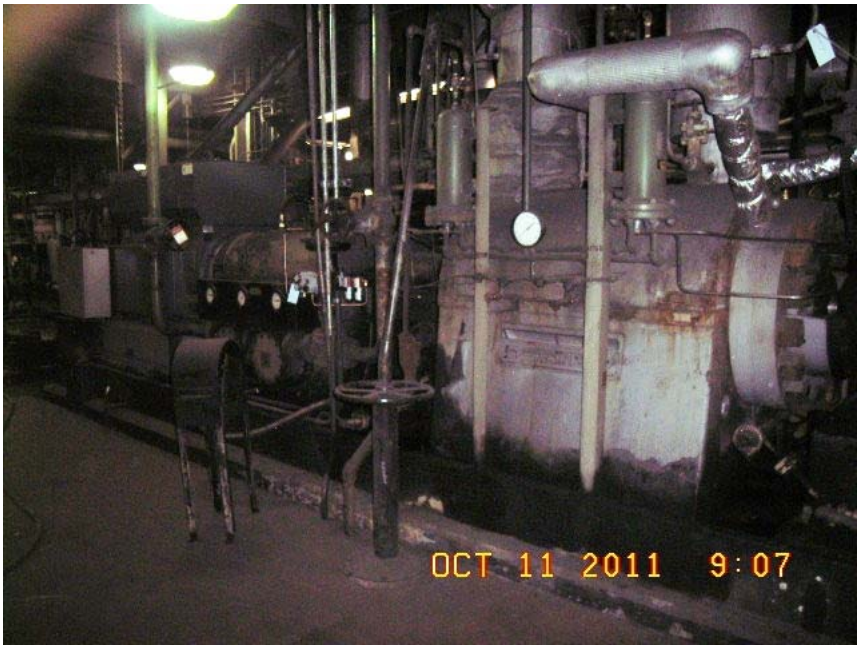
Unit 5 Condesate Pumps at Brown Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011



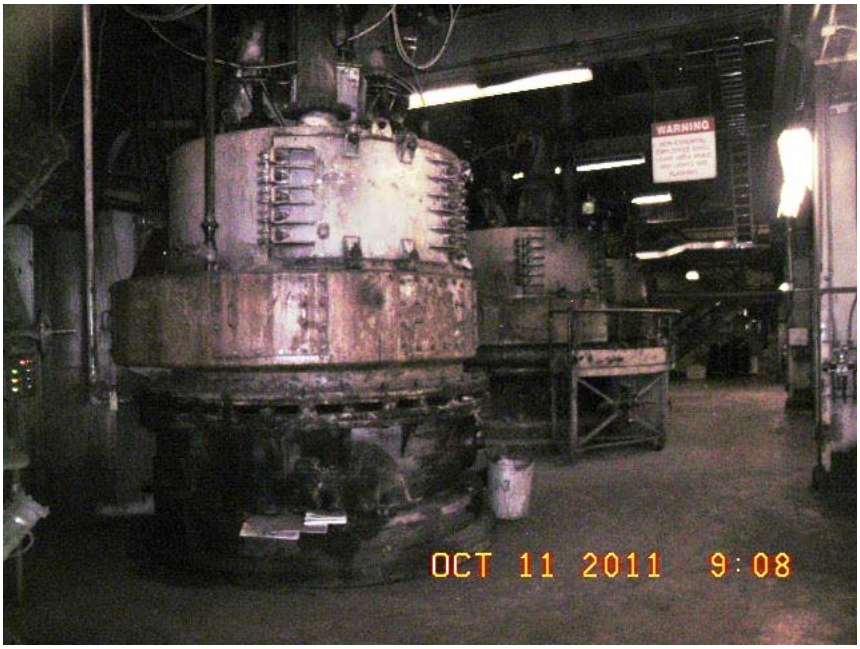
Unit 5 Condenser at Brown Generating Station



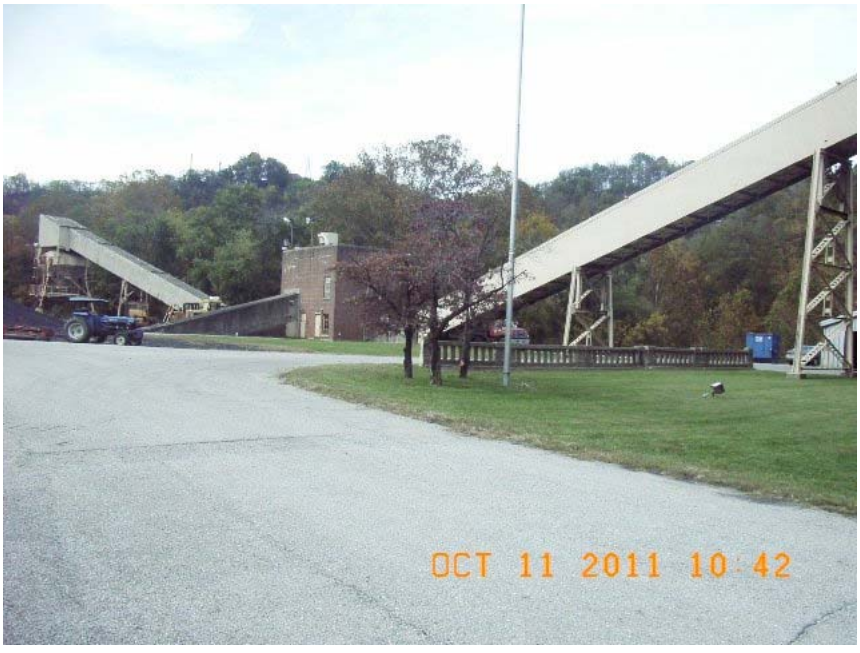
Unit 2 Boiler Feed Pumps at Brown Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011



3 of 4 Pulverizers for Unit 1 at Brown Generating Station



Coal Handling Equipment at Tyrone Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

Boiler at Tyrone Generating Station

3 of 6 Pulverizers for Unit 1 at Ghent Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

Unit 3 Coal Feeders at Ghent Generating Station

Unit 4 Scrubber at Ghent Generating Station

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Account 312, Boiler Plant Equipment October 10-12, 2011

Cooling Tower and Scrubber at Ghent Generating Station

SO_3 Tanks at Ghent Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

Unit 4 Precipitator and SCR at Ghent Generating Station

Stacks at Ghent Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

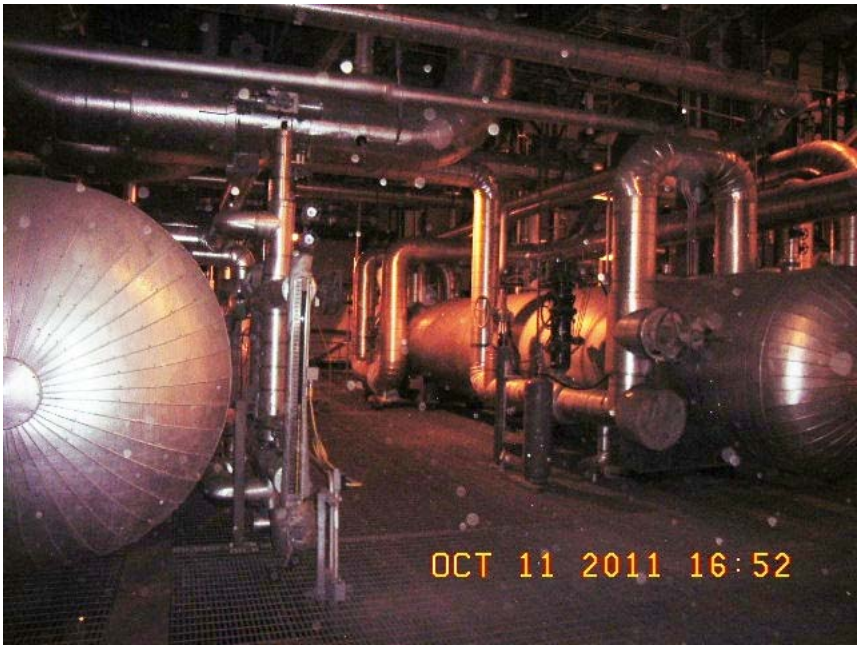
2 of 6 Pulverizers for Unit 3 at Ghent Generating Station

Steam Driven Boiler Feed Pump for Unit 2 at Trimble County Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

Unit 2 Generator/Exciter at Trimble County Generating Station



Feed Water Heaters at Trimble County Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

Coal Feeders at Trimble County Generating Station

1 of 5 Burners for Unit 2 at Trimble County Generating Station

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Account 312, Boiler Plant Equipment October 10-12, 2011

1 of 2 Air Heaters for Unit 2 at Trimble County Generating Station

SO_3 Tanks and Fly Ash at Trimble County Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

Scrubber Stack at Trimble County Generating Station

Unit 1 Scrubber at Trimble County Generating Station

LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

Unit 2 Scrubber at Trimble County Generating Station

Unit 2 Precipitator and Baghouse at Trimble County Generating Station

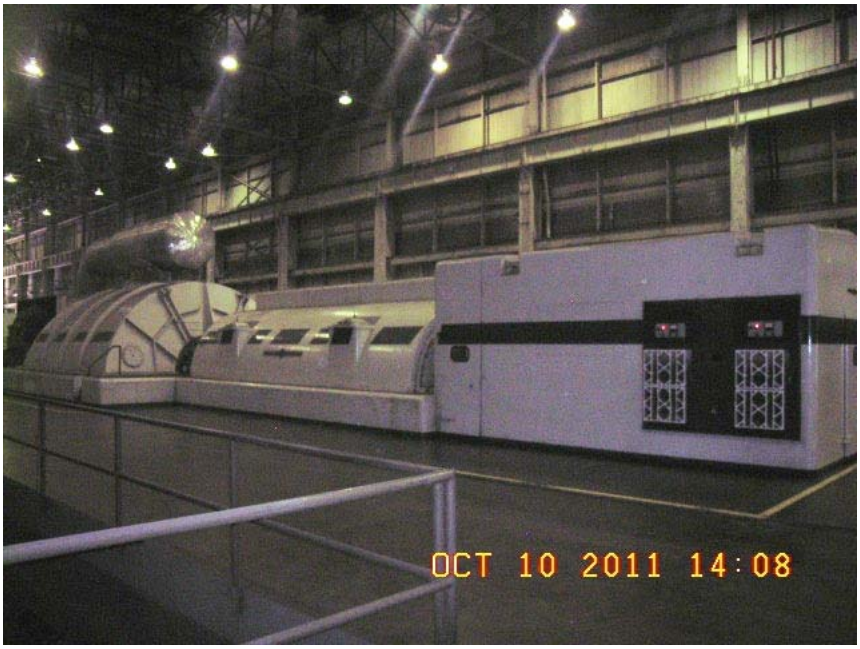
LG&E AND KU SERVICES COMPANY

Account 312, Boiler Plant Equipment October 10-12, 2011

Cooling Tower at Trimble County Generating Station

LG&E AND KU SERVICES COMPANY

Account 314, Turbogenerator Units October 10-12, 2011



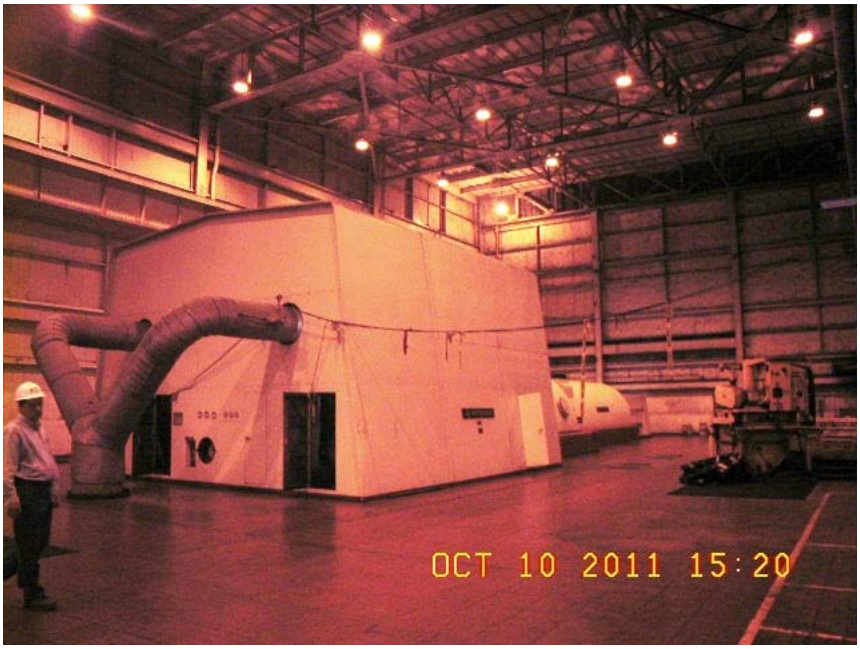
Unit 3 Turbine at Mill Creek Generating Station

Unit 4 Turbine and Feed Pump at Mill Creek Generating Station

LG&E AND KU SERVICES COMPANY

Account 314, Turbogenerator Units October 10-12, 2011

Turbines 4 and 5 at Cane Run Generating Station



Unit 6 Turbine at Cane Run Generating Station

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Account 314, Turbogenerator Units October 10-12, 2011

Unit 2 Turbine at Brown Generating Station

Unit 1 Turbine and LP Heater at Brown Generating Station

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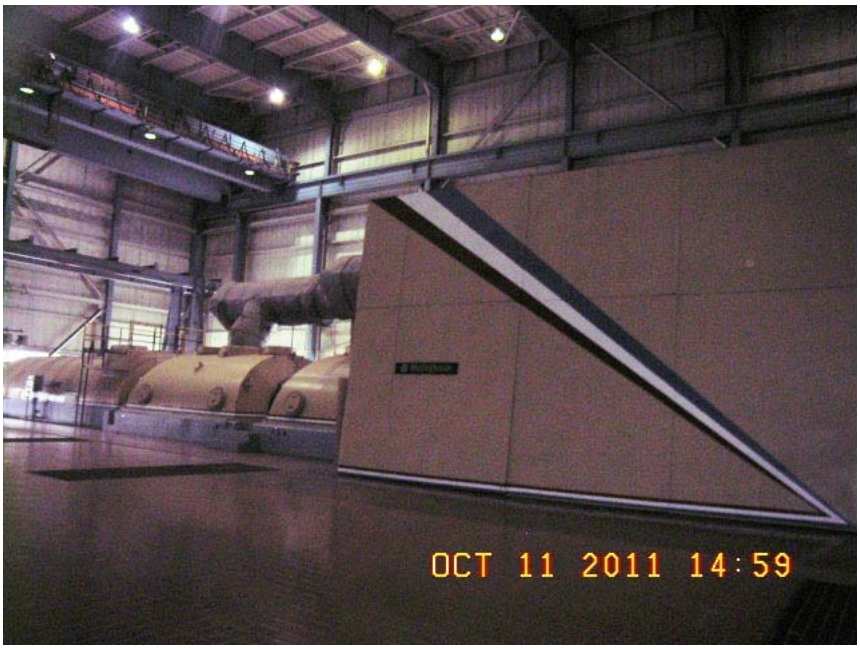
Account 314, Turbogenerator Units October 10-12, 2011

Unit 3 Turbine at Brown Generating Station

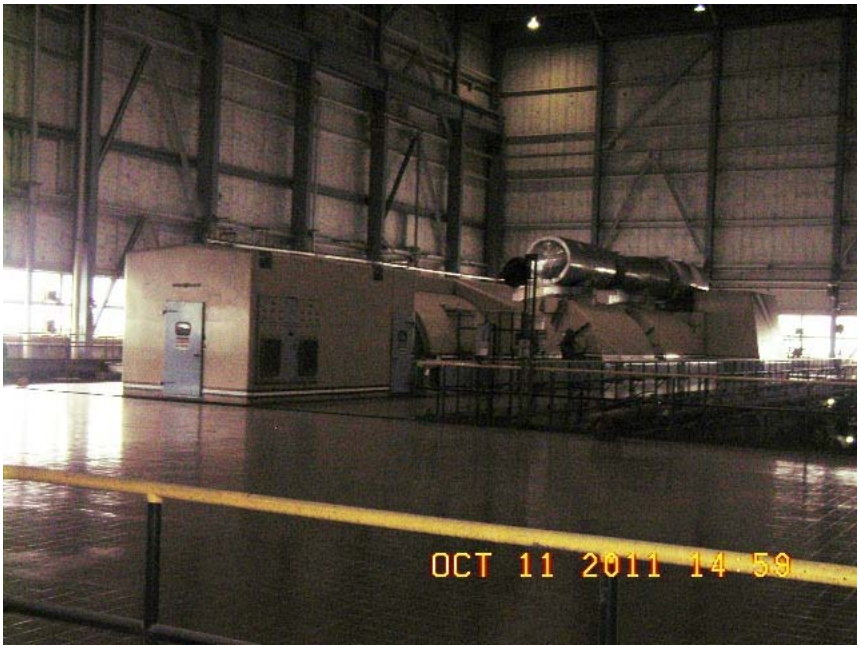
Units 2 and 3 Turbines at Tyrone Generating Station

LG&E AND KU SERVICES COMPANY

Account 314, Turbogenerator Units October 10-12, 2011



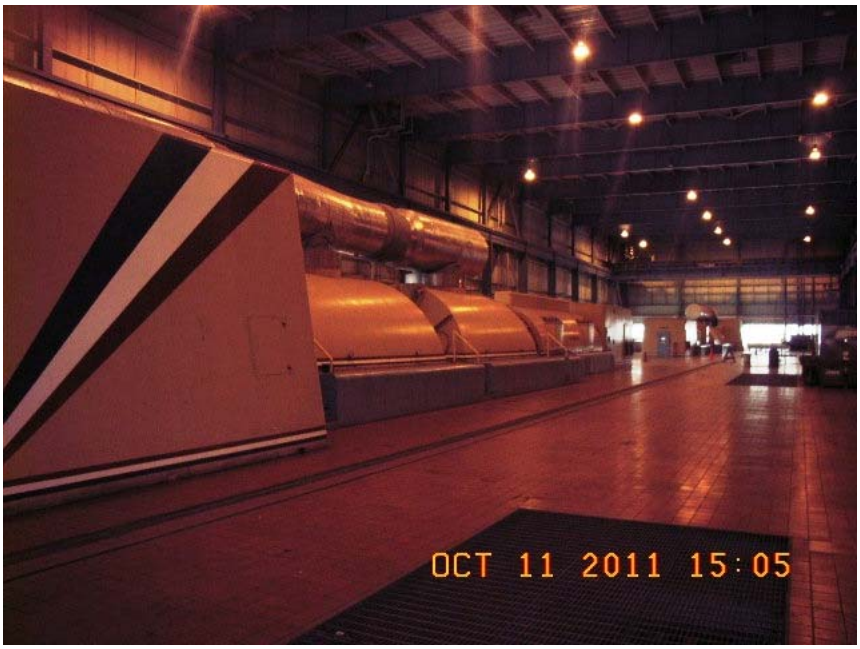
Unit 1 Turbine at Ghent Generating Station



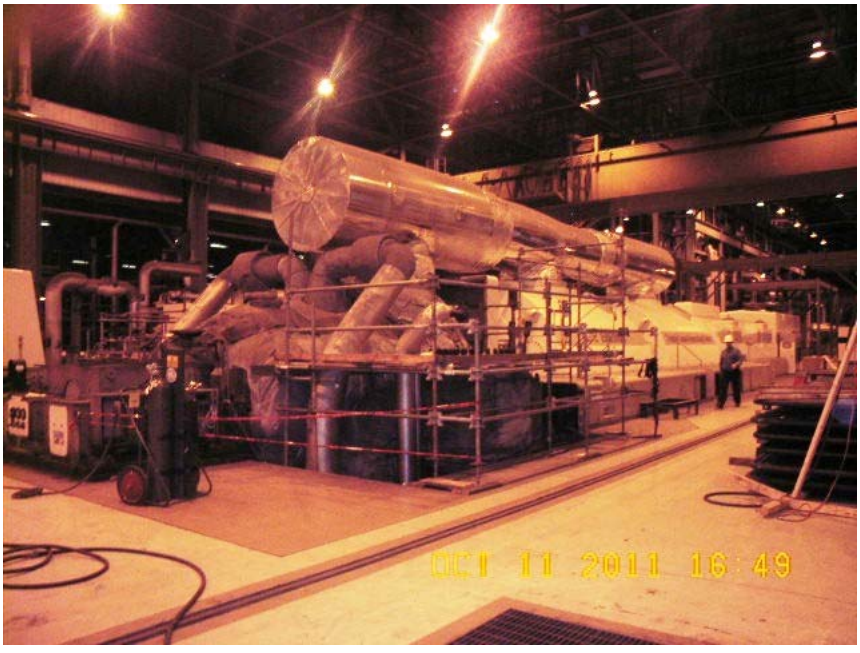
Unit 2 Turbine at Ghent Generating Station

LG&E AND KU SERVICES COMPANY

Account 314, Turbogenerator Units October 10-12, 2011



Unit 3 & 4 Turbines at Ghent Generating Station



Unit 1 Turbine at Trimble County Generating Station

LG&E AND KU SERVICES COMPANY

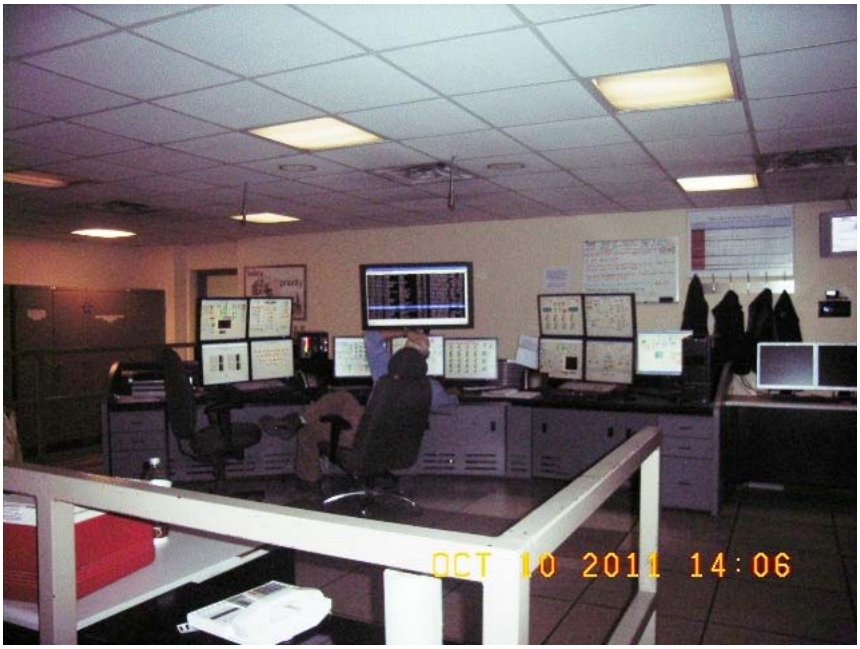
Account 314, Turbogenerator Units October 10-12, 2011

Unit 2 Turbine at Trimble County Generating Station

LG&E AND KU SERVICES COMPANY

Account 315, Accessory Electric Equipment October 10-12, 2011

Unit 2 Controls at Mill Creek Generating Station



Unit 3 Controls at Mill Creek Generating Station

LG&E AND KU SERVICES COMPANY

Account 315, Accessory Electric Equipment October 10-12, 2011

Unit 1 Controls at Brown Generating Station

Unit 1 & 2 Controls at Ghent Generating Station

LG&E AND KU SERVICES COMPANY

Account 315, Accessory Electric Equipment October 10-12, 2011

Unit 2 Controls at Trimble County Generating Station

LG&E AND KU SERVICES COMPANY

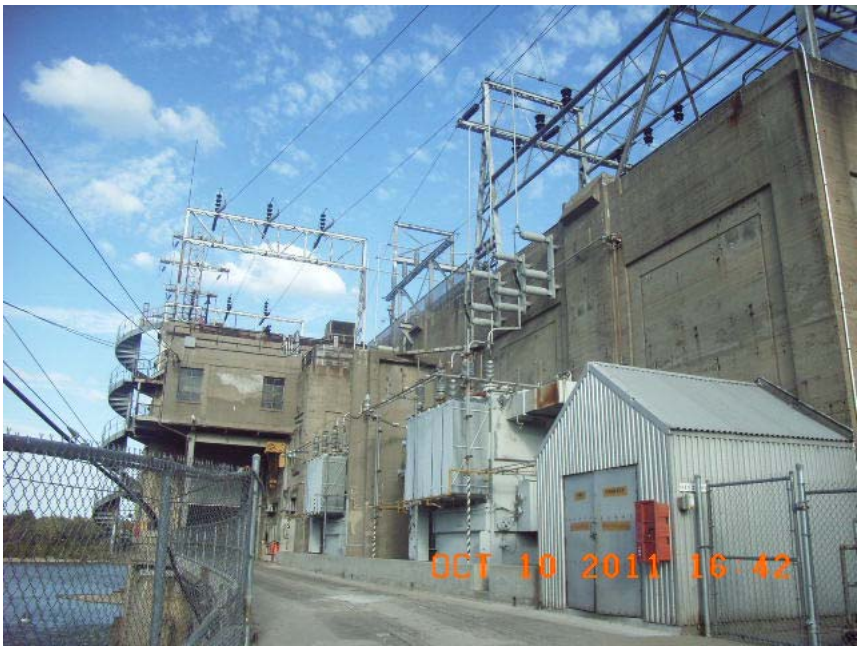
Account 316, Miscellaneous Plant Equipment October 10-12, 2011

Fuel Tanks at Tyrone Generating Station

Ammonia Equipment at Ghent Generating Station

LG&E AND KU SERVICES COMPANY

Account 331, Structures and Improvements October 10-12, 2011



Powerhouse at Ohio Falls Hydro Plant

LG&E AND KU SERVICES COMPANY

Account 333, Water Wheels, Turbines & Generators October 10-12, 2011

Unit 1 Generator at Ohio Falls Hydro Plant

8 Generators at Ohio Falls Hydro Plant

LG&E AND KU SERVICES COMPANY

Account 333, Water Wheels, Turbines & Generators October 10-12, 2011

Turbine Shaft and Wicked Gates Unit 6 at Ohio Falls Hydro Plant

Unit 4 Governor Oil System at Ohio Falls Hydro Plant

LG&E AND KU SERVICES COMPANY

Account 333, Water Wheels, Turbines & Generators October 10-12, 2011

Unit 5 Governor at Ohio Falls Hydro Plant

Pumps for All Units at Ohio Falls Hydro Plant

LG&E AND KU SERVICES COMPANY

Account 334, Accessory Electric Equipment October 10-12, 2011

Transformer at Oho Falls Hydro Plant

LG&E AND KU SERVICES COMPANY

Account 341, Structures and Improvements October 10-12, 2011

Units 6 through 11 at Brown CT Generating Station

6 CT Units at Trimble County Generating Station

LG&E AND KU SERVICES COMPANY

Account 341, Structures and Improvements October 10-12, 2011

3 Combustion Turbines Soon to be Acquired LS Power
(Bluegrass Generation)

LG&E AND KU SERVICES COMPANY

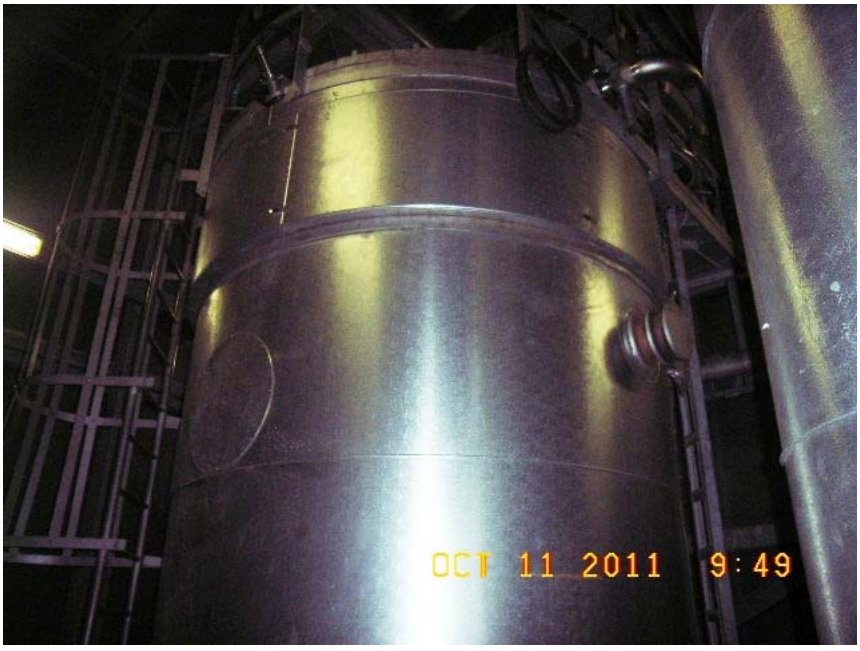
Account 342, Fuel Holders, Producers & Accessories October 10-12, 2011

Low NOx Water Tanks at Brown CT Generating Station

LG&E AND KU SERVICES COMPANY

Account 343, Prime Movers October 10-12, 2011

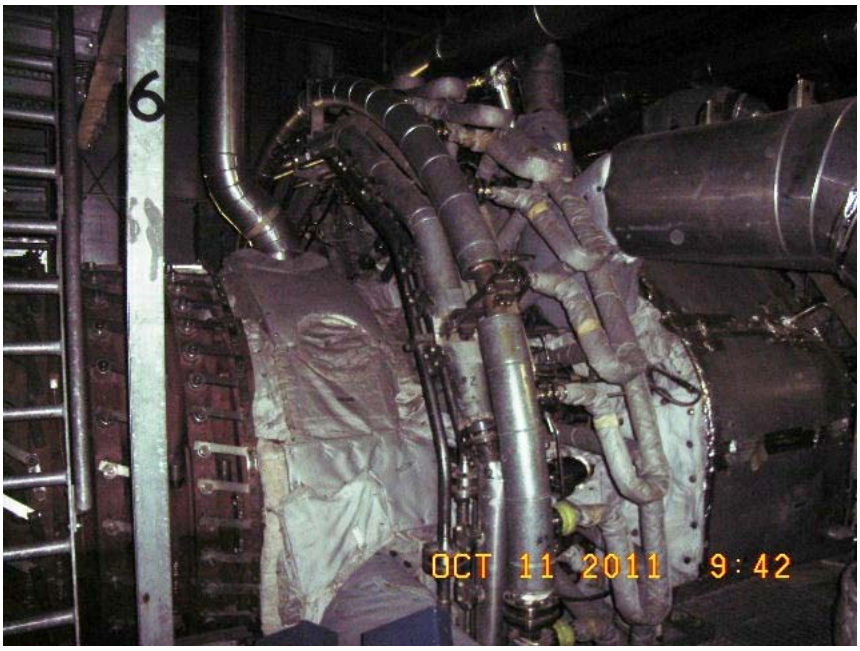
Unit 5 Pumps at Brown CT Generating Station



Unit 5 Burner at Brown CT Generating Station

LG&E AND KU SERVICES COMPANY

Account 344, Generators October 10-12, 2011



Unit 6 Turbine at Brown CT Generating Station

LG&E AND KU SERVICES COMPANY

Account 351.20, Compressor Station Structures October 10-12, 2011

Compressor Building and Cooling Tower at Muldraugh Compressor Station

LG&E AND KU SERVICES COMPANY

Account 351.40, Other Structures October 10-12, 2011

Newly Built Office Building at Muldraugh Compressor Station

Emergency Generator Building at Muldraugh Compressor Station

LG&E AND KU SERVICES COMPANY

Account 352, Structures and Improvements October 10-12, 2011

Control Building and Capacitor B__ at Collins Substation

Control Building at Old Henry Substation

LG&E AND KU SERVICES COMPANY

Account 353, Station Equipment October 10-12, 2011

Switchgear and Transformer at Collins Substation

138kV Transformer and SF_6 Breakers at Collins Substation

LG&E AND KU SERVICES COMPANY

Account 353, Station Equipment October 10-12, 2011

69kV Transformer and Oil Breakers at Collins Substation

Transformer and Switchgear at Old Henry Substation

LG&E AND KU SERVICES COMPANY

Account 353, Station Equipment October 10-12, 2011

SF_6 Breakers and Bus Work at Old Henry Substation

LG&E AND KU SERVICES COMPANY

Account 354, Compressor Station Equip. October 10-12, 2011

Turbine 9 & 10 Compressors at Muldraugh Compressor Station

Exhaust for Compressors at Muldraugh Compressor Station

LG&E AND KU SERVICES COMPANY

Account 354, Compressor Station Equip. October 10-12, 2011

3 New Air Compressors at Muldraugh Compressor Station

Compressors 6, 7 & 8 at Muldraugh Compressor Station

LG&E AND KU SERVICES COMPANY

Account 354, Compressor Station Equip. October 10-12, 2011

Unit 3 Steam Boiler at Muldraugh Compressor Station

LG&E AND KU SERVICES COMPANY

Account 355, Meas. & Regulating Equip. October 10-12, 2011

Filter Separator at Muldraugh Compressor Station

LG&E AND KU SERVICES COMPANY

Account 356, Purification Equipment October 10-12, 2011

2 of 3 Gas Purification Units at Muldraugh Compressor Station

Carbon Filter at Muldraugh Compressor Station

LG&E AND KU SERVICES COMPANY

Account 356, Purification Equipment October 10-12, 2011

Unit 3 Absorber at Muldraugh Compressor Station

Pumps and Heat Exchangers at Muldraugh Compressor Station

LG&E AND KU SERVICES COMPANY

Account 356, Purification Equipment October 10-12, 2011

Dehydration Facility at Muldraugh Compressor Station

Dehydrator/Absorber at Muldraugh Compressor Station

LG&E AND KU SERVICES COMPANY

Account 357, Other Equipment October 10-12, 2011

H_2S Flare/Exhaust at Muldraugh Compressor Station

Emergency Generator (1996) at Muldraugh Compressor Station

LG&E AND KU SERVICES COMPANY

Account 361, Structures and Improvements October 10-12, 2011

Control Building and Switchgear at Worthington Substation

LG&E AND KU SERVICES COMPANY

Account 362, Station Equipment October 10-12, 2011

Transformers at Worthington Substation

Capacitor Bank and SF_6 Breakers at Worthington Substation

LG&E AND KU SERVICES COMPANY

Account 362, Station Equipment October 10-12, 2011

Transformers at Frey's Hill Substation

Oil Breakers at Frey's Hill Substation

LG&E AND KU SERVICES COMPANY

Account 362, Station Equipment October 10-12, 2011

Controls at Frey's Hill Substation

Switchgear at Frey's Substation

LG&E AND KU SERVICES COMPANY

Account 375.10, Structs. and Improv. – City Gate Station October 10-12, 2011

Measurement Buildings at Elder Park City Gate Station

LG&E AND KU SERVICES COMPANY

Account 375.20, Struct. & Improv. – Other Distribution October 10-12, 2011

Storeroom/Generator Building at Cannon's Regulating Station

Measurement and RTU BBuildings at Cannon's Regulating Station

LG&E AND KU SERVICES COMPANY

Account 378, Meas & Reg Station Equipment - General October 10-12, 2011

Regulator Runs at Cannon's Regulating Station

LG&E AND KU SERVICES COMPANY

Account 379, Meas & Reg Station Equipment - City Gate October 10-12, 2011

Separator at Elder Park City Gate Station

YZ Odorant Tank and Equipment at Elder Park City Gate Station

LG&E AND KU SERVICES COMPANY

Account 379, Meas & Reg Station Equipment - City Gate October 10-12, 2011

Emergency Generator at Elder Park City Gate Station

Regulator Runs at Elder Park City Gate Station

LG&E AND KU SERVICES COMPANY

Account 379, Meas & Reg Station Equipment - City Gate October 10-12, 2011

Water Bath Heater at Elder Park City Gate Station

Odorant Equipment at LaGrange City Gate Station

LG&E AND KU SERVICES COMPANY

Account 379, Meas & Reg Station Equipment - City Gate October 10-12, 2011

Regulator Runs at LaGrange City Gate Station

Heater and Measurement Building at LaGrange City Gate Station

LG&E AND KU SERVICES COMPANY

Account 390, Structures and Improvements October 10-12, 2011

Emergency Generator at East Service Center

Vehicle Bays at East Service Center

LG&E AND KU SERVICES COMPANY

Account 390, Structures and Improvements October 10-12, 2011

Rear of Building and Tower at East Service Center

Training Center at East Service Center

LG&E AND KU SERVICES COMPANY

Account 390, Structures and Improvements October 10-12, 2011

East Service Center

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.72

Responding Witness: Shannon L. Charnas

Q2.72 Please reconcile the 12/31/2011 plant and reserve balances in the depreciation study with the plant balances shown in the Company's most recent FERC Form 1 report (or equivalent).

A2.72 See attached.

Reconciliation of KU Form 1 to the Depreciation Study

	Cost	Accumulated Depreciation
Electric Plant in Service:		
KU 2011 Form 1, page 200, line 8, column (c):	$ 6,442,695,641	
KU 2011 Form 1, page 200, line 18, column (c):		$ 2,377,291,009
KU 2011 Form 1, page 200, line 21, column (c):		17,746,764
Less:		
Plant Purchased or Sold (FERC Account 102)	483,341	
Asset Retirement Costs not included in study--		
KU 2011 Form 1, page 205, line 15, column (g):	56,489,770	
KU 2011 Form 1, page 205, line 34, column (g):	57,609	
KU 2011 Form 1, page 205, line 44, column (g):	17,791	
KU 2011 Form 1, page 207, line 57, column (g):	539,999	
KU 2011 Form 1, page 207, line 74, column (g):	787,035	
Asset Retirement Cost Reserves		3,523,915
Accumulated depreciation on retired steam units		876,690
Retirement Work in Progress (FERC Account 108)		(18,384,586)
Subtotal	58,375,545	(13,983,981)
Add:		
Regulatory Liabilities-Parent Cost of Removal (FERC Account 254)		3,533,598
	$ 6,384,320,096	$ 2,412,555,352
Depreciation Study, page III-10, Total Electric Plant, column (4)	$ 6,384,320,067	
Depreciation Study, page III-10, Total Electric Plant, Book Depreciation Reserve, column (5)		$ 2,412,555,355
Differences due to rounding	$ 29	$ (3)

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.73

Responding Witness: Lonnie E. Bellar

Q2.73 Please provide copies of all correspondence between the Company and the Commission concerning any life extension plan or maintenance program, or any request to treat retirement units or minor items of property differently than as prescribed by the FERC USOA.

A2.73 KU is not aware of any such correspondence.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.74

Responding Witness: John J. Spanos

Q2.74 Describe, on an account-by-account basis, the accounting method reflected in the life studies, "location-life" or "cradle-to-grave." In addition, what is the impact of the accounting method on the lives calculated in the most recent Depreciation Study?

A2.74 Although all production plant has a unique probable retirement date, the accounting method is "cradle-to-grave". All transmission, distribution and general plant is "cradle-to-grave." Therefore, Mr. Spanos considers all assets to be "cradle-to-grave." The cradle-to-grave method will produce longer lives than the location-life method.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.75

Responding Witness: Shannon L. Charnas

Q2.75 Please provide the Company's retirement unit list.

A2.75 See attached.

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

ACCOUNT 310 - LAND AND LAND RIGHTS

I. Land in Fee

A. Land in Fee

1. Land in Fee (Each parcel of land or any part thereof)

ACCOUNT 311 - STRUCTURES AND IMPROVEMENTS

I. Structures and Improvements

A. Buildings and Structures

1. Air Conditioner, Central Installation
2. Bin, Bunker or Silo (each) (when connected to structures)
3. Crane or Hoist
4. Electric Power System (each building)
5. Elevator Motor Generator Set (each)
6. Elevator Motor
7. Elevator Car
8. Fire Detection System (each)
9. Fire Escape System (each building)
10. Fire Protection System Diesel Engine or Motor
11. Fire Protection Piping
12. Fire Protection Pump
13. Fire Protection Tank
14. HVAC Air Handling Unit (each)
15. HVAC Boiler or Central Heating Unit (complete)
16. HVAC Chiller
17. HVAC Control System (complete)
18. HVAC Cooler
19. HVAC Ductwork
20. Lighting System (each building) (excluding fixtures)
21. Lighting Fixtures (complete floor or elevation or contiguous 10,000 sq. ft.)
22. Plumbing and Drainage Hardware (both water and sanitary) (exc. piping)
23. Plumbing and Drainage Piping
24. Roof (each separate elevation per building)
25. Chimney (when connected to structure)
26. Chimney Lighting
27. Chimney Liner
28. Structure (each building shell)
29. Building Substructure
30. Trailer or Prefabricated Building (each)
31. Trailer or Prefabricated Building Foundation (complete)
32. Vacuum Cleaning System Motor/Fan (each building)
33. Vacuum Cleaning System Piping (all)
34. Floor Covering (1000 continuous sq. ft. or more)

B. Yard Facilities

1. Bridge or Trestle (each)
2. Mooring Cell (each)
3. Canal (each)
4. Dam or Dike (each)
5. Dock (each structure)
6. Fence (each 5,000 linear feet or more)
7. Fire Protection Diesel Engine or Motor (each outdoor installation)
8. Fire Protection Piping (all) (each outdoor installation)

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

9. Fire Protection Pump (each outdoor installation)
10. Land Improvements (all per unit)
11. Parking Lot Surface (each, complete or 10,000 sq. ft. contiguous section)
12. Parking Lot Subsurface (each, complete or 10,000 sq. ft. contiguous section)
13. Railroad or Track System (each continuous run of track 1,000 feet or greater)
14. Reservoir (excluding lining)
15. Reservoir Lining (complete)
16. Retaining Wall
17. Road or Driveway Surface (each location, complete or 10,000 sq. ft. contiguous section)
18. Road or Driveway Subsurface (each location, complete or 10,000 sq. ft.. contiguous section)
19. Sewage Lift Station Pump and Motor (set)
20. Sewage Holding, Septic or Treatment Tank
21. Sewage Piping (all)
22. Tunnel
23. Walkways (each unit)
24. Potable Water Supply System (excluding chlorination system)
25. Potable Water Chlorination System
26. Yard Drainage System (each location) (excluding oil separator)
27. Yard Drainage Oil Separator
28. Yard Lighting System (each location)
29. Security Access System
30. Security Camera System
31. Security Entry Gate
32. Landfill Cover

C. Waste Water Facilities

1. Basin (except liner)
2. Basin Liner (complete)
3. Drainage Pond
4. Waste Water Piping (all between two units of property)
5. Pump Station Pit or Sump
6. Valve Pit
7. Waste Treatment Control System

ACCOUNT 312 - BOILER PLANT EQUIPMENT

I. Steam Boiler Installation

A. Fuel Firing Equipment

1. Burner Corner Plate Steel (each corner - tangential, each elevation - wall fired)
2. Coal Nozzles and Tips (each corner - tangential, each elevation - wall fired)
3. Air Tips (each corner - tangential, each elevation - wall fired)
4. Secondary Air Dampers and Drives (each corner - tangential, each elevation - wall fired)
5. Control Dampers
6. System of Soot Blowers
7. Fuel Piping (each complete run, including riffle plate distributors)
8. Pulverizer (each)
9. Pulverizer Motor (each)
10. Pulverizer Exhauster With Crossover (each)
11. Stock Feeder (each)
12. Isolation Gate
13. Burner Line Shut Off Valves (each unit)
14. Pulverizer Inerting System (each system complete per unit)
15. Ignitors (system)

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

16. Scanners (system)
17. Oil Guns (system)
18. Coal Conduit
19. Pulverizer Classifier
20. Pulverizer Air Seals
21. Pulverizer Gearbox

B. Economizer

1. Junction Header (each)
2. Outlet Tubes (25% or 500 CSF, whichever is smaller)
3. Outlet Header (each)
4. Inlet Header (each)
5. Economizer Elements (25% or 500 CSF, whichever is smaller)
6. Economizer Feed Line

C. Water Wall

1. Down Comer (each)
2. Links and Risers (lot)
3. Water Wall Drum Front & Rear (each)
4. Steam Drum (each)
5. Side Water Wall Outlet Header (Left & Right) (each)
6. Water Wall Upper Rear Outlet Header (each)
7. Rear Water Wall Hanger Tube Outlet Header (each)
8. Front Water Wall Outlet Header (each)
9. Water Wall Tubes (each wall) (25% or 500 CSF, whichever is smaller)
10. Drum Crossover Line (each)
11. Rear Water Wall Screen Tube Header (each)
12. Extended Side Water Wall Outlet Header (each)
13. Roof Tubes (25% or 500 CSF, whichever is smaller)
14. Water Wall Discharge Line

D. Superheater

1. SH SCW Roof Inlet Header (each)
2. SH SCW Roof Outlet Header (each)
3. SH SCW Upper Side Inlet Header Left & Right (each)
4. SH Side SCW Outlet Header Left & Right (each)
5. SH Front SCW Inlet Header (each)
6. SH SCW Extended Side Inlet Header (each)
7. SH SCW Extended Side Inlet Header Left & Right (each)
8. SH SCW Front & Rear Intermediate Header (each)
9. SH Rear SCW Outlet Header (each)
10. SH Rear Horizontal Inlet Header (each)
11. SH Rear Pendant Outlet Header (each)
12. SH Division Panel Inlet Header Left & Right (each)
13. SH Division Panel Outlet Header Left & Right (each)
14. SH Platen Inlet Header (each)
15. SH Platen Outlet Header (each)
16. SH Front Pendant Inlet Header (each)
17. SH Front Pendant Outlet Header (each)
18. SH Desuperheater/Attemperator (each)
19. SH & SCW Connecting Tubes (25% or 500 CSF, whichever is smaller)
20. SH Front Division Panels (25% or 500 CSF, whichever is smaller)
21. SH Rear Division Panels (25% or 500 CSF, whichever is smaller)
22. SH Platen Assemblies (25% or 500 CSF, whichever is smaller)

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

23. SH Primary (25% or 500 CSF, whichever is smaller)
24. SH Secondary (25% or 500 CSF, whichever is smaller)
25. SH Partial Upper Wall (25% or 500 CSF, whichever is smaller)
26. SH Finishing Pendant (25% or 500 CSF, whichever is smaller)
27. SH Primary Inlet Header
28. SH Primary Outlet Header
29. SH Secondary Inlet Header
30. SH Secondary Outlet Header
31. SH Partial Upper Wall Inlet Header
32. SH Partial Upper Wall Outlet Header
33. SH Finishing Inlet Header
34. SH Finishing Outlet Header
35. SH Horizontal (25% or 500 CSF, whichever is smaller)
36. SH Rear Pendant Assembly (25% or 500 CSF, whichever is smaller)
37. SH Front Pendant Assembly (25% or 500 CSF, whichever is smaller)
38. SH Side SCW Tubes (25% or 500 CSF, whichever is smaller)
39. SH Front SCW Tubes (25% or 500 CSF, whichever is smaller)
40. SH SCW Roof Front & Roof Rear Wall Tubes (25% or 500 CSF, whichever is smaller)
41. SH Rear SCW Outlet Tubes (25% or 500 CSF, whichever is smaller)
42. SH Extended Side SCW Tubes (25% or 500 CSF, whichever is smaller)
43. Safety Valves (all)
44. Top Hat (For the Steam Drums)
45. Internal Liner Seals

E. Reheater

1. RH Radiant Front Wall Inlet Header (each)
2. RH Radiant Side Wall Inlet Header (each)
3. RH Radiant Front Wall Outlet Header (each)
4. RH Radiant Side Wall Outlet Header (each)
5. RH Rear Pendant Outlet Header (each)
6. RH Front Pendant Inlet Header (each)
7. RH Desuperheater (each)
8. RH Radiant Front Wall Tubes (25% or 500 CSF, whichever is smaller)
9. RH Front Pendant Assemblies (25% or 500 CSF, whichever is smaller)
10. RH Rear Pendant or Horizontal Assemblies (25% or 500 CSF, whichever is smaller)
11. RH Sidewall Tubes (25% or 500 CSF, whichever is smaller)
12. Radiant Platens Inlet Header
13. Radiant Platens Outlet Header
14. Radiant Platens Assemblies (25% or 500 CSF, whichever is smaller)
15. Division Walls Inlet Header
16. Division Walls Outlet Header
17. Division Walls (25% or 500 CSF, whichever is smaller)
18. Safety Valves (all)
19. Desuperheater/Attemperator

F. Piping

1. Main Steam Piping
2. Hot Reheat Piping
3. Cold Reheat Piping
4. Safety Valves (all for one unit of property)

G. Boiler Circulation Equipment

1. Boiler Circulatory Pump - Can Style (each pump, complete with motor)
2. Boiler Circulatory Pump (each)

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

3. Boiler Circulatory Pump Motor (each)
4. Boiler Circulatory Water Pump Suction Manifold (each)
5. Boiler Circulatory Water Pump Seal Injection Pump (each)
6. Suction Valve, Including Operator

H. Structural Components

1. Lagging (1000 or more CSF) (map required)
2. Refractory (all)
3. Insulation (1000 or more CSF)
4. Structural Steel (complete)
5. Man-Way Access Doors (all)
6. Observation Ports (all)
7. Boiler Hangers Sets (Sets are all hangers on a given line, such as, main steam pipe hangers)
8. Boiler Foundation (complete)
9. Boiler Penthouse (complete)
10. Dehumidifier

I. Auxiliary Boiler

1. Burner Controls
2. Feedwater System
3. Piping (all between two units of property)
4. Auxiliary Boiler

II. Draft Equipment

A. Air Heaters

1. Structural Components
2. Mechanical Components
3. Electrical Components
4. Hot Layer Baskets (one lot)
5. Intermediate Layer Baskets (one lot)
6. Cold Layer Baskets (one lot)
7. Tubular Air Heater (each section)

B. Air Preheater System

1. Coils (all)
2. Heat Exchanger (all)
3. Tubing (all)
4. Piping (all)

C. Ductwork

1. Cold Air Duct (to mills)
2. Air Damper Drives (all in secondary and auxiliary air systems)
3. Ash Hopper (each 100 cut ft or greater, map required)
4. Insulation - Draft System between Forced Draft Fan & Stack (each section 1,000 sq. ft or greater)
5. Expansion Joints (all between two units of property)
6. Ductwork

D. Fans

1. Forced Draft Fan
2. Forced Draft Fan Motor
3. Induced Draft Fan
4. Induced Draft Fan Motor
5. Booster Fan
6. Booster Fan Motor
7. Primary Air Fan
8. Primary Air Fan Motor
9. Casing

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

10. Hydraulic Control Oil Console (self-contained)
11. Lube Oil Console (self-contained)
12. Forced Draft Fan Damper
13. Induced Draft Fan Damper
14. Booster Fan Damper
15. Primary Fan Damper

E. Chimney

1. Foundation
2. Shell
3. Lighting (all)
4. Liner
5. Stack Pressurization System
6. Elevators
7. Lightning Protection Device

F. Hot Air Duct Ignitors

1. Blower and Motor (set)
2. Fan and Motor (set)
3. Controls

G. Precipitator

1. Checker Plate Roof
2. Insulator House (each field)
3. Casing
4. Hopper
5. Transformer-Rectifiers (each field)
6. Saturable Core Reactors/Linear Reactors (each field)
7. Rappers and Controls (each field)
8. Collecting Plates (each field)
9. Wires and Weights (each field)
10. Perforated Plate
11. Turning Vanes (each field)
12. Foundation
13. Support Steel
14. Insulation
15. Conditioning SO3 Tank
16. Conditioning Converter/Combustion Chamber
17. Conditioning System Pump/Motor
18. Conditioning Controls
19. Precipitator Controls

H. Emissions Monitors

1. NOx Monitor
2. SOx Monitor
3. Flow Monitor
4. Opacity Monitor
5. CO/CO2 Monitor

III. Feedwater System

A. Chemical Treatment

1. Pump and Motor Set

B. Deaerator

1. Internals
2. Shell
3. Deaerator Storage Tank

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

C. High/Low Pressure Heaters
1. Shell (each heater)
2. Tubing (each heater)
3. Heater Drain Pump and Motor (set)

D. Piping
1. Piping (all between two units of property)
2. Hangers (all between two units of property)
3. Valves 24" & Larger

E. Boiler Feed Pumps
1. Casing/Barrel (rotating section)
2. Diffuser Assemblies (all)
3. Head
4. Impeller (set)
5. Shaft
6. Stage Pieces (all)

F. Turbines 3500 HP & Greater
1. Blading or Buckets (set complete)
2. Blade Rings (set complete)
3. Casing
4. Diaphragm Assembly (complete)
5. Governor Assembly (complete)
6. Lube Oil System
7. Shaft

G. Motors/Drivers
1. Boiler Feed Booster Pump Motor
2. Main Boiler Feed Pump Motor or Turbine
3. Hydraulic Coupling
4. Start-Up Boiler Feed Pump Motor

H. Condensers
1. Vent Condenser Shell
2. Vent Condenser Tubing (all)

IV. Coal Fuel Equipment

A. Bunkers or Bins
1. Unloading Bunker or Bin (excluding liner)
2. Reclaim Bunker or Bin (excluding liner)
3. Surge Bunker or Bin (excluding liner)
4. Grid (each hopper complete)
5. Liner (each)

B. Barge Unloader
1. Bucket
2. Chain
3. Barge Positioner
4. Trolley
5. Control Cab
6. Hoist/Motor
7. Conveyor Belts/Buckets (all)
8. Conveyor Rollers (all)
9. Conveyor Motor (each)
10. Conveyor Gear Reducer (each)
11. Conveyor Supporting Steel

C. Rail Car Handling

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

1. Car Unloading System
2. Shaker
3. Car Positioner
4. Thawing System Piping
5. Thaw Shed Heaters (all, top or bottom)
6. Thawing System Controls
7. Track System (each run of track 1,000 ft. or greater, devoted to transporting fuel, not in Acct 311)

D. Coal Handling and Preparation

1. Crusher (each)
2. Crusher Motor (each)
3. Dust Suppression System (each)
4. Feeder, Raw (each) (excluding sampling system devices)
5. Hopper (each 100 cu. ft. or greater)
6. Sampling System (complete)
7. Sampling System Motor
8. Coal Scale Certification Slab
9. Screening or Sizing Installation (all)
10. Tramp Iron Removal System (each)
11. Magnetic Separator
12. Vibrating Gates (all, complete units)
13. Sodium Feed System Conveyor & Controls
14. Sodium Feed System Hopper

E. Conveyors

1. Belts/Buckets (all) (on belts 100 feet or longer)
2. Rollers (all) (on belts 100 feet or longer)
3. Motor (each) (on belts 100 feet or longer)
4. Gear Reducer (each) (on belts 100 feet or longer)
5. Supporting Steel (on belts 100 feet or longer)
6. Conveyor System (complete) (on belts less than 100 feet)

F. Scales

1. Belt
2. Platform
3. Rail
4. Truck

G. Silos/Bunkers

1. Shell
2. Chute or Downtake (each, from silo to mill or feeder)
3. Liner
4. Air Cannons (Complete System per Bunker)

H. Stacker/Reclaimer System

1. Boom Conveyor
2. Motor
3. Positioner Drive
4. Rail System (complete)
5. Reclaimer
6. Tripper

I. Vehicles

1. Railcar
2. Locomotive
3. Vacuum Truck/Trailer
4. Back Hoe

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

5. Truck
6. Hydraulic Cranes
7. Scraper
8. Bulldozer
9. Front End Loader

V. Fuel Oil Equipment

A. Fuel Oil Storage

1. Fuel Oil Storage Tank
2. Containment Dike, Basin (each tank)
3. Fire Protection System (each tank)
4. Fire Detection System (each tank)
5. Piping (all between two units of property)
6. Heating System (all)

B. Fuel Oil Handling

1. Oil Piping (fuel oil tanks to unit fuel heating system)
2. Piping Supports & Trusses (all)
3. Fuel Forwarding Pump & Motor (set)
4. Fuel Oil Transfer Pump & Motor (set)
5. Fuel Oil Recirculation Pump & Motor (set)
6. Fuel Oil Recirculation Piping
7. Track System (each run of track 1,000 ft. or greater, devoted to transporting fuel, not in Acct 311)

VI. Ash handling Systems

A. Ash Handling - General

1. Ash Hoppers (each)
2. Chemical Treatment Systems (each)
3. Crane (exclusively for ash removal)
4. Sluiceway or Piping
5. Storage Bin
6. Vacuum Control System (all) (for each unit)
7. Ash Pond (wet or dry)
8. Ash Forwarding/Ash Water Recycle Pumps
9. Pump Motors
10. Piping (All)

B. Dry Ash Handling

1. Dry Ash Piping (all piping run from the ash hoppers to the transfer tank or silo)
2. Blower and Motor (set)
3. Vacuum Pump and Motor (set)
4. Vacuum Ejector
5. Silo
6. Bagfilter System (per silo)
7. Rotary Unloader (each)
8. Telescopic Chute or Spout (each complete)
9. Transfer Tank (each)
10. Separators (primary and secondary) (each set)
11. Exhauster and Motor (set)

C. Wet Ash Handling

1. Clinker Grinder or Crusher (each with motor)
2. Ash Piping (each complete run)
3. Ash Water Slurry Pump
4. Ash Water Slurry Pump Motor
5. Ash Sluice Pump

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

6. Ash Sluice Pump Motor
7. Booster Pump
8. Booster Pump Motor
9. Jet Pulsion Pump
10. Surge Tank
11. Ash Piping Valves (all)
12. Ash Ram System

VII. Water Supply and Purification Treatment Systems

A. Closed Cooling Water System

1. Heat Exchanger Shell
2. Heat Exchanger Tubing
3. Closed Cooling Water Piping (all)
4. Closed Cooling Water Pump
5. Closed Cooling Water Pump Motor

B. Raw Water System

1. Raw Water Pump
2. Raw Water Pump Motor
3. Raw Water Piping (all)
4. Raw Water Storage Tank

C. Bearing Water System

1. Bearing Water Pump
2. Bearing Water Pump Motor
3. Bearing Water Piping (all)
4. Bearing Water Storage Tank

D. High Pressure Service Water System

1. High Pressure Service Water Pump
2. High Pressure Service Water Pump Motor
3. High Pressure Service Water Piping (all)
4. High Pressure Service Water Storage Tank

E. Low Pressure Service Water System

1. Low Pressure Service Water Pump
2. Low Pressure Service Water Pump Motor
3. Low Pressure Service Water Piping (all)
4. Low Pressure Service Water Storage Tank
5. Low Pressure Service Water Rotating Section

F. Service Water System - General

1. Seal Well
2. Tunnel, Intake or Discharge Pipe
3. Well (use Account 311 if for drinking water only)
4. Chemical Feed System (each, excluding chlorine)
5. Clearwell/Reactivator (each set)
6. Chlorination System
7. Filters (carbon, gravity flow, or pressure) (each)
8. Filtered Storage Tank
9. Primary Water Treatment Controls

G. Demineralizer (Make-Up)

1. Cation/Anion/Mixed Bed (each separately)
2. Chemical Storage Tank
3. Evaporator
4. Demineralizer Control Systems
5. Demineralizer Piping (all)

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

6. Softener (each)
7. Acid/Caustic Pump Skid

H. Condensate

1. Condensate Piping Valves (24" and larger, with operator)
2. Condensate Polishing Vessel or Mixed Bed (each)
3. Condensate Polishing Piping (all)
4. Condensate Storage Tank

I. Water Sampling and Monitoring Systems

1. Water Sampling & Monitoring System

VIII. Instruments and Meters - Controls

A. Computer System

1. Microcomputer
2. Minicomputer
3. Central Processing Unit
4. Microprocessor File
5. Process I/O System Cabinets
6. Operator Console (CRT)
7. Printer (each)
8. Mag Tape Units (each)
9. Programmer□s Terminal (CRT terminal or teletype) (each)
10. On Line Bulk Storage Device (drum or disc)
11. Floppy Disk Drive Units (all)
12. CRT Tubes - Alarm, Trend, Utility (All)

B. Control Room

1. Alarms (each alarm panel, complete, or if no panels, all alarms per unit)
2. Cabinet or Panel (each)
3. Multi-Point Recorders (each)
4. Control System (each separate functional control system complete)

C. System Controls

1. Load Control Cabinet (Dispatch)
2. Data Link Cabinet

D. Boiler Controls

1. O2 Monitors
2. Fuel Flow Controls and Field Transducers & Actuators
3. Feedwater Controls and Field Transducers & Actuators
4. Condensate Flow Controls and Field Transducers & Actuators
5. Air Flow Controls and Field Transducers & Actuators
6. Draft Controls and Field Transducers & Actuators
7. Burner Management System
8. Drum Camera
9. Furnace Camera

IX. Control and Instrument Air System

A. Control and Instrument Air Systems

1. Air Compressor and Motor
2. Air Piping
3. Air Receiver
4. Dehumidifier or Dryer

X. SO2 Scrubber or Flue Gas Desulfurization

A. Absorber Tower/SO2 Scrubber

1. Agitator (each)
2. Agitator Motor (each)

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

3. Header (each)
4. Tray (each)
5. Piping (all between two units of property)
6. Nozzles (all per tower)
7. Lining/Shell (500 CSF or greater) (map required)
8. Baffling
9. Valves (all between two units of property)

B. Recycle System

1. Recycle Suction Valves
2. Hydraulic System
3. Recycle/Recirculation Pump
4. Recycle/Recirculation Pump Motor
5. Recycle/Recirculation Pump Gear Reducer

C. Mist Eliminators

1. Mist Eliminator/Demister Vanes
2. Mist Eliminator Wash Pumps
3. Mist Eliminator Wash Pump Strainers

D. Venturi

1. Motor
2. Plug Valve

E. Duct Work

1. Duct
2. Expansion Joint
3. Isolation/Control/Bypass Damper
4. Annulus Pressurization System
5. Electric Heater System

F. Oxidation Blowers

1. Blower (each complete)
2. Motor (each)
3. Oxidation Piping (Between Blower & Header)

G. Gypsum Slurry Transfer Pumps

1. Pump (each)
2. Motor (each)

H. Gypsum Slurry Transfer Tanks

1. Agitator (each)
2. Agitator Motor (each)
3. Inlet Valve (each)
4. Tank (each)

I. Transfer Piping

1. Gypsum Slurry Transfer Piping
2. Limestone Slurry Transfer Piping
3. Reclaim Water Transfer Piping
4. Reclaim Water Transfer Valves

J. Organic Acid System

1. Organic Acid Transfer Pump
2. Organic Acid Transfer Pump Motor
3. Organic Acid Tank
4. Organic Acid Agitator
5. Organic Acid Agitator Motor

K. Lime/Limestone System

1. Conveyors (each complete) (less than 100 ft.)

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

2. Conveyor Belts/Buckets (all) (on conveyors 100 ft. or longer)
3. Conveyor Rollers (all) (on conveyors 100 ft. or longer)
4. Conveyor Motor (each) (on conveyors 100 ft. or longer)
5. Conveyor Motor Gear Reducer (each) (on conveyors 100 ft. or longer)
6. Conveyor Supporting Steel (all) (on conveyors 100 ft. or longer)
7. Telescopic Chute
8. Hopper (each 100 cu. ft. or greater)
9. Scale (each, complete system)
10. Dust Suppression System (each)
11. Feeder/Auger (each complete)
12. Limestone Crusher
13. Limestone Crusher Motor
14. Silo Storage Day Bin
15. Silo Lime/Active Bottom (each complete)
16. Silo Bin Vent (each complete per Silo)
17. Tramp Iron Removal System (each)
18. Magnetic Separator
19. Unloading System (complete)
20. Limestone Mill
21. Limestone Mill Motor
22. Limestone Mill Lift Oil System (each mill)
23. Slake Mill Product, Slurry, or Reactant Tank
24. Slake Mill Product, Slurry, or Reactant Tank Agitator (each)
25. Slake Mill Product, Slurry, or Reactant Tank Traveling Rack (each)
26. Slurry Pump (Classifier Pumps, Feed Pumps, Reactant Pumps)
27. Slurry Pump Motor (Classifier Pumps, Feed Pumps, Reactant Pumps)
28. Classifier (each)
29. Classifier Particle Size Analyzer

L. Booster Fan

1. Housing
2. Rotor
3. Motor

M. Stack Gas Reheat System

1. Fan
2. Motor
3. Steam Coils
4. Condensate Return Tank

N. Instruments and Meters/Controls

1. Distributed Control System Drop or Nod
2. Distributed Control System Data Highway
3. Control Panel (each separate functional control system complete)

O. Gypsum Water Recovery & Treatment Facility

1. Pump (each)
2. Motor (each)
3. Decant System
4. Storm Sewer System
5. Surge Pond Liner (Complete)
6. Gypsum Stack Liner (Complete)
7. Underdrain Piping
8. Gypsum Stack Decant Structure
9. Excavator

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

P. Highway Crossing Bridge
1. Highway Crossing Bridge
Q. Insulation
1. Insulation (1000 or more CSF)
XI. SCR
SCR Structures
SCR Damper System
SCR Catalyst System
SCR Dilution/NH3 Feed System
SCR NH3 Storage System
SCR Sootblower System
SCR Ductwork
SCR Insulation
SCR Instumentation & Controls
SCR Expansion Joints
ACCOUNT 314 - TURBO GENERATOR UNITS
I. Turbo generators
A. Turbines (Each section - high, intermediate, or low - where applicable)
1. Acoustic Hood
2. Bearing (each complete)
3. Rotor Shaft
4. Rotating Section, Blades or Buckets (each rotor complete)
5. Stationary Section (diaphragms, blade rings, partitions)
6. Inner Casing/Cylinder
7. Outer Casing/Cylinder
8. Condenser Expansion Joint (each)
9. Coupling (each)
10. Crossover Pipe (each flanged section)
11. Exhaust Hood
12. Foundation or Pedestal
13. Nozzle Block
14. Front Standard (each)
15. Middle Standard (each)
16. Steam Inlet Sleeve (each)
17. Turbine Shaft Packing Box (each complete)
18. Turning Gear
19. Bypass Valve
20. Bypass Valve Servomotor
21. Control Valve
22. Control Valve Servomotor
23. Main Stop Valve
24. Main Stop Valve Servomotor
25. Reheat Valve
26. Reheat Valve Servomotor
27. Throttle Valve
28. Throttle Valve Servomotor
29. Governor Valve
30. Governor Valve Servomotor
31. Intercept Valve
32. Intercept Valve Servomotor
33. Cold Reheat Valve (CRV)

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

34. Cold Reheat Valve (CRV) Servomotor
35. Vibration Monitors
36. Temperature Monitors
37. Condenser Controls
38. Turbine Supervisory Monitor
39. Turbine Supervisory Alarms (each panel complete or all per unit)
40. Turbine Supervisory Cabinet Panel (each)
41. Turbine Supervisory Recorder (each)
42. Speed Control System
43. Motor Position Control System
44. Shaft Eccentricity Control System
45. Start-Up & Water Induction Protection System
46. Thrust Bearing Wear Detection and Trip System
47. Expansion Joints (all between two units of property)
48. Turbine Blades
49. Insulation (1000 or more CSF)

B. Generators

1. Bearing (each complete)
2. Brush Rigging (complete)
3. Casing
4. Collection Rings (all)
5. Generator Blower or Fan
6. Rotor
7. Rotor Retaining Ring (each)
8. Rotor Windings
9. Stator Core
10. Stator Windings
11. Plant Torsional Protection System
12. Stator Cooling Pump and Motor
13. Gland Seal System (Steam or Water) (each)
14. Gland Steam Condenser
15. Stator Leak Monitoring System

C. Excitation

1. Alterrex/Alternator
2. Retaining Rings
3. Field Breaker (each)
4. Voltage Regulator

II. Turbo Generator Auxiliaries

A. Hydrogen System

1. Hydrogen Supply System
2. Hydrogen Cooler Shell
3. Hydrogen Cooler Tubing
4. Hydrogen Seal Oil Pump and Motor
5. Hydrogen Seals and Glands (all)
6. Hydrogen Seal Oil Reservoir
7. Hydrogen Seal Oil Filter System
8. Carbon Dioxide Purge System
9. Hydrogen Purity Monitor

B. Main Oil System

1. Main Oil Accumulator (each)
2. Main Oil Cooler

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

3. Main Oil Pump and Motor
4. Main Oil Piping (between two units of property)
5. Main Oil Purification System (Conditioning System)
6. Main Oil Centrifuge
7. Main Oil Storage Reservoir (each)

C. Crane

1. Bridge
2. Hook, Pulley and Cable System
3. Motor
4. Trolley

D. Governing Control System

1. Electro (EHC)
2. Mechanical (MHC)
3. Governor

E. Protection/Monitoring

1. Fire Extinguishing System
2. Generator Core Monitor System (each complete)

III. Condensing and Cooling Water System

A. Condenser and Auxiliaries

1. Air Removal Piping (between two units of property)
2. Steam Removal Ejector
3. Vacuum Pump and Motor
4. Condenser Shell
5. Condenser Tubes (all per condenser)
6. Condenser Tube Sheets and Supports (all)
7. Condenser Water Box (each)
8. Auxiliary Condenser Shell
9. Auxiliary Condenser Tubes (all per condenser)
10. Auxiliary Condenser Tube Sheets and Supports (all)
11. Auxiliary Condenser Water Box (each)
12. Condensate Pump
13. Condensate Pump Motor
14. Hotwell Pump
15. Hotwell Pump Motor
16. Vacuum Priming System
17. Air Inleakage Monitor

B. Circulating Water System

1. Bar Rakes (all per intake section)
2. Chlorination System Skid or System (complete) (plant or cooling tower)
3. Chlorination System Skid Foundation
4. Chlorination System Tank Foundation
5. Chlorination Control System
6. Circulating Water Piping (between two units of property)
7. Circulating Water Valves (each)
8. Condenser Intake and Discharge Tunnel or Piping (Cooling Tower or River to Unit)
9. Circulating Water Pump
10. Circulating Water Pump Motor
11. Screen Wash Pump
12. Screen Wash Pump Motor
13. Stop Logs
14. Trash Debris Rake System

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

15. Traveling Trash Screens (each set complete)

C. Cooling Towers

1. Distribution Headers (all)
2. Fill (each contiguous section representing 25% or greater of total fill per tower)
3. Fill Support (all)
4. Foundation
5. Tower (Shell) and Frame (Column Supports) (both)
6. Valve Pit (Blowdown)
7. Cooling Tower Fan Drive Gear Reducer (each)
8. Fan Motor (each)
9. Lighting (all per tower)
10. Fan (each)

ACCOUNT 315 - ACCESSORY ELECTRIC EQUIPMENT

I. Accessory Electric Equipment

A. Isolated Phase Buswork

1. Bus Duct (continuous run, generator to transformer) (each phase)
2. Bus Cooling System
3. Neutral Grounding Transformer
4. Potential or Current Transformer (each per circuit)
5. Isolated Phase Bus

B. Power Transformers

1. Auxiliary Transformer
2. Plant Auxiliary Buswork (continuous run - transformer to switchgear) (each phase)
3. Start-Up Transformer
4. Station Operating Transformer (each)

C. Switchgear

1. Medium Voltage (2.3kV to 13kV) Switchgear Cubicle
2. Medium Voltage (2.3kV to 13kV) Switchgear Breaker
3. Substation (2.3kV or 4.0kV t o 480V) (each)
4. 2.3kV or 4.0kV to 480V transformer (each)
5. Motor Control Center (480V distribution) (each)

D. Diesel Generator Set (Station Use)

1. Diesel and Generator (complete)

E. DC System

1. Batteries (all per unit)
2. Charger (each)
3. Rectifier
4. Motor Generator Set
5. DC Switches, Breakers, and Distribution Panels (all)

F. Miscellaneous

1. Barrier or Fire Wall (complete section, independent of structure, including foundation)
2. Cathodic Protection System (each independent system)
3. Fire Protection System (each system, i.e. coal yard, turbine, pulverizers, etc.)
4. Grounding System
5. Generator Output Metering System (each unit)
6. Station Use Metering System (each unit)
7. Uninterruptible Power Supply (UPS) System (each unit)

ACCOUNT 316 - MISCELLANEOUS POWER PLANT EQUIPMENT

I. Miscellaneous Power Plant Equipment

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

A. Portable Station Equipment and Tools - General Use
1. Air Compressor (each)
2. Air Conditioner (each)
3. Hoist, Crane, Derrick
4. Instrument or Measuring Device
5. Radio Noise Locating Equipment
6. Tools and Work Equipment

B. Station Support System - General Use
1. Instrasite Telephone System
2. Public Address System
3. Radio System (each)
4. Signal or Call System
5. Telephone System
6. Air Compressor or Motor
7. Compressed Air Dryer
8. Compressed Air Receiver
9. Compressed Air Piping
10. Air or Water Monitoring Device
11. Air Sampler
12. Telemetering Equipment
13. Data Input File (all)
14. Instrumentation System (all)
15. Fire Protection Equipment (each, general use item)
16. Gasoline Storage Tank
17. Gasoline Island
18. Gasoline Pump and Dispensing Device
19. Oil Reclaiming Tank
20. Oil Reclaiming Purifier/Filter
21. Vacuum Cleaning System (when not an integral part of structure)
22. Shop Equipment
23. Kitchen Equipment
24. Laboratory Equipment
25. Safety Equipment
26. Stores Equipment
27. Office Equipment

C. Transportation
1. Barge or Boat (each)
2. Outboard Motor
3. Automobile (Do not use if TRMS is involved)
4. Locomotive
6. Railcar
7. Truck (Do not use if TRMS is involved)
8. Van (Do not use if TRMS is involved)
9. Personnel Cart

ACCOUNT 330 - LAND AND LAND RIGHTS
LAND
LAND RIGHTS
FLOWAGE RIGHTS

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

ACCOUNT 331 - STRUCTURES AND IMPROVEMENTS

STRUCTURAL STEEL (LBS)
AIR CONDITIONER (WINDOW) (EACH)
FENCE (LIN FT)
HEATING SYSTEM
LIGHTING FIXTURES (LOT)
STRUCTURE
TUNNELS (EACH)
BUILDINGS & STRUCTURES
STRUCTURES AND IMPROVEMENTS
SUBSTRUCTURE
SIGNS (EACH)
AIR CONDITIONING SYSTEM (COMPLETE)
LIGHTING SYSTEM, LIGHTING FIXTURES (COMPLETE)
OVERHEAD CRANE
PLUMBING SYSTEM (COMPLETE)
ROOF (EACH SEPARATE ELEVATION PER BUILDING)
VENTILATING SYSTEM
CEILING (SQ FT)
CURBS & WALLS (RETAINING) (CU YD)
DOORS (EXTERIOR) (EACH)
DRAINAGE (YARD & BUILDING) (LOT)
ENTRANCE ROADS & DRIVES (LOT)
EXCAVATION & BACKFILL (LOT)
FIRE EXTINGUISHERS (EACH)
FIRE EXTINGUISHERS (EACH)
FLOOR PLATE, STEEL (SQ FEET)
FLOOR, CONCRETE (CU YD)
FLOOR, COVERING (SQ FT)
FOUDATION, CONCRETE (CU YD)
HEATING, COOLING, VENTILATING (LOT)
HOIST (STATIONARY) (EACH)
HYDRANT (FIRE) (EACH)
INSULATION (BUILDING) (SQ FT)
INTERCOMMUNICATION SYSTEM (LOT)
PANELBOARDS (EACH)
PARTITIONS (LIN FT)
PAVEMENT (SQ YD)
PITS (UNDERGROUND) (EACH)
PLUMBING (EACH)
ROOF (SQ FT)
SHELVES & BINS (EACH)
SWITCHES (EACH)
WALKWAYS & SIDEWALKS (LIN FT)
WALLS (EACH)
WINDOWS (EACH)
WIRING (BUILDING) (FT)
YARD GRADING & SURFACING (LOT)

ACCOUNT 332 - RESERVOIRS, DAMS, AND WATERWAYS

PIPING

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

STRUCTURE
TUNNEL (EACH)
VALVES EACH (24" OR LARGER)
BULKHEAD (EACH)
CRANE TRACK
CREST GATE EMERGENCY GENERATOR (COMPLETE)
FACE SLAB (BETWEEN JOINTS, EACH SLAB)
FLUID METERS
GANTRY CRANE
HEAD GATE (EACH)
HOIST
INTAKE TOWER SIGN
OGIE WEIR
PARAPET WALL
REINFORCED SPILLWAY WALL
RESERVOIRS, DAMS, & WATERWAYS
ROOF (COMPLETE)
SENSOR SWITCH
SPILL GUARD
SPILLWAY GATE HARNESS(ES)
SPILLWAY LIGHTING (COMPLETE)
STEEL GATE (EACH)
SUSPENSION BRIDGE
TOE SLAB (COMPLETE)
TUNNEL ADDITION
VALVE (EACH)
VALVE OPERATING MECHANISM (EACH ON 24" VALVE OR LARGER)
MEMBRANE (BETWEEN JOINTS)

ACCOUNT 333 - WATER WHEELS, TURBINES AND GENERATORS
ROTOR
STATOR
VOLTAGE REGULATOR
COOLING SYSTEM (COMPLETE)
DRIVE OR CONNECTION BETWEEN WATER WHEEL AND GENERATOR
EXCITER
GOVERNOR CONTROL SYSTEM (EACH COMPLETE)
MAGNET GENERATORS
OILING SYSTEM (COMPLETE)
TURBINE SPINDLE (COMPLETE) (SHAFT)
WATER WHEEL (EACH)
WATER WHEELS, TURBINES & GENERATORS
BEARINGS (ALL PER UNIT)

ACCOUNT 334 - ACESSORY ELECTRIC EQUIPMENT
CHARGER (EACH)
CONTROL SYSTEM (COMPLETE PER STATION)
TELEPHONE SYSTEM (COMPLETE PER STATION)
ACCESSORY ELECTRIC EQUIPMENT
AUXILIARY RELAYS (COMPLETE PER UNIT)
AUXILIARY SWITCHBOARD (COMPLETE)

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

BATTERIES (ALL PER UNIT)
CABLE, EACH CONTINUOUS RUN (BETWEEN UNITS OF PROPERTY)
CONDUIT, EACH CONTINUOUS RUN (BETWEEN UNITS OF PROPERTY)
CURRENT TRANSFORMER (ALL PER UNIT)
GENERATOR SET (EACH)
MAIN SWITCHBOARD (COMPLETE)
POTENTIAL TRANSFORMER (ALL PER UNIT)
RADIO LINK SYSTEM (COMPLETE)
REGULATORS
SAFETY SWITCHES
SIGNAL SYSTEM (COMPLETE PER STATION)
CONTROLS (COMPLETE PER UNIT)

ACCOUNT 335 - MISCELLANEOUS POWER PLANT EQUIPMENT
BLOWERS (EACH)
COMPRESSOR (EACH)
ENGINES (EACH)
PUMP (EACH)
TRANSFORMERS (EACH)
TANKS (EACH)
BOAT
CLAMSHELL
DRILL PRESS
HOIST AND MOTOR
METAL LATHE
MISC POWER PLANT EQUIPMENT
MOTOR/DRIVE (EACH)
OIL FILTERING SYSTEM
ROD OVEN
WELDER
WELDERS,ELECTRIC (EACH)
DERRICKS (EACH)
ACIDIZERS (EACH)
ALTIMETERS (EACH)
ANALYZERS (EACH)
DRILLS/DRILLING MACHINES (EACH)
DRIVES, POWER (EACH)
GAUGES & INDICATORS (EACH)
SEPARATORS & SCRUBBERS (EACH)

ACCOUNT 336 - ROADS RAILROADS AND BRIDGES
BRIDGE
ROADS, RAILROADS AND BRIDGES
TRACK
TRAMWAY

ACCOUNT 340 - LAND AND LAND RIGHTS
I. Land in Fee
A. Land in Fee
1. Land in Fee (each parcel of land or any part thereof)

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

ACCOUNT 341 - STRUCTURES AND IMPROVEMENTS
I. Structures and Improvements
A. Structures
1. Structure (each building shell)
2. Floor Covering
3. Roof (each separate elevation per building)
4. Lighting System (each building)
5. HVAC
6. Fire Protection System (each)
7. Hoists or Cranes
8. Chimney or Stack (when connected to structure)
9. Security System (each)
10. Plumbing & Building Drainage
B. Yard Facilities
1. Railroad
2. Sanitary Sewer System
3. Fence (each 5,000 liner feet or more) (map required)
4. Parking Lot Surface (each, complete or 10,000 sq. ft. contiguous section, whichever is less)
5. Parking Lot Subsurface (each, complete or 10,000 sq. ft. contiguous section, whichever is less)
6. Road or Driveway Surface (each location, complete or 10,000 sq. ft. contiguous section)
7. Road or Driveway Subsurface (each location, complete or 10,000 sq. ft. contiguous section)
8. Yard Drainage System (each location)
9. Land Improvements (all per unit)
10. Compressor Station
11. Reducing Station
12. Yard Lighting

ACCOUNT 342 - FUEL HOLDERS, PRODUCERS, AND ACCESSORIES
I. Fuel Oil Equipment
A. Fuel Oil Equipment
1. Drive, Electric Motor (complete)
2. Pump
3. Pump Foundation
4. Piping, Run Between Terminations
5. Storage Tank
6. Storage Tank Foundation
7. Storage Tank Berm and Liner
8. Valve, Special
9. Valve, Power Operated
10. Filtering System
11. Metering System
12. Liquid Gas Vaporizer
13. Oil Demister
14. Fuel Unloading Hose
15. Fuel Hose Handling Equipment
II. Natural Gas Equipment
A. Pipeline Equipment
1. Tap Site
2. Cathodic Protection System
3. Main Pipeline (each 1 mile segment) (map required)

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

4. Main Gas Blocking Valves
B. Compressing Station
1. Compressor
2. Compressor Motor
3. Compressor Skid
4. Switchgear > 2300V
5. 480V Motor Control Center
6. Control Panel
C. Reducing Station
1. Filter/Separator
2. Gas Heater
3. Control Panel

ACCOUNT 343 - PRIME MOVERS
I. Prime Movers
A. Gas Turbine Block
1. Housing (each)
2. Combined Compressor-Turbine Shaft (each)
3. Bearings and Seals (all per unit)
4. Piping and Valves (all per unit)
5. Cable and Conduit (all per unit)
6. Foundation (each)
7. Compressor Blades (each rotor)
8. Rotor (each)
9. Compressor Vanes
10. Turbine Vanes
11. Turbine Blades
12. Hot Gas Casing
B. Combustor
1. Liner (each)
2. Burners (all per unit)
3. Ignitors (all per unit)
4. Piping and Valves (all per unit)
5. Cable and Conduit
6. Shell
7. Nozzle
C. Inlet Air Filtration System
1. Intake Silencer Assembly
2. Dehumidifier
3. Air Intake Duct
4. Cable and Conduit
5. Evaporative Cooler
D. Dual Fuel System
1. Fuel Oil Pump
2. Sump Tank, Pump, and Strainers
3. Gas Scrubber
4. Nitrogen Purge Skid
E. Starting System
1. Transformer
2. Frequency Converter
3. Rectifier

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

4. Controls
5. Foundation
6. Batteries and Racks
7. Diesel Engine

F. Lube Oil System

1. Lube and Power Oil Pumps and Motors
2. Storage Tank

G. Oil Cooling

1. Recoolers
2. Cooling Fans and Motors
3. Cooling Water Pumps and Motors

H. Fire Protection

1. Fire Control Unit
2. CO2 Equipment

I. Exhauster

1. Diffuser
2. Stack and Liner
3. Silencer

J. Turbine Control

1. Local Control Panel
2. Remote Control Panel

K. Miscellaneous Equipment

1. Insulation
2. Inlet Guide Vanes
3. Nox Control System (Water Injection)
4. Compressor Wash
5. Acoustic Enclosure
6. Environmental Monitoring System
7. Quench Cooling System

ACCOUNT 344 - GENERATORS

I. Generators

A. TEWAC Generator

1. Rotor
2. Stator
3. Foundation
4. Generator Instrument Panel
5. Cable and Conduit
6. Bearing (each)

B. Surge Protection

1. Surge Capacitors
2. Surge Arresters
3. Potential or Current Transformers

C. Miscellaneous

1. Excitation System
2. Air-To-Water Coolers
3. Generator Breaker

ACCOUNT 345 - ACCESSORY ELECTRICAL EQUIPMENT

I. Accessory Electrical Equipment

A. Isolated Phase Buswork

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

1. Bus Duct
2. Bus Cooling System
3. Neutral Grounding Transformer
4. Potential/Current Transformer (each per circuit)
5. Isolated Phase Bus (All)

B. Power Transformers

1. Auxiliary Transformer
2. Plant Auxiliary Buswork
3. Start-Up Transformer
4. Station Operating Transformer (each)

C. Switchgear

1. Medium Voltage Switchgear (2.3kV to 13kV)
2. Load Center or Units
3. Motor Control Center

D. DC System

1. Batteries
2. Charger (excluding rectifier)
3. Charger Rectifier
4. Motor Generator Set
5. DC Switches, Breakers and Distribution Panels

E. Miscellaneous

1. Diesel and Generator (complete)
2. Barrier or Fire Wall (complete section, independent of structure, including foundation)
3. Cathodic Protection System (each independent system)
4. Fire Protection System (each system)
5. Grounding System (each independent installation)
6. Generator Output Metering
7. Station Use Metering
8. Motor Generator Set (MG Set) (complete)
9. Uninterruptible Power Supply (UPS) System

ACCOUNT 346 - MISCELLANEOUS POWER PLANT EQUIPMENT

I. Miscellaneous Power Plant Equipment

A. Portable Station Equipment and Tools - General Use

1. Air Compressor (each)
2. Air Conditioner (each)
3. Hoist, Crane, Derrick
4. Instrument or Measuring Device
5. Radio Noise Locating Equipment
6. Tools and Work Equipment

B. Station Support System - General Use

1. Instrasite Telephone System
2. Public Address System
3. Radio System (each)
4. Signal or Call System
5. Telephone System
6. Air Compressor or Motor
7. Compressed Air Dryer
8. Compressed Air Receiver

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

9. Compressed Air Piping
10. Air or Water Monitoring Device
11. Air Sampler
12. Telemetering Equipment
13. Data Input File (all)
14. Instrumentation System (all)
15. Fire Protection Equipment (each, general use item)
16. Gasoline Storage and Handling System
17. Oil Reclaiming Installation
18. Vacuum Cleaning System (when not an integral part of structure)
19. Shop Equipment
20. Kitchen Equipment
21. Laboratory Equipment
22. Safety Equipment
23. Stores Equipment
24. Office Equipment

C. Transportation

1. Barge or Boat (each)
2. Outboard Motor
3. Automobile
4. Locomotive
6. Railcar
7. Truck
8. Van

II. Ice House

A. Ammonia Condensors

1. Condensors
2. Condensor Fans
3. Controls
4. Piping (100')

B. Ammonia Plant

1. Compressors
   A. Injection Pumps
   B. Injection Controls
   C. Injection Pump Motors
   D. Compressor Motors
   E. Electrical Switchgear
   F. Compressor Oil Pumps
   G. Compressor Oil Pump Motors
   H. Compressor Miscellaneous Indication and Control
   I. Compressor Miscellaneous Piping & Valves (100' or all Valves for 1 Compressor)
2. Pumps
   A. Ammonia Pumps
   B.Ammonia Pump Motors
   B. Electrical Switchgear
3. LP/HP Receiver
   A. HP Receiver Misc. Indication & Control
   B. HP Receiver Misc. Piping & Valves
   C. High Pressure Receiver
   D. Ice Storage Tank Indication & Control
   E. Ice Storage Tank Piping & Valves (100' or all Valves for 1 Tank)

KENTUCKY UTILITIES COMPANY
GENERATION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

F. Low Pressure Receiver
Controls
1. Programmable Controllers
2. PLT Interface
A. Ice Plant Micro Computers
Ice Harvestors
1. Ice Harvestors
2. Ice Harvestor Indication & Control
3. Ice Harvestor Piping & Valves (100' or All Valves for 1 Harvestor)
Ice Storage Tanks
1. Ice Storage Tanks
2. Ice Storage Tank Indication & Controls
3. Ice Storage Tank Piping & Valves (100' or All Valves for 1 Storage Tank)
Miscellaneous Plant Equipment
1. Ammonia Detection System
2. Cranes & Hoists
3. Ice Plant Elevator System
4. Fire Detection System
5. Public Address System
6. Telephone System
7. Portable Service Cart
Structures and Grounds
1. Ice Plant Power & Lighting
2. Building
Water Circulation System (Pumps)
1. Chill Water Pumps
2. Chill Water Pump Motors
3. Chill Water Pump Switchgear
4. Evaporator Pumps
5. Evaporator Pump Motors
6. Evaporator Pump Motor Switchgear
22. Water Circulation System Indication & Control
23. Water Circulation System Piping & Valves (100' or all Valves for 1 Pump)
Water Treatment
1. Pumps
A.Water Treatment Pumps
B. Treatment Pump Motors
C. Water Treatment Pump Switchgear
2. Tanks
A. Water Treatment Indication & Controls
B. Water Treatment Piping and Valves (100' or all Valves)
C. Water Treatment Tank

KENTUCKY UTILITIES COMPANY
TRANSMISSION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

#12 CABLE
1 1/2" CONDUIT IN CONCRETE
1 1/2" PIPE
1 CONDUCTOR
1000 MCM CONDUCTOR
101 MCM ACSR CONDUCTOR
12 FIBER OPTIC CABLE, FOCAS
12 FIBER OPTIC CABLE, OPGW
123,270 ACAR WIRE
1272 MCM ACSR CONDUCTOR
1500 MCM UGAL CABLE
1590 ACSR CONDUCTOR
19/C CONDUCTOR
195,700 ACAR WIRE
2 COPPER CONDUCTOR
2/0 COPPER CONDUCTOR
20 M.A.W. MESSENGER WIRE
200 MCM 1/C 500/600V CABLE
2000 MCM 1/C 1000V CABLE
2000 MCM 1/C 500/600V CABLE
2156 ACSR CONDUCTOR
22 FIBER OPTIC CABLE, OPWG
24 FIBER OPTIC CABLE, FOCAS
24 FIBER OPTIC CABLE, OPGW
250 MCM COPPER CONDUCTOR
266 MCM ACSR CONDUCTOR
3 TRIAD
3 UNIT METAL CLAD SWITCHGEAR
3/0 COPPER CONDUCTOR
300 MCM COPPER CONDUCTOR
336,400 19 STR. ALL ALUMINUM
350 MCM COPPER CONDUCTOR
378 MCM ACSR BARE
392,500 24/13 ACAR WIRE
397 MCM ACSR CONDUCTOR
4 COPPER CONDUCTOR
4/0 COPPER CONDUCTOR
477 MCM ACSR CONDUCTOR
48 FIBER OPTIC CABLE, OPGW

KENTUCKY UTILITIES COMPANY
TRANSMISSION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

4A COPPER CONDUCTOR
500 MCM COPPER CONDUCTOR
520 MCM CONDUCTOR
556 MCM ACSR CONDUCTOR
6 COPPER CONDUCTOR
600 MCM CONDUCTOR
636 MCM ALUMINUM CONDUCTOR
650 MCM COPPER CONDUCTOR
6A COPPER CONDUCTOR
7/C CONDUCTOR
750 MCM COPPER CONDUCTOR
795 MCM ALUMINUM CONDUCTOR
8 COPPER CONDUCTOR
80 MCM ACSR CONDUCTOR
840,200 24/13 ACAR WIRE
8A COPPER CONDUCTOR
9/C CONDUCTOR
954 MCM ACSR CONDUCTOR
987 UG CONDUCTOR
AC POWER SUPPLY
ACCESS ROAD
AIR CONDITIONER
ALUMINUM
ALUMINUM TUBING, 1"
ALUMINUM TUBING, 2"
ALUMINUM TUBING, 3"
ALUMINUM TUBING, 4"
ALUMINUM TUBING, 5"
ALUMINUM TUBING, 6"
ANNUNCIATOR SYSTEM
ANTENNA/DISHES
ARRESTERS - NEW
ARRESTERS - OVERHEAD
ARRESTERS - UNDERGROUND
BASE STATIONS
BATTERY EQUIPMENT
BERMS
BUILDINGS & STRUCTURES
BUS EQUIPMENT

KENTUCKY UTILITIES COMPANY
TRANSMISSION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

BUSHING
BUSS SUPPORTS
CABINETS
CABLE
CABLE TRENCHES
CAPACITORS
CARRIER
CC VOLTAGE TRANSFORMER - 138KV
CC VOLTAGE TRANSFORMER - 161KV
CC VOLTAGE TRANSFORMER - 345KV
CC VOLTAGE TRANSFORMER - 550KV
CEILING
CHARGER, BATTERY
CIRCUIT BREAKER - 15000V 400A IOL
CIRCUIT BREAKERS
COAX CABLE
CONCRETE POLES
CONDUCTOR
CONDUIT
CONTROL BLDG, EXCL. FOUNDATION
CONTROL BUILDING - POWER PANEL
CROSS ARMS
CULVERT
CURBS & WALLS - RETAINING
DC - DC CONVERTER
DIGITAL SWITCHING EQUIPMENT
DISPATCH COMPUTER
DISTRIBUTION SUBSTATION
DOORS - EXTERIOR
DRAINAGE - YARD & BUILDING
DRAINAGE INFRASTRUCTURE
DUCT
DUCTS
DUCTWORK
ENERGY MANAGEMENT SYSTEM
ENTRANCE ROADS & DRIVES
EXCAVATION & BACKFILL
FAULT RECORDER
FENCE

KENTUCKY UTILITIES COMPANY
TRANSMISSION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

FENCES AND ENCLOSURES
FIBER DUCT
FIBER OPTIC CABLE
FIBER OPTIC CABLE SPLICER
FIBER OPTIC CHANNEL BANK
FIBER OPTIC MULTICHANEL RACK
FIBER OPTIC RECEIVER
FIBER OPTIC TRANSCEIVER
FIBER OPTIC TRANSMITTER
FILL & GRADE
FIRE EXTINGUISHERS
FISHER PIERCE CURRENT CONTROL
FISHER PIERCE CURRENT SENSOR
FLOOR PLATE, STEEL
FLOOR, CONCRETE
FLOOR, COVERING
FUSE CABINET
GATE
GENERATION METER
GENERATOR
GROUND
GROUND RODS
GROUNDING SYSTEM
GUY
H-BEAM STEEL GUY
HEATER
HEATING, COOLING, VENTILATING LOT
HIGH VOLTAGE FUSE ASSEMBLY
HOIST - STATIONARY EACH
HVAC
HYDRANT - FIRE
INDICATOR - 1 PH FAULT
INDICATOR 3 PH FAULT
INDICATORS
INITIAL SITE
INSTRUMENT TRANSFOMER
INSTRUMENTS AND METERS/CONTROLS
INSULATING PLATES
INSULATION - BUILDING

KENTUCKY UTILITIES COMPANY
TRANSMISSION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

INSULATORS - LINE
INSULATORS - SUBSTATION
INTERCHANGE METER
INTERCOMMUNICATION SYSTEM
JUMPER STRUT ASSEMBLY
KNEE BRACES
LAMP, INDICATING
LAND
LANDSCAPING
LIGHT WAVE TERMINALS
LIGHTING
LIGHTING FIXTURES
LIGHTING SYSTEM
LINE TRANSFORMER INSTALLS
LINE TRAP
LINE TUNER
LTC - LOAD TAP CHANGING
MAIN BUILDING ELEVATOR
MANHOLES
MARKERS, AERIAL WIRE
METERS
MISCELLANEOUS EQUIPMENT
MODEMS
MOTOR OPERATOR
MULTIPLEX EQUIPMENT
MULTIPLEXER/CHANNEL BANKS
NOISE ABATEMENT-ACTIVE
NOISE ABATEMENT-PASSIVE
OVERHEAD SWITCH
PAD / MAT
PANEL EQUIPMENT
PANELBOARDS
PANELS - CONTROLS & INSTRUMENTS
PARTITIONS
PAVEMENT
PIERS
PIPE
PITS - UNDERGROUND
PLATFORM

KENTUCKY UTILITIES COMPANY
TRANSMISSION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

PLUMBING
POLE WOOD 100 FT
POLE WOOD 105 FT
POLE WOOD 110 FT
POLE WOOD 20 FT
POLE WOOD 25 FT
POLE WOOD 30 FT
POLE WOOD 35 FT
POLE WOOD 40 FT
POLE WOOD 45 FT
POLE WOOD 50 FT
POLE WOOD 55 FT
POLE WOOD 60 FT
POLE WOOD 65 FT
POLE WOOD 70 FT
POLE WOOD 75 FT
POLE WOOD 80 FT
POLE WOOD 85 FT
POLE WOOD 90 FT
POLE WOOD 95 FT
POLE WOOD UNDER 20 FT
POLE,WOOD,115'
POLE,WOOD,120'
POLES, MOD
PORTABLE SUBSTATION
POTHEADS
POWER CABLE
POWER CONVERTER
PROTECTOR, NETWORK
PUMP
RACK, BATTERY
REACTORS
RECEIVERS
RECLOSER, MISCELLANEOUS
REGULATORS
RELAYS
REMOTE TERMINAL UNIT
RESISTORS, GROUNDING EACH
RETAINING WALL

KENTUCKY UTILITIES COMPANY
TRANSMISSION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

RF RECEIVERS
RF TRANSCEIVERS
RF TRANSMITTERS
RHEOSTATS
RIGHTS OF WAY
ROAD OR DRIVEWAY SUBSURFACE
ROAD OR DRIVEWAY SURFACE
ROADWAYS
ROCK SURFACE
ROOF
SAFETY SWITCH
SANITARY SEWERS
SENSING DEVICES
SENSOR CURRENT
SEWAGE SYSTEM
SHELVES & BINS
SIGNS
SITE PREPARATION
SKY WIRE
SPARE EQUIPMENT
STATION POWER TRANSFORMER
STEEL POLES
STORAGE CABINET
STORAGE SHED
STRUCTURAL STEEL
STRUCTURES
SUBGRADE SPLICE BOXES
SUBSTATION MONITORING AND CONTROL
SUBSTRUCTURE
SUMP PUMP
SUPERVISORY CABLE
SUPERVISORY CABLE NEW
SUPERVISORY CONTROL
SWITCH - 0-6 AMP LINCOLNTROL
SWITCHES - CONTROL CIRCUITS
SWITCHES - CUTOUT
SWITCHES - CUTOUT NEW
SWITCHES - DISCONNECT NEW
SWITCHES - MISC. NEW

KENTUCKY UTILITIES COMPANY
TRANSMISSION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

SWITCHGEAR
SWITCHGEAR - 138KV S&C, 5BAY
SWITCHING EQUIPMENT
TERMINAL ASSEMBLIES
TERMINATOR CABINETS
TOWER LIGHTING
TOWERS
TOWERS
TRANSCEIVERS
TRANSDUCER
TRANSFORMER
TRANSFORMER - INSTALLATION COST
TRANSFORMER - POWER
TRANSFORMER - STEP DOWN
TRANSFORMERS
TRANSFORMERS - GROUNDING
TRANSFORMERS - OH 1P - .6 KVA
TRANSFORMERS - OH 1P - 1 KVA
TRANSFORMERS - OH 1P - 1.5 KVA
TRANSFORMERS - OH 1P - 10 KVA
TRANSFORMERS - OH 1P - 100 KVA
TRANSFORMERS - OH 1P - 1250 KVA
TRANSFORMERS - OH 1P - 15 KVA
TRANSFORMERS - OH 1P - 150 KVA
TRANSFORMERS - OH 1P - 167 KVA
TRANSFORMERS - OH 1P - 2.5 KVA
TRANSFORMERS - OH 1P - 25 KVA
TRANSFORMERS - OH 1P - 250 KVA
TRANSFORMERS - OH 1P - 3 KVA
TRANSFORMERS - OH 1P - 333 KVA
TRANSFORMERS - OH 1P - 37.5 KVA
TRANSFORMERS - OH 1P - 5 KVA
TRANSFORMERS - OH 1P - 50 KVA
TRANSFORMERS - OH 1P - 500 KVA
TRANSFORMERS - OH 1P - 667 KVA
TRANSFORMERS - OH 1P - 7.5 KVA
TRANSFORMERS - OH 1P - 75 KVA
TRANSFORMERS - OH 1P - 833 KVA
TRANSFORMERS - PM 1P - 10 KVA

KENTUCKY UTILITIES COMPANY
TRANSMISSION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

TRANSFORMERS - PM 1P - 100 KVA
TRANSFORMERS - PM 1P - 15 KVA
TRANSFORMERS - PM 1P - 150 KVA
TRANSFORMERS - PM 1P - 167 KVA
TRANSFORMERS - PM 1P - 225 KVA
TRANSFORMERS - PM 1P - 25 KVA
TRANSFORMERS - PM 1P - 250 KVA
TRANSFORMERS - PM 1P - 333 KVA
TRANSFORMERS - PM 1P - 37.5 KVA
TRANSFORMERS - PM 1P - 50 KVA
TRANSFORMERS - PM 1P - 500 KVA
TRANSFORMERS - PM 1P - 75 KVA
TRANSFORMERS - PM 3P - 1000 KVA
TRANSFORMERS - PM 3P - 112 KVA
TRANSFORMERS - PM 3P - 112.5 KVA
TRANSFORMERS - PM 3P - 1250 KVA
TRANSFORMERS - PM 3P - 150 KVA
TRANSFORMERS - PM 3P - 1500 KVA
TRANSFORMERS - PM 3P - 2000 KVA
TRANSFORMERS - PM 3P - 225 KVA
TRANSFORMERS - PM 3P - 250 KVA
TRANSFORMERS - PM 3P - 2500 KVA
TRANSFORMERS - PM 3P - 300 KVA
TRANSFORMERS - PM 3P - 3000 KVA
TRANSFORMERS - PM 3P - 333 KVA
TRANSFORMERS - PM 3P - 45 KVA
TRANSFORMERS - PM 3P - 500 KVA
TRANSFORMERS - PM 3P - 5000 KVA
TRANSFORMERS - PM 3P - 75 KVA
TRANSFORMERS - PM 3P - 750 KVA
TRANSFORMERS - PM 3P - 833 KVA
TRANSFORMERS - POWER
TRANSMISSION SUBSTATION
TRANSMITTERS
TRENCH
TUBING & FITTINGS
TUNNEL
UNINTERRUPTIBLE POWER SUPPLY
VACUUM INTERRUPTER

KENTUCKY UTILITIES COMPANY
TRANSMISSION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

VACUUM INTERUPTER
VAULT LOCATIONS
VENTILATING FAN & HOOD
VENTILATION SYSTEM
VOLTAGE CONTROL
WALKWAYS & SIDEWALKS
WALLS
WAVE GUIDES
WINDOWS
WIREWAY & CABLETROUGH
WIRING - BUILDING
X BRACES
YARD DRAINAGE SYSTEM
YARD GRADING & SURFACING
YARD IMPROVEMENTS
YARD LIGHTING
Z FRAME SET

KENTUCKY UTILITIES COMPANY
ELECTRIC DISTRIBUTION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

#10 500-600V CABLE
#12 CABLE
1 1/2" CONDUIT IN CONCRETE
1 1/2" PIPE
1 CONDUCTOR
1 DUCT 1 1/2" CONDUIT IN EARTH
1 DUCT 1 1/4" CONDUIT IN CONCRETE
1 DUCT 1 1/4" CONDUIT IN EARTH
1 DUCT 1" CONDUIT IN CONCRETE
1 DUCT 1/2" CONDUIT IN CONCRETE
1 DUCT 2 1/2" CONDUIT IN CONCRETE
1 DUCT 2 1/2" CONDUIT IN EARTH
1 DUCT 2" TUBING IN CONCRETE
1 DUCT 2" CONDUIT IN CONCRETE
1 DUCT 3 1/2" CONDUIT IN CONCRETE
1 DUCT 3" CONDUIT IN CONCRETE
1 DUCT 3/4" CONDUIT IN CONCRETE
1 DUCT 4" CONDUIT IN CONCRETE
1 DUCT 5" CONDUIT IN CONCRETE
1 DUCT 6" CONDUIT IN EARTH
10 DUCT 3 1/2" CONDUIT IN CONCRETE
10 DUCT 3" CONDUIT IN CONCRETE
10 DUCT 4" CONDUIT IN CONCRETE
10 DUCT 5" CONDUIT IN CONCRETE
1000 MCM CONDUCTOR
100K25 KERRIGAN STANDARD
100K25 KERRIGAN STD W/ MERC FIX
101 MCM ACSR CONDUCTOR
11 DUCT 5" CONDUIT IN CONCRETE
12 DUCT 3 1/2" CONDUIT IN CONCRETE
12 DUCT 3" CONDUIT IN CONCRETE
12 DUCT 4" CONDUIT IN CONCRETE
12 DUCT 5" CONDUIT IN CONCRETE
12 FIBER OPTIC CABLE, FOCAS
12 FIBER OPTIC CABLE, OPGW
12 FT FIBERGLASS STANDARD
12 FT STEEL POLE WITH NO FIXTURE
12 FT STEEL STANDARD
12 FT WOOD POLES WTH NO FIXTURE

KENTUCKY UTILITIES COMPANY
ELECTRIC DISTRIBUTION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

123,270 ACAR WIRE
1272 MCM ACSR CONDUCTOR
12FT ALUMINUM STANDARD W/NO FIXTURE
13 DUCT 3 1/2" CONDUIT IN CONCRETE
13 DUCT 3" CONDUIT IN CONCRETE
14 DUCT 3" CONDUIT IN CONCRETE
14 DUCT 4" CONDUIT IN CONCRETE
14 FT FIBERGLASS STANDARD
15 DUCT 3 1/2" CONDUIT IN CONCRETE
15 DUCT 3" CONDUIT IN CONCRETE
1500 MCM UGAL CABLE
1590 ACSR CONDUCTOR
16 DUCT 3 1/2" CONDUIT IN CONCRETE
16 DUCT 3" CONDUIT IN CONCRETE
16 DUCT 4" CONDUIT IN CONCRETE
16 DUCT 6" CONDUIT IN CONCRETE
16 FT BRONZE STANDARD
16 FT FIBERGLASS STANDARD
16 FT STEEL STANDARD
17 DUCT 3 1/2" CONDUIT IN CONCRETE
18 DUCT 3 1/2" CONDUIT IN CONCRETE
18 DUCT 3" CONDUIT IN CONCRETE
18 FT FIBERGLASS STANDARD
18 FT STEEL STANDARD
19/C CONDUCTOR
195,700 ACAR WIRE
2 COPPER CONDUCTOR
2 DUCT 2" CONDUIT IN CONCRETE
2 DUCT 3 1/2" CONDUIT IN CONCRETE
2 DUCT 3" CONDUIT IN CONCRETE
2 DUCT 4" CONDUIT IN CONCRETE
2 DUCT 5" CONDUIT IN CONCRETE
2/0 COPPER CONDUCTOR
20 DUCT 3 1/2" CONDUIT IN CONCRETE
20 DUCT 3" CONDUIT IN CONCRETE
20 FT STEEL STANDARD WITH 12 FT ARM
20 M.A.W. MESSENGER WIRE
200 MCM 1/C 500/600V CABLE
200 MCM CABLE

KENTUCKY UTILITIES COMPANY
ELECTRIC DISTRIBUTION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

2000 MCM 1/C 1000V CABLE
2000 MCM 1/C 500/600V CABLE
2000 MCM CABLE
21 DUCT 3 1/2" CONDUIT IN CONCRETE
21 DUCT 3" CONDUIT IN CONCRETE
2156 ACSR CONDUCTOR
21'9" POLE
22 DUCT 3 1/2" CONDUIT IN CONCRETE
22 FIBER OPTIC CABLE, OPWG
24 DUCT 3 1/2" CONDUIT IN CONCRETE
24 DUCT 3" CONDUIT IN CONCRETE
24 FIBER OPTIC CABLE, FOCAS
24 FIBER OPTIC CABLE, OPGW
25 DUCT 3 1/2" CONDUIT IN CONCRETE
25' STEEL STANDARD WITH 8' ARM
250 MCM COPPER CONDUCTOR
25'6" SP KAISER ALUM STANDARD
26 DUCT 3 1/2" CONDUIT IN CONCRETE
26 FT ALUMINUM STANDARD W/ 8" ARM
26 FT DIRECT BOLT BRONZE FIBER POLE
266 MCM ACSR CONDUCTOR
28 DUCT 3 1/2" CONDUIT IN CONCRETE
28 FT FIBERGLASS STANDARD
29 FT BRONZE STANDARD W/ONE ARM
29 FT HD BRONZE STANDARD W/TWO ARMS
3 DUCT 2" CONDUIT IN C0NCRETE
3 DUCT 3 1/2" CONDUIT IN C0NCRETE
3 DUCT 3 1/2" CONDUIT IN CONCRETE
3 DUCT 3" CONDUIT IN C0NCRETE
3 DUCT 4" CONDUIT IN CONCRETE
3 DUCT 4" CONDUIT IN EARTH
3 DUCT 5" CONDUIT IN CONCRETE
3 TRIAD
3 UNIT METAL CLAD SWITCHGEAR
3/0 COPPER CONDUCTOR
30 DUCT 3 1/2" CONDUIT IN CONCRETE
30 DUCT 3" CONDUIT IN CONCRETE
30 FT DAVIT ALUMINUM STANDARD WITH
300 MCM COPPER CONDUCTOR

KENTUCKY UTILITIES COMPANY
ELECTRIC DISTRIBUTION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

32 DUCT 3 1/2" CONDUIT IN CONCRETE
336,400 19 STR. ALL ALUMINUM
350 MCM COPPER CONDUCTOR
36 DUCT 3" CONDUIT IN CONCRETE
37 FT TOP MOUNTED BRONZE FIBER POLE
378 MCM ACSR BARE
39 DUCT 3" CONDUIT IN CONCRETE
392,500 24/13 ACAR WIRE
397 MCM ACSR CONDUCTOR
4 COPPER CONDUCTOR
4 DUCT 2" CONDUIT IN EARTH
4 DUCT 3 1/2" CONDUIT IN CONCRETE
4 DUCT 3" CONDUIT IN CONCRETE
4 DUCT 3" CONDUIT IN EARTH
4 DUCT 4" CONDUIT IN CONCRETE
4 DUCT 4" CONDUIT IN EARTH
4 DUCT 5" CONDUIT IN CONCRETE
4/0 COPPER CONDUCTOR
40 DUCT 3 1/2" CONDUIT IN CONCRETE
40 DUCT 3" CONDUIT IN CONCRETE
40 FT TOP MOUNTED BRONZE FIBER POLE
44 DUCT 3 1/2" CONDUIT IN CONCRETE
477 MCM ACSR CONDUCTOR
48 DUCT 3 1/2" CONDUIT IN CONCRETE
48 FIBER OPTIC CABLE, OPGW
4A COPPER CONDUCTOR
5 DUCT 3 1/2" CONDUIT IN CONCRETE
5 DUCT 3" CONDUIT IN CONCRETE
5 DUCT 4" CONDUIT IN CONCRETE
5 DUCT 5" CONDUIT IN CONCRETE
500 MCM COPPER CONDUCTOR
520 MCM CONDUCTOR
53 FT. STEEL TANGENT TOWER
556 MCM ACSR CONDUCTOR
59 DUCT 3" CONDUIT IN CONCRETE
6 COPPER CONDUCTOR
6 DUCT 3 1/2" CONDUIT IN CONCRETE
600 MCM CONDUCTOR
636 MCM ALUMINUM CONDUCTOR

KENTUCKY UTILITIES COMPANY
ELECTRIC DISTRIBUTION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

650 MCM COPPER CONDUCTOR
6A COPPER CONDUCTOR
7 DUCT 3 1/2" CONDUIT IN CONCRETE
7 DUCT 4" CONDUIT IN CONCRETE
7 DUCT 5" CONDUIT IN CONCRETE
7/C CONDUCTOR
750 MCM COPPER CONDUCTOR
795 MCM ALUMINUM CONDUCTOR
8 COPPER CONDUCTOR
8 DUCT 3 1/2" CONDUIT IN CONCRETE
8 DUCT 3" CONDUIT IN CONCRETE
8 DUCT 4" CONDUIT IN CONCRETE
80 MCM ACSR CONDUCTOR
840,200 24/13 ACAR WIRE
8A COPPER CONDUCTOR
9 DUCT 3 1/2" CONDUIT IN CONCRETE
9 DUCT 3" CONDUIT IN CONCRETE
9 DUCT 4" CONDUIT IN CONCRETE
9 DUCT 5" CONDUIT IN CONCRETE
9 DUCT 5" CONDUIT IN EARTH
9/C CONDUCTOR
954 MCM ACSR CONDUCTOR
987 UG CONDUCTOR
AC POWER SUPPLY
ACCESS ROAD
AIR CONDITIONER
AIRPORT WARNING LIGHTS
ALUMINUM
ALUMINUM TUBING, 1"
ALUMINUM TUBING, 2"
ALUMINUM TUBING, 3"
ALUMINUM TUBING, 4"
ALUMINUM TUBING, 5"
ALUMINUM TUBING, 6"
ANNUNCIATOR SYSTEM
ANTENNA
ANTENNA/DISHES
ARRESTERS - DISTRIBUTION
ARRESTERS - NEW

KENTUCKY UTILITIES COMPANY
ELECTRIC DISTRIBUTION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

ARRESTERS - OVERHEAD
ARRESTERS - UNDERGROUND
AUTOMATED METER READING - AMR
BASE STATIONS
BATTERY EQUIPMENT
BERMS
BRACKET
BUILDING
BUILDINGS & STRUCTURES
BUS EQUIPMENT
BUSHING
BUSS SUPPORTS
CABINETS
CABINETS - STATION
CABLE
CABLE TRENCHES
CAPACITORS
CARRIER
CAST IRON PARK ORNAMENTAL STANDARD
CC VOLTAGE TRANSFORMER - 138KV
CC VOLTAGE TRANSFORMER - 161KV
CC VOLTAGE TRANSFORMER - 345KV
CC VOLTAGE TRANSFORMER - 550KV
CEILING
CHARGER, BATTERY
CIRCUIT BREAKER - 15000V 400A IOL
CIRCUIT BREAKERS
COAX CABLE
CONCRETE POLES
CONDUCTOR
CONDUIT
CONTINENTAL JR STANDARD-INCAND FIX
CONTINENTAL SR STANDARD
CONTINENTAL SR STANDARD - MERC. FIX
CONTROL BLDG, EXCL. FOUNDATION
CONTROL BUILDING - POWER PANEL
CROSS ARMS
CULVERT
CURBS & WALLS - RETAINING

KENTUCKY UTILITIES COMPANY
ELECTRIC DISTRIBUTION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

DC - DC CONVERTER
DIGITAL SWITCHING EQUIPMENT
DISPATCH COMPUTER
DISPLAY, DIGITAL DEMAND
DISTRIBUTION CURRENT TRANSFORMER
DISTRIBUTION POTENTIAL TRANSFORMER
DISTRIBUTION SUBSTATION
DOORS - EXTERIOR
DRAINAGE - YARD & BUILDING
DRAINAGE INFRASTRUCTURE
DUCTS
ELRECO STANDARD MODERNIZED
ENERGY MANAGEMENT SYSTEM
ENTRANCE ROADS & DRIVES
EXCAVATION & BACKFILL
FAULT RECORDER
FENCE
FENCES AND ENCLOSURES
FIBER DUCT
FIBER OPTIC CABLE
FIBER OPTIC CABLE SPLICER
FIBER OPTIC CHANNEL BANK
FIBER OPTIC MULTICHANEL RACK
FIBER OPTIC RECEIVER
FIBER OPTIC TRANSCEIVER
FIBER OPTIC TRANSMITTER
FIBERGLASS YARD LIGHTING STANDARD
FILL & GRADE
FIRE EXTINGUISHERS
FISHER PIERCE CURRENT CONTROL
FISHER PIERCE CURRENT SENSOR
FLOOR PLATE, STEEL
FLOOR, CONCRETE
FLOOR, COVERING
FUSE CABINET
GATE
GENERATION METER
GENERATOR
GROUND

KENTUCKY UTILITIES COMPANY
ELECTRIC DISTRIBUTION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

GROUND RODS
GROUNDING SYSTEM
GUY
H-BEAM STEEL GUY
HEATER
HEATING, COOLING, VENTILATING LOT
HIGH PRESSURE SODIUM FIXTURE
HIGH VOLTAGE FUSE ASSEMBLY
HOIST - STATIONARY EACH
HVAC
HYDRANT - FIRE
INDICATOR - 1 PH FAULT
INDICATOR 3 PH FAULT
INDICATORS
INITIAL SITE
INSTRUMENT TRANSFOMER
INSULATING PLATES
INSULATION - BUILDING
INSULATORS - LINE
INSULATORS - SUBSTATION
INTERCHANGE METER
INTERCOMMUNICATION SYSTEM
IRON POLE WITH INCAND. FIXTURE
JUMPER STRUT ASSEMBLY
KNEE BRACES
LAMP, INDICATING
LAND
LANDSCAPING
LIGHT WAVE TERMINALS
LIGHTING
LIGHTING FIXTURES
LIGHTING SYSTEM
LINE TRANSFORMER INSTALLS
LINE TRAP
LINE TUNER
LT POLE COLONIAL FIXTURE
LT POLE CONTEMPORARY
LT POLE HISOTRIC
LTC - LOAD TAP CHANGING

KENTUCKY UTILITIES COMPANY
ELECTRIC DISTRIBUTION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

MAIN BUILDING ELEVATOR
MANHOLES
MARKERS, AERIAL WIRE
MERCURY FIXTURES
METER 1PH
METER 3PH
METERS
METERS - ELECTRIC
MISCELLANEOUS EQUIPMENT
MODEMS
MOTOR OPERATOR
MULTIPLEX EQUIPMENT
MULTIPLEXER/CHANNEL BANKS
NETWORK TRANSF. CONVERSION
NOISE ABATEMENT-ACTIVE
NOISE ABATEMENT-PASSIVE
OIL CIRCUIT BREAKER
OPEN CIRCUIT PROTECTOR
OVERHEAD SWITCH
PAD / MAT
PANEL EQUIPMENT
PANELBOARDS
PANELS - CONTROLS & INSTRUMENTS
PARKING LOT SUBSURFACE
PARKING LOT SURFACE
PARTITIONS
PAVEMENT
PAVING
PHOTO ELECTRIC CONTROL
PIERS
PIPE
PITS - UNDERGROUND
PLATFORM
PLATFORMS NEW (05491)
PLUMBING
POLE WOOD 100 FT
POLE WOOD 105 FT
POLE WOOD 110 FT
POLE WOOD 20 FT

KENTUCKY UTILITIES COMPANY
ELECTRIC DISTRIBUTION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

POLE WOOD 25 FT
POLE WOOD 30 FT
POLE WOOD 35 FT
POLE WOOD 40 FT
POLE WOOD 45 FT
POLE WOOD 50 FT
POLE WOOD 55 FT
POLE WOOD 60 FT
POLE WOOD 65 FT
POLE WOOD 70 FT
POLE WOOD 75 FT
POLE WOOD 80 FT
POLE WOOD 85 FT
POLE WOOD 90 FT
POLE WOOD 95 FT
POLE WOOD UNDER 20 FT
POLES & STANDARDS - STREET LIGHTING
POLES, MOD
PORTABLE SUBSTATION
POTHEADS
POWER CABLE
POWER CONVERTER
PROTECTOR, NETWORK
PUMP
RACK, BATTERY
RAIL POLE W/4' ARM PIPE EXTENSION
REACTORS
RECEIVERS
RECEIVERS - AMR
RECLOSER, MISCELLANEOUS
RECORDER METERS
REGULATORS
RELAY - 100A 240V MULTIPLE
RELAY - POLARIZED
RELAY CONTROL
RELAYS
REMOTE TERMINAL UNIT
RESISTORS, GROUNDING EACH
RETAINING WALL

KENTUCKY UTILITIES COMPANY
ELECTRIC DISTRIBUTION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

RF RECEIVERS
RF TRANSCEIVERS
RF TRANSMITTERS
RHEOSTATS
RIGHTS OF WAY
ROAD OR DRIVEWAY SUBSURFACE
ROAD OR DRIVEWAY SURFACE
ROADWAYS
ROCK SURFACE
ROOF
SAFETY SWITCH
SANITARY SEWERS
SCADA
SENSING DEVICES
SERVICE - OVERHEAD ELECTRIC
SERVICE - UNDERGROUND ELECTRIC
SEWAGE SYSTEM
SHELVES & BINS
SIGNS
SITE PREPARATION
SKY WIRE
SOLID STATE RECORDER
ST. LIGHT CONTROLLER
ST. LIGHT RELAY
STATION POWER TRANSFORMER
STEEL POLES
STORAGE CABINET
STORAGE SHED
STRUCTURAL STEEL
STRUCTURES
SUBGRADE SPLICE BOXES
SUBSTATION MONITORING AND CONTROL
SUBSTRUCTURE
SUMP PUMP
SUPERVISORY CABLE
SUPERVISORY CABLE NEW
SUPERVISORY CONTROL
SWITCH - 0-6 AMP LINCOLNTROL
SWITCH - 15000V 400A WHSE SUBMERSIB

KENTUCKY UTILITIES COMPANY
ELECTRIC DISTRIBUTION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

SWITCH 3PST 1200A 480/277V 3 PHASE
SWITCHES - 15000V 300/1200A SPST
SWITCHES - CONTROL CIRCUITS
SWITCHES - CUTOUT
SWITCHES - CUTOUT NEW
SWITCHES - DISCONNECT NEW
SWITCHES - MISC. NEW
SWITCHES (EACH)
SWITCHGEAR
SWITCHGEAR - 13000V 600A S&C
SWITCHGEAR - 13800V 5 BAY INDOOR S&
SWITCHGEAR - 138KV 3 BAY INDOOR S&C
SWITCHGEAR - 138KV S&C, 5BAY
SWITCHGEAR - 15000V 6 BAY INDOOR S&
SWITCHGEAR - 15000V 60A 3 PHASE
SWITCHGEAR - 15000V PADMOUNT 3 PHAS
SWITCHGEAR - AUTO TRANSFER S&C
SWITCHGEAR - PMH-11
SWITCHGEAR - PMH-5
SWITCHGEAR - PMH-6
SWITCHGEAR - PMH-8
SWITCHGEAR - PMH-9
SWITCHGEAR - PMH-9 S&C PADMOUNT
SWITCHGEAR - UNDERGROUND 34KV
SWITCHING EQUIPMENT
TERMINAL ASSEMBLIES
TERMINATOR CABINETS
TIME SWITCHES
TOTALIZERS
TOWER - 110 FT. STEEL TYPE F
TOWER LGT. KIT - H.P.
TOWER LIGHTING
TOWERS
TRANSCEIVERS
TRANSCLOSURES/UG PRI FEED THRU
TRANSDUCER
TRANSFORMER
TRANSFORMER - INSTALLATION COST
TRANSFORMER - POWER

KENTUCKY UTILITIES COMPANY
ELECTRIC DISTRIBUTION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

TRANSFORMER - STEP DOWN
TRANSFORMER .5KVA S L
TRANSFORMERS
TRANSFORMERS - CUSTOMER METERING
TRANSFORMERS - GROUNDING
TRANSFORMERS - OH 1P - .6 KVA
TRANSFORMERS - OH 1P - 1 KVA
TRANSFORMERS - OH 1P - 1.5 KVA
TRANSFORMERS - OH 1P - 10 KVA
TRANSFORMERS - OH 1P - 100 KVA
TRANSFORMERS - OH 1P - 1250 KVA
TRANSFORMERS - OH 1P - 15 KVA
TRANSFORMERS - OH 1P - 150 KVA
TRANSFORMERS - OH 1P - 167 KVA
TRANSFORMERS - OH 1P - 2.5 KVA
TRANSFORMERS - OH 1P - 25 KVA
TRANSFORMERS - OH 1P - 250 KVA
TRANSFORMERS - OH 1P - 3 KVA
TRANSFORMERS - OH 1P - 333 KVA
TRANSFORMERS - OH 1P - 37.5 KVA
TRANSFORMERS - OH 1P - 5 KVA
TRANSFORMERS - OH 1P - 50 KVA
TRANSFORMERS - OH 1P - 500 KVA
TRANSFORMERS - OH 1P - 667 KVA
TRANSFORMERS - OH 1P - 7.5 KVA
TRANSFORMERS - OH 1P - 75 KVA
TRANSFORMERS - OH 1P - 833 KVA
TRANSFORMERS - PM 1P - 10 KVA
TRANSFORMERS - PM 1P - 100 KVA
TRANSFORMERS - PM 1P - 15 KVA
TRANSFORMERS - PM 1P - 150 KVA
TRANSFORMERS - PM 1P - 167 KVA
TRANSFORMERS - PM 1P - 225 KVA
TRANSFORMERS - PM 1P - 25 KVA
TRANSFORMERS - PM 1P - 250 KVA
TRANSFORMERS - PM 1P - 333 KVA
TRANSFORMERS - PM 1P - 37.5 KVA
TRANSFORMERS - PM 1P - 50 KVA
TRANSFORMERS - PM 1P - 500 KVA

KENTUCKY UTILITIES COMPANY
ELECTRIC DISTRIBUTION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

TRANSFORMERS - PM 1P - 75 KVA
TRANSFORMERS - PM 3P - 1000 KVA
TRANSFORMERS - PM 3P - 112 KVA
TRANSFORMERS - PM 3P - 112.5 KVA
TRANSFORMERS - PM 3P - 1250 KVA
TRANSFORMERS - PM 3P - 150 KVA
TRANSFORMERS - PM 3P - 1500 KVA
TRANSFORMERS - PM 3P - 2000 KVA
TRANSFORMERS - PM 3P - 225 KVA
TRANSFORMERS - PM 3P - 250 KVA
TRANSFORMERS - PM 3P - 2500 KVA
TRANSFORMERS - PM 3P - 300 KVA
TRANSFORMERS - PM 3P - 3000 KVA
TRANSFORMERS - PM 3P - 333 KVA
TRANSFORMERS - PM 3P - 45 KVA
TRANSFORMERS - PM 3P - 500 KVA
TRANSFORMERS - PM 3P - 5000 KVA
TRANSFORMERS - PM 3P - 75 KVA
TRANSFORMERS - PM 3P - 750 KVA
TRANSFORMERS - PM 3P - 833 KVA
TRANSFORMERS - POWER
TRANSFORMERS - STREET LIGHTING
TRANSLATOR
TRANSMISSION SUBSTATION
TRANSMITTERS
TRENCH
TUBING & FITTINGS
TUNNEL
UNINTERRUPTIBLE POWER SUPPLY
UNION METAL STANDARDS
UNION METAL STANDARDS & FIXTURES
VACUUM INTERRUPTER
VACUUM INTERUPTER
VAULT LOCATIONS
VENTILATING FAN & HOOD
VENTILATION SYSTEM
VOLTAGE CONTROL
WALKWAYS & SIDEWALKS
WALLS

KENTUCKY UTILITIES COMPANY
ELECTRIC DISTRIBUTION RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

WAVE GUIDES
WILDLIFE PROTECTION
WINDOWS
WIREWAY & CABLETROUGH
WIRING - BUILDING
X BRACES
YARD DRAINAGE SYSTEM
YARD GRADING & SURFACING
YARD IMPROVEMENTS
YARD LIGHTING
Z FRAME SET

KENTUCKY UTILITIES COMPANY
GENERAL RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

ACCESS ROAD
ANTENNA
BASE STATIONS
BERMS
BOAT
BUILDING
BUSHING
CABINETS
CARRIER
CARS & TRUCKS
CASH PROCESSING EQUIPMENT
CATHODIC PROTECTION SYSTEM
CEILING
COMPUTER EQUIPMENT
COMPUTER SOFTWARE
COMPUTER SOFTWARE - ELECTRIC
CONDUIT
CONTROL BLDG, EXCL. FOUNDATION
CONTROL BUILDING - POWER PANEL
CULVERT
DERRICKS
DRAINAGE INFRASTRUCTURE
DRILLS/DRILLING MACHINES
DRIVES, POWER
ENGINE
ENTRANCE ROADS & DRIVES
EXCAVATION & BACKFILL
FEES
FENCES AND ENCLOSURES
FILL & GRADE
FLOOR PLATE, STEEL
FLOOR, CONCRETE
FLOOR, COVERING
FRANCHISES AND CONSENTS
FUSE CABINET
GATE
GAUGES & INDICATORS
GENERAL PLANT EQUIPMENT
GROUNDING SYSTEM

KENTUCKY UTILITIES COMPANY
GENERAL RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

HEATER
HVAC
INITIAL SITE
LABORATORY EQUIPMENT
LABORATORY EQUIPMENT - ELECTRIC
LAND
LANDSCAPING
LG&E PRE ORACLE ASSETS
LIGHTING SYSTEM
MAIN BUILDING ELEVATOR
MISCELLANEOUS EQUIPMENT
MOTOR GENERATOR SET
MULTIPLEX EQUIPMENT
OFFICE EQUIPMENT
PANELBOARDS
PARKING LOT SUBSURFACE
PARKING LOT SURFACE
PAVEMENT
PAVING
PERSONAL COMPUTERS
PIPE
PITS - UNDERGROUND
PLUMBING
POWER OPERATED EQUIPMENT
RECEIVERS
RECTIFIER
REMOTE TERMINAL UNIT
RETAINING WALL
ROAD OR DRIVEWAY SUBSURFACE
ROAD OR DRIVEWAY SURFACE
ROADWAYS
ROCK SURFACE
ROOF
SAFETY SWITCH
SEPARATORS & SCRUBBERS
SEWAGE SYSTEM
SHELVES & BINS
SIGNS
SITE PREPARATION

KENTUCKY UTILITIES COMPANY
GENERAL RETIREMENT UNITS

RETIREMENT UNIT DESCRIPTION

STORAGE CABINET
STORAGE SHED
STORES EQUIPMENT
STRUCTURAL STEEL
STRUCTURES
SUBSTRUCTURE
SUPERVISORY CABLE
SUPERVISORY CABLE NEW
SWITCHES (EACH)
SWITCHGEAR
TERMINAL ASSEMBLIES
TOOLS, SHOP, AND GARAGE EQUIPMENT
TOWERS
TRAILERS
TRANSCEIVERS
TUNNEL
UNINTERRUPTIBLE POWER SUPPLY
VEHICLES
VENTILATING FAN & HOOD
VENTILATION SYSTEM
WAVE GUIDES
WELDER
WIRING - BUILDING
YARD DRAINAGE SYSTEM
YARD GRADING & SURFACING
YARD IMPROVEMENTS
YARD LIGHTING

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.76

Responding Witness: Shannon L. Charnas

Q2.76 Explain, and provide examples of, the Company's retirement unit cost procedures for each account. Identify all changes to retirement unit costs which have occurred over the years.

A2.76 KU employs the retirement unit cost procedure prescribed in the Code of Federal Regulations 18 CFR, Chapter 1, Subchapter C, Part 101, Electric Plant Instructions 10 and 11.

The Company utilizes work orders and a property records system to associate costs with property record units to ensure accurate accounting for retirements. For identifiable major units of property the records include the location, cost and plant account to which the cost is charged. For mass property, cost data is maintained at an average cost of similar units recorded at the same time.

There have been no changes to the retirement unit cost procedures over the years.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.77

Responding Witness: Shannon L. Charnas

Q2.77 Provide a copy of Company's current capitalization policy. If the policy has changed at all since 2000, provide a copy of all prior policies in effect during any portion of the period since 2000.

A2.77 See attached.

CAPITAL POLICY

Effective 02/01/11 – Present

LG&E AND KU ENERGY LLC Policy

Capital and Investment Review

Policy

The primary purpose of the Capital and Investment Review Policy is to establish a uniform process for:

1. capital planning and budgeting;
2. authorizing the expenditure of funds;
3. controlling and reporting of capital expenditures;
4. developing review criteria for the authorization process;
5. recording lessons learned for future investments and decisions; and
6. determining how the investment is performing and how the returns compare to the project as sanctioned.

Further, these policies will provide management with the necessary tools to make informed business decisions. A capital expenditure includes adding, replacing or retiring units of property through the construction or acquisition process. Generally, it is inappropriate to capitalize expenditures that are part of routine or necessary maintenance programs. If a substantial improvement is made to an asset, the following criteria should be used to determine whether or not capitalization is appropriate:

1. Does the improvement extend the original useful life of the asset?
2. Does the improvement increase the throughput or capacity of the asset?
3. Does the improvement increase operating efficiency?
4. Does the improvement meet the definition of a capitalizable cost under the FERC Uniform System of Accounts?

If the answer is yes to any of the above questions, capitalization is appropriate for the project. Questions relating to the categorization of an expenditure as capital or O&M expense should be directed to Property Accounting. The Controller will have the ultimate authority of interpreting expense versus capital decisions based on generally accepted accounting principles. See Property Accounting's Home Page.

Scope

This policy applies to LG&E and KU Energy LLC ("LKE" or "the Company") and its subsidiaries.

General Requirements

1. All capital spending that is expected to occur during the current year must be budgeted in the approved Medium Term Plan (MTP).
2. There will be no carry-over of spending capital authority from one year to the next.

LG&E AND KU ENERGY LLC Policy

Capital and Investment Review

3. An Authorization for Investment Proposal (AIP) must be completed in PowerPlant for all capital spending projects.
4. Projects with a total cost of $2,000 or less will be expensed.
5. An Investment Proposal (IP) and Capital Evaluation Model (CEM) must be completed for all capital spending projects greater than $300,000 unless otherwise approved by Financial Planning and Controlling (FP&C).
6. The Information Technology Department must approve all capital projects involving anything related to information technology.
7. All investment projects greater than $1,000,000, with the exception of development proposals, require the approval of the Investment Committee (IC). For development proposals and real property, the threshold is $500,000.
8. The IC is required to approve any overrun of $300,000 or greater on previously approved proposals. If the previous proposal was below the IC threshold and the revised amount is over the respective IC threshold, the proposal needs to be approved by the IC regardless of the increase amount.

Capital Planning

The MTP is used to inform senior management of future capital-spending projections. These plans are prepared annually on a line of business (LOB) basis and include the forecast of capital projections during the most current annual planning period. The first year of the MTP, once approved, becomes the formal budget for that year.

Carry-Over Spending: During preparation of the MTP, each LOB will review all current-year projects to determine if they will be completed as of the end of the year. If a project is expected to be in process at year-end, but not complete, it must be included in the following year's MTP for additional funds to be approved.

Capital Approval Process

Authorization for Investment Proposal: Although specific capital projects are identified in the budgeting process, they are still subject to the Authority Limit Matrix approval requirements and all other reviews as stated on the AIP in PowerPlant. Projects are not considered approved until appropriate approvals are obtained.

The AIP is used to request the appropriate approvals for spending on capital projects. A completed AIP is subject to the following conditions:

- An AIP must be submitted and approved in PowerPlant prior to committing to or incurring any capital expenditure.
- Approvals must be obtained up to the levels designated in the Authority Limit Matrix for the dollar amount of any project (which may include multiple projects). The combined dollar

Capital and Investment Review

amount on multiple projects grouped together using the Budget Item field in PowerPlant is the determinant for approval levels.

- Any AIP over $300,000, except for development proposals, must include an IP and CEM and must be submitted to FP&C for approval. Development proposals must have other adequate supporting documentation attached and, should they become viable projects, must have an AIP submitted, accompanied by the IP and CEM if over the $300,000 threshold.
- A completed AIP must be submitted and approved prior to the disposal of any capital asset. In addition, an IP must be submitted for disposal projects of $300,000 or more.
- A revised AIP must be submitted for significant project overruns (see below).

Investment Proposal: The IP is used to explain in detail the nature and justification of the capital project. Capital projects over $300,000 on a fully loaded basis require the submittal of an IP and CEM along with the AIP. The following information will provide senior management with consistent documentation for evaluating capital projects. The IP template is published on the FP&C intranet website and must include the following sections at a minimum:

- Header – Include the project name, total expenditures, project number, LOB and who will present the project.
- Executive Summary (max ½ page) – Provide a summary explanation of the scope, purpose and necessity of the proposal. Include financial benefits as well as qualitative reasons why this proposal should be pursued.
- Background – Explain why the project is needed.
- Project Description – Include project scope, timeline and project cost.
- Economic Analysis and Risks – Include bid summary, assumptions, financial summary, sensitivities (for proposals to IC only), environmental impact, risks and other alternatives considered.
- Conclusion and recommendation
- It is recommended that the IP not exceed 5 pages.

Unbudgeted Projects: Any capital expenditure that is not included in the original, approved budget must either be offset by a like reduction in one or more budgeted projects, approved by the Resource Allocation Committee (RAC) if subject to the RAC Tenets or must have prior written approval by the LKE Chief Financial Officer (CFO) and Chief Executive Officer (CEO). FP&C must approve AIPs for unbudgeted projects (see *FP&C Approvals* below). Certain Generation Miscellaneous Projects, as described below, are exempt from being considered unbudgeted.

LG&E AND KU ENERGY LLC Policy

Capital and Investment Review

Under-Funded Projects: Projects that are submitted for approval that were included in the original approved budget, where the requested capital amount is greater than the budgeted amount for that project, must either be offset by a like reduction in one or more budgeted projects, approved by the RAC if subject to the its Tenets or the additional funding requires prior written approval by the LKE CFO and CEO. These projects are considered "unbudgeted" in PowerPlant since the full funding is not coming from the original budget for that project. The FP&C Department must approve AIPs for under-funded projects (see *FP&C Approvals* below).

LG&E and KU Board and PPL approvals: Any budget item over $30 million requires the approval of the LG&E and KU Energy Board and the PPL CEO. Budget items over $100 million additionally require the approval of the PPL Finance Committee. Cost overruns greater than 20% on budget items approved by the PPL Finance Committee must be re-approved by the Committee before spending occurs. If an overrun on a budget item results in a total cost of $100 million or more, the proposal must be approved by the PPL Finance Committee before spending occurs.

Project Overruns: When it is apparent that the amount approved on the original AIP will be insufficient (project is expected to be 10% or $100,000 over, whichever is less, subject to a minimum of $25,000) to complete the project, **a revised AIP must be completed before the overrun occurs and the following conditions apply (see Capital Appendix):**

- If the project overrun is expected to be $300,000 or greater and the project had been approved by the IC, the revised project, including a revised IP and CEM, must be presented and re-approved by the IC.
- If project overrun is $100,000 or more, but less than $300,000, provide updated financials and an explanation for the overrun to FP&C. If the total project is greater than $300,000, whether it was below or above this threshold previous to the overrun, an IP and CEM are required (new or revised). If the project is $300,000 or below, no IP or CEM are required.
- If the previous project proposal was below the IC threshold and revised amount is over the IC threshold, the proposal needs to be approved by the IC regardless of the increase amount. A revised IP and CEM are required.
- Project overrun must be offset by a like reduction in one or more budgeted projects; or the overspending requires prior written approval by the LKE CFO and CEO. Project overruns of greater than $300,000 are subject to the RAC Tenets.
- Revised AIPs must be approved for the total revised dollar amount using the approval limits in the Authority Limit Matrix.

LG&E AND KU ENERGY LLC Policy

Capital and Investment Review

FP&C Approvals: Unbudgeted projects or those projects requiring an IP and CEM (i.e., over $300,000) must be forwarded to FP&C for review and approval. Unbudgeted projects less than $100,000 require FP&C manager approval, and those $100,000 and over require FP&C director approval.

Budgeted projects less than $300,000 are approved as normally required by the Authority Limit Matrix and do not require the prior approval of FP&C.

Generation Miscellaneous Projects: Each Generation plant site may have one miscellaneous project not to exceed $300,000 which is budgeted to serve as a placeholder for small individual projects which arise during the year and which cannot be specifically anticipated during the budgeting process. This category of projects is different from blanket projects described elsewhere in this policy. Each Generation miscellaneous project must be budgeted, but an AIP need not be prepared for it and it will not be activated in PowerPlant. Instead, as specific work is identified, the appropriate budget coordinator must create a new project number for the charges and prepare an AIP for the new project which references the budgeted placeholder project number for funding. The new project is not considered unbudgeted to the extent that unused budget dollars are available in the budgeted placeholder project to cover it. However, as funds are being moved from one project to another, the new project will still need to be marked as "unbudgeted" in PowerPlant and will have to be approved by FP&C.

Other Miscellaneous Projects: Several lines of business use miscellaneous projects which are budgeted to serve as a placeholder for small individual projects which arise during the year and which cannot be specifically anticipated during the budgeting process. This category of projects is different from blanket projects described elsewhere in this policy. (Examples include various facilities improvements and miscellaneous substation projects.) These projects are opened and closed on an annual basis. The projects are authorized and approved for the entire budgeted amount when they are opened. They must be set up as task level unitization within PowerPlant and are unitized by task as completed each year. For each task opened, a paper miscellaneous project AIP form must be prepared with all the pertinent information about the asset and location of the capital expenditure and sent to Property Accounting when the task is opened on the blanket project. This form can be found on Property Accounting's Home Page.

Reimbursable Projects: Projects which will have all or a portion of the spending amount reimbursed by an outside party must follow the same guidelines as non-reimbursable projects, except as noted below:

- Tax Department review indicating whether Contribution in Aid of Construction is taxable must occur prior to any reimbursement agreement greater than $25,000 being finalized

and evidence of such review must be attached to the AIP. This does not apply to customer refund agreements.

- If a fully executed agreement specifying the terms of reimbursement is attached to an AIP with gross spending under $1 million, the net spending amount may be used to determine whether an IP and CEM are required.
- Third Party jointly-owned utility projects under the specified gross spending thresholds qualify for this exception without requiring the attachment of the executed joint ownership agreement.
- For all projects, the gross spending amount must always be used to determine the appropriate approval level.

Government-Mandated/Regulatory Compliance Projects: Projects which are not reimbursable but which are mandated by governmental legislation or other governmental authority must follow the same guidelines as all other projects except that for such AIPs with gross spending under $1 million neither the IP nor the CEM are required, provided that the appropriate legislative docket numbers or applicable statute references are provided with the AIP.

Preliminary Engineering: Projects that are originally set up for preliminary engineering are treated as indirect projects and are auto approved and opened in PowerPlant. Once the preliminary engineering work is complete, the determination must be made if the project will move forward as capital or be abandoned and expensed. If the project moves forward as capital, a new project must be created in PowerPlant and must follow the approval levels based on the Authority Matrix. It is the responsibility of the budget coordinator to notify Property Accounting and make the appropriate accounting transactions to move preliminary engineering charges to capital or to expense as appropriate.

Early Activation Guidelines

In order for a project to be early activated, the following criteria must be met:

1. The expenditure must be the result of a true emergency which is defined as one of the following: 1) the expenditure is needed to address an immediate safety risk; 2) the equipment has failed; or 3) a material problem has been found, requiring it to be replaced immediately in order to maintain the reliability of the system.

   OR

2. The equipment vendor has provided a quote for the capital purchase that is only valid for a short period of time. The time frame would not be long enough to complete all the

necessary paperwork, and acquire all necessary approvals in time to place the order at the reduced price.

Process requirements for an early activated AIP:

- For each AIP that is early activated, Property Accounting must first receive email approval from the highest level of LOB authority based on the total amount of the AIP as per the AIP approval process. FP&C must also be copied on this email. Should the AIP be for an unbudgeted project, approval from FP&C will be required for the early activation.

- In the event the project has been previously approved by the IC, the above email from the highest LOB authority would not be required. Instead, verification from FP&C that the project had indeed been approved by the IC would be sufficient approval.

- The approval request email must include the following info:
    - Project number
    - Project description
    - Total project amount
    - Name of the individual whose highest level of authority is required, and any associated delegation of authority (DOA)
    - Description of the need for the early activation
    - For an unbudgeted project, the budgeted project number that will cover the unbudgeted spending.

- Additionally, for either scenario 1 or 2 above, an automated AIP must be submitted for $10,000 and approved by the project manager and budget coordinator for the project in order for the project to be moved to “open” status in PowerPlant.

- The Property Accounting Department will maintain a log of early activated projects, and copies of the email approvals will be filed with the AIP.

- A revised AIP (for the full project amount) for all projects that are early activated must be received by the Property Accounting Department, or FP&C if necessary, with all required approvals, within 10 business days of the early activation. Repeated failure to comply

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with this timing will require email approval by the appropriate LOB VP for early activation of all future AIPs.

Project In-Service and/or Completion

Upon project in-service and/or completion, the project manager or budget coordinator most familiar with the project is required to do the following:

1. Verify completion date (if the date is not correct, it needs to be updated in PowerPlant). Entering a completion date changes the project status to "completed".
2. Verify actual in-service date (if the date is not correct, it needs to updated in PowerPlant). Entering an in-service date without a completion date changes the project status to "in-service". Verify actual installed costs and actual removal costs (report/explain any variances greater than 10% from the AIP to Property Accounting).
3. Verify units of property installed and units of property retired (report to Property Accounting if different from AIP).

Post Completion Audits

Budget coordinators are required to perform a post-completion audit (PCA) of projects as discussed in the guidelines below. The review must be provided to FP&C and the IC.

- Projects greater than $5,000,000 (excluding blankets) must have a PCA performed within 18 months of the project completion date unless otherwise agreed, to have a full year of financials to review.
- At the discretion of FP&C a random audit of anything less than $5,000,000 can be requested for auditing purposes.
- A PCA template is available on the FP&C website. Also, samples of PCAs are available on the website under "Examples". Transmission PCAs are not included on the website due to the Standards of Conduct.
- In case of impairment, a PCA is always required.

Leases

Prior to the execution of any new lease entered into on behalf of the Company, a review must be conducted by the budget coordinator for the appropriate LOB, Financial Accounting and Reporting and the Tax department to determine if the lease is structured as a capital or operating lease. Additional reviews by Legal and Corporate Finance may be required depending on the total amount of the lease. See the LKE Lease Policy for more details.

Blanket Capital Projects

Background: Several lines of business (primarily Distribution and Transmission) use blanket capital projects to procure routine, frequently used assets (i.e., poles, meters, transformers) or to facilitate routine work for which specific information is not available at the time the budget is

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prepared (i.e., Gas and Electric Distribution New Business by area.) The blanket projects hold a "bucket" of budget dollars which is used to fund specific tasks under $300,000 as they are identified throughout the year. For Distribution and Metering, blanket projects are not closed each year but they are re-budgeted each year and are unitized on an "as-spent" basis. For Transmission, blanket projects are opened and closed on an annual basis. They must be set up as task level unitization within PowerPlant and are unitized by task as completed each year.

Authorization: Each December, a list of all budgeted blanket projects for the next year must be submitted to the IC for approval, along with the forecast for the current year's blanket capital spending. At the discretion of the IC, some blanket projects (e.g., Gas Leak Mitigation or Pole Inspection and Treatment) may require an IP and PCA and will not be included in the routine blanket listing. These projects will be presented to the IC in December as separate projects. An AIP or PCA is not required for the routine blanket capital projects.

Criteria for Spending under an Existing Blanket Project: Only work and materials of a routine nature which cannot be specifically identified at the time of budget preparation may be charged to a blanket project. Individual tasks (which may consist either of individual parts or of work orders containing both labor and material) must fall below a $300,000 gross (of reimbursement) spending level. Otherwise, a separate, non-blanket capital project must be created which is subject to all requirements described elsewhere in this policy. Moreover, the same rules for spending authorization levels apply for spending under blanket capital projects as described elsewhere in this policy. Should a task on a blanket project exceed $300,000, then appropriate corrective action, i.e. AIP, CEM etc., and charge corrections via VOLTS and CODs to correct the charges to the correct project should be completed as soon as possible. Miscellaneous type blankets, such as small tools and transmission projects, should have a paper miscellaneous AIP prepared with all the pertinent information about the asset and location of the capital expenditure and sent to Property Accounting when the task is opened on the blanket project. This form can be found on Property Accounting's Home Page.

Criteria for Creating a New Blanket Project: New blanket capital projects require the approval of both Property Accounting and FP&C. To open new blanket projects, a partial AIP in the amount of $10,000 must go through the approval process in PowerPlant. New blanket capital projects created after the budget process is complete are always considered to be unbudgeted and are therefore subject to the same requirements for unbudgeted projects described elsewhere in this policy. The unbudgeted project authorized spending must be covered by either a budgeted blanket or a non-blanket project in accordance with the RAC Tenets.

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Monthly Spending Report: The budget coordinator for each LOB incurring spending under blanket capital projects is required to prepare a monthly report listing all blanket projects (including those approved under a stand-alone IP) comparing the total year-to-date spending against the approved budget. Any substitution of non-blanket projects' budgets to cover new blanket projects' budgets must be noted on the report and tracked throughout the year. This report must be submitted to FP&C for review by the eleventh business day of the following month. FP&C, after reviewing, will send the report to Property Accounting.

Penalties for Noncompliance
Failure to comply with this policy may result in disciplinary action, up to and including discharge.

Reference: Authority Limit Matrix; CEM; Lease Policy; Resource Allocation Committee Tenets; and Investment Proposal forms.
Key Contact:

- Financial Planning & Controlling
- **Accounting Matters**: Property Accounting, Utility Accounting & Reporting, & Controller
- **Capital Leases**: Corporate Finance and Financial Accounting and Reporting

Administrative Responsibility: Chief Financial Officer.

Revision Dates: 12/01/07, 04/04/08, 12/31/08, 7/20/09, 02/01/11

CAPITAL POLICY

Effective 07/20/09 – 01/31/11

E.ON U.S. LLC Policy

Capital and Investment Review

Policy

The primary purpose of the Capital and Investment Review Policy is to establish a uniform process for:

1. capital planning and budgeting;
2. authority for the expenditure of funds;
3. control and reporting of capital expenditures;
4. development of review criteria for the authorization process;
5. recording lessons learned for future investments and decisions; and
6. determining how the investment is operating and how the returns compare to the project as sanctioned.

Further, these policies will provide management with the necessary tools to make informed business decisions. A capital expenditure includes adding, replacing or retiring units of property through the construction or acquisition process. Generally, it is inappropriate to capitalize expenditures that are part of routine or necessary maintenance programs. If a substantial improvement is made to an asset, the following criteria should be used to determine whether or not capitalization is appropriate:

1. Does the improvement extend the original useful life of the asset?
2. Does the improvement increase the throughput or capacity of the asset?
3. Has operating efficiency been improved?
4. Does the expenditure meet the definition of a capitalizable cost under the FERC Uniform System of Accounts?

If you answer yes to any of the above questions, capitalization is appropriate for your project. Questions relating to the categorization of an expense as capital or O&M should be referred to Property Accounting for utility matters or the appropriate fixed-asset accounting group for non-utility operations. The Controller will have the ultimate authority of interpreting expense versus capital decisions based on generally accepted accounting principles. See Property Accounting's Home Page.

Scope

This policy applies to E.ON U.S. LLC and its subsidiaries' (E.ON U.S. or the Company).

General Requirements

1. All capital spending that is expected to occur during the year must be budgeted in the approved MTP budget .
2. There will be no carry-over of spending capital authority from one year to the next.
3. An Authorization for Investment Proposal (AIP) form must be completed for **all** capital spending projects.
4. Projects with a total cost of $2,000 or less will be expensed.
5. An Investment Proposal must be completed for all capital spending projects greater than $300,000.

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6. The Information Technology Department must approve **all** capital projects involving anything related to information technology.
7. All investment projects greater than $1,000,000 with the exception of development proposals, require the approval of the Investment Committee (IC). For Development Proposals and Real Property the threshold is $500,000.

8. The Investment Committee is required to approve any overrun of $300,000 or greater on previously approved proposals. However, the Investment Committee has requested to be informed about all overruns which are $100k or greater bi-annually. Therefore, all overruns on previously approved proposals which are $100k or greater must be reported to Financial Planning and Controlling. If the previous proposal was below the Investment Committee threshold and the revised amount is over the respective Investment Committee threshold, the proposal needs to be approved by the Investment Committee regardless of the increase amount.

Capital Planning

The multi-year Capital Investment Plan will be used to inform senior management of future capital-spending projections. These plans are prepared annually on an operating business unit (OBU) basis and include the forecast of capital projections during the annual planning period. The first year of the capital investment plan, once approved, becomes the formal budget for that year.

Carry-Over Spending: During preparation of the Three-year Capital Investment Plans, each OBU will review all current-year projects to determine if they will be completed as of the end of the year. If a project is expected to be in process at year-end, but not complete, it must be included in the following year's Three-year Capital Investment Plan for additional funds to be approved.

Capital Approval Process

Authorization for Investment Proposal: Although specific capital projects are identified in the budgeting process, they are still subject to the Authority Limit Matrices signature requirements and all other signature reviews as stated on the face of the AIP. Projects are not considered approved until appropriate signatures are obtained as stated on the AIP form.

The AIP form is used to request the appropriate approvals for spending on capital projects. A completed AIP is required under the following conditions:

- An AIP form must be submitted and approved prior to committing to or incurring any capital expenditure. Approvals must be obtained in the sequence shown in the approval section of the AIP form.
- Approvals must be obtained up to the levels designated in the Authority Limit Matrices for the dollar amount of any project (which may include multiple AIPs).

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- Any AIP over $300,000, except for development proposals, must include an Investment Proposal and Capital Evaluation Model (CEM) and must be submitted to the Financial Planning & Controlling Department for approval. Development proposals must have other adequate supporting documentation attached and, should they become viable projects, must have a revised AIP submitted, accompanied by the Investment Proposal and Capital Evaluation Model if over the $300,000 threshold.
- A completed AIP form must be submitted and approved prior to the disposal of any capital asset. In addition, an Investment Proposal must be submitted for disposal projects of $300,000 or more.
- A revised AIP must be submitted for significant project overruns (See below).
- Instructions provided with the AIP form must be followed.

Investment Proposal: The Investment Proposal is used to explain in detail the nature and justification of the capital project. Capital projects over $300,000 on a fully loaded basis require the submittal of an Investment Proposal and Capital Evaluation Model along with the AIP. The following information will provide senior management with consistent documentation for evaluating capital projects. The Investment Proposal which is published on the Financial Planning & Controlling intranet should include the following sections:

- A header that includes the project name, total expenditures, project number, Line of Business and who will present the project.
- Executive Summary (max ½ page) – Provide a summary explanation of the scope, purpose and necessity of the proposal. Should also include financial benefits as well as qualitative reasons why this proposal should be pursued.
- Background – why project is needed.
- Project Description – including project scope, timeline and project cost.
- Economic Analysis and Risks – this should include bid summary, assumptions, financial summary, sensitivities, environmental impact, risks and other alternatives considered.
- Capitalized interest must be included as part of capital spending on discrete projects in excess of €50 million based on the current exchange rate at the time of the preparation of the Investment Proposal which can be obtained at the xe.com website. Please consult Property Accounting for the current interest rate to use in the Capital Evaluation Model based on the most recent embedded cost of debt calculation. Also, if in doubt about whether the project qualifies for capitalized interest, please consult Property Accounting for assistance. When a project qualifies for capitalized interest, two Capital Evaluation Models must be run and attached to the Investment Proposal: one without capitalized interest for regulatory purposes and one with capitalized interest under International Financial Reporting Standards (IFRS). Approved spending levels and analysis of the economics of the project are to be based solely on the IFRS view, inclusive of capitalized interest.
- Conclusion and recommendation
- The Investment Proposal should not exceed 5 pages.

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Unbudgeted Projects: Any capital expenditure that is not included in the original, approved budget, must either be offset by a like reduction in one or more budgeted projects, or the overspending requires prior written approval by the E.ON U.S. LLC Chief Financial Officer (CFO) and Chief Executive Officer (CEO). The Financial Planning & Controlling Department must approve AIPs for unbudgeted projects (see *Approvals* below). In addition, unbudgeted project spending greater than $300,000 is subject to the Resource Allocation Committee (RAC) Tenets. Certain Generation Miscellaneous Projects, as described below, are exempt from being considered unbudgeted.

Under-Funded Projects: Projects that are submitted for approval that were included in the original approved budget, where the requested capital amount is greater than the budgeted amount for that project, must either be offset by a like reduction in one or more budgeted projects, or the additional funding requires prior written approval by the E.ON U.S. LLC CFO and CEO. The Financial Planning & Controlling Department must approve AIPs for underfunded projects (see *Approvals* below). In addition, underfunded project spending greater than $300,000 is subject to the Resource Allocation Committee (RAC) Tenets.

Project Overruns: When it is apparent that the amount approved on the original AIP will be insufficient(project is expected to be 10% or $100,000 over; whichever is less, subject to a minimum of $25,000) to complete the project, **a revised AIP must be completed before the overrun occurs and the following conditions apply (see Appendix A):**

- Project overrun is expected to be $300,000 or greater and project had previously been above Investment Committee threshold the revised project amount needs to be approved by the Investment Committee. A new Investment Proposal and CEM are required as well.
- If project overrun is $100,000 or more, but less than $300,000 provide an explanation on the updated financials and explanation for the overrun. Updated Investment Proposal is not required.
- Previous project proposal was below Investment Committee threshold and revised amount is over Investment Committee threshold the proposal needs to be approved by the Investment Committee regardless of the increase amount. Revised Investment Proposal and CEM are required.
- Project overrun must be offset by a like reduction in one or more budgeted projects; or the overspending requires prior written approval by the E.ON U.S. LLC Chief Financial Officer (CFO) and the Chief Executive Officer (CEO). Project overruns of greater than $300,000 are subject to the RAC Tenets.

The Investment Committee reviews project overruns of $100k or greater two times a year. For this purpose the Lines of Business are required to provide a list of all project overruns of $100k or greater to Financial Planning & Controlling. This applies only for the projects which exceed the Investment Committee threshold.

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At no time should overspending occur prior to the approval of the new AIP (subject to the emergency provision of the Delegated Powers of Authority). The additional funding requested must either be offset by a like reduction in one or more budgeted projects, or the additional funding requires prior written approval by the E.ON U.S. LLC CFO and CEO.

Revised AIPs must be approved for the total revised dollar amount using the approval limits in the Authority Limit Matrices. All revised AIPs must be submitted to the Financial Planning & ControllingDepartment with a copy of the original AIP attached. Revised AIPs which meet the spending level threshold for Investment Committee approval will be provided to the Investment Committee for review.

Financial Planning & Controlling Approvals: Unbudgeted projects or those projects requiring an Investment Proposal (i.e. over $300,000) must be forwarded to the Financial Planning & Controlling department for review and approval.

Budgeted projects less than $300,000 are approved as normally required by the Authority Limit Matrix and do not require the prior approval of the Financial Planning & Controlling Department.

Generation Miscellaneous Projects: Each Generation plant site may have one miscellaneous project not to exceed $300,000 which is budgeted to serve as a placeholders for small individual projects which arise during the year and which cannot be specifically anticipated during the budgeting process. This category of projects is different from Blanket Projects described elsewhere in this policy. Each Generation Miscellaneous Project must be budgeted, but an AIP must not be prepared for it and therefore it will not be activated in Oracle. Instead, as specific work is identified, the appropriate budget coordinator must create a new project number for the charges and prepare an AIP for the new project which references the budgeted placeholder project number. The new project is not considered unbudgeted to the extent that unused budget dollars are available in the budgeted placeholder project to cover it. The budget coordinator is responsible for tracking the accumulated spending of the individual projects to ensure that the budget is not exceeded. Property Accounting will also monitor the accumulated spending to ensure that the budget has not been exceeded.

Reimbursable Projects: Projects which will have all or a portion of the spending amount reimbursed by an outside party must follow the same guidelines as non-reimbursable projects, except as noted below:

- Tax Department review indicating whether Contribution in Aid of Construction is taxable must occur prior to any reimbursement agreement being finalized and evidence of such review must be attached to the AIP.

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- If fully executed agreement specifying the terms of reimbursement is attached to an AIP with gross spending under $1 million the net spending amount may be used to determine whether an Investment Proposal and Capital Evaluation Model are required.
- Jointly-owned utility projects under the specified gross spending thresholds qualify for this exception without requiring the attachment of the executed joint ownership agreement.
- For all projects, the gross spending amount must always be used to determine the appropriate approval level.

Government-Mandated/Regulatory Compliance Projects: Projects which are not reimbursable but which are mandated by governmental legislation or other governmental authority must follow the same guidelines as all other projects except that for such AIPs with gross spending under $1 million neither the Investment Proposal nor the Capital Evaluation Model are required, provided that the appropriate legislative docket numbers or applicable statute references are provided with the AIP.

Early Activation Guidelines

In order for a project to be early activated, the following criteria must be met:

1. The expenditure must be the result of a true emergency: 1) the equipment has failed; 2) a material problem has been found, requiring it to be replaced immediately in order to maintain the reliability of the system; 3) or the expenditure is needed to address an immediate safety risk.

OR

2. The equipment vendor has provided a quote for the capital purchase that is only valid for a short period of time. The time frame would not be long enough to complete all the necessary paperwork, and acquire all necessary approvals in time to place the order at the reduced price.

Process requirements for an Early Activated AIP:

- For each AIP that is early activated, Property Accounting must first receive email approval from the highest level of LOB authority based on the total amount of the AIP as per the AIP signature process. Financial Planning & Controlling must also be copied on this email. Should the AIP be for an unbudgeted project, approval from Financial Planning & Controlling will be required for the Early Activation.

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- In the event the project has been previously approved by the Investment Committee, the above email from the highest LOB authority would not be required. Instead, verification from Financial Planning & Controlling that the project had indeed been approved by the Investment Committee would be sufficient approval.

- The approval request email must include the following info: 1) Project Number; 2) Project Description; 3) Total Project amount; 4) Name of the individual whose highest level of signature authority is required, and any associated DOA's; 5) Description of the need for the early activation; 6) If the request is for an unbudgeted project, the email must contain the budgeted project number that will cover the unbudgeted spending.

- All normally required signatures must still be acquired on the AIP prior to sending the AIP to Property Accounting.

- The Property Accounting Department will maintain a log of Early Activated projects, and copies of the email approvals will be filed with the AIP.

- All AIPs that are early activated must be received by the Property Accounting Department, or Financial Planning & Controlling if necessary, with all required approvals, within 10 business days of the early activation. Repeated failure to comply with this timing will require email approval by the appropriate LOB VP for Early Activation of all future AIPs.

Project Completion

Upon project completion the project manager or budget coordinator closest to the project is required to:

1. Verify completion date (report to Property Accounting if different from AIP).
2. Update ORACLE project status to "completed".
3. Verify actual in-service date (report to Property Accounting if different from AIP).
4. Verify actual installed costs (report/explain any variances greater than 10% from the AIP to Property Accounting).
5. Verify actual removal costs (report/explain any variances greater than 10% from the AIP to Property Accounting).
6. Verify units of property installed (report to Property Accounting if different from AIP).
7. Verify units of property retired (report to Property Accounting if different from AIP).

Budget coordinators are required to perform a post-completion audit of projects as discussed in the guidelines below. The review must be provided to the Financial Planning & Controlling Department and the Investment Committee.

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For Internal Review

- E.ON U.S. requires that projects greater than $5.0M (excluding blankets) complete a Post Completion Audit within 18 months of the project completion date unless otherwise agreed, to have a full year of financials to review.
- At the discretion of Financial Planning & Controlling a random audit of anything less than $5.0M can be requested for auditing purposes.
- A PCA Template is available on the Financial Planning & Controlling website. Also, samples of Post Completion Audits are on Financial Planning & Controlling's website under "Examples". Transmission PCAs are not included on the website due to the Standards of Conduct.

For E.ON A.G.

The review must follow the requirement specified in the E.ON Planning and Controlling Manual (section C.8.4) which is available on Financial Planning & Controlling's website.

A Post Completion Audit should be submitted if one of the following criteria is valid:

- The project was approved by the E.ON Supervisory Board or the E.ON Finance and Investment Committee, or
- A project of at least $50M Euros shows significant earnings deviations to the business plan originally presented. A significant deviation means that the Adjusted EBIT deviates more than 10% from the original plan in a three year period, or
- Before the completion of the construction of an asset over $50M Euros, key assumptions of the valuation change leading to an overall change in value of 10%, or
- A PCA was agreed bilaterally between E.ON A.G. and the Market Unit at the time of the approval of the project.

In case of impairment, a PCA is always required. Otherwise, for projects which fulfill the criteria described above a PCA is generally performed three years after the realization of the project, e.g.

- Three years after the acquisition of a company, power plant, gas storage, etc.
- Three years after the start of the construction period of a power plant until three years after the completion of a power plant.
- Three years after the start of the exploration phase of a gas/oil field until three years after the start of the production phase of the gas/oil field.

Leases

Prior to the execution of any new lease entered into on behalf of the Company, a review must be conducted by the budget coordinator for the appropriate OBU, Financial Accounting and Reporting to determine if the lease is structured as a capital or operating lease, and by the Tax department. Additional reviews by Legal and Corporate Finance may be required depending on the total amount of the lease. See the E.ON U.S. LLC Lease Policy for more details.

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Blanket Capital Projects

Background: Several lines of business (primarily Distribution and Transmission) use blanket capital projects to procure routine, frequently used assets (i.e., poles, meters, transformers) or to facilitate routine work for which specific information is not available at the time the budget is prepared (i.e. Gas and Electric Distribution New Business by area.) The blanket projects hold a "bucket" of budget dollars which is used to fund specific tasks (subprojects) under $300,000 as they are identified throughout the year. Blanket projects are not closed each year but they are rebudgeted each year and are unitized on an "as-spent" basis.

Authorization: At the beginning of each calendar year, a list of all budgeted blanket projects must be submitted to the Investment Committee for approval, along with a summary of the previous year's blanket capital spending. (A post-completion audit will not be required for blanket capital projects.)

Criteria for Spending under an Existing Blanket Project: Only work and materials of a routine nature which cannot be specifically identified at the time of budget preparation may be charged to a blanket project. Individual tasks (which may consist either of individual parts or of work orders containing both labor and material) must fall below a $300,000 gross (of reimbursement) spending level. Otherwise, a separate, non-blanket capital project must be created which is subject to all requirements described elsewhere in this policy. Moreover, the same rules for spending authorization levels apply for spending under blanket capital projects as described elsewhere in this policy.

Criteria for Creating a New Unbudgeted Blanket Project: New blanket capital projects created after the budget process is complete do not require an approved AIP, but the request to open the project must be submitted to both Property Accounting and Financial Planning & Controlling. New blanket capital projects are always considered to be unbudgeted and are therefore subject to the same requirements for unbudgeted projects described elsewhere in this policy. The unbudgeted project authorized spending must be covered by either a budgeted blanket or a non-blanket project in accordance with the RAC Tenets.

Monthly Spending Report: The budget coordinator for each line of business incurring spending under blanket capital projects is required to prepare a monthly report listing all blanket projects and comparing the total year-to-date spending against budget. Any substitution of non-blanket projects' budgets to cover new blanket projects' budgets must be noted on the report and tracked throughout the year. This report must be submitted to Financial Planning & Controlling for review by the eleventh business day of the following month.

Penalties for Noncompliance

E.ON U.S. LLC Policy

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Failure to comply with this policy may result in disciplinary action, up to and including discharge.

Reference: Authority Limit Matrices; Authorization for Investment Proposal; Capital Evaluation Model; Lease Policy; Resource Allocation Committee Tenets; and Investment Proposal forms.

Key Contact:

- Financial Planning & Controlling
- **Accounting Matters**: Property Accounting, Utility Accounting & Reporting, & Controller
- **Capital Leases**: Corporate Finance and Financial Accounting and Reporting

Administrative Responsibility: Chief Financial Officer.

CAPITAL POLICY

Effective 12/31/08 – 07/19/09

E.ON U.S. LLC Policy

Capital and Investment Review

Policy

The primary purpose of the Capital and Investment Review Policy is to establish a uniform process for:

1. capital planning and budgeting;
2. authority for the expenditure of funds;
3. control and reporting of capital expenditures;
4. development of review criteria for the authorization process;
5. recording lessons learned for future investments and decisions; and
6. determining how the investment is operating and how the returns compare to the project as sanctioned.

Further, these policies will provide management with the necessary tools to make informed business decisions. A capital expenditure includes adding, replacing or retiring units of property through the construction or acquisition process. Generally, it is inappropriate to capitalize expenditures that are part of routine or necessary maintenance programs. If a substantial improvement is made to an asset, the following criteria should be used to determine whether or not capitalization is appropriate:

1. Does the improvement extend the original useful life of the asset?
2. Does the improvement increase the throughput or capacity of the asset?
3. Has operating efficiency been improved?
4. Does the expenditure meet the definition of a capitalizable cost under the FERC Uniform System of Accounts?

If you answer yes to any of the above questions, capitalization is appropriate for your project. Questions relating to the categorization of an expense as capital or O&M should be referred to Property Accounting for utility matters or the appropriate fixed-asset accounting group for non-utility operations. The Controller will have the ultimate authority of interpreting expense versus capital decisions based on generally accepted accounting principles. See Property Accounting's Home Page.

Scope

This policy applies to all E.ON U.S. LLC and its subsidiaries' (Company) employees.

General Requirements

1. All capital spending that is expected to occur during the year must be budgeted in the current-year commitment.
2. There will be no carry-over of spending capital authority from one year to the next.
3. An Authorization for Investment Proposal (AIP) form must be completed for **all** capital spending projects.
4. Projects with a total cost of $2,000 or less will be expensed.
5. An Investment Proposal must be completed for all capital spending projects greater than $300,000.

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6. The Information Technology Department must approve **all** capital projects involving anything related to information technology.
7. All information technology or development projects greater than $ 500,000 and all other projects greater than $1,000,000 require the approval of the Investment Committee.

Capital Planning

The multi-year Capital Investment Plan will be used to inform senior management of future capital-spending projections. These plans are prepared annually on an operating business unit (OBU) basis and include the forecast of capital projections during the annual planning period. The first year of the capital investment plan, once approved, becomes the formal budget for that year.

Carry-Over Spending: During preparation of the Three-year Capital Investment Plans, each OBU will review all current-year projects to determine if they will be completed as of the end of the year. If a project is expected to be in process at year-end, but not complete, it must be included in the following year's Three-year Capital Investment Plan for additional funds to be approved.

Capital Approval Process

Authorization for Investment Proposal: Although specific capital projects are identified in the budgeting process, they are still subject to the Authority Limit Matrices signature requirements and all other signature reviews as stated on the face of the AIP. Projects are not considered approved until appropriate signatures are obtained as stated on the AIP form.

The AIP form is used to request the appropriate approvals for spending on capital projects. A completed AIP is required under the following conditions:

- An AIP form must be submitted and approved prior to committing to or incurring any capital expenditure. Approvals must be obtained in the sequence shown in the approval section of the AIP form.
- Approvals must be obtained up to the levels designated in the Authority Limit Matrices for the dollar amount of any project (which may include multiple AIPs).
- Any AIP over $300,000, except for development proposals, must include an Investment Proposal and Capital Evaluation Model and must be submitted to the appropriate Financial Planning Department for approval. Development proposals must have other adequate supporting documentation attached and, should they become viable projects, must have a revised AIP submitted, accompanied by the Investment Proposal and Capital Evaluation Model if over the $300,000 threshold.
- A completed AIP form must be submitted and approved prior to the disposal of any capital asset. In addition, an Investment Proposal must be submitted for disposal projects of $300,000 or more.
- A revised AIP must be submitted for significant project overruns (See below).

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- Instructions provided with the AIP form must be followed.

Investment Proposal: The Investment Proposal is used to explain in detail the nature and justification of the capital project. Capital projects over $300,000 on a fully loaded basis require the submittal of an Investment Proposal and Capital Evaluation Model along with the AIP. The following format will provide senior management with consistent information for evaluating capital projects. The Investment Proposal should include the following sections:

- Full description, including alternative options and strategic justification.
- Breakdown of investment amount by year, by type of spend (capital/revenue/working capital).
- Cost of own staff allocated to the project is not included in the investment value but should be separately disclosed.
- The amount to be sanctioned must include an appropriate risk margin.
- Capitalized interest must be included as part of capital spending on discrete projects in excess of €50 million based on the current exchange rate at the time of the preparation of the Investment Proposal which can be obtained at the xe.com website. Please consult Property Accounting for the current interest rate to use in the Capital Evaluation Model based on the most recent embedded cost of debt calculation. Also, if in doubt about whether the project qualifies for capitalized interest, please consult Property Accounting for assistance. When a project qualifies for capitalized interest, two Capital Evaluation Models must be run and attached to the Investment Proposal: one without capitalized interest for regulatory purposes and one with capitalized interest under International Financial Reporting Standards (IFRS). Approved spending levels and analysis of the economics of the project are to be based solely on the IFRS view, inclusive of capitalized interest.
- Economics:
  - NPV* and IRR* should be based on the post tax nominal cash flows.
  - The economics should be calculated on central case cash flows, but include the full investment amount (i.e. including any risk margin).
  - For projects that will not be consolidated (generally less than 50% ownership) the economics should be calculated on the dividend stream to the Company. The project return should also be shown, but this measure is second order to the equity impact.
  - Value added* is calculated as the difference between the ROCE* and the pre tax nominal cost of capital, multiplied by the capital employed.

    Value Added* = ROCE* – [E.ON WACC * Capital Employed for the Project]

    ROCE* = Earnings before tax
    Capital Employed Company-wide

  - Other economic measures may be shown e.g. payback period (number of years for the cumulative nominal post tax cash flows to exceed the investment cost).

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- Impact on E.ON U.S. financial statements. The impact on EBIT, internal operating profit, net income, net debt and cash flow should be shown at a minimum. The time horizon should be appropriate to the investment.
- Risk assessment and sensitivity analysis. Sensitivities should show the impact on the financial statements (particularly internal operating profit and cash flow) as well as the impact on the NPV* and IRR*.
- Breakdown of synergies; indicating a sensitivity to show the impact of not achieving the synergies.
- How the project will be managed including accountabilities (especially for realizing the synergies) in all stages of the process.
- Assumptions must be stated.
- Reference to supporting documents (e.g. functional reports).
- Budget / plan provision for project.
- Milestone plan.
- Environmental impact of the investment.

*For these and other definitions, see Investment Proposal Guidelines (EON Planning and Controlling Manual, section C.8.5.3).

Unbudgeted Projects: Any capital expenditure that is not included in the original, approved budget, must either be offset by a like reduction in one or more budgeted projects, or the overspending requires prior written approval by the E.ON U.S. LLC Chief Financial Officer (CFO) and Chief Executive Officer (CEO). The Financial Planning Department must approve AIPs for unbudgeted projects (see *Approvals* below). In addition, unbudgeted project spending greater than $300,000 is subject to the Resource Allocation Committee (RAC) Tenets.[insert link to final RAC Tenets doc when available.] Certain Generation Miscellaneous Projects, as described below, are exempt from being considered unbudgeted.

Under-Funded Projects: Projects that are submitted for approval that were included in the original approved budget, where the requested capital amount is greater than the budgeted amount for that project, must either be offset by a like reduction in one or more budgeted projects, or the additional funding requires prior written approval by the E.ON U.S. LLC CFO and CEO.

Project Overruns: When it is apparent that the amount approved on the original AIP will be insufficient (project is expected to be 10% or $100,000 over; whichever is less, subject to a minimum of $25,000) to complete the project, a revised AIP must be completed as soon as possible. If a revised AIP is required and the revised total is $300,000 or greater, a new Investment Proposal is also required. **At no time should overspending occur prior to the approval of the new AIP** (subject to the emergency provision of the Delegated Powers of Authority). The additional funding requested must either be offset by a like reduction in one or

more budgeted projects, or the additional funding requires prior written approval by the E.ON U.S. LLC CFO and CEO.

Revised AIPs must be approved for the total revised dollar amount using the approval limits in the Authority Limit Matrices. All revised AIPs must be submitted to the Financial Planning Department with a copy of the original AIP attached. Revised AIPs which meet the spending level threshold for Investment Committee approval will be provided to the Investment Committee for review.

Projects expected to exceed the approved AIP by less than 10% or $100,000 (whichever is less) do not require further approval or review, but the funding must also be offset by a like reduction in one or more budgeted projects.

Approvals: Unbudgeted projects or those projects requiring an Investment Proposal (i.e. over $300,000) must be forwarded to the appropriate department for review and approval:

- **Utility and SERVCO**: Financial Planning -- Utility Operations
- **All Other**: Financial Planning & Controlling -- E.ON U.S. LLC

If the appropriate financial planning and controlling department does not concur with an Investment Proposal and does not approve the AIP, then the project will require a signature one level above that which is normally required by the Authority Limit Matrices.

Budgeted projects less than $300,000 are approved as normally required by the Authority Limit Matrix and do not require the prior approval of the appropriate Financial Planning Department.

Generation Miscellaneous Projects: Each Generation plant site may have one miscellaneous project not to exceed $300,000 which is budgeted to serve as a placeholders for small individual projects which arise during the year and which cannot be specifically anticipated during the budgeting process. This category of projects is different from Blanket Projects described elsewhere in this policy. Each Generation Miscellaneous Project must be budgeted, but an AIP must not be prepared for it and therefore it will not be activated in Oracle. Instead, as specific work is identified, the appropriate budget coordinator must create a new project number for the charges and prepare an AIP for the new project which references the budgeted placeholder project number. The new project is not considered unbudgeted to the extent that unused budget dollars are available in the budgeted placeholder project to cover it. The budget coordinator is responsible for tracking the accumulated spending of the individual projects to ensure that the budget is not exceeded. Property Accounting will also monitor the accumulated spending to ensure that the budget has not been exceeded.

Reimbursable Projects: Projects which will have all or a portion of the spending amount reimbursed by an outside party must follow the same guidelines as non-reimbursable projects, except as noted as follows: Tax Department review indicating whether Contribution in Aid of

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Construction is taxable must occur prior to any reimbursement agreement being finalized and evidence of such review must be attached to the AIP. Also, if a fully executed agreement specifying the terms of reimbursement is attached to an AIP with gross spending under $1 million for non-IT projects and under $500,000 for IT projects, the net spending amount may be used to determine whether an Investment Proposal and Capital Evaluation Model are required. Jointly-owned utility projects under the specified gross spending thresholds qualify for this exception without requiring the attachment of the executed joint ownership agreement. For all projects, the gross spending amount must always be used to determine the appropriate approval level.

Government-Mandated/Regulatory Compliance Projects: Projects which are not reimbursable but which are mandated by governmental legislation or other governmental authority must follow the same guidelines as all other projects except that for such AIPs with gross spending under $1 million for non-IT projects and under $500,000 for IT projects, neither the Investment Proposal nor the Capital Evaluation Model are required, provided that the appropriate legislative docket numbers or applicable statute references are provided with the AIP.

Early Activation Guidelines

In order for a project to be early activated, the following criteria must be met:

1. The expenditure must be the result of a true emergency: 1) the equipment has failed; 2) a material problem has been found, requiring it to be replaced immediately in order to maintain the reliability of the system; 3) or the expenditure is needed to address an immediate safety risk.

OR

2. The equipment vendor has provided a quote for the capital purchase that is only valid for a short period of time. The time frame would not be long enough to complete all the necessary paperwork, and acquire all necessary approvals in time to place the order at the reduced price.

Process requirements for an Early Activated AIP:

- For each AIP that is early activated, Property Accounting must first receive email approval from the highest level of LOB authority based on the total amount of the AIP as per the AIP signature process. Financial Planning must also be copied on this email. Should the AIP be for an unbudgeted project, approval from Financial Planning will be required for the Early Activation.

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- In the event the project has been previously approved by the Investment Committee, the above email from the highest LOB authority would not be required. Instead, verification from Financial Planning that the project had indeed been approved by the Investment Committee would be sufficient approval.

- The approval request email must include the following info: 1) Project Number; 2) Project Description; 3) Total Project amount; 4) Name of the individual whose highest level of signature authority is required, and any associated DOA's; 5) Description of the need for the early activation; 6) If the request is for an unbudgeted project, the email must contain the budgeted project number that will cover the unbudgeted spending.

- All normally required signatures must still be acquired on the AIP prior to sending the AIP to Property Accounting.

- The Property Accounting Department will maintain a log of Early Activated projects, and copies of the email approvals will be filed with the AIP.

- All AIPs that are early activated must be received by the Property Accounting Department, or Financial Planning if necessary, with all required approvals, within 10 business days of the early activation. Repeated failure to comply with this timing will require email approval by the appropriate LOB VP for Early Activation of all future AIPs.

Project Completion

Upon project completion the project manager or budget coordinator closest to the project is required to:

1. Verify completion date (report to Property Accounting if different from AIP).
2. Update ORACLE project status to "completed".
3. Verify actual in-service date (report to Property Accounting if different from AIP).
4. Verify actual installed costs (report/explain any variances greater than 10% from the AIP to Property Accounting).
5. Verify actual removal costs (report/explain any variances greater than 10% from the AIP to Property Accounting).
6. Verify units of property installed (report to Property Accounting if different from AIP).
7. Verify units of property retired (report to Property Accounting if different from AIP).

Budget coordinators are required to perform a post-completion audit of projects as discussed in the guidelines below. . The review must be provided to the appropriate Financial Planning Department and the Investment Committee.

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For Internal Review

- E.ON U.S. requires that projects greater than $5.0M (excluding blankets) complete a Post Completion Audit within 18 months of the project completion date unless otherwise agreed, to have a full year of financials to review.
- At the discretion of Financial Planning a random audit of anything less than $5.0M can be requested for auditing purposes.
- A PCA Template is available on the Financial Planning website. Also, samples of Post Completion Audits are on Financial Planning's website under "Examples". Transmission PCAs are not included on the website due to the Standards of Conduct.

For E.ON A.G.

The review must follow the requirement specified in the EON Planning and Controlling Manual (section C.8.4) which is available on Financial Planning's website.

A Post Completion Audit should be submitted if one of the following criteria is valid:

- The project was approved by the E.ON Supervisory Board or the E.ON Finance and Investment Committee, or
- A project of at least $50M Euros shows significant earnings deviations to the business plan originally presented. A significant deviation means that the Adjusted EBIT deviates more than 10% from the original plan in a three year period, or
- Before the completion of the construction of an asset over $50M Euros, key assumptions of the valuation change leading to an overall change in value of 10%, or
- A PCA was agreed bilaterally between E.ON A.G. and the Market Unit at the time of the approval of the project.

In case of an impairment, a PCA is always required. Otherwise, for projects which fulfill the criteria described above a PCA is generally performed three years after the realization of the project, e.g.

- Three years after the acquisition of a company, power plant, gas storage, etc.
- Three years after the start of the construction period of a power plant until three years after the completion of a power plant.
- Three years after the start of the exploration phase of a gas/oil field until three years after the start of the production phase of the gas/oil field.

Leases

Prior to the execution of any new lease entered into on behalf of the Company, a review must be conducted by the budget coordinator for the appropriate OBU, Financial Accounting and Reporting to determine if the lease is structured as a capital or operating lease, and by the Tax department. Additional reviews by Legal and Corporate Finance may be required depending on the total amount of the lease. See the E.ON U.S. LLC Lease Policy for more details.

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Blanket Capital Projects

Background: Several lines of business (primarily Distribution and Transmission) use blanket capital projects to procure routine, frequently used assets (i.e., poles, meters, transformers) or to facilitate routine work for which specific information is not available at the time the budget is prepared (i.e. Gas and Electric Distribution New Business by area.) The blanket projects hold a "bucket" of budget dollars which is used to fund specific tasks (subprojects) under $300,000 as they are identified throughout the year. Blanket projects are not closed each year but they are rebudgeted each year and are unitized on an "as-spent" basis.

Authorization: At the beginning of each calendar year, a list of all budgeted blanket projects must be submitted to the Investment Committee for approval, along with a summary of the previous year's blanket capital spending. (A post-completion audit will not be required for blanket capital projects.)

Criteria for Spending under an Existing Blanket Project: Only work and materials of a routine nature which cannot be specifically identified at the time of budget preparation may be charged to a blanket project. Individual tasks (which may consist either of individual parts or of work orders containing both labor and material) must fall below a $300,000 gross (of reimbursement) spending level. Otherwise, a separate, non-blanket capital project must be created which is subject to all requirements described elsewhere in this policy. Moreover, the same rules for spending authorization levels apply for spending under blanket capital projects as described elsewhere in this policy.

Criteria for Creating a New Unbudgeted Blanket Project: New blanket capital projects created after the budget process is complete do not require an approved AIP, but the request to open the project must be submitted to both Property Accounting and Financial Planning. New blanket capital projects are always considered to be unbudgeted and are therefore subject to the same requirements for unbudgeted projects described elsewhere in this policy. The unbudgeted project authorized spending must be covered by either a budgeted blanket or a non-blanket project in accordance with the RAC Tenets.

Monthly Spending Report: The budget coordinator for each line of business incurring spending under blanket capital projects is required to prepare a monthly report listing all blanket projects and comparing the total year-to-date spending against budget. Any substitution of non-blanket projects' budgets to cover new blanket projects' budgets must be noted on the report and tracked throughout the year. This report must be submitted to Financial Planning for review by the eleventh business day of the following month.

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Penalties for Noncompliance
Failure to comply with this policy may result in disciplinary action, up to and including discharge.

Reference: Authority Limit Matrices; Authorization for Investment Proposal; Capital Evaluation Model; Lease Policy; Resource Allocation Committee Tenets; and Investment Proposal forms.
Key Contact:

- Financial Planning
- **Accounting Matters**: Property Accounting, Utility Accounting & Reporting, & Controller
- **Capital Leases**: Corporate Finance and Financial Accounting and Reporting

Administrative Responsibility: Chief Financial Officer.

CAPITAL POLICY

Effective 04/04/08 – 12/30/08

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Policy

The primary purpose of the Capital and Investment Review Policy is to establish a uniform process for:

1. capital planning and budgeting;
2. authority for the expenditure of funds;
3. control and reporting of capital expenditures;
4. development of review criteria for the authorization process;
5. recording lessons learned for future investments and decisions; and
6. determining how the investment is operating and how the returns compare to the project as sanctioned.

Further, these policies will provide management with the necessary tools to make informed business decisions. A capital expenditure includes adding, replacing or retiring units of property through the construction or acquisition process. Generally, it is inappropriate to capitalize expenditures that are part of routine or necessary maintenance programs. If a substantial improvement is made to an asset, the following criteria should be used to determine whether or not capitalization is appropriate:

1. Does the improvement extend the original useful life of the asset?
2. Does the improvement increase the throughput or capacity of the asset?
3. Has operating efficiency been improved?
4. Does the expenditure meet the definition of a capitalizable cost under the FERC Uniform System of Accounts?

If you answer yes to any of the above questions, capitalization is appropriate for your project. Questions relating to the categorization of an expense as capital or O&M should be referred to Property Accounting for utility matters or the appropriate fixed-asset accounting group for non-utility operations. The Controller will have the ultimate authority of interpreting expense versus capital decisions based on generally accepted accounting principles. See Property Accounting's Home Page.

Scope

This policy applies to all E.ON U.S. LLC and its subsidiaries' (Company) employees.

General Requirements

1. All capital spending that is expected to occur during the year must be budgeted in the current-year commitment.
2. There will be no carry-over of spending capital authority from one year to the next.
3. An Authorization for Investment Proposal (AIP) form must be completed for **all** capital spending projects.
4. Projects with a total cost of $2,000 or less will be expensed.
5. An Investment Proposal must be completed for all capital spending projects greater than $300,000.

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6. The Information Technology Department must approve **all** capital projects involving anything related to information technology.
7. All information technology or development projects greater than $ 500,000 and all other projects greater than $1,000,000 require the approval of the Investment Committee.

Capital Planning

The multi-year Capital Investment Plan will be used to inform senior management of future capital-spending projections. These plans are prepared annually on an operating business unit (OBU) basis and include the forecast of capital projections during the annual planning period. The first year of the capital investment plan, once approved, becomes the formal budget for that year.

Carry-Over Spending: During preparation of the Three-year Capital Investment Plans, each OBU will review all current-year projects to determine if they will be completed as of the end of the year. If a project is expected to be in process at year-end, but not complete, it must be included in the following year's Three-year Capital Investment Plan for additional funds to be approved.

Capital Approval Process

Authorization for Investment Proposal: Although specific capital projects are identified in the budgeting process, they are still subject to the Authority Limit Matrices signature requirements and all other signature reviews as stated on the face of the AIP. Projects are not considered approved until appropriate signatures are obtained as stated on the AIP form.

The AIP form is used to request the appropriate approvals for spending on capital projects. A completed AIP is required under the following conditions:

- An AIP form must be submitted and approved prior to committing to or incurring any capital expenditure. Approvals must be obtained in the sequence shown in the approval section of the AIP form.
- Approvals must be obtained up to the levels designated in the Authority Limit Matrices for the dollar amount of any project (which may include multiple AIPs).
- Any AIP over $300,000, except for development proposals, must include an Investment Proposal and Capital Evaluation Model and must be submitted to the appropriate Financial Planning Department for approval. Development proposals must have other adequate supporting documentation attached and, should they become viable projects, must have a revised AIP submitted, accompanied by the Investment Proposal and Capital Evaluation Model if over the $300,000 threshold.
- A completed AIP form must be submitted and approved prior to the disposal of any capital asset. In addition, an Investment Proposal must be submitted for disposal projects of $300,000 or more.
- A revised AIP must be submitted for significant project overruns (See below).

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- Instructions provided with the AIP form must be followed.

Investment Proposal: The Investment Proposal is used to explain in detail the nature and justification of the capital project. Capital projects over $300,000 on a fully loaded basis require the submittal of an Investment Proposal and Capital Evaluation Model along with the AIP. The following format will provide senior management with consistent information for evaluating capital projects. The Investment Proposal should include the following sections:

- Full description, including alternative options and strategic justification.
- Breakdown of investment amount by year, by type of spend (capital/revenue/working capital).
- Cost of own staff allocated to the project is not included in the investment value but should be separately disclosed.
- The amount to be sanctioned must include an appropriate risk margin.
- Capitalized interest must be included as part of capital spending on discrete projects in excess of €50 million based on the current exchange rate at the time of the preparation of the Investment Proposal which can be obtained at the xe.com website. Please consult Property Accounting for the current interest rate to use in the Capital Evaluation Model based on the most recent embedded cost of debt calculation. Also, if in doubt about whether the project qualifies for capitalized interest, please consult Property Accounting for assistance. When a project qualifies for capitalized interest, two Capital Evaluation Models must be run and attached to the Investment Proposal: one without capitalized interest for regulatory purposes and one with capitalized interest under International Financial Reporting Standards (IFRS). Approved spending levels and analysis of the economics of the project are to be based solely on the IFRS view, inclusive of capitalized interest.
- Economics:
  - NPV* and IRR* should be based on the post tax nominal cash flows.
  - The economics should be calculated on central case cash flows, but include the full investment amount (i.e. including any risk margin).
  - For projects that will not be consolidated (generally less than 50% ownership) the economics should be calculated on the dividend stream to the Company. The project return should also be shown, but this measure is second order to the equity impact.
  - Value added* is calculated as the difference between the ROCE* and the pre tax nominal cost of capital, multiplied by the capital employed.

    Value Added* = ROCE* – [E.ON WACC * Capital Employed for the Project]

    ROCE* = Earnings before tax
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  - Other economic measures may be shown e.g. payback period (number of years for the cumulative nominal post tax cash flows to exceed the investment cost).

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- Impact on E.ON U.S. financial statements. The impact on EBIT, internal operating profit, net income, net debt and cash flow should be shown at a minimum. The time horizon should be appropriate to the investment.
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- Breakdown of synergies; indicating a sensitivity to show the impact of not achieving the synergies.
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*For these and other definitions, see Investment Proposal Guidelines (EON Planning and Controlling Manual, section C.8.5.3).

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Under-Funded Projects: Projects that are submitted for approval that were included in the original approved budget, where the requested capital amount is greater than the budgeted amount for that project, must either be offset by a like reduction in one or more budgeted projects, or the additional funding requires prior written approval by the E.ON U.S. LLC CFO and CEO.

Project Overruns: When it is apparent that the amount approved on the original AIP will be insufficient (project is expected to be 10% or $100,000 over; whichever is less, subject to a minimum of $25,000) to complete the project, a revised AIP must be completed as soon as possible. If a revised AIP is required and the revised total is $300,000 or greater, a new Investment Proposal is also required. **At no time should overspending occur prior to the approval of the new AIP** (subject to the emergency provision of the Delegated Powers of Authority). The additional funding requested must either be offset by a like reduction in one or

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4. Verify actual installed costs (report/explain any variances greater than 10% from the AIP to Property Accounting).
5. Verify actual removal costs (report/explain any variances greater than 10% from the AIP to Property Accounting).
6. Verify units of property installed (report to Property Accounting if different from AIP).
7. Verify units of property retired (report to Property Accounting if different from AIP).

Budget coordinators are required to perform a post-completion audit for any project that required Investment Committee approval except for blanket capital projects (discussed below). The review must follow the requirement specified in the EON Planning and Controlling Manual (section C.8.4). The review must be provided to the appropriate Financial Planning Department

and the Investment Committee within one year of the project's completion (based on the record history update date on the Oracle project, found under Help/Record History).

Leases

Prior to the execution of any new lease entered into on behalf of the Company, a review must be conducted by the budget coordinator for the appropriate OBU, Financial Accounting and Reporting to determine if the lease is structured as a capital or operating lease, and by the Tax department. Additional reviews by Legal and Corporate Finance may be required depending on the total amount of the lease. See the E.ON U.S. LLC Lease Policy for more details.

Blanket Capital Projects

Background: Several lines of business (primarily Distribution and Transmission) use blanket capital projects to procure routine, frequently used assets (i.e., poles, meters, transformers) or to facilitate routine work for which specific information is not available at the time the budget is prepared (i.e. Gas and Electric Distribution New Business by area.) The blanket projects hold a "bucket" of budget dollars which is used to fund specific tasks (subprojects) under $300,000 as they are identified throughout the year. Blanket projects are not closed each year but they are rebudgeted each year and are unitized on an "as-spent" basis.

Authorization: At the beginning of each calendar year, a list of all budgeted blanket projects must be submitted to the Investment Committee for approval, along with a summary of the previous year's blanket capital spending. (A post-completion audit will not be required for blanket capital projects.)

Criteria for Spending under an Existing Blanket Project: Only work and materials of a routine nature which cannot be specifically identified at the time of budget preparation may be charged to a blanket project. Individual tasks (which may consist either of individual parts or of work orders containing both labor and material) must fall below a $300,000 gross (of reimbursement) spending level. Otherwise, a separate, non-blanket capital project must be created which is subject to all requirements described elsewhere in this policy. Moreover, the same rules for spending authorization levels apply for spending under blanket capital projects as described elsewhere in this policy.

Criteria for Creating a New Unbudgeted Blanket Project: New blanket capital projects created after the budget process is complete do not require an approved AIP, but the request to open the project must be submitted to both Property Accounting and Financial Planning. New blanket capital projects are always considered to be unbudgeted and are therefore subject to the same requirements for unbudgeted projects described elsewhere in this policy. The unbudgeted project authorized spending must be covered by either a budgeted blanket or a non-blanket project in accordance with the RAC Tenets.

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Monthly Spending Report: The budget coordinator for each line of business incurring spending under blanket capital projects is required to prepare a monthly report listing all blanket projects and comparing the total year-to-date spending against budget. Any substitution of non-blanket projects' budgets to cover new blanket projects' budgets must be noted on the report and tracked throughout the year. This report must be submitted to Financial Planning for review by the eleventh business day of the following month.

Penalties for Noncompliance
Failure to comply with this policy may result in disciplinary action, up to and including discharge.

Reference: Authority Limit Matrices; Authorization for Investment Proposal; Capital Evaluation Model; Lease Policy; Resource Allocation Committee Tenets; and Investment Proposal forms.
Key Contact:

- Financial Planning
- **Accounting Matters**: Property Accounting, Utility Accounting & Reporting, & Controller
- **Capital Leases**: Corporate Finance and Financial Accounting and Reporting

Administrative Responsibility: Chief Financial Officer.

CAPITAL POLICY

Effective 12/01/07 – 04/03/08

E.ON U.S. LLC Policy

Capital and Investment Review

Policy

The primary purpose of the Capital and Investment Review Policy is to establish a uniform process for:

1. capital planning and budgeting;
2. authority for the expenditure of funds;
3. control and reporting of capital expenditures;
4. development of review criteria for the authorization process;
5. recording lessons learned for future investments and decisions; and
6. determining how the investment is operating and how the returns compare to the project as sanctioned.

Further, these policies will provide management with the necessary tools to make informed business decisions. A capital expenditure includes adding, replacing or retiring units of property through the construction or acquisition process. Generally, it is inappropriate to capitalize expenditures that are part of routine or necessary maintenance programs. If a substantial improvement is made to an asset, the following criteria should be used to determine whether or not capitalization is appropriate:

1. Does the improvement extend the original useful life of the asset?
2. Does the improvement increase the throughput or capacity of the asset?
3. Has operating efficiency been improved?
4. Does the expenditure meet the definition of a capitalizable cost under the FERC Uniform System of Accounts?

If you answer yes to any of the above questions, capitalization is appropriate for your project. Questions relating to the categorization of an expense as capital or O&M should be referred to Property Accounting for utility matters or the appropriate fixed-asset accounting group for non-utility operations. The Controller will have the ultimate authority of interpreting expense versus capital decisions based on generally accepted accounting principles. See Property Accounting's Home Page.

Scope

This policy applies to all E.ON U.S. LLC and its subsidiaries' (Company) employees.

General Requirements

1. All capital spending that is expected to occur during the year must be budgeted in the current-year commitment.
2. There will be no carry-over of spending capital authority from one year to the next.
3. An Authorization for Investment Proposal (AIP) form must be completed for **all** capital spending projects.
4. Projects with a total cost of $2,000 or less will be expensed.
5. An Investment Proposal must be completed for all capital spending projects greater than $300,000.

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Capital and Investment Review

6. The Information Technology Department must approve **all** capital projects involving anything related to information technology.
7. All information technology or development projects greater than $ 500,000 and all other projects greater than $1,000,000 require the approval of the Investment Committee.

Capital Planning

The multi-year Capital Investment Plan will be used to inform senior management of future capital-spending projections. These plans are prepared annually on an operating business unit (OBU) basis and include the forecast of capital projections during the annual planning period. The first year of the capital investment plan, once approved, becomes the formal budget for that year.

Carry-Over Spending: During preparation of the Three-year Capital Investment Plans, each OBU will review all current-year projects to determine if they will be completed as of the end of the year. If a project is expected to be in process at year-end, but not complete, it must be included in the following year's Three-year Capital Investment Plan for additional funds to be approved.

Capital Approval Process

Authorization for Investment Proposal: Although specific capital projects are identified in the budgeting process, they are still subject to the Authority Limit Matrices signature requirements and all other signature reviews as stated on the face of the AIP. Projects are not considered approved until appropriate signatures are obtained as stated on the AIP form.

The AIP form is used to request the appropriate approvals for spending on capital projects. A completed AIP is required under the following conditions:

- An AIP form must be submitted and approved prior to committing to or incurring any capital expenditure. Approvals must be obtained in the sequence shown in the approval section of the AIP form.
- Approvals must be obtained up to the levels designated in the Authority Limit Matrices for the dollar amount of any project (which may include multiple AIPs).
- Any AIP over $300,000, except for development proposals, must include an Investment Proposal and Capital Evaluation Model and must be submitted to the appropriate Financial Planning Department for approval. Development proposals must have other adequate supporting documentation attached and, should they become viable projects, must have a revised AIP submitted, accompanied by the Investment Proposal and Capital Evaluation Model if over the $300,000 threshold.
- A completed AIP form must be submitted and approved prior to the disposal of any capital asset. In addition, an Investment Proposal must be submitted for disposal projects of $300,000 or more.
- A revised AIP must be submitted for significant project overruns (See below).

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- Instructions provided with the AIP form must be followed.

Investment Proposal: The Investment Proposal is used to explain in detail the nature and justification of the capital project. Capital projects over $300,000 on a fully loaded basis require the submittal of an Investment Proposal and Capital Evaluation Model along with the AIP. The following format will provide senior management with consistent information for evaluating capital projects. The Investment Proposal should include the following sections:

- Full description, including alternative options and strategic justification.
- Breakdown of investment amount by year, by type of spend (capital/revenue/working capital).
- Cost of own staff allocated to the project is not included in the investment value but should be separately disclosed.
- The amount to be sanctioned must include an appropriate risk margin.
- Capitalized interest must be included as part of capital spending on discrete projects in excess of €50 million based on the current exchange rate at the time of the preparation of the Investment Proposal which can be obtained at the xe.com website. Please consult Property Accounting for the current interest rate to use in the Capital Evaluation Model based on the most recent embedded cost of debt calculation. Also, if in doubt about whether the project qualifies for capitalized interest, please consult Property Accounting for assistance. When a project qualifies for capitalized interest, two Capital Evaluation Models must be run and attached to the Investment Proposal: one without capitalized interest for regulatory purposes and one with capitalized interest under International Financial Reporting Standards (IFRS). Approved spending levels and analysis of the economics of the project are to be based solely on the IFRS view, inclusive of capitalized interest.
- Economics:
  - NPV* and IRR* should be based on the post tax nominal cash flows.
  - The economics should be calculated on central case cash flows, but include the full investment amount (i.e. including any risk margin).
  - For projects that will not be consolidated (generally less than 50% ownership) the economics should be calculated on the dividend stream to the Company. The project return should also be shown, but this measure is second order to the equity impact.
  - Value added* is calculated as the difference between the ROCE* and the pre tax nominal cost of capital, multiplied by the capital employed.

    Value Added* = ROCE* – [E.ON WACC * Capital Employed for the Project]

    ROCE* = Earnings before tax
    Capital Employed Company-wide

  - Other economic measures may be shown e.g. payback period (number of years for the cumulative nominal post tax cash flows to exceed the investment cost).

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- Impact on E.ON U.S. financial statements. The impact on EBIT, internal operating profit, net income, net debt and cash flow should be shown at a minimum. The time horizon should be appropriate to the investment.
- Risk assessment and sensitivity analysis. Sensitivities should show the impact on the financial statements (particularly internal operating profit and cash flow) as well as the impact on the NPV* and IRR*.
- Breakdown of synergies; indicating a sensitivity to show the impact of not achieving the synergies.
- How the project will be managed including accountabilities (especially for realizing the synergies) in all stages of the process.
- Assumptions must be stated.
- Reference to supporting documents (e.g. functional reports).
- Budget / plan provision for project.
- Milestone plan.
- Environmental impact of the investment.

*For these and other definitions, see Investment Proposal Guidelines (EON Planning and Controlling Manual, section C.8.5.3).

Unbudgeted Projects: Any capital expenditure that is not included in the original, approved budget, must either be offset by a like reduction in one or more budgeted projects, or the overspending requires prior written approval by the E.ON U.S. LLC Chief Financial Officer (CFO) and Chief Executive Officer (CEO). The Financial Planning Department must approve AIPs for unbudgeted projects (see *Approvals* below). In addition, unbudgeted project spending greater than $300,000 is subject to the Resource Allocation Committee (RAC) Tenets. Certain Generation Miscellaneous Projects, as described below, are exempt from being considered unbudgeted.

Under-Funded Projects: Projects that are submitted for approval that were included in the original approved budget, where the requested capital amount is greater than the budgeted amount for that project, must either be offset by a like reduction in one or more budgeted projects, or the additional funding requires prior written approval by the E.ON U.S. LLC CFO and CEO.

Project Overruns: When it is apparent that the amount approved on the original AIP will be insufficient (project is expected to be 10% or $100,000 over; whichever is less, subject to a minimum of $25,000) to complete the project, a revised AIP must be completed as soon as possible. If a revised AIP is required and the revised total is $300,000 or greater, a new Investment Proposal is also required. **At no time should overspending occur prior to the approval of the new AIP** (subject to the emergency provision of the Delegated Powers of Authority). The additional funding requested must either be offset by a like reduction in one or

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more budgeted projects, or the additional funding requires prior written approval by the E.ON U.S. LLC CFO and CEO.

Revised AIPs must be approved for the total revised dollar amount using the approval limits in the Authority Limit Matrices. All revised AIPs must be submitted to the Financial Planning Department with a copy of the original AIP attached. Revised AIPs which meet the spending level threshold for Investment Committee approval will be provided to the Investment Committee for review.

Projects expected to exceed the approved AIP by less than 10% or $100,000 (whichever is less) do not require further approval or review, but the funding must also be offset by a like reduction in one or more budgeted projects.

Approvals: Unbudgeted projects or those projects requiring an Investment Proposal (i.e. over $300,000) must be forwarded to the appropriate department for review and approval:

- **Utility and SERVCO**: Financial Planning -- Utility Operations
- **All Other**: Financial Planning & Controlling -- E.ON U.S. LLC

If the appropriate financial planning and controlling department does not concur with an Investment Proposal and does not approve the AIP, then the project will require a signature one level above that which is normally required by the Authority Limit Matrices.

Budgeted projects less than $300,000 are approved as normally required by the Authority Limit Matrices and do not require the prior approval of the appropriate Financial Planning Department.

Generation Miscellaneous Projects: Each Generation plant site may have one miscellaneous project not to exceed $300,000 which is budgeted to serve as a placeholder for small individual projects which arise during the year and which cannot be specifically anticipated during the budgeting process. This category of projects is different from Blanket Projects described elsewhere in this policy. Each Generation Miscellaneous Project must be budgeted, but an AIP must not be prepared for it and therefore it will not be activated in Oracle. Instead, as specific work is identified, the appropriate budget coordinator must create a new project number for the charges and prepare an AIP for the new project which references the budgeted placeholder project number. The new project is not considered unbudgeted to the extent that unused budget dollars are available in the budgeted placeholder project to cover it. The budget coordinator is responsible for tracking the accumulated spending of the individual projects to ensure that the budget is not exceeded. Property Accounting will also monitor the accumulated spending to ensure that the budget has not been exceeded.

Reimbursable Projects: Projects which will have all or a portion of the spending amount reimbursed by an outside party must follow the same guidelines as non-reimbursable projects, except as noted as follows: Tax Department review indicating whether Contribution in Aid of

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Capital and Investment Review

Construction is taxable must occur prior to any reimbursement agreement being finalized and evidence of such review must be attached to the AIP. Also, if a fully executed agreement specifying the terms of reimbursement is attached to an AIP with gross spending under $1 million for non-IT projects and under $500,000 for IT projects, the net spending amount may be used to determine whether an Investment Proposal and Capital Evaluation Model are required. Jointly-owned utility projects under the specified gross spending thresholds qualify for this exception without requiring the attachment of the executed joint ownership agreement. For all projects, the gross spending amount must always be used to determine the appropriate approval level.

Government-Mandated/Regulatory Compliance Projects: Projects which are not reimbursable but which are mandated by governmental legislation or other governmental authority must follow the same guidelines as all other projects except that for such AIPs with gross spending under $1 million for non-IT projects and under $500,000 for IT projects, neither the Investment Proposal nor the Capital Evaluation Model are required, provided that the appropriate legislative docket numbers or applicable statute references are provided with the AIP.

Early Activation Guidelines

In order for a project to be early activated, the following criteria must be met:

1. The expenditure must be the result of a true emergency: 1) the equipment has failed; 2) a material problem has been found, requiring it to be replaced immediately in order to maintain the reliability of the system; 3) or the expenditure is needed to address an immediate safety risk.

OR

2. The equipment vendor has provided a quote for the capital purchase that is only valid for a short period of time. The time frame would not be long enough to complete all the necessary paperwork, and acquire all necessary approvals in time to place the order at the reduced price.

Process requirements for an Early Activated AIP:

- For each AIP that is early activated, Property Accounting must first receive email approval from the highest level of LOB authority based on the total amount of the AIP as per the AIP signature process. Financial Planning must also be copied on this email. Should the AIP be for an unbudgeted project, approval from Financial Planning will be required for the Early Activation.

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- In the event the project has been previously approved by the Investment Committee, the above email from the highest LOB authority would not be required. Instead, verification from Financial Planning that the project had indeed been approved by the Investment Committee would be sufficient approval.

- The approval request email must include the following info: 1) Project Number; 2) Project Description; 3) Total Project amount; 4) Name of the individual whose highest level of signature authority is required, and any associated DOA's; 5) Description of the need for the early activation; 6) If the request is for an unbudgeted project, the email must contain the budgeted project number that will cover the unbudgeted spending.

- All normally required signatures must still be acquired on the AIP prior to sending the AIP to Property Accounting.

- The Property Accounting Department will maintain a log of Early Activated projects, and copies of the email approvals will be filed with the AIP.

- All AIPs that are early activated must be received by the Property Accounting Department, or Financial Planning if necessary, with all required approvals, within 10 business days of the early activation. Repeated failure to comply with this timing will require email approval by the appropriate LOB VP for Early Activation of all future AIPs.

Project Completion

Upon project completion the project manager or budget coordinator closest to the project is required to:

1. Verify completion date (report to Property Accounting if different from AIP).
2. Update ORACLE project status to "completed".
3. Verify actual in-service date (report to Property Accounting if different from AIP).
4. Verify actual installed costs (report/explain any variances greater than 10% from the AIP to Property Accounting).
5. Verify actual removal costs (report/explain any variances greater than 10% from the AIP to Property Accounting).
6. Verify units of property installed (report to Property Accounting if different from AIP).
7. Verify units of property retired (report to Property Accounting if different from AIP).

Budget coordinators are required to perform a post-completion audit for any project that required Investment Committee approval except for blanket capital projects (discussed below). The review must follow the requirement specified in the EON Planning and Controlling Manual (section C.8.4). The review must be provided to the Financial Planning Department and the

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Investment Committee within one year of the project's completion (based on the record history update date on the Oracle project, found under Help/Record History).

Leases

Prior to the execution of any new lease entered into on behalf of the Company, a review must be conducted by the budget coordinator for the appropriate OBU, Financial Accounting and Reporting to determine if the lease is structured as a capital or operating lease, and by the Tax department. Additional reviews by Legal and Corporate Finance may be required depending on the total amount of the lease. See the E.ON U.S. LLC Lease Policy for more details.

Blanket Capital Projects

Background: Several lines of business (primarily Distribution and Transmission) use blanket capital projects to procure routine, frequently used assets (i.e., poles, meters, transformers) or to facilitate routine work for which specific information is not available at the time the budget is prepared (i.e. Gas and Electric Distribution New Business by area.) The blanket projects hold a "bucket" of budget dollars which is used to fund specific tasks (subprojects) under $300,000 as they are identified throughout the year. Blanket projects are not closed each year but they are rebudgeted each year and are unitized on an "as-spent" basis.

Authorization: At the beginning of each calendar year, a list of all budgeted blanket projects must be submitted to the Investment Committee for approval, along with a summary of the previous year's blanket capital spending. (A post-completion audit will not be required for blanket capital projects.)

Criteria for Spending under an Existing Blanket Project: Only work and materials of a routine nature which cannot be specifically identified at the time of budget preparation may be charged to a blanket project. Individual tasks (which may consist either of individual parts or of work orders containing both labor and material) must fall below a $300,000 gross (of reimbursement) spending level. Otherwise, a separate, non-blanket capital project must be created which is subject to all requirements described elsewhere in this policy. Moreover, the same rules for spending authorization levels apply for spending under blanket capital projects as described elsewhere in this policy.

Criteria for Creating a New Unbudgeted Blanket Project: New blanket capital projects created after the budget process is complete do not require an approved AIP, but the request to open the project must be submitted to both Property Accounting and Financial Planning. New blanket capital projects are always considered to be unbudgeted and are therefore subject to the same requirements for unbudgeted projects described elsewhere in this policy. The unbudgeted project authorized spending must be covered by either a budgeted blanket or a non-blanket project in accordance with the RAC Tenets.

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Monthly Spending Report: The budget coordinator for each line of business incurring spending under blanket capital projects is required to prepare a monthly report listing all blanket projects and comparing the total year-to-date spending against budget. Any substitution of non-blanket projects' budgets to cover new blanket projects' budgets must be noted on the report and tracked throughout the year. This report must be submitted to Financial Planning for review by the eleventh business day of the following month.

Penalties for Noncompliance
Failure to comply with this policy may result in disciplinary action, up to and including discharge.

Reference: Authority Limit Matrices; Authorization for Investment Proposal; Capital Evaluation Model; Lease Policy; Resource Allocation Committee Tenets; and Investment Proposal forms.
Key Contact:

- Financial Planning
- **Accounting Matters**: Property Accounting, Utility Accounting & Reporting, & Controller
- **Capital Leases**: Corporate Finance and Financial Accounting and Reporting

Administrative Responsibility: Chief Financial Officer.

CAPITAL POLICY

Effective 08/23/05 – 11/30/07

LG&E Energy LLC Policy

Capital

Policy

The primary purpose of the Capital Policy is to establish a uniform process for:

1. capital planning and budgeting;
2. authority for the expenditure of funds;
3. control and reporting of capital expenditures; and
4. development of review criteria for the authorization process.

Further, these policies will provide management with the necessary tools to make informed business decisions. A capital expenditure includes adding, replacing or retiring units of property through the construction or acquisition process. Generally, it is inappropriate to capitalize expenditures that are part of routine or necessary maintenance programs. If a substantial improvement is made to an asset, the following criteria should be used to determine whether or not capitalization is appropriate:

1. Does the improvement extend the original useful life of the asset?
2. Does the improvement increase the throughput or capacity of the asset?
3. Has operating efficiency been improved?
4. Does the expenditure meet the definition of a capitalizable cost under the FERC Uniform System of Accounts?

If you answer yes to any of the above questions, capitalization is appropriate for your project. Questions relating to the categorization of an expense as capital or O&M should be referred to Property Accounting for utility matters or the appropriate fixed-asset accounting group for non-utility operations. The Controller will have the ultimate authority of interpreting expense versus capital decisions based on generally accepted accounting principles. See Property Accounting's Home Page.

Scope

This policy applies to all LG&E Energy LLC and its subsidiaries' (Company) employees.

General Requirements

1. All capital spending that is expected to occur during the year must be budgeted in the current-year commitment.
2. There will be no carry-over of spending capital authority from one year to the next.
3. An Authorization for Investment Proposal (AIP) form must be completed for **all** capital spending projects.
4. Projects with a total cost of $2,000 or less will be expensed.
5. An Investment Proposal must be completed for all capital spending projects greater than $300,000.
6. On a quarterly basis, the Financial Planning - Utility Operations Department will produce a Capital Projects over $500,000 report, which will include a project-to-date summary of all approved projects over $500,000.

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7. The Information Technology Department must approve **all** capital projects involving anything related to information technology.
8. All information technology or development projects greater than $250,000 and all other projects greater than $1,000,000 require the approval of the Investment Committee.

Capital Planning

The multi-year Capital Investment Plan will be used to inform senior management of future capital-spending projections. These plans are prepared annually on an operating business unit (OBU) basis and include the forecast of capital projections during the annual planning period. The first year of the capital investment plan, once approved, becomes the formal budget for that year.

Carry-Over Spending: During preparation of the Three-year Capital Investment Plans, each OBU will review all current-year projects to determine if they will be completed as of the end of the year. If the project is expected to be in process at year-end, but not complete, it must be included in the following year's Three-year Capital Investment Plan for additional funds to be approved.

Capital Approval Process

Authorization for Investment Proposal: Although specific capital projects are identified in the budgeting process, they are still subject to the Authority Limit Matrices signature requirements and all other signature reviews as stated on the face of the AIP. Projects are not considered approved until appropriate signatures are obtained as stated on the AIP form.

The AIP form is used to request the appropriate approvals for spending on capital projects. A completed AIP is required under the following conditions:

- An AIP form must be submitted and approved prior to committing to or incurring any capital expenditure. Approvals should be obtained in the sequence shown in the approval section of the AIP form.
- Approvals must be obtained up to the levels designated in the Authority Limit Matrices for the dollar amount of any project (which may include multiple AIPs).
- Any AIP over $300,000 must include an Investment Proposal and Capital Evaluation Model and must be submitted to the appropriate Financial Planning Department for approval.
- A completed AIP form must be submitted and approved prior to the disposal of any capital asset. In addition, an Investment Proposal must be submitted for disposal projects of $300,000 or more.
- A revised AIP must be submitted for significant project overruns (See below).
- Instructions provided with the AIP form must be followed.

Investment Proposal: The Investment Proposal is used to explain in detail the nature and justification of the capital project. Capital projects over $300,000 on a fully loaded basis require

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the submittal of an Investment Proposal and Capital Evaluation Model along with the AIP. The following format will provide senior management with consistent information for evaluating capital projects. The Investment Proposal should include the following sections:

- Full description, including alternative options and strategic justification.
- Breakdown of investment amount by year, by type of spend (capital/revenue/working capital).
- Cost of own staff allocated to the project is not included in the investment value but should be separately disclosed.
- The amount to be sanctioned must include an appropriate risk margin.
- Economics:
  - NPV* and IRR* should be based on the post tax nominal cash flows.
  - The economics should be calculated on central case cash flows, but include the full investment amount (i.e. including any risk margin).
  - For projects that will not be consolidated (generally less than 50% ownership) the economics should be calculated on the dividend stream to the Company. The project return should also be shown, but this measure is second order to the equity impact.
  - Value added* is calculated as the difference between the ROCE* and the pre tax nominal cost of capital, multiplied by the capital employed.

    Value Added* = ROCE* – [11% (E.ON WACC) * Capital Employed for the Project]

    ROCE* = Earnings before tax
    Capital Employed Company-wide

  - Other economic measures may be shown e.g. payback period (number of years for the cumulative nominal post tax cash flows to exceed the investment cost).
- Impact on LG&E Energy financial statements. The impact on EBIT, internal operating profit, net income, net debt and cash flow should be shown at a minimum. The time horizon should be appropriate to the investment.
- Risk assessment and sensitivity analysis. Sensitivities should show the impact on the financial statements (particularly internal operating profit and cash flow) as well as the impact on the NPV* and IRR*.
- Breakdown of synergies; indicating a sensitivity to show the impact of not achieving the synergies.
- How the project will be managed including accountabilities (especially for realizing the synergies) in all stages of the process.
- Assumptions must be stated.
- Reference to supporting documents (e.g. functional reports).
- Budget / plan provision for project.
- Milestone plan.
- Environmental impact of the investment.

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*For these and other definitions, see Investment Decision Procedure , Appendix C.

Unbudgeted Projects: Any capital expenditure that is not included in the original, approved budget, must either be offset by a like reduction in one or more budgeted projects, or the overspending requires prior written approval by the LG&E Energy LLC Chief Financial Officer (CFO) and Chief Executive Officer (CEO). The appropriate Financial Planning Department must approve AIPs for unbudgeted projects (see *Approvals* below).

Under-Funded Projects: Projects that are submitted for approval that were included in the original approved budget, where the requested capital amount is greater than the budgeted amount for that project, must either be offset by a like reduction in one or more budgeted projects, or the additional funding requires prior written approval by the LG&E Energy LLC CFO and CEO.

Project Overruns: When it is apparent that the amount approved on the original AIP will be insufficient (project is expected to be 10% or $100,000 over; whichever is less, subject to a minimum of $25,000) to complete the project, a revised AIP must be completed as soon as possible. If a revised AIP is required and the revised total is $300,000 or greater, a new Investment Proposal is also required. **At no time should overspending occur prior to the approval of the new AIP** (subject to the emergency provision of the Delegated Powers of Authority). The additional funding requested must either be offset by a like reduction in one or more budgeted projects, or the additional funding requires prior written approval by the LG&E Energy LLC CFO and CEO.

Revised AIPs must be approved for the total revised dollar amount using the approval limits in the Authority Limit Matrices. All revised AIPs must be submitted to the appropriate Financial Planning Department and will be provided to the Investment Committee for review.

Projects expected to exceed the approved AIP by less than 10% or $100,000 (whichever is less) do not require further approval or review, but the funding must also be offset by a like reduction in one or more budgeted projects.

Approvals: Unbudgeted projects or those projects requiring an Investment Proposal (i.e. over $300,000) must be forwarded to the appropriate department for review and approval:

- **Utility and SERVCO**: Financial Planning -- Utility Operations
- **All Other**: Financial Planning & Controlling -- LG&E Energy LLC

If the appropriate financial planning and controlling department does not concur with an Investment Proposal and does not approve the AIP, then the project will require a signature one level above that which is normally required by the Authority Limit Matrices.

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Budgeted projects less than $300,000 are approved as normally required by the Authority Limit Matrices and do not require the prior approval of the appropriate Financial Planning Department.

Early Activation Guidelines
In order for a project to be early activated, the following criteria must be met:

1. The expenditure must be the result of a true emergency: 1) the equipment has failed; 2) a material problem has been found, requiring it to be replaced immediately in order to maintain the reliability of the system; 3) or the expenditure is needed to address an immediate safety risk.

OR

2. The equipment vendor has provided a quote for the capital purchase that is only valid for a short period of time. The time frame would not be long enough to complete all the necessary paperwork, and acquire all necessary approvals in time to place the order at the reduced price.

Process requirements for an Early Activated AIP:

- For each AIP that is early activated, Property Accounting must first receive email approval from the highest level of LOB authority based on the total amount of the AIP as per the AIP signature process. Financial Planning – Utility Operations should also be copied on this email. Should the AIP be for an unbudgeted project, approval from Financial Planning – Utility Operations will be required for the Early Activation.

- In the event the project has been previously approved by the Investment Committee, the above email from the highest LOB authority would not be required. Instead, verification from Financial Planning – Utility Operations that the project had indeed been approved by the Investment Committee would be sufficient approval.

- The approval request email should include the following info: 1) Project Number; 2) Project Description; 3) Total Project amount; 4) Name of the individual whose highest level of signature authority is required, and any associated DOA's; 5) Description of the need for the early activation; 6) If the request is for an unbudgeted project, the email needs to contain the budgeted project number that will cover the unbudgeted spending.

- All normally required signatures must still be acquired on the AIP prior to sending the AIP to Property Accounting.

LG&E Energy LLC Policy

Capital

- The Property Accounting Department will maintain a log of Early Activated projects, and copies of the email approvals will be filed with the AIP.

- All AIP's that are early activated must be received by the Property Accounting Department, or Financial Planning – Utility Operations if necessary, with all required approvals, within 10 business days of the early activation. Repeated failure to comply with this timing will require email approval by the appropriate LOB VP for Early Activation of all future AIP's.

Project Completion

Upon project completion the project manager or budget coordinator closest to the project is required to:

1. Verify completion date (report to Property Accounting if different from AIP).
2. Update ORACLE project status to "completed".
3. Verify actual in-service date (report to Property Accounting if different from AIP).
4. Verify actual installed costs (report/explain any variances greater than 10% from the AIP to Property Accounting).
5. Verify actual removal costs (report/explain any variances greater than 10% from the AIP to Property Accounting).
6. Verify units of property installed (report to Property Accounting if different from AIP).
7. Verify units of property retired (report to Property Accounting if different from AIP).

Budget coordinators are required to perform a post-implementation review for any project that required Investment Committee approval. The review must follow the requirement specified in section 3 of the Investment Proposal guidelines. The review must be provided to the appropriate Financial Planning Department and the Investment Committee.

Capital Lease Guidelines

The following guidelines apply to all leases in excess of $50,000. Leases less than $50,000 will be treated as an operating lease.

Background: SFAS 13, "Accounting for Leases" and the Code of Federal Regulations, Part 101, General Instruction 19, impose stringent accounting and reporting requirements in connection with capital leases. Upon entering a capital lease the Company must record a capital asset and an offsetting obligation equal to the present value of the minimum lease payments. The offsetting obligation is reported as debt in the financial statements. Lease payments are allocated between interest expense and the reduction of the capital lease obligation.

Because capital lease obligations are classified as debt, a significant number or amount of capital leases will negatively impact the Company's debt ratios and credit ratings. Therefore, the Company chooses to avoid capital leases if possible.

LG&E Energy LLC Policy

Capital

Capital Lease Criteria: A capital lease exists if any one of the following conditions are met;

1. The lease transfers ownership of the property to the lessee by the end of the lease term.
2. The lease contains a bargain purchase option.
3. The lease term is equal to 75% or more of the economic life of the property.
4. The present value of the minimum payments, at the beginning of the lease term, equals 90% of the fair market value of the leased property.

Approvals: Prior to entering lease agreements in excess of $50,000, the lease must be reviewed by the budget coordinator for the OBU. If the lease meets any of the four capital lease criteria, the budget coordinator must submit an AIP for approval subject to the normal approval requirements for capital investment.

LG&E Energy's Corporate Finance Department must review any lease in excess of $1,000,000.

Record Retention: Original lease agreements should be retained by the appropriate function in accordance with the Record Retention Policy. The Corporate Law Department will maintain copies of all leases with aggregate rentals over $300,000 in a central lease file.

Penalties for Noncompliance
Failure to comply with this policy may result in disciplinary action, up to and including discharge.

Reference: Authority Limit Matrices; Authorization for Investment Proposal; Capital Evaluation Model; and Investment Proposal forms.

Key Contact:

- **Utility and SERVCO**: Financial Planning – Utility Operations
- **All Other**: Financial Planning & Controlling – LG&E Energy LLC
- **Investment Committee**: Financial Planning & Controlling
- **Accounting Matters**: Property Accounting, Utility Accounting & Reporting, & Controller
- **Capital Leases**: Corporate Finance

Administrative Responsibility: Chief Financial Officer.

CAPITAL POLICY

Effective 07/31/03 – 08/22/05

LG&E Energy LLC Policy

Capital

Policy

The primary purpose of the Capital Policy is to establish a uniform process for:

1. capital planning and budgeting;
2. authority for the expenditure of funds;
3. control and reporting of capital expenditures; and
4. development of review criteria for the authorization process.

Further, these policies will provide management with the necessary tools to make informed business decisions. A capital expenditure includes adding, replacing or retiring units of property through the construction or acquisition process. Generally, it is inappropriate to capitalize expenditures that are part of routine or necessary maintenance programs. If a substantial improvement is made to an asset, the following criteria should be used to determine whether or not capitalization is appropriate:

1. Does the improvement extend the original useful life of the asset?
2. Does the improvement increase the throughput or capacity of the asset?
3. Has operating efficiency been improved?
4. Does the expenditure meet the definition of a capitalizable cost under the FERC Uniform System of Accounts?

If you answer yes to any of the above questions, capitalization is appropriate for your project. Questions relating to the categorization of an expense as capital or O&M should be referred to Property Accounting for utility matters or the appropriate fixed-asset accounting group for non-utility operations. The Controller will have the ultimate authority of interpreting expense versus capital decisions based on generally accepted accounting principles. See Property Accounting's Home Page.

Scope

This policy applies to all LG&E Energy LLC and its subsidiaries' (Company) employees.

General Requirements

1. All capital spending that is expected to occur during the year must be budgeted in the current-year commitment.
2. There will be no carry-over of spending capital authority from one year to the next.
3. An Authorization for Investment Proposal (AIP) form must be completed for **all** capital spending projects.
4. Projects with a total cost of $2,000 or less will be expensed.
5. An Investment Proposal must be completed for all capital spending projects greater than $300,000.
6. On a quarterly basis, the Financial Planning - Utility Operations department will produce a Capital Projects over $500,000 report, which will include a project-to-date summary of all approved projects over $500,000.

LG&E Energy LLC Policy

Capital

7. The Information Technology Department must approve **all** capital projects involving anything related to information technology.
8. All information technology or development projects greater than $250,000 and all other projects greater than $1,000,000 require the approval of the Investment Committee.

Capital Planning

The multi-year Capital Investment Plan will be used to inform senior management of future capital-spending projections. These plans are prepared annually on an operating business unit (OBU) basis and include the forecast of capital projections during the annual planning period. The first year of the capital investment plan, once approved, becomes the formal budget for that year.

Carry-Over Spending: During preparation of the Three-year Capital Investment Plans, each OBU will review all current-year projects to determine if they will be completed as of the end of the year. If the project is expected to be in process at year-end, but not complete, it must be included in the following year's Three-year Capital Investment Plan for additional funds to be approved.

Capital Approval Process

Authorization for Investment Proposal: Although specific capital projects are identified in the budgeting process, they are still subject to the Authority Limit Matrices signature requirements and all other signature reviews as stated on the face of the AIP. Projects are not considered approved until appropriate signatures are obtained as stated on the AIP form.

The AIP form is used to request the appropriate approvals for spending on capital projects. A completed AIP is required under the following conditions:

- An AIP form must be submitted and approved prior to committing to or incurring any capital expenditure. Approvals should be obtained in the sequence shown in the approval section of the AIP form.
- Approvals must be obtained up to the levels designated in the Authority Limit Matrices for the dollar amount of any project (which may include multiple AIPs).
- Any AIP over $300,000 must include an Investment Proposal and Capital Evaluation Model and must be submitted to the appropriate Financial Planning department for approval.
- A completed AIP form must be submitted and approved prior to the disposal of any capital asset. In addition, an Investment Proposal must be submitted for disposal projects of $300,000 or more.
- A revised AIP must be submitted for significant project overruns (See below).
- Instructions provided with the AIP form must be followed.

Investment Proposal: The Investment Proposal is used to explain in detail the nature and justification of the capital project. Capital projects over $300,000 on a fully loaded basis require

LG&E Energy LLC Policy

Capital

the submittal of an Investment Proposal and Capital Evaluation Model along with the AIP. The following format will provide senior management with consistent information for evaluating capital projects. The Investment Proposal should include the following sections:

- Full description, including alternative options and strategic justification.
- Breakdown of investment amount by year, by type of spend (capital/revenue/working capital).
- Cost of own staff allocated to the project is not included in the investment value but should be separately disclosed.
- The amount to be sanctioned must include an appropriate risk margin.
- Economics:
  - NPV* and IRR* should be based on the post tax nominal cash flows.
  - The economics should be calculated on central case cash flows, but include the full investment amount (i.e. including any risk margin).
  - For projects that will not be consolidated (generally less than 50% ownership) the economics should be calculated on the dividend stream to the Company. The project return should also be shown, but this measure is second order to the equity impact.
  - Value added* is calculated as the difference between the ROCE* and the pre tax nominal cost of capital, multiplied by the capital employed.

    Value Added* = ROCE* – [11% (E.ON WACC) * Capital Employed for the Project]

    ROCE* = Earnings before tax
    Capital Employed Company-wide

  - Other economic measures may be shown e.g. payback period (number of years for the cumulative nominal post tax cash flows to exceed the investment cost).
- Impact on LG&E Energy financial statements. The impact on EBIT, internal operating profit, net income, net debt and cash flow should be shown at a minimum. The time horizon should be appropriate to the investment.
- Risk assessment and sensitivity analysis. Sensitivities should show the impact on the financial statements (particularly internal operating profit and cash flow) as well as the impact on the NPV* and IRR*.
- Breakdown of synergies; indicating a sensitivity to show the impact of not achieving the synergies.
- How the project will be managed including accountabilities (especially for realizing the synergies) in all stages of the process.
- Assumptions must be stated.
- Reference to supporting documents (e.g. functional reports).
- Budget / plan provision for project.
- Milestone plan.
- Environmental impact of the investment.

LG&E Energy LLC Policy

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*For these and other definitions, see Investment Decision Procedure , Appendix C.

Unbudgeted Projects: Any capital expenditure that is not included in the original, approved budget, must either be offset by a like reduction in one or more budgeted projects, or the overspending requires prior written approval by the LG&E Energy LLC Chief Financial Officer (CFO) and Chief Executive Officer (CEO). The appropriate Financial Planning department must approve AIPs for unbudgeted projects (see *Approvals* below).

Under-Funded Projects: Projects that are submitted for approval that were included in the original approved budget, where the requested capital amount is greater than the budgeted amount for that project, must either be offset by a like reduction in one or more budgeted projects, or the additional funding requires prior written approval by the LG&E Energy LLC CFO and CEO.

Project Overruns: When it is apparent that the amount approved on the original AIP will be insufficient (project is expected to be 10% or $100,000 over; whichever is less, subject to a minimum of $25,000) to complete the project, a revised AIP must be completed as soon as possible. If a revised AIP is required and the revised total is $300,000 or greater, a new Investment Proposal is also required. **At no time should overspending occur prior to the approval of the new AIP** (subject to the emergency provision of the Delegated Powers of Authority). The additional funding requested must either be offset by a like reduction in one or more budgeted projects, or the additional funding requires prior written approval by the LG&E Energy LLC CFO and CEO.

Revised AIPs must be approved for the total revised dollar amount using the approval limits in the Authority Limit Matrices. All revised AIPs must be submitted to the appropriate Financial Planning and Accounting department and will be provided to the Investment Committee for review.

Projects expected to exceed the approved AIP by less than 10% or $100,000 (whichever is less) do not require further approval or review, but the funding must also be offset by a like reduction in one or more budgeted projects.

Approvals: Unbudgeted projects or those projects requiring an Investment Proposal (i.e. over $300,000) must be forwarded to the appropriate department for review and approval:

- **Utility and SERVCO**: Financial Planning & Accounting -- Utility Operations
- **All Other**: Financial Planning & Accounting -- LG&E Energy LLC

If the appropriate financial planning and accounting department does not concur with an Investment Proposal and does not approve the AIP, then the project will require a signature one level above that which is normally required by the Authority Limit Matrices.

LG&E Energy LLC Policy

Capital

Budgeted projects less than $300,000 are approved as normally required by the Authority Limit Matrices and do not require the prior approval of the appropriate Financial Planning department.

Project Completion
Upon project completion the project manager or budget coordinator closest to the project is required to:

1. Verify completion date (report to Property Accounting if different from AIP).
2. Update ORACLE project status to "completed".
3. Verify actual in-service date (report to Property Accounting if different from AIP).
4. Verify actual installed costs (report/explain any variances greater than 10% from the AIP to Property Accounting).
5. Verify actual removal costs (report/explain any variances greater than 10% from the AIP to Property Accounting).
6. Verify units of property installed (report to Property Accounting if different from AIP).
7. Verify units of property retired (report to Property Accounting if different from AIP).

Budget coordinators are required to perform a post-implementation review for any project that required Investment Committee approval. The review must follow the requirement specified in section 3 of the Investment Proposal guidelines. The review must be provided to the appropriate Financial Planning department and the Investment Committee.

Capital Lease Guidelines
The following guidelines apply to all leases in excess of $50,000. Leases less than $50,000 will be treated as an operating lease.

Background: SFAS 13, "Accounting for Leases" and the Code of Federal Regulations, Part 101, General Instruction 19, impose stringent accounting and reporting requirements in connection with capital leases. Upon entering a capital lease the Company must record a capital asset and an offsetting obligation equal to the present value of the minimum lease payments. The offsetting obligation is reported as debt in the financial statements. Lease payments are allocated between interest expense and the reduction of the capital lease obligation.

Because capital lease obligations are classified as debt, a significant number or amount of capital leases will negatively impact the Company's debt ratios and credit ratings. Therefore, the Company chooses to avoid capital leases if possible.

Capital Lease Criteria: A capital lease exists if any one of the following conditions are met;

1. The lease transfers ownership of the property to the lessee by the end of the lease term.
2. The lease contains a bargain purchase option.

LG&E Energy LLC Policy

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3. The lease term is equal to 75% or more of the economic life of the property.
4. The present value of the minimum payments, at the beginning of the lease term, equals 90% of the fair market value of the leased property.

Approvals: Prior to entering lease agreements in excess of $50,000, the lease must be reviewed by the budget coordinator for the OBU. If the lease meets any of the four capital lease criteria, the budget coordinator must submit an AIP for approval subject to the normal approval requirements for capital investment.

LG&E Energy's Corporate Finance department must review any lease in excess of $1,000,000.

Record Retention: Original lease agreements should be retained by the appropriate function in accordance with the Record Retention Policy. The Corporate Law Department will maintain copies of all leases with aggregate rentals over $300,000 in a central lease file.

Penalties for Noncompliance
Failure to comply with this policy may result in disciplinary action, up to and including discharge.

Reference: Authority Limit Matrices; Authorization for Investment Proposal; Capital Evaluation Model; and Investment Proposal forms.
Key Contact:

- **Utility and SERVCO**: Financial Planning & Accounting – Utility Operations
- **All Other**: Financial Planning & Accounting – LG&E Energy LLC
- **Investment Committee**: Planning & Controlling

Administrative Responsibility: Chief Financial Officer.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.78

Responding Witness: John J. Spanos

Q2.78 Please explain what consideration, if any, Gannett Fleming gave to annual maintenance expense data in his estimation of service lives, dispersion patterns and net salvage.

A2.78 Maintenance expense is an ongoing activity for utilities. Therefore, Mr. Spanos considers any changes to annual maintenance and whether maintenance practices will alter capital expenditures. There were no plans to change the current maintenance practices; therefore, future service lives, dispersion patterns and net salvage were not altered by maintenance practices.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.79

Responding Witness: Shannon L. Charnas

Q2.79 If not the same as above, please provide all Annual Reports to the Kentucky Public Service Commission from 2001-2011. Reconcile the end-of-year (EOY) plant and reserve balances shown in the most recent Depreciation Study with the EOY plant and reserve balances shown in the most recent Commission Report, and provide a complete explanation for each difference.

A2.79 See attached.

The reference in Question No. 2.79 appears to be referencing the preceding question. However, KU believes the intended reference is Question No. 2.72. See the response to Question No. 2.72 for a reconciliation of the end-of-year plant and reserve balances to the depreciation study.

Due to the size of the attachment being greater than 50 MB, it is being filed on CD. Please see the Motion for Deviation.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.80

Responding Witness: Lonnie E. Bellar

Q2.80 Provide Company's most recent Asset Management Plan, Construction and Maintenance Plan.

A2.80 The Company does not prepare a document named "Asset Management Plan, Construction and Maintenance Plan." All aspects of operating the business consider how assets will be managed and maintained. This process goes into developing the business plans for each area of the Company, the investment proposals for new assets, and all other aspects of the business. No single document covers a specific asset management plan. However, the Company's most recent Integrated Resource Plan ("IRP") filing, Case No. 2011-00140, can be found at the following website:

http://psc.ky.gov/Home/Library?type=Cases&folder=2011 cases/2011-00140/

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.81

Responding Witness: Shannon L. Charnas

Q2.81 Provide all internal and external audit reports, management letters, and consultants' reports etc. during the last 10 years that address in any way, the Company's property accounting and/or depreciation practices.

A2.81 See attached. For the 2006 Depreciation Study see the response to Case No. 2009-00548, Question No. PSC 1-56. For the 2011 Life Assessment Study see the response to AG 1-47. For the 2011 Depreciation Study see the response to AG 1-197.

Due to the size of the attachment being greater than 50 MB, it is being filed on CD. Please see the Motion for Deviation.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.82

Responding Witness: Shannon L. Charnas

Q2.82 Provide copies of all Board of Director's minutes and internal management meeting minutes during the last three years discussing the Company's depreciation rates or retirement unit costs.

A2.82 See the response to AG 1-206.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.83

Responding Witness: Shannon L. Charnas

Q2.83 Provide copies of all internal correspondence during the last three years discussing the Company's retirement unit costs, depreciation rates, and/or the Depreciation Study.

A2.83 See the response to Question No. 2.84 for internal correspondence regarding the Depreciation Study.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.84

Responding Witness: Shannon L. Charnas

Q2.84 Please provide copies of all external correspondence during the last three years, including correspondence with Gannett Fleming, addressing retirement unit costs, depreciation rates, and/or the Depreciation Study.

A2.84 See attached. Certain information requested is confidential and proprietary, and is being provided under seal pursuant to a petition for confidential treatment.

Due to the size of the attachment being greater than 50 MB, it is being filed on CD. Please see the Motion for Deviation.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.85

Responding Witness: Lonnie E. Bellar / John J. Spanos

Q2.85 Provide copies of all industry statistics available to Gannett Fleming and/or the Company relating to depreciation rates.

A2.85 KU does not collect and retain the requested information for its corporate files. The requested information is thus not readily available.

Gannett Fleming does not maintain industry statistics for depreciation rates. There are too many factors (e.g. reserve to plant ratio, age of plant, etc.) unique to each company that affect the depreciation rates to allow for a meaningful comparison between companies.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.86

Responding Witness: Shannon L. Charnas

Q2.86 Identify all industry statistics upon which the Company relied in formulating its depreciation proposals.

A2.86 KU did not rely on any industry statistics in formulating its depreciation proposals. KU employed an independent consultant, Gannett Fleming, Inc. to conduct a depreciation study in which Gannett Fleming, Inc. relied on industry statistics. KU accepted the findings of the study as presented by the consultant.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.87

Responding Witness: Shannon L. Charnas

Q2.87 Identify all industry depreciation statistics the Company reviewed but rejected in formulating the depreciation proposals.

A2.87 KU did not review any industry statistics in formulating its depreciation proposals.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.88

Responding Witness: Shannon L. Charnas

Q2.88 Please explain the reasons for not relying on the industry depreciation statistics identified in the preceding response.

A2.88 See the response to Question No. 2.87.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.89

Responding Witness: John J. Spanos

Q2.89 If not provided elsewhere, provide, by account and sub-account, the calculation of the Company's current depreciation rates, including all service life, curve and net salvage parameters and methods of calculation underlying those rates.

A2.89 The attached sets forth an account by account comparison of the Company's current depreciation rates, service lives, survivor curve and net salvage parameters. The Average Service Life – Broad Group procedure and Remaining Life Method were used in both instances.

KENTUCKY UTILITIES

COMPARISON OF EXISTING AND PROPOSED DEPRECIATION RATES AND ACCRUALS
AS OF DECEMBER 31, 2011

				EXISTING ESTIMATES					PROPOSED ESTIMATES					
						CALCULATED ANNUAL					CALCULATED ANNUAL		
	ACCOUNT	ORIGINAL COST	BOOK DEPRECIATION RESERVE	SURVIVOR CURVE	NET SALVAGE PERCENT	ACCRUAL AMOUNT	ACCRUAL RATE	SURVIVOR CURVE	NET SALVAGE PERCENT	ACCRUAL AMOUNT	ACCRUAL RATE	INCREASE/ DECREASE
	(1)	(2)	(3)	(4)	(5)	(6)=(2)x(7)	(7)	(8)	(9)	(10)	(11)=(10)/(2)	(12)=(10)-(6)
	DEPRECIABLE PLANT											
	INTANGIBLE PLANT											
302.00	FRANCHISES AND CONSENTS	55,918.83	21,074	None	0 0	0	0.00	20-SQ	* 0	10,503	18.78	10,503
303.00	MISCELLANEOUS INTANGIBLE PLANT	18,338,712.02	7,484,852	5-SQ	0 0	3,667,742	20.00	5-SQ	* 0	2,801,459	15.28	(866,283)
303.10	CCS SOFTWARE	40,210,208.29	10,240,838	10-SQ	0 0	4,021,021	10.00	SQUARE	* 0	3,995,916	9.94	(25,105)
	TOTAL INTANGIBLE PLANT	**58,604,839.14**	**17,746,764**			**7,688,763**				**6,807,878**		**(880,885)**
	STEAM PRODUCTION PLANT											
311.00	STRUCTURES AND IMPROVEMENTS											
	TRIMBLE COUNTY UNIT 2	106,290,580.94	18,699,136	100-S1.5	* (5)	2,232,102	2.10	100-S1	* (15)	2,021,312	1.90	(210,790)
	TRIMBLE COUNTY UNIT 2 SCRUBBER	5,522,306.98	2,689,746	100-S1.5	* (5)	115,968	2.10	100-S1	* (15)	75,374	1.36	(40,594)
	SYSTEM LABORATORY	824,968.82	609,422	100-S1.5	* (5)	12,705	1.54	100-S1	* (1)	8,170	0.99	(4,535)
	TYRONE UNIT 3	5,608,825.07	6,169,708	100-S1.5	* (5)	0	-	100-S1	* (10)	0	0.00	0
	TYRONE UNITS 1 AND 2	583,381.44	641,720	100-S1.5	* (5)	0	-	FULLY ACCRUED	* (10)	0	-	0
	GREEN RIVER UNIT 3	2,821,436.66	3,103,580	100-S1.5	* (5)	0	-	100-S1	* (10)	0	0.00	0
	GREEN RIVER UNIT 4	5,476,054.30	4,320,817	100-S1.5	* (5)	0	-	100-S1	* (10)	426,905	7.80	426,905
	GREEN RIVER UNITS 1 AND 2	2,560,764.18	2,816,841	100-S1.5	* (5)	0	-	FULLY ACCRUED	* (10)	0	-	0
	BROWN UNIT 1	4,703,189.76	4,861,747	100-S1.5	* (5)	28,219	0.60	100-S1	* (11)	21,822	0.46	(6,397)
	BROWN UNIT 2	2,232,100.04	2,028,873	100-S1.5	* (5)	1,786	0.08	100-S1	* (11)	20,077	0.90	18,291
	BROWN UNIT 3	21,039,674.36	14,064,263	100-S1.5	* (5)	113,614	0.54	100-S1	* (11)	400,691	1.90	287,077
	BROWN UNIT 1, 2 AND 3 SCRUBBER	43,917,221.15	1,760,616	100-S1.5	* (5)	1,163,806	2.65	100-S1	* (11)	2,010,590	4.58	846,784
	PINEVILLE UNIT 3	16,204.29	17,825	100-S1.5	* (5)	0	0.00	FULLY ACCRUED	* (10)	0	-	0
	GHENT UNIT 1 SCRUBBER	8,483,789.23	6,985,454	100-S1.5	* (5)	224,820	2.65	100-S1	* (12)	113,954	1.34	(110,866)
	GHENT UNIT 1	18,842,151.21	18,621,064	100-S1.5	* (5)	73,484	0.39	100-S1	* (12)	111,264	0.59	37,780
	GHENT UNIT 2	16,011,012.98	14,142,566	100-S1.5	* (5)	80,055	0.50	100-S1	* (12)	176,840	1.10	96,785
	GHENT UNIT 3	42,177,125.67	30,851,643	100-S1.5	* (5)	501,908	1.19	100-S1	* (12)	671,100	1.59	169,192
	GHENT UNIT 4	31,022,090.50	14,920,226	100-S1.5	* (5)	437,411	1.41	100-S1	* (12)	770,327	2.48	332,916
	GHENT UNIT 2 SCRUBBER	15,817,337.72	12,919,945			419,159	2.65	100-S1	* (12)	218,174	1.38	(200,985)
	TOTAL ACCOUNT 311 - STRUCTURES AND IMPROVEMENTS	333,950,215.30	160,225,192			5,405,039				7,046,600		1,641,561
312.00	BOILER PLANT EQUIPMENT											
	TRIMBLE COUNTY UNIT 2	505,158,968.57	44,042,332	0	0 (20)	21,620,804	4.28	60-R2.5	* (15)	11,040,635	2.19	(10,580,169)
	TRIMBLE COUNTY UNIT 2 SCRUBBER	70,735,319.61	11,271,211	0	0 (20)	3,027,472	4.28	60-R2.5	* (15)	1,453,909	2.06	(1,573,563)
	TYRONE UNIT 3	13,993,285.78	11,103,677	65-R2	* (20)	558,332	3.99	60-R2.5	* (10)	1,082,465	7.74	524,133
	TYRONE UNITS 1 AND 2	421,899.96	464,090	65-R2	* (20)	591	0.14	FULLY ACCRUED	* (10)	0	-	(591)
	GREEN RIVER UNIT 3	12,145,770.44	9,725,542	65-R2	* (20)	374,090	3.08	60-R2.5	* (10)	922,012	7.59	547,922
	GREEN RIVER UNIT 4	25,165,914.24	20,127,163	65-R2	* (20)	1,056,968	4.20	60-R2.5	* (10)	1,903,819	7.57	846,851
	GREEN RIVER UNITS 1 AND 2	349,297.88	384,228	65-R2	* (20)	7,615	2.18	FULLY ACCRUED	* (10)	0	0.00	(7,615)
	BROWN UNIT 1	45,302,489.09	26,739,197	65-R2	* (20)	1,350,014	2.98	60-R2.5	* (11)	1,471,865	3.25	121,851
	BROWN UNIT 2	41,956,868.14	19,641,359	65-R2	* (20)	1,262,902	3.01	60-R2.5	* (11)	1,252,209	2.98	(10,693)
	BROWN UNIT 3	142,628,390.37	71,929,055	65-R2	* (20)	3,993,595	2.80	60-R2.5	* (11)	3,809,860	2.67	(183,735)
	BROWN UNIT 1, 2 AND 3 SCRUBBER	323,725,098.68	18,469,817	65-R2	* (5)	12,528,161	3.87	60-R2.5	* (11)	14,820,202	4.58	2,292,041
	PINEVILLE UNIT 3	236,470.42	260,117	65-R2	* (20)	0	-	60-R2.5	* (10)	0	-	0
	GHENT UNIT 1 SCRUBBER	144,202,759.28	34,075,530	65-R2	* (20)	5,580,647	3.87	60-R2.5	* (12)	5,799,995	4.02	219,348
	GHENT UNIT 1	198,785,055.46	96,800,340	65-R2	* (20)	7,633,346	3.84	60-R2.5	* (12)	5,834,075	2.93	(1,799,271)
	GHENT UNIT 2	98,446,686.35	73,285,978	65-R2	* (20)	2,293,808	2.33	60-R2.5	* (12)	1,779,312	1.81	(514,496)
	GHENT UNIT 3	254,967,909.72	146,662,379	65-R2	* (20)	6,705,656	2.63	60-R2.5	* (12)	5,879,680	2.31	(825,976)
	GHENT UNIT 4	267,856,280.18	128,461,343	65-R2	* (20)	7,473,190	2.79	60-R2.5	* (12)	6,953,070	2.60	(520,120)
	GHENT UNIT 2 SCRUBBER	93,278,511.28	55,024,079	65-R2	* (20)	3,581,895	3.84	60-R2.5	* (12)	2,270,953	2.43	(1,310,942)
	GHENT UNIT 3 SCRUBBER	127,988,949.01	24,898,056	65-R2	* (20)	4,914,776	3.84	60-R2.5	* (12)	4,782,967	3.74	(131,809)
	GHENT UNIT 4 SCRUBBER	307,100,358.50	41,271,827	65-R2	* (20)	11,792,654	3.84	60-R2.5	* (12)	11,768,189	3.83	(24,465)
	TOTAL ACCOUNT 312 - BOILER PLANT EQUIPMENT	2,674,446,282.96	834,637,320			95,756,514				82,825,217		(12,931,297)

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				EXISTING ESTIMATES						PROPOSED ESTIMATES						
						NET	CALCULATED ANNUAL					NET	CALCULATED ANNUAL		
	ACCOUNT	ORIGINAL COST	BOOK DEPRECIATION RESERVE	SURVIVOR CURVE		SALVAGE PERCENT	ACCRUAL AMOUNT	ACCRUAL RATE		SURVIVOR CURVE		SALVAGE PERCENT	ACCRUAL AMOUNT	ACCRUAL RATE	INCREASE/ DECREASE
	(1)	(2)	(3)	(4)		(5)	(6)=(2)x(7)	(7)		(8)		(9)	(10)	(11)=(10)/(2)	(12)=(10)-(6)
314.00	TURBOGENERATOR UNITS														
	TRIMBLE COUNTY UNIT 2	83,994,732.76	12,471,959	0	0	(15)	2,335,054	2.78		55-S1.5	*	(15)	1,836,110	2.19	(498,944)
	TYRONE UNIT 3	4,805,513.66	3,825,756	55-R2.5	*	(15)	165,310	3.44		55-S1.5	*	(10)	370,738	7.71	205,428
	TYRONE UNITS 1 AND 2	68,205.72	75,026	55-R2.5	*	(15)	0	-		FULLY ACCRUED	*	(10)	0	-	0
	GREEN RIVER UNIT 3	4,562,193.51	4,064,201	55-R2.5	*	(15)	132,304	2.90		55-S1.5	*	(10)	241,317	5.29	109,013
	GREEN RIVER UNIT 4	10,390,485.90	9,545,563	55-R2.5	*	(15)	393,799	3.79		55-S1.5	*	(10)	472,404	4.55	78,605
	BROWN UNIT 1	7,512,824.95	4,893,897	55-R2.5	*	(15)	84,144	1.12		55-S1.5	*	(11)	215,514	2.87	131,370
	BROWN UNIT 2	12,299,721.87	8,687,176	55-R2.5	*	(15)	357,922	2.91		55-S1.5	*	(11)	228,841	1.86	(129,081)
	BROWN UNIT 3	29,293,398.16	20,414,202	55-R2.5	*	(15)	928,601	3.17		55-S1.5	*	(11)	543,748	1.86	(384,853)
	GHENT UNIT 1	36,687,321.40	20,194,109	55-R2.5	*	(15)	818,127	2.23		55-S1.5	*	(12)	978,789	2.67	160,662
	GHENT UNIT 2	30,417,591.79	20,815,737	55-R2.5	*	(15)	632,686	2.08		55-S1.5	*	(12)	682,670	2.24	49,984
	GHENT UNIT 3	42,595,556.80	28,152,257	55-R2.5	*	(15)	864,690	2.03		55-S1.5	*	(12)	887,493	2.08	22,803
	GHENT UNIT 4	57,036,973.14	32,047,642	55-R2.5	*	(15)	1,254,813	2.20		55-S1.5	*	(12)	1,388,323	2.43	133,510
	TOTAL ACCOUNT 314 - TURBOGENERATOR UNITS	319,664,519.66	165,187,525				7,967,449						7,845,947		(121,502)
315.00	ACCESSORY ELECTRIC EQUIPMENT														
	TRIMBLE COUNTY UNIT 2	41,600,356.80	4,958,709	0	0	(5)	1,035,849	2.49		70-S3	*	(15)	836,186	2.01	(199,663)
	TRIMBLE COUNTY UNIT 2 SCRUBBER	1,415,469.10	653,351	0	0	(5)	35,245	2.49		70-S3	*	(15)	22,036	1.56	(13,209)
	TYRONE UNIT 3	2,081,692.71	1,087,407	70-S3	*	(5)	0	-		70-S3	*	(10)	305,060	14.65	305,060
	TYRONE UNITS 1 AND 2	99,210.72	109,132	70-S3	*	(5)	0	-		FULLY ACCRUED	*	(10)	0	-	0
	GREEN RIVER UNIT 3	1,205,362.18	554,397	70-S3	*	(5)	0	-		70-S3	*	(10)	194,829	16.16	194,829
	GREEN RIVER UNIT 4	2,695,328.66	1,846,556	70-S3	*	(5)	39,352	1.46		70-S3	*	(10)	283,879	10.53	244,527
	BROWN UNIT 1	3,859,109.33	3,259,464	70-S3	*	(5)	81,041	2.10		70-S3	*	(11)	62,118	1.61	(18,923)
	BROWN UNIT 2	2,165,576.99	1,331,430	70-S3	*	(5)	10,395	0.48		70-S3	*	(11)	47,686	2.20	37,291
	BROWN UNIT 3	8,597,465.88	6,533,915	70-S3	*	(5)	46,426	0.54		70-S3	*	(11)	128,146	1.49	81,720
	BROWN UNIT 1, 2 AND 3 SCRUBBER	29,503,821.45	1,205,108	70-S3	*	(5)	796,603	2.70		70-S3	*	(11)	1,342,875	4.55	546,272
	GHENT UNIT 1 SCRUBBER	13,292,784.70	3,266,572	70-S3	*	(5)	358,905	2.70		70-S3	*	(12)	517,122	3.89	158,217
	GHENT UNIT 1	8,872,543.26	8,274,863	70-S3	*	(5)	48,799	0.55		70-S3	*	(12)	77,332	0.87	28,533
	GHENT UNIT 2	13,858,388.53	10,602,781	70-S3	*	(5)	83,150	0.60		70-S3	*	(12)	229,310	1.65	146,160
	GHENT UNIT 3	30,932,405.42	22,826,297	70-S3	*	(5)	318,604	1.03		70-S3	*	(12)	490,361	1.59	171,757
	GHENT UNIT 4	24,412,796.92	16,503,145	70-S3	*	(5)	297,836	1.22		70-S3	*	(12)	429,536	1.76	131,700
	GHENT UNIT 2 SCRUBBER	1,155,753.06	73,909	70-S3	*	(5)	31,205	2.70		70-S3	*	(12)	54,270	4.70	23,065
	GHENT UNIT 3 SCRUBBER	12,041,998.28	1,992,181	70-S3	*	(5)	325,134	2.70		70-S3	*	(12)	451,284	3.75	126,150
	GHENT UNIT 4 SCRUBBER	3,844,595.46	381,019	70-S3	*	(5)	103,804	2.70		70-S3	*	(12)	148,278	3.86	44,474
	TOTAL ACCOUNT 315 - ACCESSORY ELECTRIC EQUIPMENT	201,634,659.45	85,460,236				3,612,349						5,620,308		2,007,959
316.00	MISCELLANEOUS PLANT EQUIPMENT														
	TRIMBLE COUNTY UNIT 2	3,502,446.96	126,166	0	0	0	105,073	3.00		70-R1.5	*	(15)	81,004	2.31	(24,069)
	SYSTEM LABORATORY	2,763,048.67	790,095	70-R1.5	*	0	75,708	2.74		70-R1.5	*	(1)	74,526	2.70	(1,182)
	TYRONE UNIT 3	553,355.01	251,724	70-R1.5	*	0	17,265	3.12		70-R1.5	*	(10)	90,112	16.28	72,847
	TYRONE UNITS 1 AND 2	50,126.84	55,140	70-R1.5	*	0	0	-		FULLY ACCRUED	*	(10)	0	-	0
	GREEN RIVER UNIT 3	152,146.47	101,809	70-R1.5	*	0	6,040	3.97		70-R1.5	*	(10)	16,545	10.87	10,505
	GREEN RIVER UNIT 4	2,408,142.84	1,418,850	70-R1.5	*	0	65,261	2.71		70-R1.5	*	(10)	310,000	12.87	244,739
	GREEN RIVER UNITS 1 AND 2	84,749.53	93,224	70-R1.5	*	0	0	-		FULLY ACCRUED	*	(10)	0	-	0
	BROWN UNIT 1	432,577.58	351,287	70-R1.5	*	0	9,776	2.26		70-R1.5	*	(11)	8,059	1.86	(1,717)
	BROWN UNIT 2	106,658.32	109,842	70-R1.5	*	0	757	0.71		70-R1.5	*	(11)	395	0.37	(362)
	BROWN UNIT 3	5,070,448.32	2,925,174	70-R1.5	*	0	118,141	2.33		70-R1.5	*	(11)	121,490	2.40	3,349
	GHENT UNIT 1 SCRUBBER	1,033,027.09	834,195	70-R1.5	*	0	29,648	2.87		70-R1.5	*	(12)	15,091	1.46	(14,557)
	GHENT UNIT 1	1,747,526.86	1,578,287	70-R1.5	*	0	24,116	1.38		70-R1.5	*	(12)	18,058	1.03	(6,058)
	GHENT UNIT 2	1,500,525.31	1,397,086	70-R1.5	*	0	16,056	1.07		70-R1.5	*	(12)	13,774	0.92	(2,282)
	GHENT UNIT 3	3,150,437.55	2,534,754	70-R1.5	*	0	44,106	1.40		70-R1.5	*	(12)	42,799	1.36	(1,307)
	GHENT UNIT 4	7,455,181.33	2,842,039	70-R1.5	*	0	151,340	2.03		70-R1.5	*	(12)	221,851	2.98	70,511
	TOTAL ACCOUNT 316 - MISCELLANEOUS PLANT EQUIPMENT	30,010,398.68	15,409,672				663,287						1,013,704		350,417
	TOTAL STEAM PRODUCTION PLANT	**3,559,706,076.05**	**1,260,919,945**				**113,404,639**						**104,351,776**		**(9,052,863)**

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				EXISTING ESTIMATES				PROPOSED ESTIMATES				
						CALCULATED ANNUAL				CALCULATED ANNUAL		
	ACCOUNT	ORIGINAL COST	BOOK DEPRECIATION RESERVE	SURVIVOR CURVE	NET SALVAGE PERCENT	ACCRUAL AMOUNT	ACCRUAL RATE	SURVIVOR CURVE	NET SALVAGE PERCENT	ACCRUAL AMOUNT	ACCRUAL RATE	INCREASE/ DECREASE
	(1)	(2)	(3)	(4)	(5)	(6)=(2)x(7)	(7)	(8)	(9)	(10)	(11)=(10)/(2)	(12)=(10)-(6)
	HYDROELECTRIC PRODUCTION PLANT											
330.10	LAND RIGHTS											
	DIX DAM	879,311.47	879,311	100-R4 *	0	0	-	100-R4 *	0	0	-	0
	TOTAL ACCOUNT 330.1 - LAND RIGHTS	879,311.47	879,311			0				0		0
331.00	STRUCTURES AND IMPROVEMENTS											
	DIX DAM	616,526.69	353,805	90-S2.5 *	(5)	7,953	1.29	90-S2.5 *	(6)	10,702	1.74	2,749
	TOTAL ACCOUNT 331 - STRUCTURES AND IMPROVEMENTS	616,526.69	353,805			7,953				10,702		2,749
332.00	RESERVOIRS, DAMS & WATERWAY											
	DIX DAM	21,603,969.66	6,697,620	100-S2.5 *	0	155,549	0.72	100-S2.5 *	(6)	558,948	2.59	403,399
	TOTAL ACCOUNT 332 - RESERVOIRS, DAMS & WATERWAYS	21,603,969.66	6,697,620			155,549				558,948		403,399
333.00	WATER WHEELS, TURBINES & GENERATORS											
	DIX DAM	4,430,624.31	19,710	80-R3 *	(10)	29,242	0.66	75-R3 *	(6)	166,967	3.77	137,725
	TOTAL ACCOUNT 333 - WATER WHEELS, TURBINES & GENERATORS	4,430,624.31	19,710			29,242				166,967		137,725
334.00	ACCESSORY ELECTRIC EQUIPMENT											
	DIX DAM	578,333.28	90,045	40-L2.5 *	0	4,800	0.83	40-L2.5 *	(6)	21,138	3.65	16,338
	TOTAL ACCOUNT 334 - ACCESSORY ELECTRIC EQUIPMENT	578,333.28	90,045			4,800				21,138		16,338
335.00	MISCELLANEOUS POWER PLANT EQUIPMENT											
	DIX DAM	297,023.86	85,989	35-L1 *	0	10,544	3.55	35-L1 *	(6)	13,551	4.56	3,007
	TOTAL ACCOUNT 335 - MISCELLANEOUS POWER PLANT EQUIPMENT	297,023.86	85,989			10,544				13,551		3,007
336.00	ROADS, RAILROADS & BRIDGES											
	DIX DAM	176,359.59	49,946	55-R4 *	0	0	-	55-R4 *	(6)	7,394	4.19	7,394
	TOTAL ACCOUNT 336 - ROADS, RAILROADS & BRIDGES	176,359.59	49,946			0				7,394		7,394
	TOTAL HYDROELECTRIC PRODUCTION PLANT	**28,582,148.86**	**8,176,426**			**208,088**				**778,700**		**570,612**

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AS OF DECEMBER 31, 2011

				EXISTING ESTIMATES					PROPOSED ESTIMATES					
						CALCULATED ANNUAL					CALCULATED ANNUAL		
	ACCOUNT	ORIGINAL COST	BOOK DEPRECIATION RESERVE	SURVIVOR CURVE	NET SALVAGE PERCENT	ACCRUAL AMOUNT	ACCRUAL RATE	SURVIVOR CURVE	NET SALVAGE PERCENT	ACCRUAL AMOUNT	ACCRUAL RATE	INCREASE/ DECREASE
	(1)	(2)	(3)	(4)	(5)	(6)=(2)x(7)	(7)	(8)	(9)	(10)	(11)=(10)/(2)	(12)=(10)-(6)
	OTHER PRODUCTION PLANT											
340.10	LAND RIGHTS											
	BROWN CT UNIT 9 GAS PIPE	176,409.31	99,438	30-R0.5 *	0	5,239	2.97	SQUARE *	0	3,947	2.24	(1,292)
	TOTAL ACCOUNT 340.1 - LAND AND LAND RIGHTS	176,409.31	99,438			5,239				3,947		(1,292)
341.00	STRUCTURES AND IMPROVEMENTS											
	TRIMBLE COUNTY CT 5	3,740,231.32	1,170,949	40-R2.5 *	0	117,443	3.14	40-R2.5 *	(5)	144,756	3.87	27,313
	TRIMBLE COUNTY CT 6	3,588,684.24	1,130,371	40-R2.5 *	0	111,967	3.12	40-R2.5 *	(5)	138,671	3.86	26,704
	TRIMBLE COUNTY CT 7	3,559,154.97	909,260	40-R2.5 *	0	118,164	3.32	40-R2.5 *	(5)	135,304	3.80	17,140
	TRIMBLE COUNTY CT 8	3,548,851.71	906,628	40-R2.5 *	0	117,822	3.32	40-R2.5 *	(5)	134,912	3.80	17,090
	TRIMBLE COUNTY CT 9	3,655,976.41	923,545	40-R2.5 *	0	121,378	3.32	40-R2.5 *	(5)	139,485	3.82	18,107
	TRIMBLE COUNTY CT 10	3,653,029.99	922,801	40-R2.5 *	0	121,281	3.32	40-R2.5 *	(5)	139,372	3.82	18,091
	BROWN CT 5	775,081.85	270,065	40-R2.5 *	0	23,562	3.04	40-R2.5 *	(5)	30,044	3.88	6,482
	BROWN CT 6	192,814.02	67,757	40-R2.5 *	0	5,881	3.05	40-R2.5 *	(5)	8,200	4.25	2,319
	BROWN CT 7	544,965.97	207,252	40-R2.5 *	0	15,968	2.93	40-R2.5 *	(5)	22,379	4.11	6,412
	BROWN CT 8	2,012,654.95	1,151,811	40-R2.5 *	0	52,329	2.60	40-R2.5 *	(5)	76,440	3.80	24,111
	BROWN CT 9	4,641,054.86	2,628,903	40-R2.5 *	0	120,667	2.60	40-R2.5 *	(5)	130,408	2.81	9,741
	BROWN CT 10	1,865,718.20	995,177	40-R2.5 *	0	48,695	2.61	40-R2.5 *	(5)	55,973	3.00	7,278
	BROWN CT 11	1,895,013.50	960,868	40-R2.5 *	0	51,544	2.72	40-R2.5 *	(5)	75,771	4.00	24,227
	HAEFLING UNITS 1, 2 AND 3	434,853.46	87,070	40-R2.5 *	0	28,135	6.47	40-R2.5 *	(5)	44,528	10.24	16,393
	PADDY'S RUN GENERATOR 13	1,910,327.76	665,405	40-R2.5 *	0	57,883	3.03	40-R2.5 *	(5)	74,097	3.88	16,214
	TOTAL ACCOUNT 341 - STRUCTURES AND IMPROVEMENTS	36,018,413.21	12,997,862			1,112,720				1,350,340		237,620
342.00	FUEL HOLDERS, PRODUCERS AND ACCESSORIES											
	TRIMBLE COUNTY CT 5	239,584.43	76,081	45-R2.5 *	(5)	7,691	3.21	45-R2.5 *	(5)	9,049	3.78	1,358
	TRIMBLE COUNTY CT 6	239,245.54	75,986	45-R2.5 *	(5)	7,680	3.21	45-R2.5 *	(5)	9,036	3.78	1,356
	TRIMBLE COUNTY CT PIPELINE	4,850,114.73	1,572,837	45-R2.5 *	(5)	156,659	3.23	45-R2.5 *	(5)	166,771	3.44	10,112
	TRIMBLE COUNTY CT 7	578,059.38	149,364	45-R2.5 *	(5)	19,770	3.42	45-R2.5 *	(5)	21,494	3.72	1,724
	TRIMBLE COUNTY CT 8	576,385.74	148,931	45-R2.5 *	(5)	19,712	3.42	45-R2.5 *	(5)	21,431	3.72	1,719
	TRIMBLE COUNTY CT 9	593,786.01	151,730	45-R2.5 *	(5)	20,307	3.42	45-R2.5 *	(5)	22,158	3.73	1,851
	TRIMBLE COUNTY CT 10	622,872.60	157,134	45-R2.5 *	(5)	21,302	3.42	45-R2.5 *	(5)	23,324	3.74	2,022
	BROWN CT 5	795,787.89	126,367	45-R2.5 *	(5)	24,749	3.11	45-R2.5 *	(5)	38,072	4.78	13,323
	BROWN CT 6	406,460.01	17,424	45-R2.5 *	(5)	11,869	2.92	45-R2.5 *	(5)	24,066	5.92	12,197
	BROWN CT 7	405,870.95	12,973	45-R2.5 *	(5)	11,851	2.92	45-R2.5 *	(5)	24,294	5.99	12,443
	BROWN CT 8	252,005.73	22,171	45-R2.5 *	(5)	6,628	2.63	45-R2.5 *	(5)	18,266	7.25	11,638
	BROWN CT 9	2,018,753.68	903,046	45-R2.5 *	(5)	53,497	2.65	45-R2.5 *	(5)	67,309	3.33	13,812
	BROWN CT 10	264,130.81	29,700	45-R2.5 *	(5)	6,947	2.63	45-R2.5 *	(5)	13,099	4.96	6,152
	BROWN CT 11	284,822.69	38,816	45-R2.5 *	(5)	7,804	2.74	45-R2.5 *	(5)	18,318	6.43	10,514
	BROWN CT UNIT 9 GAS PIPE	8,106,130.66	4,385,668	45-R2.5 *	(5)	208,328	2.57	45-R2.5 *	(5)	232,372	2.87	24,044
	HAEFLING UNITS 1, 2 AND 3	518,704.54	88,960	45-R2.5 *	(5)	0	-	45-R2.5 *	(5)	55,109	10.62	55,109
	PADDY'S RUN GENERATOR 13	1,995,101.02	695,267	45-R2.5 *	(5)	62,048	3.11	45-R2.5 *	(5)	75,845	3.80	13,797
	TOTAL ACCOUNT 342 - FUEL HOLDERS, PRODUCERS AND ACCESSORIES	22,747,816.41	8,652,455			646,841				840,013		193,172
343.00	PRIME MOVERS											
	TRIMBLE COUNTY CT 5	31,137,756.05	10,133,882	35-R1 *	(5)	1,158,325	3.72	35-R1.5 *	(5)	1,259,343	4.04	101,018
	TRIMBLE COUNTY CT 6	32,030,243.24	8,059,467	35-R1 *	(5)	1,191,525	3.72	35-R1.5 *	(5)	1,419,553	4.43	228,028
	TRIMBLE COUNTY CT 7	23,223,115.61	6,218,174	35-R1 *	(5)	908,024	3.91	35-R1.5 *	(5)	926,898	3.99	18,874
	TRIMBLE COUNTY CT 8	23,034,740.63	6,163,385	35-R1 *	(5)	900,658	3.91	35-R1.5 *	(5)	919,628	3.99	18,970
	TRIMBLE COUNTY CT 9	22,902,195.54	5,896,000	35-R1 *	(5)	895,476	3.91	35-R1.5 *	(5)	925,844	4.04	30,368
	TRIMBLE COUNTY CT 10	22,850,722.46	5,890,691	35-R1 *	(5)	893,463	3.91	35-R1.5 *	(5)	923,525	4.04	30,062
	BROWN CT 5	14,666,936.33	4,448,405	35-R1 *	(5)	535,343	3.65	35-R1.5 *	(5)	635,708	4.33	100,365
	BROWN CT 6	34,600,149.28	7,991,509	35-R1 *	(5)	1,228,305	3.55	35-R1.5 *	(5)	1,813,591	5.24	585,286
	BROWN CT 7	31,657,718.92	7,847,473	35-R1 *	(5)	1,133,346	3.58	35-R1.5 *	(5)	1,628,808	5.15	495,462
	BROWN CT 8	26,710,989.99	10,068,236	35-R1 *	(5)	881,463	3.30	35-R1.5 *	(5)	1,455,318	5.45	573,855
	BROWN CT 9	23,335,363.18	11,433,236	35-R1 *	(5)	753,732	3.23	35-R1.5 *	(5)	800,496	3.43	46,764
	BROWN CT 10	20,074,765.96	9,663,038	35-R1 *	(5)	654,437	3.26	35-R1.5 *	(5)	700,567	3.49	46,130
	BROWN CT 11	34,794,971.17	15,401,000	35-R1 *	(5)	1,186,509	3.41	35-R1.5 *	(5)	1,618,377	4.65	431,868
	PADDY'S RUN GENERATOR 13	17,803,364.01	4,875,055	35-R1 *	(5)	644,482	3.62	35-R1.5 *	(5)	806,030	4.53	161,548
	TOTAL ACCOUNT 343 - PRIME MOVERS	358,823,032.37	114,089,551			12,965,088				15,833,686		2,868,598

KENTUCKY UTILITIES

COMPARISON OF EXISTING AND PROPOSED DEPRECIATION RATES AND ACCRUALS
AS OF DECEMBER 31, 2011

				EXISTING ESTIMATES					PROPOSED ESTIMATES				
	ACCOUNT	ORIGINAL COST	BOOK DEPRECIATION RESERVE	SURVIVOR CURVE	NET SALVAGE PERCENT	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	SURVIVOR CURVE	NET SALVAGE PERCENT	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	INCREASE/ DECREASE
	(1)	(2)	(3)	(4)	(5)	(6)=(2)x(7)	(7)	(8)	(9)	(10)	(11)=(10)/(2)	(12)=(10)-(6)
344.00	GENERATORS											
	TRIMBLE COUNTY CT 5	3,763,274.51	1,176,387	55-S3	* (5)	114,404	3.04	55-S3	* (5)	136,229	3.62	21,825
	TRIMBLE COUNTY CT 6	3,757,946.57	1,174,917	55-S3	* (5)	114,242	3.04	55-S3	* (5)	136,027	3.62	21,785
	TRIMBLE COUNTY CT 7	2,950,282.37	748,548	55-S3	* (5)	96,179	3.26	55-S3	* (5)	105,018	3.56	8,839
	TRIMBLE COUNTY CT 8	2,937,930.22	745,414	55-S3	* (5)	95,777	3.26	55-S3	* (5)	104,578	3.56	8,801
	TRIMBLE COUNTY CT 9	2,957,520.12	741,931	55-S3	* (5)	96,415	3.26	55-S3	* (5)	105,653	3.57	9,238
	TRIMBLE COUNTY CT 10	2,954,148.53	741,085	55-S3	* (5)	96,448	3.26	55-S3	* (5)	105,533	3.57	9,085
	BROWN CT 5	2,858,147.66	934,297	55-S3	* (5)	84,030	2.94	55-S3	* (5)	106,678	3.73	22,648
	BROWN CT 6	3,712,619.52	1,492,911	55-S3	* (5)	102,468	2.76	55-S3	* (5)	138,397	3.73	35,929
	BROWN CT 7	3,722,788.46	1,463,283	55-S3	* (5)	102,749	2.76	55-S3	* (5)	140,714	3.78	37,965
	BROWN CT 8	4,953,960.72	2,809,555	55-S3	* (5)	121,867	2.46	55-S3	* (5)	178,782	3.61	56,915
	BROWN CT 9	5,452,040.97	3,081,447	55-S3	* (5)	125,942	2.31	55-S3	* (5)	139,175	2.55	13,233
	BROWN CT 10	4,944,422.71	2,624,840	55-S3	* (5)	121,633	2.46	55-S3	* (5)	134,599	2.72	12,966
	BROWN CT 11	5,187,040.30	2,724,699	55-S3	* (5)	131,232	2.53	55-S3	* (5)	189,263	3.65	58,031
	HAEFLING UNITS 1, 2 AND 3	4,023,002.37	3,504,167	55-S3	* (5)	0	-	55-S3	* (5)	92,815	2.31	92,815
	PADDY'S RUN GENERATOR 13	5,185,636.11	1,792,632	55-S3	* (5)	152,458	2.94	55-S3	* (5)	188,553	3.64	36,095
	TOTAL ACCOUNT 344 - GENERATORS	59,360,761.14	25,756,113			1,555,843				2,002,014		446,171
345.00	ACCESSORY ELECTRIC EQUIPMENT											
	TRIMBLE COUNTY CT 5	1,693,975.04	513,697	45-R3	* 0	50,480	2.98	45-R3	* (5)	64,303	3.80	13,823
	TRIMBLE COUNTY CT 6	4,324,591.46	1,036,892	45-R3	* 0	128,873	2.98	45-R3	* (5)	178,222	4.12	49,349
	TRIMBLE COUNTY CT 7	3,148,439.35	792,088	45-R3	* 0	100,435	3.19	45-R3	* (5)	116,323	3.69	15,888
	TRIMBLE COUNTY CT 8	3,139,331.68	789,796	45-R3	* 0	100,145	3.19	45-R3	* (5)	115,986	3.69	15,841
	TRIMBLE COUNTY CT 9	3,234,031.47	804,392	45-R3	* 0	103,166	3.19	45-R3	* (5)	119,912	3.71	16,746
	TRIMBLE COUNTY CT 10	7,196,618.34	1,451,369	45-R3	* 0	229,572	3.19	45-R3	* (5)	282,456	3.92	52,884
	BROWN CT 5	2,277,020.49	662,990	45-R3	* 0	65,806	2.89	45-R3	* (5)	92,383	4.06	26,577
	BROWN CT 6	1,975,216.41	691,980	45-R3	* 0	53,528	2.71	45-R3	* (5)	82,329	4.17	28,801
	BROWN CT 7	1,935,781.98	675,547	45-R3	* 0	52,460	2.71	45-R3	* (5)	80,891	4.18	28,431
	BROWN CT 8	2,720,729.67	1,361,195	45-R3	* 0	65,570	2.41	45-R3	* (5)	115,931	4.26	50,361
	BROWN CT 9	4,205,847.29	1,987,226	45-R3	* 0	97,576	2.32	45-R3	* (5)	133,961	3.19	36,385
	BROWN CT 10	2,744,492.70	1,316,949	45-R3	* 0	66,966	2.44	45-R3	* (5)	86,963	3.17	19,997
	BROWN CT 11	1,863,053.15	778,412	45-R3	* 0	46,204	2.48	45-R3	* (5)	84,727	4.55	38,523
	HAEFLING UNITS 1, 2 AND 3	1,451,957.03	563,545	45-R3	* 0	0	-	45-R3	* (5)	116,933	8.05	116,933
	PADDY'S RUN GENERATOR 13	2,456,320.01	844,832	45-R3	* 0	70,742	2.88	45-R3	* (5)	92,743	3.78	22,001
	TOTAL ACCOUNT 345 - ACCESSORY ELECTRIC EQUIPMENT	44,367,406.07	14,270,910			1,231,521				1,764,063		532,542
346.00	MISCELLANEOUS PLANT EQUIPMENT											
	TRIMBLE COUNTY CT 5	28,963.63	8,377	35-R2	* 0	1,080	3.73	35-R2	* (5)	1,171	4.04	91
	TRIMBLE COUNTY CT 7	8,888.93	2,318	35-R2	* 0	311	3.50	35-R2	* (5)	353	3.97	42
	TRIMBLE COUNTY CT 8	8,861.01	2,310	35-R2	* 0	310	3.50	35-R2	* (5)	352	3.97	42
	TRIMBLE COUNTY CT 9	9,113.52	2,350	35-R2	* 0	319	3.50	35-R2	* (5)	363	3.98	44
	TRIMBLE COUNTY CT 10	41,868.51	4,157	35-R2	* 0	1,461	3.49	35-R2	* (5)	1,922	4.59	461
	BROWN CT 5	2,139,352.61	749,750	35-R2	* 0	68,459	3.20	35-R2	* (5)	86,757	4.06	18,298
	BROWN CT 6	53,748.85	17,904	35-R2	* 0	1,790	3.33	35-R2	* (5)	2,404	4.47	614
	BROWN CT 7	35,647.39	13,487	35-R2	* 0	1,151	3.23	35-R2	* (5)	1,515	4.25	364
	BROWN CT 8	285,932.33	133,886	35-R2	* 0	7,920	2.77	35-R2	* (5)	13,435	4.70	5,515
	BROWN CT 9	760,255.37	435,836	35-R2	* 0	21,059	2.77	35-R2	* (5)	22,729	2.99	1,670
	BROWN CT 10	274,390.87	136,467	35-R2	* 0	7,820	2.85	35-R2	* (5)	9,323	3.40	1,503
	BROWN CT 11	590,562.82	219,404	35-R2	* 0	19,016	3.22	35-R2	* (5)	29,785	5.04	10,769
	HAEFLING UNITS 1, 2 AND 3	35,805.20	34,289	35-R2	* 0	0	-	35-R2	* (5)	597	1.67	597
	PADDY'S RUN GENERATOR 13	1,089,550.03	384,938	35-R2	* 0	34,866	3.20	35-R2	* (5)	44,055	4.04	9,189
	TOTAL ACCOUNT 346 - MISCELLANEOUS PLANT EQUIPMENT	5,362,941.07	2,145,473			165,564				214,761		49,197
	TOTAL OTHER PRODUCTION PLANT	**526,856,779.58**	**178,011,802**			**17,682,816**				**22,008,824**		**4,326,008**

KENTUCKY UTILITIES

COMPARISON OF EXISTING AND PROPOSED DEPRECIATION RATES AND ACCRUALS
AS OF DECEMBER 31, 2011

				EXISTING ESTIMATES				PROPOSED ESTIMATES				
						CALCULATED ANNUAL				CALCULATED ANNUAL		
	ACCOUNT	ORIGINAL COST	BOOK DEPRECIATION RESERVE	SURVIVOR CURVE	NET SALVAGE PERCENT	ACCRUAL AMOUNT	ACCRUAL RATE	SURVIVOR CURVE	NET SALVAGE PERCENT	ACCRUAL AMOUNT	ACCRUAL RATE	INCREASE/ DECREASE
	(1)	(2)	(3)	(4)	(5)	(6)=(2)x(7)	(7)	(8)	(9)	(10)	(11)=(10)/(2)	(12)=(10)-(6)
	TRANSMISSION PLANT											
350.10	LAND AND LAND RIGHTS	23,413,728.55	15,953,928	60-R3	0	229,455	0.98	60-R3	0	225,538	0.96	(3,917)
352.10	STRUCTURES & IMPROVEMENTS - NON SYS CONTROL/COM	17,020,058.51	4,850,267	65-S2.5	(25)	262,109	1.54	65-S2.5	(25)	298,018	1.75	35,909
352.20	STRUCTURES & IMPROVEMENTS - SYS CONTROL/COM	1,220,542.62	860,225	60-R3	(25)	17,454	1.43	60-R3	(25)	19,271	1.58	1,817
353.10	STATION EQUIPMENT - NON SYS CONTROL/COM	191,753,788.17	67,092,664	60-R2	(20)	3,796,725	1.98	60-R2	(10)	3,211,159	1.67	(585,566)
353.20	STATION EQUIPMENT - SYS CONTROL/COM	14,668,403.51	16,135,244	30-R2.5	(20)	67,475	0.46	35-R2.5	(10)	0	-	(67,475)
354.00	TOWERS AND FIXTURES	95,353,356.62	48,758,751	70-R4	(25)	1,153,776	1.21	70-R4	(25)	1,300,626	1.36	146,850
355.00	POLES AND FIXTURES	148,658,780.48	68,401,548	50-R2	(60)	3,389,420	2.28	55-R2	(55)	3,485,089	2.34	95,669
356.00	OVERHEAD CONDUCTORS AND DEVICES	160,446,879.27	109,283,433	60-R3	(50)	2,871,999	1.79	60-R3	(50)	3,105,267	1.94	233,268
357.00	UNDERGROUND CONDUIT	448,760.26	187,418	40-L2.5	0	11,668	2.60	45-R4	0	10,209	2.27	(1,459)
358.00	UNDERGROUND CONDUCTORS AND DEVICES	1,161,549.29	918,039	35-R3	0	14,636	1.26	35-R3	0	11,420	0.98	(3,216)
	TOTAL TRANSMISSION PLANT	**654,145,847.28**	**332,441,517**			**11,814,715**				**11,666,597**		**(148,118)**
	DISTRIBUTION PLANT											
360.10	LAND AND LAND RIGHTS	2,039,033.29	1,485,249	65-R4	0	13,254	0.65	65-R4	0	11,896	0.58	(1,358)
361.00	STRUCTURES AND IMPROVEMENTS	7,658,288.09	1,787,771	60-R2.5	(10)	126,362	1.65	60-R2.5	(20)	153,285	2.00	26,923
362.00	STATION EQUIPMENT	141,200,430.90	40,173,683	52-R2	(15)	3,219,370	2.28	54-R2	(20)	3,198,522	2.27	(20,848)
364.00	POLES, TOWERS, AND FIXTURES	287,791,923.15	133,160,672	48-S0	(45)	6,619,214	2.30	50-R1	(45)	6,719,281	2.33	100,067
365.00	OVERHEAD CONDUCTORS AND DEVICES	276,285,758.81	108,982,197	48-R2	(75)	7,459,715	2.70	48-R1.5	(60)	8,911,891	3.23	1,452,176
366.00	UNDERGROUND CONDUIT	1,861,963.15	653,383	55-S4	0	35,936	1.93	50-R4	(5)	50,337	2.70	14,401
367.00	UNDERGROUND CONDUCTORS AND DEVICES	140,620,009.32	28,891,798	44-S0.5	(5)	2,938,958	2.09	44-R2	(10)	3,333,408	2.37	394,450
368.00	LINE TRANSFORMERS	286,070,399.06	117,730,753	40-R2	(20)	8,868,182	3.10	43-R2	(15)	7,018,693	2.45	(1,849,489)
369.00	SERVICES	89,050,180.39	57,697,779	43-R1.5	(30)	1,772,099	1.99	43-R1.5	(30)	1,811,200	2.03	39,101
370.00	METERS	70,049,355.34	32,484,596	40-R1.5	0	1,232,869	1.76	39-R2	0	1,603,713	2.29	370,844
371.00	INSTALLATIONS ON CUSTOMER PREMISES	18,253,214.45	17,404,873	20-R0.5	(10)	434,427	2.38	25-O1	(10)	148,124	0.81	(286,303)
373.00	STREET LIGHTING AND SIGNAL SYSTEMS	81,534,875.55	20,703,034	33-R1	(5)	1,867,149	2.29	28-S0	(10)	3,261,361	4.00	1,394,212
	TOTAL DISTRIBUTION PLANT	**1,402,415,431.50**	**561,155,788**			**34,587,534**				**36,221,711**		**1,634,177**
	GENERAL PLANT											
390.10	STRUCTURES AND IMPROVEMENTS - TO OWNED PROPERTY	47,011,269.52	9,650,596	60-S0	(5)	780,387	1.66	55-S0	(10)	945,113	2.01	164,726
390.20	STRUCTURES AND IMPROVEMENTS - LEASEHOLDS	531,973.44	413,480	30-R1	(5)	8,299	1.56	30-R1	(10)	9,139	1.72	840
391.10	OFFICE FURNITURE AND EQUIPMENT	7,513,787.56	4,161,871	20-SQ	0	314,828	4.19	20-SQ	0	335,131	4.46	20,303
391.20	NON PC COMPUTER EQUIPMENT	17,256,012.35	6,803,953	5-SQ	0	1,749,760	10.14	5-SQ	0	3,723,700	21.58	1,973,940
391.31	PERSONAL COMPUTERS	6,398,371.65	4,572,023	4-SQ	0	989,828	15.47	4-SQ	0	571,269	8.93	(418,559)
392.10	TRANSPORTATION EQUIPMENT - CARS AND LIGHT TRUCKS	1,865,090.97	1,578,423	5-SQ	0	373,018	20.00	7-L2.5	0	45,497	2.44	(327,521)
392.30	TRANSPORTATION EQUIPMENT - HEAVY TRUCKS AND OTHER	14,101,987.63	13,160,795	5-SQ	0	2,820,398	20.00	14-S1.5	0	76,623	0.54	(2,743,775)
393.00	STORES EQUIPMENT	551,794.27	164,539	25-SQ	0	28,969	5.25	25-SQ	0	27,960	5.07	(1,009)
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT	7,648,755.44	1,767,311	25-SQ	0	363,458	4.75	25-SQ	0	326,703	4.27	(36,755)
396.00	POWER OPERATED EQUIPMENT	1,174,225.44	139,927	17-R5	0	74,798	6.37	12-L1.5	0	104,334	8.89	29,536
397.10	COMMUNICATION EQUIPMENT - GENERAL ASSETS	10,171,295.90	5,248,935	15-SQ	0	725,213	7.13	10-SQ	0	579,495	5.70	(145,718)
397.20	COMMUNICATION EQUIPMENT - SPECIFIC ASSETS	19,915,035.90	5,655,027	15-SQ	0	1,419,942	7.13	25-S1	0	746,086	3.75	(673,856)
397.30	COMMUNICATION EQUIPMENT - FULLY ACCRUED	786,233.20	786,233	15-SQ	0	56,058	7.13	FULLY ACCRUED	0	0	0.00	(56,058)
	TOTAL GENERAL PLANT	**134,925,833.27**	**54,103,113**			**9,704,956**				**7,491,050**		**(2,213,906)**
	TOTAL DEPRECIABLE PLANT	**6,365,236,955.68**	**2,412,555,355**			**195,091,512**				**189,326,536**		**(5,764,976)**

* LIFE SPAN PROCEDURE IS USED. CURVE SHOWN IS INTERIM SURVIVOR CURVE

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.90

Responding Witness: John J. Spanos

Q2.90 Identify and explain all changes between the current study and the most recent prior study.

A2.90 The current study and the most recent prior study have differences in life, curve, net salvage percent, probable retirement date, reserve to plant ratio and plant activity. Please refer to Mr. Spanos' direct testimony for a discussion of any changes in methodology, as well as the reasons for such changes. Please refer to the depreciation study for any changes to specific depreciation parameters (i.e. life and net salvage estimates). Each study stands on its own based on the best information available at the time. Any estimates that differ from those made in prior studies have changed due to different available information, including additional historical data.

The proposed depreciation rates were the result of a detailed and comprehensive depreciation study, reflecting both an analysis of the historical data, as well as consideration of current and prospective factors, that will impact the average life and net salvage to be achieved by each of the Company's property groups.

Each of the applicable life and net salvage parameters were utilized together with the surviving plant in service by vintage and book depreciation reserve at December 31, 2011, with the average service life procedure and remaining life method to develop the property group and/or location level annual depreciation rate.

The net changes in the annual depreciation rates are the result of the changes in the Company's plant account level balances, age of the surviving plant in service, book depreciation reserve and changes in the underlying service life and salvage parameters.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.91

Responding Witness: John J. Spanos

Q2.91 Identify and explain all financial, operating, and maintenance changes since the last depreciation study that have affected depreciation lives, retirement patterns, or net salvage characteristics.

A2.91 There are no financial, operating or maintenance changes that individually would affect depreciation lives, retirement patterns or net salvage characteristics. As described in the depreciation study, the life and salvage parameters are based on many factors which include not only financial and operating decisions, but technological advancements and regulations as well.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.92

Responding Witness: John J. Spanos

Q2.92 Provide side-by-side comparisons of the Company's current depreciation rates versus its proposed depreciation rates, and its current depreciation parameters versus its proposed depreciation parameters including remaining lives.

A2.92 The attached schedule sets forth the current depreciation rates and remaining lives versus the proposed depreciation rates and remaining lives. The side-by-side comparison of the parameters was set forth in the response to Question No. 2.89.

KENTUCKY UTILITIES

COMPARISON OF EXISTING AND PROPOSED DEPRECIATION RATES AND REMAINING LIVES

		ANNUAL ACCRUAL RATE		COMPOSITE REMAINING LIFE	
	ACCOUNT	EXISTING	PROPOSED	EXISTING	PROPOSED
	(1)	(2)	(3)	(4)	(5)
	DEPRECIABLE PLANT				
	INTANGIBLE PLANT				
302.00	FRANCHISES AND CONSENTS	0.00	18.78	0.0	3.3
303.00	MISCELLANEOUS INTANGIBLE PLANT	20.00	15.28	0.0	3.9
303.10	CCS SOFTWARE	10.00	9.94	0.0	7.5
	STEAM PRODUCTION PLANT				
311.00	STRUCTURES AND IMPROVEMENTS				
	TRIMBLE COUNTY UNIT 2	2.10	1.90	0.0	51.2
	TRIMBLE COUNTY UNIT 2 SCRUBBER	2.10	1.36	0.0	48.6
	SYSTEM LABORATORY	1.54	0.99	28.4	27.4
	TYRONE UNIT 3	-	0.00	-	0.0
	TYRONE UNITS 1 AND 2	-	-	-	0.0
	GREEN RIVER UNIT 3	-	0.00	-	0.0
	GREEN RIVER UNIT 4	-	7.80	-	4.0
	GREEN RIVER UNITS 1 AND 2	-	-	-	0.0
	BROWN UNIT 1	0.60	0.46	19.3	16.4
	BROWN UNIT 2	0.08	0.90	19.4	22.4
	BROWN UNIT 3	0.54	1.90	19.2	23.2
	BROWN UNIT 1, 2 AND 3 SCRUBBER	2.65	4.58	19.3	23.4
	PINEVILLE UNIT 3	0.00	-	0.0	0.0
	GHENT UNIT 1 SCRUBBER	2.65	1.34	19.3	22.1
	GHENT UNIT 1	0.39	0.59	19.1	22.3
	GHENT UNIT 2	0.50	1.10	19.9	21.4
	GHENT UNIT 3	1.19	1.59	28.2	24.4
	GHENT UNIT 4	1.41	2.48	28.3	25.7
	GHENT UNIT 2 SCRUBBER	2.65	1.38	19.3	22.0
312.00	BOILER PLANT EQUIPMENT				
	TRIMBLE COUNTY UNIT 2	4.28	2.19	0.0	48.6
	TRIMBLE COUNTY UNIT 2 SCRUBBER	4.28	2.06	0.0	48.2
	TYRONE UNIT 3	3.99	7.74	11.1	4.0
	TYRONE UNITS 1 AND 2	0.14	-	-	0.0
	GREEN RIVER UNIT 3	3.08	7.59	11.1	3.9
	GREEN RIVER UNIT 4	4.20	7.57	11.1	4.0
	GREEN RIVER UNITS 1 AND 2	2.18	0.00	11.1	0.0
	BROWN UNIT 1	2.98	3.25	18.2	16.0
	BROWN UNIT 2	3.01	2.98	18.1	21.5
	BROWN UNIT 3	2.80	2.67	18.0	22.7
	BROWN UNIT 1, 2 AND 3 SCRUBBER	3.87	4.58	18.0	23.0
	PINEVILLE UNIT 3	-	-	-	0.0
	GHENT UNIT 1 SCRUBBER	3.87	4.02	18.4	22.0
	GHENT UNIT 1	3.84	2.93	18.2	21.6
	GHENT UNIT 2	2.33	1.81	18.6	20.8
	GHENT UNIT 3	2.63	2.31	25.6	23.6
	GHENT UNIT 4	2.79	2.60	25.8	24.7
	GHENT UNIT 2 SCRUBBER	3.84	2.43	18.2	21.8
	GHENT UNIT 3 SCRUBBER	3.84	3.74	18.2	24.8
	GHENT UNIT 4 SCRUBBER	3.84	3.83	18.2	25.7
314.00	TURBOGENERATOR UNITS				
	TRIMBLE COUNTY UNIT 2	2.78	2.19	0.0	45.8
	TYRONE UNIT 3	3.44	7.71	11.2	3.9
	TYRONE UNITS 1 AND 2	-	-	-	0.0
	GREEN RIVER UNIT 3	2.90	5.29	11.2	4.0
	GREEN RIVER UNIT 4	3.79	4.55	11.2	4.0
	BROWN UNIT 1	1.12	2.87	16.8	16.0
	BROWN UNIT 2	2.91	1.86	17.9	21.7
	BROWN UNIT 3	3.17	1.86	18.0	22.3
	GHENT UNIT 1	2.23	2.67	17.4	21.3
	GHENT UNIT 2	2.08	2.24	18.2	19.4
	GHENT UNIT 3	2.03	2.08	23.9	22.0
	GHENT UNIT 4	2.20	2.43	24.6	22.9

KENTUCKY UTILITIES

COMPARISON OF EXISTING AND PROPOSED DEPRECIATION RATES AND REMAINING LIVES

		ANNUAL ACCRUAL RATE		COMPOSITE REMAINING LIFE	
	ACCOUNT	EXISTING	PROPOSED	EXISTING	PROPOSED
	(1)	(2)	(3)	(4)	(5)
315.00	ACCESSORY ELECTRIC EQUIPMENT				
	TRIMBLE COUNTY UNIT 2	2.49	2.01	0.0	51.3
	TRIMBLE COUNTY UNIT 2 SCRUBBER	2.49	1.56	0.0	44.2
	TYRONE UNIT 3	-	14.65	-	3.9
	TYRONE UNITS 1 AND 2	-	-	-	0.0
	GREEN RIVER UNIT 3	-	16.16	-	4.0
	GREEN RIVER UNIT 4	1.46	10.53	11.5	3.9
	BROWN UNIT 1	2.10	1.61	19.5	16.5
	BROWN UNIT 2	0.48	2.20	19.5	22.5
	BROWN UNIT 3	0.54	1.49	19.4	23.5
	BROWN UNIT 1, 2 AND 3 SCRUBBER	2.70	4.55	19.5	23.5
	GHENT UNIT 1 SCRUBBER	2.70	3.89	19.5	22.5
	GHENT UNIT 1	0.55	0.87	19.1	21.5
	GHENT UNIT 2	0.60	1.65	19.8	21.4
	GHENT UNIT 3	1.03	1.59	27.1	24.1
	GHENT UNIT 4	1.22	1.76	27.8	25.2
	GHENT UNIT 2 SCRUBBER	2.70	4.70	19.5	22.5
	GHENT UNIT 3 SCRUBBER	2.70	3.75	19.5	25.5
	GHENT UNIT 4 SCRUBBER	2.70	3.86	19.5	26.5
316.00	MISCELLANEOUS PLANT EQUIPMENT				
	TRIMBLE COUNTY UNIT 2	3.00	2.31	0.0	48.2
	SYSTEM LABORATORY	2.74	2.70	25.3	26.8
	TYRONE UNIT 3	3.12	16.28	11.0	4.0
	TYRONE UNITS 1 AND 2	-	-	-	0.0
	GREEN RIVER UNIT 3	3.97	10.87	11.0	4.0
	GREEN RIVER UNIT 4	2.71	12.87	11.1	4.0
	GREEN RIVER UNITS 1 AND 2	-	-	-	0.0
	BROWN UNIT 1	2.26	1.86	17.9	16.0
	BROWN UNIT 2	0.71	0.37	17.8	21.6
	BROWN UNIT 3	2.33	2.40	17.9	22.2
	GHENT UNIT 1 SCRUBBER	2.87	1.46	18.1	21.4
	GHENT UNIT 1	1.38	1.03	17.9	21.0
	GHENT UNIT 2	1.07	0.92	18.6	20.6
	GHENT UNIT 3	1.40	1.36	2.6	23.2
	GHENT UNIT 4	2.03	2.98	25.6	24.8
	HYDROELECTRIC PRODUCTION PLANT				
330.10	LAND RIGHTS				
	DIX DAM	-	-	-	0.0
331.00	STRUCTURES AND IMPROVEMENTS				
	DIX DAM	1.29	1.74	26.8	28.0
332.00	RESERVOIRS, DAMS & WATERWAY				
	DIX DAM	0.72	2.59	27.1	29.0
333.00	WATER WHEELS, TURBINES & GENERATORS				
	DIX DAM	0.66	3.77	23.8	28.0
334.00	ACCESSORY ELECTRIC EQUIPMENT				
	DIX DAM	0.83	3.65	10.7	24.7
335.00	MISCELLANEOUS POWER PLANT EQUIPMENT				
	DIX DAM	3.55	4.56	14.5	16.9
336.00	ROADS, RAILROADS & BRIDGES				
	DIX DAM	-	4.19	-	18.5

KENTUCKY UTILITIES

COMPARISON OF EXISTING AND PROPOSED DEPRECIATION RATES AND REMAINING LIVES

		ANNUAL ACCRUAL RATE		COMPOSITE REMAINING LIFE	
	ACCOUNT	EXISTING	PROPOSED	EXISTING	PROPOSED
	(1)	(2)	(3)	(4)	(5)
	OTHER PRODUCTION PLANT				
340.10	LAND RIGHTS				
	BROWN CT UNIT 9 GAS PIPELINE	2.97	2.24	16.4	19.5
341.00	STRUCTURES AND IMPROVEMENTS				
	TRIMBLE COUNTY CT 5	3.14	3.87	24.2	19.0
	TRIMBLE COUNTY CT 6	3.12	3.86	24.2	19.0
	TRIMBLE COUNTY CT 7	3.32	3.80	24.4	20.9
	TRIMBLE COUNTY CT 8	3.32	3.80	24.4	20.9
	TRIMBLE COUNTY CT 9	3.32	3.82	24.4	20.9
	TRIMBLE COUNTY CT 10	3.32	3.82	24.5	20.9
	BROWN CT 5	3.04	3.88	24.1	18.1
	BROWN CT 6	3.05	4.25	23.7	16.4
	BROWN CT 7	2.93	4.11	23.7	16.3
	BROWN CT 8	2.60	3.80	22.4	12.6
	BROWN CT 9	2.60	2.81	22.4	17.2
	BROWN CT 10	2.61	3.00	22.5	17.2
	BROWN CT 11	2.72	4.00	23.0	13.6
	HAEFLING UNITS 1, 2 AND 3	6.47	10.24	3.5	8.3
	PADDY'S RUN GENERATOR 13	3.03	3.88	24.1	18.1
342.00	FUEL HOLDERS, PRODUCERS AND ACCESSORIES				
	TRIMBLE COUNTY CT 5	3.21	3.78	25.3	19.4
	TRIMBLE COUNTY CT 6	3.21	3.78	25.3	19.4
	TRIMBLE COUNTY CT PIPELINE	3.23	3.44	25.3	21.1
	TRIMBLE COUNTY CT 7	3.42	3.72	25.3	21.3
	TRIMBLE COUNTY CT 8	3.42	3.72	25.4	21.3
	TRIMBLE COUNTY CT 9	3.42	3.73	25.3	21.3
	TRIMBLE COUNTY CT 10	3.42	3.74	25.3	21.3
	BROWN CT 5	3.11	4.78	25.2	18.6
	BROWN CT 6	2.92	5.92	24.9	17.0
	BROWN CT 7	2.92	5.99	24.9	17.0
	BROWN CT 8	2.63	7.25	24.0	13.3
	BROWN CT 9	2.65	3.33	24.1	18.1
	BROWN CT 10	2.63	4.96	24.0	18.9
	BROWN CT 11	2.74	6.43	24.4	14.2
	BROWN CT UNIT 9 GAS PIPE	2.57	2.87	23.8	17.8
	HAEFLING UNITS 1, 2 AND 3	-	10.62	-	8.3
	PADDY'S RUN GENERATOR 13	3.11	3.80	25.2	18.5
343.00	PRIME MOVERS				
	TRIMBLE COUNTY CT 5	3.72	4.04	19.1	17.9
	TRIMBLE COUNTY CT 6	3.72	4.43	19.1	18.0
	TRIMBLE COUNTY CT 7	3.91	3.99	18.4	19.6
	TRIMBLE COUNTY CT 8	3.91	3.99	18.4	19.6
	TRIMBLE COUNTY CT 9	3.91	4.04	18.4	19.6
	TRIMBLE COUNTY CT 10	3.91	4.04	18.4	19.6
	BROWN CT 5	3.65	4.33	18.9	17.2
	BROWN CT 6	3.55	5.24	18.6	15.6
	BROWN CT 7	3.58	5.15	18.6	15.6
	BROWN CT 8	3.30	5.45	18.5	12.4
	BROWN CT 9	3.23	3.43	18.6	16.3
	BROWN CT 10	3.26	3.49	18.6	16.3
	BROWN CT 11	3.41	4.65	19.2	13.1
	PADDY'S RUN GENERATOR 13	3.62	4.53	19.2	17.1
344.00	GENERATORS				
	TRIMBLE COUNTY CT 5	3.04	3.62	29.1	20.4
	TRIMBLE COUNTY CT 6	3.04	3.62	29.1	20.4
	TRIMBLE COUNTY CT 7	3.26	3.56	29.2	22.4
	TRIMBLE COUNTY CT 8	3.26	3.56	29.2	22.4
	TRIMBLE COUNTY CT 9	3.26	3.57	29.2	22.4
	TRIMBLE COUNTY CT 10	3.26	3.57	29.2	22.4
	BROWN CT 5	2.94	3.73	29.0	19.4
	BROWN CT 6	2.76	3.73	28.7	17.4
	BROWN CT 7	2.76	3.78	28.7	17.4
	BROWN CT 8	2.46	3.61	28.0	13.4
	BROWN CT 9	2.31	2.55	27.8	19.0
	BROWN CT 10	2.46	2.72	28.0	19.1
	BROWN CT 11	2.53	3.65	28.3	14.4
	HAEFLING UNITS 1, 2 AND 3	-	2.31	-	7.8
	PADDY'S RUN GENERATOR 13	2.94	3.64	29.0	19.4

KENTUCKY UTILITIES

COMPARISON OF EXISTING AND PROPOSED DEPRECIATION RATES AND REMAINING LIVES

		ANNUAL ACCRUAL RATE		COMPOSITE REMAINING LIFE	
	ACCOUNT	EXISTING	PROPOSED	EXISTING	PROPOSED
	(1)	(2)	(3)	(4)	(5)
345.00	ACCESSORY ELECTRIC EQUIPMENT				
	TRIMBLE COUNTY CT 5	2.98	3.80	26.6	19.7
	TRIMBLE COUNTY CT 6	2.98	4.12	26.6	19.7
	TRIMBLE COUNTY CT 7	3.19	3.69	26.9	21.6
	TRIMBLE COUNTY CT 8	3.19	3.69	26.9	21.6
	TRIMBLE COUNTY CT 9	3.19	3.71	26.9	21.6
	TRIMBLE COUNTY CT 10	3.19	3.92	26.9	21.6
	BROWN CT 5	2.89	4.06	26.4	18.7
	BROWN CT 6	2.71	4.17	25.9	16.8
	BROWN CT 7	2.71	4.18	25.9	16.8
	BROWN CT 8	2.41	4.26	24.8	12.9
	BROWN CT 9	2.32	3.19	24.8	18.1
	BROWN CT 10	2.44	3.17	25.0	18.0
	BROWN CT 11	2.48	4.55	25.1	13.9
	HAEFLING UNITS 1, 2 AND 3	-	8.05	-	8.2
	PADDY'S RUN GENERATOR 13	2.88	3.78	26.4	18.7
346.00	MISCELLANEOUS PLANT EQUIPMENT				
	TRIMBLE COUNTY CT 5	3.73	4.04	20.3	18.8
	TRIMBLE COUNTY CT 7	3.50	3.97	21.7	19.9
	TRIMBLE COUNTY CT 8	3.50	3.97	21.7	19.9
	TRIMBLE COUNTY CT 9	3.50	3.98	21.6	19.9
	TRIMBLE COUNTY CT 10	3.49	4.59	21.7	20.7
	BROWN CT 5	3.20	4.06	21.4	17.3
	BROWN CT 6	3.33	4.47	21.3	16.0
	BROWN CT 7	3.23	4.25	21.3	15.8
	BROWN CT 8	2.77	4.70	19.6	12.4
	BROWN CT 9	2.77	2.99	19.6	15.9
	BROWN CT 10	2.85	3.40	19.9	16.3
	BROWN CT 11	3.22	5.04	21.1	13.5
	HAEFLING UNITS 1, 2 AND 3	-	1.67	-	5.5
	PADDY'S RUN GENERATOR 13	3.20	4.04	21.4	17.2

KENTUCKY UTILITIES

COMPARISON OF EXISTING AND PROPOSED DEPRECIATION RATES AND REMAINING LIVES

		ANNUAL ACCRUAL RATE		COMPOSITE REMAINING LIFE	
	ACCOUNT	EXISTING	PROPOSED	EXISTING	PROPOSED
	(1)	(2)	(3)	(4)	(5)
	TRANSMISSION PLANT				
350.10	LAND AND LAND RIGHTS	0.98	0.96	31.7	33.1
352.10	STRUCTURES & IMPROVEMENTS - NON SYS CONTROL/COM	1.54	1.75	40.2	55.1
352.20	STRUCTURES & IMPROVEMENTS - SYS CONTROL/COM	1.43	1.58	34.0	34.5
353.10	STATION EQUIPMENT - NON SYS CONTROL/COM	1.98	1.67	34.8	44.8
353.20	STATION EQUIPMENT - SYS CONTROL/COM	0.46	-	20.5	0.0
354.00	TOWERS AND FIXTURES	1.21	1.36	43.8	54.2
355.00	POLES AND FIXTURES	2.28	2.34	30.7	46.5
356.00	OVERHEAD CONDUCTORS AND DEVICES	1.79	1.94	35.5	42.3
357.00	UNDERGROUND CONDUIT	2.60	2.27	21.9	25.6
358.00	UNDERGROUND CONDUCTORS AND DEVICES	1.26	0.98	19.4	21.3
	DISTRIBUTION PLANT				
360.10	LAND AND LAND RIGHTS	0.65	0.58	45.1	46.6
361.00	STRUCTURES AND IMPROVEMENTS	1.65	2.00	38.1	48.3
362.00	STATION EQUIPMENT	2.28	2.27	29.9	40.4
364.00	POLES, TOWERS, AND FIXTURES	2.30	2.33	27.4	42.3
365.00	OVERHEAD CONDUCTORS AND DEVICES	2.70	3.23	27.6	37.4
366.00	UNDERGROUND CONDUIT	1.93	2.70	28.8	25.9
367.00	UNDERGROUND CONDUCTORS AND DEVICES	2.09	2.37	27.5	37.7
368.00	LINE TRANSFORMERS	3.10	2.45	21.9	30.1
369.00	SERVICES	1.99	2.03	25.8	32.1
370.00	METERS	1.76	2.29	20.9	23.4
371.00	INSTALLATIONS ON CUSTOMER PREMISES	2.38	0.81	10.9	18.1
373.00	STREET LIGHTING AND SIGNAL SYSTEMS	2.29	4.00	19.1	21.2
	GENERAL PLANT				
390.10	STRUCTURES AND IMPROVEMENTS - TO OWNED PROPERTY	1.66	2.01	33.9	44.5
390.20	STRUCTURES AND IMPROVEMENTS - LEASEHOLDS	1.56	1.72	17.2	18.8
391.10	OFFICE FURNITURE AND EQUIPMENT	4.19	4.46	13.6	10.0
391.20	NON PC COMPUTER EQUIPMENT	10.14	21.58	3.3	2.8
391.31	PERSONAL COMPUTERS	15.47	8.93	2.8	3.2
392.00	TRANSPORTATION EQUIPMENT	20.00	-	-	-
392.10	TRANSPORTATION EQUIPMENT - CARS AND LIGHT TRUCKS	-	2.44	-	6.3
392.30	TRANSPORTATION EQUIPMENT - HEAVY TRUCKS AND OTHER	-	0.54	-	12.3
393.00	STORES EQUIPMENT	5.25	5.07	11.6	13.9
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT	4.75	4.27	14.7	18.0
396.00	POWER OPERATED EQUIPMENT	6.37	8.89	9.6	9.9
397.10	COMMUNICATION EQUIPMENT - CARRIER	7.13	-	10.9	-
397.20	COMMUNICATION EQUIPMENT - REMOTE CONTROL	7.95	-	7.5	-
397.30	COMMUNICATION EQUIPMENT - MOBILE	7.30	-	8.4	-
397.10	COMMUNICATION EQUIPMENT - GENERAL ASSETS	-	5.70	-	8.5
397.20	COMMUNICATION EQUIPMENT - SPECIFIC ASSETS	-	3.75	-	19.1
397.30	COMMUNICATION EQUIPMENT - FULLY ACCRUED	-	0.00	-	0.0

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.93

Responding Witness: John J. Spanos

Q2.93 Provide a table showing the proposed change in depreciation expense caused by: life and curve changes, gross salvage changes, cost of removal changes, procedure changes (e.g. ELG v. ALG) and method changes (e.g. WL v RL.), and other changes. Explain the "other changes."

A2.93 KU KIUC Q2-089 Attachment 1 presents the change in depreciation expense for each account. The change in depreciation expense due specifically to each of the listed factors was not calculated for the depreciation study. However, KU KIUC Q2-089 Attachment 1 sets forth a comparison of the survivor curve and net salvage estimates for the existing and proposed depreciation rates. KU KIUC Q2-045 Attachment 1 presents a comparison of the existing and proposed probable retirement dates. Both the existing and proposed depreciation rates are based on the Average Service Life – Broad Group procedure and the Remaining Life method.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.94

Responding Witness: John J. Spanos

Q2.94 If not provided elsewhere, please provide in electronic format all workpapers supporting terminal net salvage (decommissioning) estimates for each account for which terminal net salvage is a factor. Include all calculations in electronic format (Excel), with all formulae intact.

A2.94 The terminal net salvage estimates are set forth on pages III-210 through III-212 of Exhibit JJS-KU for all generating facilities. The electronic format was included in Kroger 1-1. Additional workpapers were provided in KIUC 1-44.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.95

Responding Witness: John J. Spanos

Q2.95 Refer to each net salvage study in the Depreciation Study for each of the most recent five years. Explain whether gross salvage and cost of removal were normal or abnormal and why. This question pertains to the Company's perception as to the normalcy of the amounts in question, not how the witness coded the amounts in his database.

A2.95 For each plant account, the net salvage analyses over the most recent 5 years ending 2011 in the Depreciation Study, sets forth entries viewed to be normal based on Mr. Spanos's extensive experience performing depreciation studies for utility companies. However, the level of cost of removal or gross salvage as a percentage of retirement over the past five years may not be exactly the same in the future.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.96

Responding Witness: Shannon L. Charnas

Q2.96 Please provide by account and sub-account gross salvage and cost of removal for the period 1992 to 2011.

A2.96 See attached.

Kentucky Utilities Company
Gross Salvage and Cost of Removal
1992-2011

Account	Account Description	Year	Gross Salvage	Cost of Removal
131200	Boiler Plant Equipment	1992	$ 2,358.00	$ 126,229.00
131600	Miscellaneous Plant Equipment	1992	-	958.00
133300	Water Wheels, Turbines and Generators	1992	-	-
133500	Misc. Power Plant Equipment	1992	-	-
135200	Structures and Improvements	1992	-	1,479.00
135310	Station Equipment	1992	11,348.00	14,796.00
135320	Syst Control/Microwave Equip	1992	-	-
135500	Poles & Fixtures	1992	31,821.00	216,832.00
135600	Overhead Conductors and Devices	1992	31,133.00	88,985.00
136100	Structures and Improvements	1992	177.00	1,709.00
136200	Station Equipment	1992	24,769.00	31,926.00
136400	Poles Towers & Fixtures	1992	891,619.00	853,897.00
136500	Overhead Conductors and Devices	1992	235,040.00	518,555.00
136700	Underground Conductors & Devices	1992	12,461.00	8,736.00
136800	Line Transformers	1992	123,963.00	142,294.00
136900	Services	1992	55,236.00	222,067.00
137000	Meters	1992	238.00	3,236.00
137100	Installations on Customer Premises	1992	55,800.00	51,052.00
137300	Street Lighting & Signal Systems	1992	62,546.00	154,828.00
139010	Structures & Improvements	1992	-	2,074.00
139110	Office Furniture & Equipment	1992	1,050.00	(23.00)
139400	Tool, Shop & Garage Equipment	1992	-	-
139500	Laboratory Equipment	1992	-	-
139700	Communication Equipment	1992	1.00	-
139800	Miscellaneous Equipment	1992	-	-
131100	Structures and Improvements	1993	-	-
131200	Boiler Plant Equipment	1993	36,144.80	586,475.23
131400	Turbogenerator Units	1993	-	-
131500	Accessory Electric Equipment	1993	-	74,357.94
131600	Miscellaneous Plant Equipment	1993	42,673.02	382.64
133100	Structures and Improvements	1993	-	-
133200	Reservoirs, Dams & Waterways	1993	-	-
133300	Water Wheels, Turbines and Generators	1993	-	-
133400	Accessory Electric Equipment	1993	-	-
133500	Misc. Power Plant Equipment	1993	-	-
134000	Land and Land Rights	1993	-	-
134010	Land Rights	1993	-	-
134100	Structures and Improvements	1993	-	-
134200	Fuel Holders, Producers and Accessories	1993	-	-
134300	Prime Movers	1993	-	-
134400	Generators	1993	-	-
134500	Accessory Electric Equipment	1993	-	-
134600	Miscellaneous Plant Equipment	1993	-	-
135010	Land Rights	1993	-	-
135020	Land	1993	-	-
135200	Structures and Improvements	1993	1,418.69	14,439.05
135210	Struct. and Impr. Non Sys Control	1993	-	-
135220	Struct. and Impr. Sys Control	1993	-	-

Kentucky Utilities Company
Gross Salvage and Cost of Removal
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Account	Account Description	Year	Gross Salvage	Cost of Removal
135310	Station Equipment	1993	31,668.27	30,251.56
135320	Syst Control/Microwave Equip	1993	13.14	215.54
135400	Towers & Fixtures	1993	-	-
135500	Poles & Fixtures	1993	35,067.09	275,680.43
135600	Overhead Conductors and Devices	1993	10,351.45	43,594.35
135800	Underground Conductors & Devices	1993	-	-
136010	Land Rights	1993	-	-
136100	Structures and Improvements	1993	2,177.47	2,995.55
136200	Station Equipment	1993	71,284.57	26,005.54
136400	Poles Towers & Fixtures	1993	479,511.70	948,478.36
136500	Overhead Conductors and Devices	1993	310,969.35	735,220.86
136600	Underground Conduit	1993	-	-
136700	Underground Conductors & Devices	1993	18,489.43	29,103.35
136800	Line Transformers	1993	132,417.66	273,888.78
136900	Services	1993	289.35	1,093.93
137000	Meters	1993	23,803.93	8,980.32
137100	Installations on Customer Premises	1993	138,673.20	236,331.96
137300	Street Lighting & Signal Systems	1993	111,278.26	117,366.49
138920	Land	1993	-	-
139010	Structures & Improvements	1993	(53.89)	7,896.30
139020	Improvements to Leased Property	1993	-	-
139110	Office Furniture & Equipment	1993	(64.98)	1,835.93
139120	Non PC Computer Equipment	1993	-	-
139130	Cash Processing Equipment	1993	-	-
139140	Personal Computer Equipment	1993	-	-
139200	Transportation Equipment	1993	-	-
139300	Stores Equipment	1993	-	-
139400	Tool, Shop & Garage Equipment	1993	-	-
139500	Laboratory Equipment	1993	-	-
139600	Power Operated Equipment	1993	-	-
139700	Communication Equipment	1993	(0.10)	15,472.87
139710	Communication Equipment	1993	-	-
139720	Communication Equipment	1993	-	-
139730	Communication Equipment	1993	-	-
139800	Miscellaneous Equipment	1993	(649.64)	1,886.18
131100	Structures and Improvements	1994	-	-
131200	Boiler Plant Equipment	1994	5,496.38	1,235,480.56
131400	Turbogenerator Units	1994	-	314,381.26
131500	Accessory Electric Equipment	1994	-	976.61
131600	Miscellaneous Plant Equipment	1994	337.30	41.90
133100	Structures and Improvements	1994	-	-
133200	Reservoirs, Dams & Waterways	1994	-	-
133300	Water Wheels, Turbines and Generators	1994	-	-
133400	Accessory Electric Equipment	1994	-	-
133500	Misc. Power Plant Equipment	1994	-	-
134000	Land and Land Rights	1994	-	-
134010	Land Rights	1994	-	-
134100	Structures and Improvements	1994	-	-

Kentucky Utilities Company
Gross Salvage and Cost of Removal
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Account	Account Description	Year	Gross Salvage	Cost of Removal
134200	Fuel Holders, Producers and Accessories	1994	-	-
134300	Prime Movers	1994	-	-
134400	Generators	1994	-	-
134500	Accessory Electric Equipment	1994	-	-
134600	Miscellaneous Plant Equipment	1994	-	-
135010	Land Rights	1994	-	-
135020	Land	1994	-	-
135200	Structures and Improvements	1994	620.65	4,194.57
135210	Struct. and Impr. Non Sys Control	1994	-	-
135220	Struct. and Impr. Sys Control	1994	-	-
135310	Station Equipment	1994	7,481.33	4,745.62
135320	Syst Control/Microwave Equip	1994	0.14	1.51
135400	Towers & Fixtures	1994	-	-
135500	Poles & Fixtures	1994	32,966.64	172,096.43
135600	Overhead Conductors and Devices	1994	44,653.24	124,874.24
135800	Underground Conductors & Devices	1994	-	-
136010	Land Rights	1994	-	-
136100	Structures and Improvements	1994	1,647.44	3,034.50
136200	Station Equipment	1994	126,495.76	61,787.41
136400	Poles Towers & Fixtures	1994	402,384.01	1,065,669.95
136500	Overhead Conductors and Devices	1994	161,081.32	509,916.64
136600	Underground Conduit	1994	-	-
136700	Underground Conductors & Devices	1994	8,682.58	18,298.78
136800	Line Transformers	1994	39,199.15	108,557.24
136900	Services	1994	86,533.41	438,028.06
137000	Meters	1994	11,580.38	5,849.52
137100	Installations on Customer Premises	1994	59,394.69	135,528.71
137300	Street Lighting & Signal Systems	1994	66,668.63	94,147.57
138920	Land	1994	-	-
139010	Structures & Improvements	1994	28,540.37	2,535.20
139020	Improvements to Leased Property	1994	-	-
139110	Office Furniture & Equipment	1994	50,877.18	871.42
139120	Non PC Computer Equipment	1994	-	-
139130	Cash Processing Equipment	1994	-	-
139140	Personal Computer Equipment	1994	-	-
139200	Transportation Equipment	1994	-	-
139300	Stores Equipment	1994	-	-
139400	Tool, Shop & Garage Equipment	1994	12,363.59	-
139500	Laboratory Equipment	1994	15,567.84	93.33
139600	Power Operated Equipment	1994	-	-
139700	Communication Equipment	1994	1.05	96.67
139710	Communication Equipment	1994	-	-
139720	Communication Equipment	1994	-	-
139730	Communication Equipment	1994	-	-
139800	Miscellaneous Equipment	1994	17,676.88	31.11
131100	Structures and Improvements	1995	-	10,004.55
131200	Boiler Plant Equipment	1995	44,495.64	887,354.99
131400	Turbogenerator Units	1995	-	374,437.65

Kentucky Utilities Company
Gross Salvage and Cost of Removal
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Account	Account Description	Year	Gross Salvage	Cost of Removal
131500	Accessory Electric Equipment	1995	-	11,330.18
131600	Miscellaneous Plant Equipment	1995	6,360.06	70.09
133100	Structures and Improvements	1995	-	-
133200	Reservoirs, Dams & Waterways	1995	-	-
133300	Water Wheels, Turbines and Generators	1995	-	-
133400	Accessory Electric Equipment	1995	-	-
133500	Misc. Power Plant Equipment	1995	-	-
134000	Land and Land Rights	1995	-	-
134010	Land Rights	1995	-	-
134100	Structures and Improvements	1995	-	-
134200	Fuel Holders, Producers and Accessories	1995	-	-
134300	Prime Movers	1995	-	-
134400	Generators	1995	-	-
134500	Accessory Electric Equipment	1995	-	-
134600	Miscellaneous Plant Equipment	1995	-	-
135010	Land Rights	1995	0.01	0.37
135020	Land	1995	-	-
135200	Structures and Improvements	1995	258.10	5,441.20
135210	Struct. and Impr. Non Sys Control	1995	-	-
135220	Struct. and Impr. Sys Control	1995	-	-
135310	Station Equipment	1995	22,524.05	44,568.61
135320	Syst Control/Microwave Equip	1995	92.93	3,156.66
135400	Towers & Fixtures	1995	-	-
135500	Poles & Fixtures	1995	13,950.32	227,169.30
135600	Overhead Conductors and Devices	1995	19,026.05	165,972.73
135800	Underground Conductors & Devices	1995	-	-
136010	Land Rights	1995	-	-
136100	Structures and Improvements	1995	2,141.71	2,139.97
136200	Station Equipment	1995	70,127.64	18,581.57
136400	Poles Towers & Fixtures	1995	521,425.55	749,106.14
136500	Overhead Conductors and Devices	1995	380,889.40	654,066.58
136600	Underground Conduit	1995	-	-
136700	Underground Conductors & Devices	1995	30,899.93	35,326.43
136800	Line Transformers	1995	122,480.49	184,000.12
136900	Services	1995	103,451.19	284,068.22
137000	Meters	1995	18,775.86	5,144.77
137100	Installations on Customer Premises	1995	152,954.21	189,327.71
137300	Street Lighting & Signal Systems	1995	132,576.98	101,560.48
138920	Land	1995	-	-
139010	Structures & Improvements	1995	34,237.12	272.99
139020	Improvements to Leased Property	1995	-	-
139110	Office Furniture & Equipment	1995	4,168.66	6.41
139120	Non PC Computer Equipment	1995	-	-
139130	Cash Processing Equipment	1995	-	-
139140	Personal Computer Equipment	1995	-	-
139200	Transportation Equipment	1995	-	-
139300	Stores Equipment	1995	-	-
139400	Tool, Shop & Garage Equipment	1995	-	-

Kentucky Utilities Company
Gross Salvage and Cost of Removal
1992-2011

Account	Account Description	Year	Gross Salvage	Cost of Removal
139500	Laboratory Equipment	1995	8,590.09	4.62
139600	Power Operated Equipment	1995	-	-
139700	Communication Equipment	1995	4.63	38.29
139710	Communication Equipment	1995	-	-
139720	Communication Equipment	1995	-	-
139730	Communication Equipment	1995	-	-
139800	Miscellaneous Equipment	1995	10,649.22	1.68
131100	Structures and Improvements	1996	-	608.66
131200	Boiler Plant Equipment	1996	25,699.18	1,372,067.41
131400	Turbogenerator Units	1996	-	452,453.89
131500	Accessory Electric Equipment	1996	-	10,740.71
131600	Miscellaneous Plant Equipment	1996	4,075.38	120.24
133100	Structures and Improvements	1996	22.64	-
133200	Reservoirs, Dams & Waterways	1996	29.67	-
133300	Water Wheels, Turbines and Generators	1996	3.47	-
133400	Accessory Electric Equipment	1996	-	-
133500	Misc. Power Plant Equipment	1996	12.43	-
134000	Land and Land Rights	1996	-	-
134010	Land Rights	1996	-	-
134100	Structures and Improvements	1996	-	-
134200	Fuel Holders, Producers and Accessories	1996	-	-
134300	Prime Movers	1996	-	-
134400	Generators	1996	-	-
134500	Accessory Electric Equipment	1996	-	-
134600	Miscellaneous Plant Equipment	1996	-	-
135010	Land Rights	1996	16.65	136.43
135020	Land	1996	-	-
135200	Structures and Improvements	1996	1,369.50	7,978.63
135210	Struct. and Impr. Non Sys Control	1996	-	-
135220	Struct. and Impr. Sys Control	1996	-	-
135310	Station Equipment	1996	35,115.05	19,086.85
135320	Syst Control/Microwave Equip	1996	(0.00)	(0.00)
135400	Towers & Fixtures	1996	18,784.31	64,498.46
135500	Poles & Fixtures	1996	83,463.64	375,593.67
135600	Overhead Conductors and Devices	1996	168,592.29	406,425.88
135800	Underground Conductors & Devices	1996	-	-
136010	Land Rights	1996	411.66	264.54
136100	Structures and Improvements	1996	4,367.17	7,546.72
136200	Station Equipment	1996	147,669.22	67,669.67
136400	Poles Towers & Fixtures	1996	319,116.95	792,888.13
136500	Overhead Conductors and Devices	1996	141,225.32	419,417.57
136600	Underground Conduit	1996	-	-
136700	Underground Conductors & Devices	1996	19,185.32	37,933.45
136800	Line Transformers	1996	45,060.80	117,074.17
136900	Services	1996	46,118.00	219,012.34
137000	Meters	1996	13,641.07	6,464.36
137100	Installations on Customer Premises	1996	63,032.25	134,935.61
137300	Street Lighting & Signal Systems	1996	77,156.69	102,221.25

Kentucky Utilities Company
Gross Salvage and Cost of Removal
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Account	Account Description	Year	Gross Salvage	Cost of Removal
138920	Land	1996	-	-
139010	Structures & Improvements	1996	224,615.41	6,017.17
139020	Improvements to Leased Property	1996	-	-
139110	Office Furniture & Equipment	1996	5,046.96	26.07
139120	Non PC Computer Equipment	1996	-	-
139130	Cash Processing Equipment	1996	-	-
139140	Personal Computer Equipment	1996	-	-
139200	Transportation Equipment	1996	-	-
139300	Stores Equipment	1996	-	-
139400	Tool, Shop & Garage Equipment	1996	11,053.00	-
139500	Laboratory Equipment	1996	-	-
139600	Power Operated Equipment	1996	-	-
139700	Communication Equipment	1996	0.87	24.16
139710	Communication Equipment	1996	-	-
139720	Communication Equipment	1996	-	-
139730	Communication Equipment	1996	-	-
139800	Miscellaneous Equipment	1996	12,222.75	6.49
131100	Structures and Improvements	1997	-	8,045.59
131200	Boiler Plant Equipment	1997	6,713.12	736,637.27
131400	Turbogenerator Units	1997	-	466,686.83
131500	Accessory Electric Equipment	1997	-	2,010.04
131600	Miscellaneous Plant Equipment	1997	3,616.60	219.31
133100	Structures and Improvements	1997	-	-
133200	Reservoirs, Dams & Waterways	1997	-	-
133300	Water Wheels, Turbines and Generators	1997	-	-
133400	Accessory Electric Equipment	1997	-	-
133500	Misc. Power Plant Equipment	1997	-	-
134000	Land and Land Rights	1997	-	-
134010	Land Rights	1997	-	-
134100	Structures and Improvements	1997	-	-
134200	Fuel Holders, Producers and Accessories	1997	-	-
134300	Prime Movers	1997	-	31,638.00
134400	Generators	1997	-	-
134500	Accessory Electric Equipment	1997	-	-
134600	Miscellaneous Plant Equipment	1997	-	-
135010	Land Rights	1997	-	-
135020	Land	1997	-	-
135200	Structures and Improvements	1997	722.65	7,984.05
135210	Struct. and Impr. Non Sys Control	1997	-	-
135220	Struct. and Impr. Sys Control	1997	-	-
135310	Station Equipment	1997	36,559.56	37,911.36
135320	Syst Control/Microwave Equip	1997	64.09	1,140.81
135400	Towers & Fixtures	1997	30,483.20	198,492.85
135500	Poles & Fixtures	1997	34,901.83	297,851.19
135600	Overhead Conductors and Devices	1997	31,913.17	145,896.12
135800	Underground Conductors & Devices	1997	-	-
136010	Land Rights	1997	-	-
136100	Structures and Improvements	1997	2,482.04	4,137.86

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Gross Salvage and Cost of Removal
1992-2011

Account	Account Description	Year	Gross Salvage	Cost of Removal
136200	Station Equipment	1997	119,714.53	52,924.99
136400	Poles Towers & Fixtures	1997	169,583.52	406,495.31
136500	Overhead Conductors and Devices	1997	171,787.21	492,192.20
136600	Underground Conduit	1997	0.41	1.80
136700	Underground Conductors & Devices	1997	18,382.05	35,063.65
136800	Line Transformers	1997	215,264.52	539,565.88
136900	Services	1997	61,027.10	279,595.86
137000	Meters	1997	18,198.59	8,320.02
137100	Installations on Customer Premises	1997	79,211.04	163,590.96
137300	Street Lighting & Signal Systems	1997	57,612.17	73,636.25
138920	Land	1997	-	-
139010	Structures & Improvements	1997	11,792.07	2,761.09
139020	Improvements to Leased Property	1997	-	-
139110	Office Furniture & Equipment	1997	158,273.34	7,145.81
139120	Non PC Computer Equipment	1997	-	-
139130	Cash Processing Equipment	1997	-	-
139140	Personal Computer Equipment	1997	-	-
139200	Transportation Equipment	1997	-	-
139300	Stores Equipment	1997	-	-
139400	Tool, Shop & Garage Equipment	1997	99,692.34	-
139500	Laboratory Equipment	1997	50,811.23	802.99
139600	Power Operated Equipment	1997	-	-
139700	Communication Equipment	1997	55.28	13,414.43
139710	Communication Equipment	1997	-	-
139720	Communication Equipment	1997	-	-
139730	Communication Equipment	1997	-	-
139800	Miscellaneous Equipment	1997	245,873.08	1,140.81
131100	Structures and Improvements	1998	-	16,167.17
131200	Boiler Plant Equipment	1998	(14,905.96)	826,171.61
131400	Turbogenerator Units	1998	-	173,845.62
131500	Accessory Electric Equipment	1998	-	-
131600	Miscellaneous Plant Equipment	1998	(12,212.24)	374.05
133100	Structures and Improvements	1998	-	-
133200	Reservoirs, Dams & Waterways	1998	-	-
133300	Water Wheels, Turbines and Generators	1998	-	-
133400	Accessory Electric Equipment	1998	-	-
133500	Misc. Power Plant Equipment	1998	-	-
134000	Land and Land Rights	1998	-	-
134010	Land Rights	1998	-	-
134100	Structures and Improvements	1998	-	-
134200	Fuel Holders, Producers and Accessories	1998	-	-
134300	Prime Movers	1998	-	-
134400	Generators	1998	-	-
134500	Accessory Electric Equipment	1998	-	-
134600	Miscellaneous Plant Equipment	1998	-	-
135010	Land Rights	1998	(47.98)	(544.92)
135020	Land	1998	-	-
135200	Structures and Improvements	1998	5,606.25	45,273.19

Kentucky Utilities Company
Gross Salvage and Cost of Removal
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Account	Account Description	Year	Gross Salvage	Cost of Removal
135210	Struct. and Impr. Non Sys Control	1998	-	-
135220	Struct. and Impr. Sys Control	1998	-	-
135310	Station Equipment	1998	89,272.03	67,663.97
135320	Syst Control/Microwave Equip	1998	130.82	1,702.22
135400	Towers & Fixtures	1998	-	-
135500	Poles & Fixtures	1998	81,157.78	506,238.19
135600	Overhead Conductors and Devices	1998	41,777.78	139,602.39
135800	Underground Conductors & Devices	1998	-	-
136010	Land Rights	1998	-	-
136100	Structures and Improvements	1998	1,111.94	2,360.60
136200	Station Equipment	1998	132,340.58	74,504.15
136400	Poles Towers & Fixtures	1998	163,476.18	498,999.23
136500	Overhead Conductors and Devices	1998	158,398.83	577,922.21
136600	Underground Conduit	1998	-	-
136700	Underground Conductors & Devices	1998	19,517.60	47,409.24
136800	Line Transformers	1998	38,285.10	122,201.16
136900	Services	1998	55,840.47	325,784.59
137000	Meters	1998	21,463.65	12,495.80
137100	Installations on Customer Premises	1998	85,094.97	223,795.30
137300	Street Lighting & Signal Systems	1998	44,286.42	72,081.13
138920	Land	1998	-	-
139010	Structures & Improvements	1998	(93,487.31)	41,788.29
139020	Improvements to Leased Property	1998	-	-
139110	Office Furniture & Equipment	1998	(44,907.21)	3,870.54
139120	Non PC Computer Equipment	1998	-	-
139130	Cash Processing Equipment	1998	-	-
139140	Personal Computer Equipment	1998	-	-
139200	Transportation Equipment	1998	-	-
139300	Stores Equipment	1998	-	-
139400	Tool, Shop & Garage Equipment	1998	(15,964.34)	-
139500	Laboratory Equipment	1998	(18,891.69)	569.94
139600	Power Operated Equipment	1998	-	-
139700	Communication Equipment	1998	(7.92)	3,667.04
139710	Communication Equipment	1998	-	-
139720	Communication Equipment	1998	-	-
139730	Communication Equipment	1998	-	-
139800	Miscellaneous Equipment	1998	(15,613.18)	138.29
131100	Structures and Improvements	1999	-	(1,966.80)
131200	Boiler Plant Equipment	1999	5,196.63	776,824.78
131400	Turbogenerator Units	1999	-	85,179.86
131500	Accessory Electric Equipment	1999	-	-
131600	Miscellaneous Plant Equipment	1999	5,234.10	432.39
133100	Structures and Improvements	1999	-	-
133200	Reservoirs, Dams & Waterways	1999	-	-
133300	Water Wheels, Turbines and Generators	1999	-	-
133400	Accessory Electric Equipment	1999	-	-
133500	Misc. Power Plant Equipment	1999	-	-
134000	Land and Land Rights	1999	-	-

Kentucky Utilities Company
Gross Salvage and Cost of Removal
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Account	Account Description	Year	Gross Salvage	Cost of Removal
134010	Land Rights	1999	14,570.73	-
134100	Structures and Improvements	1999	412,535.77	-
134200	Fuel Holders, Producers and Accessories	1999	698,285.67	-
134300	Prime Movers	1999	1,139,077.74	-
134400	Generators	1999	-	-
134500	Accessory Electric Equipment	1999	74,160.46	-
134600	Miscellaneous Plant Equipment	1999	87,764.69	-
135010	Land Rights	1999	12.15	159.58
135020	Land	1999	-	-
135200	Structures and Improvements	1999	-	-
135210	Struct. and Impr. Non Sys Control	1999	-	-
135220	Struct. and Impr. Sys Control	1999	-	-
135310	Station Equipment	1999	4,248.07	3,723.80
135320	Syst Control/Microwave Equip	1999	10.14	152.59
135400	Towers & Fixtures	1999	5,005.55	27,552.65
135500	Poles & Fixtures	1999	56,168.36	405,200.28
135600	Overhead Conductors and Devices	1999	56,136.92	216,944.84
135800	Underground Conductors & Devices	1999	-	-
136010	Land Rights	1999	44.45	30.38
136100	Structures and Improvements	1999	286.47	526.50
136200	Station Equipment	1999	28,953.96	14,111.29
136400	Poles Towers & Fixtures	1999	119,920.45	316,890.93
136500	Overhead Conductors and Devices	1999	112,417.04	355,075.52
136600	Underground Conduit	1999	-	-
136700	Underground Conductors & Devices	1999	18,768.77	39,467.86
136800	Line Transformers	1999	36,694.19	101,394.40
136900	Services	1999	32,668.38	164,998.61
137000	Meters	1999	19,981.01	10,070.45
137100	Installations on Customer Premises	1999	55,531.14	126,431.37
137300	Street Lighting & Signal Systems	1999	95,607.88	134,714.95
138920	Land	1999	-	-
139010	Structures & Improvements	1999	(168,645.37)	10,207.79
139020	Improvements to Leased Property	1999	-	-
139110	Office Furniture & Equipment	1999	(138,902.80)	1,621.14
139120	Non PC Computer Equipment	1999	-	-
139130	Cash Processing Equipment	1999	-	-
139140	Personal Computer Equipment	1999	-	-
139200	Transportation Equipment	1999	-	-
139300	Stores Equipment	1999	-	-
139400	Tool, Shop & Garage Equipment	1999	(24,469.99)	-
139500	Laboratory Equipment	1999	(31,210.01)	127.50
139600	Power Operated Equipment	1999	-	-
139700	Communication Equipment	1999	(24.60)	1,543.14
139710	Communication Equipment	1999	-	-
139720	Communication Equipment	1999	-	-
139730	Communication Equipment	1999	-	-
139800	Miscellaneous Equipment	1999	(37,370.19)	44.82
131100	Structures and Improvements	2000	-	-

Kentucky Utilities Company
Gross Salvage and Cost of Removal
1992-2011

Account	Account Description	Year	Gross Salvage	Cost of Removal
131200	Boiler Plant Equipment	2000	20,250.00	-
131400	Turbogenerator Units	2000	-	-
131600	Miscellaneous Plant Equipment	2000	-	-
134400	Generators	2000	-	-
135210	Struct. and Impr. Non Sys Control	2000	-	-
135220	Struct. and Impr. Sys Control	2000	-	-
135310	Station Equipment	2000	-	8,120.00
135320	Syst Control/Microwave Equip	2000	-	-
135500	Poles & Fixtures	2000	-	-
135600	Overhead Conductors and Devices	2000	-	79,307.00
136200	Station Equipment	2000	-	-
136400	Poles Towers & Fixtures	2000	48,841.00	113,168.00
136500	Overhead Conductors and Devices	2000	62,850.00	134,146.00
136700	Underground Conductors & Devices	2000	27,478.00	10,987.00
136800	Line Transformers	2000	26,189.00	103,589.00
136900	Services	2000	21,133.00	108,245.00
137000	Meters	2000	-	7,962.00
137100	Installations on Customer Premises	2000	45,756.00	24,817.00
137300	Street Lighting & Signal Systems	2000	110,211.00	93,243.00
139010	Structures & Improvements	2000	-	-
139110	Office Furniture & Equipment	2000	-	-
139120	Non PC Computer Equipment	2000	-	-
139200	Transportation Equipment	2000	-	-
139300	Stores Equipment	2000	-	-
139400	Tool, Shop & Garage Equipment	2000	-	-
139500	Laboratory Equipment	2000	-	-
139600	Power Operated Equipment	2000	-	-
139710	Communication Equipment	2000	-	-
139720	Communication Equipment	2000	-	-
139730	Communication Equipment	2000	-	-
139800	Miscellaneous Equipment	2000	-	-
131100	Structures and Improvements	2001	-	33,335.00
131200	Boiler Plant Equipment	2001	350.00	973,763.00
131400	Turbogenerator Units	2001	-	27,123.00
131500	Accessory Electric Equipment	2001	-	6,569.00
131600	Miscellaneous Plant Equipment	2001	-	-
134400	Generators	2001	-	-
135020	Land	2001	-	-
135310	Station Equipment	2001	40,000.00	1,727.00
135500	Poles & Fixtures	2001	2,277.00	186,232.00
135600	Overhead Conductors and Devices	2001	1,838.00	234,533.00
136100	Structures and Improvements	2001	-	-
136200	Station Equipment	2001	18,337.00	27,584.00
136400	Poles Towers & Fixtures	2001	34,537.00	193,207.51
136500	Overhead Conductors and Devices	2001	27,771.00	158,790.51
136700	Underground Conductors & Devices	2001	7,288.00	70,691.00
136800	Line Transformers	2001	28,713.00	336,354.36
136900	Services	2001	7,264.00	41,683.00

Kentucky Utilities Company
Gross Salvage and Cost of Removal
1992-2011

Account	Account Description	Year	Gross Salvage	Cost of Removal
137100	Installations on Customer Premises	2001	12,686.00	16,851.00
137300	Street Lighting & Signal Systems	2001	53,491.00	48,267.62
138920	Land	2001	-	-
139010	Structures & Improvements	2001	-	40,154.00
139020	Improvements to Leased Property	2001	-	-
139110	Office Furniture & Equipment	2001	-	-
139120	Non PC Computer Equipment	2001	-	-
139200	Transportation Equipment	2001	-	-
139300	Stores Equipment	2001	-	-
139400	Tool, Shop & Garage Equipment	2001	-	-
139500	Laboratory Equipment	2001	-	-
139710	Communication Equipment	2001	-	-
139800	Miscellaneous Equipment	2001	-	-
131100	Structures and Improvements	2002	-	20,477.00
131200	Boiler Plant Equipment	2002	-	47,752.00
131400	Turbogenerator Units	2002	-	42,556.00
131500	Accessory Electric Equipment	2002	-	-
131600	Miscellaneous Plant Equipment	2002	-	-
135310	Station Equipment	2002	-	7,990.00
135400	Towers & Fixtures	2002	-	54,410.00
135500	Poles & Fixtures	2002	17,174.00	58,921.00
135600	Overhead Conductors and Devices	2002	7,007.00	88,020.00
136100	Structures and Improvements	2002	-	826.00
136200	Station Equipment	2002	2,776.00	12,926.00
136400	Poles Towers & Fixtures	2002	29,079.00	193,663.00
136500	Overhead Conductors and Devices	2002	25,359.00	146,866.00
136700	Underground Conductors & Devices	2002	3,512.00	10,315.00
136800	Line Transformers	2002	50,603.00	413,253.00
136900	Services	2002	18,625.00	54,657.00
137000	Meters	2002	-	-
137100	Installations on Customer Premises	2002	8,472.00	11,367.00
137300	Street Lighting & Signal Systems	2002	86,227.00	72,178.00
139110	Office Furniture & Equipment	2002	-	-
139120	Non PC Computer Equipment	2002	-	-
139140	Personal Computer Equipment	2002	-	-
139200	Transportation Equipment	2002	112,442.00	75,837.00
139710	Communication Equipment	2002	-	-
131200	Boiler Plant Equipment	2003	-	1,016,856.13
131400	Turbogenerator Units	2003	61,336.50	878,305.57
131500	Accessory Electric Equipment	2003	-	-
131700	Asset Retirement Obligations - Steam	2003	-	-
134300	Prime Movers	2003	-	-
135210	Struct. and Impr. Non Sys Control	2003	-	1,335.18
135220	Struct. and Impr. Sys Control	2003	-	-
135310	Station Equipment	2003	-	45,907.42
135400	Towers & Fixtures	2003	-	-
135500	Poles & Fixtures	2003	106,620.28	120,822.08
135600	Overhead Conductors and Devices	2003	7,397.00	95,840.32

Kentucky Utilities Company
Gross Salvage and Cost of Removal
1992-2011

Account	Account Description	Year	Gross Salvage	Cost of Removal
136100	Structures and Improvements	2003	-	2,357.98
136200	Station Equipment	2003	-	25,875.35
136400	Poles Towers & Fixtures	2003	7,183.24	136,497.08
136500	Overhead Conductors and Devices	2003	15,050.18	181,025.04
136700	Underground Conductors & Devices	2003	2,974.59	6,262.11
136800	Line Transformers	2003	21,647.26	400,085.12
136900	Services	2003	516.22	15,175.81
137000	Meters	2003	-	1,531.87
137100	Installations on Customer Premises	2003	43.90	-
137300	Street Lighting & Signal Systems	2003	7,911.38	43,856.63
138920	Land	2003	-	152.85
139010	Structures & Improvements	2003	-	98,193.13
139020	Improvements to Leased Property	2003	-	-
139140	Personal Computer Equipment	2003	-	-
130300	Misc. Intangible Plant - Software	2004	-	-
131100	Structures and Improvements	2004	-	46,180.23
131200	Boiler Plant Equipment	2004	-	1,220,721.96
131400	Turbogenerator Units	2004	-	449,310.03
131500	Accessory Electric Equipment	2004	-	7,603.32
131600	Miscellaneous Plant Equipment	2004	-	10,310.18
134200	Fuel Holders, Producers and Accessories	2004	-	2,060.00
134300	Prime Movers	2004	-	(1,751,508.79)
135210	Struct. and Impr. Non Sys Control	2004	-	3,227.47
135310	Station Equipment	2004	889.05	142,155.77
135400	Towers & Fixtures	2004	-	47,226.67
135500	Poles & Fixtures	2004	2,674.32	71,958.54
135600	Overhead Conductors and Devices	2004	4,982.98	8,686.43
136200	Station Equipment	2004	28.76	8,058.24
136400	Poles Towers & Fixtures	2004	11,911.07	137,861.55
136500	Overhead Conductors and Devices	2004	10,128.05	157,989.06
136700	Underground Conductors & Devices	2004	2,621.02	10,367.44
136800	Line Transformers	2004	38,708.82	490,112.14
136900	Services	2004	1,963.91	14,912.10
137100	Installations on Customer Premises	2004	-	-
137300	Street Lighting & Signal Systems	2004	2,168.60	25,212.10
138920	Land	2004	-	(14,316.60)
139010	Structures & Improvements	2004	-	51,759.42
139110	Office Furniture & Equipment	2004	-	-
139120	Non PC Computer Equipment	2004	-	-
139200	Transportation Equipment	2004	-	-
139300	Stores Equipment	2004	-	-
139400	Tool, Shop & Garage Equipment	2004	-	-
139500	Laboratory Equipment	2004	-	-
139600	Power Operated Equipment	2004	-	-
139710	Communication Equipment	2004	-	-
139720	Communication Equipment	2004	-	-
139730	Communication Equipment	2004	-	-
139800	Miscellaneous Equipment	2004	-	-

Kentucky Utilities Company
Gross Salvage and Cost of Removal
1992-2011

Account	Account Description	Year	Gross Salvage	Cost of Removal
131200	Boiler Plant Equipment	2005	3,066.16	1,455,835.62
131400	Turbogenerator Units	2005	-	302,940.83
133020	Land and Land Rights	2005	-	-
133100	Structures and Improvements	2005	-	-
133200	Reservoirs, Dams & Waterways	2005	-	-
133300	Water Wheels, Turbines and Generators	2005	-	-
133400	Accessory Electric Equipment	2005	-	-
133500	Misc. Power Plant Equipment	2005	-	-
133600	Roads, Railroads and Bridges	2005	-	-
135010	Land Rights	2005	-	-
135210	Struct. and Impr. Non Sys Control	2005	-	-
135310	Station Equipment	2005	-	-
135500	Poles & Fixtures	2005	-	-
135600	Overhead Conductors and Devices	2005	-	-
130300	Misc. Intangible Plant - Software	2006	-	-
131100	Structures and Improvements	2006	-	47,674.82
131200	Boiler Plant Equipment	2006	17,365.39	5,300,625.19
131400	Turbogenerator Units	2006	-	1,012,072.86
131500	Accessory Electric Equipment	2006	-	11,237.62
131600	Miscellaneous Plant Equipment	2006	567.00	3,803.75
134200	Fuel Holders, Producers and Accessories	2006	-	714.85
134300	Prime Movers	2006	-	458,920.05
135210	Struct. and Impr. Non Sys Control	2006	-	9,147.14
135310	Station Equipment	2006	6,977.63	368,975.66
135400	Towers & Fixtures	2006	40.95	103,149.94
135500	Poles & Fixtures	2006	52,527.03	1,231,227.96
135600	Overhead Conductors and Devices	2006	119,562.25	1,169,322.73
136010	Land Rights	2006	-	-
136100	Structures and Improvements	2006	94.07	2,861.76
136200	Station Equipment	2006	12,249.08	480,902.03
136400	Poles Towers & Fixtures	2006	7,659.58	771,183.74
136500	Overhead Conductors and Devices	2006	7,260.91	793,547.35
136600	Underground Conduit	2006	1,145.40	-
136700	Underground Conductors & Devices	2006	261.19	4,580.85
136800	Line Transformers	2006	131,311.99	2,000,078.83
137000	Meters	2006	-	15,361.99
137100	Installations on Customer Premises	2006	4.23	245.48
137300	Street Lighting & Signal Systems	2006	318.99	8,258.92
139010	Structures & Improvements	2006	-	95,141.52
139020	Improvements to Leased Property	2006	-	22,969.83
139110	Office Furniture & Equipment	2006	-	493.43
139120	Non PC Computer Equipment	2006	-	-
139140	Personal Computer Equipment	2006	-	9,906.26
139300	Stores Equipment	2006	-	-
139400	Tool, Shop & Garage Equipment	2006	-	-
139500	Laboratory Equipment	2006	-	-
139600	Power Operated Equipment	2006	-	-
139710	Communication Equipment	2006	-	7,814.61

Kentucky Utilities Company
Gross Salvage and Cost of Removal
1992-2011

Account	Account Description	Year	Gross Salvage	Cost of Removal
139800	Miscellaneous Equipment	2006	-	7,354.02
130300	Misc. Intangible Plant - Software	2007	-	-
131100	Structures and Improvements	2007	-	777,334.12
131200	Boiler Plant Equipment	2007	300.00	1,817,773.37
131400	Turbogenerator Units	2007	-	139,427.22
131500	Accessory Electric Equipment	2007	-	71,256.70
131600	Miscellaneous Plant Equipment	2007	-	737.13
133200	Reservoirs, Dams & Waterways	2007	-	-
133300	Water Wheels, Turbines and Generators	2007	-	47,822.50
134200	Fuel Holders, Producers and Accessories	2007	-	8,912.87
134300	Prime Movers	2007	-	229,018.84
134500	Accessory Electric Equipment	2007	-	513.00
135210	Struct. and Impr. Non Sys Control	2007	-	8,166.90
135220	Struct. and Impr. Sys Control	2007	-	29,650.00
135310	Station Equipment	2007	44,861.67	125,767.34
135400	Towers & Fixtures	2007	-	90,681.65
135500	Poles & Fixtures	2007	3,453.18	523,134.85
135600	Overhead Conductors and Devices	2007	14,420.76	310,607.57
136100	Structures and Improvements	2007	-	36,062.61
136200	Station Equipment	2007	20,912.60	299,308.91
136400	Poles Towers & Fixtures	2007	14,824.05	194,784.95
136500	Overhead Conductors and Devices	2007	19,010.22	415,343.46
136600	Underground Conduit	2007	176.65	-
136700	Underground Conductors & Devices	2007	679.93	26,508.56
136800	Line Transformers	2007	316,496.09	(817,278.48)
136900	Services	2007	64.86	250.96
137000	Meters	2007	-	25,769.36
137100	Installations on Customer Premises	2007	-	(17,279.70)
137300	Street Lighting & Signal Systems	2007	13,464.02	23,822.19
139010	Structures & Improvements	2007	3,000.00	46,920.78
139110	Office Furniture & Equipment	2007	-	-
139120	Non PC Computer Equipment	2007	-	-
139130	Cash Processing Equipment	2007	-	-
139140	Personal Computer Equipment	2007	-	-
139200	Transportation Equipment	2007	-	-
139300	Stores Equipment	2007	-	-
139400	Tool, Shop & Garage Equipment	2007	-	-
139500	Laboratory Equipment	2007	-	-
139710	Communication Equipment	2007	-	9,941.87
139800	Miscellaneous Equipment	2007	-	-
130300	Misc. Intangible Plant - Software	2008	-	-
131100	Structures and Improvements	2008	-	20,700.00
131200	Boiler Plant Equipment	2008	-	654,036.81
131400	Turbogenerator Units	2008	-	544,685.57
131500	Accessory Electric Equipment	2008	-	-
131600	Miscellaneous Plant Equipment	2008	-	-
133200	Reservoirs, Dams & Waterways	2008	-	156,375.00
133300	Water Wheels, Turbines and Generators	2008	-	6,931.47

Kentucky Utilities Company
Gross Salvage and Cost of Removal
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Account	Account Description	Year	Gross Salvage	Cost of Removal
134200	Fuel Holders, Producers and Accessories	2008	-	-
134300	Prime Movers	2008	-	55,421.36
134500	Accessory Electric Equipment	2008	-	-
135210	Struct. and Impr. Non Sys Control	2008	-	-
135220	Struct. and Impr. Sys Control	2008	-	-
135310	Station Equipment	2008	-	10,665.33
135400	Towers & Fixtures	2008	-	48.43
135500	Poles & Fixtures	2008	273.23	253,611.77
135600	Overhead Conductors and Devices	2008	5,650.61	237,947.53
136100	Structures and Improvements	2008	-	-
136200	Station Equipment	2008	-	5,161.38
136400	Poles Towers & Fixtures	2008	5,049.19	26,923.46
136500	Overhead Conductors and Devices	2008	9,992.36	37,305.84
136600	Underground Conduit	2008	-	-
136700	Underground Conductors & Devices	2008	-	-
136800	Line Transformers	2008	610,349.66	106,888.38
136900	Services	2008	-	-
137000	Meters	2008	-	-
137100	Installations on Customer Premises	2008	-	-
137300	Street Lighting & Signal Systems	2008	-	4,550.37
139010	Structures & Improvements	2008	-	30,318.48
139110	Office Furniture & Equipment	2008	-	-
139120	Non PC Computer Equipment	2008	-	-
139130	Cash Processing Equipment	2008	-	-
139140	Personal Computer Equipment	2008	-	-
139200	Transportation Equipment	2008	-	-
139300	Stores Equipment	2008	-	-
139400	Tool, Shop & Garage Equipment	2008	-	-
139500	Laboratory Equipment	2008	-	-
139710	Communication Equipment	2008	-	-
139800	Miscellaneous Equipment	2008	-	-
130300	Misc. Intangible Plant - Software	2009	-	-
131100	Structures and Improvements	2009	-	45,964.02
131200	Boiler Plant Equipment	2009	20,000.00	2,120,465.24
131400	Turbogenerator Units	2009	-	1,068,153.61
131500	Accessory Electric Equipment	2009	-	58,030.36
131600	Miscellaneous Plant Equipment	2009	-	1,153.12
131707	Asset Retirement Obligations - Steam	2009	-	-
133200	Reservoirs, Dams & Waterways	2009	-	-
133300	Water Wheels, Turbines and Generators	2009	-	-
134200	Fuel Holders, Producers and Accessories	2009	-	-
134300	Prime Movers	2009	-	241,383.21
134500	Accessory Electric Equipment	2009	-	-
135210	Struct. and Impr. Non Sys Control	2009	-	17,459.84
135220	Struct. and Impr. Sys Control	2009	-	-
135310	Station Equipment	2009	429,546.73	434,632.25
135320	Syst Control/Microwave Equip	2009	-	2,203.56
135400	Towers & Fixtures	2009	-	16,491.30

Kentucky Utilities Company
Gross Salvage and Cost of Removal
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Account	Account Description	Year	Gross Salvage	Cost of Removal
135500	Poles & Fixtures	2009	1,867.33	1,815,588.61
135600	Overhead Conductors and Devices	2009	597.91	643,606.10
135800	Underground Conductors & Devices	2009	0.06	21.79
136100	Structures and Improvements	2009	1,337.38	10,934.36
136200	Station Equipment	2009	17,603.29	446,808.05
136400	Poles Towers & Fixtures	2009	95,058.31	4,769,624.07
136500	Overhead Conductors and Devices	2009	93,451.27	5,936,780.54
136600	Underground Conduit	2009	2.94	25,951.89
136700	Underground Conductors & Devices	2009	43,811.39	274,005.16
136800	Line Transformers	2009	204,761.21	1,602,572.22
136900	Services	2009	1,836.70	1,153,408.03
137000	Meters	2009	-	-
137100	Installations on Customer Premises	2009	-	4,085.47
137300	Street Lighting & Signal Systems	2009	57,431.44	924,237.01
139010	Structures & Improvements	2009	258.63	79,641.59
139110	Office Furniture & Equipment	2009	-	-
139120	Non PC Computer Equipment	2009	-	-
139130	Cash Processing Equipment	2009	-	-
139140	Personal Computer Equipment	2009	-	-
139200	Transportation Equipment	2009	-	-
139300	Stores Equipment	2009	-	-
139400	Tool, Shop & Garage Equipment	2009	-	-
139500	Laboratory Equipment	2009	-	-
139700	Communication Equipment	2009	-	6,000.00
139710	Communication Equipment	2009	-	-
139800	Miscellaneous Equipment	2009	-	-
130300	Misc. Intangible Plant - Software	2010	-	-
131100	Structures and Improvements	2010	-	12,254.40
131200	Boiler Plant Equipment	2010	10,802.39	974,237.56
131400	Turbogenerator Units	2010	-	18,175.32
131500	Accessory Electric Equipment	2010	9,196.20	2,689.10
131600	Miscellaneous Plant Equipment	2010	-	3,602.55
131707	Asset Retirement Obligations - Steam	2010	-	-
133200	Reservoirs, Dams & Waterways	2010	-	-
133300	Water Wheels, Turbines and Generators	2010	-	315,414.86
133400	Accessory Electric Equipment	2010	-	26.94
133500	Misc. Power Plant Equipment	2010	-	6,474.66
134200	Fuel Holders, Producers and Accessories	2010	-	-
134300	Prime Movers	2010	-	25,976.41
134500	Accessory Electric Equipment	2010	-	-
134707	Asset Retirement Obligations Other Productio	2010	-	-
135210	Struct. and Impr. Non Sys Control	2010	13,767.70	18,509.31
135220	Struct. and Impr. Sys Control	2010	-	11,033.45
135310	Station Equipment	2010	76,951.06	89,188.80
135320	Syst Control/Microwave Equip	2010	-	15,301.73
135400	Towers & Fixtures	2010	4,928.17	189,783.55
135500	Poles & Fixtures	2010	22,008.22	3,424,297.09
135600	Overhead Conductors and Devices	2010	4,470.27	1,867,543.25

Kentucky Utilities Company
Gross Salvage and Cost of Removal
1992-2011

Account	Account Description	Year	Gross Salvage	Cost of Removal
135800	Underground Conductors & Devices	2010	-	-
135915	Asset Retirement Obligations - Transmission	2010	-	-
136100	Structures and Improvements	2010	-	37,886.45
136200	Station Equipment	2010	109,881.96	451,472.29
136400	Poles Towers & Fixtures	2010	65,701.19	1,207,408.41
136500	Overhead Conductors and Devices	2010	148,626.03	1,814,136.20
136600	Underground Conduit	2010	2.61	755.47
136700	Underground Conductors & Devices	2010	8,891.04	56,447.62
136800	Line Transformers	2010	273,221.85	158,132.64
136900	Services	2010	1,167.71	285,012.39
137000	Meters	2010	-	-
137100	Installations on Customer Premises	2010	-	(82.52)
137300	Street Lighting & Signal Systems	2010	56,226.75	771,519.45
139010	Structures & Improvements	2010	-	76,583.48
139110	Office Furniture & Equipment	2010	-	-
139120	Non PC Computer Equipment	2010	-	-
139130	Cash Processing Equipment	2010	-	-
139140	Personal Computer Equipment	2010	-	-
139200	Transportation Equipment	2010	-	-
139300	Stores Equipment	2010	-	-
139400	Tool, Shop & Garage Equipment	2010	-	-
139500	Laboratory Equipment	2010	-	-
139700	Communication Equipment	2010	-	-
139710	Communication Equipment	2010	-	-
139800	Miscellaneous Equipment	2010	-	-
130200	Franchises and Consents	2011	-	-
130200	Franchises and Consents	2011	-	-
130300	Misc. Intangible Plant - Software	2011	-	-
131100	Structures and Improvements	2011	-	435,245.09
131200	Boiler Plant Equipment	2011	342,587.45	1,421,560.23
131400	Turbogenerator Units	2011	920,287.50	534,507.28
131500	Accessory Electric Equipment	2011	119,911.60	308,868.61
131600	Miscellaneous Plant Equipment	2011	-	8,494.85
131707	Asset Retirement Obligations - Steam	2011	-	-
133200	Reservoirs, Dams & Waterways	2011	-	29,260.00
134200	Fuel Holders, Producers and Accessories	2011	-	1,251.94
134300	Prime Movers	2011	-	491,147.33
134400	Generators	2011	-	5,854.57
134500	Accessory Electric Equipment	2011	-	-
135210	Struct. and Impr. Non Sys Control	2011	-	12,926.98
135220	Struct. and Impr. Sys Control	2011	-	466.09
135310	Station Equipment	2011	13,588.86	261,191.59
135320	Syst Control/Microwave Equip	2011	-	-
135400	Towers & Fixtures	2011	-	86,871.10
135500	Poles & Fixtures	2011	2,715.15	1,668,302.04
135600	Overhead Conductors and Devices	2011	15,570.46	927,086.06
135800	Underground Conductors & Devices	2011	-	-
136020	Land	2011	-	(45,494.50)

Kentucky Utilities Company
Gross Salvage and Cost of Removal
1992-2011

Account	Account Description	Year	Gross Salvage	Cost of Removal
136100	Structures and Improvements	2011	-	10,030.66
136200	Station Equipment	2011	29,443.97	353,765.83
136400	Poles Towers & Fixtures	2011	23,519.30	1,017,425.09
136500	Overhead Conductors and Devices	2011	272,510.80	2,029,029.81
136500	Overhead Conductors and Devices	2011	1,926.46	2,529.54
136600	Underground Conduit	2011	-	-
136700	Underground Conductors & Devices	2011	7,491.15	103,272.99
136800	Line Transformers	2011	224,389.03	111,609.15
136900	Services	2011	3,209.82	340,844.92
137000	Meters	2011	49,178.14	-
137100	Installations on Customer Premises	2011	7.32	2,461.91
137300	Street Lighting & Signal Systems	2011	34,857.90	317,382.20
139010	Structures & Improvements	2011	-	70,870.07
139110	Office Furniture & Equipment	2011	-	-
139131	Personal Computer Equipment	2011	-	-
139200	Transportation Equipment	2011	-	-
139300	Stores Equipment	2011	-	-
139400	Tool, Shop & Garage Equipment	2011	12,678.93	-
139500	Laboratory Equipment	2011	-	-
139600	Power Operated Equipment	2011	-	-
139700	Communication Equipment	2011	-	18,397.24

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.97

Responding Witness: Shannon L. Charnas

Q2.97 Explain the Company's procedures for gross salvage and cost of removal for each plant account. In addition, explain how the Company allocates the cost of removal relating to replacements between cost of removal and new additions. Provide copies of actual source documents showing this allocation.

A2.97 KU employs the salvage and cost of removal procedures prescribed in the Code of Federal Regulations 18 CFR, Chapter 1, Subchapter C, Part 101, Electric Plant Instructions 10.

Gross salvage is the dollar amount received for property retired if sold. Salvage is recorded by a credit to the depreciation reserve and a debit to cash if the item is sold or to the material and supplies account if it is used within the utility.

Cost of removal is the cost of demolishing, dismantling, or otherwise removing plant. It is recorded as a debit to the accumulated depreciation account and a credit to the accounts affected by the removal project.

Cost of removal is not allocated to new additions.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.98

Responding Witness: Shannon L. Charnas

Q2.98 Provide all manuals, guidelines, memoranda or other documentation that deal with the Company's policies on the assignment of capital costs and net salvage with regard to the replacement of retired plant. Also, please provide a sample workorder for a replacement project showing these cost assignments.

A2.98 KU assigns capital costs and net salvage with regard to the replacement of retired plant as prescribed in the Code of Federal Regulations 18 CFR, Chapter 1, Subchapter C, Part 101, Electric Plant Instructions 10 and 11.

The Company utilizes work orders and a property records system to associate costs of removal and salvage with the associated accumulated provision for cost of removal and salvage as applicable to such property to ensure accurate accounting for retirements.

See the response to Question No. 2.77 for a copy of the Company's current Capitalization Policy.

See attached for an example of a replacement project showing the cost assignments and the policies on the assignment of capital costs and net salvage.

136525

AUTHORIZATION FOR INVESTMENT PROPOSAL - ORIGINAL

☐ LG&E and KU Services Co. ☐ Louisville Gas and Electric Co. ☒ Kentucky ~~Utilities Company~~

Name of Project: GH2 HP Turbine Bolt Repl	**Funding Project Type:** KU Steam Gen NonBlnk Exclude Land	
Date Requested: 4/11/2012	**Project Number:** 136525	**Budgeted:** no
Related Project Numbers: No	**If unbudgeted, list alternate budget ref. Number(s):** 131051	
Expected Start Date: 4/11/2012	**Expected In Service Date:** 6/30/2012	**Expected Completion Date:** 7/31/2012
AIP Prepared by: Dunlap, Carroll	**Phone:** 502/347-4115	
Project Manager: Harrison, Timothy	**Phone:** 502/347-4026	
Asset Location: Ghent Unit 2	**Environmental Code:** N/A	
Resp. Center: 016520-GHENT - SUPERINTENDENT	**Product Code:** 111 - WHOLESALE GENERATION	

REASONS AND DETAILED DESCRIPTION OF PROJECT

136525-GH2 HP Turbine Bolt Repl

Acct-131400 Tax-609

GH2 HP Turbine Inner Shell Bolt Repl. During removal of the HP Inner Shell it was found that the horizontal joint was open. It was determined during inspection that the horizontal joint studs needed to be replaced. The repair process is to remove all 20 studs in the lower half of the Ghent 2 HP inner shell. Enlarge the eight 6"-8 stud holes (#73-#80). Enlarge the two 3 1/2 holes to 4"-8 stud holes (#81 & #82) Replacement of all 20 studs.

√

Costs	Capital Investment	Cost of Removal/ Retirement	Capital Cost Subtotal	Inital O&M Cost	Lifetime Maintenance Cost	O&M Cost Subtotal	TOTAL INVESTMENT
Contract Labor	$98,000.00	$98,000.00	$196,000.00	$0.00	$0.00	$0.00	$196,000.00
Materials	$49,000.00	$0.00	$49,000.00	$0.00	$0.00	$0.00	$49,000.00
Other	$2,940.00	$1,960.00	$4,900.00	$0.00	$0.00	$0.00	$4,900.00
Subtotal - GAAP	$149,940.00	$99,960.00	$249,900.00	$0.00	$0.00	$0.00	$249,900.00
Net Expenditures - GAAP	$149,940.00	$99,960.00	$249,900.00	$0.00	$0.00	$0.00	$249,900.00
2012 Total	$149,940.00	$99,960.00	$249,900.00	$0.00	$0.00	$0.00	$249,900.00

Approval Type: Non-IT Projects

Authorized by	Amount	Name	Date Approved	Req'd
Supervisor	$25,000.00			N
Manager	$100,000.00	Drake, Michael	4/13/2012	Y
Budget Coordinator	$0.00	Dowd, Deborah	4/13/2012	Y
Commercial Operations Manager	$0.00	Harrison, Timothy	4/16/2012	Y
Special Approvers	$0.00	Smith, David	4/13/2012	Y
Budget Coordinator	$0.00	Dunlap, Carroll	4/16/2012	Y
Director	$300,000.00	Joyce, Jeffrey	4/17/2012	Y
Vice President	$750,000.00			N
Financial Planning Director	$0.00	Garrett, Christopher	4/18/2012	Y
Investment Committee Coordinator	$0.00	Smith, Richard Michael	4/17/2012	Y
Senior Officer	$1,000,000.00			N
CFO	$1,000,001.00			N
CEO	$1,000,002.00			N
Property Accounting	$0.00	Rose, Bruce	4/18/2012	Y

INVESTMENT MATERIALS

UOP #	Utility Account Id		Quantity	Total Cost	
06764	131400	TURBINE (06764)	1	$150,000.00	

RETIRED EQUIPEMENT (OR MATERIALS)

UOP #	Utility Account Id		Quantity	Vintage Year	Original Project Number
06764	131400	TURBINE (06764)	1		

AIP QUESTIONS

Are there Related Project Numbers?
Provide related project numbers or indicate 'N/A'.
No

Is this an IT related project?
IT project is any project that requires IT involvement or the purchase of hardware and software.
no

Purchase/Sale of Real Estate?
Is this a transaction related to the sale/purchase of land or buildings?
no

Budgeted?
Is the project budgeted or unbudgeted?
no

Alternate Budget Numbers?
If the project is unbudgeted, list alternate budget reference numbers. Enter N/A, if none.
131051

AIP QUESTIONS

Legal Asset Retirement Obligation?
Is there a legal or environmental requirement governing disposal of this asset?
no

Leased Asset?
Does this project involve a leased asset?
no

Obsolete Inventory?
Will this project create obsolete inventory?
no

Environmental Project
Is this an Environmental Project?
no

Environmental Cost Recovery
If an environmental project, is this an approved environmental cost recovery (ECR) project?
no

ECR Project Type
If this is an ECR project, indicate the project type.
N/A

ECR Compliance Number
If this is an ECR project, provide the ECR compliance plan number (see the approved project list on the Rates and Regulatory intranet site).
NA

Environmental Affairs
Does Environmental Affairs need to review this project for environmental permitting issues (based on responses to the six questions in the Investment Proposal)?
no

Research and Experimental Credit
Is this an experimental project with the purpose of improving, enhancing, or adding to a current manufacturing process?
no

Sales Tax-Pollution Control
Is this project done for environmental regulations or statutes? (If yes, may qualify for the Pollution Control Exemption.)
no

Sales Tax-Manufacturing Integration
Is this project integrated in the Manufacturing Process? (Yes to this question and the following two questions may qualify for the New and Expanded Exemption.)
yes

Sales Tax-State Equipment Use
Is this equipment used in the state for the first time?
yes

Sales Tax-Upgrade or Improvement?
Is this project considered an upgrade or improvement? If yes, enter description on next line.
no

Sales Tax-Upgrade Description
Description of upgrade, if applicable (i.e., improved materials, increased capacity, longer life, etc.) from prior question. Enter N/A, if not applicable.
NA

650 - Capital - Additions and Retirements Policy and Procedures

Policy: Capital assets will be recorded based on the acquisition or construction of property, plant and equipment ("PP&E") with useful lives greater than one year, and assets will be removed based on retirements and disposals of PP&E to ensure the accounting records are accurate.

Procedure: The procedures for adding and removing capital assets are described in the detailed instructions below.

Scope: All asset additions and retirements of LG&E and KU Energy LLC ("LKE" or the "Company") and its subsidiaries.

Objective of Procedure: Ensure that all capital assets and retirements are properly added or removed from the accounting records.

General Requirements:

Detailed Procedures Performed:

Various costs are considered appropriate to be accounted for as capital. The following are some generic definitions of these costs:

Capitalizable Costs - costs that are directly identifiable with specific PP&E. This includes incremental costs related to the acquisition, construction or improvement of capital assets. These costs singly or in combination with other assets will provide a future economic benefit that will contribute directly or indirectly to future net cash inflows.

Direct Costs - costs which can be identified and directly attributed to a specific capital project for the acquisition or construction of PP&E. These costs can be readily identified and are itemized by name and amount. Examples are direct labor, direct material, and direct equipment costs.

Direct Labor Cost - labor cost which can be identified and directly attributed to a specific capital project for the acquisition or construction of PP&E. The cost components are basic wage/salary rate, shift premiums, fringe benefits and overtime premiums.

Direct Material Cost - material cost which can be identified and directly attributed to a specific capital project for the acquisition or construction of PP&E. These costs include inventory loading cost, freight, transportation, and applicable taxes associated with the material.

Probable – the future event or events are likely to occur. A capital project for the acquisition or construction of PP&E is probable when: 1) proper management approval as specified by the

authority limits matrix is obtained in writing, 2) financial resources are available to fund the project, and 3) any regulatory requirements can likely be met.

Indirect/Overhead Costs - costs which generally are not directly attributable to a specific capital project for the acquisition or construction of PP&E.

Capital projects generally follow a timeline and progress through the following stages of acquiring or constructing an asset:

- Preliminary Stage - the period during which the acquisition or construction of specific PP&E is being evaluated. Feasibility studies often occur during this stage. At this stage the project is not yet approved by Management and all costs are expensed as incurred. The only capitalizable costs are payments to obtain an option to purchase PP&E.

- Preacquisition Stage - the acquisition or construction of specific PP&E is deemed probable at this time, so appropriate costs can be capitalized. Only those costs that are directly identifiable to the asset are capitalized. Activities often include zoning, surveying, and engineering studies.

  Directly identifiable costs include:

  - incremental direct costs incurred in transactions with a third party often include an element of the third party's administrative overhead. That element is considered to be an incremental direct cost and should be capitalized.
  - labor and burden costs related to time spent on specified activities performed by the entity during this stage.
  - depreciation of machinery and equipment used directly in the construction or installation of PP&E and incremental costs directly associated with the utilization of that machinery and equipment during this stage.
  - inventory (including spare parts) used directly in the construction or installation of PP&E.
  - payment to obtain an option to acquire PP&E.

  NOTE: Costs that are capitalized during the preliminary and preacquisition stages will be added to the basis of the asset acquired or constructed. If the likelihood no longer exists that the asset will be acquired or constructed, capitalized costs should be reduced to the lower of cost or fair value less cost to sell.

650 - Capital - Additions and Retirements Policy and Procedures

- Acquisition or Construction Stage - the acquisition or construction activities occur that are necessary to get the PP&E ready for its intended use. This is the stage when the business entity acquires ownership of the assets or rights to the assets. It continues until the asset is acquired or until completion of all major construction and installation activities. If the asset is constructed in phases, it can be divided into multiple projects as long as the phases can be operated independently from the projects that are incomplete. Capitalized interest, if applicable, begins during this stage (see AFUDC Policy and Procedures). Costs directly identifiable related to the asset during this stage can be capitalized. Examples are listed below:

  - labor and burden costs related to time spent on specified activities performed by the entity during this stage.
  - depreciation of machinery and equipment used directly in the construction or installation of PP&E and incremental costs directly associated with the utilization of that machinery and equipment during this stage.
  - inventory (including spare parts) used directly in the construction or installation of PP&E.
  - payment to obtain an option to acquire PP&E.
  - incremental direct costs incurred in transactions with a third party often include an element of the third party's administrative overhead. That element is considered to be an incremental direct cost and should be capitalized.
  - for real estate, costs incurred for property taxes, insurance and ground rentals are capitalizable during the time that activities are necessary to get the asset ready for its intended use are in progress. The cost of demolition that occurs with the acquisition of real estate is capitalized during a reasonable period of time thereafter.

- In-Service Stage - PP&E is substantially complete and ready for its intended use. Capitalized interest, if any, ceases (see AFUDC Policy and Procedures) and depreciation commences at this stage. Costs that are incurred during this stage can be as follows:

  - repair and maintenance - expensed as incurred.
  - replacement of existing components of PP&E - capitalized under the guidelines of the FERC Uniform System of accounts.
  - additional components to PP&E- follow the capitalization criteria set forth in the first three stages within this policy.

  NOTE: Major maintenance activities may include costs related to replacements of PP&E and should be capitalized (when incurred and not accrued) according to the FERC Uniform System of Accounts. Additions to PP&E should follow the capitalization criteria

set forth in first three stages within this policy. All other maintenance costs should be expensed as incurred.

Refer to Appendix A – Summary of Accounting, for more details on accounting for specific types of costs.

LKE and its subsidiaries have historically applied the standards of the Federal Energy Regulatory Commission ("FERC") and other regulators in their accounting practices when making capital versus expense determinations. It has been LKE's practice is to capitalize the following:

- Direct costs related to asset construction – costs directly charged such as labor, purchased material, contractors and inventory.
- Burden Cost Component – cost that can NOT be directly charged. Examples of burdens include pensions, insurance, payroll taxes and other labor related costs.
- A portion of indirect overheads directly attributable to capital activities –including Administrative and General Expense-Transferred ("A&G") and Engineering, Warehouse and Transportation Overheads. A&G is an allocation from Operation and Maintenance to Capital which allocates labor and expenses of employees that support the capital process but do not work directly on a particular capital project. These costs can be capitalized per the Code of Federal Regulations and have been deemed recoverable in rates by the various regulating entities.

According to the Corporate Capital Policy guidelines, projects with a total cost of $2,000 or less will be expensed, and any Authorization for Investment Proposal ("AIP") that is received for $2,000 or less is returned to the Project Manager with an explanation. All other capital expenditures are subject to mandatory capitalization. All fixed assets are recorded at cost as mandated by the FERC. When the requestor completes preparation of the AIP for capital expenditures in PowerPlant, appropriate authority must be achieved based on the Authority Limits Matrix. The preparer sends the electronic AIP for approval via PowerPlant. At the point the AIP is received by Property Accounting for approval, the Accounting Analyst reviews the AIP for appropriate budget funding, approvals, and whether the described expenditure is indeed a capital expenditure. If the AIP passes review, the Accounting Analyst approves the project in PowerPlant. Should the AIP not pass review, the Accounting Analyst has the option to request additional information or reject the AIP. If the AIP is rejected the approval process starts all over.

To ensure timely capitalization and retirement of projects, a report, referred to as the 90-Day Report, is generated on a quarterly basis identifying capital and cost of removal projects which

are in "open" status but having no activity for 90 days or more. This report is sent to every line of business Budget Coordinator with a request to update the project with either in-service or completion dates or verify that the project is still active. If the project is complete, the Property Accounting Department will capitalize it or process a retirement in a timely matter.

Monthly, a report called the "Job Log" is generated identifying all capital projects, which are in "completed" or "closed" status with no activity for 90 days or more. The purpose of this report is to identify projects eligible for capitalization/retirement. The report is saved on the Property Accounting Department shared drive (propacct on 'fs2':\ POWER PLANT CLASSIFICATION\Job Logs\Current Year Job Logs\Current Month Year Company Job Log).

During the accounting period, Accounting Analysts select projects from the Job Log for capitalization/retirement. The Accounting Analyst uses the Work Order Analysis Checklist posted on the Property Accounting Department's shared drive (propacct on 'fs2':\POWER PLANT CLASSIFICATION\Work Order Analysis Checklist) to aid in the capitalization and retirement process. This checklist ensures that fixed asset records are processed consistently by all Accounting Analysts, reducing the risk of misstatement of fixed assets in the financial statements. The capitalization process includes the following:

- Review Authorization for Investment Proposal ("AIP").
- Reconcile capital and cost of removal expenditure charges to the AIP to ensure that all expenditures have been properly authorized. If the variance compared to the original AIP is 10% or $100,000 over; (whichever is less, subject to a minimum of $25,000), a revised AIP must be completed as soon as possible.
- Review all project charges to ensure that all charges should be properly capitalized or classified as cost of removal.
- Reconcile units of property listed on the AIP to what has been charged to the project.

Transaction processing is accomplished in PowerPlant with a combination of manual and automated processes as documented in the PowerPlant User Guides maintained in PowerPlant. The Accounting Analyst creates manual as-builts in PowerPlant for all non-mass property. Mass property such as utility poles, crossarms etc., is unitized through an automated as-built process. In both processes, costs charged to capital projects are distributed automatically by the system based on units of property established by the analyst in the case of manual as-builts, and those established from inventory transactions in the case of automated as-builts. The Accounting Analyst again verifies the segmentation is correct and assigns the asset to a segmented plant account pursuant to FERC regulations.

650 - Capital - Additions and Retirements Policy and Procedures

The retirement process includes the following:

- Review AIP and the associated retirement/salvage information to determine if a retirement is listed or should be listed based on a description of the project (i.e., if a project addition is to replace an asset a retirement should be listed). The Accounting Analyst will question the responsible Budget Analyst if retirements are not listed where it appears they should be.
- Review all project removal charges in the Cost Repository Report – Actual Cost ("RWIP").

Manual retirements are those related to a one time retirement event. Assets are selected for retirement through the "CPR Retire" function. Costs charged to retirement projects are distributed automatically by the system based on units of property, established by the analyst in the case of manual as-builts and those established from inventory transactions in the case of automated as-builts.

Blanket retirements are those related to ongoing projects which are processed periodically. The requests for PowerPlant retirements are created automatically based upon data supplied from the STORMS Work Management system.

In order to insure that potential large dollar retirements are properly recorded in the financial records, it may be necessary to record a "preliminary retirement." A preliminary retirement is defined as an "estimated asset cost retired at the time the replacement asset is put into service." A preliminary retirement is entered into PowerPlant when an asset has been placed into service but is not yet eligible for final unitization due to timing issues, etc. The following guidelines are used to determine whether a preliminary retirement is necessary:

- The project is in In-Service Status /or Completed Status – but not yet unitized; and
- The new asset replacement cost must be equal to or greater than $250,000

Preliminary retirements will be processed during the 'mid' month (February, April, August and November) of each quarter.

In order to minimize record keeping requirements, equipment in certain General Plant accounts are amortized (office furniture and equipment, stores equipment, tools, shop equipment, garage equipment and laboratory equipment). These assets are retired when the assets become fully depreciated based on their in-service date and depreciable lives. For equipment in these accounts, AIP reporting for retirements is not necessary.

650 - Capital - Additions and Retirements Policy and Procedures

For both additions and retirements, PowerPlant validation rules prevent the Analyst from choosing invalid units of property, plant accounts and business segment combinations in order to prevent incorrect data from being entered. An error message is generated in the event of an invalid combination and the Analyst must correct the error before proceeding. In addition, mandatory input fields are required including in service dates, tax districts, locations, units of property, etc. PowerPlant does not allow the posting of assets with incomplete data fields.

After the Accounting Analyst creates the as-builts in PowerPlant and performs the process "Send to CPR", the work is reviewed as a final check to ensure additions and retirements are compliant with the various accounting rules (FERC, Company guidelines, etc.) by the Accounting Analyst or other designee. After the review and approval process is completed, relevant data including project number, amount added or retired, cost of removal, salvage amount, and the analyst's initials are entered into the PowerPlant Classification Spreadsheet maintained on the Property Accounting shared drive (propacct on 'fs2':\POWER PLANT CLASSIFICATION\Current Year Class\ASBUILTS-INPUT-MONTH YEAR). The spreadsheet calculates a control total of all additions, retirements, removal and salvage costs entered by Accounting Analysts during the month. The as-built folder is then passed to the analyst responsible for the monthly system closing process for posting.

The Accounting Analyst responsible for the closing process begins the process by sending an email to all Property Accounting personnel toward the end of the accounting period informing them of the last day to unitize assets for the current period. The Accounting Analyst then runs the PowerPlant processes to post all acquisitions for assets and retirements. To verify the accuracy and completeness of the data, monthly the Accounting Analyst reconciles all addition and retirement postings in the general ledger to control totals in the PowerPlant Classification Spreadsheet (I:\POWER PLANT CLASSIFICATION\Current Year Class\ASBUILTS-INPUT-MONTH YEAR). Discrepancies are investigated and cleared as discovered. Once all totals are reconciled, the Accounting Analyst runs the depreciation calculations. PowerPlant automatically generates entries for gains and losses on non-mass property which are then checked for correctness by the Accounting Analyst. The monthly reconciliation and closing process is then completed. Procedures are documented in the "Property Accounting Monthly Closing Procedures". These procedures are maintained by the Accounting Analyst to ensure accurate monthly financial closing. The Accounting Analyst maintains all supporting documentation in binders stored in the Property Accounting Department. During the closing process, the Accounting Analyst uses a closing checklist saved on the Property Accounting Shared Drive (propacct on 'fs2':\Closing\Closing Reports\PP Closing Checklist) to ensure that all steps are completed.

650 - Capital - Additions and Retirements Policy and Procedures

Reports Generated and Recipients:

- 90-Day Report sent to the Budget Coordinators
- Job Log report accessible to Property Accounting on the fs2:\\propacct shared drive
- Plant Additions and Retirement Report – PowerPlant Classification Spreadsheet accessible to Property Accounting on the fs2:\\propacct shared drive
- Cost Repository Report – Actual Cost (RWIP) accessible to Property Accounting in PowerPlant

Additional Controls or Responsibility Provided by Other Procedures:

- General ledger debits and credits for Account 101 Plant in Service should tie to the additions and retirements.
- Budget Coordinators, Financial Planning personnel and Accounting Analysts review AIPs to confirm assets are to be capitalized.

Regulatory Requirements:

- FERC Accounting Guidelines

Reference:

- Code of Federal Regulations 18 Part 101 Electric Plant Instructions
- Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 360 – Property, Plant and Equipment
- FASB ASC Topic 720 – Other Expenses
- FASB ASC Topic 970 – Real Estate
- FASB ASC Topic 980 – Regulated Operations

Corresponding PPL Policy No. and Name:

- 602 – Accounting Guidelines for Capitalizing Costs for the Acquisition or Construction of Property, Plant and Equipment
- 612 – Accounting for Capital Office Furniture, Tool, and Equipment
- 616 – Accounting for Leaseholds and Improvements

Key Contact:
Manager, Property Accounting

Administrative Responsibility:
Director, Accounting and Regulatory Reporting

Date Created: 11/24/04
Dates Revised: 10/1/2008, 6/15/10; 12/01/10; 3/31/11, 10/07/11

650 - Capital - Additions and Retirements Policy and Procedures

Appendix A- Summary of Accounting

Type of Work	Capital	Expense	Deferred Charges	Comments
Preliminary Stage (pre-probable)				
Internal/external costs of developers working to facilitate project negotiation and start up		X		
Internal/external legal fees to draft letters of intent and purchase agreements		X		
Travel expenses of internal/external developers and other company personnel to conduct negotiations with other parties and review project		X		
Salaries/consultant fees to review or develop models of projected cash flows/operations		X		
Payment to obtain an option to acquire PP&E	X			
Preacquisition Stage (Project is deemed probable) & Construction Stage				
Payment to acquire a site permit and license when directly identifiable to the property	X			**A**
Internal/external legal fees for Operational/Commercial contracts	X			**B**
Internal/external legal fees for litigation proceedings related to PP&E	X			**B**
Internal/external legal fees for condemnations proceedings, including court and counsel costs for land and land rights	X			
Internal/external legal fees for environmental activities directly related to PP&E	X			**C**
Internal/external fees for incorporation related to a regulated entity	X			
Salaries of developers, legal counsel and other Company personnel working to facilitate obtaining a site permit and license when directly identifiable to the activity	X			**D**

650 - Capital - Additions and Retirements Policy and Procedures

Internal salaries to negotiate and secure specific project financing		X		
Payment to obtain an option to acquire PP&E	X			
External fees to negotiate and secure project financing			X	
Incremental direct costs with independent third parties for specific PP&E	X			
External consulting fees such as architectural and engineering studies	X			
Real estate legal and title fees	X			
Real estate surveying fees, appraisal, negotiation fees, site preparation, and damage payments (e.g. crops)	X			**E**
Directly related employee salary and benefit costs	X			
Environmental compliance and due diligence in areas directly related to PP&E	X			**F**
Building demolition costs	X			**G**
Internal direct costs of constructing the asset, including labor	X			
Depreciation and incremental costs of directly related equipment	X			
Internal costs to develop software at site (subject to Policy 615 – Hardware and Software Capitalization Policy and Procedure)	X			
Costs of materials to build the plant, including acquisition of inventory and contract labor	X			
Costs reduced for liquidating damages	X			**H**
Inventory (including spare parts) used directly in acquisition or construction of PP&E	X			
Incremental costs associated with field office maintained during construction	X			
Costs to identify and hire operating and administrative personnel on-site		X		
Internal/external costs to conduct training, including training on internally developed or acquired software		X		
Interest expense incurred on debt incurred to finance acquisition (subject to limitations)	X			
Property taxes and insurance	X			**I**

650 - Capital - Additions and Retirements Policy and Procedures

Post Construction/Pre-operation				
Costs to test plant	X			**J**
Synchronization of plant to grid	X			**K**
O&M contractor costs		X		
Administrative costs such as rent, utilities, etc.		X		

Comments:

A. Capitalize only if all conditions are met: costs are directly identifiable to the specific property, costs would be capitalized if the property were acquired, and acquisition of the property is probable.
B. Capitalize only if directly identifiable to a capital project.
C. Examples of activities include licensing, air and water permitting, site acquisitions, and all other studies required by regulatory and environmental agencies as a pre-condition to permit issuance.
D. Limited to time spent on a specific permit/license. Not time exploring several possible sites; costs should not be significant.
E. Costs include professional fees of engineers, attorneys, appraisers, and financial advisors, etc.
F. Areas include hazardous material and waste management, pollution prevention, environmental permitting & impact analysis, and regulated licensing/renewals
G. Capitalize if the demolition is probable upon purchase and occurs within approximately one year after and classify as land.
H. Liquidating damages an entity receives because a third party did not deliver or complete construction by a contractual specified date.
I. Costs incurred for property taxes associated with real estate and insurance shall be capitalized as property cost only during periods in which activities necessary to get the property ready for its intended use are in progress.
J. Credit test power revenues against capital cost. Need to distinguish true testing from start up activities. Start up losses should be expensed.
K. Extensive connection delays or rework expenses must be expensed. Need to distinguish from start up activities. Start up losses should be expensed.

NOTE: Examples above are not an exhaustive list of all expenditures that may be capitalized. Contact Property Accounting with any questions.

651 – Capital - Allowance for Funds Used During Construction ("AFUDC") Policy and Procedures

Policy: AFUDC is a calculated allowance for Kentucky Utilities Company ("KU") representing the opportunity cost of having funds tied up in major construction projects.

Procedure: The procedures for calculating AFUDC are described below.

Scope: AFUDC is calculated for KU projects only. By order of the Federal Energy Regulatory Commission ("FERC"), KU calculates and applies AFUDC to generation and transmission assets used to serve the municipal utilities in KU's territory. Because the Company earns a return on Construction Work in Progress ("CWIP") in Kentucky and Virginia, AFUDC does not apply to those jurisdictions.

A project must meet three criteria to be eligible for AFUDC accrual:
1. Must be a non-environmental production or transmission project. Per FERC instructions, production environmental controls and pollution abatement construction projects are included in rate base and therefore excluded from AFUDC. Distribution and general plant projects are also not allowed.
2. Estimated investment costs must be greater than $100,000. Note: This limit is based on the gross investment amount, regardless of the amount of cash contribution to be received by a project.
3. Actual construction time must be at least three consecutive months in duration. Construction time is measured in actual labor construction time and should not include engineering/design time. (Construction time may be measured by contract or Company labor, or outside services if those labor dollars represent actual construction).

The forgoing process has been the past practice of KU for many years and has been accepted by the FERC as an appropriate methodology.

Objective of Procedure: To calculate the AFUDC capitalized.

General Requirements:

Detailed Procedures Performed:

Annually:
In January, the estimated AFUDC rate is calculated using previous year-end financial information and forecasted CWIP and borrowings. All financial information used must be on a regulatory basis, no purchase accounting amounts are included. Per Docket No. FA11-7-000, *Audit of PNM Resources, Inc. and Public Service Company of New Mexico,* the common equity balance used for the rate calculation must not include Account 219, Accumulated Other Comprehensive Income. No other accounts are excluded. The FERC jurisdictional rate is provided annually to Property Accounting by a Rate Analyst from the State Regulation and Rates

651 – Capital - Allowance for Funds Used During Construction ("AFUDC") Policy and Procedures

Department. The FERC jurisdictional rate is based on the most current KU annual jurisdictional study.

The annual rate is calculated using the formula in the table below. The rates are then updated in PowerPlant by an Accounting Analyst in the Property Accounting Department. Beginning in May 2009, the FERC ordered separate common equity cost rates for production and transmission assets. As a result, there are separate annual rate calculations for production and transmission assets. The annual rate stays in effect until December, when adjustments to the annual rate are possible. See the "Rates Calculation Updates" section below for details. A sample calculation is shown below.

651 – Capital - Allowance for Funds Used During Construction ("AFUDC") Policy and Procedures

For purposes of illustration the following calculation for the annual rate used in 2011 is presented: (In the table below we need to show how the FERC jurisdictional rate of 9.67% is calculated.)

	As of 12/31/2010
S - Avg. Short Term Debt	3,552,961.08
s - Short Term Debt Interest rate	1.497%
D - Long Term Debt	1,806,362,578.48
d- Long Term debt Interest Rate	3.872%
P - Preferred Stock	0.00
p - Preferred Stock Cost Rate	0.00%
C - Common Equity	2,075,467,084.02
c - Common Equity Cost Rate	10.88%
W - Avg CWIP Balance	437,694,000.00

Ai = Gross allowance for borrowed funds used during construction rate.

$$Ai = s(S/W) + d\left(\frac{D}{D+P+C}\right)(1 - S/W)$$

Ai = 0.017993144 (Use 1.80%)

Ae = Allowance for other funds used during construction rate.

$$Ae = [1 - S/W]\left[p\left(\frac{P}{D+P+C}\right) + c\left(\frac{C}{D+P+C}\right)\right]$$

Ae = 0.057699031 (Use 5.77%)

Total Rate		FERC Jurisdictional Rate:	AFUDC Rate:
Ai =	1.80%	9.67%	**0.174132%**
Ae =	5.77%	9.67%	**0.588190%**
	7.57%	9.67%	0.732322%

651 – Capital - Allowance for Funds Used During Construction ("AFUDC") Policy and Procedures

Rates Calculation Updates:
During the December financial close, the annual rate calculation must be compared to a rate calculation which has been updated with actual monthly CWIP and short-term debt balances for the entire year. (CWIP balances used in the calculation of the production AFUDC rate must also be adjusted by the CWIP balance included in the municipal customer rate. This CWIP exclusion amount is provided to the Property Accounting Department by the Rates Department when the new municipal rates go into effect on July 1.) If there is at least a 0.25% variance between the rate calculated with actuals and the annual rate calculated at the beginning of the year then adjustments must be calculated and entered into PowerPlant by an Accounting Analyst in the Property Accounting Department. This comparison between the rate calculated with actuals and annual rate must be completed in order to be in compliance with Federal Power Commission Order No. 561, *Order Adopting Amendment to Uniform System of Accounts for Public Utilities and Licensees and for Natural Gas Companies.* The Order states (on page 3): "We shall require, however, that public utilities and natural gas companies monitor their actual experience and adjust to actual at year-end if a significant deviation from the estimate should occur. For this purpose we shall consider a significant deviation to exist if the gross AFUDC rate exceeds by more than one-quarter of a percentage point (25 basis points) the rate that is derived from the formula by use of actual 13 monthly balances of construction work in progress and the actual weighted average cost and balances for short-term debt outstanding during the year." See Appendix A for a copy of the Order.

An Excel file is kept on the Property Accounting department shared network drive (fs2:\\propacct) with all AFUDC eligible projects. Eligibility is determined based on the criteria listed above. These projects are identified during Authorization for Investment Proposal review by Property Accounting Analysts. On a monthly basis, each project on the list is checked to see if construction has begun, or if it has been placed into service. A listing of these projects is sent monthly to the appropriate Budget Coordinator requesting this project specific info. If construction has commenced then the Property Accounting Analyst will activate the project in PowerPlant and AFUDC will be calculated. If a project has been classified as "in-service" then the AFUDC calculation ceases.

The calculation is as follows:

AFUDC rate * (CWIP balance of prior month plus ½ of current month) = AFUDC charge

During the monthly close process, an AFUDC Calculation report is generated by PowerPlant showing the AFUDC charges for the month, and is reviewed for reasonableness by the Accounting Analyst responsible for AFUDC accounting. After this report is reviewed and approved, the Accounting Analyst then posts the journal entry as part of the closing process.

651 – Capital - Allowance for Funds Used During Construction ("AFUDC") Policy and Procedures

Reports Generated and Recipients:

- AFUDC Calculation Report as described in the previous paragraph, used by the Property Accounting Analyst

Additional Controls or Responsibility Provided by Other Procedures:

- Monthly Closing Checklist for PowerPlant

Regulatory Requirements:

- FERC Accounting Guidelines 18 CFR, Chapter 1, Subchapter C, Part 101, Electric Plant Instructions paragraph 4 A
- Federal Power Commission Order No. 561, *Order Adopting Amendment to Uniform System of Accounts for Public Utilities and Licensees and for Natural Gas Companies,* 57 Federal Power Commission 608 (1977); and Order 561-A, *order Clarifying orders,* 2 FERC ¶ 61,050, (1978) (See Appendix A for a copy of the Orders.)
- Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 980 - Regulated Operations (formerly Statement of Financial Accounting Standards No. 71, Accounting for the Effects of Certain Types of Regulation)
- Docket No. FA11-7-000, *Audit of PNM Resources, Inc. and Public Service Company of New Mexico,*

Reference:

- Detailed journal entry preparation procedures are kept on the Property Accounting shared network drive: fs2:\\propacct\AFUDC\Rates Estimate\Year\AFUDC-Year Estimate Generation.xls and AFUDC\Rates Estimate\Year\AFUDC-Year Estimate Transmission xls. The PowerPlant process is also documented under the AFUDC section of the PowerPlant System Closing Process.

Corresponding PPL Policy No. and Name:
605 – Accounting for AFUDC

Key Contact:
Manager, Property Accounting

Administrative Responsibility:
Director, Accounting & Regulatory Reporting

Date Created: 11/30/04
Dates Revised: 7/06/09; 12/01/10; 3/31/11; 8/27/12

57 F.P.C. 608; 1977 FPC LEXIS 1165, *

AMENDMENTS TO UNIFORM SYSTEM OF ACCOUNTS FOR PUBLIC UTILITIES AND LICENSEES AND FOR NATURAL GAS COMPANIES (CLASSES A, B, C AND D) TO PROVIDE FOR THE DETERMINATION OF RATE FOR COMPUTING THE ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION AND REVISIONS OF CERTAIN SCHEDULE PAGES OF FPC REPORTS, DOCKET NO. RM75-27

ORDER NO. 561

FEDERAL POWER COMMISSION

57 F.P.C. 608; 1977 FPC LEXIS 1165

February 2, 1977 *

* Published in the Federal Register on February 15, 1977 (42 F.R. 9161). Order issued April 1, 1977 granting application for rehearing for purpose of further consideration, unreported. Order No. 561-A issued August 1, 1977 denying application for rehearing and clarifying prior order, 59 FPC 1340 [Editor's note: Petition for review filed on September 28, 1977 *sub nom. Jersey Central Power & Light Co., et al.* v. *F.P.C.*, in CADC No. 77-1883.] Order issued January 20, 1978 clarifying Order Nos. 561 and 561-A, 2 FERC P .

[*1]

ORDER ADOPTING AMENDMENT TO UNIFORM SYSTEM OF ACCOUNTS FOR PUBLIC UTILITIES AND LICENSEES AND FOR NATURAL GAS COMPANIES

Before Commissioners: Richard L. Dunham, Chairman; Don S. Smith, John H. Holloman III and James G. Watt.

OPINION:

On May 20, 1975, the Commission issued a notice of proposed rulemaking in Docket No. RM75-27 *(40 F.R. 23322,* May 29, 1975). This rulemaking proposed to establish a uniform formulary method for determining the maximum rates to be used in computing the Allowance for Funds Used During Construction (AFUDC) and to provide accounting and reporting requirements for AFUDC which accord with the elements entering into the determination of AFUDC rates. The stated objective of the proposed rule was to establish a method which would give recognition to the interrelationship between capital utilized for rate case purposes and the capital components of AFUDC in a manner that would permit a utility to achieve a rate of return on its total utility operations, including its construction program, at approximately the rate which would be allowed in a rate case.

Comments were invited from interested parties on or before July 7, 1975. Due to requests, this date was extended to [*2] September 5, 1975. In response to the proposed rulemaking, the Commission received comments from 79 respondents (Attachment A). In general, the reaction to the proposed rulemaking was favorable as to its overall objective, but many respondents questioned the ability of the proposal to meet such objective and made suggestions for improvement.

Many respondents objected to the weight given short-term debt in the proposed rule and suggested a number of alternatives. These respondents argued that short-term debt is not necessarily the first source of construction funds, as would be indicated by application of he proposed formula, and should be ignored or given less weight. We are not convinced, however, that we should modify the proposed formula with respect to short-term debt. It is generally impossible to specifically trace the source of funds used for various corporate purposes and it was not the purpose of our proposed rule to do so. Instead, we proposed a rule that would give a utility an opportunity to be compensated for the total cost of capital devoted to utility operations, including its construction program. In order to accomplish this, it is necessary to look to how [*3] the cost of capital is handled in a rate proceeding so that a method for determining

AFUDC can be devised that will not result in double counting of the same capital cost or will not omit important categories of capital cost. Typically, short-term debt has not been included in rate of return computations for cost of service purposes on the grounds that such debt is temporary and is used essentially for construction purposes; however, the cost of such debt represents a valid and necessary expenditure for conducting utility operations which ultimately must be recovered through rates. By adopting the approach of permitting the capitalization of short-term debt cost through AFUDC, we provide such a mechanism. It should be understood that this method is for the purpose of establishing a rate for AFUDC and not for establishing a method for allocating short-term interest cost for the purpose of a rate proceeding.

Many respondents also questioned the use of embedded cost rates for long-term debt and preferred stock in the proposed AFUDC formula and suggested incremental cost rates be used instead. For essentially the same reasons that we believe the proposed handling of short-term debt [*4] should not be modified, we are rejecting this suggestion. If incremental cost rates were utilized for these categories of capital cost in the AFUDC formula, there would be a double counting for the same costs. Embedded cost rates are normally used for rate of return purposes and such cost rates include the cost of new as well as old issues of long-term debt and preferred stock. Therefore, the composite return on rate base collected through rates provides for the proportionate recovery of new or incremental capital costs in the ratio of rate base to the size of the capital structure used for rate of return purposes. If we assume for the sake of argument that the sum of a utility's permanent capital structure plus short-term borrowing is equal to the sum of its rate base plus construction work in progress balances, it is obvious that the use of incremental cost for AFUDC purposes and embedded cost for rate of return purposes would result in double counting of the same costs. Although the above illustration somewhat oversimplifies the issue, we believe that the principle is adequately demonstrated.

The other basic component for AFUDC relates to common equity funds. Comments by [*5] respondents on this subject primarily related to how the reasonable cost rate for common equity funds should be determined. Unlike debt costs or the cost of preferred stock, which can be objectively determined by analysis of actual contractual obligations and expenditures, the cost of common equity is not ordinarily related to contractual requirements. In the proposed rule we indicated that the cost rate to be used for common equity would be the rate granted common equity in the last rate proceeding before the body having primary rate jurisdiction or, if such rate is not available, the average rate actually earned during the preceding 3 years should be used. We recognize, based on the comments received, that this approach may require some modification in situations where ratemaking bodies use other than an "original cost" rate base or where utilities are subject to multiple rate jurisdiction. However, in developing a general rule relating to AFUDC, we find any possible inequities of this nature can best be handled on an individual company basis.

Having considered the broad issues of the various components of the AFUDC, it is now necessary to focus on the many constructive and [*6] helpful comments and suggestions received relating to other facets of the proposed rulemaking.

Many comments were received regarding the desirability of segregating AFUDC into two components, borrowed funds and other funds, and the relocation of the allowance for borrowed funds to the Interest Charges Section of the income statement. The main objection to this proposed requirement was that it would have the effect of reducing interest coverages and thereby restrict the issuances of additional debt by some companies. We recognized that this may be a particularly uninviting aspect of the proposed rule for some utilities since "Other Income" will be reduced upon application of the proposed rule and such income is frequently, in whole or part, used for interest coverage tests. n1 However, we believe this change to be necessary in order to better inform readers of the financial statements of utilities as to the nature and level of the capitalized allowance for borrowed funds. Since there is little conceptual difference between capitalization of the cost of borrowed funds used for construction purposes and other costs of construction such as labor and materials, we believe that the [*7] readers of financial statements will be better informed if such construction interest is shown as an allocation of cost by a reduction in the Interest Charges Section of the income statement rather than as an income item.

n1 We also recognize that interest coverages for some utilities may be increased if in their coverage computations they use net interest charges since this amount will be reduced upon application of the proposed rule.

A number of respondents criticized the proposal to determine the current year's AFUDC rates by the use of average actual book balances and cost rates of the prior year principally because short-term debt cost rates and balances are very volatile and the use of averages for a previous year does not give a proper indication of the cost of short-term debt for

prospective computations of AFUDC. We agree that this is a valid point and believe that modifications of the proposed rule in this are are necessary.

We are modifying the proposed rule to provide that the balances of long-term debt, preferred stock, and common equity for use in the formula for the current year will be the balances in such accounts at the end of the prior year; the cost rates [*8] for long-term debt and preferred stock will be the effective weighted average cost of such capital. The average short-term debt balances and relatec cost and the average construction work in progress balance will be estimated for the current year. We shall require, however, that public utilities and natural gas companies monitor their actual experience and adjust to actual at year-end if a significant deviation from he estimate should occur. For this purpose we shall consider a significant deviation to exist if the gross AFUDC rate exceeds by more than one-quarter of a percentage point (25 basis points) the rate that is derived from the formula by use of actual 13 monthly balances of construction work in progress and the actual weighted average cost and balances for short-term debt outstanding during the year.

.25 change

Many respondents requested clarification as to whether premiums, discounts and expenses related to long-term debt, and compensating balances and commitment fees related to short-term debt, were to be considered when determining the cost rate for such funds. With respect to long-term debt, the cost of such capital should be the yield to maturity determined in the same manner [*9] as set forth in § 35.13(b)(4)(iii), Statement G -- Rate of Return, of the Commission's Regulations under the Federal Power Act and § 154.63(f), Statement F(3) -- Debt Capital, of the Commission's Regulations under the Natural Gas Act which gives appropriate recognition to premiums, discounts and expenses related to long-term debt. In regard to short-term debt, several respondents have pointed out that compensating balances and commitment fees have cost implications with respect to bank loans and as support for commercial paper and urged that recognition be given for such costs. We agree that in some instances, such items could properly be considered in determining the effective cost rate for short-term debt for use in the formula. However, primarily because of measurement problems, we do not believe that specific recognition should be given in the general rule. Instead, where an individual company has a written agreement and can support the fact that compensating balances and commitment fees are necessary in order to obtain favorable short-term financing and are not considered in its rate proceedings, we will permit an adjustment to the nominal short-term interest rates to reflect [*10] this additional cost. We believe that this approach is necessary because of the diversity of rate treatment for these items; the commingling and lack of identification of bank balances kept for normal operating purposes and those used for compensating bank balance purposes; and the frequent lack of formal agreements for required levels of compensating bank balances.

Some respondents commented that the value of noninvestor sources of funds such as accumulated deferred income taxes and contributions in aid of construction should be recognized in the formula. We are not adopting this suggestion since normally the entire balances in the accumulated deferred income taxes accounts are used to reduce rate base for cost of service purposes. n2 To include such balances in determining the AFUDC rate would result in double counting of the same dollars. The same reasons apply for contributions in aid of construction, since under our Uniform System of Accounts such contributions are credited directly to construction costs.

n2 There is one category of accumulated deferred taxes which is not used to reduce rate base. Under our ratemaking practices the balances of Account 281, Accumulated deferred income taxes-Accelerated amortization, are included in the capitalization used for rate of return purposes at zero cost. The balances in these accounts, however, are relatively small and the effect on the AFUDC rate if taken into consideration would be negligible.

[*11]

A number of respondents commented that previously capitalized AFUDC should be included in the cost base to which the AFUDC rate applies since AFUDC is a cost of construction similar to labor, materials and other elements of construction. Thus, it is asserted that the compound method must be recognized if AFUDC is to properly compensate the utility for use of funds while devoted to construction. We agree that compounding of AFUDC is proper in theory and necessary as a matter of sound cost determination; however, we believe that a monthly compounding of AFUDC as suggested by some respondents may result in excessive amounts capitalized since cash outlays for interest and dividends are not normally made on a monthly basis. We shall therefore permit compounding but no more frequently than semiannually.

semi annual compounding

A number of respondents also indicated that any rules issued with respect to AFUDC should apply to Nuclear Fuel in Process of Refinement, Conversion, Enrichment and Fabrication (Account 120.1) in the same manner as Construction Work in Progress. We agree with these comments and will so provide.

Certain other constructive suggestions received from respondents have been included in [*12] the accounting instructions for the purpose of adding clarity to the accounting text.

We have also deleted that portion of the proposed plant instructions pertaining to computations of income taxes. We believe that these proposed instructions are not now necessary in view of our *Order Nos. 530 (53 FPC 2123), 530-A (55 FPC 162) and 530-B (56 FPC 739)* in Docket Nos. R-424, Accounting for Premiums, Discount and Expense of Issue, Gains and Losses on Refunding and Reaquisition of Long-Term Debt, and Interperiod Allocation of Income Taxes and R-446, Amendments to the Uniform System of Accounts for Classes A, B and C Public Utilities and Licensees and Natural Gas Companies: Deferred Income Taxes. As stated in Order No. 530-A:

The accounting for deferred income taxes prescribed in Order No. 530 was structured to accommodate utilities under the rate jurisdiction of the various state regulatory bodies that may or may not authorize deferred tax accounting for rate purposes (See General Instruction 18). If a net of tax allowance for funds rate is prescribed by a regulatory body in setting the rate levels of utilities, we consider that such treatment is consistent with the intent of Order [*13] No. 530 and it is not necessary for utilities to set aside deferred income taxes related to the interest component of the allowance for funds rate. In light of this, we do not believe that it is necessary to make provision in the Uniform System of Accounts to cover this matter.

The Commission finds:

(1) The notice and opportunity to participate in this rulemaking proceeding with respect to the matters presently before this Commission through the submission, in writing, of data, views, comments and suggestions in the manner described above, are consistent and in accordance with the procedural requirements prescribed by *5 U.S.C. 553.*

(2) The amendments to Parts 101 and 104 of the Commission's Uniform System of Accounts for Public Utilities and Licensees and to FPC Forms No. 1, No. 1-F, and No. 5 required by § 141.1, 141.2, and 141.25 in Chapter I, Title 18 of the Code of Federal Regulations, herein prescribed, are necessary and appropriate for the administration of the Federal Power Act.

(3) The amendments to Parts 201 and 204 of the Commission's Uniform System of Accounts for Natural Gas Companies, and to FPC Forms No. 2, No. 2-A, and No. 11 required by § 260.1, 260.2, [*14] and 260.3 in Chapter I, Title 18 of the Code of Federal Regulations, herein prescribed, are necessary and appropriate for the administration of the Natural Gas Act.

(4) Since the amendments prescribed herein, which were not included in the notice of the proceeding, are consistent with the prime purpose of the Proposed Rulemaking, further notice thereof is unnecessary.

(5) Good cause exists for making the amendments to the Uniform System of Accounts for Public Utilities and Licensees and Natural Gas Companies ordered herein effective on January 1, 1977, and the amendments to FPC Forms No. 1, No. 1-F, No. 2, No. 2-F, No. 5, and No. 11 ordered herein, effective for the reporting year 1977.

The Commission, acting pursuant to the provisions of the Federal Power Act, as amended, particularly Sections 3, 4, 301, 304, 308, 309, and 311 (41 Stat. 1063, 1065; 49 Stat. 838, 839, 854, 855, 858, 859; *16 U.S.C. 796,* 797, 825, 825c, 825g, 825h, 825j) and of the Natural Gas Act, as amended, particularly Sections 8, 10, and 16 (52 Stat. 825, 826, 830; *15 U.S.C. 717g,* 717i, 717o), *orders:*

(A) Effective January 1, 1977, the Commission's Uniform System of Accounts for Class A and Class [*15] B Public Utilities and Licensees in Part 101, Chapter I, Title 18 of the Code of Federal Regulations is amended as follows:

(1) The General Instructions are amended by revising paragraph "I" of Instruction "17. *Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition."* As amended, this portion of General Instruction 17 reads:

GENERAL INSTRUCTIONS

* * *

17. *Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition.*

* * *

I. Premium, discount, or expense on debt shall not be included as an element in the cost of construction or acquisition of property (tangible or intangible), except under the provisions of account 432, Allowance for Borrowed Funds Used During Construction-Credit.

* * *

(2) Subparagraph "(17) Allowance for Funds Used During Construction" of Electric Plant Instruction "3. *Components of Construction Cost.*" is amended by revising the first sentence of the paragraph and by adding two new paragraphs (a) and (b) immediately following the first paragraph. As amended, subparagraph (17) reads:

ELECTRIC PLANT INSTRUCTIONS

* * *

3. *Components of Construction Cost.*

* * *

(17) "Allowance for funds [*16] used during construction" includes the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used, not to exceed, without prior approval of the Commission, allowances computed in accordance with the formula prescribed in paragraph (a) below. No allowance for funds used during construction charges shall be included in these accounts upon expenditures for construction projects which have been abandoned.

(a) The formula and elements for the computation of the allowance for funds used during construction shall be:

$Ai = s(S / W) + d(D / D + P + C) (1 - S / W)$

$Ae = [1 - S / W] [p P / D + P + C) + c (C / D + P + C)]$

Ai = Gross allowance for borrowed funds used during construction rate

Ae = Allowance for other funds used during construction rate

S = Average short-term debt

s = Short-term debt interest rate

D = Long-term debt

d = Long-term debt interest rate

P = Preferred stock

p = Preferred stock cost rate

C = Common equity

c = Common equity cost rate

W = Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment and fabrication.

(b) The [*17] rates shall be determined annually. The balances for long-term debt, preferred stock and common equity shall be the actual book balances as of the end of the prior year. The cost rates for long-term debt and preferred stock shall be the weighted average cost determined in the manner indicated in § 35.13 of the Commission's Regulations under the Federal Power Act. The cost rate for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdictions. If such cost rate is not available, the average rate actully earned during the preceding 3 years shall be used. The short-term debt balances and related cost and the average balance for construction work in progress plus nuclear fuel in process of refinerment, conversion, enrichment, and fabrication shall be estimated for the current year with appropriate adjustments as actual data becomes available.

NOTE: * * *

(3) The Chart of Income Accounts is amended by revising the title of account "419.1, Allowance for Funds Used During Construction," to read "419.1, Allowance for Other Funds Used During Construction;" by adding a new account 432, Allowance for Borrowed [*18] Funds Used During Construction-Credit, immediately following account "431, Other Interest Expense" and revising the sub-total caption "Total Interest Charges" to read "Net Interest Charges." As amended, the Chart of Income Accounts reads:

INCOME ACCOUNTS

(Chart of Accounts)

* * *

2. Other Income and Deductions

A. Other Income

* * *

419.1 Allowance for other funds used during construction.

* * *

3. Interest Charges

* * *

432 Allowance for borrowed funds used during construction-Credit. Net interest charges

* * *

(4) The text of the Income Accounts is amended by revising the title and text of account "419.1, Allowance for Funds Used During Construction," and by adding a new account 432, Allowance for Borrowed Funds Used During Construction-Credit, immediately following account "431, Other Interest Expense." As amended, these portions of the text of the Income Accounts reads:

INCOME ACCOUNTS

* * *

2. Other Income and Deductions

* * *

419.1 Allowance for other funds used during construction.

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed [*19] in Electric Plant Instruction 3(17).

* * *

3. Interest Charges

* * *

432 Allowance for borrowed funds used during construction-Credit.

This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Electric Plant Instruction 3(17).

* * *

(B) Effective January 1, 1977, the Commission's Uniform System of Accounts for Class C and Class D Public Utilities and Licensees in Part 104, Chapter I, Title 18 of the Code of Federal Regulations is amended as follows:

(1) The General Instructions are amended by revising paragraph "I" of Instruction "15. *Long-term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition.*" As amended, this portion of General Instruction 15 reads:

GENERAL INSTRUCTIONS

* * *

15. *Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition.*

* * *

I. Premium, discount, or expense on debt shall not be included as an element in the cost of construction or acquisition of property (tangible or intangible), except under the provisions of account 432, Allowance for Borrowed Funds Used During Construction-Credit. [*20]

* * *

(2) Electric Plant Instruction "2. Components of Construction Cost." is amended by revising the first paragraph and lettering it "A." and by adding two new paragraphs B. and C. immediately following the first paragraph. As amended, Instruction 2 reads:

ELECTRIC PLANT INSTRUCTIONS

* * *

2. *Components of Construction Cost.*

A. The cost of construction of property chargeable to the electric plant accounts shall include, where applicable, the cost of labor; materials and supplies; transportation; work done by others for the utility; injuries and damages incurred in construction work; privileges and permits; special machine service; allowance for funds used during construction, not to exceed without prior approval of the Commission amounts computed in accordance with the formula prescribed in paragraph B below; and such portion of general engineering, administrative salaries and expenses, insurance, taxes, and other analogous items as may be properly includible in construction costs.

B. The formula and elements for the computation of the allowance for funds used during construction shall be:

$Ai = s(S / W) + d(D / D + P + C) (1 - S / W)$

$Ae = [1 - S / W] [p(P / D$ [*21] $+ P + C) + c(C / D + P + C)]$

Ai = Gross allowance for borrowed funds used during construction rate

Ae = Allowance for other funds used during construction rate

S = Average short-term debt

s = Short-term debt interest rate

D = Long-term debt

d = Long-term debt interest rate

P = Preferred stock

p = Preferred stock cost rate

C = Common equity

c = Common equity cost rate

W = Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment and fabrication

C. The rates shall be determined annually. The balances for long-term debt, preferred stock and common equity shall be the actual book balances as of the end of the prior year. The cost rates for long-term debt and preferred stock shall be the weighted average cost determined in the manner indicated in § 35.13 of the Commission's Regulations under the Federal Power Act. The cost rate for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdiction. If such cost rate is not available, the average rate actually earned during the preceding 3 years shall be used. The short-term debt balances [*22] and related cost and the average balance for construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment, and fabrication shall be estimated for the current year with appropriate adjustments as actual data becomes available.

(3) The Chart of Income Accounts is amended by revising the title of account "419.1, Allowance for Funds Used During Construction," to read "419.1, Allowance for Other Funds Used During Construction" and by adding a new account 432, Allowance for Borrowed Funds Used During Construction -- Credit immediately following account "431, Other Interest Expense" and revising the subtotal caption "Total Interest Charges" to read "Net Interest Charges." As amended, the Chart of Income Accounts reads:

INCOME ACCOUNTS

(Chart of Accounts)

* * *

2. Other Income and Deductions

A. Other Income

* * *

419.1 Allowance for other funds used during construction.

* * *

3. Interest Charges

* * *

432 Allowance for borrowed funds used during construction - Credit.

Net interest charges

* * *

(4) The text of the Income Accounts is amended by revising the title and text of account "419.1, Allowance for Funds Used During Construction," [*23] and by adding a new acount 432, Allowance for Borrowed Funds Used During Construction -- Credit immediately following account "432, Other Interest Expense." As amended, these portions of the text of the Income Accounts reads:

INCOME ACCOUNTS

* * *

2. Other Income and Deductions

* * *

419.1 Allowance for other funds used during construction.

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Electric Plant Instruction 2. No allowance for funds used during construction shall be capitalized on plant which is completed and ready for service.

* * *

3. Interest Charges

432 Allowance for borrowed funds used during construction -- Credit.

This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Electric Plant Instruction 2. No allowance for funds used during construction shall be capitalized on plant which is completed and ready for service.

* * *

(C) Effective January 1, 1977, the Commission's Uniform System of Accounts for [*24] Class A and Class B Natural Gas Companies in Part 201, Chapter I, Title 18 of the Code of Federal Regulations is amended as follows:

(1) The General Instructions are amended by revising paragraph "I" of Instruction "17. *Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition."* As amended, this portion of General Instruction 17 reads:

GENERAL INSTRUCTIONS

* * *

17. *LONG-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition.*

* * *

I. Premium, discount, or expense on debt shall not be included as an element in the cost of construction or acquisition of property (tangible or intangible), except under the provisions of account 432, Allowance for Borrowed Funds Used During Construction -- Credit.

* * *

(2) Subparagraph "(17) Allowance for Funds Used During Construction" of Gas Plant Instruction "3. *Components of Construction Cost.*" is amended by revising the present paragraph, and immediately following the present paragraph, adding two new paragraphs (a) and (b). As amended, subparagraph (17) reads:

GAS PLANT INSTRUCTIONS

* * *

3. *Components of Construction Cost.*

* * *

(17) "Allowance for funds used during [*25] construction" includes the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used, not to exceed without prior approval of the Commission allowances computed in accordance with the formula prescribed in paragraph (a) below, except when such other funds are used for exploration and development of leases acquired after October 7, 1969, no allowance on such other funds shall be included in these accounts. No allowance for funds used during construction charges shall be included in these accounts upon expenditures for construction projects which have been abandoned.

(a) The formula and elements for the computation of the allowance for funds used during construction shall be:

$Ai = s(S / W) + d(D / D + P + C) (1 - S / W)$

$Ae = [1 - S / W] [p(P / D + P + C) + c(C / D + P + C)]$

Ai = Gross allowance for borrowed funds used during construction rate

Ae = Allowance for other funds used during construction rate

S = Average short-term debt

s = Short-term debt interest rate

D = Long-term debt

d = Long-term debt interest rate

P = Preferred stock

p = Preferred stock cost rate

C = Common equity

c = Common [*26] equity cost rate

W = Average balance in construction work in progress

(b) The rates shall be determined annually. The balances for long-term debt, preferred stok and common equity shall be the actual book balances as of the end of the prior year. The cost rates for long-term debt and preferred stock shall be the weighted average cost determined in the manner indicated in § 154.63 of the Commission's Regulations

under the Natural Gas Act. Te cost rate for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdiction. If such cost rate is not available, the average rate actually earned during the proceding 3 years shall be used. He short-term debt balances and related cost and the average balance for construction work in progress shall be estimated for the current year with appropriate adjustments as actual data becomes available.

NOTE: * * *

(3) The Chart of Income Accounts is amended by revising the title of account "419.1, Allowance for Funds Used During Construction," to read "419.1, Allowance for Other Funds Used During Construction" and by adding a new account 432, Allowance for Borrowed [*27] Funds Used During Construction -- Credit, immediately following account "431, Other Interest Expense" and revising the sub-total caption "Total Interest Charges" to read "Net Interest Charges." As amended, the Chart of Income Accounts reads:

INCOME ACCOUNTS

(Chart of Accounts)

* * *

2. Other Income and Deductions

A. Other Income

* * *

419.1 Allowance for other funds used during construction.

3. Interest Charges

* * *

432 Allowance for borrowed funds used during construction -- Credit.

Net interest charges.

* * *

(4) The text of the Income Accounts is amended by revising the title and text of account "419.1, Allowance for Funds Used During Construction," and by adding a new account 432, Allowance for Borrowed Funds Used During Construction -- Credit, immediately following account "431, Other Interest Expense." As amended, these portions of the text of the Income Accounts read:

INCOME ACCOUNTS

* * *

2. Other Income and Deductions

* * *

419.1 Allowance for other funds used during construction.

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed [*28] in Gas Plant Instruction 3(17).

* * *

3. Interest Charges

* * *

432 Allowance for borrowed funds used during construction -- Credit.

This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amount computed in accordance with the formula prescribed in Gas Plant Instruction 3(17).

* * *

(D) Effective January 1, 1977, the Commission's Uniform System of Accounts for Class C and Class D Natural Gas Companies in Part 204, Chapter I, Title 18 of the Code of Federal Regulations is amended as follows:

(1) The General Instructions are amended by revising paragraph "I" of Instruction "15. *Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition.*" As amended, this portion of General Instruction 15 reads:

GENERAL INSTRUCTIONS

* * *

15. *Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition.*

* * *

I. Premium, discount, or expense on debt shall not be included as an element in the cost of construction or acquisition of property (tangible or intangible), except under the provisions of account 432, Allowance for Borrowed Funds Used During Construction -- Credit. [*29]

* * *

(2) Amend Gas Plant Instruction "2. *Components of Construction Cost.*" by revising the first paragraph and lettering it "A." and by adding two new paragraphs B. and C. immediately following the first paragraph. As amended, Instruction 2 reads:

GAS PLANT INSTRUCTIONS

* * *

2. *Components of Construction Cost.*

A. The cost of construction of property chargeable to the gas plant accounts shall include, where applicable, fees for construction certificate applications paid after grant of certificate, the cost of labor, materials and supplies, transportation, work done by others for the utility, injuries and damages incurred in construction, privileges and permits, special machine service, allowance for funds used during construction, not to exceed without prior approval of the Commission amounts computed in accordance with the formula prescribed in paragraph B below, training costs and such portion of general engineering, administrative salaries and expenses, insurance, taxes, and other analogous items as may be properly includible in construction costs. (See Operating Expense Instruction 3.) When the utility employs its own funds in exploration and development on [*30] leases acquired after October 7, 1969, no alloance for funds used during construction on such funds shall be included in these accounts.

B. The formula and elements for the computation of the allowance for funds used during construction shall be:

$Ai = s(S / W) + d(D / D + P + C) (1 - S / W)$

$Ae = [1 - S / W] [p (P / D + P + C) + c(C / D + P + C)]$

Ai = Gross allowance for borrowed funds used during construction rate

Ae = Allowance for other funds used during construction rate

S = Average short-term debt

s = Short-term debt interest rate

D = Long-term debt

d = Long-term debt interest rate

P = Preferred stock

p = Preferred stock cost rate

C = Common equity

c = Common equity cost rate

W = Average balance in construction work in progress

C. The rates shall be determined annually. The balances for long-term debt, preferred stock and common equity shall be the actual book balances as of the end of the prior year. The cost rates for long-term debt and preferred stock shall be the weighted average cost determined in the manner indicated in § 154.63 of the Commission's Regulations under the Natural Gas Act. The cost rate for common equity shall be the rate granted common [*31] equity in the last rate proceeding before the ratemaking body having primary rate jurisdiction. If such cost rate is not available, the average rate actually earned during the preceding 3 years shall be used. The short-term debt balances and related cost and the average balance for construction work in progress shall be estimated for the current year with appropriate adjustments as actual data becomes available.

(3) The Chart of Income Accounts is amended by revising the title of account "419.1, Allowance for Funds Used During Construction," to read "419.1, Allowance for Other Funds Used During Construction" and by adding a new account 432, Allowance for Borrowed Funds Used During Construction -- Credit, immediately following account "431, Other Interest Expense" and revising the sub-totoal caption "Total Interest Charges" to read "Net Interest Charges." As amended, the Court of Income Accounts reads:

INCOME ACCOUNTS

(Chart of Accounts)

* * *

2. Other Income and Deductions

A. Other Income

* * *

419.1 Allowance for other funds used during construction.

* *

3. Interest Charges

* * *

432 Allowance for borrowed funds used during construction -- Credit.

Net interest [*32] charges.

* * *

(4) The text of the Income Accounts is amended by revising the title and text of account "419.1, Allowance for Funds Used During Construction," and by adding a new account 432, Allowance for Borrowed Funds Used During Construction -- Credit, immediately following account "431, Other Interest Expense." As amended, these portions of the text of the Income Accounts read:

INCOME ACCOUNTS

* * *

2. Other Income and Deductions

* * *

419.1 Allowance for other funds used during construction.

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 2. No allowance for funds used during construction shall be capitalized on plant which is completed and ready for service.

* * *

3. Interest Charges

* * *

432 Allowance for borrowed funds used during construction -- Credit.

This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 2. No allowance for funds used during construction [*33] shall be capitalized on plant which is completed and ready for service.

* * *

(E) Effective for the reporting year 1977, certain schedule pages of FPC Form No. 1, Annual Report for Electric Utilities, Licensees and Others (Class A and Class B), prescribed by § 141.1, Chapter I, Title 18 of the Code of Federal Regulations are amended, all as set out in Attachments B n1 and C n2 hereto.

n1 Omitted in printing.

n2 Omitted in printing.

(F) Effective for the reporting year 1977, certain schedule pages of FPC Form No. 2, Annual Report for Natural Gas Companies (Class A and Class B), prescribed by § 260.1, Chapter I, Title 18 of the Code of Federal Regulations are amended, all as set out in Attachments B and D n3 hereto.

n3 Omitted in printing.

(G) Effective for the reporting year 1977, certain schedule pages of FPC Form No. 1-F, Annual Report for Public Utilities and Licensees (Class C and Class D), prescribed by § 141.2, Chapter I, Title 18 of the Code of Federal Regulations are amended, all as set out in Attachment E n4 hereto.

n4 Omitted in printing.

(H) Effective for the reporting year 1977, certain schedule pages of FPC Form No. 2-A, Annual Report for Natural [*34] Gas Companies (Class C and Class D), prescribed by § 260.2, Chapter I, Title 18 of the Code of Federal Regulations are amended, all as set out in Attachment C hereto.

(I) Effective for the reporting year 1977, certain schedule pages of FPC Form No. 5, Monthly Statement of Electric Operating Revenue and Income, prescribed by § 141.25, Chapter I, Title 18 of the Code of Federal Regulations is amended, all as set out in Attachment F n5 hereto.

n5 Omitted in printing.

(J) Effective for the reporting year 1977, certain schedule pages of FPC Form No. 11, Natural Gas Pipeline Company Monthly Statement, prescribed by § 260.3, Chapter I, Title 18 of the Code of Federal Regulations is amended, all as set out in Attachment G n6 hereto.

n6 Omitted in printing.

(K) The Secretary shall cause prompt publication of this Order to be made in the Federal Register.

ATTACHMENT A

Respondents RM75-27

Respondent

Accounting Firms

* Arthur Anderson & Co.

* Not filed within the time prescribed.

* Orrin T. Colby, Jr.

AMENDMENTS TO UNIFORM SYSTEM OF ACCOUNTS FOR PUBLIC UTILITIES AND LICENSEES AND FOR NATURAL GAS COMPANIES (CLASSES A, B, C AND D) TO PROVIDE FOR THE DETERMINATION OF RATE FOR COMPUTING THE ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION AND REVISION OF CERTAIN SCHEDULE PAGES OF FPC REPORTS, DOCKET NO. RM75-27

ORDER NO. 561-A

FEDERAL POWER COMMISSION

59 F.P.C. 1340; 1977 FPC LEXIS 281

August 1, 1977 *

* Published in the Federal Register on August 5, 1977 (42 F.R. 39661). Order issued January 20, 1978 clarifying Order Nos. 561 and 561-A, 2 FERC P61,050.

[*1]

ORDER DENYING APPLICATIONS FOR REHEARING AND CLARIFYING PRIOR ORDER

Before Commissioners: Richard L. Dunham, Chairman; Don S. Smith and John H. Holloman III.

OPINION:

On March 4, 1977, El Paso Natural Gas Company (El Paso), Public Systems n1, three bulk power suppliers for rural electric cooperatives (Oglethorp) n2 and eight investor-owned public utilities (Private Group) n3 filed Applications for Rehearing of our Order No. 561, issued February 2, 1977, in *Docket No. RM75-27, 57 FPC 608.* On March 7, 1977, Pennsylvania Power & Light Company (PP&L) filed a separate Application for Rehearing. On April 1, 1977, an order was issued granting application for rehearing by the aforementioned petitioners for the purpose of further consideration of Order No. 561. On April 18, 1977, pursuant to Section 1.34(d) of the Commission's Rules of Practice and Procedure, the Public Service Commission of the State of New York (New York) and the Private Group filed responses to Applications for Rehearing filed by the Private Group and Public Systems, respectively.

n1 See Appendix A for members of Public Systems.

n2 Oglethorp Electric Membership Corporation, North Carolina Electric Membership Corporation and Old Dominion Electric Cooperative, Inc.

n3 Jersey Central Power & Light Company, Long Island Lighting Company, Metropolitan Edison Company, New England Power Company, Northeast Utilities Company, Pacific Power & Light Company, Pennsylvania Electric Company and Pennsylvania Power & Light Company.

[*2]

Short-Term Debt

El Paso's application stated that it fully supported the Commission's objective in the instant rulemaking proceeding of providing adequate compensation for funds devoted to construction but believed that the formulas devised by the Commission and promulgated pursuant to Order No. 561 fall short of accomplishing this objective. El Paso submits that the approach adopted by the Commission is grounded upon two erroneous assumptions, *i.e.* (i) that short-term debt is the first source of funds for construction purposes, and (ii) that short-term debt is used exclusively for construction. El Paso purposed that instead of the formula adopted by the Commission that the rate for AFUDC be expressed as follows:

$$R = d\,(D / D + P + C) + P\,(P / D + P + C) + c\,(C / D + P + C)$$

In this formula R represents the AFUDC rate and the other symbols have the same meaning as defined in Order No. 561 except that D would equal the sum of long-term and short-term debt and d would equal the weighted average interest rate for D. El Paso states that this formula is grounded upon the more realistic assumption that construction work in progress is financed by funds provided according [*3] to the *pro rata* capitalization of the company, including short-term debt, if any. In the event, however, that the Commission chooses to retain the formula set forth in Order No. 561, El Paso requests clarification in cases where short-term debt exceeds construction work in progress to ensure that negative AFUDC rates do not result.

Public Systems states that the Commission correctly concludes that short-term debt is the primary source of funds for the construction of new utility plant and the procedures for the calculation of AFUDC reflect this fact. However, Public Systems expressed concern over the statement in Order No. 561 that the AFUDC method established was not for the purposes of establishing a method for allocating short-term interest cost for the purpose of a rate proceeding. They believe that such statement may be interpreted as an invitation to include the cost of construction related short-term borrowings in the development of AFUDC and to recognize the same costs in the development of the allowed return in rate proceedings. Public Systems also objects to any possible recognition of costs associated with bank or other borrowings, such as compensating bank balances, [*4] in determining short-term debt cost. They believe that recognition of such costs should be sanctioned, if at all, only in general rate proceedings after a hearing on the record.

PP&L also disagrees with the Commission's premise in Order No. 561 that all short-term debt should be allocated to financing construction work in progress. PP&L states that there are many instances when a utility can specifically identify the utilization of short-term debt for purposes other than financing construction work in progress and in such cases, it would be erroneous to include this debt in the AFUDC computation.

As we stated in Order No. 561, it is generally impossible to specifically trace the source of funds used for various corporate purposes and it was not the purpose of the proposed rule to do so. We recognize that short-term debt is a source of funds that can be used for many corporate purposes other than construction. However, short-term debt cost is a valid cost of conducting utility operations and a mechanism for the recovery of such cost should be provided for within the regulatory framework. Recovery of capital costs is usually provided for through the rate of return allowance [*5] in a general rate proceeding. However, in a typical rate case situation, short-term debt cost does not lend itself to reasonable measurement for use in setting future rates since, as El Paso graphically illustrated in the Appendix to its application, the amount of short-term debt that a company has outstanding can fluctuate widely over short periods of time. In addition, the interest rate for short-term debt often changes at frequent intervals. On the other hand, the cost of short-term debt can be effectively measured and capitalized for subsequent recovery (through depreciation charges in rates) since under our formula the balances and rates for the forthcoming year are estimated annually, with appropriate adjustments to the amounts capitalized if the estimates used are not reasonably reflective of actual experience. Therefore, we do not believe that we should modify Order No. 561 with respect to the weight given short-term debt in the formula.

El Paso's point on possible negative AFUDC rates in situations where short-term debt exceeds construction work in progress is well taken. We believe that this matter can best be clarified by stating herein that if short-term debt balances [*6] exceed construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment and fabrication the maximum total AFUDC rate to be utilized will be the weighted average short-term debt rate. In instances where this occurs, the entire credit for AFUDC will be recorded in Account 432, Allowance for borrowed funds used during construction -- Credit.

We do not believe that Public System's concerns are well founded with regard to the inclusion of short-term debt for rate of return purposes or the potential recognition in certain instances of short-term debt costs arising from such items as compensating balances. Order No. 561 neither changes the Commission's policy with respect to treatment of

short-term debt in capitalization used for rate of return purposes nor does it grant blanket approval for recognition of compensating balances and commitment fees in costing short-term debt. The burden of proof is upon the companies to justify such items before they will be permitted.

State Commission Rate Determinations

Both Public Systems and Oglethorp object to the provision in Order No. 561 that the cost rate to be used for common equity be the rate granted [*7] common equity in the last rate proceeding before the body having primary rate jurisdiction or, if such rate is not available, the average rate actually earned during the preceding three years. They believe that the return on equity rate should be based upon determinations of the Federal Power Commission, whether the FPC has primary rate jurisdiction or not. Public Systems and Oglethorp believe that the approach adopted by the Commission is an unjustified abdication of statutory responsibility. On the other hand, Private Group urges that Order No. 561 be amended to provide that, if a state ratemaking agency having primary rate jurisdiction over an electric utility has prescribed a method of determining or applying an AFUDC rate, such electric utility may use such State Commission-directed rate rather than the rate developed under the formula in Order 561.

In its response to the application for rehearing filed by Public Systems, the Private Group stated the following:

> Order No. 561 is designed to provide an orderly method for accrual of AFUDC month-by-month during the on-going operations of a public utility. For the most part, the facilities constructed by an electric utility [*8] cannot be segregated as between those which will be employed solely for retail service and those which will be employed solely for wholesale service; instead, allocation procedures for joint use facilities are required and appropriate methods of allocation have been developed and are routinely applied. Under those circumstances, the utility must have a single AFUDC rate to apply to facilities under construction which will ultimately serve both groups of customers. A reasonable recognition of, and accommodation to, the Federal-State relationship involves the use of a cost rate for common equity which is equal to that last approved by the body having primary rate jurisdiction.

We fully agree with the above response by the Private Group with respect to the cost rate for equity funds. We believe that this argument is also supportive of the Commission's adoption of a uniform method for all jurisdictional companies to follow so that a single rate is developed for each company. Additionally, since the financial statements of electric utilities and natural gas companies are used by government agencies, investors, the general public, and others for purposes other than setting rates, [*9] it is important that a uniform method be used. This is especially important in an area such as AFUDC which has such a material impact on the earnings and cost determinations of utilities. We shall therefore deny rehearing on this point.

The Relocation of AFUDC in the Interest Charges Section of the Income Statement

The Private Group and PP&L urged that Order No. 561 be revised to eliminate the provision that directs the relocation of the allowance for borrowed funds as a credit to the interest charge section of the income statement. New York in its response to application for rehearing filed by Private Group supported this position. These parties argue that the relocation required by Order No. 561 is likely to have an adverse effect on the ability to finance both debt and preferred stock securities due to coverage test requirements included in mortgage indentures and corporate charters. PP&L also questions whether the relocation of a portion of AFUDC as a reduction of interest charges will better inform readers of the financial statements as to the nature of the capitalized allowance for borrowed funds as stated in Order No. 561. They argue that such reclassification [*10] may in fact mislead readers of financial statements if such amount is considered a reduction of the actual amount of interest a company must pay.

We are unpersuaded by these arguments that we should modify Order No. 561 with respect to the location of the interest portion of AFUDC in the income statement. We purposely did not require that the amount of interest charged to the income statement be shown net of interest capitalized but instead required that the gross interest charges be shown in the income statement with a separate line item for the capitalized allowance for borrowed funds. This enables readers of financial statements to be informed as to the total interest liability incurred for the year as well as to any lesser amount of interest entering into the determination of net income for the year. We continue to believe that the readers of the financial statements will be better informed with this form of accounting disclosure than other suggested methods. Furthermore, the change in the location on the income statement for the allowance for interest capitalized does not in itself change either the nature of the item or the degree of protection afforded security holders [*11] by earnings of a utility.

Net-of-tax AFUDC Rate

Public Systems objects to the normalization of income tax benefits of construction interest through the use of a net-of-tax AFUDC rate and asks that Order No. 561 be revised to prohibit this practice.

Public Systems' arguments are misplaced. The proposed plant instructions pertaining to computation of income taxes were deleted when the Commission adopted Order No. 561 because these matters were previously spoken to in the *Commission's Order Nos. 530 (53 FPC 2123), 530-A (55 FPC 162) and 530-B (56 FPC 44)* in Docket Nos. R-424 and R-446. These orders are currently under review by the D.C. Circuit (*Public Systems, et al.* v. *F.P.C.*, CADC Nos. 76-1609, 76-1830.) **

** [Editor's note: Remanded, *Public Systems, et al. v. F.E.R.C., 606 F. 2d 973* (CADC-1979).]

Other Matters

Private Group states in their application that in order for the AFUDC rate to be fully compensatory, estimates of weighted average embedded long-term debt and preferred stock costs as they are expected to exist during the current year should be used rather than the effective weighted average cost of the long-term debt and preferred [*12] stock at the end of the prior year as required by Order No. 561.

Private Group also argues that compounding of AFUDC should be permitted monthly rather than semi-annually, since utility accounting is on an accrual basis. If, however, the Commission considers the timing of cash outlays for interest and dividend to be relevant, Private Group argues that quarterly compounding would be more appropriate than semi-annual compounding since dividends on preferred and common stock and interest on short-term debt are almost invariably paid quarterly, and these items account in the aggregate for more than half of the AFUDC accrual. The remainder of the accrual relates to long-term debt which is normally paid semi-annually.

Public Systems objects to the provisions of Order No. 561 which indicate that amounts capitalized for AFUDC for the year will not be required to be adjusted if the gross AFUDC rate actually used for the year does not exceed by more than 25 basis points the rate that would be derived from the formula by use of actual thirteen monthly balances of construction work in progress and the actual weighted average cost and balances for short-term debt outstanding during the year. [*13] Public System argues that this provision creates an incentive to "misestimate" AFUDC and pocket additional prospective but unjustified revenues. Public System assumes that this provision was intended to ease accounting burdens but submits that the governing statutes do not contemplate such windfalls in the name of administrative convenience.

Oglethorp states that Order No. 561 excludes all non-investor sources of funds from the AFUDC computation on the ground that such sources are treated as rate base deductions but argues that some non-investor funds may not be treated as rate base deductions and hence could be incorrectly also overlooked for AFUDC purposes. Oglethorp believes the Order should be modified to provide that all non-investor funds which are not deducted from rate base should be included in the AFUDC formula at zero cost.

The requirement that the AFUDC rate for the current year be based on the effective weighted average cost of the long-term debt and preferred stock at the end of the prior year and the requirement that the AFUDC be compounded no more frequently than semi-annually may, in some instances, tend to slightly understate the cost of capital used for construction. [*14] Conversely, there may be relatively minor items of consumer contributed capital which are not considered in either the ratemaking process or through AFUDC and there may well be some instances in which the estimates used exceed by up to 25 basis points the rate that would be derived from actual experience.

We conclude that Order No. 561 should not be modified with respect to these matters. When considered together the proposed modifications tend to offset each other. We believe that Order No. 561 clearly provides for a rate for AFUDC which is in the zone of reasonableness, based upon uniform standards which can be effectively implemented and administered.

In light of the above, we believe that the applications for rehearing filed by the aforementioned applicants should be denied.

The Commission finds

The application for rehearing filed on March 4, 1977, by El Paso, Public Systems, Oglethorp and Private Group and on March 7, 1977, by PP&L present no facts or principles of law which would require modification of Order No. 561.

The Commission orders:

(A) The applications for rehearing filed by El Paso, Public Systems, Oglethorp and Private Group on March 4, 1977, [*15] and PP&L on March 7, 1977, are denied.

(B) The Secretary shall cause prompt publication of the Order in the Federal Register.

APPENDIX A

PUBLIC SYSTEMS SPONSORING THE APPLICATION FOR REHEARING OF ORDER NO. 561

Anaheim, California
Azusa, California
Banning, California
Bowling Green, Ohio
Bryan, Ohio
Colton, California
Croswell, Michigan

Electric Cities of North Carolina and its members, the following municipalities:

Virginia:

Blackstone
Culpeper
Franklin
Harrisonburg
Iron Gate
Manassas
Wakefield

North Carolina:

Albemarle
Apex
Ayden
Belhaven
Benson
Black Creek
Bostic
Cherryville
Clayton
Concord
Cornelius
Dallas
Davidson
Drexel
Edenton
Elizabeth City
Enfield
Farmville
Fayetteville
Forest City
Fountain
Fremont
Gastonia
Granite Falls
Greenville
Hamilton
Hertford
Highlands
High Point
Sharpsburg
Shelby
Smithfield
Southport
Hobgood
Hookerton
Huntersville
Kings Mountain
Kingston
LaGrange
Landis
Laurinburg
Lexington
Lincolnton
Louisburg
Lucama
Lumberton
Macclesfield
Maiden
Monroe
Morganton
Murphy
New Dern
Newton
Oak City
Pikeville
Pinetops
Pineville
Red Springs
Robersonville
Rocky Mount
Scotland Neck
Selma
Wake Forest
Walztonburg
Washington
Waynesville

LG&E and KU Energy LLC Accounting Policy and Procedures

658 - Joint Ownership/Use Assets

Policy: All fixed assets which benefit the customers or shareholders of multiple companies will be recorded with the appropriate ownership percentages.

Procedure: The procedures for accounting for joint use and jointly owned assets are described in the detailed instructions below.

Scope: All asset additions of LG&E and KU Energy LLC ("LKE" or the "Company") and its subsidiaries.

Objective of Procedure: Ensure that joint use and jointly owned assets are properly recorded on the appropriate LKE entities.

General Requirements:

Jointly Used Assets:

Detailed Procedures Performed:

Definition: *Jointly Used Assets* – Buildings and related assets such as parking lots and driveways which were originally constructed and owned by a single company (generally either LG&E or KU) but are subsequently being used by more than one company. An example of these assets is the Broadway office complex (BOC). The original BOC assets consisting of the core infrastructure of the building (roof, HVAC, exterior walls, parking lot) are owned solely by LG&E.

Jointly used assets are the following locations:

Locations:
Broadway Office Complex
One Quality Street
Dix Transmission Control
LG&E Building Leasehold Improvements
Pineville Call Center

Guidelines for establishing ownership of assets located at jointly used facilities:

- It is the stated practice that assets **originally** constructed and owned by a single company (example: LG&E owns the BOC) and subsequently used by a related company (example: KU) shall not be sold to the related company (KU). Asset purchases made to replace or enhance the infrastructure such as roof and HVAC replacements and driveway paving

658 - Joint Ownership/Use Assets

will be purchased by the original owner (LG&E for BOC example). Rent will be charged to the companies benefitting from the use of the building assets by the company owning the building. The rental amount will be based upon the depreciation (life and cost of removal/salvage) associated with the infrastructure assets at the location. Infrastructure assets are typically found in "Structures and Improvements" plant accounts. Rent will be allocated to the benefitting companies based on the percentage of time employees located in the building charge to each company based on the most recent LG&E and KU Services Company Cost Allocation Manual (CAM) percentage using an indirect account and the expenditure org of the source company for both the intercompany rental income and the intercompany rental expense.

- Non-infrastructure assets are purchased from time to time which benefit customers or shareholders of multiple companies and these assets are physically located at one of the aforementioned buildings. An example of these assets would be the office furniture/equipment and drywall/carpet replacement required for a renovation of the customer call center located at the BOC. LG&E and KU customers both benefit from these capital expenditures and each company will share in the ownership of the assets. For asset purchases such as these, the ownership percentages will be established at the time the project is initiated/approved and must be documented on the AIP. The ownership percentages will be based on the applicable CAM ratios in effect at the time the AIP is completed. The ratio used must be documented by name on the AIP. All charges made to the project must be consistent with the ownership percentage stated on the AIP.

Morganfield jointly used assets:

Morganfield is a facility which was constructed in 2011 predominantly to meet the needs of KU. The facility houses a storeroom, walk-in customer business office, Meter Reading/Field Service office space and office space/staging area for Distribution Operations personnel. Additionally, the facility contains a customer service call center which serves customers of both LG&E and KU.

Guidelines for establishing ownership of assets located at Morganfield:

- Since the Morganfield facility was constructed primarily for KU purposes, the building infrastructure and land are owned solely by KU. Asset purchases made to replace or enhance the infrastructure such as roof and HVAC replacements and driveway paving will be purchased by KU. Rent will be charged to LG&E for the benefit of the use of the

658 - Joint Ownership/Use Assets

building assets for the call center. The rental amount will be based upon the depreciation (life and cost of removal/salvage) associated with the infrastructure assets at the location. Rent will be allocated to the benefitting companies based on the percentage of time employees located in the building charge to each company based on the most recent CAM percentage using an indirect account and the expenditure org of the source company for both the intercompany rental income and the intercompany rental expense.

- Ownership percentages for non-infrastructure assets purchased for the call center will be established at the time the project is initiated/approved and must be documented on the AIP. The ownership percentages will be based on the applicable CAM ratios in effect at the time the AIP is completed. The ratio used must be documented by name on the AIP. All charges made to the project must be consistent with this ownership percentage stated on the AIP.

Jointly Owned Assets:

Definition: *Jointly Owned Assets* – Assets whose total cost is split between the companies benefitting from the use of the assets based on stated ownership percentages. For the majority of these assets, ownership percentages are established prior to construction.

Detailed Procedures Performed:

Generation jointly owned assets:

	Ownership:	
Locations:	**LG&E %**	**KU %**
Brown 5	53	47
Brown 6	38	62
Brown 7	38	62
Paddy's Run 13	53	47
Trimble County CT 5 & 6	29	71
Trimble County CT Pipeline	29	71
Trimble County CT 7, 8, 9 & 10	37	63
Trimble County Ash Pond 2006 & >	52	48
Trimble County 2	19	81
Trimble County Joint Use (TC1 and TC2)	52	48
Cane Run Combined Cycle GT	22	78
Bluegrass CT 1 thru 3	69	31

658 - Joint Ownership/Use Assets

Guidelines for establishing ownership percentages:

- Generation ownership percentages are typically determined by the Integrated Resource Plan (IRP).
- For generation assets which are common to more than one generating asset (examples: coal conveyors, roads), ownership percentages are typically determined by a combination of the IRP ownership percentage and the nameplate rating of the applicable units.
- The land footprint under each jointly owned unit will be jointly owned by each company according to the established ownership percentages. Land sales may need to be made from one company to another in order to be compliant with the Power Supply System Agreement whereby the utilities must be tenants in common. If the plant site was originally solely owned by one company then the land surrounding the footprint of the jointly owned plant will continue to be solely owned by the original company. If the land for the plant site is a new purchase, the entire plant site will be jointly owned by each company according to the established ownership percentages. Note: the land footprint is generally defined as the perimeter of the jointly owned plant site (may extend to fence lines and include lay down areas) and not confined to a piece of equipment or building foundation. The footprint will be defined by the applicable subject matter experts (such as Generation Services or Project Engineering).

Exception: For generation jointly owned asset projects whose cost is estimated at $25,000 or less, the assets will not be split based on the ownership percentages. Rather, 100% of the assets will be recorded on the financial records of the company with the largest ownership percentage. Assets smaller than $25,000 are a very small amount when compared to the overall total cost of generation assets and do not justify the processing time required for all parties involved.

Simpsonville jointly owned assets:

Simpsonville is a jointly owned facility which houses both Transmission Control and the Information Technology (IT) data center. Simpsonville's assets will be split on a functional basis based on square footage occupied by each function as follows:

Location:	Transmission %	IT %
Simpsonville	52	48

Ownership of infrastructure assets (example: roof, HVAC, driveway) at Simpsonville will first be split functionally per the ownership percentages above. Ownership of the functional assets

658 - Joint Ownership/Use Assets

will then be further split between LG&E, KU and LKC based on the following ownership percentages, which were established at the time of original construction based on the CAM:

		Ownership:	
Location:	**LG&E %**	**KU %**	**LKC%**
Simpsonville-Transmission Control	30%	70%	
Simpsonville-IT	52%	47%	1%

Ownership percentages for asset purchases made for non-infrastructure assets will be established at the time the project is initiated/approved and must be documented on the AIP. The ownership percentages will be based on the applicable CAM ratios in effect at the time the AIP is completed. The ratio used must be documented by name on the AIP. All charges made to the project must be consistent with the ownership percentage stated on the AIP.

Exception: For infrastructure asset projects whose cost is estimated at $10,000 or less, the assets will be split between LG&E and KU based only on the Transmission Control ownership percentages shown above. The cost to establish amounts less than $10,000 does not justify the processing time required to split the assets functionally between Transmission Control and IT.

Other jointly owned assets:

The Company purchases assets including software, hardware, telecommunications equipment and generation services equipments (scanners, plotters, etc.) that benefit the customers or shareholders of multiple companies. Ownership percentages for these asset purchases will be established at the time the project is initiated/approved and must be documented on the AIP. The ownership percentages will be based on the applicable CAM ratios in effect at the time the AIP is completed. The ratio used must be documented by name on the AIP. All charges made to the project must be consistent with the ownership percentage stated on the AIP.

Allocation of costs on financial records for jointly owned and jointly used assets:

Capital projects will be established on the financial records of each company with an ownership interest. Capital costs must be charged to the applicable projects based on the applicable ownership percentages. The purchase of any jointly owned and jointly used assets must be made on separate projects. Purchases for jointly owned and jointly used assets will not be allowed under blanket or other miscellaneous type projects. It is the responsibility of Budget Coordinators to monitor the actual charges to projects to ensure the appropriate ownership percentages are being maintained and to make corrections as necessary.

As projects are unitized, Property Accounting will check project charges to ensure the appropriate ownership percentages are being maintained. Corrections will be required for any

658 - Joint Ownership/Use Assets

per company variance of $10,000 **and** where the actual ownership charges differ from the ownership allocation on the AIP by more than .99%.

Note: The ownership percentages established above will be used on a go-forward basis with the effective date of this policy.

Note: Actual ownership percentages found in PowerPlant may not be exactly as stated in this policy due to the following reasons:

1. Assets under $25,000 (for generation) are not split between companies, but rather the entire amount is recorded on the company with the largest ownership percentage.
2. Past practice (prior to mid-2011) has been to review the project charges to ensure the ownership percentages have been materially correct. The final ownership percentages may not have been **exactly** correct, but are materially correct and will not be adjusted.

Reports Generated and Recipients:

- LG&E and KU Plant reports
- Net book value reports generated on an as needed basis from PowerPlant

Additional Controls or Responsibility Provided by Other Procedures:

- Budget Coordinators, Financial Planning personnel and Accounting Analysts review AIPs to confirm joint use and jointly owned assets will be capitalized with the correct ownership percentage on the appropriate LKE entity.

Regulatory Requirements:

All of the following entities require that no subsidization occurs between the regulated utilities or their affiliates:

- Kentucky Public Service Commission
- Virginia State Corporation Commission
- Federal Energy Regulatory Commission

Reference:

- Code of Federal Regulations 18 Part 101 Electric Plant Instructions
- Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 360 – Property, Plant and Equipment
- FASB ASC Topic 980 – Regulated Operations
- LG&E and KU Services Company Cost Allocation Manual

658 - Joint Ownership/Use Assets

Corresponding PPL Policy No. and Name:

N/A

Key Contact: Manager, Property Accounting

Administrative Responsibility: Director, Accounting and Regulatory Reporting

Date Created: 3/21/12
Dates Revised:

655 – Capital - Hardware & Software Capitalization

Policy: To capitalize software, hardware and all related costs that have long-term benefit to LG&E and KU Energy LLC and its subsidiaries ("LKE").

Procedure: To capitalize software and hardware in accordance with the capitalization thresholds.

Scope: All software, hardware and related costs of LKE.

Objective of Procedure: To consistently apply the guidelines for capitalizing or expensing software and hardware, in compliance with Federal Energy Regulatory Commission ("FERC") and FASB Accounting Standards Codification ("ASC") 350-40, *Internal Use Software (Intangibles – Goodwill and Other),* (formerly SOP 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*).

General Requirements:

Detailed Procedures Performed:

- All purchased hardware having a useful life in excess of one year and a cost in excess of $2,000 shall be capitalized. Hardware will be recorded in the appropriate sub-account of FERC Account 391, Office Furniture and Equipment, and will be amortized over the appropriate depreciable life in accordance with the most recent approved depreciation study by charging FERC Account 403, Depreciation Expense, and crediting FERC Account 108, Accumulated Provision for Depreciation of Utility Plant. Incidental software included in the purchase of the hardware will be capitalized as part of the hardware. Retirements will be recognized only at the end of the amortization period as allowed by the FERC.

- All software purchased separately from hardware and having a useful life in excess of one year and a cost in excess of $2,000 shall be capitalized in accordance with ASC 350-40. Software will be recorded in FERC Account 303, Miscellaneous Intangible Plant, and amortized over 5 years by charging FERC Account 404, Amortization of Limited-Term Plant, and crediting FERC Account 111, Accumulated Provision for Amortization of Utility Plant. Retirements of software will be recognized according to instructions for FERC Account 303 and ASC 350-40.

- All software developed internally and having a useful life in excess of one year and a cost in excess of $50,000 shall be capitalized in accordance with

the guidelines set forth in ASC 350-40 and the rules stated above for purchased software. Software developed internally having a useful life in excess of one year and a cost of less than $50,000 will be expensed unless written approval is obtained from the Controller.

- Upgrades and enhancements made when software is originally purchased will be capitalized as part of the software cost in accordance with ASC 350-40. Upgrades and enhancements made after the initial purchase or development will be capitalized in accordance with ASC 350-40 if they represent substantial additions to the original asset. Any upgrade/enhancement project greater than $1,000,000 will be discussed with PPL's Manager of Asset Management. This communication will ensure consistency in the application of these guidelines between LKE and PPL. Additionally, any upgrades/enhancements made to comparably owned systems, such as PowerPlan and PeopleSoft, will be discussed with PPL's Manager of Asset Management for consistency purposes. Communications regarding these topics will be facilitated by the Manager, Property Accounting (or his/her delegate) and may include participation by the project proponent. The Manager, Property Accounting should be notified regarding potential projects before the project goes to the Investment Committee (IC) or the Authorization for Investment Proposal (AIP) has been submitted Documentation provided to Property Accounting for discussion with PPL's Manager of Asset Management should include a description of the proposed enhancement/upgrade and the resulting additional functionality. The documentation should take the form of the draft Investment Proposal (IP) or in an email, if an IP will not be required for the project. The additional functionality should be listed in the "Reasons and Detailed Description of Project" section of the AIP when it is ultimately submitted for approval. Any projects falling into this category should be fully discussed by LKE's Manager, Property Accounting and PPL's Manager of Asset Management to their mutual satisfaction before review by the IC. Differences in methodology may occur between LKE and PPL and may be considered acceptable as a result of LKE's regulatory climate. See Attachment A for a discussion of this topic.

- Once all substantial testing is completed and automated systems are operational, all costs incurred to operate and maintain software shall be expensed.

655 – Capital - Hardware & Software Capitalization

- Guidance on capitalization of costs incurred for internal-use computer software is provided below:

    1. Costs incurred during the preliminary stages of a software project (stage in which performance and system requirements are determined and alternative means of achieving these requirements are explored) should be expensed as incurred.

    2. Costs incurred to develop internal-use software during the application stage (software configuration and interfaces, coding, installation to hardware, and testing) should be capitalized. This would also include training costs associated with giving the implementation team the technical and functional knowledge to perform the development activities.

    3. Costs to develop or obtain software to access or convert old data using new systems should be capitalized. However, the actual cost of data conversion (purging or cleansing existing data, reconciling or balancing old data versus the data in the new system) should be expensed as incurred.

    4. End user training costs should be expensed as incurred.

    5. Maintenance costs should be expensed as incurred.

    6. Upgrades and enhancements to existing internal-use software (modifications that result in the software being able to perform tasks that it was previously incapable of performing) should be expensed or capitalized in accordance with the rules listed above. Upgrades without significant additional functionality should be expensed. Costs that cannot be separated on a reasonably cost-effective basis between maintenance and relatively minor upgrades and enhancements should be expensed (i.e. security patches or bug fixes).

    7. When a software project will not be completed, no further costs should be capitalized, and the existing balances should be considered for impairment.

655 – Capital - Hardware & Software Capitalization

Communication of Policy Changes: Any changes to this policy will be communicated to the following by the Manager, Property Accounting:

- Director, Financial Planning and Controlling
- Director, Energy Services Accounting & Budget
- Director, Asset Management-Energy Delivery
- Director, IT Business Applications
- Director, IT Client Services
- Director, IT Infrastructure
- Director, IT Security & Compliance

Reports Generated and Recipients:

- None

Additional Controls or Responsibility Provided by Other Procedures:

- Budget Coordinators, Financial Planning personnel and Property Accounting Analysts review Authorization for Investment Proposals to confirm that hardware, software and related costs are being properly capitalized.

Regulatory Requirements:

- FERC Accounting Guidelines

Reference:

- FASB ASC 350-40, *Internal Use Software (Intangibles – Goodwill and Other*) (formerly SOP 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*)

Corresponding PPL Policy No. and Name:
615 – Accounting for Computer Software

Key Contact:
Manager, Property Accounting

Administrative Responsibility:
Director, Accounting and Regulatory Reporting

Date Created: 11/23/04
Dates Revised: 5/17/05; 12/01/10; 3/31/11; 9/22/11; 8/17/12

655 – Capital - Hardware & Software Capitalization

Attachment A

The 18 CFR states in its Electric Plant Instructions 10. A "Each utility shall maintain a written property units listing for use in accounting for additions and retirements of electric plant and apply the listing **consistently**". The listing referred to here is developed **at the discretion of each utility** and is used to determine what items are capitalized and establishes capital threshold amounts. The overriding concept is that each utility may make its own decisions but they must be applied **consistently**. Changing thresholds and software upgrade policies may violate this consistency requirement.

For purchased software and leaseholds, PPL's thresholds are significantly higher than LKE's ($50,000 vs. $2,000). Additionally, as explained by the Manager of the PPL Asset Management Department, PPL expenses many software upgrades while LKE generally capitalizes software upgrades.

A change by LKE to be consistent with PPL on increased purchased software thresholds and the expensing of software upgrades would cause an increase in O&M expenses and a decrease in capital. Since the overwhelming majority of LKE's assets consist of regulated assets the following rate implications must be considered.

- From a regulatory perspective, should the Company decide to expense in the future what was previously capitalized, no recovery could be made unless the costs were incurred in a test year and are recurring. Software enhancements are not yearly routine expenditures, so significant expenditures would not be recovered through the rate making process.

- We may be able to get recovery of non-recurring amounts prudently incurred for software replacement by requesting regulatory asset treatment and obtaining an amortization of that regulatory asset over a future period (i.e., five or ten years). This treatment would be consistent with the current treatment of capitalizing and depreciating software, but would be a much more manual process than is currently available, with the same result, in the PowerPlant system.

- LG&E/KU have consistently been required to submit to regulatory agencies their capitalization policies during rate cases. These capitalization policies have determined the assets to be placed on the Company's books. The costs of these assets have been used in establishing utility base rates. There have been no findings of inappropriate capitalization or non-capitalization of assets.

655 – Capital - Hardware & Software Capitalization

Regarding software upgrades, ASC 350-40.05.9, states the following regarding enhancements: "Upgrades and enhancements are defined as modifications to existing internal-use software that result in additional functionality—that is, modifications to enable the software to perform tasks that it was previously incapable of performing. Upgrades and enhancements normally require new software specifications and may also require a change to all or part of the existing software specifications."

PPL's and LKE's policies both reference this same guidance. The issue is the interpretation and application of said policy. LKE has historically purchased and implemented software in its "vanilla" form. Meaning that customization of the software has been kept to a minimum. The upgrades to maintain technical support have included significant enhancements from which the company has benefited. It appears from conversations with PPL that PPL software purchases have been customized extensively resulting in minimal benefits from upgrades required to maintain technical support.

Per E&Y's accounting manual section I2.5234 Multiple-Element Software Arrangements (found on E&Y's research tool GAAIT): "….the amount allocated to the specified upgrade should be capitalized, unless at the time the arrangement is entered into the company knows that the upgrade will not provide additional functionality (i.e., the upgrade corrects minor programming "bugs" in the software)".

Upgrading software to extend its technical support not only provides enhancements in LKE's case, it also extends the useful life of the software. Therefore, these costs should be allocated (amortized) over future periods and not expensed in one accounting period. The matching principle says that the expenses involved in generating revenue must match (or be recorded in) the same time period in which that revenue is realized. In other words, when revenue is recorded, all expenses associated with that revenue should be reported at the same time.

656 - Capitalized Property Taxes

Policy: Property taxes are capitalized as part of the original construction costs of coal-fired generating units due to the length of construction and the significance of the amount. At this time, property taxes are not capitalized for other assets.

Procedure: Monthly capitalize property taxes on amounts recorded in CWIP related to construction of coal-fired generating units.

Scope: All coal-fired generating units of Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company (KU).

Objective of Procedure: To capitalize property taxes according to Federal Energy Regulatory Commission (FERC) guidelines and Generally Accepted Accounting Principles (GAAP).

General Requirements:

Detailed Procedures Performed:

Electric Plant Instruction number 3A (18 CFR 101) generally permits the capitalization of property taxes as evidenced by the following:

> "3. *Components of Construction cost*. A. For Major utilities, the cost of construction properly includible in the electric plant accounts shall include, where applicable, the direct and overhead cost as listed and defined hereunder: …. (16) *Taxes* includes taxes on physical property (including land) during the period of construction and other taxes properly includible in construction costs before the facilities become available for service."

Capitalization of property taxes is limited to assets that possess all of the following characteristics:

- have a projected useful life of greater than 40 years at inception
- have a material capital investment
- are constructed over a prolonged period of time (4 or more years).

Historically, property taxes have been capitalized only on coal-fired generating unit projects such as Trimble County and Mill Creek, which meet the above criteria. Expensing a significant amount of property tax prior to the completion and in-service date of a new coal-fired unit does not match costs with the benefit the assets will eventually provide.

656 - Capitalized Property Taxes

Upon activation of a construction work in progress (CWIP) project for the construction of a coal-fired unit the following procedure is followed:

1. Property Accounting identifies the applicable Oracle CWIP projects numbers and amounts.
2. The associated property tax amounts to be charged to the CWIP project is calculated based on the CWIP balances. Property taxes are assessed yearly based on the dollars in CWIP at the end of the preceding year. For example, property taxes are payable at the end of 2007 are assessed on CWIP balances from 1/1/2007 (theoretically 12/31/06 balances).
3. Based on the calculation in step 2 above, Property Accounting prepares a monthly journal entry to reclass the charges from the O&M account where the Tax department charges the overall property tax accrual to the applicable CWIP project.

Reports Generated and Recipients:
None

Additional Controls or Responsibility Provided by Other Procedures:
None

Regulatory Requirements:
FERC Accounting Guidelines, CFR 18

Reference:
None

Corresponding PPL Policy No. and Name:
N/A

Key Contact:
Manager, Property Accounting

Administrative Responsibility:
Director, Accounting and Regulatory Reporting

Date Created: 4/27/07
Dates Revised: 12/01/10; 9/23/11

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.99

Responding Witness: Shannon L. Charnas

Q2.99 At the point of retirement of an asset, how does the Company determine the age and original cost of the retired asset?

A2.99 KU employs the asset cost procedures prescribed in the Code of Federal Regulations 18 CFR, Subchapter C, Part 101, Electric Plant Instruction 9. Actual cost, representing the amount of cash outlaid for property purchased or services rendered, is employed.

Asset age is determined by an in-service date which is assigned to each asset based on the date such asset is certified as in-service by the project engineer. Facilities are considered "in service" when they are energized or are used or useful for the purpose for which they have been constructed.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.100

Responding Witness: John J. Spanos

Q2.100 Identify and explain the Company's expectations with respect to future removal requirements and markets for retired equipment and materials. Please provide the basis for these expectations.

A2.100 There are no changes to the Company's current expectations with respect to future removal requirements and markets for retired equipment. The typical practice is that equipment removed from service through retirement is evaluated for possible reuse. If it is not able to be reused, then it is scrapped. There is minimal scrap value for most assets.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.101

Responding Witness: Ronald L. Miller

Q2.101 Provide a comparison of the annual cost of removal and gross salvage amounts shown on the Company's federal tax returns with the corresponding book amounts, for the last 5 years. Provide the annual deferred tax expense associated with each of the differences. In addition, provide the beginning and ending accumulated deferred tax balances and state whether they are rate base additions or rate base deductions.

A2.101

	Cost of Removal			Deferred Tax
Year	Book	Tax		(Benefit)/Expense (B)
2011	10,525,159	10,525,159	**(A)**	3,683,806
2010	11,833,781	11,833,781		4,141,823
2009	21,699,201	21,699,201		7,594,720
2008	2,151,571	2,151,571		753,050
2007	4,424,960	4,424,960		1,548,736

	Salvage			Deferred Tax
Year	Book	Tax		(Benefit)/Expense (B)
2011	(2,073,874)	(2,073,874)	**(A)**	(725,856)
2010	(805,843)	(805,843)		(282,045)
2009	(967,565)	(967,565)		(338,648)
2008	(631,315)	(631,315)		(220,960)
2007	(451,664)	(451,664)		(158,082)

(A) The 2011 Consolidated Federal Income Tax Return will be filed by September 15, 2012.

(B) The Deferred Tax (Benefit)/Expense is calculated at the federal statutory tax rate of 35% and is the result of Cost of Removal and Salvage having no income statement impact for financial reporting purposes (balance sheet impacts only).

The beginning and ending accumulated deferred tax balances for Cost of Removal and Salvage are included with other Depreciation related book/tax timing differences and are not accounted for separately. For the previous five years presented, deferred taxes for Cost of Removal were a rate base deduction and deferred taxes for Salvage were a rate base addition.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.102

Responding Witness: John J. Spanos

Q2.102 If not provided in the workpapers, please provide the retirement rate analysis ranking of best-fit life/curve combinations for each account.

A2.102 Refer to Mr. Spanos' attachment to the response to Kroger 1-1, pages 1 through 382.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.103

Responding Witness: John J. Spanos

Q2.103 For any accounts where the Company does not base its service life/curve selection on the results of the witness's retirement rate analysis, explain why it does not. Also, explain in detail how those service live/curve combinations were selected.

A2.103 Mr. Spanos has stated for which accounts the historical results of the retirement rate analysis was a major component of the service life and survivor curve estimates (pages II-24 and II-25). He also discusses within the Depreciation Study, on pages II-24 through II-28, the factors that were involved in determining the estimates for all of the accounts.

Thus, for the accounts where the historical data was not conclusive or representative of future life characteristics, Mr. Spanos combined the past estimate for this Company, the industry ranges and future plans of the Company for each account to develop his selection of the most appropriate life and survivor curve combinations. There is informed and experienced judgment for each estimate selected, however, there is not any specific mathematical computation performed on the estimates of other utilities.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.104

Responding Witness: Paul W. Thompson / Chris Hermann

Q2.104 Identify and explain all Company programs which might affect plant lives.

A2.104 Within Energy Delivery, routine diagnostic and preventive maintenance programs are employed that are typical within the utility industry. To the extent that abnormal conditions are found and corrected prior to premature asset failure, plant lives are affected. For example, wood poles are routinely inspected for decay and treated with preservatives and, if needed, reinforced.

Within Energy Services, the planned outages are the primary mechanism for ensuring that each unit meets or exceeds the desired remaining life of that unit. The planned outages include multiple inspections and evaluations which can impact either that outage, or a subsequent outage, depending on how critical each component is and the condition it is determined to be in. The planned outages include scopes of work that address multiple components, with the goal of keeping each unit safe and reliable on a going-forward basis. The Black & Veatch monitoring program adds to the planned outages by providing a constant review of each unit, alerting plant personnel to any conditions that fall outside of expected parameters.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.105

Responding Witness: Paul W. Thompson

Q2.105 Please provide all internal life extension studies prepared by the Company. Life extension refers to any program, maintenance or capital, designed to extend lives and/or increase capacity of existing plant. Identify the functions to which these studies relate.

A2.105 See the attachment which contains the Company's response to the same question posed by the Attorney General in Case No. 2007-00565 (In the Matter of: *Application Of Kentucky Utilities Company To File Depreciation Study*). The response identifies various studies performed up through the end of 2007. Since that time, the only internal life extension type study performed has been the detailed analysis performed as part of the 2011 ECR Compliance Plan filing in Case No. 2011-00161 (In the Matter of: *The Application of Kentucky Utilities Company for Certificates of Public Convenience and Necessity and Approval of Its 2011 Compliance Plan for Recovery by Environmental Surcharge*).

KENTUCKY UTILITIES COMPANY

Response to the Attorney General's
Initial Requests for Information Dated February 4, 2008

Case No. 2007-00565

Question No. 56

Witness: J. Scott Cooke

Q-56. Please provide all internal life extension studies prepared by the Company since January 1, 2000. Life extension refers to any program, maintenance or capital, designed to extend lives and/or increase capacity of existing plant. Identify the functions to which these studies relate.

A-56. Following a generator failure on Pineville 3 on November 20, 2001, KU performed a Life Assessment Study on the unit. Details of this study have formerly been provided in the evaluation titled *Pineville Unit 3 Generator Failure Evaluation Repair/Retire Analysis* dated January 31, 2002, in Case No. 2002-00367, Response 22 in the Second Data request of the Attorney General. Based upon the results of this study, KU retired Pineville 3 on December 31, 2001.

Green River 1 & 2 were retired on December 31, 2003 after a detailed internal evaluation. Details have formerly been provided in the evaluation titled *Phase II Evaluation of the Economic Viability of Green River Units 1 and 2,* in Case No. 2003-00434, Response 15.b(1) in the Second Data Request of the Kentucky Commission Staff.

Following the approvals and orders to transfer Lock 7 from both the FERC (FERC Project No. 539-006) and the Kentucky Commission in Case No. 2005-00405, KU's Lock No. 7 (generators 1-3) was sold to Lock 7 Hydro Partners, LLC ("Lock 7 Partners") on December 29, 2005. All studies were filed with Case No. 2005-00405 with the Kentucky Commission, which can be found at the following website address: http://psc.ky.gov/pscscf/2005%20cases/2005-00405/.

KU completed a Life Assessment Study on Tyrone 1 & 2 in January 2007. A third party, Sargent & Lundy, completed an engineering assessment on the units as a part of the Life Assessment Study. Based upon this study, the Operating Committee voted to retire Tyrone 1 & 2 as of February 26, 2007. This assessment was provided in the March 2, 2007 supplemental response to Kentucky Commission Staff's Interrogatories of February 8, 2007 in the two-year FAC review approved by the Kentucky Commission in Case No. 2006-00509. Details of that case, including the life assessment performed, can be found at http://psc.ky.gov/pscscf/2006%20cases/2006-00509/KU_Response_030207.pdf.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.106

Responding Witness: John J. Spanos

Q2.106 Describe the relationship of the dollars in the Company's life studies to the actual unpriced retirement units to which they relate.

A2.106 The dollars reflected in Mr. Spanos' retirement rate analyses set forth assets exposed to retirement by age interval and those dollars retired at each age interval. Therefore, all dollars in the life analyses reflect assets that have been placed in service for the designated experience band and those assets that have survived to the respective age intervals. The life analysis performed by Mr. Spanos is done on a dollar basis, not a unit basis.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.107

Responding Witness: John J. Spanos

Q2.107 Provide and explain all life studies (actuarial or semi-actuarial) the Company has conducted using actual unpriced retirement units.

A2.107 The actuarial life studies presented by Mr. Spanos, provided in an attachment to his testimony in this case as a part of Kentucky Utilities Company's Depreciation Study, are the basis for his life estimates. These studies set forth the dollars added and retired over the life of the account.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.108

Responding Witness: John J. Spanos

Q2.108 How does the company differentiate between retirements with replacement and final retirements without replacement for mass property accounts?

A2.108 There are no distinctions between retirements with replacement and final retirements without replacement for mass property accounts within the property records. Mass property accounts do not have retirements identified as final retirements.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.109

Responding Witness: Shannon L. Charnas

Q2.109 Regarding FASB Statement No. 143 and FIN 47, on a plant account-by-plant account basis, please identify any and all "legal obligations" associated with the retirement of the assets contained in the account that result from the acquisition, construction, development and/or the normal operation of the assets in the account. For the purposes of this question, please use the definition of a "legal obligation" provided in FASB Statement No. 143: "an obligation that a party is required to settle as a result of an existing or enacted law, statute, ordinance, or written or oral contract under the doctrine of promissory estoppel."

A2.109 See the response to AG 1-203.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.110

Responding Witness: Shannon L. Charnas

Q2.110 Please refer to page 280 of the parent Company's 2011 10-K filing to the SEC. If not provided elsewhere, please provide the workpapers supporting the calculation of the regulatory liabilities for accumulated removal costs obligation of $348 million as of December 31, 2010 and $365 million as of December 31, 2011. Please provide these workpapers in electronic format (Excel), with all formulae intact. Provide the calculations on a plant account-by-plant account basis.

A2.110 See the attached being provided in Excel format, which provides the regulatory liability on a plant account by plant account basis. Per Title 18, Subchapter C – Accounts, Federal Power Act, Part 101 – Uniform System of Accounts prescribed for Public Utilities, account 108, accumulated provision for depreciation of utility plant, shall be regarded and treated as a single composite provision for depreciation, but shall be segregated by functional classification. Further detail by plant account is not required, but is calculated for ease of reporting. This calculation is simply an allocation of the total cost of removal and salvage reserve performed by the fixed asset system.

Each month the PowerPlant Fixed Asset system multiplies the ending asset values by the net cost of removal depreciation rates to arrive at the monthly depreciation amount. This monthly amount is added to the prior month's ending reserve balance to compute the current ending balance. These calculations are performed in an automated fashion within the PowerPlant Fixed Assets system. As such, there are no workpapers that support this automated calculation.

The attachment is being provided in a separate file in Excel format.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.111

Responding Witness: John J. Spanos

Q2.111 Provide the calculation of the annual amount of future gross salvage, cost of removal and net salvage incorporated into the Company's existing depreciation rates and in its proposed depreciation rates by account. If any of the amounts are reduced by the total amount of non-legal AROs included in year-end accumulated depreciation, show that calculation.

A2.111 See the response to AG 1-211.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.112

Responding Witness: Shannon L. Charnas

Q2.112 Does the Company consider that it is bound by SEC regulations to record accruals for future costs of removal as regulatory liabilities?

a. If so, please provide a record of those accruals in as much account detail as is available along with the workpapers used to develop those accruals.

b. If not, please explain why not.

c. State whether the Company proposes to separate retirement cost accounting from depreciation accounting, with separate rates and reserves. If the Company does not propose such separation, please state fully the reasons for not doing so.

A2.112 KU is an SEC registrant and therefore, is bound by SEC regulations to record accruals for future costs of removal as a regulatory liability. KU records cost of removal as a regulatory liability in compliance with FASB Accounting Standards Codification Topic 410, Asset Retirement and Environmental Obligations, and Topic 980, Regulated Operations.

a. See the response to AG 1-208.

b. See the answer above.

c. The Company currently maintains separate rates and reserves for cost of removal and capital recovery.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.113

Responding Witness: Shannon L. Charnas

Q2.113 State whether the Company proposes to separate retirement cost accounting from depreciation accounting, with separate rates and reserves. If the Company does not propose such separation, please state fully the reasons for not doing so.

A2.113 See the response to Question No. 2.112c.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.114

Responding Witness: Gary H. Revlett

Q2.114 Please provide any forecasts of environmental remediation costs. Describe fully the nature of each project. Identify the site, the amount of the cost, the timing of the expenditure, and the reason(s) for the expenditure

A2.114 The Company currently has no plans to conduct any significant future environmental remediation with respect to any specific Company facilities or property. However, in any given year, the Company conducts a number of small-scale cleanups in response to spill events. Such events typically involve limited soil excavation and disposal necessary due to releases of oil from pole-mounted transformers damaged by storms or releases of fuel at various Company facilities due to line ruptures, tank overfills and other equipment failures. Cleanup costs for individual spill incidents typically range from approximately $1,000 to $20,000.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.115

Responding Witness: Lonnie E. Bellar / Gary H. Revlett

Q2.115 Identify all directives from the Environmental Protection Agency or state environmental agencies that affect or might affect the Company's obligations to incur environmental remediation costs. Describe fully the likely effect on the Company. Quantify any associated costs.

A2.115 On February 16, 2012, the EPA published in the Federal Register (Vol. 77, No. 32) the Mercury & Air Toxic Standards (MATS) rule for oil and coal-fired electric utility boilers. This new regulation in conjunction with the new 1-hour SO_2 National Ambient Air Quality Standard (NAAQS) has led to the decision to cease operations at the Green River and Tyrone electric generating stations. If KU incurs environmental remediation costs for these retired units, KU will undertake an analysis of whether such costs are recoverable under KRS 278.183 and, if so, whether to pursue the recovery of the costs through the ECR. The reasons supporting KU's position would be presented in a subsequent ECR application.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.116

Responding Witness: John J. Spanos

Q2.116 Please provide all information in electronic and hard copy provided to the company's witness regarding the retirement dates used in the life span approach.

A2.116 Refer to the response to AG 1-47 for a copy of the Ventyx study. Refer to the responses to Question No. 2.70 and Question No. 2.71 for field trip and meeting notes.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.117

Responding Witness: Lonnie E. Bellar

Q2.117 Please refer to the action on August 21, 2012 by the Court of Appeals for the D.C. Circuit to vacate the EPA's Cross-State Air Pollution Rule ("CSAPR" or the "Transport Rule").

a. Please explain in detail any potential changes to the Company's plans now that the rule has been vacated. If no changes, please explain why not.

b. Please describe in detail any potential changes to the Company's plans for the retirement of any coal units now that the rule has been vacated. If no changes, please explain why not.

c. Please describe in detail any potential changes in the Company's plans in regards to Off System Sales now that the rule has been vacated. If no changes, please explain why not.

A2.117 a. See the attachment for the letter sent to the Commission, and copied to all parties of record in Case No. 2011-00161 and 2011-00162, outlining minor changes to the Companies environmental compliance plans as a result of the D.C. Circuit Court of Appeals decision to vacate CSAPR.

b. See the response to a.

c. The CSAPR rule was never in effect operationally, thus no changes to the current approach to making Off System Sales will be made.

PPL companies

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September 5, 2012

RE: ***The Application of Kentucky Utilities Company for Certificates of Public Convenience and Necessity and Approval of Its 2011 Compliance Plan for Recovery by Environmental Surcharge***
Case No. 2011-00161

The Application of Louisville Gas and Electric Company for Certificates of Public Convenience and Necessity and Approval of Its 2011 Compliance Plan for Recovery by Environmental Surcharge
Case No. 2011-00162

Dear Mr. DeRouen:

I am writing in response to your letter of August 22, 2012. As you stated in your letter, the U.S. Court of Appeals for the D.C. Circuit issued an order vacating the Cross-State Air Pollution Rule ("CSAPR") on August 21, 2012. You asked Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") (collectively, the "Companies") to provide the Commission a statement of the impact, if any, of the court's action on the Companies' environmental compliance plans ("2011 Plans"), which the Commission recently approved in Case Nos. 2011-00161 and 2011-00162.

As the Companies stated in their applications, testimony, and responses to discovery requests in those cases, the three environmental regulations primarily driving the Companies' plans were the National Ambient Air Quality Standards ("NAAQS"),[1] the Mercury and Air Toxics Rule ("MATS Rule"),[2] and

[1] 75 FR 6474, Feb 9, 2010 (NO2); 61 FR 52852, Oct 8, 1996 (NO2); 73 FR 16436, Mar 27, 2008 (ozone); 75 FR 35520, Jun 22, 2010 (SO2); 38 FR 25678, Sept 14, 1973 (SO2).

CSAPR.[3] Of the three regulations, NAAQS and the MATS Rule were the primary substantive drivers, and the MATS Rule was the primary construction-schedule driver. Therefore, the court's action does not significantly alter the Companies' 2011 Plans, and the Companies do not presently expect the timing of the projects required by NAAQS and MATS Rule to change.

More specifically, the limited number of KU 2011 Plan items required solely by CSAPR were modifications to Ghent Units 1, 3, and 4 to permit the units' Selective Catalytic Reductions systems ("SCRs") to function effectively at wider generating-unit-operating ranges. These SCR-related modifications were part of KU Project 35, and had a line item estimated cost of $21 million. Because the Companies' proposed construction schedule slated the Ghent Unit 3 modification to occur in the second half of 2013 and the Ghent Units 1 and 4 modifications to occur in the first half of 2014, KU has incurred only a relatively small amount of engineering cost related to these items of approximately $300,000. KU will not proceed further with these modifications due to the court's vacating CSAPR.

The LG&E 2011 Plan items required solely by CSAPR were modifications to Mill Creek Units 3 and 4 to permit the units' Selective Catalytic Reductions systems ("SCRs") to function effectively at wider generating-unit-operating ranges, as well as an upgrade of Mill Creek Unit 4's SCR to enhance its NOx removal ability. The SCR-related modifications were part of LG&E Project 26, and had a line item estimated cost of $14 million. Because the Companies' proposed construction schedule slated the Mill Creek Unit 3 modification to occur in the second half of 2013 and the Mill Creek Unit 4 modification to occur in the second half of 2014, LG&E will not proceed with these modifications due to the court's vacating CSAPR.

Concerning the upgrade to Mill Creek Unit 4's SCR to enhance its NOx removal ability, in accordance with the construction schedule the Companies included in their 2011 Plan applications, LG&E has already completed the physical portion of the SCR upgrade for Mill Creek Unit 4, which the construction schedule slated for the first half of 2012. The project was moved from CWIP to Plant-in-Service in the July 2012 expense month ECR filing at approximately $2 million. The upgrade's projected total cost, $2.3 million, has been significantly less than the estimated amount included in LG&E's 2011 Plan, $5.6 million. The total projected cost accounts for the actual spend to date

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[2] 77 FR 9304, Feb. 16, 2012.
[3] 76 FR 48208, August 8, 2011.

plus a small amount of testing and commissioning which remains on the contract. LG&E plans to complete the testing and commissioning by October 2012. The upgrade will support LG&E's ability to comply with the still-in-effect Clean Air Interstate Rule and NAAQS related to NOx emissions.

All of the other projects contained in the Companies' 2011 Plans continue to be the lowest-reasonable-cost means of complying with the NAAQS and MATS Rule. In particular, the flue-gas-desulfurization-related construction at Mill Creek continues to be necessary to ensure compliance with the tightened NAAQS 1-hour SO_2 requirement that will be required by 2017 as a part of the State Implementation Plan (SIP) for the non-attainment status of Jefferson County, which the Companies stated in their analyses supporting their 2011 Plans. Additionally, the higher FGD efficiencies support each generating unit's ability to meet the MATs Rule acid gas SO_2 surrogate limit of 0. 20lbs/mmBtu by the compliance date of April 2016, assuming a one-year extension. Also, vacating CSAPR does not affect the proposed construction schedule for the remaining projects, which are needed to ensure the greatest degree of timely compliance with the MATS Rule while adhering to reasonable unit outage schedules.

If you have any further questions or concerns about this matter, please do not hesitate to contact me.

Sincerely,

Lonnie E. Bellar

cc: Parties of Record

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.118

Responding Witness: Lonnie E. Bellar

Q2.118 Referring to KU's response to KIUC 1-49(c):

a. Please provide the information as requested for all customers shown in the Attachment.

b. If the requested information is not available, please explain why.

A2.118 a. The "offer price" shown in the attachment to KIUC 1-49(c) was in all instances a market price.

Additionally, see attached, certain information requested is confidential and proprietary, and is being provided under seal pursuant to a petition for confidential treatment. Please note in one instance each for Customer 1 and Customer 2, the customer load at the time of buy through was below their respective contract demand thus no buy through energy or associated charges were calculated.

b. N/A

Date	Start time	End time	total time	Buy-through	Price/kWh	Total Cost
Customer No. 1						
6/7/2011	13:00	19:00	6:00	-		
6/8/2011	11:00	19:00	8:00	425,293		
6/9/2011	11:00	19:00	8:00	366,649		
7/11/2011	12:00	19:00	7:00	279,443		
7/12/2011	12:15	16:00	3:45	143,403		
7/18/2011	13:00	19:00	6:00	326,794		
7/20/2011	11:00	19:00	8:00	402,095		
7/21/2011	14:05	20:05	6:00	335,052		
7/21/2011	10:00	13:15	3:15	160,664		
7/22/2011	11:00	18:00	7:00	387,432		
7/27/2011	10:00	19:00	9:00	-		
8/1/2011	11:00	19:00	8:00	455,134		
8/2/2011	11:00	19:00	8:00	477,360		
8/8/2011	12:00	18:00	6:00	275,505		
9/1/2011	12:00	19:00	7:00	286,053		
9/2/2011	12:00	19:00	7:00	407,877		
Customer No. 2						
7/11/2011	12:00	15:00	3:00	4,189		
7/12/2011	12:00	15:00	3:00	3,690		
7/18/2011	13:00	19:00	6:00	-		
7/20/2011	11:00	16:00	5:00	4,996		
7/21/2011	10:00	16:00	6:00	7,554		
7/22/2011	11:00	16:00	5:00	4,313		
7/27/2011	10:00	15:00	5:00	7,142		
7/28/2011	9:00	15:00	6:00	5,392		
7/29/2011	11:00	15:00	4:00	789		
8/1/2011	11:00	16:00	5:00	5,303		
8/2/2011	11:00	16:00	5:00	5,611		
8/8/2011	12:00	16:00	4:00	2,757		
Customer No. 3						
6/7/2011	13:00	19:00	6:00	1,350		
6/8/2011	11:00	19:00	8:00	47,563		
6/9/2011	11:00	19:00	8:00	47,221		
7/11/2011	12:00	19:00	7:00	41,945		
7/12/2011	12:15	16:00	3:45	22,201		
7/18/2011	13:00	19:00	6:00	35,651		
7/20/2011	11:00	19:00	8:00	47,726		
7/21/2011	14:05	20:05	6:00	10,452		
7/21/2011	10:00	13:15	3:15	2,024		
7/22/2011	11:00	18:00	7:00	41,726		
7/27/2011	10:00	19:00	9:00	53,508		
7/28/2011	10:00	20:00	10:00	59,608		
7/29/2011	11:00	19:00	8:00	47,824		
8/1/2011	11:00	19:00	8:00	47,486		
8/2/2011	11:00	19:00	8:00	47,553		
8/8/2011	12:00	18:00	6:00	35,906		
9/1/2011	12:00	19:00	7:00	41,553		
9/2/2011	12:00	19:00	7:00	41,592		

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.119

Responding Witness: Lonnie E. Bellar

Q2.119 Referring to KU's response to KIUC 1-51:

a. Please identify and provide any analysis similar to the PROSYM analysis cited in the response in which KU compared the long-term capacity cost impacts of CSR load relative to the cost of adding traditional supply side resources.

b. Please explain in detail whether KU's CSR program is designed primarily to achieve production cost savings.

c. Please identify the primary objective(s) of KU's CSR program.

d. In developing its long-term load forecast, does KU reduce its projected peak load by expected available load reductions from CSR customers? If the answer is no, please explain why and provide all workpapers, studies, analyses, and documents supporting and/or underlying the response.

A2.119 a. No other analysis is available.

b. The current CSR program was designed primarily to support reliability during system reliability events as defined in the CSR tariff. From a planning perspective the current CSR program provides a demand side resource that can be used to help maintain planning reserve margin. While production cost savings can be a benefit of a CSR program, generally the benefit is not a significant factor in program design.

c. See the answer to part b.

d. Beginning with resource planning activities conducted in mid-2011,the Companies no longer reduced the projected peak load by the reductions from CSR customers. In the current program the Companies account for the estimated load reductions from CSR as effectively a supply side resource that can be called upon after all other generating resources are in use. No

workpapers or studies supporting this decision were necessary because it was made in the process of developing generation planning analysis subsequent to the implementation of the current CSR tariff.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.120

Responding Witness: Lonnie E. Bellar

Q2.120 Referring to KU's response to KIUC 1-52(a):

a. Since KU considers CSR customers a resource, please identify and describe the resource that CSR customers provide, identify who owns or has legal title to the resource, and explain in detail whether a CSR customer is restricted from selling this resource to a party other than KU.

b. Please identify the "specific language" in the current CSR riders that cause KU to view CSR customers as a resource. Please explain in detail whether eliminating this "specific language" would change how KU treats CSR loads in its long-term load forecast.

A2.120 a.b. The Companies consider CSR customers to be a resource for long-term load forecasting purposes. Such customers are a "resource" for meeting load because they can be called upon to reduce load under certain conditions; however, the conditions under which the Companies may use the CSR-customer "resource" are significantly constraining:

> Company may request at its sole discretion up to 100 hours of physical curtailment per year without a buy-through option during system reliability events. For the purposes of this rider, a system reliability event is any condition or occurrence: 1) that impairs KU and LG&E's ability to maintain service to contractually committed system load; 2) where KU and LG&E's ability to meet their compliance obligations with NERC reliability standards cannot otherwise be achieved; or 3) that KU and LG&E reasonably anticipate will last more than six hours and could require KU and LG&E to call upon automatic reserve sharing ("ARS") at some point during the event.

This conditioning language is the "specific language" to which KU's response to KIUC 1-52a referred. This language does not cause KU to view CSR customers as a resource; rather, it significantly constrains the usefulness of the CSR-customer resource, which is why KU has proposed to eliminate it.

Each CSR customer is a part of the overall "resource," and each customer owns its own portion of the resource. There is no legal title to such a "resource." But clearly KU does not own the "resource"; only a customer can decide whether to curtail its demand when requested and thereby create part of the CSR "resource."

Because KU is its customers' sole electric supplier, the CSR "resource" exists only when customers comply with KU's curtailment requests. Therefore, there is no other party to whom CSR customers could sell the "resource."

Elimination of the language would cause KU to change the way in which CSR customers are treated in its load forecast, allowing peak load to be reduced in proportion to available CSR load. See also the response to Question No. 2.119(d).

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.121

Responding Witness: Lonnie E. Bellar

Q2.121 Referring to KU's response to KIUC 1-64(h), if the system reliability event condition were removed from the CSR riders, would KU be allowed to physically interrupt a CSR customer if such interruption allowed KU to make an off-system sale in which the sales price per kWh was greater than the average price per kWh that KU would have received by serving the CSR customer? If the answer is yes, please explain in detail why interruptions for such off-system sales should be allowed by the Commission.

A2.121 Although making an off-system sale during an interruption of a CSR customer is not the objective of the physical interruption portion of the Companies' CSR program, under the CSR proposal in this case it would be possible. Also, see the response to Question No. 2.119b.

The credits provided to CSR customers are derived from an increase in revenue from other customers, thus if hours of physical interruption remain and in the Companies' business judgment the best use of those hours is to allow participation in the off-system market it should be allowed. As always the Companies should be allowed to maximize their resources to the benefit of all customers.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.122

Responding Witness: Lonnie E. Bellar

Q2.122 Referring to KU's response to KIUC 1-67:

a. Does KU have an obligation to serve interruptible (curtailable) load?

b. Please identify all ways in which KU's obligation to serve CSR interruptible load differs from its obligation to serve firm retail load.

c. Please provide a response to KIUC 1-67(f) as asked.

A2.122 a. Yes.

b. KU's obligation to serve CSR-interruptible load differs in two respects from its obligation to serve firm retail load: (1) KU may request a CSR customer to curtail its load for a certain number of hours each year with a buy-through option; and (2) KU may request a customer to physically curtail its load for a limited number of hours each year under certain circumstances. KU credits CSR customers monthly on a per-kW basis for the right to ask for such interruptions, and may charge a CSR customer a per-kW non-compliance penalty if the customer does not physically curtail its load during a physical curtailment request or during a buy-through curtailment request if the customer has not bought through. Please see P.S.C. No. 15, Original Sheet Nos. 50 – 51.2.

c. The revenue requirement in this case for KU's installed generating resources should reflect cost-of-service principles. Please see KU's responses to KIUC 1-67(e) and (f) concerning appropriate CSR credit pricing.

KENTUCKY UTILITIES COMPANY

CASE NO. 2012-00221

Response to Second Set of Data Requests of
Kentucky Industrial Utility Customers, Inc.
Dated August 28, 2012

Question No. 2.123

Responding Witness: Lonnie E. Bellar

Q2.123 Referring to KU's response to KIUC 1-68(a), please provide a response to the question as asked regarding the appropriateness of a 10 percent carrying cost.

A2.123 KIUC 1-68(a) asked:

> Referring to witness Bellar's direct testimony at 10-11:
>
> a. Please explain in detail why a 10 percent carrying cost is appropriate when evaluating the annualized cost of combustion turbine capacity available to KU.

The relevant portion of Mr. Bellar's testimony states, "The purchase price for the Bluegrass CTs was $222/kW, which, using a 10% carrying cost, would yield a CSR-equivalent value of $1.85/kW-month."

KU's response to KIUC 1-68(a) referred to KU's response to KIUC 1-60, which stated:

> LG&E and KU use a single fixed charge rate to evaluate supply side alternatives based on the Companies' cost of capital and tax rates. The levelized fixed charge rate for a combustion turbine is 9.62% (see attached). For supporting documentation, please refer to the Companies' 2011 Integrated Resource Plan (Case No. 2011-00140) in the Supply-Side Analysis contained in Volume III and the attached document for more information. See also the response to Question No. 63.

Mr. Bellar's testimony rounded 9.62% to 10% to simplify the carrying cost calculation. Using the more precise value of 9.62% yields a CSR-equivalent value of $1.78/kW-month.